



NGQUSHWA LOCAL MUNICIPALITY

ANNUAL REPORT:

2009-2010

PART 1: INTRODUCTION AND OVERVIEW

Mayor's Foreword

2009 / 2010 as a financial year has brought about a new slogan for everyone in the Ngqushwa Local Council that says "business unusual". This is the attitude that has born existence and meaning to a member of interventions undertaken in respect of our financial management and capacity building.

Ngqushwa has implemented a number of recommendations and resolutions by either the Office of the Auditor General, the Audit Committee and the Council from the previous financial years in an effort to graduate from the bad culture of "disclaimed Audits" which have sat with us for a period of seven financial years in succession. These include the appointment of an IDP / PMS Manager, Internal Auditor, Creation of the Information Backup Systems and a number of other internal control measures.

Local Economic Development has received a concerted attention from the Council with the aim to build a broader base where the Municipality can draw revenue. In line with that project Hamburg has been identified as our tourism hub in which a sterling reflection of partnership has been demonstrated between ourselves and our District Municipality. The partnership produced the Hamburg Artist Residence currently under construction, the first of its kind in the African Continent.

Improvement of stakeholder relationship has been another area of focus. We have created sound relations between the institution and the business sector which have culminated in the establishment of an Interim Local Structure under NAFCOC. Also our guidance has been viewed to be very crucial to IGR forums.

In spite of the fiscal challenges this Municipality still views the existence and role of the Ward Committees as the backbone of our Public Participation System, hence our new approach to introduce some working mechanisms to the system.

These include adoption of a stipend as travelling allowance, intervention in the event of death of a member of the Ward Committee and Ward Committee AGMs. We hope to improve our contribution to these efforts as time goes on.

I am therefore taking this opportunity to give gratitude to all Councilors and Officials of this Municipality for their support and commitment during the past financial year in making Ngqushwa Municipality the success story that it is, in spite of its many challenges.

Sincerely,

BONGANI NTONTELA

MAYOR

Municipal Manager's Foreword

I join the Mayor, Cllr B Ntontela, in presenting the Annual Report of Ngqushwa Municipality for the 2009/10 financial year. To the best of my knowledge the contents of the report are consistent with the disclosure principles contained in the Guide for the preparation of Annual Reports issued by National Treasury. This report seeks to portray the Ngqushwa Municipality's activities during the year under review and is based on sound underlying municipal information and management systems.

The year 2010 has been phenomenal for all South Africans- it is one that we will hold very near to our hearts for many years to come. South Africa unified its own diverse and vibrant family, and all the nations of the world, by successfully hosting the beautiful game during the illustrious soccer world cup. In the 2010 State of the Nation Address, His Excellency JG Zuma, President of the Republic of South Africa pronounced the year as the "year of action". Indeed as the municipal administration we undertook to work harder to build the credibility of our municipality.

The financial year 2009/2010 was of particular significance to our business. Some of the key achievements for the year under review are provided below:

- a) Improved credibility of the Integrated Development Plan (IDP) and budgetary controls
- b) Receiving a qualified audit opinion from the Office of the Auditor General for the first time
- c) The commencement of the Hamburg Artist Residence development
- d) Most policies and procedures have been developed, reviewed and approved by the council
- e) Strengthening of Public Participation processes
- f) Appointments made in key strategic positions

However, the following challenges require our undivided commitment:

- a) Achievement of Clean Audit Opinion by 2014
- b) Building and maintenance of massive infrastructure rollout
- c) Improving the financial position of the Municipality
- d) Development of job opportunities and reduction of poverty levels through our Infrastructure and Local Economic Development programmes

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

To all the stakeholders and partners who assisted us in realizing our vision, both in the public and private sector, we say thank you for believing in us and making the recorded achievements a reality. Once again, your support is our strength.

To my colleagues, I wish to extend my sincere thanks for the hard work and further confirm our collective commitment that "Working together we can achieve more and there is no substitute for hard work". The political leadership has once again led the Municipality to greater levels of achievement; the guidance of our political leaders continues to be the source of energy for the Ngqushwa team.

Thank you!

Nomhle Yvonne Zongo

Municipal Manager

A. Overview of the Municipality

a) GEOGRAPIC INFORMATION

Ngqushwa Local Municipality falls within the jurisdiction of the Amathole District Municipality which is situated in the Eastern Cape Province, Amathole District Municipality and covers an area of 23 573km² and the Ngqushwa municipal area covers 2245 square kilometers which accounts for 10% of the district. The administrative seat of the Municipality finds itself in Peddie and the municipal area is divided into 14 wards.

Ngqushwa is located in the west of the Amathole district and consists of two towns Peddie and Hamburg, a portion of King Williams Town villages. It is one of the eight municipalities that fall within the Amathole District Municipality. Ngqushwa Municipality consists of 118 villages. Ngqushwa is bordered by the Great Fish River to the west and the Keiskamma River to the East. The southern boundary comprises a part of the coastline of the Indian Ocean.

b) DEMOGRAPHIC INFORMATION

Population Size and Distribution

Ngqushwa Local Municipality has an estimated total population of 84233 people according to the 2001 census figures. It is estimated that the population growth rate is 1.2% per annum and the population figure for 2007 can therefore be estimated at 90482 people. The population density in 2001 was calculated at 37.5 people per square kilometer. If this is escalated by the population growth rate, it will give a density of 40.3 people per square kilometer for 2007 which is somewhat lower than some of the municipalities in the Eastern Cape. The municipal area is predominantly rural in nature with 95% of the population residing in rural areas and only 5% residing in the urban areas.

Age and Gender Composition

Approximately 38% of the population of Ngqushwa are 19 years or younger and approximately 10% of the population are 65 years and older which means that 52% of the population are between the ages of 20 and 64 years.

Approximately 53% of the Ngqushwa population is female and the remaining 47% is male.

Racial Composition

The municipal area does not display much racial diversity, with more than 99% of the inhabitants being African. The remaining 1% is comprised of Coloured, White and Indian racial groups.

Households

According to the statistics from the 2001 census there are 21891 households in the municipal area and the average household size is 4.5 persons.

2.7% of households are headed by persons under the age of 20 years and 18.6% are headed by persons over the age of 64 years. 52% of households are headed by women.

c) SOCIO ECONOMIC CONTEXT

Employment and Household Income

Unemployment figures in the NLM are very high and according to Global Insights (2006) are calculated at 76.5%. The table below provides a comparative summary showing NLM as having the highest unemployment rate (more than 20% above the Eastern Cape average). The number of households earning less than R1500/month is estimated at 66.8% which is very high but comparable to the rest of the province.

- d) Major events of the year: Present the major events that have affected the working environment within the municipality during the year. Some of the events may include natural disasters, social movements or political changes within the municipality.

There were no major events that have shaken the municipality except that the former Mayor, Speaker and three (3) other councillors were expelled by their political party which meant vacating their membership of the council.

CHAPTER 1: HUMAN RESOURCE AND OTHER ORGANIZATION MANAGEMENT – (KPA 1)

1.1 Presentation of the organizational structure (approved organogram)

- The total number of approved posts of the entire institutions.

Total Number of Approved Posts
152

- The total number of vacant posts in the entire institution;

Department	Total Number Vacant Posts
MM	0
Corporate Services	0
Community Services	2
BTO	0
Technical Services	2

- Number of performance agreements and employment contracts of MM and Section 57 Managers submitted to the Department within the prescribed time frame;

Number of Performance Agreements	Date of Submission
1 Municipal Manager	30 June 2010
4 Executive Managers	

1.2 Staff development initiatives during the Financial Year

Intervention	Number of People	Date	Days	Costs
Core Municipal Processes for Ward Committees	130	16/11/2009 - 23/11/2009	6	Funded by taken Note Training and Trading CC
Management Skills for Secretaries	5	26/11/2009/- 27/11/2009	2	R23 712.00
Local Labour Forum Role	10	10/12/2009 - 11/12/2009	5	R7 278.00
MS. Word Training Program for Ward	14	11/01/2010 - 15/01/2010	5	R16 730.00

Committee Secretaries				
Document Management	16	27/01/2010	1	R28 700.00
Disciplinary Enquiry & Law of Evidence	4	10/05/2010	2	R20 740.00

1.3 Key HR statistics per functional area

1. Full time staff complement per functional area

a. MM/Section 57 and Line Managers

	Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Municipal Manager	5	5	0
2	Corporate Services	36	29	7
3	Community Services	80	62	18
4	Budget and Treasury	20	11	9
5	Technical Services	29	18	9

b. Functional areas per organogram

	Approved positions	Number of approved posts per position	Filled posts	Vacant posts
1	Municipal Manager	5	5	
2	Corporate Services	33	25	8
3	Community Services	79	55	24
4	Budget and Treasury	20	10	10
5	Technical Services	25	18	7

2. Technical staff registered with professional bodies

Technical Service	Total number of technical service Managers	Total number registered in the accredited	Total number pending registration confirmation in the accredited	Total number not yet registered in the accredited

		professional body	professional body	professional body
	5	0	0	5

2.2 Office of the Municipal Manager staff registered with professional bodies

	Total number of Managers in the Office of MM	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
	3	1	0	2

2.3 Corporate Services staff registered with professional bodies

	Total number of Corporate Services Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
	3	0	0	3

2.4 BTO staff registered with professional bodies

	Total number of BTO Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
	5	1	0	4

2.5 Community staff registered with professional bodies

	Total number of Community Services	Total number registered in the accredited	Total number pending registration confirmation in the accredited	Total number not yet registered in the accredited
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	Managers	professional body	professional body	professional body
	4			

1. Levels of education and skills

Total number of staff	Number of staff without Grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary/accredited professionals training
135	67	9	42

2. Trends on total personnel expenditure

Financial Years	Total number of staff	Total approved operating Budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2006-2007				
2007-2008	87			
2008-2009	106	102		
2009-2010	135	123		

3. List of pension and medical aids to whom employees belong

Names of pension fund	Number of members	Names of medical Aids	Number of members
SAMWU National Provident Fund	118	SAMWUMED	26
Municipal Councillors Pension Fund	26	Bonitas Medical Aid	43
		Discovery/LA Health	7

1.4 Senior officials' wages and benefits

Name	Wages	Benefits
Municipal Manager	R465 55.80	R10 500.00
Chief Finance Officer	R364 93.90	R13 000.00

Corporate Services Executive Manager	R369 93.90	R10 500.00
Technical Services Executive Manager	R362 86.90	R13 207.00
Community Services Executive Manager	R369 93.90	R10 500.00

1.6 Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	44	17	27%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	5	5	100%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	1		1%	
4	Percentage of Managers in Technical Services with a professional qualification	4	4	100%	
5	Percentage of municipalities that have adopted the Performance Management System within the district area (DM only)				
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5				

	year term				
9	Percentage of councillors who attended a skill development training within the current 5 year term	26	26	100%	
10	Percentage of staff complement with disability	0			
11	Percentage of female employees	57	57	78%	
12	Percentage of employees that are aged 35 or younger	49		86%	

1.7. Major challenges and remedial actions in regard to human resource and organizational management

The organization is faced with a high staff turn over. The organogram of the Municipality did not talk to the powers and functions of the Municipality causing the Municipality not performing to its entirety.

The Municipality, due to its rural nature and the fact that it has a very weak financial capacity has not been able to retain staff. Although staff training is budgeted for the amount is still not enough.

Another compounding factor is that the Municipality has been operating without policies or policies that were not addressing the needs of Ngqushwa adequately.

The Ngqushwa Municipality has addressed its problem of the organizational structure by reviewing its organogram. During the process it was discovered that some posts were wrongly placed and there was a need for the creation of new post. This of course has been hamstrung by the old story of financial capacity.

The Municipality has also addressed the inadequate policies or lack thereof. The Corporate Services Department in particular has developed a lot of policies that seeks to address staff retention e.g. Recruitment policy that encourages giving priority to internal staff, retention policy, promotion policy, etc.

The Municipality has also had weak labour relations which had impacted negatively on service delivery. This is evident in the low moral that existed among staff members which manifested itself in the high turnover experienced by the Municipality. The Municipality has since tried to remedy the situation by ensuring that relevant structures to assist the situation are up and running. The Local Labour Forum has been given a boost resulting in bolstering of its sub-committees like Health ,and Safety Committee, Skills Development and Employment Equity Forum. The Municipality also seeks to ensure that relevant strategies to assist in Human Resource are in place.

CHAPTER 2: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS (KPA 2)

2.1 Water services (max 2 pages)

a. Water services delivery strategy and main role-players:

Ngqushwa Municipality is not a Water Services Authority or a Water Services Provider, therefore we are not involved with matters related to water. Amathole District Municipality is the Water Services Authority and the Water Services Provider and they take full responsibility of all water aspects.

The need and identification of water projects is done during Annual Integrated Development Plan Roadshows and handed to Amathole District Municipality for inclusion in their IDP as well as in their Service Development Plan.

b. Levels and standards in water services:

95% of Municipal population has access to Clean Drinking Water and Water Services. 15% gets water on a high level and 80% on a low level as our municipality is rural and our communities are mostly dependant on government social grants.

c. Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	25564	3834	1200	700	58%
2	Percentage of indigent households with access to free basic potable water					
4	Percentage of clinics with access to potable					

	water					
5	Percentage of schools with access to potable water					
6	Percentage of households using buckets	N/A				

a. Major challenges in water services and remedial actions

The exact level of backlog in Ngqushwa is not confirmed; however the District Municipality is in a process of populating its Water Management Information System to verify service levels and backlogs. WSDP currently estimates that 39% of population in Ngqushwa lacks access to RDP level of water services. To remedy these challenges we need to fast-track the process of approving funding for the implementation of projects.

2.2 Electricity services

a. Electricity services delivery strategy and main role-players

Ngqushwa Municipality is not a Electricity Provider and therefore we are not involved with matters related to Electricity. Eskom plays the major role in all aspects of electricity and therefore takes full responsibility.

The need and identification of areas without electricity is done during Annual Integrated Development Plan Roadshows and handed to Eskom for inclusion in their Annual Development Plan.

b. Level and standards in electricity services

Electricity is supplied by Eskom in the whole Ngqushwa and the access is high. Quality standards of electricity provision are 20Amperes and 60Amperes for the prepaid meters and for the conventional meter is supplied as per the applicants request.

c. Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year

1	Percentage of households with access to electricity services	26824	873			
2	Percentage of indigent households with access to basic electricity services	6781	3397	10178	6781	66.62%
4	Percentage of indigent households with access to free alternative energy sources					0%

b. Major challenges in electricity services and remedial actions

Regular power failures were a major challenge however, Eskom is attending to that by upgrading Power Stations and Power Lines. Growth in infill houses that are beyond 50 metres from the poles and 300 meters from the transformers as well as cable theft.

2.3 Sanitation

a. Sanitation services delivery strategy and main role-players

Ngqushwa Municipality is not a Sanitation Services Provider, therefore we are not involved with matters related to sanitation. Amathole District Municipality is the Sanitation Services Authority therefore they take full responsibility of all water aspects.

The need and identification of water projects is done during Annual Integrated Development Plan Roadshows and handed to Amathole District Municipality for inclusion in their IDP as well as in their Service Development Plan.

b. Level and standards in sanitation services

Our municipality is rural in nature, 80% of Municipal population located in rural areas is getting low level service (VIP Toilets) and 15% is getting high level service which is water borne sewage.

c. Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	25564	Unknown	Unknown	Unknown	Unknown
2	Percentage of indigent households with access to free basic sanitation services	14359	14359	5%		3%
4	Percentage of clinics with access to sanitation services	All clinics have sanitation services				
5	Percentage of schools with access to sanitation services	All schools have access to Sanitation				

c. Major challenges in sanitation services and remedial actions

The exact level of backlog in Ngqushwa is not confirmed; however the District Municipality is in a process of populating its Water Management Information System to verify service levels and backlogs. WSDP currently estimates that 96.7% of population in Ngqushwa lacks access to RDP level of sanitation services.

To remedy these challenges we need to fast-track the process of approving funding for the implementation of projects.

2. 4 Road maintenance

a. Road maintenance services delivery strategy and main role-players

Our role is to rehabilitate the all Access Roads and Minor Roads as well as Provincial and District Roads though they are the responsibility of the Department of Roads and Transport. The Provincial Department remains the Planning Authority in terms of road-based public transport services.

The Role players in Road Maintenance are the Local Municipality, the District Municipality and the Department of Roads and Transport.

b. Level and standards in road maintenance services

In our area of jurisdiction we have a total of about 970km of roads excluding SANRAL Roads (Major Roads i.e N2 and R72). This is made up of District Roads (under DoRT) 728,5km, Access Roads of 122,7km and Minor Roads of 118,8km. Only the Access and Minor Roads are the responsibility of Ngqushwa Municipality. Due to poor maintenance and condition of the District Roads that fall under DoRT, we are forced to work on District Roads resulting in the focus being taken away from their real responsibility of access roads and Minor Roads.

c. Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	20450	20257	190	190	100%
2	Percentage of road infrastructure requiring upgrade	409km	409km	24km	300 households	17.04%
4	Percentage of planned new road infrastructure actually constructed	18km		18km	190 HH	21.4%
5	Percentage of capital	None				

	budget reserved for road upgrading and maintenance effectively used.					
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d. Major challenges in road maintenance services and remedial actions

One of the challenges is that we have insufficient plant and machinery for the eradication of Roads Regravelling Backlog.

The limited funds received from DPLGTA through Municipal Infrastructure Grant are proportionally allocated on the roads rehabilitation programme (Gravel Roads). This programme includes Access Roads, Minor Roads as well as District Roads.

Road Rehabilitation programme is in progress; however, the extent of work is severely constrained by the limited MIG funds available.

To have an internal budget for the regravelling of minor roads as well as more funding from MIG.

2.5 Waste management

a. Waste management services delivery strategy and main role-players

Present the main players involved in waste management is local municipality: refuse collection managing waste site. The municipality is clearly providing information on the adoption and implementation of the waste management plan. However, the municipality is obliged by legislation to budget for and implementation of critical projects which were identified during an assessment process for the waste disposal site and transfer station.

b. Level and standards in waste management services

The municipality providing low and high level access to waste management services by the population as well as the low and high quality standard of waste management service. This understanding of the level and standard is justified by setting yearly targets and reporting achievements.

c. Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households	Refuse is collected in	118 villages			

	with access to refuse removal services	urban areas only	are not planned yet			
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d. Major challenges in waste management services and remedial actions

The main challenge in this regard is solid waste rehabilitation, because we don't have plant to do that, otherwise the sites are permitted

2.6 Housing and town planning

a. Housing and town planning services delivery strategy and main role-players

The municipality's role is to facilitate the construction of houses in regard to housing and town planning services delivery. The main role players are Local Municipality and Department of Housing.

b. Level and standards in Housing and town planning services

There is a high backlog on housing and to eliminate this backlog is, if this function can be transferred to LMs, also the quality of houses is very poor.

c. Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	9 711	59%	285	Not reached	Not reached
2	Percentage of informal settlements that have been provided with basic services	66%	662	300	Not reached	Not reached
3	Percentage of households in formal housing that conforms to the minimum	13 010	9 711	285	Not reached	Not reached

building standards for residential houses						
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d. Major challenges in housing and town planning services and remedial actions

2.7 Spatial planning

a. Preparation and approval process of SDF:

The municipality is providing information on the process that is ongoing for the development of the SDF.

b. Land use management:

The municipality is providing information that indicates effective use of land through the number of applications received and processed in the following categories:

- Rezoning,
- Sub-division,
- Consent use,
- Removal of restrictive conditions
- Township establishments

c. Major challenges in spatial planning services and remedial actions

2.8 Indigent policy implementation

a. Preparation and approval process of the indigent policy

The municipality has benchmarked all the indigent people by using grant that is being paid by both pensioners in a house hold, and it is updated every six months.

b. Implementation of the policy

Indigent policy has been approved and adopted by the council, challenges is to update our database. Infrastructure and finance department are the main departments that are dealing with collection and updating database

2.9 Overall service delivery backlogs

Basic service delivery area	30 June 200..			30 June 200..		
	Required	Budgeted	Actual	required	budgeted	Actual
Water backlogs (6KL/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	1 558	R13m	1 000			
Backlogs to be eliminated (%: total HH identified as backlog/total number of HH in the municipality)	Under ADM					

Spending on new infrastructure to eliminate backlogs (R000)	Under ADM					
Spending on renewal of existing infrastructure to eliminate backlog (R000)	Under ADM					
Total spending to eliminate backlogs (R000)	Under ADM					
Spending on maintenance to ensure no new backlogs (R000)	Under ADM					
Electricity backlogs (30KWH/month)						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	1 800					
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	15%	R4m	75%			
Spending on new infrastructure to eliminate backlogs (R000)	Under ESKOM					
Spending on renewal of existing infrastructure to eliminate backlog (R000)	Under ESKOM					
Total spending to eliminate backlogs (R000)	Under ESKOM					
Spending on maintenance to ensure no new backlogs (R000)	ESKOM					
Sanitation backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	13 596	R141m	260			
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	Under ADM					

Spending on new infrastructure to eliminate backlogs (R000)	Under ADM					
Spending on renewal of existing infrastructure to eliminate backlog (R000)	Under ADM					
Total spending to eliminate backlogs (R000)	Under ADM					
Spending on maintenance to ensure no new backlogs (R000)	Under ADM					
Road maintenance backlogs						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	409 km	R10m	100%			
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	25 564	R120m	R10m			
Spending on new infrastructure to eliminate backlogs (R000)	Alloc. From MIG					
Spending on renewal of existing infrastructure to eliminate backlog (R000)	Regular road repairs					
Total spending to eliminate backlogs (R000)	Regular road repairs					
Spending on maintenance to ensure no new backlogs (R000)	Regular road repairs					
Refuse removal						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	Only in Urban areas	Budgeted yearly	100%			
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)						

Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						
Housing and town planning						
Backlogs to be eliminated (n0. HH not receiving the minimum standard service)	9 711	R143m	Not achieved			
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	66%					
Spending on new infrastructure to eliminate backlogs (R000)	Depart. Of Housing					
Spending on renewal of existing infrastructure to eliminate backlog (R000)	Depart. Of Housing					
Total spending to eliminate backlogs (R000)	Depart. Of Housing					
Spending on maintenance to ensure no new backlogs (R000)	Depart. Of Housing					

CHAPTER 3: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

3.1 Brief presentation of LED strategy/plan

3.1 Brief presentation of the LED Strategy/Plan

Ngqushwa Local Municipality has an LED section which consists of the following units: Agriculture, Tourism and SMME's. The LED function falls within the Community Services Department. This department's vision reads as follows: "Poverty eradication through community development programmes shaped for job creation and advancement of entrepreneurial skills of those within Ngqushwa Municipality". This vision ties-up well with the LED vision of the municipality, which reads: *"Established partnership, maximum development of human resources and optimal utilisation of local resources to maximize the benefit to the community"*

Currently the section is composed of an Agricultural Manager, Tourism Manager and LED Coordinator, an intern responsible for Tourism and a volunteer at the Visitors Information Centre (VIC) situated just outside Peddie town. It is the opinion of the municipality that LED is a mainstream issue and that all departments and organizations have a role to play in the creation of an enabling environment. **LED Strategy/Plan**

The Ngqushwa Municipality is at the final stages of development of its LED Strategy - the document is awaiting its adoption by the municipal Council. The development of the municipality is based on the National Economic Development Framework; Growth and Development priorities as agreed upon by the social pact and compact; the Provincial Growth and Development pillars as well as the National Spatial Development Perspective principles. This is further entrenched in the activities of the clusters and all the IGR structures operating within the jurisdiction of Ngqushwa Municipality.

The Ngqushwa Local Municipality is part of various interventions such as the R72 Corridor Route, the Small Town Regeneration Programme and the Amathole Heritage Route Projects. ASPIRE (the Amathole Economic Development Agency) has plans in place for a major redevelopment of Hamburg centred on the construction of the Hamburg Artists Residency. This will be a multi-million rand development with a number of subsidiary developments that will drive economic development in this area. There is also an initiative by Ngqushwa Local Municipality, DBSA and Finance & Economic Development and Environmental Affairs.

Other opportunities for LED in the Ngqushwa Local Municipality include the revitalisation of the existing irrigation schemes (Tyefu, Dube, Gcinisa North, Ngxakaxha, Khalana and Zalarha); expansion of the EC Dept of Agriculture's programmes (Massive Food Production; Chicory production, Livestock Improvement Scheme, etc); revitalisation of the citrus and pineapple farms; broiler production as well as vegetable production. LED would be strengthened through the establishment of downstream agro-processing facilities that would add value and jobs to the existing agricultural produce of the area.

There is a possibility of entering into a Public Private Partnership with a mining company to exploit the lime deposits near the coast. The unspoilt coastline offers opportunities for increased tourism and residential resort developments. Natural resources such as fish, shellfish and seaweed could be farmed and harvested along the coast and in the major estuaries of the Keiskamma and Great Fish Rivers.

The Ngqushwa Local Municipality can support LED in a number of ways, namely: **Business Support - Entrepreneurship/Enterprise and SMME Development:**

Formation and strengthening of inclusive Economic Development Forum such as the District Economic Development Forum to maximise participation;

Human Resources Development: Forging partnerships with the relevant Sector Education and Training Authorities (SETAs), for purposes of skills development and transfer. The Department of Labour and Trade and Industry (DTI) including the Wholesale and Retail SETA must be approached in this regard; Forming linkages with the Further Education and Training (FET) colleges and universities for the SMME operators to attend short business and entrepreneur courses;

Establishing an Enabling Environment for LED: Creating a conducive environment for enterprise development initiatives including the business incubation and support services;

Channelling finance for LED: Actively pursue sponsorship and donor-funds to support the development of the SMME sector. This may also include seeking and nurturing exchange programmes locally and abroad;

Marketing Support: Mapping out avenues for participation in the industrial summits, exhibitions, workshops and trade shows for the SMME sector for showcasing their products and selling their services; Establishing local agricultural produce market and information hubs in Ngqushwa;

Ensuring Sustainability of LED: Putting in place measures to ensure that all applications for planning and development address sustainability issues;

Putting in place procurement policies that include a preferential point system for local businesses in the evaluation criteria of the municipality

NLM LED stakeholders

Role-players	Roles
Traditional Leadership	<ul style="list-style-type: none"> • Facilitate Community Participation • Information dissemination • Act as Role Models • Educate Communities & Other Role-players on Customary Law and Practices
Local Businesses	<ul style="list-style-type: none"> • Investing in LED and the urban Business Centres
NGO/CBO/FBO'S	<ul style="list-style-type: none"> • Promote public participation • Empower Communities with needed Information & Skills • Represent their particular membership/constituency's concerns and issues
Ward Committees	<ul style="list-style-type: none"> • Assist Ward Councillors • Facilitate communication between local communities and the municipality on matters of local governance and development

3.2 Progress towards achieving the LED key objectives

a. Improve public and market confidence

In terms of its Spatial Development Framework, the Ngqushwa Local Municipality has identified its key LED Principles as follows:

- Directing public and private investment in areas that would ensure the most sustainable return on investment (ROI);
- Directing Development Agencies in decision – making which directly or indirectly impacts on the municipal area;
- Guiding developments in a spatially efficient and effective way, whilst ensuring linkage and alignment to regional and national development policies and programmes;
- Directing investment to areas of greatest potential and target areas of greatest need to alleviate poverty and promote economic growth;
- Improving linkages within Ngqushwa Municipality and beyond its boundaries to stimulate effective and sustainable integrated development;
- Creating a strategic framework for the formulation of an appropriate land use management system, and
- Protecting the eco-systems (environmental stewardship) in the Ngqushwa municipal area

b. Exploit comparative and competitive advantage for industrial activities

Agriculture's competitive advantage in the district is enhanced by:

- Proximity to markets;
- Product diversity (across agro-ecological zones);
- Business services/ICT/logistics network.
- Irrigated horticulture and field crops

Competitive advantages of the NLM regarding tourism are as follows:

- The coastline inclusive of the existing development nodes, is still unspoilt (pristine) with many opportunities for further development;
- The existing R72 route provides easy access to the coast for visitors and investors. It is currently being upgraded;
- The NLM is situated on the primary route between the Garden Route and the Wild Coast, both of which are popular tourist attractions centres. The area is a good stopover point for these visitors;
- There are many opportunities for secondary tourism enterprises that could cater for specialist niche markets, for example, bird-watching, extreme sports, mountain biking, hiking, to mention but a few of these possible activities;
- The Hamburg Artists Residency development will bring many special interest visitors interested in buying locally produced art and crafts;
- The history (Xhosa, English and German Settlers, Frontier Wars) and culture of the area are interesting and there are a number of historical sites that have been identified. These have been incorporated into the tourism routes. Furthermore, information boards are available at the sites and brochures as well as posters are distributed at tourism information hubs;
- There is the potential to tap into the German tourism market given the involvement of the German settlers in the development of the area, and
- The coast is renowned for the high quality of recreational fishing that it affords anglers. This resource offers real opportunities for sea and river angling enterprises to be developed in the NLM.

c. Intensify Enterprise Support and Business Development

The municipality's LED strategic thrust focuses on the vigorous investment and development of the SMME sector. The SMME sector plays an important role in creating employment opportunities and further contributing to economic development both in the province and nationally. The NLM needs to provide the business advisory centres which will serve the purpose of information dissemination and advisory services to the SMME sector. Furthermore, the LED strategy of the NLM proposes a pilot project of advisory centres in the settlements of Peddie, Hamburg, Lower Mgwalana, Pikoli and Breakfastvlei. The strategy also incorporates the following:

- Formation and strengthening of inclusive Economic Development Forum such as the District Economic Development Forum to maximise participation;
- Creating a conducive environment for enterprise development initiatives including the business incubation and support services;
- Forging partnerships with the relevant Sector Education and Training Authorities (SETAs) for purposes of skills development and transfer. The Department of Labour and Trade and Industry (DTI) including the Wholesale and Retail SETA must be approached in this regard;
- Mapping out avenues for participation in the industrial summits, exhibitions, workshops and trade shows for the SMME sector for showcasing their products and selling their services;
- Forming linkages with the Further Education and Training (FET) colleges and universities for the SMME operators to attend short business and entrepreneur courses, and
- Actively pursuing sponsorship and donor-funds to support the development of the SMME sector. This may also include seeking and nurturing exchange programmes locally and abroad.

The municipality's IDP focuses on the development and sustenance of the SMME sector. The SMME sector operates in the so-called Second Economy and provides the largest source of employment for the local communities. Furthermore, the Ngqushwa Local Municipality Council puts emphasis on providing support for the SMME sector thus bolstering a robust local economy and creating employment opportunities in the process. The councillors will undertake the following stimulus programmes:

- Create a robust public business incubator for the local business start-ups;
- Review the municipality's tendering process to allow the local SMME entrepreneurs to be competitive;
- Create centres of learning particularly through the Multi-Purpose Community Centres (MPCCs) so that local organizations can provide skills development, and
- Review the zoning laws to allow the establishment in the Industrial Zones for the municipality.

The Ngqushwa Local Municipality is cognisant of the realities or its geographic and demographic challenges. To this end, this LED strategy addresses the needs of both the urban and rural communities in earnest. The rural communities of this municipality, like that of any other rural area in the country, are faced by the challenges of infrastructure backlog, economic underdevelopment and an uneven distribution of resources. The municipality is aware that it cannot address the bulk services infrastructure network needs of the rural communities at once but only on an incremental basis.

The tourism sector of the municipality will benefit from a revitalized pristine coastal resorts tourism sector. The tourism industry of Ngqushwa Local Municipality will benefit from harnessing the opportunities that arise from this sector. For instance, cultural tourism, the arts and handicraft, the hospitality sector and heritage sites will be showcased by the municipality. The tourism sector will stimulate sustainable economic growth particularly for the rural communities. Although the Ngqushwa communities may not benefit directly from the Federation of International Football Association (FIFA), the municipality may want to explore the positive spin-offs from the fans that prefer a quiet and laid back environment.

The NLM area comprises rural subsistence communities that rely heavily on agricultural production in addition to the government's social security services safety net. In order to reverse the high levels of dependency on social security and to stimulate agricultural development in the NLM, a number of strategic approaches must be vigorously pursued. These include the following:

- Establishing agricultural cooperatives (assisting rural communities with the registration and other legal procedures) with the view to encouraging entrepreneurship;
- Supporting stock farmers with auxiliary service including acquiring hardy livestock, breeding programmes and veterinary services;
- Supporting crop-farmers to acquire agricultural inputs including seed, fertilizers and extension support services;
- Encouraging intensive crop-farming (beyond subsistence levels) on crops such as pineapples, chicory, sugar beet and cotton. An exchange programme with established farmers must be pursued as a strategy, and
- Forging strong partnerships with the FET Colleges, universities and other industry role-players in the NLM and district municipality.

d. Support social investment program

The NLM LED strategy is intended to provide a framework for building, supporting and sustaining the development of rural communities and celebrating their diversity and uniqueness. It will further build on the aims and objectives of existing policies, programmes, services and integrated approaches of the other spheres of government. Furthermore, this strategy will complement other regional initiatives such as Aspire's small town regeneration programme. It will also help develop new ways of doing business and thus capacitating residents to make better use of existing infrastructure and expertise in Ngqushwa.

The implementation of this LED strategy will address the following cross-cutting themes: environmental sustainability (stewardship), building, sustaining and nurturing partnerships, regional adaptation, social inclusion and the celebration of diversity, creativity, innovation and technology, employment opportunities and skills development.

3.4 Challenges regarding LED Strategy implementation

Challenge	Proposed solution
Limited funds	NLM should expand its funding base – explore other funding institutions even beyond SA borders
The NLM does not have a defined strategy to support agricultural development in the municipality	Develop an Agricultural Strategy for the municipality Establish partnerships with other key agricultural agencies such as RULIV, ARC, etc
Agricultural initiatives in communities not reaching their full potential	Provide the necessary resources (infrastructure; inputs; skills and marketing information)
NLM tourism potential not fully exploited	Expanded spatial development plan Proper mapping of heritage sites Getting personnel to run the Visitors' Information Centre and have tour guides; have an interesting & informative brochure

	<p>Revival of Hamburg as a tourist town- Hamburg Artist Residency; twinning with other cities such as the Hamburg in Germany; strengthen the Hamburg Beach Festival (attract investors)</p> <p>Promoting the hospitality industry in rural communities – creating more awareness on the Home Stays initiative</p>
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We have developed a Local Economic Development Strategy which amongst other things states that we have strength in Tourism and Agriculture. Ngqushwa Municipality has got Indian Ocean, Fish River and Keiskamma River and Double Drift Game Reserve as its boundaries. Hamburg has been identified as a Tourist destination, this is part of R72 corridor development, and we also have a concept of Arts Colony. We hold an event annually which is called Hamburg Beach Festival, as means of realising our goal.

We have six (6) Agricultural Schemes, which are concentrating in crop production. However, we still challenged because they are not producing maximally. We have Wesley beef farming, which we intend expanding it to other wards in our municipality. In Ward 9 and Ward 14 we have Ostrich Farms. Both these animal projects are doing fairly well, but if funding could be injected to them there could be great improvement in them being fully productive.

We have not adequately explored our coastal advantage to the fullest. We have Fish River and Mpekweni Resort that are within our borders.

c. Intensify Enterprise support and business development

- The type of business development services (BDS) provided to SMME:
We assist catering companies, construction companies in LED projects, B&B's for accommodation, crafters in the form of them displaying in events and festivals.
- Number of new formal SMME established within the municipality
As an institution we assist the LED projects in our Wards, the aim of funding these projects is to make sure that they tend their projects into business ventures, we provide capital for them, we assist them with business skills in a form of projects, we link them with market.
- Number of new employment opportunities through Expanded Public Works Programs and Public and Private Partnerships
One of the EPWP is R345 road construction, which cuts across three (3) wards namely; Ward 7, Ward 10, and Ward 6 which 90 people had been employed. Those employees are also trained in fencing, drainage & stormwater. We also have a coastal cleaning project funded by DEAT with an amount of R9 000 000 that has employed 32 people.

d. Support Social investment program

Through partnership with Department of Social Development and SASSA, we have a programme of poverty eradication that are funded by social development we as the municipality also assist on those programmes.

Through LED projects that we fund, municipality empower our communities through business skills workshops, in order to run their projects as business.

The municipality has a working relationship with NGOs and Keiskamma Trust Project which we have funded. We also have also assisted Mpekweni Bakery which is an NPO. Ngqushwa Municipality has got 19 cooperatives that are existing, we will be embarking in a roadshows in all wards, with the Dept of Public Works, DTI and DEDEA, doing cooperative awareness and registration of cooperatives.

Currently our unemployment rate stands at 76,5%, with 66.8% earning between >1500 per month. Municipality is in process of collecting more data through CDW's and established in unemployment data base.

3.3 Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.	R1 000 000	R1 000 000	100%
2	Number of LED stakeholder forum held	NONE		
3	Percentage of SMME that have benefited from a SMME support program	72 %		
4	Number of job opportunities created through EPWP	122		
5	Number of job opportunities created through PPP	122		

3.4 Challenges regarding LED strategy implementation.

We have a Local Economic Development Strategy which has just been completed which is awaiting adoption by our Council. We do not have a fully dedicated department for LED. However, our new organogram addresses the creation of a fully fledged Economic Development Department. We are challenged in terms of our revenue base in inadequate for us to pursue our LED goals. We have a land problem, the bulk of our land still belongs to Department of Land Affairs, properties by enlarged are owned by Department of Public Works.

We believe if land could be made available to the Municipality and properties be transferred to LM partly our problem would be resolved.

CHAPTER 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

4.1 The audited financial statements

- Financial Statements were submitted to Auditor General and still awaiting auditing which will be completed by the end of November, therefore the Audited Financial Statements will be submitted with the Audit Report from Auditor General. (See attached AFS that were submitted on the 31st of August 2010).

4.2 Budget to actual comparison

See attachment (Analysis of Budget vs Expenditure)

4.3 Grants and transfers' spending

Grant details			Amount received and spent each quarter											
Project name	Donor name	BF amount	1/04/ to 30/06		01/07 to 30/09		01/10 to 30/12		01/01 to 30/03		01/04 to 30/06		Total	
			Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent	Rec.	Spent
MSIG	COGTA	221 000	-	-	500 000	102 750	-	259 469	-	108 000	-	140 497	721 000	616 716
WARD COMMITTEE	COGTA	-	-	-	-	102 750	-	68 400	-	108 000	-	148 497	-	-
ASSET REGISTER	COGTA	-	-	-	-	-	-	189 069	-	-	-	-	-	-

4.5 Long term contracts entered into by the municipality

The Municipality does not have long terms contracts other than the lease agreements of rental of equipment as disclosed in the AFS.

4.6 Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	R16 407 000	R16 195 793	99%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of	35%	R17 720 340	42%

	the total operational budget			
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Total actual trade creditors as a percentage of total actual revenue	20%	R5 137 814	9.18%
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	80% (R5 676 174)	R4 636 169	65%
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction			
6	Percentage of MIG budget appropriately spent	R12 907 000	R12 907 000	100%
7	Percentage of MSIG budget appropriately spent	R721 000	R579 835	80%

4.7 The Audit committee functionality

The members of the Audit Committee resigned per the minutes of the Special Council Meeting of the 20 February 2009 before the expiry of their term which was 30 June 2008/9.

The members of the Audit Committee were

- V. Gatywa (Chairperson)
- M. Ntswahlana
- L. Kemp
- R. Hill
- L. Ntshinga

The Municipality was using the services of the ADM(Amathole District Municipality) Internal Audit shared service with other local municipalities in the district to support the Audit Committee in its functionality. However due to the incapacity of the ADM Internal Audit Shared Service, the NLM(Ngqushwa Local Municipality) Audit Committee members decided to resign as they cannot fulfill the mandate they were appointed for.

As a corrective action the Ngqushwa Local Municipality has appointed members to serve in the Audit Committee and they will be inaugurated in the 24 November 2010 Council meeting. The Audit Committee has held no meetings during 2009/2010 financial year and held one meeting during 2008/9 financial year.

The Internal Auditor was appointed on the 01 May 2010 to assist the Audit Committee to fulfill its legislative function.

4.8 Arrears in property rates and service charges

4.9 Anti corruption strategy

- Fraud prevention policy has been developed and adopted by the Council.
- A workshop has been held in connection with the above.

CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

5.1 Overview of the Executive and Council functions and achievements;

The Municipality is made up of 27 Councillors with the Speaker responsible for the convening of Council meetings and under whom the welfare of the Council falls.

The 27 Councillors serve in five different committees namely; Executive Committee, Budget and Treasury Standing Committee, Corporate Services Standing Committee, Community Services Standing Committee, and Technical Services Standing Committee.

Each of the Committees with the exception of the Executive Committee are headed by Councillors as Chairpersons. The Chairpersons in turn form the Executive Committee which is chaired by the Mayor.

The Municipality is made up of 4 departments as per the committees. The function of the committees is to look at the activities of the respective departments. The various committees then report to the Executive Committee which makes recommendation to the full Council. As the Municipality has only two full time Councillors the Executive Committee sees to the daily running of the Municipality or any urgent matters that need to be sorted.

5.2 Public participation and consultation;

- Roadshows are held by the Municipality particularly for the preparation of adoption of Integrated Development Plan (IDP) and Annual Budget.
- Workshops were also held in all the wards so that the community can have an input in the projects to be included in the IDP.
- The communities also participate in the activities of the Municipalities through Ward Committee meetings.
- Council meetings are also open to the public.

5.3 Ward committees' establishment and functionality

As per Municipal, ordinary ward committee meetings are held quarterly and four times a year. They are also allowed to hold special meetings. Ward Committee Members do attend the ward committee meetings and 50 + 1 is the required. Also the Municipality holds an annual meeting for Ward Committees where all the Committees converge under one roof to look at matters affecting them. This meeting also serves as a motivational gathering for Ward Committees as they share their experiences and also senior government officials and politicians both from the local municipalities and the province are invited to have an input.

Committee Clerks are one of designated officials to sit in ward committee meetings. Minutes of the meetings are kept at the Municipal offices. The Municipality bought stationery for all the members in order to keep the information and give feedback to their communities. The secretary of each committee is also responsible for taking minutes and keep records.

Reports of meetings are compiled and submitted to the office of the Municipal Speaker and from there to the Council.

Only ward committee members hold feedback meetings with the communities and during the official meetings of the municipality its where members are giving reports of those meetings.

Each ward committee member was given a portfolio i.e, Education, Sport, etc and give reports according to the portfolios that were given to them.

5.4 Community Development workers performance monitoring

- Monthly reports are prepared to be submitted to the Provincial office of the Department of Corporate Government and Traditional Affairs. These reports are consolidated on a quarterly basis and submitted to the Office of the Speaker.
- More than 500 cases of different nature have been identified by the CDW's and forwarded to the relevant authority. These cases amongst others and not limited include food parcel issues, epileptic people who are unable to assess grants, people needing housing who are living in dilapidated structures.
- More than 500 households have been visited by the CDW's during the financial year.
- CDW's also take part in Municipal activities like attending Council meetings, preparation of IDP, roadshows, Ward Committee meetings, and any other public participation activities.

5.5 Communication strategy

- A Communication strategy which serves as a guide for all future municipal actions has been developed and already adopted by the council. Also a communication plan which helps the municipality to keep everyone informed for communication a consistent message to the target audience has been attached to it.

5.7 Intergovernmental Relations

The IGR meetings were held in all four quarters of the previous financial year.

5.8 Legal matters

5.8.1 Setting up of Legal Units

- Wesley Pretorius and Associates;
- Nongogo, Nuku Inc.;
- Pumeza Bono Incorporated;
- Pumeza Bono Attorneys;
- Burwana Labour Consultants.

5.8.2 Management of litigation

1. Case Load Management with specific reference to:
 - a. Favourable cases

Case name	Recovery (yes/No)	Reasons for non recovery

b. Unfavourable cases

Case name	Compliance with judgement (yes/No)	Reasons for non compliance with judgement

2. Case age analysis,

Case name	Nature of the case	Date of commencement	Cases of 2 years or bellow	Cases beyond 2 years	Reasons for extensive duration

3. Default judgements

Case name	Reasons for default judgement

4. Prevention mechanisms of current litigations:

The municipality is expected to clearly indicate steps taken by the legal services to prevent the current litigations and the reasons why these litigations could not be prevented.

5. Criminal matters emanating from corruption and fraud:

There have been two cases of fraud and corruption involving three officials from the traffic section of the Municipality.

One official from the traffic was alleged to have been involved in illegal issuing of learner drivers' licenses. She was subsequently suspended and hearings were conducted. She was acquitted of the charges and returned to work.

Two other traffic section officials working as traffic cops were also charged with accepting bribes so that those involved in traffic violations could not be charged for such. Hearings have been held and have since been found guilty of the offence.

5.8.3 Management of Legal Risks

Fraud Prevention Plan was adopted by the Municipality.
Litigation Policy is also in the process of being developed.

PART 3- FUNCTIONAL AREAS REPORTING AND ANNEXURE

A: FUNCTIONAL AREA SERVICE DELIVERY REPORTING

1. General information (population statistics)

Nggushwa Municipality GENERAL INFORMATION

Reporting Level	Detail	Total
Overview:	Provide a general overview of municipality: this may include a short narrative of issues peculiar to the municipality and issues specific to the financial year being reported	
Information:	<Provide statistical information on (as a minimum):>	
1	Geography: Geographical area in square kilometres Note: Indicate source of information	2245 km ² <i>IDP Document</i>
2	Demography: Total population Note: Indicate source of information	Nggushwa Local Municipality has an estimated total population of 84233 people. 2001 Census Figures
3	Indigent Population Note: Indicate source of information and define basis of indigent policy including definition of indigent	16491 <i>Revenue Officer</i>
4	Total number of voters	+ - 62 000
5	Aged breakdown: - 65 years and over - between 40 and 64 years	10% of the population are 65 years and older 52% of the population are between the ages of 20 and 64 years.

6	<ul style="list-style-type: none"> - between 15 and 39 years - 14 years and under 	38% of the population of Ngqushwa are 19 years or younger	
	<p>Note: Indicate source of information</p> <p>Household income:</p> <ul style="list-style-type: none"> - over R3,499 per month - between R2,500 and R3,499 per month - between R1,100 and R2,499 per month - under R1,100 per month <p>Note: Indicate source of information</p>	<p>3.9% of the population earn more than R3200 per month.</p> <p>19% of the population earn between R800 and R3200 per month</p> <p>16419</p> <p>Revenue Officer</p>	

2. Finance and Administration function's performance

Function:	Finance and Administration
Sub Function:	Finance

Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the finance function of the municipality. Note: grants information should appear in Chapter 4 on <i>Financial Statements and Related Financial Information</i> . (Refer to Financial Statements)		
Description of the Activity:	<p>The function of finance within the municipality is administered as follows and includes:</p> <p><List administration of each function here: this should detail what is offered, and how it is offered to the community></p> <p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><List here></p> <p>The strategic objectives of this function are to:</p> <p><List here></p> <p>The key issues for 200X/0Y are:</p> <p><List here></p>		

Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	Debtor billings: number and value of monthly billings: Number of debtors Function - <list function here eg: water, electricity etc> - Number and amount billed each month across debtors by function (eg: water, electricity etc) and by category: Government, Business, Residents and Indigents Note: create a suitable table to reflect monthly billed and received (against billed) across debtors by function (eg: water, electricity etc) and by category	<total> <number>	R 185245 5491 . <total> <value>
2	Debtor collections: value of amount received and interest: Function - <list function here eg: water, electricity etc> - Value received from monthly billings each month and interest from the previous month across debtors by function (eg: water, electricity etc) and by category: Government, Business, Residents and Indigents Note: create a suitable table to reflect amount received from that month's billings plus interest from the previous month across debtors by function and by category	R (000s) <total> <received>	R (000s) <total> <interest>
3	Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days: Function - <list function here eg: water, electricity etc> - Total debts outstanding over 30, 60, 90 and 120 plus days across debtors by function (eg: water, electricity etc) and category Note: create a suitable table to reflect debts outstanding over 30, 60, 90 and 120 plus days across debtors by function and category	R (000s) <total>	
4	Write off of debts: number and value of debts written off: - Total debts written off each month across debtors by function (eg: water, electricity etc) and category Note: create a suitable table to reflect write offs each month across debtors by function and category	<number>	R (000s) <value>
5	Property rates (Residential): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year	5427 nil 4 1600000	R (000s) 130888 pm
Reporting Level	Detail	Total	
6	Property rates (Commercial): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year	60 nil Nil 285758	R (000s) 7902 pm
8	Property valuation: - Year of last valuation - Regularity of valuation	2008 After 4 yrs	
9	Indigent Policy: - Quantity (number of households affected) - Quantum (total value across municipality)	<total> <value>	
10	Creditor Payments: <List creditors here>	R (000s) <value>	<age>

	Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days		
11	Credit Rating: <List credit rating details here>	R (000s) <value>	<date>
	List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated		
12	External Loans: - Total loans received and paid during the year	R (000s) <received>	R (000s) <paid>
	Note: Create a suitable table to reflect the balance of each external loan at the beginning of the year, new loans raised during the year and loans repaid during the year as well as the balance at the end of the year. Interest rates payable on each loan, together with the date of repayment should be also disclosed in the table.		
13	Delayed and Default Payments: <List delayed and default payments here>	<value>	<date>
	List here whether Council has delayed payment on any loan, statutory payments or any other default of a material nature		
	Note: This information need not be reported here if reported as notes to the accounts.		

3. Planning and Development function's performance

Function:	Planning and Development		
Sub Function:	Economic Development		
Reporting Level	Detail	Total	
Overview:	Includes all activities associated with economic development initiatives		
Description of the Activity:	The function of economic planning / development within the municipality is administered as follows and includes:		
	<List administration of each function here: this should detail what is offered, and how it is offered to the community>		
	These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:		
	<List here>		
	The strategic objectives of this function are to:		
	<List here>		
	The key issues for 200X/OY are:		
	<List here>		

4. Community and social services function's performance

Function:	Community and Social Services
Sub Function:	All inclusive

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with the provision of community and social services		
Description of the Activity:	<p>The function of provision of various community and social services within the municipality is administered as follows and includes:</p> <ul style="list-style-type: none"> • Traffic • Environmental, Parks, Cemeteries & Waste Management • Agriculture • Tourism • LED • SPU 		
Analysis of the Function: 1	<p><i><Provide statistical information on (as a minimum):></i></p> <p>Nature and extent of facilities provided:</p> <ul style="list-style-type: none"> - Library services - Museums and art galleries - Other community halls/facilities - Cemeteries and crematoriums - Child care (including creches etc) - Aged care (including aged homes, home help) - Schools - Sporting facilities (specify) 	<p><i>no of facilities:</i></p> <p>2 (fully fledged libraries is under construction)</p> <p>None (we however have heritage sites in the area)</p> <p>27 community halls</p> <p>2</p> <p>86 Pre-primary schools</p> <p><i><number></i></p> <p>99 primary schools, 37 secondary schools</p> <p>4 but need to be upgraded</p>	<p><i>no of users:</i></p>

2	- Parks Note: the facilities figure should agree with the assets register	2	
	Total operating cost of community and social services function		R (1 879 014)

Key Area	Performance	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target
	<ul style="list-style-type: none"> Approved HIV/AIDS strategy; Approved Disaster management policy frameworks and plans (Metro and DM) 	<p>HIV/AIDS strategy was approved by the council but still to be reviewed</p> <p>Disaster Management is under Amathole District Municipality this therefore means that all the disaster related issues are dealt with according to ADM plans.</p>		

5. Housing function's performance

Function:	Housing
Sub Function:	N/A

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with provision of housing		
Description of the Activity:	<p>The function of provision of housing within the municipality is administered as follows and includes:</p> <p><List administration of each function here: this should detail what is offered, and how it is offered to the community></p> <p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><List here></p> <p>The strategic objectives of this function are to:</p> <p><List here></p> <p>The key issues for 200X/0Y are:</p> <p><List here></p>		
Analysis of the Function:	<p><Provide statistical information on (as a minimum):></p> <p>Number and cost of all personnel associated with provision of municipal housing:</p> <p>- Professional (Architects/Consultants)</p>		R (000s)
1		<total>	<cost>

	- Field (Supervisors/Foremen)	<total>	<cost>
	- Office (Clerical/Administration)	<total>	<cost>
	- Non-professional (blue collar, outside workforce)	<total>	<cost>
	- Temporary	<total>	<cost>
	- Contract	<total>	<cost>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.		
2	Number and total value of housing projects planned and current:		R (000s)
	- Current (financial year after year reported on)	<total>	<value>
	- Planned (future years)	<total>	<value>
	Note: provide total project and project value as per initial or revised budget		
3	Total type, number and value of housing provided:		R (000s)
	<list details by type of dwelling, see below>	<total>	<value>
	Note: total number and total value of housing provided during financial year		
4	Total number and value of rent received from municipal owned rental units		R (000s)
	<list details, including number of units handed over to residents>	<total>	<value>
5	Estimated backlog in number of (and costs to build) housing:		R (000s)
	<list details by type of dwelling, see below>	<total>	<cost>
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
6	Type of habitat breakdown:		
	- number of people living in a house or brick structure	<total>	
	- number of people living in a traditional dwelling	<total>	
	- number of people living in a flat in a block of flats	<total>	
	- number of people living in a town/cluster/semi-detached group dwelling	<total>	
	- number of people living in an informal dwelling or shack	<total>	
	- number of people living in a room/flatlet	<total>	
Reporting Level	Detail	Total	
7	Type and number of grants and subsidies received:		R (000s)
	<list each grant or subsidy separately>	<total>	<value>
	Note: total value of specific housing grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
8	Total operating cost of housing function		R (000s)

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target

<p><List at least five key performance areas relative to the above function as articulated in the 200X/0Y budget here></p>	<p>< List here the actual performance achieved over the financial year, and the variance between performance planned and actual performance, providing an explanation of the variance. Also provide details of any improvements planned for next year.</p>		
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6. Waste management function's performance

Function:	Waste Management
Sub Function:	Solid Waste

Reporting Level	Detail	Total	
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling		
Description of the Activity:	<p>The refuse collection functions of the municipality are administered as follows and include:</p> <p>2.7% of the people have access to refuse removal service by the municipality</p> <p><i>There are two landfill sites that we use for our refuse in Hamburg and Peddie Town. We have developed a business plan to solicit fund for integrated waste management plan. Trainings do take place for staff members on waste management issues.</i></p>		

7. Waste water management

Function:	Waste Water Management
Sub Function:	Sewerage etc

Reporting Level	Detail	Total	Cost
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
Description of the Activity:	<p>The sewerage functions of the municipality are administered as follows and include:</p> <p><List administration of each function here: this should detail what is offered, and how it is offered to the community></p>		

	<p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><List here></p> <p>The strategic objectives of this function are to:</p> <p><List here></p> <p>The key issues for 200X/0Y are:</p> <p><List here></p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	<p>Number and cost to employer of all personnel associated with sewerage functions:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p><total></p> <p><total></p> <p><total></p> <p><total></p> <p><total></p> <p><total></p>	<p>R (000s)</p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p>
2	<p>Number of households with sewerage services, and type and cost of service:</p> <ul style="list-style-type: none"> - Flush toilet (connected to sewerage system) - Flush toilet (with septic tank) - Chemical toilet - Pit latrine with ventilation - Pit latrine without ventilation - Bucket latrine - No toilet provision <p>Note: if other types of services are available, please provide details</p>	<p><total></p> <p><total></p> <p><total></p> <p><total></p> <p><total></p> <p><total></p> <p><total></p>	<p>R (000s)</p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p>
3	<p>Anticipated expansion of sewerage:</p> <ul style="list-style-type: none"> - Flush/chemical toilet - Pit latrine - Bucket latrine - No toilet provision <p>Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality</p>	<p><total></p> <p><total></p> <p><total></p> <p><total></p>	<p>R (000s)</p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p>
4	<p>Free Basic Service Provision:</p> <ul style="list-style-type: none"> - Quantity (number of households affected) - Quantum (value to each household) 	<p><total></p> <p><value></p>	
Reporting Level	Detail	Total	Cost
5	<p>Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.</p> <p>Total operating cost of sewerage function</p>		R (000s)

8. Road maintenance's function's performance

Function:	Road Transport
Sub Function:	Roads

Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	<p>The road maintenance and construction responsibilities of the municipality are administered as follows and include:</p> <p><i><List administration of each function here: this should detail what is offered, and how it is offered to the community></i></p> <p>These services extend to include <i><function/area></i>, but do not take account of <i><function/area></i> which resides within the jurisdiction of <i><national/provincial/other private sector></i> government. The municipality has a mandate to:</p> <p><i><List here></i></p> <p>The strategic objectives of this function are to:</p> <p><i><List here></i></p> <p>The key issues for 200X/0Y are:</p> <p><i><List here></i></p>		
Analysis of the Function:	<i><Provide statistical information on (as a minimum):></i>		
1	<p>Number and cost to employer of all personnel associated with road maintenance and construction:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p><i><total></i></p> <p><i><total></i></p> <p><i><total></i></p> <p><i><total></i></p> <p><i><total></i></p> <p><i><total></i></p>	<p>R (000s)</p> <p><i><cost></i></p> <p><i><cost></i></p> <p><i><cost></i></p> <p><i><cost></i></p> <p><i><cost></i></p>
2	<p>Total number, kilometres and total value of road projects planned and current:</p> <ul style="list-style-type: none"> - New bitumenised (number) - Existing re-tarred (number) - New gravel (number) - Existing re-sheeted (number) <p>Note: if other types of road projects, please provide details</p>	<p><i><kms></i></p> <p><i><kms></i></p> <p><i><kms></i></p> <p><i><kms></i></p>	<p>R (000s)</p> <p><i><cost></i></p> <p><i><cost></i></p> <p><i><cost></i></p> <p><i><cost></i></p>
3	<p>Total kilometres and maintenance cost associated with existing roads provided</p> <ul style="list-style-type: none"> - Tar - Gravel <p>Note: if other types of road provided, please provide details</p>	<p><i><total></i></p> <p><i><total></i></p>	<p>R (000s)</p> <p><i><cost></i></p> <p><i><cost></i></p>

4	Average frequency and cost of re-tarring, re-sheeting roads - Tar - Gravel Note: based on maintenance records		R (000s)
		<total>	<cost>
5	Estimated backlog in number of roads, showing kilometres and capital cost - Tar - Gravel		R (000s)
		<total>	<cost>
Reporting Level	Detail	Total	Cost
6	Note: total number should appear in IDP, and cost in future budgeted road construction programme Type and number of grants and subsidies received: <list each grant or subsidy separately>		R (000s)
		<total>	<value>
	Note: total value of specific road grants actually received during year to be recorded over the five quarters - Apr to Jun this year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
7	Total operating cost of road construction and maintenance function		R (000s)

9. Water distribution function's performance

Function:	Water
Sub Function:	Water Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	<p>The water purchase and distribution functions of the municipality are administered as follows and include:</p> <p><List administration of each function here: this should detail what is offered, and how it is offered to the community></p> <p>These services extend to include <function/area>, but do not take account of <function/area> which sits within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><List here></p> <p>The strategic objectives of this function are to:</p> <p><List here></p> <p>The key issues for 200X/0Y are:</p> <p><List here></p>		
1	<Provide statistical information on (as a minimum):> Number and cost to employer of all personnel associated with the water distribution function:		R (000s)

	- Professional (Engineers/Consultants)	<total>	<cost>
	- Field (Supervisors/Foremen)	<total>	<cost>
	- Office (Clerical/Administration)	<total>	<cost>
	- Non-professional (blue collar, outside workforce)	<total>	<cost>
	- Temporary	<total>	<cost>
	- Contract	<total>	<cost>
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
2	Percentage of total water usage per month		
	<Insert table showing monthly water usage >	<volume>	<volume>
	Note: this will therefore highlight percentage of total water stock used per month		
3	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer		R (000s)
	- Category 1 <insert here>	<volume>	<cost>
	- Category 2 <insert here>	<volume>	<cost>
	- Category 3 <insert here>	<volume>	<cost>
	- Category 4 <insert here>	<volume>	<cost>
4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:		R (000s)
	- Category 1 <insert here> (total number of households)	<volume>	<cost>
	- Category 2 <insert here> (total number of households)	<volume>	<cost>
	- Category 3 <insert here> (total number of households)	<volume>	<cost>
	- Category 4 <insert here> (total number of households)	<volume>	<cost>
5	Total year-to-date water losses in kilolitres and rand		R (000s)
	<detail total>	<volume>	<cost>
Reporting Level	Detail	Total	Cost
6	Number of households with water service, and type and cost of service:		R (000s)
	- Piped water inside dwelling	<total>	<cost>
	- Piped water inside yard	<total>	<cost>
	- Piped water on community stand: distance < 200m from dwelling	<total>	<cost>
	- Piped water on community stand: distance > 200m from dwelling	<total>	<cost>
	- Borehole	<total>	<cost>
	- Spring	<total>	<cost>
	- Rain-water tank	<total>	<cost>
	Note: if other types of services are available, please provide details		
7	Number and cost of new connections:		R (000s)
	<detail total>	<number>	<cost>
8	Number and cost of disconnections and reconnections:		R (000s)
	<detail total>	<number>	<cost>
9	Number and total value of water projects planned and current:		R (000s)
	- Current (financial year after year reported on)	<total>	<cost>
	- Planned (future years)	<total>	
	Note: provide total project and project value as per initial or revised budget		
10	Anticipated expansion of water service:		R (000s)
	- Piped water inside dwelling	<total>	<cost>
	- Piped water inside yard	<total>	<cost>

11	- Piped water on community stand: distance < 200m from dwelling	<total>	<cost>
	- Piped water on community stand: distance > 200m from dwelling	<total>	<cost>
	- Borehole	<total>	<cost>
	- Spring	<total>	<cost>
	- Rain-water tank	<total>	<cost>
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
12	Estimated backlog in number (and cost to provide) water connection:		R (000s)
	- Piped water inside dwelling	<total>	<cost>
	- Piped water inside yard	<total>	<cost>
	- Piped water on community stand: distance < 200m from dwelling	<total>	<cost>
	- Piped water on community stand: distance > 200m from dwelling	<total>	<cost>
	- Borehole	<total>	<cost>
	- Spring	<total>	<cost>
	- Rain-water tank	<total>	<cost>
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
12	Free Basic Service Provision:		
	- Quantity (number of households affected)	<total>	
	- Quantum (value to each household)	<value>	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
13	Type and number of grants and subsidies received:		R (000s)
	<list each grant or subsidy separately>	<total>	<value>
	Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
14	Total operating cost of water distribution function		R (000s)

10. Electricity distribution function's performance

Function:	Electricity
Sub Function:	Electricity Distribution

Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of electricity		
Description of the Activity:	The electricity purchase and distribution functions of the municipality are administered as follows and include: <List administration of each function here: this should detail what is offered, and how it is offered to the community>		

	<p>These services extend to include <function/area>, but do not take account of <function/area> which resides within the jurisdiction of <national/provincial/other private sector> government. The municipality has a mandate to:</p> <p><List here></p> <p>The strategic objectives of this function are to:</p> <p><List here></p> <p>The key issues for 200X/0Y are:</p> <p><List here></p>		
Analysis of the Function:	<Provide statistical information on (as a minimum):>		
1	<p>Number and cost to employer of all personnel associated with the electricity distribution function:</p> <ul style="list-style-type: none"> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p>	<p><total></p> <p><total></p> <p><total></p> <p><total></p> <p><total></p> <p><total></p>	<p>R (000s)</p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p>
2	<p>Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer</p> <ul style="list-style-type: none"> - Residential - Commercial - Industrial - Mining - Agriculture - Other 	<p><volume></p> <p><volume></p> <p><volume></p> <p><volume></p> <p><volume></p> <p><volume></p>	<p>R (000s)</p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p>
3	<p>Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:</p> <ul style="list-style-type: none"> - Household - Commercial - Industrial - Mining - Agriculture - Other 	<p><volume></p> <p><volume></p> <p><volume></p> <p><volume></p> <p><volume></p> <p><volume></p>	<p>R (000s)</p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p>
4	<p>Total year-to-date electricity losses in kilowatt hours and rand</p> <p><detail total></p>	<p><volume></p>	<p>R (000s)</p> <p><cost></p>
5	<p>Number of households with electricity access, and type and cost of service:</p>		<p>R (000s)</p>
Reporting Level	Detail	Total	Cost
	<ul style="list-style-type: none"> - Electrified areas <ul style="list-style-type: none"> - Municipal - Eskom - Alternate energy source <ul style="list-style-type: none"> - Gas - Paraffin 	<p><total></p> <p><total></p> <p><total></p> <p><total></p>	<p><cost></p> <p><cost></p> <p><cost></p> <p><cost></p>

	- Solar	<total>	<cost>
	- Wood	<total>	<cost>
	- Non electrified	<total>	<cost>
	Note: if other types of services are available, please provide details		
6	Number and cost of new connections:		R (000s)
	<detail total>	<volume>	<cost>
7	Number and cost of disconnections and reconnections		R (000s)
	<detail total>	<volume>	<cost>
8	Number and total value of electrification projects planned and current:		R (000s)
	- Current (financial year after year reported on)	<total>	<cost>
	- Planned (future years)	<total>	<cost>
	Note: provide total project and project value as per initial or revised budget		
9	Anticipated expansion of electricity service:		R (000s)
	<detail total>	<total>	<cost>
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		
10	Estimated backlog in number (and cost to provide) water connection:		R (000s)
	<detail total>	<total>	<cost>
	Note: total number should appear in IDP, and cost in future budgeted capital housing programmes		
11	Free Basic Service Provision:		
	- Quantity (number of households affected)	<total>	
	- Quantum (value to each household)	<value>	
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
12	Type and number of grants and subsidies received:		R (000s)
	<list each grant or subsidy separately>	<total>	<value>
	Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.		
13	Total operating cost of electricity distribution function		R (000s)

B: ANNEXURE

The annexure is made up of the following documents arranged in the sequence below:

1. Full AG reports;
2. Plan of action of the municipality to address findings of the AG report;
3. Annual Financial Statements 2009/10
4. Performance Management System Report 2009/10



NGQUSHWA MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2010

Issued 31 August 2010

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

General Information

Legal form of entity	Municipality
Mayoral committee	
Executive Mayor	Mr B Ntotela
Councillors	Mr M Xhotyeni (Speaker) F. Matiwane (Member of the Executive Committee) S. Ndwayana (Member of the Executive Council) T. Camagu (Member of the Executive Council) N. Magingxa (Member of the Executive Committee) V. Kaulela N. Ndabazonke T. Dyani M. Sethuntsa S. Jali P. Skade M. Mphunga MF. Joyi N. Coto N. Mapekula V. Myozolo M. Falteni B. Ncapayi N. Mhlakane Q. Gqamane N. Sahula F. Phumaphi N. Dyani S. Jali
Grading of local authority	Grade 2
Chief Finance Officer (CFO)	Mr P Mahlasela
Accounting Officer	Mrs N Y Zongo
Registered office	Peddie
Business address	Corner of N2 and R345 Road Peddie 5640
Postal address	P.O.Box 539 Peddie 5640
Bankers	First National Bank, Peddie
Telephone Number	040 673 3940
Fax Number	040 673 3771
Email Address	paulmahlasela@yahoo.com

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer is responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The accounting officer certifies that the salaries, allowances and benefits of Councillors and payments made are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 4 to 36, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2010 and were signed on its behalf by:

Mrs N Y Zongo
Municipal Manager

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
Assets			
Current Assets			
Trade and other receivables from exchange transactions	7	1,500,913	4,102,003
Other receivables from non-exchange transactions	8	-	2,003,455
VAT receivable	9	2,595,109	2,335,723
Current portion of long term receivable		68,120	40,158
Cash and cash equivalents	10	4,444,324	2,230,678
		8,608,466	10,712,017
Non-Current Assets			
Investment property	4	-	-
Property, plant and equipment	5	19,097,897	5,112,835
Long term loan receivables		-	68,093
		19,097,897	5,180,928
Total Assets		27,706,363	15,892,945
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	14	6,522,012	3,163,387
Provisions	13	-	718,290
		6,522,012	3,881,677
Non-Current Liabilities			
Unspent conditional grants and receipts	12	5,620,699	2,517,084
Total Liabilities		12,142,711	6,398,761
Net Assets		15,563,652	9,494,184
Net Assets			
Reserves			
Housing Development Fund	11&11	2,042,578	1,948,076
Accumulated surplus		13,521,074	7,546,108
Total Net Assets		15,563,652	9,494,184

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Performance

Figures in Rand	Note(s)	2010	2009
Revenue			
Service Charges		384,319	328,555
Property rates		2,343,488	3,594,671
Fines		466,148	320,153
Licences and permits		637,674	102,906
Government grants & subsidies	17	38,884,352	28,549,101
Other grant receipts		12,450,017	7,105,669
Rental income		53,378	157,083
Other income	18	1,439,309	3,284,829
Interest received - investment	22	312,013	506,153
Total Revenue		56,970,698	43,949,120
Expenditure			
Personnel	20	(17,720,340)	(15,934,146)
Remuneration of councillors	21	(5,610,150)	(5,128,277)
Finance costs		(404,046)	13,684
Debt impairment		(6,900,073)	(2,031,917)
Repairs and maintenance		(697,117)	(409,082)
General Expenses	19	(19,664,009)	(11,152,422)
Total Expenditure		(50,995,735)	(34,642,160)
Surplus for the year		5,974,963	9,306,960

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Statement of Changes in Net Assets

Figures in Rand	Housing Development fund	Accumulated surplus	Total net assets
Opening balance as previously reported	1,783,594	(1,580,531)	203,063
Adjustments			
Fundamental errors affecting net assets	-	7,017,072	7,017,072
Transfer	-	(7,197,393)	(7,197,393)
Balance at 01 July 2008 as restated	1,783,594	(1,760,852)	22,742
Changes in net assets			
Transfers to / from accumulated surplus	164,482	-	164,482
Net income (losses) recognised directly in net assets	164,482	-	164,482
Surplus for the year	-	9,306,960	9,306,960
Total recognised income and expenses for the year	164,482	9,306,960	9,471,442
Total changes	164,482	9,306,960	9,471,442
Balance at 01 July 2009	1,948,076	7,546,111	9,494,187
Changes in net assets			
Surplus for the year	-	5,974,963	5,974,963
Transfers to / from accumulated surplus	94,502	-	94,502
Total changes	94,502	5,974,963	6,069,465
Balance at 30 June 2010	2,042,578	13,521,074	15,563,652
Note(s)	11		

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Cash flow statement

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Receipts			
Sale of goods and services		3,028,788	2,161,694
Grants		51,334,369	35,654,770
Interest income		312,013	506,153
		<u>54,675,170</u>	<u>38,322,617</u>
Payments			
Employee costs		(23,330,490)	(21,062,423)
Suppliers		(14,741,926)	(10,738,245)
Finance costs		(404,046)	13,684
		<u>(38,476,462)</u>	<u>(31,786,984)</u>
Net cash flows from operating activities	24	<u>16,198,708</u>	<u>6,535,633</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	<u>(13,985,062)</u>	<u>(5,112,835)</u>
Net increase/(decrease) in cash and cash equivalents		2,213,646	1,422,798
Cash and cash equivalents at the beginning of the year		2,230,678	807,880
Cash and cash equivalents at the end of the year	10	<u>4,444,324</u>	<u>2,230,678</u>

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historic cost convention, except where indicated otherwise. They have been prepared in terms of Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) in accordance with the Accounting Standards prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directive 4 issued by the ASB in March 2009.

The Accounting Framework of the municipality, based on the preceding paragraphs and applicable to the operations of the municipality, is therefore as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 9	Revenue from Exchange Transactions
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 9	Paragraphs relating to Revenue from Non-Exchange Transactions
IPSAS 20	Related Party Disclosure
IPSAS 21	Impairment of Non Cash-Generating Assets
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an arrangement contains a lease

The standards prescribed are the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board. The impact of the mentioned directives on the financial statements, specifically Directive 4, is disclosed in the various accounting policies below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Provisions

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Investment property

Investment property is reported at provisional amounts (Nil value), due to the fact that the initial accounting for Investment property was incomplete by the end of a reporting period in which the Standard became effective.

Investment property was not disclosed in the financial statements for the year ending 30 June 2009 but is disclosed at provisional amounts in the current financial statements. Please refer to note 4. No other retrospective adjustments to provisional amounts were recognised to reflect new information obtained about facts and circumstances that existed on the effective date of the Standard.

It is expected that the measurement of investment property will be addressed in conjunction with efforts related to Property, plant and equipment which are expected to be finalised by 30 June 2011.

No accounting policy to investment property was included in the prior year financial statements.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.3 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

In terms of directive 4 the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, Plant and Equipment. The Standard of GRAP on Property, Plant and Equipment was initially adopted on 1 July 2008.

Due to the fact that the municipality has taken advantage of the transitional provisions, property, plant and equipment were not recognised and measured in accordance with the Standards of GRAP on: Property, Plant and Equipment, the Presentation of Financial Statements, Effect of Changes in Foreign Exchange Transactions, Leases, Segment Reporting, and Non-current Assets Held for Sale and Discontinued Operations.

Property, plant and equipment acquired prior to the date of initial adoption of the Standard of GRAP are measured at provisional amounts (Nil value) in line with Directive 4. Additions to property plant and equipment since the Standard of GRAP on Property, Plant and Equipment was initially adopted are recognised at cost. No depreciation is recognised on these assets as all the related elements of the depreciation calculation could not be considered at year end.

No measurement adjustments were made for the year ending 30 June 2010.

1.4 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.4 Financial instruments (continued)

deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial instruments designated as available-for-sale

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial Assets at fair value through the Statement of Financial Performance.

Loans to managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.4 Financial instruments (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method except where material variances exist between the amortised cost and the nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.5 Leases

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.5 Leases (continued)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

In terms of Directive 4 the municipality is not required to recognise finance lease assets/liabilities in the financial statements in relation to those Property, plant and equipment that have not been recognised as a result of applying the transitional provisions in the Standards of GRAP related to Property, plant and equipment.

The disclosure requirements included in the Standard of GRAP on Leases were applied insofar as the lease assets/ liabilities have been identified.

No measurement adjustments were made for the year ending 30 June 2010. The future lease commitments not disclosed in the financial statements for the year ending 30 June 2009 are now however disclosed in the financial statements. Please refer to note 25 for the details to future lease commitments.

It is anticipated that the requirements of the Standard of GRAP on Leases will be applied in the financial statements for the year ending 30 June 2010 when the transitional provisions in the Standards of GRAP on Property, Plant and Equipment expire.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.7 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.7 Provisions and contingencies (continued)

reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.7 Provisions and contingencies (continued)

- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount, and account for any impairment loss, in accordance with the amounting policy on impairment of assets as described in accounting policy and .

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

In terms of Directive 4, the municipality is not required to recognise provisions (which form part of the cost of an asset) as a result of applying the transitional provisions in the Standards of GRAP on Property, Plant and Equipment. The disclosure requirements on the provisions related to the assets were however complied with in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets.

The rehabilitation cost liability that relate to landfill sites was neither disclosed nor recognised in the financial statements for the year ending 30 June 2009. The liability was not recognised in the current financial year but details relating to the estimated liability is disclosed in note 13.

Except for the provision for landfill site no other provisions were affected by the transitional provisions set out in Directive 4 and no other measurement adjustments were made for the year ending 30 June 2010.

1.8 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.8 Revenue from exchange transactions (continued)

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.9 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.9 Revenue from non-exchange transactions (continued)

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;
- internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers;
- historical information on declarations previously submitted by defaulting levy payers; and
- the accuracy of the database of levy payers as well as the frequency by which it is updated for changes.

Changes to estimates made when more reliable information becomes available are processed as an adjustment to levies revenue.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.9 Revenue from non-exchange transactions (continued)

liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.10 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.11 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.12 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.15 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.16 Presentation of currency

These annual financial statements are presented in South African Rand which is the functional currency of the municipality.

1.17 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.18 Housing development fund

The Housing development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.19 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

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2010

2009

2. Changes in accounting policy

Accounting Policies have been consistently applied, except as indicated below:

The municipality changes an accounting policy only if the change:

- a) is required by a Standard of GRAP; or
- b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

3. New standards and interpretations

3.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2010 or later periods:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 103 Heritage Assets - issued July 2008

Application of all the above GRAP standards will be effective from the date to be announced by the Minister of Finance. This date is currently not available.

The following standards, amendments to standards and interpretations have been issued but not yet effective and have not been early adopted by the municipality:

- IAS 19 Employee Benefits - effective 1 January 2009
- IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009
- IAS 39 Financial Instruments: Recognition and Measurement - portions of standard effective 1 July 2009 .

Management has considered all the of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

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4. Investment property

Investment properties were recognised at provisional amounts (Nil Value).

Investment property consists of the following properties:

1. Hamburg Caravan Park
2. ANC Constituency Office
3. Engen (land)
4. Vodacom Tower
5. Premedia
6. Eric Mjolo (Farm)

Lease payments receivable on rental property

- Within one year	86,808	69,139
- In second to fifth year inclusive	8,808,551	907,848
	8,895,359	976,987

5. Property, plant and equipment

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	133,983	-	133,983	-	-	-
Motor vehicles	531,984	-	531,984	-	-	-
IT equipment	403,821	-	403,821	-	-	-
Infrastructure	8,800,335	-	8,800,335	-	-	-
Community	8,788,006	-	8,788,006	5,112,835	-	5,112,835
Other property, plant and equipment	439,768	-	439,768	-	-	-
Total	19,097,897	-	19,097,897	5,112,835	-	5,112,835

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Total
Furniture and fixtures	-	133,983	133,983
Motor vehicles	-	531,984	531,984
IT equipment	-	403,821	403,821
Infrastructure	-	8,800,335	8,800,335
Community	5,112,835	3,675,171	8,788,006
Other property, plant and equipment	-	439,768	439,768
	5,112,835	13,985,062	19,097,897

Reconciliation of property, plant and equipment - 2009

	Opening balance	Additions	Total
Community	-	5,112,835	5,112,835

6. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2010

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Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand 2010 2009

6. Financial assets by category (continued)

	Loans and receivables	Available-for- sale	Total
Other financial assets	68,120	-	68,120
Trade and other receivables	1,500,913	-	1,500,913
Cash and cash equivalents	-	4,444,324	4,444,324
VAT Receivable	2,595,109	-	2,595,109
	4,164,142	4,444,324	8,608,466

2009

	Loans and receivables	Available-for- sale	Total
Trade and other receivables	4,102,003	-	4,102,003
Cash and cash equivalents	-	2,230,678	2,230,678
Current portion of long term receivable	40,158	-	40,158
VAT Receivable	2,335,723	-	2,335,723
Other receivables	2,058,232	-	2,058,232
	8,536,116	2,230,678	10,766,794

7. Trade and other receivables from exchange transactions

Trade debtors	1,210,834	4,102,003
Prepaid expenses	290,079	-
	1,500,913	4,102,003

Credit quality of trade and other receivables

The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

Trade receivables

Counterparties with external credit rating

A (Government Accounts)	249,785	-
B (Businesses)	46,870	-
C (Domestic and other)	914,180	-
	1,210,835	-

Analysis of table:

A - The debtors are of good credit quality and no default in payment is expected.

B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time

C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

Trade Receivables	-	-
1-30 days past due	910,836	-
31-60 days past due	160,527	-
61-90 days past due	139,471	-
	1,210,834	-

Trade and other receivables impaired

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Figures in Rand	2010	2009
7. Trade and other receivables from exchange transactions (continued)		
Refer to the receivables note for an analysis of the impaired receivables.		
8. Other receivables from non-exchange transactions		
Traffic Summonses	-	387,516
Sundry Debtors	-	897,490
Transfers between banks	-	(43,658)
Unallocated Expenditure	-	28,486
Amathole DM-Control	-	518,020
Debit Orders	-	215,601
	-	2,003,455

9. VAT receivable

VAT	2,595,109	2,335,723
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10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	236,686	143,770
Short-term deposits	4,207,638	2,086,908
	4,444,324	2,230,678

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2010	30 June 2009	30 June 2008	30 June 2010	30 June 2009	30 June 2008
First National Bank- Call Account-62035920596	64,397	53,642	53,642	64,397	53,642	53,642
First National Bank -Call account-62048047494	2,026,601	1,767,617	1,767,617	2,042,701	1,767,617	1,767,617
First National Bank -Call Account- 62270666616	1,000,000	-	-	1,002,959	-	-
First National Bank -Call account-62270667531	1,000,000	-	-	1,002,959	-	-
First National Bank- Call account-61684000098	94,622	86,265	86,265	94,622	86,265	86,265
First National bank -Public Sector Cheque Account-62022000898	(61,182)	143,770	(1,099,643)	236,686	2,037,259	359,193
Total	4,124,438	2,051,294	807,881	4,444,324	3,944,783	2,266,717

11. Housing Development Fund

Balance at the beginning of the year	1,948,076	1,783,593
Interest	94,502	164,483
	2,042,578	1,948,076

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

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Figures in Rand	2010	2009
12. Unspent conditional grants and receipts (continued)		
Municipal Infrastructure Grant	4,192,911	895,363
Drivers; Licence testing station	1,323,504	1,460,721
Municipal Systems Improvement Grant	104,284	161,000
	5,620,699	2,517,084

Movement during the year

Balance at the beginning of the year	3,524,212	2,479,321
Additions during the year	2,096,487	37,763
	5,620,699	2,517,084

13. Provisions

Reconciliation of provisions - 2010

	Opening Balance	Utilised during the year	Total
Provisions	718,290	(718,290)	-

Reconciliation of provisions - 2009

	Opening Balance	Additions	Total
Provisions	-	718,290	718,290

The provision for the rehabilitation to the landfill sites operated in Peddie and Hamburg was not recognised in line with Directive 4 due to the application of the transitional provisions in the Standards of GRAP on Property, Plant and Equipment also being applied.

The following information were applied in the calculation of the present value of the liability to rehabilitate the mentioned landfill sites:

Interest rate applied: 5.4% (Interest rate on most current investments)
 Estimated useful life of landfill sites as at 30 June 2009: 10 years
 Estimated cost increase for annual rehabilitation : 8%
 Annual rehabilitation costs required is R 791,640
 Estimated costs for closure: R 2,140,000
 Once off costs R 270,000
 Present value of rehabilitation obligation equates R 3,120,642 (2009 : R 2,336,056)

14. Trade and other payables from exchange transactions

Trade payables	5,137,814	1,996,971
Accrued leave pay	584,189	568,259
Accrued bonus	457,349	368,336
Accrued Administration and water sanitation expense	119,299	119,300
Other creditors	223,361	54,970
Receiver of Revenue - PAYE	-	55,551
	6,522,012	3,163,387

15. Financial liabilities by category

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Figures in Rand 2010 2009

15. Financial liabilities by category (continued)

The accounting policies for financial instruments have been applied to the line items below:

2010

	Financial liabilities at amortised cost	Total
Accrued leave pay	584,189	584,189
Accrued bonuses	457,349	457,349
ADM Expense	119,299	119,299
Trade payables	5,137,814	5,137,814
Other creditors	223,361	223,361
	6,522,012	6,522,012

2009

	Financial liabilities at amortised cost	Total
Accrued leave pay	568,259	568,259
Trade and other payables	1,996,971	1,996,971
Accrued Bonuses	368,336	368,336
ADM Expense	119,300	119,300
Other creditors	54,970	54,970
Receiver of Revenue	55,551	55,551
	3,163,387	3,163,387

16. Revenue

Refuse removal	384,319	328,555
Property rates	2,343,488	3,594,671
Fines	466,148	320,153
Licences and permits	637,674	102,906
Government grants & subsidies	38,884,352	28,549,101
Other Grant Receipts	12,450,017	7,105,669
	55,165,998	40,001,055

The amount included in revenue arising from exchanges of goods or services are as follows:

Refuse removal	384,319	328,555
Licences and permits	637,674	102,906
	1,021,993	431,461

The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	2,343,488	3,594,671
Fines	466,148	320,153
Government grants & subsidies	38,884,352	28,549,101
Other grant receipts	12,450,017	7,105,669
	54,144,005	39,569,594

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
17. Government grants and subsidies		
Equitable share	38,884,352	28,549,101
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents receive a monthly subsidy of R - (2009: R -), which is funded from the grant.		
18. Other income		
Sundry Revenue	1,210,795	3,086,369
Cemetery fees	1,922	1,416
Income from ADM	91,723	-
Pound fees	10,325	9,870
Photocopies and faxes	4,294	113
Grazing income	-	1,542
Building plan fees	49,111	41,714
Penalties	42,460	120,352
Tresspass fees	28,679	23,453
	1,439,309	3,284,829

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
19. General expenses		
Administration fees	5,818,951	1,806,168
Advertising	163,572	95,596
Auditors remuneration	1,306,907	430,861
Bank charges	201,039	153,685
Refund to debtors	12,563	-
Computer expenses	20,586	77,503
Consulting and professional fees	289,850	271,003
Consumables	197,379	128,014
IEC Voting station	2,000	-
Institutional Plan and Restructuring	282,240	-
Licence fees	9,350	-
Entertainment	274,649	810,859
Special Programmes	73,336	-
Animal Feed	15,758	5,691
Hire of lifesavers	62,480	-
Insurance	129,599	272,973
Conferences and seminars	16,000	9,533
IT expenses	-	95,505
Rezoning and registration	206,851	-
Lease rentals on operating lease	664,866	286,908
Communication and Public relations	594,650	446,708
Pest control	3,759	1,754
Fuel and oil	526,246	554,335
Auction fees	3,758	1,060
Postage and courier	-	6,504
Printing and stationery	522,072	161,177
Legal Expenses	719,600	117,326
Protective clothing	220,854	140,678
Indigent registration	10,539	-
Stocks and material	376,777	645,642
Security (Guarding of municipal property)	128,040	548,991
Subscriptions and membership fees	-	109,314
Telephone and fax	768,131	174,839
Collection fees	42,925	-
Training	469,812	250,000
Travel - local	219,379	85,400
Refuse	54,754	30,605
Electricity	366,342	426,492
Water	53,020	-
Free basic electricity	2,323,395	657,039
Disaster Management	138,314	189,396
Audit Committee Expense	-	387,009
Valuation costs	229,014	100,000
Accommodation expenses	1,651,943	645,642
Newsletters and publications	60,878	-
Other	431,831	1,028,212
	19,664,009	11,152,422

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand 2010 2009

20. Employee related costs

Basic	10,363,008	9,407,579
Bonuses	817,254	503,249
Contributions to UIF, pension and medical aid	2,231,744	1,322,852
Skills Development Levy	113,183	84,396
Redemption of leave	165,087	332,956
Travel, motor car, accommodation, subsistence and other allowances	487,288	1,216,675
Overtime payments	583,527	318,840
Housing benefits and allowances	46,943	39,304
	14,808,034	13,225,851

Remuneration of municipal manager

Annual Remuneration	547,980	455,903
Travel, motor car, accomodation,subsistence and other allowances	158,484	150,000
Contributions to UIF, Medical and Pension Funds	1,497	-
	707,961	605,903

Remuneration of chief finance officer

Annual Remuneration	437,710	393,598
Travel, motor car, accomodation,subsistence and other allowances	132,000	132,000
Contributions to UIF, Medical and Pension Funds	1,497	-
	571,207	525,598

Remuneration of executive managers

	Technical Services	Corporate Services	Community Services
	R	R	R
2010			
Annual Remuneration	411,226	419,710	419,710
Travel, motor car, accomodation, subsistence and other allowances	126,000	126,000	126,000
Contributions to UIF, Medical and Pension Funds	1,497	1,497	1,497
	538,723	547,207	547,207

2009

	Technical Services	Corporate Services	Community Services
	R	R	R
Annual Remuneration	393,598	383,598	393,598
Travel, motor car, accomodation, subsistence ad other allowances	132,000	132,000	132,000
	525,598	515,598	525,598

21. Remuneration of councillors

Executive Major	536,781	501,867
Executive Committee Members	900,140	841,260
Speaker	432,838	344,244
Councillors' remuneration	2,051,132	3,440,906
Councillors' pension contribution	696,379	-
Councillors' allowances	992,880	-
	5,610,150	5,128,277

In-kind benefits

The Mayor, Speaker are full-time. The executive committee members are part time employed by the Municipality. The Mayor

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

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Figures in Rand 2010 2009

21. Remuneration of councillors (continued)

and Speaker are provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Mayor has use of a Council owned vehicle for official duties. The Mayor has one full-time bodyguard.

22. Investment revenue

Interest revenue

Bank	202,246	490,241
Interest charged on trade and other receivables	109,767	15,912
	312,013	506,153

The amount included in Investment revenue arising from exchange transactions amounted to R 109,766.

The amount included in Investment revenue arising from non-exchange transactions amounted to R 202,246.

23. Auditors' remuneration

Fees	1,306,907	430,861
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24. Cash generated from operations

Surplus	5,974,963	9,306,960
Adjustments for:		
Movements in provisions	(718,290)	718,290
Movement in reserves	94,505	164,483
Other non cash movement	-	(180,320)
Changes in working capital:		
Trade and other receivables from exchange transactions	2,601,090	(3,700,677)
Other receivables from non-exchange transactions	2,003,455	106,090
Current portion of long term receivable	(27,962)	2,753
Long term receivables	68,093	42,457
Trade and other payables from exchange transactions	3,358,625	1,163,980
VAT	(259,386)	(1,126,146)
Unspent conditional grants and receipts	3,103,615	37,763
	16,198,708	6,535,633

NGQUSHWA MUNICIPALITY

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25. Capital Commitments

25.1 Authorised capital expenditure

Approved and contracted for: Community

• Corporate Services	111,372	3,201,340
• Community services	649,960	-
• Technical services	5,985,458	-
• Finance services	1,000,000	-
	7,746,790	3,201,340

Approved but not yet contracted for

• Community	216,700	999,069
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This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

25.2 Operating leases Commitments

Minimum lease payments due

- within one year	271,370	258,339
- in second to fifth year inclusive	68,615	339,985
	339,985	598,324

Operating lease payments represent rentals payable by the municipality for certain of its office properties. No contingent rent is payable. Lease agreements include a clause of price plus index on rental increases.

26. Contingencies

Contingent liabilities

Milisa Security and Cleaning Services is instituting a damages claim against the municipality following cancellation of its contract during January 2009. Council is contesting the claim based on legal advice. A court date has not yet been set. The legal costs will be determined once action has started. The supplier is claiming R 174,000 for damages.

Action has been instituted against the municipality for the expulsion of ANC Councillors. Estimated costs are R 100,000.

Claim for damages	274,000	174,000
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Contingent assets

Action was instituted against the former Municipal Manager to recover funds spent as fruitless and wasteful expenditure during his term of office, civil proceedings have commenced to recover an amount of R 397,126. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain. The future trial fee is estimated at R 50,000. The related receivable was not recognised pending outcome of the case.

27. Related parties

Relationships

Chief Financial Officer	Mr P Mahlasela
Executive Manager - Technical Services	Mr B Badi
Executive Manager - Corporate Services	Mr V Gwintsa
Executive Manager - Community Services	Mr N Mjo

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
28. Prior period errors		
The correction of the error(s) results in adjustments as follows:		
Statement of financial position		
The correction of the errors are as follows:	-	-
Trade and other payables		
Balance per 2009 Annual report	-	3,764,982
Correction of accounts payable balances as at 30 June 2009	-	752,066
Correction of misallocation of hall deposit and rental	-	(538)
Payments received in advance write off due to lack of supporting documentation	-	(725,626)
Reclassification of interest on receivables	-	13,447
Adjustment to ADM water and sanitation to agree to confirmation	-	(640,944)
	-	3,163,387
Trade and other receivables		
Balance per 2009 Annual report	-	6,281,000
Correction of prior year balances taking into account revenue only billed in 2010	-	(473,838)
Increase in debt impairment for 2009	-	(2,130,235)
Refuse revenue billed in 2010	-	32,643
Rental escalation processed in prior year	-	378,986
Reclassification of interest receivable on accounts receivable	-	13,447
Adjustment to debt impairment for fair value of debtors	-	98,318
Fair value adjustment on sundry debtors	-	(4,160)
Fair value adjustment on basic refuse debtors	-	(49,235)
Fair value adjustment on assessment rates debtors	-	(44,923)
	-	4,102,003
VAT Receivable		
Balance per 2009 Annual report	-	2,382,266
Vat on rental escalations not processed in the prior year	-	(46,543)
	-	2,335,723
Other receivables		
Balance per 2009 Annual report	-	2,505,234
Employee tax due on package	-	(446,231)
Clearing of suspense account - debit orders	-	(768)
Clearing of sundry debtors accounts	-	(54,780)
	-	2,003,455
Current portion of long term receivables		
Balance per 2009 annual report	-	42,457
Adjustment for receipt not recognised in 2009	-	(2,299)
	-	40,158
Non current unspent conditional grants and receipts		
Balance per 2009 annual report	-	3,524,212
Correction of FMG revenue	-	(15,811)
Correction of MIG revenue	-	366,683
MIG revenue accounted for in prior year	-	(1,358,000)
	-	2,517,084
Capital Replacement reserve		
Balance per 2009 annual report	-	92,117

NGQUSHWA MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2010	2009
28. Prior period errors (continued)		
Transfer of reserve to accumulated surplus in term of Directive 4	-	(92,117)
	-	-
Accumulated surplus / (Deficit)		
Balance per 2009 Annual report	-	3,611,432
Transfer of reserve to accumulated surplus in term of Directive 4	-	92,117
Correction of accounts payable balances as at 30 June 2009	-	(752,066)
Adjustment for receipt not recognised in 2009	-	(2,299)
Depreciation adjustment for 2009 Additions	-	5,112,835
Clearing of sundry debtors accounts	-	(54,778)
Clearing of suspense account - debit orders	-	(768)
Adjustment to correct opening balance of housing development fund	-	(149,382)
Adjustments through income statement	-	(310,983)
	-	7,546,108
Property, Plant and Equipment		
Balance per 2009 Annual report	-	-
Depreciation adjustment for 2009 Additions	-	5,112,835
	-	5,112,835
Housing Development Fund		
Balance per 2009 Annual report	-	1,798,693
Adjustment to correct opening balance of housing development fund	-	149,382
	-	1,948,075
Statement of financial performance		
Refer to reconciliations below:	-	-
Property Rates		
Amount reported per 2009 Annual report	-	4,173,044
Fair value adjustment of assessment rates debtors	-	(84,784)
Correction of prior year balances taking into account revenue only billed in 2010	-	(493,589)
	-	3,594,671
Service Charges		
Amount reported per 2009 Annual report	-	329,622
Fair value adjustment of assessment rates debtors	-	(27,218)
Correction of prior year balances taking into account revenue only billed in 2010	-	(13,479)
Revenue only billed in 2010	-	26,358
Rental escalations not processed in prior year	-	13,272
	-	328,555
Other grant receipts		
Amount reported per 2009 Annual report	-	6,098,541
Correction of FMG revenue	-	15,811
Correction of MIG revenue	-	(366,683)
MIG Revenue accounted for in prior year	-	1,358,000
	-	7,105,669
Rental of facilities and equipment		
Amount reported per 2009 Annual report	-	150,260
Hall revenue only billed in 2010	-	5,772
Toilet revenue only billed in 2010	-	912

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
28. Prior period errors (continued)		
Correction of misallocation between hall deposit and rental	-	538
	-	157,482
Other income		
Amount reported per 2009 Annual report	-	1,565,858
Write off of payments received in advance due to lack of documentation	-	725,626
Correction of prior year balances taking into account revenue only billed in 2010	-	33,230
Rental escalations not processed in 2009	-	319,171
Adjustment to ADM water and sanitation expense to agree to confirmation	-	640,944
	-	3,284,829
Employee related costs		
Amount reported per 2009 Annual report	-	12,779,619
Employee tax on package	-	446,230
Employee costs not reported in prior year.	-	2,708,297
	-	15,934,146
Cash flow statement		
Cash flow from operating activities		
Decrease in profit	-	(3,019,270)
Changes in working capital	-	(4,734,375)
	-	(7,753,645)
Cash flow from investing activities		
Purchase of property , plant and equipment	-	(5,112,835)

29. Comparative figures

Certain comparative figures have been reclassified.

Interest accumulated has been reclassified to accounts receivables and this interest related to debtors.

The effects of the reclassification are as follows:

Statement of financial position

Trade and other receivables	-	13,447
Trade and other payables	-	(13,447)

30. Risk management

Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern. Available capital is largely dependant on grant receipts from national government. Minimised use of capital from external borrowings ensures optimal capital structures and also reduces the cost of capital. The municipality manages capital risk through the monitoring of proposed grants to be received from national government and through the synchronisation of capital outlay with grant receipts.

The capital structure of the municipality consists of cash and cash equivalents and equity .

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

NGQUSHWA MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand

2010

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30. Risk management (continued)

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out by the financial department with the assistance of operating divisions. Risk management is carried out under policies approved by the accounting officer.

Liquidity risk

The municipality's risk relates to funds available that will cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and projected grant receipts. Cash flow forecasts are prepared and adequate managed borrowing facilities are continually monitored.

Market Risk: Interest rate risk

The municipality's interest bearing assets are included under cash and cash equivalents. The municipality's income and operating cash flows are substantially independent of changes in market interest rates due to the short term nature of interest bearing assets.

At year end financial assets exposed to interest rate risk were as follows:

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with South African prime rate. The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus / deficit.

Trade debtors in arrears linked to South African prime rate plus two percent.

Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer Note 4.

At year end, financial liabilities exposed to interest rate risk were as follows:

Finance leases linked to South African prime rate.

Management manages interest rate risk by negotiating beneficial rates on floating rate loans

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below. The disclosure only indicates the effect of the change in interest rate on surplus.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis for one year to the next.

The estimated rate increases

The estimated increase in base points
Effect on net Surplus

	200	200
	6,240	10,123
	6,440	10,323

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

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30. Risk management (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Credit exposure is controlled by the application of the municipality's credit control and debt collection policies. Adequate provision has been made for anticipated doubtful debts.

The carrying amount of financial assets, represent the entity's maximum exposure to credit risk in relation to these assets.

The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk:

Financial Instrument

Bank balances	236,686	143,770
Short term deposits	4,207,638	2,086,908
Trade and other receivables	1,500,913	4,102,003
Other receivables	-	2,003,455
Long term debtors	-	68,093
	5,945,237	8,404,229

Market Risk: Currency risk

The municipality is not exposed to currency risk as no transactions are negotiated in foreign currency.

The municipality reviews its foreign currency exposure, including commitments on an ongoing basis. The municipality expects its foreign exchange contracts to hedge foreign exchange exposure.

Market risk-other price risk

The Municipality's financial assets does not include equity investments that will expose it to price risks.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified a available-for-sale.

31. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

32. Events after the reporting date

The accounting officer is not aware of any events after the reporting date.

33. Unauthorised expenditure

Opening balance	3,224,106	3,224,106
Unauthorised expenditure for the year	-	-
	3,224,106	3,224,106

NGQUSHWA MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
34. Irregular expenditure		
Opening balance	826,816	-
Add: Irregular Expenditure - current year	2,801,795	826,816
	3,628,611	826,816

Irregular Expenditure - 2009

Irregular expenditure amounting to R130 883 relates to a contract that was renewed on expiry without the contract going through the normal competitive bidding process. No disciplinary action has been taken to date.

Irregular expenditure amounting to R695 932.99 relates to tenders awarded where the 80/20 evaluation principle were not applied. No disciplinary action has been taken to date.

Irregular Expenditure - 2010

Irregular expenditure of R248,000 relates to payments to Penny Lindstrohm made in contravention of the Supply Chain management policy. No disciplinary action has been taken to date.

Irregular expenditure of R395,000 relates to the appointment of Sinakho Inc to prepare the financial year ended 30 June 2009 annual financial statements made in contravention of the Supply Chain management policy. No disciplinary action has been taken to date.

Irregular expenditure of R2,158,794.86 relates to a disagreement by the Accounting Officer with the recommendation of the Adjudication Committee, the National Treasury, Provincial Treasury and Auditor General have been notified of this decision. No disciplinary action has been taken to date.

35. Retirement benefit Information

Defined Contribution Plan

It is the policy of the municipality to provide retirement benefits to all its employees. The current defined contribution provident fund is held with SAMWU, which are subject to the Pensions Fund Act, exist for this purpose.

The Municipality is under no obligation to cover any unfunded benefits.

The total contribution to such schemes amount to R 1,588,956

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL OF NGQUSHWA MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Ngqushwa Municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages ... to

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, (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; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Bases for qualified opinion

Trade and other payables from exchange transactions

7. Included in trade and other payables is an amount for staff leave accrual, but due to inadequate leave records and discrepancies in such records, I was unable to determine the accuracy and valuation of the leave accrual amount of R441,217 (2008-09: R568,259) as disclosed in note 15 to the financial statements. The municipality's records also did not permit the application of adequate alternative audit procedures.

Revenue

8. Included in fines, licences and permits as disclosed in the statement of financial performance is an amount of R1,1 million which relates to traffic income. I was unable to verify the completeness of such revenue as there were missing receipt numbers that could not be explained.

Restatement of corresponding figures

9. As disclosed in note 30 to the financial statements, the corresponding figures for 30 June 2009 have been restated as a result of errors identified from the prior year audit.
10. No supporting documentation was available for a journal entry of a credit of R725,626, affecting revenue and a debit of R2,7 million affecting salaries. Furthermore, the municipality could not provide sufficient appropriate audit evidence to support journal entries of R640,944 restating trade and other payables, R591,221 restating VAT receivables and R149,382 restating Housing Development Fund. I was therefore unable to establish if the correcting entry had been captured in the correct accounting period and if it was accurately disclosed. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that all restatement of corresponding figures was properly recorded.

Opinion

11. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Ngqushwa Municipality as at 30 June 2010 and its financial performance and its cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice and in the manner required by the Municipal Finance Management Act of South Africa

Emphasis of matter

12. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Fruitless and wasteful expenditure

13. Fruitless and wasteful expenditure to the amount of R19,912 was incurred, for interest and penalties related to late payments made to the South African Revenue Services, as disclosed in note 35 to the financial statements.
14. The municipality also incurred fruitless and wasteful expenditure of R417,134, as disclosed in note 35 with respect to the removal of Councillors and the non-compliance with paragraph 1.1(c) and (d) of the municipality's Code of Conduct, which resulted in a defamation claim being brought against the Municipality in which a settlement agreement was reached.

Irregular expenditure

15. As disclosed in note 36 to the financial statements, irregular expenditure to the amount of R3,5 million was incurred, as proper supply chain management processes had not been followed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations; Municipal Finance Management Act, No 56 of 2003 (MFMA), Municipal Regulations, Division of Revenue Act, No 12 of 2009 (DoRA), Municipal Systems Act, No 32 of 2000 (MSA), and financial management (internal control).

Predetermined objectives

Material findings on the report on predetermined objectives, as set out on pages ... to ..., are reported below:

Non-compliance with regulatory and reporting requirements

Included below are findings related to material non-compliance with the regulatory and reporting requirements.

Municipal Finance Management Act of South Africa, No 56 of 2003 (MFMA)

Annual report not submitted to the relevant authorities

17. Contrary to the requirements of section 127(5)(b) of the MFMA, the municipality did not submit the annual report to the relevant provincial treasury and the provincial department responsible for local government in the province, immediately after it was tabled in the council.

Annual report not submitted within legislated timeframe

18. As required by section 132 of the MFMA, the municipality did not submit the annual report and oversight reports to the provincial legislature within seven days after the municipal council had adopted the relevant oversight report.

Municipal Planning and Performance Management Regulations, 2001

Performance audit committee not appointed

19. The municipality did not appoint and budget for a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

Municipal Systems Act of South Africa, No 32 of 2000 (MSA)

Performance measurements not audited by internal audit

20. The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45 of the MSA.

Performance management framework not adopted

21. The municipality did not adopt a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of section 36, 38 and 41(2) of the MSA, and regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

Integrated Development Plan did not include financial plan

22. The integrated development plan of the municipality did not include a financial plan, as required by section 26(h) of the MSA.

Comparisons between current year targets and previous years not included in reported pre-determined objectives

23. The reported predetermined objectives to be included in the annual report does not include comparisons between performance in the current year with targets set for the current and previous financial years, as required by section 46 of the MSA.

Usefulness of information

24. The following criteria were used to assess the usefulness of the planned and reported performance:

- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

Included below are findings related to the usefulness of information.

25. Fifty-five percent (55%) of the planned and reported targets were not:
- Specific in clearly identifying the nature and the required level of performance;
 - Measurable in identifying the required performance;
 - Time bound in specifying the time period or deadline for delivery.
26. Twenty-four percent (24%) of the planned and reported indicators were not clear, with an unambiguous definition to allow for data to be collected consistently.
27. Thirty percent (30%) of the planned and reported indicators were not verifiable, as it was not possible to validate the processes and systems that produce the indicator.
28. Inspection of the municipality's annual performance report revealed the format/content of the report was not clearly presented.

Reliability of information

29. The following criteria were used to assess the reliability of the planned and reported performance:

- Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

Included below are findings related to the reliability of information.

30. The validity accuracy and completeness of 28,8% of the reported targets could not be established as sufficient appropriate audit evidence could not be provided for audit purposes.
31. Inspection of the municipality's quarterly reports revealed the format/content of the quarterly reports was not consistent with the performance objectives as per the integrated development plan and these reports were not clearly presented.
32. The municipality has not reported on its performance against predetermined objectives, indicators and targets which is consistent with the approved integrated development plan.
33. The municipality reported on objectives, indicators and targets in addition to those as per the approved integrated development plan. Furthermore, these additional objectives, indicators and targets were not approved subsequent to the strategic planning process and were not explained in the annual performance report.

Compliance with laws and regulations

Included below are findings related to material non-compliance with the acts as indicated.

Municipal Finance Management Act of South Africa, No 56 of 2003 (MFMA)

Material misstatements corrected in the financial statements

34. In order for the financial statements to meet the requirements of section 122(1) of the MFMA, material misstatements identified during the audit were corrected by management.

Annual budget not tabled and approved within legislated timeframes

35. As required by section 16 of the MFMA, the mayor of the municipality did not table the annual budget at a council meeting at least 90 days before the start of the budget year. Contrary to section 24, the municipal council did not approve the annual budget at least 30 days before the start of the budget year.

National Treasury not informed immediately of payments due by other organs of state

36. Non-compliance with the requirements of section 64 of the MFMA was identified, in that the accounting officer did not immediately inform the National Treasury of any payments due by an organ of state to the municipality in respect of municipal tax or for municipal services, where such payments are regularly in arrears for periods of more than 30 days.

Expenditure was not paid within the parameters set by the applicable legislation

37. Contrary to the requirements of section 65(2)(e) of the MFMA, the municipality's expenditure was not paid within the required 30 days from the receipt of an invoice, or such a period as prescribed for certain categories of expenditure.

Non-timeous tabling and adoption of the oversight report

38. The requirements of section 129 of the MFMA were not met, in that the oversight report to the 2008-09 annual report, as prepared by the oversight committee, was not submitted to council timeously (by 31 March 2010). As a result of the non-timeous tabling and adoption of the oversight report, the accounting officer was also unable to make public such oversight report in April 2010, as required.

Annual report not publicised adequately

39. As required by section 127(5) of the MFMA, the municipality did not adequately publicise the 2008-09 annual report.

Internal audit unit not fully functional during the year

40. Contrary to the requirements of section 62(1)(c) and 165 of the MFMA, the municipality did not have a fully functional internal audit unit during the year and did not perform an annual risk assessment.

Audit committee non-existent for the financial year

41. The municipality did not have an audit committee for the financial year and therefore did not comply with section 166 of the MFMA.

Value-Added Tax Act, No 89 of 1991

Vat erroneously claimed on accrual basis instead of payment basis

42. The municipality did not comply with section 16(1) of the Value Added Tax Act No 89 of 1991, in that the municipality erroneously claimed input tax on an accrual basis instead of a payment basis.

INTERNAL CONTROL

43. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the Municipal Finance Management Act, No 56 of 2003 (MFMA), Municipal Regulations, Division of Revenue Act, No 12 of 2009 (DoRA), Municipal Systems Act, No 32 of 2000 (MSA), but not for the purpose of expressing an opinion on the effectiveness of internal control.
44. The matters reported below are limited to the significant deficiencies regarding the basis for qualified opinion paragraph, the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

- **Leadership**

Oversight responsibility over the preparation of financial statements, reporting on predetermined objectives, compliance with the laws and regulations and internal control was not adequately exercised by the accounting officer.

- **Financial and performance management**

The municipality has not selected and developed internal controls to prevent, detect and correct material misstatements in financial reporting and reporting on predetermined objectives, signifying weaknesses in accountability and reporting practices. As a result, significant misstatements in the financial statements were not identified by management, which negatively affected the quality and reliability of the report on pre-determined objectives and the financial statements initially submitted for audit. As a result, material adjustments had to be made to the financial statements submitted for audit.

- **Governance**

Risk identification and management processes are not designed to identify changes in processes or risks and verify that the design of underlying controls remain effective.

There was no audit committee during the financial year. Accordingly, the audit committee did not meet prior to the submission of the financial statements and the report on pre-determined objectives for auditing on 31 August 2010, to review the adequacy, reliability and accuracy of thereof.

Internal audit has not been effective during the financial year due to a lack of direction and instability within the internal audit unit.

There was no risk assessments conducted during the financial year. Furthermore, the fraud prevention plan was rolled out to councillors and municipal employees in March 2010. As a result the fraud prevention plan was not effective for the majority of the year.

Auditor-General

East London

30 November 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Year End Performance Review Report 2009/10

7 January 2011

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1 Background

As required in terms of the municipality's Performance Management Policy the Ngqushwa Municipality embarked on its Year End Performance Review for the 2009/10 financial year.

For the second year in succession, the Ngqushwa Municipality has embarked on this process internally without being assisted by consultants. This report presents the outcomes of the process.

2 The Process

The process was designed to have three main activities. These were the:

- Pre-workshop activities
- Performance review workshop
- Post workshop activities

2.1 Pre-workshop activities

The municipality prepared reporting templates for Departments based on the 2009/10 annual plans of the municipality. The Departments were requested to complete these templates in preparation for a performance review working session in which they would report on their performance.

The departmental performance reports had to be ready for presentation at the workshop. Each Department would have to address and respond to questions of clarity on the actual targets achieved for the year, the reasons for performance or non-performance and the score allocated to the level of performance.

It should be noted that all Departments completed their reports on time, although there is a room for improvements as departments meet on the last days before the working session. It also enabled an easy flow to the workshop with sufficient time for an in-depth engagement with each Department's report.

2.2 Performance review workshop

A final performance review workshop was held on the 21st July 2010 to 23rd July 2010. The objectives of the workshop were:

- To assess the ability of Departments to self-assess their performance; and
- To assess the municipality's performance in the Departments for the duration of the 2009/10 financial year ending in June 2010.

The workshop was attended by the Mayor, members of the Executive who are also portfolio heads, Amatole District municipality support unit and the management of Ngqushwa local municipality.

For the first time in the review, the internal auditor was also present in the workshop, to monitor and audit the performance report, so as to report to the Audit Committee on the annual performance.

2.3 Post workshop and output

The Municipal Manager/ IDP Manager was tasked with the responsibility of analysing the reports presented at the workshop and to produce a Year End Performance Review Report (this report). The Report provides an overview of the Departments' performance during the 2009/10 financial year in terms of meeting and achieving the IDP objectives and departmental activities of the Departments for the year. And the departmental heads to submit evidence on their departmental activities for auditing purposes.

3 Overview of performance

3.1 Level of performance in terms of planned activities during the period under review

3.1.1 Performance scoring

This performance review categorised levels of performance per indicator into five categories as per the municipality's performance management policy. These are reflected in the following table:

<i>Score</i>	<i>Level of performance</i>	<i>Description</i>
5	Outstanding performance	Individual has performed exceptionally on these indicators and has very significantly surpassed expectations.
4		Individual has performed well and has gone slightly above expectations.
3	Fully effective	Individual has met the expectations associated with these indicators.
2	Performance not fully effective	Performance is below the standard required for the job in key areas.
1	Unacceptable performance	Individual has performed poorly on these indicators – significantly below the standard required

In addition, a system of colour coding was utilised to highlight the level of performance. The scores and related colour coding and the levels of performance are indicated below:

Score	Level of performance	Colour code
1	Unacceptable performance – less than 50% of target	Red
2	Performance not fully effective – more than 50% but less than 100% of target	Yellow
3	Fully effective - Achieved or met target (100% of targets)	Green
4	Exceeded target – exceeded target in terms of either quality, time or quantity	Dark Green
5	Outstanding performance - performed exceptionally well and significantly surpassed expectations.	Dark Green

3.1.2 Overall performance of the municipality in terms of the 5 KPAs of the strategic scorecard 2009/2010

Key Performance Area	Percentage Achieved
1. Local Economic Development	46%
2. Infrastructure and Service Delivery	46%
3. Financial Viability	69%
4. Institutional and Municipal transformation	35%
5. Good Governance	50%

3.1.3 Overall performance of the municipality in terms of the 5 KPAs of the strategic scorecard 2008/2009

Figure 1 Overall municipal performance in terms of the 5 KPAs



3.1.4 Overall performance as per department 2009/2010

Department	Percentage Achieved
1. Budget and Treasury	70%
2. Corporate Service	33%
3. Infrastructure Department	57%
4. Community Service Department	64%
5. Municipal Manager	56%

The Municipal Manager's (MM's) score was calculated as the average of score of the four Departments. The Municipal Manager's Department scored 56%.

3.1.5 Figure 2 Overall scores achieved by Departments 2008/2009



4 Conclusions

The municipality is intending to cascade the performance management system to the lower levels within the municipality.

As a part of the conclusion of the workshop, participants were asked to consider whether they think the performance of Ngqushwa Municipality has improved and if there has been a change in the siloed way in which Departments worked. The discussion reflected on and spoke to ways in which the municipality can enhance its functionality. Some of the responses in the discussion are summarized below:

- The municipality needs to focus and reconsider the way in which inter-departmental project team meetings are convened as well as who should participate in the meetings. These meetings are an opportunity to integrate activities across Departments as well as to learn about the projects and initiatives that are undertaken (or being planned). The meetings are an opportunity for developing a culture of working collaboratively, which, from the experiences of the municipality's scoring, is evidence of the need for a combined, inter-departmental effort. It was noted that it is imperative for the leadership of the municipality to take responsibility in championing this.
- Human resource capacity is an issue in the municipality and support is needed in a number of areas. These capacity needs must be thoroughly assessed such that they are adequately and appropriately responded to.
- Monitoring activities and the progress made is important, however, capacity constraints lends to this either being neglected or being scantily done. In addition, Departments need to do proper filling of documents in line with our KPA's.

An important extrapolation from the workshop and the Department's interrogation of each others performance was that there is a lack of collectively in the municipality, and Departments and senior managers do not share a common understanding. The monthly departmental evaluations and meetings are crucial to aiding this and corrective measures can be instituted through these meetings.

In summary, the Year End Performance Review highlighted the gaps and challenges within the municipality as an organization as well as within the individual Departments.

Annexure A

ANNUAL PERFORMANCE REPORT FOR INFRASTRUCTURE DEPARTMENT FOR 2009/2010											
KPA 1: SPATIAL DEVELOPMENT											
IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Actual for period	Reasons for performance	Corrective Action	
				31 Sept	31-Dec	31-Mar	30-Jun				
Identify available land for rural housing development.	1. Conduct a land audit within Ngqushwa	Source funding	Business plan developed	Compile and submit business plan	Follow up on approval	Follow up on approval	Follow up on approval	Not Done	Review the objective to do land survey.	Carry the objective to the next financial year.	1
	2. Integrate the processes of rapid land release with the spatial development framework.	Collect and consolidate data on identified land needs	Report on identified land needs	Report completed and Submitted to Dept of Land Affairs	Follow up on approval	Follow up on approval	Follow up on approval	Done	done by housing section		3
Improved management of housing projects.	1. Unblock all housing projects and complete.	Coordination of unblock projects	Number of houses built	Follow up	follow up	Follow up	709	Not Done		Correct the departmental activity and set new targets	1

	2. Provide necessary project management training to municipal officials and councilors.	None	Needs identified	Identification of training needs						Moved to corporate services	
Improved communication between housing development stakeholders.	Plan and organize a rural housing development summit.	Organize summit in conjunction with Dept of Housing	Number of summits held	Planning and coordinating	Planning and coordinating	Summit held		not done	this can be done only in conjunction with DoH	take it to next financial year and allocate funds	1
	1. Approach DLA to assist in speedy land claims.	follow up on land claims	% of claims approved	follow up	follow up	follow up	follow up	done		Change the departmental activity. Carry it to the next financial year	1
		Coordination of new and planned projects	Number of houses constructed								
Improved sustainable human settlements.	Implement the housing sector plan.	Provide housing for 2150 rural households by 2012 in:	Construction of Mpekwani (500), Gcinisa South (500), Hamburg (500), Qaga (500), Peddie Middle Income (150)	Follow up	Follow up	Follow up	500 houses built	Not done	housing section	Facilitate with the department for building of the houses	1
Facilitate construction of multifaceted development	Development of multifaceted project	Coordinate construction of the project	Developer awarded contract	Developer awarded	Construction underway	Construction underway	Complete	not done	Plans for area to be developed lapsed, challenges in their marketing	Look for alternative land and force the developer to report quarterly,	2

									strategy, costing of infrastructure is very high.	next financial year.	
	Roads and storm water										
	1. Conduct a needs analysis in order to ascertain the areas requiring construction of new roads, upgrading of intersections, upgrading of streets, areas requiring sidewalks, provision of new streets, streets requiring maintenance, maintenance of sidewalks and future road planning.	Construction of New roads,	construction of roads, Shushu-Tildin Luxolweni, Nobumba, Nyathyora	Award & Implement	Monitor Implementation	Monitor Implementation	Completion	Done	Good planning by roads section and assistance from DBSA Deployees		3
		Conduct Survey for roads intersections, streets & sidewalk	Number of identified intersections, sidewalks & Streets	Develop and submit business plan	Follow up	Follow up	Follow up	Done	Good planning by roads section and assistance from DBSA Deployees		3

		Maintenance of streets & sidewalks	Number of streets& sidewalks maintained	Baseline Established	Implementation	Implementation	Implementation	Done	Good planning by roads section and assistance from DBSA Deployees		3
		registration of new project with MIG	Number of approved projects	Appointment of service provider	Procurement processes	Approved project	Implementation	Done	Assistance from DBSA deployee		3
	Electricity										
	1. To maintain electricity infrastructure and prevent regular power failures through the preparation of a maintenance programme.	Develop Maintenance programme	developed programme	Baseline established	Implementation	Implementation	Implementation	Done	By identifying areas and assistance from Eskom		3
		Identify problem areas	Data of areas with regular power failures	Baseline established	Implementation	Implementation	Implementation	Done	Eskom is upgrading power lines and sub station		3
	Identification of power needs	Data collection of new extensions	Data collected	Baseline established	Implementation	Implementation	Implementation	Done	Assistance from Eskom & electrification is underway		3

All people have access to free basic electricity	Database updated every six months	To updated indigent database	Updated database	Update register	Maintain updated register	Update indigent register	Maintain updated register	not done	there is a need of dedicated person to capture the data from communities	Appointment of a data capturer, to be taken to the next financial year.	1
	Water										
	1. Improve water quality through constant monitoring and testing.	Facilitate with ADM on issues of water quality	Meetings held with ADM	Baseline established	Follow up	Follow up	Follow up	Done	Assistance from Amatola Water Board		3
	Sewerage										
	1. Improve sewerage infrastructure	Facilitate with ADM on issues of Sewerage infrastructure	Improved sewerage infrastructure	Baseline established	Follow up	Follow up	Follow up	Done	ADM is currently upgrading the sewerage plant		3
KPA 2: BASIC SERVICES											
IDP Objective	IDP Strategy	Departmental Activity	Targets				Actual for period	Reasons for performance	Corrective Action		
			31 Sept	31-Dec	31-Mar	30-Jun					
Provision of safe and reliable and affordable transport to clinics.	Facilitate the provision of public transport between villages and clinics through the transport forum.	Identification of roads with poor conditions to the clinics.	Baseline established	Implementation of roads maintenance	Implementation of roads maintenance	Implementation of roads maintenance	under process, it is a continues process	this is done together with our road maintenance programme	to ensure that breakdown of roads machinery is minimized at all cost	3	
	2. Engage in vocational training and learnership career pathing in projects undertaken in Ngqushwa.	Ensure that vocational training and learnership are done in our	6	10	14	18	Not done	the department does not have the capacity to train	Change the departmental activity, All the training Activities be referred to Corporate Services	1	

		projects									
Well maintained schools.	1. Schools to focus on maintenance of the buildings, ablution facilities, ensuring the provision of clean drinking water and acceptable sanitation.	Facilitates with ADM and Dept of Education with the provision of water and sanitation	Baseline established	Submit number of schools without water and sanitation to DoE	Follow - up	Follow-up	Done	Assistance from Department of Education	Establishment of Principal's Forum	3	
Reliable, safe and affordable transport to schools.	Facilitate with the Department of Education and the school governing body to provide more busses, mini busses and bicycles.	Identify schools without transport and submit to DoE	Baseline established	Submit number of schools without transport to DoE	Follow - up	Follow-up	Done	Assistance from Department of Education	More engagement with school management	2	
	5. Liaise with the electricity department and identify areas of high crime incidences for the erection of additional street lighting for increased visibility.	Identify areas of high crime incidents	Baseline established	Solicit Funding	Solicit Funding	Solicit Funding	Done, business plan is in place	with the assistance of Technical Department		2	
Improved sustainable human settlements.	Develop and implement the housing sector plan.										
User friendly community halls.	Upgrading of community halls.	None	Undertake scoping and procure service of suppliers	Upgrading underway	Upgrading underway	Upgrading underway					

Improve facilities for the disabled.	Upgrade and build user friendly public toilet facilities for the disabled.	Identify user-friendly public toilets for disabled.	Establish base line	Solicit Funding	Solicit Funding	Solicit Funding	done	Budgeted for in the current financial year	3
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KPA 3: LOCAL ECONOMIC DEVELOPMENT

IDP Objective	IDP Strategy	Departmental Activity	Targets				Actual for period	Reasons for performance	Corrective Action	
			31 Sept	31-Dec	31-Mar	30-Jun				
Ensure that Ngqushwa receives maximum benefit from economic resources within its jurisdiction.	1. Facilitate with the Department of Agriculture for the revitalization of irrigation schemes.	Develop in partnership with SCM empowerment Score cards	20%	25%	30%	35%	Not Done	with the assistance with SCM	To change the departmental Activity	1
Create self sufficient communities.	1. Involvement of DoL and business people in skills development in our communities.	Identify people who are going to be trained in our projects	Baseline established	Implementation			Done	the department does not have the capacity to train	Activity referred to LED, And suppose to give support t the department	3

KPA 5: FINANCIAL MANAGEMENT AND VIABILITY

IDP Objective	IDP Strategy	Departmental Activity	Targets				Actual for period	Reasons for performance	Corrective Action	
			31 Sept	31-Dec	31-Mar	30-Jun				
Adhered to MFMA prescriptions	Compliance with MFMA	System check list	Developed check list	monitor	monitor	monitor	Done	with the assistance from finance department		3

To have personal expenditure within 45% of the operating expenditure	Monitor trend in personal expenditure	Manage personnel expenditure relative to municipal principles	Monitor expenditure	Monitor expenditure	Monitor expenditure	Monitor expenditure	Done	Assistant from BTO		3
To have general expenditure within 20% of the operating expenditure	Monitor trend in general expenditure	General expenditure vs. Municipal principles	Monitor expenditure	Monitor expenditure	Monitor expenditure	Monitor expenditure	Done	Assistant from BTO		3
To have repairs and maintenance expenditure at about 15% of the operating expenditure	To monitor trends in repairs and maintenance expenditure	Repairs and maintenance vs. Municipal principles	Monitor expenditure	Monitor expenditure	Monitor expenditure	Monitor expenditure	Done	Assistant from BTO		3
R 55,000		To develop and implement awareness campaign	13750, 00	2750, 00	4125, 00	55,000	49,111			2
R2, 297 887,00		Manage employment processes and salary adjustments	R765 962,33	1,531 924, 66	R1,723 415,22	R2, 297 887,00	1,745,173			3
R1,502240,00		Control purchasing and follow SCM processes	R375560, 00	R751120, 00	R1,126 680, 00	R1,502240,00	1,546,066		Strictly monitoring of the budget.	2
1,1091350, 00		Ensure that assets are well maintained	R272 837,50	R54 5675,00	R818 512,50	R1,109 1350, 00	511,147		Still to verify	2

ANNUAL PERFORMANCE REPORT FOR BUDGET AND TREASURY DEPARTMENT FOR 2009/2010

KPA : FINANCIAL MANAGEMENT AND VIABILITY

IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Actual for period	Reasons for performance	Corrective Action	
				31 Sept	31-Dec	31-Mar	30-Jun				
Communication	Provide accurate invoices and ensure that all consumers receive their invoices.	Develop register for queries, and update data base	Decline inquiries on the register	2.5%	2.5%	2.5%	2.5%	Register developed	TOR well developed and the register of queries	tender process will be followed to appoint the service provider	2
IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Actual for period	Reasons for performance	Corrective Action	
					31-Dec	31-Mar	30-Jun				
To ensure compliance with municipal by laws.	Develop and implement a by law enforcement programme.	Submit appropriate by-laws to Corp Sev	Number of by laws					Done, submitted in February 2010	Tariff by-laws were presented to council.		3
IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Actual for period	Reasons for performance	Corrective Action	
				31 Sept	31-Dec	31-Mar	30-Jun				

Communication	Ensure that all correspondence marked out to the Financial Department receives attention within seven (3) working days after receipt from the registration office	Develop a correspondence register	Developed correspondence register	Developed register	Implementation	Implementation	Implementation	Implementation	Done			3
	Conduct departmental meetings, at least once a month.	Conduct meetings monthly (12)	Minutes	3	3		3	3	Done	Secretary & CFO file of minutes		3
All council resolutions relating to Finance adhered to	Ensure that all council resolutions assigned to Financial division are executed/received attention within 3 working days after such decision is forwarded to MM	Develop departmental council resolutions register	Number of resolutions implemented	All resolutions attended	All resolutions attended	All resolutions attended	All resolutions attended	All resolutions attended	Done	The Secretary up-date the register of each council meeting.	To ensure continues review of register monthly.	3
Reduce debtors	To reduce the debt of debtors	Reviewing of Customer Data and accurate billing	% increase in collection	2.5%	2.5%	2.5%	2.5%	2.5%	Done	we have identified debtors that must be written off		3
Positive cash flow	To ensure sufficient cash flow	Analysis of cash inflow against cash outflow	Monthly cash flow analysis	3	3		3	3	Done	NT has issued a new template to monitor cash flow.	Continue submitting section 71 reports to NT	3

Financial recovery plan	Improvement in financial position,	Perform ratio analysis	Solvency Ratio	3	3	3	3	Not Done.		The project will start as from 10 June 2010	1
	Long-term finance strategy in place	Liaise with Provincial Treasury for assistance and ADM	Developed Strategy		Draft strategy	Workshop Councilors and officials	Approved by Council	Not Done		It part of project Annual Financial Statement	1
Annual reports	Draft of annual report (January 2010) and financial statements by 31 August 2009	Consolidate information from all BTO sections	AFS and Annual Reported compiled	AFS and Annual Report completed and submitted			All resolutions attended	Done			3
Review of organogram	Ensure that the organizational structure of the department relates to the budget and functions identified in the IDP	Review Organizational Structure	Aligned organizational structure with Budget and IDP	Implementation	Implementation	Implementation	Implementation	Done	Waiting for Council approval	We need to review the organogram during 2010/11 budget.	3
Adhered to MFMA prescriptions	Compliance with MFMA	Implementation of MFMA, Compile and submit reports	Monthly Report	Compliance with NT checklist	Compliance with NT checklist	Compliance with NT checklist	Compliance with NT checklist	Done submitted in July to treasury	Compliance with MFMA		3

Increase municipal resources	Revenue enhancement strategy	Review of Revenue Enhancement strategy report	Developed Strategy		Draft copy	Workshop Councilors and officials	Approved by Council		Not done	It part of project Annual Financial Statement	1
	Ensure a 3 month cash back-up	Secure Quotes for Investment plan	Monthly reports	Approved by Council	Implementation	Implementation	Implementation	Done, waiting council approval	Logistical arrangements as per the Bank		2
Monthly closing procedure done on time	Monthly closing within (10) working days after month end	Perform calendar month end	Monthly reports	3	3	3	3	Done	Training was conducted by Pro Treasury on new format	Section 71 Reports are done & submitted on time	3
Control account balanced	Balance income control accounts within (10)working days after month end	Reconciliation of Debtor's control account with Ledger accounts	Age analysis done timeously	3	3	3	3	Age analysis done		delays on IT project	2
Payments	100%invoices paid on time-within 30 days of invoice or statement	Create Creditor's Register	Creditors reconciliation	3	3	3	3	Done		We need to improve the report.	3
	All salaries and third party payments paid on time	Compilation of salary schedules and third party payments on time.	Monthly salary schedules	3	3	3	3	Done	Payroll clerk is fully trained on system - payday.	None	2
Effective utilization of discounts	Investment income according to best quotations	Monthly update of financial records	Monthly reports	3	3	3	3	Done	Continue doing good work	None	3

		Develop Queries register and perform database cleansing	% of correct accounts delivered	10%	10%	15%	15%	Not Done	Challenges of funding, as the project cost more than R 250,000	Additional funding has been allocated in 2010/11 budget.	1
Expenditure control	Expenditure and salaries control accounts balanced within (10) working days after month end	Appoint a service provider	VAT reconciliation	TOR	Appoint service provider	Implementation	Implementation	Done			3
Vat review	Delivery of 95% correct accounts	Make copies available	Number of copies distributed to communities		Done	Copies distributed		Review target		Ensure that we are distributing the Financial Statements	
AFS	Publication of financial statements to all stakeholders and community										
	Fully implement GRAP on all financial transactions and records	Appoint a service provider	GRAP Compliant	Completed				Done			3

	Compiling an accounting file as prescribed by the Auditor-General supplying all document and relevant information	Compilation of an accounting file	Accounting file	Completed					Done			3
	Attending to Management letter supplying all document and relevant information											
Budget	Draw up 2010/2011 budget within time frame - Budget/IDP Process Plan by 31 August 2009	Draw up a process plan	IDP/Budget document	Approved by Council	Implementation	Implementation	Implementation	Approved by council		Implementation of process plan		3
Investment and banking control	Draw up 2010/2011 draft budget /IDP by 31 March 2010 to Council	Final Budget/IDP	IDP/Budget document				Approved Budget /IDP 2010/2011		Done			3
		Compliance with MFMA	Comments by NT,PT & other stakeholders				Submission of budget					

	Draw up 2010/2011 final budget /IDP submitted to Council by 31 May 2010	Compliance with MFMA	IDP/Budget document				Approved Budget /IDP 2010/2011				3
	Submission of budget to NT,PT & other stakeholders	Compliance with MFMA									
		Perform Bank Reconciliation	Reconciliations performed	3	3	3	3	Done		Continue performing monthly bank recons	3
		Backups kept in strong room	Back-ups maintained	Done	Done	Done	Done	Done			2
Finance systems	Bank reconciliations	Compliance with MFMA	Number of monthly reports distributed	3	3	3	3	Done		We need to submit the reports to MM and thereafter the mayor. Improvement of time of submission	2
	Coordinate with IT the update and safeguarding of all financial records back-ups	Compliance with MFMA	Number of monthly reports distributed	3	3	3	3	Done		To ensure that reports are submitted to MM and therefore the mayor	3
Budget control	Monthly distribution of Financial Report (expenditure and revenue report) to Departmental Heads and Mayor	Identify over expenditure votes	Adjustment budget		by-annually			Done			3

Maintenance of correspondence file for grants and subsidies	Monthly distribution of Financial Report (expenditure and revenue report) to Departmental Heads and Mayor. Implementing virement on over expenditure votes	Maintain GRAP asset register	GRAP asset register		Completed	Update GAM AP Asset Register	Update GAMA P Asset Register	Not Done		Services provider has been appointed	1
	Implementing virement on over expenditure votes and draft Adjustment Budget with Mid-Year Report										
Assets	Implement and maintain complete asset register according to GRAP	Develop Asset Management policy	Key milestones towards effective asset management	Draft in place	Approved by Council	Implementation	Implementation	Done & the policy was presented to council.	Waiting for council approval		2
		Inform Corp. Services of new assets to be insured	Updated register for insured assets	Implementation	Implementation	Implementation	Implementation	Done	We need to improve	This has to be done monthly.	3
	to develop and implement asset management policy		Reports	3	3	3	3	Done.	The departments do not submit service provider performance reports	Improvement is needed on performance reports	3

	Insurance of municipal assets		Reports to national treasury	3	3	3	3	Done.			3	
Reporting and contract performance	Compile and submit to the Municipal Manager a Report on the implementation of the supply chain management policy to be reported to the Council in accordance with the regulations	Submission of appointed service provider and performance reports to MM	Monthly reports	3	3		3	3	Done	Done		2
	Compile monthly report as required by NT in electronic format		Monthly reports	3	3		3	3	Done			3
	To track the performance of contracts	Create a standard template for all departments	Monthly reports	3	3		3	3	Template has been redesigned	Implementation will be done 2010/2011		3
SCM services	To improve the average time of tender cycle completion to within 60 days of notice been given. In line with the MFMA and Supply Chain Regulations	Improve turnaround time	Monthly reports					Done				3

1217370		To have grants schedule or register	Amount paid vs. Budget	30434 3	608,68 5	913,02 8	1,217,3 70	2,877,3 44			4
To contain expenditure within the following amounts			Amount paid vs. Budget	0	0	0	0				
2463610		Manage employment processes and salary adjustment	Amount paid vs. Budget	61590 3	1,231, 805	1,847, 708	2,463,6 10	2,239,8 01			3
0		Monitor spending	Amount paid vs. Budget	0	0	0	0	930,597			3
35000			Amount paid vs. Budget	8750	17,500	26,250	35,000	34,110			3
2156616		Monitor spending	Amount paid vs. Budget	53915 4	1,078, 308	1,617, 462	2,156,6 16	104965 1			3

	Establish a customer care call centre for registering engineering complaints and emergencies. (Link to public telephone provision)	Manage the centre	Operating of the centre	Functioning of the Centre	Monitoring	Monitoring	Management of the centre	Not Done		There is a need for engagement of other stakeholders	1
KPA:											
IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Actual for period	Reasons for performance	Corrective Action	
				31 Sept	31-Dec	31-Mar	30-Jun				
	Promote and develop healthy lifestyles among the people of Ngqushwa Municipality :The facilitation of hygiene workshop with members of the community in collaboration with DoH	The identification of workshop programmes to be developed	Number of workshops held	1	1	1	1	2 workshops have been conducted at Ward 2 and 8.			3
	. Facilitate learning material with the Department of Education which is focused on personal and domestic hygiene.	Engage with DoE to provide learning material	Number of schools received learning material provided	5	5	5	5	31 schools received learning material			5
	Support the Department of Health on the provision of nutritional programmes for communities.	Engage DoH towards nutritional programmes	Number of programmes conducted	Engaged with meeting	1	1		One Workshop has been conducted			3
		Coordinate nutritional programmes for communities	Number of Meetings held	Engaged with meeting	1	1		3 meetings held			3

	Develop a poverty alleviation strategy for vulnerable groups within the community and investigate and support alternative sources of feeding schemes and NGO's within the surrounding areas to meet the needs of the vulnerable groups.	Link the current strategy with the one of Social Development that deals with poverty alleviation for vulnerable groups	Number of meetings held	1	Follow-up	Follow-up	Follow-up			Continuous engagement with Soc Dev towards addressing poverty and budgeted projects towards LED projects.	3
	5. Combat diseases through the facilitation of awareness and prevention campaigns in collaboration with the Department of health and the Department of Education.	Work closer with the DoH towards combat diseases awareness	Number of awarenesses conducted	1	1	1	1	2Workshop held in June Ward 8 and Ward 2	Team work and dedication	Continue with workshops in next financial year	4
Better planning of healthcare interventions (HIV/AIDS)	1. Gather statistics on HIV/AIDS status in Ngqushwa.	To collect regular statistics on HIV/AIDS from the department of health	Statistics Gathered	Statistics update	Statistics update	Statistics update	Statistics update	Stats updated in IDP	Program for collection of data is continuous.		3
	2. Encourage voluntary counseling and testing.	To engage Dept of Health in workshops	Number of workshops held	1	1	1	1	2 workshops held in conjunction with PHC			4
	3. Development of an HIV/AIDS eradication strategy.	Stakeholder engagement towards reviewal of strategies	Progress towards renewal strategies	Milestone towards the reviewal of the strategies	Progress	Progress	Progress	HIV/AIDS has been reviewed waiting to be presented to local aids council and municipal council			3

Improved service and quicker intervention and turn around.	1. Improving on emergency services response.	Average response time						Done				3
			Improved Emergency response time	Monitoring	Monitoring	Monitoring	Monitoring					
Children have access to information.	2. Set Bursary committees in schools to identify high potential students for tertiary studies and learnership enrollments.	Set up the bursary committee and set up terms of reference	number of meetings held	Develop terms of reference	Continues monitoring	Continues Monitoring	Continues Monitoring	Done	Committee set and terms of reference developed	removed to Corporate		
Improved and conducive learning environment.	1. Facilitate with Department of Education to provide more classrooms and educators to schools.	Meeting with DoE	Number of Meetings held			1	1	1	Done		Formation of education forum	3
To increase visible traffic policing in order to reduce accidents and fatalities on our roads.	Develop and implement a traffic safety enforcement and management programme.	Develop a programme for enforcement and management	Developed programme	Programme in place	Implementation	Implementation	Monitoring	Programme developed				4
To promote community safety awareness.	Develop and implement an integrated educational programme on fire safety, traffic safety, crime prevention and disaster management.	Develop an awareness programme	Developed programme	Programme in place	Implementation	Implementation	Monitoring	Programme is in place.				3
Ensuring safety and security measures conducive for tourism sector.	1. Recruit and train tour guides.	Organize and train tour guides	Number of training held			1	1	1	Only one training and 6 tour guides trained	Brochure distributed at festivals held		2

	2. Create community awareness within the hospitality industry.	Facilitate community awareness on hospitality industry							3 Awareness held, Training for 15 home stays owners were trained in basic hospitality			2
			Number of awareness held		1	1	1					
Encourage sports development in the community.	Upgrading sports facilities in our communities.	Engage with Infrastructure Dev. Dept. on upgrading of Peddie Stadium	Upgraded Peddie Stadium		Peddie Stadium upgraded	Monitoring	Monitoring		vandalism of the stadium	Proper security is required		3
Maintain and demarcate cemeteries and sacred sites.	2. Upgrading of cemeteries.	Cemeteries upgraded	Upgraded Cemeteries		German Village	Peddie Extension	Peddie Town	6 cemeteries are upgraded	Staff dedication	Develop a new departmental activity		5
Art and craft centre used to its full potential.	Manage administration of art and craft centre.	Developing of SLA with DSRAC	Developed SLA	SLA in place	Implementation	Monitoring	Monitoring	Awaiting IGR Meeting		Further engage internally and with DSRAC.		2
Improved access to literature.	1. Assistance to libraries through the purchasing of new and updated reading material.	Engage DSRAC on assistance with libraries	Number of libraries supplied with reading material			1	2	Progress in turning the Peddie town hall into a library		New departmental activity, Continuous engagements with DSRAC		1
To provide more crèche facilities.	1. Extensions to existing crèches.	Identify crèches to be upgraded and engage various dept	Number of identified crèches	Identify All crèches to be upgraded	Engage various department toward upgrading	Follow up towards upgrading	Follow up towards upgrading					2

KPA:LOCAL ECONOMIC DEVELOPMENT

IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Actual for period	Reasons for performance	Corrective Action	
				31 Sept	31-Dec	31-Mar	30-Jun				
Ensure that Ngqushwa receives maximum benefit from economic resources within its jurisdiction.	1. Facilitate with the Department of Agriculture for the revitalization of irrigation schemes.	Engage DoA and ADM in ensuring sustainability of the production of 5 schemes and 1 revitalization of Ngxakaxha	Number of schemes productive	Ngxakaxha revitalized	All Schemes productive	Monitoring	Monitoring	All schemes are functional and monitored	Constant engagement with project beneficiaries.	Continuous	3
		Funding of LED Agricultural community projects	Number LED Projects funded	3	6	7	3	24 Projects have been Funded	Team work and dedication	Review the indicator	5
	2. Establishment of an economic development steering committee.	Coordinate the establishment of the steering committee	Functional economic Steering committee	Preparation of terms of reference for the steering committee and progress towards establishment of economic development	Functional steering committee			Not Done		Formation of Steering Committee.	2
	3. Alignment of economic development of the government departments as well as district municipality and Ngqushwa LM plans	Through Economic development steering committee, ensure IDP and coordination of the various sectors	Coordinated development					Established Interim structure and is functional.		Make sure that the steering committee is established	1

	4. Facilitate with the Dept of Economic Development and Environmental Affairs for the issuing of abalone fishing licenses.	Engage DEAT to ensure that abalone fishing licenses are issued to Hamburg community	Abalone fishing licenses issued to Hamburg community	Progress toward engagement	Follow up on progress	Follow up on progress	Licenses issued	Not Done.	Monotarium on abalone licenses		1
	5. Facilitate processing of pineapples and citrus with DOA, growers and business.	Forge partnership with institution of higher learning towards research	Findings of the research	Research underway	Progress towards research	Research complete	Implementations based on results	Not done		Review the strategy	2
	1. Conduct research in collaboration with the surrounding universities in order to establish an agricultural, soil, fish and livestock farming and exporting plan for implementation.	Forge partnership with institution of higher learning towards research	Findings of the research	Research underway	Progress towards research	Research complete	Implementations based on results	Not Done			3
Create a favorable business environment.	Facilitate stakeholder meeting and communication.	Engage all business stakeholders in establishing Chamber of Commerce	Established Chamber of Commerce	Progress toward establishment of Chamber of Commerce	Interim chamber of commerce	Established	Functional	Established Interim structure and is functional.		Ensuring the availability of Business chamber of commerce (Mediation Role)	2
Attract tourists.	1. Marketing Ngqushwa as a tourist destination.	Marketing Ngqushwa tourism products at Local, Provincial and National festival events	Number of festival and events attended	1 festival attended	2	1	4	Done	Team work and dedication	More branding to be done	3
	2. Facilitate or engage ADM and DEAT in tourism activities.	Engage ADM and DEAT in unpacking tourism potential in Ngqushwa	Tourism potential identified	Identification of tourism potential	Continues	Continues	Continues	Done,	Team work and dedication		3
	3. Train tour guides and develop tour routes and packages.	Organize and train tour guides	Number of training held			1	1	1	Done	duplication	3

Create self sufficient communities.	1. Involvement of DoL and business people in skills development in our communities.	Engage DoL in identifying the training needs in funded LED projects	Identified training needs	Training needs identified	Training underway	Continues	Continues	Not Done		Continuation of training and identifying the training needs,	2
	2. Involvement of surrounding universities in vocational training to support local economic development initiatives in the area.	Forge partnership with institution of higher learning (MOU)	MOU in place	Engagement with universities towards MOU	Signed MOU in place	Implementation		Not Done		Further engage with the tertiary institutions, Capacity problem within the department	2

KPA: GOOD GOVERNANCE

IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Actual for period	Reasons for performance	Corrective Action	
				31 Sept	31-Dec	31-Mar	30-Jun				
The provision of local democracy through encouraging the involvement of communities and community organizations in matters of local government,		none									
	3. Investing in youth development and building on their creativity and motivation through active involvement in civic and development programmes.	Identify youth to attend programmes						Done		Change the number youth to the number of programmes held	5

KPA : FINANCIAL MANAGEMENT AND VIABILITY

IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Actual for period	Reasons for performance	Corrective Action	
				31 Sept	31-Dec	31-Mar	30-Jun				
Communication	Ensure that all correspondence marked out to the Financial Department receives attention within three (3) working days after receipt from the registration office	Develop departmental correspondence register	Developed correspondence register	Register				Register	Register is developed and we adhere to.	Continue complying	3

	Conduct departmental meetings, at least once a month.	Convene departmental meetings	Number of meetings held	Meetings held	Meetings	Meetings held	Meetings held	4 Departmental meeting			3
To have personnel expenditure within 45% of the operational expenditure	To monitor trends in personnel expenditure	Manage employment processes and salary adjustment in order to contain personnel expenditure within municipal principle	Personnel expenditure relative to municipal principle	Monitoring	Monitoring	Monitoring	Monitoring	We are not exceeding the stipulated percentage.			3
To have general expenditure within 20% of the operating expenditure	To monitor trends in general expenditure	Monitor spending and encourage departments to belt tightening	General expenditure relative to municipal principle	Monitoring	Monitoring	Monitoring	Monitoring	General expenditure is monitored.			3
To have repairs expenditure at about 15% of the operating expenditure	To monitor trends in repairs and maintenance expenditure	Monitor spending and encourage departments to belt tightening	Repairs and maintenance expenditure relative to the municipal principle		Monitoring	Monitoring	Monitoring	Repairs and maintenance is monitored.			3
200000		Issuing and collection of traffic fines	Amount of revenue collected	R 50,000	R 100,000	R 150,000	R 200,000	R437019.74			4

76000		Ensure registration and licensing of vehicles	Amount of revenue collected	R 19,000	R 38,000	R 57,000	R 76,000	R177 014.30			4
720000		To monitor proper functioning of learners testing centre	Amount of revenue collected	R 180,000	R 360,000	R 540,000	R 720,000	R468 975.00		Set realistic targets	2
		Establish drivers licenses testing centre	To have a fully functional drivers licenses testing centre	R 0	R 0	R 0	R 0		Not done		1
To contain expenditure within the following											
8122179	Manage employment processes and salary adjustments	Amount spent		R 2,030,545	R 4,061,090	R 6,091,634	R 8,122,179	R4 232 519.00			3
3002510	Control of purchasing and follow SCM processes	Amount spent	amount expended relative to the budget	R 750,628	R 1,501,255	R 2,251,883	R 3,002,510	R282030 6.49			3
454150	Ensure that assets are well maintained	Amount spent	amount expended relative to the budget	R 113,538	R 227,075	R 340,613	R 454,150	R301058.96			3

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KPA: SPATAIL DEVELOPMENT

IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Reasons for performance	Corrective Action	
				31 Sept	31-Dec	31-Mar	30-Jun			
Improved management of housing projects.	Provide necessary project management training to municipal officials and councilors.	Co-ordinate and implement project management for both councilors and officials	Training	Co-ordination	Training completed			The Department has been short staffed.	To be done in the next financial year	1
	Waste Management									
	Involve local business as an alternative source of funding for the provision of refuse truck and containers.	Provide necessary support that is needed to execute strategy	Support given	Monthly as required	Monthly as required	Monthly as required	Monthly as required	Networking	Funded internally	2
	Establish a customer care	1. Identify	1. Office	Office identified	Operations in	Operation	Operations in		To be done in	1

	call centre for registering engineering complaints, other complaints and emergencies. (Link to public telephone provision)	an office that will take care of this function	identified		progress	s in progress	progress		the next financial year. Targets to be breakdown per quarter.	
		2. Establish a customer care line	line established	Line established through Telkom	Operations in progress	Operations in progress	Operations in progress	Delay in response from TELKOM	Continue liaising with TELKOM	1

KPA: BASIC SERVICE

IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Reasons for performance	Corrective Action	
				31 Sept	31-Dec	31-Mar	30-Jun			
Children have access to information.	2. Bursary committees in schools to identify high potential students for tertiary studies and learnership enrollments.	Develop a policy for this implementation of bursary	policy developed and adopted by council	Policy adopted by council	Implement policy	Implement policy	Implement policy	Council still to sit for adoption	Council to sit for adoption	2

To ensure compliance with municipal by laws.	Develop and implement a by law enforcement programme.	workshop communities on the gazetted by-laws and sensitize enforcement	workshops completed		management reports	Management reports	Management reports	The by-laws should have its own session.	The Dept. will speed up the process of taking the translated by-laws to the communities to ensure enforcement in the next financial year. Need funding.	1
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KPA:GOOD GOVERNANCE										
IDP Objective	IDP Strategy	Departmental Activity	Indicator	Targets				Reasons for performance	Corrective Action	
				31 Sept	31-Dec	31-Mar	30-Jun			
The provision of local democracy through encouraging the involvement of communities and community organizations in matters of local	Empowering ward councilors, ward committee members, traditional leaders and civic organizations as community leaders through active participation in decision making	Conduct skills audits for the targeted beneficiaries and execute training	skills audit conducted and training attended	Training executed	Training completed			The department had shortage of staff, however only skills audit was done for councilor and ward committee	Newly appointed SDF to continue to conduct audit	2

	All salaries and third party payments paid on time	Ensure that BTO receives necessary deductions in time for salary processing	submitted documents to BTO	monthly compliant	monthly compliant	monthly compliant	monthly compliant	Done compliant		3
	Attending to Management letter supplying all document and relevant information	To provide all the necessary supporting documents for AG	Management Letter							
	Coordinate with IT the update and safeguarding of all financial records back-ups	Ensure a fully secured storage of Servers as well back ups	storage of servers and back ups	management reports	management reports	management reports	management reports	Upgrading of network is in progress. Backups awaiting completion of project.		2

	To develop and implement asset management policy	Work together with SCM Unit in developing the policy	Reviewed policies	reviewed policy	implementation	implementation	implementation	Waiting for Council meeting.	Sitting of Council meeting.	1
	Insurance of municipal assets	Ensure updated registration of assets with the insurance	actual registration of assets with the insurance	management reports	management reports	management reports	management reports	Admin. Manager makes sure that all new assets are ensured.	Admin. Manager to continue with the insuring of assets.	2
To cause collection of the following amounts of revenue										
R 0		Monitoring of lease agreements	Amount of revenue collected	R 0	R 0	R 0	R 0		Activity misunderstood	1
R 30,000		Monitoring of hiring of hall	Amount of revenue collected	R 7,500	R 15,000	R 22,500	R 30,000		Closer of the other hall	2

To contain expenditure within the following amounts										
R 3,980,641		Managing employment processes and salary adjustments	Quarterly expenditure	R 995,160	R1,990,321	R 2,985,481	R 3,980,641	R3,087,245		3
R 3,614,000		Manage and control budget	Quarterly expenditure	R 903,500	R 1,807,000	R 2,710,500	R 3,614,000	R3482469	Monitoring of such.	3
R 158,164		Manage and control budget	Quarterly expenditure	R 39,541	R 79,082	R 118,623	R 158,164		Lack of Monitoring.	1

KPA: INSTITUTIONAL AND ORGANISATIONAL TRANSFORMATION										
IDP Objective	IDP Strategy	Departmental Activity	Indicator		Targets			Reasons for performance	Corrective Action	
					31-Dec	31-Mar	30-Jun			
	Establishment and workshop of an Employment Equity Plan (EEP) Committee	Establish and train EE Committee	Trained EE Committee	Complete				Lack of capacity	Adhere to plans	1
	2. Facilitate the development of the EEP	Drive the compilation of the EE Plan	Plan completed		Completed	Compliance	Compliance	Lack of capacity	Consult DOL	1
Improved HR relations institutionally	Develop and implement HR Strategy	Drive development of the strategy	Strategy completed	Terms of reference	Draft	Completed	implementation	Lack of capacity	Development of HR strategy.	1
	Review and Develop all policies	Facilitate the review and development of policies with other departments	Adopted policies		Management report	Management report	Management report	Support from other Depts.	Continue facilitation	3

To be compliant with LGSeta requirements	Develop WSP and Annual Training Report and submit them to LGSeta	Drive development of the WSP and ATR and submit to LGSeta	WSP and ATR submitted to LGSeta	comply	comply	comply	comply	Monitoring of such.	Set targets correctly	3
	Upgrade document control system			Revive IMIS System and train all users	IMIS system in place and users trained	Implementation	implementation	Upgrading of network	Network repairs	1
Adhere to council calendar	Ensure compliance with council calendar	Develop annual municipal calendar	Calendar adopted by Council		2010 calendar adopted and implemented	comply	comply	Due to matters beyond control	Try and adhere to the calendar	2

