

uMGUNGUNDOVU
DISTRICT MUNICIPALITY
242 LANGALIBALELE STREET



ANNUAL REPORT
2010/ 2011

uMGUNGUNDOVU
UMASIPALA WESIFUNDA
DISTRICT MUNICIPALITY
DISTRİK MUNISIPALITEIT

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2010 / 2011 ANNUAL REPORT

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FOREWORD

From His Worship the Mayor



Honourable Speaker, Councillors, the Executive Committee, Municipal Manager and Officials, it gives me great pleasure to table the Annual Report for the financial year ending 30 June 2010.

The year under review was indeed a memorable one with the municipal elections that took place on 18 May 2011 and the swearing in of the new Council on 25 May 2011. The smooth transition from the old to the new Council attests of a fast maturing democracy. The process was facilitated with the hand over report from the outgoing Council to the incoming Council. The incoming Council has been appropriately orientated and it has set its development goals for its term of office at the strategic planning session that was held in June 2011. This Council has therefore already stamped its authority on the Integrated Development Plan that will give direction to the District's business over the next five years.

From this Annual Report it can be deduced that the Turnaround Strategy that this Municipality embarked on in 2008 has started to bear fruit. We have since achieved three consecutive unqualified audit reports and our financial viability continues to improve. We are now budgeting for a cash surplus and at the end of the financial year in question we had a cash reserve of R54 million. It is anticipated that the financial affairs of the Municipality will continue to improve as more water consumers are being included in the billing net. The willingness of donor organisations to come forward and finance development projects in the District is further evidence that we have become a credible organisation.

YS Bhamjee

YS Bhamjee (Cllr)
Mayor

MESSAGE

From the Municipal Manager



The uMgungundlovu District Municipality positioned itself as a water centric, results driven and performance oriented organisation that aims to achieve its vision by 2016. Readers of this Annual Report will realise that we have in recent years made admirable progress towards achieving this goal. More and more people in rural areas are starting to enjoy the benefits of having access to potable water. Some of the water infrastructure projects that the District is engaged in are discussed in this report. Together with Umgeni Water the District aims to eliminate all water backlogs by 2014. To a large extent the District has succeeded in becoming water centric.

Now the District needs to move beyond being water centric. The vision and mission adopted by the incoming Council in June 2011 emphasises the importance of economic growth in the District. Moving forward the District therefore intends to also start focussing on local economic development. To this end the District has developed a Rural Development Strategy, which provides, inter alia, for the establishment of a trade and investment agency that will focus on attracting and promoting business and job creation in the District.

This Annual Report already highlights some of the more obvious economic development opportunities that present themselves in the seven municipal areas that make up the District.

TLS Khuzwayo

TLS Khuzwayo
Municipal Manager

VISION

uMgungundlovu District Municipality will evolve into a dynamic metropolitan municipality, spreading its vibrant economic benefits to all its citizens and places and will, through concerted integrated development and service delivery, realise improvements in the overall quality of life.

MISSION

The uMgungundlovu District Municipality will through sound governance and community participation ensure the provision of equitable and sustainable services and economic growth.

STRATEGY

uMgungundlovu has positioned itself as a water centric, results driven and performance oriented District Municipality that aims to achieve its vision by 2016.

CORPORATE VALUES

Driven by the aspirations of the people we strive to achieve our Vision and Mission through:

- Providing services according to the principles of Batho Pele (People First)
- Practising Ubuntu
- Accepted codes of practice and standards of professionalism
- Teamwork and commitment
- A high standard of work ethic
- Constant engagement with stakeholders



LEGISLATIVE MANDATES

THE LEGISLATIVE MANDATES EXERCISED BY THE DISTRICT MUNICIPALITY IN TERMS OF THE LOCAL GOVERNMENT LEGISLATIVE FRAMEWORK ARE REFLECTED AS FOLLOWS:

Republic of South Africa Constitution Act (Act No. 108 of 1996)

Municipal Structures Act (Act No. 117 of 1998)

Municipal Systems Act (Act No. 32 of 2000)

Municipal Finance Management Act (Act No. 56 of 2003)

Water Services Act (Act No. 108 of 1997)

National Water Act (Act No. 39 of 1998)

Basic Conditions of Employment Act (Act No. 137 of 1993)

Intergovernmental Framework Act (Act No. 13 of 2005)

Local Government: Municipal Planning and Performance Management Regulations

Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Manager

Municipal Supply Chain Management Regulations

Batho Pele White Paper on the Transformation of Service Delivery

PORTFOLIO OF SERVICES

The legislative mandates listed give rise to the portfolio of services displayed on this page. These services are provided in terms of section 84 (1) of the Municipal Structures Act (Act No. 117 of 1998) and include the following:

1. Integrated development planning for the District as a whole with alignment to the Integrated Development Plans of the local municipalities in the District
2. Supply of bulk water to six of the local municipalities
3. Bulk sewage purification works and sewage disposal at six of the local municipalities in the District
4. Supply of bulk electricity aimed mainly at the electrification of rural schools
5. Solid waste management throughout the District
6. District and municipal roads in six of the local municipalities
7. Fire and emergency services in six of the local municipalities
8. Establishment and management of cemeteries and crematoria in six of the local municipalities in the District
9. Promotion of tourism development in the District
10. Municipal public works relating to any of the above services or any other functions assigned to the District Municipality
11. The receipt, allocation and, if applicable, the distribution of grants made to the District Municipality
12. The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the District Municipality in terms of legislation

Services not yet rendered:

1. Regulation of passenger services
2. Municipal airports
3. Municipal health services
4. Establishment and management of fresh produce markets and abattoirs

EXECUTIVE SUMMARY

The 2010 / 2011 Annual Report for the uMgungundlovu District Municipality shows that the organisation has attained a level of maturity with a row of successive unqualified audits, steadily improving financial viability and ever improving delivery on its core business. The long list of donor organisations that are financing various projects attests the confidence they have in the District Municipality.

The newly elected Council held a strategic planning session where they reviewed and adopted the following vision, mission and corporate values:
Vision: uMgungundlovu District Municipality will evolve into a dynamic metropolitan municipality, spreading its vibrant economic benefits to all its citizens and places and will, through concerted integrated development and service delivery, realise improvements in the overall quality of life.

Mission: The uMgungundlovu District Municipality will through sound governance and community participation ensure the provision of the equitable and sustainable services and economic growth.

In spite of challenging economic conditions the uMgungundlovu District offers attractive business opportunities in each of its seven Local Municipalities in the fields of industry (aluminium, footwear, textiles, furniture and wood products), agriculture (timber, beef, dairy, sugarcane and poultry), business (major service centre for the Midlands) and tourism (Freedom Route and the Midlands Meander).

For the year in question the District Municipality budgeted for a surplus of R 4,0 million and as at 30 June 2011 had cash reserves of R54 million. During 2010 / 2011, the revenue from the sale of water increased by 33% as result of more water consumers being included in the billing net.

For the year in question the average monthly collection rate was 56%. The main reasons for this variance are consumers not connected to meters and faulty meters. To address these challenges the District has embarked on a comprehensive meter audit and a consumer education programme.

Strategic partnerships were forged with Umgeni Water worth R28 million to respond to the service delivery of the Manyavu community, with CoGTA worth R2,5 million to host the Paraguay Team during the World Cup that ended on 11 July 2010, with the Development Bank of Southern Africa worth R3,0 million for the establishment of the customer care centres, with the Built Environment Support Group worth R2,3 million to activate the Deepening Democracy Programme as well as with LG Seta worth R500 000 to enhance Council training and with the Dutch Government's Orio Funding worth R135 million.

In its quest to provide potable water to all the people residing in uMgungundlovu, the District is engaged in twenty water infrastructure projects. Local unemployed people are employed on these projects and during 2010 / 2011 a total of 914 such people were employed. This number consisted of 317 male youth, 177 female youth, 208 adult males, 210 female adults and 2 disabled people.

OVERVIEW OF uMGUNGUNDLOVU

01

uMGUNGUNDLOVU AT A GLANCE

The uMgungundlovu District Municipality is situated in the Midlands of KwaZulu-Natal. The District consists of seven local municipalities, each of which has its own unique development challenges and business opportunities. It is the largest district in the Province.

The Head Office of the uMgungundlovu District Municipality is located in Pietermaritzburg, the Capital of KwaZulu-Natal – also known as the City of Choice. We are just 45 minutes from Durban with the busiest port in Africa, and astride the country's busiest development corridor, the N3 highway, connecting Durban to Gauteng, South Africa's financial hub.

Business and economic development opportunities particular to the seven Local Municipalities in the District are set out separately on the pages that follow. From a District perspective, however, they can be summarized as follows:

Industrial - Aluminum, footwear, textiles, furniture, wood products, electronics, motor components.

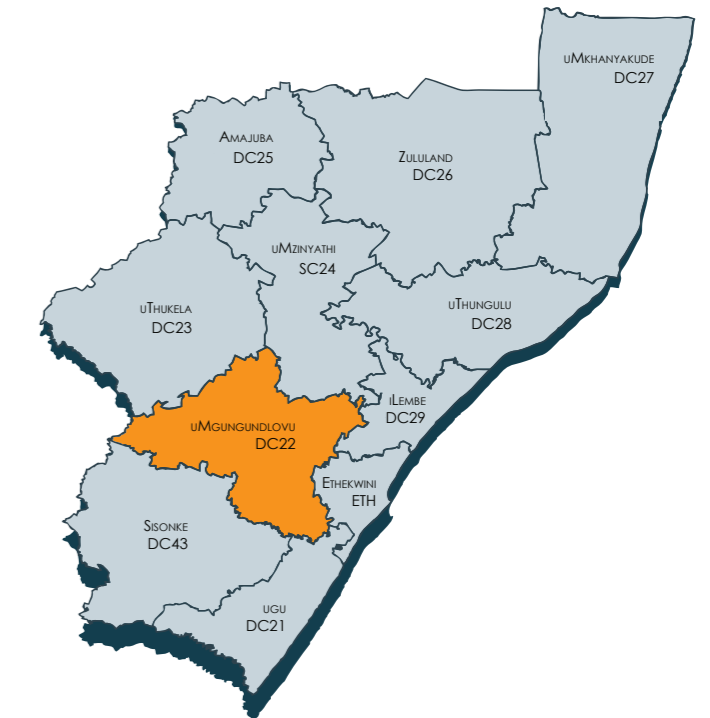
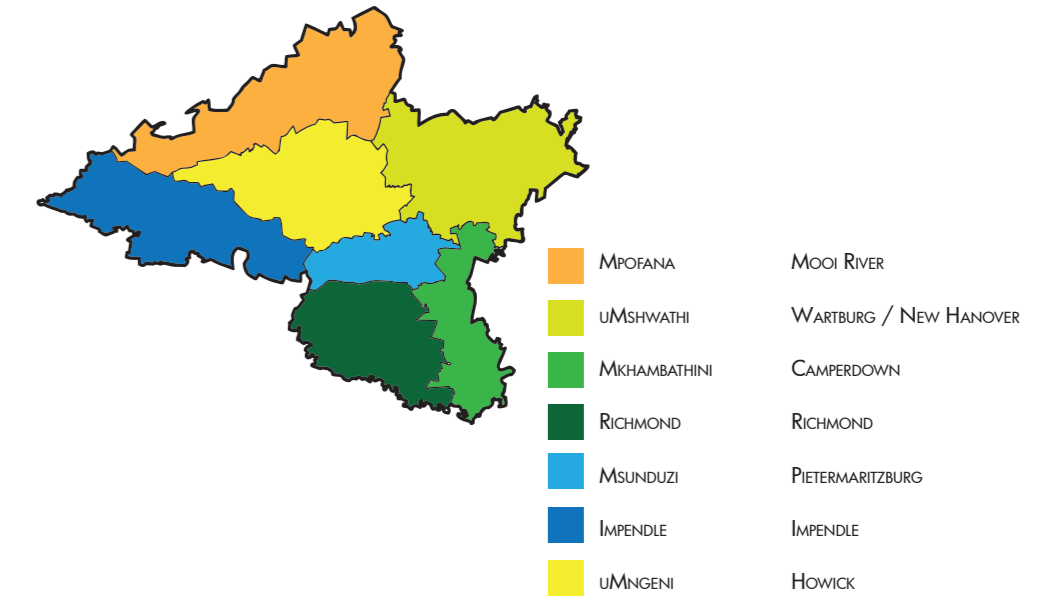
Agriculture - Timber, beef, dairy, sugarcane, citrus, exotic fruit, cut flowers.

Business - Major service centre for the KwaZulu-Natal Midlands area, legal services.

Tourism - Parks and gardens, historical buildings and architecture, water sport, major international sporting events and game viewing.

The District hosts some of the most distinguished education facilities in the country that range from primary schools, a suite of well known secondary schools to the world acclaimed University of KwaZulu-Natal.

The fact that the Midlands area has become a popular retirement destination with senior citizens relocating to the area attests the natural beauty and sophisticated infrastructure on offer, including, inter alia, medical facilities and air, road and rail transport.



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KZ221:
uMshwathi
MUNICIPALITY



uMshwathi Municipality is ideally situated within the uMgungundlovu District Municipality immediately adjacent to Pietermaritzburg. uMshwathi comprises of four major urban centres (New Hanover, Wartburg, Dalton and Cool Air) as well as rural residential settlements of Swayimane, Mpolweni, Thokozani and Ozwathini. uMshwathi covers an area of about 1 811 km².

Economic development opportunities at uMshwathi include the rehabilitation and development of the towns in middle to high-income housing projects as well as the development of a road corridor linking the N2 and N3 by traversing the Municipality. The possibility of developing new economic nodes in the Municipality is also being considered.

The importance of agriculture in uMshwathi cannot be overemphasized. Sugar cane is the predominant agricultural pursuit. Manufacturing activities are mainly related to agricultural processing activities, notably sugar and timber processing activities. The tourism industry provides a host of comfortable lodges, pubs and restaurants and over a 100kms of Blinkwater Hiking Trails is a great attraction.



One of the three sugar mills to which 250 commercial farmers deliver their produce



The Albert Falls Dam is a popular tourism attraction and a world famous bass fishing venue

KZ222:
uMngeni
MUNICIPALITY

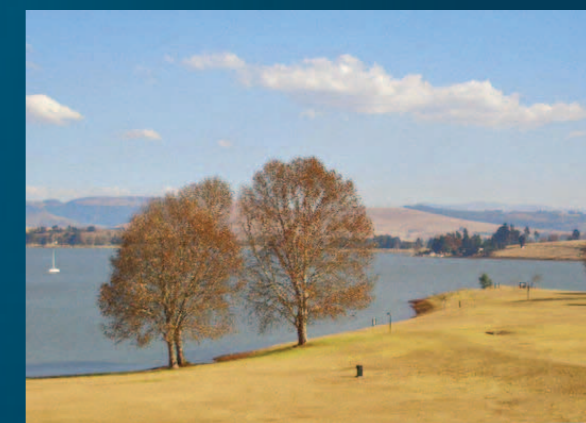


uMngeni Municipality pursues the creation of an enabling environment for investment opportunities, the marketing of the Municipality to domestic and international investors, the support of local businesses, the creation of an enabling environment for agricultural development and tourism development.

An Economic Development Forum was established with the view to ensuring that economic growth is sustainable and the Forum therefore encourages participation of all sectors and actively promotes broad-based transformation of the local economy.

A significant percentage of the high-potential agricultural land in the Midlands Meander falls within uMngeni Municipality. This provides an opportunity for agricultural sector growth. The forestry industry will be transformed through the establishment of community private partnerships. Small-scale forestry opportunities will be created.

The Municipality seeks to build on the already successful tourism industry by promoting job creation in tourism, a safe and secure environment and by marketing the area as a tourism destination that is domestically and internationally competitive.



The Midmar Dam is a popular venue for water sport such as yachting and the annual Midmar Mile



The Karkloof Falls, one of numerous scenic waterfalls in the Midlands

KZ223:
MPOFANA
MUNICIPALITY



The Mpozana Municipality is strategically located along the national N3 highway and is approximately 70km from Pietermaritzburg. Mooi River sits at the heart of the Midlands Meander with interesting attractions such as the Mooi Loft and Sharrow Weaving. Stretches of the river offer boating facilities whilst the upper reaches are a fly fisherman's paradise. Further upstream, the Mooi River Falls are a marvelous site to watch when the river is in flood. Outside the town, the Craigieburn Dam has camping sites and picnic spots.

The predominant occupation in the area is agriculture with a wide range of agricultural products being produced. Dairying and stock farming are, however, the main farming activities. The Mpozana Municipality is home to some of South Africa's finest stud farms of which several offer tours to visitors. The king of the local stud farms is Summerhill which attracts clients from around the world and has won numerous awards.

An exciting new development is the construction of the new Spring Grove Dam. This 225 million euro project includes construction of the dam on the Mooi River at Rosetta and a conveyance system to transfer water to the Umgeni River catchment. This project is being financed by The Development Bank of Southern Africa and three European development finance partners and it is sure to result in downstream industries and business opportunities in the area.



A wide range of agricultural products are produced in the Mpozana area



The Mooi River Falls on the way to the Kamberg Nature Reserve

KZ224:
IMPENDLE
MUNICIPALITY



Impendle Municipality is located on the south western boundary of the uMgungundlovu District, and shares a boundary with the Sisonke District to the south, and the KwaSani Municipality, which includes such towns as Underberg and Himeville. To the north is the uMngeni Municipality which is closely tied to Impendle in terms of agriculture and potential tourism (Midlands Meander), and to the east the Msunduzi Municipality which is the capital of the province and economic hub of the District. To the west are District Management Areas of the Drakensberg that fall under the Transfrontier Development Initiative related to the World Heritage Site.

Impendle Municipality has adopted a vision that states that: "By the year 2017, the Impendle Municipality would have provided the majority of the people and households in Impendle with sustainable access to their social and economic development needs and basic services in a fully integrated manner and within a safe and healthy environment."

The Infrastructure and Planning Services Department of the Municipality is responsible for project implementation and identification of infrastructure requirements. Impendle Municipality is a small predominantly rural municipality with limited income and therefore is highly dependent on government grants and donor funding. The District is currently engaged in six water infrastructure projects and three sanitation projects in the area.



Come and unwind in the peaceful tranquillity of Loteni Nature Reserve in the Ukhahlamba World Heritage Site



Rock art in the mountains is a popular tourist attraction – a legacy of the first inhabitants, the San people

KZ225:
MSUNDUZI
MUNICIPALITY



Pietermaritzburg, the second largest city in KwaZulu Natal, is a colourful, picturesque, modern city located in a broad basin surrounded by a range of thickly forested hills, hence, the tag 'Sleepy Hollow'. Of course, the city has since shaken off this tag and has woken to an era of unprecedented growth, particularly in the property and retail sectors.

The city is both the administrative and legislative capital of the Province, which boosts investor confidence, resulting in the city's economy growing at an astounding rate. The Business Confidence Index is high and there is a clear indication that businesses are positive and confident about the current and future state of business in Pietermaritzburg.

Pietermaritzburg is more than just a favourable investment destination. It is also one of South Africa's most desirable residential cities with well laid out suburbs, exemplified by some of the best schools in the country and the internationally acclaimed University of KwaZulu-Natal. The city's verdant greenery, leafy suburbs and wealth of colonial architecture make Pietermaritzburg a beautiful place to live in.

The city boasts a proud sporting legacy and is internationally renowned as the home of the Comrades Marathon, Duzi Canoe Marathon and the Midmar Mile. These events, in conjunction with attractions such as the Royal Agricultural Show, Art in the Park and Cars in the Park, make Pietermaritzburg a burgeoning events city.



City Hall of the KwaZulu-Natal capital



The state of the art Bessie Head Library



University of KwaZulu-Natal

KZ226:
MKHAMBATHINI
MUNICIPALITY



Mkhambathini Municipality is located along the south-eastern boundary of uMgungundlovu District and adjoins Richmond and Msunduzi Municipalities to the west, uMshwathi to the north and the eThekweni Metropolitan to the east. The municipal offices are located in the town of Camperdown.

Mkhambathini has several comparative advantages emanating from its location to Durban and Pietermaritzburg and adjoining Cato Ridge, which is an industrial node. The N3 runs east west through the central part of the municipal area and that stretch of the highway has been identified in the Spatial Growth and Development Strategy as a Provincial Corridor.

Agricultural production centres on vegetables grown for local and hinterland fresh produce markets, maize and sugar cane (processed through a mill at Eston), the area features the second highest concentration of poultry producers in the world, supported by a network of service suppliers, as well as pig and beef farming.

Tourism attractions in the area include Table Mountain, Valley of a Thousand Hills, Nagle Dam, cultural activities, Duzi canoeing, the Tala Game Reserve, flying micro lights and strawberry picking.



Cultural tourism attractions in the area



Paddlers out of the Umgeni Valley participating in the Duzi

KZ227:
RICHMOND
MUNICIPALITY



Richmond Municipality is situated south of Msunduzi, west of Mkhambathini and borders the Sisonke District in the south west. It is also located on the Eastern Cape, Richmond, Msunduzi, Greytown Primary Development Corridor.

Richmond enjoys a competitive advantage in the field of agriculture that contributes to more than 50% of the gross geographic product and employment in the area. Closely related to this is the timber and manufacture of wood products. Investment opportunities in manufacturing enterprises linked to timber and agricultural activities centre on dairy, citrus, vegetable, poultry, pig, cattle and sugar production. Training of workers in the region has equipped them with specialist skills in agri-processing industries. Tea is cultivated at the Sapekoe Estate and coffee at Shongweni and Assegay.

Historically, Richmond was one of the main destinations of the Bhambatha Rebellion and the Byrne Settlers. For tourists the local museum, the old court building and the prison are great attractions, while the Umkomaas River is a popular venue for white river rafting.



The Umkomaas River, one of the largest in KwaZulu-Natal



Forestry and wood processing is a major contributor to the local economy

THE AREA, WARDS, HOUSEHOLDS AND POPULATION DENSITY OF THE DISTRICT

DISTRICT AND LOCAL MUNICIPALITIES	AREA	NO OF WARDS	NO OF HOUSEHOLDS	POPULATION (CENSUS 2001)	POPULATION (COMMUNITY SURVEY 2007)
uMgungundlovu DC22	9 189.53	81		927 846	988 837
uMshwathi KZ221	1 924.55	11	23 732	108 422	113 054
uMngeni KZ222	1 568.30	11	20 849	73 896	84 781
Mpofana KZ223	1 679.37	4	9 599	36 820	31 518
Impendle KZ224	947.90	4	7 335	33 569	39 401
Msunduzi KZ225	649.79	37	130 385	552 837	616 730
Mkhambathini KZ226	766.00	7	12 550	59 067	46 570
Richmond KZ227	1 133.62	7	12 537	63 223	56 772



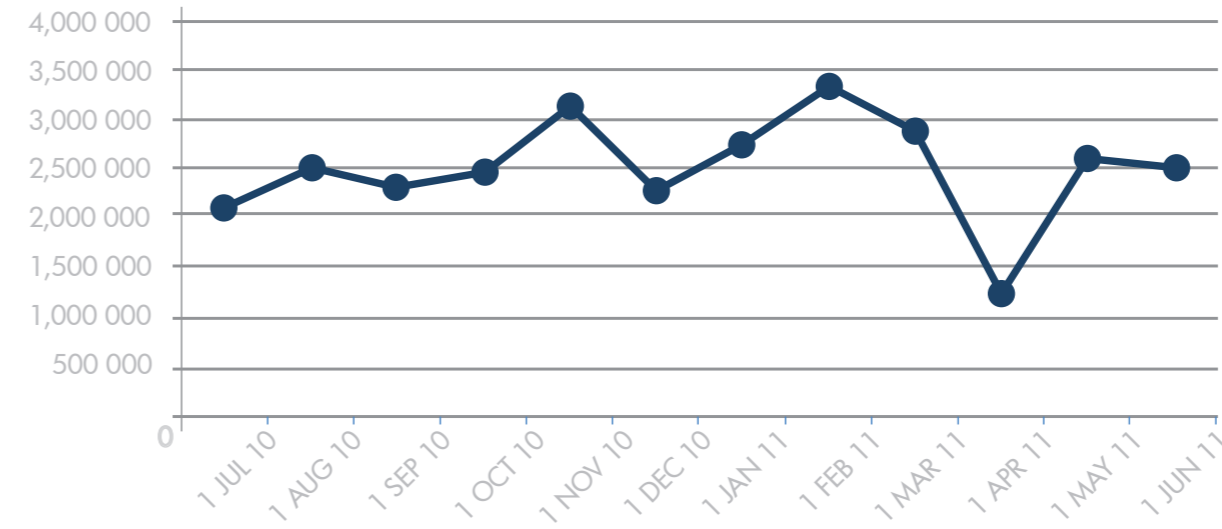
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PERFORMANCE HIGHLIGHTS

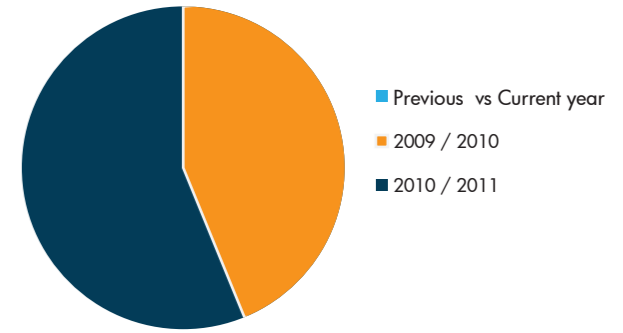
FINANCIAL MANAGEMENT AND VIABILITY

CASH RESERVES

For the year in question the District Municipality budgeted for a surplus of R4,0 million and as at 30 June 2011 had cash reserves of R54 million. During 2010 / 2011, the revenue from the sale of water increased by 33% as a result of more water consumers being included in the billing net.



Previous vs Current year	%
2009/2010	22,620,483.50
2010/2011	30,069,698.51
	33%



For the year in question the average monthly collection rate was 56%. The main reasons for this variance are consumers not connected to meters and faulty meters. To address these challenges the District has embarked on a comprehensive meter audit and a consumer education programme.

PUBLIC PARTICIPATION

The 2011 / 12 Budget was the product of a massive public participation drive with the team traversing the length and breadth of the District, visiting each Local Municipality and canvassing a cross section of society about their service delivery needs. These were held across the District from 26 March 2010 to 06 May 2011.

STRATEGIC PARTNERSHIPS

Strategic partnerships were forged with Umgeni Water worth R28 million to respond to the service delivery of the Manyavu community, with CoGTA worth R2,5 million to host the Paraguay Team during the World Cup that ended on 11 July 2010, with the Development Bank of Southern Africa worth R3 million for the establishment of the customer care centres, with the Built Environment Support Group worth R2,3 million to activate the Deepening Democracy Programme as well as with LG Seta worth R500 000 to enhance Council training.

New strategic partnerships were successfully concluded with the Dutch Government's Orio Funding worth R135 million. This is on the back of the Water Services Development Plan adopted on 17 September 2010 which was a massive breakthrough for the water services provision strategy.

UNQUALIFIED AUDITS

A third unqualified audit report was issued by the Auditor-General. This was followed by an intensive campaign to achieve a "clean" audit for the 2010 / 2011 financial year.

IMPROVED OPERATIONS AND MAINTENANCE PROGRAMME

The District Municipality currently spends 5,7% of the capital budget on operations and maintenance from a zero base. This has resulted in improved operations and maintenance as well as the response turnaround time.

WATER INFRASTRUCTURE PROJECTS

uMgungundlovu has positioned itself as a water centric, results driven and performance oriented District Municipality that aims to achieve its Vision by 2016. To this end, during the 2010 / 2011 financial year it was engaged in twenty water infrastructure projects aimed at providing access to potable water to all to people residing in the District. An overview of some of these projects is given below.

A telemetry system is being installed at the Technical Services offices at 176 Langalibalele Street. The main station is 95 % complete and it will communicate with remote stations – all of the District's projects will be linked to the telemetry system. This will enable the Operations and Maintenance Team to monitor performance of all the water schemes throughout the District.

MAKHUZENI GREATER STOFFELTON WATER SUPPLY SCHEME - IMPENDLE

Project value: R16 605,850

Employment: Male youth = 36; Female youth = 23;
Male adult = 15; Female adult = 23; Disabled = 0; Total
employment created = 97

Settlements that benefit from the scheme: Nkothweni,
Kwa Thunzi, KwaGade, Mzumbe, Mgadi, Hopewell and
Nzinga

Number of households that benefit from the scheme: 729

Status of project: 95 % complete



Water strike while drilling



Completed reservoir

ENGUGA, ENSTHIYABANTU AND MACKSAM WATER SUPPLY SCHEME (PHASES 1, 2 AND 3) - IMPENDLE

Project value: R55 291 031

Employment: Male youth = 105; Female youth = 64; Male adult = 34; Female adult = 100; Disabled = 0; Total employment created = 303

Settlements that benefit from the scheme: Cebelichle, Shellfish, Shiyabantu, Enguga, Clairvaux, Nzingo, Mzumbe, Ukukhanya, Kamensi, Sithunjwana

Number of households that benefit from the scheme: 2807

Status of project: 100 % complete

EMBUTHWENI PHASE 1 - MKHAMBATHINI

Project value: R24 402 540

Employment: Male youth = 36; Female youth = 7; Male adult = 33; Female adult = 3; Disabled = 0; Total employment created = 79

Settlements that benefit from all phases of this scheme: Enkumane, Vumakwenza, Mgwenya and Saint Bernard

No. of households that benefit from all phases of this scheme: 2791

Status of project: 80 % complete

EMBUTHWENI PHASE 2 - MKHAMBATHINI

Project value: R18 521 959

Employment: Male youth = 24; Female youth = 13; Male adult = 14; Female adult = 8; Disabled = 0; Total employment created = 59

Settlements that benefit from all phases of this scheme: Enkumane, Vumakwenza, Mgwenya and Saint Bernard

No. of households that benefit from all phases of this scheme: 2791

Status of project: 100 % complete

EMBUTHWENI PHASE 3 - MKHAMBATHINI

Project value: R1 836 750

Employment: Male youth = 13; Female youth = 6; Male adult = 6; Female adult = 2; Disabled = 0; Total employment created = 27

Settlements that benefit from all phases of this scheme: Enkumane, Vumakwenza, Mgwenya and Saint Bernard

No. of households that benefit from all phases of this scheme: 2791

Status of project: 85 % complete



Setting out of a reservoir



Potable water on tap

NHLAZUKA PHASE 1 - RICHMOND

Project value: R14 371 543

Employment: Male youth = 33; Female youth = 13; Male adult = 42;
Female adult = 27; Disabled = 0; Total employment created = 115

Settlements that benefit from all phases of this scheme: Enkumane, Vumakwenza, Mgwenya and Saint Bernard

No. of households that benefit from all phases of this scheme: 2791

Status of project: 100 % complete

NHLAZUKA PHASE 2 - RICHMOND

Project value: R10 214 614

Employment: Male youth = 7; Female youth = 9; Male adult = 21;
Female adult = 21; Disabled = 0; Total employment created = 58

Settlements that benefit from all phases of this scheme: Enkumane, Vumakwenza, Mgwenya and Saint Bernard

No. of households that benefit from all phases of this scheme: 2791

Status of project: 100 % complete

OGAGWINI PHASE 1 - MKHAMBATHINI

Project value: 19 222 067

Employment: Male youth = 43; Female youth = 26; Male adult = 18;
Female adult = 3; Disabled = 0; Total employment created = 90

Settlements that benefit from the scheme: Msholozhi, Newlands, Roseleigh, Power's Court, Greenway, Ngunwana and Stony Hill

Number of households that benefit from the scheme: 910

Status of project: 95 % complete

MANYAVU WATER SUPPLY SCHEME - MKHAMBATHINI

Project value: R20 000 000

Employment: Male youth = 20; Female youth = 16; Male adult = 25;
Female adult = 23; Disabled = 2; Total employment created = 86

Settlements that benefit from the scheme:

Number of people that benefit from the scheme:

Status of project: 90 % complete



Steel fixing of a reservoir under construction

BOREHOLE SUNK AT TRIANDRA FARM SCHOOL AT KARKLOOF



The long awaited arrival of borehole water



A delighted Head Mistress celebrates with the learners

WATER QUALITY MANAGEMENT

uMgungundlovu DM is responsible for rendering water and sanitation services to Impendle, Mpofana, uMngeni, Richmond, Mkhambathini and uMshwathi local municipalities. Water supplied to these areas is monitored on a minimal monthly basis, depending on the population size served by a particular water supply system. Water samples are collected and analyzed by an accredited local laboratory and the results are submitted to Department of Water Affairs (DWA). These results are freely available on the DWA website and accessible to the public to view the quality of drinking water in their area.

South African National Standards (SANS 241) for drinking water quality requires a 97% microbiological compliance and a minimum of 85% chemical compliance.

Microbiological noncompliance with SANS 241 requirements were either due to electricity supply interruption to the water supply scheme, faulty or failure of dosing pumps, low chlorine residual at the reservoirs and lack of chlorination system in place for boreholes and springs. When these failures are picked up, treatment processes would be optimised and water from contaminated reservoirs should be flushed out. Impendle spring and Gomane boreholes have now been installed with chlorination systems and are monitored on a daily basis.

The six wastewater treatment works that uMgungundlovu is in charge of are Mpofana, Howick, Richmond, Camperdown, Cool Air and Appelsbosch. Samples collected from these wastewater treatment systems are analysed by an accredited laboratory.

According to Green Drop requirements, effluent quality with a score of 90% and above is seen as compliance.

The noncompliance at Mpofana wastewater works was due to discharges from the industry and accumulated sludge in the system. In response to the situation, the District has held meetings with industry which is now implementing process changes that will ensure that the

waste it discharges to municipal treatment systems does not compromise the operation of Mpofana wastewater treatment system. At present, the District is in the process of installing a sludge dewatering system which is expected to improve the final effluent discharged.

Performance of each water supply system - May 2010 to April 2011

Water Supply System	Chemical	Microbiological
Mpofana	100	92.8
Richmond	100	97.1
Lidgetton	100	100
Nzinga	94.4	83.3
Gomane Boreholes	100	86.3
Umgeni bulk water supply	100	99.9
Mtulwa		100
Makeni	100	40
Rosetta	94.3	100
Ndaleneni	100	100
Ntanzi		100
Appelsbosch	88.9	81.8
Impendle spring	100	81.8

Performance of each wastewater treatment system - May 2010 to April 2011

Wastewater Treatment Works	% Compliance
Mpofana	75%
Howick	81%
Richmond	96%
Camperdown	83%
Cool Air	96%
Appelsbosch	100%

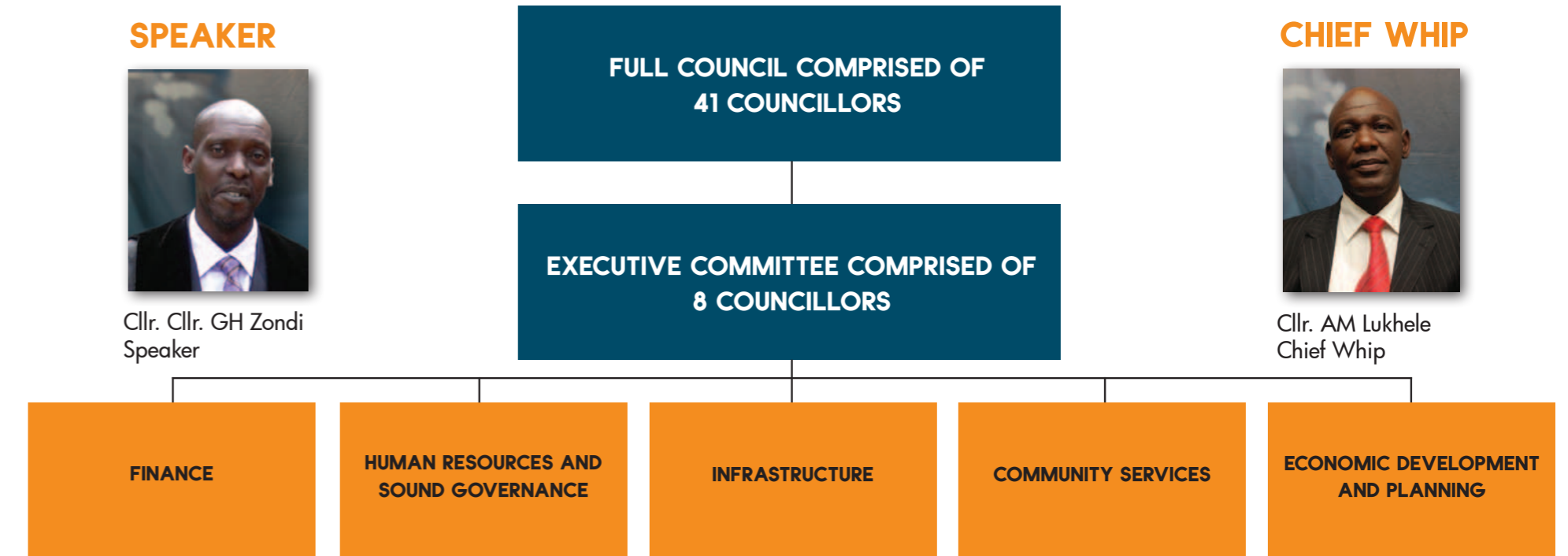
03

ORGANISATIONAL ARRANGMENTS AND HR DEVELOPMENT

POLITICAL STRUCTURE UNTIL 25 MAY 2011

The institutional framework that was in place during the year under review is reflected below.

In terms of Chapter 3 and Chapter 4 of the Municipal Structures Act (Act No. 117 of 1998) a Municipal Council led by the Honourable Speaker has been established and is supported by the Executive Committee which is led by His Worship the Mayor. The Municipal Council established five Portfolio Committees, each with its own terms of reference. Each Portfolio Committee is chaired by an Executive Committee Councillor and the Committees assist the Council in performing its functions.



EXECUTIVE COMMITTEE



Cllr. YS Bhamjee
His Worship the Mayor



Cllr. TR Zungu
Deputy Mayor



Cllr. P Bhengu



Cllr. NBZ Cele



Cllr. JS Majola



Cllr. JB Mtolo



Cllr. TR Zuma



Cllr. TR Zungu

COUNCILLORS



Cllr. NB Ahmed
Community Services



Cllr. MS Bond
Community Services



Cllr. D Buthelezi
Economic Development and
Planning



Cllr. PM Cele
Human Resources and Sound
Governance



Cllr. MM Cekwane
Community Services



Cllr. L Chiya
Finance



Cllr. BA Dlamini
Economic Development and
Planning



Cllr. NV Duze
Finance



Cllr. SC Gabela
Human Resources and Sound
Governance



Cllr. JEP Green
Infrastructure



Cllr. RT Khanyile
Economic Development and
Planning



Cllr. NC Mabhida
Infrastructure



Cllr. ME Madlala
Community Services



Cllr. SD Mbanjwa
Infrastructure



Cllr. AD Mbense
Infrastructure



Cllr. BA Mchunu
Infrastructure



Cllr. MP Mkhize
Infrastructure



Cllr. VJ Mkhize
Infrastructure

COUNCILLORS



Cllr. S Mkhize
Community Services



Cllr. NS Mkhize
Human Resources and Sound
Governance



Cllr. VM Mncwabe
Finance



Cllr. NM Mncwabe
Finance



Cllr. M Msimang
Infrastructure Committee



Cllr. SN Naidoo
Finance



Cllr. DA Ndlela
Finance



Cllr. D Ndlovu
Human Resources and Sound
Governance



Cllr. SM Ngubane
Economic Development and
Planning



Cllr. ME Ngongo
Economic Development and
Planning



Cllr. MM Nkala
Economic Development and
Planning



Cllr. EZ Ntombela
Community Services



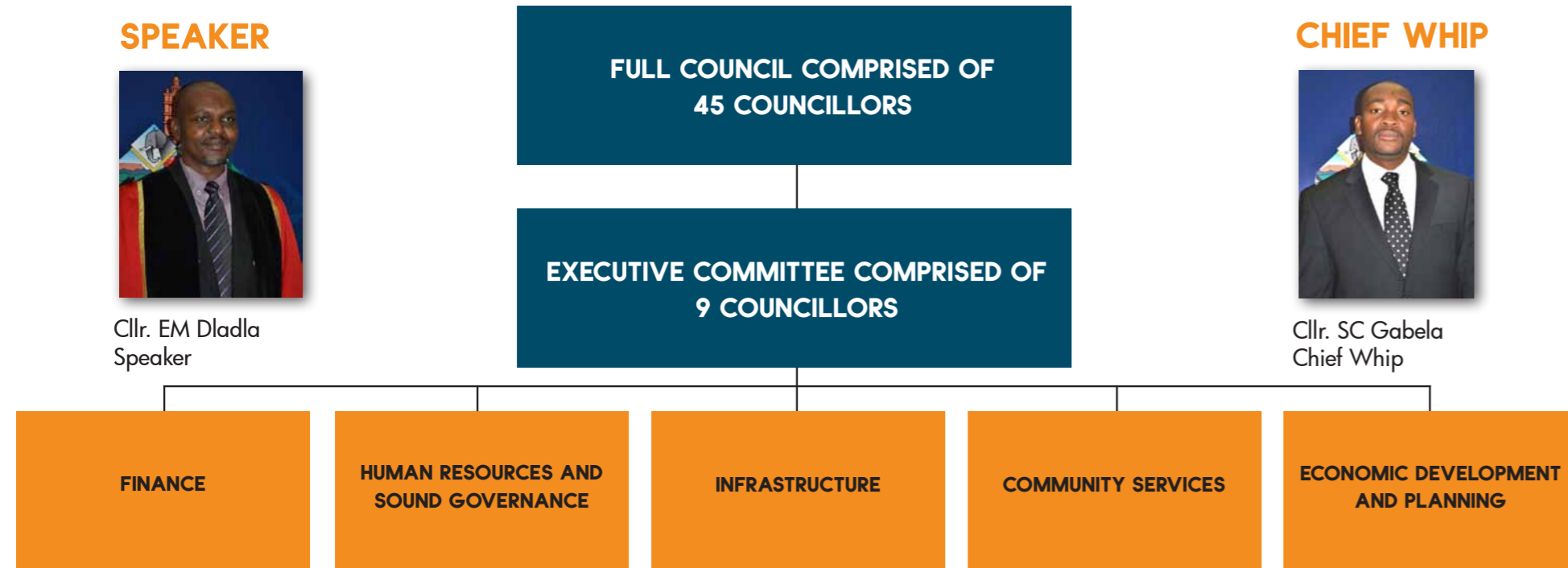
Cllr. BE Zuma
Human Resources and Sound
Governance

THE COMPOSITION OF THE PORTFOLIO COMMITTEES ARE AS FOLLOWS:

FINANCE	HUMAN RESOURCES AND SOUND GOVERNANCE	COMMUNITY SERVICES	INFRASTRUCTURE	ECONOMIC DEVELOPMENT AND PLANNING
Cllr. YS Bhamjee: Chairperson	Cllr. TR Zuma: Chairperson	Cllr. NBZ Cele: Chairperson	Cllr. TR Zungu: Chairperson	Cllr. JB Mtolo: Chairperson
Cllr. L Chiya	Cllr. PM Cele	Cllr. NB Ahmed	Cllr. JEP Green	Cllr. BA Dlamini
Cllr. NV Duze	Cllr. SC Gabela	Cllr. MS Bond	Cllr. NC Mabhida	Cllr. D Buthelezi
Cllr. S Majola	Cllr. SE Mkhize	Cllr. D Buthelezi	Cllr. SD Mbanjwa	Cllr. NV Duze
Cllr. VM Mncwabe	Cllr. NS Mkhize	Cllr. MM Cekwane	Cllr. AD Mbense	Cllr. RT Khanyile
Cllr. SN Naidoo	Cllr. MD Ndlovu	Cllr. ME Madlala	Cllr. BA Mchunu	Cllr. NC Mbhida
Cllr. DA Ndlela	Cllr. MM Nkala	Cllr. NS Mkhize	Cllr. MP Mkhize	Cllr. ME Ngongo
Cllr. VJ Mkhize	Cllr. BE Zuma	Cllr. EZ Ntombela	Cllr. VJ Mkhize	Cllr. SM Ngubane
Cllr. SN Naidoo			Cllr. M Msimang	Cllr. MM Nkala

INTRODUCING THE NEW COUNCIL

Municipal elections took place on 18 May 2011 and the results were confirmed on 25 May 2011 on which date the term of office of the new Council became effective. The newly elected Councillors were sworn into office at an inauguration ceremony on 9 June 2011.



EXECUTIVE COMMITTEE



Cllr. YS Bhamjee
His Worship the Mayor



Cllr. TR Zungu
Deputy Mayor



Cllr. RP Ashe



Cllr. BA Mchunu



Cllr. S Majola



Cllr. SE Mkhize



Cllr. EZ Ntombela



Cllr. ML Schalkwyk



Cllr. BE Zuma

COUNCILLORS



Cllr. MS Bond
Community Services



Cllr. C Bradley
Economic Development and
Planning



Cllr. D Buthelezi
Economic Development and
Planning



Cllr. G Dladla
Human Resources and Sound
Governance



Cllr. NV Duze
Economic Development and
Planning



Cllr. MJ Grueneberg
Finance



Cllr. TA Gwala
Community Services



Cllr. CD Gwala
Economic Development and
Planning



Cllr. NH Hlope
Community Services



Cllr. PV Jaca
Infrastructure



Cllr. NC Mabhida
Economic Development and
Planning



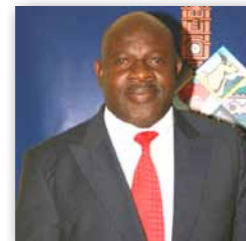
Cllr. ME Madlala
Infrastructure



Cllr. N Maphumulo
Infrastructure



Cllr. M Maphumulo
Human Resources and Sound
Governance



Cllr. GS Maseko
Economic Development and
Planning



Cllr. SD Mbanjwa
Infrastructure



Cllr. S Mbatha Ntuli
Infrastructure



Cllr. SA Mkhize
Human Resources and Sound
Governance

COUNCILLORS



Cllr. P Moon
Human Resources and Sound
Governance



Cllr. P Moonsamy
Human Resources and Sound
Governance



Cllr. PN Msimang
Finance



Cllr. DA Ndlela
Finance



Cllr. MD Ndlovu
Infrastructure



Cllr. STJ Ndlovu
Community Services



Cllr. KM Ngcobo
Economic Development and
Planning



Cllr. P Ngidi
Finance



Cllr. LM Peterson
Finance



Cllr. SJ Shabalala
Finance



Cllr. B Shozi
Community Services



Cllr. LN Sikhakhane
Community Services



Cllr. MA Tarr
Economic Development and
Planning



Cllr. BM Zuma
Human Resources and Sound
Governance



Cllr. NJ Zungu
Economic Development and
Planning

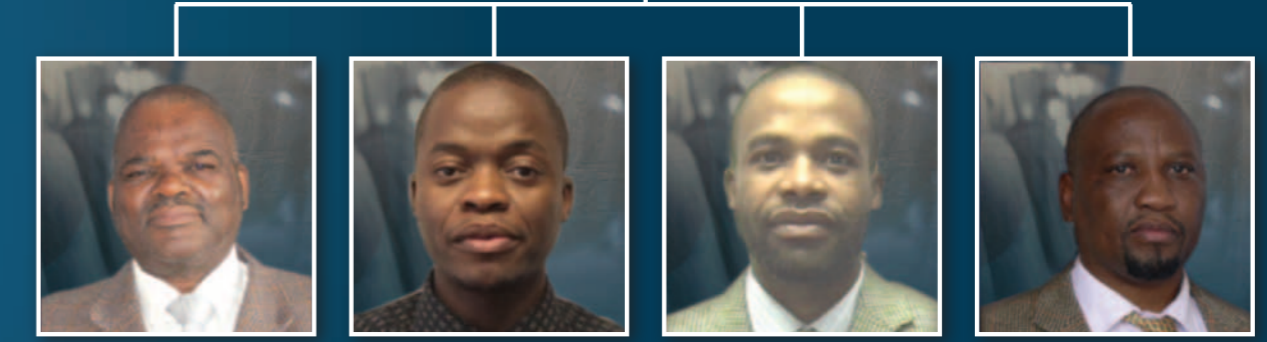
THE COMPOSITION OF THE PORTFOLIO COMMITTEES ARE AS FOLLOWS:

FINANCE	HUMAN RESOURCES AND SOUND GOVERNANCE	COMMUNITY SERVICES	INFRASTRUCTURE	ECONOMIC DEVELOPMENT AND PLANNING
Cllr. YS Bhamjee: Chairperson	Cllr. SE Mkhize: Chairperson	Cllr. BA Mchunu: Chairperson	Cllr. TR Zungu: Chairperson	Cllr. M Schalkwyk: Chairperson
Cllr. NV Duze	Cllr. SA Mkhize	Cllr. D Buthelezi	Cllr. EZ Ntombela	Cllr. NC Mabhida
Cllr. DA Ndlela	Cllr. BM Zuma	Cllr. NS Mkhize	Cllr. PV Jaca	Cllr. D Buthelezi
Cllr. PN Msimang	Cllr. G Dladla	Cllr. TA Gwala	Cllr. SM Mbatha/Ntuli	Cllr. GS Maseko
Cllr. J Shabalala	Cllr. P Moon	Cllr. B Shozi	Cllr. CD Gwala	Cllr. MA Tarr
Cllr. P Ngidi	Cllr. P Moonsamy	Cllr. STJ Ndlovu	Cllr. C Bradley	Cllr. NJ Zungu
Cllr. ELM Peterson	Cllr. N Maphumulo	Cllr. MS Bond	Cllr. D Ndlovu	Cllr. KM Ngcobo
Cllr. MJ Grueneberg	Cllr. MD Ndlovu	Cllr. LN Sikhakhane	Cllr. ME Madlala	Cllr. C Bradley
		Cllr. NH Hlophe	Cllr. SD Mbanjwa	

ADMINISTRATIVE STRUCTURE



Mr T. L. S. Khuzwayo
Municipal Manager



Mr S. E. Gwala
SEM Community Services

Mr E. B. Mbambo
Acting SEM Technical Services

Mr B. W. Ndlovu
Acting SEM Financial Services

Mr S. D. Mkhize
Acting SEM Corporate Services

As can be seen, the Management Committee of the uMgungundlovu District Municipality consists of Municipal Manager T. L. S. Khuzwayo (Chairperson) and the Heads of Department with the designations of Strategic Executive Manager (SEM). This Committee convenes once a month to deliberate on matters of strategic importance and to monitor and evaluate progress being made with the achievement of development priorities of the District Municipality. Where necessary, collective decisions are taken to address challenges that impact negatively on the completion of projects and programmes. Strategic Executive Managers are in turn the Chairpersons of their respective Departmental Management Committees.

FUNCTIONS ASSIGNED TO DEPARTMENTS

NO	FUNCTIONS
1. OFFICE OF THE MUNICIPAL MANAGER	
1.1	Water Services Authority (the Water Regulator)
1.2	Internal Audit
1.3	Mayoral support via the Mayor's Parlour
1.4	Performance management / Monitoring and evaluation
1.5	Information and Communications Technology
2. DEPARTMENT OF TECHNICAL SERVICES	
2.1	Water and sanitation provision
2.2	Roads and storm water construction and maintenance
2.3	Electricity grid network installation
2.4	Cemeteries and crematoria management
2.5	Solid waste management
2.6	Construction of sport and recreation facilities
2.7	Management support through the Project Management Unit
3. DEPARTMENT OF COMMUNITY SERVICES	
3.1	Economic development services
3.1.1	Local economic development
3.1.2	Tourism development and promotion

NO	FUNCTIONS
3. DEPARTMENT OF COMMUNITY SERVICES	
3.2	Social development services
3.2.1	Disaster management services
3.2.2	Fire and emergency services
3.2.3	Environmental health services
3.3	Development Planning
3.3.1	Town and regional planning
3.3.2	Geographic information services
3.3.3	Planning and information management support
4. DEPARTMENT OF FINANCIAL SERVICES	
4.1	Budgeting and reporting
4.2	Expenditure control
4.3	Income control
4.4	Supply chain management
5. DEPARTMENT OF CORPORATE SERVICES	
5.1	Human resource management
5.2	Administration and sound governance

SKILLS DEVELOPMENT

The following training interventions were implemented during the reporting period aimed at improving the skills levels of staff:

NO	FUNCTIONS
TRAINING INTERVENTIONS BY THE SKILL OFFICE WITHIN HR DEPARTMENT	
1.	Water and waste water process controllers
2.	Course for Councillors at Durban University Technology
3.	Finance training learnerships for internal staff members
4.	Plumber training at FET
5.	Unemployed youth training at FET on plumbing, electricity and computers
6.	DBSA aligned training on customer care and project management for staff
7.	LGSETA project management for 50 learners which included all local municipality staff members as well
8.	Health and safety committee established within the District Municipality

POLICY DEVELOPMENT AND REVIEW

The following policies were developed / reviewed during the reporting period:

1. Registry Policy
2. Leave Policy
3. Employee assistance policy

HUMAN RESOURCE STATISTICS

a) Number of staff employed per organisational component and function

ORGANISATIONAL COMPONENT / FUNCTION	APPROVED POSTS	No of vacant posts	No of filled posts
OFFICE OF THE MUNICIPAL MANAGER			
Mayor's Parlour	24	06	18

Water Services Authority	05	04	01
Internal Audit	01	0	01
Integrated Development Planning	02	0	02
Performance Management	02	01	01
Legal Services and Policy Development	01	01	0
DEPARTMENT OF COMMUNITY SERVICES			
Disaster Management	22	0	22
Fire and Emergency Services	115	15	100
Environmental Health	10	10	0
Local Economic Development	04	0	04
Tourism Development	03	0	03
Town and Regional Planning	05	01	04
Geographic Information Services	02	0	02
Special Projects	04	02	02
DEPARTMENT OF TECHNICAL SERVICES			
Infrastructure Planning and Development	20	08	12
Infrastructure Operations and Maintenance	127	19	108
DEPARTMENT OF FINANCIAL SERVICES			
Budgeting and Reporting	09	02	07
Income Control	51	03	48
Expenditure Control	06	0	06
Supply Chain Management	12	0	12
DEPARTMENT OF CORPORATE SERVICES			
Administration and Sound Governance	36	09	27
Human Resource Management	08	02	06

b) Personnel expenditure over the last three years

CRITERIA	2008 / 2009	2009 / 2010	2009 / 2010
Personnel budget	R95 249 249	R82 492 958	R107 053 136

c) Pension and medical aid scheme membership

EMPLOYEE MEMBERSHIP OF PENSION SCHEMES					
SALA	Natal Joint Municipal Pension Fund	Natal Joint Municipal Provident Fund	Natal Joint Municipal Retirement Fund	Government Employees Pension fund	Total
9	207	125	25	4	370

EMPLOYEE MEMBERSHIP OF MEDICAL AID SCHEMES						
Key Health	SAMWUMED	LA Health	FED Health	BONITAS	Hosmed	Total
42	25	102	1	48	11	229

d) Demographic profile of employees

EMPLOYEE MEMBERSHIP OF PENSION SCHEMES					
	AFRICAN	INDIANS	COLOURED	WHITES	TOTAL
Female	111 (28.6%)	9 (2.3%)	3 (0.8%)	7 (1.8%)	130 (33.5%)
Male	222 (57.2%)	24 (6.2%)	6 (1.5%)	6 (1.5%)	258 (66.5%)
Total	333 (85.8%)	33 (8.5%)	9 (2.3%)	13 (3.3%)	388 (100%)
Target	83%	8%	2%	7%	100%

e) Skills development

No bursaries and learnerships were granted during the 2010 / 2011 financial year due to financial constraints.

f) Monies owed to the Municipality by staff or Councillors

No monies are owed to the Municipality by staff or Councillors

g) Disclosures concerning remuneration of political office bearers and Section 57 managers

PERSONAL INCOME	MAYOR	DEPUTY MAYOR	SPEAKER	WHIP	COUNCILLORS	MUNICIPAL MANAGER	CHIEF FINANCIAL OFFICER	STRATEGIC EXECUTIVE MANAGERS
Salaries	371 056	280 771	271 870	274 620	3 299 239	805 296	464 805	686 605
Overtime								
Pension Contributions	65 481	49 886	51 866	48 462	534 277		85 372	
Medical Aid Contributions	17 280	17 280	17 280	17 280	346 483		15 289	
Other Contributions								
Travel and Motor Car Allowances	151 272	115 983	121 018	113 454	1 330 366	140 000	257 415	127 707
Accommodation Allowances								
Subsistence Allowances								
Housing Benefits							5 676	
Loans and Advances								
Other Benefits and Allowances	17 952	16 891	41 787	17 952	261 983	133 365	91 620	

04

PROCESS FOLLOWED

All business units made inputs into the IDP and communities were consulted on these inputs through the IDP structures. The planned IDP deliverables were then incorporated into the Service Delivery and Budget Implementation Plans (SDBIPs), which serve as a contract between the Administration, Council and the Communities expressing these deliverables as quantifiable outcomes, outputs and activities / inputs.

During the 2010 2011 financial year all Managers reported actual performance against planned performance on a quarterly basis. Quarterly Performance Reports were submitted to Portfolio Committees, the Executive Committee and Full Council. This enabled Councillors to fulfil their oversight role. A Service Delivery Report for the reporting period is provided below and this is followed by a comparative analysis of performance per Business Unit over the last three years.

The SDBIPs provide the basis for measuring and reporting actual performance against planned performance in all Business Units in all Departments. The results are reflected below.

OFFICE OF THE MUNICIPAL MANAGER

Key Performance Area: Good Governance and Community Participation

Strategic Objective	Measurable Output	Key Performance Indicators	Target for 2010 / 2011	Performance against Target	Explanation of variance and planned improvement interventions	Target for 2009 / 2010	Target for 2011 / 2012
To produce an integrated and aligned IDP	Compliant and aligned IDP developed	Date developed	30-Jun	Achieved	Final 2011/ 2012 IDP was approved by Council on 29 June 2011	30-Jun	30-Jun
Water and sanitation services administered and regulated	Implemented SLA between WSA and WSPU	Date implemented	30-Sep	Not achieved	Research has been conducted as part of the Water Services Provider Business Plan, to inform the type of SLA that will suit uMDM. The improvement intervention is that Ziyanda Consultants has been appointed to assist the WSA in drafting the SLA in consultation with DWA.	Project not listed in 2009/10	30-Sep

Water and sanitation services administered and regulated	Implemented Free Basic Water Policy	Date implemented	30-Jun	Not achieved	An Indigent Register has not been developed. The improvement intervention is that the feasibility of adopting the Indigent Registers of the seven LM Indigent Registers as the District Indigent Register is being investigated.	Provision of free basic water to indigent people regulated continuously	Project not listed in 2011/12
	Water Quality Monitoring Programme implemented	No of reports sent and received	24	Achieved	The contract has expired in June 2011. UMDM had reviewed its 5 year contract with Umgeni Water commencing on 1 July 2011 and inputs are continuous.	Quality of water monitored on an ongoing basis	24
	Improved water revenue collection	% improvement	20%	Achieved	At the time of writing the increase in revenue collection stood at 39%	Project not listed in 2009/10	20%
	Implementation of bulk water schemes by Umgeni Water promoted	No. of meetings attended	4	Achieved	A schedule of meetings for the year 2011 has been drawn and the first meeting was held on the 13 June 2011 at Umgeni Water.	All commitments to assist Umgeni Water in extending the bulk water supply network met as and when necessary	4
	Number of Households with access to basic (or higher) levels of water	No. of Households	6825	19 projects underway	Refer to the Technical Services Report to ascertain progress with the infrastructure projects. Technical Services is the implementing agent for the WSA.	Project not listed in 2009/10	1000
	Number of households with access to free basic water	No. of Households	9767	19 projects underway	Refer to the Technical Services Report to ascertain progress with the infrastructure projects. Technical Services is the implementing agent for the WSA.	Project not listed in 2009/10	1000

To ensure an effective internal audit function and Audit Committee	Internal Audit Activity	% Achievement	100%	Achieved	Target was achieved	Implemented Internal Audit Programme by 30 June 2010	1000	
	Risk Assessments	Date of approval of Risk Profile	31-Dec	Achieved	The Risk Profile was approved on 30 September 2010	Project not listed in 2009/10	30-Sep	
Committee	Risk Management Strategy	Quarterly Reports	4	Achieved	Management is responsible for the implementation of the Risk Management Strategy and this has been included in Manager's Performance Agreements.	Project not listed in 2009/10	4	
	Audit Committee	Quarterly Meetings	4	Achieved	Quarterly Audit Committee meetings were held as planned	Project not listed in 2009/10	4	
	Performance Audit Committee	Quarterly Meetings	4	Achieved	Quarterly Performance Audit Committee meetings were held as planned	Project not listed in 2009/10	4	
	Anti-Corruption Strategy implemented	Anti-Corruption Strategy	Yes/No	Yes	Yes	Anti-Corruption Strategy implemented	Project not listed in 2009/10	Project not listed in 2011/12
		% Awareness within the Municipality	100%	Achieved	The unqualified audits attest of the level of awareness	Project not listed in 2009/10	Project not listed in 2011/12	
To transform the UMDM into a performance driven organisation	Implement an OPMS	% Achieved	100%	Achieved	Reports were submitted and adopted by Full Council.	Compliant Organisational Performance Management System implemented by 30 June 10	30 Jun submit SDBIP 30 Sep review PM Policy 4 PM Perf Reports submitted	

To transform the UMDM into a performance driven organisation	Implement an IPMS	% Achieved	100%	Achieved	Evaluation of Section 57 and 56 Managers was conducted. The evaluation of the Municipal Manager will be concluded after the Annual Financial Statements and the Annual Performance Report has been delivered to the Audit Committee.	Compliant Individual Performance Management System implemented by 30 June 10	5 Perf Agreements reviewed 5 S 57 appraisals
	Assist LMs	No of sessions held	4	Achieved	Mkhambathini - Oversight Process on 12 March 2011; uMshwathis - Performance Management Workshop on 1 April 2011; uMshwathi - Oversight Process on 5 May 2011; Impendle - SDBIPs on 28 June 2011.	Support provided to LMs on request	Project not listed in 2011/12
	Develop Annual Report	Date developed	31-Jan	Achieved	Tabled on 25 January 2011	Project not listed in 2009/10	1 Annual Report
	Develop Oversight Report	Date developed	31-Mar	Achieved	Adopted on 28 March 2011	Project not listed in 2009/10	1 Oversight Report
	Implement Mayor's Service Excellence Awards Scheme	Date implemented	31-Jul	Not achieved	Not budgeted for, but a policy document was developed. This project has been transferred to Corporate Services where there is more capacity.	Team based non-monitory Service Excellence Awards Scheme implemented by 30 June 10	Project not listed in 2011/12

DEPARTMENT OF TECHNICAL SERVICES

Key Performance Area: Basic Service Delivery and Infrastructure Development

Strategic Objective	Measurable Output	Key Performance Indicators	Target for 2010 / 2011	Performance against Target	Explanation of variance and planned improvement interventions	Target for 2009 / 2010	Target for 2011 / 2012
Improved access to potable water	uMshwathi: Greater Efaye project	No of project phases completed	0	Achieved	During the site inspection it was found that there is an existing scheme and the appointed consultant was therefore allocated another project.	uMshwathi: 100% completion of planned project phases for the Greater Efaye project by 30 June 2010	Project not listed in 2011/12
	Mpofana: Muden project	No of project phases completed	3	Achieved	Project feasibility study still underway, draft business plan submitted to UMDM on the 15 July 2011.	Mpofana: 100% completion of planned project phases for the Muden project by 30 June 2010	7 project phases
	Impendle: Khathkhathi project	No of project phases completed	2	Achieved	Management is responsible for the implementation of the Risk Management Strategy and this has been included in Manager's Performance Agreements.	Impendle: 100% completion of planned project phases for the Khath'khathi project by 30 June 2010	8 project phases
	Impendle: Nhlambamasoka & Nhlathimbe projects	No of project phases completed	2	Achieved	Project feasibility study still underway, draft business plan submitted to UMDM on the 15 July 2011.	Impendle: 100% completion of planned project phases for the Nhlambamasoka & Nhlathimbe project by 30 June 2010	8 project phases

	Impendle: Nkangala / Glen project	No of project phases completed	3	Achieved	A draft business plan has been submitted to UMDM, final business plan to be presented to DWA at its next Sector Appraisal Committee Meeting in August 2011.	Impendle: 100% completion of planned project phases for the Nkangala / Glen project by 30 June 2010	7 project phases
	Impendle: Ntokozweni Lindokuhle project	No of project phases completed	3	Achieved	A draft business plan has been submitted to UMDM, final business plan to be presented to DWA at its next Sector Appraisal Committee Meeting in August 2011.	Impendle: 100% completion of planned project phases for the Ntokozweni Lindokuhle project by 30 June 2010	7 project phases
	Impendle: Phindangene project					Impendle: 100% completion of planned project phases for the Phindangene project by 30 June 2010	
	Impendle: KwaNovuka Water Supply Scheme 1	No of project phases completed	4	Achieved	Project on track	Impendle: 100% completion of planned project phases for KwaNovuka project by 30 June 2010	6 project phases
	Impendle: KwaNovuka Water Supply Scheme 2	No of project phases completed	2	Achieved	After commencement of the project it was discovered that additional resources are required and this investigation will be completed in the 4th quarter. Investigation of the water source has been finalised.	Impendle: 100% completion of planned project phases for KwaNovuka project by 30 June 2010	8 project phases

	Richmond: Ephatheni & Gengeshe project	No of project phases completed	3	Achieved	A draft business plan has been submitted to UMDM, final business plan to be presented to DWA at its next Sector Appraisal Committee Meeting in August 2011.	Richmond: 100% completion of planned project phases for the Ephatheni & Gengeshe project by 30 June 2010	7 project phases
	Mkhambathini: Greater Eston project Bulk Supply	No of project phases completed	1	Not achieved	Project was completed in last financial year, but could not be handed over until Embuthweni Phase 1 is commissioned due to the water source being located there.	Project not listed in 2009/10	1 project phases
	Mkhambathini: Greater Eston Nhlazuka Phase 2	No of project phases completed		Not achieved	Project was completed in last financial year, but could not be handed over until Embuthweni Phase 1 is commissioned due to the water source being located there.	Impendle: 100% completion of planned project phases for KwaNovuka project by 30 June 2010	1 project phases
	Mkhambathini: Greater Eston project Embuthweni 1	No of project phases completed	3	Achieved	Contractor had to be dismissed due to non performance and this caused delays. Further delays were caused by Eskom. In order to commission this project electricity needs to be laid on by Eskom.	Project not listed in 2009/10	1 project phases
	Mkhambathini: Greater Eston project Embuthweni 2	No of project phases completed	1	Not achieved	Project was completed in last financial year, but could not be handed over until Embuthweni Phase 1 is commissioned due to the water source being located there.	Project not listed in 2009/10	1 project phases

Mkhambathini: Greater Eston project Embuthweni 3	No of project phases completed	6	Achieved	Project on track	Project not listed in 2009/10	1 project phases
Mkhambathini: Greater Eston project Ogagwini 1	No of project phases completed	3	Not achieved	This project is scheduled for completion end of July 2011, however, due to unforeseen circumstances an extension of time has been requested.	Project not listed in 2009/10	1 project phases
Mkhambathini: Greater Eston project Ogagwini 2	No of project phases completed	1	Achieved	Tender for this project phase is being evaluated and should be finalised end of July 2011.	Project not listed in 2009/10	3 project phases
Mkhambathini: Greater Eston project Kwamacalagwala	No of project phases completed	0	Not achieved	This project is being implemented by Umgeni Water. Our role is limited to attending meetings.	Project not listed in 2009/10	0 project phases
Mkhambathini: Greater Eston project Ukhalo	No of project phases completed	0	Not achieved	This project is dependent on the completion of the bulk supply which is being implemented by Umgeni Water.	Project not listed in 2009/10	5 project phases
Operations and Maintenance	Date of completion of O & M Programme	30-Jun	Achieved	Operations and Maintenance is ongoing	Project not listed in 2009/10	30-Jun

Improved access to basic levels of sanitation	uMngeni: Mashingeni VIP Sanitation project	No of VIP toilets completed	2856	Not achieved	These two projects have been merged, but have not been commenced due to limited funds.	100% completion of planned project phases for the Mashingeni project by 30 June 2010	800 toilets
	Hhaza Sanitation project					100% completion of planned project phases for the Hhaza project by 30 June 2010	
	Mpofana: Muden VIP Sanitation project	No of VIP toilets completed	1237	Not achieved	Project not commenced due to a lack of funds.	100% completion of planned project phases for the Muden project by 30 June 2010	400 toilets
	Impendle: Enguga, Entshiyabantu & Macksam VIP Sanitation project	No of VIP toilets completed	1164	Not achieved	Project not commenced due to a lack of funds.	100% completion of planned project phases for the Enguga / Macksam / Ntsabantu project by 30 June 2010	400 toilets
	Impendle: Gomane VIP Sanitation project	No of VIP toilets completed	1624	Not achieved	Project not commenced due to a lack of funds.	100% completion of planned project phases for the Gomane project by 30 June 2010	400 toilets

Improved access to basic levels of sanitation	Impendle: Smilobha / Fikesuthi VIP Sanitation project	No of VIP toilets completed	1638	Not achieved	Project not commenced due to a lack of funds.	100% completion of planned project phases for the Smilobha / Fikesuthi project by 30 June 2010	400 toilets
	Mkhambathini: Mkhambathini Waste Water Works project	No of project phases completed	1	Not achieved	Feasibility studies still underway. Rainbow Chickens will need to agree to the location of the treatment works.	Project not listed in 2009/10	8 project phases
	Richmond: Hopewell Ward 4 VIP Sanitation project	No of VIP toilets completed	2188	Not achieved	Project not commenced due to a lack of funds.	100% completion of planned project phases for the Hopewell project by 30 June 2010	400 toilets
To integrate and optimise Solid Waste Management	Complete Waste Management Plans for the LMs and District	No of Plans completed	8	Achieved	Project has been completed 12 months later than planned due to delays in getting information and participation from some local municipalities. All plans have been completed. Electronic copies are available.	Project not listed in 2009/10	Project not listed in 2011/12
	Community based refuse collection and greening service	No. of decent jobs created	70	Not achieved	No funding available to undertake the project.	Refuse collection projects commenced by 31 Aug 2009	70 jobs

To integrate and optimise Solid Waste Management	Obtain a permit / licence for the new District Landfill Site	No. of completed project phases	2	Achieved	Ranking report and EIA application cannot be finalised until purchase agreement on site is signed. Land needs to first be valued and then negotiations undertaken on the purchase agreement. Land valuation process has been delayed.	100% completion of planned project phases for the District Landfill Site by 30 June 2010	8 project phases
	Partial closure and upgrade of Mpofana landfill site	No. of completed project phases	9	Achieved	Tender Evaluation Report sent back to Tender Evaluation Committee for review.	Mpofana landfill site closed and waste transfer station constructed by 30 June 2010	1 project phases
	Richmond landfill upgraded	No. of completed project phases	9	Achieved	Engineering consultant appointed and tender design process underway. Tender to be advertised end July 2011.	Project not listed in 2009/10	10 project phases
	Establish uMshwathi Garden Refuse Facility	No. of completed project phases	9	Not achieved	No funding available to undertake the project.	Project not listed in 2009/10	10 project phases
	Establish a River Care Programme for the Mpofana and Umgeni Rivers	No. of completed project phases	5	Not achieved	No funding available to undertake the project.	Project not listed in 2009/10	5 project phases
	Conduct climate change study and establish a carbon sink	No. of completed project phases	2	Achieved	Tender Evaluation Report sent back to Tender Evaluation Committee for review.	Project not listed in 2009/10	8 project phases

To improve access to cemeteries and crematoria	Mpophomeni Cemetery extended	No. of completed project phases	5	Not achieved	Tender Evaluation Report sent back to Tender Evaluation Committee for review.	Mpophomeni cemetery at uMngeni extended by 30 June 2010	5 project phases
	Fibre Cemetery at Richmond extended	No. of completed project phases	10	Achieved	Tender Evaluation Report sent back to Tender Evaluation Committee for review.	Fibre cemetery at Richmond extended by 30 June 2010	1 project phases
	Mpofana Cemetery extended	No. of completed project phases	6	Achieved	Tender Evaluation Report sent back to Tender Evaluation Committee for review.	Methodist Church cemetery at Mpofana extended by 30 June 2010	4 project phases
To improve access to sports facilities	Impendle Sports Field upgraded	Date of completion of upgrade	30-Jun	Achieved	Project completed in February 2011.	Project not listed in 2009/10	30-Sep
	Mpofana (Bruntville) Sports Field upgraded	Date of completion of upgrade	30-Jun	Not achieved	Due to poor performance of the current contractor, the contract will be terminated and another contractor appointed.	Project not listed in 2009/10	Project not listed in 2011/12

DEPARTMENT OF COMMUNITY SERVICES

Key Performance Area: Community Development Services

Strategic Objective	Measurable Output	Key Performance Indicators	Target for 2010 / 2011	Performance against Target	Explanation of variance and planned improvement interventions	Target for 2009 / 2010	Target for 2011 / 2012
To provide a disaster management service	Create Disaster Management capacity	Date of development of DM Policy Framework	31-Dec	Achieved	The framework was tabled at the Disaster Management Advisory Forum on 28 July 2011.	Project not listed in 2009/10	31-Dec (for review)
		Date of mobilising DM Advisory Forum	31-Aug	Achieved	The Q4 Disaster Management Report was tabled on 28 July 2011 and the same Report was submitted to the Management Committee.	Project not listed in 2009/10	4 meetings
		Date of completion of training	31-Sept	Achieved	The Disaster Management Practitioners were sent on a one week training course on disaster risk management.	All Disaster Management Officers qualified and being further skilled on an ongoing basis	Project not listed in 2011/12
	Risk reduction	Date of completion of Risk Assessment Profile	30-Nov	Achieved	Pending the purchasing of the relevant GPS machines to complete the program, GIS Manager has procured the items.	Project not listed in 2009/10	30-Jun (Review)
		Date of completion of Disaster Risk Management Plan	31-Jul	Achieved	Draft Disaster Management Plan has been tabled to Full Council for approval and has been sent to the Provincial Disaster Management Centre.	Project not listed in 2009/10	30-Jun (Review)

To provide a disaster management service	Emergency relief	Date of response mechanisms in place	31-Jul	Achieved	Fieldworkers ready to respond as and when the need arises.	Disaster Management software installed and operational by 30 June 2010	48 hrs for response
		% Achievement of responses to emergencies	6	Achieved	A beneficiary list template is completed as an incident report that serves as an enabler to provide emergency assistance.	Response and recovery standards achieved continuously	100%
To provide a fire fighting service	Building of fire station completed	No. of fire stations completed	1	Not achieved	No funding provided for fire stations. Initiatives are underway to source funding for this purpose.	Impendle Fire Station built by 30 June 2010	1 stand acquired
	Cluster of park homes erected at Mkhambathini	No. of clusters	1	Not achieved	No funding provided for cluster homes. Initiatives are underway to source funding for this purpose.	Project not listed in 2009/10	1 stand acquired
	Purchase of fire engines	No. of fire engines	2	Not achieved	No funding provided for fire engines. Initiatives are underway to source funding for this purpose.	Project not listed in 2009/10	3 short-term engines leased
	Purchase of new fire hoses	No. of hoses	100	Not achieved	No funding provided for fire hose. Initiatives are underway to source funding for this purpose.	Project not listed in 2009/10	100
	Training of fire fighters and officers completed	% Completion of training programme	100%	Achieved	Driver training competency and Operators of Fire Engines competency completed.	Basic fire fighting course attended by all fire fighters by 30 June 2010	100%
	Inspect buildings in connection with certificates of compliance	No. of buildings inspected	72	Not achieved	The target could not be achieved due to shortage of staff. This will be addressed when the moratorium on the employment of additional staff is lifted.	Project not listed in 2009/10	200

To provide a fire fighting service	Conduct fire fighting awareness campaign	No. of schools visited	120	Not achieved	The target could not be achieved due to shortage of staff. This will be addressed when the moratorium on the employment of additional staff is lifted.	150 Fire and Emergency Awareness sessions conducted at schools by 30 June 2010	100
To provide Environmental Health Services	Implemented Environmental Health Action Plan	Date implemented	31-Dec	Not achieved	A lack of funding is the reason why the Environmental Health function cannot be fully taken over. This challenge is being experienced by all District Municipalities and is being addressed on a National level.	Environmental health function taken over, resourced and operational by 30 June 2010	30 Jun
To combat HIV and Aids	District Wide HIV and Aids Strategic Plan launched and funded	Date launched and funded	31-Dec	Achieved	The Strategic Plan on HIV/AIDS for 2007/2011 was developed and is now being implemented. The review process of the Strategy for 2012 - 2016 has commenced and two NGO's have been appointed for this purpose.	HIV and Aids Strategy developed by 30 June 2010	30-Jun (Review)
	Reduced socio-economic burden caused by HIV and Aids	No. of initiatives launched	3	Achieved	Strategic partnership with CoGTA has resulted in a R1mln grant for preventative measures on HIV/AIDS. A Comprehensive Business Plan has been developed which is linked to the HIV/AIDS Strategy of 2007/2011. Priorities & objectives of projects in the Business Plan are aligned to the Provincial and National directives on HIV/AIDS.	Reduced socio-economic burden on those infected and affected by HIV and Aids by 30 June 2010	2 initiatives

To combat HIV and Aids	Create HIV and Aids structures	Date of structures created	31-Dec	Achieved	District Aids Council is well represented by government, civil society groups and researchers. The District AIDS Council and 7 Local AIDS Councils are functional.	Project not listed in 2009/10	31-Mar (Review)
	Business leaders HIV and Aids Forum launched	Date launched and funded	30-Jun	Not achieved	Lack of a positive response from Business Leaders resulted in this target not being met. Consultations are, however, ongoing.	Project not listed in 2009/10	Project not listed in 2011/12
	Reduction of new infections	% reduction of new infections	10%	Achieved	The new HIV/AIDS Plan for 2012-2016 is aimed at zero new infection rate, it will therefore be a bottom-up approach. It will be grassroots driven. Ward AIDS Councils will be established to ensure that the target for 2016 is achieved.	Project not listed in 2009/10	1 survey conducted
	Increase in access to ART throughout District	% increase in access	10%	Achieved	There has been a noticeable increase in the uptake of ART, this is due to the President's call for people to start treatment early and pregnant women to be prioritized for PMTCT (Prevention of Mother to Child Transmission).	10% increase in access to Anti-Retroviral Treatment (ART) by 30 June 2010	1 survey conducted

To promote the rights of designated groups	Promote the rights of Women, Children, Elderly and Disabled	No. of initiatives implemented	8	Achieved	<p>1. Education on Harassment Offences Workshop conducted;</p> <p>2. Faranani Rural Women Business Skills Management Workshop conducted;</p> <p>3. Public Participation Outbound Programme Workshop conducted;</p> <p>4. Funding of Msunduzi Child Participation Programme sourced.</p> <p>5. Mpofana Gender Machinery launched.</p> <p>6. Visit of mothers for children with disabilities at Mpofana facilitated.</p> <p>7. Communicated with Health to have a wheel chair for Mr. Chamane from uMshwathi LM.</p> <p>8. Attended National Department of Women, Persons with Disabilities and Children Workshop.</p> <p>9. Attended National Social Development Workshop for Senior Citizens.</p> <p>10. Attended International Children's Day.</p> <p>11. Attended Provincial Disability Forum</p> <p>12. Attended Senior Citizens Consultative Meeting at uMngeni LM</p>	<p>People with disabilities empowered by 30 June 2010</p> <p>Increased economic status of people with disabilities by 30 June 2010</p> <p>Awareness Campaign of HIV and Aids amongst people with disabilities implemented by 30 June</p> <p>Planned project phases for the year in the National Government's Five Year Operational Plan for Children implemented by 30 June 2010</p>	3 advocacy campaigns
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To promote Arts and Culture	Establish an Arts and Culture Council	Date established	31-Oct	Not achieved	There were challenges on the side of the Department of Arts and Culture. The District is liaising closely with the Department to overcome these challenges.	Project not listed in 2009/10	31-Dec
To promote Sports and Recreation	Establish a Sports and Recreation Council	Date established	30-Nov	Not achieved	The reason why this target was not achieved is because it is comprised on the sum of the Local Municipality Councils and the Msunduzi Council was not properly constituted. This is being addressed by the Department of Sports and Recreation and thereafter progress will be made in achieving this target.	Project not listed in 2009/10	31-Dec
	Establish a District Sports Academy	Date established	30-Jun	Not achieved	The academy has been established, but must still be officially launched.	Project not listed in 2009/10	31-Dec

ECONOMIC DEVELOPMENT

Key Performance Area: Economic Development Services

Strategic Objective	Measurable Output	Key Performance Indicators	Target for 2010 / 2011	Performance against Target	Explanation of variance and planned improvement interventions	Target for 2009 / 2010	Target for 2011 / 2012
Promote Local Economic Development (LED)	Establish LED Stakeholder Forum	Date established	30-Sep	Not achieved	No budget allocation for 2010/11. Initiatives are underway to source funding.	Project not listed in 2009/10	Project not listed in 2011/12

Promote Local Economic Development (LED)	Host SMME Fair	Date hosted	31-Oct	Achieved	SMME Fair was held from 17-19 March 2011 and it was officially opened by the District Mayor.	Project not listed in 2009/10	28-Feb
	SMMEs / Coops Promotions	No. of SMME / Coops sponsored	2	Achieved	The Entrepreneurs Day was held on 15 November 2010 in the City Hall.	SMME Development and Support Plan implemented by 30 June 2010	Project not listed in 2011/12
	Co-operatives registered/ trained	No. of co-operatives registered/trained	8	Not achieved	This target was only partially achieved with the registering of the Lotheni Crafters Association in March 2011 due to a lack of funds. Initiatives are underway to source further funding.	Project not listed in 2009/10	Project not listed in 2011/12
	Funding sourced for training programme on wood products	Amount sourced	R5mln	Not achieved	Initiatives are underway to source funding on an ongoing basis.	Project not listed in 2009/10	Project not listed in 2011/12
	Development of Business Plan for the iNguga Piggery Project	Date developed	31-Dec	Not achieved	No budget allocation for 2010/11. Initiatives are underway to source funding.	Project not listed in 2009/10	31-Dec
	Establish Garden Projects	No of gardens established	4	Not achieved	Budget used for KwaNaloga Games, but initiatives will be undertaken to source funding for the 2011 / 2012 financial year.	Project not listed in 2009/10	4 reports submitted
	Develop an investment incentive policy	Date developed	31-Mar	Not achieved	No budget allocation for 2010/11. Initiatives are underway to source funding.	Project not listed in 2009/10	R100 mln sourced for review of policy
	Promotion and marketing of investment	No of initiatives	4	Not achieved	No budget allocation for 2010/11. Initiatives are underway to source funding.	Project not listed in 2009/10	Project not listed in 2011/12
	Develop a Business Opportunity Development Plan	Date developed	31-Mar	Not achieved	No budget allocation for 2010/11. Initiatives are underway to source funding.	Project not listed in 2009/10	Project not listed in 2011/12

Development and marketing of tourism	Updated UMDM marketing brochure	Date revised	31-Dec	Not achieved	Not done due to a lack of funding, but will be done on 2011/12 budget.	Marketing Plan implemented by 30 June 2010	31-Dec
	System implemented to produce accurate tourism statistics	Date implemented	31-Mar	Not achieved	No budget allocation for 2010/11. Initiatives are underway to source funding.	Project not listed in 2009/10	Project not listed in 2011/12
	Tourism events sponsored	No. of events	3	Not achieved	uMgungundlovu Jazz Festival was held on 03 April 2011 at Midmar Dam and the pre event was held on 02 April 2011 at the Mayor's Garden in Alexandra Park.	Project not listed in 2009/10	Project not listed in 2011/12
	New tourism products developed	No. of new products	3	Not achieved	This target was only partially achieved with the construction of Mpophomeni Tourism Complex that started in November 2010.	Project not listed in 2009/10	Project not listed in 2011/12
	Fund tourism projects in LMs	No. of tourism projects	3	Not achieved	No budget for 2010/11. Will be budgeted for in 2011 /2012.	Project not listed in 2009/10	Project not listed in 2011/12
	Hold skills workshops	No. of skills workshops	5	Not achieved	This target was only partially achieved with the five days skills training was done from 28 April to 01 May 2011. Budget will be provided on the 2011 / 2012 budget.	Project not listed in 2009/10	2 workshops planned
	Improve communication with LMs	No. of meetings held with LMs	4	Achieved	Ongoing	Increased communication with local municipalities on tourism on an ongoing basis	Project not listed in 2011/12
	Tourism initiatives in District aligned to National and Provincial	No. of National and Provincial meetings attended	2	Achieved	Attended three Provincial Tourism Forum meetings.	Tourism plans aligned with national and provincial tourism plans always	Project not listed in 2011/12

To promote Spatial Planning and Environment Management	Develop a District Strategic Environmental Plan	Date developed	31-Nov	Not achieved	The project was delayed by Supply Chain processes, however, it has started and is currently on phase 1. It is anticipated that it will be completed in a period of 18 months. The project is at a situational analysis stage, it will be completed by end June 2012.	District SDF aligned with SDF's of local municipalities by 31 December 2010	30-Jun
	Sustainable Environmental Management Forum established	Date established	30-Jun	Not achieved	The forum will be established in the next financial year.	District Strategic Environmental Assessment formulated by 31 December 2010	31-Dec
To use GIS information to improve decision making	GIS Shared Service Centre - Development Programme	% completion of undertaking User, Environment and Spatial Audit for District and Local Municipalities	100%	Achieved	Completed on 30/04/2010, Proof of Evidence attached as part of the Evaluation and Operational Framework Proposals for Eastern Cluster DPSS GIS, November 2010	Fully operational GIS Shared Service Centre	Quarterly update
		% completion of acquiring GIS Operational Hardware for Shared Services	100%	Achieved	Completed on 28/02/2010, Proof of Evidence attached as Implementation and Rollout Report Of the Enterprise Geographical Information Systems (GIS)		31-Mar review
		% completion of motivating for the renewing of ESRI Server and Desktop Licenses	100%	Achieved	Completed on 30/09/2010, Proof of Evidence attached as Implementation and Rollout Report Of the Enterprise Geographical Information Systems (GIS), January 2011		31-Dec update
		% completion of designing and producing a Database Model	100%	Achieved	Completed on 17/11/2010, Proof of Evidence attached as GIS Database Snapshot		Quarterly update

To use GIS information to improve decision making	Spatial Database - Development Programme	% completion of implementing Audited Spatial Data on GIS Server based on new Database Model	100%	Achieved	Version 1 Database Complete 30 June 2011, Proof of Evidence attached as GIS Feature Layers Snapshot	Easy to Access, High Quality Spatial Database of all relevant planning and development core and supportive Spatial Data	Quarterly update
		% completion of infrastructure data updates and maintenance plan	100%	Achieved	Integrated into Version 1 Database Complete 30 June 2011, Proof of Evidence attached as GIS Feature Layers Snapshot		Quarterly update
		% completion of land use management, Environmental Management Frameworks, TPS	100%	Not achieved	Collected Raw Data from Service Providers for LUMS for KZ223, KZ226, KZ227, awaiting for the rest, Alignments and review in 2011/2012		Quarterly update
		% completion of Spatial Development Frameworks	100%	Not achieved	Collected Raw Data from Service Providers for SDF,s for all Local Municipalities, however awaiting for raw shape files. Alignments and review in 2011/2012		Quarterly update
		% completion of Water Infrastructure assets database and GIS integration from WSDP	100%	Not achieved	Service Provider appointed for six months, re-appointment undertaken end of March to August 2011, to continue with the water assets development register. Amount of information required for conversion just too large to handle within 6 months, based on daily workflows of conversion. Proof of Evidence Attached as snapshot of database contents		Quarterly update

To use GIS information to improve decision making		% completion of implementing Audited Spatial Data on GIS Server based on new Database Model	100%	Achieved	Completed in June 2010, integrated on the GIS Server Structure	Easy to Access, High Quality Spatial Database of all relevant planning and development core and supportive Spatial Data	30-Sep update
		% completion of Valuation Rolls and Cadastral Updates	100%	Not achieved	Impendle data has not been integrated onto the SDE database due to SP not providing update.		Quarterly update
		% completion of metadata maintenance and publishing	100%	Not achieved	Performing Structural and Naming Maintenance of Database, once complete, Metadata capture can commence in 2011/2012 year		Quarterly update
	Spatial Systems Usage - Programme	% completion of cooperation and partnership development with Local Municipalities and Provincial GIS Departments	100%	Achieved	Ongoing via various technical and policy committees, namely DPSS GIS Technical Steering Committee, Regional SDF Steering Committee, DPSS Provincial Planning Forum		Project not listed in 2011/12
		% completion of Level 1 GIS training and support to District & Local Municipality Users	100%	Not achieved	Planners Training to be undertaken in August, Specialists Training undertaken in March & Technical Staff Training undertaken in May 2011		Done on a quarterly basis
		% completion of Intranet / Internet Spatial Applications Plan	100%	Achieved	Complete, Proof of Evidence attached as Evaluation and Operational Framework Proposals for Eastern Cluster DPSS GIS		Quarterly update
		% completion of Water Operations Management Systems Plan	100%	Achieved	Established a data register for housing all water related technical reticulation and assets information, Proof of Evidence Attached		Quarterly update

To use GIS information to improve decision making		% completion of Improving systems/ applications to log District Projects Progress, (DIMS Other)	100%	Not achieved	At a input and reporting operational status, New District SLA to be investigated for introduction of new DIMS Modules for Business Support		Quarterly update
	GIS Resources Programme	% completion of creating Cost-Savings / Recovery Plan	100%	Not achieved	Appointed Service Provider June 2011 - Research Phase	A co-ordinated programme for spatial systems usage, development and training	Reviewed 31-Mar
		% completion of creating a Data Use/Licensing Agreement (Access to Information Document already exists - required revision)	100%	Not achieved	Appointed Service Provider June 2011 - Research Phase		30-Sep

DEPARTMENT OF FINANCIAL SERVICES

Key Performance Area: Economic Development Services

Strategic Objective	Measurable Output	Key Performance Indicators	Target for 2010 / 2011	Performance against Target	Explanation of variance and planned improvement interventions	Target for 2009 / 2010	Target for 2011 / 2012
To improve Expenditure Control	Monthly reconciliation of creditors & bank balances	Monthly reconciliations	12	Achieved	Reconciliations are done and reviewed timeously. Documentary proof is attached.	Project not listed in 2009/10	12

To improve Expenditure Control	Compliance with monthly and annual returns	% compliance	100%	Achieved	Annual returns are done, reviewed and submitted timeously, IRP5's. The file is submitted electronically to SARS and we are unable to attach the electronic copy submitted to SARS in this regard, otherwise this can be confirmed with SARS. PAYE registration number for UMDM is 7530725441.	Project not listed in 2009/10	100%
	Fixed Asset Register reconciled with General Ledger	% reconciled	100%	Achieved	Physical asset count was performed twice during the year under review. We planning to increase number of counts in the next financial year	Project not listed in 2009/10	100%
	Compliance with GRAP	% compliance	100%	Achieved	GRAP standards are applicable to financial reporting.	GRAP compliant Asset Register implemented continuously	100%
	Payment of creditors	Time	within 30 days	Achieved	Payments are made timeously, unless there is a query raised which is communicated to the service provider for rectification.	100% of valid invoices paid within 30 days after receipt	within 30 days
	Actual vs Budget	% Variance	5%	Achieved	The revised budget policy allows for the SEM's to be able to maintain the departmental budgets. Funds to a maximum of R 500 000 can be re allocated within the account numbers (OPEX) and functions(CAPEX)	Project not listed in 2009/10	5%

To ensure that the revenue for the Municipality is accounted for	Amount billed/ invoiced to customers	% of services rendered that are billed	100%	Achieved	For billings raised for a particular month, the average collection is 60% in 30 days. Although the debtors balance is big, this is due to the take on balances that are in dispute.	Project not listed in 2009/10	100%
	Cash collected from customers	No. of days outstanding	within 30 days	Achieved	Data cleansing is on progress. The complete stratification of customers will only be possible when meter audit is completed.	Project not listed in 2009/10	within 30 days
	Debt coverage ratio	Ratio	1:1	Achieved	Only 2% of assets are financed by debt	Project not listed in 2009/10	1:1
	Outstanding Service Debtors to revenue	%		Achieved	Refer to comments above. The municipality is only performing water and sanitation .	Project not listed in 2009/10	0%
	Cost Coverage Ratio	Ratio	Not achieved	Achieved	The cost cover is 2 times more the the actual cost.	Project not listed in 2009/10	1:1
	% operating budget of total budget.	% achieved	35%	Not achieved	The improvement intervention is that the capital budget must be increased, and the operational budget reduced incrementally until a ratio of capital to operation expenditure is 65:35.	Project not listed in 2009/10	35%
	% salaries and wages budget (including benefits) of total budget	%	35%	Not achieved	The improvement intervention is that the capital budget must be increased, and the operational budget reduced incrementally until a ratio of capital to operation expenditure is 65:35.	Project not listed in 2009/10	35%

To ensure preparation and implementation of budgeting and reporting requirements	% own revenue contribution to total budget	%	50%	Achieved	Revenue enhancement strategy to be improved	Project not listed in 2009/10	50%
	Reduce long term creditors	% reduced	50%	Achieved	Loans could not be transferred to respective municipalities due to the fact that DBSA has not completed transfer agreements	Long-term debt reduced by 20% by 30-June 2010	50%
To ensure preparation and implementation of budgeting and reporting requirements	% of a municipality's capital budget actually spent on capital projects	% Spent (Total spending on capital projects / Total capital budget) x 100	75%	Achieved	The entire capital budget is spent on capital projects	Project not listed in 2009/10	100%
Ensure compliance with SCM regulations policies, PPPFA, BBBEE requirements	Procurement planning	Date of PP	30-Jun	Achieved	Planning takes place at user department level and SCM unit only facilitates the procurement of goods and services. SCM unit ensures that policy and regulations are complied with in all procurements taking place in the Municipality.	Project not listed in 2009/10	30-Jun
	SCM Performance reporting	Date	Monthly	Achieved	Reports that are done are quarterly reports for orders and tenders above R30 000. Information is also loaded in the National Treasury website on a monthly basis for all orders and tenders above R100,000.00	Project not listed in 2009/10	Monthly
	Functional Bid Committees	Turnaround Time	30 days	Achieved	All Bid Committees are operational and they meet as and when it is necessary. Doc's attached for orders above R30,000.00	Project not listed in 2009/10	30 days

Compliance with SCM Regulations	% Compliance	100%	Achieved	Policy and regulations are complied when procurement of goods and services is done.	Project not listed in 2009/10	100%
	No of appeals upheld	Nil	Not achieved	The appeals committee is functional and has a 100% dispute resolution.	Project not listed in 2009/10	Nil

DEPARTMENT OF CORPORATE SERVICES

Key Performance Area: Institutional Development and Transformation

Strategic Objective	Measurable Output	Key Performance Indicators	Target for 2010 / 2011	Performance against Target	Explanation of variance and planned improvement interventions	Target for 2009 / 2010	Target for 2011 / 2012
DM to evolve into an employer of choice	Completed Job Evaluations	No. of JDs completed	410	Achieved	Awaiting task job evaluation finalisation. The job evaluation documents are done and complete and submitted to KwaNaloga Office for evaluation.	Staff remunerated according to approved job gradings by 30-June 2010	Finalise by 30-Jun
	Internal Staff placed in the revised structure	Date of placement	31-Dec	Achieved	Some appeals are still receiving attention. The placement is complete and was done on the 15th of December 2009. Some appeals are still receiving attention.	Project not listed in 2009/10	Finalise by 31-Mar

DM to evolve into an employer of choice	Filling of Critical Posts - EA Officer and Legal Officer	No. of critical posts filled	2	Not achieved	Awaiting task job evaluation finalisation. The new Council has approved the advertisement of these new critical posts and a resolution is available to this effect. These posts will now be advertised soon once the job level is secured.	Project not listed in 2009/10	23 posts
	Filling of S57 posts	Date of posts filled	30-Jun	Not achieved	The New Council has approved the advertisement of these posts in its first meeting in June 2011	Section 57 posts filled by 30 August 2009	3 posts to be filled
DM to evolve into an employer of choice	Establish the demographics of the staff compliment	Date of completion	30-Sep	Achieved	There is now a complete record of statistics regarding the staff complement. The system is now fully operational.	Project not listed in 2009/10	4 reports submitted
	Employment Equity Implemented	Percentage Implemented	100%	Not achieved	This has not been achieved as yet as our equity is still skewed and this can be seen on the staff compliment report in terms of percentages. The improvement intervention is that this is being addressed on an ongoing basis.	Automated Employment Equity Plan implemented continuously	10% improvement
	Number of people from employment equity target groups employed in the three highest levels of management	No. of persons from EE groups employed in three highest positions	30	Not achieved	The moratorium on filling of vacant posts coupled with the skewed ratio between capital and operations budget is the reason for not achieving this target.	Project not listed in 2009/10	30
	Develop a Workplace Skills Plan	Date developed	30-Jul	Achieved	Done and submitted to LGSETA for this year. There is documentation to this effect to be submitted as proof.	Workplace Skills Plan revised and implemented by 30-June 2010	Project not listed in 2011/12

DM to evolve into an employer of choice	Implement the Workplace Skills Plan	% Implemented	100%	Achieved	At the time of writing grants from LGSETA were still outstanding. That training is going to cater for all Local Municipalities. The total number of staff members that are going to be trained is 50 from that grant. Other than this there are additional training sessions that are ongoing where we are training water staff members to effectively deal with water service provision and this is internally funded.	Workplace Skills Plan revised and implemented by 30-June 2010	Implemented by 30-Jun
	Budget Spent on Workplace Skills Plan	% Spent (Actual amount spent on WSP/ Budgeted amount for WSP) x 100	100%	Not achieved	Need more budget for training. For now we are utilising grants from LGSETA	Project not listed in 2009/10	100%
	Implement a learnership Programme	Date Implemented	30-Sep	Not achieved	No bursaries and learnerships were granted due to financial constraints. This is an unfortunate but important function that needs to be done by Council as part of the Turnaround Strategy. The improvement intervention is that it will be executed once funds are available.	Project not listed in 2009/10	Project not listed in 2011/12
	Develop an Employee Assistance Plan (EAP)	Date Developed	30-Jul	Not achieved	This will be done after the appointment of the Employee Assistance Practitioner	Introduction of and Employee Assistance Programme (EAP) by 30-June 2010	Employee Assistance Policy to be completed

	Implement automated HR System	Date implemented	30-Jun	Not achieved	This Project is now complete in that the leave records are now controlled in an electronic format as well as the employment equity status. With the implementation of the VIP system there is much improvement in terms of these systems assisting the HR Division.	Project not listed in 2009/10	Project not listed in 2011/12
	Implement an Individual PMS	Date implemented	30-Jun	Not achieved	At the time of writing the individual performance appraisals for the Municipal Manager was scheduled for September, after the Annual Financial Statements and the Annual Performance Report had been submitted to the Audit Committee; The appraisals of Section 57 Managers were done on 2 August 2011; The appraisals of the Section 56 Managers and all other staff were in progress.	Project not listed in 2009/10	Project not listed in 2011/12
Promote Sound Administration	Revised and adopted standing rules of order for Council	Date adopted	30-Jun	Achieved	This project is 100 % complete. A resolution is testimony to this achievement from Full Council and this has been part of the induction for Councillors.	Project not listed in 2009/10	Rules Gazetted by 31-Mar

Promote Sound Administration	Implement a resolution tracking system	Date Implemented	30-Jun	Achieved	The Municipality is currently using a manual resolution tracking system and we are busy finalising Quidity Express which is also going to assist with resolution tracking.	Project not listed in 2009/10	31-Dec
	Meetings held as per Council calendar	No of Meetings held	96	Achieved	Council meetings take place as planned as per the Council Calendar. The 2012 Calendar is currently being developed.	On time and accurate agendas and minutes issued continuously	96 meetings planned
	Maintain an effective document management system	% Compliance	100%	Achieved	The draft policy is in place. The workshop for staff will be conduct in the near future.	Improved records management by 30 October 2009	Policy reviewed by 30 Nov
	Train staff in correct Registry procedures	No. of training sessions	4	Not achieved	Target not achieved due to delays caused at the Department of Arts and culture. While this is being resolved Registry staff were trained on the Quidity System.	Project not listed in 2009/10	Project not listed in 2011/12
	Effective Fleet management	Date of approved SLA with G Fleet	30-Sep	Achieved	Document signed between UMDM and G-Fleet and is available as a record and proof of agreement. This will be reviewed to accommodate new vehicles that are in the process of being leased from G Fleet.	Cost effective and efficient fleet management provided continuously	Project not listed in 2011/12
		Date of revised fleet management policy	30-Oct	Not achieved	This is in progress. Other municipalities have been consulted to request their policies with the view to sharing best practices.		31-Dec

Promote Sound Administration		Date of vehicle allocations completed	31-Aug	Achieved	The cars are allocated to drivers as and when they require transport for Council business.		Project not listed in 2011/12
		Date of disposal of redundant vehicles	30-Jun	Achieved	Redundant vehicles have been disposed of and monies collected from buyers. The first batch of redundant vehicles has been finalised. The unit is now in the process of identifying other vehicles to be disposed of.	On time and accurate agendas and minutes issued continuously	Project not listed in 2011/12
	Improve Safety Measures in UMDM buildings	No. of emergency drills	2	Not achieved	Not achieved as yet due to a shortage of staff. The appointment of an Occupational and Safety Officer has been prioritised.	Project not listed in 2009/10	Access control improved by 30-Dec
		Date of installation of New Alarm System	30-Jun	Not achieved	The Municipality is in the process of improving access control. The installation of a new alarm system has been put on hold due to financial constraints.	Project not listed in 2009/10	SLA with new security company signed by 31 Dec
	Upgrade of the sewage system	Date of upgrade completed	30-Sep	Achieved	The sewage system has been replaced and the focus now is on the maintenance of the system.	Project not listed in 2009/10	Project not listed in 2011/12

GENERAL INFORMATION

EXECUTIVE COMMITTEE	
MAYOR	Y Bhamjee (ANC) Deputy Mayor: T Zondi (ANC) Resigned 20 May 2011 Deputy Mayor : T R Zungu (ANC) Appointed 20 May 2011
COUNCILLORS	
	N B Z Cele (ANC) Resigned 20 May 2011 T R Zuma (ANC) Resigned 20 May 2011 J B Mtolo (ANC) Resigned 20 May 2011 R.P ASHE (DA) Appointed 20 May 2011 P Bhengu (IFP) Resigned 20 May 2011 T R Zungu (ANC) Resigned 20 May 2011 M Schalkwyk (ANC) Appointed 20 May 2011 S E Mkhize (ANC) Appointed 20 May 2011 B A Mchunu(ANC) Appointed 20 May 2011 E Z Ntombela(ANC) Appointed 20 May 2011 B E Zuma(IFP) Appointed 20 May 2011 J S Majola(DA)
PART TIME COUNCILLORS	
	M S Bond (DA) D Buthelezi (ANC) Resigned 20 May 2011 M M Cekwane (ANC) Resigned 20 May 2011 P Cele (ANC) Resigned 20 May 2011 L P Chiya (ANC) Resigned 20 May 2011 B A Dlamini (ANC) Resigned 20 May 2011 N V Duze (ANC) S C Gabela (ANC) Resigned 20 May 2011 J E P Green (DA) Resigned 20 May 2011 R T Khanyile (IFP) Resigned 20 May 2011 A M Lukhele (ANC) Resigned 20 May 2011 N C Mabhida (ANC) Resigned 20 May 2011

PART TIME COUNCILLORS	
	<p>M E Madlala (IFP) N B Ahmed (ANC) Resigned 20 May 2011 S D Mbanjwa (IFP) Resigned 20 May 2011 A D Mbense (ANC) Resigned 20 May 2011 B A Mchunu (ANC) Resigned 20 May 2011 M P Mkhize (ANC) Resigned 20 May 2011 P W Moon (ANC) Appointed 20 May 2011 B M Zuma(ANC) Appointed 20 May 2011 S N Mkhize (ANC) M S Mthethwa (ANC) - Resigned 20 May 2011 V J Mkhize (ANC) Resigned 20 May 2011 B I Mncwabe (IFP) Resigned 20 May 2011 N Msimang(ANC) Appointed 20 May 2011 V M Mncwabe (IFP) S A Mkhize(ANC) Appointed 20 May 2011 M L Msimang (ANC) Resigned 20 May 2011 S N Naidoo (ANC) Resigned 20 May 2011 D A Ndlela (ANC) M D Ndlovu (DA) M E Ngcongo (DA) Resigned 20 May 2011 P Nsidi (ANC) Appointed 20 May 2011 S M Ngubane (ANC) Resigned 20 May 2011 M M Nkala (ANC) Resigned 20 May 2011 E Z Ntombela (ANC) Resigned 20 May 2011 S D Mbajwa(NFP) Appointed 20 May 2011 B E Zuma (IFP) Resigned 20 May 2011 STJ Ndlovu(ANC) Appointed 20 May 2011 M Ngcobo (ANC) Appointed 20 May 2011 M A Tarr(ANC) Appointed 20 May 2011 P Jaca (ANC) Appointed 20 May 2011</p>

PART TIME COUNCILLORS	
	<p>B Shozi(ANC) Appointed 20 May 2011 G S Maseko(ANC) Appointed 20 May 2011 S M Mbatha-Ntuli(ANC) Appointed 20 May 2011 Shabalala J (ANC) Appointed 20 May 2011 C D Gwala (ANC) Appointed 20 May 2011 P Moonsamy (ANC) Appointed 20 May 2011 M Maphumulo (ANC) Appointed 20 May 2011 T A Gwala (ANC) Appointed 20 May 2011 E L M N Peterson (DA) Appointed 20 May 2011 M J Grueneberg (DA) Appointed 20 May 2011 M Maphumulo(NFP) Appointed 20 May 2011 C Bradely (DA) Appointed 20 May 2011 L Skhakhane (DA) Appointed 20 May 2011</p>
GRADING OF LOCAL AUTHORITY	
	Grade 4
WHIP	
	<p>A Lukhele(ANC) Resigned 20 May 2011 S C Gabela (ANC) Appointed 20 May 2011</p>
SPEAKER	
	<p>E M Dladla (ANC) Appointed 20 MAY 2011 G H Zondi (ANC) Resigned 20 May 2011</p>
MANAGEMENT	
	<p>S E Gwala Strategic Executive Manager, Community Services S D Mkhize Acting Strategic Executive Manager, Corporate Services B Ndlovu (Appointed 01 November 2008) Acting Strategic Executive Manager, Financial Services</p>

GENERAL INFORMATION

REGISTERED OFFICE

242 Langalibalele Street (Longmarket)
Pietermaritzburg
3201

POSTAL ADDRESS

P O Box 3235
Pietermaritzburg
3200

BANKERS

First National Bank

AUDITORS

Auditor General

WEBSITE

www.umdm.gov.za

OTHER INFORMATION

Tel: 033 897 6700,
Fax: 033 342 5502

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

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Company Secretary's Certification
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Appendix D: Segmental Statement of Financial Performance
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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) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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 he 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 2012 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

Auditor General is responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by Auditor General and his report is presented to the speaker of the council upon completion of the audit.

The annual financial statements set out on pages 80 to 123, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2011 and were signed on its behalf by the Municipal Manager.

ACCOUNTING OFFICER'S REPORT

Operating capital ratio 1.8:1 (1.4:1)

There is an improvement in nett current assets compared to prior year, we have enough short term assets to finance short term liabilities.

Solvability ratio 5.98:1 (5,90:1)

Assets are almost 6 times the liabilities, the Municipality will be able to meet all its short and long term obligations.

Cash to interest cover ration 16.6:1(5.83:1)

The cash flow is sufficient enough to finance interest from long term liabilities.

Cash ratio 1.54% (.55)

There is sufficient cash to pay short term liabilities.

1. GOING CONCERN

We draw attention to the fact that at 30 June 2011 , the municipality had accumulated a surplus of R714 616 718 .

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

2. SUBSEQUENT EVENTS

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

STATEMENT OF FINANCIAL POSITION

FIGURES IN RAND	NOTE(S)	2011	2010
ASSETS			
Current Assets			
Trade and other receivables from exchange transactions	3	40 108 307	37 905 025
VAT receivable	4	-	458 584
Consumer debtors	5	-	40 768 027
Cash and cash equivalents	6	83 864 715	35 443 040
		<u>123 973 022</u>	<u>114 574 676</u>
Non-Current Assets			
Property, plant and equipment	2	671 548 340	670 005 020
Total Assets		<u>795 521 362</u>	<u>784 579 696</u>
LIABILITIES			
Current Liabilities			
Long term liabilities-Short term portion	7	1 567 896	2 193 286
Trade and other payables from exchange transactions	9	36 686 007	49 836 104
VAT payable	10	5 295 830	-
Consumer deposits	11	4 007 216	3 834 508
Unspent conditional grants and receipts	8	12 138 563	11 653 697
		<u>59 695 512</u>	<u>67 517 595</u>
Non-Current Liabilities			
Long term liabilities	7	18 684 697	20 924 948
Unspent conditional grants and receipts	8	2 524 427	3 163 892
		<u>21 209 124</u>	<u>24 088 840</u>
Total Liabilities		<u>80 904 636</u>	<u>91 606 435</u>
Net Assets		<u>714 616 726</u>	<u>692 973 261</u>
NET ASSETS			
Reserves			
Revaluation reserve	30&30	18 771 738	13 575 808
Accumulated surplus		695 844 980	679 397 459
Total Net Assets		<u>714 616 718</u>	<u>692 973 267</u>

STATEMENT OF FINANCIAL PERFORMANCE

FIGURES IN RAND	NOTE(S)	2011	2010
REVENUE			
Service charges	13	39 968 307	38 336 839
Government grants & subsidies	14	308 075 389	320 052 962
Rental income		238 198	353 001
Other income	15	8 859 001	41 940 352
Interest received investment	20	4 802 129	7 180 220
Total Revenue		<u>361 943 024</u>	<u>407 863 374</u>
EXPENDITURE			
Personnel	17	(102 889 789)	(99 575 601)
Remuneration of councillors	18	(7 851 788)	(8 023 333)
Management fees		287 842	(2 539 997)
Depreciation and amortisation	21	(47 317 810)	(25 420 575)
Finance costs	22	(3 024 090)	(6 080 037)
Debt impairment	19	(54403681)	(6491 642)
Repairs and maintenance		(1 310 810)	(3582 213)
Bulk purchases	29	(39 679 905)	(41 244 306)
Contracted services	24	(50 661 179)	(104 920 479)
General Expenses	16	(48 250 179)	(52 017 019)
Total Expenditure		<u>(355 101 389)</u>	<u>(349 895 202)</u>
Fair value adjustments		2 204 600	-
Surplus or the year		<u>9 046 235</u>	<u>57 968 172</u>

STATEMENT OF CHANGES IN NET ASSETS

FIGURES IN RAND	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2009	-	621 429 287	621 429 287
Changes in net assets			
Fair value gains, Land and buildings	13 575 808	-	13 575 808
Net income (losses) recognised directly in net assets	13 575 808	-	13 575 808
Surplus for the year	-	57 968 172	57 968 172
Total recognised income and expenses for the year	13 575 808	57 968 172	71 543 980
Total changes	13 575 808	57 968 172	71 543 980
Opening balance as previously reported	13 575 808	688 909 915	702 485 723
Adjustments			
Fundamental errors affecting net assets	-	(2 111 170)	(2 111 170)
Balance at 01 July 2010 as restated	13 575 808	686 798 745	700 374 553
Changes in net assets			
Fair value gain on Land and buildings	5 195 930	-	5 195 930
Net income (losses) recognised directly in net assets	5 195 930	-	5 195 930
Surplus for the year	-	9 046 235	9 046 235
Total recognised income and expenses for the year	5 195 930	9 046 235	14 242 165
Total changes	5 195 930	9 046 235	14 242 165
Balance at 30 June 2011	18 771 738	695 844 980	714 616 718

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CASH FLOW STATEMENT

FIGURES IN RAND	NOTE(S)	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		37 765 025	38 331 002
Grants		307 995 097	320 052 962
Interest income		4 802 129	7 176 666
Other receipts		9 097 199	353 001
Other cash item		-	41 937 402
		359 659 450	407 851 033
Payments			
Employee costs		(110 693 031)	(98 386 328)
Suppliers		(51 759 906)	(41 244 306)
Finance costs		(3024090)	(5670266)
Other payments		(101 240 624)	(256 109 893)
Other cash item		-	(837 670)
		(266 717 651)	(402 248 463)
Net cash flows from operating activities	25	92 941 799	5 602 570
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(47 202 727)	(44 638 131)
Proceeds from sale of property, plant and equipment	2	3 343 644	1 369 082
Proceeds from sale of financial assets		2 204 600	-
Net cash flows from investing activities		(41 654 483)	(43 269 049)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term liabilities		(2 865 641)	(2 475 830)
Net cash flows from financing activities		(2 865 641)	(2 475 830)
Net increase/(decrease) in cash and cash equivalents		48 421 675	(40 142 309)
Cash and cash equivalents at the beginning of the year		35 443 040	75 585 349
Cash and cash equivalents at the end of the year	6	83 864 715	35 443 040

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

1.1 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.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	Fair Value (30 Years)
Furniture and fixtures	10 Years
Motor vehicles	5 Years
Pant and equipment	10 Years
IT equipment	3 Years
Computer software	3 Years
Infrastructure	
• Water	50 Years
• Sewerage	50 Years
Capital work in progress	Not depreciated (Until Completed)
•	20 Years
Fire Engines	
Mobile Offices	20 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

1.2 FINANCIAL INSTRUMENTS 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 120 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.

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.

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.

1.3 LEASES

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.

1.4 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

1.5 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 entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. An annual charge to income is made to cover both these liabilities.

1.6 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 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.

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

1.7 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.

1.8 REVENUE

Revenue comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.9 INVESTMENT INCOME

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

1.10 BORROWING COSTS

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.11 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The following balances have been restated, retained income brought forward and property, plant and equipment.

1.12 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- 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 INTERNAL RESERVES

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.15 REVALUATION RESERVE

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.16 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FIGURES IN RAND

2. PROPERTY, PLANT AND EQUIPMENT

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	6 481 000	-	6 481 000	6 481 000	-	6 481 000
Buildings	27 400 059	-	27 400 059	27 818 212	-	27 818 212
Plant and machinery	7 492 496	(1 760 791)	5 731 705	11 800 429	(2 411 786)	9 388 643
Furniture and fixtures	3 188 281	(1 437 934)	1 750 347	2 714 485	(1 943 442)	771 043
Motor vehicles	7 377 284	(5 172 682)	2 204 602	5 689 287	(5 418 735)	270 552
IT equipment	3 968 634	(1 916 053)	2 052 581	3 493 067	(2 163 797)	1 329 270
Infrastructure	1 465 036 195	(1 001 321 709)	463 714 486	1 464 031 168	(955 520 268)	508 510 900
Other property, plant and equipment	3 931 549	(138 775)	3 792 774	2 016 992	(56 833)	1 960 159
Mobile Offices	392 440	(21 855)	370 585	-	-	-
Capital work in progress	158 050 201	-	158 050 201	113 475 241	-	113 475 241
Total	1 683 318 139	(1 011 769 799)	671 548 340	1 637 519 881	(967 514 861)	670 005 020

Reconciliation of property, plant and equipment - 2011

FIGURES IN RAND

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Land	6 481 000	-	-	-	-	-	6 481 000
Buildings	27 818 212	-	-	(418 153)	-	-	27 400 059
Plant and machinery	9 388 643	-	(3 114 786)	-	-	(542 152)	5 731 705
Furniture and fixtures	771 043	62 238	(87 222)	272 188	849 230	(117 130)	1 750 347
Motor vehicles	270 552	-	(17 624)	-	2 204 600	(252 926)	2 204 602
IT equipment	1 329 270	534 405	(124 012)	-	810 080	(497 162)	2 052 581
Infrastructure	508 510 900	-	-	975 308	-	(45 771 722)	463 714 486
Other property, plant and equipment	1 960 159	1 914 556	-	-	-	(81 941)	3 792 774
Mobile Offices	-	116 568	-	269 621	-	(15 604)	370 585
Capital work in progress	113 475 241	44 574 960	-	-	-	-	158 050 201
	670 005 020	47 202 727	(334 364 44)	1 098 964	3 863 910	(47 278 637)	671 548 340

FIGURES IN RAND

2011

2010

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - 2010

	Opening	Additions	Additions through business combinations	Disposals	Transfers	Revaluations	Movements	Depreciation	Total
Land	1 843 767	-	-	-	-	4 637 233	-	-	6 481 000
Buildings	14 689 643	608 231	-	-	-	13 575 808	-	(1 055 470)	27 818 212
Plant and machinery	11 209 709	14 599	-	(1 349 318)	-	-	-	(486 347)	9 388 643
Furniture and fixtures	765 529	512 390	-	-	-	-	-	(506 876)	771 043
Motor vehicles	1 586 795	-	-	(19 764)	-	-	-	(1 296 479)	270 552
IT equipment	836 637	1 041 005	-	-	-	-	-	(548 372)	1 329 270
Infrastructure	60 120 175	-	1 069 418	-	9 072 572	-	459 732 006	(21 483 271)	508 510 900
Other property, plant and equipment	-	2 016 992	-	-	-	-	-	(56 833)	1 960 159
Capital work in progress	83 172 317	39 375 496	-	-	(90 725 72)	-	-	-	113 475 241
	174 224 572	43 568 713	1 069 418	(1 369 082)	-	18 213 041	459 732 006	(25 433 648)	670 005 020

FIGURES IN RAND

2011

2010

3. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Deposits	336 119	145 191
Agency Agreements	3 466 415	4 877 684
Accrued Income	3 451 712	32 560 128
Prepaid expenses	1 106 875	1 005 362
Clearing account	681 775	(686 691)
Other debtors	-	3351
	40 108 307	37 905 025

4. VAT RECEIVABLE

VAT	-	458 584
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5. CONSUMER DEBTORS

Gross balances

Water	13 539 513	136 648 168
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Less: Provision for debt impairment

Water	(135 395 513)	(95 880 141)
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Net balance

Water	-	40 768 027
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Water

Current (0 -30 days)	4 044 825	8 475 798
31 - 60 days	3 042 920	4 428 834
61 - 90 days	3 468 547	3 654 818
91 - 120 days	2 984 007	2 825 044
121 - 365 days	5 623 091	4 551 366
> 365 days	122 230 144	118 120 882
Provision	(135 395 513)	(95 880 141)
Discounting Effect	(5 998 021)	(5 408 574)
	-	40 768 027

FIGURES IN RAND	2011	2010
Reconciliation of debt impairment provision		
Balance at beginning of the year	(95 880 141)	(92 103 708)
Contributions to provision	(35 758 910)	(6 850 800)
Debt impairment written off against provision	(3 756 462)	3 074 367
	<u>(135 395 513)</u>	<u>(95 880 141)</u>

The debtors are initially recorded at fair value being the invoice value, these are subsequently amortised at an effective rate determined as current average interest on FNB call accounts. We calculated the estimated effect of discounting resulting in an amount of R5 998 021. We assumed that debtors will pay in six months time. The interest rate used in discounting was 6.93 % per annum. Debtors and revenue have been disclosed net of discounting.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	8 388	5 563
Bank balances	31 215 678	13 279 386
Short-term deposits	52 640 649	22 158 091
	<u>83 864 715</u>	<u>35 443 040</u>

7. LONG TERM LIABILITIES

Held at amortised cost		
Other financial liability 1	20 252 593	23 118 234

Non-current liabilities

At amortised cost	18 684 697	20 924 948
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Current liabilities

At amortised cost	1 567 896	2 193 286
	<u>20 252 593</u>	<u>23 118 234</u>

FIGURES IN RAND	2011	2010
8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Water Purification Grant	2 244 800	2 244 800
Technical Grant	525 785	525 785
MIG	(1 4431 603)	(1 056 276)
Drought Relief WSA	387 249	580 896
Public Works	431 382	431 382
GIS Grant	2 273 966	2 679 627
Corridor Development Grant	5 450 000	5 450 000
KZN Sports	2 063 547	2 622 720
Massification Grant	7 403 424	-
HIV Awareness Grant	1 000 000	-
Other Grant	(460 880)	(541 172)
Water and Sewer Works	6 853 560	797 483
Other	921 760	1 082 344
	<u>14 662 990</u>	<u>14 817 589</u>
	14 817 589	35 911 187
	48 690 911	89 996 189
	<u>(48 845 510)</u>	<u>(111 089 787)</u>
	<u>14 662 990</u>	<u>14 817 589</u>
	2 524 427	3 163 892
	<u>12 138 563</u>	<u>11 653 697</u>
	<u>14 662 990</u>	<u>14 817 589</u>

Movement during the year

Balance at the beginning of the year	14 817 589	35 911 187
Additions during the year	48 690 911	89 996 189
Income recognition during the year	(48 845 510)	(111 089 787)
	<u>14 662 990</u>	<u>14 817 589</u>
Non-current liabilities	2 524 427	3 163 892
Current liabilities	<u>12 138 563</u>	<u>11 653 697</u>
	<u>14 662 990</u>	<u>14 817 589</u>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 8 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

FIGURES IN RAND
9. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2011	2010
Trade payables	20 212 356	28 936 497
Payments received in advanced contract in process	6 215 890	6 841 314
Other accrued expenses	10 257 761	13 878 388
Other payables	-	179 905
	<u>36 686 007</u>	<u>49 836 104</u>

10. VAT PAYABLE

Tax refunds payables	<u>5 295 830</u>	
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11. CONSUMER DEPOSITS

Water	<u>4 007 216</u>	<u>3 834 508</u>
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The water deposits relates to amounts paid by customers and are refundable as and when the customer closes their water accounts. The municipality does not pay nor accrue any interest on these deposits

12. REVENUE

Service charges	39 968 307	38 336 839
Government grants & subsidies	308 075 389	320 052 962
	<u>348 043 696</u>	<u>358 389 801</u>

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

Service charges	<u>39 968 307</u>	<u>38 336 839</u>
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The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue

Levies	<u>308 075 389</u>	<u>320 052 962</u>
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13. SERVICE CHARGES

Sale of water	33 699 493	33 582 225
Sewerage and sanitation charges	6 268 814	4 754 614
	<u>39 968 307</u>	<u>38 336 839</u>

The municipality averages water loss to be approximately 55%. The loss is calculated by comparing quantity of water sold to quantity bought. The calculation was determine by a reputable engineering company. The average water loss in rand value is approximately R19 554 339.

FIGURES IN RAND
14. GOVERNMENT GRANTS AND SUBSIDIES

	2011	2010
Equitable share	258 183 382	208 963 175
Public Works	-	2 741 263
MIG	43 463 327	70 592 828
FMG	1 000 000	1 002 227
Corridor Development	-	7 000 000
Stadium Grant	-	23 051 972
MSIG	750 000	735 000
SETA Grant	401 381	758 981
Shared Services Grant	205 652	346 980
2010 Disaster Grant	-	289 496
DIMS Grant	45 204	-
Disaster Management Grant	45 204	52 284
Drought Relief	193 647	1 579 182
Sport and Recreation	881 298	-
GIS Shared Services	1 314 661	1 224 373
Inergovernmental Relations	90 152	1 715 201
Casino Tax Levy	1 046 497	-
Massification Grant	354 984	-
Growth and Development Summit	100 000	-
	<u>308 075 389</u>	<u>320 052 962</u>

15. OTHER INCOME

Project Income	72 421	79 064
Sundry income	8 786 580	41 861 104
Other Revenue	-	184
	<u>8 859 001</u>	<u>41 940 352</u>

FIGURES IN RAND
16. GENERAL EXPENSES

	2011	2010
Advertising	428 778	487 599
Auditors remuneration	1 029 131	1 000 111
Bank charges	187 859	161 793
Consulting and professional fees	3 867 374	4 576 166
Consumables	2 518 095	1 129 162
Entertainment	790 131	630 536
Hire	586 127	882 748
Insurance	305 846	394 742
Conferences and seminars	759 605	442 725
Lease rentals on operating lease	481 421	412 957
Levies	450 849	418 018
Magazines, books and periodicals	26 488	2 8667
Medical expenses	180	-
Motor vehicle expenses	8 199 944	5 989 401
Postage and courier	553 938	491 740
Printing and stationery	927 221	959 603
Communication	3 248 181	633 940
Protective clothing	360 240	786 551
Project maintenance costs	1 311 335	710 641
Research and development costs	-	10 461
Royalties and license fees	683 863	864 126
Security (Guarding of municipal property)	3 704 643	2 268 957
Staff welfare	-	(1 634)
Subscriptions and membership fees	24 408	1 324 775

FIGURES IN RAND

	2011	2010
Telephone and fax	5 108 941	5 556 353
Training	1 012 767	1 580 486
Travel-local	505 122	193 729
Assets under R5000	185 132	631 255
Electricity	1 879 714	1 358 140
Social services	3 514 990	10 128 321
Grant Expenditure	5 597 856	7 964 950
	<hr/>	<hr/>
	48 250 179	52 017 019

17. EMPLOYEE RELATED COSTS

Basic	63 240 684	60 573 904
Medical aid - company contributions	4167 952	3 079 204
UIF	561 881	497 410
WCA	118 531	1 189 273
SDL	849 190	776 568
Salgbc levies	19 602	18 620
Leave pay provision charge	(2 319 777)	3 206 812
Life group Insurance	1 860 523	767330
Fire shift and services allowance	1 610 501	1 357 998
Post-employment benefits Pension - Defined contribution plan	12 354 834	9 589 197
Travel, motor car, accommodation, subsistence and other allowances	8 076 982	7 810154
Overtime payments	2 642 558	2 197 218
Long-service awards	882 510	572 874
Acting allowances	1 574 968	1 497150
Housing benefits and allowances	517 582	532 882
Holiday Bonus	5 435 985	4 874 822
Stand by allowance	1 161 384	825 978
Telephone	73 129	130 262
Clothing Allowance	60 770	77 945
	<hr/>	<hr/>
	102 889 789	99 575 601

FIGURES IN RAND	2011	2010
REMUNERATION OF MUNICIPAL MANAGER		
Annual Remuneration	805 396	778222
Car Allowance	140 000	140000
Performance Bonuses	133 365	-
	(1 078761)	(918222)
	-	-
REMUNERATION OF CHIEF FINANCE OFFICER		
Annual Remuneration	464 805	418 920
Car Allowance	257 415	228 289
Contributions to UIF, Medical and Pension Funds	100 661	89 674
Acting Allowance	97 296	92 211
	(920 177)	(829 094)
	-	-
REMUNERATION OF OTHER SENIOR MANAGERS		
Annual Remuneration	464 805	418 920
Car Allowance	257 415	228 289
Contributions to UIF, Medical and Pension Funds	100 661	89 674
Acting Allowance	97 296	92211
	(920 177)	(829 094)
	-	-

The remuneration of senior managers are for Acting H.O.D technical services , cooperate services as well as H.O.D community services.

18. REMUNERATION OF COUNCILLORS

Mayor	623 041	593 374
Deputy Mayor	480 811	464 690
Speaker	503 821	496 503
Whip	471 768	449 305
Other Councillors	5 772 347	6 019 461
	(7 851 788)	(8 023 333)
	7 851 788	8 023 333

FIGURES IN RAND	2011	2010
19. DEBT IMPAIRMENT		
Contributions to debt impairment provision	54 403 681	6 491 642
20. INVESTMENT REVENUE		
Interest revenue		
Bank	4 802 129	7 180 220
21. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	47 317 810	25 420 575
22. FINANCE COSTS		
Other interest paid	3 024 090	6 080 037
23. AUDITORS' REMUNERATION		
Fees	1 029 131	1 000 111
24. CONTRACTED SERVICES		
Operating Leases	41 199 356	38 474 163
Other Contractors	9 461 823	66 446 316
	50 661 179	104 920 479
25. CASH GENERATED FROM OPERATIONS		
Surplus	9 046 235	57 968 172
Adjustments for:		
Depreciation and amortisation	47 317 810	25 420 575
Fair value adjustments	(2204600)	-
Debt impairment	54 403 681	6 491 642
Prior year error	7 595 183	(3686217)
Other non-cash items	-	13 065

FIGURES IN RAND	2011	2010
Changes in working capital:		
Trade and other receivables from exchange transactions	(2 203 282)	(30 136 274)
Consumer debtors	(13 635 654)	(27 041 782)
Trade and other payables from exchange transactions	(13 150 097)	(7518022)
VAT	5 754 414	4 803 979
Unspent conditional grants and receipts	(154 599)	(21 093 598)
Consumer deposits	172 708	381 030
	<u>92 941 799</u>	<u>5 602 570</u>

26. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. The Municipal staff are members of the following benefit schemes: Natal Joint Municipal Pension Fund (Retirement Registration Number 12/8/6676/2-a State and Multi Employer Defined Benefit Plan, Natal Joint Municipal Pension Fund, superannuation, (a State and Multi employer Defined Benefit Fund and the Kwazulu Natal Provident Fund (a State and Multi Employer defined Contribution Plan). Along with other municipalities in the province of Kwazulu Natal, Umgungundlovu participates in a multi employer defined plan. The Plan exposes the participating entities to actuarial risks associated with the current and former employees of other municipalities participating in the plan. There is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual municipalities participating in the plan. Umgungundlovu therefore accounts for the plan as if it were a defined contribution plan. A funding valuation which is not drawn up on the basis of assumptions compatible with GRAP Exposure Draft #49-Employee benefits as at 31 March 2010 reflected an overall plan deficit of R 17.8 million. The shortfall will be funded through a surcharge of 17 % of salaries, this surcharge is spread across superannuation members. The fund could not produce Audited Financial Statements on time hence we are unable to report on the performance of 2011.

27. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Net surplus per the statement of financial performance	<u>9 046 235</u>	<u>57 968 172</u>
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28. RECONCILIATION BETWEEN BUDGET AND CASH FLOW STATEMENT

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities

Actual amount as presented in the budget statement	<u>92 941 799</u>	<u>4 110 683</u>
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Investing activities

Actual amount as presented in the budget statement	<u>(41 654 483)</u>	<u>-</u>
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FIGURES IN RAND	2011	2010
Financing activities		
Net surplus per the statement of financial performance	(2 865 641)	2 043 004
Net cash generated from operating, investing and financing activities	<u>48 421 675</u>	<u>6 153 687</u>
29. BULK PURCHASES		
Water	<u>39 679 905</u>	<u>41 244 306</u>
30. REVALUATION RESERVE		
The revaluation reserve arose due to change in accounting policy for land and building from cost model to revaluation model. The valuation was performed by professional valuer appointed by local municipalities where valued properties are situated. The municipality used valuation roll values to revalue its land and buildings. The valuation roll was implemented on 01 July 2009.		
Opening balance	13 575 808	-
Change during the year	5 195 930	13 575 808
	<u>18 771 738</u>	<u>13 575 808</u>
31. GRANTS AND SUBSIDIES PAID		
32. COMMITMENTS		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	<u>54 232 665</u>	<u>76 800 539</u>
This committed expenditure relates to property and will be financed by available government grant being MIG.		
33. CONTINGENCIES		
Litigation is in the process against the municipality relating to a damages suffered on two individuals motor vehicles due to collision with municipal vehicles driven by municipal employees. The municipality's lawyers and management consider the claim against the municipality to be R90 000.		

FIGURES IN RAND

2011

2010

Contingent assets

The Municipality is suing security services company for damages it suffered on one of its motor vehicles when a security guard employed by the company unlawfully drove the vehicle and caused a collision. The Municipality is suing for R150 000. The Municipality is suing former Chief Financial Officer, Municipal Manager and Amathonga Institute for payment made without services being performed. The transaction took place in 2007 and the Municipality is suing for R192 000.

34. PRIOR PERIOD ERRORS

Accounts payable were understated by bonus provision in prior year. The error has been corrected by adjusting opening retained earnings.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Accounts Payable	(2 111 170)	-
Opening Accumulated Surplus or Deficit	2 111 170	-

35. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure in respect of interest due late submission of earnings return from 2007 tax year

1 029 441	406 207
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Other interest due to late payment of creditors

216 238	-
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1 245 679	406 207
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36. IRREGULAR EXPENDITURE

Irregular expenditure as result of municipality not issuing declaration forms to companies contracted to the municipality in terms of supply chain management regulation 13 (1)(c)

2 263 220	-
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Irregular Expenditure due to contracted service providers continuing to render services after the contract had expired

2 211 983	-
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Irregular Expenditure was as a result of trading with companies owned or control by individuals who are in the service of a state. There were nine companies that did business with the municipality in this financial year.

1 045 368	-
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5 520 571	-
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FIGURES IN RAND

2011

2010

37. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Various items were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations. The majority of the deviations were due to water services emergencies and is approximately 1% of operating expenditure. The municipality recorded 103 deviations totalling to R1 284 442.96 during the current financial year.

38. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION 2011

	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (I.T.O. S28 AND S31 OF THE MFMA)	FINAL BUDGET	ACTUAL OUTCOME	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
Service charges	66 548 279	72 698 279	72 698 279	39 968 307	32 729 972	55 %	60 %
Investment revenue	3 153 000	4 153 000	4 153 000	4 802 129	(649 129)	116 %	152%
Transfers recognised-operational	343 639 948	346 057 681	346 057 681	306 573 908	39 483 773	89 %	89 %
Other own revenue	12 172 600	12 172 600	12 172 600	11 301 799	870 801	93%	93%
Total revenue (excluding capital transfers and contributions)	425 513 827	435 081 560	435 081 560	362 646 143	72 435 417	83 %	85%
Employee costs	(108 603 136)	(109 153 137)	(109 153 137)	(102 889 789)	(6 263 348)	94%	95%
Remuneration of councillors	(9 050 716)	(10 550 716)	(10 550 716)	(7 851 788)	(2 698 928)	74 %	87 %
Debt impairment	(30 000 000)	(30 000 000)	(30 000 000)	(54 403 681)	24 403 681	181 %	181 %
Depreciation and asset impairment	(25 000 000)	(25 000 000)	(25 000 000)	(47 317 810)	22 317 810	189 %	189%
Finance charges	(3 000 000)	(3 000 000)	(3 000 000)	(3 024 090)	24 090	101 %	101 %
Materials and bulk purchases	(32 385 602)	(40 385 602)	(40 385 602)	(39 679 905)	(705 697)	98 %	123%
Other expenditure	(139 404 492)	(144 550 650)	(144 550 650)	(99 934 326)	(44 616 324)	69%	72%
Total expenditure	(347 443 946)	(362 640 105)	(362 640 105)	(355 101 389)	(7538716)	98 %	102 %
Surplus/(Deficit)	78 069 881	72 441 455	72 441 455	7 544 754	64 896 701	10%	10%

38. STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION (CONTINUED)

	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (I.T.O. S28 AND S31 OF THE MFMA)	FINAL BUDGET	ACTUAL OUTCOME	VARIANCE	ACTUAL OUTCOME AS % OF FINAL BUDGET	ACTUAL OUTCOME AS % OF ORIGINAL BUDGET
Transfers recognised - capital	500 000	9 674 000	9 674 000	1 501 481	8 172 519	16 %	300 %
Surplus (Deficit) after capital transfers and contributions	78 569 881	82 115 455	82 115 455	9 046 235	73 069 220	11 %	12 %
Surplus/(Deficit) for the year	78 569 881	82 115 455	82 115 455	9 046 235	73 069 220	11 %	12 %
Capital expenditure and funds sources							
Cash flows							
Net cash from (used) operating	10 3570	109 493	109 493	92 941 799	(92 832 306)	84 884 %	89 738 %
Net cash from (used) investing	(94 055)	(97 835)	(97 835)	(41 654 483)	41 556 648	42 576 %	44 287 %
Net cash from (used) financing	-	-	-	(2 865 641)	286 5641	(100)%	(100)%
Net increase/(decrease) in cash and cash equivalents	9 515	11 658	11 658	48 421 675	(48410017)	415 351 %	508 898 %
Cash and cash equivalents at the beginning of the year	-	-	-	35 443 040	(35 443 040)	100 %	100 %
Cash and cash equivalents at year end	9 515	11 658	11 658	83 864 715	(83 853 057)	719 375 %	881 395 %

APPENDIX A

Schedule of external loans as at 30 June 2011

Development Bank of South Africa	LOAN NUMBER	REDEEMABLE	BALANCE AT 30 JUNE 2010 RAND	REDEEMED WRITTEN OFF DURING THE PERIOD RAND	BALANCE AT 30 JUNE 2011 RAND
10%	10394	2016/03/31	54 276	7 003	47 273
10%	10180	2016/03/31	3 087 658	398 397	2 689 261
10%	10392	2015/09/30	308 014	44 521	263 493
10%	10158	2016/03/31	3 841 340	445 464	3 395 876
10%	10395	2017/03/31	1 206 581	126 479	1 080 102
11%	13851	2018/09/30	5 620 791	410 699	5 210 092
14.5%	12358	2015/12/31	119 848	15 544	104 304
14.5%	12359	2015/12/31	102 141	15 155	86 986
14.85%	12360	2017/12/31	37 068	2 965	34 103
15.6%	12361	2012/12/31	83 282	29 638	53 644
16.32%	12363	2011/12/31	144 995	92 837	52 158
8%	12698	2014/06/30	34 898	7 729	27 169
8.5%	12699	2014/06/30	31 361	6 102	25 259
10%	12700	2015/06/30	23 634	3 854	19 780
11.25%	11457	2015/06/30	132 460	(25 911)	158 371
10%	9370	2014/09/30	1 637 030	304 788	1 332 242
10%	10181	2015/03/31	137 883	22 508	115 375
10%	10155	2015/03/31	2 518 163	411 063	2 107 100
10%	10157	2015/03/31	909 154	148 410	760 744
10%	10434	2016/03/31	3 087 658	398 397	2 689 261
			23 118 235	2 865 642	20 252 593
Total external loans			23 118 235	2 865 642	20 252 593

APPENDIX D

Segmental Statement of Financial Performance for the year ended

PRIOR YEAR		CURRENT YEAR		
ACTUAL EXPENDITURE RAND		ACTUAL INCOME RAND	ACTUAL EXPENDITURE RAND	SURPLUS / (DEFICIT) RAND
483 490 22	Executive & Council/Mayor and Council	1 706 393	48 002 419	(46 296 026)
137 778 517	Finance & Admin/Finance	31 702 1679	130 507 517	186 514 162
5 759 836	Planning and development/economic development/plan	691 900	6 965 181	(6 273 281)
16 362 133	Comm. & Social/Libraries and archives	-	8 834 891	(8 834 891)
15 919 157	Public Safety/Police	-	18 117 903	(18 117 903)
8 492 148	Sport and Recreation	881 298	3189 553	(2 308 255)
1 922 132	Environmental Protection/PollutionControl	-	1 778 563	(1 778 563)
27 822 660	Waste Water Management/Sewerage	-	(47 779)	47 779
4 619 432	Road Transport/Roads	43 463 327	6 812 316	36 651 011
81 394 461	Water/Water Distribution	383 026	127 750 792	(127 367 766)
578 001	Electricity /Electricity Distribution	-	1 286 853	(1 286 853)
897 711	Other/Air Transport	-	1 897 201	(1 897 201)
349 895 210		364 147 623	355 095 410	9 052 213

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2011

	CURRENT YEAR 2011 ACT. BAL. RAND	CURRENT YEAR 2011 ADJUSTED BUDGET RAND	VARIANCE RAND	VAR	EXPLANATION OF SIGNIFICANT VARIANCES GREATER THAN 10% VERSUS BUDGET
REVENUE					
Service charges	39 968 306	72 698 279	(32 729 973)	(45,0)	Bulk Customers were not transferred from uMgeni Water
Government grants & subsidies	308 075 388	355 731 681	(47 656 293)	(13,4)	MIG paid 30 million in prior year
Rental income	238 198	550 000	(311 802)	(56,7)	Most of the parking is used by staff
Other income	8 859 002	11 622 600	2 763 598	(23,8)	
Interest received - investment	4 802 129	4 153 000	649 129	15,6	More investments and Cash at bank in financial year
	361 943 023	444 755 560	(82 812 537)	(18,6)	
EXPENSES					
Personnel	(102 889 785)	(109 153 136)	6 263 351	(5,7)	Section 57 Managers have not been appointed
Remuneration of councillors	(7 851 788)	(10 550 716)	2 698 928	(25,6)	MEC upper limits approval was less than the budget
Administration	287 843	(2 680 000)	2 967 843	(110,7)	
Depreciation	(47 317 811)	(25 000 000)	(22 317 811)	89,3	Change in Accounting policy and estimate
Finance costs	(3 024 090)	(3 000 000)	(24 090)	0,8	Unable to transfer some loan balances to other municipalities

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2011

	CURRENT YEAR 2011 ACT. BAL. RAND	CURRENT YEAR 2011 ADJUSTED BUDGET RAND	VARIANCE RAND	VAR	EXPLANATION OF SIGNIFICANT VARIANCES GREATER THAN 10% VERSUS BUDGET
Debt impairment	(54 403 681)	(30 000 000)	(24 403 681)	81,3	Portion of provision for the bulk customers that were not transferred from uMgeni
Repairs and maintenance General	(1 310 811)	(1 101 475)	(209 336)	19,0	
Bulk purchases	(39 679 905)	(40 385 602)	705 697	(1,7)	
Contracted Services	(50 661 178)	(46 149 554)	(4 511 624)	9,8	
General Expenses	(48 250 174)	(94 619 624)	46 369 450	(49,0)	We had to cut administrative expenses due to the fact that the actual income was less than the budget
	(355 101 380)	(362 640 107)	7 538 727	(2,1)	
OTHER REVENUE AND COSTS					
Fair value adjustments	2 204 600	-	2 204 600	-	
	2 204 600	-	2 204 600	-	
Net surplus/ (deficit) for the year	9 046 243	82 115 453	(73 069 210)	(89,0)	

APPENDIX F

Cash and Cash Equivalents 30 June 2011

		CURRENT YEAR 2011 RAND	PRIOR YEAR 2010 RAND
BANK BALANCES			
FNB Call Account	62215748289	18 298 806	10 437 812
FNB CBWP Account	62012438603	480 046	470 279
FNB Salaries Account	50940092196	157 054	28 493
FNB Main Account	50940026773	12 697 853	10 950 189
Petty Cash		10 000	2 763
Cashier Float		2 450	2 800
FNB Call Account	61094008971	42 263	403 34
FNB WSA Projects	62023616462	4 413 956	1 012 342
FNB Stadium Grant	62170274311	65 205	19 525
FNB ID Campaign	62056927357	6 792	8 110
FNB Stadium Account	62025307506	20 142	20 379
FNB Local Economic Development	62107013790	49 544	49 861
FNB Public Sector Cheque Account	62243484417	8 762 869	1 150 155
		45 006 980	24 193 042
SHORT TERM DEPOSITS			
Absa	2070530459	10 000 000	0
STD Bank	358610095002	5 000 000	5 000 000
Investec	50003728655	10 111 794	2 500 000
Nedbank	03/7165014047	10 000 000	0
FNB Investment	71101199555	3 750 000	3 750 000
		38 861 794	11 250 000
		83 868 774	35 443 042

APPENDIX G

Grants and Subsidies 30 June 2011

NAME OF GRANTS	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	RECEIPTS				PAYMENTS				GRANTS & SUBSIDIES DELAYED/ WITHHELD			
		SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN
Massification Grant	CoGTA	-	-	8 127 000	-	-	-	-	723 576				
Camperdown Waste Water Works	DWA	-	-	6 000 000	-	-	-	-					
Intergovernmental Relations	CoGTA	417 000	-	-	-	-	-	-	55 272				
MSIG	CoGTA	750 000	-	-	-	585 104	-	-	164 897				
FMG	National Treasury	1 000 000	-	-	-	173 797	530 083	162 892	217 189	n/a	n/a	n/a	n/a
MIG	National Treasury	10 645 000	8 464 000	10 979 000	-	12 474 532	11 362 940	9 763 313	9 862 542				
DPSS Grant	CoGTA	-	-	-	909 000	293 022	691 900	162 194	167 546				
HIV Awareness Grant	CoGTA	-	-	1 000 000	-	-	-	-	-				
KZN Sports Grant	Department of Sports	-	-	322 125	-	403 030	257 483	220 785	-				
		12 812 000	8 464 000	26 428 125	909 000	13 929 484	12 842 406	10 309 183	11 191 022				

AUDIT COMMITTEE REPORT

06

SHARED AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 30 June 2011.

APPOINTMENT OF AUDIT COMMITTEE

uMgungundlovu District Municipality is served by a shared service Audit Committee in terms of the Council Resolutions of 01 October 2008.

There are four members of the Audit Committee, namely;

NAME OF MEMBER	DESIGNATION
Mr. RMJ Baloyi	Chairperson
Mr. BM Zuma	Member (resigned in January 2011)
Mr. S Shezi	Member
Mrs. S Rajah	Member

The Audit Committee had scheduled four (4) meetings and two(2) special meetings for the period under review. The Attendance at these meetings is recorded as follows:

- 27 August 2010
- 15 October 2010
- 27 January 2011
- 23 February 2011
- 31 March 2011
- 24 June 2011

NAME OF MEMBER	DESIGNATION	SCHEDULED MEETINGS	ATTENDED MEETINGS
Mr. RMJ Baloyi	Chairperson	6	6
Mr. BM Zuma	Member	6	5
Mr. S Shezi	Member	6	5
Mrs. S Rajah	Member	6	4

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

THE EFFECTIVENESS OF INTERNAL CONTROL

We have reviewed various reports from Internal and External Auditors, and reports on the adequacy and effectiveness of internal controls systems. During the year under review, several deficiencies in the internal control were reported by the Internal Audit and the Auditor General. Management was advised to improve and implement both the Internal and External Auditors recommendations.

Furthermore, management should take all reasonable steps to ensure that internal control weaknesses identified by the Internal and External Auditors are rectified to ensure adequacy and effectiveness of the systems of internal control.

INTERNAL AUDIT

The Committee is satisfied that the internal audit work was conducted in accordance with the approved annual Internal Audit Activity Plan, and with the content and quality of internal auditors quarterly reports prepared and issued for the period under review.

PERFORMANCE MANAGEMENT

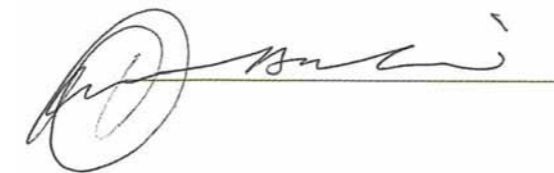
The Municipal Performance Management Quarterly reports were not submitted to the committee by the Municipality for review and comments, however, the committee has relied on the Internal Audit Activity Quarterly reports. According to the Internal Audit Activity reports, the evidence to substantiate the achievement/ non achievement of the pre-determined objectives could not be produced and verified.

EVALUATIONS OF FINANCIAL STATEMENTS

In terms of the evaluation of the financial statements we have done the following;

- Reviewed and discussed the municipality's annual financial statements for the year ended 30 June 2011
- Reviewed the Auditor General's management letter and management responses thereto:
- Reviewed the municipality's compliance with the legal regulatory provisions; and
- Reviewed the Auditor General's reports.

The committee concurs and accepts the Auditor General's conclusions on the annual financial statements and is of the view that the audited annual financial statements together with the report of the Auditor General be accepted and be read together with the Municipal Annual Report. The Committee wishes to express its appreciation to the Internal Audit Activity, the Municipal Officials and the Auditor General for their assistance and co-operation during the year under review.



RMJ BALOYI
Chairperson of the Audit Committee

07

PROGRESS
REPORT

PROGRESS REPORT ON THE RESPONSES TO AUDITOR GENERAL'S REPORT

This report covers the management's responses to the Auditor General Report on the 2009 / 2010 Annual Financial Statements Audit

ABBREVIATIONS USED IN THIS REPORT

- AFS – Annual Financial Statements
- AG – Auditor General
- AO – Accounting Officer
- CFO – Chief Financial Officer
- DIMS – District Information Management System
- EM – Executive Manager.
- GRAP – Generally Recognised Accounting Practices
- GAMAP – Generally Accepted Municipal Accounting Practices
- ICT – Information and Communications Technology
- IDP – Integrated Development Plan
- M – Manager
- MM – Municipal Manager
- MSP – Master Systems Plan
- PMS – Performance Management System
- SDBIP – Service Delivery Business Implementation Plan
- UMDM – uMgungundlovu District Municipality
- WSDP – Water Services Development Plan

EXECUTIVE SUMMARY

STRUCTURE OF THE REPORT

The report summarises the issues raised by the Auditor General (AG), the summary of measures that the Council has put in place in order to prevent a recurrence of issues that have been identified by the AG as well as the progress thereof. This is followed by the detailed issues as reported by the Auditor General. UMDM responses covers the action that will be taken, followed by the Official assigned the responsibility of ensuring this is done, then by the current status of progress made to date if any and finally a target date for completion.

SUMMARY PROPOSED ACTION PLAN

Corrective action has been taken to rectify the weaknesses identified.

	AG REPORT COMMENT	UMDM RESPONSE	RESPONSIBLE OFFICIAL	STATUS	COMPLETION DATE
1	<p>IRREGULAR EXPENDITURE</p> <p>As disclosed in note 35 to the financial statements, irregular expenditure, relating to the procurement and contract management totalling R5,521 million was incurred as the result of contraventions of the Local Government Supply Chain Management Regulations (MSCMR)</p>	<p>The matter raised by the Auditor General is noted.</p> <p>The delay in drafting a tender document was due to an assessment being conducted by the relevant department on whether the quantities in the next tender should be reduced owing to a number of projects being commissioned which was supposed to reduce the number of water tankers being used. Their assessment revealed that a number of water schemes were commissioned but a few months after commissioning, there was not enough ground water and other schemes were constrained due to demand exceeding the design capacity. A new tender document was then issued with a larger number of tankers than the one that had expired.</p>	CFO	<p>All tenders have since been awarded.</p> <p>However, through contract management, this matter will be monitored on a monthly basis.</p>	31 March 2012

		<p>This assessment also informed the municipality that there was an urgent need to source other forms of funding to remedy the situation on the ground. The municipality is in the process of raising loan funding and has secured some international grant funding to help address this issue. After this rigorous exercise the municipality went on public tender and the competent company was appointed in this financial year.</p> <p>In some cases, there were objections from the losing bidders, resulting in litigation and the subsequent delay in the awarding of the tenders. It should be mentioned that while the tenders were due to be awarded, they were extended on a month to month basis with the previous service providers.</p> <p>Regarding Staff Members who transact with the Municipality, Management will engage ALL Staff Members to desist from this bad practice. A circular to this effect will be issued and workshops on fraud prevention will be intensively conducted.</p>	MM	<p>Staff Circular has been drafted.</p> <p>Workshops will be conducted during the first three months on 2010.</p> <p>Disciplinary proceedings are currently being instituted against affected Staff Member</p>	31 March 2012
2	<p>FRUITLESS AND WASTEFUL EXPENDITURE</p> <p>As disclosed in note 34 to the financial statements, fruitless and wasteful expenditure of R1,246 million was incurred, due to interest and penalties being imposed on the late payment of supplier invoices and taxes due to the South African Revenue Service</p>	<p>This matter is noted with disappointment.</p> <p>Management have engaged Umgeni Water with the view of aligning the systems so that there is no delay in the processing of invoices. There was a long outstanding dispute with SARS dating back to the 2007 tax year. The dispute has now been resolved and the interest of R1 million has been settled for that tax year.</p> <p>Management will also improve the document processing system through an electronic Registry management system</p>	CFO	<p>SARS and Umgeni Water will be engaged during the first two months of 2012</p>	28 February 2012
			Head: Corporate		

3	<p>MATERIAL LOSSES</p> <p>As disclosed in note 13 to the financial statements, the Municipality suffered losses of R19,554 million</p>	<p>This matter is acknowledged accordingly</p> <p>Management has embarked on a water loss study to be presented to Exco on 19 January 2011.</p> <p>The plan to mitigate water losses will also be presented and monthly update reports will be tabled at Exco, from 19 January 2011 onwards.</p> <p>The meter audit is currently being conducted throughout the Municipality</p> <p>ORIO funding in the order of R135 million was secured to replace ageing infrastructure. The development phase of the grant funding is currently underway</p> <p>Loan funding will be sourced to respond to the needs of the Water Services Development Plan (WSDP)</p>	MM	MM	CFO	CFO and Head: Technical Services	CFO	<p>The matter will be tabled at Exco on 19 January 2012</p>	31 January 2012
									30 April 2012
									30 September 2012
									30 September 2012
4	<p>MATERIAL MISSTATEMENT</p> <p>The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of Section 122 (1) (a) of the MFMA. Material misstatements of liabilities, revenue, expenditure and disclosures of tem identified by the auditors were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion</p>	<p>Management, through intensive training, will beef up capacity so as to improve on this critical aspect</p> <p>Monthly financial statements and reconciliations will now be prepared</p>				CFO		<p>The first monthly financial statement will be drafted in January 2012 for the Finance Committee and MPAC to interrogate</p>	February 2012

5	<p>ANNUAL PERFORMAMCE REPORT</p> <p>The Annual performance report did not contain a comparison of the performance of the Municipality and of each external service provider with development priorities, objectives and performance indicators set out in the integrated development plan, nor did it include measures to improve performance, as required by Section 46 of the Local Government: Municipal Systems Act, Act 32 of 2000.</p>	<p>The matter is acknowledged accordingly and the Municipality through the quarterly Extended Manco Forum, will drill down this matter until Managers comply.</p>	MM	<p>The Extended Manco will be held in February 2012 to drill down this matter</p>	28 February 2012
6	<p>LEADERSHIP</p> <p>The Accounting Officials and delegated Officials did not exercise adequate oversight responsibility over financial reporting, compliance with laws and regulations and internal control. In this regard, the financial statements and compliance requirements for predetermined objectives were not adequately reviewed prior to submission for audit</p>	<p>The matter is acknowledged</p> <p>The compliance checklist has already been completed and tabled at Exco on 24 November 2011 for endorsement.</p> <p>This checklist will be further refined to incorporate SCM compliance matter</p>	MM	<p>The compliance checklist is currently being revised to reflect SCM matters</p>	31 March 2012

7	<p>FINANCIAL AND PERFORMANCE MANAGEMENT</p> <p>Systems are not adequately designed and implemented to facilitate the preparation of the quality and reliance performance reports and financial statements. Consequently, decisive actions were not taken to achieve complete and accurate financial and performance reporting and to mitigate the risk of non-compliance with regulatory and reporting requirements</p>	<p>The compliance checklist will also be refined to reflect this finding</p> <p>Monthly financial reporting and performance variance will be monitored on a regular basis</p>	MM	<p>The compliance checklist has been tabled at Exco and currently being refined</p>	31 March 2012
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REPORT OF THE AUDITOR GENERAL

08

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON UMGUNGUNDLOVU DISTRICT MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the uMgungundlovu District Municipality, which comprise the statement of financial position as at 30 June 2011, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 80 to 123.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DORA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa,

2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on the financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice No. 1111 of 2010, issued in Government Gazette No. 33872 of 15 December 2010. 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 municipality'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 municipality'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.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMgungundlovu District Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DORA.

Emphasis of matters

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

Irregular expenditure

9. As disclosed in note 35 to the financial statements, irregular expenditure, relating to procurement and contract management totalling R5,521 million was incurred, as a result of contraventions of the Local Government: Municipal Supply Chain Management Regulations (MSCMR).

Fruitless and wasteful expenditure

10. As disclosed in note 34 to the financial statements, fruitless and wasteful expenditure of R1,246 million was incurred, due to interest and penalties being imposed on the late payment of supplier invoices and taxes due to the South African Revenue Service.

Material losses

11. The municipality suffered water losses of R19,554 million, as disclosed in note 13 to the financial statements.

Additional matter

I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

12. The supplementary information set out on pages XX to XX do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and in terms of General Notice No. 1111 of 2010, issued in Government Gazette No. 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages xx to xx and material non-compliance with laws and regulations applicable to the municipality.

Predetermined objectives

14. There were no material findings on the annual performance report.

Compliance with laws and regulations

Annual financial statements and performance report

15. The financial statements submitted for auditing were not prepared in all material respects in accordance with, the requirements of section 122 (1)(a) of the MFMA. Material misstatements of liabilities; revenue; expenditure; and disclosure items identified by the auditors were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

16. The annual performance report did not contain a comparison of the performance of the municipality and of each external service provider with development priorities, objectives and performance indicators set out in its integrated development plan, nor did it include measures taken to improve performance, as required by section 46 of the Local Government: Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000).

Expenditure management

17. The accounting officer did not take reasonable steps to prevent irregular, as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

INTERNAL CONTROL

18. In accordance with the PAA and in terms of General Notice No. 1111 of 2010, issued in Government Gazette No. 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

19. The accounting officer and delegated officials did not exercise adequate oversight responsibility over financial reporting, compliance with supply chain management laws and regulations, and internal control. Consequently, material amendments and issues of non-compliance emanated from the auditing process, which had not been timeously prevented, detected and corrected.

Financial and performance management

20. Systems are not adequately designed and implemented to facilitate the preparation of quality and reliable financial statements. Consequently, decisive actions were not taken to achieve complete and accurate financial reporting and to mitigate the risk of non-compliance with regulatory and reporting requirements.

Pietemiaritzburg
30 November 2011



NOTES

A series of horizontal dotted lines for writing notes.

