



ZULULAND DISTRICT MUNICIPALITY 2010/11 ANNUAL REPORT DRAFT

1.1.

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VAT REGISTRATION NUMBER

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BANKERS

Name of the bank: ABSA

AUDITORS

Internal Auditors: PriceWaterHouseCoopers

External Auditors: Auditor-GeneralSouth Africa

ATTORNEYS

Shepstone & Wylie

CUSTOMER CARE NUMBER: 035-874 5530

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GLOSSARY OF ACRONYMS AND ABBREVIATIONS

Glossary of Acronyms and Abbreviations

BP	:	Business Plan
DBSA	:	Development Bank of Southern Africa
DPLG	:	Department of Provincial and Local Government
DMP	:	Disaster Management Plan
EE	:	Employment Equity
EEP	:	Employment Equity Plan
EMP	:	Environmental Management Plan
IDP	:	Integrated Development Plan
ITP	:	Integrated Transport Plan
LED	:	Local Economic Development
LUMS	:	Land Use Management System
PMS	:	Performance Management System
RDP	:	Reconstruction and Development Plan
SDBIP	:	Service Delivery and Budget Implementation Plan
SDF	:	Spatial Development Framework
WSDP	:	Water Services Development Plan
ZDM	:	Zululand District Municipality
MANCO	:	Management Committee
EXCO	:	Executive Committee
OHS	:	Occupational Health and Safety
HH	:	Households
FMG	:	Finance Management Grant
DWA	:	Department of Water Affairs
MIG	:	Municipal Infrastructure Grant
GAAP	:	General Acceptable Accounting Practice
MFMA	:	Municipal Finance Management Act
MPAC	:	Municipal Public Accounts Committee
BBBEE	:	Broad Based Black Economic Empowerment
SMMES	:	Small Medium and Micro Enterprises
SCM	:	Supply Chain Management
SALGA	:	South African Local Government Association
NPA	:	National Prosecuting Authority
SALAPT	:	South African Local Authority Pension Fund

FOREWORD BY HER WORSHIP, THE MAYOR



We have indeed come a long way in ensuring that all Zululand citizens get the necessary services that they are entitled to. As Zululand District Municipality, we have an open door policy and are transparent to our communities with all the development programmes and projects we undertake. Our consultative mechanisms of bringing on board traditional leaders in order to implement service delivery more effectively has borne positive fruits. This is one of our many strategies that have been widely adopted by other districts in this province and nationally.

We pride ourselves for being trend setters and a compass in delivering improved services to the masses. I am proud to report that as a district, we have gone beyond the learning curve and have made great strides in actual service delivery. This is through dedication, selflessness and hard work of councillors and staff of our district municipality. These are ordinary women and men folk of our district who have proved their dedication towards community upliftment under very trying circumstances. We salute them and urge them to continue with the good work they are doing, this country needs people of their calibre and stature in order to prosper. May they always remember that they have a mandate to always deliver to the electorate who voted them in their positions.

As a rural district, we still have huge backlogs which are caused by the shortage of funds. We have since committed ourselves towards developing economic ties with other countries in a bid to boost our economy. Currently we are negotiating with the Spanish government to sponsor and train our rural communities to make a living out of their livestock. This programme is yet to be launched and we are positive that it will bring about much needed job creation and sustainability to our Ulundi and Nongoma communities where it will be piloted. Our Local Economic Programme of allocating all 81 wards under our district with

own funding to establish ward based projects has and continues to make a difference in people's lives. Also in this financial year, we have established a Widows and Orphans Fund whose numbers have since increased due to HIV/AIDS. These sectors of our communities are also encouraged to form co-operatives and start their own projects.

On the service delivery front, since the year 2000 we have spent more than R647 million on regional water schemes aimed at effectively delivering portable- clean water to our rural communities. These regional schemes include uSuthu, Nkonjeni, Mandlakazi, Hlahlindlela/Mondlo, Simdlangentsha East and Simdlangentsha West. To revive agricultural activities, we have bought 40 multi-purpose tractors for areas under amakhosi jurisdiction. We also have allocated large sums of money towards community gardens and building market stalls to help people sell their produce. To ensure that community projects are sustained accordingly, we have hired personnel to train communities on poultry farming, gardening etc. As ZDM council and staff, we have made a commitment to the people of Zululand to serve them with honour and integrity and we will always abide by it.

Mayor,

V.Z. kaMagwaza-Msibi



FOREWORD BY THE SPEAKER

On the 18th of May 2011 the people resident within the Zululand District Municipality's area of jurisdiction, in line with the general election for the local sphere of government, voted some of our citizens into the office of councillors to serve the interests of the people of the District. This was, indeed democratic practice in line with the Founding Provisions of the Constitution of the Republic of South Africa Act 108 of 1996 (the Constitution) which constitutes the Republic of South Africa as one sovereign, democratic state founded on, *inter alia*, **the values of universal adult suffrage, a national common voters roll, regular elections and a multi-party system of democratic government, to ensure accountability, responsiveness and openness.** This practice gives the people of the Republic of South Africa the opportunity to determine the course of development for the local communities in this country. The people of the Zululand District Municipality also voted on this date to determine the course of development in the Zululand District Municipality area.

Among other expectations of the citizens in our District, is the delivery of democratic and accountable government to the local communities and to ensure their involvement as the ZDM strives within the confines of available resources to deliver much needed services. This includes the oversight role that councillors are expected to play to strengthen the good governance of the Zululand District Municipality (ZDM) to achieve this ideal. Surely this must be the case since this government is the ***people's Voice, the people's Choice and people's Future***, and is determined to forge ahead developing the lives of the people.

The Council of the Zululand District Municipality has been getting Unqualified Audit Reports for a record number of financial years which testifies to its good governance record *en route* to the clean audit national target ahead of the target year of 2014. Indeed our Mayor is determined to achieve this before year 2014.

To this end the oversight role of councillors is very critical and we are pleased to have the leadership of Her Worship, Cllr. V Z Magwaza-Msibi with her track record and experience in good governance, as the Mayor of our district. We thank

the Mayor and her Executive Committee for ensuring good governance in our District.

Indeed councillors are not born with all the tools necessary to do their work with perfection to the satisfaction of the communities they serve, but surely training is going to equip them with the necessary information to do their work well. We thank the South African Local Government Association for starting the councillor training process. We also encourage councillors to do their best to equip themselves with the necessary skills so that they can best represent our people in this region at the level of local government.

The service delivery protests that have swept through the country over the past few months before and after the local government elections are an indicator of the strong need for regular reporting to communities, hence the annual report and other reporting instruments. The Constitution of the Republic of South Africa and the Municipal Systems Act, among other enabling legislation, places the executive and legislative authority in a municipality to the municipal council. This places responsibility on the council of this municipality to account on its activities as it governs the District.

The Annual Report of the Zululand District Municipality provides a holistic view of how the District Council has been governing over the 2010/2011 financial year. In line with Section 121 of the Municipal Finance Management Act 56 of 2003, through this report, the Zululand District Municipal Council provides the record of all activities of this Municipality over the past financial year provides a report on performance against the budget of the municipality over the 2010/2011 financial year and is accounting to people of the Zululand District in this respect.

The Zululand District Municipality is using this tool to report to our people how their municipality spent their money in line with the budget as is seen in the Annual Financial Statements, on how the Auditor General has audited the use of the money for the betterment of the people's lives, the challenges we faced and the improvements we are going to implement going forward.

Once the process has been completed, the public representatives will work on the **oversight report** through a process that is open to the public to ensure we account to the matters contained in the annual report. This municipality views the role of Amakhosi at this level of government as paramount and, therefore, Amakhosi will be involved in this process to maximise the oversight process. We are happy to see some of the Amakhosi forming part of councils deciding about service delivery in their communities. We encourage councillors to ensure that Amakhosi are always kept abreast of the municipal processes affecting their people. In this way the public get the opportunity to fully participate through all their representatives. We applaud the manner in which our honourable Mayor has always involved Amakhosi of our district in the local government affairs of the

ZDM. All of us councillors should take a lesson from the Mayor to ensure maximum accountability.

The call to accelerate development has been made by the people through their vote and, council needs, for the betterment of our people's lives, to continue displaying political maturity going forward.

Indeed within a short time frame this council has managed to pass the Integrated Development Plan (IDP) and the Annual Budget (the Budget) for the 2011/2012 financial year without hassles, showing the readiness to work as a democratic collective determined to be *the voice, the choice and the future* of the people of the Zululand District.

With an able and determined political head of this municipality in the person of Her Worship, the Mayor, Clr. V Z KaMagwaza-Msibi, the Zululand District Municipality is indeed *Your Voice, Your Choice, Your Future* and, is the microcosm of developmental government in this country determined to deliver *progress with integrity* to the people of the Zululand District Municipality. Let us all cooperate as councillors and the people of the Zululand District to in order to better the lives of our people.

Speaker,

M. A. Hlatshwayo

OFFICE OF THE MUNICIPAL MANAGER

FOREWORD BY THE MUNICIPAL MANAGER



Zululand District Municipality has since its inception committed itself to service delivery without prejudice to its communities. I am proud because together with Council and staff, ZDM has and again recommitted itself to this purpose. As a Water Service Authority, we will forever put water distribution and sanitation first. Ten Regional Water Schemes throughout the district have been established to ensure that Zululand district residents have total access to clean water. We are proud because in all these schemes, proper infrastructure has been installed and most communities are already benefiting. Currently we are busy working on increasing the number of beneficiaries from these schemes since our main aim is to ensure that all our communities receive clean water. However water shortages underground and budget constrains still remain our main challenges. I am appealing to all district residents to bear with us in this matter but I am assuring them that we are working very hard in improving our water situation by sourcing additional funding countrywide and abroad. Other key focus areas for the coming year include economic development, social development, institutional development, financial management, good governance and public participation. I appeal to all ZDM stakeholders and communities to continue with their support by participating in all our public gatherings and meetings to strengthen our accountability and transparency campaigns.

In conclusion, I thank the Honourable Mayor, Executive Council, Council and staff for their continued support. Without their hard work we would not have maintained our status as a service driven and corruption-free institution.

I thank you.

Municipal Manager

Mr J.H. der Klerk

CHAPTER 1: INTRODUCTION AND OVERVIEW

INTRODUCTION AND PURPOSE OF THE ANNUAL REPORT

The Annual Report is a legal requirement in terms of Chapter 12 of the Municipal Finance Management Act, No 56 of 2003. The purpose of this report as per the Act is:

- To provide a record of the activities of the municipality;
- To provide a report on performance in service delivery and budget implementation; and
- To promote accountability to the local community.

The MFMA requires the municipality to report on all aspects of performance providing a true, honest and accurate account of the goals set by council and the success or otherwise in achieving these goals. The Annual Report is thus a key performance report to the community and other stakeholders.

In line with aforementioned, this report will be tabled in Council who must adopt an oversight report containing the Council's comments on the annual report. The annual report will also be made public and the residents and other stakeholders in the Zululand District will be given an opportunity to comment and submit representations in connection with the report, which comments and representations will be considered by the Council when adopting the oversight report.

OVERVIEW OF THE MUNICIPALITY

DEMOGRAPHIC INFORMATION

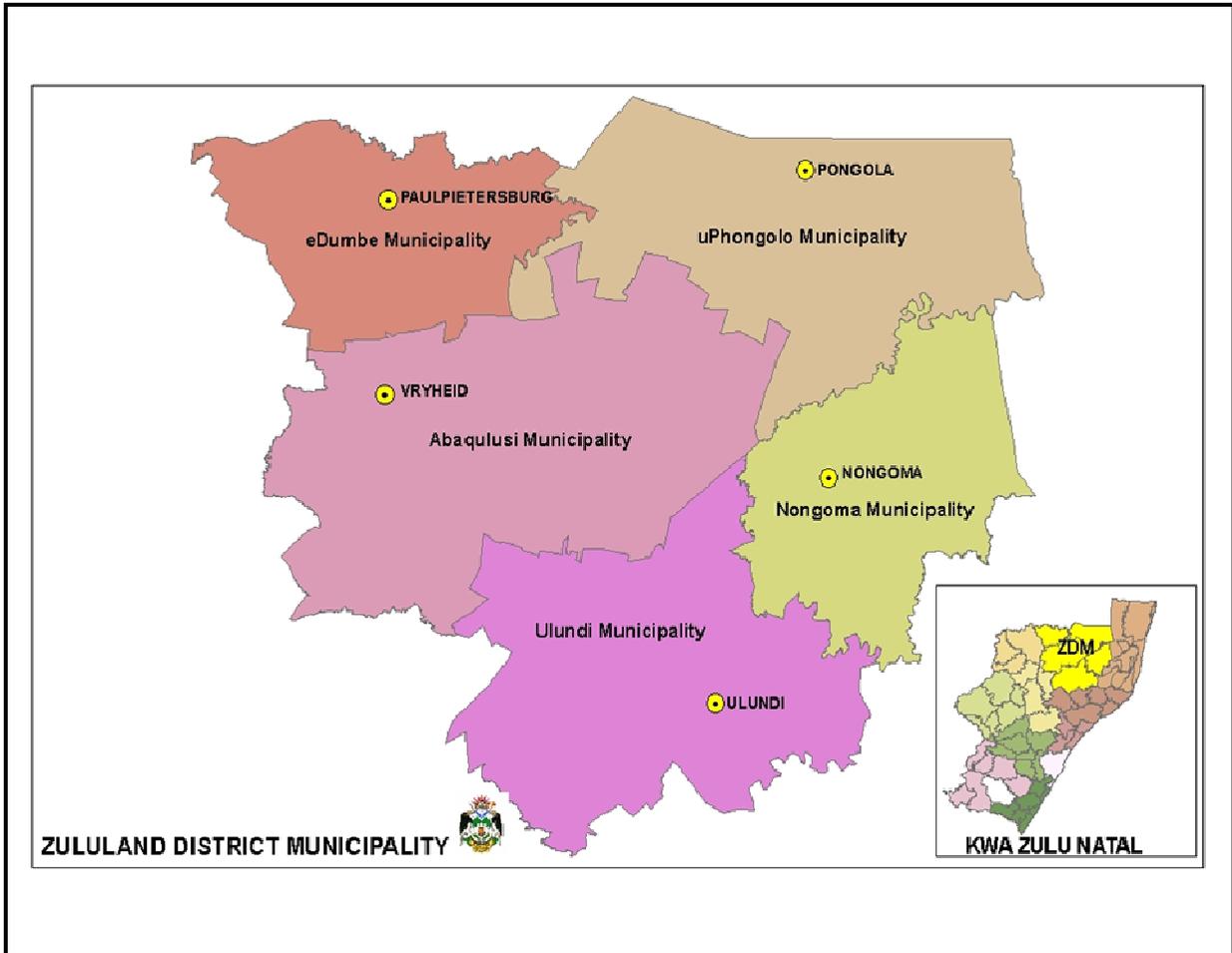
The Zululand District Municipality is one of the eleventh district municipalities in KwaZulu- Natal. It operates in the northern part of the province. Approximately half the area is under the jurisdiction of traditional authorities while the remainder is divided between commercially-owned farms and conservation areas. The area is predominantly rural and the population is sparsely dispersed over 14 810 km² . The major towns forming part of the district are eDumbe, Abaqulusi, Nongoma, Pongola and Ulundi.

The district serves a population of 964 005 people of whom 74.6 % reside in the rural areas, with the balance in the urban and/or peri-urban areas. The district is characterised by high unemployment and poverty and, as such, the Zululand District Municipality has been identified as a Nodal Point.

The municipality is isolated from the national economy mainly due its location in relation to transport and distance from major centres. The traditional areas are poverty-stricken and depend upon the little economic output that is generated in the towns that are situated within the district.

Despite this negative backdrop against which the Zululand economy has to perform, there are unique characteristics that present a range of economic development opportunities in the district. These are in relation to tourism and agriculture. The former has started to play a larger role in the economy of area, although this does not fill the gaps caused by the closure of the mines. The mines have significant forward and backward linkages on all the economic sectors, particularly in Vryheid and the surrounding areas.

MAP OF THE ZULULAND DISTRICT MUNICIPALITY



The table below shows the population distribution per local municipality

Total Households count per Local Municipality						
		2001	2007			
LM Name	LM	Households	Households	Number of people	Growth	% Growth
Abaqulusi	KZ263	32312	36044	243766	3732	14%
eDumbe	KZ261	11611	15025	101614	3414	13%
Nongoma	KZ265	27947	34043	230233	6096	23%
Ulundi	KZ266	27957	35319	238862	7362	28%
uPongola	KZ262	16289	22112	149543	5823	22%
		116116	142543	964018	26427	100%

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A few key statistics are summarised hereunder:

INDICATOR	ZULULAND
Area	14 810 km ²
Population (2007)	964 005 people
Households	142 543
People per Household	6,763
% Urban Households	25,4%
% Rural Households	74,6%
Gender breakdown	Males 46,5 % Females 53,5 %
Age breakdown	0 – 14 38,9% 15 – 64 56,9% 65 + 4,2%

Source: Zululand DM GIS 2008

Table 2

Total Rural Household count per category per Local Municipality						
LM Name	CATEGORY	2001 Households	2007 Households	% of Total	Growth	% Growth
Abaqulusi	Rural	18666	15714	14.8	-2952	-3.09%
eDumbe	Rural	11097	9843	9.4	-1254	-1.31%
Nongoma	Rural	27105	33289	31.3	6184	6.48%
Ulundi	Rural	25260	29269	27.5	4009	4.20%
uPongola	Rural	13359	18165	17.0	4806	5.03%

Table 3

Total Urban Household count per category per Local Municipality						
LM Name	CATEGORY	2001 Households	2007 Households	% of Total	Growth	% Growth
Abaqulusi	Urban	13646	20330	56.1	6684	32.40%
eDumbe	Urban	514	5181	14.3	4667	22.62%
Nongoma	Urban	842	753	2	-89	-0.43%
Ulundi	Urban	2697	6052	16.7	3355	16.26%
uPongola	Urban	2930	3947	10.9	1017	4.93%
		20629	36263	100	15634	76%

The figures shown in the tables illustrate a tendency for a reduction in the Rural Population in Abaqulusi and eDumbe with significant growth in the urban areas. The other municipalities have all experienced rural growth with only Ulundi showing significant urban growth. The official Stats SA figures show that in 2005 there were 144 000 households within Zululand and 964 005 people. This gives an average of 6.763 people per household. The aerial count conducted, shows there is a total of 142 543 households in 2007. If we take the official figure of 6.763 people per household, and multiply it with 142 543, it brings the total number of people in Zululand to 964 018.

The following should be noted with regards to the population of this district:

- Abaqulusi (243766) and Edumbe (101607) local municipalities are home to the highest and lowest proportions of Zululand District's population, respectively.
- In terms of geographic area, Abaqulusi is the largest (4184 km²), Ulundi (3256 km²), uPhongolo (3236 km²), Nongoma (2185 km²) and eDumbe (1948 km²).
- Low levels of urbanization, approximately 68.79% of the people in the District are located in rural areas.
- A female population (53.5%) that is significantly higher than the male population (46.5%) which could be attributed to migration patterns in the province in general.

- There are large disparities in settlement concentrations such that Ulundi and Edumbe are home to the highest and lowest proportion of population, i.e. 26% and 10% respectively.
- Urbanization rates among the local municipalities indicate that Abaqulusi Municipality has the highest rate of urbanization i.e. 56 %, Ulundi follows with 16% and Edumbe at 8%. uPhongolo has 8% urbanisation rate, and Nongoma have a negative urbanization rate.

Executive summary

The ZDM Council has adopted the following long-term development vision:

‘We are the Zululand region and proud of our heritage. We are mindful of the needs of the poor and we seek to reflect the aspirations of our communities. We are committed to responsible and accountable actions, tolerance and concern for racial harmony, the protection of our environment, and the strengthening of the role of women and youth. We will strive to improve the quality of life in Zululand by providing sustainable infrastructure, promoting economic development and building capacity within our communities.’

‘WE SERVE THE PEOPLE’

A vision is a statement that indicates a desired future scenario, which may be idealistic, and which describes the desired future state towards which the Municipality is working.

MISSION OF THE ZDM

To create an affluent district by:

- Provision of optimal delivery of essential services;
- Supporting sustainable local economic development; and
- Community participation in service delivery

CORE VALUES OF THE ZDM

- Transparency;
- Commitment;
- Innovation;
- Integrity; and

- Co-operation

POLITICAL LEADERSHIP IN THE ZULULAND DISTRICT MUNICIPALITY

- The Council of the Zululand District Municipality consists of 34 Councilors, 40% of which are proportionally elected and 60% elected to the district municipality from respective local municipalities. The Council is chaired by the Speaker, The Honourable Cllr. N J Mjaja.
- The Executive Committee is chaired by His Worship the Mayor Cllr MB. Gwala. The political parties represented in our council are the IFP (28), ANC (3), and the DA with (3) Councilors respectively.

THE COUNCIL OF ZULULAND DISTRICT CONSIST OF THE FOLLOWING COUNCILORS:

*A M. Hlatshwayo (Speaker)	
** V.Z. Magwaza (Mayor)	*S.E. Qwase (Deputy – Mayor)
* E. M. Khumalo	T R Bunge
B.J. Mncwango	S Z Buthelezi
B C Nhlabathi	*S.E. Nkwanyana
MS Ntshangase	R B Mhlungu
* B.B. Zwane	ISM Hadebe
MM Mtungwa	Z Siyaya
MM Mntungwa	M E Buthelezi
K E Nxumalo	T K Mkhize
* V. O. Mbuyisa	S P Ximba
BB Zwane	T L Khumalo
I A Mbatha	Z I Mtshali
NM Nhlabathi	L S Dumakude
T B Luthuli	J N Mjaja
R M Zulu	N Xaba
M B Mabaso	T J Khumalo
M T Lushaba	Q M Dlamini
N F Zulu	S J Zulu
* Member of EXCO	
** Chairperson of EXCO	

ZULULAND DISTRICT MUNICIPALITY'S EXECUTIVE COMMITTEE



Standing from L-R: Acting HOD: Planning, Mr. S Landman, HOD: Corporate Services, Mr. MN Shandu, HOD: Community Services, Ms ZV Cele, CFO, Mr. SB Nkosi, HOD: Technical Services, Mr. SL Khumalo.

Seated from L-R: Cllr SE Nkwanyana, the Municipal Manager - Mr. JH de Klerk, the Honourable Mayor - Cllr VZ kaMagwaza – Msibi, the Deputy Mayor - Cllr SE Qwabe, Cllr OV Mbuyisa, Cllr BB Zwane and the Speaker, Cllr MA Hlatshwayo

- In order to ensure that there is synergy, and adequate monitoring and control in the performance of the municipality towards achieving the strategic goals that Council set itself; the Council established Portfolio Committees, with each one chaired by an EXCO Member. These Committees meet regularly to track the progress made from time to time in the implementation of the Intergrated Development Plan (IDP) of the Municipality.
- The financial year 2010/2011 was the year in which the Municipality established its Oversight Committee and started to carry out its founding mandate.
- The table below indicate all the portfolio committees of the Municipality and the number of meetings that each committee held during the current year of reporting. The number of meetings are compared with those held in the previous period of reporting i.e. FY2010/2011

PORTFOLIO COMMITTEE	MEETINGS HELD DURING 2009/10	MEETINGS HELD DURING 2010/11
Disaster Management, Health & Safety	1	1
Finance & Budgeting Portfolio	3	2
Led & Tourism Portfolio	3	3
Community & Social Development	0	4
Capex& Water Provision Portfolio	4	3
Planning & GIS	3	2
Audit Committee	5	5
Local Labour Forum	2	1
Executive Committee	10	9
Full Council	7	6

CHAPTER 2: PERFORMANCE HIGHLIGHTS

1.1.3 Performance Management

The Municipality's reporting on performance is drawn from various pieces of legislation and circulars including the Municipal Systems Act No 32 of 2000, Performance Management Regulations, National Treasury Guidelines and Municipal Finance Management Act. Reporting is performed on a quarterly basis, for the municipality, Municipal Manager and the managers reporting directly to him.

A Performance Management Framework has been developed to address internal policies, procedures to address planning, monitoring and reporting processes and steps to improve performance. It incorporates the IDP, Budget and Performance Management Review to ensure alignment of these parallel processes. The framework covers the following content;

1. Framework for development of the PMS
2. Process for setting and reviewing KPIs
3. Process for setting performance targets
4. Framework to track performance of staff and service providers
5. Development of a monitoring framework
6. Internal Controls

Key achievements during this period include;

Phase	Activity	Action	Date
Evaluation of 2009/2010 Performance	Monitoring and evaluation	Performance Audit Committee	March 2010; June 2010 and Jan 2011
	Annual Report	Table report to Council	Jan-11
	Publish Annual Report	Publish in media	Jan-11
Planning for 2010/2011 fy	Section 57 Performance Agreements	Signing by HODs and MM	July-10
	Performance Management Framework for the 2010/2011 fy	Review and submission for approval	Jul- 10
	Performance Evaluation Panel		Jan-10
Management of 2010/2011 Performance	Monitoring and review	Performance Audit Committee	Jan, May, July 2011

Planning for 2011/12 Performance	Review and or setting of KPIs and targets for the 2010/2011 fy	Adoption by Council	Mar-11
	Performance Management Framework for the 2010/2011 fy	Review and submission for approval	Jul- 11
	Development of an automated performance management system	Needs Analysis, design, development, training and deployment	Jul-11

A simple approach to performance was adopted at the municipality. Council and Senior Management meet to revise the Council Strategies for each financial year. The revised strategies form the pillars for crafting key performance indicators which act as a unit of measure for each strategy. Targets which council must strive to achieve are set for each quarter of the financial year. The components are referred to as performance measures. Section 57 contracts signed by Heads of Department and the Municipal Manager provide the formulae for measurement of the performance targets. All the components indicated above form the system which is measurable every quarter of the financial year.

Various structures have been established to monitor and ensure alignment internally and within the Zululand Family of Municipalities. They are listed as follows;

1. Performance Audit Committee

The structure is an independent committee appointed by the municipality to advise the Executive Council on performance matters relating to finance, policies, internal controls, compliance and evaluation.

2. Management Committee

This committee reviews Key Performance Indicators and targets annually and is responsible for physical implementation of council strategies.

3. District Technical Advisory Committee

The structure includes Local municipalities, the district and Co-operative Governance to establish a culture of information sharing and identify common aspects of alignment between the stakeholders on performance management.

4. Internal Audit

This structure is appointed by the municipality and may be outsourced to audit specialists. The key function is to prepare a risk based audit plan and audit programme for a financial year, advise the accounting officer and report to the performance audit

committee on performance matters listed under point 1 above. They analyse performance information for each financial year to enable the Audit Committee to make an informed decision and recommendations to Council.

2010/2011 Performance

In the Annual Performance Report, the annual performance of the municipality has been measured in relation to the set targets. Be it noted that some of the financial targets can only be measured at the end of November 2011.

The scoring formula applied to measure the performance is derived from the Section 57 Performance Management Guidelines. A score ranging between 1 and 5 [which also determines the nature of the performance] is allocated to each KPI as per the performance of the responsible Head of Department. Upon completion of an internal audit, the performance report will be tabled at the Performance Audit Committee which will recommend to Council.

The Performance Audit Committee will also discuss and recommend steps to improve performance where it is found to be undesirable.

The Annual Performance Report for the Council for the 2010/2011 financial year is as follows;

Focus Area	KPI No	Indicator	Indicator/KPI measurement Frequency	Baseline	Annual target	Actual Achieved
Water and Sanitation	1	Sec 43 (Reg 10 (a)) : Percentage of households with access to basic level of water	Quarterly	63.7% of households had access to basic level of water	64.7% of households had access to basic level of water	65.7% of households had access to basic level of water

	2	Sec 43(Reg 10 (b)): Percentage of households earning less than R1100 pm with access to free water (Note: Rudimentary LOS included)	Quarterly	63.7% of households had access to basic level of water	64.7% of households had access to basic level of water	65.7% of households had access to basic level of water
	3.1	Number of required tests conducted (samples) as per approved strategy	monthly	1000 required tests conducted (samples) as per approved strategy	1228 required tests conducted (samples) as per approved strategy	1228 required tests were conducted (samples) as per approved strategy
	4	Cumulative water supply interruption time per plant less than specified target	Quarterly	15	<_15	9
	5	Draft WSDP submitted for consideration by council by target date	Quarterly	WSDP approved by council by 28/05/2010	WSDP approved by council by 30/06/2011	WSDP approved by council by 29/05/2011
	6	Sec 43(Reg 10 (a)): Percentage of households with access to basic level of sanitation	Quarterly	55.2% of households with access to basic level of sanitation	60.4% of households with access to basic level of sanitation	59.7% of households with access to basic level of sanitation
	6.2	Sec 43(Reg 10 (b)): Percentage of households earning less than R1100 pm with access to free sanitation	Quarterly	55.2% of households with access to basic level of sanitation	60.4% of households with access to basic level of sanitation	59.7% of households with access to basic level of sanitation

	7	Draft 2011/2012 Water policies and bylaws revisions submitted for consideration by council by target date	annually		Draft 2011/2012 Water policies and bylaws revisions submitted for consideration by 30 June 2011	Draft 2011/2012 Water policies and bylaws revisions submitted for consideration by 29 May 2011
	8	Number of reports considered by WSA	quarterly		24 certified WSP reports submitted	24 WSP reports considered
	9	Average time of notification to community prior to planned interruptions	Quarterly	4 hrs notification to community prior to planned interruptions	24 hrs notification to community prior to planned interruptions	48 hrs notification to community prior to planned interruptions
	10	MIG grant funds spent on approved projects by the prescribed date	Quarterly	100% MIG grant funds spent on approved projects by 30 June 2010	100% MIG grant funds spent on approved projects by 30 June 2011	100% MIG grant funds spent on approved projects by 30 June 2011
	11	Sec 43 (Reg 10 (c)): Percentage of capital budget actually spent on projects identified in IDP	Quarterly	100% of capital budget spent on projects identified in IDP	100% of capital budget spent on projects identified in IDP	100% of capital budget spent on projects identified in IDP
Disaster Management	12	Number of planned awareness campaigns held	Quarterly	13 planned awareness campaigns held	12 planned awareness campaigns held	16 planned awareness campaigns held
	12.1	Updated plan that complies with sections 52,53 of the Disaster Management act 57 of 2002, submitted to council by the	Quarterly	Disaster Management Plan approved by 25 March 2010	Disaster Management Plan approved by 31 June 2011	Disaster Management Plan approved by 30 April 2011

		specified date				
Municipal Airport	12.2	% progress with implementation of airport plan	Quarterly	75% progress with implementation of airport plan	50% progress with implementation of airport plan	70% progress with implementation of airport plan
Sound Financial Management	13	Sec 43 (Reg 10 (g(ii))): Outstanding Service Debtors to Revenue	Quarterly	0.5 Outstanding Service Debtors to Revenue	0.25 Outstanding Service Debtors to Revenue	
	14	Number of adjustments effected in relation to the number of accounts issued	Quarterly	50% adjustments effected in relation to the number of accounts issued	50% adjustments effected in relation to the number of accounts issued	
	15	Average processing time for invoices of approved work/services	Quarterly	7 days processing time	30 days processing time	

	16	Date Financial Statements submitted to office of AG	annually	Financial Statements submitted to office of AG by 30 August 2010	Financial Statements signed off by 31 August 2011	
	16.1	Nature of Audit Opinion	annually	Unqualified	Unqualified	
	16.2	Number of matters of concern reported	annually		Less than 8 matters of concern reported	
	17	Date of approval of Tabled Budget	annually	Budget tabled by 25 March 2010	Budget tabled by 15 March 2011	

	17.1	Date of approval of Final Budget	annually	Final Budget approved by 27 May 2010	Final Budget approved by 30 June 2011	
	18	Percentage of Planned Audit Meetings held	Quarterly	5 Planned Audit Meetings held	5 Planned Audit Meetings to be held	
	18.1	Percentage of Audit queries cleared within the next financial year	annually	40% of Audit queries cleared	75% of Audit queries cleared	
	19	Date for approval of Financial Plan	annually	Financial Plan approved by 27 May 2010	Financial Plan approved by 30 June 2011	
	20	Sec 43 (Reg 10 (g(iii))): Cost Coverage	Quarterly	Cost Coverage of 6	Cost Coverage of 6	
	20.1	Sec 43 (Reg 10 (g(i))): Debt Coverage Ratio	Quarterly	Debt coverage ratio of 4	Debt coverage ratio of 4	
	21	DTLGA: % operating budget funded from cash	Quarterly	100 % of operating budget funded from cash	96 % of operating budget to be funded from cash	
	22	Number of days with excessive funds in current account in relation to the strategy	Quarterly	15 days	60 days	
	23	Date of approval of Annual Report	annually	Annual report approved by 28 Jan 2010	Annual report approved by 31 Mar 2011	
	23.1	Date of receipt of SDBIP by Mayor	Quarterly	SDBIP signed by MM by 08 June 2010	SDBIP signed by MM by 14 July 2011	
	23.2	Number of SDBIP reports considered	Quarterly		16 reports submitted to CFO by 30 June 2011	
	24	To submit SDBIP reports to CFO	Quarterly		16 reports 2 weeks after financial yr end	13 reports 2 weeks after financial yr end
	25	% of capital projects budgeted for in accordance with the	annually	100% of capital projects	100% of capital projects	

		IDP		budgeted for in accordance with the IDP	budgeted for in accordance with the IDP	
	25.1	Sec 43 (Reg 10[g]): Financial viability as expressed by the ratios in Gazette.	annually			
District Tourism	26	Number of tourism packages created for prioritised areas by specified date	quarterly	5 packages approved by Tourism portfolio committee	3 packages approved by Tourism portfolio committee	5 packages approved by Tourism portfolio committee
	27	Compilation of Tourism statistics by specified date	quarterly	Tourism statistics compiled and approved by 30 April 2010	Tourism statistics compiled and approved by 01 June 2011	Tourism statistics compiled and approved by 28 May 2011
	27.1	% of planned tourism liason meetings held	quarterly	4 planned tourism liason meetings held	8 planned tourism liason meetings held	12 planned tourism liason meetings held
Economic Development	29	Number of LED awareness events held	quarterly	12 LED awareness events held	8 LED awareness events held	14 LED awareness events held
	30	Number of LED business plans that are submitted by specified date	quarterly	17 LED business plans business plans submitted to funders	10 LED business plans business plans submitted to funders	17 LED business plans submitted to funders
	31	LED Plan reviewed and approved (Including Tourism, Business & Agricultural Plans) by target date	quarterly	LED plan reviewed and approved at 28 May 2010	LED plan reviewed and approved at 30 March 2011	LED plan reviewed and approved at 28 March 2011

	31.1	Number of LED Forums/Sub-Forums meetings held	quarterly	15 LED forums/subforums were held	9 LED forums/subforums were held	15 LED forums/subforums were held
HIV/AIDS	32	Number of planned awareness campaigns held	quarterly	13 planned awareness campaigns held	10 planned awareness campaigns held	26 planned awareness campaigns held
	33	HIV/AIDS Strategy reviewed and submitted to MM by planned date	quarterly	HIV/AIDS strategy reviewed and submitted to MM by 30 April 2010	HIV/AIDS strategy reviewed and submitted to MM by 30 June 2011	HIV/AIDS strategy reviewed and submitted to MM by 29 May 2011

Youth and Gender	34	Number of approved programmes held	quarterly	8 approved programmes were held	5 approved programmes were held	8 approved programmes were held
	35	Number of Youth & Gender related Business Plans submitted for funding	quarterly	2 youth and gender business plans were submitted for funding	2 youth and gender business plans were submitted for funding	4 youth and gender business plans were submitted for funding
	36	Youth & Gender Strategy reviewed and submitted to MM by specified date	quarterly	Youth and gender strategy was reviewed and submitted to the MM by 31 January 2010	Youth and gender strategy was reviewed and submitted to the MM by 30 June 2011	Youth and gender strategy was reviewed and submitted to the MM by 29 May 2011
	37	Number of District Youth & Gender Councils Meetings held	quarterly	8 district youth and gender councils meetings were	4 district youth and gender councils	6 district youth and gender councils

				held	meetings held	meetings were held
Community Development	38	Number of people participating in ZDM Capacity Building Programmes	quarterly	700 people participated in councils capacity building programmes	500 people participating in councils capacity building programmes	700 people participated in councils capacity building programmes
	39	Number of CapacityBuilding related Business Plans submitted	quarterly	8 capacity building related business plans submitted	6 capacity building related business plans submitted	8 capacity building related business plans submitted

Compliance, clean and sound administration	40	Revision of policies and bylaws by specified date	annual	Policies and bylaws reviewed by 27 May 2010	Revision of policies and bylaws by 30 June 2011	Revision of policies and bylaws by 28 March 2011
	40.1	Date of submission of bylaws for promulgation	annual	Bylaws submitted for promulgation 60 days after adoption	Bylaws submitted for promulgation 60 days after adoption	Bylaws submitted for promulgation 15 days after adoption
	40.2	Date of submission of reviewed employee assistance Program	Quarterly	EAP submitted by 30 April 2010	EAP submitted by 30 April 2010	EAP submitted by 29 May 2011
	41	Communication Plan reviewed for the year	Quarterly	Communication Plan reviewed by 31 May 2011	Communication Plan reviewed by 30 June 2011	Communication Plan reviewed by 28 March 2011

	42	Percentage of department allocated grant funds received (prior to approval of adjustment budget) spent	Quarterly	100% of allocated grant funds received (prior to approval of adjustment budget) spent	100% of allocated grant funds received (prior to approval of adjustment budget) spent	74.25% of allocated grant funds received (prior to approval of adjustment budget) spent (97+100+100/4)
	43	Sec 43(reg 10)(f): % of Municipal budget actually spent on skills Development Plan	Quarterly	100 % of Municipal budget spent on skills Development Plan	100 % of Municipal budget spent on skills Development Plan	100 % of Municipal budget spent on skills Development Plan
Integrated & co-ordinated development	44	Number of Alignment meetings held	Quarterly	20 alignment meetings held	20 alignment meetings held	18 alignment meetings held
	45	Date of adoption of 2011/2012 Process Plan	Quarterly	Process Plan adopted by 30 July 2010	Process Plan adopted by 30 Sept 2011	Process Plan adopted by 29 May 2011
	45.1	Date of adoption of 2011/2012 Framework Plan	Quarterly	Framework Plan adopted by 30 July 2010	Framework Plan adopted by 30 Sept 2011	Framework Plan adopted by 29 May 2011
	47	Sec 43 (Reg 10 (e)): Number of EE target groups employed in three highest levels of management	Annually		1 target group employed in three highest levels of management	3 target groups employed in three highest levels of management

Key Performance Measures for the 2011/2012 Financial Year are as follows;

KEY PERFORMANCE MEASURES FOR 2011/2012				
Focus Area or CSF	Key Objective	Objective	Lead / Lag Indicator	Indicator
1.1 Water & Sanitation	To progressively provide a cost effective, reliable water service at a good quality to all potential consumers in the district	To provide free basic water		Sec 43 (Reg 10 (a)) : Percentage of households with access to basic level of water
	To progressively provide a cost effective, reliable water service at a good quality to all potential consumers in the district	To improve access to free water		Sec 43(Reg 10 (b)): Percentage of households earning less than R1100 pm with access to free water (Note: Rudimentary LOS included)
	To progressively provide a cost effective, reliable water service at a good quality to all potential consumers in the district	To improve on the quality of water delivered		Number of required tests conducted (samples) as per approved strategy

	To progressively provide a cost effective, reliable water service at a good quality to all potential consumers in the district	To improve water supply reliability		Cumulative water supply interruption time per plant less than specified target
	To progressively provide a cost effective, reliable water service at a good quality to all potential consumers in the district	To review and facilitate the District WSDP		Draft WSDP submitted for consideration by council by target date
	To progressively provide a cost effective, reliable water services at a good quality to all potential consumers in the district	To provide free basic sanitation services		Sec 43(Reg 10 (a)): Percentage of households with access to basic level of sanitation
	To progressively provide a cost effective, reliable water services at a good quality to all potential consumers in the district	To improve access to free sanitation		Sec 43(Reg 10 (b)): Percentage of households earning less than R1100 pm with access to free sanitation
	To deliver and regulate water services in a structured manner	To ensure that legislated water policies are reviewed and updated		Water policies and bylaws revisions submitted for consideration by council by target date
	To deliver and regulate water services in a structured manner	To effectively monitor WSP's		Number of reports considered by WSA
	To progressively provide a cost effective, reliable water services at a good quality to all potential consumers in the district	To implement effective Customer Care		Average time of notification to community prior to planned interruptions

	To progressively provide a cost effective, reliable water services at a good quality to all potential consumers in the district	To effectively utilise MIG allocation		MIG grant funds spent on approved projects by the prescribed date
	To progressively provide a cost effective, reliable water services at a good quality to all potential consumers in the district	To maximise the implementation of IDP identified projects		Sec 43 (Reg 10 (c)): Percentage of capital budget actually spent on projects identified in IDP
1.2 Disaster Management	To deal with Disasters efficiently & effectively in the district	To create awareness of hazards and disasters	L a g	Number of planned awareness campaigns held
	To deal with Disasters efficiently & effectively in the district	To review and facilitate the district Disaster Management plan	L a g	Updated plan that complies with sections 52, 53 of the Disaster management act 57 of 2002, submitted to council by a specified date
1.3 Municipal Airport	To viably establish, operate and maintain a Regional Airport that contributes to the growth and development of the district	To implement identified activities in airport implementation plan as aligned to budget		Percentage progress of airport implementation plan
2.1 Sound Financial Management	To promote good financial practices	To improve revenue collection	L a g	Sec 43 (Reg 10 (g(ii))): Outstanding Service Debtors to Revenue
	To promote good financial practices	To produce accurate statements	L a g	Number of adjustments effected in relation to the number of accounts issued

	To promote good financial practices	To process payments in time	L a g	Average processing time for invoices of approved work/services
	To promote good financial practices	To complete and submit accurate annual financial statements within the specified time period	L a g	Submission date of Financial Statements to the office of AG
	To promote good financial practices	To complete and submit accurate annual financial statements within the specified time period	L a g	Nature of Audit Opinion
	To promote good financial practices	To complete and submit accurate annual financial statements within the specified time period	L a g	Number of matters of concern reported
	To promote good financial practices	To complete a budget within the specified time period	L a g	Date of approval of Tabled Budget
	To promote good financial practices	To complete a budget within the specified time period	L a g	Date of approval of Final Budget
	To promote good financial practices	To have an effective Auditing Function	L a g	Percentage of Planned Audit Meetings held
	To promote good financial practices	To have an effective Auditing Function	L a g	Percentage of Audit queries cleared within the next financial year

	To promote good financial practices	To develop a Financial Plan (i.e. Budget Process and Time Table)	L a g	Date for approval of Financial Plan
	To be a financially viable municipality	To increase the cost coverage ratio	L a g	Sec 43 (Reg 10 (g(iii))): Cost Coverage
	To be financially viable municipality	To increase the dept coverage ration	L a g	Sec 43 (Reg 10 (g(i))): Debt Coverage Ratio
	To be a financially viable municipality	To provide sufficient cash resources	L a g	DTLGA: % operating budget funded from cash
	To be a financially viable municipality	To keep a minimum cash balance to cover average monthly expenditure	L a g	Number of days with excessive funds in current account in relation to the strategy
	To be a financially viable municipality	To report timely and accurately	L a g	Date of approval of Annual Report
	To be a financially viable municipality	To report timely and accurately	L a g	Date of receipt of SDBIP by Mayor
	To be a financially viable municipality	To report timely and accurately	L a g	Number of SDBIP reports considered
	To be a financially viable municipality	To report timely and accurately	L e a d	To submit SDBIP reports to CFO
	To be a financially viable municipality	To align Capital Programme and IDP	L a g	% of capital projects budgeted for in accordance with the IDP

	To be a financially viable municipality		Sec 43 (Reg 10[g]): Financial viability as expressed by the ratios in Gazette.
3.1 District Tourism	To promote Tourism in the District	To create promotional material	Number of tourism packages created for prioritised areas by specified date
	To promote Tourism in the District	To create an effective electronic interface that promotes tourism	Compilation of Tourism statistics by specified date
	To promote Tourism in the District	To provide support and capacity building to local tour offices	% of planned tourism liason meetings held
3.2 Local Economic Development	To improve the economy of the district, through the creation of job opportunities and additional economic activities	To effect participation in LED	Sec 43 (Reg 10 (d)): Number of jobs created through LED & Capital programme
	To improve the economy of the district, through the creation of job opportunities and additional economic activities	To create LED awareness in the District	Number of LED awareness events held
	To improve the economy of the district, through the creation of job opportunities and additional economic activities	To apply for funding for LED	Number of LED business plans that are submitted by specified date

	To improve the economy of the district, through the creation of job opportunities and additional economic activities	To effectively contribute to LED in the District	LED Plan reviewed and approved (Including Tourism, Business & Agricultural Plans) by target date
	To improve the economy of the district, through the creation of job opportunities and additional economic activities	To effectively co-ordinate LED in the District	Number of LED Forums/Sub-Forums meetings held
4.1 HIV/AIDS	To reduce the impact of HIV/AIDS	To create HIV/AIDS awareness and education	Number of planned awareness campaigns held
	To reduce the impact of HIV/AIDS	To plan and implement institutional measures that would reduce the impact of HIV/AIDSs	HIV/AIDS Strategy reviewed and submitted to MM by planned date
4.2 Youth & Gender	To develop and empower Youth & Gender	To provide access to and awareness of Council's Youth & Gender programmes	Number of approved programmes held
	To develop and empower Youth & Gender	To access sufficient resources	Number of Youth & Gender related Business Plans submitted for funding

	To develop and empower Youth & Gender	To strategically plan development and empowerment initiatives for youth and gender		Youth & Gender Strategy reviewed and submitted to MM by specified date
	To develop and empower Youth & Gender	To create a platform for input and comments		Number of District Youth & Gender Councils Meetings held
4.3 Community Development	The social upliftment of the communities in ZDM	To reduce poverty by implementing Community Development Projects		Number of people participating in ZDM Capacity Building Programmes
	The social upliftment of the communities in ZDM	To increase available resources for poverty reduction programmes		Number of Capacity Building related Business Plans submitted
5.1 Compliance, Clean and Sound Administration	To promote good governance, accountability & transparency	Policies & bylaws	L a g	Revision of Policies & Bylaws by specified date
	To promote good governance, accountability & transparency	Policies & bylaws	L a g	Date of submission for Bylaws for Promulgation
	To promote good governance, accountability & transparency	Policies & bylaws	L a g	Date of submission of reviewed Employee Assistance Programme
	To promote good governance, accountability & transparency	To communicate in a structured manner	L a g	Communication Strategy reviewed by specified date

	To promote good governance, accountability & transparency	To spend grant funding	L a g	Percentage of department allocated grant funds received (prior to approval of adjustment budget) spent
	To promote good governance, accountability & transparency	To build capacity	L a g	Sec 43 (Reg 10 (f)): % of Municipal Budget actually spent on Skills Development Plan
	To transform the organisation			Sec 43 (Reg 10[e]): The number of people from employment equity target groups employed in three highest levels of Management in compliance with a Municipality approved employment equity plan.
5.2 Integrated & Co-ordinated Development	To promote integrated & co-ordinated development within the District	To encourage participation in IDP process, ensure alignment with Local Municipalities		Number of Alignment meetings held
	To promote integrated & co-ordinated development within the District	To ensure timely completion of IDP Process plan		Date of adoption of 2011/2012 Process Plan
	To promote integrated & co-ordinated development within the District	To ensure timely completion of Framework plan		Date of adoption of 2011/2012 Framework Plan

CHAPTER3: HUMAN RESOURCE AND MATTERS OF ORGANISATIONAL MANAGEMENT

HUMAN RESOURCE AND MATTERS OF ORGANISATIONAL AND INSTITUTIONAL MANAGEMENT

The municipality has a total number of 424 permanent employees, and 233 non-permanent employees, therefore the total number of employees equals to 657

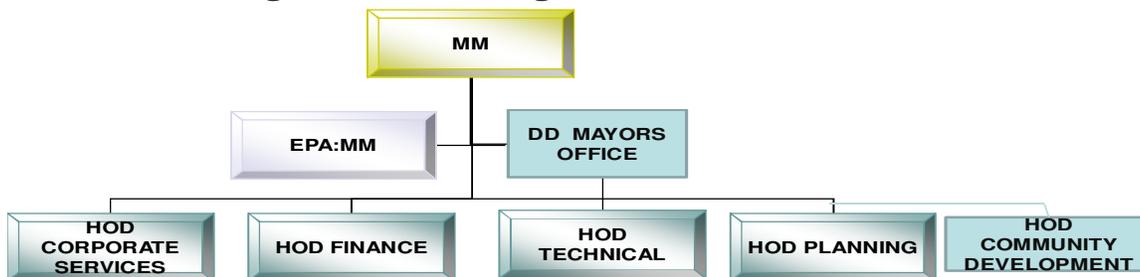
Staff turnover during the year

- Resignations: 06
- Medical Boarding: 0
- Retirement: 04
- Dismissal: 0
- Deaths: 09

HIGH LEVEL ORGANISATIONAL STRUCTURE

The municipality consist of six (6) departments namely, Municipal Manager’s office, Finance Department, Technical Services Department, Planning Department, Corporate Services Department as well as Community Development Department. These departments are headed by Officials appointed in terms of Section 57. The responsibilities and functions of each of these departments are explained in Chapter 4: under Functional Service Delivery. See the organogram hereunder:

Organizational High Level Structure



STAFF PROFILE

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I		A	C	I	W	Male	Female	
Top management	19			1	15						35
Senior management	8			1	4						13
Professionally qualified and experienced specialists and mid-management	4			2	1						7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	138			2	67	1		1			209
Semi-skilled and discretionary decision making	126				31						158
Unskilled and defined decision making	2										2
PERMANENT	297			6	118	1		2			424
Temporary employees	209			2	22	1					233
GRAND TOTAL	506			8	140	1		2			657

Training & Development:

The Training and Development section is charged with the overall development and implementation of Zululand District Municipality 's skills development strategy. The Work Place Skills Plans as well as facilitation of work place Education and Training, thus ensure adequate and a well developed internal human resource capacity, to enable the municipality to fulfil its institutional and constitutional obligations.

A total number of 213 employees' received training in the financial year 2010/2011.

TRAINING AND SKILLS DEVELOPMENT:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I		A	C	I	W	Male	Female	
Top Management	3			2	1						6
Senior Management	10			1	4						15
Professionally qualified	3				4			1			8
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	10				7	1					18
Semi-Skilled and discretionary decision making	60			1	27						88
Unskilled and defined decision making	41				15						56
TOTAL PERMANENT	142			4	61	1		1			209
Temporary employees	3				1						4
GRAND TOTAL	145			4	62	1		1			213

Employee Assistance Programme:

The EAP is a work based intervention program that is aimed at pro-active identification and resolution of work and personal related problems which may have an adverse effect on the employee's ability to optimally perform and execute his or her duties. These problems may include but shall not be limited to health, marital, family, financial, alcohol, drugs, legal, emotional, stress or any other which may negatively affect the performance of an employee.

The vision of Zululand's EAP is to strive for a healthy and productive workforce and a stress free working environment by assisting employees identify and effectively resolve problems that may circumvent them from performing optimally.

Occupational Health & Safety:

Promotion of a healthy working environment is a mandatory requirement to employers,

prescribed by the Occupational Health & Safety Regulations.

This section is charged with the responsibility of developing and implementing occupational health and safety strategy, programmes and plans, and evaluating the quality and adequacy of internal and external OHS systems and other related interventions with respect to the prevention and management of occupational health and safety.

Customer Care Center

The Council of Zululand District is committed to the creation of a people centered customer care center that is efficient, effective and truly accessible to all communities serviced by the municipality.

The Council procured a Customer Query Logging System (SIZA) to ensure that all communication with the citizens is recorded and that there are proper and adequate mechanisms to monitor the progress being made from time to time, in resolving issues raised by the community.

Management Services Division

The responsibility of the Management Division is to ensure provision of the necessary Human Capital, ensuring professional Labour Relations; Employee Assistance Programme; the development of Municipality's Human Capital through relevant Training and Development Strategies, which captures critical training interventions; Efficient Secretariat Support to the Municipal Council and its committees, ensuring a people centric Customer Care, that is efficient, effective and accessible to the community.

Further part of the responsibilities of this functional area is to ensure that Council policies are observed including the standing rules of order, and that if there are amendments to the policies they are put through the correct policy processes of the Council.

Our Labour Relations is fully functional and has aided the municipality to improve the levels of discipline and productivity of employees.

Disclosure Concerning Councillors and Senior Officials

In terms of section 124 of the Municipal Finance Management Act No 56 of 2003, the following is disclosed

Councillors Remuneration

Details	Amount
Councillors	
Councillors allowances	
Contributions to UIF,Medical& Pension	

TOTAL	
-------	--

Senior Officials- S 57 Managers

Details	MM	CFO	HOD- Corporate	HOD- Technical	HOD- PCD
Annual Remuneration					
Performance Bonus					
Car ,Housing,other allowances					
Contributions to UIF,Medical& Pension					
TOTAL					

CHAPTER 4: FUNCTIONAL AREA OF SERVICE DELIVERY REPORTING



CORPORATE SERVICES DEPARTMENT

The Corporate Services Department is headed by Mr. MN Shandu. The Corporate Services department is the organisational Supplement Nerve Centre of the Municipality which is people centric, strategy focused and result driven department. In order to ensure that the department is enabled to efficiently and effectively provide the necessary support to its client departments and other internal customers within the municipality; the department is structured into five broad thrusts, namely: Management Services, Auxiliary Services, Communications Services, Airport and Disaster Management.

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AUXILLIARY SERVICES

RECORDS

Since the implementation of the Electronic Records Management System (EDMS) which was done by Business Engineering in 2006 the council has made considerable progress in modernizing and improving its Records system. The installation of Collaborator has resulted in quick and easy cross-referencing and improved service delivery and transparency when it comes to information management, accessing important documents such as tenders as well as the benefit of having fast workflow distribution to all relevant departments, sharing and searching for information and finally providing feedback rapidly and effectively. The main benefit of this system is the minimization of paper copies and the provision of an audit trail on all documents and correspondence.

This *state-of-the-art* system has also been upgraded in the past year to keep up to date with the ever changing demands of technology; resulting in quicker response time on the server and more available data storage space for the increasing amount of public tenders,

correspondence, reports, memorandums and invoices we store on the system on a daily basis. The long anticipated second phase of the EDMS system- the committee management sub-function- has also finally become up and running to its full capacity and is used for submitting items, generating agendas and the filing of minutes. This makes it possible for all parties involved in drafting such correspondence to make comments, leave remarks or alterations and make suggestions before sending the final product for authorization and printing. To provide for more professionalism and compliancy with regulations, quotations have been requested for the installation of new furniture including a high-top counter for the Records office to ensure more confidentiality and minimize the risk of classified information going astray. Furthermore, strict measurements to control unauthorized access to vital information will be implemented.

During the past year the records staff have ensured that all secretaries in the municipality as well as other users of Collaborator receive full training on the use of the software and its various functionalities. Staff from Business Engineering devoted 2 weeks to in-house training, attending to all concerns people have on the usage and sharing their knowledge. We have also granted a workshop to all secretaries in the council on how to allocate reference numbers and use the file plan effectively.

BUILDINGS AND MAINTENANCE

The function of managing the buildings and maintenance of the Zululand District Municipality consists of overseeing the head offices, the Queen Silomo Centre, the Prince Mangosuthu Buthelezi Airport, Princess Mandisi Health Care Centre as well as the 3 satellite offices situated in Vryheid, Phongolo and Nongoma. Other buildings include those used by the Technical Departments in water works and waste water works.

The Municipality has outsourced services such as internal cleaning, internal pest control, garden cleaning and external pest control and the refreshments and operation of the canteen. All these services have now expired and are in the tendering process to appoint new service providers. To manage the risk of water cuts in the area which tend to occur on a regular basis, the municipality has installed its own borehole. The borehole is serviced monthly; however, it is mainly used for sanitary purposes as it is not suited for consumption due to its high mineral content. The backup generator is also being serviced regularly after every 250 hrs of usage. This generator is useful when power is off and it kicks in so as to allow work to continue as we have been experiencing an increase in power outages in the area. Fire equipment servicing is done regularly to ensure readiness for usage at any given time. Service providers who installed the fire equipment service the said equipment and are to provide training on their usage for users who might otherwise not have known how to operate them in cases of emergency.

FLEET MANAGEMENT

The Zululand District Municipality has a total of 66 vehicles which are operating within our satellite offices, water plants, head office and the Prince Buthelezi airport in Ulundi. The municipal council approved the Fleet Management Policy which serves as a Management guide on the utilization of the council vehicles. On February 2010 the municipality disposed of 14 vehicles by means of a public auction and then purchased 18 new vehicles as per requirements of the various departments.

There are 9 Pool Vehicles, 5 water tankers and 2 honey suckers. The Municipality has 9 tractors- 6 are used for Co-ops, 1 for the Airport and 2 tractors stationed at Edumbe which serves Technical duties. There are 5 fire fighting trailers located in each of 5 municipalities under Zululand District Municipality. The fire engines and 1 rescue vehicle which are used to fight veld fires as well as fires in the residential areas.

PRINCE MANGOSUTHU BUTHELEZI



AIRPORT

The main objective is to make the airport a catalyst and key driver of the District's IDP and LED programmes. A Strategy document outlining strategies and objectives that need to be implemented to ensure viability of the airport was produced and it is the yardstick according to which progress and achievements made are measured.

Airport operations are governed by the Civil Aviation Regulations of 1997 as amended from time to time. An Aerodrome Emergency Management System has been developed as per Regulation 139.02.6 and approved by the South African Civil Aviation Authority (SACAA) as the legislating body monitoring operations of airports in South Africa. A Full-scale Emergency Exercise has also been performed successfully thereby convincing the SACAA Inspector that the airport is capable of responding to an emergency of that specific magnitude.

An Aerodrome Operations Manual has also been developed according to Regulation 139.02.3 and is currently being reviewed by the SACAA accordingly. Parallel to this, a process of replacing obsolete navigation instruments has also been initiated since these form part of the prerequisites for upgrading to the required level.

Progress on Implementation of the Airport Strategic Objectives

The objectives are implemented with the key issues being:

- Airport Management
- Building and site maintenance
- Local and regional tourism development and marketing

a) Airport Management

- An organizational chart has been drawn as the proposed Management structure which is yet to be approved by the council. The most critical post that is mandated by the SACAA regulations have been filled in compliance with ICAO Doc 9137-AN/898 PART 1 on Rescue and Fire Fighting i.e. the Chief Fire Officer.
- An operation Manual has been developed though still under SACAA scrutiny but staff members have started operationalising this document.
- Most staff members have attended a radio communication course i.e. PARTEK and two has already passed with others still having to do their practical examination. A Dangerous Goods Course has also been presented to most airport staff members.
- A Full scale Aerodrome Emergency Exercise has been performed successfully with all stake holders. The SACAA Inspector was impressed by the enthusiasm shown by participants who diligently illustrated different scenarios and thoroughness of Nkonjeni Hospital and EMRS as he found that the patient treatment was realistically simulated, to the point where patient cards were opened; treatments recorded and even some patients with X-Ray request forms, in wheelchairs.

b) Building and site Maintenance

- The airport has deteriorated tremendously i.e. the infrastructure and buildings received minimal attention. Navigation equipment has been repaired while the DME and one NDB (SMH) that have been identified as obsolete are in the process of being replaced.
- Electrical and drainage systems are receiving minimal attention on ad hock bases also due to financial constrain, with the drainage system posing constant problems denoting a need for major overhaul.

c) Local and regional tourism development and marketing

- Top management of an airline that is readily available to provide scheduled flights, has visited the District's airport and surrounding Tourists Attraction Venues with an aim of confirming viability of scheduled flights and a proposal is expected.
- A company specializing in the provision of flight schools has visited the airport with an aim of gathering information towards developing a proposal for presentation to the Zululand District Municipality.
- A marketing video has been prepared and shown to the senior management team of one of the prospective carriers who were hosted by the Zululand District Municipality at Umfolozi/ Hluhluwe Game Reserve.

Airport Profile and Statics

- a) The airport is used by dignitaries i.e. His Majesty the King, the President, the Premier, Prince MG Buthelezi, National and Provincial Ministers, renowned business people in the likes of Mr.Motsepe, renowned singer Alton John, renowned actor Steven Segal and dignitaries from other counties i.e. the President of Equatorial Guinea.
- b) Lately we received tourists from America transported by Springbok flying safaris an airline based in Johannesburg who had come to attend the reed dance. These visitors were very much impressed by this facility and stated that they will definitely come back the following year for the same occasion.
- c) Airport usage has slightly improved from being mostly used by Red Cross and EMRS. Since the opening of the new shopping centre, businesses like Build It, Rhino, Pick & Pay and the Mine, frequently fly in their aircrafts. Government institutions that have aircraft fleet of their own like South African Police Service and the Defense Force also frequently fly in their aircrafts.
- d) Flight statistics are as follow:

2010 April	48 Flights
2010 May	29 Flights
2010 June	27 Flights

DISASTER MANAGEMENT DIVISION

The core function of Disaster Management Division is to address the following issues, namely:

- Conducting Disaster Awareness throughout the district
- Attending to all disaster incidents in the district,

Among the types of disasters, common disasters that normally hit the people in the district is the natural disasters such as the storm and strong winds.

INTERGOVERNMENTAL RELATIONS

- Disaster Management, Health & Safety Portfolio Committee.
- Disaster Management Advisory forum.
- Provincial Disaster Management Advisory Forum

LEGAL IMPLICATIONS AND PLANS

Disaster Management is governed by the following Acts, Regulations and Plan:

- Disaster Management Act No. 57 of 2000
- Disaster Management Regulations
- Disaster Management Framework
- Disaster Management Sector Plan
- Fire Brigade Services Act

BUDGETING

Disaster Management operate on grant funds provided by the Provincial Disaster Management and Zululand District Municipality allocates funds for disaster section in this regard. The funds are utilised for the following purposes:

- Disaster Relief Equipment
 - Tents
 - Plastic sheetings
 - Food parcels for victims
- Disaster Equipments
 - Fire Trailers
 - Bakkiesakkie
 - Fire fighting vehicles.

PREPAREDNESS OF THE DIVISION

Disaster Management is operating on emergency, it is always crucial that this department ensures preparedness of such emergencies. The Centre has been commissioned and operates 24/7.

The following staff members are currently of service in this division viz;

- Centre Manager who oversee the operation of the disaster Management Centre
- Senior Admin Officer and,
- 10 Fire Fighters

2011 PREPAREDNESS

The Disaster Management work hand in hand with other Centres in preparing for this spectacular event, It will be responsible for the following responsibilities during the World Cup:

- Risk identification and assessment
- Liaise with VOC commander
- Coordinate additional resources for safety of the event etc

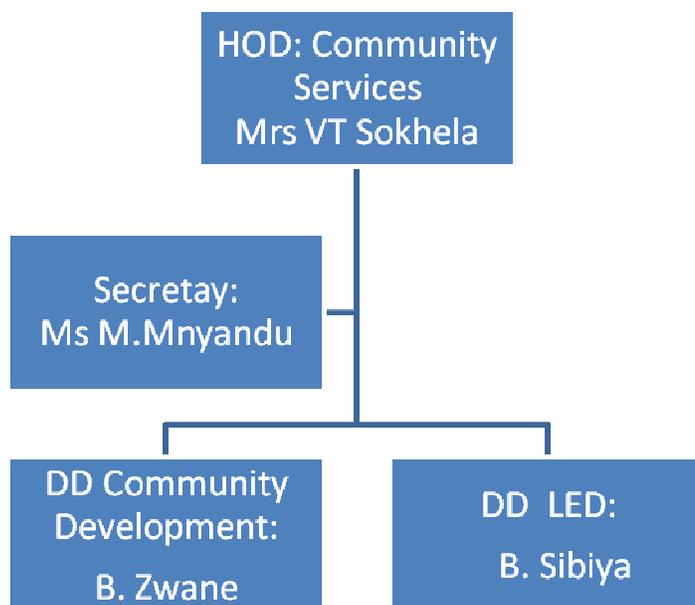
During the World Cup, Ulundi was one of the places to have a Public Viewing Area (PVA) for soccer fans where this division ensured quick responses to emergencies during the World Cup Soccer Tournament. Disaster Management Centre played a big role in safe guarding Ulundi PVA. Ulundi PVA screened 08 matches.

COMMUNITY SERVICES DEPARTMENT



The Community Services Department is headed by Mrs.Z.Cele and comprises the following sections:

- Local Economic Development
- Municipal Health
- Tourism
- Youth, Sport and Recreation
- Gender and Disability
- Indonsa Arts and Crafts Centre
- Princess Mandisi Health Care Centre



LOCAL ECONOMIC DEVELOPMENT

Local Economic Development is a unit in the Community Services Department. The fundamental focus of this directorate is promoting the Social and Economic Development of the municipality by implementing the Siyaphambili programme which is a strategic document for economic development in the municipality.

THE CURRENT REALITY

The socio-economic reality in Zululand does not differ substantially from that found elsewhere in South Africa, however, in most instances the current reality represents the extremes of general trends found elsewhere. Most significant in terms thereof are high HIV/AIDS infection rates, high levels of poverty and high levels of unemployment.

The Zululand District Municipality, due to its location in relation to transport routes and its distance from major centre's, is relatively isolated from the national economy. Further to this, access to basic factors of production such as raw materials, skilled

labour and infrastructure is generally limited. Raw materials available in the area relate to coal mining and agricultural activities including maize, beef, timber and sugar production. Local beneficiation of raw materials is limited.

The area reflects the disparity in access to resources evident in all areas of KwaZulu-Natal where poverty stricken traditional authority areas border on well-established commercial farming areas. The five municipal centre's, or key towns, are the focus of economic activity in each of the local municipalities and here the resource split between urban and rural areas are evident.

Despite the above the area has unique characteristics offering a range of opportunities for economic development. Most importantly the area of the Zululand District Municipality is viewed as the symbolic core, also referred to as the "warm heart", and of the wider area referred to as Zululand. This represents specific marketing opportunities. The district is home to a rich cultural diversity and numerous sites of historical significance, specifically relating to the Zulu nation. It has historically been and is still the home of the Zulu monarch.

Significant developments in specifically the game farming sector by both local and international investors, the establishment of internationally competitive industries focusing on mineral water and charcoal production, the establishment of agri-processing initiatives, and the transformation of the local government sector provides a strong basis for the economic development of the region. Government initiatives related to the provision of infrastructure, the construction of key roads and the development of key tourist attractions further strengthens the foundation for economic development.

INSTITUTIONAL (LINK WITH THE MUNICIPAL AND IDP PROCESSES)

The Local Economic Development Forum forms part of the overarching Institutional structure of the IDP Process. Apart from sharing information on future economic activities, the purpose of the forum is to jointly agree on a direction and guidance with all stakeholders and experts in the field of economic development in the district.

Sub-forums under the Local Economic Development Forum include Tourism and the recently established General Business and Agricultural forums.

ACHIEVEMENTS OF THE LED DIRECTORATE

- a) Ukuzakha Nokuzenzela Program – this programme was established to assist the poor communities within the District. ZDM is assisting the organized groups through ward Councillors. There are five tractors that are ploughing the fields for the communities and seeds are given.
- b) P700 Local Area Development – the following projects are under implementation with the partnership from COGTA:-
 - Ulundi Tourism Hub

- ✓ Construction of New Office Block
- ✓ Restaurant
- ✓ Kitchen
- ✓ Toilet Block, and External works
- P700 Nodal Development
 - ✓ Servicing twenty nine (29) commercial sites i.e. Sewer reticulation, water and electrification.
- Laundraument Center
- Mona Market Regularisation
 - ✓ Fencing the entire market
 - ✓ Construction of informal traders facilities
- Informal traders facilities within Nongoma Town
- c) Ulundi Integrated Energy Center
 - Sasol Filling Station
 - Bakery
 - Community Library
 - Internet Café
 - Hydroponics
- d) The following Business Plans were completed, ZDM is looking for potential investors/partners for their implementation:-
 - Cengeni Gate Community Tourism Project
 - Phongola Private Public Partnership
 - Nongoma Poultry Project
 - Louwsberg Agro-processing Initiative
 - Aloe processing facility and
 - District Nursery

MUNICIPAL HEALTH

Municipal Health function is preventative in nature and seeks to protect humans from contracting diseases from the environment they live in.

The National Health Act, 2003 (Act No.61 of 2003) defines Municipal Health Services As

- (a) Water Quality Monitoring
- (b) Food Control
- (c) Waste Management
- (d) Health Surveillance of Premises
- (e) Surveillance and Prevention of Communicable diseases, excluding immunizations
- (f) Vector Control
- (g) Environmental Pollution Control
- (h) Disposal of the dead, and
- (i) Chemical Safety

The transfer of Provincial Environmental Health Practitioners is still outstanding and the service delivery is still fragmented and it will remain like that until the transfer is concluded.

ACHIEVEMENTS

1. Food Monitoring (Mass Functions)

A lot of stride was done in monitoring the food caterers in all the functions where a large number of communities attended and catered for. Since we started with the monitoring, no food poisoning incidence had been reported.

2. Disposal of the Dead

The Zululand District Municipality policy on pauper burial has been helpful to the forensic mortuaries and the District as a whole. The number of people buried as pauper in the past year has significantly increased. The following is the number of pauper burial per local municipality,

No	LOCAL MUNICIPALITY	No. OF BODIES BURIED
1	Ulundi Local Municipality	02
2	Nongoma Local Municipality	02
3	Pongola Local Municipality	05
4	Abaqulusi Local Municipality	07
5	eDumbe Local Municipality	06
		22

The table below reflects all the duties performed by Environmental Health Practitioners within the Zululand District Municipal Area.

No.	Work Items	No. of Inspections/Attendance	Action
1	Food Cateresses kitchen inspected	70	Health Education conducted on food handling
2	Food Cateres Issued with Certificate of Acceptability	53	Health Education conducted on food handling
3	Formal Food Premises Inspected	36	Health Education conducted on food handling & Management
4	Formal Food Premises Issued with COA	16	
2	Education on food handling and safety	36	Reports were written to all those premises
3	Complaints received	15	All attended to, and some premises were issued with notice
4	Crèche inspection and Senior Citizen Clubs	26	Inspections were done, and report written
5	Mortuary Inspection	08	Inspections were done, and

			report written
6	Business license application	02	Report forwarded to the responsible authority
7	School inspection	02	Letters written to Dept of Education
8	Funeral Parlors issued with COC	03	Inspection of funeral parlors
9	Street Vendors	39	Health education on cleanliness and refuse removal
10	Condemnation of food stuff	12234kg & 5342 litres	Safe disposal of foodstuff
11	Bed & breakfast/Lodge	09	Letters written to the owners
12	Meat inspection	623	Carcasses were inspected and condemnations were made

TOURISM REPORT



Zululand Tourism in 2009 ... where do we stand? All studies done on district level clearly indicated that for Zululand, tourism is a key factor. It is one of the two legs on which development in Zululand stand the other being agriculture.

The Zululand Tourism Office is now comfortably settled in the Ulundi Airport Centre. Looking ahead at tourism development in the future the Airport complex in Ulundi is ideal.

The Ulundi Tourism Hub at the airport is a new project flowing from the above statement. Whereas in the past flights into Ulundi mainly carried government officials of all kind this will indeed change. The process has already started and although the Tourism Hub is still on

the planning desks, flights of totally different kind are flying into Ulundi. During the past year medical teams are flying in on a daily basis and the honourable State President had on a number of occasions flown in with the presidential airplane. A totally new happening in and around Zululand.

School Groups visit to the Zululand Tourism Office at the airport building are growing from month to month. The tourism office during the last few months has been host to school groups coming from as far as Ingwavuma, Newcastle and also more and more local Zululand schools. This is building an awareness of tourism which was unknown in the past, the fruits of which will be seen in the future.

Local Tourism Structures are in place and getting these to run more efficiently remains a main objective. In Ulundi where a local tourism office has been lacking for some 2 years a post has been created and we trust that Ulundi will shortly join the other 4 municipalities each having its local tourism office.

Key Tourism Events in Zululand are growing year by year and these include i.e.

- Zulu Royal Reed Dance at Enyokeni
- Monthly Mona Market outside of Nongoma
- Annual Mayfair in Vryheid
- Tiger fishing Bonanza on the Pongola Poort Dam
- Ithala Canoe Challenge starting at the oBivane Dam
- Annual Innie Rietfees in uPhongolo
- Ulundi – Nongoma Marathon

KwaZulu-Natal has 5 **Tourism Gateways** entering the province and of these 2 are on the Zululand border ie Golela Border Post and the Piet Retief Gateway. At the Golela Border Post a huge brand new multi million Border Gate project is in progress and building is expected to be completed before end of this year. In this complex a Tourism Gateway (information desk) will be a big plus for tourists looking for information, entering Zululand and KZN.

Tourism Routes in and into Zululand got an important addition when Route 66 (The Zululand Heritage Route) was launched at the beginning of September. This adds a key third leg to the existing KZN Battlefields Route and the Zululand Birding Route which have been operational for several years. The new Route 66 turns off the N2 at uPhongolo and runs along the R66 via Nongoma/Ulundi/Melmoth/Eshowe until it again joins the N2 at Gingindlovu. This is a route focusing on Zulu culture, history, its people and many other attractions you will find nowhere else.

One facet of the Route 66 project that calls for urgent attention is to get the short stretch of road (some 21 km) between uPhongolo and Nongoma tarred as soon as possible. Currently this un-tarred portion effectively blocks all tourism bus traffic from entering Zululand from the north, causing the tourism industry to loose out immensely.

Tourism Shows. Zululand tourism forms an important part of the provincial tourism marketing programme and for that reason Zululand Tourism forms part of the provincial

tourism stand at the 5 major national tourism shows... making sure that Zululand stays on the South African tourism map!

For tourism, and in particular international tourists, the name or brand ZULULAND is a must-visit when touring South Africa. Flowing from this key brand an invitation was received to partake in the annual **Swiss International Holiday Exhibition in Lugano Switzerland** at the end of October 2009.

This is a unique opportunity indeed for Zululand to capitalize on its reputation as an important tourism destination in South Africa. Zululand and more specifically Zululand Tourism has become a part of the international tourism menu indeed.

Siyaphambili...we are going forward ...this is what we are aiming at from the Zululand tourism office's side and we are committed to work towards our target!

YOUTH & SPORTS



Sports Development is one of the community's activities that cut across racial, gender and culture. It promotes development, personal discipline, leadership, team work skills and entertainment through sporting activities. It also contributes to the development and empowerment of local communities and encourages interest of learning and gaining more skills. Zululand District Municipality held a very successful and developmental Mayoral Cup Games. Mayoral Cup Games provide an opportunity for the players within Zululand District Municipality to show case their talent, compete and inspire other potential players there by instilling district pride and unity. A minimum of 3 500 young people participates in the Mayoral Cup Games. The mayoral cup provides participants with developmental opportunities, through high level of competition, thus preparing them for the future experiences such as SALGA Games whereby a minimum of 450 players participate in the SALGA games every year.

- Provide opportunities for personal development and marketing of the players and expose the participants to the competition environment.
- Create a platform for the Honorable Mayor and the Community and Social Development Portfolio Committee to strengthen the relationship with the Associations and Federations within the Zululand District Municipal Area and gain more commitment from the advanced sports developers such as PSL Teams and SAFA representatives.

The ZDM TEAM is extremely doing well on the following codes:

- Soccer M & F
- Netball M & F
- Basketball M & F
- Volleyball M& F
- Boxing M & F
- Dance Sport M & F
- Rugby M & F
- Cricket
- Indigenous games
- Swimming
- Horse racing
- Athletics M & F
- Table tennis M & F
- Golf

56 KM MARATHON



Zululand District Municipality, 56 km Marathon competition race route from Nongoma (KwaGqikazi to Ulundi (Ulundi Regional Stadium)). Hundreds of runners from all over the country of South Africa as well as other African Countries took part in this event. It is indeed a Social and Economical Development tool to the community of this district since people get the opportunity to win money prizes, local vendors sell as much as they wish, spectators enjoy the whole tournament as well as enjoying the opportunity to be part of the drastic developing district in the facet of sport development. This race (Zululand Ultra Marathon) is a qualifier to Comrades Marathon, most athletes from this race got an opportunity to compete in Comrades Marathon.

2010 FIFA WORLD CUP/PVA

During 2010 FIFA World Cup which was hosted by South Africa from 11 June-11 July, the Provincial Government requested District Municipalities to coordinate and pay R515 000.00 towards PVA in their respective Districts with the aim of giving local communities an opportunity to experience the World Cup and entertainment in their local areas.

Zululand District Municipality paid this amount (R515 000.00) and successfully coordinated this event for eight days as requested by the Province.

RELATIONSHIP WITH PREMIER TEAMS

From 2008 Zululand District Municipality has managed to create good relationship with KZN based PSL team (Amazulu).

As a result some of Amazulu home games are played in Ulundi Regional stadium, and some of the PSL competition are played in Ulundi e.g.

Nedbank Cup Match between Mamalodi Sundowns and Island FC from Nongoma.

Mayoral Cup 2010 that was held in Vryheid, indeed provided the youth with the platform to seize developmental opportunities through sport .This was endorsed by the presence of Mr. Ngomane who selected best soccer players to represent Zululand District Municipality in KWANALOGA Games 2010, furthermore amongst those players, four players were selected to play for the National Team under 23 in Sudan & Reunion.

Proceeding to that, Mr. Ngomane has successfully managed to source contracts for Nhlakanipho Mkhwanazi from UPhongolo Municipality who will be playing for Sirutla Football Club (SFC) and Fisimpilo (Wish) Ntombela will be playing for Witbank Spurs Football Club, National Federation, First PSL Division.

Exciting news is that Fisimpilo (Wish Ntombela) has been selected to play for the National Team under 23, that will be playing for the “ ALL AFRICA GAMES 2011” in Mozambique.

WIDOWS AND ORPHANS AND PEOPLE LIVING WITH DISABILITIES.

Zululand district municipality has gone extra mile to ensure that widows, orphans and people living with disabilities are in the map and are fully recognized and involved in all social and economic development programmes by providing them with a platform and a budget to cater for their projects and moreover, have their special celebration day known as widows, orphans and disability day.

Widows and orphans from all wards from five local municipalities which is a minimum of 6 000 widows and 6 000 orphans.

WOMEN’S SUMMIT AND WOMEN’S’ DAY.

Women in Zululand are indeed pillars of the nation, as a result their inputs and involvement in the council’s programmes has played a very significant role in terms of social and economic development of Zululand district municipality. Women’s summit aims at empowering women through information sharing sessions and dialogues that are developmental and have a fruitful outcome in the lives of the women of these days and the future generation. Issues covered by these empowerment sessions include: Women in politics, women in leadership, women fighting poverty, women against violence and crime, women and health etc. The Women’s Day celebration motivates women of the district the pride of being the appreciated and recognized citizens.

YOUTH SUMMIT

Zululand District Municipality ensures that the young people of this district are given all the opportunities they deserve and the platforms to access developmental opportunities through

sports and information sharing sessions such as summits, seminars, conferences as well as Youth Day Celebrations.

The Department of Home Affairs Forums

The Department of Home Affairs requested that Zululand District Municipality should establish the Home Affairs Forums in Local Municipalities, so that the structure will assist in identifying the areas that need help in terms of Home Affairs Services.

The forums were successfully established in all 5 Local Municipalities.

Quality of Life Forum

The Office of the Premier resolved that all District Municipalities should form a structure (Forum) of Quality of life and status of women, youth, children and people living with disabilities. Zululand District Municipality successfully established that Forum and it will deal specifically with women, youth, children and people living with disabilities.

HIV CENTRE AND INDONSA ART AND CULTURE CENTRES

PRINCESS MANDISA CENTRE

Zululand District Municipality has a commitment to improve the lives of its citizens. Our commitment as the municipality is to ensure that all communities of Zululand are taken care of holistically, which means that we are also concerned about people's health and welfare while implementing our core mandates as the municipality.

The ZDM Social Programmes Unit is housed at the municipal health centre known as Princess Mandisi Health Care Centre. This was the ZDM initiative of addressing the serious increase rate of HIV and AIDS in the District. Princess Mandisi Health Care Centre has the following intervention programmes;

AIDS COUNCILS

- Zululand District Aids Council (DAC) was officially launched on the 14 December 2007.
- Out of five local municipalities in the District, ZDM has assisted 3 to launch their Local Aids Councils (LAC), the other 2 have established and they will be launching before the end of July 2010.
- ZDM HIV and AIDS Unit has started the process of organizing Ward Aids Committees (WAC), all 81 wards will have their WAC established by the end of next year.

HIV AND AIDS PROGRAMMES

- Voluntary counseling and Testing (VCT)
- Health Education to youth in schools and out of school
- On-going counseling for the infected and affected
- Community HIV and AIDS awareness

CARE AND SUPPORT PROGRAMMES

- **Support Group;** we have an active support group of 22 members which meets every month at the centre. This is the platform where PLWHA (people living with HIV and AIDS) share their fears, challenges and other problems relating to stigma and discrimination.
- **Garden project;** the centre has a wonderful vegetable garden to assist local needy households especially the child headed. We have 14 people working in that 2 hector garden.

LOVELIFE PROGRAMME

- The partnership between ZDM and the Love life Trust is growing. This partnership was lobbied by the Hon. Mayor with an intention of improving the quality of healthy lifestyle of young people in Zululand.
- 10 youth is employed at the centre to implement the make your move campaign in school which is the concept of educating young people to assist them in making informed decisions and to eradicate teenage pregnancy.
- This year we enrolled 20 schools into the programme, 18 have finished and graduated.
- Zululand will be recruiting youth into the campaign for 2010

ORPHANS AND VULNERABLE CHILDREN

- The ZDM HIV and AIDS unit has established an intensive programme for orphans and other vulnerable children. This was the Hon. Mayor's initiative aimed at having a comprehensive approach into dealing with an increasing rate of orphans in the Zululand District as she hosts Christmas party for needy children annually and this will now grow into a sustainable programme than an event. Developmental screening of these children has started. The project will be officially launched in February 2010.
- **Dress a child Campaign;** Zululand normally distributes uniforms and other clothing for those children in needy of such. This year we have distributed to 250 children through the gogoGetta programme.

INDONSA ART AND CULTURE

Indonsa Arts and Crafts Centre based in Ulundi, voted as the best community arts centre in the KZN province has grown from strength to strength; helping the young and old acquire skills in fashion design, music (instruments) and visual arts at almost no cost. Six months training is offered upon application and trainees are offered intensive trainings and the training is mostly practicals. Some trainees after completing training they have secured life changing jobs and some have started their own business and co-operatives. A set up of a recording studio used to record local artists. Sound damping, Voice booth and partitioning need attention for it to be fully functional



MIGHTY ZULU NATION HEATRE COMPANY UK PROJECT

- Talented youth in performing arts from Zululand District Municipality are auditioned and selected to take part in a 42 weeks tour to the UK. They are performing a production that teaches about the culture of the Zulu Nation.



ACHIEVEMENTS

- **126** in Visual Arts, of which 13 are self employed, 4 are educators and 3 are running companies
- **186** in Fashion Designing,
- **55** in Music and instruments,

- **22** in Drama, 16 have been afforded a chance to perform overseas(job opportunities)
- **45** in Arts marketing and other
- +/-**4300** school learners in visual arts one day projects.
- Since 2002 more than **4500 people** have been trained.
- At Provincial Indegenous Games Competitions out of 11 Districts,ZDM obtained position 3
- For the first time ZDM took part on Golden Games Provincial competitions where older persons are encouraged to participate in Sports to promote social intergration and healthy living.

PLANNING AND WATER SERVICE AUTHORITY



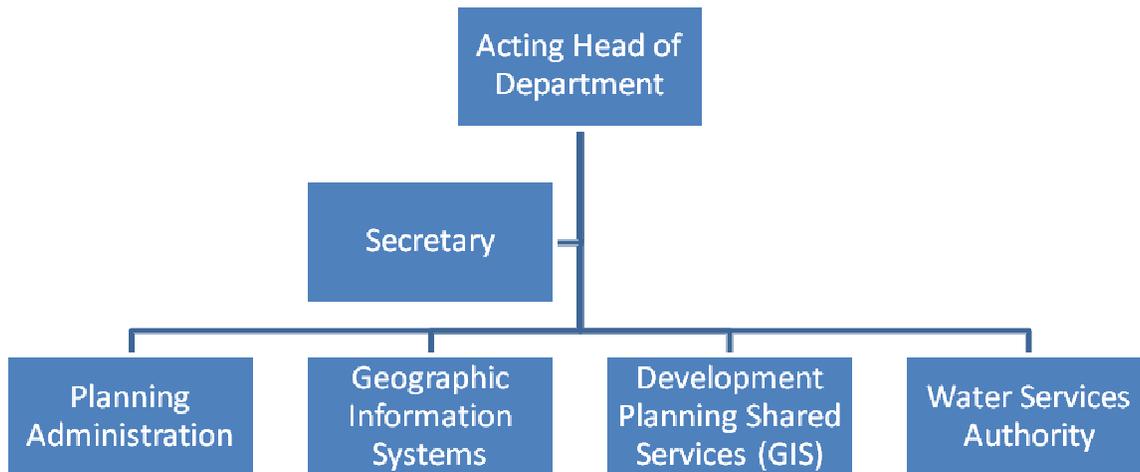
Planning Department is headed by Mr. S. Landman (Acting) and comprises of the following sections:

Planning Administration
 Water Service Authority
 Geographic Information Systems
 Development Planning Shared Services

The following functions of council are performed within the department:

Integrated Development Planning

Organisational Structure



Three of the departments, Planning Administration, Development Planning Shared Services and Water Service Authority have Deputy Directors reporting to the Planning Director. Development Planning Shared Services have 2 Directors (see description of Development Planning Shared Services).

1.2 PLANNING ADMINISTRATION

The Planning Administration Section comprises of 4 staff members excluding the Development Planning Shared Services Chief GIS Officer, GIS Officer and District Environmental Manager.

The section is responsible for the following functions:

Integrated Development Planning including Regional Planning, Environmental Planning, Cemeteries, Solid Waste Management and Public Transport Planning
Geographic Information Systems (GIS)
Performance Management

1.2.1 Integrated Development Planning

This function is documented via the Integrated Development Plan in terms of the Municipal Systems Act No 32 of 2000. The Integrated Development Plan is a strategic plan addressing

service delivery policies, strategies, plans, budget, programmes and prioritisation mechanisms of the council.

The typical process leading up to the final document is summarised as follows:

- a) A process plan and framework setting out the sequence of activities, key deadlines, roles and responsibilities plus consultation structures for alignment towards a complete IDP document is developed.
- b) The process and framework plan are developed jointly with local municipalities and other spheres of government.
- c) Council and Management hold a strategic planning session
- d) Outcomes of the strategic planning session are submitted to council, for approval.
- e) The demographic and socio-economic profile of the district is reviewed along with key sector plans such as the Water Services Development Plan and Budget.
- f) The Key Performance Indicators and targets are set based on the approved outcomes of the strategic planning session, legislation and section 57 contract requirements.
- g) The Key Performance Indicators, Water Services Development Plan and Budget are refined during a district-wide consultation and communication process involving the media as well as Integrated Development Planning Structures.
- h) The Key Performance Indicators, Water Services Development Plan and Budget are submitted to council for approval and adoption.
- i) The draft Integrated Development Plan including the approved sector plans above is submitted for adoption by council.
- j) The Integrated Development Plan is submitted to the Province and National Treasury for alignment.
- k) The Integrate Development Plan is implemented.

During the IDP process, regular alignment and consultation meetings with all spheres of government, development stakeholders and community structures are held at strategic and systematic intervals to ensure that they have a platform to participate in the consolidation and co-ordination of service delivery strategies and initiatives. These structures include:

- a) Executive Council
- b) IDP Steering Committee (MANCO)
- c) IDP Representative Forum
- d) IDP Planners Forum
- e) Growth and Development Summit
- f) IDP Roadshows

Key achievements and activities during this period include;

1. Adoption of the IDP Process Plan and Framework Plan by **29 May 2010**
2. Review of Strategies in line with the budget and development trends by **August 2010**

3. Reconciliation of Performance Measures(see below for details) in line with revised strategies
4. Monitoring and Evaluation of IDP Implementation in line with SDBIP every quarter
5. Revision and packaging of capital projects by **29 March 2010**
6. Adoption of draft IDP by **29 March 2010**
7. Adoption of final IDP by **29 May 2010**
8. Advertisement of IDP for 21 days
9. Submission of IDP to the MEC for Local Government
10. Participation in the Provincial draft IDP Assessments during the period of **April 2010**.

In terms of the progress with the Municipal Strategie as depicted in the Integrated Development Plan, the following was achieved;

Strategic Focus Area 1: To facilitate the Delivery of Sustainable Infrastructure and Services		
To facilitate the delivery of infrastructure and services, such as water, sanitation, electricity, access roads, telephones, postal services, clinic, schools, community halls, sport fields and facilities, pension payout points, police stations, etc.) in a sustainable manner		
Development Objectives	Development Strategies	Implementation progress (as at 30/06/2011)
Provision, upgrading and maintenance of Basic Infrastructure to address Backlogs	Revision and implementation of the Water and Sanitation Development Plan (WSDP)	The WSDP was approved by Council on the 29th May 2011 for implementation in 2011/2012
	Preparation and implementation of Operation and Maintenance Programmes to ensure cost effective and sustainable infrastructure and services delivery	Operation and maintainance programme was reviewed annually in line with backlog reduction and budget figures (WSDP)

	To ensure the effective role-out of the Rudimentary Programme (Free Basic Services)	Rudimentary Water Programme was reviewed annually as part of the Water Services Development Plan
	Compliance with National Water Quality Standards	1228 monthly lab water tests were carried out as per the approved strategy
		Water roll out programmes and policies were prepared and reviewed in line with National Water Policies
		The municipality has been awarded with a certificate for blue drop excellence in recognition of good water quality standards
To ensure co-ordinated service delivery from all service providers	To prepare and implement an Infrastructure and Services Provision Communication Strategy which details the roles and responsibilities of all service providers in the district, as well as assist with the co-ordination of such service delivery	Various forums established to ensure coordination of service delivery e.g. Growth and Development Summit, Planners forum, LED forum, Representative forum etc were held
		Procurement is underway for a service provider to develop an IGR Plan
	To ensure that all required Sector Plans are prepared / revised and implemented	Sector Plans are implemented in line with funding availability
To ensure the appropriate and effective use of land through spatial planning initiatives and the implementation of the outcomes thereof	Review Land Use Management Framework	The framework will be reviewed in the 2012/13 review
	Revise Spatial Development Framework	The framework will be addressed in the 2012/13 review
	Ensure that Land Reform is incorporated into local and district municipal planning and ensure its acceleration	Revival of the Land Reform Committee is underway
To provide and effective and efficient environmental health service	Prepare and implement an Environmental Health Management Plan	Funds will be motivated in the in the 2012/13 budget

	Ensure sufficient qualified staff allocation to fulfill environmental health function	Restructuring of the department is on-going
To improve public transport services	Implement Public Transport Plan	The Current Public Transport Record has been reviewed
	To improve communication and liaison between the District and Public Transport Associations	Stakeholders were consulted in the review of the Current Public Transport Record
To ensure the effective and efficient management of regional solid waste	Finalise and implement Integrated Waste Management Plan (IWMP)	A regional solid waste feasibility study has been completed. Recommendations are exploited.
Ensure alignment of all infrastructure and service delivery projects with the IDP	Ensure participation of all service providers (including the ZDM) in the IDP process	Several IDP alignment structures were held during the document review phase where alignment was achieved
Ensure that in the implementation of infrastructure and service delivery projects that cognisance is taken of environmental considerations	Ensure compliance with environmental legislation and policies in the implementation of projects	All projects being implemented during 2010/11 observed national environmental procedures.
		An Environmental Officer will be appointed in line with assistance from the Department of Environmental Affairs and Tourism
To develop internal and external capacity to ensure effective and efficient infrastructure and service delivery	Implement Engineering Mentorship Programme (internal)	Ongoing.
	Implement Emerging Contractors Development Programme	Ongoing.

Improve financial management of infrastructure and service delivery projects	Ensure effective co-ordination and co-operation between the Financial and Technical Departments	100% of the Capital Budget allocated to projects identified in the IDP was spent
Strategic Focus Area 2: To promote Economic Development		
To strengthen the local economy with particular emphasis on tourism, agriculture and business sectors.		
Improve Financial Management		
Development Objectives	Development Strategies	Implementation progress (as at 30/06/2011)
To identify and develop economic opportunities for the rural population in the District in order to reduce poverty	Implement ZDM Local Economic Development (LED) Plan	Procurement is underway to appoint a service provider
	Identify and market LED agricultural development / production on Ingonyama Trust and State Land (specifically consider settlement patterns)	Ongoing. Business Plans to unlock agricultural potential have been submitted by LED
		The municipality has ongoing agricultural support programmes implemented by the Institutional and Social Development officers [ISDs]
		Integrated Development Planning is taking place at the Planning and LED Forum
	Prepare and implement District Agricultural Development Plan	The document will be reviewed along with the LED Document
	Identify and develop opportunities for international markets (linked to Dube Tradeport)	Business Plans for livestock farming and crop production have been submitted to local and foreign funding institutions for consideration

	Identify and promote agri-processing development	The municipality has ongoing agricultural support programmes implemented by the Institutional and Social Development officers [ISDs]
To market Zululand to attract investment	Prepare and implement a District Marketing and Communication Strategy	A Communication Strategy is in place. A service provider will be appointed to develop an IGR document
	Establish an Incentive Strategy	This action is dependent on finalisation of LUMS and SDFs by the Local Municipalities which is underway.
To promote Zululand as a provincial, national and international tourism destination	Revise and implement ZDM Tourism Plan	The Tourism Plan is reviewed annually. A comprehensive review is in line along with the LED Plan
	Develop critical tourism routes linked to regional opportunities	The P700 multi-year nodal development programme is in progress. Stakeholders will be engaged further to identify factors to expedite tarring other key tourism routes
	Identify, promote and support District Wide Tourism Initiatives	In Progress
To promote SMME development in the District	Identify, develop and support opportunities for business development	Ongoing. The current LED Plan has identified development and support opportunities for business development.
Promote tourism and economic development through the strategic use of the Ulundi Airport	Implement Airport Development Plan	In Progress. The plan is implemented in phases. Funds are being solicited from the Office of the Premier.
	Elevate the status of the Ulundi Airport to that of a regional airport	In progress. Various functionalities that were identified as part of the Plan will be fastracked to qualify the airport to regional classification.
	Identify and promote tourism initiatives through linkages with the airport services	In Progress. Ulundi Tourism Hub and other existing, future tourism initiatives are linked with the airport services.

To improve access for tourism, economic and social development through the upgrading of the P700 (route between Ulundi and Richards Bay / Empangeni)	Promote appropriate development at strategic locations along the P700	P700 development node in progress
	Market the P700 as the preferred route between Mpumalanga and uMhlathuze Region	The P701 which completes the route to Richards Bay is still under construction. Until then initiatives to benefit adjacent communities will be identified to allow marketing of the route.
Improve Financial Management	Update levy payers data base on an annual basis	The database is updated continuously
	Refine procedures to ensure an increase in levy payments	Procedures have been reviewed for implementation
	Revise and implement Financial Plan	Financial Plan is in place and is implemented
	Ensure regular budget meetings and adjustments by HODs	Regular budget meetings are held regularly to discuss the budget and adjustments before approval by Council
	To ensure the establishment and implementation of a supply chain management system that complies with the MFMA and Supply Chain Management	Supply chain management system that is MFMA compliant is in place
Ensure that in the implementation of LED projects that cognisance is taken of environmental considerations	Ensure compliance with environmental legislation and policies in the implementation of LED projects	All projects implemented during 2010/011 observed national environmental procedures.
	Identify and promote LED opportunities through linkage with the District's natural resources	Pongolapoort Dam Development is underway. Other initiatives and opportunities are investigated.
Develop skills of staff involved in LED	Provide appropriate skill training courses to LED officers	In Progress
Strategic Focus Area 3: To promote Social Development		

To promote social development and provide support to assist communities throughout the District to cope with the combined impact of poverty and HIV/AIDS

Development Objectives	Development Strategies	Implementation progress (as at 30/06/2011)
To reduce the impact of HIV/AIDS on communities	Implement the ZDM HIV/AIDS Strategy	The strategy is continuously implemented
	Involve youth in sexual morality education	Programmes are implemented in partnership with the Dept of Health
To minimize the effect of natural and other disasters on communities	Implement ZDM Disaster Management Plan	Procurement of Disaster Management Plan is underway
To cater for the social development needs of youth, women, the disabled and the aged members of communities	Implement Youth Development Plan	The strategy is continuously implemented
	Prepare and implement Participation Strategy for youth, women, the disabled and the aged (inclusive of government departments, NGOs, local municipalities and other relevant stake holders)	Participation Strategy is effective with positive attendance in for a. An IGR Plan will be developed.
	Implement Gender Equity Plan	The strategy is continuously implemented
To create a safe and secure environment for all residents in, and visitors to, the District	Prepare and Implement a District Crime Prevention Strategy (involvement of all relevant stakeholders)	In Progress
To facilitate the provision of sustainable community facilities	Prepare and Implement a ZDM Community Facilities Plan	Community Facilities Plan is in place and is implemented in line with availability of funding
To facilitate the provision of sustainable, affordable and suitably-located housing development	Prepare and Implement a ZDM Housing Sector Plan	To be established. Local Municipalities have completed Housing Sector Plans

Conserve and protect the District's Cultural Heritage	Identify cultural heritage sites and ensure its incorporation into local municipalities LUMS and District's Land Use Management Framework	Municipalities are engaged in the review of LUMS which includes a land survey.
	Identify, promote and support educational cultural campaigns	In progress
Ensure that in the implementation of social projects that cognisance is taken of environmental considerations	Ensure compliance with environmental legislation and policies in the implementation of social projects	All projects implemented during 2010/011 observed national environmental procedures.
Develop skills of staff to effectively and efficiently deal with social issues	Provide appropriate internal training to staff involved with social issues	Employee Assistance Programme has been developed
Secure funding for social projects	Make budgetary provision for obtaining funding for social projects	Ongoing

Strategic Focus Area 4: To exercise Good Governance

To practice good governance by focusing on enhancing municipal processes and procedures, institutional resources and exercising efficient spending

Development Objectives	Development Strategies	Implementation progress (as at 30/06/2011)
To promote good governance, accountability & transparency	Considering and approving new and reviewed policies and bylaws	Policies and bylaws are revised annually as relevant
	Ensuring compliance with legislation, regulations, policies & bylaws	Compliance with legislation, regulations, policies and bylaws is ensured in the daily affairs of the municipality
	Ensuring an effective Performance Management System is in place	An effective Performance Management System reviewed annually is in place

	Continuous encouragement and participation of residents and stakeholders in ZDM activities	IDP Roadshows well attended, are held annually to engage the communities on municipal programmes
	Effective communication with internal and external stakeholders	A Communication Strategy has been developed
	Promoting customer-focused administration	A customer care unit has been established to deal with service delivery challenges in real time
To continuously promote integrated & co-ordinated development within the district	Ensuring that all development in the district is guided by the Integrated Development Plan	Planning and LED Forum is functional and monitors that all development is IDP sanctioned

The IDP Review Process, aligned with the budget and performance management systems for 2011/2012 is proposed to commence as follows;

5 YEAR INTEGRATED PROCESS	Period
Activity	
Prepare for 2012/2013 IDP Review	01 Jul 2011 - 30 Aug 2011
Drafting and Approval Framework Plan	01 - 25 Jul 2011
Drafting and Approval of Process Plans	01 Jul 2011 - 17 Aug 2011
Submit draft Process Plans to MEC	27-Jul-11
Incorporate comments from MEC(where applicable)	26 - 30 Sept 2011
Physical IDP review	
Phase 1: Analysis	04 Aug 2011 - 05 Oct 2011
Consultation (PLED) (re-scheduled to 23 Aug 2011)	03-Aug-11
Institutional Analysis	09- 18 Aug 2011
Financial Analysis	09 - 18 Sept 2011
Consultation (PLED)	23-Aug-11
Technical Analysis	01 - 09 Sept 2011
Economic Analysis	01 - 09 Sept 2011
Consultation (PLED)	14-Sep-11
Consultation (Growth and Development Forum)	21-Oct-11
Environmental Analysis	12-23 Sept 2011
Consolidation of In Depth Analysis	03-06 Oct 2011
Consultation (PLED)	07-Oct-11
Phase 2: Strategies	11 Oct 2011 - 25 Nov 2011
Vision, Mission and Values	10 Oct - 14 Oct 2011
Gap Analysis and Strategies (District Council Wkshop/Rep Forum)	21 Oct 2011
Develop Performance measures (kpas, kpis, targets)	25 Oct - 04 Nov 2011

Link KPAs and objectives to Sectoral Functions	07 - 11 Nov 2011
Phase 3: Projects	11 Oct 2011 - 17 Nov 2011
Identify Capital Projects	11 Oct - 04 Nov 2011
Identify Sector Plans/ Programmes	01 -11 Nov 2011
Sectoral Operational Business Plans	07-17 Nov 2011
Link Sectoral Operational Business Plans with Key performance measures	14-17 Nov 2011
Consultation (PLED)	25-Nov-11
Phase 4: Integration	10 Jan - 17 Feb 2012
Integration of Processes	10 - 27 Jan 2012
Institutional Restructuring (where applicable)	10 - 27 Jan 2012
Integrated Communication Plan	01-10 Feb 2012
Approval	
Phase 5: Approval	06 Feb 2012 - 11 Jun 2012
Draft Approval	29-Feb-12
District Alignment (District Rep Forum)	09-May-12
Public Comments/Advertising	07 - 24 Feb 2012 (draft); 01 - 21 Jun 2012 (final)
Final Approval	29-May-12
Post Approval Compliance Requirements	05-29 May 2012
Submission of draft IDP to MEC	05-09 Mar 2012
Physical Assessment of draft IDPs	26-29 Mar 2012
Incorporate Assessment Feedback	09-20 Apr 2012
Submission of final IDP to MEC	08-Jun-12
Annual Implementation	01 Jul 2011 - 30 Jun 2012
Operational Business Plans	01Jul 2011 - 30 Jun 2012
Municipal Budget	
Monitoring, evaluation and review (11/12)	01 Sept 2011 - 13 Jul 2012
Quarter 1	01-09 Sept 2011
Quarter 2	06-13 Jan 2011
Quarter 3	06-13 April 2011
Quarter 4	06-13 Jul 2012
Budget Review Process	01 Aug 2011 - 25 May 2012
Prepare&Table budget schedule to EXCO	23-Aug-11
Schedule and requirements workshopped at Management Comm/Capex	25-Aug-11
HODs prepare budget inputs	01 Sept - 28 Oct 2011
Submitt budget inputs for CFO	31-Oct-11
Draft budget discussed at Management Comm	14-Nov-11
Incorporate proposed national and provincial allocations	14 - 23 Jan 2011
Revise budget allocations in line with proposed budget	02-Feb-11
Draft budget&SDBIP tabled to Council	29-Mar-11
LMs informed of the projected allocations	05-Apr-11

Incorporate additions and comments of draft budget	10 - 20 Apr 2011
Prepare budget for tabling to Council	01-May-11
Revise SDBIP & Performance Contracts in line with approved budget	08-May-11
Table revised SDBIP&Perf Contracts to Council	29-May-11
Performance Management Review	
Preparation Phase	04 Jul 2011 - 26 Aug 2011
Drafting of Performance Management Framework	04 - 15 Jul 2011
Table draft PMS Framework at MANCO	25 - 29 Aug 2011
Incorporate HOD Comments	01 - 15 Aug 2011
Table PMS Framework to EXCO for adoption	25-Aug-11
Physical Review (2012/2013)	10 Oct - 05 Nov 2011
Council Strategies developed (Council Strategic Session)	21-Oct-11
Planning circulate scorecard template to HODs (web systems)	24-28 Oct 2011
HODs draft performance measures (kpas, kpis, targets)	26 Oct - 04 Nov 2011
HODs submit departmental scorecards to planning	07-11 Nov 2011
Planning develops council scorecard	14-17 Nov 2011
Council scorecard tabled to Council	21-25 Nov 2011
Performance Agreements signed by Section 57 Managers	02-06 Jul 2011
WSDP Review Process	01 Aug 2011 - 25 May 2012

The process defined above is not only aligned with that of local municipalities in Zululand but with Co-Operative Governance and Traditional Affairs as well.

1.2.2 Performance Management

A Performance Management Framework has been developed to address internal policies, procedures to address planning, monitoring and reporting processes and steps to improve performance. It incorporates the IDP, Budget and Performance Management Review to ensure alignment of these parallel processes.

1.2.2.1 Key achievements during this period

Phase	Activity	Action	Date
Evaluation of 2009/2010 Performance	Monitoring and evaluation	Performance Audit Committee	March 2010; June 2010 and Jan 2011
	Annual Report	Table report to Council	Jan-11

	Publish Annual Report	Publish in media	Jan-11
Planning for 2010/2011 fy	Section 57 Performance Agreements	Signing by HODs and MM	July-10
	Performance Management Framework for the 2010/2011 fy	Review and submission for approval	Jul- 10
	Performance Evaluation Panel		Jan-10
Management of 2010/2011 Performance	Monitoring and review	Performance Audit Committee	Jan, May, July 2011
Planning for 2011/12 Performance	Review and or setting of KPIs and targets for the 2010/2011 fy	Adoption by Council	Mar-11
	Performance Management Framework for the 2010/2011 fy	Review and submission for approval	Jul- 11
	Development of an automated performance management system	Needs Analysis, design, development, training and deployment	Jul-11

A simple approach to performance was adopted at the municipality. Council and Senior Management meet to revise the Council Strategies for each financial year. The revised strategies form the pillars for crafting key performance indicators which act as a unit of measure for each strategy. Targets which council must strive to achieve are set for each quarter of the financial year. The components are referred to as performance measures. Section 57 contracts signed by Heads of Department and the Municipal Manager provide the formulae for measurement of the performance targets. All the components indicated above form the system which is measurable every quarter of the financial year.

1.2.2.2 2010/2011 Performance

In the Annual Performance Report, the annual performance of the municipality has been measured in relation to the set targets.

The scoring formula applied to measure the performance is derived from the Section 57 Performance Management Guidelines. A score ranging between 1 and 5 [which also determines the nature of the performance] is allocated to each KPI as per the performance of the responsible Head of Department. Upon completion of an internal audit, the performance report will be tabled at the Performance Audit Committee which will recommend to Council.

The Performance Audit Committee will also discuss and recommend steps to improve performance where it is found to be undesirable.

The Annual Performance Report for the Council for the 2010/2011 financial year is attached as an annexure;

1.2.3 Review of the Current Public Transport Record

The aim of the Public Transport Record is to enable the municipality to make recommendations to the KwaZulu Natal Provincial Operating License Board on the assessment of applications and issuing of operating licenses.

The scope of the CPTR is to provide a record of captured data of all public transport infrastructure in the Zululand District. The data will allow any individual a snap shot of the current public transport situation the area. Further, the Public Transport Record will provide the information required to establish a performance monitoring mechanism of the Public Transport System.

Relevant stakeholders in the taxi industry were consulted in the review of the Public Transport Record.

1.2.4 Potential New Developments

A number of future developments are at an advanced planning stage throughout the region. Some of these are initiatives of various development stakeholders. It must be emphasised that these are subject to approval in terms of Development Planning legislation and procedures. Several meetings continue to be held to ensure alignment of all parties including local municipalities and the private sector. Initiatives are as follows;

1.2.4.1 Candover Business Hub

Candover Business Hub involves the planning and construction of a one stop facility catering for local and foreign tourists. Activities include a petrol filling station, truck stop, accommodation units, restaurants and curio shops. Negotiations are underway with land owners and affected municipalities.

1.2.4.2 Construction of P700

The targeted completion of this road is 2014. This provincially recognised route will see access to uMhlatuze from Zululand shortened by several minutes. It is anticipated that the lives of existing communities along this route will improve.

1.2.4.3 Household Verification Exercise

Zululand District Municipality has embarked on a regional household verification exercise. The purpose of the exercise is to obtain an estimate on the number of households as well as to establish the quality of life of the communities.

More than eight hundred field workers were appointed from all over the region and workshopped to capture the information.

The exercise is expected to last three months before the information is refined and interpreted for planning purposes.

1.3 GEOGRAPHIC INFORMATION SYSTEMS

The section comprises of a GIS expert who captures and manipulates and presents data in a form that enables enhanced decision making in terms of strategic planning and service delivery.

Without this unit, the Planning Department and the municipality as a whole would have a difficult time studying and translating the spatial and socio economic trends of the Zululand area.

Maps are printed on a daily basis for the Planning Department, Sector Departments, Political Office Bearers, Professionals and other stakeholders, at no cost.

1.4 DEVELOPMENT PLANNING SHARED SERVICES

In response to the new statutory function allocated to municipalities in terms of the new Planning and Development Act, a new unit of called Development Planning Shared Services (DPSS) was established to capacitate and support municipalities in the Zululand area in terms of Development Planning and Geographic Information Systems. Funding contribution are staggered over a 3 year period with financial support from Co-Operative Governance and Traditional Affairs. Thereafter, the Shared Services will be funded in total by the Zululand Family of Municipalities.

Divided into two Directorates of Planning and GIS, the section consists of 8 staff including Planners, Geographic Information Systems Officials, Administrators and Secretary.

In terms of an arrangement between the Zululand Family of Municipalities, the Planning Directorate is placed at Abaqulusi Local Municipality owing to its central location.

The key objective of the Planning Directorate is to assist and capacitate local municipality planners in terms of the new Planning and Development Act, Statutory and Strategic Planning. The key objective of the GIS Directorate is to assist local municipalities and the district to manage and upgrade technical GIS capacity.

1.4.1 Spatial Planning

Municipalities who are contributing financially to the administration of the DPSS have already begun reaping the benefits in terms of assistance in dealing with current and new development applications. In terms of the new Planning and Development Act, municipalities are in the process of taking over the balance of planning functions that were previously carried out at a Provincial level. This it is hoped, will improve and fastrack development application processes. Development Planning Shared Services has and continues to guide Zululand municipalities through this process.

There are various support functions that were performed by Development Planning Shared Services including;

(a) Delegations

Municipalities are not in a position to authorise development applications without having delegations approved by council and the MEC in place in terms of the Planning and Development Act. Delegations in all of the local municipalities have been adopted and are at various stages of approval.

(b) Training and capacity building of Planning Officials

Conditions in the Planning and Development Act are new to municipalities. Therefore monthly workshops are held in partnership with Co-Operative Governance to improve levels of understanding of planning procedures and standards of Planners in Zululand.

(c) Training of Municipal Councillors and Traditional Authorities

Allocation of land involves different stakeholders and custodians of land including traditional authorities. Councillors also play a role in the approval process of development applications.

Training for councillors and traditional authorities to understand their roles and responsibilities of the new Planning and Development Act will commence from February 2012.

(d) Assessment of Building Plans

In order to improve capacity of municipalities to deal with building plan approval, a position for a Building Inspector has been created within the development Planning Shared Services to support all municipalities in Zululand.

In the interim, Development Planning Shared Services continue to support municipalities in Zululand to fulfil this role.

(e) Assessment of Development Applications

In order to sign off on approved development applications, Municipal Planners must be registered with the South African Council of Planners. Development Planning Shared Services are supporting Municipal Planners in Zululand to ensure that they are all registered.

Furtherto, Development Planning Shared Services have been supporting municipalities to assess more than 27 development applications in line with the new Planning and Development Act.

(f) Review of Spatial Development Framework

Nongoma Local Municipality and Edumbe Local Municipalities have reviewed their Spatial Development Frameworks and Land Use Management Systems respectively. Nongoma council must now approve the framework.

Ulundi Local Municipality has reviewed its Town Planning Scheme and is finalising development of its Spatial Development Framework.

Zululand District Municipality will commence with the review of its Spatial Development Framework and Land Use Management Framework in this financial year.

(g) Integrated Development Planning Support

Development Planning Shared Services have also supported local municipalities with their Integrated Development Plans, most notably Nongoma Local Municipality.

1.4.2 Geographic Information Systems

Development Planning Shared Services is also in the process of developing and improving Geographic Information Systems capacity of the Zululand Municipalities.

The following challenges with Geographic Information Systems were identified for Zululand Municipalities;

- a. Outdated hardware and software equipment
- b. Limited management of information
- c. Data sitting with consultants not handed over to the municipalities
- d. Limited institutional preparedness
- e. Limited knowledge capacity

Some ground has been made in addressing some of the challenges with Geographic Information Systems breaking new ground by supporting and improving various municipal systems and procedures. The following achievements are noted;

- 1. Establishment of GIS capacity in Nongoma
- 2. Update and enhanced geo-spatial information in all municipalities in Zululand
- 3. Upgrade of GIS equipment in Nongoma, eDumbe and oPhongolo
- 4. Improved organisation and management of data in all municipalities i.e. storage of data
- 5. Development of a GIS Policy Framework

2. WATER SERVICES AUTHORITY (WSA)

2.1 Background

The section consists of 3 civil engineers and secretary in the planning and management of the Water Service Authority function.

The profile of the staff in terms of cost to employer is as follows:

Personnel	Total	Cost to Employer
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Professional	3	R 1 250 500.00
Field (Supervisors/Foreman)	1	R 365 00.00
Office (Clerical/Administration)	1	R 195 502.00

The responsibility of a Water Services Authority (WSA) is to ensure that water is adequately provided to every single individual households falling within its area of jurisdiction. The provision of water to consumers should be in accordance with the minimum quality and quantity standards set by The Department of Water Affairs (DWA). The Water provision should be sustainable, affordable and efficient.

Services Authority has the following Duties:

Duty to provide access to water services

This duty is subject to-

- a) the availability of resources;
- b) the need for an equitable allocation of resources to all consumers and potential consumers within the authority's area of jurisdiction;
- c) the need to regulate access to water services in an equitable way, with any prescribed norms and standards for tariffs for water services;
- d) the duty of consumers to pay reasonable charges, which must be in accordance with any prescribed norms and standards for tariffs for water services;
- e) the duty to conserve water resources;
- f) the nature, topography, zoning and situation of the land in question; and
- g) the right of relevant water services authority to limit or discontinue the provision of water services if there is failure to comply with reasonable conditions set for provision of such service.

In ensuring access to water services, a water services authority must take into account among other factors-

- i. alternative ways of providing access to water services;
- ii. the need for regional efficiency;
- iii. the need to achieve the benefit of scale;
- iv. the need for low costs;
- v. the requirements of equity and
- vi. the availability of resources from neighbouring water services authorities.

The above is in accordance with the Water Services Act No. 108 of 1997.

Duty to prepare draft Water Services Development Plan (WSDP)

2.2 Water Services Development Plan (WSDP)

Every Water Services Authority must, within one year after the commencement of this Act-

- a) as part of the process of preparing any integrated development plan in terms of Local Government Transition Act, 1993 (Act No. 209 of 1993); or
- b) separately, if no process contemplated in paragraph a) has been initiated, prepare
 - i. a draft water service development plan for its area of jurisdiction and,
 - ii. a summary of a plan

The Content of draft Water Services Development Plan (WSDP)

The annual WSDP contains the following details:

- a) the physical attributes of the area to which it applies;
- b) the size and the distribution of population within the area;
- c) the time frame for the plan, including the implementation programme for the following five years;
- d) the existing water within the area of jurisdiction;
- e) the total number of backlogs both on water and sanitation within the area expressed as a number of households figures as well as a percentage compared to the entire area where services are provided;
- f) the operations; maintenance; repair and replacement of existing and future infrastructure
- g) the WSDP must display the number and location of persons to whom water services cannot be provided within the next five years setting out-
 - i. the reason thereof;
 - ii. the time frame within which the it may be reasonably be expected that a basic sanitation will be provided to those people, and
 - iii. of existing and proposed water conservation, recycling and environmental protection measures.

2.2.1 Water Service Development Plan Process

The Zululand District Municipality WSDP for 2011/2012 was completed and approved by council in May 2010.

The following key issues were addressed by the 2011/2012 WSDP:

- Eradication of water backlogs through Regional schemes rollout and Rudimentary programme.
- Eradication of sanitation backlogs.
- Water supply to schools and clinics.
- Refurbishment requirements of water and sanitation infrastructure

There are three types of water service delivery

1. Regional Water Supply schemes
2. Rudimentary Water Supply scheme
3. Stand alone scheme

2.2.1 Water and Sanitation Backlogs

2.2.2 The water and sanitation backlogs as at June 2011 are reflected below;

Table 2.1 (a): Residential consumers: access to water

Water	None or Inadequate	Rudimentary	Communal standpipes	Yard connections	TOT	LS
		<RDP	RDP	>RDP		
AbaQulusi LM	0	0	0	20,350	20	350
eDumbe LM	0	0	0	6,162	6	162
Nongoma LM	0	0	0	957	9	957
Ulundi LM	0	0	0	6,980	6	980
uPhongolo LM	0	0	0	4,135	4	135
Total (urban)	0	0	0	38,584	38	584
AbaQulusi LM	6,371	2,703	264	6,381	11	719
eDumbe LM	2,158	1003	1104	4,584	4	849
Nongoma LM	11,933	9,936	8,636	2,594	31	099
Ulundi LM	5,658	7,464	7,579	7,628	21	329
uPhongolo LM	2,988	1565	1033	12,377	12	963
Total (rural)	29,108	22,671	18,616	33,564	101	959
Total (households)	29,108	22,671	18,616	72,148	141	543

Table 2.1 (b): Residential consumers: access to sanitation

Sanitation	None or Inadequate	VIP	Septic tank	Waterborne	TOT	LS
		RDP	RDP	>RDP		
AbaQulusi LM	0	0	0	20,350	20	350
eDumbe LM	0	0	595	5,567	5	162
Nongoma LM	0	0	0	957	9	957
Ulundi LM	0	0	0	6,980	6	980
uPhongolo LM	0	0	0	4,135	4	135
Total (urban)	0	0	595	37,989	38	584
AbaQulusi LM	13,811	4,581	37	0	11	429
eDumbe LM	962	7,743	144	0	8	849
Nongoma LM	25,746	7,353	0	0	31	099
Ulundi LM	20,097	8,190	42	0	21	329
uPhongolo LM	5,953	11,684	326	0	12	963
Total (rural)	66,569	39,551	549	0	101	669
Total (households)	66,569	39,551	1,144	37,989	141	253

The ZDM still requires R3, 099bn to eradicate all water backlogs and the sum of R 374,8m for all its sanitation.

Capital requirements to eradicate the backlogs in the entire ZDM are detailed as follows;

Table 5.5 (c): Cost of new infrastructure to be built

5000
6000

Supply footprint	Water		Sanitation		
Nkonjeni	R	369,105,360	R	75,294,000	
Usuthu	R	1,321,889,255	R	141,126,000	
Mandlakhazi	R	515,450,250	R	53,742,000	R 273,662,000
Mkhuze	R	17,572,455	R	3,120,000	
Simdl East	R	40,000,000	R	17,688,000	
Simdl Central	R	80,036,964	R	16,638,000	
Simdl West	R	172,901,728	R	1,752,000	
Khambani	R	100,029,335	R	10,518,000	
Coronation (Enyathi)	R	185,621,339	R	10,824,000	
eMondlo	R	289,215,884	R	44,052,000	R 108,092,000
TOTALS	R	3,091,822,570	R	374,754,000	
		3,124,046,225		336,090,000	check
	R	-32,223,655	R	38,664,000	diff

NEW WSDP 2011 TABLE

Supply footprint	Water		Sanitation	
Nkonjeni	Bulks	R	202,456,363	
	Sec Bulks	R	197,171,325	
	Retics	R	23,345,280	R 80,472,000
Usuthu	Bulks	R	686,174,628	
	Sec Bulks	R	640,902,409	
	Retics	R	81,114,040	R 151,410,000
Mandlakhazi	Bulks	R	265,470,522	
	Sec Bulks	R	275,107,361	
	Retics	R	30,169,760	R 58,434,000
Mkhuze	Bulks	R	4,502,720	
	Sec Bulks	R	10,271,874	
	Retics	R	1,347,140	R 3,120,000
Simdl East	Bulks	R	8,744,507	
	Sec Bulks	R	-	
	Retics	R	-	R 17,688,000
Simdl Central	Bulks	R	70,995,913	
	Sec Bulks	R	42,115,386	
	Retics	R	2,999,220	R 16,638,000
Simdl West	Bulks	R	83,226,294	
	Sec Bulks	R	19,805,195	
	Retics	R	1,976,320	R 1,752,000

Nongoma and uLundi Local Municipalities are the ones with the highest backlog figures both in water and sanitation.

2.3 Steps taken to eradicate backlogs

In order to respond to this situation, business plans were packaged and negotiations entered into with the Department of Human Settlements. As a result the following funds were allocated;

AREA	FUNDS	PURPOSE	FINANCIAL YEAR
Nongoma	R4 million	Establish sanitation infrastructure	2010/2011
	R10 million	Establish sanitation infrastructure	2011/2012
Ulundi	R3,670 million	Water	2010/2011
	R5,693 million	Water	2011/2012

The Zululand District Municipality is committed to providing the highest standard of water quality to all consumers in its area. There are two national quality standards that are used as a benchmark for water quality; blue drop and green drop, in that order.

The assessment, both on Blue and Green Drop Water Quality are conducted every year by DWA to all WSA's country wide on two separate events. The Zululand District Municipality was assessed in November 2010 and the results announcements were made in June 2011 in Capetown. Due to the challenges caused by the ageing infrastructure owned by the ZDM, particularly the Water and Waste Water Treatment Works it has become impossible for the ZDM to obtain the Green or Blue Drop Status but the fight continues.

In order to qualify in terms of these standards the municipality must meet stringent national technical capacity requirements, infrastructure conditions and risk mitigation strategies.

Despite the challenge of having to deal with the R520 million required for refurbishment of water infrastructure, the municipality has made strides in improving technical capacity of employees operating water treatment works with on-going training and workshops.

Monthly sessions are being held with the Water Services Providers (WSP's) in our district to monitor the status of water provision. The focus currently is to ensure that the water quality is acceptable at all schemes where a service is being rendered. The monthly water quality test results are being discussed and interventions agreed where necessary. The results are also being reported to DWAF on a national web-based system (eWQMS system).

In order to improve infrastructure conditions, the Zululand District Municipality has received R4,790 million to upgrade specific Waste Water Treatment Works in the area of eDumbe and Abaqulusi Local Municipalities. Several business plans have been submitted for additional funds.

In order to improve participation and contribution of political office bearers in the planning of water roll out (Water Services Development Plan), a Councillor Training Programme has been held with Councillors in all municipalities.

2.4 Water Services Provision

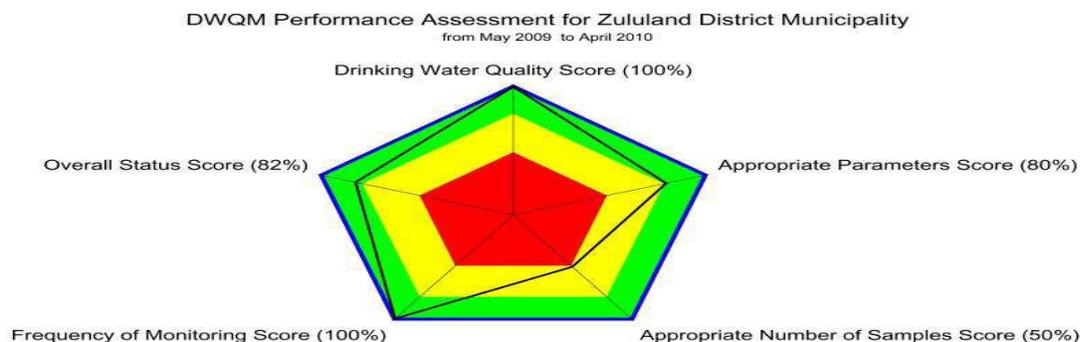
The Water Services Authority (WSA) monitors the Water Service Providers (WSP), namely the Zululand District Municipality and Abaqulusi Local Municipality. The Department of Water Affairs (DWA) requires a certain level of water quality (class 1 or 0) that needs to be reported on monthly basis on the Drinking Water Quality Management System. Blue Drop and Green Drops guidelines were set for all the Water Services Authorities to adhere to, Blue Drop being for drinking water quality and a Green Drop being for sanitation/waste water quality after treatment. The Drinking Water quality is closely monitored so as the effluent coming out of the waste water treatment works. The requirements are that the reticulation systems as well as the Capital Works be tested on monthly basis, at least one test per month on every 10 000 people that drink water within the area of our jurisdiction.

The assessment, both on Blue and Green Drop Water Quality are conducted every year by DWA to all WSA's country wide on two separate events. The Zululand District Municipality was assessed in November 2010 and the results announcements were made in June 2011 in Capetown. Due to the challenges caused by the ageing infrastructure owned by the ZDM, particularly the Water and Waste Water Treatment Works it has become impossible for the ZDM to obtain the Green or Blue Drop Status but the fight continues.

Monthly sessions are being held with the Water Services Providers (WSP's) in our district to monitor the status of water provision. The focus currently is to ensure that the water quality is acceptable at all schemes where a service is being rendered. The monthly water quality test results are being discussed and interventions agreed where necessary. The results are also being reported to DWAF on a national web-based system (eWQMS system).

2.4.1 Water Quality Report

Overall quality of water in the Zululand District Municipality for the period: July 2010 to June 2011 is as follows:



The score for the above graph is based on SANS 241, which highlight issues related to key bacteriological, physical and chemical parameters monitored in our area of concern.

The failures/operational alerts recorded over the past 12 months are largely aesthetic in nature; this affects the appearance, and thus the aesthetic acceptability of water. These aesthetics include Manganese, Iron, Zinc, Calcium levels as well as turbidity. Although operational limits have been exceeded, only water appearance is affected there are no health effects. Steps are being taken to address the treatment processes to ensure that all water quality complies with standards set.

2.4.2 Policies and Bylaws

The Water Services Policy and Bylaws were last revised and approved by Council in May 2010.

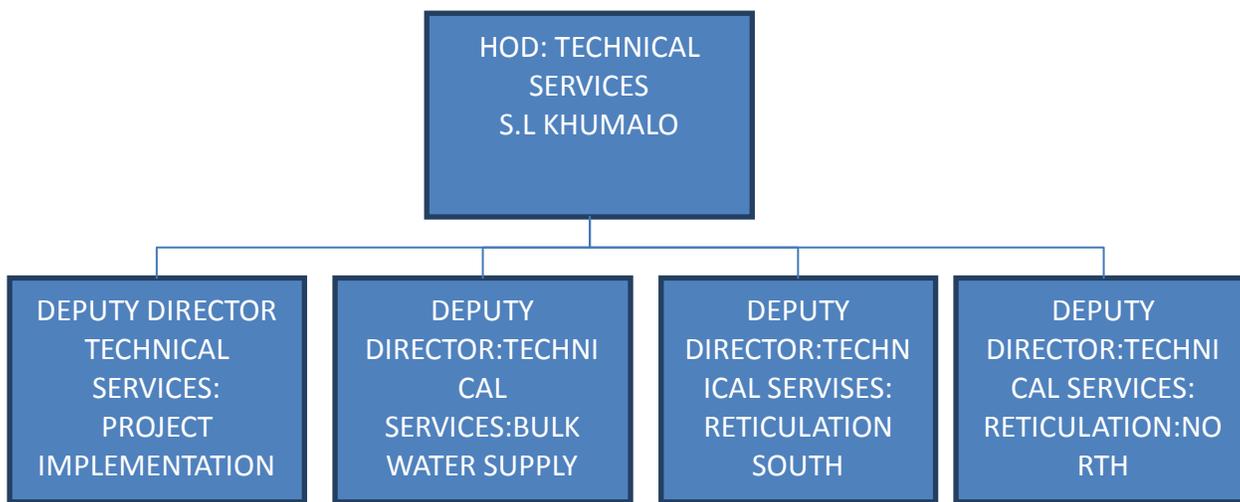
2.5 PERFORMANCE HIGHLIGHTS:

- Approval of WSDP for 2011/2012 in May 2011.
- Planning of capital projects to be implemented in 2011/2012 is well in advance.
- Switched from year to year planning to multi-year planning, whereby projects to be implemented for the next year and beyond have been designed, business plans approved and tender documents prepared and ready for implementation. This eliminates the “stop-start” of previous years and enables continuous momentum with the implementation and roll-out of projects.
- WSP Reporting has commenced and a series of operational reports have been compiled. Information from reporting becomes useful and is starting to influence management decisions, in other words information systems are starting to add value.
- Water quality results have improved dramatically through more efficient management and operations of treatment plants. Water quality reporting system contributed towards managing this process.
- Asset database (MANZI) has been populated and asset information can be viewed by all.

TECHNICAL DEPARTMENT



ORGANOGRAM FOR THE SENIOR MANAGEMENT: TECHNICAL SERVICES DEPARTMENT:



The strategic objective for the Technical Services Department is to progressively provide cost effective, reliable water services of good quality to all potential consumers in the district.

The core function of the Technical Department is therefore:

- ✚ To implement the new infrastructure (Water and Sanitation).
- ✚ Operation and Maintenance of the secondary bulk and reticulation.
- ✚ Management, Operation and Maintenance of Bulk Water and Waste Water Infrastructure.

The key issues for 2010/2011 are listed as follows:

- To improve on the percentage of households with access to basic level of water.
- To improve on the percentage of households with access to basic level of sanitation.
- To improve on the number of required water quality tests conducted (samples).
- To reduce number of plant days down time.

- To improve on percentage of households earning less than R1100 pm with access to free water (Note: Rudimentary LOS included).
- To improve on percentage of households earning less than R1100 pm with access to free sanitation.
- To improve on communication with customers on planned interruptions before disruptions occur.
- To ensure that 100% of MIG grant fund is spent within the financial year.

PROJECT MANAGEMENT UNIT (PMU)

The Project Management Unit is basically responsible for the implementation of all the capital projects within the district. The unit has a total of 6 technical officers, two Institutional Social Development Officers (ISDO) and a Senior Project Administrator.

Employees	Number	Cost to Employer
Professionals	10	R 2,635,975.50

The current total Business Plans approved by the Municipal Infrastructure Grant (MIG) is in excess of R 2,250,912,132.34 and this makes Zululand Distirict Municipality to be at least having committed projects for more than ten (10) years ahead, having considered the current rate of MIG fund allocation which is approximately R 227,100,000.

#	BP Name	MIG No.	BP Value	Exp	Balance
1	Nkonjeni Regional Water Supply Scheme Phase I	2004MIGFDC260002	36,391,983.00	36,391,982.7 1	0
2	ZDM Clinic Sanitation Project	2005MIGFDC260003	6,017,716.00	4,664,805.09	1,352,910.90
3	Rudimentary Water Supply Programme PH 2	2005MIGFDC260005	65,753,900.00	63,514,926.5 5	2,238,973.45
4	Mandlakazi Regional Water Scheme Phase 2B	2005MIFDC260001	6,772,309.00	5,266,533.08	1,505,775.90
5	Hlobane Sports Field	2006MIGFDC261120 22	16,370,000.00	3,119,285.58	13,250,714.42
6	Nkonjeni Regional Water Supply	2006MIGFDC261020 44	75,296,406.93	40,927,984.6 1	34,368,422.32

	Scheme Ph 2				
7	Ulundi Sports Phase 5	2006MIGFDC26113956	5,200,000.00	5,067,552.30	132,447.70
8	Usuthu RWSS Phase 4	2006MIGFDC265319	25,059,986.00	24,373,987.60	685,998.40
9	Usuthu RWSS Phase 3	2006MIGFDC265325	89,093,640.00	2,421,360.00	86,672,280.00
10	Usuthu RWSS Phase 2	2006MIGFDC265328	32,483,514.00	5,213,824.01	27,269,689.99
11	Usuthu RWSS Phase 1	2006MIGFDC265329	96,259,053.00	49,951,063.26	46,307,989.74
12	Mandlakazi RWSS Phase 2C	2006MIGFDC265331	22,120,203.00	17,817,072.93	4,303,130.10
13	Simdlangentsha Central RWSS Ph 2	2006MIGFDC265332	56,000,493.76	41,828,534.26	14,171,959.50
14	Khambini RWSS Water Supply	2006MIGFDC265333	74,785,687.00	26,023,246.22	48,762,440.78
15	Hlahlindlela/Mondlo Regional Water Supply	2006MIGFDC265334	167,579,680.00	43,643,961.75	123,935,718.30
16	Simdlangentsha East RWSS Phase 1	2006MIGFDC265336	25,683,733.70	12,635,120.32	13,048,613.38
17	Simdlangentsha West RWSS Phase 2.1	2006MIGFDC265339	59,477,291.00	48,946,269.24	10,531,021.76
18	Mona Sports Field	2006MIGFDC265341	19,500,000.00	7,641,398.00	11,858,602.00
19	Coronation RWSS Enyati (AFA) MIS 155365	2006MIGFDC265351	34,927,055.48	27,649,766.34	7,277,289.14
20	Emergency Alteration to the Zondela Sewer Outfall	2008MIGDC26123070	1,298,564.00	1,178,103.69	120,460.31
21	Nkonjeni RWSS MIG Phase 3 (Central)	2008MIGDC26165025	27,715,450.00	24,532,315.67	3,183,134.33
22	Gumbi Emergency	2008MIGDC26165601	26,464,362.00	11,444,675.81	15,019,686.19

	Water Supply				
2 3	ZDM Rural Sanitation Phase 01	2008MIGFDC261568 76	195,891,411.0 0	89,812,544.8 6	106,078,866.1 0
2 5	Ulundi Unit M Water and Sanitation Phase 2	2006MIGFDC261630 62	1,085,602.39	505,959.88	579,642.50
2 6	Emondlo sports field	2008MIGFDC261650 06	13,299,314.00	8,059,293.42	5,240,020.58
2 7	Nkonjeni Regional Water Supply Scheme Phase 04	2009MIGFDC261710 57	310,103,565.5 1	18,105,116.1 4	291,998,449.4 0
2 8	Usuthu RWSS Phase 5	2009MIGFDC261710 56	665,847,909.9 6	4,263,175.41	661,584,734.5 0

In 2010-2011 financial year an allocation of R 188 million was received from MIG and was successfully spent 100% by the end of June 2011.

The largest percentage, 77%, was spent on water, 20% was spent on sanitation and 3% on sporting facilities. The large amount of money is currently spent in the development of bulk infrastructure and as the bulk line passes through communities, reticulation networks are installed. Where the communities are experiencing acute shortage of water, the rudimentary programme is in place to bring temporal relief and where there are no reliable sources, water tankering is taking place.

Zululand District Municipality, for sustainable water supply, is divided into ten (10) regional schemes with reliable water sources. MIG allocations over a period of two years, per regional scheme, are tabled as follows.

Name of the regional scheme	Allocation for financial year 11/12	Allocation for financial year 12/13
Nkonjeni Regional Water Supply Scheme	R 27,706,200	R 33,688,104
Usuthu Regional Water Supply Scheme	R 54,692,560	R 61,070,710
Mandlakazi Regional Water Supply Scheme	R 17,748,000	R 29,090,560
Rudimentary water supply programme ph2	R 22,710,000	R 27,613,200
Simdlangentsha East Regional Water Scheme	R 6,018,150	R 7,317,498
Simdlangentsha Central	R 4,542,000	R 7,402,310

Regional Water Scheme		
Simdlangentsha West Regional Water Scheme	R 12,172,560	R 8,698,158
Khambhi Regional Water Scheme	R 7,153,650	R 8,863,837
Coronation/Enyathi Regional Water Scheme	R 7,289,910	R 8,956,365
Hlahlindlela/eMondlo Regional Water Scheme	R 16,981,988	R 21,041,258
Rural Sanitation	R 45,420,000	R 55,226,400
Zondela Sewer Outfall	-	-
Sportsfield	R 743,032	-
Gumbi Emergency	R 3,921,950	R 7,163,700
MIG TOTAL/ FIN YR	R 227,100,000	R 276,132,000

The MIG expenditure for the financial year 10/11 (July '10 to June '11) is listed below in the table per regional scheme:

Name of the regional scheme	Brief project description	Total expenditure 10/11
Nkonjeni Regional Water Supply Scheme	Construction Reservoir, reticulation, bulk pipeline	R 20,618,752.39
Usuthu Regional Water Supply Scheme	reservoirs, bulk pipeline, reticulation	R 24,963,238.29
Mandlakazi Regional Water Supply Scheme	Construction of a reticulation pipeline,	R 40,621,351.19
Rudimentary water supply programme Ph2	Construction of reticulation, reservoirs, drilling of boreholes,	R 4,826,901.58
Gumbi Emergency	Construction of reticulation	R 1,400,782.00
Simdlangentsha East Regional Water Scheme	Bulk meters, pipeline	R 4,645,756.69
Simdlangentsha Central Regional Water Scheme	Bulk pipeline,Package plant	R15,766,027.34
Simdlangentsha West Regional Water Scheme	Construction of reticulation, reservoir	R 4,645,756.69
Emergency to Zondela Sewer Outfall	Sewer	-
Rural Sanitation	Material supply and implementation	R 41,966,773.71
Khambhi Regional Water Scheme	Construction of a reticulation and pump station	R 3,776,480.90
Coronation/Enyathi Regional Water Scheme	Construction of bulk water and sewer.	R 7,026,426.42
Hlahlindlela/eMondlo	Construction of water	R 14,326,480

Regional Water Scheme	treatment plant.	
Sporting Facilities(Mona and Emondlo)	Fencing, VIP building, Grassing	R 6,268,128.85

Listed below are the house hold figures achieved by individual regional scheme during the year 10/11 financial from July 2010 to June 2011.

Name of the regional scheme	Households benefited (yard connections)	Households benefited (community standpipes)
Nkonjeni Regional Water Supply Scheme		1009
Usuthu Regional Water Supply Scheme	112	
Mandlakazi Regional Water Supply Scheme		
Simdlangentsha West Regional Water Scheme	654	
Khambzi Regional Water Scheme		
Hlahlindlela/eMondlo Regional Water Scheme		
TOTAL	766	1009

The expenditure for the MIG funded projects for the quarters is tabled below.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	TOTAL EXP
April – June	Jul – Sept	Oct - Dec	Jan - Mar	Apr- Jun	
R 8,029,931.59	R26,401,405.45	R33,043,417.68	R ,034,257.03	R25,314,988.25	R 188,824,000

ZDM FUNDED CAPEX PROJECTS FOR 10/11 FINANCIAL YEAR

Local	School	Sanitation	Crèches	Fencing	Halls/Taxi Ranks/ Renovation	Sports Facility
Ningoma	R 600 000	-	R 500 000	R 60 000	-	-
Eumbe	R 300 000	R 90 000	-	-	R 70 000	-
Pingola	R 300 000	R 180 000	R 250 000	R 80 000		R 120 000
Amaqulusi	R 380 000	R 90 000	R 750 000	R 200 000	-	-
Uundi	R 900 000	R 140 000	R 500 000	R 130 000	-	-

EMONDLO SPORT FIELD - GRASSING



Belgrade Water



Works

Gumbi – Reservoir



Zungwini school-two classrooms



WATER SERVICES PROVISION: URBAN & RURAL RETICULATION

The main function of the “Urban and Rural Reticulation Section” division is to operate and maintain the water and sanitation networks in both urban and rural areas within the Local Municipalities that make up the Zululand District Municipality. This section further manages the provision of Emergency Water under the Drought Relief Programme.

At present all urban areas are serviced with water and sanitation which is metered and they also receive the 6 kilolitre Free Basic Water per month.

The Zululand District Municipality has ten Regional Schemes which are still in progress in terms of construction. Within these regional schemes there are further small stand-alone rural schemes:

Regional Water Supply Scheme	Number of Water Supply Schemes
Nkonjeni RWSS	33
Usuthu RWSS	39
Mandlakazi RWSS	31
Gumbi/Candover RWSS	2
Simdlangentsha East RWSS	20
Simdlangentsha Central RWSS	12
Simdlangentsha West RWSS	27
Corronation RWSS	2
Khambi RWSS	23
Hlahlindlela RWSS	23

Personnel And Total Cost To Employer

Personnel	Total	Cost to Employer 10/11
Professionals	10	R 4 690 949.88
Field (Supervisors/Foreman)	26	R 4 485 424.29
Office (Clerical/Administration)	1	R 232 655.27
Non-professional (Blue collar, outside workforce)	85	R 7 397 097.51
Annual Contracts	168	R 1 811 134.08

Water control and management

Zululand District Municipality is currently utilizing the water-management devices (WMD's), in urban areas, that were introduced to enable the municipality to measure and control the quantities of water consumed or preferred by the consumer. Those who want to be limited to FBW, that can also be provided on daily or monthly bases.

The schemes in the rural areas are not metered as they are considered to be consuming water less than the FBW. Zone meters have been installed to monitor the above situation and if the consumption indicate viability of metering water, that will be considered in the due course.

Currently there are eight reaction teams and contract ZDM 799/2009 is in place with a roster of service providers to provide emergency repairs to water infrastructure.

Drought Relief

Despite the rudimentary programme that is in progress, water tankers had to be deployed to those areas with acute shortage of water:

Local Municipality	No. of Trucks	Water Delivered Yearly (Kilolitres)	Total Cost
Ulundi	3	48600	R 2 861 277.93
Nongoma	10	162000	R 5 634 847.63
Uphongolo	2	32850	R 2 654 563.83
Edumbe	2	43800	R 2 451 592.79
Abaqulusi	3	49275	R 2 952 822.30

**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2011**

PREPARED BY:

BUDGET AND TREASURY OFFICE



INTRODUCTION

The annual financial report of Zululand District Municipality for the year ended 30 June 2011 is submitted herewith. The purpose of this report is to provide users of financial statements i.e members of the Public, Government Institutions and other interested parties with the reliable financial information about the state of Zululand District Municipality finances. Responsibility for accuracy, completeness and fairness of the data presented rests with the municipality.

I believe the report is accurate and complete in all material aspects.

FINANCIAL INFORMATION

The Budget and Treasury Office is responsible for providing financial services for the municipality including performing the budgeting, revenue collection, accounting analysis, financial reporting, cash management, debt management, payroll, accounts payable, expenditure functions and supply chain management, risk management.

Management of the municipality is responsible for establishing and maintaining a system of internal controls designed to ensure that the assets of the municipality are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of annual financial statement in conforming with the Generally Recognised Accounting Practice (GRAP). The internal controls are designed to provide reasonable but not absolute, assurance that fraudulent and irregular transactions will be detected by the controls.

FINANCIAL REPORTING

The 2010/2011 financial statements were submitted on time. The challenge faced was the preparation of GRAP compliant financial statements in house. But the experience attained throughout the process is invaluable.

All other reports required in terms of the Division of Revenue Act were submitted on time.

CAPITAL COMMITMENTS:

The capital commitments consist of infrastructure assets to the total value of R215 824 000

VIABILITY OF ZDM

ZDM has a total budget of R532, 862, 683. It comprises the operating budget of R306, 824, 411 and a capital budget of R226 ,038, 272. The salary cost is 27% of the operating budget.

It was reported last year that the performance management system is automated. But the system was not fully functional in the 2010/2011 financial year.

With regards to the shortage of resources, it is a known fact that the backlogs are substantial and financial resources are modest. There are no adequate financial resources to maintain the capital infrastructure that is installed on an annual basis. As a result, it was proposed as part of turn turnaround strategy that MIG should allow a maintenance portion say 20% of the MIG funding. To date, no major policy change has been effected. This could go a long way to ensuring that the infrastructure is adequately maintained for it to achieve its expected useful life.

RISK MANAGEMENT

The risk assessment has been conducted in conjunction with Provincial Treasury. A risk register has been developed and presented to the Audit Committee for approval. Internal Audit used the risk register to prioritise the areas of attention in the 2010/2011 financial year. The municipality is exposed to various risks of loss including theft, damage to, and destruction of assets, errors and omissions, injuries to employees, employee health and natural disasters. The municipality generally obtains insurance to mitigate the risks associated with possible losses but has chosen to retain the risks associated with underground infrastructure i.e. water and sewer pipes networks.

INDEPENDENT AUDIT

We have had eleventh consecutive unqualified audit reports including the last three financial years.

INTERNAL AUDIT

ZDM has an Internal Audit Plan and the Internal Audit unit is outsourced to a firm of Accountants. The Internal Audit recommendations are implemented by Council.

GRAP

The GRAP conversion was completed in the 2008/2009 financial year. The staff members are conversant with these accounting standards and they attend refresher courses where deemed necessary.

LOANS

There are no loans to staff and officials. A loan to the value of R2,754,909 is in place. the repayments are affordable and is serviced every month.

BUDGET MANAGEMENT

The new budget and reporting regulations have been implemented. The budget reports are credible and of good quality. The Mayor is part of the Budget Steering Committee and the budget is presented to the Finance Portfolio Committee, EXCO and finally approved by the full council.

CONDITIONAL GRANTS

100% of conditional grants are spent annually. These grants are spent in accordance with the stipulated conditions in DORA. However in rare circumstances, where a conditional grant is not spent at year end, the unspent conditional grant is always cash - backed.

CASHFLOW MANAGEMENT

Cash is managed on a daily basis through the scrutiny of available bank balances, outstanding cheques and projected cash flow. The cash coverage of ZDM is 20%. We do not budget for a deficit and the budget is always funded. Therefore there is no cash deficit.

SUPPLY CHAIN MANAGEMENT

The committee system is in place i.e

- The Bid Specification Committee
- Bid Evaluation committee
- Bid Adjudication Committee

Councillors and senior management declare their interests. However, declaration of interest does not mean that the municipality can trade with these individuals.

MFMA COMPLIANCE

The MFMA implementation plan is in place and there are no outstanding MFMA returns. The compliance checklist is in place. However, full compliance is still a challenge.

PERFORMANCE

In terms of performance the municipality is rated amongst the best in the country, for instance, for the past ten years the allocations from grant funding were fully utilized by the municipality. This has been made possible by the fact that all the master planning for the entire district have been in place for a long time now and BPs in excess of R1 billion have been approved and if funding becomes available implementation happens without delay. The backlogs are gradually being reduced in line with the allocations received yearly.

CREDITORS

Creditors are paid on monthly basis, and within the 30 days time limit set by the Municipal Finance Management Act.

CHALLENGES

- ZDM does not have an indigent register. However, consideration is being given to the consolidation of Local Municipalities indigent registers into one District Municipality Indigent Register.

CHAPTER 5: AUDITED FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

As indicated earlier, the Zululand District Municipality received an unqualified report from the Auditor-General for the eleventh consecutive year as at 30 June 2011. In the report a number of matters of non-compliance with laws and regulations were however raised by the Auditor-General and will be fully dealt with in 2011/2012 Financial year.

Annexures:

Annexure A: The full report from the Auditor General 2010/11

Annexure B: The June 2011 Annual Financial Statements

Annexure C: Audit and Risk Management Committee Report

Annexure D: Audit Action Plan to address Auditor General's Findings

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.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2

SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.3

DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets . Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure

	15-70
Water	years
	15-70
Sewerage	years

Community

Buildings	30 years
	20-30
Recreational Facilities	years

Heritage assets

	Indefinite
Paintings and artifacts	e

Finance lease assets

Office equipment	5 years
------------------	---------

Other

Buildings	30 years
Specialist vehicles	7 years
Other vehicles	7 years
	3-7
Office equipment	years
Furniture and fittings	7 years
Emergency equipment	10 years
Computer equipment	5 years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and adjusted where necessary. Any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

2.4

DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

INTANGIBLE ASSETS

3.1

INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset 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.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

	5-7
Computer software	years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4

DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

INVENTORIES

4.1

INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

4.2

SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

FINANCIAL INSTRUMENTS

5.1

INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

5.2

SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

5.2.1

INVESTMENTS

Investments, which include short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

5.2.2

TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

5.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

5.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

6 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

7 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 LEASES

9.1 **MUNICIPALITY
AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight line basis over the term of the relevant lease.

9.2 **MUNICIPALITY
AS LESSOR**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

10 **PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land). The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable. Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

11 REVENUE

11.1

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council and are levied monthly.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings,

when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

11.2

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount. Fines constitute both spot fines in the form of meter tempering fines. Fines are recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where

public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain.

11.3

GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset or expense is recognised.

12

BORROWING COSTS

Borrowing cost are recognised as an expense in Statement of Financial Performance.

13

EMPLOYEE BENEFITS

Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Defined

Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

Pension obligations

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial

statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

The NJMP Provident Fund is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

Other post-employment benefit obligations

The municipality does not provide post retirement health care benefits to any of its employees and therefore has no liability for such benefits.

14

VAT PAYABLE

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

15

VAT RECEIVABLE

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011**

	Note	2011 R	2010 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		5,000	5,000
Cash at bank		-	27,156,9377

Call deposits	<u>175,008,351</u>	<u>121,008,350.</u>
	<u>175,013,351</u>	<u>148,170,288</u>

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA BANK-KZN Public Sector Branch:
4047162045

Cash book balance at beginning of year	<u>27,156,937</u>	<u>12,591,509</u>
Cash book balance at end of year	<u>(30,395,497)</u>	<u>27,156,937</u>
Bank statement balance at beginning of year	<u>51,885,662</u>	<u>29,835,617</u>
Bank statement balance at end of year	<u>22,151,571</u>	<u>51,885,662</u>
<u>Cash on hand</u>	<u>5,000</u>	<u>5,000</u>
Total cash and cash equivalents	<u>175,013,351</u>	<u>148,170,288</u>
Total bank overdraft	<u>30,395,497</u>	<u>-</u>

Investments

Absa Bank	85,008,351	66,008,351
First National Bank	50,000,000	25,000,000
Standard Bank	30,000,000	30,000,000
Investec		

		10,000,000	
Total Investments		175,008,351	121,008,351

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
Trade receivables			
as at 30 June 2011			
Service debtors			
Water	42,909,000	38,935,851	3,973,149
Other Receivables	2,677,328	2,677,328	-
Total	45,586,328	41,613,179	3,973,149
as at 30 June 2010			
Service debtors			
Water	30,209,461	23,921,289	6,288,172
Other	2,695,439	2,695,439	-
Total	32,904,900	26,616,728	6,288,172
Less prior period error	328,152		
	33,233,052	26,616,728	6,616,324

Water and Sewerage: Ageing

Current (0 – 30 days)	2,256,703	2,847,376
31 - 60 Days	2,179,871	888,761
61 - 90 Days	2,675,005	1,538,826
91 - 120 Days	35,156,892	797,705
121 - 365 Days		24,445,888
+ 365 Days		
Total	42,268,471	30,518,556

Summary of Debtors by Customer Classification**Consumers****Industrial /
Commercial/
National &
Provincial
Government****R****R****as at 30 June 2011**

Current (0 – 30 days)	15,271,372	679,454	15,950,826
31 - 60 Days	8,235,337	304,657	8,539,994
61 - 90 Days	1,583,263	35,402	1,618,665
91 - 120 Days	1,229,419	36,281	1,265,700
121 - 365 Days	13,450,436	1,442,849	14,893,286
+ 365 Days			-
Sub-total	39,769,827	2,498,643	42,268,471
Less: Provision for doubtful debts			
Total debtors by customer classification	<u>39,769,827</u>	<u>2,498,643</u>	<u>42,268,471</u>

as at 30 June 2010

Current (0 – 30 days)	1,448,171	1,399,205	2,847,376
31 - 60 Days	606,770	281,991	888,761
61 - 90 Days	1,229,403	309,423	1,538,826
91 - 120 Days	607,766	189,940	797,705
121 - 365 Days	22,488,006	1,957,883	24,445,888
+ 365 Days			-
Sub-total	26,380,116	4,138,441	30,518,556
Less: Provision for doubtful debts			
Total debtors by customer classification	<u>26,380,116</u>	<u>4,138,441</u>	<u>30,518,556</u>

Reconciliation of the doubtful debt provision

2

Balance at beginning of the year	26,851,129	24,618,408
Contributions to provision	14,996,451	-
Reversal of provision	<u>(234,401.0)</u>	<u>2,232,721</u>
Balance at end of year	<u>41,613,179</u>	<u>26,851,129</u>

Trade and other receivables past due but not impaired

Trade and other receivables which are regular payers with amounts owing less than 60 days past due are not considered to be impaired. At 30 June 2011, R825 097 - (2010: R1 505 802) were past due but not impaired. Irregular payers with amounts owing less than 180 days past due are considered to be 50% impaired. At 30 June 2011, R 2 819 900 (2010:R4 782 370), were past due and not impaired. The ageing of amounts past due but not impaired is as follows:

Less than 60 days past due	825,097	1,505,802
Less than 180 days past due	<u>3,148,052</u>	<u>4,782,370</u>
	<u>3,973,149</u>	<u>6,288,172</u>

Trade and other receivables impaired

As of 30 June 2011, trade and other receivables of R 41 613 179 - (2010: R26 616 728) were impaired and provided for.

The ageing of these receivables is as follows:

3 to 6 months	8,487,882	4,136,019
Over 6 months	33,125,297	22,480,709

The fair value of trade and other receivables approximates their carrying amounts.

3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other debtors	2,792,866	5,205,839
---------------	-----------	-----------

Total Other Debtors2,792,8665,205,839**4 INVENTORIES****Closing balance of inventories:****1,869,662****3,993,118**

Consumable stores

1,502,686

2,807,206

Water meters

130,540.00

190,800

Water

236,436.78

995,113

5 PREPAYMENTS

Prepaid expenses

494,4941,190,475

Includes payments for Kwanaloga and accomodation for Kwanaloga games 2011 and Eskom

6 NON-CURRENT RECEIVABLES

Car loans

27,469

24,389

Bursary Debtors

-

39,345

Other non-current receivables

2,499,922975,456**2,527,391****1,039,189****Less : Current portion transferred to current receivables****(11,813)****(40,553)**

Current portion

(11,813)

(8,123)

Bursary Debtors

-

(32,430)

Total**2,515,578****998,636**

Car Loans: With effect from 1 July 2004 the Municipal Finance Management Act prohibited the granting of loans to staff members. Existing loans at the time of discontinuance are payable over the remaining contract period. The employees who have the outstanding balances on the car loans, failed to settle the amount on termination of their services.

Bursary Debtors: Comprises staff members who have not met the conditions of the bursary and are obliged to repay the amount.

Other non-current receivables: Comprises of Eskom Deposit- which is payable when an application is made to connect a new water scheme to the Eskom supply line. The deposit can either be a bank guarantee or a cheque payment. Rent Deposit & Ondini Motors.

Rent Deposit- this is the deposit payable in terms of the office lease agreement

Ondini Motors- this is the debtor in respect of misused petrol cards. The arrangements were made with the owner.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
Reconciliation of Carrying Value								
Costs at 1 July 2010	470,000	26,471,713	1,122,551,585	-	-	17,560,454	562,388	1,167,616,140
Cost/Revaluation	470,000	32,163,378	1,243,192,396	-	-	28,833,323	907,253	1,305,566,350
Correction of error (note 48)								-
Change in accounting policy (note 17)								-

Accumulated depreciation and impairment losses	-	(5,691,665)	(120,640,811)	-	-	(11,272,869)	(344,865)	(137,950,210)
Acquisitions	-	-	-	-	-	4,280,963	-	4,280,963
Capital under Construction	-	1,786,896	151,499,698	-	-	-	-	153,286,594
Depreciation	-	(1,044,417)	(26,337,209)	-	-	(3,845,520)	(229,085)	(31,456,230)
Carrying value of disposals	-	-	-	-	-	(63,477)	-	(63,477)
Cost/Revaluation	-	-	-	-	-	(65,440)	-	(65,440)
Accumulated depreciation and impairment losses	-	-	-	-	-	1,963	-	1,963
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
As at 30 June 2011	470,000	27,214,192	1,247,714,074	-	-	17,932,420	333,303	1,293,663,990
Cost/Revaluation	470,000	33,950,273	1,394,692,094	-	-	33,048,846	907,253	1,463,068,467
Transfers	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(6,736,082)	(146,978,020)	-	-	(15,116,426)	(573,950)	(169,404,477)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
Reconciliation of Carrying Value								
As at 1 July 2009	400,000	27,328,802	1,031,782,798	-	-	14,403,384	330,000	1,074,244,985
Cost/Revaluation	400,000	31,988,819	1,125,688,699	-	-	23,348,198	550,000	1,181,975,717

Correction of error (note 48)							-
Change in accounting policy (note 17)							-
Accumulated depreciation and impairment losses	-	(4,660,017)	(93,905,901)	-	-	(8,944,814)	(107,730,732)
Acquisitions	-	174,558	-	-	787,596	7,641,994	357,253
Capital under Construction	-	-	117,503,697	-	-	-	-
Depreciation	-	(1,031,648)	(26,734,910)	-	-	(3,881,491)	(124,865)
Carrying value of disposals	-	-	-	-	(787,596)	(603,433)	-
Cost/Revaluation	-	-	-	-	(787,596)	9	-
Accumulated depreciation and impairment losses	-	-	-	-	-	1,553,436	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
as at 30 June 2010	470,000	26,471,713	1,122,551,585	-	-	17,560,454	562,388
Cost/Revaluation	470,000	32,163,378	1,243,192,396	-	-	28,833,323	907,253
Accumulated depreciation and impairment losses	-	(5,691,665)	(120,640,811)	-	-	(11,272,869)	(344,865)
							1,167,616,140

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
Reconciliation of Carrying Value	R	R	R	R	R	R	R	R
as at 1 July 2010	470,000	26,471,713	1,122,551,585	-	-	17,560,454	562,388	1,167,616,140
Cost/Revaluation	470,000	32,163,378	1,243,192,396	-	-	28,833,323	907,253	1,305,566,350
Correction of error (note 48)								-

Change in accounting policy (note 17)								
Accumulated depreciation and impairment losses	-	(5,691,665)	(120,640,811)	-	-	(11,272,869)	(344,865)	(137,950,210)
Acquisitions	-	-	-	-	-	4,280,963	-	4,280,963
Capital under Construction	-	1,786,896	151,499,698	-	-	-	-	153,286,594
Depreciation	-	(1,044,417)	(26,337,209)	-	-	(3,845,520)	(229,085)	(31,456,230)
Carrying value of disposals	-	-	-	-	-	(63,477)	-	(63,477)
Cost/Revaluation	-	-	-	-	-	(65,440)	-	(65,440)
Accumulated depreciation and impairment losses	-	-	-	-	-	1,963	-	1,963
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2011	470,000	27,214,192	1,247,714,074	-	-	17,932,420	333,303	1,293,663,990
Cost/Revaluation	470,000	33,950,273	1,394,692,094	-	-	33,048,846	907,253	1,463,068,467
Transfers	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(6,736,082)	(146,978,020)	-	-	(15,116,426)	(573,950)	(169,404,477)

*Other movements consist of
Refer to Appendix B for more detail on property, plant and equipment

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
Reconciliation of Carrying Value								
as at 1 July 2009	400,000	27,328,802	1,031,782,798	-	-	14,403,384	330,000	1,074,244,985
Cost/Revaluation	400,000	31,988,819	1,125,688,	-	-	23,348,19	550,000	1,181,975,7

		699			8		17
Correction of error (note 48)							-
Change in accounting policy (note 17)							-
Accumulated depreciation and impairment losses	-	(4,660,017)	(93,905,901)	-	-	(8,944,814)	(107,730,732)
Acquisitions	-	174,558	-	-	787,596	7,641,994	357,253
Capital under Construction	-	-	117,503,697	-	-	-	-
Depreciation	-	(1,031,648)	(26,734,910)	-	-	(3,881,491)	(124,865)
Carrying value of disposals	-	-	-	-	(787,596)	(603,433)	-
Cost/Revaluation	-	-	-	-	(787,596)	(2,156,869)	-
Accumulated depreciation and impairment losses	-	-	-	-	-	1,553,436	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
As at 30 June 2010	470,000	26,471,713	1,122,551,585	-	-	17,560,454	562,388
Cost/Revaluation	470,000	32,163,378	1,243,192,396	-	-	28,833,323	907,253
Accumulated depreciation and impairment losses	-	(5,691,665)	(120,640,811)	-	-	(11,272,869)	(344,865)
							1,305,566,350

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	R
8 INTANGIBLE ASSETS		
8.1 Reconciliation of carrying value	Computer Software	Total
	R	R
as at 1 July 2010	264,503	264,503
Cost	1,922,479	1,922,479
Accumulated amortisation and impairment losses	(1,657,976)	(1,657,976)
Acquisitions	63,603	63,603
Amortisation	(117,560)	(117,560)
 as at 30 June 2011	210,547	210,547

Cost	1,986,082	1,986,082
Accumulated amortisation and impairment losses	(1,775,536)	(1,775,536)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2,011 R	2,010 R
9 TRADE AND OTHER PAYABLES			RESTATED
FROM EXCHANGE TRANSACTIONS			
Accrued Expenses		4,995,094	26,287,505
Trade creditors		33,516,950	10,368,037
Credit Card		9,252	-
Water Debtors with Credit Balances		640,529	602,022
Retention		29,821,502	18,375,547
Staff leave accrual		3,914,422	<u>3,255,497</u>
Amount as previously reported @ 30.06.2010			58,888,609
Add correction of prior period error (Note 37)			<u>5,526,944</u>
Total creditors		<u>72,897,748</u>	<u>64,415,553</u>

1
0 CONSUMER DEPOSITS

Water	3,279,005	3,263,089
Accrued interest	-	-
	<hr/>	<hr/>
Total consumer deposits	<u>3,279,005</u>	<u>3,263,089</u>

1
1 VAT RECEIVABLE **RESTATED**

Amount as previously reported @ 30.06.2010		4,610,938
Add: Reclassified to Vat payable		3,607,283
	<hr/>	<hr/>
VAT receivable	<u>21,992,064</u>	<u>8,218,221</u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

VAT PAYABLE

VAT payable	<u>5,054,192</u>	<u>3,607,283</u>
-------------	------------------	------------------

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

1 UNSPENT CONDITIONAL GRANTS
2 AND RECEIPTS

1
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. Unspent Conditional Grants from other
1 spheres of Government

Spatial Development Planning	-	250,000
Development Admin.	-	225,578
Development Planning Shared Services	1,474,000	884,550
P700 Infrastructure	-	108,634
Ulundi Tourism Hub	-	313,285
Mondi Ziqongwane Water Grant	-	300,000

Corridor Development	9,964,793	4,214,738
Total Unspent Conditional Grants and Receipts	11,438,793	6,296,785

1
3 BORROWINGS

Total borrowings: Inca Loan	2,754,909	4,078,983
Less : Current portion transferred to current liabilities	1,499,844	1,324,074
Long term portion of borrowings	1,255,065	# 2,754,909

Refer to Appendix A for more detail on borrowings.

1
4 FINANCE LEASE LIABILITY

	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
2,011			
Amounts payable under finance leases			
Within one year	377,454.9	86,523	290,932
Within two to five years	116,232.1	9,278	106,954
	<u>493,687.1</u>	<u>95,801</u>	397,886
Less: Amount due for settlement within 12 months (current portion)			-
			397,886

The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

Present value

2,010	Minimum lease payment R	Future finance charges R	of minimum lease payments R
Amounts payable under finance leases			
Within one year	357,230.0	139,805	220,425
Within two to five years	<u>493,687.0</u>	<u>95,801</u>	<u>397,886</u>
	<u>850,917.0</u>	<u>235,606</u>	618,311
Less: Amount due for settlement within 12 months (current portion)			<u>(220,426)</u>
			<u>397,885</u>

The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

OTHER FINANCIAL LIABILITIES

1 5 OTHER CURRENT LIABILITIES

Other current financial liabilities

<u>32,875,119</u>	<u>18,871,028</u>
-------------------	-------------------

1 6 SERVICE CHARGES

Sale of water

16,239,151	12,208,638
------------	------------

Sewerage and sanitation charges

<u>7,447,137</u>	<u>5,483,429</u>
------------------	------------------

Total Service Charges

<u>23,686,288</u>	<u>17,692,067</u>
--------------------------	--------------------------

1 7 RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities

<u>83,973</u>	<u>95,002</u>
---------------	---------------

Total rentals

<u>83,973</u>	<u>95,002</u>
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1 8 INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	12,316,926	9,351,008
Other	<u> </u>	<u> </u>
Total interest	<u>12,316,926</u>	<u>9,351,008</u>

1 INTEREST EARNED -
9 OUTSTANDING RECEIVABLES

Debtors	<u>573,765</u>	<u>914,455</u>
Total interest	<u>573,765</u>	<u>914,455</u>

2 GOVERNMENT GRANTS AND
0 SUBSIDIES

Belgrade MPCC	-	2,791,656
DWAF	31,628,900	34,043,354
DWAF Accelerated Community infrastructure	4,235,794	3,777,045
DWAF Operation & maintenance	-	1,418,000
DWAF Salaries	-	1,791,000
DTLGA	-	6,170,548
Equitable share	198,670,855	159,047,468
Finance Management Grant	1,000,000	750,000
Inter Governmental Relation	417,000	-
Mona Market	1,000,000	-
Grant: Infrastructure	108,634	-
Heatonville Assessment		1,000,000
INDONSA	1,516,000	1,817,565
Infrastructure Backlog Studies	-	455,318
Expanded public works Programme	1,270,200	450,000
Massification	3,670,000	38,872
MIG Grant	164,112,000	182,644,680
Municipal Development Information		

System	-	415,971
Municipal Systems Improvement Grant	750,000	1,095,344
Nongoma Project Consolidate		1,464,268
Local Government Cholera Project		242,500
P700 Strategic Corridor	8,249,946	385,262
Development Administration		24,422
Okhukho Rudimentary Project		1,245,045
Shared Services Planning	1,360,128	1,052,450
Sports grant		454,884
Ulundi Intermodal Transport		3,000,000
Ulundi Airport		3,937,495
Ulundi Tourism Hub	313,285	492,183
Other Government Grants and Subsidies	300,000	
Casino Levy	-	10,130
Total Government Grant and Subsidies	<u>418,602,742</u>	<u>410,015,459</u>

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Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6kl free basic water.

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MIG Grant

Balance unspent at beginning of year	-	17,214,680
Current year receipts	164,112,000	165,430,000
Conditions met - transferred to revenue	(164,112,000)	(182,644,680)
Conditions still to be met - remain liabilities	<u>-</u>	<u>-</u>

MIG is implemented on a multi year programme and the conditions are met on a ongoing basis.

Other Conditional Government Grants and Subsidies

Balance unspent at beginning of year	6,296,780	17,603,651
Current year receipts	255,632,753	217,303,287
Conditions met - transferred to revenue	(250,490,740)	(228,610,158)
Conditions still to be met - remain liabilities	<u>11,438,793</u>	<u>6,296,780</u>

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- 3 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act 2008, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

2 **OTHER INCOME, PUBLIC**
2 **CONTRIBUTIONS AND DONATIONS**

2			
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1	Other income	<u>1,411,127</u>	<u>1,585,972</u>
	Total Other Income	<u>1,411,127</u>	<u>1,585,972</u>

2
3 **EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	59,909,217	50,867,619
Employee related costs - Contributions for UIF, pensions and medical aids	12,534,175	10,503,463
Travel, motor car, accommodation, subsistence and other allowances	5,562,995	5,030,574
Housing benefits and allowances	498,758	493,025
Overtime payments	2,302,889	2,660,144
Other employee related costs	<u>3,452,925</u>	<u>5,405,151</u>
Total Employee Related Costs	<u>84,260,959</u>	<u>74,959,976</u>

Remuneration of the Municipal Manager

Annual Remuneration

	540,000	481,500
Performance- and other bonuses	123,050	112,796
Travel, motor car, accommodation, subsistence and other allowances	388,514	370,804
Contributions to UIF, Medical and Pension Funds	205,719	160,409
Total	1,257,282	1,125,509

Remuneration of the Chief Finance Officer

Annual Remuneration	307,437	269,819
Performance- and other bonuses	84,280	77,692
Travel, motor car, accommodation, subsistence and other allowances	508,670	482,049
Contributions to UIF, Medical and Pension Funds	136,745	112,065
Total	1,037,132	941,625

Remuneration of Individual Executive Directors

	Planning R	Technical Services R	Corporate Services R	Community Services R
2,011.0				
Annual Remuneration	225,233.0	307,436.6	307,437	307,437
Performance- and other bonuses	84,280.4	84,280.4	84,280	84,280
Travel, motor car, accommodation, subsistence and other allowances	402,288.3	523,522.1	506,703	240,712
Contributions to UIF, Medical and Pension Funds	109,798.5	99,983.0	137,493	53,219
Total	821,600.2	1,015,222.1	1,035,914	685,648

	Technical Services R	Corporate Services R	Planning and Community Services R
--	----------------------------	----------------------------	---

2,010.0

Annual Remuneration	262,762.2	221,040	299,067
Performance- and other bonuses	131,744.7	131,745	131,745
Travel, motor car, accommodation, subsistence and other allowances	520,557.2	527,899	485,129
Contributions to UIF, Medical and Pension Funds	74,063.0	246,559	103,236

Total	989,127.1	1,127,241	1,019,177
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**2 REMUNERATION OF
4 COUNCILLORS**

Councillors	3,012,918	3,016,207
Councillors' pension and medical aid contributions	354,537	467,990
Councillors' allowances	1,424,303	1,555,171
Total Councillors' Remuneration	4,791,758	5,039,368

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle for official duties. The Mayor has full-time bodyguards.

**2 DEPRECIATION AND
5 AMORTISATION EXPENSE**

Property, plant and equipment	31,456,232	31,772,915
Intangible assets	117,560	206,501
Total Depreciation and Amortisation	31,573,791	31,979,416

**2
6 FINANCE COSTS**

Borrowings	618,348	696,665
Total Finance Costs	618,348	696,665

**2
7 BULK PURCHASES**

Electricity	17,267,229	11,245,270
Water		

21,898,363 23,818,443

Total Bulk Purchases

39,165,592 35,063,713

2
8 CONTRACTED SERVICES

Contracted services for:

Security Services	2,780,574	2,582,683
Meter reading Services	277,125	187,418
Cleaning Service	1,286,757	936,616
	4,344,456	3,706,717

2
9 GRANTS AND SUBSIDIES PAID

Grant/subsidy to Local Municipalities	899,694	844,658
	899,694	844,658

These grants comprise Tourism Grants to Local Municipalities and a Water Services Provider Grant to Abaqulusi Municipality

3
0 GENERAL EXPENSES

Included in general expenses are the following:-

Advertising	191,540	303,679
Audit fees	1,489,205	1,141,170
Bank charges	116,934	151,189
Cleaning	1,286,757	-
Conferences and delegations	37,947	-
Entertainment	439,651	486,083
Fuel and oil	4,321,730	3,943,514
Insurance	516,583	3,187,758
Membership fees	480,215	-
License fees	220,079	16,877
Membership fees		

	-	298,751
Postage	224,522	198,092
Printing and stationery	3,440,816	569,503
Professional fees	4,884,603	4,053,470
Rental of buildings	196,797	46,833
Rental of office equipment	368,696	153,098
Other rentals	337,204	719,815
Skills development levies	753,642	384,667
Stocks and material	105,654	242,401
Telephone cost	2,091,837	1,827,757
Training	1,024,849	683,329
Community & social expenditure	26,926,275	34,973,127
Travel and subsistence	4,050,567	5,397,449
Uniforms & overalls	404,475	540,326
Grants/ Projects expenditure	45,854,758	30,472,978
Other	46,117,239	40,155,215
	145,882,575	129,947,080

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1 GAIN / (LOSS) ON SALE OF ASSETS

Property, plant and equipment	22,984	196,631
Total gain / (loss) on sale of assets	22,984	196,631

3 CASH GENERATED BY
1 OPERATIONS

Surplus/(deficit) for the year	102 304 281	130 504 527
Adjustment for:-		
Depreciation and amortisation	31 573 791	31 979 415
(Gain) / loss on sale of assets	(22 984)	(196 631)
Contribution to provisions - non-current	-	-
Contribution to provisions - current	-	-

Finance costs	348	618	696 665
Correction of Prior Period Error	-		-
Impairment loss / (reversal of impairment loss)	-		-
Interest earned	(12 316926)		(9 351 008)
Appropriation for the year	-		-
Operating surplus before working capital changes:	122 156 511		153 632 968
Working Capital	21 997 990		34 314 590
Increase in trade and other receivables from exchange transactions	2 643 176		(2655 393)
Decrease in other receivables from non-exchange transactions	412 973		867 499
Increase in current portion of receivables	740	28	32 591
Increase in prepayments	981	695	439 979
(Increase)/decrease in VAT receivable	13 773 843)		35 563 817
(Increase)/decrease in VAT payable	46 909		
Increase in Inventory	2 123 456		3 088 651)
Decrease in non-current receivables	(1 516 942)		(189 413)
Increase in trade and other payables from exchange transactions	8 482 196		15 444 330
Increase/(decrease) in consumer deposits	916	15	(1 433)
Increase in current provisions	560	117	-
Decrease in current portion of unspent conditional grants and receipts	5 142 008		(27301045)
Increase in current portion of borrowings	770	175	155 704
Decrease in other current financial liabilities	14 004 091		15 046 604
Appropriation for the year	-		-
(Increase)/decrease in inventories	-		-
Cash generated by/(utilised in) operations	144 154 501		87 947 558
3			
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1			
Cash receipts from consumers, government and other			
Total revenue per statement of financial performance	456 674 820		439 653 963
Adjusted for items disclosed separately			
Interest received	(12 316 926)		(9 351 008)

Adjusted for working capitalIncrease in trade and other receivables
from exchange transactionsDecrease in other receivables from non-
exchange transactionsIncrease in current portion of receivables
(Increase)/decrease in VAT receivable

Increase in Inventory

Decrease in non-current receivables

(8 082 441)**30 530 450**

2 643 176

(2 655 393)

2 412 973

867 499

28

740

32 591

(13 773 843)

35 563 817

2 123 456

(3 088 651)

(1 516 942)

(189 413)

**Cash receipts from consumers,
government and other****436 275 454****460 833 405**

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**Cash paid to employees, suppliers and
other**Total expenses as per statement of
financial performance**(354 370 539)****(309 346 067)****Adjusted for non-cash items:**

Depreciation

31 668 367**31 979 415****31 573 791****31 979 415**

Appropriations for the year

-

-

117

Contribution to provisions - current

560

Other adjustments:

*Loss on sale of assets***(22 984)****Adjusted for items disclosed separately**

Finance Costs

348**618****696 665****Adjusted for working capital**

Increase in prepayments

29 962 871**3 784 139**Increase in trade and other payables
from exchange transactions

981 695

439 979

Decrease in current portion of unspent
conditional grants and receipts

8 482 196

15 444 330

5 142 008

27 301 045)

15

Increase/(decrease) in consumer deposits

916

(1 433)

(Increase)/decrease in VAT payable

1 446 909

-

175

Increase in current portion of borrowings
Decrease in other current financial
liabilities

770

155 704

14 004 091

15 046 604

**Cash paid to employees, suppliers and
other****292 120 953)****272 885 848)**

3
2 **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	175,013,351	148,170,288
Bank overdrafts	(30,395,497)	-
Net cash and cash equivalents (net of bank overdrafts)	<u>144,617,853</u>	<u>148,170,288</u>

3
3 **CHANGE IN ACCOUNTING POLICY**

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies, implementation of GRAP and changes to existing policies:

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6 **Accumulated Surplus/(Deficit) Balance previously reported**

40 Tractors were previously purchased for distribution to the community. 6 Tractors have subsequently been retained by the municipality for internal LED projects. These tractors were previously expensed.

Net effect: Increase PPE Others		1,388,958
Net effect: Increase in Accumulated Surplus Opening Balance		-
Total	<u>-</u>	<u>1,388,958</u>

3 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE**
4 **MANAGEMENT ACT**

3 **Contributions to organised local**

4 **government**

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Opening balance

Membership Fees	270,472	298,751
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Amount paid - current		
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Amount paid - previous years	<u> </u>	<u> </u>
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Balance unpaid (included in payables)	<u>270,472</u>	<u>298,751</u>
--	-----------------------	-----------------------

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2 **Audit fees**

Amount paid - current year	<u>1,489,205</u>	<u>1,141,170</u>
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Balance unpaid (included in payables)	<u>1,489,205</u>	<u>1,141,170</u>
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3 **VAT**

VAT input receivables and VAT output payables are shown in note 11. Not all VAT returns were submitted by the due date throughout the year but corrective measures are now in place .

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4 **PAYE and UIF**

Opening balance	-	-
-----------------	---	---

Current year payroll deductions	12,680,630	10,525,191
---------------------------------	------------	------------

Amount paid - current year	(12,680,630)	(10,525,191)
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Amount paid - previous years	<u> </u>	<u> </u>
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Balance unpaid (included in payables)	<u> </u>	<u> </u>
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5 **Pension and Medical Aid Deductions**

Opening balance	-	-
Current year payroll deductions and Council Contributions	16,164,057	4,960,779
Amount paid - current year	(16,164,057)	(4,960,779)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

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6

Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

	Total	Outstanding less than 90 days	
	R	R	
as at 30 June 2011			
Cllr FP Ntanzi	7,890	7,890	
Cllr CR Khumalo	3,207	3,207	
Cllr SG Jali	8,549	8,549	
Cllr SR Shwala	32	32	
Cllr RV Sibiyi	(137)	(137)	
Cllr NJ Manana	139	139	
Cllr PATN Buthelezi	442	442	
Cllr RM Ndlovu	(1,259)	(1,259)	
Cllr SG Magwaza	(389)	(389)	
Total Councillor Arrear Consumer Accounts	18,474	18,474	-
as at 30 June 2010			
Cllr V Z Magwaza	251	251	-
Cllr S E Nkwanyana	2,399	92	2,307
Total Councillor Arrear Consumer Accounts	2,651	343	2,307

During the year the following Councillors had arrear accounts outstanding for more than 90 days.

Highest Amount Outstanding	Ageing Days
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R

as at 30 June 2011

Cllr S G Jali 8,549 90x days

as at 30 June 2010

Cllr S E Nkwanyana 2,242 90x days

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Material Losses	<i>kilolitres</i>	Amount	
Water losses averaged 22% during the year	5,605,191	24,662,840	9,081,891

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Irregular Expenditure

Opening Balance	8,254,809	-
Current year	713,418	8,254,809
Condoned by Council	3,545,316	-
Irregular expenditure awaiting condonement	<u>5,422,911</u>	<u>8,254,809</u>

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Unauthorised, Fruitless and Wasteful expenditure

Current year 29,088 -

Amount awaiting condonement by council

29,088

-

3
5 **CAPITAL COMMITMENTS**

3
5
· **Commitments in respect of capital expenditure**

RESTATED

- Approved and contracted for

Infrastructure

113,095,673

110,467,067

- Budget Approved and not contracted for

Infrastructure

135,712,958

126,071,205

Total

248,808,631

236,538,272

This expenditure will be financed from:

- Own Revenue

20,020,631

- Government Grants

228,788,000

236,538,272

248,808,631

236,538,272

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·
2 **Operating leases**

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year

32,535

32,535

In the second to fifth year inclusive

18,707

18,707

Total

51,243

51,243

3
6 **RELATED PARTIES**

Members of key management (refer to

note 22)

Compensation to councillors and other key management (refer to note 22 & 23)

**3 CORRECTION OF PRIOR PERIOD
7 ERROR**

During the year ended 30 June 2008, fuel and oil for the 07/08 financial was erroneously recorded as an expense in the 2008/2009 financial year.

The comparative amount has been restated as follows:

Corrections of prior year fuel and oil recorded as an expense in the current year

Decrease in Fuel and Oil

(479,518)

Net effect on surplus/(deficit) for the year

-

479,518

Net effect: decrease on accumulated surplus opening balance

479,518

For the correction of spent grants previously recorded as unspent and Training expenses incurred not recognised

Decrease unspent LG Seta

20,000

Decrease unspent Transport Plan Grant

469,097

Decrease unspent LG Seta Road Grant
Training creditors previously not recognised

139,363

(106,300)

Net effect: increase in accumulated surplus 2009 opening balance

(522,160)

Restated Prior period error

(42,642)

A call account with the balance of R27 649.46 was incorrectly omitted at 30.06.2009

Increase in cash and cash equivalents

-

For the correction of spent grants previously recorded as unspent and credit card payments expensed

Decrease Gumbi land Settlement	-
Decrease Gijima KZN	-
Decrease unspent Transport Plan Grant	158,321
Decrease Credit Card	4,905
WSP Store incorrectly expensed in 2009 2008/2009 Bulk Purchases incorrectly recorded in 09/10	1,396,154 (2,752,334)
Vat Incorrectly claimed on motor cars	79,151
Correction of PPE Other	117,016
Net effect: increase in accumulated surplus 2009 closing balance	<u>(996,787)</u>

Accumulated Surplus

For periods prior to 2010

BALANCE AS PREVIOUSLY

REPORTED AT 30.6.2009

1,114,466,293

Correction of prior period error

1,405,043

Land Affairs payment receipted as sundry
income

(141,557)

-

Fuel deposit utilised
Environmental Health invoiced without an
MOU

(14,980)

(35,200)

Duplicated rent journal
Eskom deposits recorded as Bulk
Electricity

(3,875)

1,666,503

WSSA rental deposit

(2,905)

IEC rental deposit

(2,420)

Cash lost in the office

(60,523)

**RESTATED BALANCE AT 30 JUNE
2009**

1,115,871,336

For the 2010 period

Correction of salaries not integrated

(17,845)

Correction of prior period error in debtors

328,152

Corection of prior perid error	3,839
Correction of year end creditors	<u>(5,526,944)</u>

Sub-Total (5,212,797)

Other debtors (note 2) Balance as previously reported 2,929,840

Less: Hospitals incorrectly billed 234,401

Restated Balance at 30 June 2010 2,695,439

Provision for Doubtful debts (note 2)

Balance as previously reported 2,929,840

Less: Hospitals incorrectly billed 234,401

Restated Balance at 30 June 2010 **2,695,439**

NET EFFECT OF PRIOR PERIOD ERRORS:

Decrease in Debtors (141,557)

Decrease in Debtors (14,980)

Decrease in Debtors (35,200)

Decrease in Debtors (3,875)

Increase in Deposits 1,666,503

Decrease in Debtors (2,905)

Decrease in Debtors (2,420)

Decrease in Debtors (60,523)

Increase in creditors (17,845)

Decrease in Debtors 328,152

Decrease in creditors 3,839

Increase in creditors (5,526,944)

NET EFFECT (3,807,754)

Hospitals incorrectly billed for water delivered by water tankers:

Decrease in Trade Debtors 234,401

Decrease in Provision for doubtful debts	234,401
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EMPLOYEE BENEFITS

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Pension Benefits

Council's share of contributions to retirement benefit funds were	6,929,139	6,262,794
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As stated in the accounting policy note, all contributions to retirement benefit funds are treated as contributions to retirement contribution plans.

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Post retirement benefits

Employees of the municipality do not enjoy post retirement medical benefits and the municipality has no legal or constructive obligation in this regard.

CONTIGENT LIABILITIES

Contigent liabilities comprises of:		
Pending cases with Civil Culture (Construction Company)	1,927,560	
Rates penalties charged Ulundi Municipality (Pending the waiving by Ulundi)	166,194	
	2,093,753	

ZULULAND DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2011

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2010	Received during the period	Redeemed / written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS- INCA LOAN@12.91%		31/03/ 2013	4,078,9 83	-	(1,324,0 74)	2,754,9 09	27,214, 192	
Total long-term loans			4,078,9 83	-	(1,324,0 74)	2,754,9 09	27,214, 192	
TOTAL EXTERNAL LOANS			4,078,9 83	-	(1,324,0 74)	2,754,9 09	27,214, 192	

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000			
Total brought forward	1,158,147,518	962,154	(787,596)	117,503,697	1,275,825,774	(98,565,918)	(27,766,557.6)	-	-	(126,332,476)	-	-	1,149,493,298

Other Assets													
Office Equipment	1,199,136	163,810	-	-	1,362,946	(686,864)	(157,062.0)	-	-	(843,926)	-	-	519,020
Furniture & Fixtures	277,256	189,469	-	-	466,725	(208,410)	(28,245.0)	-	-	(236,655)	-	-	230,070
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	139,475	-	-	-	139,475	(28,622)	(13,948.0)	-	-	(42,570)	-	-	96,905
Motor vehicles	16,475,985	6,739,511	(1,928,444)	-	21,287,052	(5,510,188)	(3,086,840.0)	1,548,733	-	(7,048,295)	-	-	14,238,757
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	4,097,597	540,354	(23,410)	-	4,614,541	(2,223,747)	(553,881.0)	4,703	-	(2,772,925)	-	-	1,841,616
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1,158,749	8,850	(205,015)	-	962,584	(286,983)	(41,515.0)	-	-	(328,498)	-	-	634,086
	23,348,198	7,641,994	(2,156,869)	-	28,833,323	(8,944,814)	(3,881,491.0)	1,553,436	-	(11,272,869)	-	-	17,560,454
Finance Lease Assets													
Office Equipment	550,000	357,253	-	-	907,253	(220,000)	(124,865.0)	-	-	(344,865)	-	-	562,388
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	550,000	357,253	-	-	907,253	(220,000)	(124,865.0)	-	-	(344,865)	-	-	562,388
Total	1,182,045,717	8,961,401	(2,944,465)	117,503,697	1,305,566,350	(107,730,732)	(31,772,913.6)	1,553,436	-	(137,950,210)	-	-	1,167,616,140

ZULULAND DISTRICT MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation				Transfers	Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R		
Executive & Council	44,862,997	3,314,681	1,786,896	(65,440)	49,899,134	(11,617,734)	(4,074,605)	1,963	(15,690,375)	-	34,208,759
Finance & Admin	2,995,580	824,035			3,819,615				-		3,819,615
Planning & Development	3,788,992				3,788,992				-		3,788,992
Health	12,966				12,966				-		12,966
Community & Social Services	1,732,465	54,053			1,786,518				-		1,786,518
Public Safety	2,173,787				2,173,787				-		2,173,787
Water	1,249,962,536	88,194	151,499,698		1,401,550,428	(126,332,476)	(27,381,626)		(153,714,102)		1,247,836,327
Electricity					-				-		-
Other	37,027	-			37,027				-		37,027
Total	1,305,566,350	4,280,963	153,286,594	(65,440)	1,463,068,467	(137,950,210)	(31,456,230)	1,963	(169,404,477)	-	1,293,663,990

ZULULAND DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2011

2010	2010	2010		2011	2011	2011
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
3,973,724	78,971,935	(74,998,211)	Executive & Council	3,205,283	84,290,229	(81,130,914)
170,793,459	14,310,308	156,483,151	Finance & Admin	212,561,546	18,254,406	194,307,140
1,869,931	16,910,302	(15,040,371)	Planning & Development	2,410,128	23,641,261	(21,231,133)
15,322,300	45,301,472	(29,979,172)	Community & Social Services	11,187,865	34,605,363	(23,417,498)
5,757,949	6,113,488	(355,540)	Waste Management	23,686,288	39,165,592	(15,479,304)
242,133,231	147,738,562	94,394,669	Water	203,646,694	154,413,688	49,233,006
439,850,594	309,346,067	130,504,527		456,697,804	354,370,539	102,281,297

ZULULAND DISTRICT MUNICIPALITY
APPENDIX E

Grants Revenue and Expenditure Quarterly Report in terms of S123 of the MFMA act

Name of Grants	Name of organ of state	Unspent portion 2009/2010	Adjustments and Transfers	Quarterly Re			ipts
				July	Oct to	Jan to	

		financial statements		Sept	Dec	Mar
				1	2	3
					-	
Belgrade MPCC	National Treasury	-		-	-	
Bulk Implementation Grant	DWAF			5 072 400	-	26 5
CASINO LEVY	KZN COGTA					
Corridor Development	KZN COGTA	4 214 738		10 000 000		
Development Administration	KZN COGTA	225 578				
Development Planning Shared Services	KZN COGTA	1 134 550		1 474 000	-	
DLGTA :Project management	COGTA					
DWAF Operation & Maintenance Grant	DWAF					
DWAF Salaries Grant	DWAF					
Equitable Share	National Treasury			82 779 364	66 223 491	49 6
FMG	National Treasury			1 000 000	-	
Gijima KZN	Dept of economic development					
GIS Shared Services	KZN COGTA					
Gumbi Land settlement	KZN COGTA					
HEATONVILLE	KZN COGTA					
Indonsa Grant	Art & Culture			808 000	708 000	
Infrastructure Backlog Studies	KZN COGTA					
KZN Infrastructure Grant	KZN COGTA					
LGSETA	LGSETA					
LGSETA-road construction	LGSETA					
LGTESA Grant	LGSETA					
MIG	COGTA	-		55 353 000	63 592 000	45 1
MONDI Zinqolwane Water Grant	MONDI	300 000				
MSIG	COGTA	-		750 000	-	
Municipal Development Info Services	KZN COGTA					
P700 Infrastructure	KZN COGTA	108 634				
RURAL WATER SANITATION	DWA					
Inter Governmental Relations				417 000		
Strategic support advance	KZN COGTA					
Expanded Public Works Programme	Dept of Works				676 000	5
Ulundi Airport	KZN COGTA					
ULUNDI INTERMODAL TRANSPORT	KZN COGTA					
Ulundi Tourism Hub	KZN COGTA	313 284				
WATER AFFAIRS	DWAF					
WATER SUPPLY	DWAF			2 112 553	2 123 241	
Mona Market	KZN COGTA				1 000 000	
Massification						
		6 296 784	-	159 766 317	134 322 732	121 9

Zululand District Municipality										
Appendix F										
Statement of comparative and actual information										
	2010/2011									
	Original Budget	Budget Adjustments	Variance	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Comments on variances
Description	1	2	3	4	5	6	7	8	9	
<u>Financial Performance</u>										
Service Charges	19,868,756			19,868,756	23,686,288		-3,817,532	119.21	119.21	Usage exceeded
Investment Revenue	9,270,000			9,270,000	12,316,926		-3,046,926	132.87	132.87	Higher investment balances
Transfers recognised - operational	214,558,			214,558,000	222,861,842		-8,303,842	103.87	103.87	Additional grants obtained

	000		0						
Other own revenue	73,341,926	11,400,000	84,741,926	1,495,100		83,246,826	1.76	2.04	Part of accumulated surplus
Total Revenue	317,038,682	11,400,000	- 328,438,682	260,360,155	-	68,078,527			
Employee costs	74,169,532		74,169,532	84,260,959		-10,091,427	113.61	113.61	Practice is not to budget for overtime & standby allowance, Shared Services taken on during the year, under estimated bonuses
Remuneration of councillors	5,619,417		5,619,417	4,791,758		827,660	85.27	85.27	Local municipalities had their gradings increased during the year.
Bad Debts	2,915,244		2,915,244			2,915,244	-	-	No write off's during the year
Depreciation	40,000,000		40,000,000	31,573,791		8,426,209			Depreciation over estimated
Repairs and Maintenance	31,897,032		31,897,032	27,836,915		4,060,118	87.27	87.27	Some expenditure capitalised to Property Plant and Equipment
Finance charges	484,013		484,013	618,348		-134,336	127.75	127.75	Its inclusive of interest on outstanding debtors, not previously included
Materials and Bulk Purchases	41,912,7		41,912,756	39,165,592		2,747,164	93.45	93.45	Ulundi Water Treatment

	56								works Electrificati on carried forward to 2012	
Transfers of grants	949, 694			949,6 94	899,69 4		50,00 0	94.74	94.74	Carry over to 2012
General Expenses	108, 810, 578	7,000,00 0		115,8 10,57 8	100,02 7,817		15,78 2,761	86.37	91.93	Savings achieved
Other expenditure	231, 264	4,400,00 0		4,631, 264	4,344,4 56		286,8 08	93.81	1,878.5 7	Savings achieved
				-						
Total Expenditure	306, 989, 530	11,400,0 00	-	318,3 89,53 0	293,51 9,330	-	24,87 0,201			
Surplus / (Deficit)	10,0 49,1 52	-	-	10,04 9,152	- 33,159, 175					
Transfers Recognised- capital	215, 824, 000	6,100,00 0		221,9 24,00 0	195,74 0,900		26,18 3,100	88.20	90.69	Mig accelerated in June 2010
Contributions Recognised				-						
				-						
Surplus/Deficit after capital transfers	225, 873, 152	6,100,00 0	-	231,9 73,15 2	162,58 1,725	-	26,18 3,100			
Capital Expenditure	226, 038, 272	11,500,0 00		237,5 38,27 2	200,02 1,863		37,51 6,409	84.21	88.49	
				-						
Transfers recognised- capital Public	215, 824, 000	6,100,00 0		221,9 24,00 0	195,74 0,900		26,18 3,100	88.20	90.69	Projects delayed and carried forward. Some expenditure expensed as it did not qualify as an asset.

contributions				-						
Borrowings				-	-					
Internally Generated funds	10,2 14,2 72	5,400,00 0		15,61 4,272	4,280,9 62.78		11,33 3,309	27.42	41.91	Some expenditure expensed as it did not qualify as an asset
Total Sources of capital funds	226, 038, 272	11,500,0 00	-	237,5 38,27 2	200,02 1,863	-	37,51 6,409			

**Annexure C
Audit and Risk Management Committee Report
2010/2011**

Audit and risk management Committee needs to seat and discuss the audit report.

Zululand District Municipality

Report of the Audit /Performance Panagement committee (APM) for the year ended 30 June 2011.

1. Introduction

The audit committee has pleasure in submitting this report for the financial year ended 30 June 2011.

2. Membership

ZDM has an audit and performance management committee set up in accordance with the provisions of the municipal finance management act 56 of 2003 (Chapter 14, section 166), Local Government :Municipal Systems Act no 32 of 2000 (Chapter 6)

The Committee comprises of the two independent members who are not in the employ of the municipality and one performance management specialist who is in the employ of the municipality.

Unfortunately ,the chairperson of the audit committee passed away during the year.

The Committee meets at least four times a year.

3.Roles and Responsibilities

For the 2010/2011 financial year we reviewed the internal and external Audit reports and advised on the following:

- The adequacy ,reliability and accuracy of financial reporting information .
- The activities and effectiveness of internal audit function.
- The accounting and auditing concerns raised by internal and external auditors.
- Effectiveness of the internal control system.
- Risk management.
- Compliance with legislation.
- Performance Management.

Internal Audit

The Zululand District Municipality has a system of Internal Audit under the control and direction of its Audit Risk Committee. Based on the result of assurance work carried out by Internal Audit unity , there are areas where the internal control system have been identified as weak.The weakness in the control systems have been brought to the attention of the management to take corrective measures.

Risk Management

The Audit and Risk Management Committee will , in terms of its authority delegated by Council ,facilitate the development of a formal Risk Management Framework and Strategy.The results of the risk assessments should be used to direct internal audit efforts and priorities , and to determine the skills required of managers and staff to improve controls and to manage these risks.

Management has formed an Operational Risk Management Committee (Risk Sub Committee) chaired by the Chief Financial Officer.The aim of the Risk Sub Committee is to implement the risk management strategies and give feedback to the Audit and Risk Management committee on a regular basis .The risk register will be updated regularly with identified and new emerging risks including mitigating responses and action plans.

Review of Annual Financial Statements for the year ended 30 June 2011.

The Chairperson has evaluated the annual financial statements of the Zululand District Municipality, for the year ended 30 June 2011. The Chairperson concluded that these financial statements comply, in all material respects, with the requirements of the Municipal Finance Management Act.

The review of annual financial statements pays specific attention to:

- Underlying accounting policies or changes thereto.
- Major estimates and managerial judgments,
- significant adjustments flowing from the year end audit,
- Compliance with the MFMA and other statutory precepts.
- The appropriateness of the going concern assumption, and
- The report of the Auditor-General for the year.

Going concern assumption

The Audit and Risk Committee agrees that the adoption of the going concern assertion is appropriate in preparing the annual financial statements of the municipality. The Committee has therefore recommended the adoption of the annual financial statements by the Council of Zululand District Municipality.

MC Ndwandwe
Acting Chairperson: Audit Committee

ACTION PLAN TO ADDRESS ISSUES RAISED BY THE AUDITOR GENERAL IN THE AUDIT REPORT

1. Material Losses:

A water loss reduction strategy is currently being implemented by the Project Management Unit. A budget of 3 million in the current financial year was approved for the implementation of the water loss strategy.

Responsible Person: S L Khumalo
Position : HOD: TECHNICAL SERVICES
Action Date : 30 June 2012

1. Restatement of corresponding figures:

Reconciliations are done on a monthly basis to prevent major adjustments to the submitted Annual Financial Statements. Deputy Chief Financial Officer has been assigned to this function.

Responsible Person : T D Sibiya
Position : Deputy Chief Financial Officer
Action Date : 30 June 2012

2. Pre-Determined Objectives:

A compliance checklist will be developed to address the pre-determined objectives shortcomings.

Responsible Person : S Landman
Position : Acting HOD: Planning
Action Date : 30 April 2012

ASSESSMENT OF ARREARS ON SERVICE CHARGES

In terms of section 121 (e), the arrears on service charges have been assessed by the Accounting Officer and the following observations have been made:

- ✓ Outstanding debtors as 30 June 2011 amounted to R42 268 471.
- ✓ A substantial amount of the outstanding debtors is doubtful for collection purposes especially because most of the amounts were incurred by the indigent consumers and also through water leaks inside consumer premises as a result of ageing infrastructure.
- ✓ A draft indigent support policy will be submitted to Council for approval during the financial year to resolve the outstanding debts by indigents.
- ✓ The position of the Credit Controller has been filled after the tragic passing away of the former Credit Controller.
- ✓ Meters have been replaced to limit the extent of water leakages and the escalation of outstanding debts.
- ✓ For debtors with large outstanding balances, acknowledgement of debt and arrangements are made to settle outstanding debt over an agreed period.

ASSESSMENT OF REVENUE COLLECTION FROM EACH REVENUE SOURCE:

In terms of Section 121 (f), revenue collection has been assessed as follows:

- ✓ Budget revenue for service charges, government grants and other revenue have been realised.
- ✓ Service charges though realised, have not translated into cash in full due to the low collection levels.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the hard work and dedication of the Zululand District Municipality staff who assisted in its compilation. Their invaluable assistance made the preparation of this report an easier task.

And finally, special acknowledgment and appreciation goes to those who have contributed to the progressive and financially sound operations of the District, that contribute, of course belongs to our Hounorable Mayor, Councillors, Municipal Manager and the Departmental Heads.