



*Advancing Service Delivery
Development*

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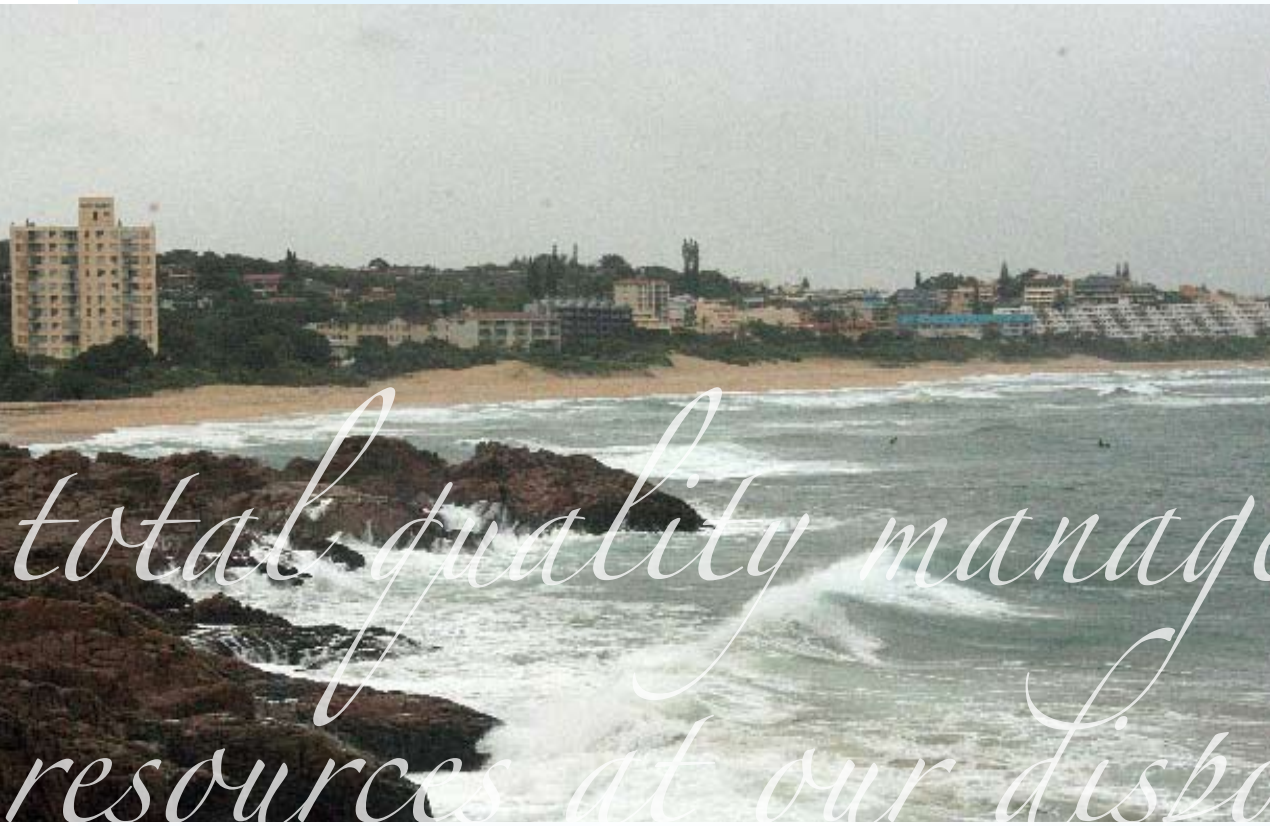
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Council's Oversight Report



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'. The signature is stylized with a large, sweeping 'S' and a long horizontal line extending to the right.

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 MpungoseD	1/1
Mr Mduduzi Mnyanduc	1/1
Mr Nathi NdeluE	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.

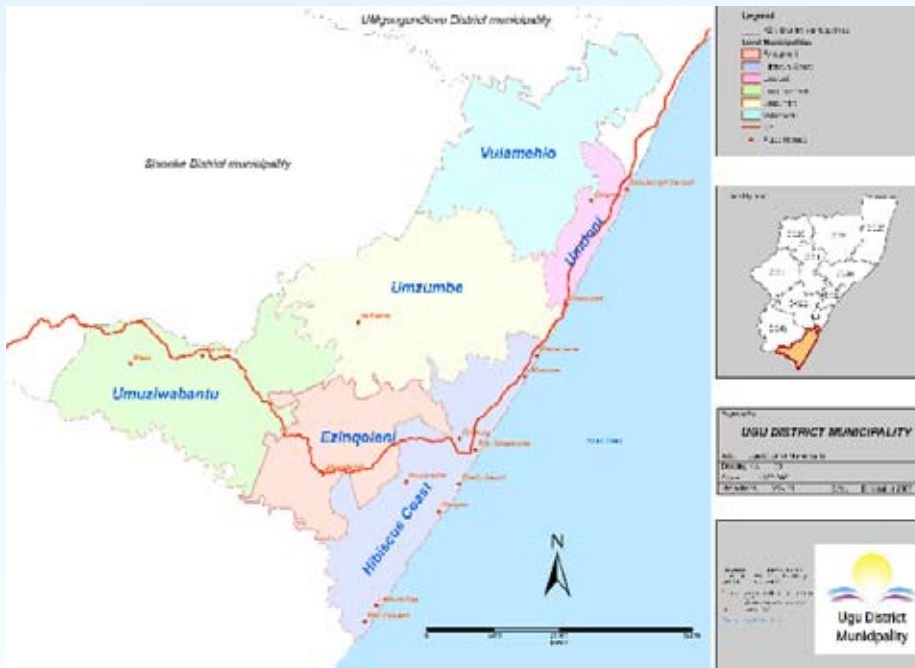


Mr Anil Ramnath
Chairperson: Audit Committee



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, Eziqoleni, 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

Table 1: 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 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 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

facilitates the external audit services required by the Municipality.

Mayorality 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.

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; Mayorality and Communication; Legal Services; Environmental Services, Youth Development; HIV, AIDS and Special Programmes.

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

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.

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.

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.

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.

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

Organisational Structure



Municipal Manager:
Mr L. Mahlaka



GM Corporate Services:
Ms VJF Mbelani



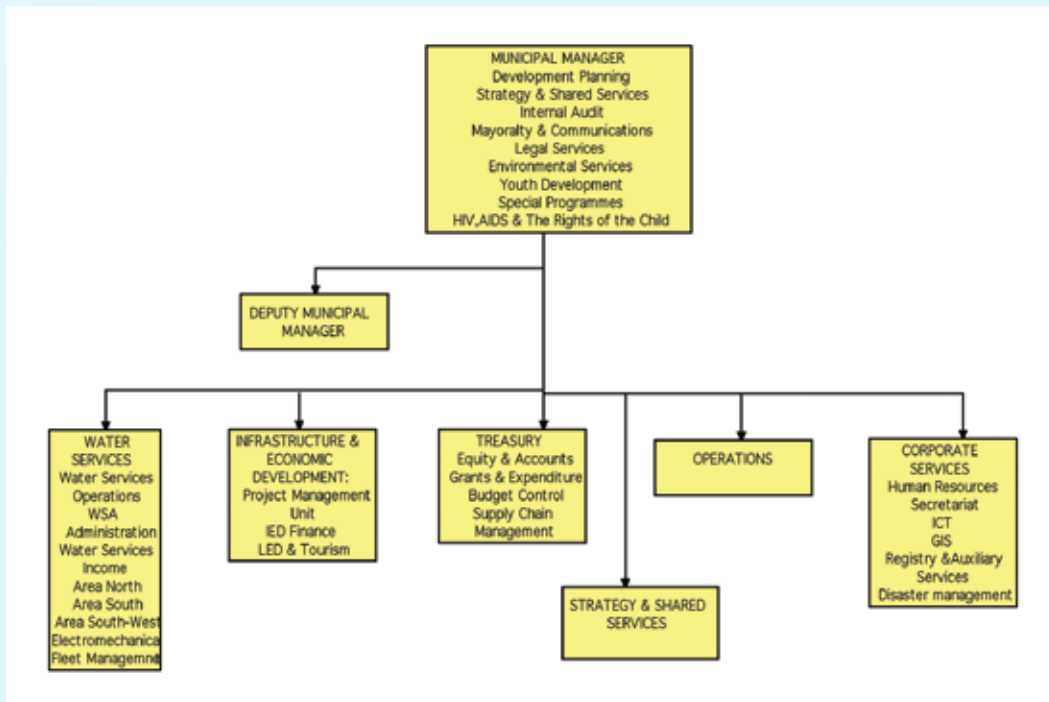
GM Treasury:
Mr V Hukum



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	115.385	48.385	63	218.495	155.495
Coloured Males	0.4	0	0.02	0.02	0	0.092	0.092	0	0.284	0.284	8	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	-6.426	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 2977 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
	<u>3,355,076</u>

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	<u>35,211</u>
Current Portion of Long-term Liabilities	Note 4	10,731,570
		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

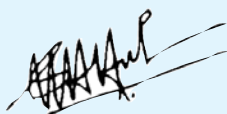
Full details of all known events, if any, after the reporting date are disclosed in Note 57.

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)	-
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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.

