



*Advancing Service Delivery
Development*

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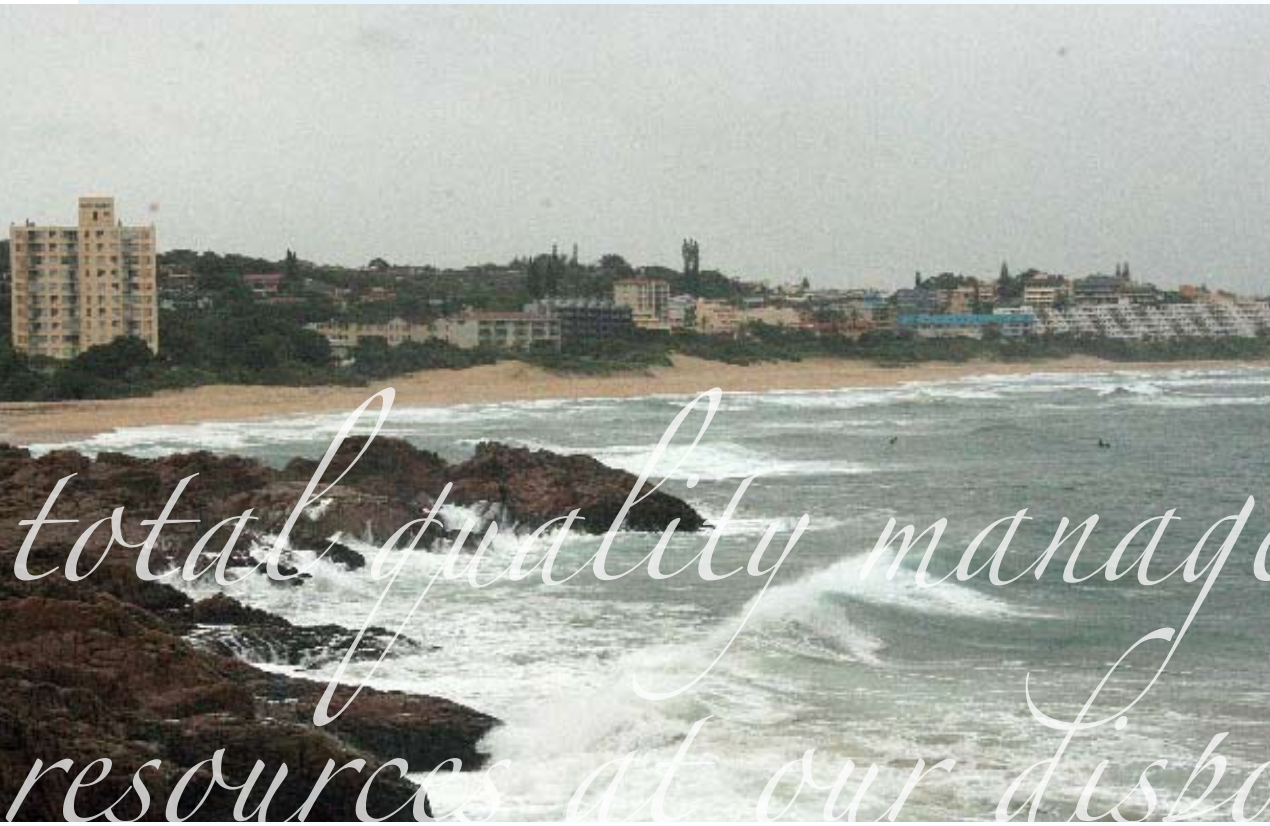
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Council's Oversight Report



Vision

"A non-discriminatory society of healthy and empowered people, living in a safe, transformed and sustainable environment, underpinned by a thriving and growing economy in which all participate and benefit fairly and equitably."



Mission

"Enhancing our performance and work ethic to reach the world class standards, by placing emphasis on customer satisfaction and total quality management of all resources at our disposal."



Acronyms and Abbreviations

Acquired Immune Deficiency Syndrome	- AIDS
Community Development Worker	- CDW
Construction Industry Development Board	- CIDB
Department of Environmental Affairs and Tourism	- DEAT
Department of Local Government and Traditional Affairs	- DLGTA
Department of Provincial and Local Government	- DPLG
Department of Public Service and Administration	- DPSA
Development Bank of Southern Africa	- DBSA
Employee Assistance Programme	- EAP
Enterprise Resource Planning	- ERP
Environmental Health Services	- EHS
Executive Committee	- Exco
Extended Public Works Programme	- EPWP
Federation of International Football Associations	- FIFA
Geographic Information Systems	- GIS
Hazard Identification and Risk Assessment	- HIRA
Human Immunodeficiency Virus	- HIV
Information Communications Technology	- ICT
Infrastructure and Economic Development Department	- IED
Integrated Development Plan	- IDP
Institutional Social Development	- ISD
International Organisations for Standardisation	- ISO
KwaZulu-Natal	- KZN
Key Performance Areas	- KPA
Key Performance Indicators	- KPI
Local Economic Development	- LED
Memorandum of Agreement	- MoA
Memorandum of Understanding	- MoU
Municipal Finance Management Act	- MFMA
Municipal Infrastructure Grant	- MIG
National Occupational Safety Association	- NOSA
National Qualification Framework	- NQF
Non-governmental Organisation	- NGO
Occupational Health and Safety	- OHS
Project Management Unit	- PMU
Recognition of Prior Learning	- RPL
Safety Health and Environment	- SHE
South African National Defense Force	- SANDF
Strategic Session	- Lekgotla
Suid Afrikaanse Steenkool en Olie	- SASOL
Supply Chain Management	- SCM
Ugu Coastal Working Group	- UCWG
Ventilated Improved Pit Latrine	- VIP Toilet
Water Services Authority	- WSA
Wildlife and Environmental Society of Southern Africa	- WESSA



Introduction and overview



Introduction and overview

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Executive Summary

The Ugu District Municipality Annual Report has been developed according to the provisions of Section 121 of the Municipal Finance Management Act (MFMA), 56 of 2003 and Section 46 of the Local Government: Municipal Systems Act (MSA), 32 of 2000.

According to the National Treasury Requirements for the preparation of Annual Report, the report should be compromised to five chapters to reflect key issues regarding the organization. This Annual Report had been prepared so as to adhere to those standards, and that a brief summation of what is contained in each chapter is outlined below:-.

Chapter 1: This chapter talks on the geographic location of the municipality as well as the population dynamics of the district. Key to this Chapter is the consultative processes that the municipality had embarked on, which led to the creation of our IDP document. Last but not least, the Chapter touches on issues of governance and how the council is constituted.

Chapter 2: This chapter seeks to document and highlight some of the key achievements and challenges of the organization during the year under review. Though the municipality had faced a number of challenges which ranged from the flood disasters and tidal waves but we continued to excel in service delivery. This has been evident through the number of accolades that the municipality had received. A detailed account of this is outlined in this Chapter.

Chapter 3: Due to the increased overtime that has been incurred during the year under review, the municipality has embarked on a recruitment strategy to fill in all the vacant posts that existed.

Chapter 4: Amongst the highlights, is the fact that the organization had managed to open all our financial books for the all important credit rating agency that was appointed by the National Treasury, this signified once more, our commitment to a transparent process of doing business with public funds and above all to get a measure of our credit rating for both short term and long term investment grading.

Also key in this chapter is the fact that we have maintained our timely submission of the Annual Financial Statements to the Auditor General for auditing. In doing so, we have again received an Unqualified Audit Opinion for the year. Personnel costs had been maintained at 34 % of the Operating Revenue, during the financial year and our target is to maintain this ratio at 35% or below.

Chapter 5: During 2007/2008 financial year the municipality have increased compliance with local government laws across a range of different pieces of legislation governing our operations. National Treasury have provided a reporting format for the Annual Performance and that is evident throughout this Chapter.

The increased compliance level is reflected by the timely approval of the IDP, Budget, SDBIP, PMS, Performance Contracts, Work-Place Skills Plan, etc.



Legal Framework



The 2007/2008 Annual Report has been prepared in accordance with the provisions of Section 121 of the Municipal Finance Management Act (MFMA), 56 of 2003 and Section 46 of the Local Government's Municipal Systems Act (MSA), 32 of 2000 and thereafter approved by the Municipal Council after following all the processes prescribed by Section 129 of the MFMA. In compliance with the provisions of the MFMA, this annual report was tabled by the Mayor at a Municipal Council meeting held on the 29th January 2009 as prescribed by Section 127 of the MFMA and was thereafter publicized for public comments, this done in

terms of Section 21A of the MSA.

The annual report was further considered by the Oversight Committee established by the Municipal Council as directed by Section 129 of the MFMA, to assist the Municipal Council in considering the annual report. The report of the Oversight Committee is also part of this report and is therefore made public in terms of Section 21A of the MSA.

In presenting this report for the financial year ended 30 June 2008, we acknowledge progress made during

the 2007/2008 financial year as well as the daunting challenges that still lie ahead. A detailed account of all the challenges and remedial actions going forward has been provided within this report.



Mayor's Foreword

I'm honoured to present this Annual Report for the 2007/2008 financial year which reflects the hard work and total commitment of the collective political and administrative leadership of our Council.

The year under review has indeed been very challenging. Besides the ongoing challenges with service backlogs, we had to contend with serious natural disasters. These disasters put an added strain on our infrastructure. Unfortunately, we lost 13 lives during the June 2008 flooding disaster and hundreds more of our people were displaced and have since been settled in new locations. We'd like to thank all our people for rallying behind us during this difficult time. Indeed, this vindicates our strongly held belief that in Ugu we exist as one family!

Despite these notable setbacks, we pride ourselves for once again posting great results in terms of our business. We managed to receive an unqualified Audit Report. However, this time around, all but one local municipalities joined us in achieving this important Audit opinion and for this we are grateful. This is an important development that indicates the serious commitment of entire leadership of the district.

The delivery of basic services (water and sanitation) and aggressively tackling the historic backlogs remain our core business. We will continue to take bold new steps to accelerate delivery, as we get closer to meeting the national targets.

This Annual Report contains the highlights of the work we produced in the period under review. Indeed we acknowledge that whilst we have done a lot of work in bringing water and sanitation to our people, amongst other things, a lot more work needs to be done going forward.

I must place on record my sincere appreciation to my fellow councilors, our officials and staff, our NGO and private sector stakeholders and of course our community as a whole, for their co-operation and participation to achieve what has been done.

A handwritten signature in black ink, appearing to read 'S. B. Cele', written over a horizontal line.

Clr S. B. Cele
Mayor





Municipal Manager's Statement

I am very pleased to report to the people of the Ugu District on the performance of the municipality for the 2007/2008 financial year. This 2007/2008 annual report will inform our people, government and other stakeholders alike, of our collective gains, difficulties, challenges, progress and ideas going forward.

I hereby confirm that in the financial year under review, the business of the municipality was conducted in accordance with the Five (5) National Key Performance Areas for local government as well as the applicable local government legislation. I am therefore very pleased that the report we have collectively compiled in the form of this annual report, covers all aspects as guided by the national KPAs, being:

Basic Service Delivery and Infrastructure
Local Economic Development
Financial Viability and Management
Institutional Development and Management; and
Good Governance and Public Participation

In our true tradition, Ugu has once again been counted amongst the best performing municipalities in the province, confirmed by being voted as the 2nd Best Performing District Municipality during the Inaugural KZN Municipal Service Excellence Awards held in 2008. Ugu continued its good track record in the delivery of basic services on water and sanitation with over 35,000 people being supplied with potable piped water and 25,000 people received decent sanitation facilities. Furthermore, an excess of 5000 households received basic sanitation provision (VIP toilets).

2007/8 was characterized by improved public consultation and participation; increased number of disaster related incidents; improved liaison between Ugu and other spheres of government especially around issues of economic development; the formation

of meaningful partnerships for growth such as those on Alternative & Renewable Energy Generation; to the Load Shedding phenomenon that disrupted government services and businesses alike.

The Oversight Committee as established by the Municipal Council in 2006/7 financial year will once again review this report on behalf of Council in order to determine whether the activities recorded in this report are a true reflection of work carried out in the financial year. All communities are invited to make their comments and representations on this Annual Report during the prescribed period.

In conclusion, I am very pleased to present this report with an Unqualified Audit Opinion by the Auditor General. For this I must thank the political component of our municipality under the leadership of our Mayor Cllr SB Cele and his entire Executive Committee. My Management team and entire the administration deserve a special recognition and thanks.

The Vision, Mission and strategic direction of Ugu District Municipality remains on course.

Thank you! Once again, enjoy the reading!

Luvuyo Mahlaka
Municipal Manager



Audit Committee Chairperson's Report

We are pleased to present our report for the financial year ended 30 June 2008.

A summary of the Audit Committee's responsibilities in terms of the MFMA and its Charter is that it is responsible for, among other things, the following:

1. Audit Committee Members and Attendance

In terms of the Municipal Finance Management Act (MFMA) and the Ugu District Municipality's Audit Charter, the Audit Committee must consist of five members, three of whom must be external independent members. None of the members may be councilors.

The Audit Committee consists of the members listed hereunder and meets at least four times per annum as per its approved Charter. During the year under review the mandatory quarterly meetings, and one special meeting, were held.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Mr Anil Ramnath (Chairperson) A	5/5
Mr David Parry A	5/5
Mr Silas Hlope A	3/5
Mr Luvuyo Mahlaka B	3/3
Mr Khayo Mpungose D	1/1
Mr Mduduzi Mnyanduc	1/1
Mr Nathi Ndelu E	5/5
Dr MJ Ngesi	2/2

- A. External member
- B. Municipal Manager
- C. Deputy Municipal Manager
- D. Term expired on 30 November 2007
- E. Term expired on 30 September 2007

2. Audit Committee's Responsibilities

The Audit Committee's responsibilities are outlined in Section 166(2)(b) of the Municipal Finance Management Act (No 56 of 2003). The Audit Committee has adopted appropriate formal Terms of Reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

Auditors and external audit

Discuss and review with external auditors, inter alia;

- » the nature and scope of the audit function;
- » agreeing to the timing and nature of reports from the external auditors;
- » considering any problems identified in the going concern of the municipality;
- » review the Auditor-General's management letter and management response; and
- » meeting the Auditor-General at least annually to ensure that there are no unresolved issues of concern.

Annual Financial Statements

- » review significant adjustments resulting from the audit;
- » review effectiveness of the internal audit;
- » review risk areas of the operations to be covered in the scope of the internal and external audits; and
- » review the adequacy, reliability and accuracy of the financial information provided to management and other users of such information.

Performance Management

- » Review of the quarterly reports submitted by internal audit on performance measurement;
- » Review the performance management system ensuring functionality thereof and compliance with the Act;
- » Focus on economy, effectiveness, efficiency, reliability and impact applicable to the Municipality's own key performance indicators; and
- » Reporting on the outcomes of its review and focus areas to the Council, at least twice per annum;

Internal Control and Internal Audit

The monitoring and supervising of the effective function of the internal audit including;

- » evaluating performance, independence and effectiveness of internal audit and external service providers through internal audit;
- » review the effectiveness of the internal controls and to consider the most appropriate system for the effective operation of its business; and
- » initiating investigations within its scope, e.g. employee fraud, misconduct or conflict of interest.



Ethics

Reviewing the effectiveness of mechanisms for the identification and reporting of:

- » any material violations of ethical conduct of councilors and municipal staff;
- » compliance with laws and regulations; and
- » environmental and social issues.

Compliance

- » carrying out investigations into financial matters as Council may request;
- » reviewing the effectiveness of mechanisms for the identification and reporting of:
- » compliance with laws and regulations; and
- » the findings of regulatory bodies or audit observations.

The Audit Committee is satisfied that it has complied with its responsibilities and has discharged them properly and efficiently.

3. The Effectiveness of Internal Controls

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors, the Audit Report on the Annual financial statements, the matters of emphasis and management letter of the Auditor-General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was effective.

The Audit Committee is satisfied with the internal controls in place and overall adherence to those controls.

4. The Quality in Year Management and Monthly/Quarterly Report Submitted in terms of the MFMA

The Audit Committee has not received and reviewed certain performance management reports and is unable to comment on the content and quality of these monthly and quarterly reports.

Except for the foregoing reports, the Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and management during the year under review.

5. Internal Audit Function

During the year under review, an audit plan was prepared based on the Annual Risk Assessment. The following is a list of projects undertaken by Internal Audit, arising from the risk assessment:

- » Human Resources and Payroll
- » Financial Statement Close Process
- » Review of Risk Management Process
- » MFMA Compliance Review
- » Follow up Reviews
- » Performance Management System Review 1 & 2 (Six-monthly Reviews)

The Audit Committee is satisfied with the performance of the Internal Audit Function and reports that all the projects have been completed by the end of the financial year.

6. Evaluation of Annual Financial Statements

The Audit Committee has:

- » reviewed and discussed with the Auditor-General and the Accounting Officer the audited Annual financial statements to be included in the annual report;
- » reviewed the Auditor-General's management letter and management responses;
- » reviewed the accounting policies and practices;
- » evaluated the audited Annual financial statements to be included in the Annual Report and, based on the information provided to the Audit Committee, considered that the said statements comply in all material respects with the requirements of the MFMA and Treasury Regulations as well as South African Statements of Generally Accepted Accounting Practice (GAAP) and certain statements of Generally Recognized Accounting Practice (GRAP) and statements of Generally Accepted Municipal Accounting Practice (GAMAP); and
- » reviewed the particulars of the management action plan in response to the issues raised by the Auditor-General in his report.
- » The Committee concurs and accepts the conclusions of the Auditor-General on the Annual financial statements and is of the opinion that the audited Annual financial statements be accepted and read together with the report of the Auditor-General.
- » The Audit Committee also notes the matters raised under the heading "Other Matters" as well as the non-compliance with regulatory requirements under the heading "Audit findings (Performance Information)" in the Report of the Auditor-General.
- » We note the Irregular expenditure to the amount of R2.7 million was incurred as although the contract between the municipality and a service



provider expired, the municipality continued to utilise the service provider without following the correct tender process as disclosed under “Emphasis of Matter” in the Audit Report.

- » We also note the particulars of the management action plan in response to the issues raised by the Auditor-General in his report.

7. Conclusion

I would like to thank my colleagues for making themselves available to serve on this Committee and for the significant contribution that they have made.

As an Audit Committee, we rely to a great extent on the Manager: Internal Audit and his staff in the Internal Audit Department for their support and assistance and, in particular, for the role they continue to play in improving the accounting and internal auditing systems and controls at Ugu District Municipality. We are indebted to them for their efficient service and assistance.

We are also grateful to the Chief Financial Officer, the Auditor-General and other invitees to our meetings, including the external service providers, all of whom provided invaluable information to the Committee.



Mr Anil Ramnath
Chairperson: Audit Committee



Overview of the Municipality

Ugu District Municipality has been classified as a Category C, Grade 5 urban municipality by the Municipal Demarcation Board in terms of Section 4 of the Local Government: Municipal Structures Act, 1998. It was established on 05 December 2000, through the disestablishment of the Ugu Regional Council.



Where is Ugu District Municipality

Ugu District Municipality is one of ten district municipalities in KwaZulu-Natal, located at the southernmost tip of the province's east coastline. It is bordered by the Eastern Cape Province to the south, Indian Ocean to the east, Sisonke and Umgungundlovu to the west and eThekweni to the north.

The Ugu District Municipality comprises of six local municipalities which are Umuziwabantu, Ezingoleni, Hibiscus Coast, Umzambe, Umdoni and Vulamehlo. The municipality is 5 866 km in extent with a 112km long coastline. According to Statistics SA (2001), Ugu has a population density of 142 persons per km which is higher than the provincial average of 104 people per km.

The salient baseline information with specific information on demographics and population projections shows that the population as of 2007/2008 is 738 504. The population growth for the District is estimated to be 0.8% per annum.

How is Ugu District Municipality structured?

In accordance with the Constitution Act 108 of 1996, the Ugu District Municipality's Council is the ultimate political decision-making body of the municipality.

The Mayor of Ugu District Municipality takes overall strategic and political responsibility, whilst the Municipal Manager heads the municipality's administration and is responsible for the implementation of policy and the IDP.

What is the municipality's Vision and Mission?

During the preparation of the five year Integrated Development Plan (IDP) in 2007/2008 the Council adopted a long term vision and mission. Through this vision and mission the Council expresses the desired future state for the district and commits to how it will achieve this objective.

YEAR	POPULATION
2001/ 2002	704 028
2002/ 2003	709 660
2003/ 2004	715 337
2004/ 2005	721 060
2005/ 2006	726 828
2006/ 2007	732 643
2007/ 2008	738 504
2008/ 2009	744 412
2009/ 2010	750 367
2010/ 2011	756 370
2011/ 2012	762 420

Table1: Population Projections (at 0.8% growth rate)

MUNICIPALITY	AREA SIZE (KM2)	POPULATION (2004)	POPULATION DENSITY (PERSONS PER KM2)
Vulamehlo Municipality	973	84,352	86.7
Umdoni Municipality	238	63,661	267.5
Umzumbe Municipality	1,259	196,202	155.8
Umuziwabantu Municipality	1,088	93,720	86.1
Ezinqoleni Municipality	649	55,163	85.0
Hibiscus Coast Municipality	837	222,304	265.6
Ugu District	5,044	715,402	141.8

Table2: Population and Area Size

Vision

A non-discriminatory society of healthy and empowered people living in a safe, transformed and sustainable environment, underpinned by a thriving and growing economy in which all participate and benefit fairly and equitably.

Mission

Enhancing our performance and work ethic to reach world-class standards, by placing emphasis on customer satisfaction and total quality management of all resources at our disposal.

What is the status of the Ugu IDP?

The 2007/2008 IDP was developed as a 5 year strategic plan, in terms of Chapter 5 of the Municipal Systems Act of 2000, and was duly adopted by Council. Prior to its adoption, an IDP review Framework as well as a Process Plan was adopted by Council in its sitting of August 2007.

The IDP was developed with a view to:

- » Integrate and co-ordinate service delivery within the district, regardless of which sphere of government is charged with implementation.
- » Form the general basis on which annual budgets must be based,
- » Align the resources and capacity of the municipality within the implementation of the plan,
- » Assist the municipality in fulfilling its constitutional mandate as a developmental local government, and
- » Facilitate the process of democratisation

through vigorous public participation.

In the effort to make Ugu's IDP legitimate and credible, a number of planning, consultation and information sharing sessions were organized, and these include the following:

A. EXCO Legkotla

The Exco Legkotla was held on the 9th and 10th January 2008 with a view to conducting a 2007/2008 mid-year performance review. This session assisted the municipality to address the institutional challenges and agree on appropriate interventions to accelerate service delivery.

B. Energy Summit

Ugu District Municipality convened an Energy Summit on 13 March 2008 to identify approaches of addressing the current energy challenges and to explore possible energy alternatives. The success of this summit has led to growing investor interest in the region for alternative energy generation, as well as the formation of a District Energy Forum that serves as an advisory sub-forum to the IDP Forum.

C. District Legkotla

Ugu District and its family of municipalities held a District-wide Legkotla on the 6th and 7th of May 2008. The main aim of this Legkotla was to create a platform for the 7 municipalities in the district to deliberate on their collective mandate and integrate their plans with a view to reach a common approach to development and fighting poverty.

D. Stakeholder Consultation

A number of stakeholder engagement sessions have been convened and hosted in the district to consider

a variety of other issues. Below is a list of some of the issues that have been identified as high priority issues:

- » Poverty eradication
- » Unemployment
- » Lack of skills (with special emphasis on trade skills) which is stifling local economic development.
- » Access to basic services and infrastructure (water, electricity, sanitation and roads)
- » Access to government services and information
- » Expansion and upgrade of water and sanitation infrastructure in the urban areas
- » Urban Renewal Programmes, with special emphasis on Umzinto and Harding
- » Access to land
- » Access to and high cost of housing
- » The participation of the previously disadvantaged in the economy
- » Support to SMMEs
- » Access to higher education
- » Institutional reorganisation of the municipal administration



Governance



Mayor: Cllr SB Cele



Dep. Mayor: Cllr NR Bhengu



Speaker: Cllr R R Pillay



Cllr VL Ntanza-Exco



Cllr Y Nair-Exco



Cllr Dr. SG Nyawuza-Exco



Cllr MB Khawula-Exco



Cllr TCele



Cllr BR Duma



Cllr CA Gamble



Cllr NH Gumede



Cllr AC Human



Cllr BT Lubanyana



Cllr S Mahomed



Cllr NF Maphumulo



Cllr MG Mchunu



Cllr NA Mhlongo



Cllr E Moosa Bux



Cllr MR Ngcobo



Cllr SO Njongo



Cllr M Pillay



Cllr FB Shezi



Cllr BN Shozi



Cllr NF Shusha



Cllr D Snashall



Cllr MG Sonwabo



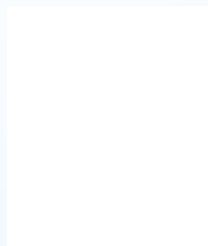
Cllr JP Janse Van Vuuren



Cllr SM Zuma



Cllr ZJ Zwane



Cllr MA Chiliza



Cllr R M Ramdial



Cllr M A Mpisi



Cllr WM Memela (deceased)

Council

The executive and legislative authority of a municipality is vested in its Municipal Council. The pre-eminent roles of the Council, amongst others, are the approval of by-laws, budgets, policies, IDP, tariffs for rates and service charges.

The Council consists of 34 members, seven of whom are full-time. The following table depicts political and gender representation on Council:

PARTY	COUNCILLORS	FEMALE	MALE
African National Congress	22 (65%)	10	120
Inkatha Freedom Party	10 (29%)	02	8
Democratic Alliance	02 (6%)	-	02
TOTAL	34	12 (35%)	22 (65%)

Table 3: Political and Gender Representation on Council

The Speaker

Councillor RR Pillay was elected as the Speaker of the Ugu Council in accordance with Section 36 of the Municipal Structures Act, and Section 160(1) (b) of the Constitution, for the 2006 to 2011 electoral term.

His legal obligations are, amongst other duties,

- » to preside at meetings of the Council;
- » perform the duties and exercise the powers delegated to the Speaker in terms of Section 59 of Local Government: Municipal Systems Act;
- » ensure that the Council meets on a monthly basis;
- » maintain order during Council meetings;
- » ensure compliance of the council and council committees with the Code of Conduct for Municipal Councillors and ensure that Council meetings are conducted in accordance with the Rules and Orders of the Council.

Meetings of the Council remained open to the public and the schedule of the said meetings were advertised in local newspapers to encourage attendance. Attendance of Council meetings during the 2007/2008 financial year is shown on Table 4 below.

MEETING	PRESENT	ABSENT	% ATTENDANCE
26 July 2007	27	7	79
23 August 2007	30	4	88
03 October 2007	30	4	88
22 November 2007	24	10	71
06 December 2007	33	1	97
24 January 2008	23	11	68
28 February 2008	25	9	74
27 March 2008	25	9	74
25 April 2008	22	12	65
22 May 2008	31	3	91
26 June 2008	28	6	82

Table 4: Councillor Attendance at Council Meetings



Executive Committee Structure



Mayor: Cllr SB Cele (ANC)



Dep. Mayor: Cllr NR Bhengu (ANC)



Speaker: Cllr R R Pillay (ANC)



Cllr V L Ntanza (ANC)



Cllr Y R Nair (ANC)



Cllr S G Nyawuza (IFP)



Cllr M B Khawula (IFP)

Executive Committee

The Executive Committee has delegated plenary powers to exercise the powers, duties and functions of Council excluding those plenary powers expressly delegated to other standing committees and those powers which are wholly resolved to the Ugu District Council. Notwithstanding the above, the Executive Committee is authorized to exercise any of those plenary powers delegated to other Standing Committees in circumstances where any matters from these committees are referred to the Executive Committee.

In line with Section 80 of the Municipal Structures Act, the municipality currently has five multi-party Portfolio Committees, namely; the Water and Sanitation Committee; Finance, Budget Control and Monitoring Committee; the Planning, Tourism and Economic Development Committee; Youth Committee; and the Corporate Services, Human Resources, Health and Safety Committee. These Portfolio Committees continue to assist the executive Committee in policy development and monitoring to accelerate service delivery, as well as the oversight of strategic programmes and projects.



Chaired by: Cllr Y R Nair

Water and Sanitation Committee

The terms of reference of this committee is to advise and make recommendations to the Executive Committee on:

- » Applicable legislation relating to water and sanitation services;
- » Feasibility studies and partnership models of water and sanitation projects;
- » Approval of business plans;
- » Tariff rates and appeals for reduction in water charges;
- » Emergency water and drought programme;
- » Status reports of water and sanitation projects;
- » Provision of water to informal settlements;
- » Water loss programme;
- » Water awareness programmes and community participation, water quality/pollution;
- » Free Basic Services;
- » Development control (servitudes, new/existing development plans);
- » Enforcement of by-laws; and
- » Operation and maintenance plans for water sanitation.



Chaired by: Cllr S G Nyawuza

Finance, Budget Control and Monitoring Committee

The terms of reference of this committee is to advise and make recommendations to the Executive Committee on:

- » The budget and reports on economic issues, statistical information, agreements, financial reports, and reports on economic and policy statements;
- » Increasing public awareness of the budget and Government financial and economic policies, and encouraging informed debate on the budget;
- » Government's policies regarding budget;
- » District Municipality's domestic borrowing policies;
- » Seeking advice from all three spheres of Government, on financial and other budget-related matters;
- » Budget process in terms of legislation, thus ensuring that budgets are based on priorities and realistic income and expenditure;
- » Processes that need to be put in place for formulating and monitoring the budget, throughout its cycle, that will enhance the District Municipality's role in appropriating and overseeing the budget, and make the budget process more responsive to stakeholders;
- » Budget programmes that need to be given special emphasis during budget implementation;
- » Ensuring that the budget of the District Municipality is used as a primary tool for implementing National and Provincial Policies; and
- » Relevant legislation and bills with financial and budget implications.



Chaired by: Cllr N R Bhengu

Planning, Tourism and Economic Development

The terms of reference of this committee is to advise and make recommendations to the Executive Committee on:

- » All applicable legislation relating to tourism, social and economic development, national development programmes, provincial development programmes, trading regulations, investment opportunities, transport, land affairs, electrifications, housing and public works.
- » All aspects of local tourism and economic development;
- » Activities of economic development and tourism;
- » All fiscal and other incentives designed to promote social and economic development.





Chaired by: Cllr V L Ntanza

Corporate Services, Human Resources, Health and Safety

The terms of reference of this committee is to advise and make recommendations to the Executive Committee on:

- » All applicable legislation with regards to labour related matters, employment equity, human resources, occupational health and safety, records management, environmental health, fire fighting services and disaster management;
- » Various policies, strategies and plans in relation to labour relations, staff appointments, monitoring and evaluation of Key Performance Indicators set in respect of human resources or corporate administration;
- » Enforcing all criminal law the municipality is charged with administering;
- » Organisational restructuring;
- » Information and Communication Technology, including e-government;
- » Facilities management;
- » Shared services; and
- » Business improvement.



Chaired by: Cllr SB Cele

Youth Committee

The Terms of Reference of this Committee is to advise and make recommendations to the Executive Committee on:

Terms of reference for the Youth Committee are as follows:

- » Facilitates the formulation of Ugu District Youth Development Policy Framework (UDYDPF), which will serve as the Council guidelines during the co-ordination and implementation of youth development programmes.
- » Monitor the implementation of the proposed policy intervention in the form of youth development programmes.
- » Ensure that youth development is main-streamed by all the departments within Ugu District Municipality.
- » Play a lobbying and advocacy roles for the consideration of youth development interests by other portfolio committees within Council.
- » Ensure that youth development programmes are implemented within the ambits of the Local Government legislative and National Youth Development Policy Frameworks.
- » Draw terms of reference for Local Youth Units and provide guidance on how youth development should be main stream at Local Municipality level.
- » Participate in the formulation of youth development strategy of Ugu District Youth Unit and monitor and evaluate the impact out of strategy implementation.

Below is the statistical report on the attendance of Portfolio Committee Meetings by Councillors.

PORTFOLIO COMMITTEE	MEETINGS SCHEDULED	MEETINGS HELD	% ATTENDANCE
Planning, Tourism and Economic Development Committee	12	07	58%
Water and Sanitation Committee	12	09	75%
Finance, Budget Control and Monitoring Committee	12	06	50%
Corporate Services, Human Resources, Health and Safety Committee	12	08	67%
Youth Committee	04	02	50%

Table 5: Statistical Report on the Attendance of Portfolio Committee Meetings by Councillors.





Performance Highlights and Challenges



Highlights and Challenges

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Water and Sanitation

Performance Highlights

100% restoration of water and sanitation services after the devastation of floods in June 2008 resulting in the saving of lives and prevention of the outbreak of diseases.

Reduction of water and sanitation backlog through 100% expenditure of MIG allocation.

Successful commissioning of South Coast Bulk Pipeline and interconnections to existing system: A water transfer project from Inanda Dam located in EThekweni to the Umdoni Area.

- » Adoption by Council of Business Plans for accelerated backlog alleviation programmes aimed at accelerating service provision to our communities.
- » 33.6 km of pipeline extensions for rural water supply undertaken through voluntary labour by communities under the Masakhane programme; 129 additional free basic water standpipes installed within 200m of people's homes.
- » 98% water quality compliance;
- » 96% debt collection ratio maintained
- » Installation of water borne sewage in Park Rynie; Umdoni Local Municipality
- » Refurbishment of Pennington and Scottburgh Sewage Treatment Works under the DBSA funded programme.
- » Increase of Free Basic water allocation for indigent households from 6K/l to 12k/l per month;
- » Resolution of water quality problems in Harding which has been problematic for the past 10 years
- » 5876 VIP toilets completed for rural sanitation.

The Municipality has embarked on a programme to identify all illegal water connections within the district. Council approved a 30 day amnesty period for consumers who had illegal connections. The 2007/2008 financial year revealed two hundred (200) illegal water connections, and three (3) persons have been successfully convicted.

Level and standard of service

The District continued to provide service in terms of the basic requirements as stipulated by the Department of Water Affairs and Forestry.

The water quality is monitored on a regular basis and results are submitted to Council and DWAF. The water quality achieved was above 98% for all the treatment plants.

To meet future water demands, funding for augmentation of infrastructure for the Bhubhoi water scheme was secured. A R140million loan from Development Bank of SA at an interest rate of 5% was made available for this project which will include a dam, new pump station, new extension to the waterworks and upgrade of pipelines on the lower south coast.

A Non Revenue water master plan was adopted by Council and is to be implemented over a 5 year period from the 2008/2009 financial year. This will see non-revenue water correctly projected and recorded, and as a result reducing our water loss to 20% over the next 5 years.

Identification of illegal connections was intensified over the last 6 months of the financial year to reduce water losses and regularize water connections.



South Coast Bulk Pipeline



Masakhane Sod Turning Ceremony in Umdoni Municipality

Pic to be emailed
Before and after pictures of
water quality in Harding



VIP Toilets

Extended Public Works Programme: Ugu District

Background to the Project:

DWAF, supported and assisted by sanitation role players, has developed and launched a **National Sanitation Programme** that is already showing positive results. The Programme focuses on the eradication of the sanitation backlog in the rural, peri-urban and informal settlement areas by the year 2014. In addition, eradication of the bucket system (currently estimated at about 428 000 households) is to be achieved by 2007.

These targets are to be met through the provision of **two primary deliverables**, namely promotion of sanitation, health and hygiene awareness and the provision of a basic toilet facility. Secondary deliverables necessary to create an appropriate enabling environment for a community-based approach includes training and capacity building elements. Projects will be implemented using a community-based approach. The highest priority will be given to those communities that face the greatest health risk due to inadequate sanitation and who cannot afford to meet their own requirements

Therefore to meet all of the above requirements as set out by DWAF, innovative programmes need to be considered which will accelerate the delivery of sanitation. Our submission to EPWP looks at the innovative sanitation programme currently been rolled out in the UGU District Municipality. The programme allows for a community-based approach. The main focus of this submission is on the manufacturing and supplying of the preferred sanitation technology choice, namely the concrete precast C section toilet.

Site and project details:

UGU District Municipality is currently using the Mark 2 concrete C section toilet. It has the support and approval of the UGU politicians and officials as its preferred sanitation structure for implementation within its rural sanitation programme. UGU PMU has also instructed the Department of Housing to make use of this structure on its Rural Housing Programmes.

It comprises 8 no concrete C sections that are grouted on top of each to form the top structure. A concrete roof slab, vent pipe complete with fly screen, plastic pedestal complete with toilet seat and flap, galvanised steel pivotal door and concrete floor slab are also built into the toilet. The pits are either partially or fully lined.

The programme is registered with the Expanded Public Works Programme, (EPWP) and mentorship and training of the local emerging contractors has been included. The UGU PMU employs its own project officers who provide on site support, check conformance to the contract, quality management, approval of payments and work closely with the community. In addition UGU PMU employs local ISD Consultants who deal with the daily on site social issues and have also brought in the Municipality Environmental Health Practitioners, (EHPs) to carry out the Health and Hygiene education within the community.

A total of 5876 VIP toilets were constructed in 2007/2008 financial year, bringing the backlog to 71 497 toilets. The backlog of the previous year was 77 373 toilets.

Key Challenges

- » Backlog reduction resulting in increased access to basic water and sanitation;
- » Refurbishment of existing urban sewage infrastructure;
- » Expansion of bulk water supply and waterborne sewage systems;
- » Upgrade of existing peri-urban water supply schemes;
- » Upgrade of low cost housing sanitation systems; and
- » Drought mitigation in selected areas.

Constraints

In order to address the challenges and demands placed upon the Municipality, the following constraints need to be overcome:

Power outages and shortages for the efficient operations of water supply systems

- Access to additional capital funding for backlog alleviation;
- Access to softer loans for urban sanitation programmes;
- Access to additional grant funding for urban low cost housing sanitation; and backlog eradication
- Drought relief support for selected areas.

Strategies Developed

- Created a basket of projects within the MIG programme for flexibility in implementation;
- Prepared business plans for water and sanitation augmentation projects;
- Signed MoU with Umgeni Water in implementing strategic projects;

A revised Water Service Development Plan

Non Revenue Water Master Plan

Restructuring of Water Services in terms of the Institutional Plan

Procurement of Standby Generators for critical plants



Who is involved, how many beneficiaries – women/youth/disabled:

EMPLOYMENT OPPORTUNITIES

ITEM	PLANT COMPANY	AREA ESTABLISHED	TOTAL EMPLOYMENT	YOUTH		ADULT		DISABLED	
				M	F	M	F	M	F
1	Dumagude	Ezinqoleni	63	50	1	6	3	2	1
2	Inkanyezi	Hibiscus Coast	33	15	3	9	6	0	0
3	ABSCO/Conloo	Umzumbe	35	20	5	6	4	0	0
4	Ubomi Co-Op.	Umdoni	21	8	7	3	3	0	0
TOTAL			152	93	16	24	16	2	1

Table: 6 Contract No. UGU-02-711-2007, Current employment figures for the pre cast plants per month.

ITEM	EMERGING CONTRACTORS	MUNICIPALITY	TOTAL EMPLOYMENT	YOUTH	TOTAL WOMEN	DISABLED	
				MALE & FEMALE	(INCL YOUTH)	M	F
1	Siphuthule Ozzert & Son	Umziwabantu LM	84	58	22	0	0
2	Zabazethu	Ezinqoleni LM	16	7	5	0	0
3	Danro Kambodi LNY	Hibiscus Coast LM	24	18	8	0	0
4	LNY BP&M Manjongo	Umzumbe LM	86	49	20	0	0
5	Kambodi	Umdoni LM	16	8	4	0	0
6	Qambothi Mtintinya	Vulamehlo LM	34	27	9	0	0
TOTAL			260	167	68	0	0

Table: 7 Contract No. UGU-02=568-2006. Current Local Contractor employment figures for construction of VIPs per month.

WHAT DIFFERENTIATES THIS PROJECT?



The project allows for the full participation of the community in making an informed decisions on the type of toilet they are being provided with. The programme has both the UGU political and officials support on the technology and implementation process. Since the year 2002 when the outbreak of cholera had a devastating impact on households in UGU, no known case of cholera has been reported. Health & Hygiene is provided to each beneficiary through the Provincial Department of Health office and a good working relationship exists between them and UGU.

All employment opportunities are sourced from the project area, including the Emerging Contractors and employees on the Pre Cast yards. The involvement of a BEE majority Women owned Co-Operative has also ensured that previously disadvantaged people and business are involved in the economic mainstream, especially where Government funding is being used.

UGU PMU section is now fully responsible for the implementation of its sanitation programme. This has created savings which would be spent on Consultants and which is now placed back into the programme to build additional toilets.

HOW DOES UGU ENSURE THAT EPWP IS A LIVING THING IN ITS MUNICIPALITY/DEPARTMENT

All new projects are unbundled to see where maximum local employment opportunities can be created. The UGU Municipality has implemented a "Targeted Procurement Policy" which ensures that BEE companies are considered during the tender stage. Labour intensive methods are considered over machine/mechanical methods, with clear motivation from Consultants why Labour Intensive methods cannot be used.

The PMU section also works closely with the UGU Local & Economic Development section and they assist in identifying opportunities that can create local employment.

CHAMPIONING OF THE EPWP IN THE UGU MUNICIPALITY?

The EPWP is championed through the UGU PMU Manager office. Political and Officials are supportive of the EPWP programme and the positive impact it is having on communities who have high unemployment, poverty and HIV/AIDS.

HOW DOES UGU ENSURE BUY-IN OF ALL STAKEHOLDERS, AND ENSURE MOTIVATION TO PURSUE EPWP COMPLIANCE

The EPWP is one of the initiatives agreed to at the Growth and Development Summit (GDS) in June 2003. The EPWP is a GDS programme.

UGU PLAN TO CONTINUE PROMOTING EPWP WITHIN THE MUNICIPALITY AND OUR PLANS TO EXTEND THE WPWP PROGRAMME.

Through its commitment to addressing unemployment with its communities, UGU will continue to identify projects that can be used for labour intensive methods. Branding using the EPWP logo will continue and the training and advising of UGU staff, officials and politicians will continue to ensure support and buy-in. Consultants will also be requested to support the EPWP guidelines and to "think out of the box" by finding innovative ways of creating employment on their projects.

Building a stronger relationship with the EPWP team in KZN and sharing of good practices will continue.

ADVICE FOR OTHER DEPARTMENTS/MUNICIPALITIES ON HOW TO SCALE UP ON EPWP

Sharing of good practices and measuring the impact it has on the communities. Ensuring that "Targeted Procurement" is properly implemented. Developing policy and guidelines to support the inclusion of EPWP on projects Building of commitment within the Municipality staff and other stakeholders

Co-operatives Development Programme

Ugu District Municipality hosted a successful Co-operatives Consultative Conference on 19 to 20 September 2007, attended by approximately one thousand three hundred (1300) members, which endorsed the Ugu District's proposal on interventions that would contribute to viable, sustainable and profitable cooperatives.

Research and assessment on the state of co-operatives in the District has been conducted and areas of intervention have been identified. These interventions are also supported by the lessons that were learned through the exposure to the world renowned cooperatives movement in Canada against which bench marking was conducted. Strategic partners have been identified and current negotiations to formalize the nature and terms of reference of the partnerships are underway.

Both the public and the private sectors are being identified as possible markets for the co-operative to sell their goods and services. Resource mobilization from strategic government departments is underway.

There has been thorough analysis of the value chain of the sectors within which the cooperatives operate. The Cooperatives Development Strategy is expected to be completed by the end of the 1st quarter of the 2008/2009 financial year. The implementation of the strategy will commence in the second quarter of the 2008/2009 financial year for a duration of two years.



Local Economic Development Highlights

Emerging Contractors Development Programme

The Emerging Contractors Development Programme focuses on the incubation of emerging contractors. The programme has twenty six contractors who have their attained their NQF Level 2 qualification in Contract Management. These contractors are benefiting from the targeted procurement process of the Ugu District Municipality. The contractors are consistently mentored through the provision of advice on supply chain management process, contract management, financial management, updating their CIDB information and statutory compliance.

The success of the programme attracted interest in the private sector, resulting in a partnership being established with Cimpor-Natal Portland Cement, who will be funding the programme to the tune of R2,4 million over the next three years.



Ugu representatives in Canada on a study tour on co-operatives.



Ugu agricultural co-operatives.



A project undertaken by the Ugu Emerging contractors

Ugu South Coast Tourism

The Ugu South Coast Tourism was established as a municipal entity, with a mandate of improving tourism marketing of the Ugu District and the continual research and development of new tourism products.

Investment Promotion

Ugu District Municipality has been active in the promotion of the region as an “investor destination of choice”. The district was one of the municipalities that hosted an exhibition in the South African International Trade and Investment Conference.

The District has been working closely with the South African Embassy in Portugal, towards promoting Ugu as an attractive region for investments. The District has hosted different delegations from Portugal, who have shown interest in different investment opportunities ranging from the manufacturing to tourism.

2010 World Cup Base Camp

Ugu District Municipality has been active in promoting the area as a base camp for the 2010 World Cup. The hospitality industry has responded very well in registering their accommodation capacity with the FIFA Accommodation Agent, MATCH AG. The South Coast was one of the first destinations in KwaZulu-Natal to be awarded a satellite accommodation status by MATCH AG. This status is awarded to the areas that are not host cities of the 2010 FIFA World Cup, but that have over 1000 beds registered with FIFA.

Ugu Sports and Leisure Centre

Ugu has planned a high performance sports development facility that is aimed at producing elite athletes from the Ugu region and nurturing that talent to national and international levels.

Its design makes it conducive for use as a national team base camp during the 2010 World Cup Finals as well as a training venue for professional teams and athletes who require world class practice facilities.

The development is supported by the National Minister of Sport & Recreation who views the project as a model that can be replicated throughout the country, utilising sport as a vehicle to address the social issues that affect the youth of South Africa.

Situated on 340 hectares, the facility offers unique opportunities for Ugu to develop long term strategic partnerships with both local and international sporting and business communities. As such it is being developed with the support of the KwaZulu-Natal Department of Finance & Economic Development and has been integrated into the tourism and leisure development programme of the Ugu District Municipality.

Establishment of “Women in Business” Office

The Local Economic Development Unit of Ugu has embraced the women mainstreaming programme as a priority area for the district. The district has established a “Women In Business Office” with a full-time coordinator who is responsible to support women entrepreneurs by lobbying, disseminating information and providing business support and capacity building. This office is managed jointly with the KwaZulu-Natal Department of Economic Development.

Land Banking Strategy

Ugu District Municipality appreciates that in order to influence economic development and transformation, land is a critical pillar of the land banking strategy. To this end, the District has acquired strategic pockets of land for use in economic development initiatives. Such land will be used to entice investors to the district, promote black ownership of land and in the long term will generate additional revenue for the District.



Ugu Sports and Leisure Centre site



Ugu Fresh Produce Market



Operational Ugu Fresh Produce Market

Ugu Fresh Produce Market Business Plan has been reviewed in order to adapt to the prevailing market environment and also to address the method of trade. Well respected Market Agents are being recruited to run the market.

One of the strategic components of the market, the Emerging Farmers Pack House is being built through funding from the European Union – Gijima KZN LED Funds.

Mayoral Programmes

Partnerships

As part of the ongoing commitment to forging strong and progressive partnerships with key stakeholders in the delivery of services and development, the municipality entered into an agreement with Mpumalanga's Gert Sibande District Municipality. The agreement is meant to stimulate co-operation between the two municipalities in areas of service delivery particularly in terms of water provision.

Gert Sibande District is home to the country's largest power station, supplying power to a sizable portion of the country. It also harbours one of the world's largest oil refineries, SASOL. The Mayor led a 14 member delegation to Mpumalanga to sign the partnership agreement



Cllr SB Cele (Mayor) signing a partnership agreement with Gert Sibande DM

School Water Conservation Campaign

Realising the challenges associated with the provision of clean potable water, the Mayor led several awareness campaigns targeting schools, where primary school learners are educated on the importance of using water sparingly. These campaigns targeted primary schools across the municipality. A special song was produced for the campaign as well as a street theatre production using local artists.



School Water Conservation Campaign

Mayoral Sanitation Programme

Noting that 40% of the Ugu population is without basic sanitation services, the Mayor championed a programme of accelerated sanitation services provision, where targeted areas were prioritized. Sod turning ceremonies were conducted in these areas followed by fast tracked implementation of the sanitation project.

Monyetla Work Readiness Programme

As part of the intergrated response to skills development, particularly amongst the youth, 20 young people from across the six local municipalities participated in a pilot, Business Trust funded project called "Monyetla Work Readiness Programme". The 20 learners who participated received Contact Center training pitched at NQF Level 2, on the job training and a further 6 months placement after their training was completed. The programme was highly successful and currently the municipality is awaiting conformation on its participation when the programme is officially rolled out.

SALGA KZN Games 2007

The municipality successfully hosted the 9th SALGA KZN Games in December 2007. Over 4000 participants took part in 13 sporting codes over a period of 4 days. The games were played at 5 venues within the Hibiscus Coast municipal area of the district.

This spectacular event that draws over 10 000 spectators has produced some of the best sportsmen and women who have proceeded to represent this province and country at major national and international events. Under the theme "Salga KZN Games- The training ground for future sports heroes", the municipality managed to deliver a games extravaganza.



Ugu team at SALGA Games

HIV, AIDS AND SPECIAL PROGRAMMES UNIT

HIV/ AIDS PROGRAMME PICTURE

The year under review had been exceptionally successful, particularly for human development and capacity building issues. The increase in civil society participation and collaboration with sector departments is a noteworthy achievement.



Launch of the Umdoni AIDS Council

Based in the Mayorality Office, the unit plays a pivotal role, not only in facilitating a coordinated response for programmes for vulnerable groups, but in creating an enabling environment for implementing role players. The district has attracted local and international networks, with the district highly recognised as a central player for support.

The unit provides an instrumental opportunity in facilitating mainstreaming, aimed at alleviating the impact of HIV and AIDS and vulnerable groups, through collaborative efforts with local government, government departments, and a network of civil society organizations and the community.

Key Focus Programmes

- HIV & AIDS
- Women
- Disabilities
- Rights of the Child
- Senior Citizens
- Farm Workers

Highlights and latest developments

HIV/ AIDS

Highlights and latest developments include the following:

Development of the District HIV & AIDS Strategy 2007-2011. The strategy is our attempt at achieving this desired state of cooperation, the same cooperation we called for during the State of the District Address delivered in March 2007. The strategies contained herein are based on the national as well as the provincial response framework, meant to achieve the targets as set out by the comprehensive national strategy.

Visible political and top management support in programmes for vulnerable groups, with political champions assigned to each programme. The District AIDS Council is chaired by the District Mayor.

Terms of Reference and conceptual understanding.

Integrated planning, collaboration and shared responsibility for programmes of action with programmes of action and key implementing sectors participating.

Participation and active involvement in the Provincial and National Programmes of action.

Standardised, regular reporting systems in place.

Visible ongoing support and collaboration to provide for resources for destitute families. Of significance, was the special donation of R60 000.00 from an anonymous donor, the provision of school uniforms to 300 learners, sponsoring of 9 houses to destitute families, and provision of basic needs to orphaned and vulnerable children.



Programme for Senior Citizens

The programme of Senior Citizens, as pioneered by Rev Dr Mgojo, who is also the Chairperson of the KZN Provincial Senior Citizens forum has made significant progress. The first strategic planning workshop was held in 2007, with a result of a Forum being launched on 13 November 2007.

Gender, People with Disabilities and Rights of the Child

Coordinating forums in place

Participatory planning and implementation

Ongoing capacity building , skills development ,lobbying and advocacy for employment opportunities for People with Disabilities

A strategic planning workshop for the Programme on the Rights of the Child held in February 2008.The district was also honoured to host a Provincial event to commemorate the International Day on the Child on 01 June 2008



The lauch of the Senior Citizens Forum

Challenges

The unit is working tirelessly and doing remarkable work. However, the efforts of many role players may not yet have shown significant visible impact on the challenges facing vulnerable groups .Some of the challenges are attributed to the following:

Through the overwhelming spread of HIV and AIDS developmental work is not always visible, especially when targeting vulnerable communities where poverty and capacity levels are limited. This is due to the erosion of the traditional safety net of the extended family and the death of many parents as a result of AIDS related conditions who leave orphaned children in dire circumstances.

Lack of baseline information

Measuring and mitigating the impact of HIV and AIDS

Effective coordination especially due to human resource limitations

Capacity constraints experienced by the civil society organization.

Proposed Interventions

To intensify mainstreaming of programmes in all sector departments as well as municipal departments.

Community based research initiatives.

Corporate Strategy and Shared Services

Shared Services

Overview

The implementation of shared services fulfils the legislative mandate of the District Municipality to support Local Municipalities, especially the low capacity municipalities.

The following shared services were implemented successfully:

Internal audit

Provision of shared internal audit services between the Ugu District and Local Municipalities.

Actual Performance

The 2007/2008 year was the first year wherein the Internal Audit Section operated without the use of a co-sourced partner. With limited capacity within the year, the Internal Audit Section completed a total of forty three (43) assignments. At the end of the last quarter of the 2007/2008 year, approximately eighty five percent (85%) of the approved annual internal audit plan had been completed.

Highlights

The Internal Audit Section was resourced with three (3) staff members.

With limited internal audit personnel, the Internal Audit Section successfully completed and reported on all audit assignments as per the approved annual plan for the Vulamehlo and Umuziwabantu Local Municipalities.

Challenges

During the 2007/2008 year, the Internal Audit Section lost its manager in a tragic accident. With the loss of a manager, three new staff members and no co-sourced partner, the Internal Audit Section faced the challenge of completing the approved annual audit plan for five (5) municipalities whilst being severely incapacitated.

Emergency Services

Overview

Ugu District Municipality took a resolution to support its two local municipalities, Umdoni and Vulamehlo in establishing emergency shared services.

Actual Performance

A grant of R1, 6 million was allocated to Umdoni Municipality to assist in the establishment of an emergency shared service with the Umzumbe and Vulamehlo Municipalities. The three Municipalities are in the process of acquiring fire fighting equipment.

A Technical Committee headed by the General Manager Community Services of Umdoni Municipality was established to deal with planning and financial issues.

Highlights

Increasing staff capacity for fire fighting;

Acquiring of fire fighting equipment such as skid units.

Challenges

Whilst the Service Level Agreements between Umdoni and Ugu District has been concluded, the Service Level Agreement which ought to be concluded between Vulamehlo and Umzumbe and Umdoni has not yet been finalized. Umzumbe Municipality is too vast to be covered by Umdoni shared service.

Project Management Unit

Overview

Most of the local municipalities within the district are classified as low capacity and hence they face challenges in implementing MIG funded projects.

Actual Performance

Ugu District Municipality, Umzumbe and Umuziwabantu Municipalities contributed to the success of a PMU shared service.

Environmental Services

Environmental Health

Health Education

An annual health and hygiene calendar had been observed and celebrated through educational programmes designed for communities and schools. Environmental Health Services also designed an in-house education product depicting pollution of water resources and the importance of basic service delivery as a means of preventing water pollution.

DATE	CONTRACT NO.	DESCRIPTION
11.09.2007	UGU-02-706-2007	Construction of new Dweshula Creche
	UGU-02-731-2007	Construction of Qoloqolo skills centre
10.12.2007	UGU-02-755-2007	Construction of Qwabe P Sports Complex
22.02.2008	UGU-02-789-2007	Construction of new multi purpose community centre
22.02.2008	UGU-02-806-2007	Construction of Msikazi access bridge in Umzumbe municipal area
22.02.2008	UGU-02-800-2007	Construction of Dumeka Access road in Umzumbe municipal area
01.04.2008	UGU-02-792-2007	Construction of Qwabe ward 5 community centre
15.04.2008	UGU-02-805-2008	Construction of Thoyi access bridge in Umzumbe municipal area
07.05.2008	UGU-02-799-2007	Construction of a new ward 8 community service centre

Table: 8 Projects Implemented under the Shared PMU Services with Umzumbe Municipality

Highlights

The Ugu PMU Shared Service was acknowledged by the DPLG as a best practice to be emulated by other districts. Consequently DPLG raised awareness and promoted the shared services concept to be considered by other municipalities as a service delivery model. Targeted municipalities for this option were:

Municipalities receiving MIG Funding for the first time but lacking capacity to establish their own PMUs

municipalities not receiving sufficient funds to manage a PMU.

municipalities that lack technical skills.

The registration and implementation of MIG projects was expedited, with staff capacitated to implement future MIG projects with minimal intervention from the district.

Challenges

Roles and responsibilities of parties to the shared services agreement were not clearly defined, for example, funding not being transferred from local municipalities to the District before the implementation of the projects accordingly resulting in the District having to first pay contractors and only then claiming from the respective local municipality. This was resolved through the conclusion of the shared services agreement



Food Control

Environmental Health Services (EHS) successfully conducted Informal Food Traders and Caterers workshops, to ensure that the food that is consumed by the public is hazard-free and contamination-free. The workshop revolved around the education of the origins of food (food handlers), inspecting sources and preparation points to ensure compliance to health and hygiene standards.

Air Quality Management

Two practitioners are running an Ambient Air Quality Monitoring Station located at Marburg Secondary School in Port Shepstone.

The registration of premises for fuel burning appliances has been initiated with the expected outcome of same, being licensed premises within the 2008/2009 and 2009/2010 financial years.

Air quality screening study was conducted in response to complaints that were assumed to be related to air quality problems in the Park Rynie area. The study was also extended to Port Shepstone with the aim of establishing a baseline of air quality within Ugu now and in the subsequent years that may be marked by development which may alter air quality in future.

Environmental management

Environmental Education, Awareness and Training

Through the Ugu Environmental Task Team (a partnership between the Ugu family of municipalities, sector departments and public entities), the district excelled in educating the Ugu public and schools on environmental management and sustainability. The programme was extended to the Community Development Workers (CDWs), who are in direct contact with the communities, and was commended by the Department of Local Government and Traditional as the first of its kind in KZN. In the event of same being successful, it would be replicated in other districts within the province. The CDWs are a communication channel between the task team and the communities, thereby easily extending the capacity building programmes through them. This is a direct implementation of Local Agenda 21 principle.

Integrated Coastal Zone Management

The Ugu Coastal Working Group (UCWG) is an advisory body to the municipality, established by all coastal municipalities of South Africa. It advises on coastal management issues from social, scientific, economic and environmental perspectives informing the municipality's strategic planning towards coastal management and development. The working group has received significant support from government departments, conservancies, individuals, NGOs, South Coast Chamber of Business, Umgeni Water, Wildlife and Environmental Society of Southern Africa (WESSA), Ezemvelo KZN Wildlife and so on.

The "Working for the Coast" project to the value of R10m over a three (3) year period, funded by the Department of Environmental Affairs and Tourism (DEAT), has been approved. The project consists of, amongst others, dune rehabilitation, beach clean-up, clearing of alien invasives around estuarine environments, from Scottburgh to Port Edward. The project provides employment to local communities, using the specifications of the Expanded Public Work Programme.

The planning stage has been completed and implementation is expected to commence in the 2008/09 financial year.

VULAMEHLO DATA CAPTURING PROJECT

The objective of the data capturing project was to ensure well detailed infrastructure information for all local municipalities. The project is aligned with the TECL (Towards the Elimination of the worst forms of Child Labour) Water Programme. The water prioritisation model is aimed at achieving DWAF's target of ensuring that all people in South Africa will have basic water services within 200m of their household by 2008. The project aims at ensuring the availability of data and to enable service delivery implementation throughout the district. It was decided that the project should be rolled out in all local municipalities.

The data that is captured includes all above ground water services infrastructure i.e. reservoirs, taps/standpipes, valves, boreholes, protected springs etc.

Project scope

NO. OF FACILITIES CAPTURED: WEEKS 1-3	
CAPTURE DATA	TOTAL NO. OF FEATURES CAPTURED PER TYPE
Administration Centre	3
Borehole	15
Business	52
Community Hall	3
Creche	2
Water Devices	37
Health Facility	5
Low Level Bridge	2
Non Permanent Pension Paypoint	1
Place Of Worship	47
Postal Services	6
Projects	12
Pump	1
Reticulation	61
Sports and Recreation	11
Spring	19
Stand Pipe	194
Telecommunication	6
Surface Water Abstraction	9
Water Storage	37
TOTAL	523

Table:9 Types of Facilities Captured from Week 1-3

Corporate Strategy

Batho Pele Overview

Batho Pele is an initiative that aims to promote a culture of service orientation, service excellence and continuous service delivery improvement. It ensures municipal accountability to the communities for the level of service delivery.

Actual Performance

The Batho Pele Change Management Engagement Programme (BPCMEP) has been cascaded to all employees using co-ordinated training. Since the training, the understanding of Batho Pele has increased, and the buy-in from all employees at all levels was achieved. In order to strengthen the revitalization strategy, two flagship projects were successfully implemented; viz, "Know your Rights Campaign" and "Municipal Service Week".

A Service Delivery Improvement Plan was developed, implemented and reviewed, showing tangible evidence of the success of the Programme. The municipality also enhanced the complaints handling mechanism and enforced the Belief Set, "We Care, We Belong, We Serve", through the wearing of name badges by all staff and the branding of door plates.

Highlights

Ugu District Municipality is currently being showcased by the Office of the Premier as a best practice model for all ten districts in KZN in the implementation of the programme. Nine districts have agreed to use the Ugu's Batho Pele implementation plan as a benchmark.

Mpumalanga and Northern Cape Provinces have also benchmarked their implementation of Batho Pele against Ugu District Municipality as the best practice. Ugu was invited to showcase in these provinces and received resounding accolades from both Department of Public Service and Administration (DPSA) and their Offices of the Premier.

Ugu has developed a credible Service Charter with the objective of communicating services and service standards to all citizens. However, the Charter is yet to be launched.

When DPSA rolled out Phase 2 of the Batho Pele Programme, Ugu was voted as one of the four municipalities in the country which showed evidence of the implementation of the programme.

Consequently Ugu District Municipality will be used as a case study and benchmark for all other municipalities in South Africa.

Challenges

Resistance to change by all

Human resource constraints.

Leadership buy-in with respect to Batho Pele flagship projects like the "Know your Rights" Campaign and Municipal Service Week.

Buy-in by and roll-out to the staff

Risk Management Overview

Risk management constitutes the convergence of various activities undertaken by the municipality to obtain a thorough understanding of its exposure to risks, followed by the management of such risks in a manner that improves the municipality's overall

ability to achieve its objectives.

Actual Performance

The municipality established a Risk Management Committee, developed a Risk Management Policy & Charter, and appointed a Risk Management Officer.

Highlights

A Risk Register has been developed which includes Disaster and Occupational Health and Safety risks

Challenges

Risk register

Lack of buy-in from some managers

The OHS and Disaster risks are documented in a format different from the Risk Register recommended by National Treasury which makes it hard to integrate these risks into one register.

Risk Management Committee

The RMC is effective and it meets every quarter

Integration on RM in daily activities

There is lack of Risk Management awareness within the organisation since it is a new function. RM awareness campaigns have been scheduled for each quarter.

Disaster Management

RISK REDUCTION PLANNING

Funding

Support from the Department of Local Government and Traditional Affairs resulted in the sum of R700, 000 being made available as a Provincial Grant for the financial year 2007 – 2008 for the Risk Reduction Planning project.

1.2 Stakeholders and Community Participation

This exercise requires the full participation of the Sector departments. Participation by sector departments has been secured as the sector departments are members of the Disaster Management Joint Operations Command (JOC), which was set up during the 17 June 2008 Coastal Floods disaster and has continued to operate as the platform for practitioners across government departments and NGOs involved in environmental management, health, emergency and medical services as well as welfare

1.3 Skills Transfer and Training

Provision has been made for training as part of the project; this is part of the phases that will be implemented in the next financial year.

Provision has been made for the training of unemployed graduates in the fields of environment, planning, engineering to work with the Consultants in Disaster Management as part of skills development of the youth in the scarce skill of planning.



Extension of Communications in the District

An agreement was entered into with SANDF for the municipality to have the use of the Near Radio System which was previously used for Civil Defense The system was installed in the Disaster Control Room.

A Task Team has been established to develop a District Communication Strategy.

EMERGENCY SERVICES

A Policy document and Incident Management Protocol has been developed and is in the process of being approved.

FACILITATE FIRE FIGHTING

Training on Fire Fighting

A training program had been conducted and basic assessments were done with 232 people from Ezinqoleni, Hibiscus Coast and Umuziwabantu being trained on Fire Fighting Awareness. It is envisaged that Basic Fire Fighting training will follow.

Fire Study

A Fire study was undertaken as part of the Disaster Risk Reduction planning. A Draft Fire Study Report was submitted to each local municipality within the District.

5.1 Committee Fire Fighting Teams

Volunteers were identified, recruited and trained on fire fighting. Upon training they were deployed to their respective local municipalities to form community fire fighting teams. To date basic fire fighting as the first phase of our disaster management training is being undertaken in conjunction with Local Municipalities.

MAJOR INCIDENTS

WAVE DISASTER

The Wave Disaster of March 2007 damaged beaches which resulted in damage to the value of R111.7 million rand.

Funds

Funds were provided by National Treasury in March 2008 to assist in effecting repairs. These funds were not sufficient to meet the full cost of R111.7 million requested. There was a shortfall in funding amounts to R48 126,066

The following sums have been allocated

	Receive	Original Claim
HCM	32 946, 559	74 539, 114
Umdoni	27 075, 500	31 829, 085
UGU	<u>3 607, 000</u>	<u>5 387, 783</u>
	<u>63 629,059</u>	<u>111,755,125</u>

Challenges

Major delays in undertaking repairs are attributed to the limited access to funding.

COASTAL FLOODS DISASTER

A heavy rain storm, accompanied by gale force winds on 18 June 2008 resulted in unprecedented flooding claiming the lives of 13 people and leaving many families destitute. Of the six local municipalities within the district, five of them were severely affected. The Ugu District Disaster Management Centre was activated and all emergency services were advised of the emergency situation.

The Municipal Council, on considering information provided by the Ugu Disaster Management Centre, declared the district as an area of Disaster.

There were 13 fatalities. number of bodies were only recovered days after the storm. Some were buried in the mass funeral conducted with the support of Province, while other families preferred to bury their deceased, but were also assisted by the Municipalities.

Challenges

Insufficient funding in the following categories of Disaster Management: Emergency Relief, Capacity Building, Public Awareness, Training, Risk Reduction, Policy and Compliance, Information, Communication and Detection Systems. Inadequate human resources at a local municipality level.



Performance and Recognition Awards

The Municipality won the following performance and recognition awards during the year under review:

Vuna Awards

The Vuna Awards are an initiative of the Department of Provincial and Local Government (DPLG) in Partnership with the Development Bank of Southern Africa (DBSA), the National Productivity Institute (NPI) and the South African Local Government Association (SALGA) to seek out those municipalities who exercise innovation and excellence in fulfilling their service delivery mandate.

The competition comprises of two legs, namely the provincial and national awards.



Provincial Vuna Awards

For the third consecutive years Ugu District Municipality once again, walked away with the coveted award of the “Best District Municipality” award in the provincial leg of the competition. Ugu also scooped the following four Key Performance Area awards:

LED,
Institutional Development and Transformation,
Good Governance, and
Financial Viability.

The awards were accompanied by prize money of R750 000.

National Vuna Awards

In the national competition, Ugu District Municipality attained the second place in the “Best District Municipality” award, nationwide.

This achievement confirmed the commitment of all employees and the leadership towards a common vision of providing a quality service to all our customers and the general public.

- Financial Viability.
- Good Governance and Community Participation.
- Institutional Transformation. and developments – Award for the most accurately provided data for the 2008 benchmarking.

National Benchmarking Initiative for the Water Services Authority

At the KZN Provincial Awards Recognition Programme held in February 2008, Ugu District Municipality won two awards viz:

A Department of Water Affairs and Forestry Award as part of the National Benchmarking Initiative- Most Complete Data 2006/2007

The Best Project in the- Expanded Public Works Programme for 2008 (The project being the construction of VIP Toilets)





Human Resource and Other Organisational Management



Human Resource and Other

Organisational Management

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Human Resource and Other Organisational Management

Organisational Structure

Administration

The administration of the Municipality is headed by the Municipal Manager. The municipality has four administrative departments, each being headed by a General Manager. In addition, the Deputy Municipal Manager within the Office of the Municipal Manager is responsible for the efficient and effective

Office of the Municipal Manager

The Office of the Municipal Manager is responsible for the following functions: Development Planning; Strategy and Shared Services; Internal Audit; Mayoralty and Communication; Legal Services; Environmental Services, Youth Development; HIV, AIDS and Special Programmes.

Development Planning – responsible for the implementation of the Municipality's Performance Management System as aligned to the Integrated Development Plan (IDP), and to monitor and report on progress and implementation thereof.

Strategy and Shared Services – responsible for the facilitation of strategic fora among the family of municipalities within the district, some through the implementation of shared services; also ensures the management of enterprise-wide risk, Service Excellence and performance management.

Internal Audit – provision of internal audit services to the Municipality as well as coordination of the implementation of the internal audit service as a shared service within the District. The section also

facilitates the external audit services required by the Municipality.

Mayoralty and Communications – co-ordination of Mayoral executive support, corporate communications and events and general marketing and maintenance of the profile of the Municipality. This section also acts as the vehicle for the realization of intergovernmental and co-operative governance structures and events.

Legal Services – Co-ordination of legal research towards ensuring legal compliance, contract management and associated advisory services.

Environmental Services – Coordination and implementation of environmental management and environmental health services.

Youth Development – responsible for institutionalisation and mainstreaming of Youth Development within Ugu District Municipality

Special Programmes – Advocacy and lobbying for the development of and mainstreaming of issues which affect the following vulnerable groups: Senior Citizens, People with Disabilities, Women, or Farmworkers.

HIV, AIDS – Aggressive lobbying for the support, assistance and development of people living with and/or affected by HIV and/or AIDS, as well as Children, who are either directly or indirectly affected by the epidemic as a result of their very vulnerable status or through being orphaned by the disease.

Organisational Structure



Municipal Manager:
Mr L. Mahlaka



GM Corporate Services:
Ms VJF Mbelani



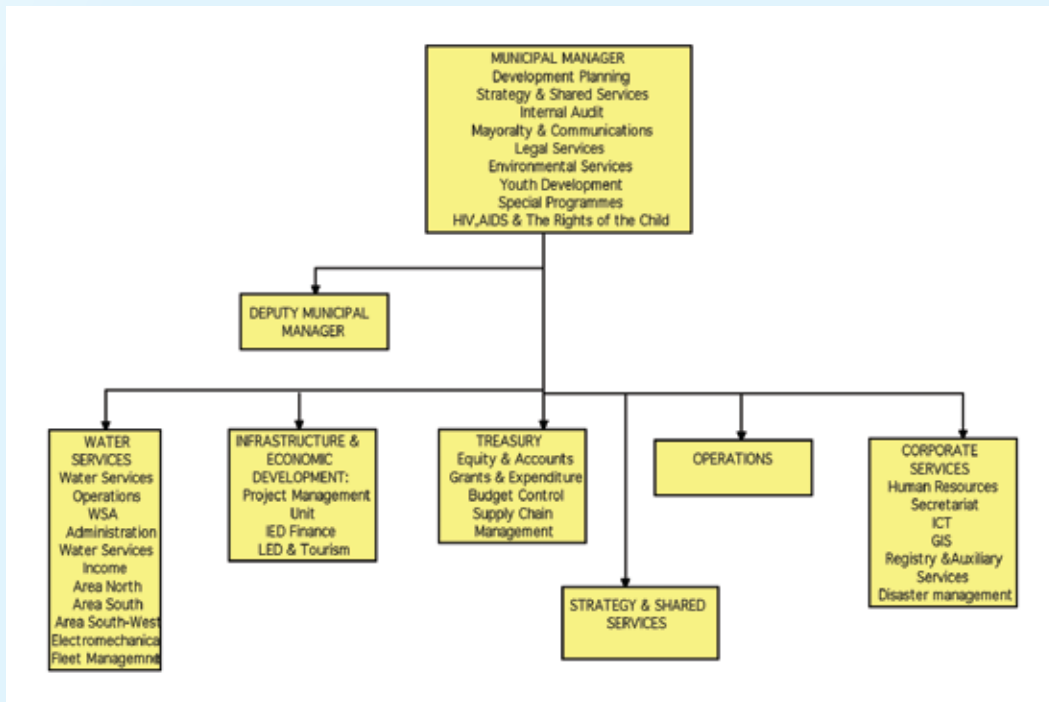
GM Treasury:
Mr V Hukum



GM IED:
Mr MB Mnyandu



GM Water Services:
Mr M Pawandiwa



Departments

The Municipality has the following four departments:



Corporate Services Department

The Corporate Services Department, headed by the General Manager: Corporate Services includes: Human Resources, Secretariat, Information & Communication Technology (ICT), Geographic Information Systems (GIS), Registry & Auxiliary Services, and Disaster Management.

The following are the functional areas of the sections within the Department:

Human Resources – Co-ordination of sound Labour Relations, Human Resources Management and Recruitment strategies, Employee Wellness, Organisational Development and Occupational Health & Safety.

Secretariat – Co-ordination of secretariat support to Council and its Committees.

ICT – Ensuring the efficient implementation of information managementsystems; implementation and maintenance of application systems; implementation of Enterprise Resource Planning; hardware and software maintenance; information systems security; and general coordination of management of ICT systems.

GIS – Coordinates the placing socio-economic and developmental information in a spatial context. This assists the political leadership and management in decision making and service delivery implementation planning. Spatial analysis as well as spatial modeling is also done.

Registry and Auxiliary Services – Records management, registry management, facilities management, security management, telecommunications and building maintenance.

Disaster Management – Co-ordination of the prevention, mitigation and management of disasters.



Treasury Department

The Treasury Department includes: Equity & Accounts, Grants & Expenditure, Budget Control and Supply Chain Management.

Equity and Accounts – Asset management, loans, insurance & investments and cash collection.

Grants and Expenditure – Co-ordination of accounts payable, payroll and management of grants received.

Budget Control – Preparation of budget, financial forecasting and preparation of financial statements.

Supply Chain Management – Co-ordination of procurement of goods and services and management of the supplier database and procurement contracts. Infrastructure and Economic Development Department

Infrastructure and Economic Development

(IED) is made up of the following sections: Project Management Unit, IED Finance, and LED & Tourism.

Project Management Unit (PMU) – Implementation of MIG funded projects such as water, sanitation and community facilities.

Infrastructure and Economic Development Finance – Responsible for the management of the budgets for the MIG grant, as well as all other departmental grants and funding.

LED & Tourism – Facilitating and co-ordinating activities and programmes that would yield shared economic growth and extensive marketing of the district.





Water Services Department

The following are the sections which make up the Water Services Department: Water Services Operations, Water Services Authority (WSA) & Administration, Water Services Income and Fleet Management.

Water Services Operations – Management of all technical operations (water and sanitation) within the various areas covering the district.

Water Services Authority & Administration – Responsible for the implementation of Water Services Development Plan, water services provision legislation and by-laws, legislative prescripts of the department and management of organizational administration procedures, inclusive of the financial management of the department.

Water Services Income – Billing of residential and industrial consumers, collection of debt, as well as the coordination of indigent support and provision of contact centre facilities and systems which are derived from Batho Pele principles.

Fleet Management – Ensure that the organisation adequately supports service delivery through the provision and management of a safe and efficient fleet.

Human Resource and other Organisational

Management

Staffing Information

The municipality currently has 759 staff members employed, with a 186 vacant posts as illustrates in the table below:

FUNCTION	NO. OF STAFF	NO. OF VACANCIES
Municipal Manager's	37	15
Corporate Services	46	7
Treasury	45	11
Infrastructure & Economic Development	31	14
Water Services	600	139
Total	759	186

Table 10: Approved Posts

The following policies and by-laws were developed and some reviewed during the 2007/2008 financial year:

- » Fraud Prevention Strategy
- » Information Communications and Technology (ICT) Strategy
- » Risk Management Policy
- » E-mail & Internet Policy
- » Revised Indigent Policy
- » Ugu Fresh Produce Market By-Law
- » Credit Control Policy
- » Water Services Tariff Policy
- » Agenda Delivery

The following are the medical aid schemes in operation in the Municipality:

- » KeyHealth
- » Bonitas
- » Hosmed
- » LA Health
- » Samwumed
- » The following are pension fund schemes in existence in the Municipality:
- » Natal Joint Municipal Pension/Provident Funds (NJMPF)
- » Government Employees Pension Fund (GEPPF)
- » Municipal Councillors Pension Fund (MCPF).



Human Resource Profile

The following table provides staffing information:

CATEGORY	REGION DEMOGRAPHICS	TOP MANAGEMENT			SENIOR MANAGEMENT			MIDDLE MANAGEMENT			JUNIOR MANAGEMENT			GENERAL WORKERS		
		0-1			2-3			4-6			7-12			13-18		
		Exist	Ideal	DIFF	Exist	Ideal	DIFF	Exist	Ideal	DIFF	Exist	Ideal	DIFF	Exist	Ideal	DIFF
African Males	40.2	3	2.01	-0.99	7	9.248	2.248	26	26.542	2.542	91	94.47	3.47	366	178.69	-187.11
African Females	49.1	1	2.455	1.455	6	11.293	5.293	23	34.851	11.661	67	115.365	48.365	63	218.495	155.495
Coloured Males	0.4	0	0.02	0.02	0	0.092	0.092	0	0.284	0.284	6	0.94	-5.06	1	1.78	0.78
Coloured Females	0.4	0	0.02	0.02	0	0.092	0.092	2	0.294	-1.716	3	0.94	-2.06	1	1.78	0.78
Indian Males	2.0	1	0.1	-0.9	1	0.46	-0.54	6	1.42	-4.58	28	4.7	-24.3	13	8.9	-4.1
Indian Females	2.1	0	0.105	0.105	1	0.483	-0.517	1	1.491	0.491	4	4.935	0.935	0	9.345	9.345
White Males	2.5	0	0.125	0.125	7	0.575	-6.425	9	1.775	-7.225	21	5.875	-15.125	1	11.125	10.125
White Females	2.7	0	0.135	0.135	1	0.621	-0.379	4	1.917	-2.083	14	6.345	-7.655	0	12.015	12.015
Other Males	0.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0.732	0
Other Females	0.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0.189	0
TOTAL	100	5	4.97	-0.93	23	22.862	-8.138	71	70.574	-8.426	235	233.59	-1.41	445	443.251	-2.47

Table 11: Employment Equity Statistics

A total of 452 employees received training in the 2006/2007 financial year at a cost of R810 000.

Technical:

Internally Focused

- » ICT Training
- » Best Microbiological Practices
- » Water Quality Management & Effluent Treatment
- » Strategic Planning for Sustainable Human Settlements
- » RPL for Plumbers

The RPL project was aimed at recognizing the skills and expertise of the Plumbers in the employ of the municipality with a view to training them in order to attain an accredited qualification; as well as addressing

the critical and scarce technical skills as have been identified nationally. 41 Plumbers have been identified to undergo the assessment and training at the end of which they would receive a qualification.

Externally focused

Monyetla Contact Centre Skills (Work Readiness) Programme:

The municipality opened its doors to serve as a workplace provider over a period of six (6) months for 20 unemployed learners who participated in the said project. All learners were afforded an opportunity of six months employment after the end of the programme.

Civil Engineering Internship

The municipality served as a workplace provider for 11 Civil Engineering students who required experiential training for their qualification. All the students are now gainfully employed.

Administrative:

Internally Focused

- » The ABET programme has been revisited and re-launched in partnership with Department of Education – Centres have been established at Port Shepstone and Harding where DoE officials conduct classes.
- » isiZulu for non-isiZulu speakers. 63 staff members were registered for this course.
- » Orientation Programme for 82 newly employed staff members
- » Report-Writing, Minute Taking, Speed Typing
- » HIV/AIDS Integrated Solutions
- » Implications of the Law of Contracts on Municipalities
- » Management Frameworks for excellence in workers' compensation, health & safety
- » Disciplinary Skills Training
- » Project Management

FIELD OF STUDY	NO. OF AWARDEES	VALUE
Finance	15	R74 470
Water	9	R31 262
Development Studies	1	R2 970
Local Government	1	R14 300
Public Management	3	R16 740
Civil Engineering	3	R11 505
Public Relations	3	R 15 430
Health Studies	5	R17 280
Real Estate	1	R6 295
Administration	1	R3 140
IQS CIS Management Programme	1	R6 320
Project Management	1	R6 300
IT Management	1	R4 715
Business Administration	1	R17 000
HR Management	1	R7 860
LLB	1	R2 250

Table:12 Bursaries Awarded to Staff Members

Externally focused

Careers Exhibition

The project emanated from the influx of young people to the municipality who are desperate for financial assistance and bursaries. Many of these youth have completed their schooling, are unemployed but are willing to pursue a career.

Objectives:

- » To disseminate information on tertiary studies, requirements and possible financial aid to all youth in the community
- » To assist the youth in exploring alternative measures in accessing tertiary education and technical college routes.
- » To motivate young people for their best performance at high school levels in preparation for further and higher education levels and accessing scholarships and bursaries.
- » To provide young people with an opportunity to meet with representatives of various institutions of further and higher education, SETAs and financial providers.
- » To assist learners with subject choice for career development
- » To set up tertiary support systems for Ugu students in tertiary institutions.

Various local, provincial and national institutions were invited to show-case youth development opportunities in their respective sectors.

The Careers Exhibition Day was attended by ±3000 school-going young people from 123 local high schools (Grades 11 and 12) and ±500 unemployed matriculated young people. Six (6) learners received financial aid to a value of R 60,000.00 to register with various Universities.

Internship Programme

The Municipality embarked on an aggressive internship programme, with a view to providing qualified, unemployed graduates with practical experience in order that they be employable.

The distribution of interns was as follows:

AREA OF FOCUS	NUMBER OF INTERNS
Registry Management Services	8
Financial Management	3
Human Resources Management	5
GIS	4
ICT	1
LED	2
Contact Centre Operations	6
Office Administration	4

Table: 13 Distribution of Interns

Section 57 & Council

- » Skills Audit conducted for Section 57 Managers
- » Certificate Programme in Management Development & Municipal Finance Development Programme – Towards achieving the minimum competency levels of as promulgated by the Ministers of Treasury and Provincial & Local Government – Section 57 employees, Treasury officials and Councillors are registered
- » The provisions of the MFMA and DPLG Regulations on Performance Management stipulate that Performance Evaluation Panels need to be set up to conduct performance assessments of municipalities and S57 staff in municipalities. This training was targeted at S57 staff and EXCO members of the entire family of municipalities



- » Supply Chain Management & Bid Committee - Local Municipalities also participated in this training. The participants included Senior and Middle Management. A total of 54 delegates were trained on the programme.
- » Promotion of Administration Justice Act – 557 managers underwent such training.

The following table provides a breakdown of training beneficiaries per occupational categories:

OCCUPATIONAL CATEGORY	MALES	FEMALES	TOTAL
Senior Officials/Managers	23	11	34
Professionals	18	24	42
Technicians/Associated Professionals	60	9	69
Clerks	30	43	73
Service Workers	4	–	4
Craft & Related Trade Workers	-	–	-
Plant & Machine Operators	49	10	59
Elementary Occupations	149	22	171
Total	333	119	452



Disclosures

Remuneration of the Municipal Manager		
Annual Remuneration (includes leave encashed - 2008: R426 883 & 2007: R0)	808,029	505,274
Car, Entertainment, Housing, Subsistence and Other Allowances	277,127	187,287
Performance Bonus	81,900	55,343
Company Contributions to UIF, Medical and Pension Funds	60,757	123,237
Total	1,209,892	871,141
The Municipal Manager's employment contract came to an end in November 2007. The General Manager, Operations assumed the acting position from December 2007 to February 2008 and was appointed as Municipal Manager with effect from 01 March 2008.		
Remuneration of the Deputy Municipal Manager		
Annual Remuneration (includes leave encashed - 2008: R63 623 & 2007: R78 291)	167,043	538,148
Car, Entertainment, Housing, Subsistence and Other Allowances	90,030	142,663
Performance Bonus	40,367	43,078
Company Contributions to UIF, Medical and Pension Funds	16,652	86,679
Total	322,092	791,369
The Deputy Municipal Manager's employment contract came to an end in September 2007. As at year-end the post still remained vacant.		
Remuneration of the Chief Financial Officer		
Annual Remuneration (includes leave encashed - 2008: R129 778 & 2007: R0)	429,497	421,557
Car, Entertainment, Housing, Subsistence and Other Allowances	304,676	140,295
Performance Bonus	63,665	46,634
Company Contributions to UIF, Medical and Pension Funds	97,248	81,035
Total	894,984	699,521
Remuneration of the General Manager: Corporate Services		
Annual Remuneration	452,697	48,949
Car, Entertainment, Housing, Subsistence and Other Allowances	215,970	11,000
Performance Bonus	-	-
Company Contributions to UIF, Medical and Pension Funds	18,194	674
Total	686,761	60,523
Remuneration of the General Manager: Infrastructure and Economic Development		
Annual Remuneration (includes leave encashed - 2008: R0 & 2007: R169 077)	521,400	683,388
Car, Entertainment, Housing, Subsistence and Other Allowances	232,080	158,818
Performance Bonus	84,370	46,188
Company Contributions to UIF, Medical and Pension Funds	9,512	9,440
Total	826,362	895,842
Remuneration of the General Manager: Water Services		
Annual Remuneration (includes leave encashed - 2008: R0 & 2007: R118 060)	521,400	856,955
Car, Entertainment, Housing, Subsistence and Other Allowances	160,826	145,787
Performance Bonus	84,370	46,876
Company Contributions to UIF, Medical and Pension Funds	8,862	7,593
Total	753,558	856,991
Remuneration of the General Manager: Operations		
Annual Remuneration	343,865	-
Car, Entertainment, Housing, Subsistence and Other Allowances	152,175	-
Performance Bonus	-	-
Company Contributions to UIF, Medical and Pension Funds	5,518	-
Total	501,558	-
The post of General Manager: Operations was filled for the first time in July 2007. An Acting Allowance of R46 835 (2007: R0) was paid to the General Manager, Operations for acting in the position of Municipal Manager from December 2008 to February 2008.		
Remuneration of the Senior Manager: Corporate Strategy & Shared Services		
Annual Remuneration	376,222	375,116
Car, Entertainment, Housing, Subsistence and Other Allowances	123,903	122,938
Performance Bonus	35,579	30,818
Company Contributions to UIF, Medical and Pension Funds	8,359	8,404
Total	542,063	535,276
An Acting Allowance (2008: R0 and 2007: R18 371) was paid to the Special Advisor for acting in the positions of Municipal Manager at a local municipality and GM, Infrastructure and Economic Development Services respectively.		
The following compensation was payable to key management personnel in terms of IAS 19 as at 30 June:		
Post Employment Benefits:-		
Chief Financial Officer	31,588	23,261
Total	31,588	23,261

Table: 16 Remuneration for Senior Management Table

COUNCILLOR	TOTAL COST (R)	
	2008	2007
Mayor	649,730	630,311
Deputy Mayor	515,444	490,079
Speaker	499,811	495,695
Executive Committee Members	1,796,016	1,725,117
Councillors	1,887,662	2,248,106
Total	5,348,663	5,589,308

Table: 15 Remuneration of Councillors

Remuneration for Senior Management Table

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support.

The Mayor and the Deputy Mayor each have one full-time bodyguard and one full-time driver. The Speaker has one Bodyguard/Driver.



Occupational Health and Safety

An integrated approach to Safety Health and Environment (SHE) risk management, using the International Organisation for Standardisation (ISO) management principles, is used at all the operational worksites within the District. The National Occupational Safety Act (NOSA) Quality Management System is used to manage the reporting and recording of internal safety, health and environmental incidents.

Highlights

» A Hazard Identification and Risk Assessment (HIRA) was conducted in the 2006/2007 financial year. Following from the HIRA, a SHE Management System has been purchased and is currently being implemented to ensure that safe operating procedures are adhered

to, with any deviations being reported, and corrective measures being easily accessible. Tracking of deviations and corrective measures implemented as well as effectiveness thereof is available at a desktop level to management

- » Annual noise surveys have been conducted at pump stations which emit a noise level in excess of 85 decibels. Results from the previous years' tests indicate no staff members have suffered through exposure to excessive noise levels. This indicates correctly monitored adherence to OH&S regulations by utilizing adequate Personal Protective Equipment (PPE).
- » Completion of annual medical surveillance programmes for staff susceptible to infection by the hepatitis virus as a result of working in environments such as the sanitation treatment

works. All sanitation based staff were found to be clear of any infection of the virus.

- » Fire detection system is in place at all administrative buildings, with accompanying Evacuation Plans adopted and Fire Marshalls identified.
- » Defensive Driving training as a result of increased accidents, especially occurring on untarred roads, given the 84% rural demographic of the district.
- » Confined space (i.e deep manholes and pump stations) training was conducted for staff who are exposed to entering confined spaces. These included the training of supervisors and other affected staff members.



EAP Workshop

Employee Assistance

Programme (EAP)

The EAP is striving to effect change in knowledge, attitude, lifestyle, behaviour and the environment leading to prevention, risk reduction and early detection of any adverse wellbeing challenges that may affect the organisation's employees.

Projects

Personal Financial management training

Observations revealed that there was an increase in garnishees against the employees on a monthly basis, as well as a lack of knowledge of implications of the National Credit Act. Employees were heavily indebted to micro-lenders.

EightyThree staff members from the junior management level and below have undergone training, with a second roll-out of such training planned for the next financial year. This training has resulted in improved personal financial management, and debt counseling has been identified as a further intervention in order to further reduce financial mismanagement by staff members. To this end, four peer educators were trained as Debt Counselors.

Substance abuse

Based on absenteeism patterns and referrals to the EAP, training on substance abuse was conducted. The training included a component of how supervisors could identify and manage staff members who abuse substances whilst on duty.

Supervisory training

A lack of awareness of municipal policies as well as implementation of the same, informed the need for such training. Evidence of the success of the training has been seen through the increased ability of the supervisors to manage various staff issues at the shop floor level.

Health awareness programmes

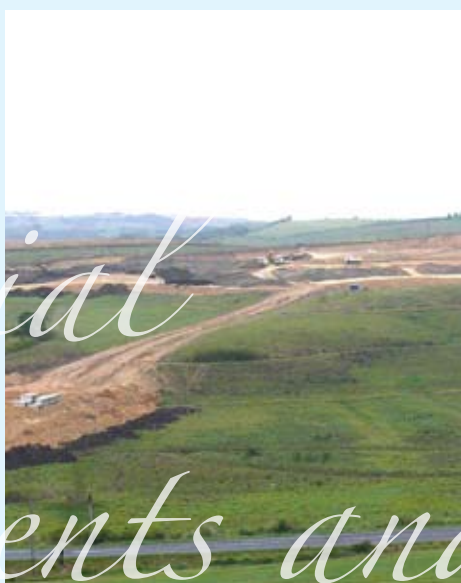
A partnership has been entered into between the Municipality and the District Office of the Department of Health on rolling out of the following health awareness programmes:

- » HIV and AIDS
- » Cancer
- » Tuberculosis
- » Diabetes management
- » Screening for Lifestyle-related Illnesses (Hypertension, Diabetes, Cholesterol levels, Body Mass Index)





Financial Statements and Related Financial Information



*Financial
Statements and*

*Related Financial
Information*



**UGU DISTRICT MUNICIPALITY
PARAMETERS TO BE COMPLETED FOR CURRENT YEAR**

NAME OF AUTHORITY	UGU DISTRICT MUNICIPALITY
Financial Year-end	30 JUNE 2008
End of Next Year	30 June 2009
End of Current Year	30 June 2008
End of Previous Year	30 June 2007
End of Base Year	30 June 2006
Current Year	2008
Previous Year	2007
Base Year	2006
Next Financial Year	2008/2009
Current Financial Year	2007/2008
Previous Financial Year	2006/2007
Comparative Financial Year	2007/08 / 2006/07
Start of Current Year	01 July 2007
Start of Previous Year	01 July 2006



UGU DISTRICT MUNICIPALITY ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2008

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of Ugu District Municipality at 30 June 2008 and the results of its operations and cash flows for the year then ended.

The Statement of Financial Position at 30 June 2008 indicates a decrease in Net Assets, and an increase in Non-current Liabilities and in Current Liabilities.

The decrease in Net Assets is ascribed primarily to the decrease in the Capital Replacement Reserve. The increase in Non-current Liabilities is primarily as a result of additional Long-term Loans being taken up for infrastructure expansion and refurbishment and an increase in Deferred Revenue.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

Financial Statement Ratios:

INDICATOR	2008	2007
Surplus / (Deficit) before Appropriations	1,288,665	1,803,479
Surplus / (Deficit) at the end of the Year	232,467,979	231,179,314
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	30.32%	35.04%
Remuneration of Councillors	1.25%	1.70%
Bad Debts	0.66%	0.28%
Collection Costs	0.05%	0.04%
Depreciation	6.45%	7.65%
Repairs and Maintenance	4.39%	4.21%
Interest Paid	1.82%	1.81%
Bulk Purchases	3.93%	3.83%
Contracted Services	2.04%	2.43%
Grants and Subsidies Paid	19.26%	21.89%
General Expenses	29.84%	20.05%
Current Ratio:		
Creditors Days	68	84
Debtors Days	138	134



3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

The services offered by Ugu District Municipality can generally be classified as General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2008 are as follows:

DETAILS	ACTUAL 2007/2008 R	ACTUAL 2006/2007 R	PERCENTAGE VARIANCE %	BUDGETED 2007/2008 R	VARIANCE ACTUAL/ BUDGETED %
Revenue:					
Opening surplus / (deficit)	29,131,414	(5,030,607)	-679.08%	-	-
Operating revenue for the year	429,920,074	330,569,654	30.05%	470,330,908	-8.59%
Appropriations for the year	42,289,003	32,358,542	30.69%	-	-
	501,340,491	357,897,588	40.08%	470,330,908	6.59%
Expenditure:					
Operating expenditure for the year	428,631,409	328,766,174	30.38%	470,330,909	-8.87%
Closing surplus / (deficit)	72,709,082	29,131,414	149.59%	(0)	-
	501,340,491	357,897,588	40.08%	470,330,908	6.59%
	-	-		-	

3.1 General Services:

This entails the management of infrastructure and other grants, which are used primarily for infrastructure development, local economic development and tourism marketing and development.

DETAILS	ACTUAL 2007/2008 R	ACTUAL 2006/2007 R	PERCENTAGE VARIANCE %	BUDGETED 2007/2008 R	VARIANCE ACTUAL/ BUDGETED %
Revenue	162,000,212	121,737,096	33.07%	167,659,188	-3.38%
Expenditure	160,177,683	120,513,208	32.91%	171,669,187	-6.69%
Surplus / (deficit)	1,822,528	1,223,888	48.91%	(4,010,000)	-
Surplus / (deficit) as % of total revenue	1.13%	1.01%		-2.39%	

Variance from 2006/2007 actual:

The 33,07% increase on last year's actual revenue is primarily as a result of Internal Recoveries being included in revenue. The 32,91% increase on last year's actual expenditure is primarily as a result of Internal Charges being included in expenditure.

Variance from 2007/2008 budget:

The 3,38% decrease on the reporting years budget is primarily as a result of grants budgeted for, not being received. The 6,69% decrease on last year's actual expenditure is primarily as a result of grants not being received, hence lower actual expenditure.

3.2 Economic Services:

This entails essentially the construction, operation and maintenance of sanitation schemes within the area of jurisdiction of the municipality.

DETAILS	ACTUAL 2007/2008 R	ACTUAL 2006/2007 R	PERCENTAGE VARIANCE %	BUDGETED 2007/2008 R	VARIANCE ACTUAL/ BUDGETED %
Revenue	57,593,069	46,067,551	25.02%	58,544,981	-1.63%
Expenditure	45,289,782	33,081,501	36.90%	58,544,981	-22.64%
Surplus / (deficit)	12,303,287	12,986,050	-5.26%	(0)	-
Surplus / (deficit) as % of total revenue	21.36%	28.19%		0.00%	

Variance from 2006/2007 actual:

The 25,02% increase on last year's actual revenue is primarily as a result of more properties being linked for sanitation services. The 36,90% increase on last year's actual expenditure is primarily as a result of increased departmental chargeouts to other services.

Variance from 2007/2008 budget:

The 1,63% decrease on the reporting years budget is primarily as a result of interest income being received and receipted under the Treasury Service Department. The 22,64% decrease on the reporting years budget is primarily as a result of external interest budgeted for the repayment of external loans, which loans did not materialise.

3.3 Trading Services:

This entails the construction, operation and maintenance of all water schemes located within the area of jurisdiction of the municipality.

DETAILS	ACTUAL 2007/2008 R	ACTUAL 2006/2007 R	PERCENTAGE VARIANCE %	BUDGETED 2007/2008 R	VARIANCE ACTUAL/ BUDGETED %
Revenue	210,326,793	162,765,007	29.22%	244,126,740	-13.85%
Expenditure	223,163,944	175,171,465	27.40%	240,116,741	-7.06%
Surplus / (deficit)	(12,837,150)	(12,406,459)	3.47%	4,009,999	-
Surplus / (deficit) as % of total revenue	-6.10%	-7.62%		1.64%	
	-	0		(0)	



Variance from 2006/2007 actual:

The 29,22% increase on last year's actual revenue is primarily as a result of more grant income being allocated towards basic services. The 27,40% increase on last year's actual expenditure is primarily as a result of increased departmental chargeouts from other support service departments.

Variance from 2007/2008 budget:

The 13,85% decrease on the reporting years budget is primarily as a result of a drop in water consumption. The 7,06% decrease on the reporting years budget is primarily as a result of external interest budgeted for the repayment of external loans, which loans did not materialise.

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R206 535 297 (2006/2007: R136 607 399). Full details of Property, Plant and Equipment are disclosed in Note 12 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R206 535 297 was financed as follows:

DETAILS	ACTUAL 2007/2008 R	ACTUAL 2006/2007 R	PERCENTAGE VARIANCE %	BUDGETED 2007/2008 R	VARIANCE ACTUAL/ BUDGETED %
Capital Replacement Reserve	39,116,845	25,628,227	52.63%	68,624,184	-43.00%
External Loans	24,710,373	30,034,258	-17.73%	82,100,000	-69.90%
Finance Leases	13,538,741	624,068	2069.43%	20,100,000	0.00%
Grants and Subsidies	129,169,338	80,320,846	60.82%	155,143,970	-16.74%
	206,535,297	136,607,399	51.19%	325,968,154	-36.64%
				-	

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	ACTUAL 2007/2008 R	ACTUAL 2006/2007 R	PERCENTAGE VARIANCE %	BUDGETED 2007/2008 R	VARIANCE ACTUAL/ BUDGETED %
Capital Replacement Reserve				18.94%	18.76%
External Loans				11.96%	21.99%
Finance Leases				6.56%	0.46%
Grants and Subsidies				62.54%	58.80%
				100.00%	100.00%

Property, Plant and Equipment is funded to a great extent from grants and subsidies as the municipality does not have the financial resources to finance infrastructure capital expenditure from its own funds.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2008	2007
Variance per Category:		
Budgeted surplus before appropriations	(0)	(3)
Revenue variances	(40,410,834)	(28,977,695)
Expenditure variances:		
Employee Related Costs	4,473,539	1,461,331
Remuneration of Councillors	98,307	(1,249,772)
Bad Debts	180,278	2,825,814
Collection Costs	(214,656)	(141,476)
Depreciation	10,031,738	365,717
Impairment losses	-	(3,191,409)
Repairs and Maintenance	461,270	1,420,099
Interest Paid	718,875	11,290,083
Bulk Purchases	(1,833,167)	55,965
Contracted Services	1,789,741	4,109,079
Grants and Subsidies Paid	14,562,067	17,359,056
General Expenses	11,431,508	(3,218,783)
Loss on Disposal of Property, Plant and Equipment	-	(304,526)
Actual surplus before appropriations	1,288,665	1,803,479
	(0)	(0)

DETAILS	2008	2007
Budgeted surplus before appropriations	(0)	(3)
Executive and Council	(227,316)	(4,720,102)
Finance and Administration	(2,006,578)	2,545,007
Planning and Development	5,653,446	(50,321)
Public Safety	2,141,377	1,010,195
Environmental Protection	382,826	290,628
Waste Water Management	12,303,287	13,736,052
Water	(16,847,149)	(10,756,457)
Other	(111,227)	(251,520)
Actual surplus before appropriations	1,288,665	1,803,479
	(0)	(0)



Details of the operating results per segmental classification of expenditure are included in Appendix “D”, whilst operational results per category of expenditure, together with an explanation of significant variances of more than 10% from budget, are included in Appendix “E (1)”.

5.2 Capital Budget:

DETAILS	ACTUAL 2007/2008 R	ACTUAL 2006/2007 R	PERCENTAGE VARIANCE %	BUDGETED 2007/2008 R	VARIANCE ACTUAL/ BUDGETED %
Executive and Council	1,808,345	119,201	1,689,145	819,439	988,906
Finance and Administration	121,410,506	66,962,236	54,448,270	9,884,064	111,526,442
Planning and Development	49,467	(87,274)	136,741	82,769,810	(82,720,343)
Public Safety	6,130,902	17,210	6,113,693	-	6,130,902
Sport and Recreation	18,823,439	3,355,520	15,467,919	36,800,000	(17,976,561)
Environmental Protection	98,329	52,516	45,813	228,000	(129,671)
Waste Water Management	30,642,214	32,113,881	(1,471,666)	60,845,437	(30,203,223)
Water	26,071,494	28,347,441	(2,275,947)	125,671,404	(99,599,910)
Other	1,500,601	5,726,670	(4,226,069)	8,950,000	(7,449,399)
	206,535,297	136,607,399	69,927,898	325,968,154	(119,432,857)
	-			-	-

Details of the results per segmental classification of capital expenditure are included in Appendix “C”, together with an explanation of significant variances of more than 5% from budget, are included in Appendix “E (2)”.

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2008 amounted to R232 467 979 (30 June 2007: R231 179 314) and is made up as follows:

Capital Replacement Reserve	78,179,223
Capitalisation Reserve	73,003,445
Donations and Public Contributions Reserve	8,576,229
Accumulated Surplus	72,709,082
	232,467,979

The Capital Replacement Reserve replaces the previous statutory funds, like the Capital Development Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability of cash, is made annually to the reserve.

The Capitalisation and Donations and Public Contributions Reserves are utilised to offset the cost of depreciation of assets funded from Internal Advances (not applicable anymore) and Contributions from Public over the lifespan of such assets. Amounts equal to the cost of assets acquired from Public Contributions are transferred to the reserve annually.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to the Statement of Change in Net Assets for more detail.

7. DEFERRED REVENUE

The balance of Deferred Revenue as at 30 June 2008 was R324 383 178 (30 June 2007: R206 581 123).

Grants utilised to obtain assets are transferred to Deferred Revenue and released into the operating account over the lifespan of the assets funded from such grants.

Refer to Note 3 for more detail.

8. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2008 was R102 283 709 (30 June 2007: R76 974 915).

New loans to the amount of R38 249 115 (2007: R22 462 185) was taken up during the financial year to enable the municipality to finance part of its capital requirements for the year.

Refer to Note 4 and Appendix "A" for more detail.

9. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2008 was R18 399 580 (30 June 2007: R16 748 086).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 5 for more detail.

10. NON-CURRENT PROVISIONS

Non-current Provisions amounted R3 355 076 as at 30 June 2008 (30 June 2007: R3 566 064) and is made up as follows:

Provision for Long-term Service	3,355,076
	<hr/>
	3,355,076

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 6 for more detail.

11. CURRENT LIABILITIES

Current Liabilities amounted R267 746 485 as at 30 June 2008 (30 June 2007: R210 442 631) and is made up as follows:

Consumer Deposits	Note 7	16,485,647
Provisions	Note 8	1,297,574
Creditors	Note 9	79,397,470
Unspent Conditional Grants and Receipts	Note 10	159,799,012
Operating Lease Liability	Note 11	35,211
Current Portion of Long-term Liabilities	Note 4	10,731,570
		<hr/>
		267,746,485

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.



12. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R579 949 135 as at 30 June 2008 (30 June 2007: R405 184 526).

Refer to Note 12 and Appendices "B, C and E (2)" for more detail.

13. INTANGIBLE ASSETS

The net value of Intangible Assets were R10 382 101 as at 30 June 2008 (30 June 2007: R12 505 931).

These are assets which cannot physically be identified and verified and are in respect of computer software and water rights / servitudes obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 13 for more detail.

14. INVESTMENTS

The municipality held Investments to the value of R13 775 686 as at 30 June 2008 (30 June 2007: R13 489 923).

These investments are ring-fenced for purposes of the security for and repayment of Long-term Liabilities, with the result that no amounts are available for own purposes.

Refer to Note 15 for more detail.

15. LONG-TERM RECEIVABLES

Long-term Receivables of R88 917 at 30 June 2008 (30 June 2007: R43 939) is made up as follows:

Officials: Relocation Loans	36,544
Officials: Sundry Loans	76,863
	113,406
Less: Short-term portion included in Current Assets	24,489
	88,917

Refer to Note 16 for more detail.

16. CURRENT ASSETS

Current Assets amounted R344 440 168 as at 30 June 2008 (30 June 2007: R314 267 814) and is made up as follows:

Inventory	Note 17	6,296,615
Assets classified as Held-for-Sale	Note 18	169,436
Consumer Debtors	Note 19	44,069,623
Other Debtors	Note 20	43,712,547
VAT	Note 21	28,229,753
Short-term Investment Deposits	Note 22	208,739,317
Bank Balances and Cash	Note 23	13,198,389
Current Portion of Long-term Debtors	Note 16	24,489
		344,440,168

The Short-term Investment Deposits are ring-fenced for the purposes of the Capital Replacement Reserve, Unspent Conditional Grants and the repayment of the Current Portion of Long-term Liabilities and no funds are available for own purposes.

Refer to the indicated Notes for more detail.

17. INTER-GOVERNMENTAL GRANTS

The municipality plays an important role in the upliftment of the poor and sustaining and improving of infrastructure for all its citizens for which it uses grants received from government and other organisations, and has a big responsibility as custodian of these funds.

Refer to Notes 10 and 27, and Appendix “F” for more detail.

18. EVENTS AFTER THE REPORTING DATE

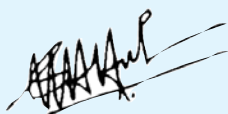
Full details of all known events, if any, after the reporting date are disclosed in Note 57.

19. GENERALLY RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the new reporting GRAP-format.

20. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Deputy Mayor, Speaker, members of the Executive Committee, Councillors, the Audit Committee, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff who assisted with the collation of year-end information, for without their assistance these Annual Financial Statements would not have been possible.



Chief Financial Officer

27 August 2008



UGU DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

BUDGET 2007 R	2008 R	NOTE		ACTUAL 2008 R	2007 R
REVENUE					
180,638,118	198,395,758	Service Charges	24	185,745,226	181,727,152
-	-	Regional Service Levies - Turnover		8,429	175,943
-	-	Regional Service Levies - Remuneration		-	2,760,242
908,152	235,012	Rental of Facilities and Equipment	25	219,663	247,911
6,400,000	11,200,000	Interest Earned - External Investments	26	10,875,656	17,922,583
842,205	954,123	Interest Earned - Outstanding Debtors	26	(186,978)	952,125
142,451,106	177,935,719	Government Grants and Subsidies Received	27	155,940,732	103,564,931
28,307,768	81,610,296	Other Revenue	28	76,102,316	22,837,951
-	-	Gains on Disposal of Property, Plant and Equipment		1,215,030	380,815
359,547,349	470,330,908	Total Revenue		429,920,074	330,569,654
116,653,302	134,422,135	Employee Related Costs	29	129,948,597	115,191,971
4,339,536	5,446,970	Remuneration of Councillors	30	5,348,663	5,589,308
3,750,000	3,000,000	Bad Debts	32	2,819,722	924,186
-	-	Collection Costs		214,656	141,476
25,518,241	37,689,979	Depreciation and Amortisation	31	27,658,241	25,152,524
-	-	Impairment Losses	32	-	3,191,409
15,267,761	19,283,083	Repairs and Maintenance		18,821,813	13,847,662

BUDGET 2007 R	2008 R	NOTE		ACTUAL 2008 R	2007 R
12,634,739	15,000,000	Bulk Purchases	34	16,833,167	12,578,774
12,110,404	10,534,056	Contracted Services		8,744,315	8,001,325
89,334,209	97,097,513	Grants and Subsidies Paid	35	82,535,446	71,975,153
62,710,404	139,355,011	General Expenses	36	127,923,503	65,929,187
-	-	Loss on disposal of Property, Plant and Equipment		-	304,526
359,547,352	470,330,909	Total Expenditure		428,631,409	328,766,174
(3)	(0)	SURPLUS / (DEFICIT) FOR THE YEAR		1,288,665	1,803,479
0.00-	0.00-	Refer to Appendix E(1) for explanation of variances		0.00-	0.00

The prior year's comparative figure for Government Grants and Subsidies Received has been restated with an amount of R74 885 756 as a result of the implementation of IAS 20. Please refer to Note 38 for detail of the restatement.

The prior year's comparative figure for Impairment Losses has been restated with an amount of R2 849 401 as a result of impairment losses incurred. Please refer to Note 39.5 for detail of the restatement.



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

DESCRIPTION	REVALUATION RESERVE	GOVERNMENT GRANT RESERVE			
			CAPITAL REPLACEMENT RESERVE	CAPITALISATION RESERVE	DONATIONS AND PUBLIC CONTR RESERVE
	R	R	R	R	R
2007					
Balance at 30 June 2006	-	131,695,368	131,417,067	93,096,628	9,892,747
Change in Accounting Policy (Note 38)		(131,695,368)			
Restated Balance	-	-	131,417,067	93,096,628	9,892,747
Surplus / (Deficit) for the year					
Transfer to CRR			15,000,000		
Property, Plant and Equipment purchased			(48,264,007)		
Interest received			11,170,451		
Offsetting of Depreciation				(10,040,578)	(224,407)
Balance at 30 June 2007	-	-	109,323,511	83,056,049	9,668,340
	-	-	-	-	-
2008					
Restated Balance	-	-	109,323,511	83,056,049	9,668,340
Surplus / (Deficit) for the year					
Transfer to CRR			-		
Property, Plant and Equipment purchased			(42,020,247)		
Interest received			10,875,959		
Offsetting of Depreciation				(10,052,604)	(1,092,112)
Balance at 30 June 2008	-	-	78,179,223	73,003,445	8,576,229
	-	-	-	-	-

ACCUMULATED SURPLUS / (DEFICIT) ACCOUNT					TOTAL
	HOUSING DEVELOPMENT FUND	SELF INSURANCE RESERVE	ACCUMULATED SURPLUS / (DEFICIT)	TOTAL FOR ACCOUNT	
	R	R	R	R	R
	-	-	(5,030,607)	229,375,835	361,071,203
			-	-	(131,695,368)
	-	-	(5,030,607)	229,375,835	229,375,835
			1,803,479	1,803,479	1,803,479
			(15,000,000)	-	-
			48,264,007	-	-
	-	-	(11,170,451)	-	-
			10,264,985	-	-
	-	-	29,131,414	231,179,314	231,179,314
	-	-	0.00	-	-
	-	-	29,131,414	231,179,314	231,179,314
			1,288,665	1,288,665	1,288,665
			-	-	-
			42,020,247	-	-
	-	-	(10,875,959)	-	-
			11,144,716	-	-
	-	-	72,709,082	232,467,979	232,467,979
	-	-	-	-	-



UGU DISTRICT 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		463,967,721	349,866,135
Cash paid to Suppliers and Employees		(296,401,743)	(224,110,559)
Cash generated from / (utilised in) Operations	40	167,565,978	125,755,576
Interest received	26	10,688,678	18,874,708
Interest paid	33	(7,783,287)	(5,938,673)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		170,471,370	138,691,610
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	12	(206,535,297)	(136,607,399)
Purchase of Intangible Assets	13	(1,693,101)	(8,074,125)
Purchase of Investment Property	14	-	-
Proceeds on Disposal of Property, Plant and Equipment		9,144,408	1,042,750
(Increase) / decrease in Investments (Non-current)	15	(285,763)	(672,189)
(Increase) / decrease in Long-term Receivables	16	(57,949)	42,878
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(199,427,702)	(144,268,085)
CASH FLOWS FROM FINANCING ACTIVITIES			
New Loans raised / (repaid)	4	31,141,145	10,051,703
Increase / (decrease) in Consumer Deposits	7	1,174,900	1,886,910
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		32,316,045	11,938,613
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	41	3,359,713	6,362,139
		0.00	0.00
Cash and Cash Equivalents at the beginning of the year		218,577,993	212,215,854
Cash and Cash Equivalents at the end of the year		221,937,705	218,577,993

UGU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. GENERAL INFORMATION

Ugu District Municipality (the municipality) is a local government institution in Port Shepstone, Kwa-Zulu Natal. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

	2008	2007
	R	R
2. ACCUMULATED SURPLUS		
The Accumulated Surplus consists of the following Reserves:		
Capital Replacement Reserve (CRR)	78,179,223	109,323,511
Capitalisation Reserve	73,003,445	83,056,049
Donations and Public Contributions Reserve	8,576,229	9,668,340
Accumulated Surplus / (Deficit) due to the results of Operations	72,709,082	29,131,414
Total Accumulated Surplus	232,467,979	231,179,314
	0.00	0.00

Accumulated Surplus has been restated to adhere to the provisions of IAS 20, Accounting for Government Grants. Refer to Note 38.1 on "Change in Accounting Policy" for details of the restatement.

The Capital Replacement Reserve is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments. See Notes 15, 22 and 23 for more detail.

The Capitalisation Reserve equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The Donations and Public Contributions Reserve equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donations and Public Contributions Reserve ensures consumer equity and is not backed by cash.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.



	2008	2007
	R	R
Assets financed from Government Grants	324,383,178	206,581,123
Total Deferred Revenue	324,383,178	206,581,123
	0.00	0.00
The movements in Deferred Revenue are reconciled as follows:		
Balance at beginning of year	206,581,123	131,695,368
Additions during year	129,169,338	74,579,400
Revenue recognised during year (see Note 27)	(11,367,283)	306,356
Total Deferred Revenue	324,383,178	206,581,123
	0.00	0.00

Deferred Revenue has been restated to adhere to the provisions of IAS 20, Accounting for Government Grants. Refer to Note 38.1 on "Change in Accounting Policy" for details of the restatement.

Deferred Revenue represents capital utilised to construct and acquire capital assets, which capital was obtained from Grants received from Government.

4. LONG-TERM LIABILITIES

Local Registered Stock	20,300,000	22,944,081
Annuity Loans	79,473,231	56,160,209
Capitalised Lease Liabilities	13,242,048	2,769,845
Sub-total	113,015,279	81,874,135
Less: Current Portion transferred to Current Liabilities	10,731,570	4,899,219
Local Registered Stock	-	2,644,081
Annuity Loans	1,450,419	1,188,339
Capitalised Lease Liabilities	9,281,151	1,066,800
Total Long-term Liabilities	102,283,709	76,974,915
	0.00	0.00

Local Registered Stock is repaid over periods varying from 10 to 20 (2007: 11 to 21) years and at interest rates varying from 15,60% to 16,80% (2007: 11,60% to 15,60%) per annum. Local Registered Stock is not secured.

Annuity Loans are repaid over periods varying from 10 to 20 (2007: 11 to 21) years and at interest rates varying from 2,65% to 11,00% (2007: 11,60% to 15,60%) per annum. Annuity Loans are not secured.

Capitalised Lease Liabilities relates to Vehicles with lease term periods of 3 (2007: 3) years. The effective interest rate on Finance Leases is between 11,42% and 12,50% (2007: 12,50 to 14,00%). Capitalised Lease Liabilities are secured over the items of vehicles leased.

R13 775 686 (2007: R13 489 923) has been invested specifically in a ring-fenced account for the repayment of Long-term Liabilities. See Notes 15 and 45 for more detail. Refer to Appendix "A" for more detail on Long-term Liabilities.

4.2 Obligations under Finance Leases

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 3 years. The risks and rewards of ownership in respect of the Property, Plant and Equipment will transfer to the municipality at the conclusion of the agreement. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2008	2007	2008	2007
	R	R	R	R
Within one year	9,121,565	1,481,532	9,121,565	1,481,532
In the second to third years, inclusive	10,621,607	1,683,169	10,621,607	1,683,169
	19,743,172	3,164,701	19,743,172	3,164,701
Less: Future Finance Obligations	6,501,124	394,856	6,501,124	394,856
Present Value of Minimum Lease Obligations	13,242,048	2,769,845	13,242,048	2,769,845
Less: Amounts due for settlement within 12 months			(9,281,151)	(1,066,800)
Total Finance Lease Obligations			3,960,897	1,703,045
			0.00	0.00



The municipality has finance lease agreements for the following significant classes of assets:

- Vehicles

Included in these classes are the following significant leases:

(i) Vehicles	R 3,960,897	R 1,703,045
- Installments are payable monthly in arrears		
- Average period outstanding	28 months	25 months
- Average effective interest rate, based on prime	11.43%	13.50%
- Average monthly installment	R 34,216	R 14,052

5. RETIREMENT BENEFIT LIABILITIES

5.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	16,748,086	9,493,941
Contributions to Provision	2,227,486	7,875,087
Balance at end of Year	18,975,572	17,369,028
Transfer to Current Provisions	(575,992)	(620,942)
Total Post-retirement Health Care Benefits Liability	18,399,580	16,748,086
	0.00	0.00

Retirement Benefit Liabilities have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 39.1 on "Correction of Error" for details of the restatement.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2008 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Medical Aid Benefit Plan are made up as follows:

In-service Members (Employees)	278	227
Continuation Members (Retirees, widowers and orphans)	38	43
Total Members	316	270

The liability in respect of past service has been estimated as follows (R million):

In-service Members	8,535	7,557
Continuation Members	9,226	9,812
Total Liability	17,761	17,369

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- LA Health
- Keyhealth
- Samwumed

The Current-service Cost for the year ending 30 June 2008 is estimated to be R837 965, whereas the cost for the ensuing year is estimated to be R939 548 (2007: R837 965 and R1 389 522 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	10.97%	8.00%
Health Care Cost Inflation Rate	9.78%	6.50%
Net Effective Discount Rate	1.08%	1.41%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63



Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	17,369,028	9,923,229
Current service costs	837,965	438,052
Interest cost	1,389,522	793,858
Past-service costs	-	6,643,176
Benefits paid	(620,942)	(429,288)
Actuarial losses / (gains) unrecognised	(1,214,200)	-
	<hr/>	<hr/>
Present Value of Fund Obligation at the end of the Year	17,761,372	17,369,028
	<hr/>	<hr/>
Actuarial losses / (gains) unrecognised	1,214,200	-
	<hr/>	<hr/>
Total Recognised Benefit Liability	18,975,572	17,369,028
	0.00	0.00
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	17,761,372	17,369,028
	<hr/>	<hr/>
Deficit	17,761,372	17,369,028
Unrecognised actuarial gains / (losses)	1,214,200	-
	<hr/>	<hr/>
Total Benefit Liability	18,975,572	17,369,028
	0.00	0.00
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	837,965	438,052
Interest cost	1,389,522	793,858
Vested past service costs	-	16,137,117
	<hr/>	<hr/>
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	2,227,486	17,369,028

The history of experienced adjustments is as follows:

	2008	2007	2006	2005	2004
	R	R	R	R	R
Present Value of Defined Benefit Obligation	18,975,572	17,369,028	9,923,229	-	-
Deficit	18,975,572	17,369,028	9,923,229	-	-
Experienced adjustments on Plan Liabilities	(1,367,240)	-	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	327,584	-
Effect on the defined benefit obligation	2,415,632	-

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(278,723)	-
Effect on the defined benefit obligation	(2,045,157)	-

The municipality expects to make a contribution of R2,856 million (2007: R2,227 million) to the Defined Benefit Plans during the next financial year.

Refer to Note 50, "Multi-employer Retirement Benefit Information", for more information regarding the municipality's other retirement funds that are Provincially and Nationally administered.



6. NON-CURRENT PROVISIONS

Provision for Long-term Service	3,355,076	3,566,064
Total Non-current Provisions	3,355,076	3,566,064
	0.00	0.00

Non-current Provisions have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 39.1 on "Correction of Error" for details of the restatement.

The movement in Non-current Provisions are reconciled as follows:

	Illegal Dumping	Alien Vegetation	Long-term Service	Land-fill Sites
	R	R	R	R
30 June 2008				
Balance at beginning of year	-	-	3,566,064	-
Contributions to provision	-	-	40,240	-
Transfer to current provisions	-	-	(251,228)	-
Balance at end of year	-	-	3,355,076	-
	-	-	-	-
30 June 2007				
Balance at beginning of year	-	-	2,584,038	-
Contributions to provision	-	-	1,372,690	-
Transfer to current provisions	-	-	(390,664)	-
Balance at end of year	-	-	3,566,064	-
	-	-	-	-



6.1 Long-service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 5 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2008 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year-end, 779 (2007: 674) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2008 is estimated to be R408 199, whereas the cost for the ensuing year is estimated to be R480 370 (2007: R408 199 and R440 854 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	10.97%	8.00%
Health Care Cost Inflation Rate	9.03%	6.50%
Net Effective Discount Rate	1.78%	1.90%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	3,956,728	3,056,841
Current service costs	408,199	340,922
Interest cost	316,538	244,547
Benefits paid	(390,664)	(472,803)
Actuarial losses / (gains) recognised	(684,497)	787,220
Present Value of Fund Obligation at the end of the Year	3,606,304	3,956,728
Actuarial losses / (gains) unrecognised	-	-
Total Recognised Benefit Liability	3,606,304	3,956,728



0.00 0.00

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	3,606,304	3,956,728
Deficit	3,606,304	3,956,728
Actuarial gains / (losses) not recognised	-	-
Total Benefit Liability	3,606,304	3,956,728
	0.00	0.00

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	408,199	340,922
Interest cost	316,538	244,547
Actuarial losses / (gains)	(684,497)	787,220
Total Post-retirement Benefit included in Employee Related Costs (Note 29)	40,240	1,372,690

The history of experienced adjustments is as follows:

	2008	2007	2006	2005	2004
	R	R	R	R	R
Present Value of Defined Benefit Obligation	3,606,304	3,956,728	3,056,841	-	-
Deficit	3,606,304	3,956,728	3,056,841	-	-
Experienced adjustments on Plan Liabilities	663,002	-	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

Increase:

Effect on the aggregate of the current service cost and the interest cost	61,197	-
Effect on the defined benefit obligation	268,046	-

Decrease:

Effect on the aggregate of the current service cost and the interest cost	(54,428)	-
Effect on the defined benefit obligation	(240,947)	-

The municipality expects to make a contribution of R862 000 (2007: R725 000) to the defined benefit plans during the next financial year.

7. CONSUMER DEPOSITS

Water	16,485,647	15,310,746
Total Consumer Deposits	16,485,647	15,310,746
	0.00	0.00
Guarantees held in lieu of Water Deposits	252,480	554,463

Consumer Deposits are paid by consumers on application for new water connections. The deposits are repaid when the water connections are terminated. In cases where consumers default on their accounts, the municipality can apply the deposit as payment for any outstanding balances on the account.

No interest is paid on Consumer Deposits held.



8. PROVISIONS

Performance Bonus	470,354	-
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 5 above)	575,992	620,942
Current Portion of Non-Current Provisions (See Note 6 above):	251,228	390,664
Long-term Service	251,228	390,664
Total Provisions	1,297,574	1,011,606
	0.00	0.00

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The movement in current provisions are reconciled as follows:

Performance Bonus

Balance at beginning of year	-	-
Contributions to provision	470,354	-
Expenditure incurred	-	-
Balance at end of year	470,354	-

Current Portion of Non-Current Provisions

	Illegal Dumping R	Alien Vegetation R	Land-fill Sites R	Long-term Service R	Post- retirement R
30 June 2008					
Balance at beginning of year	-	-	-	390,664	620,942
Transfer from non-current	-	-	-	251,228	575,992
Expenditure incurred	-	-	-	(390,664)	(620,942)
Balance at end of year	-	-	-	251,228	575,992
	-	-	-	-	-
30 June 2007					
Balance at beginning of year	-	-	-	472,803	429,288
Transfer from non-current	-	-	-	390,664	620,942
Expenditure incurred	-	-	-	(472,803)	(429,288)
Balance at end of year	-	-	-	390,664	620,942

9. CREDITORS

Trade Creditors	5,404,202	22,510,213
Payments received in Advance	9,915,720	15,058,418
Retentions	2,822,138	3,200,680
Staff Leave	3,321,015	4,731,584
Projects	38,178,425	8,879,788
Other Creditors	19,755,970	21,658,985
	<hr/>	<hr/>
Total Creditors	79,397,470	76,039,668
	0.00	0.00

Creditors have been restated to adhere to the disclosure provisions of IAS 17. Refer to Note 39.2 on "Correction of Error" for details of the restatement.

The MFMA requires that the average credit period on purchases is 30 days from the receipt of the invoice. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

10.1 Conditional Grants from Other Spheres of Government	123,049,058	84,335,577
National Government Grants	73,421,125	58,575,776
Provincial Government Grants	47,686,670	24,577,511
Other Sources	1,941,263	1,182,290
	<hr/>	<hr/>
10.2 Other Conditional Receipts	36,749,954	23,974,994
Developers Contributions	36,667,574	23,974,994
Public Contributions	82,380	-
	<hr/>	<hr/>
Total Conditional Grants and Receipts	159,799,012	108,310,571
	0.00	0.00



The amount for Unspent Conditional Grants and Receipts are invested in ring-fenced investment accounts until utilised.

See Note 27 for the reconciliation of Grants from Other Spheres of Government.

Refer to Appendix "F" for more detail on Conditional Grants.

11. OPERATING LEASE LIABILITY

Operating Leases are recognised on the straight-line basis as per the requirement of IAS 17 and the Operating Lease Liability was calculated as follows:

Balance at beginning of year	39,731	39,731
Operating Lease expenses recorded	307,974	-
Operating Lease payments effected	(312,494)	-
Total Operating Lease Liability	35,211	39,731
	0.00	0.00

Operating Lease Liability has been restated to adhere to the disclosure provisions of IAS 17. Refer to Note 39.2 on "Correction of Error" for details of the restatement.

The Municipality as Lessee:

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

At the Statement of Financial Position date the municipality had outstanding commitments under non-cancellable operating leases for property, plant and equipment, which fall due as follows:

Vehicles and Other Equipment:	544,348	458,593
Within one year	294,294	224,178
In the second to fifth years, inclusive	250,054	234,415
Over five years	-	-
Total Operating Lease Arrangements	544,348	458,593

The following payments have been recognised as an expense in the Statement of Financial Performance:

Contingent rentals	307,974	306,599
Total Operating Lease Expenses	307,974	306,599

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office Equipment

No restrictions have been imposed on the municipality in terms of the operating lease agreements.



UGU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

12. PROPERTY, PLANT AND EQUIPMENT

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. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether immovable items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

30 June 2008

Reconciliation of Carrying Value

DESCRIPTION	LAND AND BUILDINGS	INFRA-STRUCTURE	COMMUNITY		OTHER	LEASED INFRA-STRUCTURE	TOTAL
	R	R	R	R	R	R	R
Carrying values at 01 July 2007	15,196,453	335,305,926	26,904,735	-	27,777,411	-	405,184,526
Cost	23,492,171	489,941,122	27,617,742	-	54,095,900	-	595,146,935
- Completed Assets	23,492,171	489,941,122	27,617,742	-	54,095,900	-	595,146,935
- Under Construction	-	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	(3,223,726)	(25,222)	-	-	(700,845)	-	(3,949,793)
Accumulated Depreciation:	(5,071,992)		(713,007)	-		-	(186,012,616)
- Cost	(5,071,992)		(713,007)	-		-	(186,012,616)
- Revaluation	-	-	-	-	-	-	-

Acquisitions	31,787,603	146,371,797	1,463,350	-	26,912,546	-	206,535,297
Capital under Construction - Additions	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-
Depreciation:	(481,660)	(16,366,406)	(155,448)	-	(9,777,669)	-	(26,781,184)
- Based on Cost	(481,660)	(16,366,406)	(155,448)	-	(9,777,669)	-	(26,781,184)
- Based on Revaluation	-	-	-	-	-	-	-
Carrying value of Disposals:	-	(4,382,068)	-	-	(543,381)	-	(4,925,450)
- Cost	-	(4,414,197)	-	-	(3,684,033)	-	(8,098,230)
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	32,129	-	-	3,140,652	-	3,172,781
- Based on Cost	-	32,129	-	-	3,140,652	-	3,172,781
- Based on Revaluation	-	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	(64,054)	-	(64,054)
- Cost	-	-	-	-	(523,983)	-	(523,983)
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	94,097	-	94,097
- Accumulated Depreciation	-	-	-	-	365,832	-	365,832
- Based on Cost	-	-	-	-	365,832	-	365,832
- Based on Revaluation	-	-	-	-	-	-	-



Decreases in Revaluation	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-
Other Movements:	42,565	(124,141)	70,706	-	10,871	-	(0)
- Cost	53,419	(102,436)	70,706	-	(21,689)	-	(0)
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	10,423	-	-	(10,423)	-	-
- Accumulated Depreciation	(10,854)	(32,129)	-	-	42,983	-	-
- Based on Cost	(10,854)	(32,129)	-	-	42,983	-	-
- Based on Revaluation	-	-	-	-	-	-	-
Carrying values at 30 June 2008	46,544,961	460,805,107	28,283,343	-	44,315,724	-	579,949,135
Cost	55,333,193	631,796,287	29,151,798	-	76,778,741	-	793,060,019
- Completed Assets	55,333,193	631,796,287	29,151,798	-	76,778,741	-	793,060,019
- Under Construction	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	(3,223,726)	(14,799)	-	-	(617,171)	-	(3,855,696)
Accumulated Depreciation:	(5,564,506)	(170,976,380)	(868,455)	-	(31,845,846)	-	(209,255,187)
- Cost	(5,564,506)	(170,976,380)	(868,455)	-	(31,845,846)	-	(209,255,187)
- Revaluation	-	-	-	-	-	-	-
	0.00	0.00	0.00	0.00	0.00	0.00	0.00



12. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2007

Reconciliation of Carrying Value

DESCRIPTION	LAND AND BUILDINGS	INFRA-STRUCTURE	COMMUNITY		OTHER	LEASED INFRA-STRUCTURE	TOTAL
	R	R	R	R	R	R	R
Carrying values at 01 July 2006	14,775,663	243,000,219	21,691,164	-	25,498,141	-	304,965,187
Cost	19,276,988	379,053,609	22,293,114	-	58,095,633	-	478,719,344
- Completed Assets	19,276,988	379,053,609	22,293,114	-	58,095,633	-	478,719,344
- Under Construction	-	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	(30,683)	-	-	(852,174)	-	(882,857)
Accumulated Depreciation:	(4,501,325)		(601,950)	-		-	(172,871,301)
- Cost	(4,501,325)		(601,950)	-		-	(172,871,301)
- Revaluation	-	-	-	-	-	-	-
Acquisitions	4,582,632	110,898,781	5,324,628	-	15,801,358	-	136,607,399
Capital under Construction - Additions	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-
Depreciation:	(570,667)	(18,596,845)	(111,057)	-	(3,653,100)	-	(22,931,668)
- Based on Cost	(570,667)	(18,596,845)	(111,057)	-	(3,653,100)	-	(22,931,668)
- Based on Revaluation	-	-	-	-	-	-	-



Carrying value of Disposals:	-	(1,690)	-	-	(3,996,080)	-	(3,997,770)
- Cost	-	(11,267)	-	-	-	-	(14,368,006)
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	124,472	-	124,472
- Accumulated Depreciation	-	9,578	-	-	10,236,187	-	10,245,764
- Based on Cost	-	9,578	-	-	10,236,187	-	10,245,764
- Based on Revaluation	-	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-
Impairment Losses	(3,223,726)	5,461	-	-	26,856	-	(3,191,409)
Capital under Construction - Completed	-	-	-	-	-	-	-
Other Movements:	(367,449)	-	-	-	(5,899,765)	-	(6,267,213)
- Cost	(367,449)	-	-	-	(5,444,353)	-	(5,811,802)
- Revaluation	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	(455,412)	-	(455,412)

- Based on Cost	-	-	-	-	(455,412)	-	(455,412)
- Based on Revaluation	-	-	-	-	-	-	-
Carrying values at 30 June 2007	15,196,453	335,305,926	26,904,735	-	27,777,411	-	405,184,526
Cost	23,492,171	489,941,122	27,617,742	-	54,095,900	-	595,146,935
- Completed Assets	23,492,171	489,941,122	27,617,742	-	54,095,900	-	595,146,935
- Under Construction	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Accumulated Impairment Losses	(3,223,726)	(25,222)	-	-	(700,845)	-	(3,949,793)
Accumulated Depreciation:	(5,071,992)	(154,609,974)	(713,007)	-	(25,617,643)	-	(186,012,616)
- Cost	(5,071,992)	(154,609,974)	(713,007)	-	(25,617,643)	-	(186,012,616)
- Revaluation	-	-	-	-	-	-	-
	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Property, Plant and Equipment has been restated to adhere to the disclosure provisions for Investment Property under Construction. Refer to Note 39.3 on "Correction of Error" for details of the restatement.

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.



GU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

The average credit period for Consumer Debtors is 30 days. Except for Water Rates, no interest is charged on trade receivables. Such interest is charged at the prime rate, charged by the municipality's banker, plus one percent per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Consumer Debtors.

No provision has been made in respect of government debt and Water Rates as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

19.1 Ageing of Consumer Debtors not impaired

Sewerage: Ageing

Current (0 - 30 days)	4,862,716	6,126,568
31 - 60 Days	591,610	595,437
61 - 90 Days	384,232	435,921
+ 90 Days	5,053,043	3,925,525
Total	10,891,600	11,083,451

- -

Water: Ageing

Current (0 - 30 days)	18,862,195	18,445,124
31 - 60 Days	2,539,407	2,371,550
61 - 90 Days	1,758,712	1,678,015
+ 90 Days	18,120,722	31,935,834
Total	41,281,036	54,430,523

- -

Water Rates: Ageing

Current (0 - 30 days)	567,590	-
31 - 60 Days	7,161	-
61 - 90 Days	26,468	-
+ 90 Days	8,530,119	-
Total	9,131,338	-

	-	-
Other Debtors: Ageing		
Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	5,284,842	4,536,815
Total	5,284,842	4,536,815
	-	-

19.2 Summary of Debtors by Customer Classification

The Customer Classification cannot be provided as the Custima Billing System used by the municipality cannot generate reports in this format.

19.3 Reconciliation of the Provision for Impairment

Balance at beginning of year	22,296,048	22,043,233
Impairment Losses recognised	2,819,722	924,186
Amounts recovered	51,525	32,654
Amounts written off as uncollectable	(2,648,102)	(704,024)
Balance at end of year	22,519,193	22,296,048
	0.00	0.00

The concentration of credit risk has been on residential consumers. Consequently, in determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been made for all residential consumer balances outstanding for more than 60 days. No further credit provision is required in excess of the Provision for Impairment.

19.4 Ageing of impaired Consumer Debtors

Current (0 - 30 days)	-	-
31 - 60 Days	-	-
61 - 90 Days	1,543,350	-
91 - 120 Days	1,280,869	2,060,325
+ 120 Days	19,694,973	20,235,723
Total	22,519,193	22,296,048
	-	-



20. OTHER DEBTORS

Sundry Deposits	424,840	386,440
Sundry Debtors	32,540,751	18,935,060
Government Subsidy Claims	42,392,448	35,133,772
	<hr/>	<hr/>
	75,358,039	54,455,272
Less: Provision for Impairment	(31,645,492)	(31,645,492)
	<hr/>	<hr/>
Total Other Debtors	43,712,547	22,809,780
	-	0.00

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies are payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

20.1 Reconciliation of Provision for Impairment

Balance at beginning of year	31,645,492	33,610,595
Impairment Losses recognised	-	-
Amounts written off as uncollectable	-	(1,965,103)
	<hr/>	<hr/>
Balance at end of year	31,645,492	31,645,492
	0.00	0.00

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

The Provision for Impairment on Other Debtors (Loans and Receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to most of these debtors being sundry in nature. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

The total amount of the Provision for Impairment created is R31 645 492 (2007: R31 645 492) and the following loans and receivables are included therein:

Sundry Debtors	4,708,613	4,708,613
Government Subsidy Claims	26,876,385	26,876,385
Other	60,494	60,494
	<hr/>	<hr/>
Total Provision for Impairment on Other Debtors	31,645,492	31,645,492
	0.00	0.00

21. VAT

VAT Receivable / (Payable)	28,229,753	15,863,961
	0.00	0.00

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

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are effected before the due date.

22. SHORT-TERM INVESTMENT DEPOSITS

Call Deposits	38,816,511	55,177,404
Notice Deposits	169,922,806	140,325,784
Short-term Portion of Investments	-	1,091,195
	<hr/>	<hr/>
Total Short-term Investment Deposits	208,739,317	196,594,384
	-	-

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 11.60 % to 15.60 % per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 11.60 % to 15.60 % per annum.



Short-term Investment Deposits are ring-fenced and attributable to Funds as follows:

Capital Replacement Reserve	49,196,735	104,323,511
External Financing Fund	-	-
Unspent Conditional Grants	159,542,582	91,232,539
Repayment of Long-term Liabilities (See Note 45 for more detail)	-	1,018,334
Available for Operational Purposes	-	20,000
Total Short-term Investment Deposits	208,739,317	196,594,384
	-	-

23. BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

Absa Bank - Port Shepstone

Account Number 406 668 6529 (Primary Bank Account):

Cash book balance at beginning of year	186,423	-
Cash book balance at end of year	5,422,341	186,423
	5,422,341	186,423
Bank statement balance at beginning of year	186,423	-
Bank statement balance at end of year	5,422,341	186,423

Account Number 406 668 6472 (General Bank Account):

Cash book balance at beginning of year	(4,815,248)	-
Cash book balance at end of year	3,583,249	(4,815,248)
	3,583,249	-
Bank statement balance at beginning of year	1,658,789	-
Bank statement balance at end of year	5,569,392	1,658,789

Account Number 406 668 6294 (Collection Account):

Cash book balance at beginning of year	-	-
Cash book balance at end of year	8,536	-
	8,536	-

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	8,536	-
Account Number 406 671 0647 (Consumer Deposits Bank Account):		
Cash book balance at beginning of year	2,597,424	-
Cash book balance at end of year	354,022	2,597,424
	354,022	2,597,424
Bank statement balance at beginning of year	2,597,424	-
Bank statement balance at end of year	354,022	2,597,424
Account Number 406 660 3763 (Salaries Account):		
Cash book balance at beginning of year	(15,750)	-
Cash book balance at end of year	82,317	(15,750)
	82,317	-
Bank statement balance at beginning of year	29,055	-
Bank statement balance at end of year	131,648	29,055
Account Number 406 757 0977 (Sanlam Group Life Account):		
Cash book balance at beginning of year	(91)	-
Cash book balance at end of year	2,273,628	(91)
	2,273,628	-
Bank statement balance at beginning of year	(91)	-
Bank statement balance at end of year	2,273,719	(91)
Account Number 406 668 6367 (MIG Project Account):		
Cash book balance at beginning of year	17,078,032	-
Cash book balance at end of year	950,602	17,078,032
	950,602	17,078,032
Bank statement balance at beginning of year	19,699,104	-
Bank statement balance at end of year	950,602	19,699,104



Account Number 407 187 0797 (Disaster Account):

Cash book balance at beginning of year	-	-
Cash book balance at end of year	17,450	-
	17,450	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	17,450	-

First National Bank - Port Shepstone

Account Number 534 8085 2369 (Primary Bank Account):

Cash book balance at beginning of year	2,864,731	1,485,564
Cash book balance at end of year	-	2,864,731
	-	2,864,731
Bank statement balance at beginning of year	2,957,045	9,982,224
Bank statement balance at end of year	-	2,957,045

Account Number 620 1194 3398 (ACB Deposits Account):

Cash book balance at beginning of year	1,093,479	471,936
Cash book balance at end of year	-	1,093,479
	-	1,093,479
Bank statement balance at beginning of year	1,093,479	471,936
Bank statement balance at end of year	-	1,093,479

Account Number 534 8801 7494 (Direct Deposits Account):

Cash book balance at beginning of year	730,150	673,225
Cash book balance at end of year	-	730,150
	-	730,150
Bank statement balance at beginning of year	730,150	673,225
Bank statement balance at end of year	-	730,150

Account Number 534 8801 7717 (Salaries Account):

Cash book balance at beginning of year	-	470,965
Cash book balance at end of year	-	-

	-	-
Bank statement balance at beginning of year	-	534,958
Bank statement balance at end of year	-	-
Account Number 620 1101 7680 (Levy Deposits Account):		
Cash book balance at beginning of year	-	432,660
Cash book balance at end of year	-	-
	-	-
Bank statement balance at beginning of year	-	432,660
Bank statement balance at end of year	-	-
Account Number 534 8109 8673 (Ugu RDP DWAF Project Account):		
Cash book balance at beginning of year	-	7,509,503
Cash book balance at end of year	-	-
	-	-
Bank statement balance at beginning of year	9,836,165	9,836,165
Bank statement balance at end of year	-	9,836,165
Account Number 620 5649 9653 (Afrisun Project Account):		
Cash book balance at beginning of year	-	38,973
Cash book balance at end of year	-	-
	-	-
Bank statement balance at beginning of year	-	38,973
Bank statement balance at end of year	-	-
Account Number 620 3279 1289 (Ezinqolweni Taxi Disaster Account):		
Cash book balance at beginning of year	-	6,991
Cash book balance at end of year	-	-
	-	-
Bank statement balance at beginning of year	-	6,991
Bank statement balance at end of year	-	-



Standard Bank - Port Shepstone Branch

Account Number 05 330 000 9 (Direct Deposits Account):

Cash book balance at beginning of year	11,420	56,052
Cash book balance at end of year	6,242	11,420
	6,242	11,420
Bank statement balance at beginning of year	11,420	56,052
Bank statement balance at end of year	6,242	11,420

Account Number 05 330 662 7 (Group Life Scheme Account):

Cash book balance at beginning of year	1,696,723	884,377
Cash book balance at end of year	-	1,696,723
	-	1,696,723
Bank statement balance at beginning of year	1,696,778	884,377
Bank statement balance at end of year	-	1,696,778

Cash Floats and Advances	500,002	556,315
Other Cash Equivalents	-	-

Cash on hand in Cash Floats and Advances	500,002	556,315
	500,002	556,315

Total Bank and Cash	13,198,389	26,814,698
Total Overdraft	-	(4,831,089)

Total Bank and Cash	13,198,389	21,983,609
	0	0

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.



Bank Accounts are ring-fenced and attributable to Funds as follows:

Capital Replacement Reserve	28,982,488	5,000,000
Unspent Conditional Grants	256,431	17,078,032
Available for Operational Purposes	(16,040,530)	4,736,666
	<hr/>	<hr/>
Total Bank and Cash	13,198,389	26,814,698
	-	-

Interest on overdrawn current accounts are charged at the banker's prime rate. Interest is earned at different rates per annum on favourable balances.

24. SERVICE CHARGES

Sale of Water	139,735,147	142,660,848
Sewerage and Sanitation Charges	46,010,080	39,066,304
	<hr/>	<hr/>
Total Service Charges	185,745,226	181,727,152
	0.00-	0.00-
Attributable to:		
Continuing Operations	185,745,226	181,727,152
Discontinued Operations	-	-
	<hr/>	<hr/>
	185,745,226	181,727,152
	0.00-	0.00-

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.



25. RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Buildings	99,000	99,000
Rental Revenue from Other Facilities	120,663	148,911
Total Rental of Facilities and Equipment	219,663	247,911
	0.00-	0.00-
Attributable to:		
Continuing Operations	219,663	247,911
Discontinued Operations	-	-
	<hr/>	<hr/>
	219,663	247,911
	0.00-	0.00-

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

26. INTEREST EARNED

External Investments:		
Bank Account	3,751,001	-
Short-term Investments	5,450,307	16,159,199
Long-term Investments	1,674,349	1,763,384
	<hr/>	<hr/>
	10,875,656	17,922,583
	0.00-	0.00-
Outstanding Debtors:		
Outstanding Billing Debtors	(186,978)	952,125
	<hr/>	<hr/>
	(186,978)	952,125
	0.00-	0.00-
Total Interest Earned		18,874,708.21



Interest Earned on Financial Assets, analysed by category of asset, is as follows:

Available-for-Sale Financial Assets	9,201,307	16,159,199
Loans and Receivables	(186,978)	952,125
Held-to-Maturity Investments	1,674,349	1,763,384
	<hr/>	<hr/>
	10,688,678	18,874,708
	0.00-	0.00-

Revenue recognised in respect of Financial Assets designated as at "fair value through profit or loss" is disclosed in Note 49.2.

27. GOVERNMENT GRANTS AND SUBSIDIES

National Equitable Share	73,908,486	49,836,440
Levies Replacement	28,706,000	28,838,590
Other Grants Received	482,018	(0)
Operational Grants	<hr/>	<hr/>
	103,096,504	78,675,030
Conditional Grants	<hr/>	<hr/>
	41,476,945	25,196,258
National: FMG Grant	501,545	178,434
National: DEAT Grant	166,240	630,167
National: MIG Grant	30,903,969	20,772,142
National: DWAF Grant	785,049	412,816
Provincial: Local Government Grants	6,018,985	578,516
Provincial: Dept of Sport & Recreation Grant	216,957	659,127
Provincial: Dept of Transport Grant	89,722	297,000
Provincial: Dept of Local Government & Traditional Affairs Grant	2,212,495	1,546,385
Other Spheres of Government Grants: DBSA	581,983	121,669
	<hr/>	<hr/>
Transferred from Deferred Revenue (offset depreciation on assets funded from Grants)	11,367,283	(306,356)
	<hr/>	<hr/>



Total Government Grants and Subsidies	155,940,732	103,564,931
	0.00-	0.00-
Attributable to:		
Continuing Operations	155,940,732	103,564,931
Discontinued Operations	-	-
	155,940,732	103,564,931
	0.00-	0.00-

The comparative figures for Government Grants and Subsidies have been restated to adhere to the provisions of IAS 20, Accounting for Government Grants. Refer to Note 38.2 on "Change in Accounting Policy" for details of the restatement.

27.1 National: Equitable Share

Balance unspent at beginning of year	-	-
Current year receipts	78,168,283	49,836,440
Conditions met - transferred to Revenue	(73,908,486)	(49,836,440)
Conditions met - transferred to Deferred Revenue - Capital Expenditure	(4,259,797)	-
Conditions still to be met - transferred to Liabilities (see Note 10)	-	-
	0.00-	0.00-

In terms of the Constitution, this unconditional grant is used primarily to subsidise the provision of basic services to the community. All registered indigents receive a monthly subsidy towards the cost of basic services, which is funded from this grant. No funds were withheld.

27.2 National: Finance Management Grant (FMG)

Balance unspent at beginning of year	1,129,573	728,028
Current year receipts	684,003	579,979
Conditions met - transferred to Revenue	(501,545)	(178,434)
Conditions met - transferred to Deferred Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	1,312,031	1,129,573
	0.00-	0.00-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns). No funds were withheld.

27.3 National: Economic Affairs and Tourism Grant (DEAT)

Balance unspent at beginning of year	1,442,943	-
Current year receipts	171,710	2,073,110
Conditions met - transferred to Revenue	(166,240)	(630,167)
Conditions met - transferred to Deferred Revenue	(978,887)	-
Conditions still to be met - transferred to Liabilities (see Note 10)	469,526	1,442,943
	0.00-	0.00-

The European Community represented by the Department of Economic Development (Gijima KZN) awarded the grant for the implementation of the action entitled "Strengthening the LED Enabling Environment". No funds were withheld.

27.4 Provincial: Local Government Grants

Balance unspent at beginning of year	6,466,545	5,359,226
Current year receipts	7,012,996	1,685,836
Conditions met - transferred to Revenue	(6,018,985)	(578,516)
Conditions met - transferred to Deferred Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	7,460,556	6,466,545
	0.00-	0.00-

Various grants are paid by Provincial Local Government help implement the IDP, PMS, Sports Stadium and financial reform initiatives as required by the Municipal Finance Management Act (MFMA), 2003 and the Municipal Systems Act (MSA), 2000. No funds have been withheld.

27.5 National: Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	46,923,860	40,307,771
Current year receipts	137,195,017	96,104,044
Conditions met - transferred to Revenue	(30,903,969)	(20,772,142)
Conditions met - transferred to Deferred Revenue	(107,804,335)	(68,715,813)
Conditions still to be met - transferred to Liabilities (see Note 10)	45,410,572	46,923,860
	0.00-	0.00-

The MIG grant is aimed at supplementing municipal budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households and for the provision, rehabilitation and renewal of municipal infrastructure. No funds were withheld.



27.6 National: Dept of Water Affairs and Forestry Grant (DWAF)

Balance unspent at beginning of year	2,612,855	2,817,653
Current year receipts	28,067,650	208,018
Conditions met - transferred to Revenue	(785,049)	(412,816)
Conditions met - transferred to Deferred Revenue	(11,127,016)	-
Conditions still to be met - transferred to Liabilities (see Note 10)	18,768,440	2,612,855
	0.00-	0.00-

DWAF grants are aimed at supplementing municipal budgets to assist with the construction of water delivery infrastructure, execution of water service delivery and the development of Asset Management Plan. No funds were withheld.

27.7 Provincial: Dept of Public Works Grant

Balance unspent at beginning of year	2,002,201	2,002,201
Current year receipts	238,262	-
Conditions met - transferred to Revenue	-	-
Conditions met - transferred to Deferred Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	2,240,463	2,002,201
	0.00-	0.00-

Public Works Grants are utilised to construct or upgrade various infrastructure of informal settlement areas within the municipal district through utilising labour intensive construction methods in order to maximise job creation for local communities and opportunities for emerging contractors. No funds were withheld.

27.8 Provincial: Dept of Sport and Recreation Grant

Balance unspent at beginning of year	8,911,538	2,093,331
Current year receipts	(4,850,959)	7,477,334
Conditions met - transferred to Revenue	(216,957)	(659,127)
Conditions met - transferred to Deferred Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	3,843,623	8,911,538
	0.00-	0.00-

The purpose of the grant received from the Department of Sport and Recreation was to promote mass participation of a number of selected sport codes and related activities within disadvantaged communities in conjunction with other recreation federations, as well as to assist with the construction of the Ugu District Sports Complex. No funds were withheld.

27.9 Provincial: Dept of Transport Grant

Balance unspent at beginning of year	114,170	402,080
Current year receipts	219,536	9,089
Conditions met - transferred to Revenue	(89,722)	(297,000)
Conditions met - transferred to Deferred Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	243,984	114,170
	0.00-	0.00-

This funding was furnished by the KZN Department of Transport to assist with the preparation of a Public Transport Plan as required by the National Land Transport Transition Act, 2000. No funds were withheld.

27.10 Provincial: Dept of Local Government and Traditional Affairs Grant

Balance unspent at beginning of year	13,549,602	8,468,552
Current year receipts	35,020,796	6,791,022
Conditions met - transferred to Revenue	(2,212,495)	(1,546,385)
Conditions met - transferred to Deferred Revenue	(4,999,302)	(163,586)
Conditions still to be met - transferred to Liabilities (see Note 10)	41,358,601	13,549,602
	0.00-	0.00-

Grants received from DLGTA are utilised to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required by the Municipal Structures Act. They are aimed at supplementing municipal budgets to assist with the assessment of water service delivery mechanisms, water delivery planning and water services technical support. No funds were withheld.

27.11 Provincial: Dept of Tourism Grant

Balance unspent at beginning of year	-	643,077
Current year receipts	-	(643,077)
Conditions met - transferred to Revenue	-	-
Conditions met - transferred to Deferred Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	-	-
	0.00-	0.00-

The European Community represented by the Department of Economic Development (Gijima KZN) awarded the grant for the implementation of the action entitled "Strengthening the LED Enabling Environment". No funds were withheld.



27.12 Other Government: DBSA

Balance unspent at beginning of year	1,182,290	1,209,833
Current year receipts	762,160	94,126
Conditions met - transferred to Revenue	(581,983)	(121,669)
Conditions met - transferred to Deferred Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	1,362,467	1,182,290
	0.00-	0.00-

The purpose of this grant was to assist with the development of business plans for the seven flagship projects in the municipal area. The objectives of the projects are to enhance rural economic development and broad-based community information dissemination and empowerment. No funds were withheld.

27.13 Other Government: Eskom

Balance unspent at beginning of year	-	-
Current year receipts	-	5,700,000
Conditions met - transferred to Revenue	-	-
Conditions met - transferred to Deferred Revenue	-	(5,700,000)
Conditions still to be met - transferred to Liabilities (see Note 10)	-	-
	0.00-	0.00-

The purpose of this grant was to assist with the development of business plans for the seven flagship projects in the municipal area. The objectives of the projects are to enhance rural economic development and broad-based community information dissemination and empowerment. No funds were withheld.

27.14 Other Government: Industrial Development Corporation

Balance unspent at beginning of year	-	-
Current year receipts	578,796	-
Conditions met - transferred to Revenue	-	-
Conditions met - transferred to Deferred Revenue	-	-
Conditions still to be met - transferred to Liabilities (see Note 10)	578,796	-
	0.00-	0.00-

The purpose of this grant was to assist with the development of business plans for the seven flagship projects in the municipal area. The objectives of the projects are to enhance rural economic development and broad-based community information dissemination and empowerment. No funds were withheld.

27.15 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (2008), government grant funding is expected to increase over the two years 2008/2009 and 2009/2010.

28. OTHER REVENUE

Internal Recoveries	72,660,180	17,737,319
Sundry Services Rendered	3,265,818	3,946,439
Tender Deposits Forfeited	91,332	66,660
Other Revenue	84,987	1,087,533
Total Other Revenue	76,102,316	22,837,951
	0.00-	0.00-
Attributable to:		
Continuing Operations	76,102,316	22,837,951
Discontinued Operations	-	-
	76,102,316	22,837,951
	0.00-	0.00-

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 24 to 26, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Internal Recoveries are received from other trading and economic services.



29. EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	77,689,116	64,057,652
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	19,768,786	16,270,859
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	14,381,561	11,274,993
Housing Benefits and Allowances	1,115,545	981,694
Overtime Payments	14,387,722	13,089,459
Performance Bonuses	338,140	269,537
Defined Benefit Plan Expense:	2,267,726	9,247,777
Current Service Cost	1,246,164	778,975
Interest Cost	1,706,060	1,038,406
Net Actuarial (gains)/losses recognised	(684,497)	787,220
Vested Past Service Cost	-	6,643,176
Total Employee Related Costs	129,948,597	115,191,971
	0.00-	0.00-
Attributable to:		
Continuing Operations	129,948,597	115,191,971
Discontinued Operations	-	-
	129,948,597	115,191,971
	0.00-	0.00-

Advances are made to employees in terms of the municipality's policy to assist them in the unfortunate event of the death of a dependant. Loans to employees are set out in Note 16.

Remuneration of the Municipal Manager

Annual Remuneration (includes leave encashed - 2008: R426 883 & 2007: R0)	806,029	505,274
Car, Entertainment, Housing, Subsistence and Other Allowances	277,127	187,287
Performance Bonus	61,890	55,343
Company Contributions to UIF, Medical and Pension Funds	60,757	123,237
Total	1,205,802	871,141

The Municipal Manager's employment contract came to an end in November 2007. The General Manager: Operations assumed the acting position from December 2007 to February 2008 and was appointed as Municipal Manager with effect from 01 March 2008.

Remuneration of the Deputy Municipal Manager

Annual Remuneration (includes leave encashed - 2008: R83 623 & 2007: R78 291)	167,043	538,149
Car, Entertainment, Housing, Subsistence and Other Allowances	90,030	142,663
Performance Bonus	48,367	43,878
Company Contributions to UIF, Medical and Pension Funds	16,652	66,679
Total	322,092	791,369

The Deputy Municipal Manager's employment contract came to an end in September 2007. As at year-end the post still remained vacant.

Remuneration of the Chief Financial Officer

Annual Remuneration (includes leave encashed - 2008: R129 778 & 2007: R0)	429,497	421,557
Car, Entertainment, Housing, Subsistence and Other Allowances	304,676	140,295
Performance Bonus	63,565	46,634
Company Contributions to UIF, Medical and Pension Funds	97,248	91,035
Total	894,984	699,521

Remuneration of the General Manager: Corporate Services

Annual Remuneration	452,697	48,849
Car, Entertainment, Housing, Subsistence and Other Allowances	215,870	11,000
Performance Bonus	-	-
Company Contributions to UIF, Medical and Pension Funds	18,194	674
Total	686,761	60,523

Remuneration of the General Manager: Infrastructure and Economic Development

Annual Remuneration (includes leave encashed - 2008: R0 & 2007: R169 077)	521,400	683,388
Car, Entertainment, Housing, Subsistence and Other Allowances	232,080	156,818
Performance Bonus	64,370	46,188
Company Contributions to UIF, Medical and Pension Funds	8,512	9,448
Total	826,362	895,842



Remuneration of the General Manager: Water Services

Annual Remuneration (includes leave encashed - 2008: R0 & 2007: R118 060)	521,400	656,955
Car, Entertainment, Housing, Subsistence and Other Allowances	160,926	145,767
Performance Bonus	64,370	46,676
Company Contributions to UIF, Medical and Pension Funds	6,862	7,593
Total	753,558	856,991

Remuneration of the General Manager: Operations

Annual Remuneration	343,865	-
Car, Entertainment, Housing, Subsistence and Other Allowances	152,175	-
Performance Bonus	-	-
Company Contributions to UIF, Medical and Pension Funds	5,516	-
Total	501,555	-

The post of General Manager: Operations was filled for the first time in July 2007. An Acting Allowance of R46 635 (2007: R0) was paid to the General Manager: Operations for acting in the position of Municipal Manager from December 2008 to February 2008.

Remuneration of the Special Advisor

Annual Remuneration	376,222	375,116
Car, Entertainment, Housing, Subsistence and Other Allowances	123,903	122,938
Performance Bonus	35,579	30,818
Company Contributions to UIF, Medical and Pension Funds	6,359	6,404
Total	542,063	535,276

An Acting Allowance (2008: R0 and 2007: R19 371) was paid to the Special Advisor for acting in the positions of Municipal Manager at a local municipality and GM: Infrastructure and Economic Development Services respectively .

The following compensation was payable to key management personnel in terms of IAS 19 as at 30 June:

Post Employment Benefits:-

Chief Financial Officer	31,588	23,261
Total	31,588	23,261

Other Long-term Benefits:-

Chief Financial Officer	35,293	-
Total	35,293	-

30. REMUNERATION OF COUNCILLORS

Mayor	649,730	630,311
Deputy Mayor	515,444	490,079
Speaker	499,811	495,695
Executive Committee Members	1,796,016	1,725,117
Councillors	1,887,662	2,248,106
Total Councillors' Remuneration	5,348,663	5,589,308
	0.00-	0.00-

In-kind Benefits

The Councillors occupying the positions of Mayor, Deputy Mayor, Speaker and Executive Committee Members of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

Councillors may utilise official Council transportation when engaged in official duties.



The following additional personal support is provided by the municipality:

- (i) The Mayor has one full-time bodyguard and one full-time driver.
- (ii) The Deputy Mayor has one full-time aide, fulfilling various personal duties.
- (iii) The Speaker has one full-time driver.

31. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	26,781,184	22,931,668
Amortisation: Intangible Assets	877,057	2,220,855
Depreciation: Investment Property	-	-
	<hr/>	<hr/>
Total Depreciation and Amortisation	27,658,241	25,152,524
	0.00-	0.00-
Attributable to:		
Continuing Operations	27,658,241	25,152,524
Discontinued Operations	-	-
	<hr/>	<hr/>
	27,658,241	25,152,524
	0.00-	0.00-

32. IMPAIRMENT LOSSES

32.1 Impairment Losses on Fixed Assets

Impairment Losses Recognised:	-	3,191,409
Property, Plant and Equipment	-	3,191,409
Intangible Assets	-	-
Investment Property	-	-
	<hr/>	<hr/>
	-	3,191,409



32.2 Impairment Losses on Financial Assets

Impairment Losses Recognised:	2,819,722	924,186
Long-term Receivables	-	-
Consumer Debtors	2,819,722	924,186
Other Debtors	-	-
	<hr/>	<hr/>
	2,819,722	924,186
	<hr/>	<hr/>
Total Impairment Losses	2,819,722	4,115,594
	0.00-	0.00-
Attributable to:		
Continuing Operations	2,819,722	4,115,594
Discontinued Operations	-	-
	<hr/>	<hr/>
	2,819,722	4,115,594
	0.00-	0.00-

33. INTEREST PAID

Long-term Liabilities	5,577,271	5,793,993
Finance Leases	2,098,477	144,681
Other Interest Paid	107,538	-
	<hr/>	<hr/>
Total External Interest	7,783,287	5,938,673
	0.00-	0.00-
Attributable to:		
Continuing Operations	7,783,287	5,938,673
Discontinued Operations	-	-
	<hr/>	<hr/>
	7,783,287	5,938,673
	0.00-	0.00-

The weighted average capitalisation rate on funds borrowed generally is 6.79% per annum (2007: 7.25% per annum).



34. BULK PURCHASES

Water	16,833,167	12,578,774
Total Bulk Purchases	16,833,167	12,578,774
	0.00-	0.00-

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Bulk Water is purchased from the Umgeni Water Board.

35. GRANTS AND SUBSIDIES PAID

Low Income Subsidy	21,885,088	19,676,404
Community Projects	51,749,604	44,917,852
Drought Relief	4,847,480	4,409,787
Other Benevolent Organisations and Grants-in-Aid	4,053,275	2,971,110
Total Grants and Subsidies	82,535,446	71,975,153
	0.00-	0.00-

The Low Income Subsidy is in respect of providing basic service levels to indigent households. Refer to Note 27.1.

Community Projects consist primarily of Ventilated Pit Latrines (VIP's) constructed for communities that have no access to sanitation services. This project is accelerated to deal swiftly with the municipality's sanitation backlog programme as funded through the Municipal Infrastructure Grant.

Drought Relief is meant to provide relief to areas not being supplied with potable water under conditions of drought.

The Mayor makes grants available on application after consultation with the Municipal Manager / Executive Committee on the merits of such an application.



36. GENERAL EXPENSES

Included in General Expenses are the following:

Accommodation, Seminars and Travelling	1,329,458	753,244
Audit Fees	950,510	1,597,667
Consultant IT Support	683,712	1,002,826
Electricity	10,490,152	9,344,943
Insurance General	747,459	1,992,906
Kwanaloga Games	1,562,290	791,330
Materials: Connections	975,616	1,563,227
Materials: Purification	3,084,833	3,110,871
Postage	858,160	852,742
Printing and Stationery	1,231,074	1,047,060
Rentals: Property, Plant and Equipment	3,623,156	2,427,213
Small Tools	27,200	3,903,516
Telephones, Facsimiles and Internet Lines	3,632,123	3,137,224
Transport Costs	8,836,580	6,781,860
Internal Charges	72,660,180	17,196,928
Other General Expenses	17,231,000	10,425,631
Total General Expenses	127,923,503	65,929,187
	0.00-	0.00-

No other extra-ordinary expenses were incurred.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Internal Charges are charged to other trading and economic services for support services rendered.



37. DISCONTINUED OPERATIONS

No operations have been discontinued.

38. CHANGE IN ACCOUNTING POLICY

The municipality adopted the following Accounting Standards for the first time during the financial year 2007/2008 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1:

- IAS 20 Government Grants

IAS 20 - Government Grants:

The Accounting Standard for Accounting for Government Grants has been recognised in the Annual Financial Statements of the municipality as at 30 June 2008 in terms of IAS 20. The full net liabilities have been recognised retrospectively in the Annual Financial Statements.

The comparative amounts have been restated. The effect of the change in Accounting Policy is as follows:

38.1 Reclassification of Reserves, Accumulated Surplus and Deferred Revenue

The prior year figures of Reserves, Accumulated Surplus and Deferred Revenue have been restated to correctly disclose the monies held by the municipality in terms of IAS 20.

The effect of the Change in Accounting Policy is as follows:

	Reserves	Accumulated Surplus	Deferred Revenue
Balances published as at 30 June 2006	366,101,810	(5,030,607)	-
Reclassify Capital Replacement Reserve	(131,417,067)	131,417,067	-
Reclassify Capitalisation Reserve	(93,096,628)	93,096,628	-
Reclassify Donations and Public Contributions Reserve	(9,892,747)	9,892,747	-
Reclassify Government Grant Reserve	(131,695,368)	-	131,695,368
Restated Balances as at 30 June 2006	-	229,375,835	131,695,368
Transactions incurred for the Year 2006/2007:			
Contribution to Reserves	-	15,000,000	-
Interest allocated to Reserves	-	11,170,451	-
Assets obtained from Reserves	-	(48,264,007)	74,579,400
Offset of Depreciation	-	(10,264,985)	306,356
Appropriations from / (to) Reserves	-	32,358,542	-
Surplus for the Year	-	1,803,479	-
Restated Balances as at 30 June 2007	-	231,179,314	206,581,123
	0.00-	0.00-	0.00-

38.2 Reclassification of Revenue:

The prior year figures of Government Grants and Subsidies (Note 27) have been restated to correctly classify the transactions related to Assets obtained from Government Grants (previously included in the Government Grant Reserve).



The effect of the Change in Accounting Policy is as follows:

	Government Grants	Surplus for the Year
Revenue as per AFS previously published for 2006/2007	178,450,687	79,538,636
Reclassification of Assets obtained from Grants	(74,579,400)	(74,579,400)
Reclassification of Depreciation of Assets obtained from Grants	(306,356)	(306,356)
Restated Revenue as per AFS currently disclosed for 2006/2007	103,564,931	4,652,881
(Surplus for the Year carried over to Note 39.5 below)	0.00-	0.00
	2008	2007
	R	R

The effect of the above-mentioned changes in Accounting Policies on the profit and loss is a decrease of R74.9 million for the financial year 2006/2007 and the nature of the changes in the Accounting Policies is as follows:

- IAS 20	Effect on Revenue: Government Grants i.r.o. Assets obtained from Grants	-	74,579,400
- IAS 20	Effect on Revenue: Government Grants i.r.o. Offset of Depreciation	-	306,356
		(51,032,172)	
Total Decrease / (Increase) in Surplus as at 30 June		-	74,885,756

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2007, but the Accumulated Surplus as at 30 June 2006 has increased by R234.4 million.

39. CORRECTION OF ERROR

39.1 Reclassification of Retirement Benefit Liabilities and Non-current Provisions:

The prior year figures of Retirement Benefit Liabilities and Non-current Provisions have been restated to correctly classify the nature of Non-current Liabilities of the municipality.

The effect of the Correction of Error is as follows:

	Retirement Liabilities	Non-current Provisions
Balances previously published per AFS as at 30 June 2007	-	20,314,150
Reclassification of liabilities to reflect the nature of non-current liabilities	16,748,086	(16,748,086)
Balances now published per AFS as at 30 June 2007	16,748,086	3,566,064
	0.00-	0.00-

39.2 Reclassification of Creditors and Operating Lease Liability:

The prior year figures of Creditors and Operating Lease Liability have been restated to correctly classify the nature of the Operating Lease Liability of the municipality.

The effect of the Correction of Error is as follows:

	Creditors	Operating Lease Liability
Balances previously published per AFS as at 30 June 2007	76,079,399	-
Reclassification of liabilities to reflect the nature of non-current liabilities	(39,731)	39,731
Balances now published per AFS as at 30 June 2007	76,039,668	39,731
	0.00-	0.00-

39.3 Reclassification of Property, Plant and Equipment and Investment Property:

The prior year figures of Property, Plant and Equipment and Investment Property have been restated to correctly classify the nature of property held by the municipality.

Furthermore the prior year figures of Property, Plant and Equipment has been restated to correctly classify the nature of property held by the municipality, which had been damaged by fire and subsequently impaired. See also Note 39.5 below.



The effect of the Correction of Error is as follows:

	Property, Plant and Equipment	Investment Property
Balances previously published per AFS as at 30 June 2007	383,516,654	24,517,273
Reclassification of property held to reflect the nature of property under construction	24,517,273	(24,517,273)
Reclassification of property held to reflect the nature of property impaired in lieu of fire damages	(2,849,401)	-
	<hr/>	<hr/>
Balances now published per AFS as at 30 June 2007	405,184,526	-
	0.00-	0.00-

39.4 Reclassification of Inventory and Assets classified as Held-for-Sale:

The prior year figures of Inventories and Assets classified as Held-for-Sale have been restated to correctly classify the nature of inventories held by the municipality.

The effect of the Correction of Error is as follows:

	Inventory	Assets Held-for-Sale
Balances previously published per AFS as at 30 June 2007	4,418,732	-
Reclassification of monies held to reflect the nature of monies held	(246,744)	246,744
	<hr/>	<hr/>
Balances now published per AFS as at 30 June 2007	4,171,988	246,744
	0.00-	0.00-

39.5 Reclassification of Expenditure:

The prior year figure for Impairment Losses (Note 32) has been restated to correctly classify the transactions related to Assets damaged by a fire on 28 June 2007.



The effect of the Change in Accounting Policy is as follows:

	Impairment Losses	Surplus for the Year
(Surplus for the Year carried forward from Note 38.2 above)		
Revenue as per AFS previously published for 2006/2007	342,008	4,652,881
Impairment Losses recognised	2,849,401	(2,849,401)
	<hr/>	<hr/>
Restated Revenue as per AFS currently disclosed for 2006/2007	3,191,409	1,803,479
	0.00-	0.00

40. CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for the Year	1,288,665	1,803,479
Adjustment for:		
Depreciation and Amortisation	27,658,241	25,152,524
Impairment Losses on Property, Plant and Equipment	-	3,191,409
Gain on Disposal of Property, Plant and Equipment	(1,215,030)	(76,289)
Other Movement on Property, Plant and Equipment	0	6,267,213
Other Movement on Intangible Assets	-	(6,267,213)
Other Movement on Investment Properties	-	-
Assets below threshold previous years expensed	-	3,031,308
Contribution to Retirement Benefit Liabilities	2,227,486	7,875,087
Contribution to Provisions - Current	470,354	-
Contribution to Provisions - Non-current	40,240	1,372,690
Contribution to Impairment Provision	2,819,722	924,186
Bad Debts Recovered	51,525	32,654
Bad Debts Written-off	(2,648,102)	(2,669,128)
Investment Income	(10,688,678)	(18,874,708)
Interest Paid	7,783,287	5,938,673
Operating Surplus before working capital changes	<hr/> 27,787,710	<hr/> 27,701,885
(Increase)/Decrease in Inventories	(2,124,626)	(725,755)
(Increase)/Decrease in Assets classified as Held-for-Sale	77,308	(246,744)



(Increase)/Decrease in Consumer Debtors	3,461,973	(14,455,974)
(Increase)/Decrease in Other Debtors	(20,902,768)	(4,463,755)
Increase/(Decrease) in Deferred Revenue	117,802,055	74,885,756
Increase/(Decrease) in Creditors	3,357,802	13,695,335
Increase/(Decrease) in Conditional Grants and Receipts	51,488,441	38,216,211
Increase/(Decrease) in VAT	(12,365,791)	(7,989,022)
Increase/(Decrease) in Operating Lease Liability	(4,520)	39,731
Expenditure incurred from Retirement Benefit Liabilities	(620,942)	(429,288)
Expenditure incurred from Provisions	(390,664)	(472,803)
Cash generated by / (utilised in) Operations	167,565,978	125,755,576

41. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank Balances and Cash	13,198,389	26,814,698
Bank Overdraft	-	(4,831,089)
Short-term Investment Deposits	208,739,317	196,594,384
Total Cash and Cash Equivalents	221,937,705	218,577,993

42. NON-CASH INVESTING AND FINANCING TRANSACTIONS

During the 2007/2008 financial year, the municipality acquired R13 538 741 (2006/2007: R624 068) of vehicles under finance leases. These lease agreements have been capitalised and the acquisitions will be reflected in the Cash Flow Statement over the term of the finance leases via lease repayments.

43. FINANCING FACILITIES

Unsecured Bank Overdraft Facility, reviewed annually and payable at call:

- Amount used	-	-
- Amount unused	2,000,000	-
	2,000,000	-

Secured Bank Loan Facilities with various maturity dates through to 2011 and which may be extended by mutual agreement:

- Amount used	11,712,931	-
- Amount unused	8,387,069	-
	<u>20,100,000</u>	<u>-</u>

44. OPERATING LEASE COMMITMENTS

The Municipality as Lessor:

The municipality had no long-term arrangements to be classified as operating lease agreements for the two financial years.

45. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 4)	113,015,279	81,874,135
Used to finance Property, Plant and Equipment - at cost	(113,015,279)	(81,874,135)
Sub-total	<u>-</u>	<u>-</u>
Cash set aside for the Repayment of Long-term Liabilities (See Notes 4, 15 and 22)	13,775,686	14,581,118
Cash invested for Repayment of Long-term Liabilities	<u>13,775,686</u>	<u>14,581,118</u>

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that Long-term Liabilities can be repaid on redemption date.



46. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

46.1 Unauthorised Expenditure

To the best of management's knowledge, no Unauthorised Expenditure was incurred during the year under review.

46.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	-	-
Fruitless and Wasteful Expenditure current year	107,538	-
Condoned or written off by Council	-	-
Fruitless and Wasteful Expenditure awaiting condonement	107,538	-

Incident

Interest on late payment - Various Creditors

46.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	-	-
Irregular Expenditure current year	2,658,447	-
Condoned or written off by Council	-	-
Recovered	-	-
To be recovered – contingent asset (see Note 37)	-	-
Transfer to receivables for recovery (see Note 15)	-	-
Irregular Expenditure awaiting condonement	2,658,447	-

Incident

Payment to a service provider in respect of operating a waste water plant in the absence of a renewed contract.

**47. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL
FINANCE MANAGEMENT ACT**

47.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	652,514	441,535
Amount Paid - current year	(652,514)	(441,535)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

47.2 Audit Fees

Opening Balance	0	9,709
Current year Audit Fee	950,510	1,597,667
Amount Paid - current year	(950,510)	(1,597,667)
Amount Paid - previous years	-	(9,709)
Balance Unpaid (included in Creditors)	0	0

47.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in Note 21. All VAT returns have been submitted by the due date throughout the year.

47.4 PAYE and UIF

Opening Balance	(0)	172
Current year Payroll Deductions	22,631,391	18,545,892
Amount Paid - current year	(22,631,391)	(18,545,892)
Amount Paid - previous years	-	(172)
Balance Unpaid (included in Creditors)	-	(0)



47.5 Pension and Medical Aid Deductions

Opening Balance	-	(16,061)
Current year Payroll Deductions and Council Contributions	24,130,577	22,373,756
Amount Paid - current year	(24,130,577)	(22,357,695)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	-	-

47.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

47.7 Non-Compliance with Chapter 11 of the Municipal

Finance Management Act

No known matters existed at reporting date.

47.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

Deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were presented to the Executive Committee, which condoned the various cases.

DEPARTMENT	AMOUNT
Infrastructure & Economic Development	768,968.00
	Excluding VAT
Travel to Canada to investigate co-operative system	
Infrastructure & Economic Development	1,240,392.00
	Excluding VAT
Appointment of consultants for the design and implementation of LED strategy	Including VAT
Infrastructure & Economic Development	2,460,765.00
	Excluding VAT

Appointment of consultants to prepare a sustainability plan for the Ugu Sports Complex to market the complex for investment purposes	Including VAT
Municipal Manager	1,415,599.50

Excluding VAT

Appointment of consultants to intervene in the financial operations of a local municipality	Including VAT
---	---------------

	2008	2007
	R	R

48. COMMITMENTS FOR EXPENDITURE

48.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-	71,142,252	58,376,338
Infrastructure	62,785,927	53,150,451
Community	4,647,792	2,008,155
Heritage	-	-
Other	3,708,533	3,217,733
Housing Development Fund	-	-
Investment Properties	-	-
- Approved but Not Yet contracted for:-	16,324,252	17,133,638
Infrastructure	14,824,252	15,633,638
Community	-	-
Heritage	-	-
Other	1,500,000	1,500,000
Housing Development Fund	-	-
Investment Properties	-	-
Total Capital Commitments	87,466,504	75,509,976



This expenditure will be financed from:

External Loans	311,953	5,678,945
Capital Replacement Reserve	-	-
Government Grants	80,348,144	54,457,642
District Council Grants	-	-
Public Contributions	-	-
Own Resources	6,806,407	15,373,389
	<u>87,466,504</u>	<u>75,509,976</u>
	0.00-	0.00-

48.2 Lease Commitments

Finance Lease Liabilities and Non-cancellable Operating Lease Commitments are disclosed in Notes 4 and 11.

49. FINANCIAL INSTRUMENTS

49.1 Classification of Financial Instruments

FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

Financial Assets

Investments

Fixed Deposits	13,775,686	14,581,118
----------------	------------	------------

Long-term Receivables

Officials: Relocation Loans	21,654	1,558
Sundry Loans	67,263	42,381

Consumer Debtors

Sewerage	5,838,558	7,157,926
Water	23,814,885	36,060,000

Water Rate Debtors	9,131,338	-
Other Trade Debtors	5,284,842	4,536,815
Other Debtors		
Sundry Deposits	424,840	386,440
Sundry Debtors	32,540,751	18,935,060
Government Subsidy Claims	42,392,448	35,133,772
Provision for Impairment	(31,645,492)	(31,645,492)
Current Portion of Long-term Receivables		
Officials: Relocation Loans	14,889	5,519
Sundry Loans	9,600	6,000
VAT Receivable		
VAT Control Accounts	28,229,753	15,863,961
Short-term Investment Deposits		
Call Deposits	38,816,511	55,177,404
Notice Deposits	169,922,806	140,325,784
Short-term Portion of Investments	-	1,091,195
Bank Balances and Cash		
Bank Balances	12,698,387	26,258,383
Cash Floats and Advances	500,002	556,315
	351,838,721	324,474,139



SUMMARY OF FINANCIAL ASSETS

Held to maturity:

Investments	13,775,686	14,581,118
Short-term Investment Deposits	38,816,511	55,177,404
Short-term Investment Deposits	169,922,806	140,325,784
Short-term Investment Deposits	-	1,091,195
	<hr/>	<hr/>
	222,515,003	211,175,502

Loans and Receivables

Long-term Receivables	21,654	1,558
Long-term Receivables	67,263	42,381
Consumer Debtors	5,838,558	7,157,926
Consumer Debtors	23,814,885	36,060,000
Consumer Debtors	9,131,338	-
Consumer Debtors	5,284,842	4,536,815
Other Debtors	424,840	386,440
Other Debtors	32,540,751	18,935,060
Other Debtors	42,392,448	35,133,772
Other Debtors	(31,645,492)	(31,645,492)
Current Portion of Long-term Receivables	14,889	5,519
Current Portion of Long-term Receivables	9,600	6,000
VAT Receivable	28,229,753	15,863,961
	<hr/>	<hr/>
	116,125,330	86,483,940

Available for Sale:

Bank Balances and Cash	12,698,387	26,258,383
Bank Balances and Cash	500,002	556,315
	<hr/>	<hr/>
	13,198,389	26,814,698

Total Financial Assets

<hr/>	<hr/>
351,838,721	324,474,139

FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

Financial Liabilities**Long-term Liabilities**

Local Registered Stock	20,300,000	20,300,000
Annuity Loans	78,022,811	54,971,870
Consumer Deposits		
Electricity and Water	16,485,647	15,310,746
Creditors		
Trade Creditors	5,404,202	22,510,213
Payments received in Advance	9,915,720	15,058,418
Retentions	2,822,138	3,200,680
Staff Leave	3,321,015	4,731,584
Projects	38,178,425	8,879,788
Other Creditors	19,755,970	21,658,985
Unspent Conditional Grants and Receipts		
National Government Grants	73,421,125	58,575,776
Provincial Government Grants	47,686,670	24,577,511
Other Spheres of Government	1,941,263	1,182,290
Developers Contributions	36,667,574	23,974,994
Public Contributions	82,380	-
Operating Lease Liability		
Operating Lease Liability	35,211	39,731
Bank Overdraft		
Bank Overdraft	-	4,831,089



Current Portion of Long-term Liabilities

Local Registered Stock	-	2,644,081
Annuity Loans	1,450,419	1,188,339
	355,490,571	283,636,095

SUMMARY OF FINANCIAL LIABILITIES

Not valued at Fair Value through Profit and Loss:

Long-term Liabilities	20,300,000	20,300,000
Long-term Liabilities	78,022,811	54,971,870
Consumer Deposits	16,485,647	15,310,746
Creditors	5,404,202	22,510,213
Creditors	9,915,720	15,058,418
Creditors	2,822,138	3,200,680
Creditors	3,321,015	4,731,584
Creditors	38,178,425	8,879,788
Creditors	19,755,970	21,658,985
Unspent Conditional Grants and Receipts	73,421,125	58,575,776
Unspent Conditional Grants and Receipts	47,686,670	24,577,511
Unspent Conditional Grants and Receipts	1,941,263	1,182,290
Unspent Conditional Grants and Receipts	36,667,574	23,974,994
Unspent Conditional Grants and Receipts	82,380	-
Operating Lease Liability	35,211	39,731
Bank Overdraft	-	4,831,089
Current Portion of Long-term Liabilities	-	2,644,081
Current Portion of Long-term Liabilities	1,450,419	1,188,339
	<u>355,490,571</u>	<u>283,636,095</u>

Total Financial Liabilities	355,490,571	283,636,095
	0.00-	0.00-

49.2 Fair Value of Financial Instruments

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- The Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

In accordance with IAS 39.09 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2007		
	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS			
Held to maturity:	222,515,003	211,175,502	211,175,502
Fixed Deposits	13,775,686	14,581,118	14,581,118
Call Deposits	38,816,511	55,177,404	55,177,404
Notice Deposits	169,922,806	140,325,784	140,325,784
Short-term Portion of Investments	-	1,091,195	1,091,195
<hr/>			
Loans and Receivables	116,125,330	86,483,940	86,483,940
Long-term Receivables	88,917	43,939	43,939
Consumer Debtors	44,069,623	47,754,741	47,754,741
Other Debtors	43,712,547	22,809,780	22,809,780
Current Portion of Long-term Receivables	24,489	11,519	11,519
VAT Receivable	28,229,753	15,863,961	15,863,961
<hr/>			
Available for Sale	13,198,389	26,814,698	26,814,698
Bank Balances and Cash	13,198,389	26,814,698	26,814,698
<hr/>			
Total Financial Assets	351,838,721	324,474,139	324,474,139
		0.00-	



FINANCIAL LIABILITIES

Designated as FVTPL:	355,490,571	283,636,095	283,636,095
Local Registered Stock Loans	20,300,000	20,300,000	20,300,000
Unsecured Bank Facilities:	78,022,811	59,802,959	59,802,959
- Annuity Loans	78,022,811	54,971,870	54,971,870
- Bank Overdraft	-	4,831,089	4,831,089
Trade and Other Payables:	257,167,760	203,533,136	203,533,136
- Consumer Deposits	16,485,647	15,310,746	15,310,746
- Creditors	79,397,470	76,039,668	76,039,668
- Unspent Conditional Grants	159,799,012	108,310,571	108,310,571
- Operating Lease Liability	35,211	39,731	39,731
- Current Portion of Long-term Liabilities	1,450,419	3,832,420	3,832,420
Total Financial Liabilities	355,490,571	283,636,095	283,636,095
		0.00-	
Total Financial Instruments	(3,651,850)	40,838,044	40,838,044
Unrecognised Gain / (Loss)	-	-	-

49.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2007.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 4, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 2 and the Statement of Changes in Net Assets.

Gearing Ratio

In terms of the municipality's five year financial plan, financial benchmarks, year-on-year in respect of the debt-to-equity ratio, is reflected at 95,00%, reducing 90,00%. This aggressive ratio is as a result of the development challenges faced by the municipality. The rate of borrowing is well below market related rates.

	2008	2007
	R	R
The gearing ratio at the year-end was as follows:		
Debt	98,322,811	80,102,959
Bank, Cash and Cash Equivalents	13,198,389	26,814,698
Net Debt	111,521,200	106,917,657
Equity	232,467,979	231,179,314
Net debt to equity ratio	47.97%	46.25%

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 4.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

49.4 Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Treasury monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.



49.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenue and expenditure are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

49.6 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting percentage exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Periodic credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The municipality had no floating rate long-term financial instruments at year-end requiring an Interest Rate Sensitivity Analysis.

UGU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

49. FINANCIAL INSTRUMENTS (Continued)

49.7 Effective Interest Rates and Repricing Analysis

In accordance with IAS 32.67(a) and (b) the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2008

DESCRIPTION	NOTE REF IN AFS	AVERAGE EFFECTIVE INTEREST RATE	TOTAL	6 MONTHS OR LESS	6 - 12 MONTHS	1 - 2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
	#	%	R	R	R	R		R
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments	15		13,775,686	-	-	-	13,775,686	-
INCA		13.39%	12,538,723	-	-	-	12,538,723	-
INCA		12.90%	1,236,963	-	-	-	1,236,963	-
<hr/>								
Secured Bank Facilities	4		(20,300,000)	-	-	-	(20,300,000)	-
INCA		16.80%	(18,500,000)	-	-	-	(18,500,000)	-
INCA		15.60%	(1,800,000)	-	-	-	(1,800,000)	-
<hr/>								
Unsecured Bank Facilities	4		(79,473,231)	-	-	-	-	(79,473,231)
DBSA		10.00%	(1,457,300)	-	-	-	-	(1,457,300)
DBSA		2.65%	(5,000,000)	-	-	-	-	(5,000,000)
DBSA		5.00%	(25,000,000)	-	-	-	-	(25,000,000)
DBSA		5.00%	(24,710,373)	-	-	-	-	(24,710,373)
DBSA (Ex Hibiscus Coast)		Various	(20,436,444)	-	-	-	-	(20,436,444)



DESCRIPTION	NOTE REF IN AFS	AVERAGE EFFECTIVE INTEREST RATE	TOTAL	6 MONTHS OR LESS	6 - 12 MONTHS	1 - 2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
	#	%	R	R	R	R		R
DBSA (Ex Umdoni)		Various	(1,711,101)	-	-	-	-	(1,711,101)
DBSA (Ex Umuziwabantu)		Various	(1,158,012)	-	-	-	-	(1,158,012)
Total Fixed Rate Instruments			(85,997,545)	-	-	-	(6,524,314)	(79,473,231)
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	22	11.93%	208,739,317	208,739,317	-	-	-	-
Bank Balances and Cash	23	11.93%	13,198,389	13,198,389	-	-	-	-
Total Variable Rate Instruments			221,937,705	221,937,705	-	-	-	-
30 June 2007								
FIXED RATE INSTRUMENTS								
Held-to-maturity Investments	15		14,581,118	2,479,781	-	-	12,101,337	-
INCA		13.39%	11,010,142	-	-	-	11,010,142	-
INCA		12.90%	1,091,195	-	-	-	1,091,195	-
INCA		13.14%	2,479,781	2,479,781	-	-	-	-
Secured Bank Facilities	4		(22,944,081)	(2,644,081)	-	-	(20,300,000)	-
CMB Nominees		16.75%	(1,500,000)	(1,500,000)	-	-	-	-
INCA		16.80%	(30,000)	(30,000)	-	-	-	-
INCA		16.80%	(18,500,000)	-	-	-	(18,500,000)	-
INCA		16.80%	(1,114,081)	(1,114,081)	-	-	-	-

INCA		15.60%	(1,800,000)	-	-	-	(1,800,000)	-
DESCRIPTION	NOTE REF IN AFS	AVERAGE EFFECTIVE INTEREST RATE	TOTAL	6 MONTHS OR LESS	6 - 12 MONTHS	1 - 2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
	#	%	R	R	R	R		R
Unsecured Bank Facilities	4		(56,160,209)	-	-	-	-	(56,160,209)
DBSA		10.00%	(1,672,262)	-	-	-	-	(1,672,262)
DBSA		2.65%	(5,000,000)	-	-	-	-	(5,000,000)
DBSA		5.00%	(25,000,000)	-	-	-	-	(25,000,000)
DBSA (Ex Hibiscus Coast)		Various	(21,221,051)	-	-	-	-	(21,221,051)
DBSA (Ex Umdoni)		Various	(2,037,934)	-	-	-	-	(2,037,934)
DBSA (Ex Umuziwabantu)		Various	(1,228,962)	-	-	-	-	(1,228,962)
Total Fixed Rate Instruments			(64,523,172)	(164,300)	-	-	(8,198,663)	(56,160,209)
VARIABLE RATE INSTRUMENTS								
Short-term Investment Deposits	22	9.41%	196,594,384	196,594,384	-	-	-	-
Bank Balances and Cash	23	9.41%	26,814,698	26,814,698	-	-	-	-
Total Variable Rate Instruments			223,409,081	223,409,081	-	-	-	-

49.8 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.



49. FINANCIAL INSTRUMENTS (Continued)

49.9 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting percentage exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists, based on the payment history of the parties.

Counterparty and Location	30 June 2008		30 June 2007	
	Credit	Carrying	Credit	Carrying
	Limit	Amount	Limit	Amount
	R	R	R	R
Drain Experts	-	442,438	-	-
Malibu Steel CC	-	222,186	-	-
MNM General Engineering Supplies	-	383,381	-	-
P&S Power Products	-	635,333	-	-
Sud Chemie Water & Proc Technology	-	432,393	-	-
Bates Delta	-	-	-	2,233,554
Brian Thompson & Brothers (Pty) Ltd	-	-	-	966,708
Bytes Data Integration (Pty) Ltd	-	-	-	3,069,127
Indwe Risk Services (Pty) Ltd	-	-	-	1,272,190
Stewart Scot (Pty) Ltd	-	-	-	2,058,451

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Fixed Deposit Investments	13,775,686	13,489,923
Long-term Receivables	113,406	55,458
Consumer Debtors	44,069,623	47,754,741
Other Debtors	43,712,547	22,809,780
VAT Receivable	28,229,753	15,863,961
Short-term Investment Deposits	208,739,317	196,594,384
Bank and Cash Balances	13,198,389	21,983,609
Maximum Credit and Interest Risk Exposure	351,838,721	318,551,855

50. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

Councillors have the option to belong to the Pension Fund for Municipal Councillors.



All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds.

The Retirement and Superannuation Funds are defined benefit plans, whereas the Municipal Councillors Fund and the Provident Fund are defined contribution plans.

All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R12,6 million (2007: R10,5 million) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

Both the Superannuation and Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

No details could be provided of the last valuation.

Retirement Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2006. The interim valuation performed as at 31 March 2007 revealed that the fund had a shortfall of R229,8 (31 March 2006: shortfall of R204,8) million, with a funding level of 85,7% (31 March 2006: 83,1%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (29,00%) should be sufficient to eradicate the shortfall in the fund by 30 June 2010.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges, of which 1,65% is paid by members, are as follows:

- From 1 July 2006 14%
- From 1 July 2007 17%

This surcharge is payable until 1 July 2010. This position will be monitored on an annual basis.

The fund has effectively been closed to new members and in order to allow for the improving pensioner mortality, an extension of the above-mentioned surcharge for another two years will be necessary.

Superannuation Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2005. No details have been received of the statutory valuation to be performed as at 31 March 2008.

The interim valuation performed as at 31 March 2007 revealed that the fund had a surplus of R20,9 (31 March 2006: shortfall of R93,0) million, with a funding level of 100,5% (31 March 2006: 93,0%). The contribution rate paid by the members (9,25%) and municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in future. The increased employer contributions introduced previously, can be discontinued. Although the fund has effectively been closed to new members, the fund was certified to be in a sound financial position as at 31 March 2007.

Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2006. The interim valuation performed as at 31 March 2007 revealed that the market value of the fund was R556,6 (31 March 2006: R420,3) million. The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 1,95 times the member's contributions by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2007.

51. RELATED PARTY TRANSACTIONS

51.1 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Sewerage Charges R	Water Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2008				
Councillors	70,781	67,475	-	2,062
Municipal Manager and Section 57 Personnel	2,921	13,206	-	674
Total Services	73,702	80,681	-	2,736
For the Year ended 30 June 2007				
Councillors	35,694	62,185	-	14,053
Municipal Manager and Section 57 Personnel	3,921	15,766	-	2,460
Total Services	39,615	77,951	-	16,513

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

51.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 16 to the Annual Financial Statements.



51.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 29 and 30 respectively, to the Annual Financial Statements.

51.4 Purchases from Related Parties

The municipality bought goods from the following companies, which are considered to be Related Parties:

Company Name	Related Person	Company Capacity	Municipal Capacity	Purchases for the Year	Purchases for the Year
AZ Cooling Services			Employee	-	25,700
In Toto Law School	P		Employee	3,600	-
MB Electrical & Lighting	Sughvdav Cllr		Councillor	69,203	54,807
Skhunyana Training Consultants	Moosa Bux		Employee	64,000	-
Vovolethu Function and Catering	N Gumbi Z Mbhele		Gijima Employee	55,220	-
Total Purchases				192,023	80,507

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

52. CONTINGENT LIABILITIES

52.1 Guarantees:

	2,862,000	2,862,000
(i) The municipality issued a bank guarantee in the amount of R10 000 in favour of Hibiscus Coast Municipality in lieu of a deposit on the electricity accounts of the municipality.	10,000	10,000
(ii) The municipality issued a bank guarantee in the amount of R2 852 000 in favour of Eskom to cover deposits on the electricity accounts of the municipality.	2,852,000	2,852,000
(iii) The municipality issued a letter of undertaking to McGarr Preston & Co Trust for the purchase of Portion 7 and Portion 14 of Farm Lot RA No 5100 in the extent of 47.7 hectares. Currently a private bond is being drawn to deal with the transfer.	-	-

52.2 Powers and Functions:

It has come to the attention of management that a local municipality has indicated its intention of raising a claim against the district to recover expenses incurred in respect of the Environmental Health Powers and Functions. Negotiations have been entered into in this regard between the municipalities. Currently management is of the opinion that there are no legal grounds to entertain a possible claim.

4,787,716	-
4,787,716	

52.3 Court Proceedings:

(i) Council is involved in a court case with an ex employee relating to termination of contract. At this stage it is not possible to quantify any possible losses to the municipality.	4,607,087	462,945
(ii) Council is involved in a dispute with Sublime Marketing (the applicant), where the applicant is claiming an amount of R227 412, with interest, in respect of functions performed on behalf of Ezingoleni Municipality / Horseshoe Farm. Council has filed a notice to defend the matter. The outcome of the legal processes is unknown at this stage.	-	-
(iii) Council is involved in a dispute with ARS Investment CC (the applicant), where the applicant is claiming that Council was negligent and caused flood damage estimated at R216 000. Council has handed the documents to its Insurer with a view to appoint an attorney to defend the matter. The outcome of the matter is unknown at this stage.	227,412	227,412
	216,000	216,000

(iv) Council has been involved in a court case with ABCON / PILCON Projects into alleged fraud and / or fronting in terms of its Supply Chain Management Policy. Although judgement has been passed, an appeal has been lodged. The outcome is not known at this stage.	-	-
(v) Council is currently involved in a dispute with an individual in respect of alleged damages of R19 533 caused by a burst water mains. The outcome of the legal processes is unknown at this stage.	19,533	19,533
(vi) Council is involved in a dispute with a company for breach of contract in respect of the 2004 Ugu Music Festival. The outcome of the legal processes is unknown at this stage.	-	-
(vii) Council is involved in a dispute with separate individuals in respect of alleged damages to their vehicles caused by motor accidents involving municipal vehicles. The outcome of the legal processes are unknown at this stage.	-	-
(viii) Council is involved in disputes with both Telkom and Eskom in respect of alleged damages to their cable networks caused by municipal repair work. The possible liability amounts to R184 560, plus costs. The outcome of the legal processes are unknown at this stage.	184,560	-
(ix) A high court application has been brought against a preferred bidder, the municipality being a third respondent. In essence, the applicant is requesting the court to grant an interdict order prohibiting the municipality from signing a lease agreement with the preferred bidder. The outcome of the legal process is unknown at this stage.	-	-
(x) Notice has been served to the municipality by Bytes Systems Integration (Pty) Ltd for breach of contract, requiring the municipality to pay an amount of R3 959 582 to BSI in order to rectify the breach. Failing to comply, BSI notified the municipality of its intention to terminate its contract with the municipality and institute legal action for recovery of all outstanding moneys including interest, standing time, legal costs and damages suffered. The breach originates from the alleged non-payment of invoices rendered for the customisation, implementation and training fees relating to the Xellent Billing Module of the Microsoft Axapta ERP Project. The municipality is disputing the claim (see Note 53.1)	3,959,582	-

53. CONTINGENT ASSETS

53.1 Court Proceedings:

(i) The municipality has engaged in legal proceedings to claim against Bytes Systems Integration (Pty) Ltd for breach of contract. The alleged breach is for contractual work not completed, but claimed or payment, on the Microsoft Axapta ERP Project for the development, customisation, implementation and training of accounting software to be utilised by the municipality. The amount of the claim is still being calculated at the reporting date and the outcome is not known yet. Also see Note 52.3 in this regard.

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54. IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

55. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

56. PRIVATE PUBLIC PARTNERSHIPS

The municipality is in the process of registering a private company, a company not having share capital. The main business and objects of the entity will be to market and develop tourism for the entire district. At year-end the entity was yet to be registered.



57. EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2008.

58. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 38) and prior period Errors (Note 39).

59. EXEMPTIONS FROM MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The Minister of Finance has, in terms of General Notice 522 of 2007 exempted compliance with certain of the Standards and aspects or parts of these Standards listed in Accounting Policy 1. In the table set out below, the exemptions offered have been listed together with an indication of the process that the municipality will follow regarding plans to implement the exemptions. Furthermore the extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards has also been stated in the table:

APPENDIX A

UGU DISTRICT MUNICIPALITY SCHEDULE OF EXTERNAL LOANS

AS AT 30 JUNE 2008

DETAILS	ORIGINAL LOAN AMOUNT	INTEREST RATE	LOAN NUMBER	REDEEMABLE	BALANCE AT 30 JUNE 2007	RECEIVED DURING THE PERIOD	REDEEMED/ WRITTEN OFF DURING PERIOD	BALANCE AT 30 JUNE 2008
	R				R	R	R	R
LOCAL REGISTERED STOCK								
CMB Nominees	1,500,000	16.75%	37 & 40	31/12/2007	1,500,000	-	1,500,000	-
INCA	30,000	16.80%	A161	31/12/2007	30,000	-	30,000	-
INCA	18,500,000	16.80%	A162	30/06/2011	18,500,000	-	-	18,500,000
INCA	1,114,081	16.80%	94 & 95	31/12/2007	1,114,081	-	1,114,081	-
INCA	1,800,000	15.60%	91, 92 & 93	30/06/2011	1,800,000	-	-	1,800,000
Total Local Registered Stock	22,944,081				22,944,081	-	2,644,081	20,300,000
ANNUITY LOANS								
DBSA	3,194,261	10.00%	-	31/03/2013	1,672,262	-	214,962	1,457,300
DBSA	5,000,000	2.65%	-	-	5,000,000	-	-	5,000,000
DBSA	25,000,000	5.00%	101980/001	31/03/2022	25,000,000	-	-	25,000,000
DBSA	25,000,000	5.00%	101980/002	30/06/2023	-	-	-	24,710,373
						24,710,373		
DBSA (Ex Hibiscus Coast)	18,573,441	Various	Various	Various	21,221,051	-	784,606	20,436,444
DBSA (Ex Umdoni)	2,500,000	Various	Various	Various	2,037,934	-	326,832	1,711,101
DBSA (Ex Umuziwabantu)	1,850,000	Various	Various	Various	1,228,962	-	70,951	1,158,012
Total Annuity Loans	81,117,702				56,160,209	24,710,373	1,397,351	79,473,231



DETAILS	ORIGINAL LOAN AMOUNT	INTEREST RATE	LOAN NUMBER	REDEEMABLE	BALANCE AT 30 JUNE 2007	RECEIVED DURING THE PERIOD	REDEEMED/ WRITTEN OFF DURING PERIOD	BALANCE AT 30 JUNE 2008
Ex Hibiscus Coast	-	Fluctuate	-	2006	407,682	-	232,397	175,286
Wesbank	438,782	Fluctuate	GMK00024L	01/04/2009	284,701	-	145,302	139,399
Wesbank	438,782	Fluctuate	GMK00025K	01/04/2009	284,701	-	145,302	139,399
Wesbank	438,782	Fluctuate	GMK00026J	01/04/2009	284,701	-	145,302	139,399
Wesbank	438,782	Fluctuate	GMK00027H	01/04/2009	284,701	-	145,302	139,399
Wesbank	438,782	Fluctuate	GMK00002A	01/05/2009	296,347	-	144,752	151,595
Wesbank	438,782	Fluctuate	GMK00003X	01/05/2009	307,885	-	156,290	151,595
Wesbank	483,598	12.50%	TYL45387W	31/12/2009	619,127	-	122,209	496,918
Nedbank	20,100,000	11.41%	Various (72)	01/12/2010	-	13,538,741	1,829,684	11,709,057
Total Capital Lease Liabilities	37,697,978				2,769,845	13,538,741	3,066,538	13,242,048
TOTAL EXTERNAL LOANS	141,759,761				81,874,135	38,249,115	7,107,970	113,015,279

LOCAL REGISTERED STOCK

Originally structured unsecured 30 year loan. Original loan capital of R20,3 million. Interest is paid semi-annually in December and June.

ANNUITY LOANS

DBSA (Umzinto Water Scheme):

Structured unsecured 20 year loan. Original loan capital of R3 194 261 is repayable annually in fixed instalments of capital and fixed rate interest.

DBSA (Ugu Fresh Produce Market):



Structured unsecured 10 year loan. Original loan capital of R5 000 000 is repayable semi-annually in fixed instalments of capital and interest, the first payment commencing in December 2010.

DBSA (Phase 1 - Sanitation Refurbishment):

Structured unsecured 15 year loan. Original loan capital of R25 000 000 is repayable semi-annually in 26 fixed instalments of capital and interest, the first payment commencing on the last day of the 5th half-year after the half-year during which the first disbursement was advanced to the borrower.

DBSA (Phase 2 - Sanitation Refurbishment):

Structured unsecured 15 year loan. Original loan capital of R25 000 000 is repayable semi-annually in 26 fixed instalments of capital and interest, the first payment commencing on the last day of the 5th half-year after the half-year during which the first disbursement was advanced to the borrower.

DBSA (Ex Hibiscus, Umdoni and Umuziwabantu):

Structured unsecured loans taken over from the local municipalities as a result of a change of powers and functions. These loans are repaid semi-annually at various interest rates.

CAPITALISED LEASE LIABILITIES

Structured secured finance leases over vehicles; lease repayments over a period of 3 years at both fixed and variable interest rates.



APPENDIX B
UGU DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS
AT 30 JUNE 2008

DESCRIPTION	COST / REVALUATION						CLOSING BALANCE
	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	TRANSFERS	DISPOSALS		
	R	R	R	R	R	R	R
Land and Buildings							
Land	3,836,040	6,055,062	-	31,730	-	-	9,922,832
Office Buildings	16,102,317	25,688,331	-	(37,342)	-	-	41,753,306
Workshops and Depots	3,553,813	44,211	-	59,031	-	-	3,657,055
	23,492,171	31,787,603	-	53,419	-	-	55,333,193
Infrastructure							
Roads:							
Motorways	-	-	-	-	-	-	-
Roads	686,617	-	-	(70,706)	-	-	615,911
Security Measures:							
Access Control	23,184	52,000	-	-	-	-	75,184
Fencing	228,713	1,096,874	-	-	-	-	1,325,587
Security Systems	112,005	-	-	-	-	-	112,005
Sewerage:							
Pumps	748,670	517,097	-	-	-	-	1,265,768
Purification Works	80,549,582	22,935,782	-	595,281	(5,654)	-	104,074,991
Sewers	31,339,059	1,885,963	-	(595,281)	-	-	32,629,740
Water:							
Mains	98,798,345	4,911,471	-	-	-	-	103,709,816
Meters	16,119,796	583,685	-	-	-	-	16,703,481
Reservoirs and Tanks	58,558,728	683,173	-	(31,730)	(154,400)	-	59,055,771
Supply and Reticulation	202,776,424	113,705,752	-	-	(4,254,143)	-	312,228,033
	489,941,122	146,371,797	-	(102,436)	(4,414,197)	-	631,796,287
Community Assets							
Recreational Facilities:							
Lakes and Dams	3,100,469	-	-	-	-	-	3,100,469
Stadiums	-	-	-	-	-	-	-
Other Facilities:							
Markets	24,517,273	1,463,350	-	70,706	-	-	26,051,329
	27,617,742	1,463,350	-	70,706	-	-	29,151,798

ACCUMULATED DEPRECIATION / IMPAIRMENT							
OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS	CLOSING BALANCE	CARRYING VALUE		BUDGET 2008
R	R	R	R	R	R		R
-	-	-	-	-	9,922,832		-
6,600,834	361,036	9,711	-	6,971,581	34,781,725		39,572,140
1,694,884	120,624	1,143	-	1,816,651	1,840,404		-
8,295,718	481,660	10,854	-	8,788,232	46,544,961	-	39,572,140
10,423	-	(10,423)	-	-	-		
-	-	-	-	-	615,911		
20,973	3,949	-	-	24,922	50,262		1,000,000
137,618	237,844	-	-	375,462	950,125		870,000
97,760	12,700	-	-	110,461	1,544		100,000
261,455	60,737	-	-	322,193	943,575		3,884,000
38,513,856	2,672,055	151,301	-	41,337,211	62,737,780		4,500,000
5,881,282	1,214,558	(151,301)	-	6,944,540	25,685,201		13,865,000
50,438,785	4,690,936	-	-	55,129,721	48,580,095		95,258,504
6,140,687	1,060,015	-	-	7,200,701	9,502,780		1,940,000
24,784,375	2,549,290	32,129	(32,129)	27,333,665	31,722,106		565,000
28,347,981	3,864,322	-	-	32,212,304	280,015,729		76,310,310
154,635,196	16,366,406	21,705	(32,129)	170,991,179	460,805,107		198,292,814
713,007	155,448	-	-	868,455	2,232,014		
-	-	-	-	-	-		36,800,000
-	-	-	-	-	26,051,329		8,950,000
713,007	155,448	-	-	868,455	28,283,343		45,750,000



APPENDIX B (Continued)
 UGU DISTRICT MUNICIPALITY
 ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS
 AT 30 JUNE 2008

DESCRIPTION	COST / REVALUATION					
	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	TRANSFERS	DISPOSALS	CLOSING BALANCE
Emergency Equipment:						
Fire Hoses	-	-	-	-	-	-
Furniture and Fittings:						
Cabinets and Cupboards	152,157	55,512	-	-	-	207,669
Chairs	12,017	-	-	-	-	12,017
Other Furniture	522,171	209,491	-	(37,939)	-	693,723
Tables and Desks	125,636	58,659	-	-	-	184,295
Motor Vehicles:						
Motor Cars	2,657,503	805,169	-	-	-	3,462,671
Motor Cycles	124,029	-	-	-	(35,677)	88,352
Trucks and Bakkies	25,762,714	14,757,302	-	-	(3,648,356)	36,871,660
Office Equipment:						
Air Conditioners	297,841	553,770	-	-	-	851,611
Computer Hardware	7,926,801	2,698,647	-	(507,733)	-	10,117,714
Office Machines	184,828	59,429	-	-	-	244,257
Plant and Equipment:						
Compressors	87,787	-	-	-	-	87,787
Fire Arms	-	48,246	-	-	-	48,246
Graders	528,708	-	-	-	-	528,708
Laboratory Equipment	322,885	29,690	-	-	-	352,575
Lawnmowers	193,858	10,400	-	-	-	204,258
Other Plant and Equipment	14,018,375	7,626,233	-	-	-	21,644,608
Radio Equipment	70,335	-	-	-	-	70,335
Telecommunication Equipment	31,834	-	-	-	-	31,834
Tractors	983,885	-	-	-	-	983,885
Watercraft:						
Watercraft	21,901	-	-	-	-	21,901
Other Assets:						
Laboratories	70,635	-	-	-	-	70,635
	54,095,900	26,912,546	-	(545,672)	(3,684,033)	76,778,741
Total	595,146,935	206,535,297	-	(523,983)	(8,098,230)	793,060,019

ACCUMULATED DEPRECIATION / IMPAIRMENT							
	OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS	CLOSING BALANCE	CARRYING VALUE	BUDGET 2008
	1,810	-	(1,810)	-	-	-	
	46,983	20,342	1,810	-	69,134	138,534	
	26,441	1,721	(22,933)	-	5,230	6,787	
	381,815	30,922	(27,104)	-	385,634	308,090	3,072,863
	28,098	23,982	-	-	52,080	132,215	
	1,153,344	510,505	(9,587)	-	1,654,263	1,808,409	390,000
	124,029	-	-	(35,677)	88,352	-	
	13,847,661	5,599,716	(2,355)	(3,104,975)	16,340,046	20,531,614	14,700,000
	214,550	46,351	-	-	260,901	590,709	250,500
	3,742,814	1,436,742	(410,323)	-	4,769,233	5,348,481	864,000
	90,468	51,208	-	-	141,676	102,581	
	78,887	8,900	-	-	87,787	0	6,500
	-	-	-	-	-	48,246	
	402,773	26,714	-	-	429,487	99,221	
	206,488	44,710	-	-	251,197	101,378	209,000
	193,858	427	-	-	194,286	9,973	20,000
	5,334,511	1,849,437	(6,072)	-	7,177,876	14,466,732	19,958,337
	64,717	6,136	(518)	-	70,335	-	125,000
	24,429	3,776	-	-	28,204	3,630	2,757,000
	344,574	112,256	(13,597)	-	443,232	540,653	
	2,672	1,464	-	-	4,136	17,765	
	7,567	2,361	-	-	9,928	60,707	
	26,318,488	9,777,669	(492,489)	(3,140,652)	32,463,017	44,315,724	42,353,200
	189,962,409	26,781,184	(459,929)	(3,172,781)	213,110,883	579,949,135	325,968,154



APPENDIX B (Continued)
 UGU DISTRICT MUNICIPALITY
 ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS
 AT 30 JUNE 2008

DESCRIPTION	COST / REVALUATION						CLOSING BALANCE
	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	TRANSFERS	DISPOSALS		
	R	R	R	R	R	R	R
Intangible Assets							
Servitudes	752,897	42,793	-	-	-	-	795,690
Computer Software	13,518,478	1,650,308	-	-	(2,939,874)		12,228,911
	-	-	-	-	-	-	-
Total Intangible Assets	14,271,375	1,693,101	-	-	(2,939,874)		13,024,601
	0.00						1.86265E-08

ACCUMULATED DEPRECIATION / IMPAIRMENT								
OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS	CLOSING BALANCE	CARRYING VALUE		BUDGET 2008	
R	R	R	R	R	R		R	
-	-	-	-	-	795,690		1,900,000	
1,765,444	877,057	-	-	2,642,501	9,586,411		6,221,500	
-	-	-	-	-	-			
1,765,444	877,057	-	-	2,642,501	10,382,101		8,121,500	
0.00				0.00	1.86265E-08			



APPENDIX C

UGU DISTRICT MUNICIPALITY

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

DESCRIPTION	COST / REVALUATION						CLOSING BALANCE	OPENING BALANCE
	OPENING	ADDITIONS	UNDER	TRANSFERS	DISPOSALS			
	BALANCE							
	R	R	R	R	R	R	R	
Executive and Council	3,524,381	1,808,345	-	-	-	5,332,726	1,492,290	
Finance and Administration	129,078,532	121,410,506	-	(523,983)	(4,259,797)	245,705,258	10,805,303	
Planning and Development	434,876	49,467	-	-	-	484,342	183,438	
Public Safety	76,447	6,130,902	-	-	-	6,207,350	29,780	
Sport and Recreation	3,355,520	18,823,439	-	-	-	22,178,960	-	
Environmental Protection	21,984	98,329	-	-	-	120,313	18,045	
Waste Management	132,321,707	30,642,214	-	-	(422,633)	162,541,289	50,645,656	
Water	301,414,173	26,071,494	-	(70,706)	(3,415,801)	323,999,160	126,787,898	
Other	24,919,315	1,500,601	-	70,706	-	26,490,622	-	
Total	595,146,935	206,535,297	-	(523,983)	(8,098,230)	793,060,019	189,962,409	



ADDITIONS	TRANSFERS	DISPOSALS	CLOSING	CARRYING
			BALANCE	VALUE
R	R	R	R	R
340,335	-	-	1,832,625	3,500,100
1,716,039	(459,929)	-	12,061,412	233,643,846
16,732	-	-	200,169	284,173
15,051	-	-	44,830	6,162,519
3,009	-	-	3,009	22,175,951
21,285	-	-	39,330	80,983
6,647,347	-	(380,370)	56,912,634	105,628,655
18,019,032	-	(2,792,411)	142,014,519	181,984,641
2,355	-	-	2,355	26,488,267
26,781,184	(459,929)	(3,172,781)	213,110,883	579,949,135



APPENDIX D

UGU DISTRICT MUNICIPALITY

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

2007 ACTUAL REVENUE	2007 ACTUAL EXPENDITURE	2007 SURPLUS/ (DEFICIT)	DESCRIPTION
R	R	R	
12,326,987	18,489,005	(6,162,018)	Executive and Council
63,666,072	56,127,655	7,538,417	Finance and Administration
40,425,525	41,627,339	(1,201,814)	Planning and Development
326,009	1,315,813	(989,805)	Public Safety
-	209,372	(209,372)	Environmental Protection
46,067,551	33,081,501	12,986,050	Waste Water Management
162,765,007	175,171,465	(12,406,459)	Water
4,992,504	2,744,024	2,248,480	Other
330,569,654	328,766,174	1,803,479	Total



2008 ACTUAL REVENUE	2008 ACTUAL EXPENDITURE	2008 SURPLUS/ (DEFICIT)
R	R	R
29,835,377	32,190,692	(2,355,316)
88,963,910	77,413,645	11,550,264
40,732,724	48,385,620	(7,652,896)
2,400,612	859,235	1,541,377
-	117,174	(117,174)
57,593,069	45,289,782	12,303,287
210,326,793	223,163,944	(12,837,150)
67,589	1,211,317	(1,143,727)
429,920,074	428,631,409	1,288,665



APPENDIX E(1)
 UGU DISTRICT MUNICIPALITY
 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)
 FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2007/2008 ACTUAL	2007/2008 BUDGET	2007/2008 VARIANCE	2007/2008 VARIANCE
REVENUE	R	R	R	%
Service Charges	185,745,226	198,395,758	(12,650,532)	(6.81)
Regional Service Levies - Turnover	8,429	-	8,429	100.00
Rental of Facilities and Equipment	219,663	235,012	(15,349)	(6.99)
Interest Earned - External investments	10,875,656	11,200,000	(324,344)	(2.98)
Interest Earned - Outstanding debtors	(186,978)	954,123	(1,141,101)	610.29
Government Grants and Subsidies	155,940,732	177,935,719	(21,994,987)	(14.10)
Other Revenue	76,102,316	81,610,296	(5,507,980)	(7.24)
Gains on Disposal of Property, Plant and Equipment	1,215,030	-	1,215,030	0.00
Total Revenue	429,920,074	470,330,908	(40,410,834)	(8.59)
	-	-		
EXPENDITURE				
Employee Related Costs	129,948,597	134,422,135	(4,473,539)	(3.44)
Remuneration of Councillors	5,348,663	5,446,970	(98,307)	(1.84)
Bad Debts	2,819,722	3,000,000	(180,278)	(6.39)
Collection Costs	214,656	-	214,656	100.00
Depreciation	27,658,241	37,689,979	(10,031,738)	(36.27)
Repairs and Maintenance	18,821,813	19,283,083	(461,270)	(2.45)
Interest Paid	7,783,287	8,502,161	(718,875)	(9.24)
Bulk Purchases	16,833,167	15,000,000	1,833,167	10.89
Contracted Services	8,744,315	10,534,056	(1,789,741)	(20.47)
Grants and Subsidies Paid	82,535,446	97,097,513	(14,562,067)	(17.64)
General Expenses	127,923,503	139,355,011	(11,431,508)	(8.94)
Total Expenditure	428,631,409	470,330,909	(41,699,499)	(8.87)
	-	-		
NET SURPLUS / (DEFICIT) FOR THE YEAR	1,288,665	(0)	1,288,666	
	0	0		

**EXPLANATION OF SIGNIFICANT VARIANCES
GREATER THAN 10% VERSUS BUDGET**

Levy revenue realised from handed-over businesses

Penalty tariffs reversed in respect of outstanding fire hydrant charges

Anticipated grant moneys budgeted for, not received

Included in budget for Bad Debts

Capital projects budgeted for not completed and brought into operation

Additional purchases to assist drought-stricken communities

Reduced dependancy on contracted services

Anticipated grants budgeted for not received, hence not spent



APPENDIX E(2)
 UGU DISTRICT MUNICIPALITY
 ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)
 FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2007/2008 ACTUAL	2007/2008 UNDER	2007/2008 TOTAL ADDITIONS	2007/2008 BUDGET	2007/2008 VARIANCE	2007/2008 VARIANCE
	R	R	R	R	R	%
Infrastructure						
Executive and Council	1,808,345		1,808,345	819,439	988,906	120.68
Finance and Administration	121,410,506		121,410,506	9,884,064	111,526,442	1,128.35
Planning and Development	49,467		49,467	82,769,810	(82,720,343)	(99.94)
Public Safety	6,130,902		6,130,902	-	6,130,902	#DIV/0!
Sport and Recreation	18,823,439		18,823,439	36,800,000	(17,976,561)	(48.85)
Environmental Protection	98,329		98,329	228,000	(129,671)	(56.87)
Waste Management	30,642,214		30,642,214	60,845,437	(30,203,223)	(49.64)
Water	26,071,494		26,071,494	125,671,404	(99,599,910)	(79.25)
Other	1,500,601		1,500,601	8,950,000	(7,449,399)	(83.23)
Total	206,535,297	-	206,535,297	325,968,154	(119,432,857)	(36.64)



**EXPLANATION OF SIGNIFICANT VARIANCES
GREATER THAN 5% VERSUS BUDGET**

Property, plant and equipment purchased less than anticipated
PMU Budget included under Planning & Development and Water
Actual expenditure included under Finance and Administration
Purchase of Land budgeted for under Planning and Development
Sports complex still in planning stage
Expenditure incurred on a needs basis only
Projects budgeted for not completed in financial year
Actual expenditure included under Finance and Administration
Budget included under Planning and Development



APPENDIX F

UGU DISTRICT MUNICIPALITY

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

NAME OF GRANT	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	QUARTERLY RECEIPTS					QUARTERLY EXPENDITURE		
		June	Sept	Dec	March	June	June	Sept	
FMG	National Treasury	0	500,000	0	0	0	83,639	121,479	
Equitable Share	National Treasury	0	35,624,761	26,718,571	15,824,951	0	15,396,555	14,585,494	
Sports and Recreation	Dept Sport & Rec	150,000	0	0	750,000	600,000	0	0	
Gijima	DEAT	1,331,631	0	0	0	0	225,163	63,286	
Various Provincial	DLGTA	11,506,437	0	0	26,900,000	810,000	1,509,793	98,490	
Various National (inc. MIG)	DPLG	25,960,522	10,851,563	25,017,126	55,066,689	48,897,123	7,010,922	17,717,383	
DWAF	DWAF	0	0	46,000	17,407,700	7,322,500	0	466,877	
Various	DBSA	0	420,000	0	0	150,000	0	0	
Various Co-Operative Projects	IDC	0	517,244	0	0	0	0	0	
Various (Public Contributions)	OTHER	0	1,091,508	2,158,350	3,114,735	2,834,296	0	0	
Total Grants and Subsidies Received		38,948,590	49,005,076	53,940,047	119,064,075	60,613,919	24,226,072	33,053,009	



			GRANTS AND SUBSIDIES DELAYED / WITHHELD					REASON FOR DELAY / WITHHOLDING OF FUNDS	COMPLIANCE TO REVENUE ACT (*) SEE BELOW	REASON FOR NON-COMPLIANCE
Dec	March	June	June	Sept	Dec	March	June		Yes / No	
85,408	80,595	214,064	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
20,541,245	16,294,036	26,747,508	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	173,729	43,228	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	849,831	232,010	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
680,610	4,680,090	2,404,001	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
32,251,160	46,395,494	48,383,564	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
453,822	1,871,520	9,119,845	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
54,012,245	70,345,295	87,144,220	0	0	0	0	0			

(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?





Service Delivery Reporting



Service Delivery Reporting

Functional Areas	166
Treasury	170
Water and Sanitation	
Environmental Health	
Disaster Management	
Annual Performance Reports	200



Functional Areas

Water and Sanitation

The Water Services Department consists of the following operational divisions managed by the Senior Manager Operations:

- » **Area North** - Incorporating Umdoni, Vulamehlo and portion of Umzumbe Municipalities
- » **Area South** - Incorporating Hibiscus Coast and portions of Ezinqoleni and Umzumbe Municipalities
- » **Area South West** - Incorporating Umuziwabantu and portion of Ezinqoleni Municipalities

Area Managers are responsible for the supply and maintenance of wastewater and water treatment plants and maintenance of water and sewage reticulation systems within their area of operation.

The three areas are supported by the Mechanical and Electrical Division who are responsible for the maintenance of pump stations, workshops, and equipment at all our treatment works.

Special Programmes Unit - was introduced to monitor water conservation and demand management together with pipeline extensions in the district.

- » **Administration Section** - the section is responsible for staff matters and cost control for the department.
- » **Water Services Authority (WSA)** - Managed by a Senior Manager) ensures the compliance of all water provision legislation and supporting bylaws together with control of building developments in the district. It is also responsible for planning and approval of projects and development of the water services development plan.

- » **Income Division** - is responsible for reading of meters, billing of services and collection of debt as well as co ordination of the indigent support programme, together as maintaining the call centre to ensure efficient administration within the department
- » **Fleet Management** - All operational units are supported by the Fleet Management Section being responsible to ensure that service delivery is maintained through the provision of an efficient fleet.

Functional Areas

The water purchase and distribution functions of the municipality are administered as follows and include:

Water Services Operations

- » **Operations and Maintenance** distributing treated water to consumers and maintains the existing infrastructure.
- » **Water Treatment** – Abstracting, treating water and maintaining quality of water distributed to consumers
- » **Electrical and Mechanical** – support services to maintain pump stations and telemetry system
- » **Income Division**– Performs metering and billing function for services provided to consumers.
- » **Special Projects** – Implementation of new water projects and water loss control and metering.

Water Services Authority and Administration

- » **Planning and administration** – Development of 5-year plan for water projects and reviewal

of the water services development plan.

- » **Development Control** – Performs plan approval function for all development.
- » **Regulating and Monitoring** – Enforcement of legislation ,monitoring and reporting.
- » **Fleet Management** – provision of transport services and fleet maintenance.

The Municipality has a mandate to provide water and sanitation services

The strategic objectives of this function are:

- » Providing and ensuring access to basic water services.
- » Planning and regulating water services provision.
- » Ensuring continuous water supply and 24 hour turnaround
- » Ensuring safe drinking water for all.
- » Maintaining and developing sustainable infrastructure.

The key Issues for 2007/2008 were:

- » Mitigation of drought through tankering.
- » Reduction of water loss
- » Preparation of the Water Services Development Plan .
- » Review of infrastructure backlog statistics and alignment with IDP baseline data.
- » Preparation of business plans for bulk water infrastructure (Loans)
- » South Coast Bulk pipeline linkages.
- » Implementation of pipeline extension programme
- » Presentation of the new restructured organogram to departmental sections

Water Distribution

DETAIL	Professional(Engineers, Technicians, Techni Supervisors/Fore Artisans Office (Clerical/Admi	Semi Skilled General workers Total
Includes the bulk purchase and		
NUMBER AND COST TO EMPLOYER OF ALL PERSONNEL / FUNCTION		TOTAL VOLUME AND COST OF BULK WATER SALES IN
Umgeni water	5686891	16 833 197
TOTAL VOLUME AND RECEIPTS FOR BULK WATER SALES IN KILOLITRES AND RAND	KL	R
Sisonke District Municipality	445 743	1 288 197
NUMBER AND COST OF NEW CONNECTIONS	NUMBER	R
15mm dia	235	564 127
15mm dia (rural)	878	1 021 158
20mm dia	28	75 419
25mm dia	10	34 931
40mm dia	9	49 173
50mm dia – 100mm dia	60	635 000
Total Number and Cost	1220	2 379 808
NUMBER AND TOTAL VALUE OF WATER PROJECTS PLANNED AND CURRENT:	NUMBER	R
Current	6824	112 000 000
Planned as per the Water Master Plan	56099	1.4 Billion
Free Basic Service Provision	Number	R
Households	36 768	11420 482
Standpipes	4 000	Free
Quantum (value to each household)	6kl per house hold	R36.36 per house hold
Total operating cost of water distribution function		226 013 345

Waste Water Management

This functional area includes the provision of sewerage services and toilet facilities, excluding infrastructure and water purification.

The sewerage functions of the municipality are administered as follows and include:

Water Services Operations

- » Waste water treatment – conveying, treating and disposing/discharging effluent in a correct manner and ensure that the process do comply with national standards.
- » Operations and maintenance – maintains the existing sewage reticulation infrastructure and provision of clearing conservancy tanks. (VTS draws)
- » Electrical and Mechanical – support services to maintain pump stations and associated equipment
- » Income Division – Performs metering and billing function for services provided to consumers.

WATER DISTRIBUTION

Water Services Authority and Administration

This functional area is responsible for the following:

- » **Planning and administration** - Development of 5-year plan for
- » **Sanitation projects** - Implementation and review of the water services development plan.



- » **Development Control** - Performs plan approval function for every development
- » **Regulating and Monitoring** - Enforcement of legislation, monitoring and reporting.

The strategic objectives of this function are:

- » Providing and ensuring access to basic sanitation services
- » Planning and regulating water services provision.

The key issues for 2007/08 are:

- » Providing and ensuring access to basic sanitation services
- » Planning and regulating water services provision.

The key issues for 2007/08 are:

- » Preparing of business plans for waterborne sewerage (Loans)
- » Private package plants audit to reduce water pollution
- » Presenting the new restructured organogram to departmental sections.

Analysis of the Function

Number and cost to employer of all personnel with sanitation functions:

STAFF	NO	COST (R)
Field(Supervisors and Foreman)	5	1 227 210
Artisans	3	500 655
Semi Skilled	8	1 027 848
General Workers	108	11 379 823
TOTAL	124	14 135 536

Number of households with sanitation services, and type and cost of service :

SANITATION SERVICE	NO.
Consumers connected to Sewage systems	17800
Consumers connected to conservancy or septic tanks))	18968
Pit latrine with ventilation	63638
No Toilet provision	

Anticipated Expansion of Sanitation Systems

SERVICE	NO.	VALUE (R)
Flush toilet	As per 20 year sanitation master plan	337 485 000
No of toilet provided (VIP'S)	63638	318 190 000
Total Operating Cost of Sanitation Function		45 289 782

Residential Units (Households)

NO OF CONSUMER UNITS WITH:	URBAN	RURAL
1. Tanker Service or Natural Source (Backlog)	3859	56099
House Connections, yard tap, stand pipe	24020	67643

Residential Consumer Units for Sanitation

NO. CONSUMER UNITS WITH:(INCLUDING NON RESIDENTIAL)	URBAN	RURAL
1.Non or inadequate : Below RDP Pit (including Informal settlements)	3859	63638
2. Non or inadequate : Below RDP : Bucket	0	0
3. Consumer Installations: On site dry or equivalent including VIP toilets USD composting system	0	58821
4.Consumer Installations : wet (septic tank) digester or tanker desludge or effluent discharge to an oxidation pond etc)	14362	5000
5Discharge to sewer treatment works (intermediate or Full waterborne	9800	0
	24162	123600



Treasury

Supply Chain Management

Overview

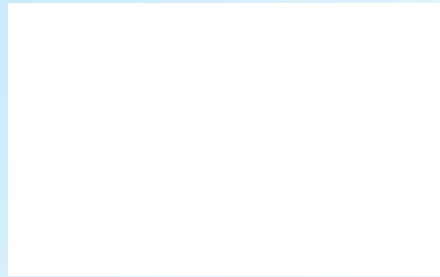
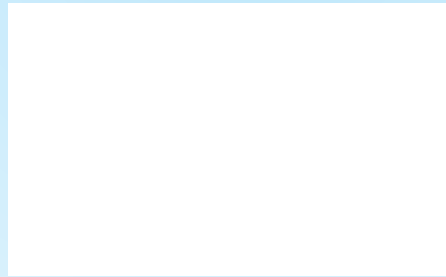
The fundamental role and responsibility of the Supply Chain Management (SCM) Unit is to implement the SCM Policy in terms of Section 111 of the MFMA, giving effect to Section 217 of the Constitution; and Part 1 of Chapter 11 and other applicable provisions of the Act, in a fair, equitable, transparent, competitive and cost effective manner. It does so in compliance with the regulatory framework prescribed in Chapter 2 of the SCM Regulations; and any minimum norms and standards that may be prescribed in terms of Section 168 of the Act.

The above is achieved through the procuring of goods and services; or disposing of those redundant or of no use to the municipality. The value attached to execution thereof is classified as follows:

- » Three Quotation System is used to procure goods and services valued at R.01 – R200 000 VAT inclusive,
- » Tenders/Bid System is used to procure goods and services valued from R200 000 and above.

With respect to the adjudication of bids, the power to make a final award –

- » above R10 million (VAT included) may not be sub-delegated by the accounting officer;
- » above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
- » the chief financial officer;



Overview:

"The centre of all financial operations, the custodian of all municipal wealth", the Treasury Department is headed by the General Manager: Treasury and comprises of the following sections:

- » Equity and Accounts
- » Grants and Expenditure
- » Chain Management
- » Budget Office

Treasury is primarily responsible for ensuring transparency, accountability and sound financial management.

This means ensuring that:-

- » all statutory requirements are adhered to,
- » monthly management reports, national treasury in-year monitoring reports and annual financial statements are prepared and submitted on time,
- » financial resources are effectively and efficiently utilised, and,
- » efficient implementation of the Supply Chain Management Policy.

Function of the Treasury Department

Budget Office - The Manager Budget Office is

responsible for ensuring optimal allocation and utilisation of economic resources in all departments within the municipality to achieve its strategic objectives.

Grants and Expenditure - The Manager Grants and Expenditure is responsible for salaries administration, creditors management, VAT returns, grants and subsidies administration.

Equity and Accounts – The Manager is responsible for Fixed Assets Register, Loans Register, Investments Register, General Ledger, and Cash Management. The investing of all unused and surplus funds at the best possible rates with the lowest risk to the municipality to ensure good cash management.

Activities

- » Supply chain management
- » Cash and bank accounts management
- » Financial planning and forecasting
- » Long and short- term debt management
- » Administration of government grants and subsidies
- » Assets and liabilities management
- » Expenditure management

- » a senior manager; or
- » a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- » not exceeding R2 million (VAT included) may be sub-delegated but only to –
- » the chief financial officer;
- » a senior manager;
- » a manager directly accountable to the chief financial officer or a senior manager; or
- » a bid adjudication committee.

Functions of the Supply Chain

Management Unit

The functions of the Supply Chain Management Unit within the municipality are, amongst others, administered as follows:

- » Through the monitoring by the Provincial Treasury as regards the status on the implementation of the SCM Policy
- » Through the oversight role of the Municipal Council by continuous assessment of policy implementation progress through quarterly and ad hoc reports as requested.
- » The maintenance of a credible supplier database. The Accounting Officer, through the Chief Financial Officer strategically manages the day to day SCM Policy implementation, especially the establishment and maintenance of the supplier database that promotes rotation of suppliers, implementation of the bid committee systems and further monitors operations to ensure that procurement activities are conducted as legislated, giving effect to fair, transparent, equitable and cost effective procurement of goods and services.

Annual Priorities

The key highlights in the 2007/2008 financial year were:

- » SCM Policy annual review
- » Cleansing of the supplier database
- » Implementation of the integrated

Procurement Supply Chain Management module within the new ERP system.

Supply Chain Management

Governance

There are three bid committees in place and their functions are briefly as follows:

- » Bid Specification Committee
- » Compile the specifications for the procurement of goods and services by the municipality.
- » Bid Evaluation Committee
- » Evaluates bids and recommends to the bid adjudication committee, regarding the award of the bid.
- » Bid Adjudication Committee
- » Considers the report and recommendations of the bid evaluation committee; and,
- » Depending on its delegations, makes a final award or a recommendation to the accounting officer to make the final award; or
- » Makes further recommendation to the accounting officer on how to proceed with relevant procurement of goods and services.

The following is the number of times that bid committees sat during the year:

Bid Specification Committee - 22 times

Bid Evaluation Committee - 21 times

Bid Adjudication Committee - 18 times

Bid Committees' membership

Bid Specification Committee

Deputy Municipal Manager
Relevant managers

Bid Evaluation Committee members

Manager: Grants and Expenditure (Chairperson)

Manager: Special Projects

Manager: Secretariat, ICT and Auxiliary services.

Bid Adjudication Committee members

General Manager Treasury

General Manager Corporate Services

General Manager: Water Services

General Manager: Infrastructure and Economic

Development The following is a list of tenders that

were adjudicated during the 2007/2008 financial year.



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
1	Contract No.: Ugu-04-466-2005: Management Seminars	MANCOSA	That the total amount be based on the number of Managers on training.	31/07/2007
2	Contract No.: Ugu-02-668-2007: Spring Protection	SPL Ndovela	R16, 895.00 per spring	31/07/2007
3	Contract No.: Ugu-02-669-2007: Boreholes	Inkanyezi Rural Enterprise	R18, 140.00	31/07/2007
4	Contract No.: Ugu-02-667-2007: Completion of Contract No.: Ugu-02-548-2006 works: construction of 63-110mm Diameter x 4.2km long HDPE/ Steel / uPVC Pipelines	Mvuleni Business JV Zamile-Zum Contractors	R453, 848,96	31/07/2007
5	Contract No.: Ugu-07-651-2007: Supply and Delivery of One Kombi/Transporter with Diesel Engine Minimum Capacity 2500cc	Thompson Motors	R246, 013.99	31/07/2007
6	Contract No.: Ugu-07-653-2007: Supply and Delivery of 4x4 long Wheel Base LDV with minimum Engine Capacity of 2500cc	Avis Van Rentals	R5,175.44 per month (Three year lease)	31/07/2007
7	Contract No.: Ugu-07-654-2007: Supply and Delivery of 4x2 Long Wheel Base LD with Minimum Engine Capacity of 2500cc	ABSA Fleet Management	R3,741.22 per month at a fixed rate (three year lease)	31/07/2007
8	Contract No.: Ugu-07-655-2007: supply and Delivery of Half Ton LED with minimum Engie Capacity of 2500ccc	ABSA Fleet Management	R2, 457.78 per month at a fixed rate (three year lease)	31/07/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
9	Contract No.: Ugu-07-675-2007: Bush Clearing and Patrolling of Bulk Pipeline Routes and Reporting of Water Leaks and Bursts.	Mtityywa Construction cc	R903, 769.33	31/07/2007
10	Contract No.: Ugu-07-676-2007: Repair of Water Leaks and Bursts Pipes	Town & Around cc	At a tendered rates.	31/07/2007
11	Contract No.: Ugu-07-677-2007: Construction of 300mm diameter x250m Long Steel Pipeline	Pilcon Projects	R765, 000.00	31/07/2007
12	Contract No.: Ugu-07-698-2007: Supply and Delivery of 4x Half Ton LDV	Thompson Motors	R 319,278.60.	21/08/2007
13	Contract No.: Ugu-07-703-2007: Supply and Delivery of 2 x Truck Mounted Water Tankers	Bates Port Shepstone	R 740,594.60	21/08/2007
14	Contract No.: Ugu-07-699-2007: Supply and Delivery of 2 x (4x4) Double Cab	Halfway Toyota Port Shepstone	R 426,462.29	21/08/2007
15	Contract No.: Ugu-07-695-2007: Supply and Delivery of 32 x (4x4) One Ton LDV's	Bates Port Shepstone	R 5, 650,618,30.	21/08/2007
16	Contract No.: Ugu-02-706-2007: Construction of New Dweshula Creche	K. E. S Contracts cc	R 692,954.02.	21/08/2007
17	Contract No.: Ugu-02-658 A-2007: Upgrading of Chlorine Room and Chlorine Installation at Margate Waste Water Treatment Works	Town & Around Civils cc	R 284,863.80	21/08/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
18	Contract No.: Ugu-02-686-2007: Harding/Weza Scheme: Phase6B	Lenny Trading cc t/a Advanced Civils	R 1,305,825.84	21/08/2007
19	Contract No.: Ugu-02-685-2007: Harding/Weza Water Scheme: Phase 6B	Sizabonke Civils cc t/a Pilcon Projects	R 1,685,492	21/08/2007
20	Contract No.: Ugu-02-680-2007: Ndelu Water Scheme: Phase 4	Lenny Trading t/a Advanced Civils	R 1,933,256.16	21/08/2007
21	Contract No.: Ugu-02-683-2007: Assissi Water Supply Project Phase 3	Town and Around Civils cc	R 1,144,876.96 incl Contingencies & excl VAT.	21/08/2007
22	Contract No.: Ugu-02-684-2007: Assissi Water Supply Project Phase 3	Vulindlela Asphalt Surfacing	R 9 832,356.66 (Including Contingencies and excl VAT).	21/08/2007
23	Contract No.: Ugu-07-698-2007: Supply and Delivery of 4x Half Ton LDV	Thompson Motors	R 319,278.60.	28/08/2007
24	Contract No.: Ugu-07-703-2007: Supply and Delivery of 2 x Truck Mounted Water Tankers	Bates Port Shepstone	R 740,594.68	28/08/2007
25	Contract No.: Ugu-07-699-2007: Supply and Delivery of 2 x (4x4) Double Cab.	Halfway Toyota Port Shepstone	R426,462.29	28/08/2007
26	Contract No.: Ugu-07-695-2007: Supply and Delivery of 32 x (4x4) One Ton LDV's.	Bates Port Shepstone	R5,650,618.30	28/08/2007
27	Contract No.: Ugu-02-706-2007: Construcion of New Dweshula Crèche.	K.E.S. Contracts cc	R692,954.02	28/08/2007

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
28	Contract No.: Ugu-02-658-2007: Upgrading of Chlorine Room and Chlorine Installation at Margate Waste Water Treatment Works	Town & Around Civils cc	R 284,863.80	28/08/2007
29	Contract No.: Ugu-02-686-2007: Harding / Weza Scheme: Phase 6B	Lenny Trading cc t/a Advanced Civils	R1, 305, 825.84	28/08/2007
30	Contract No.: Ugu-685-2007: Harding/ Weza Water Scheme: Phase 6B	Sizabonke Civils cc t/a Pilcon Projects	R1, 685,491.50	28/08/2007
31	Contract No.: Ugu-02-680-2007: Ndelu Water Scheme: Phase 4	Lenny Trading t/a Advanced Civils	R 1,933,256.16	28/08/2007
32	Contract No.:Ugu-02-683-2007: Assissi Water Supply Project Phase 3	Town and Around Civils cc	R1, 444,876.95 (Including Contingencies and excl VAT)	28/08/2007
33	Contract No.: Ugu-02-684-2007: Assissi Water Supply Project: Phase 3	Vulindlela Asphalt Surfacing	R9,832,356.66 (Including Contingencies and excl VAT)	28/08/2007
34	Contract No.: Ugu-07-696-2007: Supply and Delivery of 25x (4x2) One Ton LDVs	Bates Port Shepstone	R3, 747, 699.00	25/09/2007
35	Contract No.: Ugu-07-697: Supply and Delivery of 10x (4x2) One Tone LDV's with Diff Lock.	Bates Port Shepstone	R1, 620, 000.00	25/09/2007
36	Contract No.: Ugu-02-710-2007: Melville Wate Water Treatment	Town and Around cc	R5,570,207.28 (Including Contingencies, Escalation and excl VAT)	25/09/2007
37	Contract No.: Ugu-02-731-2007: Kwa-Qolo Qolo skills and Community Centre	Telegenix Trading 261 cc. t/a Skosana & Moyo	R1, 538,934.74 (Including Contingencies and excl VAT).	25/09/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
38	Ugu-02-711-2007: Ugu Household Sanitation Programme VIII. for the manufacture and supply pre-	Dumakude, ABSCO, Inkanyezi, Ubomi Co-operative	That it be noted that the conditions of award regarding the rates, subject to the agreed to escalation clause as per the tender document, be excluding VAT. (Section 1).	10/10/2007
	cast toilets (Section 1)			
			· Umuziwabantu- R2,400.00	
			· Eziqoleni – R2, 400.00	
			· Hibiscus Coast – R2, 400.00	
			· Umzumbe – R2, 425.00	
			· Umdoni – R2, 415.00	
		· Vulamehlo – R2, 427.00		



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
39	Ugu-02-711-2007: Ugu Household Sanitation Programme VIII for the manufacture and supply pre-cast Concrete Markers and Cover Slabs	Dumakude, ABSCO, Inkanyezi, Ubomi Co-	(a) That the contract award value be based on an, and when,	10/10/2007
		operative, VNH Precast	needs basis supplier data base.	
			(b) That it be noted that the conditions of award regarding the rate, subject to the agreed to escalation clause as per tender document, be excluding VAT.	
			· 110x1050x110	
			· Cover Slab – R350.00, 1250	
			· Cover Slab – R498.00, 1000	
			· Cover Slab – R325.00, 1250	
			· Chamber Ring – R800.00, 1000	
			· Chamber Ring – R380.00,	
			· 550x620 spacer ring – R55.00	
			· Pipeline marker post – R48.00	
			· 500 concrete plug – R48.00	
			Concrete plug – R15.00	
40	Contract No.: Ugu-07-679-2007: Water Leakage Management Project.	Joat Sales and	R 226,800.00	10/10/2007
		Services cc		



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
41	Contract No.: Ugu-08-716-2007: P68 Corridor Development.	Yebo Cooperative Ltd	R 490,800	19/10/2007
42	Contract No.: Ugu-02-670-2007: Construction of Mabheleni Sport field Ward 6.	Mdima Civils	R1, 088,169.71 (Including Contingencies and excl VAT)	19/10/2007
43	Contract No.: Ugu-02-726-2007: Ndelu Water Scheme: Phase 5 Construction of 50-90mm Diameter x 19,0km Long mPVC/HDPE/Steel Reticulation Pipelines in KwaHlaba, Nyonyana & Nkulu Wards.	Lenny Trading t/a Advanced Civils	R2, 808,891.60.	19/10/2007
44	Contract No.: Ugu-02-723-2007: Construction of 32mm to 50mm Diameter HDPe Water Reticulation in Kwa-Cele.	LNY Construction & Civils	R919,461.90 (including contingencies and excl VAT).	19/10/2007
45	Contract No.: Ugu-02-721-2007: Construction of 32mm to 50mm Diameter HDPe Water Reticulation in Kwa-Cele.	LNY Construction & Civils	R1, 051,708.14.	19/10/2007
46	Contract No.: Ugu-02-722-2007: Construction of 32mm to 50mm Diameter HDPe Water Reticulation in Kwa-Cele.	Kulu Civils and Projects Managers cc	R1, 299 723.46.	19/10/2007
47	Contract No.: Ugu-02-672-2007: Construction of Proposed Emerging Farmer Packhouse at the Ugu Agricultural Market, Port Shepstone.	DGS Contracting Services	R 4,285,715.80	19/10/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
48	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme. (Bashaweni Community Hall)	Msize Naye Construction and Projects	R272,303.16 (including contingencies and excl VAT)	19/10/2007
	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme (KwaMbotho Community Hall)	Msize Naye Construction and Projects	R416,193.80 (including contingencies and excl VAT)	
	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme (Shosholoza Recording Studio)	Brothers JV.	R403,572.57 (including contingencies and excl VAT)	
	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme (Amahlongwa Community Hall)	Msimango M& S Construction	R242403.76 (including contingencies and excl VAT)	
	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme (Kwa-Cele Sports Field)	Dumephi Investments	R242403.76 (including contingencies and excl VAT)	
	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme (Nyandezulu Community Hall)	Dalicebo Construction	R272,227.37 (including contingencies and excl VAT)	
49	Request for Proposals: Media Buying – Radio Slots.	G Stuff Facilitation and Training	R304 084.21 per annum	19/10/2007
50	Contract No.: Ugu-07-713-2007: Construction of New Change Rooms, Dining Rooms and Upgrading of Existing Change Rooms and Standby Accommodation at Margate WWTW.	Zamisananani Projects cc	R891,331.50 (excl VAT).	19/10/2007
51	Contract No.: Ugu-07-702-2007: Supply and Delivery of 3x Light Motor Vehicles.	Thompson Motors	R403, 818.45	19/10/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
52	Contract No.: Ugu-07-708-2007: Supply and Installation of Mechanical Plant, Dewatering Plant, Screens, Aerators, Pumping Plant, Electrics and Associated Civil Works.	Mabinza Welding Works	R3, 018,000.00 (Including contingencies and excl VAT)	19/10/2007
53	Contract No.: Ugu-07-695-2007: Supply and Delivery of 32 x (4x4) One Ton LDV's. (Note that the resolution of the Bid Adjudication dated 28 August 2007 ref. BAC 121/07/2007 regarding same was rescinded).	Bates	R 5,763,568.77	19/10/2007
54	Contract No.: Ugu-07-712-2007: Construction of New Change Rooms, Dining Rooms and Standby Accommodation and Upgrading of Existing Change Rooms at Mbango WWTW.	Zamisanani Projects cc	R 867,404.75	08/11/2007
55	Contract No.: Ugu-02-705-2007: Renovations to Ugu Offices Harding.	Ziqhenye Surveying and Construction	R 312,641.23	08/11/2007
56	Contract No.: Ugu-07-701-2007: Supply and Delivery of Truck Equipped with Roll Back to Carry Eight Ton.	Bates Port Shepstone	R614. 214.21.	08/11/2007
57	Contract No.: Ugu-07-692-2007: Supply and Delivery of 3x VTS Tankers.	Bates Port Shepstone	R1, 162, 408.68	08/11/2007
58	Contract No.: Ugu-07-693-2007: Supply and Delivery of One Kombi/Transporter.	Thompson Motors	R252, 334.05.	08/11/2007
59	Contract No.: Ugu-07-718-2007: Kwa-Xolo Water Reticulation Phase 1.	Neela Trading cc t/a GN Cabling	R3,136,370.60(Including Contingency & excl VAT).	08/11/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
60	Contract No.: Ugu-02-737-2007: Nositha Bulk Water: Phase 2: Reservoir & Pump Station.	Sizabonke Civils cc trading as Pilcon Projects	R1, 558,804.50 (Including Contingencies and excl VAT).	08/11/2007
61	Contract No.: Ugu-02-738-2007: Nositha Bulk Water: Phase 2: Reservoir & Pump Station	Heydricks Civils cc	R735,126.69 (Including contingencies & excl VAT).	08/11/2007
62	Contract No.: Ugu-07-719-2007: Replacement of Mains in Harding: Phase 1B – Supply and Delivery of 110/160mm Diameter PVC Pipes and Associated Fittings and Sundry items.	DPI –Ichweba (Pty) Ltd	R1, 218,569.86	08/11/2007
63	Contract No.: Ugu-02-734-2007: Margate Sewer Reticulation: Proposed Sewers Along Hunters Stream – Construction of 500m of 200mm diameter PVC Sewer Reticulation.	Town and Around Civils cc	R 395,300	08/11/2007
64	Contract No.: Ugu-02-735-2007: Marburg Sewer Reticulation: Construction of 800m of 110/160mm Diameter PVC Sewer Reticulation.	Hometech Construction cc t/a HT Civils	R 553,318	
65	Contract No.: Ugu-02-736-2007: Mathulini Water Supply Scheme: Construction of Reinforced Concrete Reservoirs.	Thumba Projects	R 4,693,914.50	08/11/2007
66	Contract No.: Ugu-02-741-2007: Greater Vulamehlo Water Scheme: Construction of a 100kl Steel Tank and Three Reinforce Concrete Reservoirs.	ADZ Construction	R3,246,463.91 (Including contingencies & excl VAT).	08/11/2007
67	Contract No.: Ugu-02-749-2007: Assisi Water Supply Project Phase 4: Construction of Reticulation in Frankland.	Vulindlela Asphalt Surfacing	R1,197,304.73 (Including Contingencies and excl VAT).	08/11/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
68	Contract No.: Ugu-06-764-2007: Provision of Blanket Finance to the Ugu District Municipality for the Acquisition of Motor Vehicles.	NEDBANK.	-	26/11/2007
69	Contract No.: Ugu-02-759-2007: Mathulini Water Supply Scheme: Extensions to Mtwalume Water Works.	Heydricks Civils	R4, 902,608.30	21/12/2007
70	Contract No.: Ugu-02-758-2007: Mathulini Water Supply Scheme: Construction of Rising and Reticulation Mains.	Pilcon Projects	R 5,682,968.51	21/12/2007
71	Contract No.: Ugu-02-753-2007: Construction of 150mm Diameter Steel Pipeline x3.5km LONG from Nyavini Reservoir No.1 to Kwa-Nkosi Reservoir.	Sizabonke Civils cc t/a Pilcon Projects	R 2,982,456.14	21/12/2007
72	Contract No.: Ugu-02-751-2007: Construction of 150mm Diameter uPVC Pipeline x12.5km LONG from Kwa-Nkosi Reservoir to Enkulu reservoir.	Lenny Trading cc t/a Advanced Civils	R 5,175,438.60 (Including Contingencies and excl VAT).	21/12/2007
73	Contract No.: Ugu-02-750-2007: Construction of 0.5ML enkulu reservoir and Nyavini Pumpstation No.3.	Mdima Civils	R 1,140,350.88 (Including contingencies, escalation and excl VAT)	21/12/2007
74	Contract No.: Ugu-02-752-2007: Construction of 0.5ML Kwa-Nkosi Reservoir and Nyavini Pumpstation No.3.	Mdima Civils	R872,720.71 (Excluding contingency, escalation and excl VAT).	21/12/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
75	Contract No.: Ugu-02-756-2007: Umzimkulu Off-Channel Storage Dam: Supply of Steel Pipes.	Zana Manzi Services	R4, 458, 718.81	21/12/2007
			(including contingencies and excl VAT).	
76	Contract No.: Ugu-07-776-2007: Sanitation Infrastructure Refurbishment Programme: Supply, Installation & Commissioning of Odour Control Units at Ramsgate Pumpstation No7 and Uvongo Pumpstation No5.	Hidrostal SA Pty (Ltd)	R 467,281.16	21/12/2007
77	Ugu Fresh Produce Market: Appointment of the Technical Advisor.	-	nil	07/12/2007
	That the Ugu Fresh Produce Market: Appointment of the Technical Advisor be considered in accordance with the methodology of the report that the General Manager: Treasury would provide to the Manager: Ugu Fresh Produce Market			
78	Contract No.: Ugu-02-725-2007: Fast Track Sanitation Refurbishment-Phase 2, Extensions to Margate Waste Water Treatment Works: Supply and Installation of Mechanical and Electrical Equipment.	Paterson Candy International (SA) (Pty) Ltd t/a PCI Africa	R2, 764, 026,24	07/12/2007
79	Contract No.: Ugu-02-724-2007: Fast Track Sanitation Refurbishment-Phase 2, Extensions to Margate Waste Water Treatment Works: Construction of Civils Works.	Town & Around Civils cc	R8 661,755 at a reduced scope of works	07/12/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
80	Contract No.: Ugu-02-748-2007: Construction of Kwa-Xolo and Mvutshini Reservoirs Bulk Water Extension Phase 5a.	Mdima Civils	R 2,717,826.36	07/12/2007
81	Contract No.: Ugu-02-757-2007: Umzimkhulu Off-Channel Storage Dam: Construction of Pipe Jacked Sleeve.	WK Construction	R 6,496,688 (Including Contingencies and excl VAT).	07/12/2007
82	Contract No.: Ugu-07-742-2007: Umzimkhulu (Bhobhoyi) Water Scheme: Construction of 200mm diameter x1,8 km long mPVC Pipeline in Izotsha.	Neela Trading cc t/a GN Cabling & Civils	R 915,409.65	07/12/2007
83	Contract No.: Ugu-07-743-2007: Construction of 30m3 Elevated Steel Potable Water Storage Tank at Albersville.	Town & Around Civils cc	R 501,030	07/12/2007
84	Contract No.: Ugu-07-755-2007: Construction of New Kwa-Qwabe P Sport Complex.	K.E.S Contracts cc	R 2, 146,832.80	07/12/2007

85	Contract No.: Ugu-07-715-2007: Supply and Delivery of Water and Sanitation Material: Be awarded as follows:			07/12/2007
		Section	Tenderer	Contract Value
		Cascade Repair Clamps	KFC Engineering & Industrial Supplies	R262055.00 (Excluding VAT)
		Ventomatic Air Valves	Thembamanzi	R 89615.20 (Excluding VAT)
		Bayonet Underground Fire Hydrats	Quality Valves & Engineering cc	R 60630.00 (Excluding VAT)
		Ball Valves	Hotetsa Amanzi	R149479.42 (Excluding VAT)
		Slow Flow Valves	Watertite Conservation	R 60400.00 (Excluding VAT)
		Class C Brass Meters	Elster Kent Metering (Pty) Ltd	R134929.45 (Excluding VAT)

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
85 CONT.	Contract No.: Ugu-07-715-2007: Supply and Delivery of Water and Sanitation Material: Be awarded as follows:	Class C Plastic Meters	Elster Kent Metering (Pty) Ltd	R151310.55 (Excluding VAT)
		Bulk Water Meters	Inclledon Dpi	R279859.00 (Excluding VAT)
		Strainers	Valve Specialist	R100814.00 (Excluding VAT)
		Aqualok/Klamflex Couplings		R318111.00 (Excluding VAT)
			Inclledon DPI	
		Cobra Copper Fittings	Titanic Steel & Industrial Suppliers	R101013.02 (Excluding VAT)
		Saddle Clamps	Ndhlovu Pipe Systems	R43016.34 (Excluding VAT)
		Compression Fittings	Shobane Trading	R293057.53 (Excluding VAT)
		HDPE Type5 CL 16 Pipe	DPI-Ichweba	R534398.80 (Excluding VAT)
		UG Pipe Class 400	DPI-Ichweba	R31264.00 (Excluding VAT)
		Standpipe	Valve Specialist	R194235.00 (Excluding VAT)
		Chemicals	Rheochem	R348939.00 (Excluding VAT)
		Cobra Gate Valves	Watertite Conservation	R216717.00 (Excluding VAT)
		Wedge Gate Valves	Revert to three Quotes as tender submissions are incomplete and prices could not be held firm for the duration of the contract due to rate of exchange.	
		House Connection Boxes	Re-tender pending finalizing of a revised specification on meter boxes.	
UPVC CI16 Pipe	Re-tender on a short term contract basis as the market price is unstable Shobane Tradings prices were over the average market price.			
	Section	Tenderer	Contract Value	
86	Contract No.: Ugu-07-720-2007	MNM General Engineering Supplies cc.	That the award be based on the rates as reflected in annexure E up to a maximum of R8million.	04/02/2008



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
87	Contract N m. Contract No.: Ugu-07-779-2007: Supply and Delivery of Protective Uniform. Be awarded as follows:			04/02/2008
		Section	Tender	Contract Value
		Golf Shirts Royal Blue	Corporate Solutions	R 57 277.00
		Long Sleeve Sweaters Royal Blue	Corporate Solutions	R 29 151.00
		Two-Piece Royal Blue Overall	Corporate Solutions	R124 331.70
		Two-Piece Acid & Chemical Resistant Overall	Corporate Solutions	R 13 230.00
		Safety Boots	Corporate Solutions	R132 965.00
		Safety Gumboots	Corporate Solutions	R 67 784.60
		Rain Suits Navy 2-Piece	Alsafe KZN	R 80 460.00
		Protective Gloves	Alsafe KZN	R 18 425.00
		Protective Hats	Corporate Solutions	R 27 577.00
		Projective Eye Wear	Corporate Solutions	R 13 520.00
		Reflective Vests – Full Jacket	Corporate Solutions	R 63 304.75
88	Contract N m. Contract No.: Ugu-02-739-2007: Ezinqoleni Water Supply Scheme: Construction of Approximately 12km of Reticulation and Standpipes at Ezinqoleni	Mdima Civils cc	R1, 847,799.96	04/02/2008
89	Contract No.: Ugu-07-714-2007: Supply and Delivery of Cleaning Material, Refreshments and Stationery Be awarded as follows:			04/02/2008
		Section	Tenderer	Contract Value
		Refreshments	ZING Projects Management	R340944.00 (Excluding VAT)
		Cleaning Material	Port Shepstone Bargain Wholesalers	R505733.05 (Excluding VAT)
		Stationery	Shobane Trading	R202393.35 (Excluding VAT)

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
90	Contract No.: Ugu-02-778-2007: Disaster Management Plan	Africon Consulting	R540, 000.00 (Excluding Contingencies and VAT)	04/02/2008
91	Contract No.: Ugu-02-773-2007: Harding/Weza Water Scheme: Phase 7: Construction of 350mm Diameter x3,9km Long mPVC/Steel Parallel to Ikwezi Reservoir.	Pilcon Projects	R4, 941,000.00	04/02/2008
92	Contract No.: Ugu-07-774-2007: Supply, Installation and Commissioning of Standby Generator Sets at Ramsgate 8 and Gamalakhe (Tintown) Sewage Pumpstations and a Mobile Generator Set.	P & S Power Products	R1, 733, 547.36	04/02/2008
93	Contract No.: Ugu-07-766-2007: Fast Track Sanitation Refurbishment – Phase2: Replacement/Refurbishment of Mechanical and Electrical Plant in Margate No.1, Balancing Tank, Duzamanzi, Big Tree No.1 and Tidal Pool Pumpstations and Red Desert Sewage Treatment Works ((Mechanical and Electrical Works)	Water and Sanitation Services SA (Pty) Ltd	R 1,802,946	04/02/2008
94	Contract No. Ugu-07-765-2007: Fast Track Sanitation Refurbishment – Phase2: Replacement/Refurbishment of Mechanical and Electrical Plant in Margate No.1, Balancing Tank, Duzamanzi, Big Tree No.1 and Tidal Pool Pumpstations and Red Desert Sewage Treatment Works (Civil Works).	Town and Around Civils cc	R 471,540	04/02/2008
95	Contract No.: Ugu-07-715-2007: Supply and Delivery of Water and Sanitation Material	Thembananzi	R532, 927.86 (Previous Award of R89, 615 Rescinded)	04/02/2008



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
96	Contract No.: Ugu-02-767-2007: Kwa-Lembe Phase 4A Bulk Water Supply: Construction of Reticulation Mains at Mkhunye	Town & Around Civils	R2, 903. 486. 52	04/02/2008
			(Including Contingencies and excl VAT).	
97	Contract No.: Ugu-02-754-2007: Construction of 200mm Diameter uPVC Pipeline x 12km long from Florida Pump station to Eziqoleni Section A:	Azishe Building Construction cc	R 3,157,894.74	22/02/2008
			incl contingencies, escalation and excl VAT)	
98	Contract No.: Ugu-02-754-2007: Construction of 200mm Diameter uPVC Pipeline x 12km long from Florida Pump station to Eziqoleni Section B:	Town and Around Civils cc	R3,333,333.00 (Including	22/02/2008
			contingencies, escalation and excl VAT).	
99	Contract No.: Ugu-02-784-2007: Construction of Ndelu Water Scheme: Phase 5.	Janine Trading t/a Rays Construction	R673,450.44.	22/02/2008
100	Contract No.: Ugu-02-782-2007: Construction of Reticulation Mains: Thoyane Phase 3A Water Supply Scheme.	Phangandawo Investment	R1, 535,087.40 (Including	22/02/2008
			Contingencies and excl VAT).	
101	Contract No.: Ugu-02-740-2007: Construction of a Pumpstation, Rising Main and Reservoir.	Town and Around Civils cc	R2, 012,913.28 (Including Contingencies and excl VAT	22/02/2008
102	Contract No.: Ugu-02-789-2007: Umzumbe Ward 16: construction of a Multi-Purpose Community Centre.	Mzotho General Dealer cc	R1,308,094.80(Including	22/02/2008
			Contingencies and excl VAT	
103	Contract No.: Ugu-02-797-2007: Construction of a 100KI Concrete Reservoir in Kwa-Nyuswa.	Mami's Construction	R524,820.15 (Including	22/02/2008
			Contingencies and excl VAT)	

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
104	Contract No.: Ugu-02-796-2007: Construction of a 63mm Diameter HDPE & 200mm diameter uPVC Water Reticulation Mains in Kwa-Nyuswa.	LNY Construction and Civils	R1,092,593.25 (Including	22/02/2008
			Contingencies and excl VAT)	
105	Contract No.: Ugu-02-795-2007: Construction of a High Lift Pumping Station & 110mm Diameter uPVC Rising Main in Kwa-Nyuswa.	Vuxeni Investments	R3,651,305.70 (Including	22/02/2008
			Contingencies and excl VAT).	
106	Contract No.: Ugu-02-801-2007: Construction of Kwa-Xolo Bulk Water Extension Supply Project Phase 5B.	Pilcon Projects	R4,364,320.40 (Including	22/02/2008
			Contingencies and excl VAT).	
107	Contract No.: Ugu-02-808-2007: Pennington Waterborne Sanitation-Phase 1.	HT Civils	R6,296,768.94 (Including	22/02/2008
			Contingencies, Escalation and VAT)	
108	Contract No.: Ugu-02-809-2007: Assisi Water Supply Project Phase 4: Construction of Qwabe P Mainline and Reservoir.	Vulendlela Asphalt Surfacing	R1,986,017.54 (Including	22/02/2008
			Contingencies, Escalation and VAT)	
109	Contract No.: Ugu-02-792-2007: construction of Qwabe Ward 5 Community Multi Purpose Centre	Ziqhenye Surveying and construction	R744,614.91 (Including	22/02/2008
			Contingencies, Escalation and VAT)	



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
110	Contract No.: Ugu-02-800-2007: Construction of Dumeka Access Road.	Tengal JV Great Enterprises	R1, 345,257.00	22/02/2008
111	Contract No.: Ugu-02-011-2007: Land Acquisition Strategy.	Ant Walther Attorneys and Vumamasu Property cc JV	Professional fees to be as per the tendered rates	22/02/2008
112	Contract No.: Ugu-02-806-2007: Construction of Msikazi Access Bridge.	Mfihleleni Construction	R1, 069,850.65 (Including Contingencies, Escalation and VAT)	22/02/2008
113	Contract No.: Ugu-02-771-2007: Harding/Weza Water Scheme: Phase 7: Construction of 1000m3 Kwa-Machi Reservoir No2.	Town and Around Civils cc	R2, 109, 245.10	19/03/2008
114	Contract No.: Ugu-02-799-2007: Ward 8 Community Service Centre	Lakeshore Trading 102cc	R1, 469, 465.70	19/03/2008
115	Contract No.: Ugu-02-813-2007: Construction of a 100KL Concrete Reservoir, Standpipes & HDPE Water Reticulation Mains.	LNy Construction & Civils	R1, 278,656.49 (Including Contingencies and excl VAT)	19/03/2008
116	Contract No.: Ugu-02-810-2007: Mathulini Water Supply: Supply and Installation of Pumping Plant and Electrics in Two Pumpstations	MOOD ELECTRICAL	R687,784.35(Including Contingencies and excl VAT)	19/03/2008

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
117	Submission: Elevated Water Storage Tank – Port Edward: Contract No.: Ugu-07-743-2007	Town and Around	R648,245.61 (Including Contingencies and excl VAT)	
				19/03/2008
118	Contract No.: Ugu-02-804-2007: Mathulini Water Supply: Supply and Installation of Water Purification Plant, Pumping Plant and Electrics at Mtwalume Water Workds.	MOOD ELECTRICAL	R1, 262,865.79	
				19/03/2008
119	Contract No.: Ugu-02-803-2007: Repairs to Amandawe Community Hall.	Msize Naye Construction and Projects cc	R 180,701.75	28/03/2008
120	Contract No.: Ugu-02-805-2007: Construction of Thoyi Access Bridge	Mfihleleni Construction	R1, 346,682.70	28/03/2008
			(Including Contingencies and excl VAT).	
121	Contract No.: Ugu-02-794-2007: Umzimkhulu Off – Channel Storage Dam: Construction of Embankment and Steel Pipelines.	Waltell Civils/ RJM Civils JV	R 32,764,184.12	11/04/2008
			including contingencies and excl VAT.	
122	Contract No.: Ugu-02-768-2007: Greater Vulamehlo Water Scheme: Construction of a Gravity Main to Kwa-Qiko and Reticulation Mains.	Pilcon Projects	R85,654,519.25 including contingencies and excl VAT	11/04/2008
	(Rescinded Resolution)			



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
123	Contract No.: Ugu-02-807-2007: Supply and Installation of Electro- mechanical Equipment to Nyavini Pumpstation Buildings Nos. 2 and 3.	Fluid Systems Engineering cc	R1, 403,508.77 including contingencies, escalation and VAT.	11/04/2008
124	Contract No.: Ugu-02-802-2008: Repair of 2 No. Collapsed Sewer Bridges at Settlers Park and Anderson Street.	Central Route Trading 527 cc	R657,894.74 (including contingencies, escalation and excl VAT).	11/04/2008
125	Contract No.: Ugu-07-775-2007: Sanitation Infrastructure Refurbishment Programme (2007/2008): Construction of PVC Sewer Rising Mains, 160mm Diameter x 645m Long and 250mm Diameter x 140m Long in Port Shepstone.	Umuzi Civils t/a Sal Kuhlase Civils cc	R 435,179.95	11/04/2008
126	Contract No.: Ugu-07-777-2007: Sanitation Infrastructure Refurbishment Programme (2007/2008): Upgrading of Mechanical and Electrical Equipment at Port Shepstone Pumpstations 4,5,9 and 14.	Water and Sanitation Services SA (Pty) Ltd	R2, 313,444 at a reduced scope of work (excluding VAT).	11/04/2008
127	Contract No.: Ugu-02-793-2007: Margate Extension 1 Water Reticulation: Construction of 110mm/ 160mm Diameter x2,3 km Long mPVC Reticulation Pipelines in Gayridge.	Dream Team Trading 841 cc	R875,725.excl VAT) .	11/04/2008
128	Contract No.: Ugu-07-830-2008: Ugu Pipeline Replacement Programme: Ugu Local Economic Development – Emerging Contractor Development Programme Replacement of Water Pipelines in Park Rynie and Pennington.	Aquilina Trading 38 cc	R367,822.40 incl contingencies and excl VAT	16/05/2008

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
129	Contract No.: Ugu-07-831-2008: Harding Mains Replacement Programme: Phase 2 Construction of 110mm/160mm Diameter 3,0km Long mPVC Reticulation Pipelines in Margate.	BZK Farming and Other Other Services cc, Talagu Multi Purpose Primary Co-Operative Ltd	Section A: R364, 800.00.	16/05/2008
			Section B: R266, 760.00.	
			Section C: R313, 500.00.	
			Total Sections A,B and C: R945, 60.00.	
			(to be negotiated)	
130	Contract No.: Ugu-07-832-2008: Margate Bulk Water Supply and Mains Replacement: Construction of 110-200mm Diameter 3.3km Long mPVC Bulk and Reticulation Pipelines in Margate.	Hometech Construction cc t/a HT Civils	R2, 333, 894.64.	16/05/2008
131	Contract No.: Ugu-07-829-2008: Extension to Pipework at Rail and Road Bridge Crossings: Ifafa, Mtwalume, Mfazazane and St Michaels.	Inhlanhla Civils	R2, 408, 683.20	16/05/2008
132	Contract No.: Ugu-07-828-2008: Ugu Pipeline Replacement Programme: Replacement of Water Pipelines in Scottburgh and Park Rynie.	Macingwane's Security & Gardening Services cc	R 1,942,538.40	16/05/2008
			(Including Contingencies and excl VAT).	
133	Contract No.: Ugu-07-833-2008: Upgrading of the Existing Water Pipes Along Bushyvale and Perch Roads.	Kulu Civils	R1, 178, 848.58.	16/05/2008



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
134	Contract No.: Ugu-07-647-2007: Construction of New Ugu District Municipality Office Block – Phase 2: I&ED Building: Lot 10 Oslo Beach.	DGS Contractors for the construction of the second storey I&ED building	be extended by an amount of R5,824,009.00 (Excluding VAT) as awarded to (Variation to the existing contract).	2013/06/08
135	Contract No.: Ugu-07-835-2008: Renovations to Existing Ugu Workshops – Marburg.	Msimango M & S construction	R 526,315.79	2013/06/08
136	Contract No.: Ugu-02-838-2008: Harding Roads Upgrades (Musgrave Phase 2 Moodie).	Queensburg Equipment Rental	R3, 260232.46	2013/06/08
137	Contract No.: Ugu-02-844-2008: Refurbishment of Three Ugu North Coast Sewage Pump Stations.	Klomac Engineering	R 1,994,509.00 (Including contingencies and excl VAT).	2013/06/08
138	Contract No: Ugu-07-621-2006: Construction of 600mm Diameter Steel Pipeline x 3500mm Long from Izotsha River to Shelly Beach.	Shula Construction cc	R 16,240518.50 (including contingencies, escalation and excl VAT).	2013/06/08
139	Contract No: Ugu-07-834-2008: Renovations to Existing Ugu Offices: Park Rynie.	Msimango M and S Construction cc	R 1,525, 000.00	2013/06/08
140	Contract No: Contract No.: Ugu-07-836-2008: Renovation to Existing Ugu Offices: Lot 10 Oslo Beach.	C&R ABD JV	R 11,422,413	2013/06/08



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
141	Contract No.: Ugu-07-677-2007: Mains Replacement Programme –Replacement of Pipeline at Batstones Drift Bridge.		extended by an amount of R158, 947.37 (excluding VAT) to	2027/06/08
			R830, 000.00 (Including contingencies and escalation and excluding VAT).	
142	Contract No.: Ugu-02-841-2008: Upgrading of Mthimude Sportsfield	Goplan Homes CC	R 1,646,870	2027/06/08
143	Contract No.: Ugu-02-839-2008: Harding Roads Upgrade (Shepstone and Hancock).	Mfihleni Construction	R5, 344, 006.00.	2027/06/08
144	Contract No.: Ugu-02-845-2008: Compilation of a Business Plan for the Ugu District Broadband Network Incorporating Development of a Sustainable Broadband Infrastructure and Network Operating Strategy in Accordance with Goals Identified in the Ugu ICT Local Economic Development Plan.	MGM Telecoms	R500, 000.00	2027/06/08

Table 22 Contracts Awarded during the 2007/ 2008 Financial Year



Infrastructure and Economic Development

Headed: General Manager: Infrastructure and Economic Development, the Department is comprised of the following Sections

Local Economic Development

Overview

The LED Section is responsible for all activities associated with economic development initiatives, which include economic planning, investment opportunities packaging, promotion of partnerships, promotion of Small Medium and Micro Enterprises (SMME's), mainstreaming of vulnerable groups (youth, women and physical challenge individuals) in economic development, promote sustainable livelihoods and rural economic development.

Description of the Activity

The function of the economic development within the municipality is administered as follows:

- Economic Planning-the section is responsible for economic development planning i.e. Development of LED Plans, Economic Sector Plans, Urban Renewal Plan, Beachfront Development Plans and Industrial Park Redevelopment Plans.
- SMME Development Programmes and Support – working with various stakeholders (e.g. Small Enterprise Development Agency (SEDA), Esayidi FET, Construction Industrial Development Board (CIDB), South African Revenue Services (SARS), Tourism Enterprise Programme (TEP) etc) to provide the integrated business development services as prescribed by the Amendment of the National Small Business Act. One of the flagship projects has been the Emerging Contractors Development Programme.
- Tourism Marketing is one of the key function of the LED Unit, which involves tourism destination (South Coast) marketing, attending the tourism trade shows (Tourism Indaba), supporting of the tourism events (i.e. South Coast Music Festival, Ugu Jazz Festival, Lorries Awards, Sardine Run etc), marketing brochure development and tourism information dissemination and management.
- Agricultural Development Programme has been linked with the new agricultural catalyst project known as the Ugu Fresh Produce Market. The programme involves development of the emerging farmers and also development of the whole agricultural value chain.
- Niche Market Development Plan which involves planning and promotion of niche markets e.g. Sport Tourism, Business Processing Outsourcing, and Biofeuls.
- Black Economic Empowerment Monitoring is a task that is performed to monitor the BEE implementation in the district internally (Supply chain management spends) and externally (private sector procurement and BEE Deals facilitation).
- Sector Development Planning and support; provide support to the manufacturing, mining, trade and service sectors.
- Implementation of the business retention and expansion strategies,
- Creating the enabling environment for the business to thrive which will lead to wealth creation, job creation and poverty reduction.

Key issues: 2007/2008

- Implementation of the Adopted LED Strategy and its sector Plan, ,
 - Partnership Enhancement Programme,
 - Investment Facilitation programme ,
- Operationalisation of the Single Tourism Body (Ugu South Coast Tourism)
- Implementation of the Cooperatives Development Programme, including undertaking of a study tour to Canada,
- Implementation of the Emerging Contractors Development Programme Phase II,
- Operationilisation of the Ugu Fresh Produce Market,
- Ugu Sports and Leisure Centre Marketing, resource mobilization and investor facilitation,
- Park Rynie Industrial Park – Business Plan implementation and resource mobilization,

Urban Renewal Strategies as Business Retention, Attraction and Expansion Strategy

Three urban renewal projects in the district are currently being implemented namely, Harding CBD Infrastructure upgrading project, Ezingolweni CBD Renewal and Umzinto CBD Renewal Plan. The projects form part of the business retention, attraction and expansion strategy.

The Harding CBD Project included the town clean up, restructuring of major town roads, storm water drainage system, an improvement of traffic control infrastructure. Progress has been made with the resurfacing of the Murchison streets and two other streets. Additional funding has been made available to cover other roads and pavements in the area.

Ezinqoleni CBD Renewal has received a funding of R8 million from the Department of Traditional and Local Government

The Umzinto Urban renewal Project is still on a planning stage and the urban renewal plan and business plan has been completed. Funding is required to implement the project as whole and renew confidence in Umzinto CBD.

Other Rural Development Strategies

The municipality's rural strategy is based on the integrated approach which involves providing basic services through the Water Services Authority, coordinating investment



by other departments in the district and also focusing on the P68 Corridor Development. The progress in terms of the poverty eradication programmes is significant. The infrastructure development programmes are subscribing to the principles of Extended Public Works Programme (EPWP). A number of jobs have been created.

LIST OF KEY PERFORMANCE AREAS	ACTUAL	TARGET
Cooperatives Development Programme	90%	100%
Operationalisation of the Single Tourism body	85%	100%
Manufacturing Sector Support Programme	65%	100%
Implementation of Ugu District Sport Complex,	45%	100%
Emerging Contractors Development programme (SMME Support)	100%	100%
Implementation of the LED Strategy and its Sector Strategies	85%	100%
Investment Facilitation Programme	75%	100%
Partnerships Enhancement Programme	90%	100%

Table 23 Analysis of the Local Economic Development Function

DETAIL	TOTAL	AMOUNT (R)
Number and cost to employer of all economic development personnel:		
Professional (Directors/Managers)	3	1 308 000
Non-professional (Clerical/Administrative)	1	164 617
Temporary	None	-
Contract	None	-
Detail and cost of urban renewal strategies: Ezingolweni CBD	1	8 million

Table 24 Grants received

DETAIL	TOTAL	AMOUNT (R)
Type and number of grants and subsidies received:		
Corridor	1	550 000
Gijima Emerging Farmers Depot	1	1,2 million
Total	2	1,750 000



APPENDIX F
UGU DISTRICT MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
June	Sept	Dec	March	June	June	Sept	Dec	March	June		Yes / No	
83,639	121,479	85,408	80,595	214,064	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
15,396,555	14,585,494	20,541,245	16,294,036	26,747,508	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	173,729	43,228	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
225,163	63,286	0	849,831	232,010	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
1,509,793	98,490	680,610	4,680,090	2,404,001	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
7,010,922	17,717,383	32,251,160	46,395,494	48,383,564	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	466,877	453,822	1,871,520	9,119,845	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
24,226,072	33,053,009	54,012,245	70,345,295	87,144,220	0	0	0	0	0			

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				
		June	Sept	Dec	March	June
FMG	National Treasury	0	500,000	0	0	0
Equitable Share	National Treasury	0	35,624,761	26,718,571	15,824,951	0
Sports and Recreation	Dept Sport & Rec	150,000	0	0	750,000	600,000
Ugu Agricultural Market	Dept Agriculture	0	0	0	0	0
Gijima	DEAT	1,331,631	0	0	0	0
Various Provincial	DLGTA	11,506,437	0	0	26,900,000	810,000
Various National (inc. MIG)	DPLG	25,960,522	10,851,563	25,017,126	55,066,689	48,897,123
DWAF	DWAF	0	0	46,000	17,407,700	7,322,500
Various	DBSA	0	420,000	0	0	150,000
Various Co-Operative Projects	IDC	0	517,244	0	0	0
Various (Public Contributions)	OTHER	0	1,091,508	2,158,350	3,114,735	2,834,296
Total Grants and Subsidies Received		38,948,590	49,005,076	53,940,047	119,064,075	60,613,919



Annual Performance Reports 2007/2008

1. Corporate Strategy & Shared Services

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Institutional Development and Transformation	Development of contracts in alignment with SDBIP and PMS	Meeting management of municipality to set KPIs.	Set indicators for all KPA's	Indicators set for all KPA for section 57 staff members.	Set indicators for all KPA's	Indicators set for all KPA for section 57 staff members.	Achieved
		Signed copies of performance contracts for Section 57 staff members	7 by 31/07/2007	100%	7 by 31/07/2008	100%	Achieved
		Submission of contracts to MMs for signing	7 by 31/07/2007	100%	7 by 31/07/2008	100%	Achieved
	1. To effectively monitor implementation of IDPs & service delivery in general through quarterly reviews of SDBIP & PMS.	Number of quarterly review meetings conducted.	4 by 30/06/2007	50% by 30/06/2007	4 by 30/06/2008	100% by 30/06/2008	Achieved
		Number of Quarterly report.			4 by 30/06/2008	50%	Reviews done twice as two were combined
	2. To prepare an Integrated Development Plan fostering integrated development planning approach ensuring sustainable & participatory development.	First draft IDP adopted.	100% by 28/03/2007	100%	100% by 28/02/2008	100%	Achieved
		A newly formulated 5-year IDP.			100% 30/06/2008	100%	Achieved

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Democracy and Governance	3. To assist and support local municipalities in completing the development of their IDP and PMS on time.	Adopted IDP documents	6 by 30/06/2007	85%	6 by 30/06/2008	100%	Achieved
		Number of Local Municipalities supported with their IDP process.	6 by 30/06/2007	85%	6 by 30/06/2008	100%	LMs assisted to conduct Quarterly Reviews. Support is however challenging because the fixing of dates for reviews depend on the Mayor's availability
	4. To ensure that local municipalities have good management systems for effective implementation and monitoring of the IDP projects.	% PMS & SDBIP completion (adopted by Council).	100% by 30/06/2007	100%	100% by 30/06/2008	100%	Achieved
	1. To ensure implementation of the annual work plan.	% of projects completed from activity Plan	100% by 30/06/2007	70%	100% by 30/06/2008	80%	Project delayed
		2007/08 Activity Plan submitted to DPLG	100% by 28/02/2007	100%	100% by 28/02/2008	100%	Achieved
		% MSIG grant expenditure	100% by 30/03/2007	90%	100% by 30/03/2008	100%	Achieved
	2. To ensure a well developed public transport system within Ugu. To ensure effective maintenance, upgrade and construction of transportation system and infrastructure for improved mobility of goods and people to and from the district.	% Adoption of public transport plan by Council	PTP Review Terms of Reference.	The terms of Reference have been adopted.	PTP Review Terms of Reference.	The terms of Reference have been adopted.	Partially Achieved



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	To implement 10 shared services	Shared services implemented	N/A	N/A	Implement 10 Shared services	6 shared services are functional	4 shared services not implemented due to lack of financial resources. To source more funding
	Implementation of at least 2 principles and two flagship projects of Batho Pele	2 flagship and Batho Pele principles implemented	Develop Policy Framework and implementation strategy	100% achieved	2 flagship and Batho Pele principles implemented	2 flagship projects and 8 principles implemented	Beginning of the introduction of BP. Training conducted on the 13-15 March 2006
	To initiate Peer Review Mechanism to foster peer support and partnership amongst local municipalities to enhance performance and service delivery	Adopted Peer Review Policy	100%	0%	100%	0%	Though both MM's and IGR Forum approved and adopted implementation of peer review, none of the LM's volunteered to be peer reviewed.
	Annual reports for all low capacity municipalities in accordance with the MFMA of 2003	4 Reports for 4 LM's	100% All 4 LM's to comply with the MFMA Act	0%	100% All 4 LM's to comply with the MFMA Act	25% achieved. Only one LM complied with the assistance of the consultant.	Local municipalities lack capacity to implement the Act. Two LM's did not have CFO's
	Implementation of at least 2 principles and two flagship projects of Batho Pele	2 flagship and Batho Pele principles implemented	Develop Policy Framework and implementation strategy	100% achieved	2 flagship and Batho Pele principles implemented	2 flagship projects and 8 principles implemented	Beginning of the introduction of BP. Training conducted on the 13-15 March 2006
	To ensure the achievement of the municipal objectives within tolerable degree of residual risk	Number of risks mitigated and municipal objectives achieved	N/A	N/A	100% implementation of action plans	95% implementation of action plans	Risk Management was only introduced towards the end of 2006 and started in 2007.

2. INTERNAL AUDIT



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	Audit Reports presented to the Audit Committee for Assessment	100% completion of the annual audit plan	100% completion of the annual audit plan	100% completion of the annual audit plan approved by the Audit Committee (AC)	85% completion of the annual audit plan approved by the audit committee as at 30 June 2008.	Limited staff capacity resulted in the partial achievement of this SDBIP target	Audit Reports presented to the Audit Committee for Assessment
	To provide an independent assurance and consultancy service to Management & Council.	Independent assurance given to EXCO and Council	Audit committee attendance by external audit committee members	All Audit committee meetings held were attended by external audit committee members	Audit Committee attendance by external audit committee members.	All audit committee meetings held were attended by external members of the audit committee	Independent assurance given to EXCO and Council

3. CORPORATE SERVICES

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	Upgrade of the access control system to include additional functionalities			20%	Nil		Decision made at top management not to continue with this tender until policy and strategy on security done at the Municipality.
		Procurement of bulk scanner and records maintenance equipment			100% by 30 June 2008	100%	No longer utilizing the services of consultants in order to achieve Registry regulation compliance
		Maintenance and upgrade of registry		100% Implementation of filing system	100% by 30 June 2008	100%	Beams, ladder and shelving purchased for Central registry and additions done to Bulk filer towards ensuring compliance.



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
		Review of current agreements with service providers in terms of the newly adopted policy on the installation of base telecommunication stations			70% by 30 June 2008	70%	The remaining 30% of agreements had to run it's course, and thereafter, new agreements in line with the policy would be implemented
		Evaluation and Audit of current HR policies		100% update of approved policies	100% of evaluation and audit by 30 June 2008	100%	Amendments and developments, where necessary, continually being submitted for adoption.
		Workshop employees on HR policies		100% Municipal policies and procedures bound and disseminated to all new employees	100% new staff workshopped by 30 June 2008	100%	Employees have been trained through Induction Workshop.
	To empower employees through focused and continuous professional skills development	To ensure the development of a dynamic and successive leadership within municipal management	Establish database of accredited institutions of higher learning and courses	100% Structured training programmes and short courses and learnerships	100%	100%	48 staff members were awarded bursaries during the year. The incumbents are registered with the following institutions: UNISA University of KZN Durban University of Technology University of Johannesburg Bytes Technology Group
	Development & management of holistic safety & welfare benefits amongst municipal staff	Health awareness campaigns as per Department of Health events calendar			100% Implementation of approved EAP plan	One awareness campaign per month	100%



4. TREASURY

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Financial Management and viability	Implementation of an enterprise resources programme	Implementation of an Online Billing Solution			100%	Not Achieved	The Billing Project has been suspended, an assessment is currently under way for Axapta Implementations
	Reduction of telephone costs	Reduction of overheads			5% reduction of telephone costs per annum	R25 000 less in one month over three sites	Achievement as a result of telephone billing being implemented at all municipal sites through buffers, Telephone Management Software and Leased Cost Routing.
				IT strategy and COBIT development	60% by 30 June 2008	60%	Backup Devices, UPS, and IT User , Email and Internet Policy has been Drafted and presented to Top Management purchased.
				Reduction of overtime to save costs	50% by 30 June 2008	40%	A task team comprised of HR and IT staff has been set to work on the plan to reduce overtime, and a draft policy has been tabled



5. INFRASTRUCTURE & ECONOMIC DEVELOPMENT

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Basic service Delivery and Infrastructure Development	To ensure environmental sustainability	Environmental Education, Awareness and Training:		Prepare environmental calendar		100%	100%
						Prepare and run environment capacity building programme by 30 June 2008	80%
						Prepare calendar year allocation for all local municipalities 100% by 30 June 2008	100%
		Ugu Coastal Working Group: Resuscitation of Ugu Coastal Management Committee/Ugu Coastal Working Group (UCWG)			100%	100%	UCWG running smoothly
		Review the stakeholders of the previous coastal management forum			100%	100%	Database 100% up to date
		Schedule for the first/introductory sitting of the forum			100%	80%	Committee meetings held as per roster, 2 postponed
		Reporting to the KZN Provincial Coastal Committee (PCC) on overall progress of the UCWG			100%	99%	Only 1 outstanding report out of successful committee meetings
		Wetlands Management Programme: Conduct schools competition on wetland action research projects			100%	100%	School competitions held and winning schools taken on tours to bigger wetlands in the province



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
		Assist and supervise schools in writing a wetlands management programme			100%	0%	Not achieved due to school industrial actions
		Obtain wetlands distribution and catchments data			100%	10%	Only began towards end of financial and to be continued in 2008-09
		Make a business plan for further specialist and financial assistance			100%	0%	Funder to be identified. otherwise Plan of Action in place
	To ensure improvement of solid waste at local municipalities	Integrated Waste Management Plan: Prepare and conduct multi-stakeholder workshop prior to IWMP development			100% completed IWM plan adopted by council	0%	Funding confirmed later not to be available
		Establish and maintain IWMP PAC			100%	0%	Not commenced due to point above
		Preparing business plan for IWMP			100%	100%	Submitted to DAEA, approved, awaiting signing of the MoU and transfer of funds for next financial year
		Commencement of the IWMP process			100%	0%	Due to factors above, to commence in 2008/09
	To ensure improvement of environmental planning and reporting	Strategic Environmental Assessment: Formulate a multi-sectoral conceptual review team			100%	50%	LMs to benefit from the SEA identified and prioritized as development hotspots
		Conceptual review of the SEA			100%	50%	Phased approach adopted, with priority LMs to be identified



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
		Approach potential funding for SEA review			50%	50%	External funds not accessed, but co-funding (internal and external) approach for identified priority LMs adopted
		Environmental support to other municipal departments: Identify areas of cooperation			100%	60%	Task team formed with some departments to achieve cooperation but yet to be formalized and adopted. This aspect needs to be improved through coordinated project planning
		Give environment related advices as per enquiries			100%	80%	Environmental advices given on project basis, participating in DFA hearing as well for external development projects
		Comments or assistance in project applications relating to environmental impacts evaluation processes			100%	80%	Projects commented on, depending on what was being submitted to the environmental desk. A more coordinated method of commentary to be adopted by all departments concerned
		Undertake site visits if necessary				70%	Achievement of this varied with projects and not all sites were visited as per comments on paper



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	Extend & promote Environmental Health service in the District	Monitor & maintain Air Pollution station: Ensure no contraventions of Air Quality Act.			100%	80%	Ambient Air Quality Monitoring Station up in running although requiring regular maintenance and experiences challenges in terms data readability and reliability.Ugu DM reported to the 2nd Annual Air Lekgotla on Ugu's state of air and operation of the station.Air Quality Screening study conducted for Park Rynie (response to air quality related complaints) and Port Shepstone (as an initial step to setting a baseline to air quality now and in later years)
	Monitor and evaluation: Sampling of water and foods and inspection of premises				100%	100%	A value adding service to the Water Services Authority through comparative water testing on an interval basis to ensure good water quality free of pollution and 0% hazard to human health
	Food Control				100%	100%	Over and above regular inspection of food premises, capacity building exercises are embarked with the public through talk shows and workshops



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			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	Health education and shows including Lions Show & Harding show, information brochures				100%	100%	Fully fleshed environmental health programme for schools and general public

WATER SERVICES

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	LINKAGE TO SOUTH COAST	To upgrade pipelines to meet future demands			100% construction and linkages to Ugu system	100%	PIPELINE COMMISSIONED 1/6/2008
	INCREASE AND REPLACEMENT OF UGU FLEET				100% by 30 June 2008	95 NEW VEHICLES	INCREASE AND REPLACEMENT OF FLEET VEHICLES
	Waterborne sanitation Programme	TO MEET DEMANDS FOR NEW AND EXISTING DEVELOPMENTS			0%	100%	LOAN APPLICATION SUBMITTED TO DBSA FOR CONSIDERATION.
	ENSURING PROVISION OF FREE BASIC SERVICES ACCORDING TO NATIONAL GUIDELINES	TO PROVIDE RELIEF TO CONSUMERS WHO ARE UNABLE TO PAY			Provide free basic services to 3000 indigent households		Indigent support and free basic services. Indigent Allocation increased from 6kl to 12kl/month
	RESTRUCTURING OF WATER SERVICES					95%	RECRUITED SENIOR MANAGERS AND GENERAL WORKERS
	TO ENHANCE CONVENIENT ACCESS FOR THE PUBLIC TO THE MUNICIPALITY AND SERVICE						Upgraded 24 hour call centre and introduced toll free number 08000WATER



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Institutional Development And Transformation	<p>To facilitate a coordinated strategy for HIV and AIDS.</p> <p>To facilitate a coordinated programme for People with Disabilities, Women, Farm Workers, Children and Senior Citizens</p>	% of stakeholders participating	<p>To establish a functional AIDS Council in the District and local municipalities</p> <p>To facilitate a 100% participation of sector departments</p> <p>To launch a District AIDS Council</p>	<p>Interim HIV and AIDS councils established in the district</p> <p>Participation of sector departments and relevant stakeholders initiated</p> <p>Draft terms of reference developed</p> <p>AIDS Council in Hibiscus Coast</p> <p>Interim Councils in Umdoni, Eziqoleni, Vulamehlo and Umuziwabantu</p> <p>80% participation of sector department and civil society organizations</p> <p>Inclusion of programmes in the IDP</p> <p>District programme of action implemented</p> <p>District AIDS Council launched</p> <p>Terms of reference development and adopted</p>	<p>Acquire 100% participation of stakeholders</p> <p>Development of a functional monitoring and evaluation system</p> <p>District strategic plan document developed</p>	<p>95% participation of stakeholders</p> <p>Monitoring and evaluation system developed</p> <p>100% compliance on the reporting system from all key sectors</p> <p>Development of HIV and AIDS strategic plan in process</p> <p>Integrated planning</p>	<p>Achievement in the programme due to sectoral collaboration and integrated planning</p> <p>Lack of effective coordination due to human resource limitations especially in the local municipalities</p>



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			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Institutional Development And Transformation (Contd.)	<p>o facilitate a coordinated strategy for HIV and AIDS. (Contd.)</p> <p>To facilitate a coordinated programme for People with Disabilities, Women, Farm Workers, Children and Senior Citizens (Contd.)</p>	No of LMs with forums for Disability, Senior Citizens, Women, Farm Workers and Children	<p>Forums in place</p> <p>Integrated planning programmes of action</p>	<p>District Disability Forum in place,</p> <p>LMs and government departments participating</p> <p>Interim forum in Umdoni, consultations in process in Vulamehlo</p> <p>District women council in place, programme of action in place</p> <p>National events supported</p> <p>Permanent IDP items</p>	<p>Acquire 100% participation of stakeholders</p> <p>Development of monitoring and evaluation system</p>	<p>Local gender forums in place at Umzumbe, HCM, Ezinqoleni</p> <p>District Senior Citizens launched and functional</p> <p>District programme of action</p> <p>District disability forum in place</p> <p>Integrated planning</p>	Lack of effective coordination due to human resource limitations especially in the local municipalities needs to be addressed by placing dedicated focal persons for each programme
Municipal Financial Viability and Management	To prevent loss by preventing corruption.	Increased awareness of corrupt activities within the municipality.	Establishment and roll out of a fraud prevention plan	The Fraud Prevention Strategy has been approved by the Executive Council during the 3rd quarter of 2008 financial year.	Establishment and roll out of a fraud prevention plan	The Fraud Prevention Strategy has been approved by the Executive Council during the 3rd quarter of 2008 financial year.	Limited staff capacity within the internal audit section had resulted in the partial achievement of this SDBIP target.



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			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	Institutionalisation of youth development within Ugu District Council	Baseline Survey Report on the status of youth development within Ugu District Municipality			Ugu District Municipality status on youth development known for future modes of interventions	85 % of Ugu District Municipality, Youth Development Baseline Survey was accomplished	Youth Development Practitioners were not well grounded on field related processes
		Formulation of Ugu District Municipality Youth Development Policy Framework			To facilitate the formulation of Ugu District Youth Development Policy Framework	Policy was approved and adopted by Council, 100% accomplished	Ugu District Youth Development Policy Framework is in line with the provisions of the National Youth Development Framework
		Promote youth involvement on issues of local government, through skills development			To host a district careers exhibition day and registration fees awarded to 6 learners	100 % achieved a district careers exhibition day was staged in partnership with Human Resources Department	This was declared to be an annual event of Ugu District Municipality
		Youth participation on matters of Local Government			Youth Parliament session was held during the month of July 2008	100% accomplished and resolutions were communicate to Ugu District Council	This was also declared to be an annual event for Ugu District Council, and it must be held for two (2) days

