

# **ANNUAL REPORT**

**2007/2008**

**uThukela District  
Municipality  
Tribal Authorities and  
Local Municipalities**

**Legend**

- Road (Hwy)
- Local District
- Municipal Boundary
- Water Course
- Forest
- Wetland
- Township
- Urban Area
- Local Municipality
- Tribal Authority
- Special District

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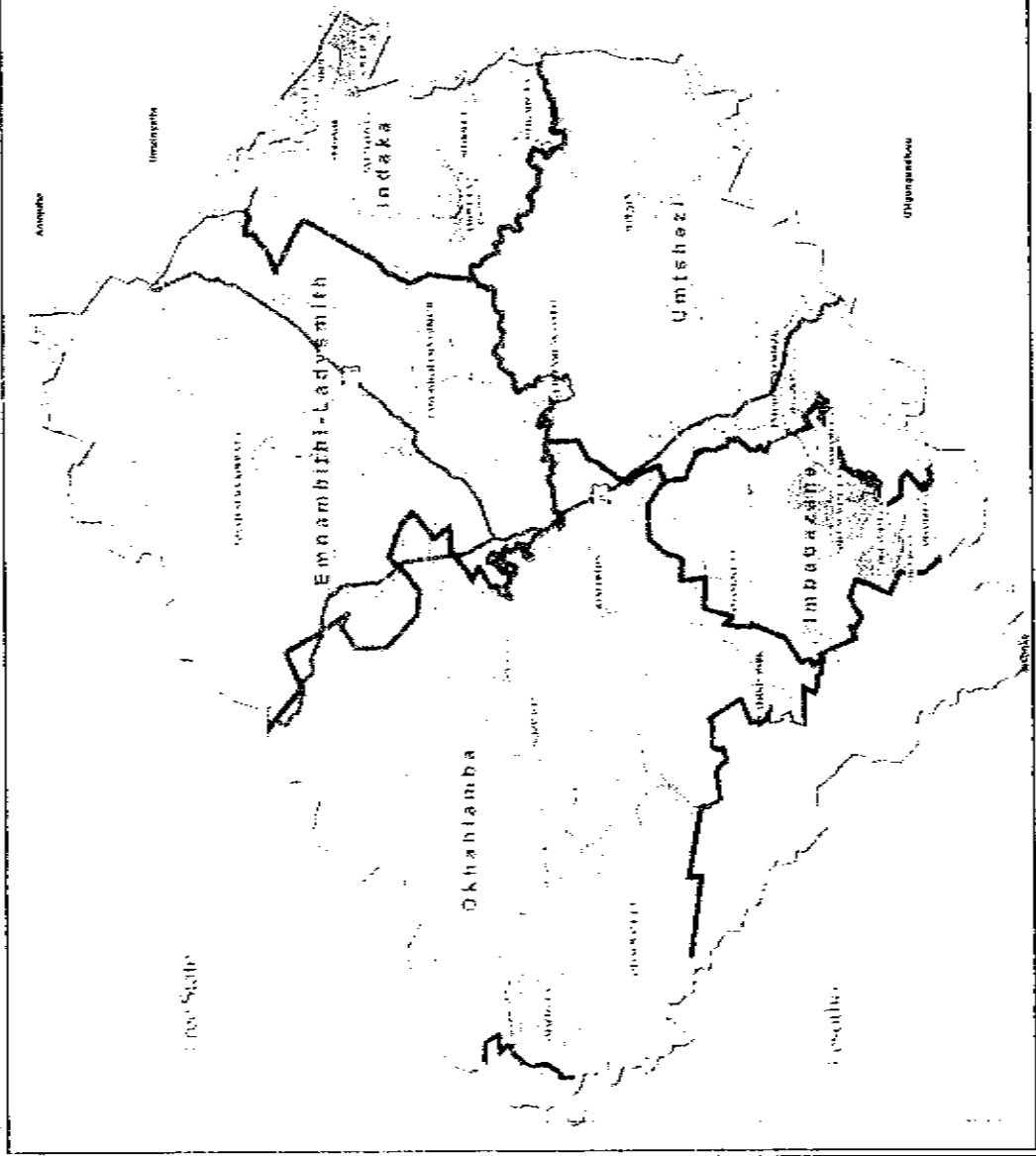
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**Locality map**



KwaZulu-Natal





***uThukela District Municipality Vision:***

***An improved quality of life for all in a globally interconnected, stable and developed region.***

***uThukela District Municipality Mission:***

***To provide quality services and development in an efficient, effective, sustainable and cost effective manner.***

***Developmental Aspects:***

- ***Improved quality of life, which includes cost efficient delivery of services and equitable access to public facilities;***
- ***A stable environment, which refers to both natural and physical environments;***
- ***A developed region, which emphasises linked and systematically ordered projects; and***
- ***Sustainable development.***





**UTHUKELA**  
UMKHANDLU WESIFUNDA  
DISTRICKSMUNISIPALITEIT  
DISTRICT MUNICIPALITY

# **ANNUAL REPORT**

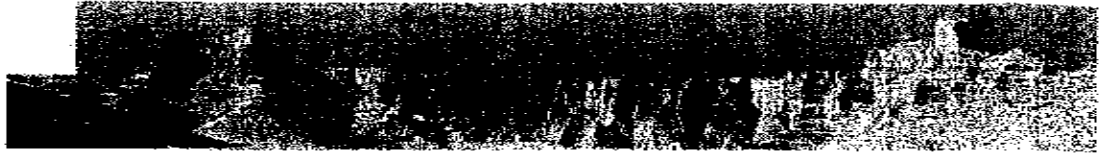
## **2007/2008**





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## *Mayoral Foreword*



**Chief SM Sithole  
His Worship the Mayor  
uThukela District Municipality**


It is a pleasure once again to present the 2007/2008 annual report for the uThukela District Municipality. This is a point in time when we look back and weigh ourselves on how have we progressed in our mission to provide quality services and development in an effective, sustainable and cost effective manner. Striving to the best of our ability to achieve our mission was not without challenges, as is evident in increased spending on dilapidated infrastructure inherited from local municipalities and the global and national economic challenges, which is resulting in job losses and in turn poses a serious threat to the financial sustainability of our municipality.

It was along these lines that the former President of the Republic of South Africa, Mr Thabo Mbeki, was requested during his 2007 uThukela Imbizo to assist the uThukela District Municipality with approximately R450 million to address all water and sanitation related issues, which inter alia include the expansion of the Emnambithi and Ezakheni water and sanitation works in order to meet the demands of our growing communities. Unfortunately, at this stage we have not received any assistance from the Presidency.

However, there are attempts which have been started in this financial year to refurbish water and sewage works at Ezakheni and Umtshezi. Apart from the above, other challenges are related to the non-cooperativeness of other organs of state. For instance, people who tamper with our schemes need to be apprehended and brought to book by police. It is regrettable that out of all cases opened in this regard no perpetrators have been brought to book. Without their support the Council will not be in a position to implement its by-laws. I hope that this will change in the ensuing years as the council will not be in a position to collect its dues without their cooperation. Should that not be the case, services will collapse.

Having mentioned the above, the Council has been most successful in conducting its work as planned in 2007/2008. Essential services were, without any formidable interruptions, provided to our communities within the uThukela District Municipality.






We have been able to increase the number of people who have first time access to services which they have never had before. In all our actions we made certain that the quality was not compromised.

I am glad to mention that we need to commend our management for yielding such positive results within this challenging environment. Surely our communities benefited a lot during this financial year although there is still a long way to go towards addressing the backlogs in their needs, such as water and sanitation services.

Concluding I would like to express appreciation for the co-operation experienced between the Local Municipalities and the District Municipality. I am more than confident that with this kind of contribution from our officials as well as councillors serving in the uThukela District Municipality we will be able to cope with future challenges.

It is therefore my heartfelt wish that the co-operation and this spirit of co-operative governance persist even beyond the 2007/2008 financial year. I therefore hereby present our Council's Annual Report for the 2007/2008 financial year.

  
COUNCILLOR S.M. SITHOLE  
MAYOR



## *Municipal Manager's Statement*



Mr. SSB Nkehli  
Municipal Manager



The 2007/2008 financial year proved to be the most challenging for uThukela District Municipality. As it can be seen the income section was crowded with serious issues surrounding the recovery of revenue. Some of it inherent to the job losses and increasing number of residents falling within the category of indigents, whereas others are due to resistance such as the one posed by the Water Crisis Committee in Umtshezi. This has indeed affected the look of our financial statements as debtors were increasing rather than decreasing.

Despite all these challenges, with the cooperation of both staff and councillors, we were able to deliver and address the needs of our communities. This does not need further elucidation as this will be addressed by the Heads of Departments when reporting on the performance of their respective departments in this financial year. Nevertheless it is worth mentioning that our Municipality is not counted amongst those who do not spend as we have again achieved 100% Municipal Infrastructural Grant fund spending in this financial year and also been able to be ranked number 6 with 83% scoring in terms of the credibility of our Integrated Development Plan. This means that the number of people who have access to our services has increased once again this year.

However, continuous job losses are a challenge facing the sustainability of services provided by the municipality. The Municipality need funds to address issues related to the renewal of the dilapidated water and sanitation infrastructure as a result of ageing; the upgrading of our water and sewage plants since currently they are operated beyond capacity as they were not designed to meet the growing demand as the number of communities gaining access to our water and sanitation services are increasing day by day, as well as the operation and maintenance of the functioning infrastructure. Should this not be addressed, a time will come where our taps will not even drizzle especially in the higher level areas of our district. The financing of such challenges should be through charging for services if not from somewhere else. This is impossible in a situation whereby the majority of residents cannot afford to pay for services due to unemployment.







In the meantime negotiations are underway whereby other spheres of government are engaged to assist in this matter. In partnership with the Department of Water Affairs and Forestry a joint water conservation pilot programme has also been started at Ezakheni where communities are made aware that water is a scarce resource and being encouraged to conserve it.

) In conclusion I would like to express our gratitude to those residents who have honoured their obligation to pay for services as well as officials and councillors for their contribution in this municipality's success during the 2007/2008 financial year. It is therefore a pleasure to present a report on the performance of various departments in the 2007/2008 financial year.



SSB NKEHLI  
MUNICIPAL MANAGER

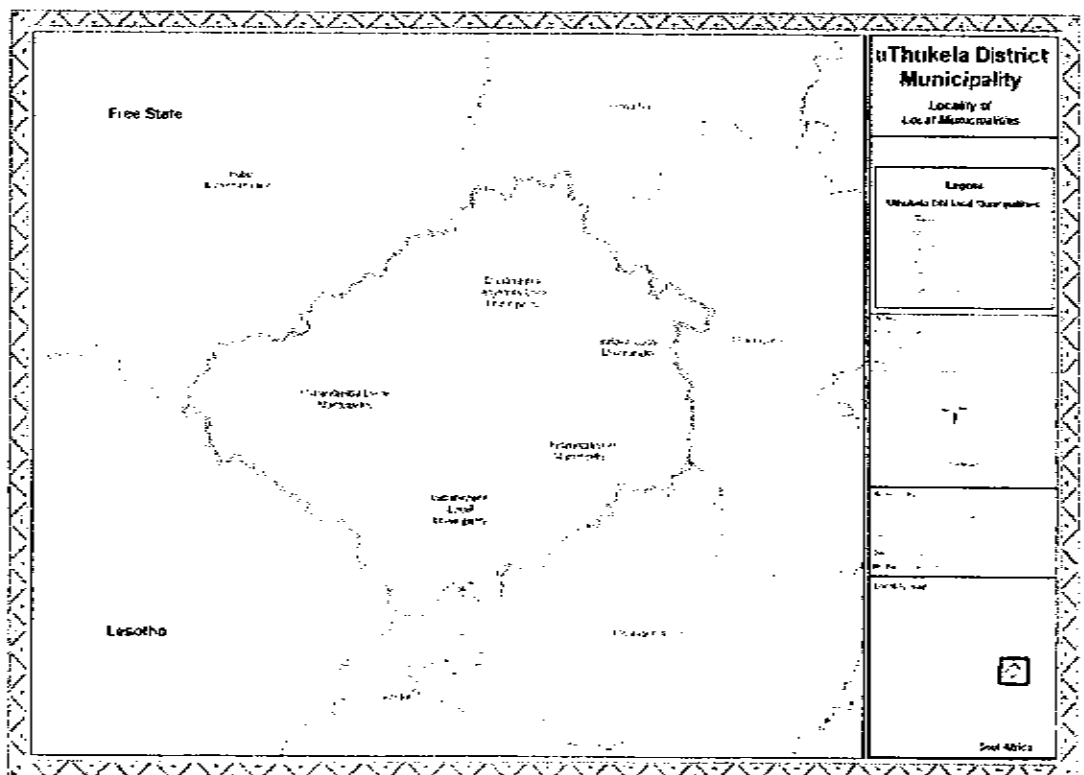




## *Introduction and Overview*


The uThukela District Municipality is one of 10 district municipalities within KwaZulu-Natal, with an area of 11,329.065 km<sup>2</sup>. It is located along the western boundary of KwaZulu-Natal, wedged between the boundaries of the Kingdom of Lesotho and the Free State Province. The district consists of five local municipalities and one District Management Area (DMA), namely:

- Emnambithi Local Municipality (KZ232)
- Indaka Local Municipality (KZ233)
- Umtshezi Local Municipality (KZ234)
- Okhahlamba Local Municipality (KZ235)
- Imbabazane Local Municipality (KZ236)
- District Management Area 23 (KZDMA23)



The uThukela District Municipality derives its name from one of the major provincial rivers, namely the Tugela River that rises from the Drakensberg Mountains and supplies water to a large portion of KwaZulu-Natal and Gauteng.





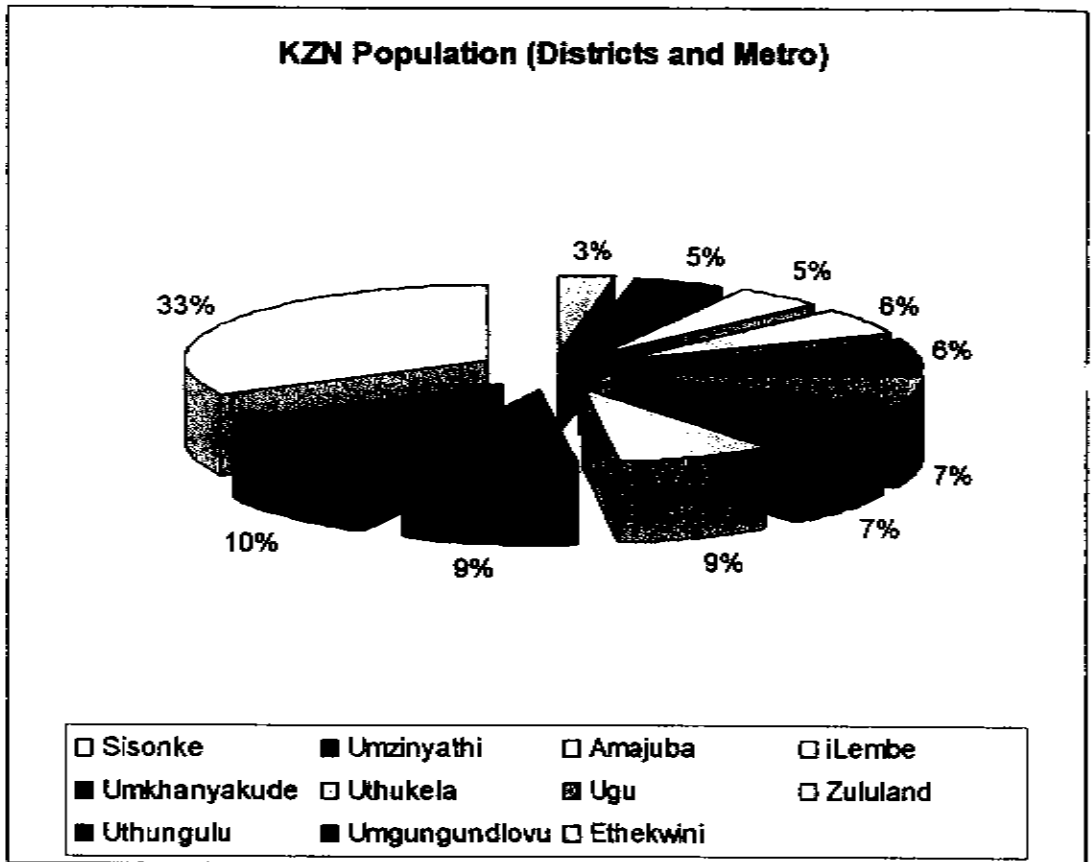
The uThukela District Municipality is predominantly rural, with approximately 75% of the population living on the rural landscape and the two newly demarcated local municipalities, Indaka and Imbabazane, having no formal towns and mainly comprising of traditional areas. The District is bisected by the N3 National Road, offering limited benefit to the people of the District. The economic hub of the District is the town of Ladysmith with the industrial areas of Danskraal and the Ithala Industrial Estate, as well as to a lesser extent, the town of Estcourt.

Located within the uThukela District Municipality is the Ukhahlamba Drakensberg World Heritage Site, which comprises mostly of the District Management Area, stretching 93958.22 hectares, or 8.3% of the area of the District. The main tourism hub is the Cathkin Park, which falls within the Cathkin Park Development Node, with a second development node located near the Royal Natal National Park, called the Babangibone Development Node. The towns of Bergville and Winterton are located within the vicinity of the Drakensberg and derive some benefits from the tourism industry. The town of Ladysmith is a significant historical tourism destination and offers a number of museums and historical sites.

The uThukela District Municipality has a population of 714,910 people (Community Survey 2007 - Stats SA), which calculates to a density of 63 people per square kilometre. The population is predominantly female, with 389,415 females and 325,495 males. The average annual household income is R23,419 and the annual income per capita is R3,046. The majority of the population within the uThukela District Municipality is African (95.40%), followed by Indian (3.25%), White (1.05%) and Coloured (0.31%). From the 400,921 economically active population, 120,415 (30%) is employed, 68,564 (17%) is unemployed and 211,942 (53%) is not working. The table below compares the employment figures for the uThukela District Municipality with that of the KwaZulu-Natal Province.

	Population Employed	Population Unemployed	Population Not Working	Absolute Employment Rate	Absolute Unemployment Rate
KwaZulu-Natal 1991	28%	26%	46%	51.26%	48.74%
KwaZulu-Natal 2007	34%	21%	45%	58.91%	41.09%
uThukela DM 1991	20%	29%	51%	41.22%	58.78%
uThukela DM 2007	30%	17%	53%	59.13%	40.87%





The uThukela District Municipality has 7% of the total population of KwaZulu-Natal, which is slightly above the provincial average of 6.7% and compares in population size to the Ugu District Municipality. The figure below indicates the comparative population of the districts and metro within the province of KwaZulu-Natal.

The uThukela District has an annual average rainfall of over 1,000mm over most of its area and a mean maximum temperature of between 13.5 °C and 25.9 °C and a mean minimum temperature that varies between 3.7 °C and 12 °C. The temperature in the Indaka and Umsheni municipal areas are higher than the rest, mainly as a result of their distance from the Drakensberg, that in general has a lower temperature.

Employment is mainly in the manufacturing industry, followed by community/social services and the wholesale/retail sectors. Most people are employed in elementary positions, followed by plant/machine operators and craft and trade. The manufacturing industry therefore plays a significant role in employing the people of the uThukela District.

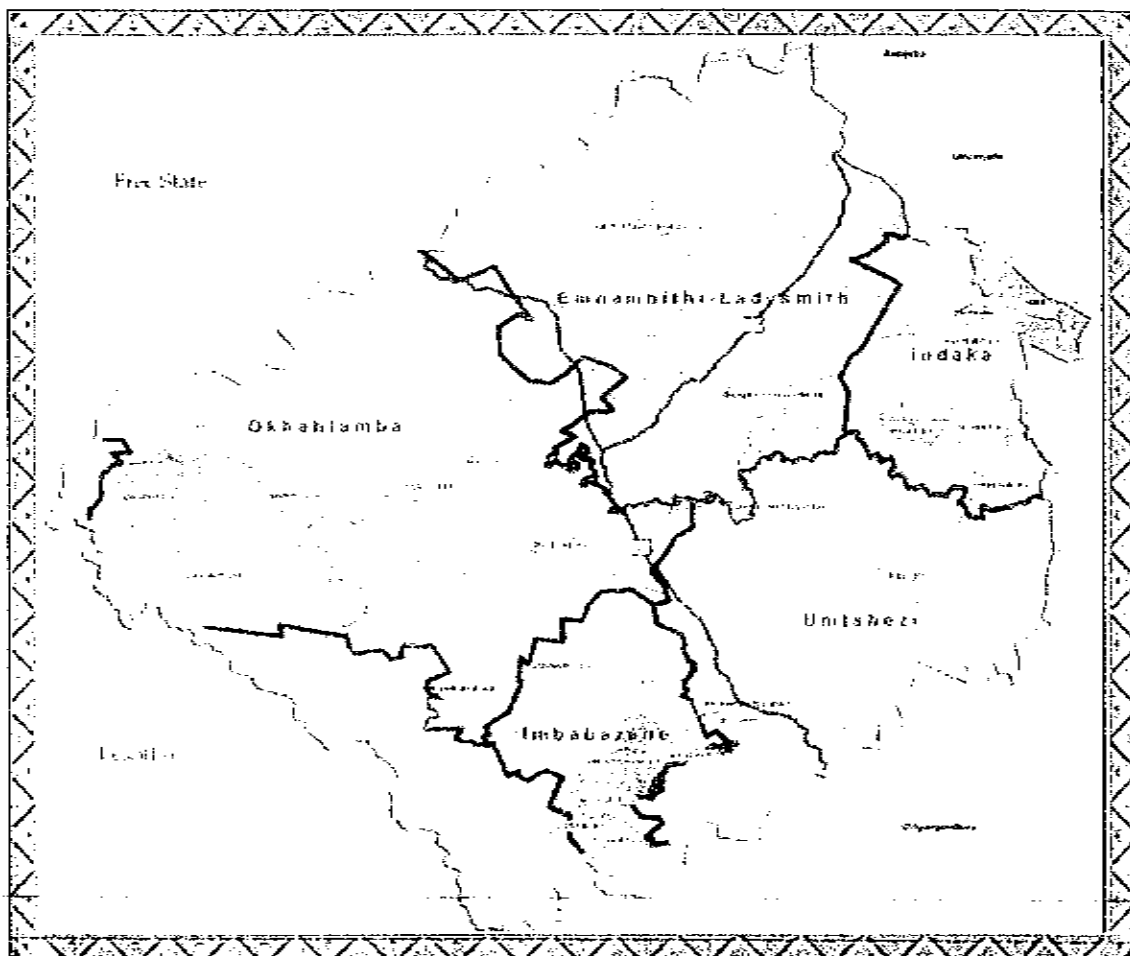




## General Information/Key Statistics

### uThukela District Municipality

- **Area:** 11,329.065 km<sup>2</sup> (1,132,906.5ha)
- **Population:** 714,910
- **Density:** 63 people/km<sup>2</sup>
- **Unemployment rate:** 40.87%
- **Local Municipalities:** 5 and 1 DMA
- **Local Authority Grade:** Category 4
- **Urban Rural split:** 25% urban 75% rural
- **Municipal Councillors:** 30 (3 full-time)
- **Traditional Authorities:** 18

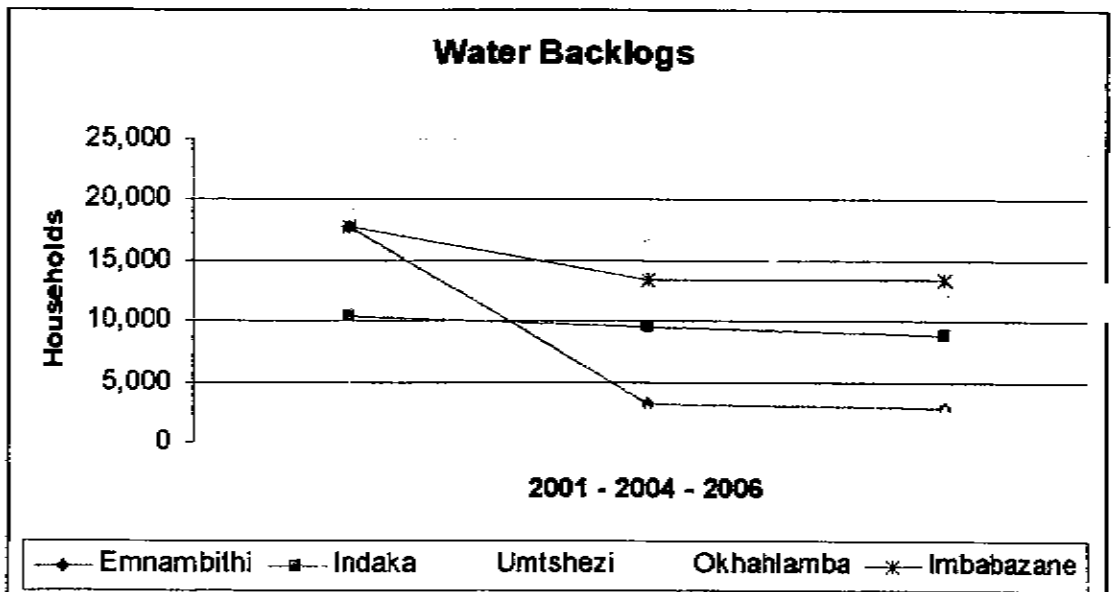


## Water and Sanitation Backlogs

The core function of the uThukela District Municipality is the provision of water and sanitation services. The following tables and graphs indicate the progress made up to the second half of 2006 (Source: 2006 Backlog Study by Jeffares and Green):

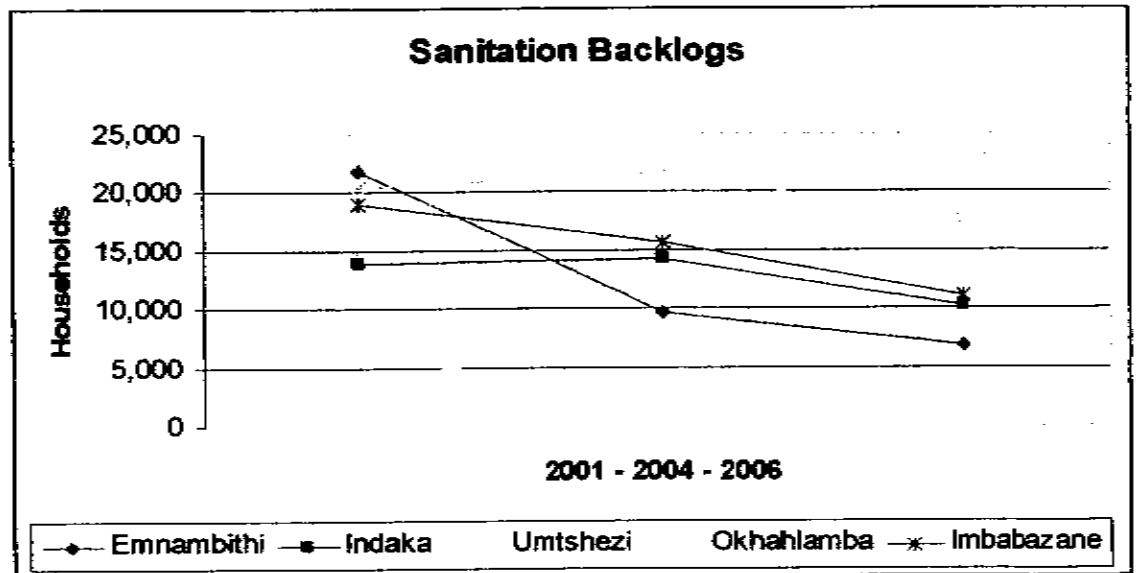
### Water Backlogs

LM	Water Backlogs 2001		Water backlogs 2004		Water backlogs 2006	
	Households	%	Households	%	Households	%
Emnambithi	17,718	13	3,104	2	2,750	2
Indaka	10,324	8	9,556	7	8,807	7
Umtshezi	4,469	4	2,520	2	2,520	2
Okhahlamba	19,339	14	16,889	13	12,289	9
Imbabazane	17,868	13	13,464	10	13,464	10
DMA	37	0	0	0	0	0
<b>Total DM</b>	<b>69,765</b>	<b>52</b>	<b>45,533</b>	<b>34</b>	<b>39,830</b>	<b>30</b>



### Sanitation Backlogs

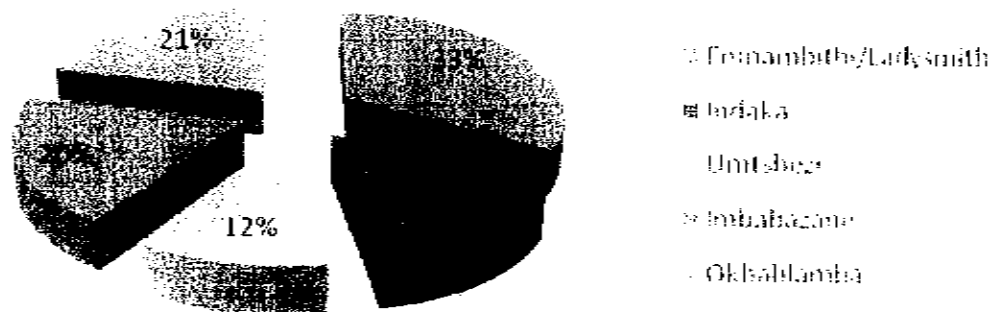
LM	Sanitation Backlogs 2001		Sanitation backlogs 2004		Sanitation backlogs 2006	
	Households	%	Households	%	Households	%
Ennambithi	21,743	16	9,740	7	6,908	5
Indaka	13,958	10	14,228	11	10,137	8
Umtshezi	5,616	5	3,386	3	2,520	2
Okhahlamba	20,370	15	21,707	16	17,662	13
Imbabazane	19,050	14	15,714	12	11,096	8
DMA	10	0	0	0	0	0
<b>Total DM</b>	<b>80,747</b>	<b>60</b>	<b>63,999</b>	<b>47</b>	<b>48,323</b>	<b>36</b>



### 2007 Population per Local Municipality

Municipality	Wards	Population		Households	
		2001	2007	2001	2007
Emnambithi/Ladysmith 2,964.822km <sup>2</sup>	25	225,459	236,746	50,530	50,259
Indaka 991.528km <sup>2</sup>	10	113,644	101,555	21,372	21,081
Umtshezi 2,130.288km <sup>2</sup>	7	59,921	83,906	13,093	15,231
Imbabazane 827.349km <sup>2</sup>	12	119,925	140,747	23,030	24,559
Okhahlamba 3,475.496km <sup>2</sup>	13	137,525	151,446	26,677	28,508
KZDMA23 939.5852km <sup>2</sup>		465	515	143	158
uThukela DM 11,329.065km <sup>2</sup>	Total 67	656,939	714,915	134,845	139,638

### uThukela Population Distribution 2007







## *Council Structure*

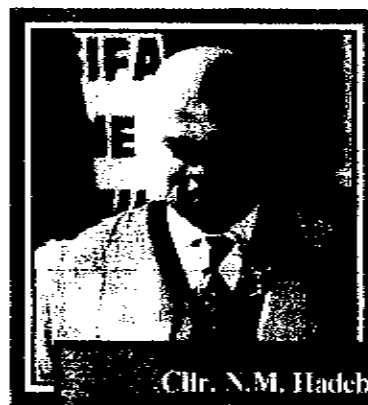
The uThukela District Municipality comprises of thirty (30) councillors of which eighteen (18) are representatives from the Local Municipalities (inclusive of the DMA representative), i.e. Emnambithi/Ladysmith, Indaka, Umtshezi, Imbabazane and Okhahlamba. Twelve (12) councillors are proportionally represented:



Cnr. S.M. Sithole  
His Worship the Mayor  
uThukela District Municipality

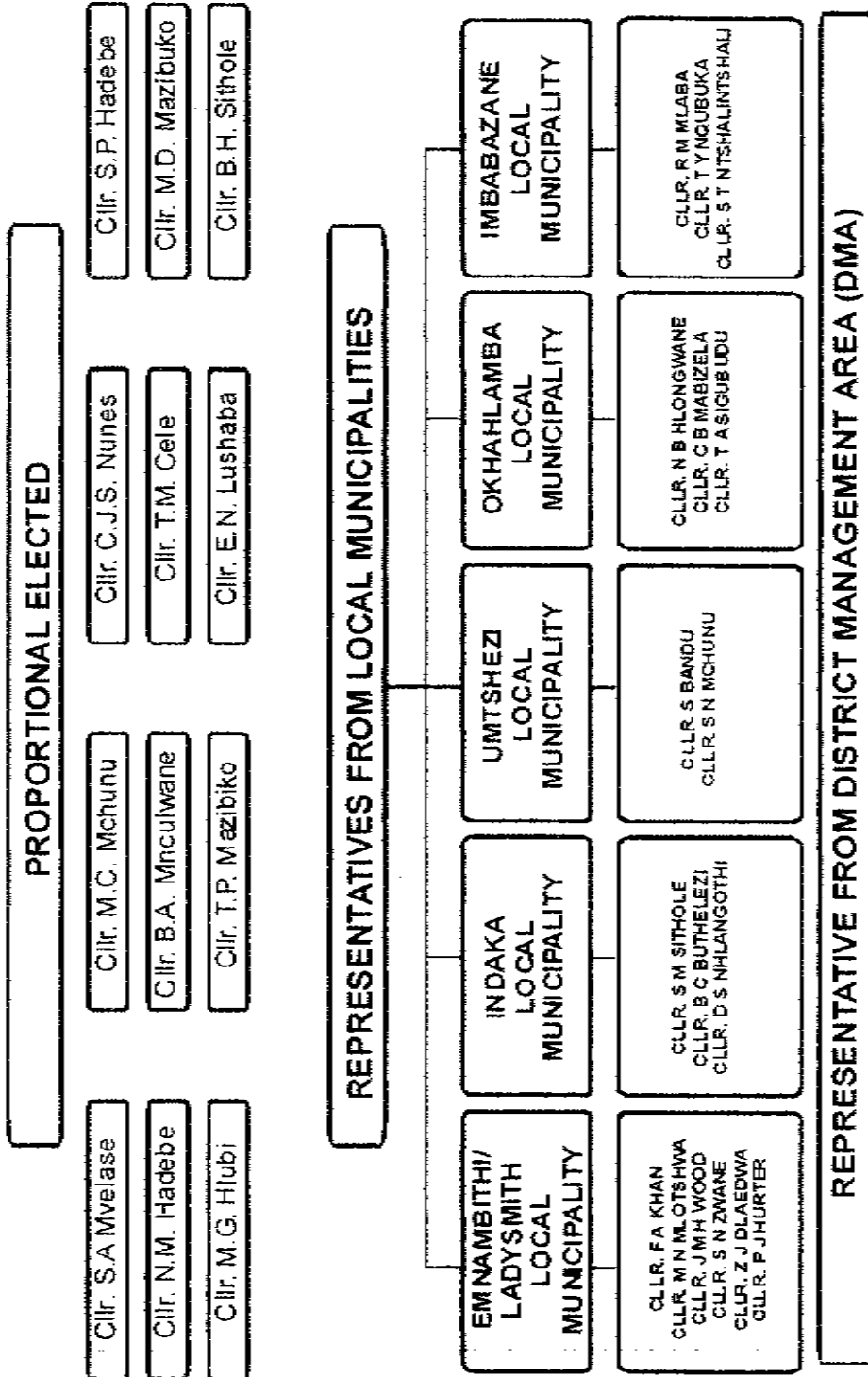


Cnr. S.A. Myelase  
Deputy Mayor  
uThukela District Municipality



Cnr. N.M. Hadebe  
Speaker  
uThukela District Municipality







# Municipality of Abitibi-Bonaventure Heads of Departments

Position Filled

Position Vacant

Municipal Manager  
S Nkebi

Personal Assistant  
G. Ndaiso

Organizational Strategic  
Manager  
Vacant

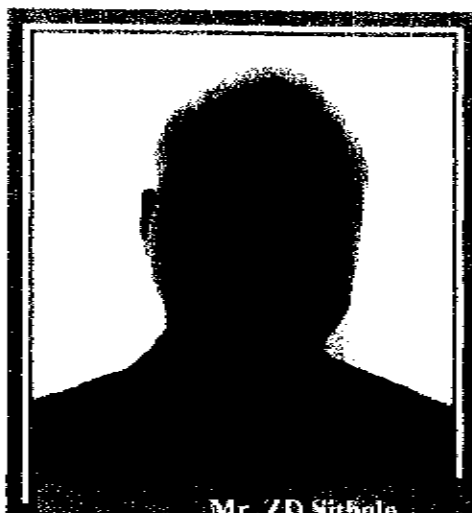
Deputy Municipal Manager  
Vacant

Personal Assistant  
Vacant

		Executive Director	Executive Director	Acting Executive Director	Acting Executive Director



## Corporate Services



**Mr. ZD Sithale**  
Executive Director Corporate Services

### ADMINISTRATION SERVICES

#### Administration

This section has proven to be immeasurable when it comes to the maintenance and securing of workstations in order to ensure a conducive environment for the daily activities of the Council. The importance of customer care has been upheld by ensuring that Satellite Offices located within the Local Municipalities are well maintained and serviced accordingly, ensuring easy customer access throughout the region.

Offices are based at Emnambithi/Ladysmith (Pieters, Lyell Street, Murchison Street, Alexandra Street and Colenso); Okhahlamba (Bergville Water/Satellite Office) and Umtshezi (Estcourt and Weenen Water/Satellite Offices). Strict measures have been put in place to control the budget with regards to stationery usage which has returned a huge saving to the Council coffers. A routing system has been installed at all Council since it has been proven to be economical viable in the past years.

#### Secretariat

Support services have been rendered by this section to all meetings for the Council as follows:

Committee	No. of meetings
Executive Committee	8
Council	6
Tender or Procurement Process Meetings	30
Planning and Technical Committee	1
Human Resources Committee	7
uThukela District Intergovernmental Forum & Technical Support Committee	7

It is of the utmost importance to mention that this section coordinate all meetings held within the Council. All meetings held were successful and contributed to the





upliftment of communities within this region.

### **Safety and Security**

The engagement of Beak Security in the region has been a valuable tool to combat all aspects of crime i.e. theft, fraud, attempted robberies etc. The relations established between the SAPS and the Beak Security has further strengthened the fight against crime.

## **HUMAN RESOURCES**

### **Employment Equity**

The Employment Equity Plan for the uThukela District Municipality was drafted in 2002/2003 for a 5-year period expiring in June 2007. The Employment Equity Plan for the 2007/2008 financial year was prepared and has been submitted to relevant committees for input and will be submitted to Council for final approval.

### **Skills Development and Training**

UThukela District Municipality makes training and development of staff, especially from previously disadvantaged groups and lower levels of the staff structure, its main priority. A variety of training interventions have been planned for staff especially from the Water Services Department which has been identified as a high priority. Training will include assistance in acquiring trade tests and training learner operators to acquire an operator qualification as per DWAF requirement.

Learnerships which will also reduce the skills gap in the community have also been prioritized in the Workplace Skills Plan. In 2009 the District Municipality, in conjunction with LGSETA, will initiate a project called Sinqanda ICholera, wherein 100 community members in the District will be trained to help the community prevent and deal with Cholera outbreaks.

Forty employees in the Bulk Water Services Section were enrolled in Water Treatment Training through Technisa and 39 of the employees passed all subjects and are now qualified Water Treatment Technicians. The training of plumbers is prioritised in the 2009 training plan.

The Municipality also offers a Conditional Grant Bursary Scheme for permanent employees to further their academic qualifications through distance learning, which has been updated to be in line with the Municipal Finance Management Act. For the 2007/2008 financial year, 6 of our permanent staff benefited through this scheme.





**Total Number of Staff per Department for the 2007/2008 Financial Year**

Department	No. of Staff
Management	02
Financial Services	27
Corporate Services	43
Strategic Planning and Economic Services	11
Health and Environment Services	15
Water and Sanitation Services Department	489
Infrastructural Development	6

## **DEVELOPMENT FACILITATION**

### **Introduction**

This section focuses its attention on ensuring that communities and all other stakeholders in the Municipality's area of jurisdiction are participating and kept fully informed of developmental activities conducted within the District. In the project cycle facilitators break the ground and ensure that Project Steering Committees are formed and trained.

Facilitation involvement starts from inception of the project up to project hand-over to communities. In programmes, they support various departments in ensuring a successful outcome. This insures that all Council's programmes and service delivery projects are received in good spirit by the beneficiaries.

During the 2007/2008 financial year ten (10) water projects, eighteen (18) sanitation projects, one (1) sports field and one (1) taxi rank were successfully implemented due to the role facilitation played in the before mentioned projects.

The Development Facilitation section is also responsible for community awareness and liaison of the following Mayor's programmes:

- Water Week
- Youth Day
- Women's Day
- Sanitation Week
- Mayoral Cup
- Kwanaloga Games
- HIV/Aids Day
- Heritage Day.

Throughout the year the Development Facilitation section also provides support during disasters and recovery from disasters within the District.

### Community Participation, Awareness and Liaison, Training of SPCC's

#### Household Sanitation

Local Municipality	Project Area
Indaka	KwaHlathi, Sahlumbe/Nkaseni, Stanford/Vaalkop
Emnambithi/Ladysmith	Roosboom, Watersmeet, eZakheni E Sewerage System (Phase 2)
Okhahlamba	Emause, Zwelisha, Obonjaneni
Umtshezi	Tatane/Mqedandaba, Cornfields, Thembalihle
Imbabazane	KwaDlamini, KwaMkhize, KwaVala, Edashi, Emahlutshini, Enkomokazini

#### Community Awareness & Liaison

#### Water Projects

Local Municipality	Project Area
Imbabazane	Ntabamhlophe C W, Amangwe Water Reticulation/ North
Okhahlamba	Dukuza (Hoffental), Bergville Bulk Water Supply, Acton Homes
Emnambithi/Ladysmith	Driefontein Complex Bulk Water Supply which includes - <ul style="list-style-type: none"> <li>• Inkanyezi Community Water Supply</li> <li>• Sizanentuthuko Water Project</li> <li>• Sizonqoba Water Project</li> <li>• Jononoskop - Matiwanoskop Water Project</li> <li>• Roosboom</li> </ul>
Indaka	Ohwebedeni Water Extension, Mhlumayo Water Project
Umtshezi	Mhubheni Water Project

#### Sports Fields

Local Municipality	Project Area
Okhahlamba	New Stand
Indaka	Revitalisation of Uitval sports field

#### Taxi Ranks

Local Municipality	Project Area
Indaka	Ekuvukeni





### **Liaison & Awareness – Mayor’s Budget meetings**

<b>Local Municipality</b>	<b>Date</b>
Indaka	15 May 2008
Imbabazane	19 May 2008
Umtshezi	20 May 2008
Emnambithi/Ladysmith	22 May 2008
Okhahlamba	23 May & 29 May 2008

### **Mayor’s Water Conservation Road Shows**

<b>Local Municipality</b>	<b>Project Area</b>
Emnambithi/Ladysmith	Roosboom, Colenso, eZakheni E, Qinisa

## **DISASTER MANAGEMENT**

### **Overview**

Disaster management is responsible for the following functions:

- Institutional arrangements
- Assessments
- Operational arrangements

### **Institutional Arrangements**

The District Municipality has successfully appointed an official as the Head of Disaster Management for the municipality in compliance with legal requirement. His duty is to specialise in issues concerning disasters and disaster management in the municipal area, and promote an integrated and co-ordinated approach to disaster management within the municipal area.

The Municipal Disaster Management Advisory Forum has been established which consist of different role-players from various departments which operate within the jurisdiction of the Municipality, as well as NGO’s, Volunteers, Churches, Farmers Associations, etc.


A Disaster Management Portfolio Councillor has been assigned by Council to focus on Disaster Management matters.

### **Assessment**

The Disaster Management Plan consists of all the hazards identified within the







uThukela District, such fires, floods, incidents of snow, storms, etc.

### **Operational Arrangements**

The District currently has no operational centre and is using cell phones and landlines as communication mechanism. Contingency Plans and Incident/Disaster Management Committees are in place to deal with all potential disasters that may take place within the area.

### **Disaster Incidents reported during the 2007/2008 financial year**

At the beginning of December 2008, there were severe storms and strong winds that affected 2,654 houses; 2602 Roofs were blown off and 52 houses collapsed.

Temporary relief assistance given to affected families is as follows:

<b>Local Municipality</b>	<b>Tents</b>	<b>Plastic Sheeting</b>
Umtshezi	12	90
Imbabazane	55	120
Emnambithi	62	140
Okhahlamba	15	40
Indaka	05	40

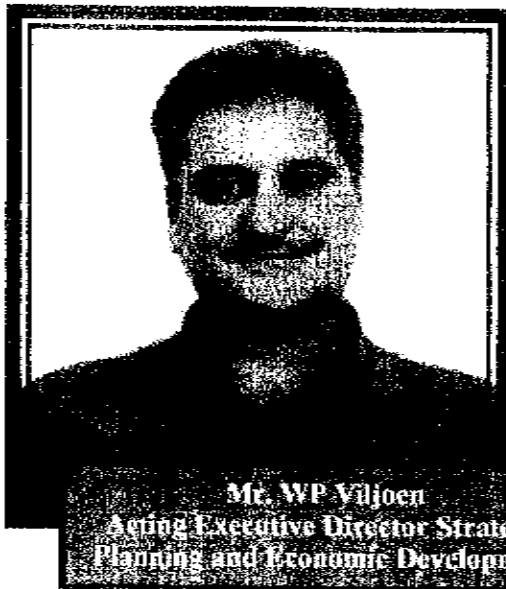
The following relief agencies were involved:-

- uThukela Disaster Management
- All five Local municipalities
- Social Development
- AL-Imdaad foundation
- Ladysmith Dawah Centre
- SA Red Cross





## *Strategic Planning and Economic Development*



**Mr. WP Viljoen**  
Acting Executive Director Strategic  
Planning and Economic Development

### OVERVIEW

The Department consists of 12 officials, fulfilling the following functions:

- Local Economic Development
- Gender and Disabled
- Sport and Youth
- Tourism
- Strategic Planning
  - Development Planning
  - Performance Management
  - Geographical Information System
- Information Technology

### LOCAL ECONOMIC DEVELOPMENT

#### Introduction

Throughout the 2007/2008 Financial Year Co-operatives were supported and opportunities created aimed at exposing the groups to a learning environment. Support was in the form of projects visits, continued encouragement and constructive criticism before and during events. Training to crafters was facilitated in conjunction with the Department of Economic Development, Trade and Industry KwaZulu-Natal and Tradepoint South Africa Durban and transport provided from and to training events and venues.

#### Support to Small Business

UThukela supported crafters throughout the district and assisted the art and craft industry to produce products for the export market though training and transport. This has increased opportunity for income generation, encouraged self-employment and thus contributes to poverty eradication. The district boasts top master crafters in the fields of textile wire weaving, grass weaving and beading in the province of KwaZulu-Natal. The district has joined hands with numerous stakeholders, such as Tradepoint South Africa Durban in the training, financing and support to crafters. Support was rendered





in the form of auditing and in the facilitation of export channels and training.

Emerging cooperatives/exporters that benefited from export opportunities are Thandanani Mazizi, Sinothando Crafters and Bambisanani Crafters. Thandanani Mazizi consists of eighty members, Sinothando Crafters has twenty four members and Bambisanani has 12 members, all with export certificate. Their products was sold and promoted in events/exhibitions held at Gallagher Estate in Midrand, Berlin in Germany, Reunion Island and California in the United States of America. Exporters whose products were selected to be displayed at the above events also stand a chance to benefit from training which is conducted by uThukela and the Department of Trade and Industry (DTI). Exporters are selected for training based on product pricing, packaging, labelling, marketing and business management. Some crafters are not export ready, but are selling their products at the annual South African Handmade Collection.

#### **Financial Benefits**

The total value of the craft items sold in Berlin and in the Reunion Island was R23,176.00. This exposure provided Crafter Associations with much-needed opportunities to learn about establishing networks and linkages and the sharing of ideas and information. The support to craft groups to build a sustainable craft industry will continue in the 2008/2009 financial year.

#### **Planning**

Currently a district wide Regional Economic Development Programme is nearing completion, funded with funding from the European Union, with the uThukela Arts and Crafts Development Programme, funded by the same organisation, being completed. The Arts and Crafts Development programme is set to be implemented, as soon as funding becomes available.

#### **Manufacturing**

The district currently supports the formation of co-operatives throughout the whole district. At the beginning of the year there were over 130 co-operatives that had been formed and registered. The role of the district municipality initially was to assist with the registration, but recently the municipality had mainly linking the co-operatives with the markets for products and strengthening of recording and bookkeeping skills. Also individual businesses have received assistance particularly sourcing information on behalf of these businesses.





### **Street Traders and Hawkers**

In this area, the uThukela focus was mostly on building partnerships with the African Cooperation for Hawkers and Informal Business (ACHIB). ACHIB aims to establish regional warehouses to allow hawkers and informal business to buy in bulk from such warehouse as a way to become competitive with supermarkets entering into the informal trade areas. To this end, an information sharing day was hosted by uThukela in partnership with ACHIB on 17 June 2008 at the Ladysmith Outdoor Sports Centre.

### **Indaka Poultry Projects**

The Indaka Poultry Project was made possible with funding from the Department of Local Government and Traditional Affairs to the sum of R1-million. The project consists of eight co-operatives and is in the planning and initiation phase, with a business plan drafted and approved and a Steering Committee established. UThukela has joined hands with Ever Trade in the registration, financing, training and project support of the following co-operatives:

- Matshwele Co-operative has eight members situated at Sahlumbe.
- Sizakancane Co-operative has eighteen members situated at Mhlumayo.
- Bambanani Co-operative has eight members situated at Mhlumayo.
- Siyanqoba Co-operative has eight members situated at Kwa-Mteyi.
- Uitval Poultry Project has eight members situated at Uitval.
- Zamokwethu Co-operative has eight members situated at Vaal Kop.
- Vukani Co-operative has eight members situated at Somsuku.

## **GENDER AND DISABILITY**

### **Gender**

A Women's day event was held at the Colenso Sports Ground during the 07/08 financial year and the Women in Agriculture and Rural Development (WARD) received a financial contribution towards training for their broiler project in the Indaka Local Municipality. On 17 May 2008, the uThukela District Municipality assisted in the hosting of a Virginity Testing and Counselling Initiative at Roosboom in the Emnambithi/Ladysmith Local Municipality.

An Exhibition day is planned for the 2008/2009 financial year, whereby successful woman in business will be invited to motivate women. UThukela further aims to





establish a Men's and Women's Forum during the next financial year.

### **Disability**

It is the point of view of the uThukela District Municipality that disabled persons should be represented in all municipalities and government departments. To this end, a District Disability Forum was established to monitor progress in addressing the plight of the disabled. An application was made to the Services Sector Education and Training Authority (Services SETA) to provide life skills training to disabled people, that will include computer and office skills training.

During the 2008/2009 financial year uThukela will attempt to provide training of Home Based Caregivers to provide care to the disabled people living with HIV/AIDS. Public Works were also contacted regarding partnering in the hosting of a workshop on tender pricing and the importance of registering with the Construction Industry Development Board (CIDB). The workshop will be on the 19/08/2008 at the Public Works Offices in Ladysmith. The followings future events are also acknowledged:

- Internal Day of Disabled People
- Albinism Day
- Blind and Deaf Day
- Sports and Recreation Day
- Deaf and Dumb Sign Language Teaching


### **SPORT AND YOUTH**

On the sporting front two successful events were held. The Mayoral Cup was held on 16 September 2007 and the Kwanaloga Games between 30 November 2007 and 4 December 2007 at Port Shepston.

### **TOURISM**

The uThukela District Municipality participated in a Tourism Indaba hosted by Tourism KwaZulu-Natal during 10 to 13 may 2008. At this event, brochures on tourism and investment opportunities were made available. During the Royal Agricultural Show, held between 23 May and 1 June 2008, uThukela, in partnership with the Okhahlamba Local Municipality and the Emnambithi/Ladysmith Local Municipality secured a stand to promote tourism within uThukela. Between 13 and 16 June 2008, uThukela was also present at the Gauteng Outdoor Adventure show, held in Gauteng.





## STRATEGIC PLANNING

The IDP has successfully been reviewed to inform the 2008/2009 Financial Year and has been adopted and submitted with all deadlines met. The assessment of the IDP to inform the 2008/2009 indicated a substantial increase in credibility from previous years, placing the credibility of the uThukela IDP in six ranking out of 61 municipalities.

The issues to be addressed during the 2008/2009 financial year include the following:

- Backlogs in the provision of sustainable infrastructure, water and sanitation services
- Economic Development
- Prevention of ill-health and promotion wellness
- Financial and administrative capacity of the district
- Accountability and public participation institutions
- Public safety and security
- Tenure security and shelter
- Coordination of services
- Addressing the injustices of the apartheid past

## DEVELOPMENT PLANNING

During the 2007/2008 financial year, the Department of Economic Development funded an Organic Farming Assessment, which investigated the feasibility of organic farming within the uThukela District Municipality. Several development applications were received in line with the Town Planning Ordinance and the Development Facilitation Act, ranging from sub divisional applications to lodge developments. Comments were made on 3 subdivisions, 2 cellular mast developments, 6 business applications and 1 chicken abattoir.

## PERFORMANCE MANAGEMENT

Performance Reports for the 2007/2008 financial year were all completed for Section 57 employees and quarterly reports and supporting documentation submitted. Targets for the 2008/2009 financial year were developed in line with projects identified in the 2008/2009 Integrated Development Plan (IDP).



## **GEOGRAPHICAL INFORMATION SYSTEM**

UThukela GIS has continued to provide valuable information to internal departments, local municipalities, provincial and national government departments, consultants and private individuals. The following were undertaken during the 2007/2008 municipal financial period.

The uThukela GIS assisted in the informing and compilation of the revised Spatial Development Framework, to inform the 2007/2008 IDP. A set of maps to be included in the IDP was prepared for inclusion in the 2007/2008 IDP. The results of the 2007 Community Survey were incorporated into the database and the information used to update the demographics of the 2008/2009 IDP.

The GIS capacity of Imbabazane and Umtshezi Local Municipalities were increased through the training of their GIS staff.

- Assisting the 5 local municipalities with mapping requirements
- Supplying Spatial Data to various service providers
- Mapping requirements for various Government Departments

## **INFORMATION TECHNOLOGY**

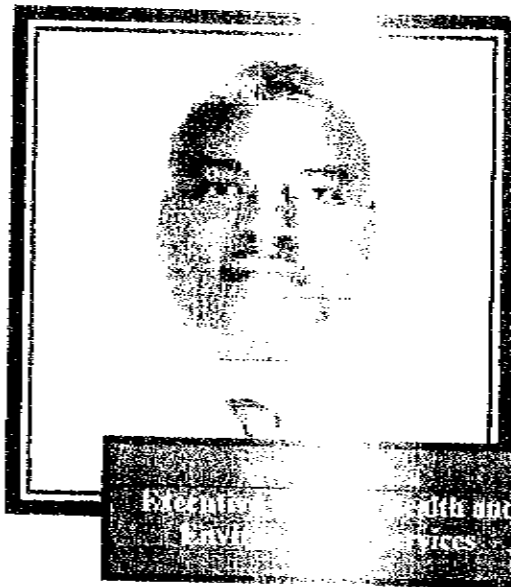
During the 2007/2008 financial year the following computer equipment were purchased, mainly from the Municipal Systems Improvement Grant (MSIG), to an amount of R527,000.00:

- 28 Desktop Computers were replaced
- 2 New file servers were replaced, the outdated Novel server was replaced with a Windows 2003 Server and the financial server was replaced to accommodate the updated MunSoft programme.
- The following software updates were implemented
  - Trend Micro Office Scan
  - MunSoft financial system
  - 2 x MS Office 2007 Pro
  - 1 New MikroTik 433 Router was installed
  - 8 Panasonic KXP1150 Dot matrix receipt printers were installed at the satellite offices and 1 Samsung ML2851 Laser printer at the financial offices
- 1 Network radio link was replaced at the Laboratory





## HEALTH AND ENVIRONMENTAL SERVICES

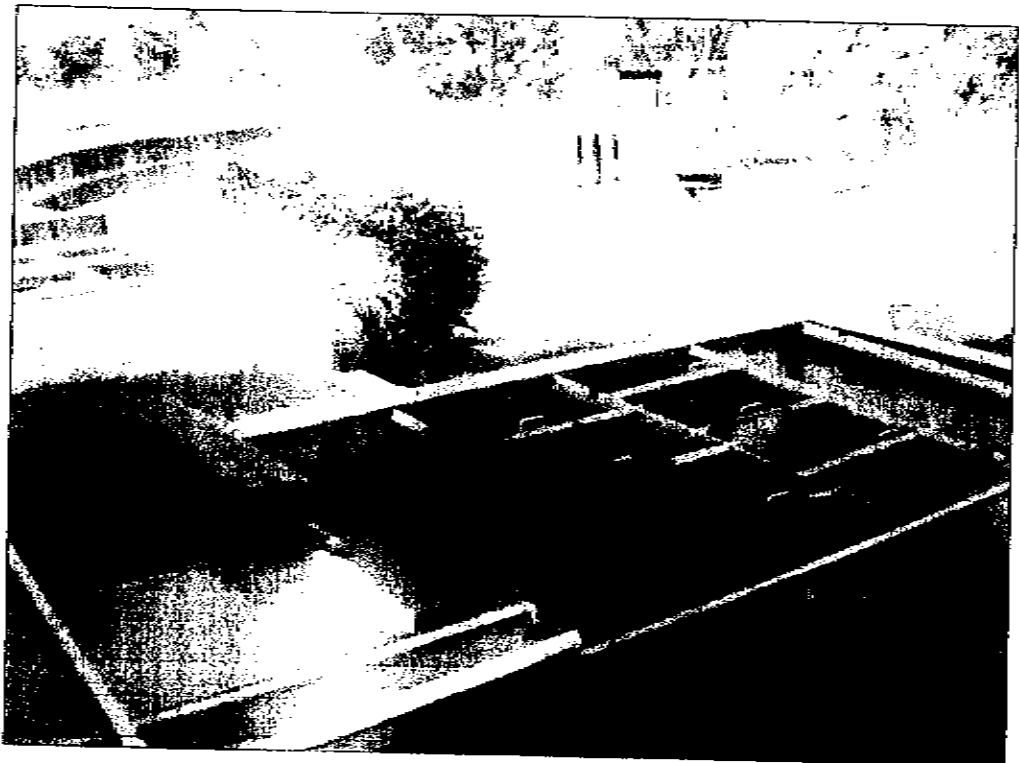


### Introduction

This report is not only a reflection of the achievements of the past financial year but it offers us an opportunity to highlight our achievements and to plan the appropriate interventions that are required to address the challenges encountered in the delivery of Health and Environmental Services to the citizens of the uThukela District.

### WATER SERVICES AUTHORITY

#### Access to Safe Water Supply



Ladysmith Water Purification Works







The annual rate of safe water supply backlog reduction is 4,5% in uThukela District. During 2007/2008 financial year, 5 745 households were served with safe water supply in uThukela District.

Water supply backlog as at the end of June 2008 was 21% (Based on water services backlog study report of September 2006). This translates to 28 340 households that do not have access to safe water supply.

Based on the current rate of water services backlog reduction of 4,5% per annum, it is crystal clear that the National target for water supply backlog eradication by 2008 will not be achieved. To eradicate 28 340 households water supply backlogs, an estimated amount of R337 929 987.00 is required in uThukela District.

#### **Access to Appropriate Sanitation Services**



The annual rate of appropriate sanitation services backlog reduction is 5% in uThukela District. During 2007/2008 financial year, 6 484 households were served with appropriate sanitation services in uThukela District.

Appropriate sanitation services backlog as at the end of June 2008 was 26% (Based on the sanitation services backlog study report of September 2006). This translates to 35 355 households that do not have access to appropriate sanitation services. To eradicate 35 355 households sanitation services backlogs, an estimated amount of R130 883 735.00 is required in uThukela District.

Ventilated Improved Pit Latrine (VIP)

#### **Bucket System Sanitation Eradication**

Bucket system sanitation was eradicated during 2006/2007 financial year in uThukela District.



### Water Quality Status (Microbiological)



Water provided by uThukela District Municipality to consumers in uThukela district is analysed regularly by competent District Municipality Technicians for bacteriological and chemical quality in order to ensure that potable water is supplied to the consumers.

Overall microbiological compliance rate for uThukela District = 98.4%. This represents good quality water supply in terms of SANS 241 Water Quality Standard for South Africa.

The following table indicates the samples taken at the water works within the uThukela District Municipality.

Water Works	Total Samples	No. of Samples	No. of Non-Compliant Samples	% Compliant
1. Archie Rodel	183	182	1	99.5%
2. Bergville	141	136	5	96.5%
3. Colenso	119	117	2	98.3%
4. Ezakheni	570	562	8	98.6%
5. George Cross	250	250	0	100%
6. Ladysmith	617	617	0	100%
7. Langkloof	17	16	1	94.1%
8. Loskop	118	114	4	96.6%
9. Moyeni	112	111	1	99.1%
10. Olifantskop	218	212	6	97.2%
11. Tugela Estates	27	25	2	92.6%
12. Weenen	36	36	0	100%
13. Winterton	88	79	9	89.8%
Total	2496	2457	39	98.4%





uThukela District Mayor: Cllr. S. M. Sithole delivers a keynote address during the Water Conservation and Demand Management Awareness event held in the Ekuvukeni area.

### Challenges

- Insufficient funds to improve the rate of reduction of water and sanitation backlogs.
- High number of indigent consumers (59% unemployment rate) resulting in non-payment of services.
- Old and dilapidated water and sanitation infrastructure causing perpetual bursting of water and sewer pipes.




## MUNICIPAL HEALTH SERVICES

### Municipal Health Services Annual Statistical Report: July 2007 to June 2008

#### 1. Meetings

Type of meetings	No. of meetings
Staff meetings	16
Management meetings	36
District meetings	4
Provincial meetings	10
National meetings	0

#### 2. Skills Development

Type of training received	No.
Workshops	4
Conferences	5
Courses	0

#### 3. Complaints

Nature of complaint	No.	No. Investigated	No. Satisfied	No. Unsatisfied
Sewer overflow	86	86	82	4
Littering	12	12	12	0
Vegetation overgrowth	68	68	50	18
Water pollution	17	17	14	3
Air pollution	7	7	7	0
Water leakage	2	2	2	0
Total	192	192	167	25

#### 4. Food Premises Inspection

Description	No. of Inspections	No. Satisfied	No. Unsatisfied
<b>Formal</b>			
General dealer	198	171	27
Take away	62	42	20
Restaurant	92	76	16
Supermarket	47	47	0
Dairies	24	18	4
Butcheries	66	62	4
<b>Informal</b>			
Spaza shops	102	98	4
Street vendors	192	58	134
<b>Total</b>	<b>783</b>	<b>572</b>	<b>209</b>
Food condemnation	34	9,854kg	

#### 5. Commercial Premises

Description	No.	No. Satisfied	No. Unsatisfied
Funeral undertakers	92	79	13
Private General Practitioners premises	116	111	5
Pharmacies	32	32	0
Hazardous substances premises	20	20	0
Crematoria	12	12	0
Dry cleaners/laundry	42	36	6
Scrap Yard	19	14	5
Sand Winning	4	4	0
Hotels/Motels	23	19	4
Bed & Breakfast	48	45	3
<b>Total</b>	<b>408</b>	<b>372</b>	<b>36</b>



## 6. Industrial Premises Inspection

Description	No.	No. Satisfied	No. Unsatisfied
Asphalt works	4	4	0
Gas works	12	12	0
Metal products	19	15	4
Paint or surface coating	14	12	2
Spray painting	25	21	4
Welding	17	12	5
Clothing manufacture	47	43	4
Footwear manufacture	18	16	2
Milling	12	8	4
Quarry	6	6	0
Rubber moulding	8	6	2
Timber manufacturing	12	8	4
Textile works	12	12	0
Waste collection	8	7	1
Petrochemical installation	22	19	3
<b>Total</b>	<b>236</b>	<b>201</b>	<b>35</b>

## 7. Institutional Premises Inspection

Description	No.	No. Satisfied	No. Unsatisfied
Clinics	52	50	2
Hospitals	12	11	1
Crèches	42	36	6
Schools	120	105	15
Children's homes	9	9	0
Place of safety	-	-	-
Rehabilitation centres	-	-	-
Old age homes	12	12	0
Police stations	9	9	0
Prisons	7	7	0
Magistrate courts	12	12	0
Churches	9	9	0
Town/Community Halls	7	7	0
<b>Total</b>	<b>291</b>	<b>267</b>	<b>24</b>

### 8. Residential Premises Inspection

Description	No.	No. Satisfied	No. Unsatisfied
Formal dwelling units	172	118	54
Informal dwelling units	96	64	32
Other specify	-	-	-
<b>Total</b>	<b>268</b>	<b>182</b>	<b>86</b>

### 9. Other Premises

Description	No.	No. Satisfied	No. Unsatisfied
Abattoirs	5	5	0
Cemeteries	18	18	0
Kennels	6	6	0
Stables	2	2	0
Piggeries	-	-	-
Poulties	-	-	-
Swimming pools	19	15	4
Farms/Small holdings	-	-	-
Other specify	-	-	-
<b>Total</b>	<b>50</b>	<b>46</b>	<b>4</b>

### 10. Surveillance and Control of Communicable Diseases

Description	No. of notifications received	No. Investigated	No. of persons affected
Cholera	-	-	-
Typhoid	-	-	-
Diarrhoea	-	-	-
Malaria	2	2	2
Paraffin poisoning			
Chemical poisoning			
Pesticidal poisoning			
Rabies/dog bite investigation	12	12	12
Tuberculosis	4	4	4
Others specify - bilharzia	-	-	-
<b>Total</b>	<b>18</b>	<b>18</b>	<b>18</b>



### 11. Health Education/Promotion Activities/Events

Topic/Theme/Name of event	Area/Place held	No. of audience
World Environmental Day	Isiqoqha PS - Ezakheni	2000
District Aids Council Launch	Uitvaal Sports Ground - Indaka	2500
Human Rights Day	Loskop - Nkomkazani	3000

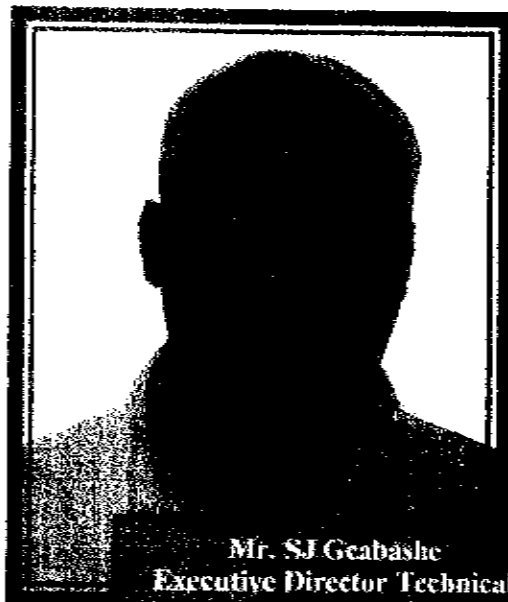
### 12. Other Activities

Description	No.
Imported consignments	3
Licence applications comments	45-
Plans scrutinisation	519
Prosecutions	6
Development applications [ptb]/Health certificates	72
Other specify	-
<b>Total</b>	<b>645</b>

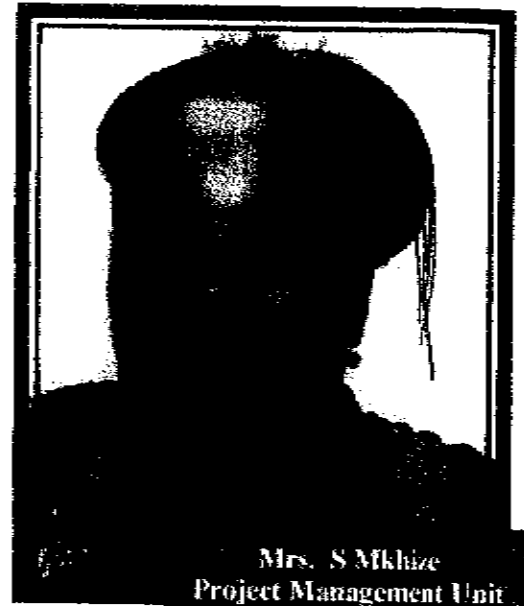




## **TECHNICAL AND INFRASTRUCTURE**



**Mr. SJ Geabashe**  
Executive Director Technical  
and Infrastructure Services



**Mrs. S Mkhize**  
Project Management Unit  
Manager

### **INTRODUCTION**

In 2004 when MIG was introduced it placed emphasis upon the District Municipalities to establish a unit which will deal mainly with the implementation of water and sanitation projects within the District. This unit is within the Technical Department, reporting to the Executive Director Technical and Infrastructure Services and is formed by the following personnel:

- PMU Manager
- 3 Technicians
- 1 Communications Officer
- 1 Data Capturer and,
- 1 Personal Assistant.

#### **Vision**

To ensure that by 2012 all the people of uThukela District Municipality have access to water and sanitation.





### **Mission**

At least by 2012 all the people of this district will not only have access to basics services but will be able to operate and maintain their facilities as well. A portion of our annual allocation goes towards training of the people benefitting from the project, which then ensures the sustainability of the project.

From 2004 this unit has been able to manage and spend all the allocation for every financial year, which means that services are delivered to the intended communities. Expenditure allocated has been 100% as reflected in the Financial Statements.

## **WATER PROJECTS**

### **Ezakheni Sewer Project**

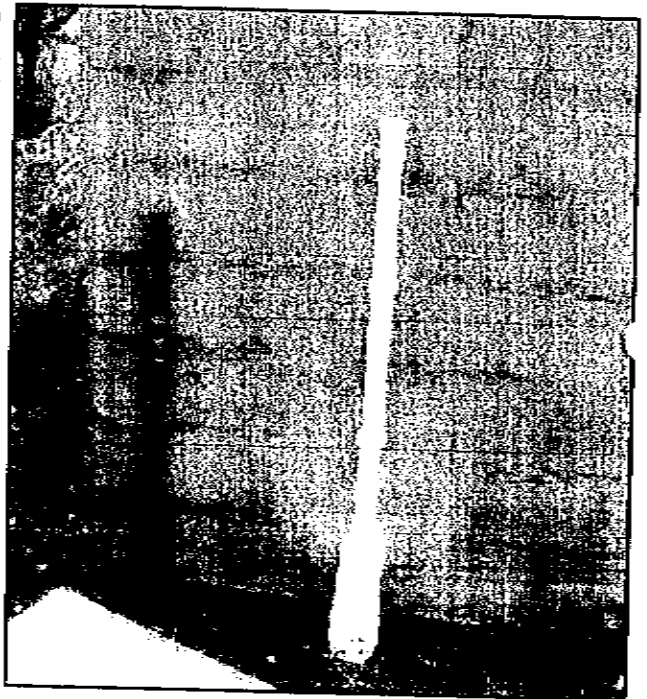
This project is divided into two phases. Phase 1 is the construction of approximately 40km of sewer reticulation, including 1,750 toilet top structures and internal sewer connections which are now complete. This phase is now complete.

Phase 2 is the construction of 1,564 top structures as the sewer reticulation in this area is in existence. Currently 1,393 toilet top structures have been completed with 171 top structures outstanding.

The total budget for both phases is R23,126,432.00

The expenditure to date R21,979,678.00

Total population served: 5,824





## **Ntabamhlophe Project**

This project is divided into three phases.

### Phase 1:

The construction of a 4.5km 355mm diameter uPVC rising main and associated pump station feeding a 400kl reservoir, with an 11.5km reticulation supplying 40 standpipes.

### Phase 2:

The construction of a 2.5km 315mm diameter uPVC rising main and associated pump station feeding a reservoir.

### Phase 3:

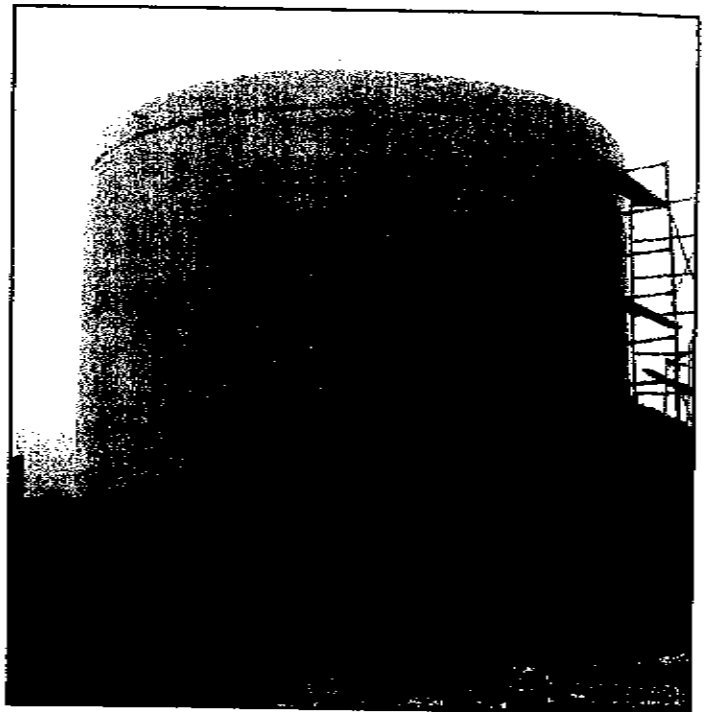
The construction of 1.4km 110mm diameter gravity main and 10.6km of reticulation. The reservoir, bulk lines and reticulation is complete. The project has been commissioned and handed over.

The total budget of the project was R20,538,153.68

Phases 5 to 13 of Ntabamhlophe Water project have been approved for implementation and the construction will commence early in the 2009/2010 financial year.

Budget allocated R70,891,154.00

Total population served: ± 80,000





**Driefontein Complex Bulk Water supply & Community Reticulation Project**



1. This is the establishment of a Bulk Water Supply to the Driefontein Complex:
  - 1.1 New pump station at Ladysmith Treatment Works.
  - 1.2 Booster Pump Station between Ladysmith and Driefontein.
  - 1.3 Bulk Feeder Mains – 13km.
  - 1.4 New 3Ml balancing reservoir at Hobstand.
  
2. The establishment of a Bulk Water Distribution Network within the Driefontein Complex:
  - 2.1 78 Km water mains of varying diameter.
  - 2.2 Eight new storage reservoirs ranging between 100kl and 500kl.
  - 2.3 Development of production boreholes (interim water sources)

The total budget for this project is R126,101,368.00

The expenditure to date is R33,730420.76

The total population in this project is: ± 65,830





**Driefontein Complex: Inkunzi Community Water Supply Scheme**

This project is the construction of a 300kl reservoir and the development of production boreholes with a minimum assured yield of 110kl per day, 50km of reticulation mains ranging in diameter between 40mm and 160mm and the installation of some 85 water widget standpipes

Total population served: 2,900

Allocated budget: R7,369,246.89

**Driefontein Complex: Reservoir Structures -Phase 1**

This project consists of 11 reservoir structures. 2 x 50kl, 4 x 150kl and 7 x 300kl.

Total population served: 5,400

Allocated budget: R8,310,080.83

**Driefontein Complex: Sizanentuthuko Community Water Supply Scheme**

This project is the development of production boreholes and 11,5km bulk water mains ranging between 110mm and 250mm diameter, 46km reticulation mains ranging between 40mm and 160mm in diameter and the supply and installation of some 100 water widget standpipes.

Total population served:

5,400

Allocated budget:

R14,314,653.89

**Driefontein Complex:  
Sizonqoba Community**





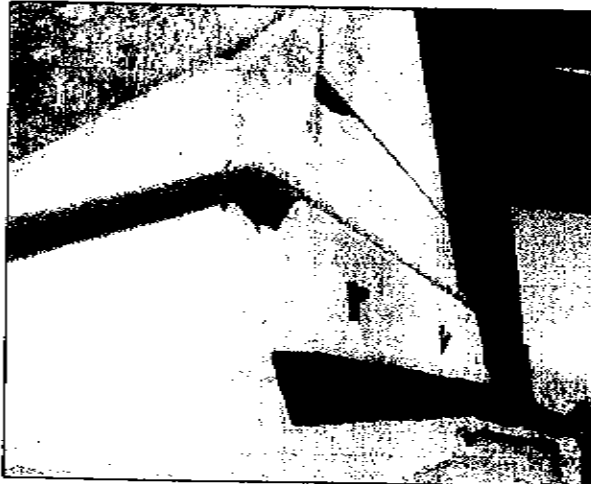
### **Driefontein Complex: Sisonqoba Community Water Supply Scheme**

This project is the development of production boreholes, 14,5km bulk water distribution mains ranging between 110mm and 200mm diameter, 20km reticulation mains ranging between 40mm and 110mm diameter and the supply and installation of some 75 water widge standpipes.

Total population served: 3,800

Allocated budget: R7,359,814.00

### **Bergville Bulk Water Project**



Phase 1 of this project is 90% completed and comprises the bulk water main from Bhethani reservoir to Acton Homes and Hambrook. The construction commenced on 15/02/08 and the contractor completion date is expected to be at the end of January 2009.

A contractor has been appointed for phase 2 and the project is expected to commence shortly.

Total budget for the project: R24,362,664.00.

Expenditure to date: R4,280,254.36

### **Obonjaneni Water Scheme**

This is a construction of weir and river abstraction installation. This project is complete.





### **Roosboom Water Supply**

This is the construction of a 250mm diameter bulk water supply pipeline from Median's Castle Reservoir to Twin Hill Reservoir in the Roosboom Township. The project has been divided into labour only and supply delivery of materials only from the original conventional contract. The project also incorporates the construction of a booster pump station and a 50kl reservoir.

The project is now out on tender and will be closing on 30 January 2009.

The budget for this project is R7,624,561,21

Total population served: 8,585

### **Moyeni /Zwelisha Dukuza-Hoffental CWSS**

This project is in the preliminary design stage and the area supply model is complete. The on-site investigation into the status of the existing Dukuza reticulation is complete. The project has gone out on tender.

The budget for this project is R26,103,599.00

The expenditure to date is R942,737.00

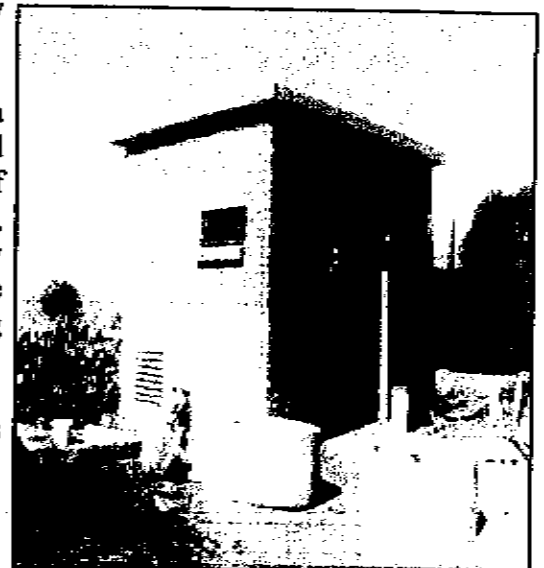
Total population served: 12,500


### **Umhlumayo Community Water Supply Scheme**

The project entails the construction of a 750kl reservoir, 11km rising main and abstraction works and 45km reticulation of Entabenebomvu, Nodinda, Hlonyane, Witteklein and Inhlambamasoka. Electricity connection has been completed and the project is in the process of being commissioned.

The total budget for this project is R36,437,911.00

The expenditure to date is R34,205,440.92





### **Moyeni/ Zwelisha**

The project entails the construction of a 2Ml/day water treatment works, the construction of the remainder of the Moyeni and Zwelisha reticulation, construction of bulk pipelines and pumping stations and extensions into Mazizini, Gugulethu, Newstand and Olivershoek.

Additional funding is R9,357,063.00

The expenditure to date is R4,055,071.20

Total population served: 37,408

### **Amangwe Water Scheme Phase 5 (Upgrading of Purification)**

The project consists of 10 reservoir areas from Reservoir A1 to A5 and C to C4.

The first phase is the reticulation for reservoir A5. The second phase consists of the reticulation for the reservoir areas A4, A3, C, C1, C2 and C4. The third phase is the reticulation for reservoirs A and A1. The fourth phase will consist of the bulk supply to Bhekuzulu. The fifth phase is the upgrading of the purification work.

The total budget for this project:

R44,974,818.00

The expenditure to date :

R44,974,818.00

Population served: 19.420

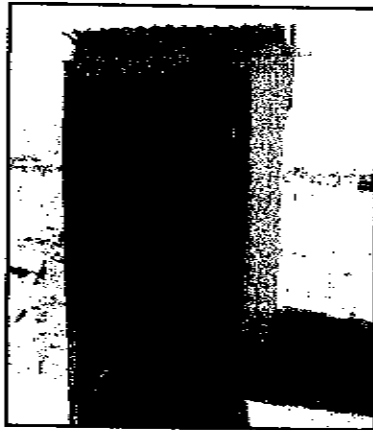






## SANITATION PROJECTS

### St Chads - Complete



The total number of structures constructed in St Chads is 2,237.

The total budget for this project: R5,786,410.00

The expenditure to date: R5,786,410.00

Population served: 10,692

### Bethany - Complete

The total number of structures to be constructed is 1,052. Health and Hygiene promotion in the form of ISD support is provided. Demonstration of toilet construction was incorporated into the project. Pit lining were installed where necessary. This project is complete.

The total budget for this project: R2,825,457.00

Total expenditure to date: R 2,825,457.00

Population served: 6,676

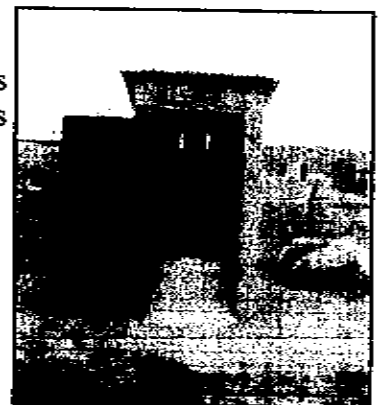
### Tatane / Mqedandaba - Complete


The total number of structures that has been constructed is 2,071. Pit lining where necessary. This project is complete.

The budget for this project: R5,421,488.00

The total expenditure to date: R5,421,488.00

Population served: 12,560



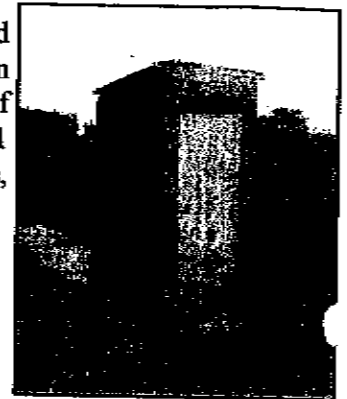


### **KwaMkhize - Complete**

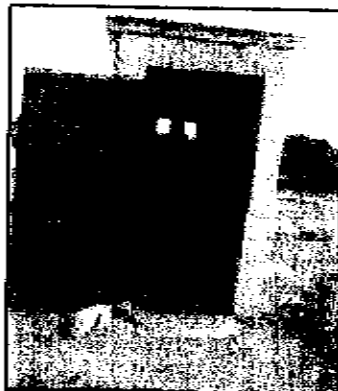
The extended community of KwaMkhize has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. Mvula Trust implemented phase 1 of this project and completed 1,037 toilets serving 7,301 beneficiaries. Phase 2 is aiming to benefit 4,270 people, made up of 616 households.

The budget for this project is R2,032,508.00

Total expenditure to date R1,805,490.00



### **Enkomokazini - Complete**



The extended community of Enkomokazini has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. Mvula Trust implemented phase 1 of this project and completed 811 toilets serving 4,932 beneficiaries. Phase 2 is made up of 1,793 households. This project is complete.

The budget for this project is R5,652,034.00

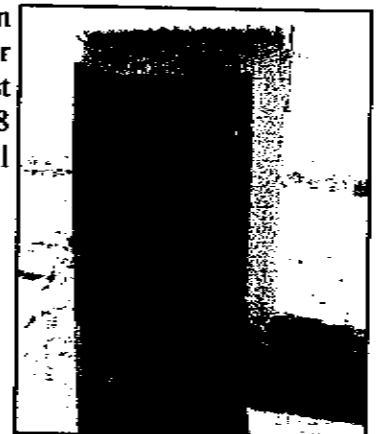
The total expenditure to date is R5,652,034.00

### **Roosboom**

The extended community of Roosboom has been prioritized by the Thukela District Municipality for implementation of a sanitation project. Mvula Trust implemented phase 1 of this project to cover 15,048 people made up of 2,508 households. 251 VIP toilets still to be constructed.

The budget for this project R8,057,916.00

The total expenditure to date is R4,414,743.40





### Zwelisha (Okhahlamba)



The extended community of Zwelisha - Okhahlamba has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. Mvula Trust implemented phase 1 of this project and completed 646 toilets serving 3,245 beneficiaries. Phase 2 is aiming to benefit 15,795 people, made up of 3,162 households.

The budget for this project is R10,025,217.00

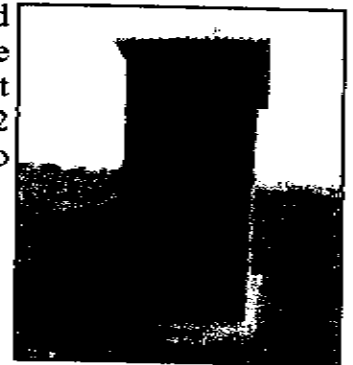
The total expenditure to date is R5,758,110.61

### KwaVala

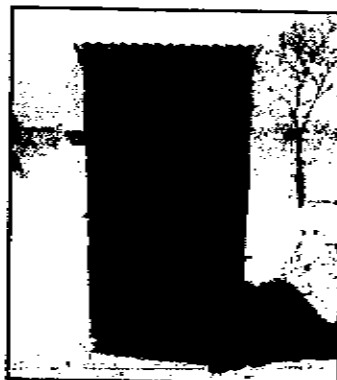
The extended community of KwaVala has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. Mvula Trust implemented phase 1 of this project and completed 402 toilets serving 2,222 beneficiaries. Phase 2 is aiming to benefit 13,739 people, made up of 2,500 households.

The budget for this project is R8,125,439.00

The expenditure to date is R3,861,736.10



### Watersmeet



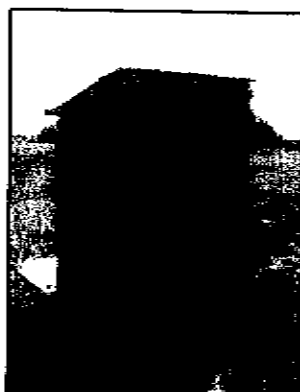
The project has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. This project was previously implemented by Mvula Trust and was not 100% completed. The new business plan intends to award 100% coverage to this project. The project will benefit 4,097 householders and a population of 24,072 people. 1925 VIP toilets have been completed.

The budget for this project is R13,150,583.00

The expenditure to date is R4,951,893.20



### **Edashi**



The extended community of Edashi has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. This project was previously done by Mvula Tust and was not completed 100%. The new business plan intends to award 100% coverage to this project. This project benefits 2,100 householders and a population of 18,855 people. 1613 VIP toilets have been constructed.

The budget for this project is R6,968,721.00

The expenditure to date is R2, 810,958.00

### **Jononoskop Sanitation**

This project has just been approved for implementation and it will commence in April 2009.

### **Silimangamehlo Sanitation**

This project has just been approved for implementation and it will commence in April 2009.

### **Emahlutshini**

The extended community of Edashi has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. This project was previously implemented by Mvula Tust and was not completed 100%. The new business plan intends to award 100% coverage to this project. This project will benefit 1,896 households and a population of 11,916 people. 240 VIP toilets have been constructed.

The budget for this project is R6,782,892.00

The expenditure to date is R3,152,863.10





### **KwaHlathi**

The extended community of KwaHlathi has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. This project was previously implemented by Mvula Trust and was not 100% completed. The new business plan intends to award 100% coverage to this project. This project will benefit 19,262 households and a population of 3,235 people.

The budget for this project is R10,239,465.00

The expenditure to date is R1,500,000.00

### **Emmause**

The extended community of Emmause has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. This project was previously implemented by Mvula Trust and was not 100% completed. The new business plan intends to award 100% coverage to this project. The project includes the formation of a SPSC and training thereof, Health & Hygiene promotion, ISD support, demonstration of toilet construction and builder training. Pit lining will be constructed where necessary. This project benefits 3,755 households and a population of 22,440 people. 300 VIP toilets are being constructed.

Total budget is R11,656,115.00

The expenditure to date is R5,777,204.80

### **Jonoskop**

The extended community of Jonoskop has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. The project was previously implemented by Mvula Trust and was not 100% completed. The new business plan intends to award 100% coverage to this project. The project includes the formation of a SPSC and training thereof, Health & Hygiene promotion, ISD support, demonstration of toilet construction and builder training.

This project have been recently approved and implementation will commence in the 2009/2010 financial year.

Total Population: 24 916

Total Budget: R11,460,350.00



**Slimangamehlo**

The extended community of Slimangamehlo has been prioritized by the uThukela District Municipality for the implementation of a sanitation project. This project was previously implemented by Mvula Trust and was not 100% completed. The new business plan intends to award 100% coverage to this project. The project includes the formation of a SPSC and training thereof, Health & Hygiene promotion, ISD support, demonstration of toilet construction and builder training.

This project have been recently approved by MIG and implementation will commence in the 2009/2010 financial year.

Total Population: 12,657

Total Budget: R8,158,601.00

**SPORTS FIELDS PROJECTS**

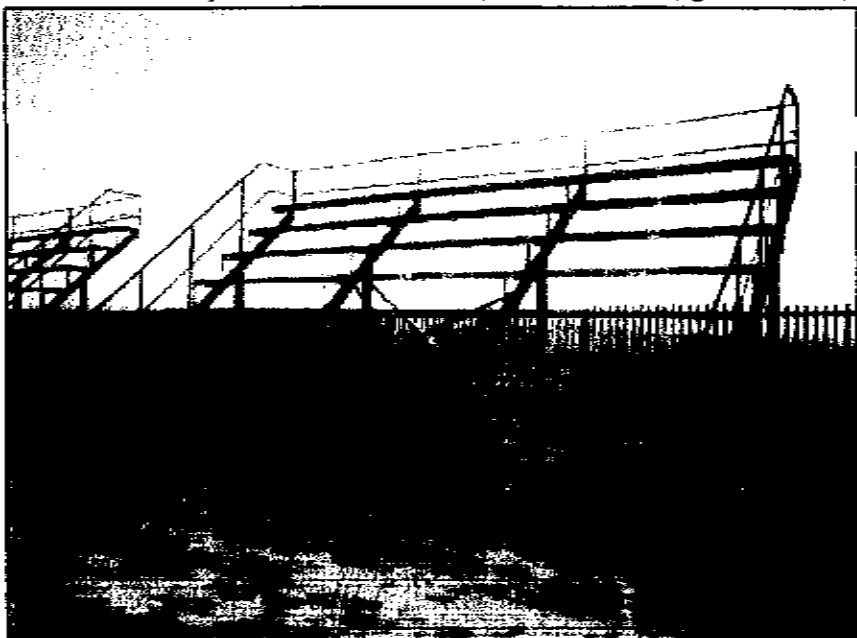
**Mhlumayo Sportsfield**

The following items have been completed: Palisade fence, ablution block, grand stands, earthworks and irrigation system. Grassing is the only item that is incomplete, due to a water problem in the area.

Overall project progress: 100%

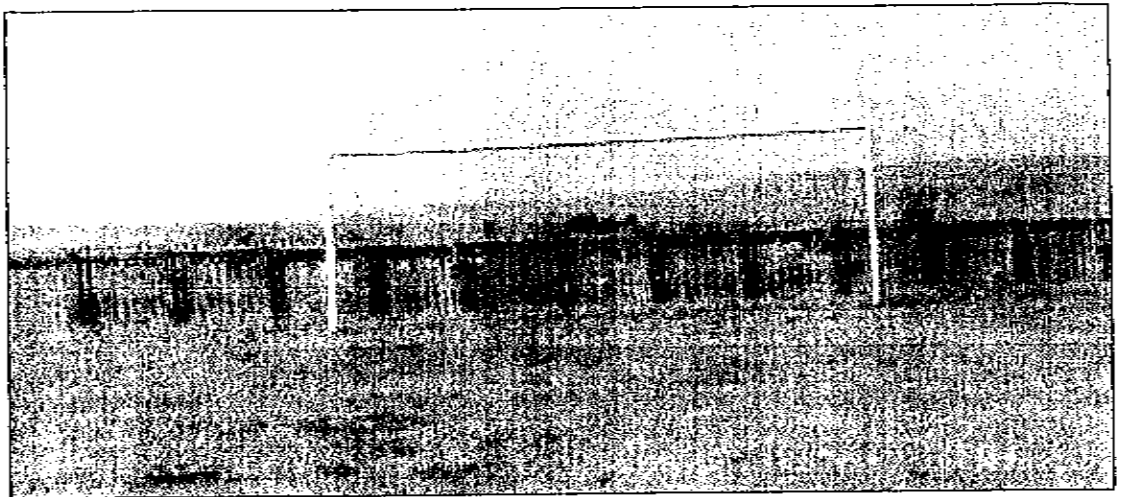
Allocated Budget: R1,000,000.00

Expenditure to date: R1,000,000.00





### **Ntabamblophe Sportsfield**



There are no outstanding items; this project is 100% complete.

Allocated budget for this project is: R1,200,000.00

Expenditure to date: R1,166,450.36

### **Newstand Sports field**

The project involves the construction of a sports field.

Budget for this project is: R1,200,000.00

Expenditure to date: R114, 624.00

### **Ekuvukeni Taxi Rank**

The project involves the construction of a taxi rank at Ekuvukeni to commence shortly. All the required documentation has been submitted by the Contractor

Budget: R915,575.00

Expenditure: R25,389.00





## WATER SERVICES



Mr. BS Dladla  
Water Services Manager

### INTRODUCTION

The period under review is from 1<sup>st</sup> July 2007- 30<sup>th</sup> June 2008. Water Services is a major competence of the uThukela District Municipality and in order to perform this function many challenges is encountered.

### BULK SERVICES

Huge strain has been experienced especially at the Ladysmith Water Treatment Plant and the eZakheni Water Treatment Plant.


Firstly, the Ladysmith Water Treatment Plant design capacity is 22 Megalitres a day, but as a result of demand we are producing over 26 Megalitres a day. The Ladysmith Water Treatment Plant is one of the oldest plants within the uThukela District Municipality, and as industrial, commercial and housing development has grown significantly over the years no heed was given to the development of bulk services.

Further to this water is extracted from the Spionkop Dam and the Klip River in order to meet the demand. The Spionkop pipeline has the capacity of supplying a maximum of 19 Megalitres a day to the Ladysmith Water Treatment Plant and the balance is supplemented by the Klip River. During the dry seasons when the Klip River runs low water shortages is experienced.

Secondly the eZakheni Water Treatment Plant has a design capacity of 32 Megalitres a day and we are currently producing between 45- 48 Megalitres a day. The production beyond the design capacity poses a huge strain on the Bulk Services. The eZakheni Water Treatment Plant is the largest plant within the uThukela District Municipality. This plant services 15 000 households in eZakheni, the entire Ithala Industrial Estate (The hub of the Ladysmith economy), parts of Umbulwane, Steadville, Accaciaville, Aloe Park and Rose Park. As can be seen the eZakheni Water Treatment Plant services a substantial area and is pivotal to the economic well-being of Ladysmith itself.







The inheritance of a poorly maintained Plant has been the cause of many challenges not to mention the financial strain on our limited resources. The allocated refurbishment grant from the Department of Water Affairs and Forestry is a welcome blessing.

### **RETICULATION**

Ailing, ageing and failing pipes in our reticulation system has given us our fair share of burst pipes.

Unfortunately, due to financial constraints, there is no over-night solution to this problem as is the case in the rest of the country. This has to be managed as and when burst pipes occur. Despite limited resources we are proud to report that we rank as one of the better Water Services Authorities and Water Services Providers in the country. This is as per our National Regulator, the Department of Water Affairs and Forestry.

### **RURAL SUPPLY**

In the rural areas we have mainly borehole schemes and rudimentary supply systems.

Many of our boreholes is running very low in some cases and a lot of them completely dry. This is as a result of a very low underground water table content. The recent droughts has only aggravated the situation, resulting in having to use water tankers to supply areas with borehole schemes.

Water tankering is a very expensive alternative which burdens the budget tremendously.

The drop in the underground water table content also damages pumps which has a specific design capacity. The frequent and repetitive damage to the pumps, places an extreme financial burden on the water budget.


### **CUSTOMER CARE**

Customer care is the face of the administration and as such careful and appropriate submissions were made to consumers and the public in a timely fashion. Ways and means of improving this competence is on-going.

### **CHALLENGES**

Continuous interruptions of the power supply from Eskom has resulted in many





awkward and uncomfortable breaks in water service delivery. Consumers are extremely frustrated and unhappy about the regular water interruptions. The Water Services Department had been in the forefront of addressing this problem with Eskom in conjunction with the Department of Water Affairs and Forestry. To date the problem still persists.

Water loss through internal (private) leaking water pipes, cisterns, taps, etc. places a huge burden on our water infrastructure.


Non payment of services by those who can pay poses further challenges. A vigorous Debt Recovery Action Plan has been developed and is being implemented by the Water Services Department.

Water Conservation and Water Demand Management is the buzz word within the operations of the Water Services Department.

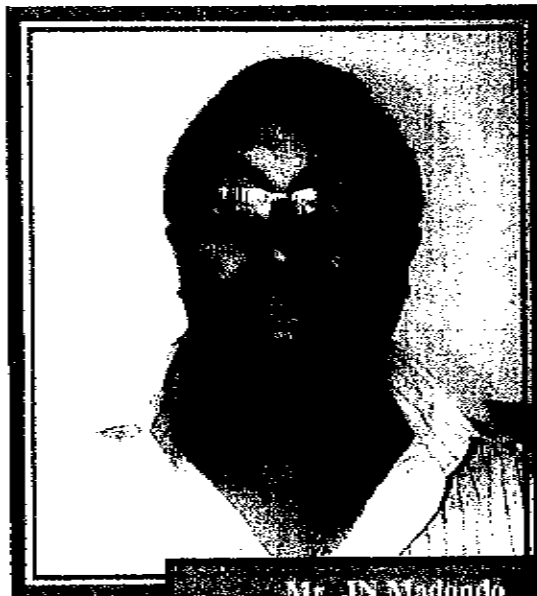
Compliance in terms of personnel, water quality and operations as a whole is on-going.

The water tariff of the uThukela District Municipality is some of the lowest in the country. This in itself provides for interesting, exciting and challenging times.





## *Financial Services*



**Mr. JN Mladondo**  
**Chief Financial Officer**

### **INTRODUCTION**

Financial year 2007/8 has been a very important year for the district, important in the sense that it needed to overcome various challenges and triumphed over many obstacles in pursuit of rendering sustainable development through accelerated infrastructure delivery.

The significant role our section needed to play was to minimise the impact of the cost of various external factors which could have adversely impacted on the cost of service delivery. In pursuit of the above, various considerations made it difficult to reach our aims, e.g. low recovery rates from consumers due to unemployment, resistance from other sectors to honour

their dues as they become due and payable, electricity cuts and consequent costs etc.

The Financial Services Department is a support department aimed at supporting and advising Council and its functionaries on various issues in pursuance of its vision and mission. In order to achieve the above the department aims to not only achieve but to excel and go beyond issues of compliance. It is in this belief that the department aims to create an enabling environment for an improved quality of life for all in a developed region.

It is hoped that this will be achieved through efficient, effective and cost-effective practices in the administration of the Council's resources.

It is my pleasure to present the following report which shows progress against all odds.

### **DEPARTMENTAL FOCAL AREAS**

- Financial Management
- Assets Management
- Risk Management
- Development of policies
- Strategic support





## **BUDGET PRINCIPLES**

The following budgetary principles have been used in compilation of the budget.

### **Budgeting**

Budgets have been prepared for three Medium Term Revenue Expenditure Framework.

### **Water Budget**

Water provision related costs have been ring-fenced as per National Treasury Guidelines to the water function which inter-alia incorporates compliance costs e.g. customer care, emergency relief programmes and provision for repairs and replacements of some dilapidated infrastructure.

The water budget for 2007/2008 has increased from R102,295,307 to R117,245,618. Recovery for these costs is through tariffs. Equity share allocation (FBS) has increased from R33,459,810 to R40,234,269 per annum.

### **Insurance**

Council's insurance portfolio expired on 30 June 2007 and has been renewed for a further 3-year period ending 30 June 2010.

### **Grants**

The R293 grant has not been budgeted for since the assumption is that these grants are channelled to the relevant local municipalities who are performing the function.



### **Contributions**

The Local Government: Municipal Finance Management Act requires that short term debts be addressed within the current financial year, however due to insufficient financial resources only R2,000,000 provision has been made in the budget as means of offsetting the deficit over time; over and above the R800,000 which was contributed in 2006/2007. Total contributions amounting to R5,600,000 was incorporated into the budget, which included contributions of the prior year's deficit, leave provision and depreciation.

### **Organogram**

The organogram of the Council has been consolidated as per the 2007/08 budget and as





per approved organogram, such a consolidation was effected as per the approved 2007/08 budget. All water staff is ring-fenced into the water function and no proposed major changes are budgeted for in 2007/2008, cost for the support staff is not charged to the function, this was deliberately done to minimise its impact on tariffs, this has been explained in details below.

### **Recharge**

The principle of recharging of resources support to projects has not been catered for as all operational costs for services are ring-fenced.

### **Salaries and Wages Provision**

Provision for 6.8% salary and wage increment has been catered for as per Bargaining Council resolution and 8% in respect of Councillor Allowances.

### **Equitable Share Funding**

Provision has been made for an amount of R104,886,000 being equity share funding and comprises of the following:

Equitable Share	:	R53,782,190
R293 Town Staff	:	R0
Free Basic Electricity	:	R0
Free Basic Services	:	R33,459,810

### **Allocations to Services**

The following amounts were budgeted for in respect of the different services:

Employee Related Costs	:	R72,807,785
General Expenses	:	R64,766,782
Maintenance and Repairs	:	R13,308,920
Capital Charges	:	R8,404,146
Contributions	:	R5,600,000
Water Services	:	R117,245,618
Capital Projects	:	R135,933,557



## INCOME AND EXPENDITURE

### Income: Levies

Levies have been abolished since 01 July 2006, however Council is still in the process of collecting levies which were due and payable up to 30 June 2006.

### Income: Grants

Included in the budget are grants totalling R229,422,525.

The grants are made up as follows:

Equitable Share	:	R104,886,000
MIG – Agency Fee	:	R2,698,570
MIG – Capital	:	R71,142,430
MSIG	:	R1,000,000
Local Government FMG	:	R500,000
C/O Projects	:	R24,605,425
DWAF Refurbishment Grant	:	R8,953,100
DWAF Drought Relief	:	R3,000,000
National Electrification Program	:	R3,073,000
KZN Provincial Management Ass	:	R1,500,000
KZN Library Services	:	R3,200,000
DWAF Backlog Water & Sanit.	:	R180,000
Indaka Free Basic Services	:	R2,000,000
Imbabazane Free Basic Services	:	R634,000
DWAF Operating Subsidy	:	R2,050,000

### Expenditure: Salaries, Wages and Allowances

The total salary budget of R72,807,785 allows for 6.8% increase for staff and 8% increase for Councillor Allowances.

### Expenditure: General Expenses

An average adjustment based on the “zero-based” concept has been made with regard to general expenses. An amount of R40,234,269 has been allocated to the Water Department as part of the uThukela District Municipality's contribution to subsidize the water tariffs and operational costs. The total budget for general expenses amounts to R64,766,782.



**Expenditure: Maintenance and Repairs**

An average adjustment based on the "zero-based" concept has been made with regard to maintenance and repairs, the budget amounts to R13,308,920.

**Expenditure: Capital Projects**

An amount of R135,933,557 has been committed to capital projects.

**WATER SERVICES**

The operational costs of the water authority function is being ring fenced for the Water Services Department, the total budget for the function amounts to R117,245,618.

**Income**

A total amount of R301,021,790 was budgeted for as income and is allocated as follows:

Tariff Income	:	R71,457,847
Tariff Subs	:	R40,234,269
Equity Share Additional	:	R64,651,731
MIG Agency Fee	:	R2,698,570
MSIG	:	R1,000,000
Other Income	:	R141,418
Capital Projects	:	R118,787,955
DWAF Operating Subsidy	:	R2,050,000

**Tariffs**

The tariff increase for 2007/2008 was communicated agreed thereto by various stakeholders since it was necessary to make up for inflationary increases and related matters.

**CAPITAL REQUIREMENTS EX-CAPITAL DEVELOPMENT FUND**

It is envisaged that capital requirements will be financed through external means. Except the provisions made for maintenance of pipes and some infrastructural rehabilitation budgeted for in the Water Department.



### **APPRECIATION**

Lastly I would like to express my heartfelt gratitude to the His worship the Mayor, Council, Municipal Manager and my colleagues Heads of Department for the support and trust entrusted to our Department.

I will be failing in my duties if I do not acknowledge the contribution and dedication of the departmental staff, their efforts are not going unnoticed.







# ANNUAL FINANCIAL STATEMENT



UTHUKELA DISTRICT MUNICIPALITY

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**MEMBERS OF THE EXECUTIVE COMMITTEE**

**MAYOR :** S.M. Sithole  
**Deputy Mayor:** S.A. Mvelase  
**Speaker:** N.M. Hadebe  
**Exco Councillor :** C.J.S. Nunes  
M.D. Mazubuko  
B.A. Mnculwane  
**Councillor :** S. Bandu  
S.N. Mchunu  
B.C. Buthelezi  
D.S. Nhlangothi  
R.M. Mlaba  
T.Y. Ngubuka  
S.T. Ntshahintshali  
F.A. Khan  
M.N. Mlotshwa  
J.K.H. Wood  
M.G. Hlubi  
Z.J. Oloedwa  
P.J. Hurter  
S.G. Mabaso  
D.S. Ndaba  
T.A. Sigubudu  
M.C. Mchunu  
T.P. Mazubuko  
E.N. Lushaba  
T.M. Cele  
V.M. Zimba  
S.P. Hadebe  
B.H. Sithole

**GRADING OF THE LOCAL AUTHORITY**

Grade 4

**AUDITORS**

Auditor - General Pietermaritzburg

**BANKERS**

ABSA Bank - Newcastle

**REGISTERED OFFICE**

76 Murchison Street  
Ladysmith  
3370

PO Box 116  
Ladysmith  
3370

Telephone: (036) 6385100  
Fax: Number (0360) 6375608  
email: midesha@uthuketa.co.za

The annual financial statements set out on pages 8 to 35 were approved by the Municipal Manager on 28 August 2008 and will be presented to the Council for approval on the 3<sup>rd</sup> of September 2008.

**MUNICIPAL MANAGER**

Mr. S S B Nkehli

  
**CHIEF FINANCIAL OFFICER**

Mr. J N Madondo



## FOREWORD

It is again that time of year where, our municipality needs to stop and reflect back on the financial year gone by.

It is my pleasure to notice some improvement in our financials, the credit does not only go to our officials, but also to the consumers of our services who have been loyal and dedicated to seeing the Uthukela District Municipality grow.

Our priority objective is to provide quality and sustainable services to the communities we serve. In pursuit of this, various challenges including dilapidated infrastructure, limited financial resources, economics prevailing in the country, etc makes achievement of these onerous tasks very difficult.

The developmental nature of this local government has required this municipality to position itself in such a way that it does not only concentrate on basic services but to also embark on various activities which are aimed at developing what I call "full citizenship" which requires the Uthukela District Municipality to address various aspects of life.

I wish that these financials are not only viewed in terms of rands and cents, but as the results of the contribution in building the nation. The Uthukela District Municipality stays committed to employing it's resources in ensuring the betterment of people in our District.

Lastly, I would like to express my sincere gratitude to the Council, administration and local municipalities for their continued support.

**His Worship, The Mayor  
SM SITHOLE**



## 1) INTRODUCTION

The vision of Uthukela District Municipality is the improved quality of life for all in a globally interconnected, stable and developed region, to pursue this end, all stakeholders in the region should understand that the broader perspective has been adopted, this requires a greater participation and involvement of stakeholders via, the Municipality, civil society and business community. It therefore call for all of us to come with new ways of doing business e.g. the recognition and the strengthening of the Private Public Partnerships etc.

The current years financial are the indication of the dedication and commitment by the Municipality to address its financial position in order to be better positioned for the delivery of services, which will facilitate opportunities for economic growth consequently the stable and a developed region.

The Municipality has undergone various adaptation challenges which were posed by a number of changes in the environment within which it operated, and it has risen above difficult times. I believe it is stable, this renders an opportunity for improvements, exploration of new opportunities and progress even further, this will take dedication and resources, the execution of these developments are envisaged to take place in 2007/8 financial year.

Lastly the Municipality is striving to finalise the GRAP/GAMAP conversion in 2008/9 and to implement the property rates act for the DMA with effect from 1 July 2009.

### 1.1) GOING CONCERN

In pursuit of the above, Council has met extreme financial challenges which in many instances is aggravated by external factors e.g. the changes in powers and functions. However a multi-faceted strategy is being implemented to face up to challenge e.g. Municipal Assistance Programme (MAP) from Provincial Government etc. These initiatives have helped the municipality in taking its rightful seat in service delivery.

Resource Support Services realised an actual surplus of R 3 919 795 whilst District Water and Sanitation services resulted in a deficit of (R 67 774 852) the contributing factors thereto are explained below.

The operating deficit of (R 63 855 056) and appropriations of R 5 437 104 have resulted in a net deficit of (R 58 417 952) which increased the accumulated deficit of (R 24 416 284) at 30 June 2007 to (R 82 834 236) at 30 June 2008. However there is still concerns regarding the District Municipality's continuance as a going concern.

## 2) OPERATING RESULTS

Details of the results per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2008 are as follows:

INCOME	Actual 2006/07 R	Actual 2007/2008 R	Variance Actual Budget %	Budget 2007/2008 R
Opening Surplus	0	0		
Operating Income for the Year	244,632,294	270,497,530	-10.1%	301,021,790
Sundry Transfers	12,585,670	5,437,104		
	<b>257,217,964</b>	<b>275,934,634</b>		<b>301,021,790</b>
EXPENDITURE				
Opening Deficit	36,136,857	24,416,284		
Operating Expenditure	246,497,391	334,352,586	-11.1%	301,021,790
Closing Deficit	(24,416,284)	(82,834,236)		
	<b>257,217,964</b>	<b>275,934,634</b>		<b>301,021,790</b>

A) The increase in income is mainly due to the Equity share allocation which increased from R 87 242 000 in the 2006/2007 financial year to R 104 896 000 in the 2007/2008 financial year as well as income generated from penalty interest raised on arrear debtors accounts which amounted to R 8 593 835 in the 2007/2008 financial year.

B) The increase in expenditure is as a result of Salaries and Allowances which increased from R 61 409 895 in the 2006/2007 financial year to R 67 203 443 in the 2007/2008 financial year and general expenses which increased from R55,392,407 in the 2006/2007 financial year to R 62 918 033 in the 2007/2008 financial year.

**2.1) RESOURCE SUPPORT SERVICES**

	Actual 2006/2007 R	Actual 2007/2008 R	Variance Actual/ Budget %	Budget 2007/2008 R
Income	149,615,885	152,026,529	18.8%	187,278,258
Expenditure	144,255,795	148,108,734	19.4%	183,776,172
Deficit/Surplus	5,360,070	3,919,795		3,502,084
Surplus (Deficit) as % of Total Income	3.56%	2.58%		1.87%

**2.4) TRADING SERVICES : WATER AND SANITATION**

	Actual 2006/2007 R	Actual 2007/2008 R	Variance Actual/ Budget %	Budget 2007/2008 R
Income	95,016,428	118,471,001	-4.2%	113,743,534
Expenditure	101,241,586	188,245,853	-58.9%	117,245,618
Deficit	(8,225,157)	(67,774,852)		(3,502,084)
Surplus (Deficit) as % of Total Income	-8.55%	57.21%		-3.08%

**3) CAPITAL EXPENDITURE AND FINANCING**

	Actual 2007/2008	Budget 2007/2008
<b>CAPITAL EXPENDITURE</b>		
Resource Support Services	969,195	190,000
Regional Water services	73,525,827	10,600
	<b>74,495,022</b>	<b>200,600</b>
<b>FINANCING OF THE FIXED ASSETS</b>		
Internal loan Capital Development Fund	293,220	-
Contributions from Current Income	852,908	200,600
Grants and Subsidies	72,808,963	-
External Loans (Okhahlamba Infrastructure)	19,881	-
External Loans (Leases)	420,850	-
	<b>74,495,022</b>	<b>200,600</b>

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is included in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

**4) EXTERNAL LOANS, INVESTMENTS AND CASH**

External Loans outstanding on 30 June 2008 amounted to R 25 165 250 as set out in appendix "B". Loans totalling R 3 937 341 were repaid during the year.

Investments amounted to R 9 165 726 on 30 June 2008. The investments are disclosed at Actual Surrender Value for the Metropolitan investments and at market value for others.

The Bank balance as at 30 June 2008 amounted to R 2 085 542

More information regarding loans and investments is disclosed in notes 4, 7 and appendix B to the financial statements.

**5) FUNDS AND RESERVES**

The Consolidated Capital Development Fund has increased by R 526 530 to R 16 642 299. Advances amounting to R 293 220 have been granted to borrowing services while R 569 341 has been repaid and/or written-off

More information regarding funds and reserves is disclosed in notes 1, 2, appendix A and appendix B to the financial statements.



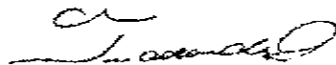
**6) OTHER MATTERS**

The major contribution for the decrease in investments is as a result of an amount of R5 258 717 being investments that matured in March 2007 which was paid into a Trust bank account unknown to the Municipality.

The Municipality has engaged the National Prosecuting Authority to investigate the matter. More information regarding investments are disclosed in note 7 of the financial statements.

**EXPRESSION OF APPRECIATION**

I am grateful to the Mayor, Councillor's, the Municipal Manager and Heads of Departments for their support during the past year. A special word of thanks to the staff of the Treasury Department for their support and loyalty.



CHIEF FINANCIAL OFFICER

DATE : 28 August 2008

### 1) BASIS OF PRESENTATION

- 1.1 These Financial Statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Practice for Local Government Accounting (1997) and Report on the Standardisation of the Financial Statements of Local Authorities (5th Edition, as amended).
- 1.2 The Financial Statements are prepared on the Historical Cost Basis, adjusted for Fixed Assets as more fully detailed in note 3 below. The Accounting Policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The Financial Statements are prepared on the accrual basis :
  - 1.3.1 Income is accrued when collectable and measurable.
  - 1.3.2 Expenditure is accrued in the year it is incurred.

### 2) CONSOLIDATION

The Balance Sheet includes the Resource Support Services, District Water and Sanitation Services and the different Funds, Reserves and Provisions. Water and sanitation are treated as income and expenditure in the respective departments.

### 3) FIXED ASSETS

- 3.1 *Fixed assets are stated :*
  - at historical cost, or
  - at valuation (based on market price at date of acquisition).

Where assets have been acquired by Grant or Donation these assets were capitalised at the values supplied by the Local Municipalities and to the value of the balance of external loans. Where no values were available, assets were capitalised at a nominal R1-00 value.
- 3.2 *Depreciation*

The balance shown against the heading " Loans Redeemed and Other Capital Receipts" in the notes to the Balance Sheet is tantamount to a provision for Depreciation. Apart from advances from the various council funds, assets may also be acquired through :

  - appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income and therefore it is unnecessary to make any further provision for depreciation
  - grants and donations, where the amount representing the value of such grant or donation is immediately credited to the " Loans Redeemed and Other Capital Receipts" account.
- 3.3 All net proceeds from the sale of fixed assets and insurance claims are credited to the Capital Development Fund.
- 3.4 Fixed Assets are financed from different sources, including external loans, operating income and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest on internal loans is charged at a 10% interest rate in the financial year following the purchase and is charged to the service concerned.

### 4) STOCK

Stock are measured at the lower of cost or net realisable value.



**6) FUNDS AND RESERVES**

**5.1 Capital Development Fund**

No contributions have been made to the fund.  
This was done in anticipation of conversion to Grap / Gamap compliance.  
Application has been made to the MEC for exemption.

**5.2 RESERVES**

Reserves are utilised for the specific purposes and contributions are made from the operating account.

Maintenance provision: Contributions are based on current year budgets as deemed necessary unless specifically deemed otherwise.

Bad debt provision: a provision for bad debt has been made to provide for envisaged irrecoverable consumers debtors and sundry debtors.

**6) CREDITORS**

Trust funds represents the balance of amounts received less expended for deceased employees and councillors.

Leave provision: Leave and pro-rata leave due to all employees is calculated as at the end of the financial year. The value thereof is based at current salary scales as at the end of the financial year.

**7) SURPLUSES AND DEFICITS**

Any surpluses or deficits arising from the operation of each service is transferred to the appropriation account.

**8) LEASED ASSETS**

Fixed assets under finance leases are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of the lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

**9) INVESTMENTS**

Investments are shown at original and are invested in accordance with chapter 3, Municipal Revenue, part 2 section 13 of the Municipal Finance Management Act 56 of 2003, except for Metropolitan Life Investment Policies which are shown at Actual Surrender values. Investments are done in accordance with the Financial Regulations as approved.



## 10) INCOME RECOGNITION

### 10.1 Water and Sanitation Billing

Meters are read and billed monthly and income from water and sanitation sales is recognised on the date for such billing.

### 10.2 Levy Assessments.

Although levy assessments has been abolished as from 1 July 2006 Council is still in the process of collecting outstanding assessment prior to the above mentioned date.

## 11) RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recorded through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

The following contributions are made by the municipality.

- The Natal Joint Municipal Pension Fund (Super Fund) 18% plus 6% surcharge = 24%
- The Natal Joint Municipal Pension Fund (Retirement Fund) 13.65% plus 12.35% surcharge = 26%
- The Natal Joint Municipal Pension Fund (Provident Fund) 9.75%
- The Natal Joint Municipal Pension Fund (Provident Fund) 13.65%
- The Natal Joint Municipal Pension Fund (Provident Fund) 18.00%
- Councillors and section 57 employees make the full contribution to the pension fund.

## 12) TREATMENT OF ADMINISTRATION AND OTHER OVER-HEAD EXPENSES

The cost of internal support services are transferred to the different services in accordance with the Institute Report on Accounting for Support Services (June 1990).



BALANCE SHEET AS AT 30 JUNE 2008

	Notes	2007/2008 R	2006/2007 R
<b>CAPITAL EMPLOYED</b>			
<b>FUNDS AND RESERVES</b>			
		17,530,832	16,960,653
Statutory Funds	1	16,642,299	16,115,769
Reserves	2	888,533	844,884
<b>ACCUMULATED DEFICIT</b>			
	3	(82,834,236)	(24,416,284)
		(86,303,404)	(7,455,631)
<b>LONG-TERM LIABILITIES</b>			
CONSUMER DEPOSITS : SERVICES	4	21,671,670	25,348,302
	5	3,934,183	1,112,196
		<u>(39,697,552)</u>	<u>19,005,867</u>
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6	27,083,676	29,051,281
LONG-TERM DEBTORS	8	1,756,904	1,619,911
		28,850,579	30,671,192
<b>NET CURRENT LIABILITIES</b>			
		(68,648,131)	(11,665,325)
<b>CURRENT ASSETS</b>			
		61,363,067	66,418,707
Inventory	9	4,725,520	5,409,999
Short term Investments	7	9,165,726	9,810,035
Debtors	10	34,538,228	69,815,521
Vat	13	830,372	-
Cash and cash equivalents	14	2,093,242	1,253,459
Short term portion of long-term debtors	8	-	129,693
<b>CURRENT LIABILITIES</b>			
		118,901,218	96,084,033
Vat	13	-	1,106,400
Creditors	11	73,505,102	62,205,941
Unspent Grant Creditor	12	42,902,536	28,588,911
Short-term portion of Long-term Liabilities	4	3,483,580	3,313,368
Bank Overdraft	14	-	2,664,423
		<u>(39,697,552)</u>	<u>19,005,867</u>

MUNICIPAL MANAGER

CHIEF FINANCIAL OFFICER



**CASH FLOW STATEMENT FOR THE YEAR ENDED**  
30 JUNE 2008

	Note	2008 R	2007 R
<b>CASH GENERATED IN OPERATING ACTIVITIES</b>			
Cash (utilised)/ generated in operations	22	(243,514,606)	(164,108,966)
Investment income	21	941,244	1,097,627
(Increase)/ Decrease in working capital	23	60,844,774	(14,277,486)
		<b>(181,728,588)</b>	<b>(177,288,825)</b>
Less : External Interest Paid	21	(3,377,313)	(3,502,965)
		<b>(185,105,901)</b>	<b>(180,791,790)</b>
Operating grants received		193,246,567	185,006,984
Cash contributions from the public and the state	36	72,908,963	72,571,916
Net proceeds on disposal of fixed assets		-	-
<b>CASH GENERATED FROM INVESTING ACTIVITIES</b>			
		<b>(74,602,323)</b>	<b>(74,123,831)</b>
Increase/ Decrease in Long Term Debtors		(7,300)	265,450
Investments in Fixed assets	6	(74,495,022)	(74,409,281)
<b>NET CASH INFLOW</b>			
		<b>6,647,306</b>	<b>2,663,279</b>
<b>Cash effects of financing activities</b>			
Decrease/ Increase in long-term borrowings	24	(3,497,411)	(1,677,194)
(Increase)/Decrease in cash investments	25	644,309	4,511,195
Decrease/ (Increase) in cash and cash equivalents	14	(3,694,205)	(5,487,280)
Net Cash (utilised)/ Generated		<b>(6,647,306)</b>	<b>(2,663,279)</b>



**UTHUKELA DISTRICT MUNICIPALITY**

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

	2008 R	2007 R
<b>1 STATUTORY FUNDS</b>		
Capital Development Fund	16,842,289	16,115,798
(Refer to Appendix A for more details)	<u>16,842,289</u>	<u>16,115,798</u>
<b>2 RESERVES</b>		
Maintenance Fund	868,533	844,884
(Refer to Appendix A for more details)	<u>868,533</u>	<u>844,884</u>
<b>3 ACCUMULATED SURPLUS</b>		
Appropriation account:		
Accumulated Surplus/(deficit) at the beginning of the year	(24,416,284)	(36,136,857)
Operating Surplus/(Deficit) for the year	(63,855,058)	(865,097)
Appropriations for the year	5,437,104	12,585,670
Transferred to deficit	2,000,000	800,000
Provision for Vat	5,671,235	-
Fixed asset incorrectly capitalised	(16,279)	-
Loan charges incorrectly processed in prior year	1,074,443	-
Loans incorrectly expensed in prior years	757,781	-
Prior year adjustment	(4,050,056)	11,785,670
	<u>(62,884,236)</u>	<u>(24,416,284)</u>
Operating account		
Capital Expenditure	<u>852,908</u>	<u>322,853</u>
Contributions to:		
Leave Gratuity	400,000	332,579
Bad Debts	1,600,000	1,350,000
	<u>2,000,000</u>	<u>1,682,579</u>
<b>4 LONG-TERM LIABILITIES</b>		
Annuity Loans: DBSA	23,974,846	27,314,576
Lease commitments	1,190,404	1,348,054
Sub-total	<u>25,165,250</u>	<u>28,662,630</u>
Less: Current portion transferred to current liabilities	3,469,580	3,313,358
Annuity Loans: DBSA	3,054,544	2,716,819
Lease commitments	<u>438,036</u>	<u>584,540</u>
Total External Loans	<u>21,671,870</u>	<u>25,348,302</u>
Refer to Appendix B for more detail on long-term liabilities.		
Annuity Loans: DBSA		
Loans bear an interest rate between 10% and 15.25% per annum and are repayable over periods between five and twenty years. The annuity loans comprises of 9 loans approved by the Development Bank of South Africa amounting to R 36 511 976. Two of these loans amounting to R 82 720 were taken up by Othahembe Local Municipality in respect of water infrastructure and were transferred to the District when the District took over the water function. The balance on the loans as at 30 June 2008 amounts to R 24 658 438.		
Lease commitments		
Leases consist of 20 vehicle which was financed externally through Absa Vehicle and Asset Finance and comprises of 7 Tata idv's purchased in 2005, 12 Isuzu idv's purchases in 2006 and a Mercedes C280 (Mayoral Vehicle) purchased in 2006. Interest is coupled to the prime lending rate. Outstanding leases amounts to R1 190 404 as of 30 June 2008.		
<b>5 CONSUMER DEPOSITS</b>		
Water and sanitation	3,934,183	1,112,196
Total Consumer Deposits	<u>3,934,183</u>	<u>1,112,196</u>

**6 FIXED ASSETS**

Fixed assets at the beginning of the year	691,119,039	618,635,081
Capital Expenditure during the year	74,495,822	74,409,281
Less: Assets written off, transferred or disposed of during the year	-	(1,925,323)
Adjustment previous year	-	-
<b>Total Fixed Assets</b>	<b>765,614,061</b>	<b>691,119,039</b>
Less: Loans Redeemed and Other Capital Receipts	738,520,386	692,857,798
<b>Net Fixed Assets</b>	<b>27,093,675</b>	<b>28,851,291</b>

(Refer to Appendix C and Section 3 of the Executive Director Finance's Report for more details on fixed assets.)

**7 SHORT TERM INVESTMENTS****Financial Instruments**

Fixed Deposits	785,726	698,218
Metropolitan Life investment policies	8,400,000	9,111,817
	<u>9,185,726</u>	<u>9,810,035</u>
Managements Valuations of investments	9,185,726	9,810,035
Average Rate of Return on Investments	7.89%	8.66%

Funds are invested according to section 13 of the Municipal Finance Management Act 56 of 2003

The Metropolitan Life Investment Policies amounting to R9 092 931 are ceded to ABSA Bank as security for Bank Overdraft Facility

**8 LONG-TERM RECEIVABLES**

Deposits	1,171,819	1,164,519
Car loans	585,085	585,085
	<u>1,756,904</u>	<u>1,749,604</u>
Less: Current portion transferred to current receivables	0	129,663
Deposits	0	0
Car loans	0	129,663
<b>Total</b>	<b><u>1,756,904</u></b>	<b><u>1,819,911</u></b>

**DEPOSITS**

petrol stations

**CAR LOANS**

Senior staff were entitled to car loans which attract interest at 8.5% per annum and which are repayable over a maximum period of 6 years. These loans are repayable in the year 2010. These loans are no longer available to municipal officials.

**9 INVENTORY**

Consumable (Promotional Items) – at cost	8,973	10,134
Maintenance materials – Stock taken over from Local Municipalities at market value as at 30 June 2008 and stock purchased thereafter at cost	3,863,224	5,084,099
Water stock – at cost	0	0
Chemicals at Purification Plants-at cost	616,571	315,776
<b>Total Inventory</b>	<b><u>4,478,068</u></b>	<b><u>5,488,969</u></b>

<b>10 DEBTORS</b>		
Unreconciled Stock At Year end	90,418	288,011
Metropolitan Life Investments	5,258,717	5,258,717
Sundry Debtors	11,014,550	9,109,416
Advances	0	533,100
Metropolitan Life - Interest	0	38,319
Outstanding deposits at Year End (Primary Bank Account)	112,845	0
Outstanding deposits at Year End (Water Bank Account)	875,525	0
Consumers & Others	129,388,406	91,751,746
Outstanding deposits	2,361,924	6,068,635
Amount paid in advance	197,281	52,526
	149,279,665	113,100,470
Less: Provision for doubtful debts	(114,741,437)	(43,284,949)
	<u>34,538,228</u>	<u>69,815,521</u>
<b>11 CREDITORS</b>		
Trade creditors	7,850,083	20,377,606
Trust Funds	2,144,257	1,572,815
Retentions	5,784,748	5,765,761
Staff leave	6,168,093	6,494,241
Sundry Creditors - DWAFF provision for water purchases	5,291,437	1,061,217
- Endumeni Loan EX Unatshel	8,000	7,290
- Unbilled receipts at Year End	2,075,705	360,046
- Payments transfer from leaves to water	81,445	104,577
- Unclaimed Salaries / Wages	128,713	141,324
- Outstanding cheques at Year End	31,762,624	24,326,261
- Sundry Creditors (Sundry Debtors)	1,669,703	0
- Sundry Creditors (Consumer Debtors)	3,081,363	0
- Sundry Creditors (DBSA)	681,593	0
Other creditors	4,869,339	1,977,851
	<u>73,505,102</u>	<u>82,206,941</u>
<b>12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
MIG Grants	3,485,102	858,314
DWAFF	26,454,169	14,552,232
KZN Projects	11,692,821	11,160,718
Sport and Recreation	621,169	719,647
Disaster Management	649,275	1,300,000
Total Conditional Grants and Receipts	<u>42,902,536</u>	<u>28,590,911</u>
See Note 33 for reconciliation of grants from other spheres of government.		
<b>13 VAT</b>		
VAT (payable)/refundable	830,372	(1,108,400)
SARS		

**14 BANK, CASH AND OVERDRAFT BALANCES**

The Municipality has the following bank accounts -

**Current Account (Primary Bank Account)**

ABSA Bank - Ladysmith: Account Number 4048900058

Bank balance at beginning of year -- overdrawn	(2,854,422)	(5,177,629)
Bank balance at end of year	<u>1,056,885</u>	<u>(2,854,422)</u>

**Current Account (Water Account)**

ABSA Bank - Ladysmith: Account Number 4062520058

Bank balance at beginning of year -- overdrawn	1,245,798	(1,087,804)
Bank balance at end of year	<u>1,028,877</u>	<u>1,245,798</u>

**Current Account (CRIPWP Account)**

ABSA Bank - Ladysmith: Account Number 4052882812

Cash book balance at beginning of year	-	189,481
Cash book balance at end of year	<u>-</u>	<u>-</u>

Bank statement balance at beginning of year	-	188,018
Bank statement balance at end of year	<u>-</u>	<u>-</u>

Cash Floats	7,700	7,700
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<b>TOTAL (OVERDRAFT) BALANCE</b>	<u><b>2,083,242</b></u>	<u><b>(1,688,963)</b></u>
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**15 SERVICE CHARGES**

Sale of water	53,865,071	40,489,532
Sewerage and sanitation charges	12,082,921	11,834,488
<b>Total Service Charges</b>	<u><b>65,947,992</b></u>	<u><b>52,324,020</b></u>

**16 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED**

Equitable share	104,885,781	87,241,768
MIG Grant	76,150,405	78,945,818
Dwarf	5,172,474	6,129,800
KZN Projects	2,300,465	6,703,557
Sport and Recreation	888,479	800,000
Disaster Management	1,650,479	1,300,000
Free basic services grant	-	800,000
<b>Total Government Grant and Subsidies received</b>	<u><b>181,458,084</b></u>	<u><b>178,820,883</b></u>

**17 OTHER INCOME**

Other income	11,322,971	7,287,310
<b>Total Other Income</b>	<u><b>11,322,971</b></u>	<u><b>7,287,310</b></u>

