

VHEMBE DISTRICT MUNICIPALITY



“The Hub of Legends”

ANNUAL REPORT 2007/2008

Our Vision

The vision of the Vhembe District Municipality is to be:

“The legendary cultural hub in the southern hemisphere and a catalyst for agro- and tourism development.”

What the Vision means:

Vhembe District is rich in traditional legends and culture and can use these attributes and natural assets as a tourism destination in the southern hemisphere where tourists are attracted to come and explore African legends. Besides eco- and natural tourism are the existing agro- opportunities that can be expanded to grow Vhembe District Municipality into the natural trading post between South Africa and three other neighbouring countries. This in itself will contribute towards the development of Southern Africa Development Economic Co-operation (SADEC) region. This will create extra-ordinary economic growth for the whole district, culminating in the improvement of the quality of life of all citizens. The vision finds expression in the development trajectory and framework of the Province and therefore is in tandem with the provincial growth strategy.

Our Mission

The mission of the Vhembe District Municipality is as follows:

To be an accountable and community-driven municipality in addressing poverty and unemployment through sustainable socio-economic development and service delivery

The mission addresses the objects of local government as stipulated in Section 152 of the Constitution that is based on: democratic and accountable governance; sustainable services; social and economic development; safe and healthy environment; and encourages community involvement. It also supports the key provisions of the Systems Act that are to: *“provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities and ensure universal access to essential services that is affordable to all.”*

Strategic Objectives and Thrusts

Our Values

To execute on the above vision and mission the behaviour of the organisation must reflect the values as embedded in the vision and mission. The vision and mission of the Vhembe District Municipality is unpacked to reflect definite values that must be the forward-motion for cultural proposition, behaviour and character. Vhembe District Municipality adheres to the following values:

VALUES	
1. Developmental	8. Responsiveness
2. Democratic	9. Respect
3. Transparency	10. Hospitality
4. Economic prosperity	11. Responsibility
5. Opportunity	12. Accountability
6. Pride	13. Caring (Ubuntu) humanity
7. Visionary	14. Ownership

Legislative Mandate of the District

Our Core Mandates

Vhembe District Municipality is contained in chapter 3 and 7 of the Constitution of the Republic of South Africa, Act 108 of 1996.

The District Municipality further draws its mandate from policy and legislative pronouncements within the following:

- White Paper on Local Government(1998)
- Local Government : Municipal Demarcations Act (1998)
- Local Government : Municipal Structures Act (1998)

- Local Government : Municipal Systems Act (2000)

Our Powers and Functions

Vhembe District Municipality 's powers and functions as outlined in Section 84 (1) of the Municipal Structures Act ,117 of 1998 are as follows :

- Integrated Development Planning for the District municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district municipality taking into account the integrated development plans of those local municipalities.
- Bulk supply of water that significant proportion of municipalities in the District.
- Bulk electricity that affects a significant proportion of municipalities in the District.
- Bulk Sewerage purification works and main sewage disposal that affects significant proportion of municipalities.
- Solid waste disposal sites serving the area of the District as a whole.
- Municipal roads which form an integral part of road transport system for the entire area of the District as a whole.
- Regulation of passenger transport services.
- Fire fighting services serving the area of the District as a whole.
- Promotion of local tourism for the area of the District municipality.
- The receipt , allocation and if applicable the Distribution of grants made to the District.
- The imposition and collection of taxes, levies and duties as related to the above-mentioned functions or as may be assigned to the District Municipality in terms of National legislation.

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CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1. Foreword by the Executive Mayor

It is indeed a pleasant occasion to present the annual report of Vhembe District Municipality for the financial year 2007/8. The annual report is a comprehensive accumulation of achievements and progress made during the 2007/8 financial year by Vhembe District Municipality. It also provides an opportunity to present current and future challenges the municipality continues to face and has a task to address.

The constitution of the Republic of South Africa (Act 108 of 1996) requires of the municipality to promote good governance in the municipality as a sphere of government. It thus implies that in its implementation of democratic developmental municipal governance, it adheres to the principles of Batho Pele. Fundamental to these is that municipal governance be transparent, accountable, people-centred and people-driven. The ultimate and desired objective remains that of contributing to acceleration of quality services to all residents of the district.

This annual report is to confirm that 2007/8 financial year has indeed been a year of hope for our people and communities. The financial year 2007/8 which is a subject of this annual report has been a testimony to this.

The annual report thus serves as a monitoring and evaluation tool of the milestones reached and road traveled towards meeting the needs of the people we have taken an oath to serve.

The annual report include positive milestones that a dent is being made as the number of water and sanitation provided to households significantly increased, access to electricity, road infrastructure and efforts to create jobs has also had an increase.

The municipality however still has areas needing improvement in the subsequent years. This becomes important as we strive to meet the service levels and targets set nationally. These mainly include water and sanitation, free basic services, fast tracking service delivery, accelerate and growth through sustainable local economic development to positively impact on the quality of life in the District.

I want to thank all Councillors, municipal administrative staff and community stakeholders for the positive support they provided to the municipality during the 2007/8 financial year.

CLLR MDAKA F. P

EXECUTIVE MAYOR

VHEMBE DISTRICT MUNICIPALITY

1.2. Executive Review by the Municipal Manager

I feel privileged to present to you the annual report of Vhembe District Municipality for the 2007/8 financial year. The 2007/8 financial year has been a watershed one for Vhembe District Municipality.

This annual report compiled in line with Sections 121 and 46 of the Municipal Finance Management Act, (No. 56 of 2003) and the Municipal Systems Act, (No 32 of 2000) respectively, reflects on the progress and achievements of Vhembe District Municipality.

The report also contains a summary of Vhembe District Municipality strategic programmes which are measured against objectives, outputs and service delivery indicators to determine their impact on the District Municipality's ability to reach out to its vision to become "the legendary cultural hub in the Southern Hemisphere and a catalyst for agro and tourism development." The report also contains an Oversight Report compiled in line with Section 129 of the Municipal Finance Management Act.

The need to establish a developmental local government has led to the creation of value chain of operations based on the need to streamline and intergrate the municipality's operations towards meeting the strategic objectives of the municipality during the financial year.

Mr. SIGIDI KTMO

MUNICIPAL MANAGER

VHEMBE DISTRICT MUNICIPALITY

1.3. Executive Summary

Institutional capacity development and good governance have been one of our achievements during the year under review. In the last financial year the municipality appointed the Municipal Manager, The CFO and the Technical Services Manager. This has improved functionality and operations of the municipality. During the year under review all the Section 57 manager's employment contracts were signed. The municipality managed to appoint the Head of Department (General Manager) Corporate Services at the end of the financial year, a position which was left vacant by the end of December 2007.

The municipality has managed to establish an internal audit unit in line with Section 165 and 166 of the Municipal Finance Management Act 2003. This was realized by means of appointing an Internal Auditor. The Audit Committee has also been appointed and has started with its work. In its quest to improve the institutional capacity and employment relations, the municipality appointed the Labour Relations Officer although the officer assumed duties at the beginning of 2008/'09 financial year.

The organogram was reviewed and approved by the municipal council on the 29 May 2008 together with the IDP and budget after the municipality had gone through the strategic planning session during the start of 2008. The organogram will be able to sustain the municipality for the next five years although there are minor reviews and adjustments which will be done as part of the IDP review processes.

In view of its strategic priorities, the activities of the municipality during the period under review were focused on the provision of basic services; the progressive redressing of backlogs in infrastructure; job creation through Local Economic Development initiatives, and the enhancement of service delivery and financial management capacity. The 2007/08 medium-term budget sought to address development and transformation challenges by deliberately and purposefully directing resources to the key priorities of the Municipality. This included additional resources for Local Economic Development, electricity, district roads, and general infrastructure development. In order to align the strategies to the national and provincial governments' growth strategies, the Municipality developed a comprehensive Local Economic Development Strategy, which formed the basis for resource allocations for LED in the 2007/08 financial year and which was further enhanced by the resolutions of the District Growth and Development Summit and the five-year strategic programme (IDP). Financial sustainability and viability remained the key principles, while the development of

a long-term financial strategy ensured compliance with the Municipal Finance Management Act.

1.4. The Audit Committee

The Audit Committee was established in the financial year under review. The members of the Audit Committee are as follows:

Chairperson: Dzuguda N. A

Other members: Mr. Siala T. P. N
Mahonga M
Mbewu B

Responsibilities of the Audit Committee

The Audit Committee is still to fulfill responsibilities as stipulated in the Municipal Finance Management Act. The Committee adopted an appropriate formal charter, which regulates its affairs. Although the committee was appointed in April 2008, they have started operating in the beginning of the financial year 2008/09.

Effectiveness of internal control

The system of internal control is designed to provide a cost effective assurance that assets are safeguarded and liabilities and working capital are effectively managed. In terms of the provisions of the Municipal Finance Management Act regarding corporate governance, Internal Audit should provide the Audit Committee and the Municipality's management with the assurance that internal controls are adequate and effective to mitigate the risks applicable to the Municipality. This was achieved by means of the risk management process, as well as the identification of corrective actions and the proposal of improvements to controls and processes through internal audit. In order to enhance the risk management process of the Municipality, a Manager: Risk Management has been appointed and the profile has been finalized.

1.5. Overview of the Municipality

Vhembe District Municipality was established in the year 2000 in terms of Local Government Municipal Structures Act 117 of 1998. The Municipality has been classified as a category C, grade 4 municipality by the Municipal Demarcation

Board in terms of section 4 of the Local Government: Municipal Structures Act, 1998. The Vhembe District Municipality is located in the Northern part of Limpopo Province and shares borders with Capricorn and Mopani District municipalities in the southern, eastern and northern directions respectively. The sharing of borders extends to Zimbabwe and Botswana in the North West and Mozambique through Kruger National Park.

The District covers **21 407 square km** of land and according to DWAF Stats Form-D study the population has increased and is standing at **1.388 427 million** people and the district settlement patterns +- **772** whilst the number of households is **269 547**. The population is mainly comprised of **women (55%)** with **50%** of the population being under the age of 20 years. The district is still faced with infrastructural backlog: **water 53%** (about 735 866 people. The backlog will require budget amounting to about **R 528m**. Backlog of sanitation is at **68%** and **electricity 46%** below RDP level of services.

About **57%** of the population does not have formal education, **9%** has primary education and **20%** with secondary education and only **3%** with tertiary education. The main contributions to the economy are community services (**22%**) mining (**0.7%**) and trade **14%**. Tourism, agriculture and manufacturing are also significant with potential to be further enhanced. Unemployment level is at **53%**.

During the period under review, the municipality was governed by two Executive Mayors. The term of office of Cllr. Moeti S, who was appointed in 2000, expired at the end of February 2006. He was succeeded by Cllr. Mutsila I, who took office as Executive Mayor in March 2006, following the municipal elections. During the course of 2007, she was replaced by Cllr Mdaka F.

1.6. GOVERNANCE AND POLITICAL ORGANISATIONAL STRUCTURE

Executive and Council Structure

COUNCIL

54 COUNCILLORS

22 Directly Elected

32 Representatives of Locals

2 Designated Traditional Leaders

THE SPEAKER

The Speaker: Cllr.
Sibiya S



THE EXECUTIVE MAYOR

The Executive Mayor:
Cllr. Mdaka F.



CHIEF WHIP

The Chief Whip of
Council: Cllr.
Sikhutshi P.



THE MAYORAL COMMITTEE MEMBERS

Cllr. Lerule M



Cllr. Mabija L



Cllr. Phaswana P.



Cllr. Phologa D.



Cllr. Rumani F



Cllr. Ravhuanzwo
S



Cllr. Matumba M.



Cllr. Ratshitanga T.



Cllr. Nwendamutsu M.



Cllr. Ahmed



THE EXECUTIVE MANAGEMENT

Sigidi KTMO:
Municipal manager



Razwiedani S: Exec
Mayor's Office



Nemakonde M. A:
Community
Services



Makumule M. T:
Development
Planning



Tshivhengwa N:
Technical Services



Maphophe T:
Corporate Services



Ramatlhaphe L:
Chief Finance
Officer



1.7. POLITICAL STRUCTURE

During the year under review Vhembe District Municipality had the following components; Council, Governance and Administration.

Council.

The legislative and executive authority of the municipality resides in council headed by the Speaker. In the year under review the Council was headed by Councilor S. Sibiyi as the Speaker. Council was composed of 54 Councilors. 22 Councilors are directly elected and 32 are proportionally representatives of the 4 local Municipalities within the District and 2 traditional leaders have been designated as part of council.

Governance

The governance component of the municipality resides with the Executive Mayor assisted by the Mayoral Committee. During the 2007/2008 financial year the Executive Mayor of Vhembe District Municipality was councilor F. P Mdaka who replaced councilor I Mutsila who assumed office after March 2006 municipal election. The Executive Mayor was assisted by 9 Members of the Mayoral Committee each heading a portfolio of responsibilities as follows:

- Finance: Cllr. D Phologa
- Technical Services: Cllr. F. Rumani
- Community Services: Cllr. M.M.Lerule.
- Development Planning: Cllr. P Phaswana
- Corporate Services: Cllr. L Mabija

TABLE: DISTRICT MUNICIPAL LEADERSHIP DURING THE YEAR UNDER REVIEW

POSITION	District Municipality VHEMBE
Mayor	Cllr I Mutsila (Executive Mayor) Replaced by Cllr. Mdaka F
Speaker	Cllr S Sibiyi

Chief Whip	Cllr. P Sikhutshi
Municipal Manager	Mr S Razwiedani (Acting) Mr. Sigidi Muthotho (Appointed in December 2007)

1.8. ADMINISTRATION

The administrative component of the municipality is headed by the Municipal Manager as an accounting officer and head of Administration. The Municipal Manager of Vhembe District Municipality in the year under review was Mr. Razwiedani S.S who was on an acting capacity. He was replaced by Mr. Sigidi K.T.M.O. Administration was composed of 6 Departments, namely, Corporate Services, Finance , Community Services, Technical Services, Development Planning and Office of the Executive Mayor.

1.8.1. Demographic Profile

Compare with Overview of the municipality

Vhembe District Municipality has as per 2001 census results had a population of 1.199 884 people. The population distribution within the local Municipalities in the District as per 2001 stats South Africa results reflect that 575 675 people are found in Thulamela Municipality , 496 198 in Makhado , 40 836 in Musina and 57 643 in Mutale .

The population of the District is mainly comprised of women who forms 55% of the population while 50% of the population is composed of people under the age of 20 years. The languages that are spoken in the District are Tshivenda, Xitsonga, English, Afrikaans and Sepedi.

The poverty rate in the District as per the 2001 census has been recorded at 63.3% covering 176 464 households.

Strengthening alignment of IDPs of the District and Local Municipalities with the Provincial Growth and Development Strategy and the National Spatial Development Programme.

TABLE: DEMOGRAPHIC

TOTAL POPULATION	MAKHADO	MUSINA	MUTALE	THULAMELA
VDM				
1.388 427	583 491	42 994	93 578	668 364

STATS = 2001 and DWA Form-D study

1.8.2. District Competitive Advantage Areas

The Integrated Development Plan of Vhembe District Municipality as adopted in 2001 outlines the following as development potential areas offering competitive advantage to the District:

Agriculture: comprised of crop farming and livestock farming activities and forestry. The District produce a wide range of fruits such as Mangoes, Bananas etc. and vegetables from the commercial farming activities which are supplemented by subsistence activities. Livestock farming activities ranging from cattle, goats to other types of livestock are undertaken within the District.

Tourism: comprised of tourist attraction centres which includes World heritage Site at Mapungubwe, Thalami, Dzata Ruins, Tshatshingo Potholes, Lake Fundudzi and many more. The District is also on the gateway to Zimbabwe and the Kruger National Park and also has the Zoutpansberg Biosphere and forms part of the Limpopo Ivory route tourism belt.

Mining: comprised of both active mining activities and mineral occurrences which need further processing. The Venetia Diamond Mine in Musina and Tshikondeni Coal Mine are the most active mines within the District.

Manufacturing: Focusing on Agro-Processing industry. The district is current directing its focus on activation of agro-processing industry to take advantage of the horticulture produce.

Employment and Income Indicator	District Municipality VHEMBE		Local Municipality MUSINA		Local Municipality MUTALE		Local Municipality THULAMELA		Local Municipality MAKHADU	
Employed	138 465		16 197		6 553		55 670/		60 045	
Unemployed	156 127		5 384		8 970		82 148		59 625	
Not economically active	358 231		5 073		24 609		176 833		151 716	
Total 15-65 years	652 823	100%	26 654		40 132		314 651		271 386	
Income: None-R800	177 722	67%	7 983	69.8%	11 599	67.1 %	84 880	66.9%	73 259	66.9 %
Income: R801-R3 200	61 599	23.2%	2 341	20,8	4 355	25.2%	29 740	23.4%	25 163	23.0 %
Income: R3 200 and above	25 568	9.6%	1 253	10.8	1 309	7.5%	12 068	9.52%	10 939	10.0 %

TOTAL HOUSEHOLDS	264 889	100%	11 578	100	17 263	100%	126 688	100%	109 360	100%
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CHAPTER 2: PERFORMANCE HIGHLIGHTS

2.1. INTRODUCTION

The 2007/2008 financial year has been characterized by improved service delivery to communities in Vhembe District. The provision of basic municipal services to communities by Vhembe District Municipality, local municipalities, sector departments, other organs of state and parastatals within the district has seen an increase in the number of households having access to basic services such as water and sanitation, electricity, Roads and Bridges, housing, refuse removal and others. Indicate the figure in (Statistics) percentages and compare this to the previous year.

The financial year under review has also seen an increase level in our ability to collect revenue and expenditure patterns and increased financial management capacity.

2.2. PERFORMANCE HIGHLIGHTS FOR 2007/2008 FINANCIAL YEAR

2.2.1. Service Delivery Backlogs and Analysis

Table: This table shows basic services backlog per local municipality

Current reality: Service backlogs indicating households currently without service

Municipalities	Water : no of household connections	Sanitation: flush toilets and VIP.	Electricity : no of households	Housing : no of housing units	roads and transport	Refuse removal
MUSINA	2059.	0	0	4039	665.75km	7126
MAKHADO	42863	44396	20000	21431	921.2km	100123
THULAMEL	54205	88480	6578	24625	769.49km	117658

A						
MUTALE	9325	8620	35698	7580	463.6km	20230
VHEMBE	108452	141496	62276	57675	2820.04km	245137
SOURCE	VDM	VDM	Eskom	Local municipalities	RAL	

2.2.2. Performance Highlights

The performance highlights for the 2007/2008 financial year can be outlined as follows:-

2.2.2.1. Free Basic Services

Water Services

Free Basic Water Services

1. The municipality has managed to provide 8 865 771.25 liters of Free basic Water from February 2008 until the end of the last quarter. The water was provided through tanking wherein 52 614km traveled by 4 Trucks (tankers). Free Basic Water is mainly supplied by Local Municipalities through prepaid facility. The report in terms of quantifying the households and liters supplied is not available due to the challenge that local Municipalities are not reporting on this items.
2. Another challenge is that out of four local municipalities, only three have indigent registers. Makhado Municipality does not have an indigent register. The credibility of the indigent registers available also leaves much to be desired. There is a need to develop proper Indigent Register in order to provide Free Basic Water.

Access to clean water and decent sanitation by 2010

3. The total backlog of households without access to clean water is 150 711. The target for 2007/2008 was to reduce the backlog by 15%. The backlog was then reduced to 117 555. The municipality should strive to meet the National Target to eradicate the backlog of 117 555 households by December 2008

SANITATION:

4. A total of 6120 units have been constructed and completed during 2006/2007 financial year. The 2007/08 target was also 6120 units which was met.

5. A national target year for backlog eradication is 2010. Total backlog is 153 000 units which requires R765m

Water at Schools

6. Total No. of schools in the district is 1072. The number of schools accessing clean water is 622. The Backlog for connecting water to School is 450. Targets for connecting 2007/'08 for connecting water to schools was 150 and the municipality managed to connect 36 schools with water.

Sanitation at Schools

7. There are 675 schools without proper Sanitation services. The current number of schools with proper sanitation is 397.

Water and sanitation at all clinics

Water at clinics:

Total number of Health Facilities in the district is 128. The number of clinics that still needs water connection is 64. The municipality will focus on addressing this backlog in the next financial year.

Sanitation at clinics:

The number of clinics that still needs decent sanitation is 15. The municipality will focus on addressing this backlog in the next financial year.

Reduction of unaccounted for water

8. A total of 20% loss (33.4m/day of total production of Water from all the total water produced within the schemes (167 ml/day).

Progress made to address water loss: 0.

Challenges on Water and Sanitation Services Provision

9. No cost recovery for water services was in place in the last quarter. Not enough bulk meters to monitor the system. There is lack of control over the communal street stand pipes by our communities. The municipality does not have enough personnel to monitor the implementation of projects. The municipality does not have enough funds to meet the National Targets.

10. Water sources are also becoming dry. Sometimes the Service Providers appointed are incompetent resulting in most projects not being completed in time. Delay in procurement terms of advertising, adjudication and appointments of service providers were also a challenge although there is now dramatic improvement in this area. Operation Gigima was adopted and we hope it will assist a lot in addressing these challenges.

2.2.2.2. Electricity

Access to Free Basic Electricity

11. Our District Municipality coordinates access to Free Basic Electricity for identified indigents. Until the end of the quarter under review, 13,571 were benefiting on grid Free Basic Electricity (Free Electricity Token) and 6216 are benefiting on solar.

New electricity connections

12. By Fourth Quarter alone, Vhembe District Municipality has connected 3905 through its own funding. The connections made by ESKOM amounted to 2735 households.

13. National Target year for electricity is 2012. In 2007/08. There was a backlog of 74 000 household in terms of electricity connection. This should be resolved by connections through Vhembe District Municipality, Thulamela Municipality and ESKOM.

Total households connected with electricity in the past year per institution are as follows: Vhembe District municipality has connected 23337 households, Eskom has connected 2 735 and Thulamela Municipality through its partnership programme has connected 5 979 making a total of 28 146. This means that if the delivery can move in this pace, 2012 target can be achieved in terms of electricity

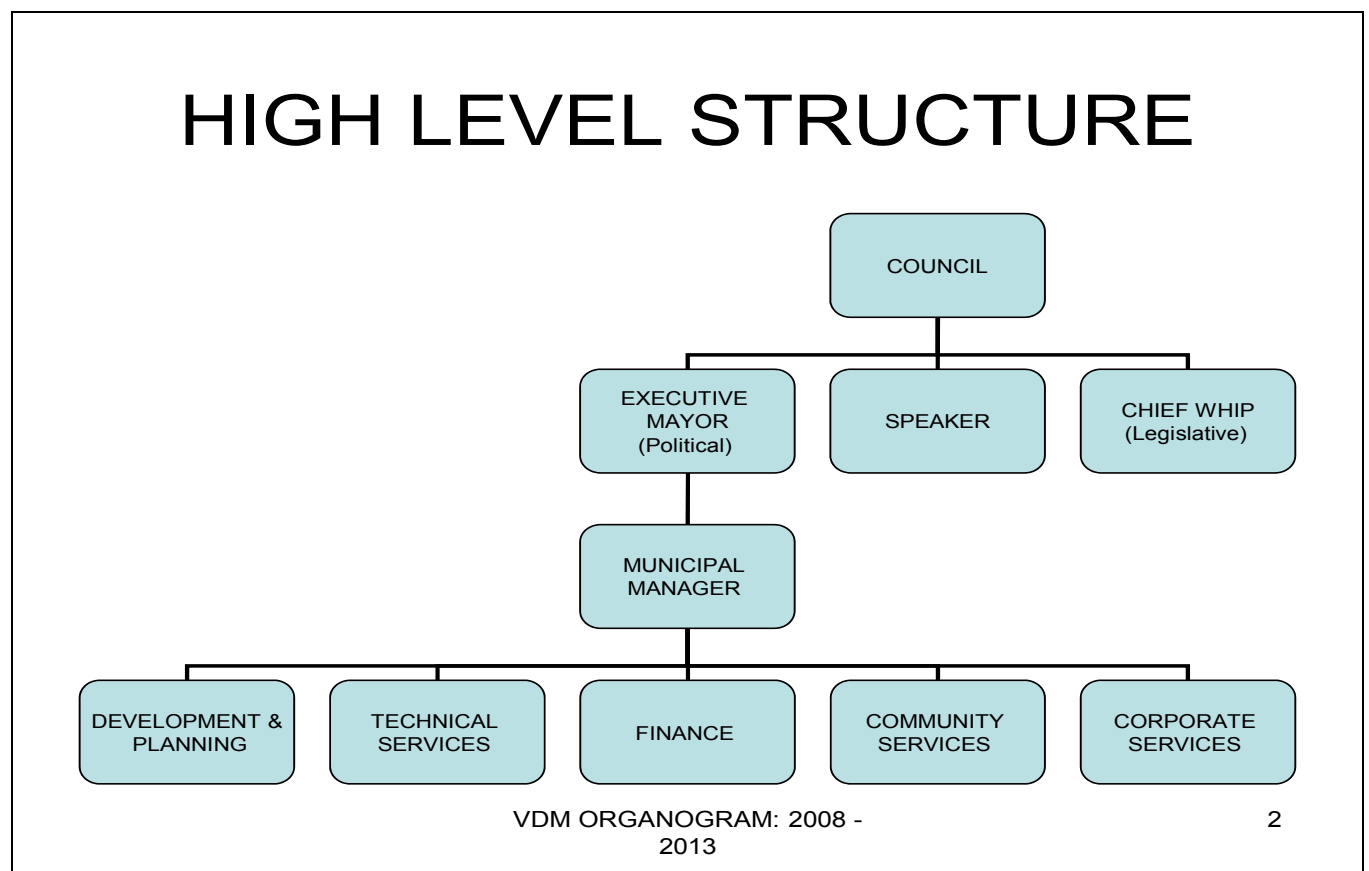
CHAPTER 3: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMEEET

3.1. Organisational Structure

The Organisational Structure was reviewed. Consultations were done with different stakeholders with different stakeholders including the Department of Local Government and Housing and the Office of the Premier. The structure was submitted to Council for approval before the start of 2008/09 financial year.

Macro Organogram

The macro organogram of the municipality was as follows:



Vhembe District Municipality strived to provide a responsive accountable and transparent Local Governance to its communities by, amongst others:

- Ensuring the involvement and participation of Traditional Leaders in matters of Local Governance.
- Rebuilding the moral fiber of society by organizing campaigns in this regard. This will ensure that good moral values are revived in our communities.

- Forward and proper planning to offset a situation whereby population growth is outpacing existing bulk services.
- Development and implementation of anti-corruption strategy.
- Strengthening capacity in line with the 5-year Local Government Strategic Agenda.
- Systematic quarterly monitoring of all programmes to ensure early detection of grey areas.
- Review of structures that provide services to vulnerable sectors such as women, youth, disabled and the aged.
- Developing realistic and integrated plans to render timeous affordable and efficient services.

All the above will be supported by efficient and responsive communication systems and services that will use among others public outreach programmes and other channels of communication.

3.2. Priority Issues

There is a need to revise priority issues of the cluster in order to align them with the Five National Key Performance Areas outlined in the Five-Year Local Government Strategic Agenda. For the purpose of this review, priority issues will be organized into three main categories of the five KPAs namely:

- Municipal Transformation and Organizational Development
- Financial viability
- Good governance and public participation

Each Key Performance Area shall have sub-areas that will cover all matters under institutional arrangements, systems and structures.

3.2.1. Municipal Transformation and Organizational Development

The Organisational Structure is presently being reviewed. Consultations are being done with different stake-holders like the Work-Study Officers from the Department of Local Government and Housing. The Structure will be submitted to Council for approval before the start of 2008/09 financial year.

Table: Human Resource Capacity/Staff Establishment in Terms of Occupational Levels

Municipalities	Top Management	Senior Managers	Middle Managers	Skilled Technicians	Semi-skilled officers	Unskilled	Total
Vhembe	7	0	45	120	10	6	
Thulamela	5	12	53	54	63	355	
Mutale							
Musina	5	10	14	39	19	146	
Makhado	4	18	125	320	115	211	

Table: Number of Employees with Specialized Skills

SPECIALISED SKILL	NUMBER OF EMPLOYEES	NUMBER OF YEARS
Engineering (Water and Sewerage System)	2	1
Roads and Transport Engineering	1	1
Regional planning	3	5
Land-use planning	1	5
Geographers	3	3
LED	7	5
Top management	7	5
Decision Support Information and GIS	8	3
Human Resources management	5	5
Project Management	4	4
Financial Management	10	4

3.2.2. Human Resource Policies

Two Human Resources policies were reviewed and approved by Council. They are Subsidy of Cell Phone and 3G policy and Travelling and Subsistence Allowance Policy.

3.2.3. Employment Equity Plan

The Equity Plan is still in a draft format.

3.2.4. Skills Development

Although the Workplace Skills Plan is regularly developed, there are concerns that it does not inform the training of personnel. The following should be done in the next financial year.

- Training should be informed by the Workplace Skills Plan (WSP).
- Training should be linked to the retention strategy
- There is a need to develop a policy for bursaries for employees.
- Training should be linked with Personal Development Plans and career pathing.

3.2.5. Performance Management System

The reviewed Performance Management System framework is available and is approved by Council. However, there is a need for its full implementation by doing the following:

- Annual development and signing of performance agreement by the Municipal Manager and managers directly accountable to the Municipal Manager.

- Developing job descriptions for all employees in the municipality.
- Developing individual work plans for all the employees who are not section 57 managers and making sure that they are signed.
- The SALGA Job Evaluation Centre, Office of the Premier and the Department of Local Government and Housing shall be consulted when dealing with these issues.
- Regular quarterly performance assessments for all the employees in the municipality.

CHAPTER 4: AUDITED STATEMENT AND RELATED FINANCIAL INFORMATION

4.1 AUDITED FINANCIAL STATEMENT AND OTHER RELATED INFORMATION

4.1. GENERAL INFORMATION

4.2. APPROVAL OF FINANCIAL STATEMENTS

4.3. REPORT OF THE CHIEF FINANCIAL OFFICER

4.4. BALANCE SHEET

4.5. INCOME STATEMENT

4.6. CASH FLOW STATEMENT

4.7. ACCOUNTING POLICIES

4.8. NOTES TO THE FINANCIAL STATEMENTS

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C - ANALYSIS OF FIXED ASSETS

D - ANALYSIS OF OPERATING INCOME

&
EXPENDITURE

E - DETAILED INCOME STATEMENTS

FOR THE YEAR 30 JUNE 2008

F - DISCLOSURE OF GRANTS AND SUBSIDIES

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED

30 JUNE 2008

4.1 .1 GENERAL INFORMATION

**MEMBERS OF THE MAYORAL
COMMITTEE**

Mdaka FP
Clr (Chairperson)
Clr Ahmed MO
Clr Rumani FF
Clr Ratshitanga TR

Clr Mabija L
Clr Ravhuanzwa SM
Clr Phaswana P
Clr Nwedamutsu J
Clr Matumba T
Clr Lerule M
Clr Phologa D

**GRADING OF LOCAL
AUTHORITY**

Grade 4

AUDITORS

Auditor-General

BANKERS

First National Bank

**REGISTERED
OFFICE**

Thohoyandou Government Building	Private Bag X 5006	Tel:	015 - 960 2000
Block A Premier's Office	Thohoyandou	Fax :	015 - 962 1017

0950

EXECUTIVE MAYOR

Clr F P Mdaka

MUNICIPAL
MANAGER

K T M O Sigidi (Municipal
Manager)

CHIEF FINANCIAL
OFFICER

M J Ramathhape

VHEMBE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2008

COUNCIL MEMBERS

COUNCILLOR

PROPORTIONAL - COUNCILLOR

<u>COUNCILLOR</u>	<u>PROPORTIONAL - COUNCILLOR</u>	<u>ANC</u>
1 Mutsila I (ANC)		
2 Sibiya S (ANC) Speaker	Mutsila I	Tshamaano S G
3 Ahmed M. O (ANC)	Sibiya S	Langa RY
4 Mdaka FP (EXECUTIVE MAYOR)	Ahmed M. O	Ratshitanga TR
5 Mulaudzi RL (ANC)	Mdaka FP	Maluleke N.A
6 Mabija L (ANC)	Mulaudzi LR	Musalafu M.E
7 Mashele R (ANC)	Mabija L	Matambela N A
8 Silinda J (ANC)	Mashele R	Shibambo MP
9 Nwedamutswu J(ANC)	Silinda J	Maholwane K.E
10 Matumba T (ANC)	Nwedamutswu J	Netshifhefhe K.J
11 Lerule M (ANC)	Matumba T	Ngwana RE
12 Phologa J (ANC)	Lerule M	Mukheli M
13 Muladi N P (ANC)	Phologa D	Tshinavhe N P
14 Ravhuanzwo S.M	Muladi N P	Netshidongololwe NI

15	Ramadwa M.R (ANC)	Ravhuanzwo S.M	Sikhutshi P
16	Tseli RM (ANC)	Ramadwa M.R	Rumani FF
17	Mashau T.S. (ANC)	Tseli RM	Baloyi S
18	Nemutanzhela T.R (ANC)	Mashau T.S.	Munungufhala ML
19	Tshamaano SG (ANC)	Nemutanzhela T.R	Phaswana P
20	Langa RY (ANC)	Nthulani L	Nthulani L
21	Underwood J.P (DA)	Lebea E	
22	Mankhili MB (ACDP)	Makhado M	
23	Ligege TS (PAC)	Machovani R. G	
24	Ramulifho HB(ACDP)	Bopape B	
25	Ratshitanga TR (ANC)	Mashau LP	
26	Maluleke N.A (ANC)		
27	Musalafu M.E (ANC)		
29	Matambela N A (ANC)		<u>ACDP</u>
30	Shibambo MP(ANC)		
31	Mamma M.E (ANC)	Ramulifho H. B.	
32	Maholwane K.E (ANC)	Hlungwani BF	
33	Netshifhefhe K.J (ANC)	Mankhili M. B.	
34	Ngwana RE (ANC)		<u>ID</u>
35	Mulaudzi VE(ID)	Mulaudzi V. E.	
36	Ramudingane A.E (UDM)		
37	Mukhatywa S (XP)		
38	Mukheli M (ANC)		<u>XP</u>
39	Tshinavhe N P(ANC)	Mukhatywa S	
40	Netshidongololwe NI (ANC)		
41	Sikhutshi P (ANC)		<u>PAC</u>

42	Rumani FF (ANC)		
43	Baloyi S (ANC)	Ligege TS	
44	Munungufhala ML (ANC)		
45	Phaswana P (ANC)		<u>DA</u>
46	Nthulani L (ANC)	Underwood J.P	
47	Lebea E (ANC)	Maboho NK	
48	Makhado M (ANC)		
49	Machovani R. G (ANC)		<u>UDM</u>
50	Bopape B (ANC)		
51	Radamba M (PAC)	Ramudingane A. E	
52	Hlungwani BF (ACDP)	Mashau LP	
53	Maboho NK (DA)		
54	Temba MP (ANC)		

VHEMBE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2008

4.1.2 APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 4 to 19 were approved by the

Municipal Manager on 29 August 2008.

K T M O Sigidi

MUNICIPAL MANAGER

M J Ramathape

CHIEF FINANCIAL OFFICER

VHEMBE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

4.1.3 REPORT OF THE CHIEF FINANCIAL OFFICER

1. Introduction

The 2007/2008 financial statements were prepared in line with the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA). Some of the highlights include the finalisation of the service delivery agreements with the water service providers, the four local municipalities in the district. During the financial year the municipality approved the budget which was prepared in line with National Treasury regulations and applicable legislation.

2. Budget

The approved operating and capital budget for 2007/2008 financial year amounted to R 937 746 598. The actual expenditure for the year was R 672 427 034 which represents 72% expenditure of the total 2007/2008 budget. This is a significant improvement of 20% expenditure as compared to the 2006/2007 financial year.

3. Operating results

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

Employee related Cost - Social Contributions	127,195,784.61
Councillors remuneration	5,755,132.56
Repairs and maintenance	45,606,660.51
General expenditure	127,965,739.64
TOTAL	306,523,317.32

The total operating expenditure represents 33% of the total operating budget. This is a significant improvement of 19% as compared to the previous financial year. The total operating income collected for the year is 69% of the budgeted revenue.

4. Capital expenditure

The expenditure on fixed assets incurred during the year amounted to R 365 903 717 which is 15% improvement as compared to the 2006/2007 financial year. The highlight which had a positive impact on service delivery is the fact that the municipality was able to get back the MIG funds that were withheld due to poor spending of the capital budget during the previous financial year.

5. Investments and cash

At the end of the financial year, R 465 983 309 was invested on a short term basis and interest received during the year from investments, call and operational accounts is R 51 472 749

At 30 June 2008, cash at bank amounted to R 73 013 958.

VHEMBE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

REPORT OF CHIEF FINANCIAL OFFICER (continued)

6. TABLE OF OPERATING RESULTS

The overall operating results for the Vhembe District Municipality for the year ended 30 June 2008 are shown below:

	Actual 2 007	Actual 2 008	Variance 2007/8 %	Budget 2008	Variance Actual/ budget %
Opening Surplus	187,452,683	317,277,449		-	

Operating income	320,882,108	648,751,181	-51%	937,746,597	-31%
Closing deficit	-	-		-	
	508,334,791	966,028,630		937,746,597	
EXPENDITURE					
Opening Surplus/(Deficit)	(1,459,278)			-	
Operating expenditure	192,516,620	672,427,034	-71%	937,746,597	-39%
Sundry transfers	-	-		-	
Closing surplus	317,277,449	293,601,596		-	
	508,334,791	966,028,630		937,746,597	

7.APPRECIATION

My appreciation goes to the Executive Mayor, the Speaker, Councillors, the

Municipal Manager, Head of Departments for the support they have given me and my personnel during the year.

I wish to convey a special word of appreciation to all the Finance staff members for their loyalty and dedication shown during the preparations of the 2007/2008 financial statements and their commitment to uphold efficient financial administration and management.

M J RAMATLHAPE

Chief Financial Officer

B Com

VHEMBE DISTRICT MUNICIPALITY

4.1.4 BALANCE SHEET AT 30 JUNE 2008

	NOTE	2008 R	2007 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
RETAINED INCOME		318,254,225	317,277,448
		<hr/>	<hr/>
		318,254,225	317,277,448
		<hr/> <hr/>	<hr/> <hr/>

**EMPLOYMENT OF
CAPITAL**

FIXED ASSETS

1

-

-

NET CURRENT ASSETS

318,254,225

317,277,448

CURRENT ASSETS

572,564,670

494,545,426

Inventory

3

1,076,881

468,590

Cash

48,049,100

32,797,125

Debtors

4

57,455,380

82,400,725

Short-term investments

2

465,983,309

378,878,986

CURRENT LIABILITIES

254,310,445

177,267,978

Provisions

5

12,143,908

3,007,077

Creditors

6

218,017,137

174,260,901

Short term liability

-

-

Retention Creditors

24,149,400

-

318,254,225

317,277,448

VHEMBE DISTRICT MUNICIPALITY

4.1.5 INCOME STATEMENTS FOR THE YEAR ENDED

30 JUNE 2008

2007	2007	2007		2008	2008	2008	2008 Budget
Actual	Actual	Surplus		Actual	Actual	Surplus	Surplus
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)	(Deficit)
R	R	R		R	R	R	R
306,395,032	173,857,728	132,537,304	RATES AND GENERAL SERVICES	595,527,834	462,029,568	133,498,266	-
306,395,032	173,857,728	132,537,304	Community services	595,527,834	462,029,568	133,498,266	-

14,487,076	18,658,892	(4,171,816)	TRADING SERVICES	53,223,347	210,397,466	(157,174,119)	-
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320,882,108	192,516,620	128,365,488	TOTAL	648,751,181	672,427,034	(23,675,853)	-
--------------------	--------------------	--------------------	--------------	--------------------	--------------------	---------------------	----------

	1,459,278	Appropriation for the year	24,652,629
	129,824,766	Net Surplus for the year	976,776
	187,452,682	Beginning of the year	317,277,449
	317,277,448	Accumulated Surplus : end of the year	318,254,225

(Refer to appendices D and E for more detail)

VHEMBE DISTRICT MUNICIPALITY			
4.1.6 CASH FLOW STATEMENT FOR THE YEAR ENDED			
30 JUNE 2008			
	Notes	2008	2007
		R	R
CASH RETAINED FROM OPERATING ACTIVITIES		263,547,421	139,903,761
Cash generated by operations	10	316,509,716	16,789,480
Investment Income	8	51,472,749	31,837,098
(Increase)/decrease in working capital	11	(104,435,044)	91,277,183
		263,547,421	139,903,761
Less: External interest paid		-	-
Cash available from operations		263,547,421	139,903,761
Cash contributions from public and the state		-	-
Net proceeds on disposal of fixed assets		-	-
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets	1	(365,903,717)	(8,419,835)

NET CASH FLOW		(102,356,297)	131,483,927
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/(decrease) in long-term loans		-	-
Increase in cash investments	2	(87,104,323)	(91,956,081)
(Increase)/decrease in cash	12	(15,251,974)	(39,527,846)
		(102,356,297)	(131,483,927)

VHEMBE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

ACCOUNTING POLICIES

1 Basis of presentation

1.1 These financial statements have been prepared so as to conform with the Generally Accepted Municipal Accounting Principles laid down by the Institute of Municipal Finance Officers.

1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 2. The accounting policies are consistent with those applied in the previous year, except where otherwise indicated.

1.3 The financial statements are prepared on the accrual basis:

Income is accrued when collectable and measurable. Certain direct income such as traffic fines and certain licences are accrued when received.

Expenditure is accrued when it is incurred.

2 Fixed assets

2.1 Fixed assets are stated: at historical cost; or at valuation (based on the market price at the date of acquisition), where assets have been acquired by a grant or donation.

while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the treasurer.

2.2 Depreciation

The balance shown against the heading "Loans Redeemed" in the notes to the balance sheet is tantamount to a provision for depreciation, however certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various Council funds, assets may also

be acquired through:

Appropriation 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.

Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed" account.

3 Inventory

Inventory is valued at the lower of cost, determined on the weighted average basis, and net realisable value.

4 Income recognition

4.1 Levies

Income from levies is accrued when collectable and measurable.

4.2 Other services

The income from services such as emergency services, rental of property or any other sundry service is recognised when the amounts of such charges are debited against the debtor account.

5 Provisions

Provisions are recognised when and only when the municipality has a present legal or constructive obligation to transfer economic benefits as a result of past events, and a reasonable estimate of the obligation can be made.

6 Surpluses and deficits

Any surpluses or deficits arising from the operation of the Trading services are transferred to Rates and General Services to alleviate the tax burden of rate payers.

7 Investments

Investments are stated at cost, less amounts written off. Investments are written down to give recognition to a permanent decline in value. Investments are invested in accordance with the new investment regulation Circular 1 of 1994 issued by the Provincial Administration.

8 Leases

8.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Council.

8.2 Operating leases are those leases which do not fall within the scope of the above definition. Operating leases rentals are expensed as they become due.

8.3 Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

VHEMBE DISTRICT MUNICIPALITY

4.1.7 NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008	2007
	R	R
1. FIXED ASSETS		
Fixed assets: Beginning of the year	86,943,227	78,523,393
Capital expenditure during the year	365,903,717	8,419,835

Less: Assets written off, transferred or disposed of
during the year

Total fixed assets

Less: Loans redeemed and other capital receipts

Net fixed assets

Unlisted

Short-term deposits

Management's valuation of unlisted investments

Average gross rate of return on investment

No investments were written off during the year.

3. INVENTORY

Inventory represents consumable stores raw materials,
work in progress and finished goods and where necessary

	-	-
	<u>452,846,944</u>	<u>86,943,228</u>
	452,846,944	86,943,228
	<u>-</u>	<u>-</u>
	<u>465,983,309</u>	<u>378,878,986</u>
	<u>465,983,309</u>	<u>378,878,986</u>

specific provision is made for obsolete inventory.

1,076,881

468,590

VHEMBE DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2008 (continued)

	2008	2007
	R	R
4. DEBTORS		
Current debtors (consumer and other)	116,940,627	60,684,322
Vat receivable	37,366,133	21,716,403
	<u>154,306,760</u>	<u>82,400,725</u>
Less: Provision for bad debts	(96,851,380)	-
	<u>57,455,380</u>	<u>82,400,725</u>

5. PROVISIONS

Leave	12,143,908	3,007,077
	<u>12,143,908</u>	<u>3,007,077</u>

6. CREDITORS

Accrued expenses	13,348	13,348
Accounts payable	120,956,268	77,113,894
IT System	-	86,139
Unspent grant	97,047,521	97,047,521
	<u>218,017,137</u>	<u>174,260,901</u>

7. AUDITOR'S REMUNERATION

Audit fees	<u>711,988</u>	<u>562,524</u>
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VHEMBE DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2008 (continued)

	2008	2007
	R	R
9. FINANCE TRANSACTIONS		
To external interest earned or paid		
Interest earned	51,472,749	31,837,098
Interest paid	-	-
	<u> </u>	<u> </u>
10. APPROPRIATION		
Appropriation account		
Accumulated surplus : beginning of year	317,277,448	187,452,682
Operating surplus for the year	(23,675,853)	128,365,488
Appropriations for the year	24,652,629	1,459,278

Prior year adjustments

-

24,652,629

Accumulated surplus: end of year

318,254,225

317,277,448

VHEMBE DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2008 (continued)

	2008	2007
	R	R
11. CASH GENERATED BY OPERATIONS		
Surplus for the year	976,776	126,313,813
Adjustments in respect of previous year's operating transactions		1,459,278
<i>(Note 10)</i>		
Appropriations charged against income:	365,903,717	9,400,880
Capital development fund	-	-

Mayors discretionary fund	-	-
Provisions and reserves	-	981,045
Fixed Assets	365,903,717	8,419,835
Capital charges:	-	-
Interest and redemption paid:	-	-
to internal funds	-	-
on external loans	-	-
Investment income (operations)	(50,914,930)	(31,837,098)
Non operating income	544,152	-
Credited to funds	544,152	-
Credited to provisions and reserves	-	-
Capital expenditure	-	-
Non operating expenditure	-	88,547,393
Debited to funds	-	-
Debited to provisions and reserves	-	-
Non-cash flow adjustment	-	88,547,393
	316,509,716	16,789,480

12. (INCREASE)/DECREASE IN WORKING CAPITAL

Increase in stock	(608,291)	(208,263)
Increase in debtors	(24,945,345)	(31,368,343)
Increase in creditors	8,222,915	122,853,789
Increase in investments	(87,104,323)	-
	<u>(104,435,044)</u>	<u>91,277,183</u>

13. (INCREASE) / DECREASE IN CASH ON HAND

Cash balance at the beginning of the year	32,797,125	6,429,303
Less Cash balance at the end of the year	48,049,099	32,797,125
	<u>(15,251,974)</u>	<u>(26,367,823)</u>

14. BANK BALANCES

Current account (Primary account)

The Municipality has the following balances:

First National Bank (Thohoyandou)

Account number: 62021931458

Cash book balance at beginning of the year (overdrawn)/ positive	23,957,324	13,160,023
Cash book balance at end of the year - positive	<u>15,250,373</u>	<u>23,957,324</u>
Bank statement balance at beginning of the year - positive	<u>39,649,645</u>	<u>4,621,746</u>
Bank statement balance at the end of the year - positive	73,013,958	39,649,645

VHEMBE DISTRICT MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 30 JUNE 2008

	2008	2007
	R	R
15. CAPITAL COMMITMENTS		
Capital commitments	13,660,366	-
16. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share (Note 15.1)	191,706,825	158,204,429
MIG fund (Note 15.2)	199,210,520	91,659,066
Financial management grant (Note 15.3)	500,000	500,000
Municipal systems provincial grant (Note 15.4)	1,000,000	-
Municipal systems improvement grant (Note 15.5)	1,000,000	1,000,000

Grant assets (Note 15.6)	14,679,568	-
DWAF grant (Note 15.7)	122,401,552	19,804,750
Local economic development grant (Note 15.8)	1,200,000	-
Total	531,698,465	271,168,245

16.1 Equitable share

This grant is used to subsidize the operations of the municipality.

16.2 Municipal Infrastructure Grant (MIG)

Balance at Beginning of Financial Year	97,047,521	87,001,978
Receipts	199,210,520	91,659,066
Expenditure	-67,534,151	-81,613,523
Unspent Balance	228,723,890	97,047,521

16.3 Financial Management Grant

Balance at Beginning of Financial Year	-	
Receipts	500,000	500,000

Expenditure	(259,561)	(500,000)
Unspent Balance	<u>240,439</u>	<u>-</u>

16.4 Municipal Systems Provincial Grant

Balance at Beginning of Financial Year	-	
Receipts	1,000,000	-
Expenditure	-	
Unspent Balance	<u>1,000,000</u>	<u></u>

16.5 Municipal Systems Improvements Grant

Balance at Beginning of Financial Year	-	
Receipts	1,000,000	1,000,000
Expenditure	(891,000)	(1,000,000)
Unspent Balance	<u>109,000</u>	<u>-</u>

16.6 Grant Assets

Balance at Beginning of Financial Year	-	-
Receipts	14,679,568	-

Expenditure	(14,679,568)	-
Unspent Balance	-	-

16.7 Dwaf Grant

Balance at Beginning of Financial Year		-
Receipts	122,401,552	19,804,750
Expenditure	(120,560,000)	(19,804,750.00)
Unspent Balance	1,841,552	-

16.8 Local Economic Development Grant

Balance at Beginning of Financial Year	-	-
Receipts	1,200,000	-
Expenditure	-	-
Unspent Balance	1,200,000	-

VHEMBE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
APPENDIX C

4.1.8 ANALYSIS OF FIXED ASSETS

Expenditure		Budget	Balance at	Expenditure	Redeemed, transferred	Balance at
2007	Service	2008	30 June 2007	during year	or written off	30 June 2008
R		R	R	R	R	R
RATES AND GENERAL						
8,419,835	SERVICES	668,695,718	86,943,227	365,903,717	544,152	452,302,793
-	Office of the Municipal Manager	-	93,264	-	-	93,264
7,446,721	Community Service	35,358,458	14,262,835	27,604,469	-	41,867,305
38,868	Technical Department	589,986,299	64,437,754	310,945,074	-	375,382,828

-	Council	500,000	-	437,414	-	437,414
520,380	Corporate Department	2,320,000	1,515,224	14,505,400	-	16,020,624
400,890	Planning	40,280,961	400,890	12,377,196	-	12,778,086
12,975	Finance	250,000	6,233,260	34,164	544,152	5,723,272
	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS					
8,419,835		-	86,943,227	365,903,717	544,152	452,302,793
-	Loans redeemed and advances repaid	-	246,122	-	544,152	(298,030)
8,419,835	Contributions from operating income	-	83,413,061	-	-	83,413,062
-	Grants and subsidies	-	3,284,044	365,903,717	-	369,187,761
-	Public contributions	-	-	-	-	-
-	Net fixed assets	668,695,718	-	-	-	-

VHEMBE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

4. 9 APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2008

ACTUAL		ACTUAL	BUDGET
2007		2008	2008
R		R	R
	INCOME		
	Grants and Subsidies:		
81,613,523	-Conditional	338,492,179	-
192,228,739	-Unconditional	1,000,000	336,355,487
47 039 846	Operating Income	309,259,002	601,391,110
457,244	-Regional service levies	10,852,803	-
14,487,076	-Sale of water	53,223,347	19,410,326
32,095,526	-Other income	245,182,851	581,980,784
320 882 108	TOTAL INCOME	648,751,181	937,746,597

EXPENDITURE

40,542,205	Salaries, Wages and Allowances	132,950,918	152,226,392
35,899,443	General expenses	127,965,740	76,947,251
2,043,854	Repairs and maintenance	45,606,661	37,025,453
-	Capital Charges	-	-
8,419,835	Contributions to fixed assets	57,829,125	37,647,953
81,613,523	Contributions - Conditional Grant	308,074,591	-
23,997,760	Other Contributions	-	633,899,548
<hr/>		<hr/>	<hr/>
192 516 620	GROSS EXPENDITURE	672,427,034	937,746,597
<hr/>		<hr/>	<hr/>
128 365 488	NET SURPLUS	(23,675,853)	-
<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

**VHEMBE DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**

4.1.10 APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED

						2008
						Budget
2007	2007		2008	2008	2008	Surplus
Actual	Actual		Actual	Actual	Surplus	Surplus
Income	Expenditure		Income	Expenditure	(Deficit)	(Deficit)
R	R		R	R	R	R
RATES AND GENERAL SERVICES						
306,395,032	173,857,728	Community services	595,527,834	462,029,568	133,498,266	-

23,230,236	14,194,783	Corporate Services	34,983,648	70,504,335	(35,520,687)	-
61,016,318	27,298,183	Community Services	60,234,311	56,203,449	4,030,862	-
11,726,632	6,908,986	Finance	24,941,634	8,885,780	16,055,854	-
10,917,302	6,573,935	Council	4,347,186	5,167,279	(820,093)	-
4,619,326	2,174,169	Office of the Municipal Manager	4,422,226	3,640,147	782,079	-
24,731,988	12,164,103	Planning	44,331,430	17,399,150	26,932,279	-
170,153,230	104,543,569	Technical Services	422,267,399	300,229,428	122,037,972	-

TRADING SERVICES

14,487,076	18,658,892	Water	53,223,347	210,397,466	(157,174,119)	-
------------	------------	-------	------------	-------------	---------------	---

320,882,108 192,516,620

TOTAL

648,751,181

672,427,034

(23,675,853)

-

Appropriation for the year

24,652,629

Net Surplus

976,776

Beginning of the year

317,277,448

Accumulated Surplus

end of the year

318,254,225

VHEMBE DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

4.1.11 APPENDIX F

STATISTICAL INFORMATION

		2008	2007	
General statistics				
Population		1,199,884	1,199,884	
Registered voters		428,008	428,008	
Area (km2)		21,407	21,407	sg km
Total valuations:	Taxable (R' 000)	N/A	N/A	
	Non- taxable (R' 000)	N/A	N/A	
	Residential (R'000)	N/A	N/A	
	Commercial (R'000)	N/A	N/A	
		N/A	N/A	
		N/A	N/A	
Valuation date:		N/A	N/A	

Number of properties:	Residential	N/A	N/A
	Commercial	N/A	N/A
Assessment rate:	Basic (per Rand)	N/A	N/A
	Rebate: residential	N/A	N/A
Number of employees		755	153

N/A = Not Applicable

4.2 Report of the Auditor General

REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE AND COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VHEMBE DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Vhembe District Municipality which comprise the balance sheet as at 30 June 2008, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set put in accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007 (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies

- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

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

Basis of accounting

4. The municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1 to the financial statements

Basis for disclaimer of opinion

Corresponding figures

5. In my previous audit report dated 29 August 2008 I was unable to express an audit opinion on the financial statements of the municipality for the year ended 30 June 2007. The qualification matters have not been resolved while no alternative procedures were possible and my audit report is disclaimed regarding the corresponding figures as discussed hereunder:
- a) The financial statements erroneously did not include the following water and sewerage related transactions of the local municipalities of Makhado, Musina, Mutale and Thulamela respectively:
 - Water and sewerage assets and long-term liabilities to the amount of R24.4 million and R1.3 million;
 - Water revenue to the amount of R13.5 million;
 - Water and sewerage debtors to the amount of R8 million;
 - Water consumer deposits, water purchasing and water inventory to the amount of R592 286, R101 637 and R124 909 respectively;
 - Included in the debtors amount disclosed on the balance sheet of Thulamela local municipality, is an amount of R12.1 million that relates to water services expenditure incorrectly and inaccurately allocated against debtors.
 - b) The following balances in the financial statements have been affected as a result of the prior year qualification matters not being resolved by the municipality:
 - Fixed assets are overstated by R8 095 000
 - Debtors are overstated by R26.3 million
 - Creditors are overstated by R82 million
 - VAT payable are understated by R4.1 million
 - Accumulated surplus is understated by R42 305 000

Revenue

6. The district municipality is a water authority in terms of section 84(1b) and 84(1d) of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipality has appointed the local municipalities falling within its jurisdiction as service providers in terms of Section 78 of the Municipal Systems Act, 2000 (Act No. 32 of 2000). In terms of the service delivery agreement entered into (September 2007) with local municipalities, the district municipality shall sell bulk water to local municipalities and account for bulk water revenue in their accounting records.

The district municipality did not recognise water revenue for bulk water supplied to local municipalities as there were no proper systems in place to account for bulk water supplied and the district municipality did not set bulk water tariffs during the year. I consequently could not confirm the completeness of revenue recognised in the financial statements and could not determine the value of water revenue.

7. Due to the nature of other income received by the municipality, it is not feasible for the district municipality to implement accounting controls around the completeness of Regional Service Council levies, donations and tender income and consequently I could not verify the completeness of other income amounting to R2.2 million in the financial statements

Retention creditor

8. Documentation supporting the retention creditor balance of R24 million in the financial statements could not be provided. As a result, I was unable to confirm the existence, obligations and valuation of this balance in the financial statements.
9. My alternative audit procedures revealed an additional amount of R3.6 million withheld from service providers which were not accounted for as retention creditors in the accounting records of the municipality.

Fixed assets

10. Included in capital expenditure in the financial statements is an amount of R 21.1 million arising from journal transactions for which substantive documentation could not be provided. I was unable to confirm the accuracy and occurrence of these transactions in the accounting records of the municipality.
11. I could not confirm the title of the land on which municipal buildings were erected which are included in the financial statements at a value of R16.6 million. As a result, I was unable to verify the municipality's rights to these assets.

Related parties

12. Even though the municipality maintains the declaration of staff members interest forms where individual staff members declare their financial interests in companies and organisations, I could not obtain evidence that the municipality has procedures in place to identify related parties and related party transactions for senior management spouses and close families.
13. In addition, no related parties or related party transactions have been disclosed in the financial statements.

Disclaimer of opinion

14. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide

a basis for an audit opinion on the financial statements of the Vhembe District Municipality. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

I draw attention to the following matters

Restatement of corresponding figures

15. As disclosed in note 19 to the financial statements, the corresponding figures for 30 June 2007 have been restated as a result of a number of prior year adjustments that have been processed in the accounting records of the municipality.

OTHER MATTERS

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Internal controls

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

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
Corresponding figures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Revenue	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Retention creditor			<input type="checkbox"/>	<input type="checkbox"/>	
Fixed assets	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Related parties	<input type="checkbox"/>		<input type="checkbox"/>		

Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.

Control activities: policies, procedures and practices that ensure that management’s financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.

Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
<p><u>Monitoring</u>: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.</p>					

Non-compliance with applicable legislation

Local Government Municipal Structures Act, 1998 (Act No. 117 of 1998)

17. The municipality does not comply with Section 84(1) of the Structures Act regulating the functions and powers of a district municipality which includes the provision of portable water supply systems as well as systems for domestic waste-water and sewage disposal refer to paragraph 6 above as well as note 7 to the annual financial statements.

Matters of governance

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

Matter of governance	Yes	No
Audit committee		
<ul style="list-style-type: none"> The municipality had an audit committee in operation throughout the financial year. 		<input type="checkbox"/>
<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 		<input type="checkbox"/>
<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA. 		<input type="checkbox"/>
Internal audit		
<ul style="list-style-type: none"> The municipality had an internal audit function in operation throughout the financial year. 		<input type="checkbox"/>
<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		<input type="checkbox"/>
<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA. 		<input type="checkbox"/>
Other matters of governance		
<ul style="list-style-type: none"> The annual financial statements were submitted for audit as per the legislated deadlines (section 126 of the MFMA) 	<input type="checkbox"/>	
<ul style="list-style-type: none"> The annual report was submitted to the auditor for consideration prior to the date of the auditor's report 		<input type="checkbox"/>
<ul style="list-style-type: none"> The financial statements submitted for audit were not subject to any material amendments resulting from the audit. 		<input type="checkbox"/>
<ul style="list-style-type: none"> No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior 	<input type="checkbox"/>	

Matter of governance	Yes	No
management.		
<ul style="list-style-type: none"> The prior year's external audit recommendations have been substantially implemented. 		<input type="checkbox"/>
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
<ul style="list-style-type: none"> The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007. 		<input type="checkbox"/>
<ul style="list-style-type: none"> The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP. 		<input type="checkbox"/>
<ul style="list-style-type: none"> The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008. 		<input type="checkbox"/>

Unaudited supplementary schedules

19. The supplementary information set out on pages 17 to 21 do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion on them.
20. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget. The supplementary budget information set out on page 7 does not form part of the financial statements and is presented as additional information. Accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

21. I was engaged to review the performance information.

Responsibility of the accounting officer for the performance information

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

Responsibility of the Auditor-General

23. I was engaged to review the performance information I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
24. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
25. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

Non-compliance with regulatory requirements

26. The Vhembe District municipality did not prepare an annual performance report in terms of section 46 of the MSA, as required by section 121(3)(c) of the MFMA.
27. The Vhembe District Municipality did not appoint and budget for a performance audit committee, neither was another audit committee utilised as the performance audit committee.
28. The Vhembe District Municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal auditing processes as required in terms of section 45 of the MSA.

APPRECIATION

29. The assistance rendered by the staff of the Vhembe District Municipality during the audit is sincerely appreciated.

Polokwane

30 November 2008



A U D I T O R - G E N E R A L

CHAPTER 5: FUNCTIONAL AREA AND SERVICE DELIVERY REPORTING

5.1. Finance

5.2. Corporate Services

5.2. Water and Sanitation Services

5.3. Housing and Electricity

5.3. Roads and Storm Water

5.1 FUNCTION FINANCE

FUNCTIONS: FINANCE

SUB- FUNCTION:

- BUDGET AND REPORTING
- REVENUE COLLECTION
- EXPENDITURE
- SUPPLY CHAIN MANAGEMENT

Reporting Level	Detail
OVERVIEW	<ul style="list-style-type: none"> ➤ .BUDGET AND REPORTING ➤ REVENUE COLLECTION ➤ EXPENDITURE ➤ SUPPLY CHAIN MANAGEMENT
DESCRIPTION OF THE ACTIVITY	<p>BUDGET AND REPORTING</p> <ul style="list-style-type: none"> ➤ Preparation of Monthly, Quarterly, bi-annual (In year reporting) and Annual report to all stakeholders. ➤ Capacity building on financial management interns. ➤ Preparation of Budget process time-table ➤ 2007/08 Budget Adjustment ➤ Preparation of 2008/09 Multi year budgeting ➤ Development of Draft General Accepted Accounting Practice financial policies. ➤ Budget consultation. Invite community representation on

	<p>the budget</p> <p>REVENUE COLLECTION</p> <ul style="list-style-type: none"> ➤ Follow-up and collections for outstanding debts <p>EXEPENDITURE</p> <ul style="list-style-type: none"> ➤ Increasing spending <p>SUPPLY CHAIN MANAGEMENT</p>
--	---

FUNCTIONS: FINANCE AND ADMINISTRATION			
SUB- FUNCTION: FINANCE			
Reporting Level	Details	Total	
		TOTAL	COST
ANALYSIS OF FUNCTION	<p>BUDGET AND REPORTING</p> <ul style="list-style-type: none"> ➤ Preparation of Monthly, Quarterly, bi-annual (In year reporting) and Annual report to all stakeholders. ➤ Capacity building on financial management interns. ➤ Preparation of Budget process time-table ➤ Preparation of 2007/08 Multi year budgeting ➤ 2007/08 Budget Adjustment ➤ ➤ Development of Draft General Accepted Accounting Practice financial policies. ➤ Budget consultation. Invite community representation on the budget <p>REVENUE COLLECTION</p> <ul style="list-style-type: none"> ➤ Follow-up and collections for outstanding debts <p>EXEPENDITURE</p> <ul style="list-style-type: none"> ➤ Increasing spending 		

--	--	--	--

FUNCTIONS: FINANCE AND ADMINISTRATION			
SUB- FUNCTION: FINANCE			
Key Performance Area	Performance during the Year, Performance Targets Against Actual and Plans to Improve Performance.	Current	Target
1. REVENUE COLLECTION	<ul style="list-style-type: none"> ➤ To ensure that there is % increase on the collection of Revenue Credit Policy will be implemented to increase the variances 		
2. BUDGET AND REPORTING	<ul style="list-style-type: none"> ➤ To ensure the Municipality is implementing budget reforms and Generally accepted Municipal accounting practice ➤ Budget consultation ➤ To ensure that the Municipality complies with financial management legal and reporting requirements by June 2008. 	Meet Due dates (100%)	Submit budget before the dead line
3. EXEPNDITURE	<ul style="list-style-type: none"> ➤ To Increase Expenditure and budget control to % by June 2008 	4 Meetings with stake holders	4 Meeting with stakeholders
4. SUPPLY CHAIN MANAGEMENT		Unqualified Financial Report Obtain	Obtain Disclaimer

5.1.1. Financial Viability

Budget

Budgeting is regularly done in the municipality in line with the Municipal Finance Management Act. The draft budget for 2008/09 financial year is in the process of finalisation and it will be tabled before Council and subsequently submitted for approval before the start of the financial year in terms of the Municipal Finance Management Act. The information detailing the past and present income and expenditure trends is available. The table below depicts the status quo with regard to Vhembe District Municipality revenue and expenditures plan.

Revenue Budget

Revenue	2007/2008 (Budget) 000	Actual to date 000	% of actual/ budget	2008/2009 000	2009/2010 000
Government grants & Own revenue	R 817 687	R 746 572	91%	R 626 913	R 653 509
	R 55 558	R 32 360	57%	R 92 797	R 97 530
TOTAL	R 937 246	R 778 933	83%	R 719 711	R 751 039

Expenditure Budget

Expenditure	2007/2008 (Budget) 000	Actual to date 000	% of actual/ budget	2008/2009 000	2009/2010 000
Salaries and wages	R 145 085	R 46 913	32%	R 255 267	R 280 092
Councilors and allowances	R 7 140	R 3 891	55%	R 6 911	R 7 256
General expenses	R 75 917	R 14 223	19%	R 83 138	R 87 295
Repairs and maintenances	R 38 196	R 30 557	80%	R 82 400	R 86 520
Contribution to capital outlay	R 36 897	R 5 329	14%	R 38 710	R 40 646
Projects	R 630 867	R 168 015	27%	R 269 451	R 282 924
Regional functions	R 3 140	R 829	26%	R 3 673	R 3 856
TOTAL	R 937 246	R 289 166	29%	R 751 039	R 788 591

- **Supply Chain**

The Supply Chain Management Policy is in place and has been approved by Council. The policies are in line with the MFMA and the Municipal Service Standards. There is however a need to develop a check list for the monitoring and evaluation of the Supply Chain Management policy implementation.

- **Financial Control and Management**

Vhembe district municipality council has adopted and approved financial management policies and procedure that are being used to perform financial management efficiently and effectively. The following is the list of VDM adopted policies:

- Financial Accounting policy
- Investment Policy
- Inventory
- Supply Chain management policy
- Subsistence, traveling and attending of seminars and congress.
- Transport policy
- Computer System and operation policy
- External loans policy
- Petty cash policy
- Budgetary procedure and control policy
- Receipting , depositing and control over cash funds
- Asset management policy
- Customer care, credit control and debt collection policy
- Water and sanitation policy
- Indigent policy

- **Financial Reforms**

There is compliance with the requirement of the legislations as regards to the financial reforms. Financial statements are prepared in line with IMFO and GAMAAP

- **Budget Reforms**

Vhembe district municipality has partially implemented budget reforms as outlined in the MFMA. This includes the following:

- Tabling the draft 2007/2008 financial year draft budget 90 days before the start of the financial year (Section 16 (2) of the MFMA)
- Tabling the 2009/2010 Budget time Schedule by August 2007. (Section 21 1(b) of the MFMA)
- Submission of Monthly budget statement to the Mayor, National treasury and Provincial treasury.
- Submission of quarterly budget statement to council
- Service Delivery and Budget Implementation Plan (SDBIP) for the current financial year to be approved by the mayor.

The municipality had not yet complied with MFMA budget reforms requirements in terms of the following:

- Alignment of the Budget with GRAP Standards
- Preparation of the financial statement using GAMAP or GRAP accounting principles.
- Signing performance contract before implementation of the Budget by senior management.

- **Financial Reporting Reforms**

The municipality has during the previous financial year not complied with the following financial reporting requirement:

- Financial statement prepared in line with Imfo standards instead of GAMAP, GRAP as required by the MFMA. However, this municipality falls within the municipalities that have been exempted from complying with the above. The municipality must comply by 2009/2010 financial statements, although earlier compliance has been emphasised.
- Financial statements were submitted after the due date.
- The annual reports were not submitted to council within the prescribed time frame. (That's within seven month after the end of a financial year)

- **Financial Reporting**

There is good compliance with the monthly, quarterly and annual financial reporting.

- **Financial Statements**

The district municipality so far obtained the following audit reports:

Table: Audit Reports

01/02	02/03	03/04	04/05	05/06	06/07	07/08
Qualified	Qualified	qualified	Unqualified	qualified	Disclaimer	Disclaimer

5.2. Corporate Services

5.1.1. STAFFING INFORMATION FOR 2005/2006 FINACIAL YEAR

The Staffing information in Vhembe District Municipality for the 2007/2008 financial year in Vhembe District Municipality was as follows:

TOTAL NUMBER OF STAFF

The total number of staff in Vhembe District Municipality staff establishment during the year under review was as follows:

FUNCTION	TOTAL POSTS	FILLED POSTS	VACANCIES
CORPORATE	35	31	4
COMMUNITY SERVICES	91	67	24
FINANCE	27	27	0

TECHNICAL SERVICES	18	12	6
PLANNING	13	8	5
TOTAL			

STAFFING INFORMATION:

POSTS BUDGETED FOR FILLING DURING THE 2007/2008 FINANCIAL YEAR

DEPARTMENT/ OFFICE	NUMBER OF POSTS	FILLED POSTS	VACANCIES	RESIGNATIONS
Office of the Mayor	8	-	8	-
Office of the Municipal Manager	4	0	4	-
Finance	5	5	0	5
Corporate Services	7	3	4	-
Technical Service	11	5	6	-
Development Planning	5	0	5	-
Community Services	27	6	21	4
TOTAL	88	42	46	9

EMPLOYMENT EQUITY STATUS AND PROGRAMMES

The Municipality has work to do in ensuring equity at senior and middle management. In the year under review programmes were undertaken to reverse the imbalances and assessment on the impact of these will have to be carried out during subsequent years.

EMPLOYMENT EQUITY STATISTICS PER OCCUPATIONAL CATEGORY BY JUNE 2007

Male	Female
-------------	---------------

Occupational category	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Senior officials and Managers	21				5				26
Professionals	2				2				4
Technicians and associate professionals	11				5				16
Clerks	13				21				34
Service & sales workers	42			1	13				56
Elementary occupations	5				10				15
TOTAL	94			1	56				151

SKILLS DEVELOPMENT PROGRAMMES

The table below reflects training programmes implemented during the year under review in line with the Workplace Skills Plan.

PROGRAMME	NO OF PEOPLE TRAINED	SERVICE PROVIDER	ACCREDITATION
Skills programme for Personal Assistants	2	LE-MARK COMMUNICATION	NQF Level 5 Certificates
Electronic Payroll system operation	2	PAYDAY	Certificate of competence
Electronic HR system operation	1	PAYDAY	Certificate of competence
Fire prevention and Safety	2	Fire protection Association of SA	Certificate of competence
Firefighter 1 & 2	13	Fire Raiders	NQF Level 5 Certificates
Hazmat Awareness and Operations	10	Fire Raiders	NQF Level 5 Certificates
Cash Management and Bank Reconciliation	5	IMFO	
Professional Certificate in CIO	1	WITS Business School	Certificate of competence
TOTAL: R642 052.03			

LABOUR DISPUTES , DISCIPLINARY CASES AND GRIVIENCES

<u>CATEGORY</u>	<u>RECEIVED/ INSTITUTED</u>	<u>RESOLVED</u>	<u>OUTSTANDING</u>
<u>DISCIPLINARY CASES</u>	1	1	0
<u>GRIEVANCES</u>	2	2	0
<u>LABOUR DISPUTES</u>	1	1	0

ARREARS OWED TO THE MUNICIPALITY BY COUNCILLORS AND

SENIOR OFFICIALS

	<u>30 DAYS +</u>	<u>60 DAYS +</u>	<u>90 DAYS +</u>
<u>COUNCILLORS</u>	0	0	0
<u>SENIOR OFFICIALS</u>	0	0	0

TRENDS ON TOTAL PERSONNEL EXPENDITURE FROM 2002 TO 2004

The following table represents personnel expenditure trends within the municipality and analysis reveal an incremental trend on personnel expenditure resulting from the accelerated process of filling of vacancies:

<u>FINANCIAL YEAR</u>	<u>BUDGET R 000</u>	<u>EXPENDITURE R 000</u>	<u>VARIANCE %</u>
2002/3	21 293	8 429	60%
2003/4	41 000	18 000	55%
2004/5	39 312	23 677	40%
2005/6			
2006/7			

MEDICAL AID

The following table discloses medical schemes to which employees and the number of employees were participating:

NAME OF SCHEME	BONITAS	HOSMED	SAMWUMED	MUNIMED
Number of members on scheme	28	10	1	16

PENSION FUND

The following table discloses pension funds to which employees were participating the number of members per each fund:

NAME OF PENSION FUND	MUNICIPAL GRATUITY FUND	SAMWU NATIONAL PENSION FUND	MUNICIPAL EMPLOYEE PENSION FUND	MUNICIPAL COUNCILORS PENSION FUND	LOCAL GOVERNMENT PENSION FUND	NATIONAL FUND FOR MUNICIPAL WORKERS		JOINT MUNICIPAL PENSION FUND
							2%	
Number of employees	94	2	42	15	14	1	29	1

SKILLS DEVELOPMENT PROGRAMMES

During the year under review the municipality conducted the skills audit and the skills gaps were identified leading to participation in the following skills focus by the municipality employees as hereunder reflected:

PROGRAMME	NO OF PEOPLE TRAINED
1. Sustainable Safety	2
2. Disaster Management	1
3. Fire and Rescue	6
4. Fire Fighter One and Two	7
5. Safety Africa	1
6. Conflict Management	1
7. Project Management	5
8. Change Management	1
9. Communication Management	1

10.Strategic Planning and Leadership		1
11. Advance Fire Protection		1
12. Fire Services Instructor One		5
13. Disaster and Development		2
14. Our People, Our World		2
TOTAL	R245 249.99	36

The total expenditure for the programmes amounts to R 245 249

ARREARS OWED TO THE MUNICIPALITY BY COUNCILLORS AND

SENIOR OFFICIALS

	30 DAYS +	60 DAYS +	90 DAYS +
COUNCILLORS	0	0	0
SENIOR OFFICIALS	0	0	0

During the year under review as illustrated in the table above no councilor nor senior official was in arrears in respect to municipal services.

RESIGNATIONS

In the year under review the municipality has had three resignations from officials.

LABOUR DISPUTES , DISCIPLINARY CASES AND GRIVANCES

<u>CATEGORY</u>	<u>RECEIVED/INSTITUTED</u>	<u>RESOLVED</u>	<u>OUTSTANDING</u>
<u>DISCIPLINARY CASES</u>	0	0	0
<u>GRIVIENCES</u>	5	4	1
<u>LABOUR LEGAL DISPUTES</u>	1	1	0

5.3. Economic Development

Economic Growth and Increased Employment

It is important for us to understand the trends that are occurring in the larger context in which the District finds itself, so that we can be able to assess the potential for the development in the District, Provincial and National. The Local level social and economic trends will impact the development path of the district. A better understanding of this changes and trends will make us improve the way in which we plan, as well as how to deliver quality service to the residents of the district. The key economic sectors in the Vhembe District Municipality are:

- Services
- Finance
- Mining
- Transport
- Wholesale Retail and Trade
- Manufacturing
- Construction
- Agriculture

Poverty Indicators

Table below shows that about 813,467 people are living in poverty, which accounts to 65.2% of the total population of Vhembe. This figure is too high and it must be reduced significantly to meet the millennium development goals that of halving poverty by 2014.

Table: Number of People in Poverty

	National	Limpopo	Vhembe	Musina	Mutale	Thulamela	Makhado
Black	20,085,365	3,110,706	812,051	21,780	63,035	374,424	352,812
White	185,200	7,684	867	230	39	40	559
Coloured	765,231	2,047	453	23	8	51	371
Asian	81,624	475	96	0	0	65	30
Total	21,117,420	3,120,911	813,467	22,033	63,082	374.580	353,772

Poverty is more entrenched amongst black people amongst whom 65.9% of them are living in poverty. Followed by Coloureds of whom 41,4% are in poverty then Whites of whom 7,1% are poor. Only 3,8% of the Asians are in poverty as indicated in table 18 below.

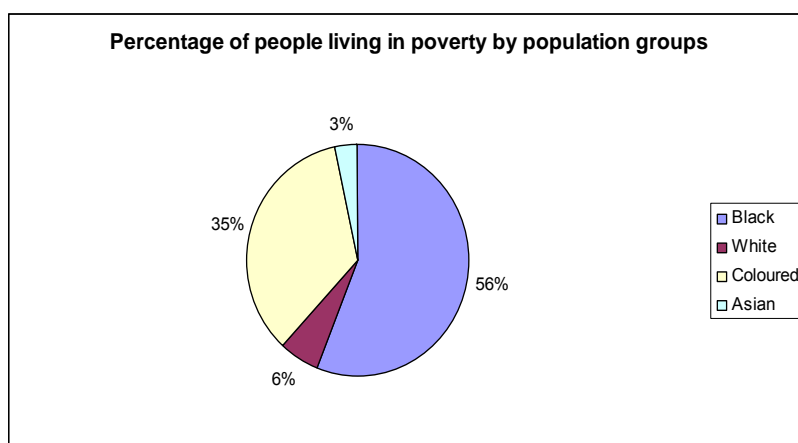
Table: Percentage of People in Poverty

	National	Limpopo	Vhembe	Musina	Mutale	Thulamela	Makhado
Black	53.9%	61,2%	65,9%	48,5%	71,5%	62,4%	70,6%
White	3,8%	5,9%	7,1%	16,8%	7,4%	9%	5,7%
Coloured	18,6%	33%	41,4%				44,8%
Asian	7.0%	6,1%	3.8%			5%	2,5%
Total	44,6%	59,7%	65,2%	47,5%	71,1%	62,3	69,1%

Table above indicates the percentage of people living in poverty (less than \$1 per day). Musina has the lowest percentage of people living in poverty (47, 5%) while Mutale has the highest (71.1%). Nationally, black people are the poorest followed by the coloureds.

Figure below shows percentages of people living in poverty per population groups. Of all people living in poverty 56% are Black, 35% Colored, 6% Whites and 3% Asians. This show that Black people are the most affected by poverty and followed by the Coloureds. They are in this position mostly because of legacy of the past. The LED strategy therefore should seek to address the imbalances of the past.

Figure: Poverty Levels



Inequality Levels

The Gini Coefficient shows level of in equality. It moves from 0 to 1, where 0 is prefect equality and 1 is the extreme inequality. The level of equality decreased from 0.58 Gini in 1996 to 0.64 Gini in 2006 as indicated in table . This implies that the gap between the poor and the rich increased between 1996 and 2006 and it is not good for the economy. The gap is much wider in Musina. From the above it is imperative that a strategy focusing on the poor should be developed so that the gap is brought back to acceptable levels.

Table: Gini Coefficient

Gini Coefficient

	1996	2006
Vhembe	0.58	0.64
Musina	0.60	0.68
Mutale	0.58	0.64
Thulamela	0.57	0.64
Makhado	0.58	0.63

Rate of literacy

	National	Limpopo	Vhembe	Musina	Mutale	Thulamela	Makhado
Illiterate	8,241,699	1,151,832	256,263	10,448	18,884	115,646	111,285
Literate	19,866,581	1,496,515	361,633	16,700	21,813	176,636	146,484
%	70.7%	56.5%	58.5%	61.5%	53.6%	60.4%	56.8%

Labour and Employment

Unemployment

Unemployed persons are those who are actively looking for a job but who are not in any

	Year	National	Limpopo	Vhembe	Musina	Mutale	Thulamela	Makhado
Male	2005	30.3%	34.7%	36.9%	7.8%	48.2%	39.9%	36.2%
	2006	28.8%	32.5%	34.4%	7.4%	45.0%	37.1%	33.8%
Female	2005	50.1%	60.8%	65.7%	16.6%	83.1%	69.3%	65.7%
	2006	48.5%	58.3%	63.0%	16.0%	79.9%	66.4%	63.0%
Total	2005	39.3%	47.5%	52.0%	12.3%	67.1%	55.5%	51.4%
	2006	37.7%	45.1%	49.3%	11.8%	63.9%	52.6%	48.9%

type of paid employment.

Unemployment Rate (%)

Table above shows that general unemployment is higher in females than in males, which means there is still a need to empower women. Musina municipality has the lowest unemployment rate with Mutale having the highest. The worrying factor is that unemployment in Vhembe District is higher than those of the Province and National. Unemployment rate in Vhembe District Municipality has declined by 2.7%, from 52% in 2005 to 49, 3% in 2006.

Average Annual Growth (Constant 2000 Prices)

National	Limpopo	Vhembe	Musina	Mutale	Thulamela	Makhado
4.9%	3.6%	2.7%	3.8%	2.9%	2.6%	2.6%

5.4. Emergency Management Services

Fire and Rescue Services

Vhembe District Municipality has four main fire stations which are located at strategic growth points in the district. A fifth fire house is under construction at Vuwani town under Makhado Municipality. A sixth fire house has been planned for Malamulele town which is under Thulamela Municipality and it will be constructed during 2007/2008 financial year.

A fire and rescue service in the Vhembe District Municipality is understaffed and as a result compromise service delivery. In terms of the South African National Standards (SANS 10090) Code of practice, the manning level per shift should be at least a minimum of ten fire fighters. At Vhembe District Municipality we are nowhere close to that number. The majority of shifts are having five personnel each with the highly staffed having six fire fighters. This is happening while we are still employing the three shift system. It must be remembered that the ideal shift system which complies with the laws of this country is the four shift system. The total number of the fire and rescue services section personnel including the Chief Fire Officer is **95**.

The Manning Levels

Manning Levels at each Fire Station

	M.G RAMUSHWANA	MAKHADO	MUTALE	OBED MASHABA	BACKLOG
Divisional Officer	1	1	1	1	0
Station Officer	4	3	3	3	3
Operational Fire Fighters	13	13	15	15	51
Control room Attendants	4	4	4	3	1
Administrator	1	0	1	0	2
Driver	0	0	1	0	3
Messenger	1	0	0	0	0
General workers	0	0	2	0	6
TOTAL	24	21	27	22	66

Vehicles and Equipment

For the Municipality to provide acceptable fire and rescue services in terms of the National Standard, it is required that new fire fighting and rescue equipment be continually acquired to meet the demands. Some of the current fleet is more than 15 years and as such the maintenance costs are very high. Another worrying factor is the reliability of the particular appliances on the fire ground.

The Vehicles and Equipment at each Fire Station

	M.G RAMUSH WANA	MAKHADO	MUTALE	OBED MASHABA	BACKLOG
Heavy duty Pump unit	1	0	0	0	3
Medium duty pump unit	1	0	1	0	3
Light duty pump unit	0	1	0	1	6
Water tanker	1	1	1	1	4
Rescue unit	1	1	1	1	4
Hazmat unit	0	0	0	0	4
Grass and bush	3	2	1	1	1

tenders					
Incident Command Vehicle	0	0	0	0	4
Rapid Intervention Vehicle	0	0	0	0	4
Ladder unit	0	0	0	0	2
TOTAL	7	5	4	4	35

Fire and Rescue Services By-Laws

In addition to the Fire Brigade Services Act No. 99 Of 1987, the fire and rescue services requires additional legislative authority in order to perform some of the activities which are not covered in the Act. Vhembe District Municipality's Emergency Services By – Laws document has already gone through Council, where it was tabled and then referred to public for comments.

Response Time

The fire and rescue service is unable to meet the national requirements with regard to response time due to various factors. Some of the contributing factors are the following: the distance between the fire station and the incident address, the road network infrastructure, time of the day, the type of vehicle dispatched e.t.c. It is therefore of vital importance to comply with national standards, because in some instances we are no longer rendering emergency services because of the time factor.

Disaster Management

The District disaster Management centre is located at Muledane Block J next to Ramushwana fire station. The centre does not have a centre Manager which is provided for in the Disaster Management Act. The challenge facing the centre is lack of offices and facilities. The following table indicates the current reality of Disaster management and the status of relevant plans.

Disaster Capacity and recourse allocation

Municipalities	Integrated Institutional Capacity	Review Disaster Management Plan	Integrated Communication and Information System	Disaster Management Framework	Remote Control Gates	Volunteers Policy	Facilities
Vhembe District Municipality	6 officials and 33 still to be employed	Not yet reviewed but proposals invited from service providers	None	None	Not yet	Not yet compiled	Tents and Vehicles
Thulamela	4	0	None	None	N/A	None	
Makhado	2	Plan in place and in the IDP	None	None	N/A	None	
Musina	0	None	None	None	N/A	None	
Mutale	1		None	None	N/A	None	
VDM/MIG	YEAR 1 2008/09	YEAR 2 2009/ 10	YEAR 3 2010/11	YEAR 4 2011/12	YEAR 5 2012/13		YEAR 6 2013/14
Service	Amount in Rands	Amount in Rands	Amount in Rands				
DISASTER MANAGEMENT							
Additional Offices	R220 000	R10 280 000	R1500 000				
Disaster Management Framework	R600 000	R55 000	Implementation				
Disaster Management	R230 000	Implement	R160 000				

Municipalities	Integrated Institutional Capacity	Review Disaster Management Plan	Integrated Communication and Information System	Disaster Management Framework	Remote Control Gates	Volunteers Policy	Facilities
Plan		ation					
Hazards / Risk Identification and Mapping	R60 000	R270 000	R 80 000				
Disaster Management Week	R120 000	R94 000	R85 000				

GRAND TOTAL R22 686 000

Municipal Health Services

Devolution process for Environmental Services from Department of Health and Social Development to District Municipality has recently been finalized. Currently there are 36 officers who have been seconded to District Municipality pending to total transfer on the 1st of April 2008. The major challenge facing the seconded officials is the issues of transport since out of 36 only 10 officials have transport. Current affairs are that the department will provide budget for the period of three years while District will consider budgeting for the services thereafter. There are 5 officers to join District Municipality from Local Municipality namely 1 from Musina and 4 from Makhado Municipality respectively.

Provision of Environmental/ Health services and allocation of officers

Location	Number of personnel	Number of offices	BACKLOG
District Municipality	01	01	04
District health offices	04	02	-
Mutale municipality	03	01	04
Musina municipality	03	02	04
Mutsha clinic	02	01	01
Thulamela municipality offices	06	04	05
Malamulele sub-office	04	01	04
Elim hospital	05	01	03
Siloam hospital	03	01	03
Tshilwavhusiku health centre.	03	01	02
D.F.H and William Edie	02	02	05
Makhado municipality and sub -office	06	04	03
Total	42	21	38

Waste Disposal Sites

District is still having challenges with regard to waste disposal sites. Most of the sites are being utilized without licence. The following table indicates the current, status of landfills and backlogs.

Waste Disposal Sites

Municipalities	Land fills infrastructure			
	Current status	Licensed	unlicensed	Backlog

Musina	1	1	0	1
Mutale	2	-	2	2
Makhado	1 and 3 transfer stations	1		3
Thulamela	2	2	0	1

HIV/AIDS Information

Vhembe District is at 14, 2% prevalence with the lowest being Mutale, followed by Thulamela, Makhado and highest is Musina. (According District survey 2006/07)

Statistics according to the District during 2007/08 financial year.

Table 44: HIV/AIDS Status in the Province per District

District	2005 Prevalence	2006 Prevalence
Water berg	28,5%	27,5%
Mopani	29,8%	24,8%
Capricorn	22,2%	24,2%
Sekhukhune	17,7%	16,1%
Vhembe	13,9%	14,2%
LIMPOPO	21,5%	20,7%
NATIONAL	30,2%	29,1%

HIV / AIDS Drop in Centres

MUNICIPALITY	NO.OF HOME	NO.OF DROP-IN-	NO.OF CHILD
--------------	------------	----------------	-------------

	COMMUNITY BASED CARE SITES SUPPORTED	CENTRE SITES SUPPORTED	CARE FORUMS SUPPORTED
THULAMELA	6	15	11
MAKHADO	7	14	1
MUTALE	2	4	-
MUSINA	1	2	-
TOTAL	16	35	

Structures In Partnership with Hiv/Aids Programs

The following are the structures that are involved with issues of HIV and AIDS in Vhembe District.

- MIPAA(Men In Partnership Against Aids),
- WIPPA(Women In Partnership Against Aids),
- FOHAP((Faith Based Organization In Partnership Against Aids)
- House Of Traditional Leaders,
- Traditional Health Practitioners,
- Coalition/Forum NGOs,
- Business Forum
- PLHA.(People Living With Hiv And Aids)

Current and Future Challenges

- Lack of commitment of sectors committees dealing with HIV/AIDS in the district.
- Lack of resources and mainly funding to NGOs dealing with health issues in the District.
- Mushrooming of NGOs which lead to duplication of services.
- Failure or insufficient budget by government departments to budget HIV/AIDS programs.
- Poor mainstreaming of HIV/AIDS program to all sector departments and NGOs.

Emergency Medical Services

Emergency medical service is having 8 stations in the whole District. These areas are the following: HEAD OFFICE is stationed at LTT unit L.

- Makhado
- Majosi clinic
- Siloam hospital
- Thohoyandou hospital
- Malamulele hospital
- Makuya clinic
- Thengwe clinic
- Obed Mashaba fire station
-

Status of emergency services in the District

Emergency Medical Services

	Ambulances	Response and rescue	Staff	Stations	paramedics
Current status	20	03	242	08	01
Backlog	18	08	106	01	08

Challenges of EMS

- Current buildings are not EMS purpose built structures.
- Lack of funds to build well structured building suitable for EMS services.
- Lack of control room attendants (District Control centre) to mend control centres.
- Shortage of ambulance centres in the District to fast track and cover response time.

Department of Health Services

The district health services are offered within the following establishments:

- 1 Regional Hospital
- 6 District Hospitals
- 110 Clinics
- 3 Gateway Clinics
- 1 Health Information Centre
- 19 Mobile Clinics

In terms of the provision made an area need to have a population of at least 10 000 to qualify for a clinic, however in areas where this criteria can not be fulfilled mobile clinic can be accessed. In terms of the standard made down people are not allowed to walk for than 5 km to access the health services

Status of Clinics

Basic services	THULAMELA	MAKHADO	MUSINA	MUTALE	COMMENTS
Water	2, supply not sufficient 46 sufficient	2, supply not sufficient 42 sufficient	All have sufficient supply	1, supply not sufficient 15 sufficient	- insufficient - Tshikuwi Clinic also has insufficient water supply from the community - Mudimeli Clinic water is not fit for consumption
Electricity	1 not electrified 48 electrified	All electrified	All electrified	All electrified	All but, Duvhuledza Clinic has been electrified, however, electrification is in progress ,the contractor is on site
Toilets	All have	All have	All have	All have	-
24 Hours Service	45 working 4 not offering	43 working 1 not offering	2 working 1not offering	16 working	Those that are not offering 24hrs service do not have maternity section and also lack of accommodation
Security Services	All provided	All provided	All provided	All provided	-
Communications	8 without means: <ul style="list-style-type: none"> • Tshisaulu • Mukula • Makahlule • Peninghotsa • Matiyani • Murangoni • Damani • Duvhuledza 41 have means	1 without means is Khomele 43 have means	1 without means is Madimbo 2 have means	1 without is Folovhodwe 15 have means	no Telkom lines and cell phone reception

Basic services	THULAMELA	MAKHADO	MUSINA	MUTALE	COMMENTS
road accessibility	2 are not accessible while 46 are easily accessible	7 are not easily accessed while 37 are accessible	all are accessible	2 are accessible	Some areas are not accessible during rainy season.

5.5. Development Planning

SPATIAL DEVELOPMENT FRAMEWORK

Vhembe District Municipality has developed and adopted a Spatial Development Framework (SDF) in July 2007 which serves as a spatial implementation tool for the district Integrated Development Plan (IDP). The formulation of Vhembe District SDF highlighted the need to restructure the current spatial pattern, ensure equity, efficiency, sustainability, integration and economic growth in order to contribute towards eradication of poverty, through ensuring a well spatially coordinated district and facilitate alignment of municipalities' spatial plans both vertically and horizontally.

The formulation of the Spatial Development Framework is a statutory obligation on Municipalities in terms of the Municipal Systems Act, 32 of 2000. This act determines that the Spatial Development Framework for the Municipality should specifically give effect to the principles for land development as contained in the Development Facilitation Act, 67 of 1995. This implies that the SDF is primarily a tool applied to the spatial restructuring of Municipal areas in order to correct the spatial imbalances and inefficiencies created by the previous apartheid planning.

Public Transport Planning and Roads Infrastructure

The Transport System in Vhembe is inadequate to meet the basic needs and accessibility to work, healthcare, schools, shopping's etc. and too many developing rural and urban areas. In order to meet these basic needs of accessibility, transport system must;

- Ensure that passengers transport services meet the needs of users, including commuters, pensioners, the elderly, scholars, the disabled, tourists and long – distance passengers.
- Walking distance to be less that 1km in urban areas. Commuters should be spending less that 10% of their disposal income on transport
- To replace operator permits with permission issued in terms of approval transport plan.
- Improve road infrastructure and other public transport facilities as prioritized.

Number of Taxi and Bus Ranks and Their Backlogs

Taxi Ranks

Name of Municipality	Number of Taxi Ranks	Backlogs
Thulamela	5	6
Makhado	2	7
Mutale	1	7
Musina	2	0

Bus Ranks

Name of Municipality	No of Bus Ranks	Backlogs
Thulamela	1	1
Makhado	1	6
Mutale	0	1
Musina	1	0

Road Infrastructure Network

Vhembe District Municipality has a serious backlog in road networking. The Roads Agency Limpopo has already_gazette the transfer of all municipal roads to the District. The District Municipality will have to agree on the classification with Local Municipalities. Vhembe District Municipality owned **4043.76km** of road network of which **1337.35 km** is tarred_and **2706.41km** is gravel and others are dirt as per RAL Statistic. The following diagram indicates the status of Roads as per Department of Roads and Transport which include unnumbered roads.

Road Infrastructure Network

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Roads Infrastructure

ITEM	THULAMELA	MUTALE	MUSINA	MAKHADO	TOTAL
TARRED ROAD (KM)	299.5	104.7	411.3	451.74	1267.24
GRAVEL ROAD (KM)	769.49	463.6	665.75	926.2	2825.04
TOTAL	1068.99	568.3	1077.05	1377.94	4092.28

The below table indicates the modes of transport used in Vhembe District.

Modes of Transport used to work in Vhembe District Municipality

ID	Location	Bicycle	Bus	Car as a Driver	Car Passenger	Minibus/ Taxi	Motor cycle	Other	Train	Total
DC34	VDM	3230	25343	18437	23427	33893	1572	1561	1927	109390
	%	3	23	17	21	31	1	1	2	100

NOTES:

Lined area for notes, consisting of multiple horizontal dashed lines.