

UMSHWATHI MUNICIPALITY



ANNUAL REPORT

2007/2008 FINANCIAL YEAR

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INTRODUCTION AND OVERVIEW

Submission and tabling of the Annual Report for the 2007/2008 financial year

This annual report has been prepared in terms of Chapter 12, section 127 of the Local Government Municipal Finance Management Act no. 56 of 2003, as amended, for submission and approval by the Council.

Legislative mandate

The primary legislative mandate of the municipality is determined by Chapter 7, section 151 (2) of the constitution of the Republic of South Africa, which states that:-

The municipality must strive within its administrative and financial capacity to meet its local government objectives of;

- # Providing democratic and accountable government for local communities,
- # Ensuring sustainable provision of services to communities,
- # Promoting a safe and healthy environment and,
- # Encouraging communities to become involved in local government matters.

The constitution also requires municipalities to structure and manage their administrations, budgeting and planning processes in such a manner as to;

- # Prioritize the basic needs of the communities,
- # Promote the social and economic development and
- # Participate in national and provincial development programmes.

These constitutional mandates are also re-inforced by section 73 (1) of the Local Government: Municipal Systems Act no. 117 of 1998, as amended.

The constitution is further supported by the following acts which were created solely for the benefit of and furtherance of the municipalities constitutional mandate;

- # Municipal Structures Act No. 117 of 1998,
- # Municipal Systems Act No. 32 of 2000,
- # Municipal Finance Management Act No. 56 2003,
- # Municipal Property Rates Act No. 6 of 2004,
- # Development Facilitation Act
- # Division of Revenue Act

Acronyms

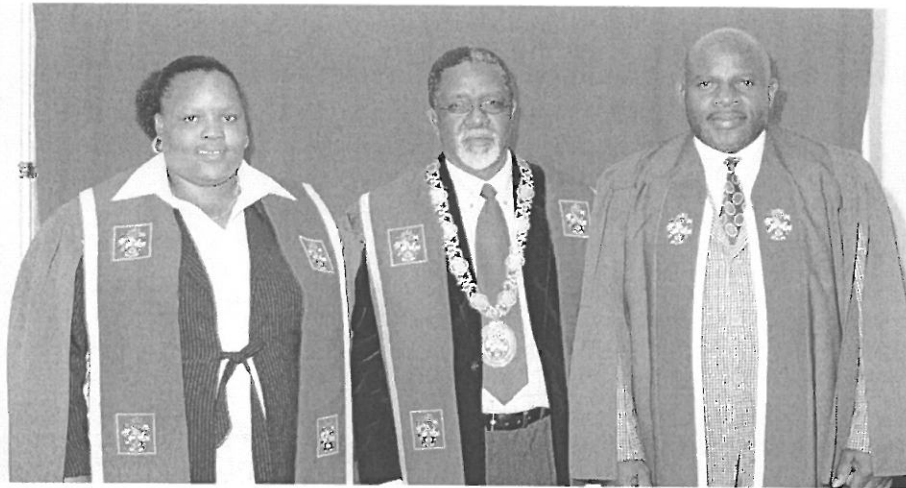
AG	:	Auditor General
MM	:	Municipal Manager
CFO	:	Chief Financial officer
DFA	:	Development Facilitation Act
EXCO	:	Executive Committee
GM	:	General Manager
IDP	:	Integrated Development Plan
MFMA	:	Municipal Finance Management Act
MANCO	:	Management Committee
SCM	:	Supply Chain Management
SDBIP	:	Service Delivery Budget Implementation Plan

Leadership (Council and Executive)

The function of EXCO and the Council within the municipality is to govern and oversee the implementation of

its constitutional and legislative mandates. The EXCO and its operational committee's receive reports from management and deal with operational matters in terms of their delegated powers and report to Council advising on progress, the vision of the municipality, its mission, objectives and performance in terms of its integrated development plan.

Council consists of 22 Councillors and meetings are held every three months to receive and consider reports from its EXCO and to deal with matters entrusted to it by the Constitution of the Republic of South Africa. EXCO meetings are normally held bi-weekly and committee's constituted by it meet in terms of arrangements determined by EXCO. Senior Management of the Council attend all the meetings of the Council and its Committee's and are there to provide advice and guidance to the Council and its Committee's ensuring that proper and informed decisions are made.



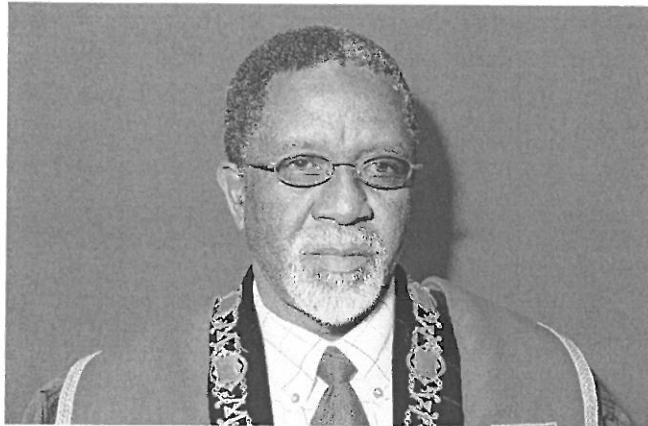
Deputy Mayor, Mayor, Speaker



uMshwathi Municipal Council

MAYORS FOREWORD

Presented by His Worship, the Honourable Mayor, Councillor, B.M. Gwala.



The 2007/2008 financial year witnessed an exelloration of service delivery to the people of uMshwathi. The Council took the bull by the horns and raised R 25 million on the capital market to give the whole capital programme and intergrated development plan some impetus. The Council's own revenue streams and the annual capital grants received, although very helpful and targeted towards the delivery of basic services, are not enough to eradicate and make serious inroads in the short term into the serious basic service backlogs that exist

Several major link and access roads were targeted during the year for upgrade and this programme will continue well into the next three year multi year capital programme. Sports fields, community facilities and community halls also received much attention and these have been extended to other areas where the need has been identified. Twelve community halls and creches were upgraded or developed during the year concerned.

Access to the new Airport developments on the North Coast is an initiative that could have massive spin off benefits for uMshwathi and the Council is exploring several ideas in this regard including an access route to the area via our municipality.

The administrative hub developments in New Hanover that were commenced with in the previous financial year received an additional capital injection of R 5 259 312 during the year to complete the project and make this facility a modern and up to date centre that will cater for the needs of this Council for many years in the future.

We, as a Council, have also capitalised on our visits to foreign shores to attract international investors into our area that will accelerate our economic development programmes. Land for these development initiates has been identified, purchased and earmarked for these developmental objectives. Planning initiatives to market and promote our corridor R33 developments have also been commenced with and will place the Council ahead of the field when when investors seize this oppurtunity to be part of a thriving and vibrant economic development initiative that capitalises on existing and expanding market oppurtunities.

Developmental needs obtained from community inputs and participation include basic needs such as, access roads, bridges, water, sewerage, electricity, sanitation, creches, housing, clinics, sporting facilities, abet, economic oppurtunities, cemeteries, agricultural land, security, community facilities, telecommunications..... the list is endless, and it is imperative that serious inroads be made to these challenges in order to reaffirm peoples dignity and the enjoyment of basic human rights. Our developmental priorities have been identified as;

Economic development, job creation and poverty alieviation,
Renewal of New Hanover as economic hub,
HIV/AIDS,

Electricity,
Water and sanitation,
Roads,
Development of Harry Gwala corridor,
Value adding on agricultural and mineral produce,
Development of tourism infrastructure,
Community facilities,
Environmental challenges and
Housing.

In line with our vision "uMshwathi owethu - lets build together" we proceed forward with our vision "provider of municipal services for better quality of life for all" and through the medium of our annual reports to the community let us together be proud of our achievements under very difficult circumstances and with a very limited budget.

May I also use this opportunity to thank my Deputy Mayor, the Council, EXCO and its Committee's and the Municipal Manager and his staff for all their support and contributions to our cause, united we stand, divided we fall, there is no truer saying, with teamwork we are capable of achieving almost anything.

B.M. Gwala
Honourable Mayor - uMshwathi Municipality

FUNCTIONAL AREAS SERVICE DELIVERY REPORTING

The Council in its Integrated Development Plan formulated a set of interconnected and independent strategic objectives based on strategic issues, the priorities of the Provincial growth and development strategy and the National local government key performance areas to achieve its service delivery objectives and as articulated below;

- # To ensure in line with National goals that all households have universal access to clean and portable water and decent sanitation by 2009,
- # To ensure that in line with National goals all households have universal access to electricity by 2012,
- # To ensure that the number of households eligible for free basic services is increased,
- # To reduce the backlogs in services such as waste removal and physical infrastructure (roads) and social infrastructure (clinics, sports, recreation, libraries, arts and culture)
- # To eliminate all slums by 2010 in line with Provincial goals and ensure decent rural housing delivery
- # To facilitate growth and development of the local economy in a way that generates opportunities for sustainable job creation, poverty alleviation, rates base increase and improves broad base BEE and SMME's.
- # To develop an organisational architecture, business processes and policies that will enable the Council to fulfil its constitutional and legislative mandates and achieve its vision and mission
- # Forging strategic partnerships with the District Municipality and other stakeholders to achieve its objectives

Critical success factors, key objectives, strategy focus and departmental strategic programmes were harnessed to align and implement all plans and budgets and a Service Delivery and Budget Plan was compiled to monitor and measure the progress throughout the year. The performance achievements as measured against these objectives is detailed hereunder;

<u>OBJECTIVE</u>	<u>KEY PERFORMANCE AREA</u>	<u>BUDGET</u>	<u>EXPENSE</u>	<u>OUTPUT</u>
Infrastructure and services				
Operating expenditure	Roads and Stormwater	2,709,566.00	4,069,729.00	Maintained Roads
	Technical Administration	1,348,046.00	1,268,538.00	
	Building Control			Orderly Development
	Pavements and Sidewalks	7,428.00	456,758.00	Pedestrian safety
	Bridges and Culverts			Access to all areas
	Water and Sanitation Monitoring			Public Health
	Vehicle Fleet Management			Maintenance and Ctrl
	Cleansing and Solid Waste	1,060,000.00	983,585.00	Public Health
	Removal of Garden Refuse			Weed and Rodent Ctrl
	Grass Cutting			Healthy Environment
	Parks and Gardens			Public Amenities
	Road Signs and Signage			Traffic control
	Building maintenance			Healthy conditions
	Capital works and constructions			Development of infra
	Bus and taxi ranks			Public transport
Public toilets and amenities			Public amenities	
Capital expenditure	Roads upgrade	3,000,000.00	2,554,933.00	
Social development				
Operating expenditure	Community development	3,500,000.00	3,443,972.00	Public investment
	Community liason			Public participation
	Clinics	592,842.00	557,490.00	Public health
	Libraries	242,334.00	230,020.00	Public amenities
	Community facilities	2,940,813.00	1,532,747.00	Public amenities
	Public amenities			Access to facilities
	Public safety			Safe environment
	Traffic management	800,636.00	1,178,350.00	Traffic management
	Law enforcement			Traffic control
	Licencing and control	440,914.00	422,476.00	Logistical support
	Environmental health			Clean healthy environ
	HIV aids awareness			Awareness and prevention
	Disaster management			Disaster support
	Cemeteries and crematoria	444,276.00	370,099.00	Cemetery management
	Environmental management			Clean healthy environ
Housing and slum clearance			Housing devepment	
Capital expenditure	Sportfield upgrade	2,000,000.00	1,499,597.00	

Economic development	Investment promotion & market Establishment of BEE & SMEE's Economic development Tourism and marketing Promotional communications Local economic support	0.00	339,984.00	Economic development Job creation Job creation Job creation Investment opportunity Sustainable Eco/dev
Financial management				
Operating expenditure	Oversight and strategic planning MFMA and other management SCM control Free basic services Maintenance of accting records Accounting control Financial system Budgets and reviews Financial control and reporting Grant control and management Income and expenditure monitor Asset management and control Safekeeping and insurance asset Cash and investment manage Loans management and payment Payment of creditors Debt management Rate and tariff management Rebate and indigent support Salary and allowance control Implementation of policies & leg Audit and audit reports Annual financial statements	5,480,164.00	3,921,283.00	Financial planning Compliance Expenditure control Basic servie delivery Financial structure Risk man/control Financial management Planning and monitor Management/info Management/control Risk management Risk management Risk management Financial management Financial management Service delivery Cash management Financial management Service delivery Sinancial management Compliance Risk management Financial/info and reports
Democracy and governance				
Operating expenditure	Oversight and strategic planning Organisation and planning Management and control Communication and reportingC Council support and logistics Performance management Ward committee's Record keeping and management Political secreteriat and support Community development Youth and womans affairs Information technology & suppt Internal audit and control Good governance Fraud risk management Skills development and training IDP and review Audit committee Human resource management Labour relations Occupational health and safety Security general Telecommunications Property and estates Community halls Public amenities LUMS	5,016,778.00 2,665,414.00 14,699,700.00	5,861,347.00 2,777,809.00 14,859,022.00	Planning and governance Planning and operations Risk management Info dissemination Organisation and control Measurement and ctrl Public participation Info control Political administration Public investment Developmental gov Strategic support Risk management Compliance Risk management Skills development Planning and review Risk management Staff management Labour management Safe working environment Safe working environment Communications Maintenance of assets Public amenities Access to facilities Land management

	Planning and development			Planning and dev
	Leave control			Human resource man
	Appeals and complaints			Logistical support
Institutional transformation				
Capital Expenditure	Office upgrade	3,500,000.00	3,466,947.00	Administrative Hub
Asset register GAMAP conv		185,000.00	185,000.00	GAMAP compliance
AFS GAMAP conversion		150,000.00	120,000.00	GAMAP compliance
Annual Reporting		150,000.00	120,000.00	GAMAP compliance

ANALYSES OF DEBTORS OUTSTANDING AS AT 30 JUNE 2008

<u>Debtor type</u>	<u>current</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91-120 days</u>	<u>121 and over</u>	<u>Total</u>
General rates	1,346,927	872,369	767,186	457,152	3,727,890	7,171,524
Refuse and other	1,316,249	483,170	360,791	1,386,359	10,278,869	13,825,438
Total debtors	2,663,176	1,355,539	1,127,977	1,843,511	14,006,759	20,996,962
% of total debt	0.1268363	0.064558816	0.08779894	0.08779894	0.667085029	

Notes

1. Debts in excess of 120 days have been decreased from 80% in previous year to 67% through debt recovery initiatives instituted in December 2007.
2. The provision for bad debt has been increased to R 15 455 316 for the 2007/2008 financial year and caters for all debts in excess of 90 days.
3. The increase in debtors outstanding also relates to the introduction of the new rating system and newly incorporated rating areas in the 07/08 year.
4. The first appeals against valuations of properties are only due to be heard during the 2008/2009 year.
5. Council also needs to complete its indigent survey in order to adjust its debtors outstanding for indigent applicants.
6. All debts in excess of 90 days are handed over to Ven Nemeth and Hart attorneys in Pietermaritzburg for collection.

PERFORMANCE HIGHLIGHTS

Within a service delivery context, all contributions to, or achievements made in terms of the Council's Integrated Development Plan, are considered to be 'performance highlights' there are some shining examples that can be considered to be more important particularly as they directly address priorities and basic service needs.

The Council has completed 86% of its initial Integrated Development Plan and despite these Herculeaneum efforts the annual review of these plans see more and more basic needs that require urgent attention. The Council during the year concerned accessed and augmented its capital funds and attempted to add impetus and accelerated service delivery to its programmes.

Highlights during the year would include;

Several access and connector roads to the value of R 3 937 930 have been completed and these include Ntanzi Road and Wesbrook Road.

Community Halls, sportsfields and Creches to the value of R 5 504 823 have been built and these include

The purchase of land for economic and housing development initiatives, R 5 090 726

The renewal of New Hanover as an economic hub, the Council has invested R 4 227 782 in upgrading and providing an up to date and modern administrative head office for its operations

Other special programmes have received the benefit of an R 2 270 337 cash injection

It is clear that the Council is creating solid foundations for itself to effectively and efficiently deliver on its constitutional mandate and to deliver on its developmental objectives contained in its Integrated Development Plan.