

## **Municipal Entities Reported by municipalities as at 30 June 2006**

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### **Introduction**

A municipal entity is a mechanism used by a municipality to deliver services to its community. Each municipal entity is an “organ of state” and must comply with the legislative framework which ensures accountability, transparency and consultative processes, similar to requirements that apply to a municipality in its own right.

Municipal entities are accountable to the municipality or municipalities (e.g. a multi-jurisdictional entity) that established the entity. The entity must perform according to a service delivery agreement and performance objectives set by the municipality. As their debts, liabilities and decisions are made on behalf of the municipality they may be disestablished if they fail to perform satisfactorily or if they experience serious or persistent financial problems.

### **Legislative framework**

A new legislative framework relating to municipal entities came into effect through amendments to the Municipal Systems Act (MSA) and the passing of the Municipal Finance Management Act (MFMA). The new provisions of the MSA, including Chapter 8A, came into effect on 1 August 2004. The bulk of the provisions of the MFMA took effect on 1 July 2004 with some transitional provisions based on municipal capacity.

The MSA defines three types of entities that may be established by a municipality with effect from 1 August 2004 (private company, service utility or multi-jurisdictional service utility). Prior to the MSA and MFMA requirements taking effect, municipalities used various arrangements to deliver services and manage functions, these include trusts, section 21 companies and private companies. It is a requirement for municipalities to review these structures in view of the legislative framework and either convert them to an entity or disestablish them if they are no longer required. A review would cover such things as the appropriateness of governance structures to provide effective municipal oversight, accountability and transparency.

### **Reporting requirements**

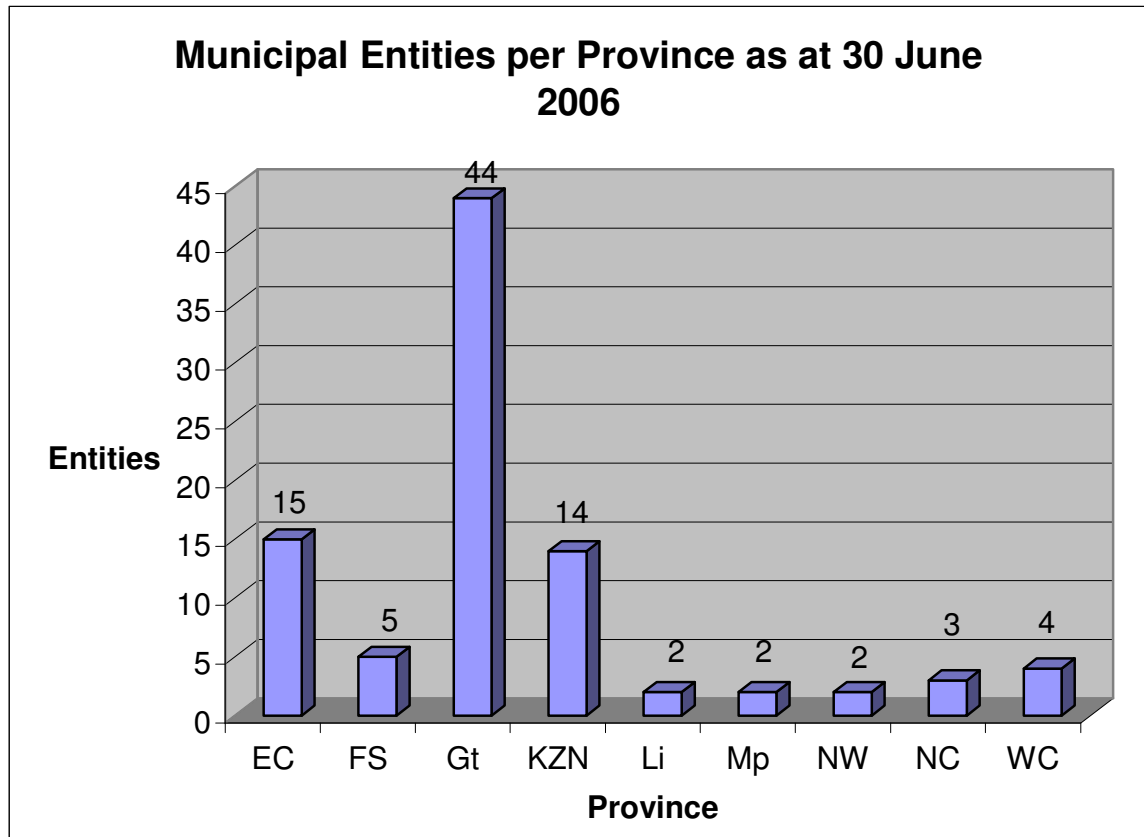
In terms of section 178 and 74 of the MFMA, municipalities are required to report to the National Treasury information on all municipal entities, including those structures in existence prior to the MFMA and MSA framework taking effect. The attached list contains information provided by municipalities as at 30 June 2006. Whilst every effort has been made to reflect information accurately, it is not possible to guarantee the completeness of reporting by all municipalities.

There are a total of 91 municipal entities reported at 30 June 2006 with the highest concentration in the Gauteng province. Of these, we are advised that no fewer than 29 are undergoing a review and many are in the process of being disestablished.

The effect of the amendments to the MSA and enactment of the MFMA has resulted in an extensive review of existing entities by most municipalities and it is estimated that in the following reporting periods the total numbers will fall to around 62 municipal entities.

This list on municipal entities will be updated regularly to reflect changing information provided by municipalities, including new entities that are established and existing ones disestablished.

The following chart shows the 91 municipal entities, per province.

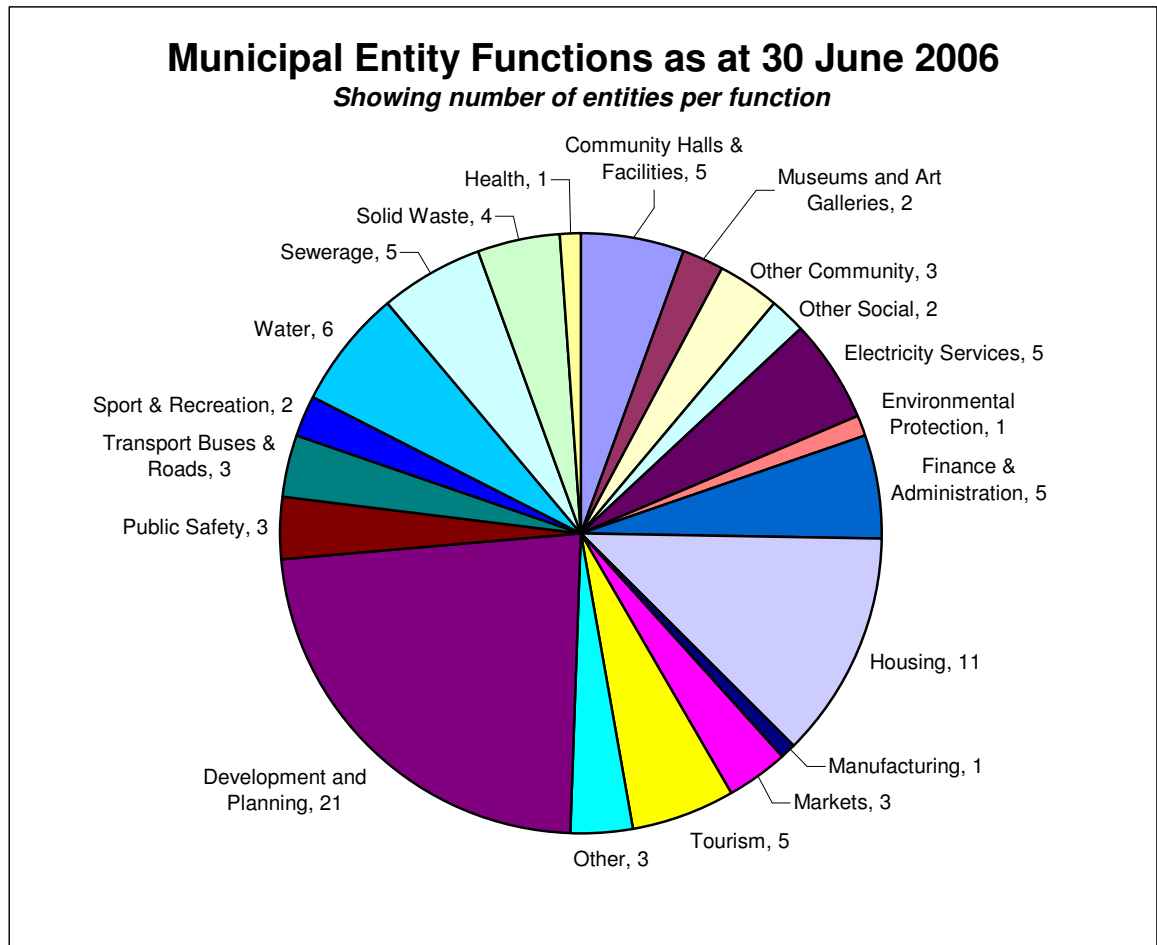


### Functions performed

Municipal entities have been utilised to perform a variety of functions, as can be seen by the following pie-chart. The developmental and planning function includes economic and business development (excluding tourism) with 21 entities represented. This is followed by housing services with 11 entities and water services with 6 entities.

## Municipal Entity Functions as at 30 June 2006

*Showing number of entities per function*



### Entity bank accounts

Municipalities are required to advise the Auditor-General, National Treasury and relevant provincial treasury on the details of all bank account(s) held by a municipal entity. (Section 86 MFMA).

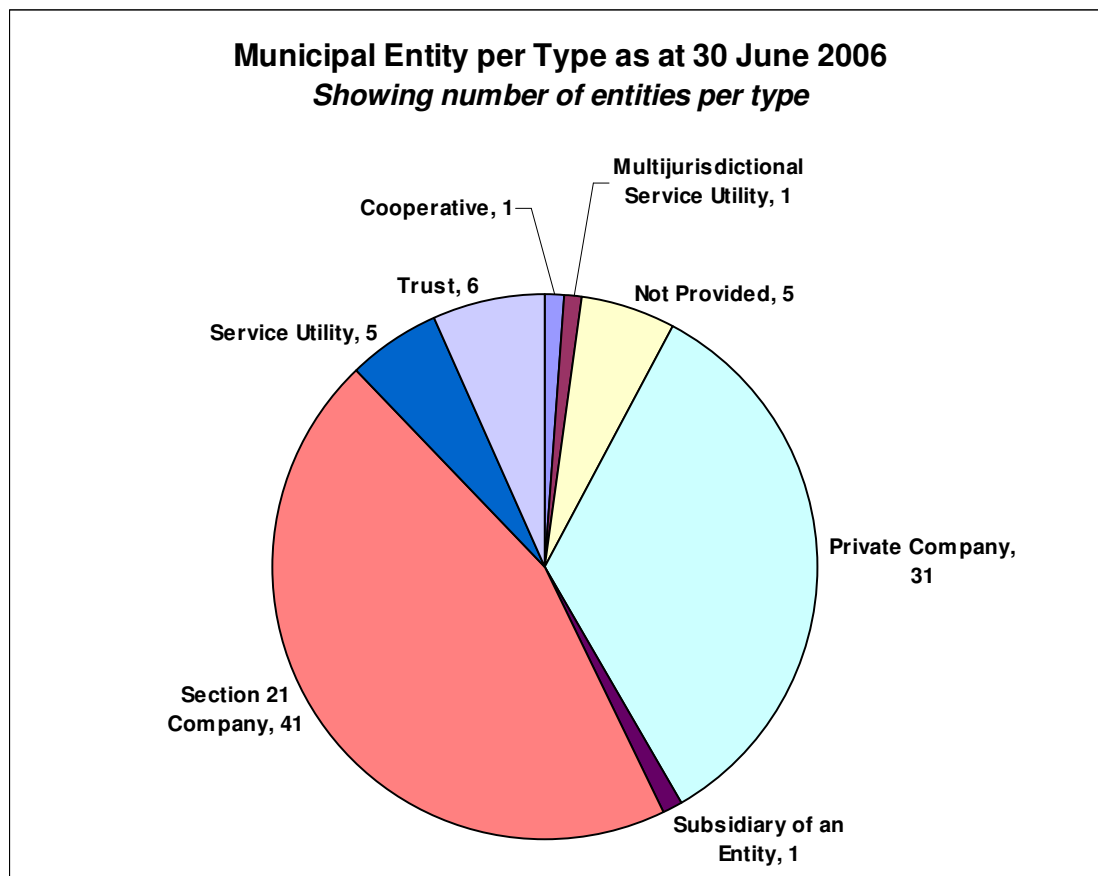
As at 30 June 2006, of the 91 municipal entities reported, 69 submitted their bank account details showing a total of 155 bank accounts in operation.

Of these entities “O.R. Tambo Ntinga Development Agency” has the highest number of bank accounts totaling 28. The second highest is the “Cape Town International Convention Centre Company” with 8 bank accounts.

### Types of municipal entities

Of the 91 municipal entities, *section 21 companies* were most commonly used before the MSA amendment with 41 entities in existence as at 30 June 2006. Second are *private companies* with 31 entities. The total number of trusts is 6 and service utilities is 5.

The following pie chart shows the 91 municipal entities per type.



### **Conclusion**

This information is provided to promote transparency in public finance and to assist in government oversight responsibilities.

All information has been provided by municipalities and, whilst every effort has been made to reflect information accurately, it is not possible to guarantee the completeness of reporting by municipalities.

### **Contact**

Municipalities are required to report on all entities in terms of the MFMA at the end of each quarter. A return form is provided for this purpose and can be downloaded from the website [www.treasury.gov.za/mfma](http://www.treasury.gov.za/mfma). In the left hand side menu click on "Return Forms" and select "MFMA Quarterly Return Forms" and the "Municipal Entity Return"

Should any information be incorrect on this report, the municipality should either complete a quarterly return and email it to the National Treasury (instructions are provided on the top of the return form) or provide written advice substantiating the changes required.

# Municipal Entities existing as at 30 June 2006

Total number of entities = 91

Municipality	Name of entity	Entity Type	Purpose of entity	Date established	Sole Control	% Control	Month of Financial Year End	Funding Source	Comments
<b>Province : EASTERN CAPE (15 entities)</b>									
Buffalo City	The Buffalo City Development Agency	Section 21 Company	Integrated Area-based Development	2004/06/18	Yes	100	Jun	Donor Funding	
Blue Crane Route	Blue Crane Development Agency	Section 21 Company	Integrated Area-based Development	2004/03/18	Yes	100	Feb	National Grant	
Amatole	Amathole Economic Development Agency	Private Company	Integrated Area-based Development	2005/07/01	Yes	100	Jun	Own Revenue	
Cacadu	Kouga Development Agency	Multijurisdictional Service Utility	Eco tourism investment projects	2004/11/06	No	50	Jun	Provincial Grant	<b>Cacadu 50% Kouga 50%</b> In partnership with provincial departments - Local Government, Economic Affairs, Public Works, Industrial Development Corporation
Kouga	Kouga Cultural Centre	Section 21 Company	LED;Tourism; social development;	2002/04/30	Yes	not provided	Jun	Provincial Grant	In process of being disestablished. Shareholders not advised
Maletswai	Mthombo Sediba Dev. Agency	Section 21 Company	Econ and Social Dev of Community	2004/03/03	Yes	100	Jun	Own Revenue	
Nelson Mandela Bay	Centenary Hall Promotions	Section 21 Company	Conference Centre	1995/02/10	Yes	100	Jun	District Grant	
Nelson Mandela Bay	Feather Market Promotions	Section 21 Company	Conferences, Concert and exhibitions.	1993/08/31	Yes	100	Jun	District Grant	
Nelson Mandela Bay	Mandela Bay Development Agency	Section 21 Company	Economic & tourism development	2003/12/01	Yes	100	Jun	Provincial Grant	
Nelson Mandela Bay	The UDDI	Section 21 Company	Social & Economic Development	2003/05/21	Yes	100	Jun	District Grant	
Nelson Mandela Bay	Nelson Mandela Bay Tourism	Section 21 Company	Marketing the destination	2003/07/01	No	100	Jun	District Grant	
Inxuba Yethemba	Mmotlie Investments	Private Company	Infrastructural Development	2003/08/31	Yes	100	Jun	Provincial Grant	
Nkonkobe	Nkonkobe Development Agency	Section 21 Company	Integrated Area-based Development	2002/07/01	Yes	100	Jun	Donor Funding	
O .R. Tambo	O R Tambo Ntinga Development Agency	Section 21 Company	Economic Dev. through agriculture and farming	2002/10/15	Yes	100	Oct	District Grant	
Port St John's	Port St John's Development Agency	Section 21 Company	Development arm of the municipality	2001/11/01	Yes	100	Jun	Donor Funding	
<b>Province : FREE STATE (5 entities)</b>									
Lejweleputswa	Lejweleputswa Development Agency	Section 21 Company	Economic Dev. & Investment Promotion	2005/04/19	Yes	100	Jun	District Grant	In partnership with Independent Development Corporation (IDC) and organised businesses
Maluti-A-Phufong	Maluti-A-Phufong Water (Pty) Ltd	Private Company	Waste water & sewerage	2006/10/01	Yes	100	June	Own Revenue	
Mangaung	CENTLEC (Pty) Ltd	Service Utility	Electricity Distribution (1301)	2003/07/01	Yes	100	Jan	Own Revenue	
Matjhabeng	Mat. Marketing & Investment Company	Private Company	Economic Development	2005/11/02	Yes	100	Jun	Own Revenue	
Metsimaholo	Metsimaholo Mayor's Trust	Trust	Trust Development	2003/11/28	No	60	Jun	Donor Funding	Other shareholders not advised

Municipality	Name of entity	Entity Type	Purpose of entity	Date established	Sole Control	% Control	Month of Financial Year End	Funding Source	Comments
<b>Province : GAUTENG (44 entities)</b>									
<i>Note: This total excludes the "National Youth Festival"-entity from the City of Tshwane that has been deregistered 10 March 2006 but is reflected in this list due to its relevancy for the 2005/06 reporting period</i>									
City Of Johannesburg	Johannesburg City Parks	Section 21 Company	Designated open public space management	2000/11/15	Yes	100	Jun	District Grant	
City Of Johannesburg	Johannesburg Tourism Company	Section 21 Company	Tourism	2003/04/16	No	not provided	Jun	District Grant	Other shareholders not advised
City Of Johannesburg	Pikitup Johannesburg (Pty) Ltd	Service Utility	Waste management	2001/01/01	Yes	100	Jun	Own Revenue	
City Of Johannesburg	The Johannesburg Civic Theatre (Pty) LTd	Private Company	Theatre operating company	2000/07/01	Yes	100	Jun	Provincial Grant	
City Of Johannesburg	Johannesburg Social Housing Company	Private Company	Refurbish old and build new housing	2003/05/23	Yes	100	Jun	DONOR Funding	
City Of Johannesburg	City of Joburg Property Company	Service Utility	Property Management & Rental	2000/01/01	Yes	100	Jun	National Grant	
City Of Johannesburg	Johannesburg Water (Pty) Ltd	Private Company	Provision of water services	2000/11/01	Yes	100	Jun	Own Revenue	
City Of Johannesburg	Johannesburg Metrobus	Private Company	Provision of transport	2000/07/01	Yes	100	Jun	District Grant	
City Of Johannesburg	JHB Zoo	Service Utility	Zoo	2000/01/01	Yes	100	Jun	Provincial Grant	
City Of Johannesburg	City Power Johannesburg (Pty) Ltd	Private Company	Provision of electricity	2000/11/29	Yes	100	Jun	Own Revenue	
City Of Johannesburg	Johannesburg Roads Agency	Private Company	Roads infrastructure	2001/01/01	Yes	100	Jun	Own Revenue	
City Of Johannesburg	Johannesburg Development Agency	Private Company	Economic development initiatives	2001/03/07	Yes	100	Jun	Own Revenue	
City Of Johannesburg	Roodepoort City Theatre	Section 21	Development Lyric arts	1984/02/01	Yes	100	Jun	District Grant	
City Of Johannesburg	The Johannesburg Fresh Produce Market	Private Company	Operate Fresh Produce trading market	2001/01/01	Yes	100	Jun	Own Revenue	
City Of Johannesburg	The Metropolitan Trading Co (Pty) Ltd	Service Utility	Facility management traders and Taxis	1999/09/01	Yes	100	Jun	District Grant	
City Of Tshwane	Centurion Community Protection Company	Section 21 Company	Combat Crime and Promote Security	1996/06/20	Yes	100	Jun	Own Revenue	Existing as at 30 June 2006, but liquidated 7 Sept 2006
City Of Tshwane	Tswaing Water and Sanitation Services	Section 21 Company	Water, Sanitation & waste maintenance	1997/12/22	Yes	100	not provided	not provided	Existing as at 30 June 2006, but liquidated 7 Sept 2006
City Of Tshwane	Greater Pretoria Metro Festival	Section 21 Company	Cultural, Social and Sports Events	1999/12/15	Yes	100	Jun	Own Revenue	In process of liquidation.
City Of Tshwane	Greater Pretoria Safety & Security Ass.	Section 21 Company	Community Safety	1998/12/28	Yes	100	Jun	Own Revenue	Existing as at 30 June 2006, but liquidated 7 Sept 2006
City Of Tshwane	Tswaing Electricity Project Management	Private Company	Electricity /Electricity Distribution	1997/07/18	Yes	100	Jun	Own Revenue	Existing as at 30 June 2006, but liquidated 9 Oct 2006
City Of Tshwane	Tswaing Enviromental Health Services	Private Company	Enviromental Health, Fresh Produce	1995/12/19	Yes	100	Jun	Own Revenue	Existing as at 30 June 2006, but liquidated 7 Sept 2006
City Of Tshwane	Tswaing Waste Removal Services	Private Company	Waste Management	1997/12/22	Yes	100	Jun	Own Revenue	Existing as at 30 June 2006, but liquidated 7 Sept 2006
City Of Tshwane	Temba Roodeplaat Water Services Trust	Trust	Water	Not provided	not provided	not provided	not provided	not provided	In process of winding-up and converting into service utility
City Of Tshwane	Sandspruit Works Association: Waste Water	Section 21 Company	Waste water treatment	1999/01/09	Yes	not provided	not provided	not provided	In process of liquidating and converting into service utility
City Of Tshwane	Sandspruit Works Association: ODI Water	Not provided	Water	01/07/2005	not provided	not provided	not provided	not provided	In process of liquidating and converting into service utility

Municipality	Name of entity	Entity Type	Purpose of entity	Date established	Sole Control	% Control	Month of Financial Year End	Funding Source	Comments
City Of Tshwane	Lebone Municipal Finance Corporation	Private Company	Finance & Admin/Other Admin (0205)	1999/09/05	No	not provided	Feb	not provided	In process of liquidating
City Of Tshwane	Civirelo Water	Section 21 Company	Water	2000/09/22	Yes	not provided	Jun	not provided	In process of liquidating and converting into service utility
City Of Tshwane	Prelight	Private Company	lighting services	2000/05/11	Yes	100	Jun	not provided	Existing as at 30 June 2006, but liquidated 7 Sept 2006
City Of Tshwane	Museum Park	Section 21 Company	Community and social services	1995/12/19	Yes	not provided	Feb	not provided	Under review
City Of Tshwane	Biz-Afrika 372	Pvt Company	community and social services	1999/05/24	Yes	not provided	not provided	not provided	Existing as at 30 June 2006, but liquidated 22 Aug 2006
City Of Tshwane	Tshwane Centre for Business Information and Support	Section 21 Company	Public Admin and Defence Activities	1998/05/15	Yes	not provided	Jun	not provided	In process of liquidating and converting into service utility
City Of Tshwane	Enterprise South Africa-Tshwane	Section 21 Company	Community and social services	1999/12/15	Yes	not provided	not provided	not provided	In process of liquidating and converting into service utility
City Of Tshwane	Trade Point Pretoria	Section 21 Company	Community and social services	2001/10/18	Yes	100	Jun	not provided	In process of liquidating and converting into service utility
City Of Tshwane	MoreletaKloof Bewarings	Section 21 Company	Community and Social Services	1997/09/23	not provided	not provided	Feb	not provided	To be liquidated
City Of Tshwane	Pretoria Inner City Association	Section 21 Company	Community and Social Services	1997/09/23	Yes	not provided	Jun	not provided	Existing as at 30 June 2006, but liquidated 7 Sept 2006
City Of Tshwane	Tswaing Civil Projects	Private Company	Financeintermediation, insurance, estate	1997/12/22	not provided	not provided	Jul	not provided	Existing as at 30 June 2006, but liquidated 7 Sept 2006
City Of Tshwane	Re-Ba Agi	Private Company	Finance intermediation,insurance,estate	1995/11/15	not provided	not provided	Feb	not provided	Existing as at 30 June 2006, but liquidated 7 Sept 2006
City Of Tshwane	Tswaing Crater Museum	Section 21 Company	Community & Social Services	1998/08/11	Yes	100	Jun	Own Revenue	Existing as at 30 June 2006, but liquidated 7 Sept 2006
City Of Tshwane	Tshwane Housing Company	Section 21 Company	Community & Social Services	2001/12/12	Yes	100	Jun	DONOR Funding	In process of liquidating and converting into service utility
Ekurhuleni Metro	East Rand Water Care Company (ERWAT)	Section 21 Company	Treatment of Wastewater	1992/09/28	No	97	Jun	Own Revenue	Other sharholders not advised
	Ertec (Pty) Ltd	Pvt Company (subsidiary of ERWAT)	Treatment of Wastewater	Not provided	Not provided	Not provided	Not provided	Not provided	Subsidiary of ERWAT (Municipal Entity). Not yet converted as per transitional requirements of Systems Act
Ekurhuleni Metro	Brakpan Bus Company	Section 21 Company	More affordable reliable transport	2000/09/26	Yes	100	Jun	Own Revenue	
Ekurhuleni Metro	Greater Germiston Inner City Housing	Section 21 Company	Property Management Services and Rental	1997/09/25	Yes	100	Jun	Own Revenue	
Ekurhuleni Metro	Lethabong Housing Institute	Section 21 Company	Develop residential units	2000/01/28	Yes	100	Jun	Own Revenue	
City Of Tshwane	National Youth Festival	Section 21 Company	Community and social services	1988/10/27	Not provided	Not provided	Dec	Not provided	Deregistered 10 March 2006, relevant for 2005/06 reporting period <b>Not included in totals for 30 June 2006</b>
<b>Province : KWAZULU-NATAL (14 entities)</b>									
eThekweni	ICC Durban (Pty)Ltd	Private Company	Conferencing, exhibitions and socials	1997/08/01	Yes	100	Jun	Own Revenue	
eThekweni	Durban Marine Theme Park (Pty) Ltd	Private Company	Theme Park Operations	2001/08/01	Yes	100	Jun	Own Revenue	
eThekweni	Small Enterprise Development Agency Ethekeeni	Section 21 Company	SMMe Devploment & Training	1997/08/01	Yes	100	Jun	Own Revenue	
Hibiscus Coast	Hibiscus Coast Development Agency	Section 21 Company	Economic Development	2002/02/12	Yes	100	Jun	Donor Funding	

Municipality	Name of entity	Entity Type	Purpose of entity	Date established	Sole Control	% Control	Month of Financial Year End	Funding Source	Comments
Hibiscus Coast	Hibiscus Business Support Centre	Trust	Business support for SMME's	1999/03/01	Yes	100	Jun	District Grant	
iLembe	Enterprise Ilembe	Section 21 Company	Regional Development Agency	2003/11/05	Yes	100	Jun	Donor Funding	
Msunduzi	Safe City	Section 21 Company	Safety and Security	2002/02/02	No	54	Jun	Own Revenue	Other shareholders not advised
Newcastle	Uthukela Water (Pty) Ltd	Private Company	To supply water and sanitation services	2004/07/01	No	75	Jun	Own Revenue	Umzinyathi 20% Amajuba 5% Newcastle 75%
Newcastle	Waste Works Newcastle	Section 21 Company	Temporary Job Creation	2003/04/01	Yes	100	Jun	National Grant	
Newcastle	Municipal Waste Removal Services	Not provided	Waste	Not provided	Not provided	Not provided	Not provided	Not provided	
Newcastle	Uphahla Housing Management Group	Pvt Company	Social Housing Developent	2003/04/01	Yes	100	Jun	Donor Funding	Other shareholders not advised
Umdoni	Ifafa Glebe	Not provided	Housing	Not provided	Not provided	Not provided	Not provided	Not provided	
Umdoni	Malangeni	Not provided	Housing	Not provided	Not provided	Not provided	Not provided	Not provided	
Umdoni	Amahlogwa	Not provided	Housing	Not provided	Not provided	Not provided	Not provided	Not provided	
<b>Province : LIMPOPO (2 municipal entities)</b>									
Musina	Zelpy 1903 (Pty) Ltd trading as Letsema	Private Company	Manufacture Spirulina, hunting facilities	2004/07/01	Yes	100	Jun	National Grant	
Polokwane	Polokwane Housing Association	Private Company	Affordable rental accommodation	2002/09/26	Yes	100	Jun	National Grant	
<b>Province : MPUMALANGA (2 municipal entities)</b>									
Govan Mbeki	Govan Mbeki Housing Company	Section 21 Company	Provide and facilitate social housing	1995/06/01	Yes	100	Mar	Own Revenue	Under review. In partnership with Provincial Dept of Housing, Vllissingen Municipality in Holland, Sasol & Community
Mbombela	Mbombela Development Trust	Trust	Socio Economic Development	2004/04/05	Yes	100	Jun	Donor Funding	In process of winding-up (Council resolution 29June2006)
<b>Province : NORTH WEST (2 municipal entity)</b>									
Moses Kotane	Moses Kotane Local Development Agency (Pty) Ltd	Private Company	Planning And Development	Not provided	Not provided	Not provided	Not provided	Not provided	
Rustenburg	Rustenburg Water Services Trust	Trust	Storage/dist and wastewater treatment	2004/09/30	No	57	Jun	Own Revenue	Shareholders: Absa Bank; Bigen Africa Engineering Company; Magalies Water Board Other shareholder % not advised
<b>Province : NORTHERN CAPE (3 municipal entities)</b>									
Kamiesberg	Namaqualand South Development Ass.	Section 21 Company	Economic Development and Job Creation	1999/10/01	Yes	100	Jun	Own Revenue	
Moshaweng	Moshaweng Intergrated Energy Centre	Cooperative	Supply Fuel and Paraffin	17/09/2005	Yes	100	June	National Grant	
Nkangala plus 37 other municipalities	Munsoft Section 21 Company	Section 21 Company	Maint. & Dev. Computerised Financial System	1998/08/01	No	0	Jun	Own Revenue	In the process of liquidating and transferring function to a private company. 38 municipalities in original user-group. CFO of Nkangala is the chairperson of this company.



Municipality	Name of entity	Entity Type	Purpose of entity	Date established	Sole Control	% Control	Month of Financial Year End	Funding Source	Comments
<b>Province : WESTERN CAPE (4 municipal entities)</b>									
Cape Town	Convenco - CT International Convention Centre Company	Private Company	Establish & operate convention centre	1999/01/01	No	50	Jun	Own Revenue	Cape Town Municipality 50.267% Western Cape Province 25.132% Sun West 24.610%
Cape Town	The Khayelitsha Community Trust	Trust	Development of Khayelitsha Community	2003/11/01	No	100	Jun	District Grant	Sharholders not advised. District Grant as funding source has not been clarified
Cape Town	Phillipi East Trading Company (Pty) Ltd	Private Company	Establish Trading in Phillip East	2001/11/29	Yes	100	Jun	District Grant	Council resolution 31 May 2006. District Grant as funding source has not been clarified
Cape Town	Red one (Pty) Ltd	Private Company	Electricity /Electricity Distribution	2004/10/29	Yes	100	Jun	District Grant	District Grant as funding source has not been clarified