

UGU DISTRICT MUNICIPALITY

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

12. PROPERTY, PLANT AND EQUIPMENT

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether immovable items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

30 June 2008

Reconciliation of Carrying Value

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

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



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



12. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2007

Reconciliation of Carrying Value

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



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

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

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

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



## GU DISTRICT MUNICIPALITY

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

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

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

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

#### 19.1 Ageing of Consumer Debtors not impaired

##### Sewerage: Ageing

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

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##### Water: Ageing

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

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##### Water Rates: Ageing

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

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

### 19.2 Summary of Debtors by Customer Classification

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

### 19.3 Reconciliation of the Provision for Impairment

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

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

### 19.4 Ageing of impaired Consumer Debtors

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





## 20. OTHER DEBTORS

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

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

### 20.1 Reconciliation of Provision for Impairment

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

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

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

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

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

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

## 21. VAT

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

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

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

## 22. SHORT-TERM INVESTMENT DEPOSITS

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

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

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



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

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

### 23. BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts:

Absa Bank - Port Shepstone

Account Number 406 668 6529 (Primary Bank Account):

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

Account Number 406 668 6472 (General Bank Account):

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

Account Number 406 668 6294 (Collection Account):

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

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



Account Number 407 187 0797 (Disaster Account):

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

First National Bank - Port Shepstone

Account Number 534 8085 2369 (Primary Bank Account):

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

Account Number 620 1194 3398 (ACB Deposits Account):

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

Account Number 534 8801 7494 (Direct Deposits Account):

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

Account Number 534 8801 7717 (Salaries Account):

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

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



Standard Bank - Port Shepstone Branch

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

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

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

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

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

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

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

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

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



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

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

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

**24. SERVICE CHARGES**

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

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





25. RENTAL OF FACILITIES AND EQUIPMENT

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

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

26. INTEREST EARNED

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



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

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

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

## 27. GOVERNMENT GRANTS AND SUBSIDIES

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



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

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

#### 27.1 National: Equitable Share

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

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

#### 27.2 National: Finance Management Grant (FMG)

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

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

### 27.3 National: Economic Affairs and Tourism Grant (DEAT)

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

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

### 27.4 Provincial: Local Government Grants

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

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

### 27.5 National: Municipal Infrastructure Grant (MIG)

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

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



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

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

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

#### 27.7 Provincial: Dept of Public Works Grant

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

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

#### 27.8 Provincial: Dept of Sport and Recreation Grant

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

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

#### 27.9 Provincial: Dept of Transport Grant

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

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

#### 27.10 Provincial: Dept of Local Government and Traditional Affairs Grant

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

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

#### 27.11 Provincial: Dept of Tourism Grant

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

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



#### 27.12 Other Government: DBSA

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

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

#### 27.13 Other Government: Eskom

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

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

#### 27.14 Other Government: Industrial Development Corporation

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

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



## 27.15 Changes in levels of Government Grants

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

## 28. OTHER REVENUE

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

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





## 29. EMPLOYEE RELATED COSTS

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

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

### Remuneration of the Municipal Manager

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

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

#### Remuneration of the Deputy Municipal Manager

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

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

#### Remuneration of the Chief Financial Officer

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

#### Remuneration of the General Manager: Corporate Services

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

#### Remuneration of the General Manager: Infrastructure and Economic Development

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



**Remuneration of the General Manager: Water Services**

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

**Remuneration of the General Manager: Operations**

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

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

**Remuneration of the Special Advisor**

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

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

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

**Post Employment Benefits:-**

Chief Financial Officer	31,588	23,261
<b>Total</b>	<b>31,588</b>	<b>23,261</b>

**Other Long-term Benefits:-**

Chief Financial Officer	35,293	-
<b>Total</b>	<b>35,293</b>	<b>-</b>

**30. REMUNERATION OF COUNCILLORS**

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

**In-kind Benefits**

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

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



The following additional personal support is provided by the municipality:

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

### 31. DEPRECIATION AND AMORTISATION

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

### 32. IMPAIRMENT LOSSES

#### 32.1 Impairment Losses on Fixed Assets

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

### 32.2 Impairment Losses on Financial Assets

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

### 33. INTEREST PAID

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

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



### 34. BULK PURCHASES

Water	16,833,167	12,578,774
<b>Total Bulk Purchases</b>	<b>16,833,167</b>	<b>12,578,774</b>
	0.00-	0.00-

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

### 35. GRANTS AND SUBSIDIES PAID

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

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

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

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

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



## 36. GENERAL EXPENSES

Included in General Expenses are the following:

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

No other extra-ordinary expenses were incurred.

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





### 37. DISCONTINUED OPERATIONS

No operations have been discontinued.

### 38. CHANGE IN ACCOUNTING POLICY

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

- IAS 20      Government Grants

#### IAS 20 - Government Grants:

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

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

#### 38.1 Reclassification of Reserves, Accumulated Surplus and Deferred Revenue

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

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

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

### 38.2 Reclassification of Revenue:

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



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

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

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

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

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

### 39. CORRECTION OF ERROR

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

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

The effect of the Correction of Error is as follows:

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

### 39.2 Reclassification of Creditors and Operating Lease Liability:

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

The effect of the Correction of Error is as follows:

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

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

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

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



The effect of the Correction of Error is as follows:

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

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

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

The effect of the Correction of Error is as follows:

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

#### 39.5 Reclassification of Expenditure:

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



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

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

#### 40. CASH GENERATED BY OPERATIONS

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



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

#### 41. CASH AND CASH EQUIVALENTS

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

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

#### 42. NON-CASH INVESTING AND FINANCING TRANSACTIONS

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

#### 43. FINANCING FACILITIES

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

- Amount used	-	-
- Amount unused	2,000,000	-
	<b>2,000,000</b>	<b>-</b>

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

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

#### 44. OPERATING LEASE COMMITMENTS

The Municipality as Lessor:

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

#### 45. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

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

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





#### 46. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

##### 46.1 Unauthorised Expenditure

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

##### 46.2 Fruitless and Wasteful Expenditure

###### Reconciliation of Fruitless and Wasteful expenditure:

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

###### Incident

Interest on late payment - Various Creditors

##### 46.3 Irregular Expenditure

###### Reconciliation of Irregular Expenditure:

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

###### Incident

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



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

**47.1 Contributions to organised local government - SALGA**

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

**47.2 Audit Fees**

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

**47.3 VAT**

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

**47.4 PAYE and UIF**

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



#### 47.5 Pension and Medical Aid Deductions

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

#### 47.6 Councillor's arrear Consumer Accounts

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

#### 47.7 Non-Compliance with Chapter 11 of the Municipal

##### Finance Management Act

No known matters existed at reporting date.

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

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

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

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

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

Excluding VAT

Appointment of consultants to intervene in the financial operations of a local municipality	Including VAT
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	2008	2007
	R	R

**48. COMMITMENTS FOR EXPENDITURE**

**48.1 Capital Commitments**

Commitments in respect of Capital Expenditure:

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



This expenditure will be financed from:

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

#### 48.2 Lease Commitments

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

## 49. FINANCIAL INSTRUMENTS

### 49.1 Classification of Financial Instruments

#### FINANCIAL ASSETS:

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

#### Financial Assets

##### Investments

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

##### Long-term Receivables

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

##### Consumer Debtors

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

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



## SUMMARY OF FINANCIAL ASSETS

### Held to maturity:

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

### Loans and Receivables

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

### Available for Sale:

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

### Total Financial Assets

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

**FINANCIAL LIABILITIES:**

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

**Financial Liabilities****Long-term Liabilities**

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





Current Portion of Long-term Liabilities

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

SUMMARY OF FINANCIAL LIABILITIES

Not valued at Fair Value through Profit and Loss:

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

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

49.2 Fair Value of Financial Instruments

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

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

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

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



## FINANCIAL LIABILITIES

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

### 49.3 Capital Risk Management

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

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

#### Gearing Ratio

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

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

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

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

#### 49.4 Financial Risk Management Objectives

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

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

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



#### **49.5 Significant Accounting Policies**

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

#### **49.6 Interest Rate Risk Management**

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

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

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

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

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

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

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

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

#### **Interest Rate Sensitivity Analysis**

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

UGU DISTRICT MUNICIPALITY

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

49. FINANCIAL INSTRUMENTS (Continued)

49.7 Effective Interest Rates and Repricing Analysis

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

30 June 2008

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



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

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

#### 49.8 Other Price Risks

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





## UGU DISTRICT MUNICIPALITY

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

#### 49. FINANCIAL INSTRUMENTS (Continued)

##### 49.9 Credit Risk Management

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 50. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

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



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

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

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

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

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

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

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

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

**Municipal Councillors Pension Fund:**

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

No details could be provided of the last valuation.

**Retirement Fund:**

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

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

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

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

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

Superannuation Fund:

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

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

Provident Fund:

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

## 51. RELATED PARTY TRANSACTIONS

### 51.1 Services rendered to Related Parties

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

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

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

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

### 51.2 Loans granted to Related Parties

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



### 51.3 Compensation of Related Parties

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

### 51.4 Purchases from Related Parties

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

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

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

## 52. CONTINGENT LIABILITIES

### 52.1 Guarantees:

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

### 52.2 Powers and Functions:

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

4,787,716	-
4,787,716	

### 52.3 Court Proceedings:

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



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

## 53. CONTINGENT ASSETS

### 53.1 Court Proceedings:

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

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-

## 54. IN-KIND DONATIONS AND ASSISTANCE

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

## 55. COMPARISON WITH THE BUDGET

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

## 56. PRIVATE PUBLIC PARTNERSHIPS

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



**57. EVENTS AFTER THE REPORTING DATE**

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

**58. COMPARATIVE FIGURES**

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

**59. EXEMPTIONS FROM MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

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

APPENDIX A

UGU DISTRICT MUNICIPALITY SCHEDULE OF EXTERNAL LOANS

AS AT 30 JUNE 2008

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





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

#### LOCAL REGISTERED STOCK

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

#### ANNUITY LOANS

##### DBSA (Umzinto Water Scheme):

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

##### DBSA (Ugu Fresh Produce Market):



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

**DBSA (Phase 1 - Sanitation Refurbishment):**

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

**DBSA (Phase 2 - Sanitation Refurbishment):**

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

**DBSA (Ex Hibiscus, Umdoni and Umuziwabantu):**

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

**CAPITALISED LEASE LIABILITIES**

Structured secured finance leases over vehicles; lease repayments over a period of 3 years at both fixed and variable interest rates.



**APPENDIX B**  
**UGU DISTRICT MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS**  
**AT 30 JUNE 2008**

DESCRIPTION	COST / REVALUATION						CLOSING BALANCE
	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	TRANSFERS	DISPOSALS		
	R	R	R	R	R	R	R
<b>Land and Buildings</b>							
Land	3,836,040	6,055,062	-	31,730	-	-	9,922,832
Office Buildings	16,102,317	25,688,331	-	(37,342)	-	-	41,753,306
Workshops and Depots	3,553,813	44,211	-	59,031	-	-	3,657,055
	<b>23,492,171</b>	<b>31,787,603</b>	<b>-</b>	<b>53,419</b>	<b>-</b>	<b>-</b>	<b>55,333,193</b>
<b>Infrastructure</b>							
<b>Roads:</b>							
Motorways	-	-	-	-	-	-	-
Roads	686,617	-	-	(70,706)	-	-	615,911
<b>Security Measures:</b>							
Access Control	23,184	52,000	-	-	-	-	75,184
Fencing	228,713	1,096,874	-	-	-	-	1,325,587
Security Systems	112,005	-	-	-	-	-	112,005
<b>Sewerage:</b>							
Pumps	748,670	517,097	-	-	-	-	1,265,768
Purification Works	80,549,582	22,935,782	-	595,281	(5,654)	-	104,074,991
Sewers	31,339,059	1,885,963	-	(595,281)	-	-	32,629,740
<b>Water:</b>							
Mains	98,798,345	4,911,471	-	-	-	-	103,709,816
Meters	16,119,796	583,685	-	-	-	-	16,703,481
Reservoirs and Tanks	58,558,728	683,173	-	(31,730)	(154,400)	-	59,055,771
Supply and Reticulation	202,776,424	113,705,752	-	-	(4,254,143)	-	312,228,033
	<b>489,941,122</b>	<b>146,371,797</b>	<b>-</b>	<b>(102,436)</b>	<b>(4,414,197)</b>	<b>-</b>	<b>631,796,287</b>
<b>Community Assets</b>							
<b>Recreational Facilities:</b>							
Lakes and Dams	3,100,469	-	-	-	-	-	3,100,469
Stadiums	-	-	-	-	-	-	-
<b>Other Facilities:</b>							
Markets	24,517,273	1,463,350	-	70,706	-	-	26,051,329
	<b>27,617,742</b>	<b>1,463,350</b>	<b>-</b>	<b>70,706</b>	<b>-</b>	<b>-</b>	<b>29,151,798</b>

ACCUMULATED DEPRECIATION / IMPAIRMENT								
OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS	CLOSING BALANCE	CARRYING VALUE		BUDGET 2008	
R	R	R	R	R	R	R	R	R
-	-	-	-	-	9,922,832	-	-	-
6,600,834	361,036	9,711	-	6,971,581	34,781,725	-	39,572,140	-
1,694,884	120,624	1,143	-	1,816,651	1,840,404	-	-	-
8,295,718	481,660	10,854	-	8,788,232	46,544,961	-	39,572,140	-
10,423	-	(10,423)	-	-	-	-	-	-
-	-	-	-	-	615,911	-	-	-
20,973	3,949	-	-	24,922	50,262	-	1,000,000	-
137,618	237,844	-	-	375,462	950,125	-	870,000	-
97,760	12,700	-	-	110,461	1,544	-	100,000	-
261,455	60,737	-	-	322,193	943,575	-	3,884,000	-
38,513,856	2,672,055	151,301	-	41,337,211	62,737,780	-	4,500,000	-
5,881,282	1,214,558	(151,301)	-	6,944,540	25,685,201	-	13,865,000	-
50,438,785	4,690,936	-	-	55,129,721	48,580,095	-	95,258,504	-
6,140,687	1,060,015	-	-	7,200,701	9,502,780	-	1,940,000	-
24,784,375	2,549,290	32,129	(32,129)	27,333,665	31,722,106	-	565,000	-
28,347,981	3,864,322	-	-	32,212,304	280,015,729	-	76,310,310	-
154,635,196	16,366,406	21,705	(32,129)	170,991,179	460,805,107	-	198,292,814	-
713,007	155,448	-	-	868,455	2,232,014	-	-	-
-	-	-	-	-	-	-	36,800,000	-
-	-	-	-	-	26,051,329	-	8,950,000	-
713,007	155,448	-	-	868,455	28,283,343	-	45,750,000	-



APPENDIX B (Continued)  
 UGU DISTRICT MUNICIPALITY  
 ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS  
 AT 30 JUNE 2008

DESCRIPTION	COST / REVALUATION					
	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	TRANSFERS	DISPOSALS	CLOSING BALANCE
Emergency Equipment:						
Fire Hoses	-	-	-	-	-	-
Furniture and Fittings:						
Cabinets and Cupboards	152,157	55,512	-	-	-	207,669
Chairs	12,017	-	-	-	-	12,017
Other Furniture	522,171	209,491	-	(37,939)	-	693,723
Tables and Desks	125,636	58,659	-	-	-	184,295
Motor Vehicles:						
Motor Cars	2,657,503	805,169	-	-	-	3,462,671
Motor Cycles	124,029	-	-	-	(35,677)	88,352
Trucks and Bakkies	25,762,714	14,757,302	-	-	(3,648,356)	36,871,660
Office Equipment:						
Air Conditioners	297,841	553,770	-	-	-	851,611
Computer Hardware	7,926,801	2,698,647	-	(507,733)	-	10,117,714
Office Machines	184,828	59,429	-	-	-	244,257
Plant and Equipment:						
Compressors	87,787	-	-	-	-	87,787
Fire Arms	-	48,246	-	-	-	48,246
Graders	528,708	-	-	-	-	528,708
Laboratory Equipment	322,885	29,690	-	-	-	352,575
Lawnmowers	193,858	10,400	-	-	-	204,258
Other Plant and Equipment	14,018,375	7,626,233	-	-	-	21,644,608
Radio Equipment	70,335	-	-	-	-	70,335
Telecommunication Equipment	31,834	-	-	-	-	31,834
Tractors	983,885	-	-	-	-	983,885
Watercraft:						
Watercraft	21,901	-	-	-	-	21,901
Other Assets:						
Laboratories	70,635	-	-	-	-	70,635
	54,095,900	26,912,546	-	(545,672)	(3,684,033)	76,778,741
<b>Total</b>	<b>595,146,935</b>	<b>206,535,297</b>	<b>-</b>	<b>(523,983)</b>	<b>(8,098,230)</b>	<b>793,060,019</b>

ACCUMULATED DEPRECIATION / IMPAIRMENT							
	OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS	CLOSING BALANCE	CARRYING VALUE	BUDGET 2008
	1,810	-	(1,810)	-	-	-	
	46,983	20,342	1,810	-	69,134	138,534	
	26,441	1,721	(22,933)	-	5,230	6,787	
	381,815	30,922	(27,104)	-	385,634	308,090	3,072,863
	28,098	23,982	-	-	52,080	132,215	
	1,153,344	510,505	(9,587)	-	1,654,263	1,808,409	390,000
	124,029	-	-	(35,677)	88,352	-	
	13,847,661	5,599,716	(2,355)	(3,104,975)	16,340,046	20,531,614	14,700,000
	214,550	46,351	-	-	260,901	590,709	250,500
	3,742,814	1,436,742	(410,323)	-	4,769,233	5,348,481	864,000
	90,468	51,208	-	-	141,676	102,581	
	78,887	8,900	-	-	87,787	0	6,500
	-	-	-	-	-	48,246	
	402,773	26,714	-	-	429,487	99,221	
	206,488	44,710	-	-	251,197	101,378	209,000
	193,858	427	-	-	194,286	9,973	20,000
	5,334,511	1,849,437	(6,072)	-	7,177,876	14,466,732	19,958,337
	64,717	6,136	(518)	-	70,335	-	125,000
	24,429	3,776	-	-	28,204	3,630	2,757,000
	344,574	112,256	(13,597)	-	443,232	540,653	
	2,672	1,464	-	-	4,136	17,765	
	7,567	2,361	-	-	9,928	60,707	
	26,318,488	9,777,669	(492,489)	(3,140,652)	32,463,017	44,315,724	42,353,200
	189,962,409	26,781,184	(459,929)	(3,172,781)	213,110,883	579,949,135	325,968,154



APPENDIX B (Continued)  
 UGU DISTRICT MUNICIPALITY  
 ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS  
 AT 30 JUNE 2008

DESCRIPTION	COST / REVALUATION						CLOSING BALANCE
	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	TRANSFERS	DISPOSALS		
	R	R	R	R	R	R	R
Intangible Assets							
Servitudes	752,897	42,793	-	-	-	-	795,690
Computer Software	13,518,478	1,650,308	-	-	(2,939,874)		12,228,911
	-	-	-	-	-	-	-
Total Intangible Assets	14,271,375	1,693,101	-	-	(2,939,874)		13,024,601
	0.00						1.86265E-08

ACCUMULATED DEPRECIATION / IMPAIRMENT								
OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS	CLOSING BALANCE	CARRYING VALUE		BUDGET 2008	
R	R	R	R	R	R		R	
-	-	-	-	-	795,690		1,900,000	
1,765,444	877,057	-	-	2,642,501	9,586,411		6,221,500	
-	-	-	-	-	-			
1,765,444	877,057	-	-	2,642,501	10,382,101		8,121,500	
0.00				0.00	1.86265E-08			





APPENDIX C

UGU DISTRICT MUNICIPALITY

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

DESCRIPTION	COST / REVALUATION						CLOSING BALANCE	OPENING BALANCE
	OPENING	ADDITIONS	UNDER	TRANSFERS	DISPOSALS	OPENING		
	BALANCE					BALANCE		
	R	R	R	R	R	R	R	
Executive and Council	3,524,381	1,808,345	-	-	-	5,332,726	1,492,290	
Finance and Administration	129,078,532	121,410,506	-	(523,983)	(4,259,797)	245,705,258	10,805,303	
Planning and Development	434,876	49,467	-	-	-	484,342	183,438	
Public Safety	76,447	6,130,902	-	-	-	6,207,350	29,780	
Sport and Recreation	3,355,520	18,823,439	-	-	-	22,178,960	-	
Environmental Protection	21,984	98,329	-	-	-	120,313	18,045	
Waste Management	132,321,707	30,642,214	-	-	(422,633)	162,541,289	50,645,656	
Water	301,414,173	26,071,494	-	(70,706)	(3,415,801)	323,999,160	126,787,898	
Other	24,919,315	1,500,601	-	70,706	-	26,490,622	-	
<b>Total</b>	<b>595,146,935</b>	<b>206,535,297</b>	<b>-</b>	<b>(523,983)</b>	<b>(8,098,230)</b>	<b>793,060,019</b>	<b>189,962,409</b>	



ADDITIONS	TRANSFERS	DISPOSALS	CLOSING	CARRYING
			BALANCE	VALUE
R	R	R	R	R
340,335	-	-	1,832,625	3,500,100
1,716,039	(459,929)	-	12,061,412	233,643,846
16,732	-	-	200,169	284,173
15,051	-	-	44,830	6,162,519
3,009	-	-	3,009	22,175,951
21,285	-	-	39,330	80,983
6,647,347	-	(380,370)	56,912,634	105,628,655
18,019,032	-	(2,792,411)	142,014,519	181,984,641
2,355	-	-	2,355	26,488,267
26,781,184	(459,929)	(3,172,781)	213,110,883	579,949,135



## APPENDIX D

### UGU DISTRICT MUNICIPALITY

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

2007 ACTUAL REVENUE	2007 ACTUAL EXPENDITURE	2007 SURPLUS/ (DEFICIT)	DESCRIPTION
R	R	R	
12,326,987	18,489,005	(6,162,018)	Executive and Council
63,666,072	56,127,655	7,538,417	Finance and Administration
40,425,525	41,627,339	(1,201,814)	Planning and Development
326,009	1,315,813	(989,805)	Public Safety
-	209,372	(209,372)	Environmental Protection
46,067,551	33,081,501	12,986,050	Waste Water Management
162,765,007	175,171,465	(12,406,459)	Water
4,992,504	2,744,024	2,248,480	Other
330,569,654	328,766,174	1,803,479	Total

2008 ACTUAL REVENUE	2008 ACTUAL EXPENDITURE	2008 SURPLUS/ (DEFICIT)
R	R	R
29,835,377	32,190,692	(2,355,316)
88,963,910	77,413,645	11,550,264
40,732,724	48,385,620	(7,652,896)
2,400,612	859,235	1,541,377
-	117,174	(117,174)
57,593,069	45,289,782	12,303,287
210,326,793	223,163,944	(12,837,150)
67,589	1,211,317	(1,143,727)
429,920,074	428,631,409	1,288,665



APPENDIX E(1)  
 UGU DISTRICT MUNICIPALITY  
 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)  
 FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2007/2008 ACTUAL	2007/2008 BUDGET	2007/2008 VARIANCE	2007/2008 VARIANCE
<b>REVENUE</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>%</b>
Service Charges	185,745,226	198,395,758	(12,650,532)	(6.81)
Regional Service Levies - Turnover	8,429	-	8,429	100.00
Rental of Facilities and Equipment	219,663	235,012	(15,349)	(6.99)
Interest Earned - External investments	10,875,656	11,200,000	(324,344)	(2.98)
Interest Earned - Outstanding debtors	(186,978)	954,123	(1,141,101)	610.29
Government Grants and Subsidies	155,940,732	177,935,719	(21,994,987)	(14.10)
Other Revenue	76,102,316	81,610,296	(5,507,980)	(7.24)
Gains on Disposal of Property, Plant and Equipment	1,215,030	-	1,215,030	0.00
<b>Total Revenue</b>	<b>429,920,074</b>	<b>470,330,908</b>	<b>(40,410,834)</b>	<b>(8.59)</b>
	-	-		
<b>EXPENDITURE</b>				
Employee Related Costs	129,948,597	134,422,135	(4,473,539)	(3.44)
Remuneration of Councillors	5,348,663	5,446,970	(98,307)	(1.84)
Bad Debts	2,819,722	3,000,000	(180,278)	(6.39)
Collection Costs	214,656	-	214,656	100.00
Depreciation	27,658,241	37,689,979	(10,031,738)	(36.27)
Repairs and Maintenance	18,821,813	19,283,083	(461,270)	(2.45)
Interest Paid	7,783,287	8,502,161	(718,875)	(9.24)
Bulk Purchases	16,833,167	15,000,000	1,833,167	10.89
Contracted Services	8,744,315	10,534,056	(1,789,741)	(20.47)
Grants and Subsidies Paid	82,535,446	97,097,513	(14,562,067)	(17.64)
General Expenses	127,923,503	139,355,011	(11,431,508)	(8.94)
<b>Total Expenditure</b>	<b>428,631,409</b>	<b>470,330,909</b>	<b>(41,699,499)</b>	<b>(8.87)</b>
	-	-		
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>1,288,665</b>	<b>(0)</b>	<b>1,288,666</b>	
	<b>0</b>	<b>0</b>		

**EXPLANATION OF SIGNIFICANT VARIANCES  
GREATER THAN 10% VERSUS BUDGET**

Levy revenue realised from handed-over businesses

Penalty tariffs reversed in respect of outstanding fire hydrant charges

Anticipated grant moneys budgeted for, not received

Included in budget for Bad Debts

Capital projects budgeted for not completed and brought into operation

Additional purchases to assist drought-stricken communities

Reduced dependancy on contracted services

Anticipated grants budgeted for not received, hence not spent



APPENDIX E(2)  
 UGU DISTRICT MUNICIPALITY  
 ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)  
 FOR THE YEAR ENDED 30 JUNE 2008

DESCRIPTION	2007/2008 ACTUAL	2007/2008 UNDER	2007/2008 TOTAL ADDITIONS	2007/2008 BUDGET	2007/2008 VARIANCE	2007/2008 VARIANCE
	R	R	R	R	R	%
<b>Infrastructure</b>						
Executive and Council	1,808,345		1,808,345	819,439	988,906	120.68
Finance and Administration	121,410,506		121,410,506	9,884,064	111,526,442	1,128.35
Planning and Development	49,467		49,467	82,769,810	(82,720,343)	(99.94)
Public Safety	6,130,902		6,130,902	-	6,130,902	#DIV/0!
Sport and Recreation	18,823,439		18,823,439	36,800,000	(17,976,561)	(48.85)
Environmental Protection	98,329		98,329	228,000	(129,671)	(56.87)
Waste Management	30,642,214		30,642,214	60,845,437	(30,203,223)	(49.64)
Water	26,071,494		26,071,494	125,671,404	(99,599,910)	(79.25)
Other	1,500,601		1,500,601	8,950,000	(7,449,399)	(83.23)
<b>Total</b>	<b>206,535,297</b>	<b>-</b>	<b>206,535,297</b>	<b>325,968,154</b>	<b>(119,432,857)</b>	<b>(36.64)</b>



**EXPLANATION OF SIGNIFICANT VARIANCES  
GREATER THAN 5% VERSUS BUDGET**

Property, plant and equipment purchased less than anticipated  
PMU Budget included under Planning & Development and Water  
Actual expenditure included under Finance and Administration  
Purchase of Land budgeted for under Planning and Development  
Sports complex still in planning stage  
Expenditure incurred on a needs basis only  
Projects budgeted for not completed in financial year  
Actual expenditure included under Finance and Administration  
Budget included under Planning and Development





APPENDIX F

UGU DISTRICT MUNICIPALITY

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

NAME OF GRANT	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	QUARTERLY RECEIPTS					QUARTERLY EXPENDITURE		
		June	Sept	Dec	March	June	June	Sept	
FMG	National Treasury	0	500,000	0	0	0	83,639	121,479	
Equitable Share	National Treasury	0	35,624,761	26,718,571	15,824,951	0	15,396,555	14,585,494	
Sports and Recreation	Dept Sport & Rec	150,000	0	0	750,000	600,000	0	0	
Gijima	DEAT	1,331,631	0	0	0	0	225,163	63,286	
Various Provincial	DLGTA	11,506,437	0	0	26,900,000	810,000	1,509,793	98,490	
Various National (inc. MIG)	DPLG	25,960,522	10,851,563	25,017,126	55,066,689	48,897,123	7,010,922	17,717,383	
DWAF	DWAF	0	0	46,000	17,407,700	7,322,500	0	466,877	
Various	DBSA	0	420,000	0	0	150,000	0	0	
Various Co-Operative Projects	IDC	0	517,244	0	0	0	0	0	
Various (Public Contributions)	OTHER	0	1,091,508	2,158,350	3,114,735	2,834,296	0	0	
<b>Total Grants and Subsidies Received</b>		<b>38,948,590</b>	<b>49,005,076</b>	<b>53,940,047</b>	<b>119,064,075</b>	<b>60,613,919</b>	<b>24,226,072</b>	<b>33,053,009</b>	



			GRANTS AND SUBSIDIES DELAYED / WITHHELD					REASON FOR DELAY / WITHHOLDING OF FUNDS	COMPLIANCE TO REVENUE ACT (*) SEE BELOW	REASON FOR NON-COMPLIANCE
Dec	March	June	June	Sept	Dec	March	June		Yes / No	
85,408	80,595	214,064	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
20,541,245	16,294,036	26,747,508	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	173,729	43,228	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	849,831	232,010	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
680,610	4,680,090	2,404,001	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
32,251,160	46,395,494	48,383,564	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
453,822	1,871,520	9,119,845	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
54,012,245	70,345,295	87,144,220	0	0	0	0	0			

(\*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?





# Service Delivery Reporting



## Service Delivery

## Reporting

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# Functional Areas

## Water and Sanitation

The Water Services Department consists of the following operational divisions managed by the Senior Manager Operations:

- » **Area North** - Incorporating Umdoni, Vulamehlo and portion of Umzumbe Municipalities
- » **Area South** - Incorporating Hibiscus Coast and portions of Ezinqoleni and Umzumbe Municipalities
- » **Area South West** - Incorporating Umuziwabantu and portion of Ezinqoleni Municipalities

Area Managers are responsible for the supply and maintenance of wastewater and water treatment plants and maintenance of water and sewage reticulation systems within their area of operation.

The three areas are supported by the Mechanical and Electrical Division who are responsible for the maintenance of pump stations, workshops, and equipment at all our treatment works.

Special Programmes Unit - was introduced to monitor water conservation and demand management together with pipeline extensions in the district.

- » **Administration Section** - the section is responsible for staff matters and cost control for the department.
- » **Water Services Authority (WSA)** - Managed by a Senior Manager) ensures the compliance of all water provision legislation and supporting bylaws together with control of building developments in the district. It is also responsible for planning and approval of projects and development of the water services development plan.

- » **Income Division** - is responsible for reading of meters, billing of services and collection of debt as well as co ordination of the indigent support programme, together as maintaining the call centre to ensure efficient administration within the department
- » **Fleet Management** - All operational units are supported by the Fleet Management Section being responsible to ensure that service delivery is maintained through the provision of an efficient fleet.

## Functional Areas

The water purchase and distribution functions of the municipality are administered as follows and include:

### Water Services Operations

- » **Operations and Maintenance** distributing treated water to consumers and maintains the existing infrastructure.
- » **Water Treatment** – Abstracting, treating water and maintaining quality of water distributed to consumers
- » **Electrical and Mechanical** – support services to maintain pump stations and telemetry system
- » **Income Division**– Performs metering and billing function for services provided to consumers.
- » **Special Projects** – Implementation of new water projects and water loss control and metering.

### Water Services Authority and Administration

- » **Planning and administration** – Development of 5-year plan for water projects and reviewal

of the water services development plan.

- » **Development Control** – Performs plan approval function for all development.
- » **Regulating and Monitoring** – Enforcement of legislation ,monitoring and reporting.
- » **Fleet Management** – provision of transport services and fleet maintenance.

The Municipality has a mandate to provide water and sanitation services

The strategic objectives of this function are:

- » Providing and ensuring access to basic water services.
- » Planning and regulating water services provision.
- » Ensuring continuous water supply and 24 hour turnaround
- » Ensuring safe drinking water for all.
- » Maintaining and developing sustainable infrastructure.

The key Issues for 2007/2008 were:

- » Mitigation of drought through tankering.
- » Reduction of water loss
- » Preparation of the Water Services Development Plan .
- » Review of infrastructure backlog statistics and alignment with IDP baseline data.
- » Preparation of business plans for bulk water infrastructure (Loans)
- » South Coast Bulk pipeline linkages.
- » Implementation of pipeline extension programme
- » Presentation of the new restructured organogram to departmental sections

## Water Distribution



DETAIL	Professional( Engineers, Technicians, Techni Supervisors/Fore Artisans Office ( Clerical/Admi	Semi Skilled General workers Total
Includes the bulk purchase and		
NUMBER AND COST TO EMPLOYER OF ALL PERSONNEL / FUNCTION		TOTAL VOLUME AND COST OF BULK WATER SALES IN
Umgeni water	5686891	16 833 197
<b>TOTAL VOLUME AND RECEIPTS FOR BULK WATER SALES IN KILOLITRES AND RAND</b>	<b>KL</b>	<b>R</b>
Sisonke District Municipality	445 743	1 288 197
<b>NUMBER AND COST OF NEW CONNECTIONS</b>	<b>NUMBER</b>	<b>R</b>
15mm dia	235	564 127
15mm dia (rural)	878	1 021 158
20mm dia	28	75 419
25mm dia	10	34 931
40mm dia	9	49 173
50mm dia – 100mm dia	60	635 000
Total Number and Cost	1220	2 379 808
<b>NUMBER AND TOTAL VALUE OF WATER PROJECTS PLANNED AND CURRENT:</b>	<b>NUMBER</b>	<b>R</b>
Current	6824	112 000 000
Planned as per the Water Master Plan	56099	1.4 Billion
Free Basic Service Provision	Number	R
Households	36 768	11420 482
Standpipes	4 000	Free
Quantum (value to each household)	6kl per house hold	R36.36 per house hold
Total operating cost of water distribution function		226 013 345

## Waste Water Management

This functional area includes the provision of sewerage services and toilet facilities, excluding infrastructure and water purification.

The sewerage functions of the municipality are administered as follows and include:

### Water Services Operations

- » Waste water treatment – conveying, treating and disposing/discharging effluent in a correct manner and ensure that the process do comply with national standards.
- » Operations and maintenance – maintains the existing sewage reticulation infrastructure and provision of clearing conservancy tanks. (VTS draws)
- » Electrical and Mechanical – support services to maintain pump stations and associated equipment
- » Income Division – Performs metering and billing function for services provided to consumers.

### WATER DISTRIBUTION

#### Water Services Authority and Administration

This functional area is responsible for the following:

- » **Planning and administration** - Development of 5-year plan for
- » **Sanitation projects** - Implementation and review of the water services development plan.



- » **Development Control** - Performs plan approval function for every development
- » **Regulating and Monitoring** - Enforcement of legislation, monitoring and reporting.

The strategic objectives of this function are:

- » Providing and ensuring access to basic sanitation services
- » Planning and regulating water services provision.

The key issues for 2007/08 are:

- » Providing and ensuring access to basic sanitation services
- » Planning and regulating water services provision.

The key issues for 2007/08 are:

- » Preparing of business plans for waterborne sewerage (Loans)
- » Private package plants audit to reduce water pollution
- » Presenting the new restructured organogram to departmental sections.

### Analysis of the Function

Number and cost to employer of all personnel with sanitation functions:

STAFF	NO	COST (R)
Field( Supervisors and Foreman)	5	1 227 210
Artisans	3	500 655
Semi Skilled	8	1 027 848
General Workers	108	11 379 823
<b>TOTAL</b>	<b>124</b>	<b>14 135 536</b>

Number of households with sanitation services, and type and cost of service :

SANITATION SERVICE	NO.
Consumers connected to Sewage systems	17800
Consumers connected to conservancy or septic tanks))	18968
Pit latrine with ventilation	63638
No Toilet provision	

Anticipated Expansion of Sanitation Systems

SERVICE	NO.	VALUE (R)
Flush toilet	As per 20 year sanitation master plan	337 485 000
No of toilet provided ( VIP'S)	63638	318 190 000
<b>Total Operating Cost of Sanitation Function</b>		<b>45 289 782</b>

Residential Units ( Households)

NO OF CONSUMER UNITS WITH:	URBAN	RURAL
1. Tanker Service or Natural Source (Backlog)	3859	56099
House Connections, yard tap, stand pipe	24020	67643

Residential Consumer Units for Sanitation

NO. CONSUMER UNITS WITH:(INCLUDING NON RESIDENTIAL)	URBAN	RURAL
1.Non or inadequate : Below RDP Pit (including Informal settlements)	3859	63638
2. Non or inadequate : Below RDP : Bucket	0	0
3. Consumer Installations: On site dry or equivalent including VIP toilets USD composting system	0	58821
4.Consumer Installations : wet ( septic tank) digester or tanker desludge or effluent discharge to an oxidation pond etc)	14362	5000
5Discharge to sewer treatment works (intermediate or Full waterborne	9800	0
	24162	123600





# Treasury

## Supply Chain Management

### Overview

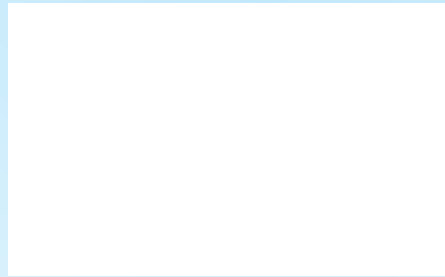
The fundamental role and responsibility of the Supply Chain Management (SCM) Unit is to implement the SCM Policy in terms of Section 111 of the MFMA, giving effect to Section 217 of the Constitution; and Part 1 of Chapter 11 and other applicable provisions of the Act, in a fair, equitable, transparent, competitive and cost effective manner. It does so in compliance with the regulatory framework prescribed in Chapter 2 of the SCM Regulations; and any minimum norms and standards that may be prescribed in terms of Section 168 of the Act.

The above is achieved through the procuring of goods and services; or disposing of those redundant or of no use to the municipality. The value attached to execution thereof is classified as follows:

- » Three Quotation System is used to procure goods and services valued at R.01 – R200 000 VAT inclusive,
- » Tenders/Bid System is used to procure goods and services valued from R200 000 and above.

With respect to the adjudication of bids, the power to make a final award –

- » above R10 million (VAT included) may not be sub-delegated by the accounting officer;
- » above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –
- » the chief financial officer;



### Overview:

"The centre of all financial operations, the custodian of all municipal wealth", the Treasury Department is headed by the General Manager: Treasury and comprises of the following sections:

- » Equity and Accounts
- » Grants and Expenditure
- » Chain Management
- » Budget Office

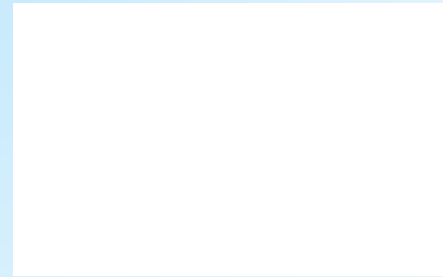
Treasury is primarily responsible for ensuring transparency, accountability and sound financial management.

This means ensuring that:-

- » all statutory requirements are adhered to,
- » monthly management reports, national treasury in-year monitoring reports and annual financial statements are prepared and submitted on time,
- » financial resources are effectively and efficiently utilised, and,
- » efficient implementation of the Supply Chain Management Policy.

### Function of the Treasury Department

**Budget Office** - The Manager Budget Office is



responsible for ensuring optimal allocation and utilisation of economic resources in all departments within the municipality to achieve its strategic objectives.

**Grants and Expenditure** - The Manager Grants and Expenditure is responsible for salaries administration, creditors management, VAT returns, grants and subsidies administration.

**Equity and Accounts** – The Manager is responsible for Fixed Assets Register, Loans Register, Investments Register, General Ledger, and Cash Management. The investing of all unused and surplus funds at the best possible rates with the lowest risk to the municipality to ensure good cash management.

### Activities

- » Supply chain management
- » Cash and bank accounts management
- » Financial planning and forecasting
- » Long and short- term debt management
- » Administration of government grants and subsidies
- » Assets and liabilities management
- » Expenditure management

- » a senior manager; or
- » a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
- » not exceeding R2 million (VAT included) may be sub-delegated but only to –
- » the chief financial officer;
- » a senior manager;
- » a manager directly accountable to the chief financial officer or a senior manager; or
- » a bid adjudication committee.

## Functions of the Supply Chain

### Management Unit

The functions of the Supply Chain Management Unit within the municipality are, amongst others, administered as follows:

- » Through the monitoring by the Provincial Treasury as regards the status on the implementation of the SCM Policy
- » Through the oversight role of the Municipal Council by continuous assessment of policy implementation progress through quarterly and ad hoc reports as requested.
- » The maintenance of a credible supplier database. The Accounting Officer, through the Chief Financial Officer strategically manages the day to day SCM Policy implementation, especially the establishment and maintenance of the supplier database that promotes rotation of suppliers, implementation of the bid committee systems and further monitors operations to ensure that procurement activities are conducted as legislated, giving effect to fair, transparent, equitable and cost effective procurement of goods and services.

### Annual Priorities

The key highlights in the 2007/2008 financial year were:

- » SCM Policy annual review
- » Cleansing of the supplier database
- » Implementation of the integrated

Procurement Supply Chain Management module within the new ERP system.

## Supply Chain Management

### Governance

There are three bid committees in place and their functions are briefly as follows:

- » Bid Specification Committee
- » Compile the specifications for the procurement of goods and services by the municipality.
- » Bid Evaluation Committee
- » Evaluates bids and recommends to the bid adjudication committee, regarding the award of the bid.
- » Bid Adjudication Committee
- » Considers the report and recommendations of the bid evaluation committee; and,
- » Depending on its delegations, makes a final award or a recommendation to the accounting officer to make the final award; or
- » Makes further recommendation to the accounting officer on how to proceed with relevant procurement of goods and services.

The following is the number of times that bid committees sat during the year:

Bid Specification Committee - 22 times

Bid Evaluation Committee - 21 times

Bid Adjudication Committee - 18 times

### Bid Committees' membership

#### Bid Specification Committee

Deputy Municipal Manager  
Relevant managers

#### Bid Evaluation Committee members

Manager: Grants and Expenditure (Chairperson)

Manager: Special Projects

Manager: Secretariat, ICT and Auxiliary services.

#### Bid Adjudication Committee members

General Manager Treasury

General Manager Corporate Services

General Manager: Water Services

General Manager: Infrastructure and Economic

Development The following is a list of tenders that

were adjudicated during the 2007/2008 financial year.



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
1	Contract No.: Ugu-04-466-2005: Management Seminars	MANCOSA	That the total amount be based on the number of Managers on training.	31/07/2007
2	Contract No.: Ugu-02-668-2007: Spring Protection	SPL Ndovela	R16, 895.00 per spring	31/07/2007
3	Contract No.: Ugu-02-669-2007: Boreholes	Inkanyezi Rural Enterprise	R18, 140.00	31/07/2007
4	Contract No.: Ugu-02-667-2007: Completion of Contract No.: Ugu-02-548-2006 works: construction of 63-110mm Diameter x 4.2km long HDPE/ Steel / uPVC Pipelines	Mvuleni Business JV Zamile-Zum Contractors	R453, 848,96	31/07/2007
5	Contract No.: Ugu-07-651-2007: Supply and Delivery of One Kombi/Transporter with Diesel Engine Minimum Capacity 2500cc	Thompson Motors	R246, 013.99	31/07/2007
6	Contract No.: Ugu-07-653-2007: Supply and Delivery of 4x4 long Wheel Base LDV with minimum Engine Capacity of 2500cc	Avis Van Rentals	R5,175.44 per month (Three year lease)	31/07/2007
7	Contract No.: Ugu-07-654-2007: Supply and Delivery of 4x2 Long Wheel Base LD with Minimum Engine Capacity of 2500cc	ABSA Fleet Management	R3,741.22 per month at a fixed rate (three year lease)	31/07/2007
8	Contract No.: Ugu-07-655-2007: supply and Delivery of Half Ton LED with minimum Engie Capacity of 2500ccc	ABSA Fleet Management	R2, 457.78 per month at a fixed rate (three year lease)	31/07/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
9	Contract No.: Ugu-07-675-2007: Bush Clearing and Patrolling of Bulk Pipeline Routes and Reporting of Water Leaks and Bursts.	Mtityywa Construction cc	R903, 769.33	31/07/2007
10	Contract No.: Ugu-07-676-2007: Repair of Water Leaks and Bursts Pipes	Town & Around cc	At a tendered rates.	31/07/2007
11	Contract No.: Ugu-07-677-2007: Construction of 300mm diameter x250m Long Steel Pipeline	Pilcon Projects	R765, 000.00	31/07/2007
12	Contract No.: Ugu-07-698-2007: Supply and Delivery of 4x Half Ton LDV	Thompson Motors	R 319,278.60.	21/08/2007
13	Contract No.: Ugu-07-703-2007: Supply and Delivery of 2 x Truck Mounted Water Tankers	Bates Port Shepstone	R 740,594.60	21/08/2007
14	Contract No.: Ugu-07-699-2007: Supply and Delivery of 2 x (4x4) Double Cab	Halfway Toyota Port Shepstone	R 426,462.29	21/08/2007
15	Contract No.: Ugu-07-695-2007: Supply and Delivery of 32 x (4x4) One Ton LDV's	Bates Port Shepstone	R 5, 650,618,30.	21/08/2007
16	Contract No.: Ugu-02-706-2007: Construction of New Dweshula Creche	K. E. S Contracts cc	R 692,954.02.	21/08/2007
17	Contract No.: Ugu-02-658 A-2007: Upgrading of Chlorine Room and Chlorine Installation at Margate Waste Water Treatment Works	Town & Around Civils cc	R 284,863.80	21/08/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
18	Contract No.: Ugu-02-686-2007: Harding/Weza Scheme: Phase6B	Lenny Trading cc t/a Advanced Civils	R 1,305,825.84	21/08/2007
19	Contract No.: Ugu-02-685-2007: Harding/Weza Water Scheme: Phase 6B	Sizabonke Civils cc t/a Pilcon Projects	R 1,685,492	21/08/2007
20	Contract No.: Ugu-02-680-2007: Ndelu Water Scheme: Phase 4	Lenny Trading t/a Advanced Civils	R 1,933,256.16	21/08/2007
21	Contract No.: Ugu-02-683-2007: Assissi Water Supply Project Phase 3	Town and Around Civils cc	R 1,144,876.96 incl Contingencies & excl VAT.	21/08/2007
22	Contract No.: Ugu-02-684-2007: Assissi Water Supply Project Phase 3	Vulindlela Asphalt Surfacing	R 9 832,356.66 (Including Contingencies and excl VAT).	21/08/2007
23	Contract No.: Ugu-07-698-2007: Supply and Delivery of 4x Half Ton LDV	Thompson Motors	R 319,278.60.	28/08/2007
24	Contract No.: Ugu-07-703-2007: Supply and Delivery of 2 x Truck Mounted Water Tankers	Bates Port Shepstone	R 740,594.68	28/08/2007
25	Contract No.: Ugu-07-699-2007: Supply and Delivery of 2 x (4x4) Double Cab.	Halfway Toyota Port Shepstone	R426,462.29	28/08/2007
26	Contract No.: Ugu-07-695-2007: Supply and Delivery of 32 x (4x4) One Ton LDV's.	Bates Port Shepstone	R5,650,618.30	28/08/2007
27	Contract No.: Ugu-02-706-2007: Construcion of New Dweshula Crèche.	K.E.S. Contracts cc	R692,954.02	28/08/2007

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
28	Contract No.: Ugu-02-658-2007: Upgrading of Chlorine Room and Chlorine Installation at Margate Waste Water Treatment Works	Town & Around Civils cc	R 284,863.80	28/08/2007
29	Contract No.: Ugu-02-686-2007: Harding / Weza Scheme: Phase 6B	Lenny Trading cc t/a Advanced Civils	R1, 305, 825.84	28/08/2007
30	Contract No.: Ugu-685-2007: Harding/ Weza Water Scheme: Phase 6B	Sizabonke Civils cc t/a Pilcon Projects	R1, 685,491.50	28/08/2007
31	Contract No.: Ugu-02-680-2007: Ndelu Water Scheme: Phase 4	Lenny Trading t/a Advanced Civils	R 1,933,256.16	28/08/2007
32	Contract No.:Ugu-02-683-2007: Assissi Water Supply Project Phase 3	Town and Around Civils cc	R1, 444,876.95 (Including Contingencies and excl VAT)	28/08/2007
33	Contract No.: Ugu-02-684-2007: Assissi Water Supply Project: Phase 3	Vulindlela Asphalt Surfacing	R9,832,356.66 (Including Contingencies and excl VAT)	28/08/2007
34	Contract No.: Ugu-07-696-2007: Supply and Delivery of 25x (4x2) One Ton LDVs	Bates Port Shepstone	R3, 747, 699.00	25/09/2007
35	Contract No.: Ugu-07-697: Supply and Delivery of 10x (4x2) One Tone LDV's with Diff Lock.	Bates Port Shepstone	R1, 620, 000.00	25/09/2007
36	Contract No.: Ugu-02-710-2007: Melville Wate Water Treatment	Town and Around cc	R5,570,207.28 (Including Contingencies, Escalation and excl VAT)	25/09/2007
37	Contract No.: Ugu-02-731-2007: Kwa-Qolo Qolo skills and Community Centre	Telegenix Trading 261 cc. t/a Skosana & Moyo	R1, 538,934.74 (Including Contingencies and excl VAT).	25/09/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
38	Ugu-02-711-2007: Ugu Household Sanitation Programme VIII. for the manufacture and supply pre-	Dumakude, ABSCO, Inkanyezi, Ubomi Co-operative	That it be noted that the conditions of award regarding the rates, subject to the agreed to escalation clause as per the tender document, be excluding VAT. (Section 1).	10/10/2007
	cast toilets (Section 1)			
			· Umuziwabantu- R2,400.00	
			· Eziqoleni – R2, 400.00	
			· Hibiscus Coast – R2, 400.00	
			· Umzumbe – R2, 425.00	
			· Umdoni – R2, 415.00	
			· Vulamehlo – R2, 427.00	



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
39	Ugu-02-711-2007: Ugu Household Sanitation Programme VIII for the manufacture and supply pre-cast Concrete Markers and Cover Slabs	Dumakude, ABSCO, Inkanyezi, Ubomi Co-	(a) That the contract award value be based on an, and when,	10/10/2007
		operative, VNH Precast	needs basis supplier data base.	
			(b) That it be noted that the conditions of award regarding the rate, subject to the agreed to escalation clause as per tender document, be excluding VAT.	
			· 110x1050x110	
			· Cover Slab – R350.00, 1250	
			· Cover Slab – R498.00, 1000	
			· Cover Slab – R325.00, 1250	
			· Chamber Ring – R800.00, 1000	
			· Chamber Ring – R380.00,	
			· 550x620 spacer ring – R55.00	
			· Pipeline marker post – R48.00	
			· 500 concrete plug – R48.00	
			Concrete plug – R15.00	
40	Contract No.: Ugu-07-679-2007: Water Leakage Management Project.	Joat Sales and	R 226,800.00	10/10/2007
		Services cc		





NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
41	Contract No.: Ugu-08-716-2007: P68 Corridor Development.	Yebo Cooperative Ltd	R 490,800	19/10/2007
42	Contract No.: Ugu-02-670-2007: Construction of Mabheleni Sport field Ward 6.	Mdima Civils	R1, 088,169.71 (Including Contingencies and excl VAT)	19/10/2007
43	Contract No.: Ugu-02-726-2007: Ndelu Water Scheme: Phase 5 Construction of 50-90mm Diameter x 19,0km Long mPVC/HDPE/Steel Reticulation Pipelines in KwaHlaba, Nyonyana & Nkulu Wards.	Lenny Trading t/a Advanced Civils	R2, 808,891.60.	19/10/2007
44	Contract No.: Ugu-02-723-2007: Construction of 32mm to 50mm Diameter HDPe Water Reticulation in Kwa-Cele.	LNY Construction & Civils	R919,461.90 (including contingencies and excl VAT).	19/10/2007
45	Contract No.: Ugu-02-721-2007: Construction of 32mm to 50mm Diameter HDPe Water Reticulation in Kwa-Cele.	LNY Construction & Civils	R1, 051,708.14.	19/10/2007
46	Contract No.: Ugu-02-722-2007: Construction of 32mm to 50mm Diameter HDPe Water Reticulation in Kwa-Cele.	Kulu Civils and Projects Managers cc	R1, 299 723.46.	19/10/2007
47	Contract No.: Ugu-02-672-2007: Construction of Proposed Emerging Farmer Packhouse at the Ugu Agricultural Market, Port Shepstone.	DGS Contracting Services	R 4,285,715.80	19/10/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
48	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme. (Bashaweni Community Hall)	Msize Naye Construction and Projects	R272,303.16 (including contingencies and excl VAT)	19/10/2007
	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme (KwaMbotho Community Hall)	Msize Naye Construction and Projects	R416,193.80 (including contingencies and excl VAT)	
	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme (Shosholoza Recording Studio)	Brothers JV.	R403,572.57 (including contingencies and excl VAT)	
	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme (Amahlongwa Community Hall)	Msimango M& S Construction	R242403.76 (including contingencies and excl VAT)	
	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme (Kwa-Cele Sports Field)	Dumephi Investments	R242403.76 (including contingencies and excl VAT)	
	Contract No.: Ugu-02-732-2007: Maintenance and Rehabilitation Programme (Nyandezulu Community Hall)	Dalicebo Construction	R272,227.37 (including contingencies and excl VAT)	
49	Request for Proposals: Media Buying – Radio Slots.	G Stuff Facilitation and Training	R304 084.21 per annum	19/10/2007
50	Contract No.: Ugu-07-713-2007: Construction of New Change Rooms, Dining Rooms and Upgrading of Existing Change Rooms and Standby Accommodation at Margate WWTW.	Zamisananani Projects cc	R891,331.50 (excl VAT).	19/10/2007
51	Contract No.: Ugu-07-702-2007: Supply and Delivery of 3x Light Motor Vehicles.	Thompson Motors	R403, 818.45	19/10/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
52	Contract No.: Ugu-07-708-2007: Supply and Installation of Mechanical Plant, Dewatering Plant, Screens, Aerators, Pumping Plant, Electrics and Associated Civil Works.	Mabinza Welding Works	R3, 018,000.00 (Including contingencies and excl VAT)	19/10/2007
53	Contract No.: Ugu-07-695-2007: Supply and Delivery of 32 x (4x4) One Ton LDV's. (Note that the resolution of the Bid Adjudication dated 28 August 2007 ref. BAC 121/07/2007 regarding same was rescinded).	Bates	R 5,763,568.77	19/10/2007
54	Contract No.: Ugu-07-712-2007: Construction of New Change Rooms, Dining Rooms and Standby Accommodation and Upgrading of Existing Change Rooms at Mbango WWTW.	Zamisanani Projects cc	R 867,404.75	08/11/2007
55	Contract No.: Ugu-02-705-2007: Renovations to Ugu Offices Harding.	Ziqhenye Surveying and Construction	R 312,641.23	08/11/2007
56	Contract No.: Ugu-07-701-2007: Supply and Delivery of Truck Equipped with Roll Back to Carry Eight Ton.	Bates Port Shepstone	R614. 214.21.	08/11/2007
57	Contract No.: Ugu-07-692-2007: Supply and Delivery of 3x VTS Tankers.	Bates Port Shepstone	R1, 162, 408.68	08/11/2007
58	Contract No.: Ugu-07-693-2007: Supply and Delivery of One Kombi/Transporter.	Thompson Motors	R252, 334.05.	08/11/2007
59	Contract No.: Ugu-07-718-2007: Kwa-Xolo Water Reticulation Phase 1.	Neela Trading cc t/a GN Cabling	R3,136,370.60(Including Contingency & excl VAT).	08/11/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
60	Contract No.: Ugu-02-737-2007: Nositha Bulk Water: Phase 2: Reservoir & Pump Station.	Sizabonke Civils cc trading as Pilcon Projects	R1, 558,804.50 (Including Contingencies and excl VAT).	08/11/2007
61	Contract No.: Ugu-02-738-2007: Nositha Bulk Water: Phase 2: Reservoir & Pump Station	Heydricks Civils cc	R735,126.69 (Including contingencies & excl VAT).	08/11/2007
62	Contract No.: Ugu-07-719-2007: Replacement of Mains in Harding: Phase 1B – Supply and Delivery of 110/160mm Diameter PVC Pipes and Associated Fittings and Sundry items.	DPI –Ichweba (Pty) Ltd	R1, 218,569.86	08/11/2007
63	Contract No.: Ugu-02-734-2007: Margate Sewer Reticulation: Proposed Sewers Along Hunters Stream – Construction of 500m of 200mm diameter PVC Sewer Reticulation.	Town and Around Civils cc	R 395,300	08/11/2007
64	Contract No.: Ugu-02-735-2007: Marburg Sewer Reticulation: Construction of 800m of 110/160mm Diameter PVC Sewer Reticulation.	Hometech Construction cc t/a HT Civils	R 553,318	
65	Contract No.: Ugu-02-736-2007: Mathulini Water Supply Scheme: Construction of Reinforced Concrete Reservoirs.	Thumba Projects	R 4,693,914.50	08/11/2007
66	Contract No.: Ugu-02-741-2007: Greater Vulamehlo Water Scheme: Construction of a 100kl Steel Tank and Three Reinforce Concrete Reservoirs.	ADZ Construction	R3,246,463.91 (Including contingencies & excl VAT).	08/11/2007
67	Contract No.: Ugu-02-749-2007: Assissi Water Supply Project Phase 4: Construction of Reticulation in Frankland.	Vulindlela Asphalt Surfacing	R1,197,304.73 (Including Contingencies and excl VAT).	08/11/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
68	Contract No.: Ugu-06-764-2007: Provision of Blanket Finance to the Ugu District Municipality for the Acquisition of Motor Vehicles.	NEDBANK.	-	26/11/2007
69	Contract No.: Ugu-02-759-2007: Mathulini Water Supply Scheme: Extensions to Mtwalume Water Works.	Heydricks Civils	R4, 902,608.30	21/12/2007
70	Contract No.: Ugu-02-758-2007: Mathulini Water Supply Scheme: Construction of Rising and Reticulation Mains.	Pilcon Projects	R 5,682,968.51	21/12/2007
71	Contract No.: Ugu-02-753-2007: Construction of 150mm Diameter Steel Pipeline x3.5km LONG from Nyavini Reservoir No.1 to Kwa-Nkosi Reservoir.	Sizabonke Civils cc t/a Pilcon Projects	R 2,982,456.14	21/12/2007
72	Contract No.: Ugu-02-751-2007: Construction of 150mm Diameter uPVC Pipeline x12.5km LONG from Kwa-Nkosi Reservoir to Enkulu reservoir.	Lenny Trading cc t/a Advanced Civils	R 5,175,438.60 (Including Contingencies and excl VAT).	21/12/2007
73	Contract No.: Ugu-02-750-2007: Construction of 0.5ML enkulu reservoir and Nyavini Pumpstation No.3.	Mdima Civils	R 1,140,350.88 (Including contingencies, escalation and excl VAT)	21/12/2007
74	Contract No.: Ugu-02-752-2007: Construction of 0.5ML Kwa-Nkosi Reservoir and Nyavini Pumpstation No.3.	Mdima Civils	R872,720.71 (Excluding contingency, escalation and excl VAT).	21/12/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
75	Contract No.: Ugu-02-756-2007: Umzimkulu Off-Channel Storage Dam: Supply of Steel Pipes.	Zana Manzi Services	R4, 458, 718.81	21/12/2007
			(including contingencies and excl VAT).	
76	Contract No.: Ugu-07-776-2007: Sanitation Infrastructure Refurbishment Programme: Supply, Installation & Commissioning of Odour Control Units at Ramsgate Pumpstation No7 and Uvongo Pumpstation No5.	Hidrostal SA Pty (Ltd)	R 467,281.16	21/12/2007
77	Ugu Fresh Produce Market: Appointment of the Technical Advisor.	-	nil	07/12/2007
	That the Ugu Fresh Produce Market: Appointment of the Technical Advisor be considered in accordance with the methodology of the report that the General Manager: Treasury would provide to the Manager: Ugu Fresh Produce Market			
78	Contract No.: Ugu-02-725-2007: Fast Track Sanitation Refurbishment-Phase 2, Extensions to Margate Waste Water Treatment Works: Supply and Installation of Mechanical and Electrical Equipment.	Paterson Candy International (SA) (Pty) Ltd t/a PCI Africa	R2, 764, 026,24	07/12/2007
79	Contract No.: Ugu-02-724-2007: Fast Track Sanitation Refurbishment-Phase 2, Extensions to Margate Waste Water Treatment Works: Construction of Civils Works.	Town & Around Civils cc	R8 661,755 at a reduced scope of works	07/12/2007



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
80	Contract No.: Ugu-02-748-2007: Construction of Kwa-Xolo and Mvutshini Reservoirs Bulk Water Extension Phase 5a.	Mdima Civils	R 2,717,826.36	07/12/2007
81	Contract No.: Ugu-02-757-2007: Umzimkhulu Off-Channel Storage Dam: Construction of Pipe Jacked Sleeve.	WK Construction	R 6,496,688 (Including Contingencies and excl VAT).	07/12/2007
82	Contract No.: Ugu-07-742-2007: Umzimkhulu (Bhobhoyi) Water Scheme: Construction of 200mm diameter x1,8 km long mPVC Pipeline in Izotsha.	Neela Trading cc t/a GN Cabling & Civils	R 915,409.65	07/12/2007
83	Contract No.: Ugu-07-743-2007: Construction of 30m3 Elevated Steel Potable Water Storage Tank at Albersville.	Town & Around Civils cc	R 501,030	07/12/2007
84	Contract No.: Ugu-07-755-2007: Construction of New Kwa-Qwabe P Sport Complex.	K.E.S Contracts cc	R 2, 146,832.80	07/12/2007

85	Contract No.: Ugu-07-715-2007: Supply and Delivery of Water and Sanitation Material: Be awarded as follows:			07/12/2007
		Section	Tenderer	Contract Value
		Cascade Repair Clamps	KFC Engineering & Industrial Supplies	R262055.00 (Excluding VAT)
		Ventomatic Air Valves	Thembamanzi	R 89615.20 (Excluding VAT)
		Bayonet Underground Fire Hydrats	Quality Valves & Engineering cc	R 60630.00 (Excluding VAT)
		Ball Valves	Hotetsa Amanzi	R149479.42 (Excluding VAT)
		Slow Flow Valves	Watertite Conservation	R 60400.00 (Excluding VAT)
		Class C Brass Meters	Elster Kent Metering (Pty) Ltd	R134929.45 (Excluding VAT)

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
<b>85 CONT.</b>	Contract No.: Ugu-07-715-2007: Supply and Delivery of Water and Sanitation Material: Be awarded as follows:	Class C Plastic Meters	Elster Kent Metering (Pty) Ltd	R151310.55 (Excluding VAT)
		Bulk Water Meters	Inclledon Dpi	R279859.00 (Excluding VAT)
		Strainers	Valve Specialist	R100814.00 (Excluding VAT)
		Aqualok/Klamflex Couplings		R318111.00 (Excluding VAT)
			Inclledon DPI	
		Cobra Copper Fittings	Titanic Steel & Industrial Suppliers	R101013.02 (Excluding VAT)
		Saddle Clamps	Ndhlovu Pipe Systems	R43016.34 (Excluding VAT)
		Compression Fittings	Shobane Trading	R293057.53 (Excluding VAT)
		HDPE Type5 CL 16 Pipe	DPI-Ichweba	R534398.80 (Excluding VAT)
		UG Pipe Class 400	DPI-Ichweba	R31264.00 (Excluding VAT)
		Standpipe	Valve Specialist	R194235.00 (Excluding VAT)
		Chemicals	Rheochem	R348939.00 (Excluding VAT)
		Cobra Gate Valves	Watertite Conservation	R216717.00 (Excluding VAT)
		Wedge Gate Valves	Revert to three Quotes as tender submissions are incomplete and prices could not be held firm for the duration of the contract due to rate of exchange.	
		House Connection Boxes	Re-tender pending finalizing of a revised specification on meter boxes.	
UPVC CI16 Pipe	Re-tender on a short term contract basis as the market price is unstable Shobane Tradings prices were over the average market price.			
	Section	Tenderer	Contract Value	
<b>86</b>	Contract No.: Ugu-07-720-2007	MNM General Engineering Supplies cc.	That the award be based on the rates as reflected in annexure E up to a maximum of R8million.	04/02/2008





NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
87	Contract N m. Contract No.: Ugu-07-779-2007: Supply and Delivery of Protective Uniform. Be awarded as follows:			04/02/2008
		Section	Tender	Contract Value
		Golf Shirts Royal Blue	Corporate Solutions	R 57 277.00
		Long Sleeve Sweaters Royal Blue	Corporate Solutions	R 29 151.00
		Two-Piece Royal Blue Overall	Corporate Solutions	R124 331.70
		Two-Piece Acid & Chemical Resistant Overall	Corporate Solutions	R 13 230.00
		Safety Boots	Corporate Solutions	R132 965.00
		Safety Gumboots	Corporate Solutions	R 67 784.60
		Rain Suits Navy 2-Piece	Alsafe KZN	R 80 460.00
		Protective Gloves	Alsafe KZN	R 18 425.00
		Protective Hats	Corporate Solutions	R 27 577.00
		Projective Eye Wear	Corporate Solutions	R 13 520.00
		Reflective Vests – Full Jacket	Corporate Solutions	R 63 304.75
88	Contract N m. Contract No.: Ugu-02-739-2007: Ezinqoleni Water Supply Scheme: Construction of Approximately 12km of Reticulation and Standpipes at Ezinqoleni	Mdima Civils cc	R1, 847,799.96	04/02/2008
89	Contract No.: Ugu-07-714-2007: Supply and Delivery of Cleaning Material, Refreshments and Stationery Be awarded as follows:			04/02/2008
		Section	Tenderer	Contract Value
		Refreshments	ZING Projects Management	R340944.00 (Excluding VAT)
		Cleaning Material	Port Shepstone Bargain Wholesalers	R505733.05 (Excluding VAT)
		Stationery	Shobane Trading	R202393.35 (Excluding VAT)

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
90	Contract No.: Ugu-02-778-2007: Disaster Management Plan	Africon Consulting	R540, 000.00 (Excluding Contingencies and VAT)	04/02/2008
91	Contract No.: Ugu-02-773-2007: Harding/Weza Water Scheme: Phase 7: Construction of 350mm Diameter x3,9km Long mPVC/Steel Parallel to Ikwezi Reservoir.	Pilcon Projects	R4, 941,000.00	04/02/2008
92	Contract No.: Ugu-07-774-2007: Supply, Installation and Commissioning of Standby Generator Sets at Ramsgate 8 and Gamalakhe (Tintown) Sewage Pumpstations and a Mobile Generator Set.	P & S Power Products	R1, 733, 547.36	04/02/2008
93	Contract No.: Ugu-07-766-2007: Fast Track Sanitation Refurbishment – Phase2: Replacement/Refurbishment of Mechanical and Electrical Plant in Margate No.1, Balancing Tank, Duzamanzi, Big Tree No.1 and Tidal Pool Pumpstations and Red Desert Sewage Treatment Works ((Mechanical and Electrical Works)	Water and Sanitation Services SA (Pty) Ltd	R 1,802,946	04/02/2008
94	Contract No. Ugu-07-765-2007: Fast Track Sanitation Refurbishment – Phase2: Replacement/Refurbishment of Mechanical and Electrical Plant in Margate No.1, Balancing Tank, Duzamanzi, Big Tree No.1 and Tidal Pool Pumpstations and Red Desert Sewage Treatment Works (Civil Works).	Town and Around Civils cc	R 471,540	04/02/2008
95	Contract No.: Ugu-07-715-2007: Supply and Delivery of Water and Sanitation Material	Thembananzi	R532, 927.86 (Previous Award of R89, 615 Rescinded)	04/02/2008



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
96	Contract No.: Ugu-02-767-2007: Kwa-Lembe Phase 4A Bulk Water Supply: Construction of Reticulation Mains at Mkhunye	Town & Around Civils	R2, 903. 486. 52	04/02/2008
			(Including Contingencies and excl VAT).	
97	Contract No.: Ugu-02-754-2007: Construction of 200mm Diameter uPVC Pipeline x 12km long from Florida Pump station to Ezinqoleni Section A:	Azishe Building Construction cc	R 3,157,894.74	22/02/2008
			incl contingencies, escalation and excl VAT)	
98	Contract No.: Ugu-02-754-2007: Construction of 200mm Diameter uPVC Pipeline x 12km long from Florida Pump station to Ezinqoleni Section B:	Town and Around Civils cc	R3,333,333.00 (Including	22/02/2008
			contingencies, escalation and excl VAT).	
99	Contract No.: Ugu-02-784-2007: Construction of Ndelu Water Scheme: Phase 5.	Janine Trading t/a Rays Construction	R673,450.44.	22/02/2008
100	Contract No.: Ugu-02-782-2007: Construction of Reticulation Mains: Thoyane Phase 3A Water Supply Scheme.	Phangandawo Investment	R1, 535,087.40 (Including	22/02/2008
			Contingencies and excl VAT).	
101	Contract No.: Ugu-02-740-2007: Construction of a Pumpstation, Rising Main and Reservoir.	Town and Around Civils cc	R2, 012,913.28 (Including Contingencies and excl VAT	22/02/2008
102	Contract No.: Ugu-02-789-2007: Umzumbe Ward 16: construction of a Multi-Purpose Community Centre.	Mzotho General Dealer cc	R1,308,094.80(Including	22/02/2008
			Contingencies and excl VAT	
103	Contract No.: Ugu-02-797-2007: Construction of a 100KI Concrete Reservoir in Kwa-Nyuswa.	Mami's Construction	R524,820.15 (Including	22/02/2008
			Contingencies and excl VAT)	

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
104	Contract No.: Ugu-02-796-2007: Construction of a 63mm Diameter HDPE & 200mm diameter uPVC Water Reticulation Mains in Kwa-Nyuswa.	LNY Construction and Civils	R1,092,593.25 (Including	22/02/2008
			Contingencies and excl VAT)	
105	Contract No.: Ugu-02-795-2007: Construction of a High Lift Pumping Station & 110mm Diameter uPVC Rising Main in Kwa-Nyuswa.	Vuxeni Investments	R3,651,305.70 (Including	22/02/2008
			Contingencies and excl VAT).	
106	Contract No.: Ugu-02-801-2007: Construction of Kwa-Xolo Bulk Water Extension Supply Project Phase 5B.	Pilcon Projects	R4,364,320.40 (Including	22/02/2008
			Contingencies and excl VAT).	
107	Contract No.: Ugu-02-808-2007: Pennington Waterborne Sanitation-Phase 1.	HT Civils	R6,296,768.94 (Including	22/02/2008
			Contingencies, Escalation and VAT)	
108	Contract No.: Ugu-02-809-2007: Assisi Water Supply Project Phase 4: Construction of Qwabe P Mainline and Reservoir.	Vulendlela Asphalt Surfacing	R1,986,017.54 (Including	22/02/2008
			Contingencies, Escalation and VAT)	
109	Contract No.: Ugu-02-792-2007: construction of Qwabe Ward 5 Community Multi Purpose Centre	Ziqhenye Surveying and construction	R744,614.91 (Including	22/02/2008
			Contingencies, Escalation and VAT)	



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
110	Contract No.: Ugu-02-800-2007: Construction of Dumeka Access Road.	Tengal JV Great Enterprises	R1, 345,257.00	22/02/2008
111	Contract No.: Ugu-02-011-2007: Land Acquisition Strategy.	Ant Walther Attorneys and Vumamasu Property cc JV	Professional fees to be as per the tendered rates	22/02/2008
112	Contract No.: Ugu-02-806-2007: Construction of Msikazi Access Bridge.	Mfihleleni Construction	R1, 069,850.65 (Including Contingencies, Escalation and VAT)	22/02/2008
113	Contract No.: Ugu-02-771-2007: Harding/Weza Water Scheme: Phase 7: Construction of 1000m3 Kwa-Machi Reservoir No2.	Town and Around Civils cc	R2, 109, 245.10	19/03/2008
114	Contract No.: Ugu-02-799-2007: Ward 8 Community Service Centre	Lakeshore Trading 102cc	R1, 469, 465.70	19/03/2008
115	Contract No.: Ugu-02-813-2007: Construction of a 100KL Concrete Reservoir, Standpipes & HDPE Water Reticulation Mains.	LNy Construction & Civils	R1, 278,656.49 (Including Contingencies and excl VAT)	19/03/2008
116	Contract No.: Ugu-02-810-2007: Mathulini Water Supply: Supply and Installation of Pumping Plant and Electrics in Two Pumpstations	MOOD ELECTRICAL	R687,784.35(Including Contingencies and excl VAT)	19/03/2008

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
117	Submission: Elevated Water Storage Tank – Port Edward: Contract No.: Ugu-07-743-2007	Town and Around	R648,245.61 (Including Contingencies and excl VAT)	
				19/03/2008
118	Contract No.: Ugu-02-804-2007: Mathulini Water Supply: Supply and Installation of Water Purification Plant, Pumping Plant and Electrics at Mtwalume Water Workds.	MOOD ELECTRICAL	R1, 262,865.79	
				19/03/2008
119	Contract No.: Ugu-02-803-2007: Repairs to Amandawe Community Hall.	Msize Naye Construction and Projects cc	R 180,701.75	28/03/2008
120	Contract No.: Ugu-02-805-2007: Construction of Thoyi Access Bridge	Mfihleleni Construction	R1, 346,682.70	28/03/2008
			(Including Contingencies and excl VAT).	
121	Contract No.: Ugu-02-794-2007: Umzimkhulu Off – Channel Storage Dam: Construction of Embankment and Steel Pipelines.	Waltell Civils/ RJM Civils JV	R 32,764,184.12	11/04/2008
			including contingencies and excl VAT.	
122	Contract No.: Ugu-02-768-2007: Greater Vulamehlo Water Scheme: Construction of a Gravity Main to Kwa-Qiko and Reticulation Mains.	Pilcon Projects	R85,654,519.25 including contingencies and excl VAT	11/04/2008
	(Rescinded Resolution)			



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
123	Contract No.: Ugu-02-807-2007: Supply and Installation of Electro- mechanical Equipment to Nyavini Pumpstation Buildings Nos. 2 and 3.	Fluid Systems Engineering cc	R1, 403,508.77 including contingencies, escalation and VAT.	11/04/2008
124	Contract No.: Ugu-02-802-2008: Repair of 2 No. Collapsed Sewer Bridges at Settlers Park and Anderson Street.	Central Route Trading 527 cc	R657,894.74 (including contingencies, escalation and excl VAT).	11/04/2008
125	Contract No.: Ugu-07-775-2007: Sanitation Infrastructure Refurbishment Programme (2007/2008): Construction of PVC Sewer Rising Mains, 160mm Diameter x 645m Long and 250mm Diameter x 140m Long in Port Shepstone.	Umuzi Civils t/a Sal Kuhlase Civils cc	R 435,179.95	11/04/2008
126	Contract No.: Ugu-07-777-2007: Sanitation Infrastructure Refurbishment Programme (2007/2008): Upgrading of Mechanical and Electrical Equipment at Port Shepstone Pumpstations 4,5,9 and 14.	Water and Sanitation Services SA (Pty) Ltd	R2, 313,444 at a reduced scope of work (excluding VAT).	11/04/2008
127	Contract No.: Ugu-02-793-2007: Margate Extension 1 Water Reticulation: Construction of 110mm/ 160mm Diameter x2,3 km Long mPVC Reticulation Pipelines in Gayridge.	Dream Team Trading 841 cc	R875,725.excl VAT) .	11/04/2008
128	Contract No.: Ugu-07-830-2008: Ugu Pipeline Replacement Programme: Ugu Local Economic Development – Emerging Contractor Development Programme Replacement of Water Pipelines in Park Rynie and Pennington.	Aquilina Trading 38 cc	R367,822.40 incl contingencies and excl VAT	16/05/2008

NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
129	Contract No.: Ugu-07-831-2008: Harding Mains Replacement Programme: Phase 2 Construction of 110mm/160mm Diameter 3,0km Long mPVC Reticulation Pipelines in Margate.	BZK Farming and Other Other Services cc, Talagu Multi Purpose Primary Co-Operative Ltd	Section A: R364, 800.00.	16/05/2008
			Section B: R266, 760.00.	
			Section C: R313, 500.00.	
			Total Sections A,B and C: R945, 60.00.	
			(to be negotiated)	
130	Contract No.: Ugu-07-832-2008: Margate Bulk Water Supply and Mains Replacement: Construction of 110-200mm Diameter 3.3km Long mPVC Bulk and Reticulation Pipelines in Margate.	Hometech Construction cc t/a HT Civils	R2, 333, 894.64.	16/05/2008
131	Contract No.: Ugu-07-829-2008: Extension to Pipework at Rail and Road Bridge Crossings: Ifafa, Mtwalume, Mfazazane and St Michaels.	Inhlanhla Civils	R2, 408, 683.20	16/05/2008
132	Contract No.: Ugu-07-828-2008: Ugu Pipeline Replacement Programme: Replacement of Water Pipelines in Scottburgh and Park Rynie.	Macingwane's Security & Gardening Services cc	R 1,942,538.40	16/05/2008
			(Including Contingencies and excl VAT).	
133	Contract No.: Ugu-07-833-2008: Upgrading of the Existing Water Pipes Along Bushyvale and Perch Roads.	Kulu Civils	R1, 178, 848.58.	16/05/2008





NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
134	Contract No.: Ugu-07-647-2007: Construction of New Ugu District Municipality Office Block – Phase 2: I&ED Building: Lot 10 Oslo Beach.	DGS Contractors for the construction of the second storey I&ED building	be extended by an amount of R5,824,009.00 (Excluding VAT) as awarded to  (Variation to the existing contract).	2013/06/08
135	Contract No.: Ugu-07-835-2008: Renovations to Existing Ugu Workshops – Marburg.	Msimango M & S construction	R 526,315.79	2013/06/08
136	Contract No.: Ugu-02-838-2008: Harding Roads Upgrades (Musgrave Phase 2 Moodie).	Queensburg Equipment Rental	R3, 260232.46	2013/06/08
137	Contract No.: Ugu-02-844-2008: Refurbishment of Three Ugu North Coast Sewage Pump Stations.	Klomac Engineering	R 1,994,509.00 (Including contingencies and excl VAT).	2013/06/08
138	Contract No: Ugu-07-621-2006: Construction of 600mm Diameter Steel Pipeline x 3500mm Long from Izotsha River to Shelly Beach.	Shula Construction cc	R 16,240518.50 (including contingencies, escalation and excl VAT).	2013/06/08
139	Contract No: Ugu-07-834-2008: Renovations to Existing Ugu Offices: Park Rynie.	Msimango M and S Construction cc	R 1,525, 000.00	2013/06/08
140	Contract No: Contract No.: Ugu-07-836-2008: Renovation to Existing Ugu Offices: Lot 10 Oslo Beach.	C&R ABD JV	R 11,422,413	2013/06/08



NO.	CONTRACT NAME	AWARDED TO	AMOUNT	DATE AWARDED BY THE BID ADJUDICATION COMMITTEE
141	Contract No.: Ugu-07-677-2007: Mains Replacement Programme –Replacement of Pipeline at Batstones Drift Bridge.		extended by an amount of R158, 947.37 (excluding VAT) to	2027/06/08
			R830, 000.00 (Including contingencies and escalation and excluding VAT).	
142	Contract No.: Ugu-02-841-2008: Upgrading of Mthimude Sportsfield	Goplan Homes CC	R 1,646,870	2027/06/08
143	Contract No.: Ugu-02-839-2008: Harding Roads Upgrade (Shepstone and Hancock).	Mfihleni Construction	R5, 344, 006.00.	2027/06/08
144	Contract No.: Ugu-02-845-2008: Compilation of a Business Plan for the Ugu District Broadband Network Incorporating Development of a Sustainable Broadband Infrastructure and Network Operating Strategy in Accordance with Goals Identified in the Ugu ICT Local Economic Development Plan.	MGM Telecoms	R500, 000.00	2027/06/08

Table 22 Contracts Awarded during the 2007/ 2008 Financial Year



## Infrastructure and Economic Development

Headed: General Manager: Infrastructure and Economic Development, the Department is comprised of the following Sections

### Local Economic Development

#### Overview

The LED Section is responsible for all activities associated with economic development initiatives, which include economic planning, investment opportunities packaging, promotion of partnerships, promotion of Small Medium and Micro Enterprises (SMME's), mainstreaming of vulnerable groups (youth, women and physical challenge individuals) in economic development, promote sustainable livelihoods and rural economic development.

#### Description of the Activity

The function of the economic development within the municipality is administered as follows:

- Economic Planning-the section is responsible for economic development planning i.e. Development of LED Plans, Economic Sector Plans, Urban Renewal Plan, Beachfront Development Plans and Industrial Park Redevelopment Plans.
- SMME Development Programmes and Support – working with various stakeholders (e.g. Small Enterprise Development Agency (SEDA), Esayidi FET, Construction Industrial Development Board (CIDB), South African Revenue Services (SARS), Tourism Enterprise Programme (TEP) etc) to provide the integrated business development services as prescribed by the Amendment of the National Small Business Act. One of the flagship projects has been the Emerging Contractors Development Programme.
- Tourism Marketing is one of the key function of the LED Unit, which involves tourism destination (South Coast) marketing, attending the tourism trade shows (Tourism Indaba), supporting of the tourism events (i.e. South Coast Music Festival, Ugu Jazz Festival, Lorries Awards, Sardine Run etc), marketing brochure development and tourism information dissemination and management.
- Agricultural Development Programme has been linked with the new agricultural catalyst project known as the Ugu Fresh Produce Market. The programme involves development of the emerging farmers and also development of the whole agricultural value chain.
- Niche Market Development Plan which involves planning and promotion of niche markets e.g. Sport Tourism, Business Processing Outsourcing, and Biofeuls.
- Black Economic Empowerment Monitoring is a task that is performed to monitor the BEE implementation in the district internally (Supply chain management spends) and externally (private sector procurement and BEE Deals facilitation).
- Sector Development Planning and support; provide support to the manufacturing, mining, trade and service sectors.
- Implementation of the business retention and expansion strategies,
- Creating the enabling environment for the business to thrive which will lead to wealth creation, job creation and poverty reduction.

Key issues: 2007/2008

- Implementation of the Adopted LED Strategy and its sector Plan, ,
  - Partnership Enhancement Programme,
  - Investment Facilitation programme ,
- Operationalisation of the Single Tourism Body (Ugu South Coast Tourism)
- Implementation of the Cooperatives Development Programme, including undertaking of a study tour to Canada,
- Implementation of the Emerging Contractors Development Programme Phase II,
- Operationilisation of the Ugu Fresh Produce Market,
- Ugu Sports and Leisure Centre Marketing, resource mobilization and investor facilitation,
- Park Rynie Industrial Park – Business Plan implementation and resource mobilization,

Urban Renewal Strategies as Business Retention, Attraction and Expansion Strategy

Three urban renewal projects in the district are currently being implemented namely, Harding CBD Infrastructure upgrading project, Ezingolweni CBD Renewal and Umzinto CBD Renewal Plan. The projects form part of the business retention, attraction and expansion strategy.

The Harding CBD Project included the town clean up, restructuring of major town roads, storm water drainage system, an improvement of traffic control infrastructure. Progress has been made with the resurfacing of the Murchison streets and two other streets. Additional funding has been made available to cover other roads and pavements in the area.

Ezinqoleni CBD Renewal has received a funding of R8 million from the Department of Traditional and Local Government

The Umzinto Urban renewal Project is still on a planning stage and the urban renewal plan and business plan has been completed. Funding is required to implement the project as whole and renew confidence in Umzinto CBD.

#### Other Rural Development Strategies

The municipality's rural strategy is based on the integrated approach which involves providing basic services through the Water Services Authority, coordinating investment



by other departments in the district and also focusing on the P68 Corridor Development. The progress in terms of the poverty eradication programmes is significant. The infrastructure development programmes are subscribing to the principles of Extended Public Works Programme (EPWP). A number of jobs have been created.

LIST OF KEY PERFORMANCE AREAS	ACTUAL	TARGET
Cooperatives Development Programme	90%	100%
Operationalisation of the Single Tourism body	85%	100%
Manufacturing Sector Support Programme	65%	100%
Implementation of Ugu District Sport Complex,	45%	100%
Emerging Contractors Development programme (SMME Support)	100%	100%
Implementation of the LED Strategy and its Sector Strategies	85%	100%
Investment Facilitation Programme	75%	100%
Partnerships Enhancement Programme	90%	100%

Table 23 Analysis of the Local Economic Development Function

DETAIL	TOTAL	AMOUNT (R)
<b>Number and cost to employer of all economic development personnel:</b>		
Professional (Directors/Managers)	3	1 308 000
Non-professional (Clerical/Administrative)	1	164 617
Temporary	None	-
Contract	None	-
<b>Detail and cost of urban renewal strategies: Ezingolweni CBD</b>	1	8 million

Table 24 Grants received

DETAIL	TOTAL	AMOUNT (R)
<b>Type and number of grants and subsidies received:</b>		
Corridor	1	550 000
Gijima Emerging Farmers Depot	1	1,2 million
<b>Total</b>	<b>2</b>	<b>1,750 000</b>



**APPENDIX F**  
**UGU DISTRICT MUNICIPALITY**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grants and Subsidies Received

Quarterly Expenditure					Grants and Subsidies Delayed / Withheld					Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
June	Sept	Dec	March	June	June	Sept	Dec	March	June		Yes / No	
83,639	121,479	85,408	80,595	214,064	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
15,396,555	14,585,494	20,541,245	16,294,036	26,747,508	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	173,729	43,228	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
225,163	63,286	0	849,831	232,010	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
1,509,793	98,490	680,610	4,680,090	2,404,001	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
7,010,922	17,717,383	32,251,160	46,395,494	48,383,564	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	466,877	453,822	1,871,520	9,119,845	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A
<b>24,226,072</b>	<b>33,053,009</b>	<b>54,012,245</b>	<b>70,345,295</b>	<b>87,144,220</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				
		June	Sept	Dec	March	June
FMG	National Treasury	0	500,000	0	0	0
Equitable Share	National Treasury	0	35,624,761	26,718,571	15,824,951	0
Sports and Recreation	Dept Sport & Rec	150,000	0	0	750,000	600,000
Ugu Agricultural Market	Dept Agriculture	0	0	0	0	0
Gijima	DEAT	1,331,631	0	0	0	0
Various Provincial	DLGTA	11,506,437	0	0	26,900,000	810,000
Various National (inc. MIG)	DPLG	25,960,522	10,851,563	25,017,126	55,066,689	48,897,123
DWAF	DWAF	0	0	46,000	17,407,700	7,322,500
Various	DBSA	0	420,000	0	0	150,000
Various Co-Operative Projects	IDC	0	517,244	0	0	0
Various (Public Contributions)	OTHER	0	1,091,508	2,158,350	3,114,735	2,834,296
<b>Total Grants and Subsidies Received</b>		<b>38,948,590</b>	<b>49,005,076</b>	<b>53,940,047</b>	<b>119,064,075</b>	<b>60,613,919</b>



# Annual Performance Reports 2007/2008

## 1. Corporate Strategy & Shared Services

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Institutional Development and Transformation	Development of contracts in alignment with SDBIP and PMS	Meeting management of municipality to set KPIs.	Set indicators for all KPA's	Indicators set for all KPA for section 57 staff members.	Set indicators for all KPA's	Indicators set for all KPA for section 57 staff members.	Achieved
		Signed copies of performance contracts for Section 57 staff members	7 by 31/07/2007	100%	7 by 31/07/2008	100%	Achieved
		Submission of contracts to MMs for signing	7 by 31/07/2007	100%	7 by 31/07/2008	100%	Achieved
	1. To effectively monitor implementation of IDPs & service delivery in general through quarterly reviews of SDBIP & PMS.	Number of quarterly review meetings conducted.	4 by 30/06/2007	50% by 30/06/2007	4 by 30/06/2008	100% by 30/06/2008	Achieved
		Number of Quarterly report.			4 by 30/06/2008	50%	Reviews done twice as two were combined
	2. To prepare an Integrated Development Plan fostering integrated development planning approach ensuring sustainable & participatory development.	First draft IDP adopted.	100% by 28/03/2007	100%	100% by 28/02/2008	100%	Achieved
		A newly formulated 5-year IDP.			100% 30/06/2008	100%	Achieved

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Democracy and Governance	3. To assist and support local municipalities in completing the development of their IDP and PMS on time.	Adopted IDP documents	6 by 30/06/2007	85%	6 by 30/06/2008	100%	Achieved
		Number of Local Municipalities supported with their IDP process.	6 by 30/06/2007	85%	6 by 30/06/2008	100%	LMs assisted to conduct Quarterly Reviews. Support is however challenging because the fixing of dates for reviews depend on the Mayor's availability
	4. To ensure that local municipalities have good management systems for effective implementation and monitoring of the IDP projects.	% PMS & SDBIP completion (adopted by Council).	100% by 30/06/2007	100%	100% by 30/06/2008	100%	Achieved
	1. To ensure implementation of the annual work plan.	% of projects completed from activity Plan	100% by 30/06/2007	70%	100% by 30/06/2008	80%	Project delayed
		2007/08 Activity Plan submitted to DPLG	100% by 28/02/2007	100%	100% by 28/02/2008	100%	Achieved
		% MSIG grant expenditure	100% by 30/03/2007	90%	100% by 30/03/2008	100%	Achieved
	2. To ensure a well developed public transport system within Ugu. To ensure effective maintenance, upgrade and construction of transportation system and infrastructure for improved mobility of goods and people to and from the district.	% Adoption of public transport plan by Council	PTP Review Terms of Reference.	The terms of Reference have been adopted.	PTP Review Terms of Reference.	The terms of Reference have been adopted.	Partially Achieved





KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	To implement 10 shared services	Shared services implemented	N/A	N/A	Implement 10 Shared services	6 shared services are functional	4 shared services not implemented due to lack of financial resources. To source more funding
	Implementation of at least 2 principles and two flagship projects of Batho Pele	2 flagship and Batho Pele principles implemented	Develop Policy Framework and implementation strategy	100% achieved	2 flagship and Batho Pele principles implemented	2 flagship projects and 8 principles implemented	Beginning of the introduction of BP. Training conducted on the 13-15 March 2006
	To initiate Peer Review Mechanism to foster peer support and partnership amongst local municipalities to enhance performance and service delivery	Adopted Peer Review Policy	100%	0%	100%	0%	Though both MM's and IGR Forum approved and adopted implementation of peer review, none of the LM's volunteered to be peer reviewed.
	Annual reports for all low capacity municipalities in accordance with the MFMA of 2003	4 Reports for 4 LM's	100% All 4 LM's to comply with the MFMA Act	0%	100% All 4 LM's to comply with the MFMA Act	25% achieved. Only one LM complied with the assistance of the consultant.	Local municipalities lack capacity to implement the Act. Two LM's did not have CFO's
	Implementation of at least 2 principles and two flagship projects of Batho Pele	2 flagship and Batho Pele principles implemented	Develop Policy Framework and implementation strategy	100% achieved	2 flagship and Batho Pele principles implemented	2 flagship projects and 8 principles implemented	Beginning of the introduction of BP. Training conducted on the 13-15 March 2006
	To ensure the achievement of the municipal objectives within tolerable degree of residual risk	Number of risks mitigated and municipal objectives achieved	N/A	N/A	100% implementation of action plans	95% implementation of action plans	Risk Management was only introduced towards the end of 2006 and started in 2007.

## 2. INTERNAL AUDIT



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	Audit Reports presented to the Audit Committee for Assessment	100% completion of the annual audit plan	100% completion of the annual audit plan	100% completion of the annual audit plan approved by the Audit Committee (AC)	85% completion of the annual audit plan approved by the audit committee as at 30 June 2008.	Limited staff capacity resulted in the partial achievement of this SDBIP target	Audit Reports presented to the Audit Committee for Assessment
	To provide an independent assurance and consultancy service to Management & Council.	Independent assurance given to EXCO and Council	Audit committee attendance by external audit committee members	All Audit committee meetings held were attended by external audit committee members	Audit Committee attendance by external audit committee members.	All audit committee meetings held were attended by external members of the audit committee	Independent assurance given to EXCO and Council

### 3. CORPORATE SERVICES

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	Upgrade of the access control system to include additional functionalities			20%	Nil		Decision made at top management not to continue with this tender until policy and strategy on security done at the Municipality.
		Procurement of bulk scanner and records maintenance equipment			100% by 30 June 2008	100%	No longer utilizing the services of consultants in order to achieve Registry regulation compliance
		Maintenance and upgrade of registry		100% Implementation of filing system	100% by 30 June 2008	100%	Beams, ladder and shelving purchased for Central registry and additions done to Bulk filer towards ensuring compliance.



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
		Review of current agreements with service providers in terms of the newly adopted policy on the installation of base telecommunication stations			70% by 30 June 2008	70%	The remaining 30% of agreements had to run it's course, and thereafter, new agreements in line with the policy would be implemented
		Evaluation and Audit of current HR policies		100% update of approved policies	100% of evaluation and audit by 30 June 2008	100%	Amendments and developments, where necessary, continually being submitted for adoption.
		Workshop employees on HR policies		100% Municipal policies and procedures bound and disseminated to all new employees	100% new staff workshopped by 30 June 2008	100%	Employees have been trained through Induction Workshop.
	To empower employees through focused and continuous professional skills development	To ensure the development of a dynamic and successive leadership within municipal management	Establish database of accredited institutions of higher learning and courses	100% Structured training programmes and short courses and learnerships	100%	100%	48 staff members were awarded bursaries during the year. The incumbents are registered with the following institutions: UNISA University of KZN Durban University of Technology University of Johannesburg Bytes Technology Group
	Development & management of holistic safety & welfare benefits amongst municipal staff	Health awareness campaigns as per Department of Health events calendar			100% Implementation of approved EAP plan	One awareness campaign per month	100%



#### 4. TREASURY

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Financial Management and viability	Implementation of an enterprise resources programme	Implementation of an Online Billing Solution			100%	Not Achieved	The Billing Project has been suspended, an assessment is currently under way for Axapta Implementations
	Reduction of telephone costs	Reduction of overheads			5% reduction of telephone costs per annum	R25 000 less in one month over three sites	Achievement as a result of telephone billing being implemented at all municipal sites through buffers, Telephone Management Software and Leased Cost Routing.
				IT strategy and COBIT development	60% by 30 June 2008	60%	Backup Devices, UPS, and IT User , Email and Internet Policy has been Drafted and presented to Top Management purchased.
				Reduction of overtime to save costs	50% by 30 June 2008	40%	A task team comprised of HR and IT staff has been set to work on the plan to reduce overtime, and a draft policy has been tabled



## 5. INFRASTRUCTURE & ECONOMIC DEVELOPMENT

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Basic service Delivery and Infrastructure Development	To ensure environmental sustainability	Environmental Education, Awareness and Training:		Prepare environmental calendar		100%	100%
						Prepare and run environment capacity building programme by 30 June 2008	80%
						Prepare calendar year allocation for all local municipalities 100% by 30 June 2008	100%
		Ugu Coastal Working Group: Resuscitation of Ugu Coastal Management Committee/Ugu Coastal Working Group (UCWG)			100%	100%	UCWG running smoothly
		Review the stakeholders of the previous coastal management forum			100%	100%	Database 100% up to date
		Schedule for the first/introductory sitting of the forum			100%	80%	Committee meetings held as per roster, 2 postponed
		Reporting to the KZN Provincial Coastal Committee (PCC) on overall progress of the UCWG			100%	99%	Only 1 outstanding report out of successful committee meetings
		Wetlands Management Programme: Conduct schools competition on wetland action research projects			100%	100%	School competitions held and winning schools taken on tours to bigger wetlands in the province



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
		Assist and supervise schools in writing a wetlands management programme			100%	0%	Not achieved due to school industrial actions
		Obtain wetlands distribution and catchments data			100%	10%	Only began towards end of financial and to be continued in 2008-09
		Make a business plan for further specialist and financial assistance			100%	0%	Funder to be identified. otherwise Plan of Action in place
	To ensure improvement of solid waste at local municipalities	Integrated Waste Management Plan: Prepare and conduct multi-stakeholder workshop prior to IWMP development			100% completed IWM plan adopted by council	0%	Funding confirmed later not to be available
		Establish and maintain IWMP PAC			100%	0%	Not commenced due to point above
		Preparing business plan for IWMP			100%	100%	Submitted to DAEA, approved, awaiting signing of the MoU and transfer of funds for next financial year
		Commencement of the IWMP process			100%	0%	Due to factors above, to commence in 2008/09
	To ensure improvement of environmental planning and reporting	Strategic Environmental Assessment: Formulate a multi-sectoral conceptual review team			100%	50%	LMs to benefit from the SEA identified and prioritized as development hotspots
		Conceptual review of the SEA			100%	50%	Phased approach adopted, with priority LMs to be identified



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
		Approach potential funding for SEA review			50%	50%	External funds not accessed, but co-funding (internal and external) approach for identified priority LMs adopted
		Environmental support to other municipal departments: Identify areas of cooperation			100%	60%	Task team formed with some departments to achieve cooperation but yet to be formalized and adopted. This aspect needs to be improved through coordinated project planning
		Give environment related advices as per enquiries			100%	80%	Environmental advices given on project basis, participating in DFA hearing as well for external development projects
		Comments or assistance in project applications relating to environmental impacts evaluation processes			100%	80%	Projects commented on, depending on what was being submitted to the environmental desk. A more coordinated method of commentary to be adopted by all departments concerned
		Undertake site visits if necessary				70%	Achievement of this varied with projects and not all sites were visited as per comments on paper



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	Extend & promote Environmental Health service in the District	Monitor & maintain Air Pollution station: Ensure no contraventions of Air Quality Act.			100%	80%	Ambient Air Quality Monitoring Station up in running although requiring regular maintenance and experiences challenges in terms data readability and reliability.Ugu DM reported to the 2nd Annual Air Lekgotla on Ugu's state of air and operation of the station.Air Quality Screening study conducted for Park Rynie (response to air quality related complaints) and Port Shepstone (as an initial step to setting a baseline to air quality now and in later years)
	Monitor and evaluation: Sampling of water and foods and inspection of premises				100%	100%	A value adding service to the Water Services Authority through comparative water testing on an interval basis to ensure good water quality free of pollution and 0% hazard to human health
	Food Control				100%	100%	Over and above regular inspection of food premises, capacity building exercises are embarked with the public through talk shows and workshops





KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	Health education and shows including Lions Show & Harding show, information brochures				100%	100%	Fully fleshed environmental health programme for schools and general public

## WATER SERVICES

KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
	LINKAGE TO SOUTH COAST	To upgrade pipelines to meet future demands			100% construction and linkages to Ugu system	100%	PIPELINE COMMISSIONED 1/6/2008
	INCREASE AND REPLACEMENT OF UGU FLEET				100% by 30 June 2008	95 NEW VEHICLES	INCREASE AND REPLACEMENT OF FLEET VEHICLES
	Waterborne sanitation Programme	TO MEET DEMANDS FOR NEW AND EXISTING DEVELOPMENTS			0%	100%	LOAN APPLICATION SUBMITTED TO DBSA FOR CONSIDERATION.
	ENSURING PROVISION OF FREE BASIC SERVICES ACCORDING TO NATIONAL GUIDELINES	TO PROVIDE RELIEF TO CONSUMERS WHO ARE UNABLE TO PAY			Provide free basic services to 3000 indigent households		Indigent support and free basic services. Indigent Allocation increased from 6kl to 12kl/month
	RESTRUCTURING OF WATER SERVICES					95%	RECRUITED SENIOR MANAGERS AND GENERAL WORKERS
	TO ENHANCE CONVENIENT ACCESS FOR THE PUBLIC TO THE MUNICIPALITY AND SERVICE						Upgraded 24 hour call centre and introduced toll free number 08000WATER



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Institutional Development And Transformation	<p>To facilitate a coordinated strategy for HIV and AIDS.</p> <p>To facilitate a coordinated programme for People with Disabilities, Women, Farm Workers, Children and Senior Citizens</p>	% of stakeholders participating	<p>To establish a functional AIDS Council in the District and local municipalities</p> <p>To facilitate a 100% participation of sector departments</p> <p>To launch a District AIDS Council</p>	<p>Interim HIV and AIDS councils established in the district</p> <p>Participation of sector departments and relevant stakeholders initiated</p> <p>Draft terms of reference developed</p> <p>AIDS Council in Hibiscus Coast</p> <p>Interim Councils in Umdoni, Eziqoleni, Vulamehlo and Umuziwabantu</p> <p>80% participation of sector department and civil society organizations</p> <p>Inclusion of programmes in the IDP</p> <p>District programme of action implemented</p> <p>District AIDS Council launched</p> <p>Terms of reference development and adopted</p>	<p>Acquire 100% participation of stakeholders</p> <p>Development of a functional monitoring and evaluation system</p> <p>District strategic plan document developed</p>	<p>95% participation of stakeholders</p> <p>Monitoring and evaluation system developed</p> <p>100% compliance on the reporting system from all key sectors</p> <p>Development of HIV and AIDS strategic plan in process</p> <p>Integrated planning</p>	<p>Achievement in the programme due to sectoral collaboration and integrated planning</p> <p>Lack of effective coordination due to human resource limitations especially in the local municipalities</p>



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
Institutional Development And Transformation (Contd.)	<p>o facilitate a coordinated strategy for HIV and AIDS. (Contd.)</p> <p>To facilitate a coordinated programme for People with Disabilities, Women, Farm Workers, Children and Senior Citizens (Contd.)</p>	No of LMs with forums for Disability, Senior Citizens, Women, Farm Workers and Children	<p>Forums in place</p> <p>Integrated planning programmes of action</p>	<p>District Disability Forum in place,</p> <p>LMs and government departments participating</p> <p>Interim forum in Umdoni, consultations in process in Vulamehlo</p> <p>District women council in place, programme of action in place</p> <p>National events supported</p> <p>Permanent IDP items</p>	<p>Acquire 100% participation of stakeholders</p> <p>Development of monitoring and evaluation system</p>	<p>Local gender forums in place at Umzumbe, HCM, Ezinqoleni</p> <p>District Senior Citizens launched and functional</p> <p>District programme of action</p> <p>District disability forum in place</p> <p>Integrated planning</p>	Lack of effective coordination due to human resource limitations especially in the local municipalities needs to be addressed by placing dedicated focal persons for each programme
Municipal Financial Viability and Management	To prevent loss by preventing corruption.	Increased awareness of corrupt activities within the municipality.	Establishment and roll out of a fraud prevention plan	The Fraud Prevention Strategy has been approved by the Executive Council during the 3rd quarter of 2008 financial year.	Establishment and roll out of a fraud prevention plan	The Fraud Prevention Strategy has been approved by the Executive Council during the 3rd quarter of 2008 financial year.	Limited staff capacity within the internal audit section had resulted in the partial achievement of this SDBIP target.



KPA	OBJECTIVES	KEY PERFORMANCE INDICATORS	2006/2007		2007/2008		MEASURES TO IMPROVE PERFORMANCE LEVELS (WHERE APPLICABLE)
			SDBIP TARGETS	ACTUAL ACHIEVEMENT	SDBIP TARGETS	ACTUAL ACHIEVEMENT	
INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	Institutionalisation of youth development within Ugu District Council	Baseline Survey Report on the status of youth development within Ugu District Municipality			Ugu District Municipality status on youth development known for future modes of interventions	85 % of Ugu District Municipality, Youth Development Baseline Survey was accomplished	Youth Development Practitioners were not well grounded on field related processes
		Formulation of Ugu District Municipality Youth Development Policy Framework			To facilitate the formulation of Ugu District Youth Development Policy Framework	Policy was approved and adopted by Council, 100% accomplished	Ugu District Youth Development Policy Framework is in line with the provisions of the National Youth Development Framework
		Promote youth involvement on issues of local government, through skills development			To host a district careers exhibition day and registration fees awarded to 6 learners	100 % achieved a district careers exhibition day was staged in partnership with Human Resources Department	This was declared to be an annual event of Ugu District Municipality
		Youth participation on matters of Local Government			Youth Parliament session was held during the month of July 2008	100% accomplished and resolutions were communicate to Ugu District Council	This was also declared to be an annual event for Ugu District Council, and it must be held for two (2) days

