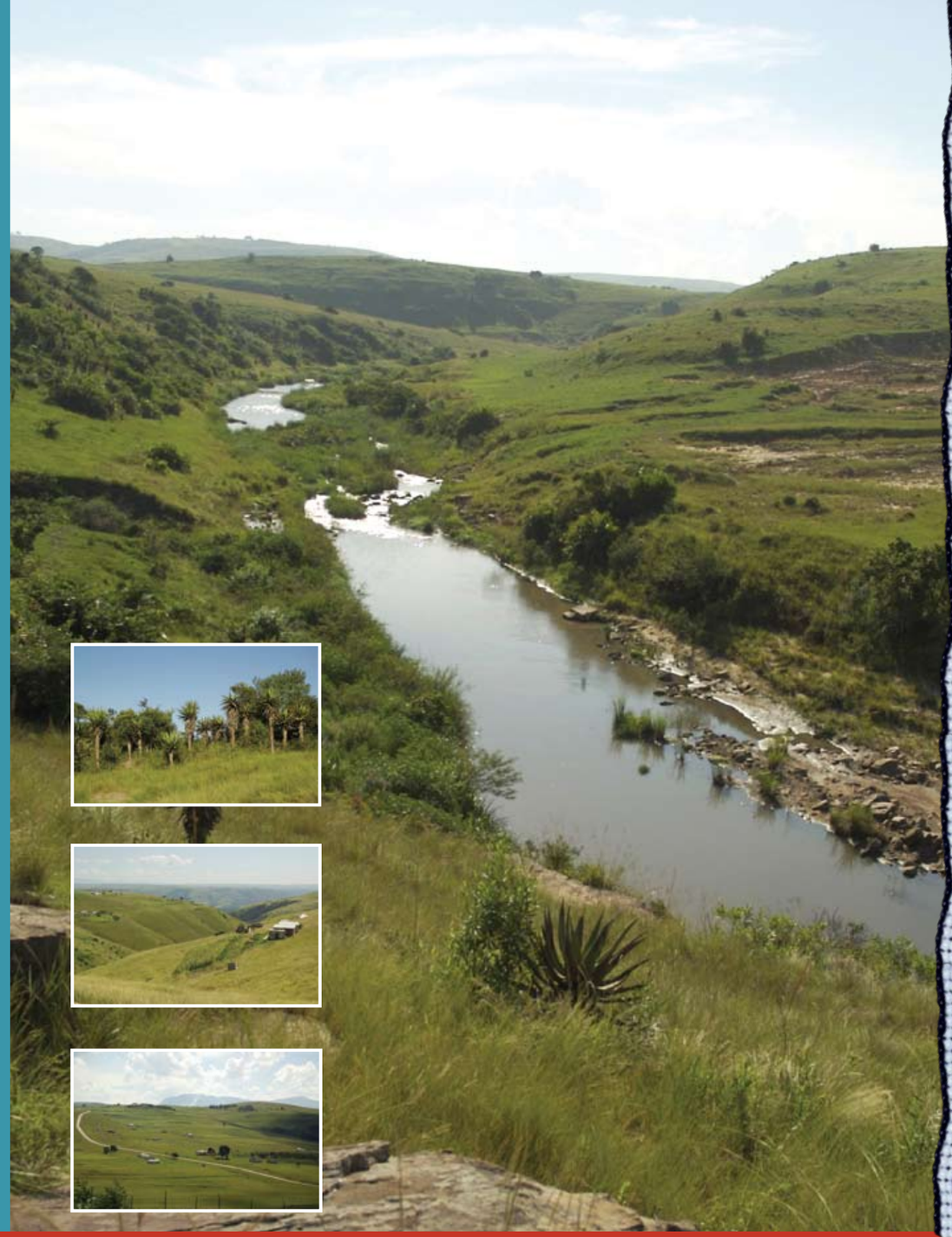
Intengucommunications



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Mbizana
Local
Municipality

ANNUAL REPORT 2007/2008

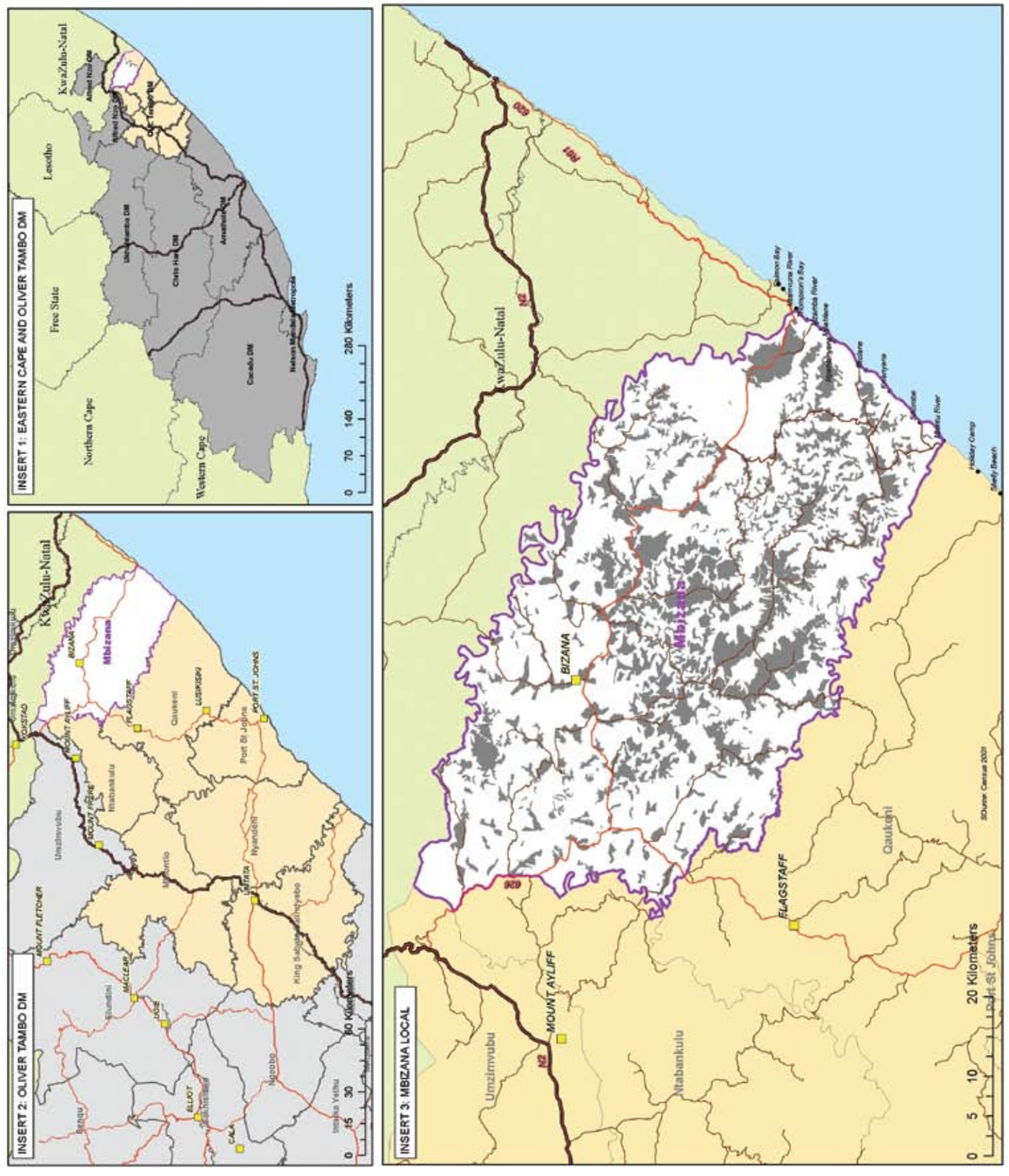
VISION

"Mbizana, a flourishing local municipal area with a growing economy creating employment and sustainable communities where everyone has access to equal opportunities"

MISSION

Mbizana Local Municipality will be a well governed municipality committed to discharging its legislative and constitutional mandate through:

- Investing in its people to fight poverty
- Providing affordable services
- Facilitating a people-driven economy
- Building sustainable communities
- Protecting and preserving its environment to the benefit of its people
- Strengthening a culture of public participation



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Glossary

ARC	Agriculture Research Institute
ASGISA	Accelerated And Shared Growth Initiative Of South Africa
CTO	Community Tourism Organisation
DME	Department Of Minerals And Energy
DBSA	Development Bank Of Southern Africa
DWAF	Department Of Water Affairs And Forestry
DEAT	Department Of Environment And Tourism
EPWP	Expanded Public Works Program
GVA	Gross Value Add
GDP	Gross Domestic Product
IDP	Integrated Development Plan
IEC	Integrated Energy Centre
IT	Information Technology
IMFO	Institute Of Municipal Finance Officers
KPA	Key Performance Area
LED	Local Economic Development
LM	Local Municipality
LUMS	Land Use Management System
LGSETA	Local Government Sector Education Training Authority
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MLM	Mbizana Local Municipality
PMS	Performance Management System
SEA	Strategic Environmental Assessment
SMME	Small Medium And Micro Enterprise
SDBIP	Service Delivery And Budget Implementation Plan
UNDP	United Nations Development Programme

Mayor's Foreword

The annual report for the 2007/2008 financial year is the culmination of the work completed by the Mbizana Municipality in terms of the strategies set out in the approved integrated development plan for the period which was agreed to by the council with ample inputs from our communities.

As a municipality with a poor economic base in terms of private sector activities, Mbizana relies heavily on the national fiscus in order to perform its assigned functions. It therefore remains a challenge to make inroads into the huge backlogs with regard to the provision of services and infrastructure.

I am, however, confident that the council, the executive committee, and the staff of the municipality, with community participation, have done the best we can within the limited resources at our disposal to pursue the objects of development and advancing democracy of our society, through service delivery and infrastructural development. We are aware of our shortcomings and challenges just as we are aware of our successes during the past year.

The municipality's activities progress cyclically on the planning, budgeting, implementation, monitoring, reporting, and evaluation continuum. As we close the 2007/2008 financial year, we present this statement of account of our activities during the year which will assist others and ourselves to evaluate our performance and to set new benchmarks for the forthcoming years.

Councillor MM Twabu
Mayor

Municipal Manager's Report

Mbizana Local Municipality continues to grow progressively since its establishment in 2000. The municipality has developed and adopted two consecutive integrated development plans since 2000 to inform the tenure of council in accordance with the Municipal Systems Act (No 32 of 2000)

In line with the constitutional doctrine of developmental local government , the focus of the development strategy of Mbizana are as follows:

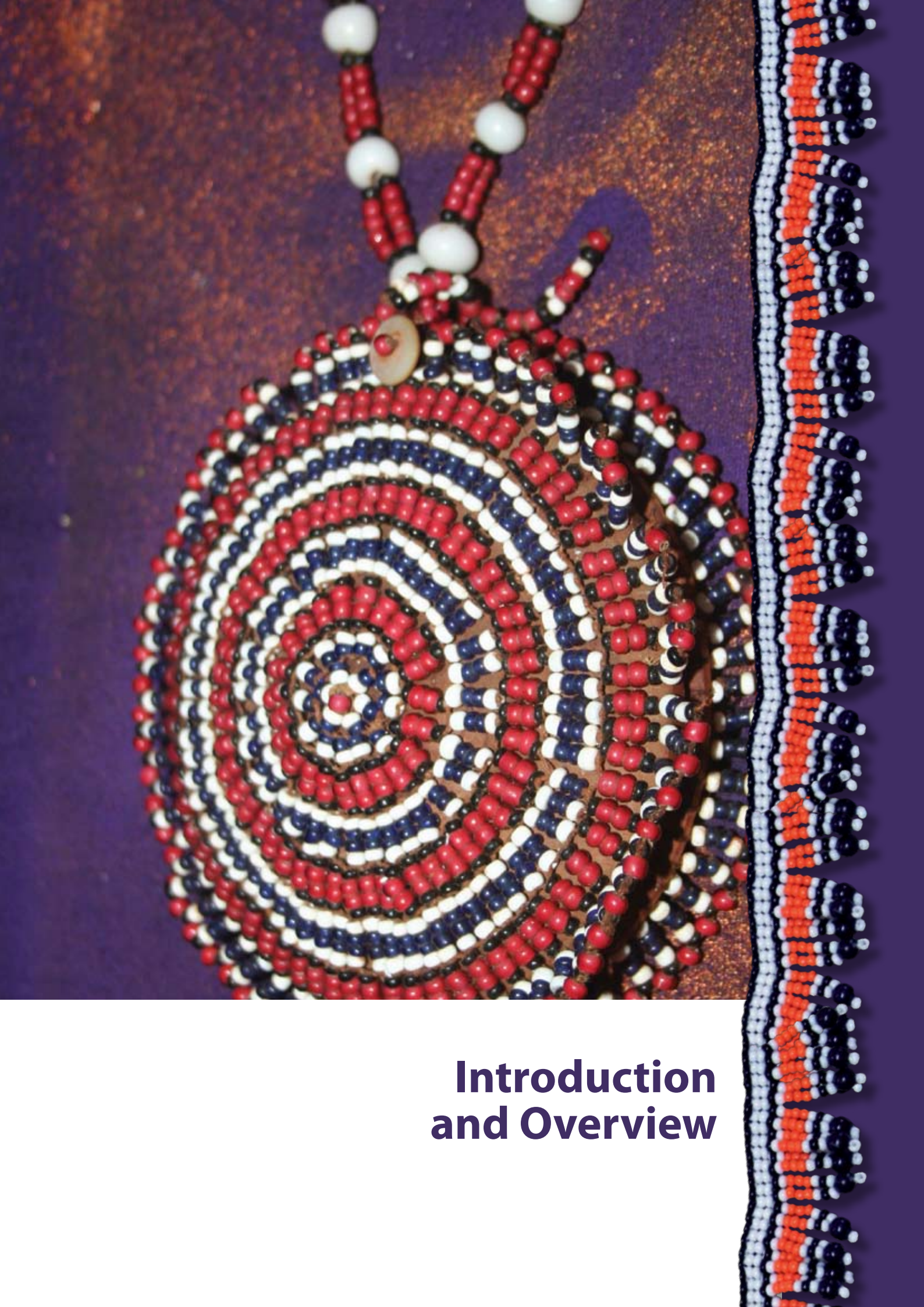
- Enhancing capacity
- Creating a conducive environment for economic growth and service delivery
- Delivery

This focus, under the political guidance of council, has been to ensure that the objectives of democratic and accountable local governance are upheld at all times.

Yet, despite the progress detailed in the report regarding service delivery performance, human resource and financial management, significant service delivery challenges still exist. Sustainable economic development in the Mbizana area will require a high level of infrastructure investment.

These factors , combined with growing unemployment, slow economic growth, the global economic crunch, low education levels, as well as a high prevalence of HIV and Aids exponentially impact on service delivery capacity of Mbizana Local Municipality.

Mr L.N. Mambila
Municipal Manager



Introduction and Overview

INTRODUCTION AND OVERVIEW

1.1 Introduction

Mbizana Municipality is a category B, grade 3 municipality established in terms of section 12 of the Municipal Structures Act (117 of 1998) in terms of Government Notice 22726 of 2 October 2001. The municipality encapsulates the erstwhile Bizana Transitional Local Council and Bizana Transitional Rural Council. It consists of the town of Bizana and a rural hinterland covering 2806 square kilometres.

1.1.1 Structure

The municipality operates within a collective executive system combined with a ward participatory system. It has 25 wards and 50 councillors with an executive committee consisting of twelve members. The council meets once a quarter to consider recommendations of the executive committee which is made up of ten members and/or the six standing committees through a report from the mayor. The executive committee meets once a month to consider matters tabled by the municipal manager.

1.1.2 Ward Committees

The municipality comprises of 25 demarcated wards. To give effect to the democratic tenets for governance, council has established 25 ward committees in terms of section 72-78 of the Municipal Structures Act (117 of 1998). These committees are chaired by their respective ward councillors. Although ward committees have no formal powers, they are consultative community structures. This means that they are meant to broaden participation in the democratic process of council and to assist the ward councillor with organising public meetings, disseminating information, and encouraging participation from residents in the ward. Ward committees meet on a monthly basis to discuss ward issues.

1.1.3 Standing Committees

In terms of section 79 and 80 of the Municipal Structures Act (117 of 1998) as well as Section 160 of the constitution of the Republic of South Africa, standing municipal committees have been established to assist the work of the executive mayor. Council aligned the political and administrative structures of Mbizana by aligning the standing committees with the new organizational structures. The following operational and strategic committees were created for Mbizana:

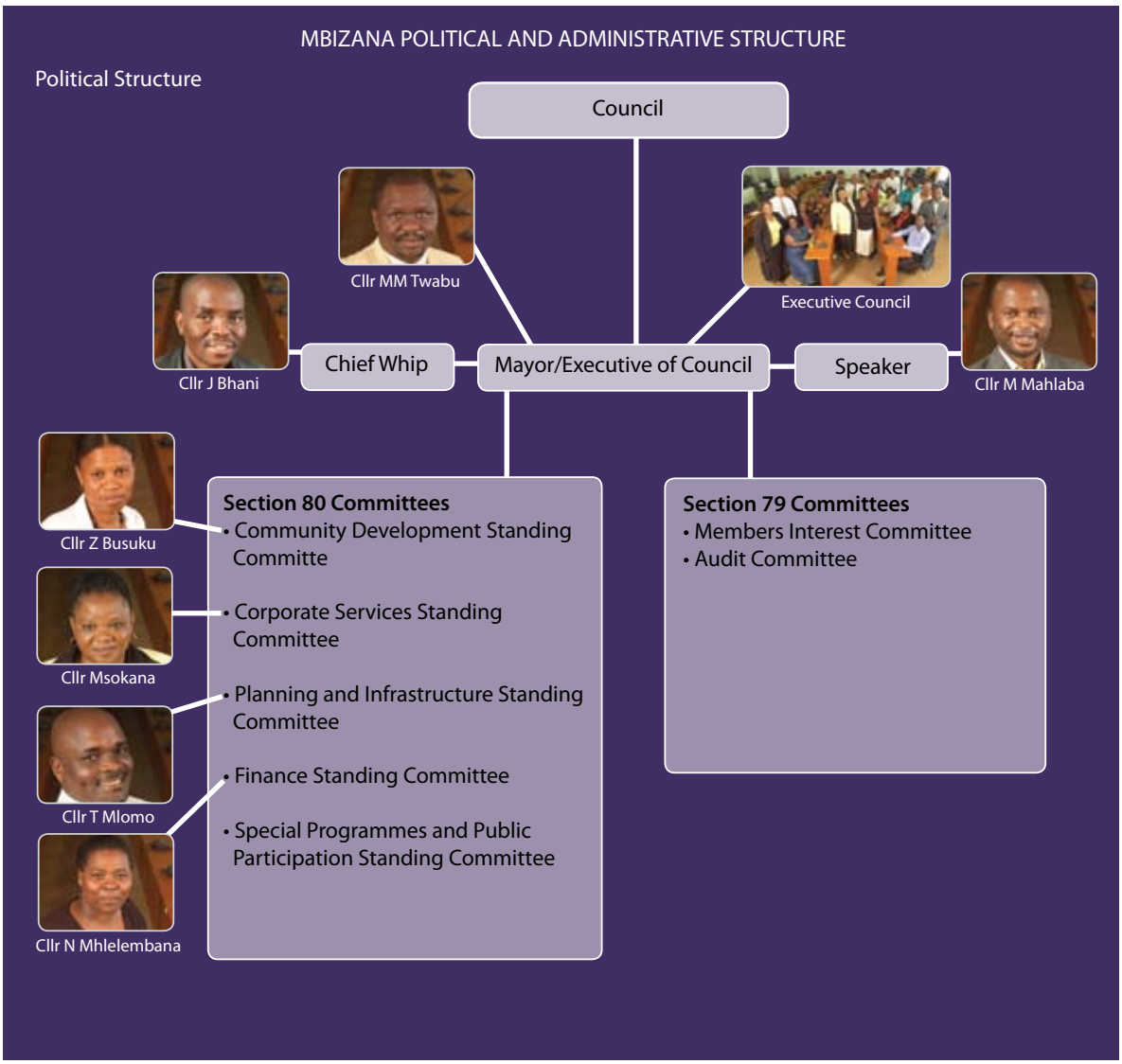
SECTION 79 COMMITTEES

- Member's Interest Committee
- Audit Committee

SECTION 80 COMMITTEES

- Corporate Services Standing Committee
- Special Programmes and Public Participation Standing Committee
- Community Development Standing Committee
- Finance Standing Committee
- Planning and Infrastructure Standing Committee
- Local Economic Development Standing Committee

1.1.4 Oversight Committee



GEOGRAPHIC AND DEMOGRAPHIC PROFILE

1.2 Mbizana in Context

Mbizana Local Municipality falls within the O R Tambo District Municipality. Bizana is one of 7 local municipalities within the district.

The district has a population of 1.7 million people, is predominantly rural and densely populated.

The economy of the district is relatively small: the GGP per capita of the district is only 30% of the provincial average; rates of unemployment and poverty are high; rates of economic growth are low; the district lacks an economic hub; private sector activity is limited.

Mbizana Local Municipality consists of 25 wards, with the main administrative centre located in the town of Bizana. According to the census 2001 Mbizana has a total population of 244 506. The entire municipal area falls within the former Transkei homeland area that reflects a predominantly rural character: settlements are loosely scattered throughout the entire municipal area and are surrounded by communal grazing and arable lands.

Apart from a few trading stores and agricultural activities, there is generally little sign of economic activity outside of the town of Bizana. There is no rural economy with the result that settlements serve as residential areas with inhabitants being dependent on external sources of income.

1.2.1 Mbizana Population

1.2.1.1 Settlement Pattern

The municipal area is made up of an estimated 250 settlements, 48 778 households and an average household size of 5 people distributed spatially among 25 wards. The entire municipality falls within the erstwhile Transkei bantustan. Approximately

95% of the municipal area is rural and the remaining 5% is urban. Settlements are loosely scattered throughout the municipal area and are surrounded by communal grazing and pockets of arable land.

More important is the fact that these rural communities are predominantly characterised by lack of access to basic services such as clean water, sanitation, roads, electricity, education, and health facilities. Despite the costs and difficulties in infrastructure provision in the rural areas; strides have been made by government in the past 14 years to provide these services.

1.2.1.2 Demographics

The municipality has an estimated population of 251 545 which constitute 12, 7% of the total district population and falls within the top four highly populous local municipalities.

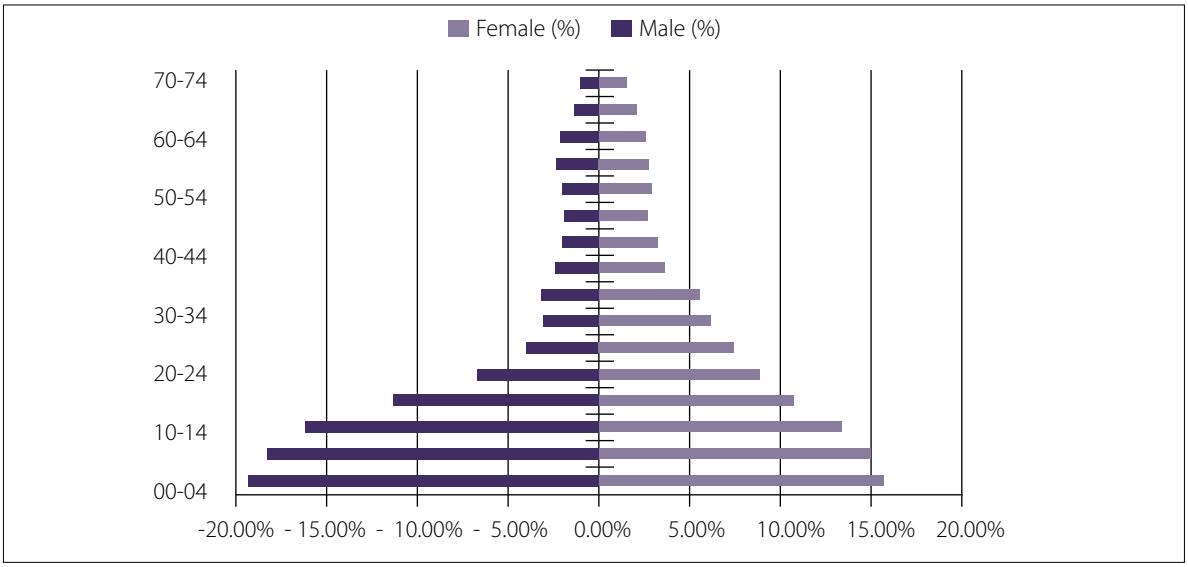
1.2.1.3 Population Density

Mbizana has a population density of 84 people per square kilometre.

1.2.1.4 Age and Gender

In 1996 people aged 35 and below accounted for 70.32% of the total population. By 2006 this number had increased to 77.53%. In the same period, the percentage of youth aged between 25 and 34 years dropped from 10.61% to 9.63%. In terms of gender, in 2006 females constituted 53.6% compared to 56% in 2001. This represents a drop in the female population of about 2.4%.

Figure 1: Population by Age and Gender



Source: KDBS Calculations

1.2.2 The Economy

1.2.2.1 The Economic Profile

1.2.2.1.1 Gross Value Added by Region

The total GVA-R increased by 7.21% between the years 1996 and 2006. The annual in GVA-R growth also averaged 1.7% for the same period. This rate is relatively low compared to the OR Tambo District (1.9%), the provincial (2.9%) and national averages (3.5%) and therefore severely inadequate in the face of massive poverty and unemployment which characterises the municipality.

1.2.2.1.2 Broad Economic Sector Shares of the Regional GVA

The highest contributing sector to the regional GVA between 2004 and 2006 were the community services at (46%), trade (38%) and finance (5%) respectively. The relatively high contribution of the community sector to the GVA is indicative of the degree of dependence of the municipal economy on government employment or public spending. This sector is however highly consumptive and therefore cannot be relied upon to drive economic growth and thus reduction of poverty on a sustainable basis.

1.2.2.1.3 Economic Growth – Broad Economic Sectors

In the 10 year period to 2006 the construction sector achieved the highest average annual GVA-R (5.6%) followed by finance (4.1%) and community services (1.7%). In contrast, the electricity and mining sectors experienced the highest negative annual GVA-R growth rates of (-2.9%) and (-1.6%) respectively. The average annual GVA-R contribution of agriculture; which potentially is the key economic sector within the municipality grew by an annual average of less that half a percent (0.46%).

1.2.2.1.4 Growing/Declining Sectors

Concomitant with the trends presented above, the economy overall has been on the decline. The economic shares of both agriculture and trade have been declining since 1996. The trade sector has the second highest share of the municipal economy after education. The trade sector is driven primarily by hotels and restaurants sector.

1.2.2.1.5 Income

The grim picture above is confirmed by the current levels of income within the local economy. The average annual household income in the municipal area is very low compared to the national average. The household income gap between the municipality and the national average is 127% and 44% when compared with the Eastern Cape province.

1.2.2.1.6 Disposable income

In terms of availability of disposable income within the local economy, the total annual disposable incomes are very low compared to the district, provincial and national government. These figures are consistent with the low-income levels within the municipal area.

The annual disposable incomes are 595% lower than the national average and 109% lower than the provincial average. This is a huge challenge considering that, for any economy to grow, local consumption is critical to sustain an upward performance.

1.2.2.1.7 Gross Domestic Product (GDP-R) for the Region

The Mbizana LM's GDP grew on an annual average of 1.6% between 1996 and 2006. The poor rate of economic growth will definitely impact negatively on the Mbizana's economy and efforts to reduce unemployment and poverty. Attaining and sustaining a high economic growth rate therefore remains one of the municipality's greatest challenges. This is despite the enormity of potential that this area posses in terms of tourism, agriculture, forestry and mining.

1.2.2.1.8 Tress Index

A tress index indicates the extent of concentration or diversification of the economy. A concentrated economy is susceptible to both in internal and external shocks.

1.2.2.1.9 Location Quotient

Mbizana LM has a competitive advantage in community services, trade and agriculture.

Key Issues

- The Mbizana LM's economy has been growing at an annual average of 1.7% in the 10 year period since 1996. The total GVA-R for the municipality also increased by 7.21% in the same period. In view of high and increasing rates of both poverty and unemployment this rate is woefully inadequate.
- High rates of illiteracy, low skills base, and poor economic infrastructure are some of the major factors constraining the economy.
- Although the economy has a comparative advantage in agriculture, trade and community services, these sectors have only been growing at between 0.4 and 4.1% per annum.
- The local economy depends on a few sectors and therefore lacks diversification.

1.2.2.2 INITIATIVES TO SUPPORT THE GROWTH OF MBIZANA'S ECONOMY

1.2.2.2.1 Agriculture

The Agricultural Research Council (ARC) developed a comprehensive agricultural profile of the whole of the OR Tambo District Municipality, including Mbizana. The following are some of the observation (findings) from the research undertaken by the ARC:

a) Potato suitability – Mbizana has the potential to produce 60 – 80 tons of potatoes per hectare in an area covering 47 565 hectares.
b) Cabbage – 60 - 80 tons of cabbage per hectare can be produced in an area covering 6 657 hectares and 40 – 60 tons per hectare can be produced in an area covering 30 277 hectares.
c) Sorghum – Marginal to optimal areas suitable for sorghum production measure about 22 137 hectares.
d) Dry beans – Optimal areas suitable for dry bean production measures 40 000 hectares.
e) Maize yield – Between 4 and 7.9 tons per hectare can be produced in an area measuring 71 065 hectares.

It is important that, if any of these crops are to be developed and commercialised, detailed studies that take into account competing land uses be undertaken. The development of land use management plans (LUMS) are an important component of this process.

1.2.2.2.2 Tourism

Mbizana Municipality is one of the nodal tourism zones in the O. R. Tambo District, famous for its pristine and unspoilt wild coast and centre of endemism. Mbizana Local Tourism Organisation was established to market and promote tourism in the municipal precinct as it is required by law, Section 6.3 of the White Paper on the Promotion and Development of Tourism in South Africa. To take the initiative further in communities, the municipality is in the process of establishing community tourism organisations in 4 wards with tourism potential and two CTOs have been established.

The Wild Coast SDF has identified the areas that are critical to the tourism sector in the Wild Coast. The tourism plan had been developed and it identified four development nodes.

f) Mzamba – Mthamvuna node – unlimited development
g) Mphahlana- 120 beds
h) Mnyameni- 60 beds
i) Mtentu – 12 coastal and 24 inland

DEAT funded two nature reserves – Mbizana Nature Reserve and Mthamvuna Nature Reserve through - EPWP. Mthamvuna lodge has been completed with 12 beds.

Mzamba Gateway Centre was funded by DEAT and the implementation has started, the project will be completed in December 2007. The two projects in Mzamba

(Amadiba Adventure and Mzamba Tours) need support and marketing. Mzamba fossil bed is the jewel of Mbizana and these fossils will be declared as a National Heritage Site that will attract influx of tourists.

DEAT funded Mbizana Heritage and Tourism route with R10 000 000. The business plan has been developed for this project and the implementation will commence immediately after the approval of the plan by DEAT. The route will prioritise the development of all the heritage sites (Nkantolo, Ndlovu, Khananda Nonqulwana, etc.).

1.2.2.2.3 Forestry

The SEA is a Department of Water Affairs and Forestry (DWAF) initiative. Its objective is to assess the forestry potential within the Eastern Cape, focusing mainly on the eastern part of the province. Mbizana Municipality falls within the SEA study area. An assessment undertaken indicated that Mbizana has a potential of about 20 000 hectares of good to moderate new forestry potential. The total area with potential for new forestation in the study area (Mbizana, Qaukeni, Mt Ayliff) is about 26 775 ha good potential, 202 138 ha moderate and 28 643 ha low potential.

Performance Highlights

PERFORMANCE HIGHLIGHTS

2.1 Introduction

During the 2007/08 financial year Mbizana Local Municipality faced many daunting challenges. Despite these challenges, the municipality moved closer towards achieving its vision.

The performance highlights contained in this chapter serve as a record of these achievements. This report has been structured in accordance with the requirements of the Municipal Finance Management Act (MFMA), to provide a true, honest and accurate overview of the performance of the municipality. Accordingly the information contained in this report has been drawn from the institutional scorecard and obtained from relevant directorates.

This chapter will provide a brief overview of the performance highlights achieved by the municipality. These highlights have been arranged into three broad perspectives in accordance with the institutional review scorecard for 2007/08. These perspectives include institutional resource management, governance and public participation, service delivery and development.

2.2 Service Delivery Highlights

2.2.1 Institutional Management

The over-arching objective of the municipality in terms of institutional management is to ensure that the effective, efficient and financial management of all assets under its control takes place in order to increase its revenue and deliver on its mandate. In terms of its institutional review scorecard, Mbizana Municipality has achieved a number of substantial successes in the key performance areas of asset, financial and human resource management.

In terms of the effective and efficient management of its assets, the municipality has, in accordance with its fleet replacement policy, disposed of 8 of the 15 fleet vehicles.

From a corporate services perspective, the over-arching objective of the Mbizana Municipality is to ensure that the institution is appropriately capacitated and structured to ensure effective, efficient and sustainable service delivery. In striving towards achieving this objective, a number of successes were achieved during the 2007/08 financial year. These include:

- Completion of the job evaluation
- Donation of Grade 9 nonfiction books to the library
- Introduction of a "study mate" section to encourage student revision

The review of the 2007/08 IDP culminated in a provincial assessment of the Mbizana IDP. The Spatial Development Framework (SDP) and related documentation were outdated and, although the IDP provided for and quantified service delivery backlogs, it provided no mechanism to address the backlogs.

The municipality took the following steps to address this challenge:

- Subscribed to Global Insights to obtain up-to-date information
- Developed key policies
- Aligned sector plans with the IDP
- Developed 13 ward plans

A draft 2008/09 process plan was produced to map out a path for a unified and comprehensive process for the IDP, PMS and budget.

2.2.3 Service Delivery And Development

A 2007/08 Service Delivery and Budget Implementation Plan (SDIP) was produced and appropriate steps taken to align the performance contracts of section 57 managers and portfolio heads with the SDBIP indicators.

2.2.3.1 Construction, Engineering and Maintenance

This section is responsible for the construction of minor civil engineering works within the municipality, including road extensions, sidewalks, access roads and the laying of storm-water pipes. In terms of its performance, the following has been achieved:

- Construction of the Nokhatshile clinic and the three community halls in Mampingeni, Meje and Buthweni
- Completion of the Mbizana Taxi Rank project
- The rehabilitation of the 112/113 T Road from Ludeke Hall to Qobo Clinic, funded by the Department of Transport
- Construction of two short asphalt roads, one leading to the OR Tambo Garden of Remembrance and the other to OR Tambo's Ancestral Home, funded by South African National Roads Limited
- Road maintenance carried out on various T-roads under the auspices of the "Area Wide Road Maintenance Programme" of the Department of Roads and Transport
- The storm water drainage project in the Central Business District was rehabilitated
- Constructing of prioritized roads through funding from MIG

The following access roads were completed:

- Lityeni
- Mndela to C
- Mfundambini to Ndela
- Mfuneli to Dandi
- Lugwijini
- Magqabasini
- Qobo to Gubhethuka
- Mngungu
- Mbobheni

2.2.3.2 Electricity Provision

The purpose of this section is to provide effective and efficient mechanical and electrical service and infrastructure in accordance with legal and statutory requirements. The municipality achieved the following results in respect to electricity provision:

- Construction of a 200m low voltage line at Extension 2, with eight customers connected
- Electrification of thirteen new households

- Installation of eleven meter transfers from mud houses to new low cost households
- Application for tariff increases
- Installation of a circuit breaker for Pie City
- Development of plans for Mbizana pole numbering
- Electrical specifications for Phase 2 of the St Patrick's hospital project
- Maintenance was carried out on the 100KV pole mounted transformer at Mbizana National Bank.
- Except for informal housing, all houses are now connected to electricity
- Replacement of conventional meters with prepaid is ongoing
- 315Kv and 200Kv transformers have been installed
- License renewal as well as tariff revision has been submitted to NERSA
- The community have signed a resolution to commence with the DME Integrated Energy Centre at Plangweni (Redoubt)

The following connections were also made in the municipal area:

Luphilisweni, Kubha and Kwambiba (Including Shuze and Ndayini)	74
Greenville Phase 3	532
Kwantshangase	583
Mphetshwa	423
Dumisa	461

2.2.3.3 Provision of Scientific Services, Waste-water Management

- Plans are in place to supply the Mmangweni community with water and sanitation
- R1.2m was approved for the installation of sanitation at Extension 3

2.2.3.4 Housing Delivery

The following highlights are noted:

- Completion of a survey to investigate the formalisation of the Down Town Settlement
- Granting of applications for 300 rural housing units each at Zinini and Nquthu by provincial government
- The approval of R1.2m by the provincial Department of Housing to provide sanitation to Extension 3

2.2.3.5 Public Safety and Health

In terms of its mandate to ensure the health and safety of communities, Mbizana Municipality has achieved a number of highlights during the 2007/08 financial year, including:

2.2.3.5.1 Primary Health Services

- A signed memorandum of agreement involving municipal health services from the Department of Health to the municipality
- Qawukeni LSA held Imbizo's to create awareness about TB
- Pilot poverty reduction projects were held in Wards 11, 16 and 25
- Provision of land for the construction of the Gateway Clinic
- Identification of communities requiring poverty alleviation implementation of the poverty reduction programme run by the Department of Social Development
- Eight members of the community benefited from the Department of Health's Prosthesis unit programme
- The Nokatshile Clinic was completed and handed over
- An HIV/Aids candle lighting ceremony was held in May 2008
- Six peer educators have been employed during the past financial year
- Support groups have been established in all wards
- Food parcels are issued in wards on an ongoing basis following an assessment

The following HIV/AIDS training took place:

Mpisi	16 people
Mngungu	25 people
Mount Zion	40 people

25 people received HIV/AIDS counselling.

2.2.3.5.2 Disaster Management

The municipality identified ERF 174 for a Disaster Satellite Centre. An electricity meter box was installed; a water meter connected; the site was fenced and soil samples taken in lieu of constructing a permanent structure.

2.2.3.5.3 Fire and Rescue Services

- The Traffic Control Department was made to impound stray animals along the R61
- Fire officers responded to 27 fire calls

2.2.3.6 Development Planning

2.2.3.6.1 Land Use Management

- Clear boundaries were established between the land restored to the Ilzinini community, Erf 110 commonage land and the Ntshamathe community
- Transfer of properties to residents of Extension 2 took place
- A land use map was developed to cater for residential, commercial and industrial sites
- A draft land management policy was developed
- A successful land claim resulted in the municipal wattle forest being named "Izinini Forest"
- The DME project situated at Plangweni, to sell energy fuel substances, has commenced implementation

2.2.3.6.2 Forward Planning

- Property Rates Act workshop was held
- Draft proposal for time frames for first general valuation to commence 1 July 2008
- ASGISA Project is underway to support the development of bio-fuel in wards 17, 18, 19, 20, 21, 22, 23 and 25

2.2.3.6.3 Settlement Planning

- Submission of 32 by-laws to the Department of Local Government and Traditional Affairs for gazetting

2.2.3.6.4 Township Establishments

- Two peri-urban settlements, Didi/Ngcingo and Ebenezer received provisional funding from the Department of Land Affairs

2.2.3.6.5 Building Control

Plans were submitted and approved for the development of four projects, three shopping complexes and one hotel complex.

2.2.3.7 Transport Planning and Operations Projects

2.2.3.7.1 Traffic Safety

Phase 1 of the vehicle testing station project was completed.

2.2.3.7.2 Law Enforcement

Approval for collection and use of firearms was granted. In conjunction with the Department of Transport, public safety campaigns were held at various schools around Mbizana.

During the period under review, the following successes were recorded:

Fines issued	1305
Arrests made	121
Complaints, obstructions attended to	1719
Accidents dealt with	215
Road blocks erected	38

The satellite licensing office produced the following revenue figures:

Total amount collected for the period	R 216 200.00
Total amount paid to the Department of Transport	R184 000.00
Total amount paid to the Mbizana Municipality	R32 200.00

Security was provided to the ex-president of Zambia, Dr Kenneth Kaunda, during his visit to Mbizana

2.2.3.8 Environmental Services

This section plays a critical role in improving the aesthetics of the municipal area and goes further to promote the image of Mbizana Municipality so as to attract tourists and investors that will encourage economic growth of the area.

Refuse removal has been placed under the Social Services Department.

The following projects, programmes and activities were implemented in the 2007/08 financial year:

- The appointment of 30 casual workers for a period of 6 months to assist with additional refuse removal requirements
- Development of a district municipal plan to assist local municipalities with greening, beautification and the maintenance of entrances and open spaces
- Development of the OR Tambo Heritage Route in Mbizana through a R10m grant received from DEAT
- Completion of the lodge at Umthamvuna Nature Reserve and the Coastal Care project, both funded by DEAT
- A campaign to educate communities about tourism and environmental matters

2.2.3.9 Local Economic Development

As far as local economic development is concerned, the municipality facilitated the following:

2.2.3.9.1 Integrated Energy Centre (IEC)

Mosala Business Enterprise, appointed by Petro SA, completed their feasibility study. The outcome of the study has led to a community co-operative between Petro SA and the ward 18 community.

2.2.3.9.2 Massive Vegetable Projects

Three massive vegetable projects were identified at Zadema (Ward 4), Impunzi (Ward 18) and Fuzamzi (Ward 6) and each funded R300 000-00. Fencing was completed around the Mpunzi and Zadema projects. Mpunzi Drift completed the installation of irrigation equipment and the erection of a farm stall.

2.2.3.9.3 Operation and Management Plan for Hawkers

A plan to guide and administer the activities of hawkers was implemented.

2.2.3.9.4 Income Generating Projects

Wards 1, 2, 6, 23, 24, and 25 were prioritised for the R100 000 for income generating projects.

2.2.3.9.5 Inzini Forest

The Inzini Forest has now been awarded to the Izini community by the Land Claims Commission. R 800 000 forest rehabilitation can yield R10m in 6 years for the community.

2.2.3.9.6 Bio Fuels

ASGISA EC is supporting the implementation of bio-fuel in wards 18, 19, 20, 21, 23, and 25. Meetings will be held for land acquisition .

2.2.3.9.7 Tourism Projects

- DEAT approved R3.9m towards the Mbizana Nature Reserve. A boundary for the reserve have been resolved with the community.
- The second phase of Impunzi Nature Reserve of R4m has been approved by DEAT.
- R1.8m was approved for a lodge at Ingeli.

2.2.3.10 Advertising Space

Billboards were implemented in Mbizana and a 10 year lease agreement entered into with Ibizo Projects and Media cc.

2.2.3.11 Re-naming of Assets, Streets, Institutions and Places

- The Provincial Geographical Name Committee granted the change of name from Bizana to Mbizana
- A site in Nkantolo village was changed from Ntlavukazi to OR Home in lieu of the post office to be built in his honour

The following projects are also worthy of mention:

- Completion of the first phase of the Impunzi Nature Reserve

The proposed mining project in ward 25 and the Mbizana Nature Reserve project have not as yet commenced as a mining license has not been issued and clear boundary lines have not been established for the reserve.

2.2.3.12 Community Facilities

- The Mampingeni Community Hall was completed and handed over
- The Luphilisweni Sports Field has been maintained
- Grass cutting of four sports fields has been completed
- A post office at Nkantolo was completed

Human Resources and Organisational Management

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

3.1 Introduction

During the year under review the following areas continued to receive focus:

- Numerous training interventions were undertaken to strengthen overall capacity within the municipality.
- Four new policies were approved and implemented and five critical vacancies filled.
- The job evaluation process was completed for the Mbizana Municipality and a labour relations forum established.

All these endeavors contributed positively to the growth and continued sustainability of the organisation.

3.2 Employment

3.2.1 General

The municipality has a total of 142 municipal employees . They are distributed among the 5 departments of the municipality as follows:

Department	Positions in Structure	Staff Strength	% Strength
Corporate Services	38	16	42.1
Finance	29	15	51.7
Community Development	117	60	51.3
Planning and Infrastructure	63	14	22.2
Office of Municipal Manager	45	9	20.0
Total	**292**	**114**	**39.0**

A decision was taken to stop further employment until completion of the regional job evaluation process. However, early in 2008, the executive committee decided that because the evaluation process was being run regionally and could take longer than expected to be finalised, critical positions were to be identified and filled.

The following critical positions were identified and advertised in March 2008:

- Two Security officers
- Labour relations officer
- Technical officer
- Building inspector

Four ward clerks were appointed on contract for a period of four years with no benefits, were absorbed into the municipality as permanent council clerk employees.

The contract of employment for section 57 managers was approved by the executive committee, and positions filled.

Three contract employees' contracts were extended for the first three months of the new financial year.

3.2.2 Employment Equity

An employee has been named the designated person responsibile for the implementation, monitoring and evaluation of the Employment Equity Plan and submission of the reports to the Labour Department.

The municipality is representative of the demographics of the population of Mbizana. However, as the staff is predominantly male and African, transformation in terms of the gender imbalance remains a challenge.

3.2.3 Employment Profile

	MALE				FEMALE					DISABILITY			
Occupational Group	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**TOTAL**	**A**	**C**	**I**	**W**
Senior Officials/ Managers	4	-	-	-	1	-	-	-	-	-	-	-	-
Professionals	-	-	-	-	-	-	-	-	-	-	-	-	-
Clerical/ Admin	2	-	-	-	11	-	-	-	-	1	-	-	-
Agriculture/ Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-
Service and Sales	-	-	-	-	2	-	-	-	-	-	-	-	-
Skilled	10	-	-	-	3	--	-	-	-	-	-	-	-
Plant/ Machine	-	-	-	-	-	--	-	-	-	-	-	-	-
Labourers	10	-	-	-	22	-	-	-	-	-	-	-	-
Casual/ Temporary	4	-	-	-	9	-	-	-	-	-	-	-	-
Apprenticeships/ Learnerships	7	-	-	-	7	-	-	-	-	-	-	-	-
TOTAL	**37**	**-**	**-**	**-**	**55**	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**

3.3 Staff

3.3.1 Staff Establishment

The following table is an indication of the character of the post levels of the municipality:

Post	HOD	2	3	4	5	6	7	8	9	10	11	12	13	Total
No of Staff	3		6	1	16	6	7	12	6	13	4		57	134
% Total	4%		4%	1%	12%	4%	5%	9%	4%	10%	3%		43%	100%
	SM	MM				Support Staff				General Workers				
% Type	4%	17%				60%				60%				100%

Three senior management positions (HoDs Community Services, Corporate Services and Planning and Infrastructure Services) were filled in May 2008. Delegation from senior to middle management level was compromised as all of the positions were vacant. This has had an adverse effect on the efficiency of the administration. The majority of general workers are based in the refuse removal and electricity units.

3.3.2 Staff Movement

Employed	0
Medical Boarding	1
Dismissals	0
Resignations	3
Retirement	0
Deceased	4

3.3.3 Job Evaluation

The objective of the job evaluation process is to establish a credible grading system in which job specifications are aligned with job levels.

Since the process is run on a regional basis, the five Eastern Cape regions' job evaluation results must be formulated as a whole. Relative progress has been made, with two

municipalities' results still outstanding. Once received, the two final steps of categorising municipalities and determining wage curves will be undertaken. The urgency in reaching finalisation is exacerbated by the collective agreement on job evaluation which expires on 30 November 2008.

Implementation of the job evaluation process will be informed by the Job Evaluation Committee.

3.3.4 Human Resource Policies

Policy documents are reviewed on an annual basis and take the economic challenges faced by the country into consideration. The following new policies were formulated and introduced:

- Employee Assistance Programme
- Termination
- Resettlement
- Succession Planning

3.4 Labour Relations

A labour forum was established to facilitate dialogue between employer and employee. However, it is not functional , resulting in labour relations not adequately attended to or dealt with in an ad hoc manner.

Four employees were dismissed. An appeal to the Bargaining Council was lodged. To date, no outcome is available.

Wage negotiations regarding a 10.1% annual salary increment will be finalised in July 2008.

3.5 Fleet Management

The municipality has a total of fifteen vehicles. Six of the vehicles are not operational and nine are operational. The out of use vehicles were disposed of.

The municipality does not have a maintenance workshop. Vehicle services are performed by respective dealerships.

3.6 Training And Development

3.6.1 General

The Work Place Skills Plan was submitted to the LGSETA for compliance.

A skills audit was undertaken and training priority areas identified for the following:

- Ward committee members
- Managers
- Electricity staff

- Councillors
- General assistants
- Technical staff

Financial assistance was granted to ten employees to pursue undergraduate degrees and diplomas. Four employees registered for post graduate studies.

The replacement of one of the members of the training committee is currently under consideration.

Eight employees were nominated to undergo a six month block training period at Durban University. The initiative was proposed by the South African National Biodiversity Institute who committed to financing the food and accommodation for the nominees.

Fourteen students were placed in various departments of the municipality to undergo experiental training.

All secretaries were trained in first aid.

Further training interventions included:

- 30 employees undertook SMME training offered by the Tourism Enterprise Programme
- 1 employee and 1 councillor attended the IMFO workshop of Finance Management Challenges
- 1 employee and 1 councillor attended the Tourism Training Academy
- 1 employee attended phase 3 bodyguard training
- Ward committee training
- Human Resources Standing Committee on training and development issues

3.6.2 Training Undertaken

	MALE				FEMALE					DISABILITY			
Occupational Categories	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**TOTAL**	**A**	**C**	**I**	**W**
Senior Officials, Managers	3			1		1			5				
Professionals													
Technicians and Ass Prof	4				1				5				
Clerical and Admin	2					5			7				
Service and Sales													
Skilled													
Agricultural and Fishery													
Plant and Machine													
Laborers/ Elementary	5				3				8				
Apprenticeships/ Learnerships	1				1				2				
TOTAL	15				5	6			27				

Training does not seem to match the needs of the municipality as a skills plan is lacking.

The impact of training on productivity is not monitored or evaluated.

3.6.3 Bursary Schemes

The LGSETA identified scarce skills at a national level and initiated a bursary scheme to overcome the problem. Three employees received bursaries.

3.7 Occupational Health And Safety

So as to ensure compliance with national health and safety standards, an Occupational Health and Safety Committee was established.

Protective clothing was purchased for the refuse removal, electricity and security employees.

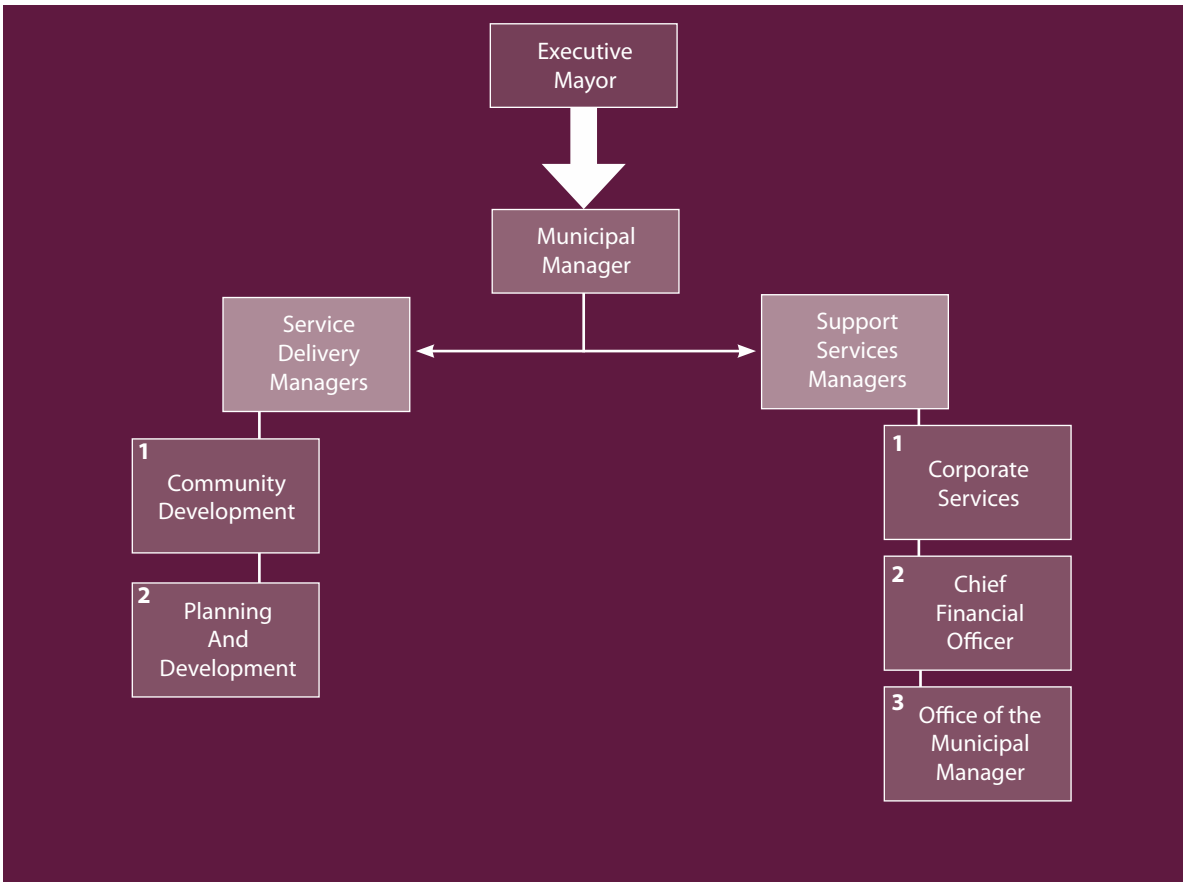
first aid kits were deployed to all units in the municipality.

3.8 Organisational Structure

The organogram approved in 2004 made provision for 252 positions and departments. A work study exercise was undertaken and a new organogram consisting of 234 posts has been recommended. The new organogram reflects 5 departments that report to the municipal manager. They are:

- Office of the Municipal Manager
- Corporate Services
- Budget and Treasury
- Planning and Infrastructure
- Community and Social Services

ORGANIZATIONAL STRUCTURE



3.8.1 Powers And Functions Of Mbizana Municipality

Mbizana Local Municipality is responsible for the functions detailed in Schedules 4 and 5 of the Constitution. However, the following functions were assigned to the OR Tambo District Municipality:

- Air pollution
- Markets and abbattoirs
- Control of undertakings that sell liquor to the public

The following functions are being performed by the Mbizana Local Municipality on behalf of the provincial government on an agency basis:

- Library services
- Vehicle registration and licensing

3.8.2 ICT Management

The network are being administered. However, there are concerns about security and virus protection, the level of IT support and maintenance of equipment as well as a lack of intranet and backups.

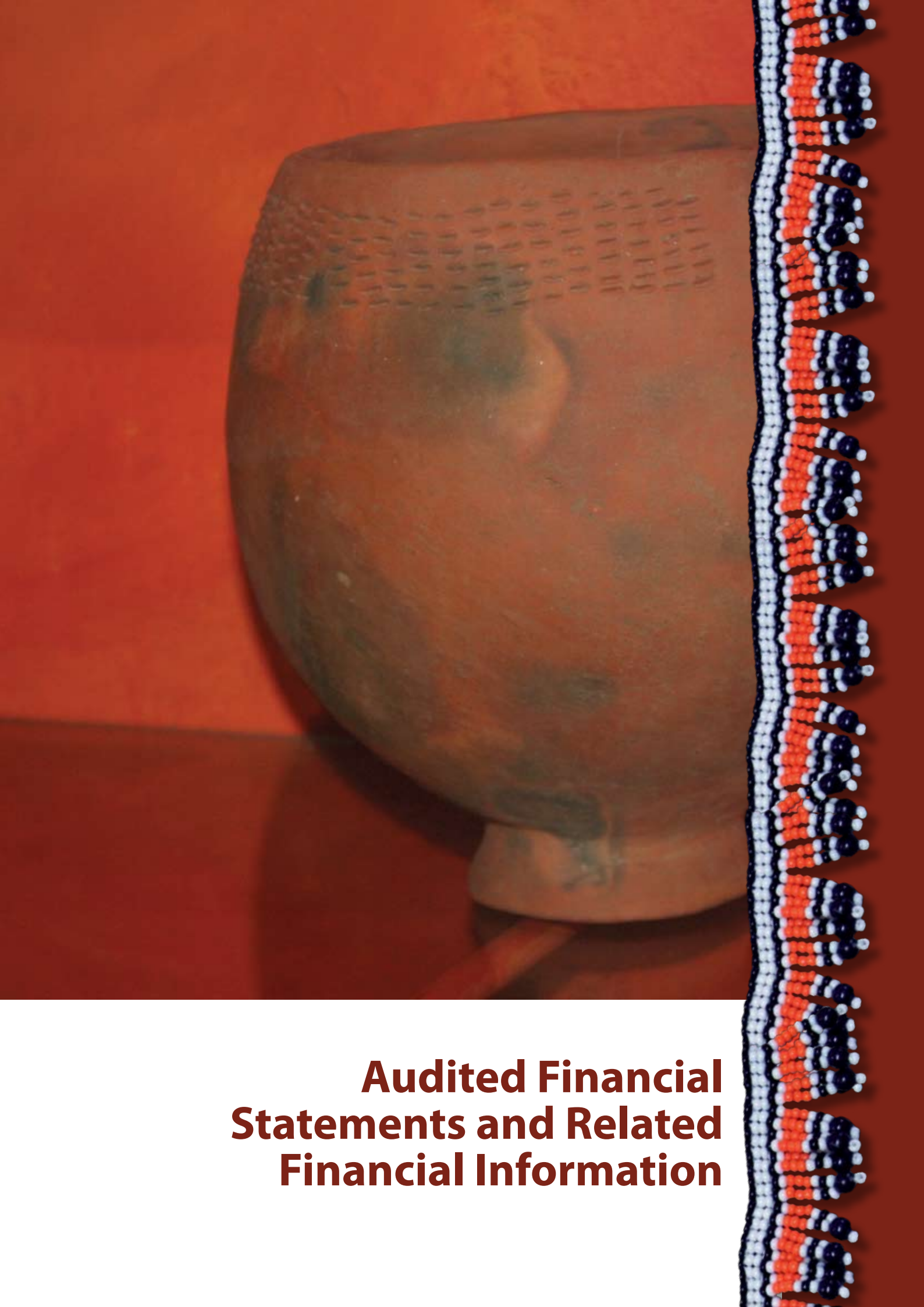
3.8.3 Information Management

There are no registry and a centralised point for document management.

3.9 Challenges

Challenges facing the Human Resources unit include:

- Prosecuting and residing officer training
- Budgetary constraints with regard to filling vacancies
- The lack of a skills plan to match training with the needs of the municipality
- The monitoring and evaluation of training on productivity
- The employee assistance program which are not operational any more
- The labour forum not being functional
- The lack of a registry and information control
- A lack of IT support
- A lack of monitoring of occupational health and safety
- The long turnaround time for filling vacancies



Audited Financial Statements and Related Financial Information

AUDITED FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

4.1 Financial Overview

4.1.1 Economic overview

The most profound development challenge staring the Mbizana municipality and people in the face is the rising levels of poverty and potentially inequality. This is compounded further by the consistent stagnant performance of the local economy.

The analysis of both the state of development and that of the local economy reveals that in the past 10 years between 1996 and 2006 the poverty gap has almost doubled, meaning that the poor have fallen further below the poverty line. Although the HDI, which is the composite measure of a number of development variables, has seen an increase, it is highly likely that this may have been influenced by other variables other than the quality of life and an improvement in terms of literacy and the GDP within the municipal economy.

It is within this context therefore that the municipality should employ a collaborative development planning model with other spheres of government and the development sector as well as a pro-active strategy to lure investors into the local economy. A closer analysis of the existing locational resource endowment reveals that Mbizana has an enormous potential to grow, especially if pro-active strategies to market the areas can be adopted. As detailed in the analysis of the local economy, the area has an enormous potential in both the primary and secondary sectors of the economy.

In terms of the primary sector, the municipality has huge pockets of arable land for agriculture, forestry, fishing and mining, including tourism. In terms of the secondary sector the municipality, with its high levels of unemployment, can create a conducive investment climate mainly to partner with various private sector players to ensure value addition and processing of raw materials into finished products from the primary sector within its boundaries. Specific sectors that the municipality can explore in terms of this strategy can include agriculture, fishing and forestry. This has a huge potential to turn-around the local economy from a consumptive to a productive local economy, thereby creating employment opportunities and thus improve the state of access to and availability of disposable income within Mbizana. In terms of the tertiary sector, the municipality can also employ a more participatory service delivery model and thus use public resources allocated to the municipal area for employment creation as part of its strategy to promote both job creation and skills development. The municipality therefore should adopt a development and growth path that promotes labour intensive methodologies to limit leakage and thus circulate public funding within the local economy.

Specifically, Mbizana municipality should embark on a pragmatic local economic development model; thus going beyond just developing an LED Plan, but specifically commissioning packaging of sector specific plans and proposal aimed at accessing funding on both a partnership basis and in terms of a number of opportunities that

are currently being offered by other spheres of government, state owned entities like DBSA, AS-GISA EC, and intergovernmental agencies such as Thina Sinako. As part of this strategy, the municipality should also develop specific sector plans which should include agricultural development, forestry development, tourism promotion and marketing, etc.

It is also proposed that the municipality, led by its political leadership, should embark on a process to build bilateral intergovernmental relations with strategic government departments, state owned entities and the private sector. The identification of such departments and other agencies should be informed by thoroughly researched locational comparative and competitive advantages of the local economy.

4.1.2 Adjustment budget

The table below indicates major changes that made it necessary to effect budget adjustments for the 2007/2008 budget. The standing committee noted that the budget adjustment was not tabled by the mayor in the municipal council as required by section 28(4) of the MFMA.

Account description	Budgeted	Adjusted
Personnel expenditure		
Overtime	91,800	111,800
Casual employees	90,000	305,000
General expenses		
Advertising fees	46,851	67,606
Public participation	330,000	400,000
OR Tambo audit fees		428,945
Entertainment	276,000	406,000
Mayor's discretional fund	500,000	650,000
OR Tambo IDP grant		210,000
Planning and survey	262,335	399,835
Legal fees	400,000	721,076
Institutional support	1,100,000	1,300,000
Printing and stationery	250,000	350,000
Security costs	100,000	300,000
S&T claims	753,548	980,000
Travelling and accommodation	864,477	1,296,000
Capital expenditure		
St Patricks project		204,455
Bizana taxi rank	300,000	500,000
Disaster grant (Premier)		100,000
Electricity infrastructure	300,000	500,000
Licensing station	10,350,000	850,000

4.1.3 Revenue Management

4.1.3.1 Grants and Subsidies

The table below depicts all grants received from July 2007 to June 2008.
The finance standing committee noted that MIG project allocations become exhausted before the end of the financial year and that resulted in the utilisation of the allocations for the next financial year.

Category	Budget	Actual July07-June 08	%
Equitable share	36,358,000	36,537,533	100%
MIG	11,290,000	13,953,396	124%
MSIG	734,000	734,000	100%
FMG	250,000	250,000	100%
OR Tambo audit fees	428,945	428,945	100%
Housing grant Ext. 3	484,256	1,014,434	209%
Premier Disaster fund	100,000	100,000	100%
OR Tambo survey fees	137,500	137,500	100%
ST. Patricks project	204,455	59,740	29%
OR Tambo IDP grant	210,000	210,000	100%
TOTAL	**50,197,156**	**53,479,598**	**107 %**

4.1.3.2 Own revenue

The table bellow indicates how the municipality has performed in collecting its own revenue. Some votes indicates collection rate of more than 100% and further analysis will be conducted. Votes that showed poor performance are tender documents, grass cutting and interest on arrears.

Item	Budget	Actual	%
Rates	983,906	652,662	66
Refuse	844,280	459,398	54
Electricity sales	4,178,402	4,491,756	107
Electricity connections	47,221	105,761	389
Re-connection	2,000	16,705	835
Sale of wood	57,072	27,939	49
Lease rentals	338,586	411,421	122
Hall hire	6,848	25,990	380
Cemetery fees	5,675	9,700	171
Building fees	28,652	60,869	212
Agency fees	300,000	367,783	198
Advertising fees	55,175	60,759	110
Traffic fines	150,000	127,600	85
Fines	7,567	2,880	38
Interest on investment	440,000	770,108	154
Tender documents	54,442	1,060	2
Grass cutting	15,000	1,300	9
Interest on bank balance		112,162	
Interest on arrears	149,417	42,843	29
Sundry income	204,455	373,384	182
SARS	6,000,000	7,077,593	236
TOTAL	**10,590,320**	**15,199,673**	**144 %**

4.1.4 Expenditure

The table bellow indicates a summary of expenditure trend from July 2007 to May 2008. There is an indication of possible over spending on following departments: council, mayor, speaker and municipal manager.

Department	Budget	Actual	%
Council	9,844,488	9,097,727	92
Mayor	1,792,526	1,518,967	85
Speaker	1,711,585	1,714,319	100
Municipal Manager	2,694,917	2,760,997	102
Budget & Treasury	6,985,945	4,478,362	64
Cooperate Services	5,564,308	4,882,682	88
Electricity	4,439,667	2,914,503	66
Refuse removal	3,468,475	2,734,309	79
Road Works	26,196,774	11,381,705	43
Community & Social Services	3,695,651	2,964,116	80
Planning & Development	4,990,516	2,520,429	51
TOTAL	**71,384,852**	**46,968,116**	**66**

4.1.5 Assets and Liability Management

Asset Management falls under corporate services. List of investments, long and short term debts as well as bank accounts will be produced after year end procedures. A creditors list observed did not tally with a huge list of payments effected during June 2008. Some of these payments had invoices dated as far back as June 2007. This indicates a possible failure by the municipality to adhere to requirements of section 65 of MFMA. A strategy will be developed to address this abnormality.

4.1.6 Looking forward: projected financial performance in the medium term

This section looks at projected financial performance in the medium term, based on the results of financial modelling based on the 2006/7 adjusted budget discussed above.

The results of any financial model must be interpreted with caution. Modelling is based on a number of assumptions, which have a significant impact on the results. The assumptions underlying this model are not discussed in detail here. The projections that the model provides should not be treated as certain predictions of future financial performance. Rather they give an indication of what future financial performance might be, and demonstrate the impact that changing key financial parameters will have on performance.

The projected surplus/deficit for MLM for the next five years (2007/8 until 20011/12) is shown in the figure below.

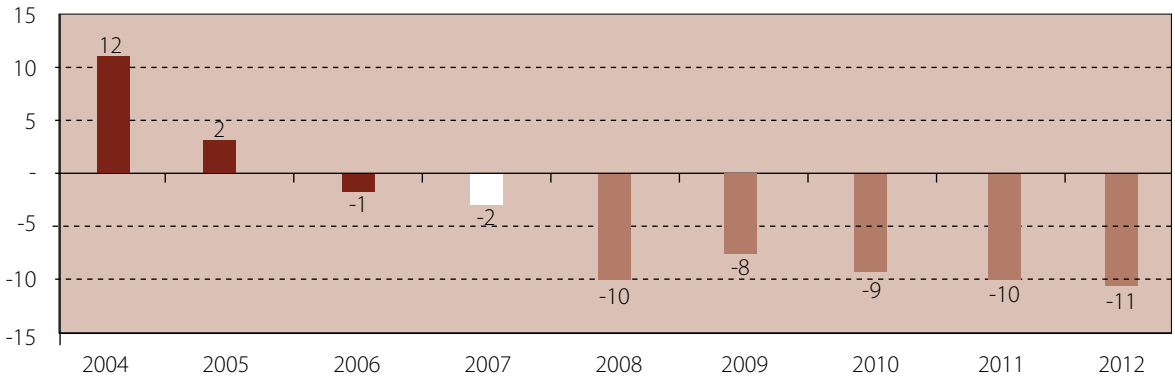


Figure: Projected financial performance for Mbizana Local Municipality until 2011/12

The model predicts that financial performance will continue to decline over the next three years.

Note that the model is based on the budget in 2006/7 less capital expenditure and revenue sources, as discussed in Section 1.3.1.

The significant decline in performance between 2006/7 (the budget year) and 2007/8 (the first modelled year) is due largely to the fact that:

- Contributions to the provision for bad debt in the model are based on cash collection efficiencies. The contributions to the provision for bad debt have been far lower than this requirement in the past.
- The Equitable Share allocated to Mbizana is R36 million in 2007/8, compared to R39 million in 2006/7.

The key point to note with regard to the figure is that performance continues to decline.

4.2 Chief Financial Officer's Report

4.2.1 Accounting Framework

During the 2007/2008 financial year, the Mbizana Local Municipality implemented the Modified General Recognized Accounting Practice (GRAP), the Generally Accepted Municipal Accounting Practice (GAMAP) and the Generally Accepted Accounting Practice (GAAP) standards.

4.2.2 Income

Mbizana Local Municipality is highly dependent on grants. Of the total income received during the 2007/2008 financial year, which amounted to R 58 372 963, R 50 216 036 or 86% was represented by government grants and only R 8 156 927 was own revenue, mainly from rates, electricity, and refuse removal.

The following graph indicates the revenue contribution of the Mbizana Local Municipality during the 2007/2008 financial year.

4.2.3 Revenue Contribution

Government Grants	84%
Rates	1.4%
Electricity	6.9%
Refuse	1.0%
Other	4.7%

4.2.4 Rate Assessment

During the 2007/2008 financial year, the municipality charged rates at 160 cents in a Rand in respect of all property types, based on a valuation of 1 July 1998, and supplemented by interim valuations on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions.

4.2.5 Debtors

Municipal consumer debtors at year end were as follows:

	Gross Balance	Provision	Net Balance	%
Rates	R 983 096	R 799 455	R 183 641	81
Electricity	R 4 178 402	R 4 042 206	R 136 196	97
Refuse	R 844 280	R 570 397	R 273 883	68
Other	R 5 422 819	R 2 744 869	R 2 677 950	51

The collection and recovery of consumer debtors remain a challenge.

4.2.6 Free Basic Services

In accordance with the mandate received from the national government, all municipalities have a duty to provide free basic services to the poorest of the poor. During the 2007/2008 financial year, the municipality spent R 636 358 on free basic services.

4.2.7 Capital Expenditure

In the year under review the Municipality spent R 7 481 708 on road construction, R 747 978 on clinics, R 565 870 on a testing station, R 767 851 on community halls and R 136 366 on office equipment.

4.2.8 Retirement Benefits

The municipality contributes toward the retirement benefits of its employees and councillors in the following pension funds:

- Municipal Gratuity Fund
- Eastern Cape Municipal Employees Pension Fund
- SAMWU Provident Fund

Members contribute 7.5% of pensionable emoluments. The municipality contributes in the ratio of 2.4:1.

4.2.9 The Municipality's Financial Position

On the whole, the municipality's financial position and the results of operations have improved from last year. The surplus of R 11 529 768 in 2008 is an improvement on the surplus of R 2 166 444 recorded in 2007.

4.3 Auditor General's Report

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF MBIZANA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Mbizana Municipality which comprise of the statement of financial position as at 30 June 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 56 to 101.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by National Treasury, as set out in accounting policy note 1.1 to the financial statement and in the manner required by the Local Government Municipal Finance Management Act, 2003 (Act No. 58 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. I of 2007 (DoRA).
   This responsibility includes:
   - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
   - selecting and applying appropriate accounting policies
   - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Because of the mailers discussed in the basis for disclaimer of opinion paragraphs, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion

4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

7. Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Mbizana Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury as set out in accounting policy note 1.1 to the financial statements.

Basis for disclaimer opinion

Accumulated surplus

10. The trial balance does not agree to the amount disclosed in the financial statements by an amount of R11.5 million. Adequate explanations and reconciliation could not be provided for the difference. In addition, sufficient and appropriate supporting documentation could not be obtained for the adjustments processed amounting to R3.9 million.

11. Furthermore the comparative figure did not agree to the previous year audited financial statements by R874 622. Material issues that resulted in qualification in the previous year were not resolved during the year. The municipality's records did not permit the application of alternative auditing procedures.

12. Consequently, I was unable to satisfy myself as to existence, completeness and valuation of accumulated surplus of R66.8 million as disclosed in the statement of financial position and statement of changes in net assets.

Consumer deposit

13. No schedule of consumer deposits was maintained by the municipality. I was unable to obtain the representations considered necessary from the management of the municipality with respect to consumer deposits. The municipality's records did not permit the application of adequate alternative auditing procedures regarding the consumer deposits.

14. Consequently, I was unable to satisfy myself as to the valuation, existence, obligation and completeness of consumer deposits of R292 269 as disclosed in the statement of financial position and in note 10 to the financial statements.

Trade and other payables

15. The municipality did not raise an accrual for goods and services received at year end amounting to R857 123. Consequently, creditors were understated by R857 123, and general expenses were understated by the same amount.

16. The municipality did not process an accrual for the accrued bonus l3th cheque payable at year end. Consequently, the creditors and employee related costs were understated by R1.4 million.

17. The municipality did not have supporting documentation to support R151 792 and R163 499 which was owed to another municipality and Workman's compensation respectively. There has been no movement in these balances since the previous financial year.

18. The leave days per the leave provision calculation did not agree to the leave records and due to inadequate leave records and discrepancies, I was unable to verify the leave provision amount of R959 730.

19. I was unable to obtain the representations considered necessary from the management of the municipality with respect to provision for leave pay. The municipality's records did not permit the application of alternative auditing procedures.

20. Consequently, I was unable to satisfy myself as to the valuation, existence, obligation and completeness of trade and other payables of R3.1 million as disclosed in the statement of financial position and in note 4 to the financial statements.

Bank overdraft

21. The bank overdraft balance did not agree to the bank statement at year end by R2.9 million. A reconciliation or sufficient and appropriate explanation were not provided for the difference. The municipality's records did not permit the application of alternative auditing procedures.

22. Consequently, I was unable to satisfy myself as to the completeness and valuation of the bank overdraft of R2.9 million as disclosed in the statement of financial position.

Provisions

23. The municipality, which operates a dumping site, has an obligation in terms of section 28 of the National Environment Management Act, No 107 of 1998, to restore such sites to their original state. The municipality did not assess the remaining useful life of the dumping site. Detailed records of the capacity of the dumping site are not maintained by the municipality's community services department.

24. Consequently, a provision for the rehabilitation of dumping site was not raised in the financial statements. Due to the specialist nature of such a provision and lack of appropriate records, I was unable to determine the extent of the misstatement.

Fixed assets

25. The fixed asset register of the municipality did not contain sufficient and appropriate details regarding opening balances of fixed assets. I was unable to obtain the representations considered necessary from the management of the municipality with respect to fixed assets opening balances. In addition the comparative figures did not agree to the previous year's audited financial statements by R 874 622. Prior year qualifications were not corrected in the current year.

26. The value of land and buildings per the fixed asset register differed from the amount in note 6 to the financial statements by R1 million.

27. The process of unbundling the land in the area had not been completed and the municipality was unable to identify which land is owned by them. The municipality had inadequate accounting records to permit the application of alternative auditing procedures.

28. Consequently, I was unable to satisfy myself as to the completeness, valuation, rights and existence of fixed assets amounting to R59.5 million as disclosed in the statement of financial position and in note 6 to the financial statements.

Loans and receivables

29. The municipality did not have loan agreements or any other records to support loans and receivables to the value of R470 254. There has been no movement on this account since the previous financial year. In addition, there were no subsequent receipts from these debtors after year end. The municipality's records did not permit the application of alternative auditing procedures regarding the loans and receivables.

30. Consequently, I was unable to satisfy myself as to the existence, completeness valuation and rights of loans and receivables of R498 812 as disclosed in the statement of financial position and in note 8 to the financial statements.

Consumer debtors

31. The debtors listing did not agree to the amount as disclosed in the financial statements by an amount of R2.7 million. Various weaknesses were identified in respect of debtors listing. I was unable to obtain the representations considered necessary from the management of the municipality with respect to consumer debtors. The municipality's records did not permit the application of alternative auditing procedures regarding the consumer debtors.

32. Consequently, I was unable to satisfy myself as to the existence, completeness, rights and valuation of consumer debtors of R8.8 million as disclosed in the statement of financial position and in note 10 to the financial statements.

Other debtors

33. Included in other debtors is an amount of R766 439 owed by another municipality. The municipality was unable to provide evidence that the amount was actually owed.

34. The municipality did not have supporting documentation for rental debtors included in other debtors to the value of R292 346. There was no movement in this account balance since the previous financial year. No payments were received subsequent to year end. The municipality's records did not permit the application of alternative auditing procedures.

35. Consequently I was unable to satisfy myself as to the existence, completeness valuation, classification and rights of debtors amounting to R3.2 million as disclosed in the statement of financial position and in note 11 to the financial statements.

Bank balances and cash

36. The bank was not regularly reconciled and outstanding items were not followed up. The difference of R1.8 million occurred between the general ledger balance and the financial statements. The difference however included debit items of R2.4 million and credit items of R6 million which could not be satisfactorily explained or reconciled. The municipality's records did not permit the application of alternative auditing procedures.

37. Consequently I was unable to satisfy myself as to the completeness, existence and valuation of the bank balances and cash of R4.3 million as disclosed in the statement of financial position.

Revenue

38. In terms of GAMAP 9 Revenue, the revenue of a municipality should be disclosed exclusive of value-added tax (VAT). Revenue from service charges, rentals and other income included an amount of R566 460, R63 360 and R92 200 respectively that should have been accounted for as VAT output.

39. Consequently, the service charges, rentals and other income are overstated by R566 460, R63 360 and R92 200 respectively and the VAT debtor overstated by R722 020.

40. In terms of GAMAP 9 Revenue a government grant is recognised as revenue to the extent that there has been compliance with any restrictions associated with this grant. The conditional grant received from Department of Transport for building a testing station amounting to R300 000 disclosed in the statement of financial performance and in note 16 of the financial statements was recognised before the condition of building the testing station had been met.

41. Consequently, revenue was overstated by R300 000 and unspent conditional grant liabilities understated by the same amount.

42. The municipality did not maintain an updated valuation roll and last performed a general valuation of properties in the municipality in 1998. Furthermore, the municipality did not keep a detailed record of the billings. The results of the predictive test performed as an alternative procedure indicated an understatement by an amount of R260 977 from the amount disclosed in the financial statements and no explanation could be provided for the difference.

43. The municipality did not maintain a detailed record of the billing and the system of control over electricity sales was inadequate. I was unable to obtain the representations considered necessary from the management of the municipality with respect to sale of electricity of R4 million.

44. Management could not provide a lease register and contracts entered into for lease rental income of R515 937 received or any other supporting documentation for this income.

45. The municipality did not submit all the monthly source documents (disbursement reports) requested for licences and permits of R322 001. Management was unable to provide explanations or reconciliation for the differences and the reasons for non-submission of the other documents.

46. The municipality did not monitor electricity distribution losses. Furthermore, the municipality was unable to provide information and documentation relating to distribution losses. I was unable to determine the extent of distribution losses incurred by the municipality. The municipality's records did not permit the application of alternative auditing procedures regarding the distribution losses.

47. The municipality's records did not permit the application of further alternative auditing procedures.

48. Consequently, I was unable to satisfy myself as to the occurrence, completeness and accuracy of revenue of R58.4 million as disclosed in the statement of financial performance.

Employee related cost

49. No evidence was obtained that a performance evaluation was performed or that council approval was obtained prior to paying out performance bonuses to senior managers as required in their performance contracts. I could not re-perform the calculation of the bonus amount because of a lack of appropriate supporting documentation. The municipality's records did not permit the application of alternative auditing procedures.

50. Consequently, I was unable to satisfy myself as to the occurrence and accuracy of the bonus paid of R294 937 as disclosed in note 17 to the financial statements.

Interest paid

51. Interest paid was incorrectly classified as bank charges in the statement of financial performance. Consequently, interest expense was understated by R300 000 and general expenses was overstated by the same amount.

Cash flow statement

52. Various weaknesses were identified in respect of cash flow statement such as difference of R904 015 and R1.4 million with regard to cash receipts from ratepayers, government and others and cash paid to suppliers and employees respectively.

63. I was unable to obtain the representations considered necessary from the management of the municipality with respect to these differences on the cash flow statement amounts. Consequently, I was unable to satisfy myself as to the accuracy of cash flow statement.

Irregular expenditure

54. In terms of the Preferential Procurement Policy Framework (PPPF), all tenders above the value of R200 000 including vat should be advertised. The accounting officer did not comply with procurement policies in the awarding of the tenders amounting to R1.3 million in that these tenders were not advertised. This expenditure was therefore considered to be irregular.

55. In terms of PPPF, three written quotations must be attached for all the services or goods acquired above the value of R10 000 including VAT and such, quotations must be filed with the payments. Quotations were requested but were not attached to the payment vouchers or provided for payments made amounting to R751 490. This expenditure was therefore considered to be irregular.

56. In terms of the PPPF, a supplier who obtains the highest points must be awarded the tender. If the municipality deviates from the normal tender process a letter must be submitted in writing by the accounting officer to Treasury as well as the Auditor-General. A contract amounting to R962 219 was awarded to a contractor who did not obtain the highest points and no letter was submitted to Treasury as well as the Auditor-General for the deviation. The payment of R962 219 made to the contractor during the year was considered to be irregular expenditure.

57. The failure to comply with procurement policy resulted in total irregular expenditure of R3.01 million.

56. The municipality did not disclose irregular expenditure of R3.01 million, which was incurred during the financial year. This is contrary to section 125(2) (d) of the MFMA, which requires disclosure of irregular expenditure in the annual financial statements.

Fruitless and Wasteful Expenditure

59. The municipality incurred interest on the bank overdraft that could have been avoided if funds were transferred timeously between call account and overdraft account. The fruitless and wasteful interest expense was estimated to be R300 000.

60. In addition this amount was not disclosed as fruitless and wasteful expenditure in the financial statements as required by section 125(2)(d)(i) of the MFMA.

Commitments

61. In terms of GAMAP 17 paragraph 76 (c) and (d), the municipality's financial statements shall disclose for each class of property, plant and equipment the amount of commitments for the acquisition of property, plant and equipment. Contracted capital commitments totaling R2.1 million were not disclosed in the notes to the financial statements as required by GAMAP 17.

Disclaimer of opinion

62. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Mbizana Municipality. Accordingly, I do not express an opinion on the financial statements.

OTHER MATTERS

I draw attention to the following mailers that are ancillary to my responsibilities in the audit of the financial statements:

Material non-compliance with applicable legislation

Internal control

63. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led to the qualified audit opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting Item	Control Environment	Risk Assessment	Control Activities	Information And Communication	Monitoring
Rates Assessment Revenue	X		X		
Service Charges	X		X		
Licences and Permits	X		X		
Value Added Tax	X		X		
Conditional Grants	X				
Irregular fruitless and wasteful expenditure	X				
Interest Expense	X		X		
Employee Cost			X		
Debtors			X		
Fixed Assets			X		
Cash and Cash Equivalent	X		X		
Provision	X				
Creditors	X				
Consumer Deposit	X				
Cash Flow Statement	X		X		
Commitments	X				
Contingencies Liabilities			X		X
Accumulated Surplus			X		

Control Environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting
Risk Assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives
Control Activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial risk mitigation strategies are carried out
Information and Communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties
Monitoring: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklist, by employees within a process

64. Matters of governance

The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matters of Governance	Yes	No
Audit Committee		
▪ The Municipality had an audit committee in operation throughout the financial year		X
▪ The audit committee operates in accordance with the approved terms of reference		X
▪ The audit committee substantially fulfilled its responsibilities for the year as set out in Section 166(2) of the MFMA		X
Internal Audit		
▪ The municipality had an internal audit function in operation throughout the financial year		X
▪ The internal audit function operates in terms of an approved internal audit plan		X
▪ The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 126 of the MFMA		X
Other matters of governance		
▪ The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA		X
▪ The annual report was submitted to the auditor for consideration prior to the date of the auditor's report		X
▪ The financial statements submitted for audit were not subject to any material amendments resulting from the audit		X
▪ No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management		X
▪ The prior year's external audit recommendations have been substantially implemented		X
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
▪ The Municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007		X
▪ The Municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress toward full compliance with GRAP		X
▪ The Municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008		X

Material non compliance with applicable laws

65. No signed delegations of power and authority from the Council to the Mayor as required by the MFMA Section 79(1)(a) read with Section 79(3) except for the financial delegations from the Municipal Manager to the Chief Financial Officer.

66. Annual report was not tabled by the mayor to the council within seven months after financial year end as required by Section 127(1) of the MFMA.

87. The municipality does not have the documented job task descriptions of each political structure and each political office bearer of the municipality as required by Section 53 of the Municipal System Act.

68. Proceeds from the letting of land are not paid into separate bank account as required by Housing Act Section 14 (3)(d) (iii)(aa) read with section 15(5).

69. The municipality did not use the tariffs that were approved by the National Electricity Regulator as required by Section 16(2) of Electricity Regulation Act.

70. Employee's tax was not always paid within seven days, as required by paragraph 2(1) of the fourth schedule to the Income Tax Act.

71. Payments were not made within 30 days as required by of section 65 (2) (e) of the MFMA

72. Declaration of Interest

In terms of Schedule 1 of the code of conduct for councilors Section 5(1) (a), the councilors are required to disclose to the municipal council or to any committee of which that councilor is member of any direct or indirect personal or private business interest that that councilor may have. Some of the Councilors who owned companies did not declare their interest as required by Municipal System Act.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

73. I have audited the performance information as set out on pages 56 to 101.

Responsibility of the accounting officer

74. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

75. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008 [and section 45 of the MSA].

76. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

77. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

Non compliance with Regulatory Requirements

78. Performance information was not submitted by the municipality as required by the section 121 (3)(c) of the MFMA

79. Section.30 of the MSA states that the executive committee/ executive mayor/ committee of councilors of a municipality, in accordance with the prescribed IDP development process, managed the drafting of the IDP and assigned the responsibility of drafting the IDP to the municipal manager. We could not obtain evidence to ensure that management process and the assigning of the responsibilities took place.

80. Section 26(c) of the MSA states that an integrated development plan must reflect the council's development priorities and objectives for its elected term. The IDP does not contain the council's development priorities and objectives for its elected term.

81. Section 26(d) of the MSA states that an integrated development plan must reflect alignment of development strategies with national or provincial sectoral plans and planning requirements binding in terms of legislation. The IDP does not contain the development strategies with national or provincial and planning requirements binding in terms of legislation.

82. Section 26(h) of the MSA read with Regulation 2(3) states that an integrated development plan must reflect a financial plan, which must include a budget projection for at least the next three years. The IDP does not include a budget for the next 3 years. Furthermore the financial resources that are available for capital project development and operational expenditure budget does not include financial strategy that defines sound financial management and expenditure control and means of increasing revenues and external funding for the municipality.

83. Section 36 of the MSA states that the municipality must inform the community of the implementation of the IDP, and conducted its affairs in a manner which was consistent with its IOP, (Reg. 15). No evidence could be obtained that the community was informed about the implementation of the IDP.

84. Section 40 of the MSA states that the municipality must establish mechanisms to monitor and review the PMS. The municipality has not yet established a formal performance audit committee. Furthermore there was no evidence that council reviewed the PMS.

85. Section 41 of the MFMA states that actual performance must be monitored, measured and reviewed on an quarterly basis by council with regards to each of the development priorities and objectives and against the KPI's and targets. No evidence was obtained to confirm that the 3rd quarter and the 4th quarter performance were monitored.

APPRECIATION

86. The assistance rendered by the staff of the municipality during the audit is sincerely appreciated.

Auditor General

East London
15 May 2009

AUDITOR-GENERAL

MBIZANA

LOCAL MUNICIPALITY

4.4 Consolidated Annual Financial Statements for the year ended 30 June 2008

APPROVAL AND CERTIFICATION

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 36, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 18 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

L N MAMBILA
MUNICIPAL MANAGER DATE

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MBIZANA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

	Note	2008	2007
		R	R
NET ASSETS AND LIABILITIES			
Net assets		**76 290 340**	**60 825 975**
Government Grant Reserve	2	9 438 278	-
Accumulated Surplus		66 852 062	60 825 975
Current liabilities		**16 041 548**	**10 242 368**
Consumer deposits	3	292 269	277 189
Trade and other payables	4	3 073 368	3 312 160
Unspent conditional grants and receipts	5	9 761 604	4 407 611
Bank overdraft	13	2 914 307	2 245 408
Total Net Assets and Liabilities		**92 331 888**	**71 068 343**
ASSETS			
Non-current assets		**60 180 012**	**55 033 963**
Property, plant and equipment	6	59 518 944	54 375 609
Intangible assets	7	451 038	431 303
Loans and receivables	8	210 030	227 051
Current assets		**32 151 876**	**16 034 380**
Inventory	9	71 815	71 815
Consumer debtors	10	8 868 245	5 991 974
Other debtors	11	3 161 177	6 912 399
Loans and receivables	8	288 782	325 012
Call investment deposits	12	15 445 754	2 450 206
Bank balances and cash	13	4 316 103	282 974
Total Assets		**92 331 888**	**71 068 343**

MBIZANA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		R	R
REVENUE			
Property rates	14	799 455	967 807
Service charges	15	4 612 603	4 852 295
Rental of facilities and equipment		515 937	418 470
Interest earned - external investments		932 383	655 653
Interest earned - outstanding debtors		109 302	
Fines		114 475	143 602
Licences and permits		322 001	-
Income for agency services			125 518
Government grants and subsidies - operating	16	39 737 765	39 678 062
Government grants and subsidies - capital	16	10 478 271	10 456 987
Other income		750 772	1 575 517
Total Revenue		**58 372 963**	**58 873 911**
EXPENDITURE			
Employee related costs	17	17 443 618	17 856 033
Remuneration of Councillors	18	8 479 954	8 311 653
Bad debts		-	339 718
Depreciation		4 556 367	3 736 031
Amortisation of intangible assets		36 431	30 807
Repairs and maintenance		1 143 584	2 025 485
Interest paid	19	-	67 643
Bulk purchases	20	2 270 339	2 474 329
General expenses	21	12 912 902	21 865 768
Total Expenditure		**46 843 195**	**56 707 467**
SURPLUS FOR THE YEAR		**11 529 768**	**2 166 444**

MBIZANA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Government Grant Reserve R	Accumulated Surplus/ (Deficit) R	Total R
2007			
Balance at 1 July 2006		58 383 815	58 383 815
Surplus/(deficit) for the year		2 166 444	2 166 444
Adjustments		1 150 339	1 150 339
Balance at 30 June 2007	**-**	**61 700 598**	**61 700 598**
2008			
Correction of error (Note 22)		(874 623)	(874 623)
Restated balance	-	60 825 975	60 825 975
Amendments to 2006/07 AFS (Note 22)		3 777 161	3 777 161
Correction of error (Note 22)		157 435	157 435
Surplus/(deficit) for the year		11 529 768	11 529 768
Capital grants used to purchase PPE	9 498 321	(9 498 321)	-
Offsetting of depreciation	(60 043)	60 043	-
Balance at 30 June 2008	**9 438 278**	**66 852 062**	**76 290 340**

MBIZANA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		63 669 525	64 909 563
Cash paid to suppliers and employees		(38 554 592)	(53 022 521)
Cash generated from/ (utilised in) operations	23	25 114 933	11 887 042
Interest received		932 383	655 653
Interest paid		-	(67 643)
NET CASH FROM OPERATING ACTIVITIES		**26 047 316**	**12 475 052**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(9 699 702)	(21 673 338)
(Increase)/decrease in current receivables		36 230	(202 179)
Increase in intangible assets		(56 165)	-
Decrease/(increase) in non-current receivables		17 021	314 662
Increase in investments		(12 995 548)	12 625 946
NET CASH FROM INVESTING ACTIVITIES		**(22 698 164)**	**(8 934 909)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in consumer deposits		15 080	-
NET CASH FROM FINANCING ACTIVITIES		**15 080**	**-**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**3 364 231**	**3 540 143**
Cash and cash equivalents at the beginning of the year		(1 962 434)	(5 502 577)
Cash and cash equivalents at the end of the year		1 401 796	(1 962 434)

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notices 991 and 992 of 2005.

These standards are summarised as follows:

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

GAMAP 4: Effects of changes in foreign exchange rates

GAMAP 6: Consolidated financial statements and accounting for controlled entities

GAMAP 9: Revenue

GAMAP 7: Accounting for investments in associates

GAMAP 8: Financial reporting of interests in joint ventures

GAMAP 12: Inventories

GAMAP 17: Property, plant and equipment

GAMAP 19: Provisions, contingent liabilities and contingent assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

The municipality has not complied with AC105 (leases) as the municipality has insufficient records to comply with this standard.

These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GAMAP or GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4 RESERVES

a) Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grants Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.5 PROPERTY, PLANT & EQUIPMENT

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost. Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses. Such assets are financed either by external loans, capital replacement reserve, government grants and contributions and donations.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Any trade discounts and rebates are deducted in arriving at the purchase price.

Directly attributable costs include the following:

Cost of site preparation.

Initial delivery and handling costs.

Installation cost.

Professional fees.

Estimated cost of dismantling the asset.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Where an item of property, plant and equipment is acquired at no cost, it is initially recognised at its fair value as at the date of acquisition.

Incomplete construction work is stated at historical cost and depreciated only when the asset is commissioned into use, and are accounted for in accordance with the exemptions in terms of Gazette 30013 of 29 June 2007.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Residual value

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

Depreciation

Depreciation is calculated at historical cost, using the straight-line method over the useful lives of the asset. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

Infrastructure Assets	**Years**
Roads, pavements, bridges and storm water 10-30	15 - 30
Water reservoirs and reticulation 15–20	15 - 20
Car parks, bus terminals and taxi ranks 20	20
Electricity reticulation 15–30	20 - 30

Sewerage purification and reticulation 15–20		15 - 20
Street lighting 20-25		25
Community Assets		
Parks and gardens 30	10–	30
Sport fields 30	20-	30
Community halls 30		30
Libraries	30	30
Clinics		30
Cemeteries	30	30
Other Assets		**Years**
Motor vehicles 4–7		3 - 7
Plant and equipment 2-15		7-10
Buildings	30	30
Furniture		7-10
IT equipment	3-5	3 - 5
Office equipment 3–7		3 - 7
Specialised vehicles 20	15-	10 - 15

Land is not depreciated as it is regarded as having an infinite life.

The useful life or depreciation method for items of property, plant and equipment that have been recognised was not reviewed as permitted in terms of Gazette 30013 of 29 June 2007.

Impairment

The testing for and impairing of any items of property, plant and equipment were not accounted for as permitted in terms of Gazette 30013 of 29 June 2007

Heritage assets

These are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

Disposal of property, plant and equipment

- The book values of assets are written off on disposal.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

1.7 INVESTMENT PROPERTY

Investment property as property (land or a building or part of a building or both) held to earn rentals or capital appreciation is stated at cost. Where an investment property is acquired at no cost, or for a nominal cost, its cost is recognised at its fair value as at the date of acquisition.

Depreciation is calculated on cost, using the straight-line method over the useful life of the property.

The process for identifying investment property had not been finalised and items that may meet the definition was accounted for in terms of GAMAP 17 under property, plant and equipment as permitted in terms of Gazette 30013 of 29 June 2007.

1.8 FINANCIAL INSTRUMENTS

There are four categories of financial instruments: fair value through profit or loss (which includes trading), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables. Financial instruments are accounted for in accordance with the exemptions in terms of Gazette 30013 of 29 June 2007.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets.

Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost using the effective interest rate.

Accounts receivable

Trade and other receivables are recognised initially at cost which represents fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor and default or delinquency in payments of all debt outstanding for more than 150 days are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

When an under recovery occurs during the year an additional contribution for impairment is made from the accumulated surplus at year end.

Bad debts are written off during the year in which they are identified as irrecoverable.

Financial liabilities

Financial liabilities are recognised initially at cost which represents fair value. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate.

Gains and losses

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in profit and loss when the financial asset or liability is derecognised or impaired through the amortisation process.

Investments held-to-maturity

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

Surplus funds are invested in terms of Council's Investment Policy.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

Leases

Property, plant and equipment subjected to finance lease agreements are capitalised at their cost equivalent and the corresponding liabilities are raised.

The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

Operating lease payments or receipts are recognised on the basis of the actual cash inflows and outflows as per the lease contract as permitted in terms of Gazette 30013 of 29 June 2007.

1.9 INVENTORY

The cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

1.10 TRADE CREDITORS

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade creditors are recognise initially at cost price as permitted in terms of Gazette 30013 of 29 June 2007.

1.11 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

Rendering of service

When the outcome of a transaction can be estimated reliably relating to the rendering of a service, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of the transaction can be measured reliably when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or services potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The cost incurred for the transaction and the cost to complete the transaction can be measured reliably.

This principle also applies to tariffs or charges.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses that are recoverable.

Sale of goods

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- The municipality has transferred to the purchaser the significant risks and rewards of ownership of goods;
- The municipality retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Finance income from sold housing by way of instalment sales agreements is recognised on a time proportion basis.

Rates, including collection charges and penalty interest

Revenue from rates including collection charges and penalty interest, shall be recognised when all the following conditions have been satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- There has been compliance with the relevant legal requirements.

The Municipality uses a differentiated site value assessment rate system. According to this assessment rates are levied on the land value of properties and rebates are granted according to the usage of a particular property.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Service charges

Flat rate service charges and consumption-based service charges shall be recognised when:

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

· The amount of the revenue can be measured reliably.

Service charges relating to electricity is based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Fines

Revenue from the issuing of fines is recognised when:

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

· The amount of the revenue can be measured reliably.

Revenue from fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected.

Government Grants

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;

· The amount of the revenue can be measured reliably; and

· To the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations received

Other grants and donations shall be recognised as revenue when:

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;

· The amount of the revenue can be measured reliably; and

· To the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Revenue from public contributions is recognised when all conditions have been met or where the contribution to property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Where public contributions have been received but the conditions were not met, a liability is recognised.

Interest

Revenue arising from the use of assets by others of the municipal assets yielding interest shall be recognised when:

· It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

· The amount of the revenue can be measured reliably.

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

Revenue are initially recognised at cost as permitted in terms of Gazette 30013 of 29 June 2007.

1.12 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

1.13 CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality. Contingent assets are not recognised as assets.

1.14 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

1.15 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is raised.

1.16 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term investments that are held with registered banking institutions with maturities of 32 days or daily calls.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

1.17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 COMPARATIVE INFORMATION

Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.21 RETIREMENT BENEFITS

The municipality contributes towards retirement benefits of its employees and councillors to the under-mentioned pension funds:

- Municipal Gratuity Fund
- Eastern Cape Municipal Employees Pension Fund
- SAMWU Provident Fund

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

1.22 BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

1.23 CONSUMER DEPOSITS

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

1.24 EVENTS AFTER BALANCE SHEET DATE

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet date that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note to the financial statements.

1.25 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the invoice basis.

	2008	2007
	R	R

2. RESERVES

Government Grant Reserve	9 438 278	-
Total Reserves	**9 438 278**	**-**

3. CONSUMER DEPOSITS

Electricity	292 269	277 189
Total Consumer Deposits	**292 269**	**277 189**

No interest is paid on deposits.

4. TRADE AND OTHER PAYABLES

Trade creditors	323 689	1 398 144
District Municipality	151 792	151 792
Staff leave	959 730	1 267 908
Workmans Compensation	163 449	163 449
Other	1 474 708	330 867
Total Trade and Other Payables	**3 073 368**	**3 312 160**

5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

5.1 Conditional Grants from other spheres of Government	9 490 028	4 295 471
MIG Grants	8 971 722	2 970 698
Municipal Support Grant	275 148	657 013
Testing Station Grant	-	300 000
Municipal Systems Improvement Grant	88 848	367 760
O R Tambo Disctrict	6 352	
I D P Grant	147 960	

5.2 Other Conditional Receipts	271 576	112 140
Extention 2 Residents Fund	33 802	33 802
Pilot Housing Fund	78 338	78 338
St Patrick	159 436	
Total Conditional Grants and Receipts	**9 761 604**	**4 407 611**

See note 16 for reconciliation of grants. These grants are invested until utilised.

6. PROPERTY, PLANT & EQUIPMENT

Monday, June 30, 2008

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2007	**4 554 675**	**26 017 605**	**19 442 665**	**4 360 664**	**54 375 609**
Cost	5 964 496	29 720 570	21 597 653	9 324 872	66 607 591
Accumulated Depreciation	(1 409 821)	(3 702 965)	(2 154 988)	(4 964 208)	(12 231 982)
Acquisitions		1 235 171		136 344	1 371 515
Capital under construction		6 246 537	2 081 650		8 328 187
Depreciation	(385 532)	(2 143 056)	(949 789)	(1 077 990)	(4 556 367)
Carrying values at 30 June 2008	**4 169 143**	**31 356 257**	**20 574 526**	**3 419 018**	**59 518 944**
Cost	5 964 496	37 202 278	23 679 303	9 461 216	76 307 293
Accumulated Depreciation	(1 795 353)	(5 846 021)	(3 104 777)	(6 042 198)	(16 788 349)

Saturday, June 30, 2007

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 1 July 2006	**4 669 411**	**14 448 719**	**13 505 886**	**4 688 909**	**37 312 925**
Cost	5 698 390	16 606 926	14 866 831	8 657 225	45 829 372
Accumulated Depreciation	(1 028 979)	(2 158 207)	(1 360 945)	(3 968 316)	(8 516 447)
Acquisitions	266 106	13 113 644	6 730 822	667 647	20 778 219
Depreciation	(380 842)	(1 544 758)	(794 043)	(995 892)	(3 715 535)
Carrying values at 30 June 2007	**4 554 675**	**26 017 605**	**19 442 665**	**4 360 664**	**54 375 609**
Cost	5 964 496	29 720 570	21 597 653	9 324 872	66 607 591
Accumulated Depreciation	(1 409 821)	(3 702 965)	(2 154 988)	(4 964 208)	(12 231 982)

Refer to Appendix B for more detail on property, plant and equipment, including those in the process of been constructed.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009.

	2008	2007
	R	R

7. INTANGIBLE ASSETS

Computer software	451 038	431 304
Total intangible assets	**451 038**	**431 304**
Carrying value at the beginning of the year	431 304	462 111
Cost	462 111	462 111
Accumulated amortisation	(30 807)	-
Acquired	56 165	
Amortisation	(36 431)	(30 807)
Carrying value at the end of year	**451 038**	**431 304**
Cost	518 276	462 111
Accumulated amortisation	(67 238)	(30 807)

8. LOANS AND RECEIVABLES

Car loans to staff	288 782	342 033
Property sales	210 030	210 030
	498 812	552 063
Less Current portion transferred to current assets	(288 782)	(325 012)
Total Loans and Receivables	**210 030**	**227 051**

CAR LOANS TO STAFF

Senior staff were entitled to car loans up to 30 June 2004 which attract interest at 8% per annum and which are repayable over a maximum period of 5 years. These loans are repayable in the 2009 year.

PROPERTY SALES

These relate to the sale of properties on credit.
The balance is payable after certain legal processes have been completed.

9. INVENTORY

Consumable stores – at cost	71 815	71 815
Total Inventory	**71 815**	**71 815**

10. CONSUMER DEBTORS

Consumer debtors' balances	11 935 651	9 059 380
Provision for bad debts	(3 067 406)	(3 067 406)
Total	**8 868 245**	**5 991 974**
Rates: Ageing		
Current	64 000	59 858
0-30 days	56 189	46 717
31 - 60 Days	53 232	44 029
61 - 90 Days	46 873	81 988
+ 90 days	830 325	421 501
Total	**1 050 619**	**654 093**
Electricity: Ageing		
Current	200 615	247 268
0-30 days	94 930	101 223
31 - 60 Days	71 441	89 201
61 - 90 Days	48 536	70 187
+ 90 days	421 380	284 632
Total	**836 902**	**792 511**
Refuse		
Current	45 497	44 070
0-30 days	35 538	32 057
31 - 60 Days	31 580	26 886
61 - 90 Days	28 436	26 235
+ 90 days	393 487	184 910
Total	**534 538**	**314 158**

Other		
Current	(55 884)	
0-30 days	26 344	
31 - 60 Days	22 315	
61 - 90 Days	16 991	
+ 90 days	6 791 791	
Total	**6 801 557**	**-**

Reconciliation of the bad debt provision

Balance at beginning of the year	3 067 406	2 567 989
Contributions to provision	-	499 417
Balance at end of year	3 067 406	3 067 406

11. OTHER DEBTORS

Rental debtors	228 881	229 327
VAT	2 010 805	5 380 505
Pensions Councillors	63 465	66 869
O R Tambo District Municipality	766 439	766 439
Financial Management Grant	-	85 548
Umsobomvu Youth Fund	-	35 179
Sundry debtors	91 586	348 533
Total Other Debtors	**3 161 177**	**6 912 399**

VAT is payable on the receipts basis. Only when payment is received from debtors is VAT paid over to SARS.

12. CALL INVESTMENT DEPOSITS

32 Day Notice Deposits	15 445 754	2 450 206

Notice Deposits are ringfenced in separate investment accounts for consumer deposits and conditional grants.

An investment totalling the amount of R1 000 000.00 is securing the overdraft of council at FNB.

13. BANK, CASH AND OVERDRAFT BALANCES

Bank overdrafts	2 914 307	2 245 408
Bank balances	4 315 343	282 437
Petty cash	760	537
Total bank balances and cash	**4 316 103**	**282 974**

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

First National Banch - Bizana Branch - Account Number 51704922107

Cash book balance /(overdrawn) at beginning of year	(1 439 348)	(2 645 517)
Cash book balance/(overdrawn) at end of year	3 685 236	(1 439 348)
Bank statement balance/(overdrawn) at beginning of year	979 377	1 281 748
Bank statement balance /(overdrawn) at end of year	1 850 552	979 377

Current Account (licencing Account)

First National Banch - Bizana Branch - Account Number 51701039997

Cash book balance /(overdrawn) at beginning of year	282 437	561 012
Cash book balance/(overdrawn) at end of year	630 107	282 437
Bank statement balance/(overdrawn) at beginning of year	282 437	561 012
Bank statement balance /(overdrawn) at end of year	630 107	282 437

Call Account (Electricity Infrastructure)

First National Banch - Bizana Branch - Account Number 61170003788

Cash book balance /(overdrawn) at beginning of year	(806 060)	(3 424 088)
Cash book balance/(overdrawn) at end of year	(2 914 307)	(806 060)
Bank statement balance/(overdrawn) at beginning of year	500 027	448 915
Bank statement balance /(overdrawn) at end of year	(35 852)	500 027

14. PROPERTY RATES

Actual		
Residential and commercial	799 455	967 807
Total Assessment Rates	**799 455**	**967 807**

Property Valuations	***July 2008***	***July 2007***
	R000's	R000's
Residential	36 610 575	36 610 575
Commercial	19 733 300	19 733 300
Total Property Valuations	**56 343 875**	**56 343 875**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 1998. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R1.60c/R is applied to property valuations to determine assessment rates. Rates are levied on an annual basis on property owners. Interest at 2% per annum s levied on outstanding rates.

15. SERVICE CHARGES

Sale of electricity	4 042 206	4 329 008
Refuse removal	570 397	523 286
Total Service Charges	**4 612 603**	**4 852 295**

16. GOVERNMENT GRANTS AND SUBSIDIES

Operating grants	**39 737 765**	**39 678 062**
Equitable share	36 537 533	37 801 535
Municipal Support Programme	1 041 865	321 632
IDP Grant		-
Municipal Systems Improvement Grant	1 012 912	139 746
Finance Management Grant	250 000	1 201 276
O R Tambo Grant	560 093	-
Local Economic Development Grant	-	38 940
Umsombuvu Youth	-	174 933
Premier Disaster Grant	100 000	-
St Patrick Grant	235 361	-

Capital grants	**10 478 271**	**10 456 987**
MIG	10 178 271	10 456 987
Department of Transport - testing station	300 000	-
Total Government Grant and Subsidies	**50 216 036**	**50 135 049**

16.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

16.2 Municipal Support Grant

Balance unspent at beginning of year	657 013	498 645
Current year receipts - included in public health vote	660 000	480 000
Conditions met - transferred to revenue	(1 041 865)	(321 632)
Conditions still to be met - transferred to liabilities (see note 5)	275 148	657 013

The grant was utilised for risk based and internal controls.

16.3 MIG Grant

Balance unspent at beginning of year	5 196 597	(875 683)
Current year receipts	13 953 396	14 303 368
Conditions met - transferred to revenue	(10 178 271)	(10 456 987)
Conditions still to be met - transferred to liabilities (see note 5)	8 971 722	2 970 698

The grant was utilised for the construction of roads and community hall.

16.4 Municipal Systems Improvement Grant

Balance unspent at beginning of year	367 760	507 506
Current year receipts	734 000	
Conditions met - transferred to revenue	(1 012 912)	(139 746)
Conditions still to be met - transferred to liabilities (see note 5)	88 848	367 760

The grant was utilised for the IDP process, compilation of financial statements and ward committee training.

16.5 O R Tambo Grants

Balance unspent at beginning of year	-	-
Current year receipts	566 445	-
Conditions met - transferred to revenue	(560 093)	-
Conditions still to be met - transferred to liabilities (see note 5)	6 352	-

16.6 Finance Management Grant

Balance unspent at beginning of year	-	241 982
Current year receipts	250 000	873 746
Conditions met - transferred to revenue	(250 000)	(1 201 276)

The grant was utilsed for the appoinment of interns and training.

16.7 LED Grant

Balance unspent at beginning of year	-	-
Current year receipts		38 941
Conditions met - transferred to revenue		(38 941)
	-	-

16.8 Umsombuvu Youth

Balance unspent at beginning of year	-	-
Current year receipts		139 754
Conditions met - transferred to revenue		(174 932)
	-	(35 178)

16.9 IDP grant

Balance unspent at beginning of year	-	-
Current year receipts	210 000	-
Conditions met - transferred to revenue	(62 041)	-
Conditions still to be met - transferred to liabilities (see note 5)	147 959	-

The grant was utililsed for planning and survey.

16.10 Other grants

Balance unspent at beginning of year	-	-
Current year receipts	494 797	139 754
Conditions met - transferred to revenue	(335 361)	(174 932)
Conditions still to be met - transferred to liabilities (see note 5)	159 436	(35 178)

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, the following changes in the level of government grant funding are expected over the forthcoming 3 financial years.

17. EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	21 152 774	19 458 230
Casual labour	214 562	26 002
Backpay	438 457	1 360 281
Employee related costs - Contributions for UIF, pensions and medical aids	1 925 727	1 286 683
Travel, motor car, accommodation, subsistence and other allowances	1 052 838	2 486 857
Housing benefits and allowances	750 464	325 540
Acting allowance	50 641	44 396
Overtime payments	98 291	87 115
Performance bonus	239 818	462 737
Long-service awards		625 789
Levies		4 056
Leave pay		-
Less: Councillor Remuneration (see note 18)	(8 479 954)	(8 311 653)
Total Employee Related Costs	**17 443 618**	**17 856 033**

There were no advances to employees. Loans to employees are set out in note 8.

Remuneration of the Municipal Manager

Annual Remuneration	276 115	622 294
Settlement	494 576	
Performance Bonuses	239 818	101 461
Other	193 871	14 400
Total	**1 204 380**	**738 155**

The Municipal Manager's contract was terminated and a settlement was paid to him.

Remuneration of the Chief Finance Officer

Annual Remuneration	105 828	537 394
Performance Bonuses	26 457	76 842
Other	83 230	9 600
Total	**215 515**	**623 836**

The CFO's position was vacant as from 1 November 2007.

Remuneration of the Technical Services Officer

Annual Remuneration	161 856	470 325
Performance Bonuses		75 366
Other	93 497	9 600
Total	**255 353**	**555 291**

The position was filled as from January 2008.

Remuneration of the Corporate Services Officer

Annual Remuneration	264 079	537 394
Performance Bonuses	28 662	88 665
Other	120 429	9 600
Total	**413 170**	**635 659**

Remuneration of the Community Services Officer

Annual Remuneration	219 494	537 394
Performance Bonuses	11 024	59 110
Other	120 585	9 600
Total	**351 103**	**606 104**

Remuneration of the Development Planning Officer

Annual Remuneration	-	526 370
Performance Bonuses	-	59 110
Other	-	9 600
Total	**-**	**595 080**

The post was vacant for the year.

18. REMUNERATION OF COUNCILLORS

Executive Mayor	476 048	448 056
Speaker	383 518	361 158
Chief Whip	273 640	
Mayoral Committee Members	1 754 812	2 367 912
Councillors	5 591 936	5 134 527
Total Councillors' Remuneration	**8 479 954**	**8 311 653**

The Mayor is a full-time councillor. The Mayor is provided with an office and secreterial support at the cost of the Municipality. The Mayor has use of a Municipal-Owned vehicle for official duties.

19. INTEREST PAID

Bank overdrafts	-	67 643
Total Interest Paid	**-**	**67 643**

20. BULK PURCHASES

Electricity	2 270 339	2 474 329
Total Bulk Purchases	**2 270 339**	**2 474 329**

21. GENERAL EXPENSES

Included in general expenses are the following:-

Institutional Support Projects	540 499	3 563 689
Provision of Free Basic Services	636 358	-
Mayor's Special Programmes	285 831	618 399
Disaster Management	-	52 754
HIV/AIDS Programmes	192 348	287 019
Sports, Art and Culture	2 500	83 330
Community Involvement	95 892	722 345
Ward Committee Fees	590 298	857 354
Financial Management Systems	256 553	442 973
Local Economic Development Projects	-	1 024 604
St Patrick's Projects	235 361	307 872
Legal fees	974 025	

22. CORRECTION OF ERROR

Restatement of prior year

During the year ended 30 June 2007, Property, plant & equipment were overstated

The comparative amount has been restated as follows:

Correction to PPE	
- Attributable to the 2007 Financial Year	(874 623)
Net effect on Surplus/(Deficit) for the year	(874 623)

Amendments 2006/07 AFS

The following adjustments were processed in the previous financial year after the AFS were audited:

Net effect on Surplus/(Deficit) for the year	
Correction to accruals	923 908
Correction to Property, plant & equipment	66 211
Correction to Petty Cash	2 000
Correction to Bank Overdraft	252 011
Correction to VAT	2 783 031
Correction to Provision for audit fees	(250 000)
Net effect on Surplus/(Deficit) for the year	3 777 161

Current year

During the year ended 30 June 2008 corrections were made and appropriated to the Accumulated Surplus Account. Details of the appropriations are as follows:

Correction to Salaries unpaid	7 943
Correction to revenue - June 2007 billing	329 139
Correction to Lease debtors	9 290
Correction to Petty Cash	(2 000)
Correction to Property, plant & equipment	(66 211)
Correction to Provision for audit fees	
Correction to FMG grant - fully spent	(85 548)
Correction to Umsobomvu grant - fully spent	(35 178)
	157 435

23. CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	11 529 768	2 166 444
Adjustment for:-		
Depreciation and amortisation	4 592 798	3 766 838
Adjustment in net assets	3 934 596	1 150 339
Contribution (from)/to provisions	-	(634 527)
Investment income	(932 383)	(655 653)
Interest paid	-	67 643
Operating surplus before working capital changes:	**19 124 779**	**5 861 084**
Increase in inventories	-	(71 815)
Increase in debtors	(2 876 271)	-
Decrease/(increase) in other debtors	3 751 223	2 988 073
Increase/(decrease) in conditional grants and receipts	5 353 993	3 047 579
(Decrease)/increase in creditors	(238 792)	62 121
Cash generated by/(utilised in) operations	**25 114 933**	**11 887 042**

24. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 0F MUNICIPAL FINANCE MANAGEMENT ACT, 2003

24.1 Contributions to organized local government

Opening balance	-	-
Council subscriptions	94 191	65 931
Amount paid - current year	(94 191)	(65 931)
Balance unpaid	**-**	**-**

24.2 Audit fees

Opening balance	-	-
Current year audit fee	516 654	277 891
Amount paid - current year	(516 654)	(277 891)
Balance unpaid	**-**	**-**

24.3 VAT

VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. VAT input receivables and VAT output receivables are shown in note 11.

24.4 Paye and UIF

Opening balance	-
Current year payroll deductions	3 693 543
Amount paid in current year	(3 183 393)
Balance unpaid	**510 150**

24.5 Pension and medcical iad deductions

Opening balance	-
Current year payroll deductions	3 219 103
Amount paid in current year	(2 979 006)
Balance unpaid	**240 097**

24.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

Name	**Total**	**Outstanding more than 90 days**
	R	**R**
30 June 2008		
Cllr S Mayaba	1 453	1 152
Cllr N Mhlelembana	977	744
Cllr H N Vellem	6 953	6 325
Cllr M Twabu	353	
Cllr S Dyarvane	1 496	932
	11 233	9 154
30 June 2007		
Cllr S Mayaba	871	2 042
Cllr N Mhlelembana	124	25
Cllr H N Vellem	421	4 134
	1 416	**6 201**

25. RETIREMENT BENEFIT INFORMATION

All Councillors and employees belong to multi-employer defined benefit retirement plans. These funds are subject to a triennial actuarial valuation.

The deficit will be financed by an increased contribution from all participating member municipalities.

The amount contributed by Council in respect of Councillor and employees retirement funding have been expensed and are included in notes 17 and 18.

26. RELATED PARTY TRANSACTIONS

26.1 Loans to related parties

Loans to councillors and senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, together with the conditions, are set out in notes 8 and 11.

26.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 17.

27. CONTINGENT LIABILITY

Ratepayers are disputing the payment of property rates. The outcome of the court ruling is not known.

28. GUARENTEES

Guarentees issued towards Eskom amounts to R 226 000 and R 700.00 respectively.

MBIZANA LOCAL MUNICIPALITY

APPENDIX A

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings										
Land and Buildings	5 964 496				5 964 496	1 409 821	385 532	-	1 795 353	4 169 143
	5 964 496	**-**	**-**	**-**	**5 964 496**	**1 409 821**	**385 532**	**-**	**1 795 353**	**4 169 143**
Infrastructure										
Roads	20 380 606	1 235 171	6 246 537		27 862 314	1 950 034	1 681 423	-	3 631 457	24 230 857
Water	5 186 443				5 186 443	1 039 119	260 033	-	1 299 152	3 887 291
Electricity	3 742 689				3 742 689	708 527	187 647	-	896 174	2 846 515
Traffic Islands	3 300				3 300	359	331	-	690	2 610
Bridges	407 532				407 532	4 926	13 622	-	18 548	388 984
	29 720 570	1 235 171	6 246 537	-	37 202 278	3 702 965	2 143 056	-	5 846 021	31 356 257
Community Assets										
Taxiways	5 367 067				5 367 067	223 503	269 089	-	492 592	4 874 475
Markets	568 398				568 398	47 987	18 999	-	66 986	501 412
Sport Facilities	8 249 175				8 249 175	1 425 578	413 589	-	1 839 167	6 410 008
Recreational Facilities	4 665 874				4 665 874	413 299	156 291	-	569 590	4 096 284
Clinics	2 188 067		747 978		2 936 045	41 101	73 135	-	114 236	2 821 809
Civic Centre	37 024				37 024	1 687	1 238	-	2 925	34 099
Testing station			565 821		565 821				-	565 821
Community Centres	522 048		767 851		1 289 899	1 832	17 448	-	19 280	1 270 619

	21 597 653	**-**	**2 081 650**	**-**	**23 679 303**	**2 154 988**	**949 789**	**-**	**3 104 777**	**20 574 526**
Other Assets										
Furniture & Fittings	1 590 144				1 590 144	722 804	227 566	-	950 370	639 774
Office Equipment	1 356 503	111 834			1 468 337	1 050 764	109 760	-	1 160 524	307 813
Machinery & Equipment	1 395 480				1 395 480	405 097	257 814	-	662 911	732 569
Motor Vehicles	4 897 529				4 897 529	2 740 421	454 939	-	3 195 360	1 702 169
Security Equipment	85 216	24 510			109 726	45 122	27 911	-	73 033	36 693
	9 324 872	136 344	-	-	9 461 216	4 964 208	1 077 990	-	6 042 198	3 419 018
TOTAL	**66 607 591**	**1 371 515**	**8 328 187**	**-**	**76 307 293**	**12 231 982**	**4 556 367**	**-**	**16 788 349**	**59 518 944**

MBIZANA LOCAL MUNICIPALITY

APPENDIX B

DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Actual Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Actual Surplus/ (Deficit) R
-	-	-	**Executive & Council**	**5 043 148**	**15 545 463**	**(10 502 315)**
			Council general	3 228 605	9 794 819	(6 566 214)
			Mayor's Office	383 686	1 362 485	(978 799)
			Municipal Manager	860 336	2 979 763	(2 119 427)
			Speaker	570 521	1 408 396	(837 875)
-	-	-	**Finance & Admin**	**34 205 299**	**16 216 468**	**17 988 831**
			Budget & Treausry	31 954 942	11 069 829	20 885 113
			Corporate Services	2 250 357	5 146 639	(2 896 282)
			Human Resource			
-	-	-	Planning & Development	2 044 803	2 772 305	(727 502)
			Development & Planning	2 044 803	2 772 305	(727 502)

-	-	-	**Community Services**	**1 677 602**	**3 458 939**	**(1 781 337)**
			Community Development	1 677 602	3 458 939	(1 781 337)
			Refuse removal & cemetery	1 434 382	3 015 864	(1 581 482)
-	-	-	**Roads Transport**	**11 997 177**	**2 483 260**	**9 513 917**
			Planning & Infrastructure	11 997 177	2 483 260	9 513 917
-	-	-	**Electricity**	**1 970 550**	**3 350 895**	**(1 380 345)**
			Electricity	1 970 550	3 350 895	(1 380 345)
			Total	**56 938 579**	**43 827 330**	**13 111 249**

MBIZANA LOCAL MUNICIPALITY

APPENDIX C (1)

ACTUAL OPERATNG VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual R	2008 Budget R	2008 Variance R	2008 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Property rates	799 455	983 096	(183 641)	(19)	Adjustments to valuation roll
Service charges	4 612 603	5 071 903	(459 300)	(9)	
Rental of facilities and equipment	515 937	393 761	122 176		
Interest earned – external investments	932 383	440 000	492 383	112	Surplus funds were invested
Interest earned – outstanding debtors	109 302	149 417	(40 115)	(27)	
Fines	114 475	157 567	(43 092)	(27)	
Licensing & permits	322 001	300 000	22 001	7	
Government grants & subsidies – operating	39 737 765	40 247 156	(509 391)	(1)	
Government grants & subsidies – capital	10 478 271	11 290 000	(811 729)	(7)	
Other revenue	750 772	6 510 776	(5 760 004)	(88)	
Total Revenue	**58 372 963**	**65 543 676**	**(7 170 713)**	**(11)**	
EXPENDITURE					
Employee related costs	17 443 618	20 525 811	(3 082 193)	(15)	Vacant positions
Remuneration of councillors	8 479 954	8 765 940	(285 986)	(3)	
Bad debts		370 000	(370 000)	(100)	Provision sufficient
Depreciation	4 556 367	-	4 556 367		Gamap Grap conversion
Amortisation of intangible assets	36 431	-			

Repairs & maintenance	1 143 584	1 139 671	3 913	0	
Interest paid	-		-		
Bulk purchases	2 270 339	2 800 000	(529 661)	(19)	
General expenses	12 912 902	31 942 254	(19 029 352)	(60)	Capital grant expenditure included in budget
Total Expenditure	**46 843 195**	**65 543 676**	**(18 736 912)**	**(29)**	
NET SURPLUS/(DEFICIT) FOR THE YEAR	**11 529 768**	**-**	**11 566 199**	**18**	

MBIZANA LOCAL MUNICIPALITY

APPENDIX C (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)
FOR THE YEAR ENDED 30 JUNE 2008

	2008 Actual R	2008 Under Construction R	2008 Total Additions R	2008 Budget R	2008 Variance R	2008 Variance %	Explanations of significant variances greater than 5% versus budget
Land and Buildings							
Land and Buildings	-	-	-				
Infrastructure							
Roads	1,235,171	6,246,537	7,481,708	10,803,310		-	
Water	-		-				
Electricity	-		-	500,000			
Traffic Islands	-		-	25,000			
Bridges	-		-				
Community Assets							
Taxiways	-	-	-	500,000			
Markets	-	-	-	350,000			
Sport Facilities	-	-	-	50,000			
Recreational Facilities	-	-	-				
Clinics	-	747,978	747,978	204,455		-	
Civic Centre	-	-	-				
Testing Station	-	565,821	565,821	850,000		-	
Community Centres	-	767,851	767,851	1,648,000		-	

Other Assets							
Furniture & Fittings	-		-				
Office Equipment	111,834		111,834	80,000		-	
Machinery & Equipment	-		-	35,000			
Motor Vehicles			-				
Security Equipment	24,510		24,510	102,923		-	
TOTAL	**1,371,515**	**8,328,187**	**9,699,702**	**15,148,688**	**-**		

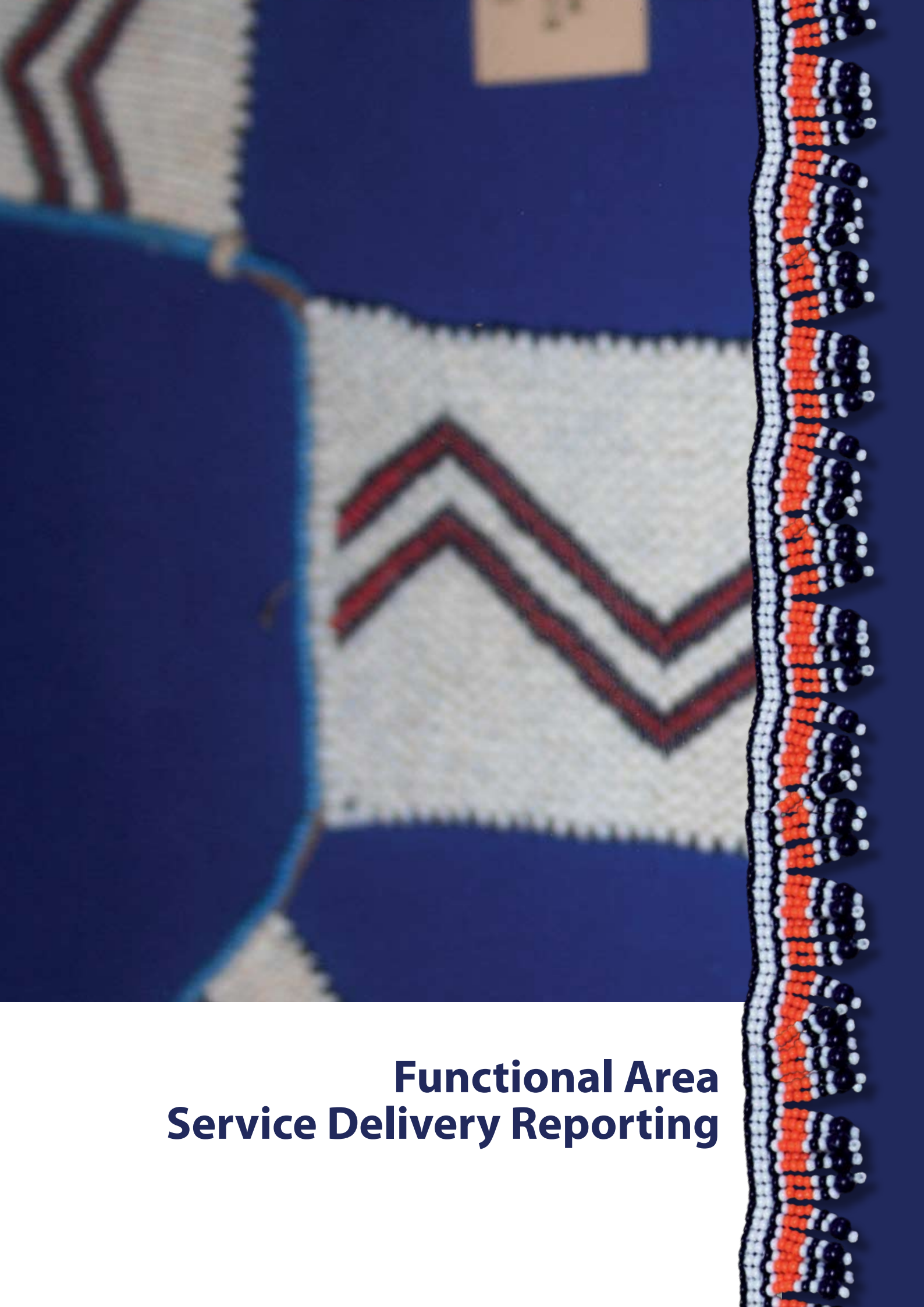
MBIZANA LOCAL MUNICIPALITY

APPENDIX D

DISCLOSURE OF GRANTS AND SUBSIDIES

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of organ of state or municipal entity	Total Receipts for the Year	Total Expenditure for the Year	Delay \ withheld	Gazette amount Municipal year	Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Total	Total	Total	Total		Yes / No	
Equitable Share	DPLG	36 537 533	36 537 533	None	35 537 000	None	Not Applicable	None
Financial Management Grant	National Treasury	250 000	250 000	None	250 000	None	Yes	None
Municipal Systems Improvement	DPLG	734 000	1 012 912	None	734 000	None	Yes	None
MIG Grants	DPLG	13 953 396	10 178 271	None	11 955 000	None	Yes	None
		51 474 929	**47 978 716**	**-**	**48 476 000**			



Functional Area Service Delivery Reporting

FUNCTIONAL AREA SERVICE DELIVERY REPORTING

5.1 INTRODUCTION

5.1.1 Strategic Objectives of a Performance Management System

A comprehensive system of monitoring performance has been legislated for municipalities. This system is intended to continuously monitor the performance of municipalities in fulfilling their developmental mandate. Central to this is the development of key performance indicators as instruments to assess performance. These indicators help to translate complex socio-economic development challenges into quantifiable and measurable outputs. They are therefore crucial if a proper assessment is to be done of the impact of government in improving the quality of life of all.

In this regard, the Municipal Planning and Performance Management Regulations (2001) stipulate that a "Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review and reporting and improvement will be conducted organized and managed, including determining the roles of the different role players" (Chapter 3 Section 7, Municipal Planning and Performance Management Regulations, 2001)

5.1.2 Policies and Legislative Framework for Performance Management

The framework for performance management is informed by the following policy and legislation on performance management:

- The Constitution of the Republic of South Africa (1996)
- The Batho Pele White Paler (1998)
- The White Paper on Local Government (1998)
- The Municipal Systems Act, Act 32 of 2000
- Municipal Planning and Performance Management Regulations (2001)
- Municipal Financial Management Act 56 of 2003 (MFMA)

The Municipal Systems Act, No. 32 of 2000, states that a municipality must:

1. Develop a performance management system
2. Set targets, monitor and review performance based on indicators linked to their Integrated Development Plan (IDP)
3. Publish an annual report on performance for the councillors, staff, the public and other spheres of government.
4. Conduct an internal audit of performance before tabling the report.
5. Have their annual performance report audited by the Auditor-General.

6. Involve the community in setting indicators and targets and reviewing municipal performance.

The Local Government: Municipal Planning and Performance Management Regulations, 2001, Section 7(2) require that the municipality, in developing its performance management system, must ensure that the system:

1. Complies with all the requirements set out in the Municipal Systems Act;
2. Demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;
3. Clarifies the roles and responsibilities of each role player, including the local community, in the functioning of the system;
4. Clarifies the processes of implementing the system within the framework of the Integrated Development Planning process;
5. Determines the frequency of reporting and the lines of accountability for performance;
6. Relates to the Municipality's Employee Performance Management processes.

Furthermore, Section 43 of the regulations prescribes the following seven general key performance indicators:

1. The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal.
2. The percentage of households earning less than R1100-00 per month with access to free basic services.
3. The percentage of the municipality's capital budget actually spent on capital projects in terms of the IDP.
4. The number of local jobs created through the municipality's local, economic development initiatives, including capital projects.
5. The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan.
6. The percentage of a municipality's budget actually spent on implementing its workplace skills plan.
7. Financial viability with respect to debt coverage; outstanding debtors in relation to revenue and cost coverage.

The objective of institutionalising a Performance Management System (PMS), beyond the fulfilling of legislative requirements, is to serve as a primary mechanism to monitor, review and improve the implementation of the municipality's IDP. In doing so, it should fulfil the following functions:

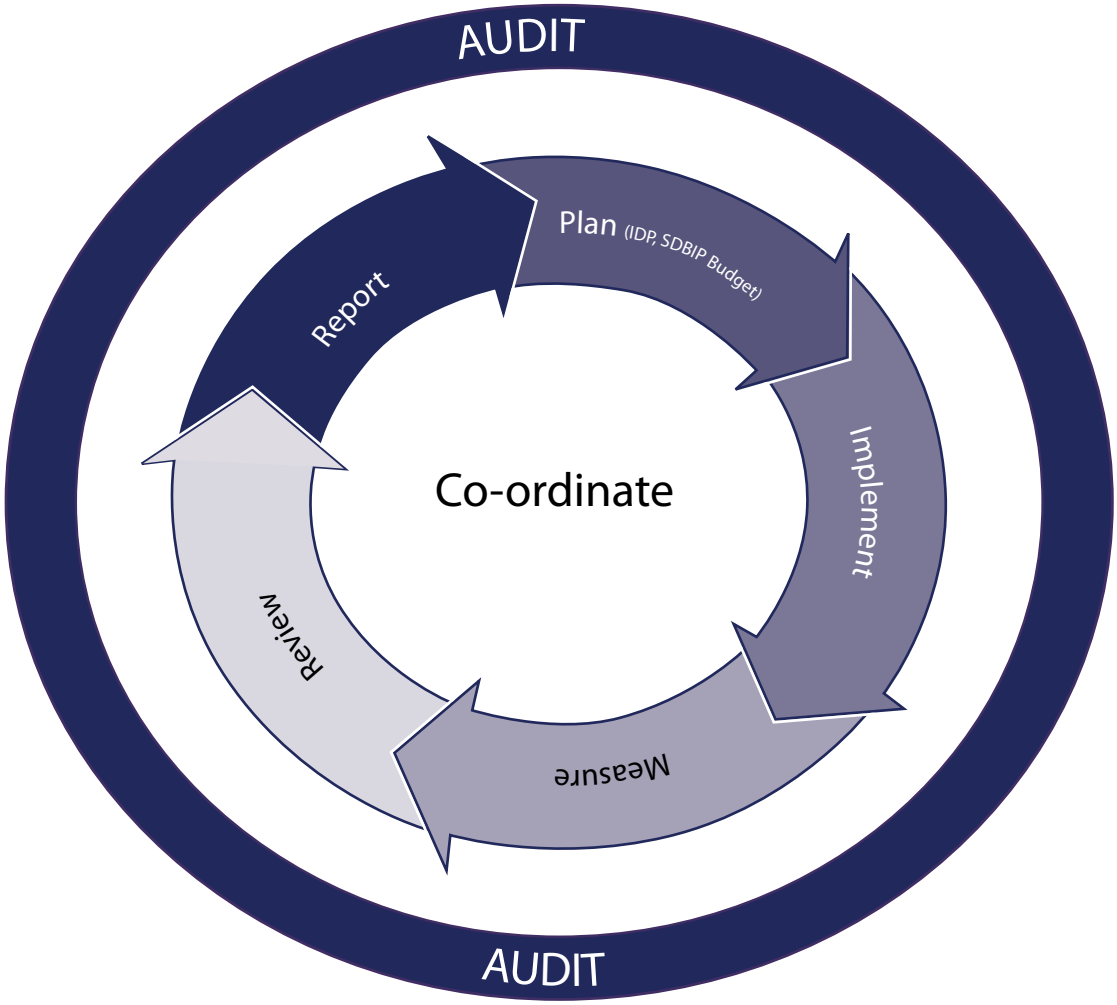
- Promoting accountability
- Decision-making and resource allocation
- Guiding development of municipal capacity-building programmes

- Creating a culture of best practice, share learning among municipalities
- Develop meaningful intervention mechanisms and early warning system
- Create pressure for change at various levels
- Contribute to the overall development of a local government system.

5.2 The Process Of Managing Organisational Performance

The process of managing organisational performance is to ensure that every manager:

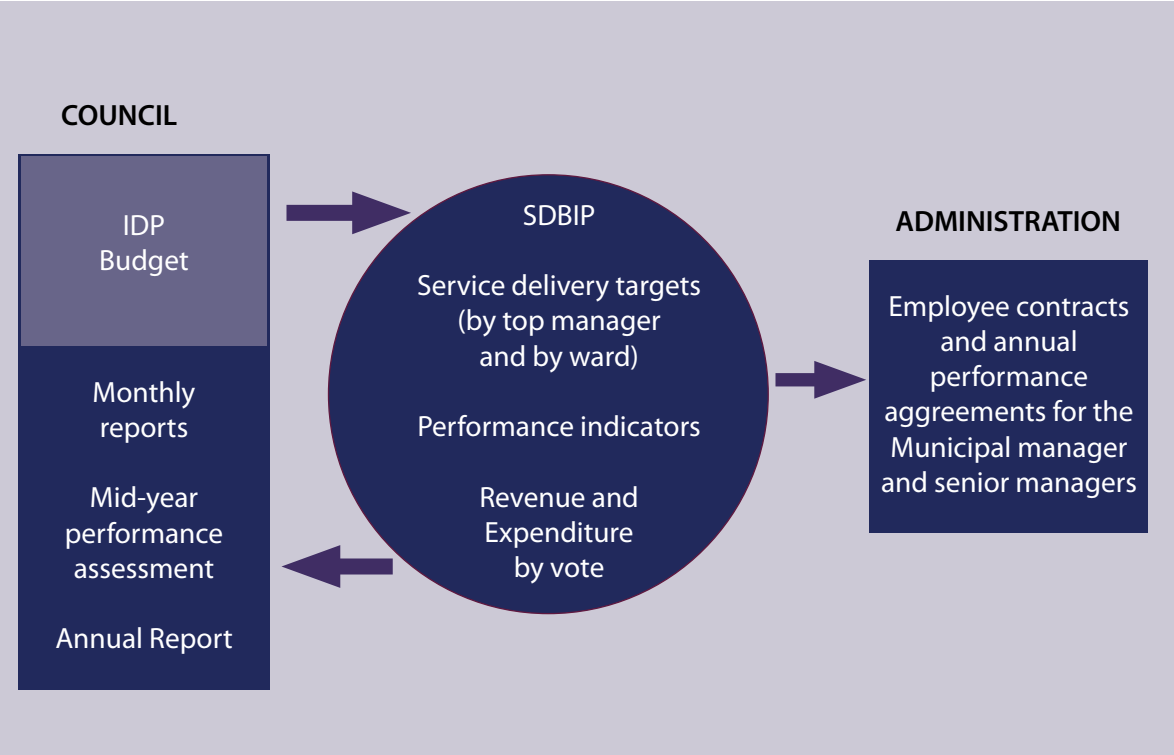
- Continually plan
- Implement the plans
- Measure the implementation of plans
- Review the implement of plans
- Compile a comprehensive report on the implementation of plans which will again improve the next planning phase



5.3 Individual Performance Management Systems (Ipms)

Individual or staff Performance Management deals with performance on the level of the individual employee. Individual performance targets should be set per individual employee in the business planning process. Measuring staff performance provided council and management with appropriate information of the effectiveness of their staff to secure the required outcomes.

The Municipal Finance Movement Act specifically requires that the annual performance agreements of managers must be linked to the SDBIP of a municipality and the measurable performance objectives approved with the budget. The SDBIP in essence becomes the main operational tool to translate and manage the performance objectives as formulated in the IDP. This process is illustrated by the diagram below and as described in circular 13



5.4 Scorecards

A Scorecard is a logical and visually powerful method of representing performance management information, at both the organisational/institutional (municipal and directorate) and individual (manager and employee) levels.

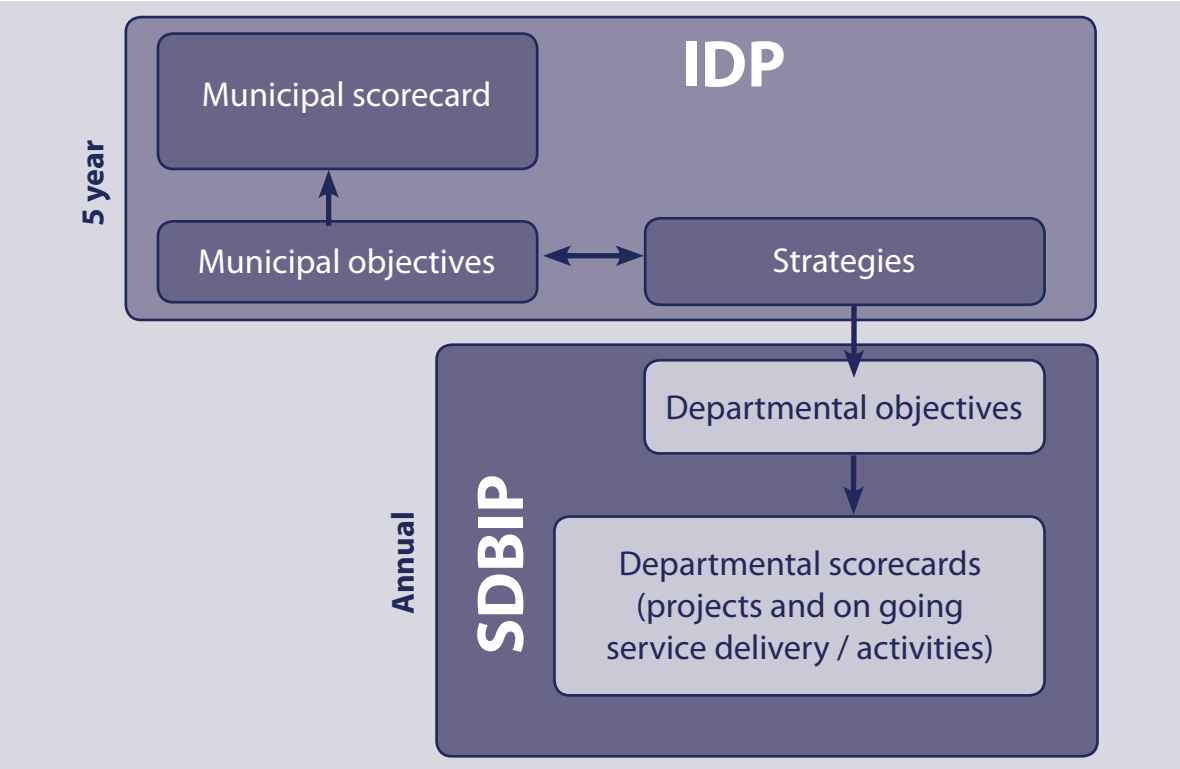
Scorecards must be:

1. Tightly aligned to the strategic planning and IDP processes
2. Directly relevant to the notion of developmental local government
3. A balanced view of performance based on inputs, outputs, outcomes and process
4. A simple portrayal of municipal performance, where inter-relations can be mapped

5.4.1 Municipal Scorecard

A number of performance models are available and any of them could be applied by the Mbizana Local Municipality. Some of the available models include the municipal scorecard, balanced scorecard and the key performance area model. However, the municipality has chosen the municipal scorecard as its preferred performance management model.

The following diagram shows the relationship between the IDP and the operational plan for Mbizana:



5.4.2 Institutional Scorecard

Mbizana is implementing performance management within the municipality in line with the requirements of the Municipal Systems Act (32 of 2000), Municipal Planning and Performance Management Regulations 2001, Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers (2006).

5.5 Conclusion

The Mbizana Municipality realizes that it faces numerous and huge challenges in its IDP . It has decided to focus its strategy on three key elements, namely;

1. Enhancing capacity
2. Creating a conducive environment for economic growth and service delivery
3. Delivery

This strategy is summarised in the following diagram:

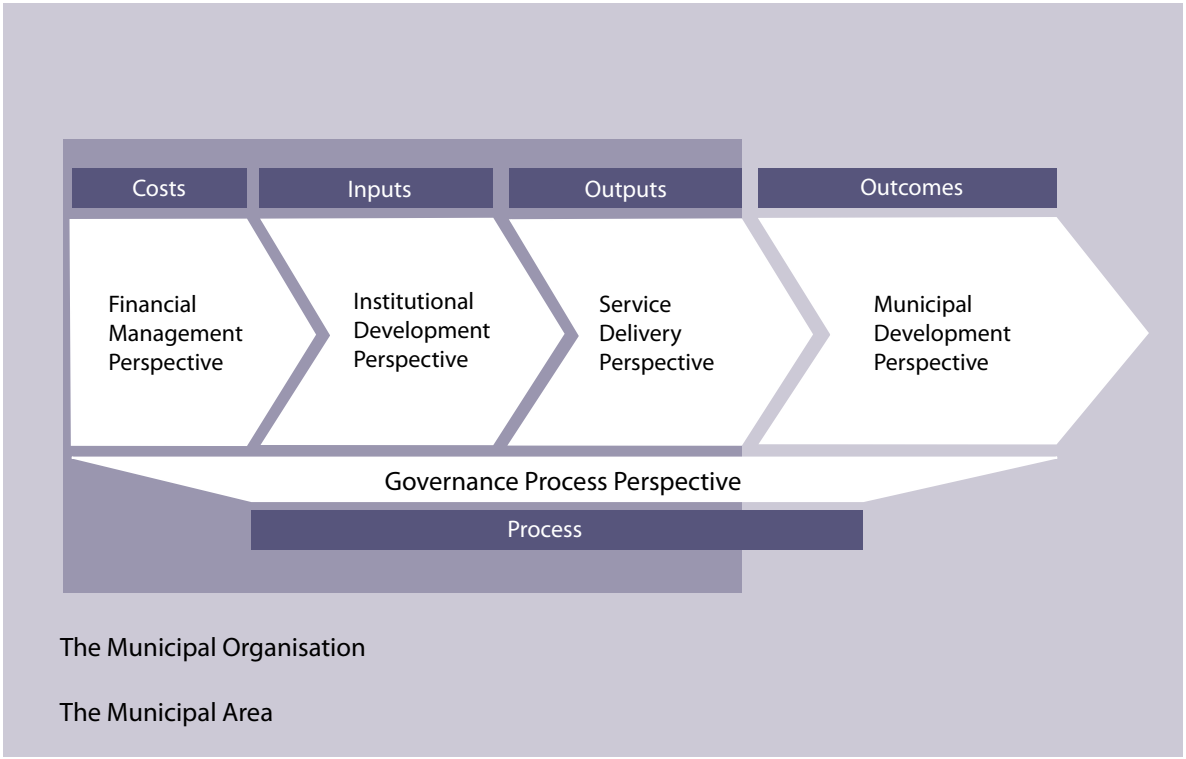


Table 1 Governance and Public Participation

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
1. IDP & Organisational Development					To have a credible IDP document and enhance planning processes	Develop an IDP review framework	Develop and implement IDP review process plan	Q1: Process plan adopted Q2: Public consultations	Process plan was developed in Q1 but adopted beginning Q2. One Repforum held in Q2	
						Strengthen community role in planning processes		Q1:Two consultation meetings Q2 – Two consultation meetings	No community consultations in Q1 and Q2	The political climate diverted energies, but it appears normality is imminent. An IDP Outreach Programme is being developed to address this shortfall
						Develop, review and append section 26 documents to reviewed IDP	Support relevant departments to develop, review and adopt policies, sector plans and SDF	Q2: HR and Finance policies adopted	Policies were reviewed in Q1but not adopted	Policy development does not seem to be well coordinated and a strategy orientated.
						Complete Community Based Planning (CBP)	Document all 25 ward plans	Q1: Plans for 13 wards completed Q2: Planning for 13 new wards started	13 Plans remain in draft form and planning has not taken place in remaining wards	There were no funds to implement this and some of the human capacity has been lost.
						Coordinate development of SDBIP	Produce SDBIP document		SDBIP was produced	Whilst it exists, the SDBIP has not been properly monitored in the past. New crop of managers need to be focused on the SDBIP.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
					To employ appropriate interventions for improvement of organisational performance	Research and implement best practices in municipal governance and administration	Submit proposals to management meetings	Q2: Audit report on municipal operations and efficiency	No audit performed	Whereas there are plans for a shared IA function across the district there needs to be debate about its scope and modalities.
2. Powers & Functions	Ensure proper coordination of development interventions by other state organs and spheres of Government	Conclude a SLA with province to operate and maintain the library	MM	SLA concluded	To ensure the municipality carries out powers and functions allocated	Set up processes and mechanisms to ensure the municipality performs its functions	Conduct section 78 assessments for functions not performed	Q1: Assessment agent appointed	Water & Sanitation assessment done by ORTDM. No assessment for other functions not performed	The role of Mbizana has been limited in this exercise and it needs to be part of the IDP review process.
		To conclude a SLA with the District to operate and maintain the disaster management facilities	MM	SLA concluded						
		To lobby the DM to delegate water services provision to the Mbizana Municipal area to MLM	Exco	Water provision status attained						

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
3. Organisational Performance	To have an efficient and accountable organisation	Develop and maintain an efficient system of delegations	MM	Adopt the system of delegations	To instil a culture of excellence and learning	Develop systems and capabilities for monitoring, evaluation and reporting	Review the performance management system	Q1:PMS reviewed Q2: PMS adopted by Council	PMS was reviewed in Q1 but never adopted.	The PMS has been designed as a component of the IDP review process but this needs to be linked to the new S57 Managers' roles.
							Facilitate development of departmental performance plans	Q1: Departmental plans completed	Departmental plans were done.	Ditto
						Cascade and communicate system of delegations	Develop a M& E framework	Q2: M & E Draft	M&E not done.	There was a technical problem. A new draft is to be developed.
4. Communications					To have mechanism of engaging communities, media and other stakeholders	Establish a communications unit	Coordinate the review of the delegations system	Q2: Consultations, review and development of delegations	Delegations were reviewed and communicated.	
					To have mechanism of engaging communities, media and other stakeholders	Establish a communications unit Review the implementation of the Communication strategy	Retain the services of a communications practitioner	Q2: Job Description Completed Q2: Communications position advertised	Job description not done and position was not advertised.	All recruitment in Q1and Q2 was frozen in light of financial constraints.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
5. Intergovernmental relations		Establish IGR framework& strengthen intergovernmental forum	MM	Adopt IGR framework	To ensure implementation of the provisions of the IGR Framework Act	Review and implement the communications strategy	Organise a workshop to review the communications strategy	Q1: Strategy reviewed Q2: Draft communications plan	Communications strategy was not reviewed	Financial and organizational instability precluded the holding of a workshop.
		Identify & engage strategic partners on specific areas of service delivery e.g. DBSA	Mm	Sign MOU		Investigate mechanisms of establishing viable local IGR structures	Develop and implement local IGR Strategy	Q: IGR strategy workshop	IGR workshop did not take place	Ditto. Energies were diverted to the establishment of district structures.
6.Oversight and Internal Audit	To ensure compliance to all legislative	To pay all levies i.e. Compensation Commissioner, SALGA levy, skills levy, etc	HR Manager	Draw schedule & effect payment	To ensure legislative compliance of municipal operations	Strengthen the functioning Integrated Service Delivery Task Teams	Develop communications channel with the Presidency and OTP	Q1: Meeting schedule and TOR reviewed Q2: Action plan reviewed according to reviewed IDP	Terms of reference were reviewed but a meeting schedule was not developed.	Channels with OTP were established but no efforts made to secure the Presidency. This requires a strategy involving political office bearers.
6.Oversight and Internal Audit		To adopt and comply with the audit charter	MM	Improved audit reports		Strengthen the functioning Integrated Service Delivery Task Teams	Develop communications channel with the Presidency and OTP	Q1: Meeting schedule and TOR reviewed Q2: Action plan reviewed according to reviewed IDP	Terms of reference were reviewed but a meeting schedule was not developed.	Channels with OTP were established but no efforts made to secure the Presidency. This requires a strategy involving political office bearers.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
		To optimize use of financial systems & personnel to produce reports	CFO	10%		Consolidate existing relations with other municipalities	Sign MOU with Ekurhuleni Metro, Hibiscus Coast and Buffalo City Municipalities	Q1: MOUs signed	MOUs were drafted but not signed	
		To introduce appropriate reporting formats & schedules	CFO	10%		Strengthen the Internal Audit function	Revive the Internal Audit Committee	Q1: Recruitment completed Q2: First sitting	Recruitment not done and there was no sitting of audit committee.	There is an effort to share this service across the ORTDM.
							Develop a schedule of Internal Audit Committee meetings	Q1: Schedule completed	Schedule of AC meetings not developed.	Same as above
							Provide administrative support to Oversight Committee	Q1: MM designates support personnel	No support personnel assigned.	This needs to be reviewed in light of existing resource constraints.
							Develop a schedule of Internal Audit Committee meetings	Q1: Schedule completed	Schedule of AC meetings not developed.	Same as above
							Provide administrative support to Oversight Committee	Q1: MM designates support personnel	No support personnel assigned.	This needs to be reviewed in light of existing resource constraints.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
							Develop an audit charter	Q2: Draft document	No charter was developed.	This to be done once an internal audit mechanism is determined (supra).
						Develop mechanisms to monitor Council Resolutions	Research and implement strategies for legislative monitoring	Q2: Proposal submitted to EXCO	No proposal submitted to EXCO	This could be packaged in the MOUs with Ekurhuleni and other municipalities.
						Improve on statutory reporting	Develop a schedule for CFO AO's and Mayor's and Oversight Committee reports	Q1: 60% compliance Q2: 80% compliance	Statutory reporting done but off-target which amounts to 50% compliance.	There is a need to jack up the capacity of BTO and strengthen the monitoring function to ensure timeous reporting. Which needs to be entrenched as a fundamental function of all line managers and unit heads.
By-laws		To gazette & develop capacity to enforce the by-laws	MM	By-laws approved by council	To develop a municipal code of by-laws	Gazette and implement draft by-laws	Compile and submit existing drafts for gazetting	Q1: By-laws submitted to Provincial Legislature	By-laws have been submitted for inclusion in the gazette but what is outstanding is interpretation.	We need to develop a better understanding of processes involved in promulgating by-laws.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
							Assess mechanisms of implementing the by-laws	Q1: Priority list of by-laws agreed with EXCO Q2: Draft strategy document tabled	Priority list was not agreed by EXCO and there is no implementation strategy for by-laws.	Same as above
							Investigate need for new by-laws		Few areas have been identified and by-laws still have to be drafted.	We need to develop an understanding of Council's legislative function which yields by-laws and council resolutions.
Litigation and Debt Collection					To collect 60% of outstanding debt	Enhance legal administration capacity			Capacity remains limited necessitating support of external service providers.	

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
					To collect 60% of outstanding debt	Implement relevant aspects of revenue enhancement strategy	Develop action plan around UNDP/PDG strategies	Q1: Action plan and monitoring mechanism in place	Action plan and monitoring mechanism was developed.	The turn-around strategies developed with UNDP were not championed properly and the organization reverted to its business as usual approach.
Council Support					To have a council that performs its legislative and executive functions in line with precepts of relevant legislation	Improve administrative support to Council	Finalise and populate organogram for Council Support section	Q1: Organogram finalized Q2: Priority positions identified	Organogram was finalized but not populated.	
						Establish a proper records management system	Research and implement appropriate system of managing council records	Q1: System specifications defined Q2: Procurement processes finalized	Draft resolution book has been developed.	
						Improve capacity of councillors	Conduct skills audit, develop and implement councillor training programme	Q1: Councilor training needs assessment in progress Q2: Assessment report proposed training programme submitted to EXCO		

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
Public participation						To enhance public participation in line with Chapter 4 of the Municipal Systems Act	Strengthen the capacity of public representative and civil society structures	Develop and implement a civic education and leadership programme	Q1: Training needs and programme in submitted to EXCO Q2: Training progresses	All wards have Development Community workers Five ward officers servicing four ward clusters
Special Programmes					To integrate issues of youth development , gender equality and disability recognition and children's' rights in the developmental agenda of the municipality	Build the capacity of youth structures	Develop and implement youth leadership and organisational skills programme Build capacity of women and youth strategies Revive strategies for disabled persons	Q1: Training needs assessment completed Q2: Training needs report and programme submitted to EXCO	Training needs report was produced. Training youth in computer literacy Supply Bursary information to youth Mbizana Youth Development Plan Held Disabled Rehabilitation Forum in June 2008	It has proven difficult to access rural youth due to weaknesses and lack of representation of youth structures in some wards.
						Develop a regulatory framework for youth affairs	Develop a youth engagement strategy	Q2: Draft strategy in place	Youth Outreach Plan was developed incorporating career guidance and life skills interventions in various wards.	There is a need to develop a deeper understanding of the causes of youth apathy to enhance the value of youth programmes.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
						Build the capacity of women to engage in governance, economic and social spheres	Develop and implement women's leadership and entrepreneurial skills	Q2: Training needs assessment completed	Needs assessments were done and women's groups underwent entrepreneurial training.	There is a need to design and implement monitoring and after-care interventions to ensure the impact of these programmes.
						Revive the structures of disabled persons	Develop a framework for integration and engagement of disabled persons	Q1: Conduct training needs assessment Q2: Report to EXCO	Training needs report was produced.	
							Disseminate information on Jipsa, EPWP.	Q1: Draft document presented to EXCO Q2: EPWP implementation Strategy agreed	The Youth Advisory Centre disseminates information on an ongoing basis.	
Sports Development					To revive the heritage of sport and culture in Mbizana	Develop a coordination framework with sporting bodies	Identify and implement programmes around 2010 legacy development	Q1: Regular consultation meetings take place	Local youth have participated in 2010 consultative processes Around the province	
							Revive Mbizana sports council	Q1: Draft Proposals for establishment of sporting codes	The sports council was revived in previous year.	

Table 2 Institutional Development – Corporate Services

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
Personnel					To align the organogram with the IDP and Municipal Budget	Adopt the reviewed organogram.	Council sitting for the adoption of the organogram.	Organogram adopted	Q1- Organogram adopted by the council. Q2- Placement according to the newly adopted organogram not done Q3- Still no placement	Experienced problems with the placing of employees according to the new organogram as some positions were not evaluated and departments merging. Till to date the issue of placement is not resolved as we are waiting for MM, Union and Corporate Services Manager sit.
Personnel					Recruitment	To fill the critical posts.	To populate the organogram according the needs of the Council	Advertise externally & internally the critical posts	Q1-Identification of the critical posts. Q2- Advertised 4 managerial positions and 2 were filled. Q3-1 managerial post was filled. 2 technical officer posts have been advertised.	
					Office space	To provide adequate space	To construct office complex for the municipality and other service departments	Checking of budget and space availability	Q1-Conduct an audit of employees out of space and availability of space.	Nothing has been done on this as there are no available funds.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
					Job Evaluation: Bringing uniformity and aligning salary scales with the post responsibilities	Handing over of job evaluation results and implementation thereof.	Implementation of the grading system.	Handing over of the results by PJEC	Q1-Job evaluation results were handed over to the Municipality by the PJEC. Q2-Introduced the results to the employees and relevant stakeholders. Worked on aligning the results with the new organogram. Q3- Awaiting the grading according to salary scales from the PJEC.	Implementation.
Personnel					Payroll	Oversee accuracy	Ensure proper administration of the payroll	Data cleansing of the payday system	Q2-Decision taken on changing payday to VIP. Q3-Training on VIP scheduled.	
7. Training and Development					Institutional Capacity	Conduct skills audit	Conduct skills audit to identify training needs	Establishment of skills levels.	Q1- circulated all skills audit forms. Q2-submitted the WSP to the Province	
					Community training	Conduct skills audit	Conduct skills audit to identify training needs	To have all ward committee skill levels assessed	Q1- Forms distributed to ward committees.	

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
									Q3-still awaiting feed back from the ward committees	
					Experiential training	To assist students to gain work experience	To encourage students to apply for experiential training	Give an opportunity to tertiary students to experience the working environment		
Labour Relations					EAP Disciplinary processes	To assist employees with problems which affect their work	To formulate, implement and align the EAP policy with Council policies.	Formulate and implement the EAP policy.	Q1- Policy formulated and introduced to the staff and councilors by means of a workshop. Q2 – Resignation of the Labour Relations Officer.	The resignation of the responsible person (Labour Relations Officer) for EAP has brought the processes to a stop.
Labour Relations					Bargaining issues	To decrease and fast track existing cases	Implementation of disciplinary procedures	Salary increment implemented	Q1- 6% increment for employees. Q3- 2% increment for employees.	
						Ensure the labour forum is organised	Implement all bargaining issues	Salary increment implemented	Q1- 6% increment for employees. Q3- 2% increment for employees.	

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
. Municipal Support Services 4.1 ICT					Facilitate and ensure provision of ICT Infrastructure systems and support	Upgrade and maintenance of existing systems and infrastructure	Data cleansing and upgrade of billing system.	Provide an upgraded network infrastructure	Q1-Upgraded billing system with cleaned data, installed network infrastructure, training of users on the upgraded system. Q2-Upgrade all network switches to layer 2. Q3- Cabling updated.	Part of the upgrade has been moved to the 4th quarter
1.2 Registry / auxiliary services							Setup ICT Help Desk	Set up a user friendly reception	Q1-Install a helpdesk system, trained responsible resource	
					Manage the flow of internal, in and out bound municipal documents.	Setting up an archive system	Improve information flow and storage	Setting up an archive system	Q1- Nothing done	Space availability is problem.
					Ensure the archiving of docs as per legislated indexing	Implement an electronic document management system	Research on electronic document management systems	Planning	Planning	
1.3 Fleet management					Provide logistical support to external municipal engagements through provision of transport Transport policy review	Review and adoption of the policy	Policy review	Q1-Nothing done	Moved to the 4th quarter due to the change in management.	

Table 3 Financial Viability

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
1. Cash flow Management					To maintain monthly cash flow budgets and forecast	Cash flow forecasts aligned to budgets	Cash flow statements and budgets	Submission of cash flow budgets and forecast to management	Cash flow statements were submitted to Management in Q1	
					To report weekly on current Municipality Financial Situation to all management	Better managed cash flow and expenditure	Weekly report on financial situation, expenditure by departments	Submission of weekly reports to management	The Department is submitting monthly cash flow reports to management	Weekly reports should be done when it is needed and where accurate data is not available estimates should be used
2. Financial Reporting	Put systems for monitoring & reporting	Frequency of good reports	CFO	Quarterly reports produced	To implement financial reports as per the requirements of the MFMA To generate weekly reports on financial situation for management to analyse Attend to audit reports from 2004/2005 to 2006/2007 Early submission of annual financial statements to the office of the Auditor General	Compliance with MFMA requirements Better managed cash flow and expenditure	Monitoring the production of the Reports, Section Weekly Financial Reports (Cash flow, Balance Sheet Reports)	Submission of section 71 to MM and National Treasurer and Provincial Treasury Submission of weekly reports to management	Section 71 Reports are submitted to NT and PT every month The Department is submitting monthly cash flow reports to management	Weekly reports should be done when it is needed and where accurate data is not available estimates should be used Develop a strategy to turn around audit opinion from disclaimer to unqualified Appointment of financial specialist to verify correctness and compliance with GAMAP-GRAP conversions

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
3. Customer billing					To summarize/ use recent data cleansing report as basis for improved customer billing	Improve Revenue Collections	Monitoring the implementation strategy by management	Keeping latest data cleansing report	Data cleansing report has been analyzed in Q1 and Q2	The Service Provider has been instructed to upload the data to the system and it will be finalized by the end of Q3
					To enter cleansed data into munsoft system	Improve Revenue Collections	Monitoring the implementation strategy by management	Create an icon for a cleansed data	The Cleansed Data was not up-loaded into the system in Q1 and Q2	The Service Provider has been instructed to upload the data to the system and it will be finalized by the end of Q3
4. Cash collection	To increase revenue collection rates to 95% by 2011	% of collected revenue to billed revenue	CFO	70%	To look at existing reports to determine current collection levels	Realize anticipated revenues 100%	Monitoring the implementation strategy by management	Requesting of reports	The Department has started analysing the revenue reports in Q2	In order to fully implement the strategy, data cleansing report should be uploaded Cutoffs on a monthly basis Address Staff shortages Re-establish after hour pay point
	To increase & diversify revenue base	% local income to total income	CFO	25%	To investigate result of data cleansing exercise to determine if there are many un-billed customers	Expand current revenue collections base	Monitoring the implementation strategy by management	Request an audit on the data cleansing records	The Department as started analysing our revenue reports in Q2	In order to fully implement the strategy, data cleansing report should be uploaded

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
					To investigate which reports can be produced by the Revenue Team on cash collection status	Improve Revenue collection monitoring	List of reports that need to be produced	Request an audit of the Revenue Teams records on cash collection	The record s of the revenue units are being analysed	
					To establish new cash collection goals and targets	Exceed Revenue collection targets	Monthly cash collection score card	Application of new goals and targets	Every month the unit is compiling the ct-off list and implement it	Data cleansing report is the dependent
					To review weekly the established cash collection goals and targets	Improve Revenue collection monitoring	Weekly report on financial situation, expenditure by department	Follow up on the new goals and targets	The Department is submitting monthly cash flow reports to management	Weekly reports should be done when it is needed and where accurate data is not available estimates should be used
5. Credit Control					To determine what message Mbizana should start sending customers (e.g. Credit control will be enforced as of what date)	Improved customer relationship management	Adoption of customer care policy	Inform customers of credit laws regulation	Customer care policy is being developed and it will be adopted in Q4	The Revenue Unit is under staffed and there is no one responsible for customer well fare
					To determine communication method (e.g. memo in monthly bill envelop, posting signage near cashiers desk etc)	Improved customer relationship management	Adoption of customer care policy		Customer care policy is being developed and it will be adopted in Q4	The Revenue Unit is under staffed and there is no one responsible for customer well fare

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
					To develop communications	Improved customer relationship management	Adoption of customer care policy	Create ways of communicating with customers	Customer care policy is being developed and it will be adopted in Q4	The Revenue Unit is under staffed and there is no one responsible for customer well fare
5. Credit Control					To roll-out communications		Adoption of customer care policy	Application of ways of communicating that were implemented	Customer care policy is being developed and it will be adopted in Q4	The Revenue Unit is under staffed and there is no one responsible for customer well fare
6. Property Rates		% increase in rate income	CFO	6%	To revise property rates tariff taking into account the age of the valuation roll		Adoption of Property Rates Policy	Creation of new property tariffs rules and regulation	The draft property rates policy is available and it was compiled in terms of Property rates act and we hope it will be adopted in Q4	
					To investigate option for offering differential rebates for commercial and residential properties		Adoption of Property Rates Policy	Creation of laws according to types of properties	The draft property rates policy is available and it was compiled in terms of Property rates act and we hope it will be adopted in Q4	
					Implement Municipal Property Rates Act				Draft Property Rates policy has been developed	Monitor the implementation

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
7. Existing Debtors					To make sure that all outstanding debts are recovered		Political will or buy-in	Paid up accounts	80% of the Council's debt book is with the debt collectors , some of the debtors has made payment arrangements, while others in high court	
					Insufficient provisioning of bad debts					Formula needs to be verified
					Identify non-collectable debts for write-off					Implement
8. Uncollected Debts					To compare outstanding debtors with data cleansed list of customers		Political will or buy	Updating of customer information and details	Data cleansing report is being finalised	
					To determine if any customers or customer segments could be sent to a debt collector (or added to Keightley's list)		Political will or buy	Valuate customer debts and period	Data cleansing report is being finalised	
					To determine if any customer balances should be written off (e.g. deceased customer)		Political will or buy	Find out customers background and present state	Data cleansing report is being finalised	
					To gain approval for write off		Political will or buy	Advise the CFO of customers to be written of and get his input and approval on the matter	Data cleansing report is being finalised	
					To write off debts		Political will or buy	Check debtors that qualify to be written off	Data cleansing report is being finalised	

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
9. Bad Debts Provisioning					To gather data on cash collection efficiencies, so that proper provision for bad debt can be made into the future	Bad debt provision to be set by the municipality and maintained (10%)	Report on cash collection efficiencies	Realistic debtors book	Debt collection has been outsourced to Keightley incorporation and data cleansing is not yet finalised	
10. Budgeting	To do a projection of salary increase in the context of implementing the new organogram	Salary bill as % total opex	CO	35%	To implement zero-based budgeting for 2007/2008 Financial Year.		Management support	Realistic budget	Zero based budgeting has been implemented up to certain extend in Q1	
					To investigate norms for proper budget composition		Management support	Realistic debtors book	Council budget was compiled in terms of Circular 28 of MFMA	
					Monitor Budget achievability		Monthly Budget statements			Standing Committee to meet on a monthly basis
11. Repairs and Maintenance					To conduct audit of all assets of the municipality (land, halls, sports fields etc)	Regularly updated assets register	Management support	Assets Audit Report	The Auditing of assets was not done in Q1 and Q2	Asset Management Officer has been appointed at the end of Q2 and the auditing will be done in Q3
					To develop register for all asset s of the municipality	Updated Assets Register	Management support	List all assets according to their values and use	The asset register with all the assets has been developed except municipal land	A 100% GAMAP/ GRAP asset register will be compiled before the end of Q4

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
					To make provision for repairs and maintenance of capital items that are not currently recorded as fixed assets (e.g., access roads)		Management support	Record all capital assets	Budget provision was made in 2007/08, but it was insufficient because of financial constraints	
					To work towards a target of repairs and maintenance at 5% of the value of all fixed assets		Management support	Create and apply a strategy that can be implemented to assist on reaching the target	Budget provision was made in 2007/08, but it was insufficient because financial constraints	
12. SCM					To improve monitoring & reporting of SCM. To ensure that service providers are in the data base.	Put system in place for monitoring & reports. Encourage service providers to register in the MUN data base register.	Management support	Recording of all service providers details into the organisations data base.	Supplier data-base is being developed and updated periodically	Shortage of resources in the unit has a negative impact , while a proper database tool has to be sourced
13. OPEX & CAPEX					To improve capital expenditure performance. To contain salary bills to within 35% of total APEX.	To strengthen systems of Project Finance Management. To do a projection of salary increase in the context of implementing a new Organogram.	Management support		The capital expenditure performance has improved as a result 97% at the end of Q2 It is a challenge to maintain salary bill at 35% because of revenue base of the council and the adjustment of salaries every year	This is not a departmental matter, it is an organizational issue as at the moment salary bill is sitting at 41% of the total budget

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
14. Risk Management					To reduce the risk that the organisation is exposed to.	To implement & facilitate the revival of risk management strategy & plan. Develop risk based plan.	Management support	Transferring of risks or risk avoidance	The risk management policy and strategy has been developed and are waiting for council approval	
15. Budgeting					To ensure that municipal budget is prepared as per MFMA requirements.	Put systems & processes into place for budget preparations.	Management support	Make sure that the MFMA requirements are known and applied	Council budget OF 2007/08 was compiled in terms of Circular 28 of MFMA	
16. Reporting					To ensure that monthly, quarterly, annual reports are prepared & submitted as per MFMA requirements.	Put systems & processes in place for the reporting preparations & submissions.	Management support	Make sure that the MFMA requirements are known and applied	The department has submitted the monthly, quarterly and yearly reports to different stakeholders, but there is still a room for improvement	The department is in a process of developing a tracking management tool to make sure that all the reporting requirements of MFMA are adhered to
17. Policies Systems & Control	To review solid waste service delivery mechanism & pricing	Key milestones in terms of Section 78	MM	Implementation of preferred option	To ensure that the Departments use policies & procedures to strengthen controls.	Facilitate development and revival of policies & procedures.	Adoption of the procedure manual and policies	Departments should be given their set of policies accordingly	Procedure manuals have been finalised and are waiting for council adoption	
	To introduce systems and train people on their use	Key milestones towards a fully functional system	CFO	User training complete						

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, remedial steps and way forward
	To develop & maintain an updated asset register	% of assets fully accounted for in the register	CFO	100%						
	To develop and implement an asset management polity	Key milestones towards implementation of a policy	CORPORATE SERVICES Manager	Annual report produced its implementation						
					Improved internal controls					Establish place where documents are kept
18. FBS & FBE	Update data of indigents	% of applications processed	CFO	100%	To ensure that indigents are subsidised.	To subsidize the indigents	Updating of Indigent Policy and strategy	Get details of the people who qualify for the subsidies	More than 4500 households of Mbizana are being subsidised as indigents	The department requires an amount of R1,2m to verify and update the indigent register in 25 wards Allocate dedicated officer to develop and maintain indigent register
	Review social package policy to improve targeting & cost of administration	Key milestones towards completion of review	CFP	New Social Package Policy approved by council						
19. Asset Register					Maintenance of GRAP compliant asset register					Train the Capital Projects Officer to maintain the asset register
20. Supply Chain Management					Effective , efficient and transparent procurement of municipal goods and services					Investigate proper functions of the supply chain unit

Table 4 Community and Social Services – HIV and Aids

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
HIV/AIDS and poverty relief					Reduce the spread of HIV/AIDS in Mbizana	Educate 100% of youths in Mbizana on HIV and AIDS by 2008.	Conduct awareness campaigns in 20 schools Reach 6000 people through awareness/ educational campaigns Educate and distribute 12000 condoms Establish 1 accredited VCT site in rural areas 2000 maidens enrolled for the moral regeneration programme	Awareness campaign conducted in 11 schools. 1000 people reached 18000 condoms distributed 1 site established and accredited (Nomlacu) 1000 maidens enrolled	Financial constraints limited access to other schools Major awareness campaign in December was cancelled due to lack of funds Financial constraints meant that this programme does not receive much needed support	
						Render care and support to people living with the virus	Strengthen four existing support groups and establish six new ones	Two existing support groups strengthened (Siyakhana and Amadiba) and two new ones established (Rockville and Amantshangase)	Financial problems halted the programme	

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
						Offer care and support to orphans in all wards	Set up six food gardens to child headed households Deliver food parcels to 60 families awaiting social grants Set up a trust fund to support needy families and child headed homes	None set up None delivered Trust fund not set up	Financial problems halted the programme Financial problems halted the programme Lack of cooperation from government departments	
					Mitigate the effects of poverty and achieve poverty rate of below 39% by 2014	Offer care and support to needy families in Mbizana.	60 needy families supported by social relief of stress (food parcels) Educate 20 families and assist them to access social grants Educate and train 20 families on self help measures	None distributed 30 families educated and assisted. None	Financial problems halted the programme Financial problems halted the programme	

Table 5 Community Services – Protection Services

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
Protection Services					To ensure safety of the Municipality and assets of the institution	Law enforcement (traffic and crime prevention)	Conduct 16 road blocks	Done – 22 road blocks conducted		
							500 incidences handled per officer(inclusive of fines, complaints, court attendance etc)	Done – 556 incidents handled per officer(total – 1668)		
						Minimize Traffic accidents	Compile and present business plan for construction and operation of livestock pound	Not Done	Handled by previous CSS. Manager	
						Municipal security (safeguarding staff & assets)	Municipal office gate area repaired	Not Done	Memo's given to C.F.O. for specs.	
						Enhanced security measures at office entry	Enhances entry security measures implemented	Locks changes Key management implemented		
							Relocate public amenities(water tap and toilet)to outside premises of the municipality	Done	Tap moved next to security room	
						Vehicle licensing and renewal	Operate office as agent for Dept. of Roads and Transport	Done		
						Motor vehicle road worthiness and driver certification	Establish operation plans for exam halls	Halted	Construction not complete	
						Funding schedule form DRT confirmed		Done-funding withdrawn	R10m from Dot	

Table 6 Community Services – Library Services

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Targets	Achievement	Remarks
Library Services					Promote library and its usage among clients		Making awareness programmes	Conducting educational activities throughout the year	Read-a-thon week celebrations
					To promote the use of library and encourage lifelong learning in Mbizana.		To promote literacy.	Encourage old and school going age to improve and learn to read and write	Literacy day
					To distribute information to the disadvantage communities or to our rural settlement		Set up satellite libraries in existing community halls.	ABET and people who cannot afford visiting the main library	Halted
					To provide the community with current information		Providing people with newspapers and new revised books	Youth	Offer them with job opportunities.

Table 7 Local Economic Development, Environmental Management, housing and Land Use

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
Tourism	Facilitate the packaging of tourism products	No of products packaged for marketing	Manager DP	20%	To strengthen the tourism industry	Building and strengthening the existing tourism structures e.g. LTO	Ensure the functioning of the LTO.	Tourism education	Awareness campaign Done -Q2	Ward 1,4,18 24 and 25 tourism awareness –
	Market and brand Mbizana municipal area	Positive image of Mbizana from reputable tourism rating organisations	Manager DP	Positive rating with q organisation			Develop Service level agreement between the municipality and the LTO.	Signed document.	Service level agreement is in place	The Service level agreement is not yet signed which clearly outline roles and responsibilities.
	Strengthen local and community Tourism Organisations	Service level agreement in place with clearly defined roles and responsibilities	Manager DP	Plan of action adopted		Marketing Mbizana as a tourist destination	Develop marketing strategy for Mbizana	Marketing strategy document adopted	None	Budget constraints
	Mbizana town regeneration	% of town regeneration program budget spent	Manager DP	20%	To exploit the underdeveloped cultural ,political and natural wealth of Mbizana	Develop a heritage and tourism route	Compile a concept document.	Adoption of the concept document by Council	Concept document developed-Q1	Awaiting funds from DEAT for implementation.
							Establish different destinations as proposed in the concept.	Operation of the visitors information centre	Business plans approved-Q1	Awaiting transfer of funds from the funder
							Develop man made heritage and tourism attractions	Develop at least three man made attraction (Khananda graves, WAX, exhibition)	Business plans approved- Q1	Awaiting transfer of funds from the funder
Tourism							Facilitate the declaration of the heritage sites	Declaration of Nkantolo ,fossil beds	Not done	SAHRA to declare the Nkantolo and the fossil beds – pending land claim. There are plans in place to negotiate further with the affected communities.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
Mining	Facilitate the development of partnerships to control/ manage sand mining, quarry and titanium mining. Establish a partnership relationship	Partnerships established with key stakeholders	Manager DP	Mining development strategy developed in partnership with DME	Develop the mining industry and bring it into the main stream economy	Identify all the sites with mining potential.	Compile a spatially based data base	Compiled data base	Borrow pits identified – Q2	Need funds to do EMP's for the identified borrow pits
						Facilitate the development of SMMEs in the mining industry	Mobilise the granting of the community mining permits	4 Permits	None	Budget implications Lobby funds from different sectors
Agriculture	Create awareness to communities about potential viable agricultural products (crops)	% of wards benefiting from promotional activities	Manager DP	35% of current initiatives not dependent on MBL for ongoing productivity	Facilitate the transformation of farming activities	Organise subsistence growers and mobilise support	Create awareness on commercial farming	Support commercial agricultural	2 workshops conducted on business management, Tax amnesty and financial management-Q1 and Q2	
							Target at least three macro vegetable producers for support	Provide financial and training support	Financial support-Q1 Training – Q2	
							Develop an agricultural marketing strategy	Strategy adopted	None	Budget constraints
Enterprise development	Identify and develop appropriate infrastructure for SMME development	Progress towards development of key support infrastructure	Manager DP	Funding for all projects secured	To create strong and competitive enterprises	Organise the necessary business support	Organise business information centre.	Establish 2 information centres	None	1 Information centre will be developed as part of heritage development program which will be implemented as soon as DEAT transfers funds to the implementer. The other one was planned to be at cultural village which still awaits resolution on ownership.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
						Provide support for the creation of a conducive business environment for small entrepreneurs Mobilise finance	Establish partnerships with financing institutions	One partnership	Develop an MOU between the entrepreneurs for IEC and Petro SA – Q2	The MOU has been presented to the EXCO and is waiting to be signed.
Forestry	Develop community/ municipal ownership models and engage DWAF	Progress towards community ownership of forests	Manager Development Planning	Transfer agreements complete	Establish the forestry industry such that it becomes a major contributor into the local economy	Identify all the areas with forestry potential	Compile a spatially based data base of all areas with forestry potential	Identify sites for a forestation.	None	Meetings with Singisi and mobilization of communities towards identification of sites are in progress.
						Mobilise investment into the industry	Lobby forestry companies	Establish linkages with forestry companies	None	Meetings in progress
Manufacturing	Identify and support the development of potential manufacturing enterprises	No. of business concepts for potential manufacturing enterprises developed	Manager DP	10%	Encourage the development of a manufacturing sector	Help create a conducive environment.	Mobilize the manufacturing projects	4 projects established	Established projects – Q1 and Q2	Carpentry and Brick and block making projects. Need to be trained and marketed. Have applied for training from Department of Labour.
						Attract new entrants into the industry	Revitalisation of the 'transido' workshops.	Management Plan for the site	Not Done	Ownership issue was not clear.
Mari culture	To promote involvement of local communities in aquaculture	No. of licensed and functional aquaculture initiatives	Manager DP	4%	To promote sustainable use of marine resources for the benefit of the local community	Mobilise communities into a fishing business	Establish business model for Commercial Fishing	Agreements signed	Consultation meetings with potential buyers and fishers – Q2.	Have already applied for the commercial permit and awaiting response from the relevant body.
	Develop specific business plans for aquaculture activities (including fishing) in targeted rivers	No of business plans produced	Manager DP	15%						

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
Waste management	To ensure that the IWMP is adequately resourced	Progress in the implementation of the IWMP	Manager DP	Annual programme plan fully funded and implemented	To ensure a clean and healthy environment	Ensure proper waste disposal	Rehabilitate the existing dumping site	2 sites rehabilitated	1 site rehabilitated – Q1	Rehabilitation of the existing site has been done partially to manage the site and extra funds are needed to further rehabilitate towards closer
Waste management							Identify and establish a new dumping site	Site identified and Planning done	Partially identified the new site – Q1	Further negotiations with the affected community where the site will be and need funds to do planning for the new proposed site.
							Regulate and control dumping at the disposal site	Plan in place	Reviewed IWMP – Q1	
							Recycling and composting.	400 tons recycled	Approximately 40 tons recycled- Q1 and Q2	SMME's recycling at the dumping site and in town have limitations with transport.
Coastal management	Implement environmental awareness programs	Progress in the implementation of environmental awareness programs	Manager DP	Annual programme plan fully implemented	Preserve the coastal environment	Educate the coastal communities in conservation.	Conduct workshops and road shows.	4 workshops/ road shows	2 workshops done – Q1 and Q2	Alien plant control and waste management workshops have been done through the Working for the Coast program.
						Ensure compliance of the coastal developments to environmental legislations.	Assist in the development of coastal management plans e.g. SDF	Review SDF with CMF	Not Done	Budget constraints – This has been considered on budget adjustment

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
Coastal management							Assist developers with guidance on EIA applications	Number of EIA's Approved in all developments - d	All access roads have done EIA's. Scoping reports for Xolobeni Mining and N2 Toll road –Q1 and Q2	EIA's for the projects that have done scoping reports are in progress.
Biodiversity management					Ensure the preservation of the indigenous fauna and flora species	Control of alien plants ,and restoration of indigenous plants.	Removal of alien plants	Removed alien plants in town	Removed Alien plants in town – partially –Q2	Removal of alien plants was part of the project to maintain the CBD. Need to Develop a project plan and lobby funds.
							Greening and Restoration of indigenous plants.	Greened Mbizana town and Gateway centre.	Developed a project plan and lobby funds –Q1	Awaiting approval by DEAT for the project
							Maintenance of Greened sites.	Maintenance of Cultural village and Nkantolo	Continue to maintain the sites – Q1 and Q2	Cultural village maintenance was also maintained in the CBD maintenance program. Nkantolo is presently maintained by O.R.T D.M.
						Establishment of nature reserves	Work towards the proclamation of the Mthamvuna nature reserve.	Mthamvuna Nature Reserve proclaimed.	Consultative meetings towards proclamation – Q1 and Q2	Prerequisites for proclamation which include surveying the site and having comprehensive business plans. This needs extra funds
Biodiversity management						Increase awareness of conservation	Conduct awareness campaigns	Conduct four campaigns	1 campaign in Ward 1,4,18,24 and 25	
Town & Regional Planning					To ensure optimal usage of space	Formalise rural settlements.	Rural planning projects	Approval of General plans	Layout plans done – Q1	Busy with amendments and to be presented to the planning board.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
						Ensure urban planning.	Create industrial sites	Approval of General plans	General plans Done- Q1	This was disqualified because need to do a township establishment and EIA – This needs more funding.
							Create residential townships	Approval of layout plans	Motivational report before the council –Q2	Have done base mapping. The delay was the approval of funds which took some time.
							Create business sites	Approval of general plans	Appraisal is before the council –Q2	Done base mapping, awaiting approval of council and needs more funding for the actual surveying.
						Create a planning and regulatory framework	Review the SDF	Approval of the SDF by Council	Not done	Budget constraints and is being considered in the budget adjustment
Town & Regional Planning							Gazette the zoning scheme	Gazetting of the zoning scheme	Zoning map In progress –Q2	Busy with amendments with the service provider and to be submitted for gazetting.
Land management	Identify and demarcate land for future cemeteries for settlements	% of settlements for which land for future cemeteries has been identified	Manager Social Services	60%	To ensure efficient and accountable management of Land	Create a credible policy framework	Compile a policy on land management	Adoption of the policy	Policy before the council –Q1	Policy was developed and a workshop was done, awaiting adoption.
	Manage existing cemeteries in Mbizana town	% of graves provided which have been paid for and records properly kept	Manager Social Services	100%			Compile the rates policy	Policy adopted	Policy in place –Q1	A policy was compiled and rejected with the view that a workshop on Property rates act need to be done prior.
	Fence cemeteries in rural areas	% of cemeteries in rural areas that have been fenced	Manager Social Services	30%		Keep up to date the valuation roll	Conduct a general land audit	Land register compiled	Not done –Q1	Budget constraints

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
							Conduct a general valuation		Not done	Policy not approved and there is no budget
Building control					To ensure a safe built environment	To regulate and ensure compliance with town planning and building standards	Facilitate the approval of building plans	100% of the submitted plans approved	All plans submitted approved –Q1 and Q2	There are still those who do not want to comply. Need to strengthen law enforcement.
							Monitor building constructions	100% of buildings under construction inspected	Inspections in all construction work –Q1 and Q2	Inspections are done but there is still reluctance in compliance. Need to strengthen law enforcement.
Building control							Enforce adherence to building regulations			Awaiting approval of by-laws
							Monitor contraventions to the town planning scheme.	100% of contraventions served with notices	Proposed land use plan before the council –Q2	20% of contraventions served with notices, awaiting approval of zoning scheme
Housing					To facilitate the provision of shelter to all those who need it.	Facilitate the completion of the current low cost projects	Mobilise funding for the completion of ext 3	100% of funds raised	Roads and water reticulation 98% completed –Q1 and Q2	Construction of roads completed and water reticulation completed, transfers in progress and need extra funds for sanitation and top up structure.
							Facilitate the construction of the remaining housing units	488 units	Around 400 houses completed –Q1 and Q2	Progress is slow due to the shortage of builders.

KPA	IDP Strategy	IDP Indicator	IDP Indicator Custodian	IDP Target 02/08	Objective	Strategy	Planned Intervention	Targets	Actual Performance	Explanations, and remedial steps
						Facilitate the provision of housing to middle income earners.	Conduct the necessary town planning processes	Approval of general plans	Not done	The identification of the new sites is before the Council
						Facilitate the provision of rural housing	Submit project applications to the province for at least two projects	Two applications submitted	Beneficiary list compiled submitted to DHLG- Q2	Nquthu and Izinini beneficiary list has been compiled and infrastructure assessment is planned to be done soon by infrastructure section.

NOTES