



CITY OF CHOICE



PIETERMARITZBURG
MSUNDUZI

MSUNDUZI ANNUAL REPORT 2007/08

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THE MSUNDUZI MUNICIPALITY ANNUAL REPORT 2007/2008



MSUNDUZI MUNICIPALITY ANNUAL REPORT 2007 / 2008

CONTENTS

PAGE

CHAPTER 1

5

Introduction & Overview

5

1.1 Foreword by City Mayor

5

1.2 Overview by Municipal Manager

8

1.3 Geography

9

1.4 Demography

9

CHAPTER 2

11

Council and the Executive

11

2.1 Overview

12

2.2 Description of the Activity

12

2.3 Strategic Objectives

12

2.4 Analysis of the Function

12

CHAPTER 3

13

Report of the Strategic Executive Manager: Finance

13

3.1 Consolidated Annual Financial Statements - Msunduzi Municipality

14

3.2 Report of the Auditor-General

86

3.3 Report of the Audit Committee

91

3.4 Summarised Response to the Auditor-General

93

CHAPTER 4

97

Annual Municipal Performance Report 2007/2008

97

Strategic Business Unit Scorecards

98

1 Community Services and Social Equity

98

2 Infrastructure, Services and Facilities

101

3 Sound Governance and Human Resources

105

4 Economic Development and Growth

108

5 Finance Business Unit

111

6 Performance Highlights for Corporate and Strategic Planning

114

Municipal Performance Reporting Framework

116

Functional Area Service Delivery Reporting	
5.1 Corporate Business Unit - Procurement	127
5.2 Finance	128
5.3 Sound Governance and Human Resources	134
5.4 Economic Development and Growth	138
5.5 Community Services and Social Equity- Clinics	139
5.6 Community Services and Social Equity- Risk Management	141
5.7 Community Services and Social Equity- Traffic and Security	142
5.8 Community Services and Social Equity- Waste Management	143
5.9 Community Services and Social Equity- Parks, Sports and Recreation	145
5.10 Infrastructure Services and Facilities- Housing	146
5.11 Infrastructure Services and Facilities- Sewerage	151
5.12 Infrastructure Services and Facilities- Roads	153
5.13 Infrastructure Services and Facilities- Water Distribution	158
5.14 Infrastructure Services and Facilities- Electricity Distribution	162
5.15 Infrastructure Services and Facilities- Street Lighting	172
5.16 Corporate Strategic Planning- Asset Management	173
5.17 Corporate Strategic Planning- Area Based Management	175

CHAPTER 6

Report on the Municipal Infrastructure Grant	178
Notes	180





CHAPTER 1

1.1 FOREWORD BY THE CITY MAYOR, CLLR ZANELE HLATSHWAYO

The system of local government under apartheid failed dismally to meet the basic needs of the majority of South Africans. The challenge of democratic government is to utilize the existing limited resources to extend municipal services to previously marginalized communities.

Furthermore the Constitution of our non-racial democracy enjoins our local government not just to seek to provide services to all our people but to be fundamentally developmental in orientation. Therefore there is a need to set the core principles, mechanisms and processes that give meaning to developmental local government and to empower municipalities to move progressively towards the social and economic upliftment of communities and the provision of basic services to all our people, and specifically the poor and the disadvantaged;

A fundamental aspect of the local government system is the active engagement of communities in the affairs of the municipalities of which they are an integral part, and in particular in planning, service delivery and performance management.

Whereas the system of local government requires an efficient, effective and transparent local public administration that conforms to constitutional principles, these principles are well articulated by Section 152 of the Constitution and spells out the following objectives as to:

- provide democratic and accountable government;
- ensure the provision of services to communities in a sustainable manner;
- promote social and economical development;
- promote a safe and healthy environment;
- encourage the involvement of communities and community organisations in the matters of local government;

These are the principles that guide our planning, overall administration and political leadership of our municipality.

Community involvement in planning, implementation and monitoring the activities of local councils is essential if delivery is to be in line with South Africa's Constitution and with other relevant legislation. Real participatory democracy is achieved when all stakeholders commit fully to the realization of their respective mandates.

Local councils and communities share a common concern in where, how and why money is spent on issues that directly affect them. When residents engage their council in its financial management – by asking questions, making suggestions, monitoring spending, and a host of other ways – the people living in the area will feel the benefits of their participation soonest. The municipality has engaged the community through IZIMBIZO forums and, through these structures council has been able to gain insight of community needs and concerns and thus informed our spending priority as a municipality.

The establishment of ward committees has been one of the significant milestones of the municipality. All 37 Ward Committees consist of 10 members each. All Ward committee members attended a training workshop on performance management systems to ensure that they understand their roles and responsibilities.

Ward committees are structures whose role is to assist ward councilors to achieve their mandate, and through which residents can channel their needs and complaints. Ward committees, if properly used, can enable communities to be in constant interaction with their elected representatives. Moreover, section 23 of the Municipal Structures Act makes it mandatory for the creation of ward committees.



Zanele Hlatshwayo
City Mayor





The city is still facing the huge infrastructural backlog in Edendale and Vulindlela as a result of decades of neglect by the apartheid government. Therefore, the development in these areas has been very slow and severely hampered by the lack of basic infrastructure such as roads, water, power and sanitation.

The upgrade of the N3 / New England interchange and New England / Hesketh Drive Interchange is complete. The reason for this project is to mitigate the traffic congestion both in bound and outbound in the morning and afternoon. This improvement has significantly reduced the traveling time not only for Pietermaritzburg residents but also for people using the N3 Corridor.

In order to promote access to basic water for all in 2008/9 financial year, the city managed to have 447 families connected to clean water at the cost of R 1,003, 321 and to date the total of 9,155 families received free basic water.

The city has a long term plan to provide 30 253 VIP in wards 1 to 12 , the project is wholly funded by MIG and R116 Million was approved for this project that is intended to run until 2012 , to date 12000 VIP toilets have been constructed. The basis of this project is the government's objective to eradicate the bucket system and enable access to basic sanitation by 2010.

The approval of new developments within the city is hampered by the moratorium imposed by Eskom as a result of power shortages. Nevertheless the city was able to approve development worth R 4, 560,000 that resulted in 197 jobs created.

The city is still committed to the national target of enabling access to grid by 2012 , but current capacity shortages experienced by Eskom will compel our municipality to revise its plans and the electrification program will be determined by the commitment to remain within a pre determined reserve margin. However, it will be important for every household, business and government institution to observe and commit to the need to save electricity so as to avoid the power outage that was experienced early this year.

The city is still committed to recapitalize the power infrastructure serving Ambleton, Cinderella, Madiba, Sweetwaters, Edendale and Vulindlela so that enough capacity is built to bring more residents into the grid. The City is seeking to bring about 9 840 residents to the grid by 2012/13, but this is subject to the improved energy generation capacity nationally and availability of alternative energy forms which our city is busy exploring. One of the pilot projects that the Council has initiated as a way of addressing energy issues is the distribution of gel stoves to the needy communities of the city. The council will meet the target to eradicate the backlog by 2010.

It is one of the primary strategic objectives of the city to create an environment where there is provision of adequate and safe housing. In the last four years we have seen the influx of civil servants relocating into the city and this has created an unprecedented demand for housing. The middle to low income housing in particular for those in the income bracket below R3 500,00 and those falling between R 3 500,00 and R 7 500,00 have been the main beneficiaries of government housing projects in the city .

The current housing demand indicators show that:

- Low income fully subsidized housing demand is 16,000, and the municipal strategic objective is to deliver 2,500 units per annum ;
- The demand for partly subsidised Bank Chartered Housing is sitting at 4000 units ;
- The backlog for Rental Housing is estimated at about 5000 units, the municipal target is to deliver 500 units by 2010
- The Rural Housing is also a strategic objective and it is estimated that 500 units would be delivered per annum from 2010
- We also aiming to have 2000 subsidized serviced stands available by 2013, this works out to approximately 290 stands per annum.

We have also made available land to Msunduzi Housing Association for more rental housing stock in Signal Hill to accommodate the increase in demand. We also want to start rental housing and are intending to deliver about 500 per annum.

Youth development is another one of Council's priorities. An agreement on the establishment of a Youth Advisory Centre was signed in June 2008 with Msunduzi Municipality, uMsobomvu Youth Fund and uMgungundlovu Further Education and Training College (FET) with its objective being to enhance the active participation of the youth in the mainstream economy and to facilitate and promote the creation of jobs and skills development.

FNB Wadley Stadium project is a 2010 legacy project which was funded by Msunduzi Municipality in partnership with First National Bank (FNB). It was upgraded and completed in May 2008, and it is the only facility in the country with artificial turf. This is one of the facilities that will be available as a training ground for the 2010 Soccer World Cup. The council is also partnering with the uMgungundlovu District to upgrade Harry Gwala Stadium.



The council has spent money to build Moses Mabhida Multi-purpose Centre, Taylors Halt Multi-purpose Centre and upgrade Eastwood Library and built a Children Reference Library in the city in the previous year. This we continued with Georgetown library that was upgraded and completed. This facility will enable people to access library facilities in their area of residence. The City Library is currently upgraded into an ICT Hub; as the city we are creating more stations for public internet access. Council believes the information research station is very important to growth and academic excellence for students and the public in general.

In April this year, the Executive committee deferred the operation of the Council General Valuation Roll due to an outcry from the Public mainly in the North Eastern Suburbs complaining about the accuracy of the evaluation market value and instructed that the Valuation Roll be redone and that quality control be stepped up in order to ensure that individual values represent fair market value and all objections must be addressed. The Valuation Roll has been reviewed since June this year and the "draft" Roll will be completed at the end of November 2008. During the month of December 2008, a final value review will take place before the Valuation Roll is published mid-January, calling for public objections. The new Valuation Roll will also contain, against each entry, an estimate of the Rates payable on each property, which amount will be subject to variation, when the Budget is approved in March 2009.

This will give Ratepayers the opportunity to make an informed decision when considering lodging objections. Property owners will be assisted during the period when the Roll is open for objections in order to avoid objections being lodged as a result of affordability and not in-accuracy of valuations. The new Valuation Roll must be introduced for rating purposes on 1 July 2009 as the Municipal Property Rates Act does not allow any further deferment as this can only be done every four years in terms of the legislation.

The council is committed to tangible and visible desirables to better the lives of its residents and believe that for democratic governance to be meaningful all stakeholders must be fully engaged to participate in all processes.



1.2 OVERVIEW BY MUNICIPAL MANAGER

INTRODUCTION AND OVERVIEW

The essential purpose of an Annual Report is neither simply to comply with legislation, nor merely to report on what was accomplished during the year. Rather, an Annual Report must put into context the plan and targets set for the year, and, even more critically, how the year being reported upon compares with the previous year, and what platform has been built for next year.

Given the sizable backlogs and limited resources, which municipalities have to contend with, it boils down to two inter-related questions: have you improved on your last year's performance, and, has your performance improved the lives of the people living within your municipality?

In our case, we can answer in the affirmative to both questions. One of our areas which demanded improvement was the expenditure of our Capital Budget. In our 06/07 year we were unable to fully expend either our MIG or Council-funded capital budget - in fact, we only expended 55% of our MIG allocation. Our target for 07/08 was therefore, in the first instance, to achieve full MIG expenditure, as well as improving other capital expenditure. This required us to increase our monthly MIG expenditure in approximate terms, from R3 million to R12 million per month! It is pleasing to report that we achieved this rate of expenditure, and that community upliftment, in the form of roads, water and sanitation improvements, as well as the creation of community employment opportunities, was the result.

In summary, we achieved the following:-

- (i) 5 687 VIP toilets were installed – mainly in Vulindlela;
- (ii) 1 762 new water connections;
- (iii) 700 new electricity connections;
- (iv) 4 336 households are receiving Free Basic Electricity;
- (v) 2 000 low income houses were built;
- (vi) all of the above construction created more than 1 500 jobs, which included skills training;
- (vii) a new library was opened in Eastwood;
- (viii) Wadley Stadium was upgraded and an artificial turf installed;
- (ix) the upgrading of the Harry Gwala Stadium has commenced;
- (x) the construction of a multi-purpose community centre at Taylor's Halt, Vulindlela, has commenced;
- (xi) commenced the construction of nine tarred roads in Vulindlela;
- (xii) completed a new bridge across the N3 at New England Road;
- (xiii) we expended some 99% of available MIG funds;

The tarring of roads in the Vulindlela Tribal Area warrants a special mention, given the setting aside of this area by the colonial government in 1848. Consequently, we have inherited a situation, in which one third of the population of our municipality; reside in a tribal area, with all of the impediments to development which that entails. These new roads have dramatically improved the accessibility of this area to the main arteries of our city's economic system – especially during the summer rainfall months. Coupled with the widespread installation of VIP toilets, change is belatedly but certainly coming to this tribal area. Further improvements to water and sanitation, and, critically, housing, along with commercial and industrial development are our remaining challenges.

However, the creation of new infrastructural assets has to be accompanied by the maintenance of our existing, and ageing assets, and that will require at least a doubling of our Council-funded, and borrowed, Capital Budget. In one sentence, therefore, we have to maximise our MIG allocation, and increase our revenue base, so that we can afford, and develop the capacity to fully expend, a Capital Budget of the order of R500 million per annum, if we are to qualify as a developmental municipality.

Our performance in 06/07, indicates that we have taken the first step towards that attainable goal.

R.F. HASWELL J.P.
MUNICIPAL MANAGER



Rob Haswell
Municipal Manager

1.3 GEOGRAPHY

649 sq km in size, Msunduzi Municipality is located along the N3 at a junction of an industrial corridor from Durban to Pietermaritzburg and an agro-industrial corridor stretching from Pietermaritzburg to Estcourt. At a regional scale, it is located at the cross section of the N3 corridor and Greytown Road corridor to the north, a tourist route to the Drakensburg and Kokstad Road to the South. It has the second largest urban centre within the province of KwaZulu-Natal and the main economic hub within uMgungundlovu District Municipality. Its location has a strong influence on regional channels of investment, movement and structuring of the provincial spatial framework for growth and development. Following the elections of December 2000, five previously independent entities were amalgamated to form the Msunduzi Municipality.



1.4 DEMOGRAPHY

Total Population:	616733
Aged breakdown:	
- 65 years and over	30239
- between 40 and 64 years	122435
- between 15 and 39 years	287206
- 14 years and under	176853
Indigent Population:	25117
Total number of voters:	219000
Household income:	
R 1 - R 400	8979
R 401 - R 800	18513
R 801 - R 1 600	51547
R 1 601 - R 3 200	25734
R 3201 - R 6 400	28924
R 6 401 - R 12 800	22852
R 12 801 - R 25 600	5970
R 25 601 - R 51 200	3085
R 51 201 - R 102 400	461
R 102 401 - R 204 800	581
R 204 801 or more	0





CHAPTER 2 MSUNDUZI MUNICIPALITY - EXECUTIVE COMMITTEE



City Mayor
Zanele Hlatshwayo



Deputy Mayor
Mervin Dirks



Ntombizonke
Mbatha



Themba Zungu



Thokozani
Dlamini



Gerrit Meyer



Pops Chetty



Bill Lambert



Mark Steele



Dolo Zondi

MSUNDUZI MUNICIPALITY COUNCILLORS



Speaker
Alpha
Shelembe



Chief Whip
Sehla
Ngubane



D. Ngubane



P. Moon



D. Buthelezi



T. Dlamini



S. Lyne



R. Pillay



R. Khanyile



R. Singh



H. Ngubane



B. Sokhela



S. Hlela



B. Mazibuko



M. Msimang



M. Thebolla



M. Chetty



D. Hlongwane



M. Zungu



H. Kader



H. Storm



Z. Dlamini



D. Lushozi



V. Ntshangase



J. Lawrence



M. Dladla



B. Baijoo



M. Ngcobo



M. Maphumulo



M. Inderjit



P. Jaca



S. Mkhize



L. Ngcobo



F. Zuma



S. Radebe



N. Ahmed



C. Seymour



S. Mkhize



B. Shozi



T. Magubane



S. Mchunu



T. Zondi



B. Zuma



K. Olivier



L. Naidoo



S. Ntuli



S. Madondo



S. Majola



B. Singh



M. Mkhize



M. Mchunu



N. Duze



K. Khambule



S. Gabela



G. McArthur



N. Bhengu



T. Zuma



P. Green



R. Ashe



H. Zondi



S. Majola



T. Ntombela



2.1 OVERVIEW:

The function of the Executive and Council within the Municipality is to govern the policy-making process and oversee the implementation thereof within Council. The Executive Committee are involved in approval of operational matters and provide assurance to Council that the Vision, Mission and Objectives of Council, as contained in the Integrated Development Plan (IDP), are being met.

2.2 DESCRIPTION OF THE ACTIVITY

The Full Council (consisting of 73 Councillors) meetings are held once per month and the Executive Committee (EXCO) (consisting of 10 Councillors) meetings are held every two weeks. The agenda and minutes are compiled by the City Secretariat and are circulated prior to each meeting. Council and EXCO meetings are attended by the Municipal Manager, senior management (Strategic Executive Managers-SEMs) and other officials who may be required to give background and/ or explanations in respect of certain items on the agenda from time to time.

2.3 STRATEGIC OBJECTIVES

The strategic objectives of the Executive and the Council is to ensure that the Municipality fulfills its legal obligation in terms of S152 of the Constitution and that the Council is focused on ensuring that the Municipality delivers on this mandate in the most cost effective and sustainable manner.

2.4 ANALYSIS OF THE FUNCTION

1.Councillor detail:	Number
Total number of Councillors	73
Number of Councillors on Executive Committee	10

2.Ward detail:	Number
Total number of Wards	37
Number of Ward Meetings	Approximately 444 (12 meetings per ward)

3.Number and type of Council and Committee meetings:	Number of Meetings Per month
Full Council	1
Executive Committee	4
Finance Committee	2
Infrastructure, Services & Facilities	2
Community Service & Social Equity	2
Sound Governance & Human Resources	2
Economic Development & Growth	2
Corporate Strategic Planning	2

CHAPTER 3 REPORT BY THE STRATEGIC EXECUTIVE MANAGER: FINANCE

It is with great pleasure that I present the report on the financial results of the Msunduzi Municipality for the financial year-ended 30 June 2008, which reflects the Municipality's commitment in meeting its objectives as per the Constitution.

The past year has been, in many respects, another challenging year to the City, but nothing is as gratifying as reflecting and knowing that the Municipality has been able to meet the myriad of new challenges, and more importantly, that the City and its people, were the major beneficiaries of all the developments that were introduced.

During the year under review, stability in the City's finances combined with strict control measures resulted in enhanced performance in all areas. This is evident by the improvement in the Municipality's credit rating and the receipt of an unqualified audit report for a second consecutive year.

The excellent financial results achieved in the past two years and the stability in the City's finances has led to the enhancement of the image of the Msunduzi Municipality, as well, as boosting investor confidence and the attraction of both local and foreign investment into the City.

Some of the highlights and notable achievements during the financial year included:

- 1) The increase in the automatic indigent qualification limit from R30 000 to R 60 000, which resulted in more low-value properties qualifying for the full indigent rebates.
- 2) The debt write-off amounting in excess of R100 million, 50% of which resulted from the above increase in the limits and benefited more of the low-valued properties throughout the City.
- 3) The continued improvement in the Municipality's credit rating with the latest rating for short-term debt-rating progressing from an A2 to A1- and the long-term debt-rating improving from an A- to A.
- 4) The Municipality has once again obtained an unqualified Audit report.

An area of major concern that requires urgent attention is the increasing Government debt, which despite numerous meetings and promises to pay by the Departments, remains outstanding. Other areas include unspent grant funds and the filling of key vacant posts, which are crucial in ensuring that the excellent results are maintained.

Looking ahead a new challenge facing the Municipality in the next financial year is the full compliance with the new GAMAP/GRAP accounting standards as the 2-year exemption period granted by the Minister of Finance ends as at 30 June 2009. Another notable challenge is the implementation of the Municipal Property Rates Act (MPRA) which becomes effective from 01 July 2009.

Finally, with the excellent results achieved both in 2007 and 2008, a new standard has now been established, the maintenance and improvement of which presents a new challenge in the future. However, I am confident that with the continued support of valued staff-members, ardent fellow colleagues and committed Councillors, this target, will once again be easily achieved and the Msunduzi Municipality will continue to deliver on its Constitutional mandate to all citizens of the City.



Roy Bridgemohan
SEM: Finance





3.1 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

CONTENTS

PAGE

1. Statement of Financial Position	15
2. Statement of Financial Performance	16
3. Statement of Changes In Net Assets	17
4. Cash Flow Statement	18
5. Accounting Policies	19
6. Notes to The Annual Financial Statements	29
7. Appendices:	
A. Schedule of External Loans	56
B. Analysis of Property, Plant and Equipment	59
C. Segmental Analysis of Property, Plant and Equipment	64
D. Segmental Statement of Financial Performance	65
E1. Actual Versus Budget (Revenue and Expenditure)	66
E2. Actual Versus Budget (Acquisition Of Property, Plant and Equipment)	67
G. Summary Conditional Grants and Receipts	68
G1. Details of Conditional Grants and Receipts	69
H. Annual Financial Statements - Safe City	71

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008



	<i>Note</i>	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net Assets		945,073,055	906,402,801
Housing Development Fund	1	54,756,079	54,020,358
Capital Replacement Reserve	2	41,035,599	31,749,397
Government Grant Reserve	2	-	-
Self-Insurance Reserve	2	24,618,229	22,503,153
Revaluation Reserve	2	-	-
Accumulated Surplus		824,663,148	798,129,893
Non-Current Liabilities		422,347,673	373,718,313
Long-Term Liabilities	3	344,437,394	303,308,034
Non-Current Provisions	4	77,910,279	70,410,279
Deferred Income: Government Grant Reserve	2	-	-
Current Liabilities		503,037,321	414,335,371
Consumer Deposits	5	36,171,502	28,587,059
Current Provisions	6	861,265	1,430,837
Creditors	7	295,422,471	264,295,183
Unspent Conditional Grants and Receipts	8	124,585,407	73,606,196
VAT	9	5,452,189	14,329,569
Current Portion of Long-Term Liabilities	3	40,544,487	32,086,527
Total Net Assets and Liabilities		1,870,458,051	1,694,456,486
ASSETS			
Non-Current Assets		1,250,075,189	1,156,750,665
Property, Plant and Equipment	10	1,241,284,635	1,140,643,675
Intangible Assets	10	903,696	1,457,711
Agricultural Assets	10	602,670	520,943
Investments	11	1,934,689	2,097,750
Long-Term Receivables	12	5,349,498	12,030,587
Current Assets		620,382,862	537,705,820
Inventory	13	53,832,192	50,001,367
Consumer Debtors	14	256,839,290	223,117,739
Other Debtors	15	44,299,357	42,010,361
Current Portion of Long-Term Receivables	12	1,566,596	1,625,396
Call Investment Deposits	11	260,420,761	207,602,643
Cash	16	40,680	40,731
Bank	16	3,383,985	13,307,584
Total Assets		1,870,458,051	1,694,456,486



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

Description	Note	2008 R	2007 R
Revenue			
Property Rates	17	345,067,836	414,466,865
Property Rates - Penalties and Collection Charges		23,565,464	17,001,280
Service Charges	18	673,878,919	694,577,361
Rentals Received		15,717,272	13,989,454
Interest earned - External Investments		29,320,951	22,721,389
Interest Received - Sundry Debtors		664,169	239,929
Interest Received - Service Debtors		22,308,938	18,303,833
Fines		14,774,353	13,814,255
Licences & Permits		43,655	71,139
Income for Agency Services		751,904	46,752
Governments Grants & Subsidies	19	266,381,115	192,586,285
Public Contributions & Donations		-	-
Other Income	20	231,005,433	59,260,622
Total Revenue		1,623,480,009	1,447,079,164
Expenditure			
Employee related Costs	22	500,859,238	434,383,262
Remuneration of Councillors	23	15,467,145	15,503,082
Bad Debts		-	-
Collection Costs		1,092,870	8,861,071
Depreciation		96,408,758	94,719,589
Repairs & Maintenance		60,481,535	55,401,841
Interest Paid	24	55,028,233	50,194,080
Bulk Purchases	25	515,449,656	495,005,176
Grants & Subsidies Paid	26	4,392,550	3,699,167
Contributions to Provisions		10,000,000	20,000,000
General Expenses Other	21	247,473,257	202,970,230
Inventory Write Off	13	143,365	23,602
Total Expenditure		1,506,796,606	1,380,761,100
Operating Surplus/(Deficit)		116,683,403	66,318,065

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Pre - GAMAP	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Donations and Public Contributions Reserve	Capital Replacement Reserve	Self-Insurance Reserve	Housing Development fund	Unappropriated Surplus	Total
	R	R	R	R	R	R	R	R	R	R
2007										
Balance at 01 July 2006	-		207,119,966	436,303,062	56,737,759		15,651,259	50,214,760	885,867	766,912,673
Correction of Error (Note 36)	-		(207,119,966)	(436,303,062)	(56,737,759)				29,474,346	29,474,346
Changes in accounting policy									264,338,825	(435,821,962)
Restated Balance	0	0	-	-	-	-	15,651,259	50,214,760	294,699,038	360,565,057
Accumulated Surplus/(Deficit) for the year									73,101,072	73,101,072
Transfer to HDF								3,805,598	(3,805,598)	-
Transfer to Capital Replacement Reserve						33,500,000			(33,500,000)	-
Property, Plant and Equipment Purchased/CRR						(1,750,603)			1,750,603	-
Capital Grants used to Purchase PPE									(46,216,427)	(46,216,427)
Donated/Contributed PPE									39,843	39,843
Transfer to Provision									(22,000,000)	(22,000,000)
Transfer to Creditors (Leave Pay)									24,793,464	24,793,464
Contribution to Insurance Reserve							32,249,321			32,249,321
Insurance Claims Processed							(25,397,428)			(25,397,428)
Offsetting of Depreciation									30,668,518	30,668,518
Balance at 30 June 2007	0	0	-	-	-	31,749,397	22,503,153	54,020,358	319,530,513	427,803,421
2008										
Balance at 01 July 2007	0	0				31,749,397	22,503,153	54,020,358	319,530,513	427,803,421
Correction of Error (Note 36)	-	-							26,748,410	26,748,410
Changes in accounting policy									451,850,971	451,850,971
Restated Balance	0	0	-	-	-	31,749,397	22,503,153	54,020,358	798,129,894	906,402,802
Accumulated Surplus/(Deficit) for the year									106,714,886	106,714,886
Transfer to HDF								735,720	(735,720)	-
Transfer to Capital Replacement Reserve									(31,148,781)	-
Property, Plant and Equipment Purchased/CRR						31,148,781			21,828,855	-
Capital Grants used to Purchase PPE						(21,828,855)			-	-
Donated/Contributed PPE - Biological Assets									-	-
Transfer to/from Provisions									81,727	81,727
Transfer to/from Creditors (Leave Pay)									(67,500,000)	(67,500,000)
Contribution to Insurance Reserve							31,740,578			(2,707,713)
Insurance Claims Processed							(29,625,502)			31,740,578
Offsetting of Depreciation										(29,625,502)
Balance at 30 June 2008	0	0	-	-	-	41,035,599	24,618,229	54,756,078	824,663,148	945,073,054

Surplus / (Deficit) for the year includes the Housing Development Fund which gets transferred out.

Surplus / (Deficit) for the year includes a transfer to the operating account in respective of the forestry service amounting to R (10 704 235).



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	<i>Note</i>	2008 R	2007 R
CASH GENERATED BY OPERATING ACTIVITIES			
Cash Receipts from Ratepayers, Government and Other		1,586,919,830	1,447,079,163
Cash Paid to Suppliers and Employees		(1,384,547,155)	(1,291,568,498)
Cash Generated from Operations	28	202,372,675	155,510,665
Forestry written back		(10,704,235)	-
Interest Received		29,320,951	22,721,389
Interest Paid		(55,028,233)	(50,194,080)
NET CASH FROM OPERATING ACTIVITIES		165,961,158	128,037,974
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(196,495,704)	(145,841,581)
Disposal of assets		7,239,228	10,667,345
(Increase)/Decrease in Non-Current Receivables		6,739,888	(89,757)
Increase in Investments		163,061	(189,732)
NET CASH FROM INVESTING ACTIVITIES		(182,353,528)	(135,453,725)
CASH FLOW FROM FINANCING ACTIVITIES			
Net New Loans Raised		49,587,320	(22,226,332)
Increase/(Decrease) in Consumer Deposits		7,584,443	1,916,960
Non-operating Income Receipted in Provisions/Reserves		(29,625,503)	(30,109,400)
Non-operating Expenditure Charged against Provisions/Reserves		31,740,578	40,651,052
Changes in Accounting Policy			
NET CASH FROM FINANCING ACTIVITIES		59,286,838	(9,767,720)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		42,894,468	(17,183,471)
Cash and cash equivalents at the beginning of the year	29	220,950,958	238,134,429
Cash and cash equivalents at the end of the year	29	263,845,426	220,950,958
		42,894,468	(17,183,471)



1. BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

These standards are summarised as follows:

GRAP 1	Presentation of financial statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GAMAP 4	Effects of changes in foreign exchange rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for investments in associates
GAMAP 8	Financial reporting of interests in joint ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provisions, contingent liabilities and contingent assets

GAMAP 6, 7, and 8 have been complied with to the extent that the requirements in these standards relate to the municipality’s separate financial statements.

Accounting policies for material transactions, events or conditions not covered by the above GRAP and or GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted are disclosed below.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

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





5. RESERVES AND DEFERRED INCOME ACCOUNTS

5.1 Capital Replacement Reserve (CRR)

In order to finance the purchase of items of property, plant and equipment from internal sources, amounts are transferred from accumulated surplus to the Capital Replacement Reserve (CRR) in terms of a Council resolution. A corresponding amount is transferred to a designated CRR investment account. The following conditions are set for the creation and utilisation of the CRR:

- The cash which backs the CRR is invested until utilised. The cash may only be invested in accordance with the investment policy of The Msunduzi Municipality.
- Interest earned on the CRR investment is recorded as interest earned in the Statement of Financial Performance and may be appropriated to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for The Msunduzi Municipality and may not be used for the maintenance of these items.
- The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

5.2 Self-Insurance Reserve

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally in respect of buildings, vehicles and property. The fund is liable for all claims in excess of R500 per dwelling for house owners and R500 000 aggregate excess on the combined policy (buildings). Departments are charged premiums in accordance with the values of assets insured relevant to each type of risk bearing in mind claims experienced.

5.3 Commissioner for Occupation Injuries and Diseases Reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of the exemption from the Compensation Commissioner, the Municipality has established a COID reserve to offset claims from employees.

Amounts are transferred to the COID Reserve based on the assessment by the Compensation Commissioner for Occupational Injuries and Diseases (COID) on an annual basis.

5.4 Deferred Income Account – Government Grants Policy 2005/06

Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grant Reserve equal to the value of the government grant recorded as revenue in the Statement of Financial Performance. This transfer is in terms of a directive issued by National Treasury (MFMA circular No. 18 dated 23 June 2005). When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

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

Deferred Income – Government Grants

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Deferred Income - Government Grants account, in terms of the exemptions published in Gazette 30013 dated 29 June 2007, equal to the value of the government grant recorded as revenue in the Statement of Financial Performance.

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

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the deferred income - government grants relating to such item is transferred to the accumulated surplus.

6. PROPERTY, PLANT AND EQUIPMENT

Policy 2005/06

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings. 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. Where items of property, plant and equipment 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 except where the impairment reverses a previous revaluation. Where impaired land and buildings are re-valued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense. No impairment testing was done for 2005/06.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up. Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. No reviewing of the depreciation method and the useful lives were performed in 2005/06.





The annual depreciation rates are based on the following estimated asset lives:-

Infrastructure	Years
Roads & Paving	30
Pedestrian Malls	30
Electricity	20-30
Water	15-20
Sewerage	15-20
Housing	30

Community	Years
Buildings	30
Recreational facilities	20-30
Security	5

Other	Years
Buildings	30
Specialist Vehicles	10
Other Vehicles	5
Office Equipment	3-7
Furniture & Fittings	7-10
Watercraft	15
Bins & Containers	5
Specialised Plant & Equipment	10-15
Other Items of Plant and Equipment	2-5
Landfill Sites	15

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.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – see Accounting Policy 13 on Provisions.

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. No impairment testing was performed for 2005/06.

Policy 2006/07

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are re-valued as indicated below. 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.

Impairment of property, plant and equipment has been accounted for in terms of the exemption granted in Gazette 30013 of 29 June 2007. Accordingly no impairment testing or recognition was accounted for.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up. Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. In terms of the exemption granted in Gazette 30013 of 29 June 2007 no reviewing of the depreciation method and the useful lives of assets were performed.

The annual depreciation rates are based on the following estimated asset lives:-

Infrastructure	Years
Roads & Paving	30
Pedestrian Malls	30
Electricity	20-30
Water	15-20
Sewerage	15-20
Housing	30

Community	Years
Buildings	30
Recreational facilities	20-30
Security	5

Other	Years
Buildings	30
Specialist Vehicles	10
Other Vehicles	5
Office Equipment	3-7
Furniture & Fittings	7-10
Watercraft	15
Bins & Containers	5
Specialised Plant & Equipment	10-15
Other Items of Plant and Equipment	2-5
Landfill Sites	15

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.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – see Accounting Policy 13 on Provisions.

The Msunduzi Municipality accounted for investment properties in terms of the exemptions published in Gazette 30013 dated 29 June 2007. Accordingly no investment properties were identified and disclosed separately from property, plant and equipment on the financial statements.

7. INVESTMENTS

7.1 Financial Instruments

Financial instruments, which include, call deposits and short-term deposits invested in registered commercial banks, are stated at cost.

7.2 Investment in Municipal Entities

Investments in municipal entities under the ownership control of The Msunduzi Municipality are carried at cost in The Msunduzi Municipality's separate annual financial statements. The Msunduzi Municipality made use of the exemption granted as per Gazette 30013 dated 29 June 2007 and will accordingly not present consolidated financial statements for 2006/07.

8. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties for the purpose of resale are accounted for in terms of the exemptions published in Gazette 30013 dated 29 June 2007 and is accordingly disclosed as property, plant and equipment. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. The cost of water on hand at year end are calculated and accounted for as water stock on hand.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Inventories are disclosed in terms with the exemptions in Gazette 30013 of 29 June 2007.





9. ACCOUNTS RECEIVABLE

Policy 2005/06

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

Accounts receivable were not discounted to present value and the receivables were recognised at cost.

Policy 2006/07

Accounts receivable are carried at nominal value and no discounting was done in terms of the exemptions approved in Gazette 30013 dated 29 June 2007. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

10. ACCOUNTS PAYABLE

Trade and other creditors

Policy 2005/06

Trade Creditors are stated at their nominal value.

Policy 2006/07

Trade and other creditors excluding Leave pay has been accounted for in terms of the exemptions published in Gazette 30013 dated 29 June 2007. Accordingly the creditors were stated at nominal value and no discounting was accounted for.

Leave Pay creditors

Policy 2005/06

There was no separate policy for leave pay in 2005/06 and were deemed to be included in the Trade creditor's policy which indicated leave pay to have been stated at nominal value.

No discounting to present value was accounted for.

Policy 2006/07

Leave pay is stated as a current liability and stated at nominal value. In terms of the exemptions published in Gazette 30013 dated 29 June 2007 no discounting was accounted for.

11. REVENUE RECOGNITION

11.1 Revenue from Exchange Transactions

Service charges relating to electricity and 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 when meter readings have not been performed. To include all revenue in the financial period estimates are made between the last meter reading and the financial year end to account for consumption that took place during the financial period. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis and rentals were not "straight lined" making use of the exemption granted in Gazette 30013 dated 29 June 2007.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions 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 is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

11.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

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 councillors or officials is virtually certain.

In terms of the exemptions published in Gazette 30013 dated 29 June 2007 the fair value of cash considerations were not discounted and were stated at nominal amount.

12. CONDITIONAL GRANTS AND RECEIPTS

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



13. PROVISIONS

Policy 2005/06

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 sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality. No discounting to present value was accounted for in 2005/06.

Policy 2006/07

A provision is recognised when the Municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate. Contributions are made to or from the provisions to reflect the current best estimate.

The Municipality makes provision for the rehabilitation of landfill sites. This provision is discounted to its present value at each year end.

By making use of the exemptions published in Gazette 30013 dated 29 June 2007 no provision for Employee Defined benefit plans were created and the current obligation were expensed.

14. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

15. 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.

16. 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.

17. 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.

18. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

19. COMPARATIVE INFORMATION

19.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

19.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

20. LEASES

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to The Msunduzi Municipality.

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight line basis over the estimated useful life.

Lease finance costs are expensed when incurred.

Operating leases are those leases which do not fall within the scope of the above definition. In terms of the exemptions published in Gazette 30013 dated 29 June 2007 operating leases are not "straight lined" and are expensed as they become due.

21. VALUE ADDED TAX

The Msunduzi Municipality accounts for Value Added Tax on the payment basis.

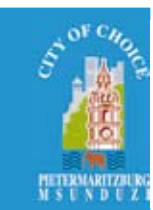
22. GRANTS-IN-AID

The Msunduzi Municipality transfers money to individuals, institutions and organisations. When making these transfers, The Msunduzi Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred. If these contracts are onerous and extend over more than one financial year they are then treated in accordance with the accounting policy on provisions outlined in paragraph 13 above.





23. UNUTILISED CONDITIONAL GRANTS

Unutilised conditional grants are reflected on the Statement of Financial Position as a Creditor - Unutilised Conditional Grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The cash which backs the creditor is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is The Msunduzi Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an item of property, plant and equipment is purchased from a Creditor - Unutilised Conditional Grant, an amount equal to the purchase price is transferred from the Creditor - Unutilised Conditional Grant to the operating account on the Statement of Financial Performance as revenue.
- Whenever an item of property, plant and equipment is purchased from a Creditor - Unutilised Conditional Grant, an amount equal to the purchase price is transferred from the accumulated surplus to the Deferred Income - Government Grants or the Accumulated Surplus account in the case of non government grants. The deferred income account is used to offset depreciation charged on property, plant and equipment financed from unutilised government grant capital receipts and equals the remaining depreciable value (carrying value) of property, plant and equipment financed from unutilised government grant capital receipts.
- Whenever a non-asset is purchased from a Creditor - Unutilised Conditional Grant an amount equal to the purchase price is transferred from the Creditor - Unutilised Conditional Grant to the operating account on the Statement of Financial Performance to offset the expenditure which was expensed through the operating account.

26. INTANGIBLE ASSETS

Intangible assets are initially recorded at their cost price and are subsequently amortised over their expected useful lives. An intangible asset is defined as an identifiable non - monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes. The intangible assets under the control of The Msunduzi Municipality are amortised according to the straight line method. By making use of the exemptions published in Gazette 30013 dated 29 June 2007 The Msunduzi Municipality only included software prospectively as intangible assets.

27. IMPAIRMENT OF CASH GENERATING ASSETS

In terms of the exemptions published in Gazette 30013 dated 29 June 2007 no impairment of cash generating assets were accounted for.

	2008 R	2007 R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	54,756,079	54,020,358
Unappropriated Surplus	20,499,187	19,763,466
Loans extinguished by Government on 1 April 1998	34,256,892	34,256,892

The Housing Development Fund is represented by the following assets and liabilities:

Property, plant and equipment	194,830	194,830
Housing selling scheme loans	5,490,733	5,860,450
Housing Rental Debtors	6,690,731	4,776,025
Loans extinguished by Government on 1 April 1998	34,256,892	34,256,892
Bank and cash	8,131,597	8,940,640
Sub-total	54,764,782	54,028,836
Internal Advances	-	-
Less :Creditors	8,703	8,478
	<u>54,756,079</u>	<u>54,020,358</u>

2 RESERVES

Capital Replacement Reserve	41,035,599	31,749,397
Government Grant Reserve	-	-
Self-Insurance Reserve	24,618,229	22,503,153
Total Reserves	<u>65,653,828</u>	<u>54,252,549</u>

The Capital Replacement Reserve and Self-Insurance Reserves are fully invested in financial investment instruments.

DEFERRED INCOME - GOVERNMENT GRANTS

Transferred from previous Government Grant Reserve net of capital acquisitions from grants and off-set depreciation transferred.	-	-
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3 LONG-TERM LIABILITIES

Annuity Loans	371,134,239	315,471,612
Capitalised Lease Liability	13,847,642	19,922,949
SUB-TOTAL	384,981,881	335,394,561
Less: Current Portion Transferred To Current Liabilities	40,544,487	32,086,527
Local Registered Stock Loans	-	-
Annuity Loans	34,365,986	25,938,565
Capitalised Lease Liability	6,178,501	6,147,962
TOTAL EXTERNAL LOANS	<u>344,437,394</u>	<u>303,308,034</u>

Refer Appendix A For More Detail On Long-Term Liabilities.

The Capitalised Lease Liability Is Secured Over The Item Of Plant Leased.

Note: Annuity Loans balance as at 1 July 2007 was restated by R44 988 (See note 36)

4 NON-CURRENT PROVISIONS

Quarry Rehabilitation Fund	410,279	410,279
Landfill Rehab Provision	27,500,000	25,000,000
Stated Benefits Provision	50,000,000	45,000,000
Total Non-Current Provisions	<u>77,910,279</u>	<u>70,410,279</u>

**STATED
BENEFITS
PROVISION**

**LANDFILL
REHAB
PROVISION**

**QUARRY
REHA-
BILITATION
FUND**

THE MOVEMENT IN THE PROVISIONS IS RECONCILED AS FOLLOWS:-

Balance At Beginning Of Year	45,000,000	25,000,000	410,279
Contributions - Surplus	5,000,000	2,500,000	-
Other Income	-	-	-
Expenditure Incurred	-	-	-
Increase Due To Discounting	-	-	-
Transfer To Current Provisions	-	-	-
BALANCE AT END OF YEAR	<u>50,000,000</u>	<u>27,500,000</u>	<u>410,279</u>

By making use of the exemption on employee benefits in terms of Gazette 30013 of 29 June 2007 no provision for Post Employee Benefit - Medical aid Contributions are made.

5 CONSUMER DEPOSITS

Refuse	917,788	989,604
Electricity	28,556,429	20,513,073
Water	4,964,399	5,193,577
Sewer	1,732,886	1,890,806
Total Consumer Deposits	<u>36,171,502</u>	<u>28,587,059</u>

Interest Is Accrued On Consumer Deposits For Service Charges at 4% p.a.

Balance on the interest reserves amounts to R6 833 615 and R5 907 906 as at 30 June 2008 and 30 June 2007 respectively.

Guarantees in lieu of electricity and water deposits	<u>5,018,391</u>	<u>5,130,347</u>
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6 CURRENT PROVISIONS

Performance bonus	861,265	1,430,837
TOTAL CURRENT PROVISIONS	<u>861,265</u>	<u>1,430,837</u>

Performance bonuses are paid to the Executive and Process Managers. The provision is an estimation of the payment at the reporting date.

Performance bonuses are paid in arrear as per Council policy, in October each year.

	2008 R	2007 R
THE MOVEMENT IN THE CURRENT PROVISION IS RECONCILED AS FOLLOWS:-		
Balance At Beginning Of Year	1,430,837	1,546,678
Transfer From Non-Current Provisions	-	-
Contributions	861,765	1,430,837
Expenditure Incurred	(1,431,337)	(1,546,678)
BALANCE AT END OF YEAR 30 JUNE 2008	<u>861,265</u>	<u>1,430,837</u>

7 CREDITORS

Trade Creditors	14,985,564	43,196,205
Retention	9,312,268	6,742,079
Other Deposits	1,799,234	2,016,966
Other Creditors	231,953,772	185,760,614
Leave pay	37,371,633	26,579,319
TOTAL CREDITORS	<u>295,422,471</u>	<u>264,295,183</u>

Note: Other Creditors balance as at 1 July 2007 was restated by R19 765 814.(See note 36)

In terms of the exemptions granted in Gazette 30013 dated 29 June 2007 creditors were accounted for at nominal value and no discounting was performed.

8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

CONDITIONAL GRANTS FROM GOVERNMENT	119,138,107	68,161,660
National Grants	102,476,181	62,750,823
Provincial Grants And Subsidies	16,661,927	5,410,837
Other Conditional Receipts	5,447,300	5,444,536
TOTAL CONDITIONAL GRANTS AND SUBSIDIES	<u>124,585,407</u>	<u>73,606,196</u>

Unspent Conditional Grants and Subsidies are fully invested in financial instruments

9 VALUE ADDED TAX (VAT)

VAT Payable	<u>5,452,189</u>	<u>14,329,568</u>
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VAT is payable to SARS on the payment basis, the above amount represents the VAT raised on service charges that is outstanding.

Note: All VAT returns have been submitted timeously throughout the financial year.

The balance as at 1 July 2007 was restated by an amount of R 4 845 765. (See note 36)



10 PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Other R	Total R
Carrying Values at 1 July 2007	108,390,363	566,705,510	129,280,345	336,267,457	1,140,643,674
Cost	130,553,639	1,169,475,930	171,194,489	561,875,705	2,033,099,763
Revaluation	-	-	-	-	-
Accumulated Depreciation	(22,163,276)	(602,770,420)	(41,914,144)	(225,608,248)	(892,456,089)
- Cost	(22,163,276)	(602,770,420)	(41,914,144)	(225,608,248)	(892,456,089)
- Revaluation	-	-	-	-	-
Acquisitions	835,281	38,329,746	8,731,365	16,845,477	64,741,869
Capital Under Construction	2,436,766	114,431,418	5,172,866	9,952,792	131,993,842
Depreciation	(3,070,324)	(59,418,650)	(6,512,912)	(26,627,756)	(95,629,642)
- Based on Cost	(3,070,324)	(59,418,650)	(6,512,912)	(26,627,756)	(95,629,642)
- Based on Revaluation	-	-	-	-	-
Carrying Value of Disposals	(278,423)	(32,222)	-	(229,621)	(540,266)
Cost	(278,423)	(31,600)	-	(186,598)	(496,621)
Accumulated Depreciation	-	(622)	-	(43,023)	(43,645)
Impairment Losses	-	-	-	-	-
Other Movements	-	-	-	-	-
Carrying Values at 30 June 2008	108,313,664	660,017,047	136,671,664	336,294,394	1,241,284,635
Cost	133,547,264	1,322,205,495	185,098,721	588,487,375	2,229,338,854
Revaluation	-	-	-	-	-
Accumulated Depreciation	(25,233,600)	(662,188,448)	(48,427,056)	(252,192,981)	(988,054,218)
- Cost	(25,233,600)	(662,188,448)	(48,427,056)	(252,192,981)	(988,042,085)
- Revaluation	-	-	-	-	-

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Other R	Total R
Carrying Values at 1 July 2006	105,087,349	542,277,324	118,937,249	321,574,991	1,087,876,913
Cost	124,353,774	1,087,872,548	154,890,218	520,729,351	1,887,845,891
Revaluation	-	-	-	-	-
Accumulated Depreciation	(19,266,425)	(545,595,224)	(35,952,969)	(199,154,360)	(799,968,978)
- Cost	(19,266,425)	(545,595,224)	(35,952,969)	(199,154,360)	(799,968,978)
- Revaluation	-	-	-	-	-
Acquisitions	5,914,216	79,849,107	16,179,126	25,627,380	127,569,829
Capital Under Construction	493,704	1,754,274	125,145	15,772,291	18,145,414
Depreciation	(2,896,851)	(57,175,195)	(5,961,175)	(26,584,977)	(92,618,198)
- Based on Cost	(2,896,851)	(57,175,195)	(5,961,175)	(26,584,977)	(92,618,198)
- Based on Revaluation	-	-	-	-	-
Carrying Value of Disposals	(208,054)	-	-	(384,406)	(592,460)
Cost	(208,054)	-	-	(253,317)	(461,371)
Accumulated Depreciation	-	-	-	(131,089)	(131,089)
Impairment Losses	-	-	-	-	-
Other Movements	-	-	-	-	-
Carrying Values at 30 June 2007	108,390,364	566,705,511	129,280,345	336,267,453	1,140,643,675
Cost	130,553,640	1,169,475,930	171,194,489	561,875,702	2,033,099,761
Revaluation	-	-	-	-	-
Accumulated Depreciation	(22,163,276)	(602,770,419)	(41,914,144)	(225,608,249)	(892,456,088)
- Cost	(22,163,276)	(602,770,419)	(41,914,144)	(225,608,249)	(892,456,088)
- Revaluation	-	-	-	-	-





10 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

The Msunduzi Municipality is adhering to National Treasury's Guidelines as per MFMA Circular No. 18 dated 23 June 2005, which states that it is paramount to prepare a process map to obtain Infrastructure Assets information over a number of years. The Msunduzi Municipality has appointed a service provider to develop a detailed roadmap to enable the successful implementation of processes to identify, record, value and manage Infrastructure Assets over the next 3 years.

At present, depreciation on these assets is calculated on the straight line method although an average useful life has been estimated for each category of Infrastructure and Community Assets, using global historical costs recorded in the accounting records. In terms of the exemptions granted in Gazette 30013 dated 29 June 2007 The Msunduzi Municipality has not yet assessed whether items of Property, Plant and Equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2009.

The municipality did not review the useful life or the depreciation method used on the assets recognised in the annual financial statements for the 2007/08 financial year due to the exemption granted in Gazette 30013.

Included in land and buildings above are items that may meet the definition of investment property but has been included as PPE because the municipality has not yet realised the process of identifying investment property for reporting purposes. These items will be transferred to an investment property register once they have been identified.

INTANGIBLE ASSETS

30 June 2008

	Computer software	R	R	R	Total
	R			R	R
Reconciliation of Carrying Value					
Carrying Values at 01 July 2007	1,457,712	-	-	-	1,457,712
Cost	10,828,569				10,828,569
Accumulated Depreciation	(9,370,857)				(9,370,857)
Acquisitions	256,614				256,614
Depreciation	(810,630)				(810,630)
Carrying Value of Disposals	-				-
- Cost					
Accumulated Depreciation					

Impairment Losses	-	-	-	-	-
Other Movements	-	-	-	-	-
Carrying Values at 30 June 2008	903,696				903,696
Cost	11,085,183	-	-	-	11,085,183
Accumulated Depreciation	(10,181,487)	-	-	-	(10,181,487)

Intangible assets consists of software and web costs for 2007/2008.

AGRICULTURAL ASSETS

30 June 2008

Reconciliation of Carrying Value	Biological assets R	R	R	R	Total R
Values at 01 July 2006	520,943	-	-	-	520,943
Valuation	520,943				520,943
Valuation increase / decrease	81,727				81,727
Values at 30 June 2007	602,670	-	-	-	602,670
Valuation	602,670				602,670

Valuations are done at each financial year end and differences are adjusted to accumulated surplus.



11 INVESTMENTS

FINANCIAL INSTRUMENTS

	2008 R	2007 R
Fixed Deposits - Long to Medium Term Investments	1,934,689	2,097,750
Total - Long to Medium Term Financial Instruments	<u>1,934,689</u>	<u>2,097,750</u>

CALL/SHORT TERM INVESTMENT DEPOSITS

Other Deposits - Short-Term	260,420,761	207,602,643
Call Account Deposits	-	-
Total Call/Short Term Investment Deposits	<u>260,420,761</u>	<u>207,602,643</u>

TOTAL INVESTMENTS	<u>262,355,451</u>	<u>209,700,394</u>
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Average Rate Of Return On Investments	11.72%	9.02%
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12 LONG-TERM RECEIVABLES

Housing	6,468,228	12,947,551
Loans To Education Facilities And Sporting Bodies.	440,013	510,846
Staff Loans	7,854	197,586
	<u>6,916,094</u>	<u>13,655,983</u>
Less: Current Portion Transferred To Current Assets	1,566,596	1,625,396
Total Long-Term Receivables	<u>5,349,498</u>	<u>12,030,587</u>

The outstanding amounts relate to loans granted for housing, council's motor scheme to employees and loans to education and sporting bodies prior to the implementation of the MFMA section 164.

Since the 1st July 2004 no new loans have been issued.

13 INVENTORY

Consumable store	23,529,230	21,195,071
Workshop store	674,456	674,401
Diesel & petrol	712,807	195,277
Unused water	1,201,016	466,976
Forestry	30,827,856	30,439,448
	-	-
	<u>56,945,364</u>	<u>52,971,174</u>
Less: Inventory Write Off	(3,113,172)	(2,969,807)
Total Inventory	53,832,192	50,001,367

Stock to the value of R 143 365 was deemed to be redundant or obsolete and was written off during 2007/08.

Valuation Adjustment Reconciliation

Balance 1 July 2007	2,969,808	2,946,206
Write on		
Inventory Write Off	143,365	23,602
Balance 30 June 2008	3,113,172	2,969,808

14 CONSUMER DEBTORS



	GROSS BALANCE	PROVISION FOR BAD DEBTS	NET BALANCE
AS AT 30 JUNE 2008			
Service debtors	426,823,179	(175,061,628)	251,761,552
Rates	163,896,355	(67,222,129)	96,674,227
Cleansing	29,412,206	(12,063,423)	17,348,783
Electricity	133,565,857	(54,782,068)	78,783,789
Sewerage	15,606,946	(6,401,192)	9,205,753
Water	84,341,816	(34,592,816)	49,749,000
Housing rentals	8,608,527	(3,530,790)	5,077,738
TOTAL	435,431,707	(178,592,417)	256,839,290

AS AT 30 JUNE 2007			
Service debtors	430,135,683	(207,017,944)	223,117,739
Rates	143,172,709	(68,906,908)	74,265,801
Cleansing	22,879,816	(11,011,717)	11,868,099
Electricity	187,232,895	(90,112,424)	97,120,471
Sewerage	11,438,326	(5,505,097)	5,933,229
Water	65,411,937	(31,481,798)	33,930,139
Housing rentals	-	-	-
TOTAL	430,135,683	(207,017,944)	223,117,739

RATES: AGEING

Current (0 – 30 Days)	31,442,759	35,732,481
31 - 60 Days	6,834,830	6,805,687
61 - 90 Days	6,516,710	5,361,521
91 - 120 Days	4,388,852	4,716,471
121 - 365 Days	4,963,377	5,378,036
+ 365 Days	109,749,826	85,178,512
Adjustment for corrections	-	-
TOTAL	163,896,355	143,172,708

ELECTRICITY, REFUSE, SEWERAGE & WATER & HOUSING RENTALS: AGEING

Current (0 – 30 Days)	101,582,468	121,475,240
31 - 60 Days	11,486,327	13,343,814
61 - 90 Days	8,600,647	12,331,052
91 - 120 Days	7,874,561	9,947,166
121 - 365 Days	7,583,886	11,445,536
+ 365 Days	134,407,463	118,420,167
Adjustment for corrections	-	-
TOTAL	271,535,352	286,962,974



**SUMMARY OF DEBTORS
BY CUSTOMER CLASSIFI-
CATION**

30 JUNE 2008

	CONSUMERS	INDUSTRIAL/ COMMERCIAL	NATIONAL AND PROVINCIAL GOV	TOTAL
Current (0 – 30 Days)	66,633,154	69,573,946	6,323,565	142,530,665
31 - 60 Days	13,461,596	4,445,679	5,917,036	23,824,310
61 - 90 Days	10,537,887	4,040,032	4,986,558	19,564,477
91 - 120 Days	10,546,236	2,445,386	3,849,032	16,840,654
121 - 365 Days	10,720,769	2,338,563	2,961,524	16,020,855
+ 365 Days	124,227,523	19,724,970	72,698,254	216,650,746
SUB-TOTAL	236,127,164	102,568,575	96,735,968	435,431,707
Less: Provision For Bad Debts	(154,083,500)	(24,508,918)	-	(178,592,418)
TOTAL DEBTORS BY CUS- TOMER CLASSIFICATION	82,043,664	78,059,657	96,735,968	256,839,289

30 JUNE 2007

Current (0 – 30 Days)	55,375,225	51,142,038	12,400,107	118,917,369
31 - 60 Days	10,648,874	3,562,417	6,410,455	20,621,747
61 - 90 Days	10,189,751	2,902,902	4,858,059	17,950,712
91 - 120 Days	8,992,785	2,237,208	4,074,318	15,304,312
121 - 365 Days	9,629,863	2,922,222	4,016,469	16,568,555
+ 365 Days	150,610,635	37,459,430	52,702,924	240,772,989
SUB-TOTAL	245,447,133	100,226,217	84,462,333	430,135,683
Less: Provision For Bad Debts	(175,008,616)	(32,009,328)	-	(207,017,944)
TOTAL DEBTORS BY CUS- TOMER CLASSIFICATION	70,438,517	68,216,889	84,462,333	223,117,739

2008
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R

BAD DEBT PROVISION

Balance at beginning of year	207,017,944	184,257,830
Contributions	70,000,000	20,000,000
Transfers	-	2,760,114
Bad debts written off	(98,425,527)	-
Balance at the end of the year	178,592,418	207,017,944

Debtors were disclosed at nominal value net of provision for bad debts and no discounting was performed in terms of the exemption granted in Gazette 30013.

15 OTHER DEBTORS

Sundry debtors	44,299,357	42,010,361
Less: Provision for bad debts - Sundry debtors	44,299,357	42,010,361
Total other debtors	44,299,357	42,010,361

Other Debtors were disclosed at nominal value net of provision for bad debts and no discounting was performed in terms of the exemption granted in Gazette 30013.

2008
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Note: Other debtors balance as at 1 July 2007 was restated by an amount of R 2 091 184. (See note 36)

16 BANK, CASH AND OVERDRAFT BALANCES

The municipality has the following bank accounts with - First National Bank Ltd.:

CURRENT ACCOUNT (PRIMARY BANK ACCOUNT)

Account number: 5094187782

Cashbook balance at the beginning of the year	(16,650,128)	(15,133,522)
Cashbook balance at the end of the year	<u>1,280,210</u>	<u>(16,650,128)</u>
Bank statement balance at the beginning of the year	<u>11,871,254</u>	<u>14,708,526</u>
Bank statement balance at the end of the year	<u>8,816,824</u>	<u>11,871,254</u>

CURRENT ACCOUNT - POST OFFICE

Account number: 62006041157

Cashbook balance at the beginning of the year	1,618,218	1,289,470
Cashbook balance at the end of the year	<u>(700)</u>	<u>1,618,218</u>
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>

CURRENT ACCOUNT - ELECTRONIC TRANSFERS

Account number: 5090058750

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	-	-
Bank statement balance at the beginning of the year	<u>4,426</u>	<u>5,127</u>
Bank statement balance at the end of the year	<u>69,867</u>	<u>4,426</u>

CURRENT ACCOUNT - UNPAID CHEQUE ACCOUNT

Account number: 5094187774

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	<u>(39,321)</u>	-
Bank statement balance at the beginning of the year	<u>(60,196)</u>	<u>(166,291)</u>
Bank statement balance at the end of the year	<u>(39,321)</u>	<u>(60,196)</u>
Balance as per ledger	<u>7,963,528</u>	<u>16,429,200</u>

Note: The ledger balance includes amounts of (R 6 723 339) and (R 39 321) that relates to creditors and un-paid cheques respectively.



2008 **2007**
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CURRENT ACCOUNT - SLUM CLEARANCE

Account number: 62058007264

Cashbook balance at the beginning of the year	<u>6,882,062</u>	<u>8,537,378</u>
Cashbook balance at the end of the year	<u>12,966,982</u>	<u>6,882,062</u>
Bank statement balance at the beginning of the year	<u>6,839,061</u>	<u>8,537,378</u>
Bank statement balance at the end of the year	<u>12,882,783</u>	<u>6,839,061</u>
<u>Balance as per ledger</u>	<u>12,966,982</u>	<u>6,882,062</u>

Note: The Cash Book balance includes interest of R 84 199.

CURRENT ACCOUNT - LIBRARY EXTENSION

ACCOUNT NUMBER: 62065528930

Cashbook balance at the beginning of the year	<u>85,935</u>	<u>6,191,981</u>
Cashbook balance at the end of the year	<u>6,282,327</u>	<u>85,935</u>
Bank statement balance at the beginning of the year	<u>85,101</u>	<u>6,191,981</u>
Bank statement balance at the end of the year	<u>6,241,291</u>	<u>85,101</u>
<u>Balance as per ledger</u>	<u>6,282,327</u>	<u>85 935</u>

Note: The Cash Book balance includes interest of R 41 036.

CURRENT ACCOUNT - RESTRUCTURING GRANT

ACCOUNT NUMBER: 62052319756

Cashbook balance at the beginning of the year	<u>7,162,613</u>	<u>6,968,479</u>
Cashbook balance at the end of the year	<u>4,642,437</u>	<u>7,162,613</u>
Bank statement balance at the beginning of the year	<u>7,162,613</u>	<u>6,968,478</u>
Bank statement balance at the end of the year	<u>4,642,437</u>	<u>7,162,613</u>
<u>Balance as per ledger</u>	<u>4,642,437</u>	<u>7,162,613</u>

CURRENT ACCOUNT - TRAFFIC FINES

Account number: 62045272143

Cashbook balance at the beginning of the year	<u>-</u>	<u>838,503</u>
Cashbook balance at the end of the year	<u>-</u>	<u>-</u>
Bank statement balance at the beginning of the year	<u>29,250</u>	<u>838,503</u>
Bank statement balance at the end of the year	<u>29,250</u>	<u>29,250</u>
<u>Balance as per ledger</u>	<u>29,650</u>	<u>29 250</u>

2008 **2007**
R **R**

CURRENT ACCOUNT - MARKET ACCOUNT

Account number: 50941840627

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	-	-
Bank statement balance at the beginning of the year	1,866,045	993,933
Bank statement balance at the end of the year	1,387,910	1,866,045
<u>Balance as per ledger</u>	<u>1,387,910</u>	<u>1,248,563</u>

CURRENT ACCOUNT - ORIBI AIRPORT

Account number: 62069378539

Cashbook balance at the beginning of the year	(266,959)	(193,911)
Cashbook balance at the end of the year	(548,330)	(266,959)
Bank statement balance at the beginning of the year	43,489	220,670
Bank statement balance at the end of the year	(325,444)	43,489
<u>Balance as per ledger</u>	<u>(562,033)</u>	<u>(223,374)</u>

CURRENT ACCOUNT - FORESTRY ACCOUNT

First National Bank Limited

Account number: 50930082248

Cashbook balance at the beginning of the year	439,105	439,105
Cashbook balance at the end of the year	314,972	439,105
Bank statement balance at the beginning of the year	186,113	206,060
Bank statement balance at the end of the year	314,972	186,113

CALL ACCOUNT - FORESTRY ACCOUNT

Absa Bank Limited

Account number: 9076022706

Cashbook balance at the beginning of the year	1,018,285	880,103
Cashbook balance at the end of the year	1,221,371	1,018,285
Bank statement balance at the beginning of the year	1,018,285	880,103
Bank statement balance at the end of the year	1,221,371	1,018,285
<u>Balance as per ledger</u>	<u>321,478</u>	<u>638,624</u>

CURRENT ACCOUNT

Forestry service operations

Cashbook balance at the beginning of the year	18,945,289	(14,755,405)
Cashbook balance at the end of the year	(18,945,289)	18,945,289





	2008 R	2007 R
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	-	-
<u>Balance as per ledger</u>	<u>(29,648,294)</u>	<u>(18,945,289)</u>
<u>Total ledger balances for bank accounts</u>	3,383,985	13,307,584
<u>Petty Cash at hand</u>	40,680	40,731

MEMORANDUM ACCOUNTS

CURRENT ACCOUNT - METRO TRANSPORT FUND

Account number: 50941849512

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	<u>9,645,563</u>	-
Bank statement balance at the beginning of the year	<u>765,771</u>	<u>13,813</u>
Bank statement balance at the end of the year	<u>964,563</u>	<u>765,771</u>

CURRENT ACCOUNT - SALARIES ACCOUNT

Account number: 50941847029

Cashbook balance at the beginning of the year	<u>(265,022)</u>	<u>331,343</u>
Cashbook balance at the end of the year	<u>98,671</u>	<u>(265,022)</u>
Bank statement balance at the beginning of the year	<u>(26,611)</u>	<u>446,675</u>
Bank statement balance at the end of the year	<u>307,040</u>	<u>(26,611)</u>

CURRENT ACCOUNT - SALARIES PACS ACCOUNT No: 1

Account number: 62003432846

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	-	-
Bank statement balance at the beginning of the year	-	<u>4,333</u>
Bank statement balance at the end of the year	-	-

CURRENT ACCOUNT - SALARIES PACS ACCOUNT No: 2

Account number: 62003433414

Cashbook balance at the beginning of the year	-	-
Cashbook balance at the end of the year	-	-
Bank statement balance at the beginning of the year	<u>161,519</u>	<u>121,426</u>
Bank statement balance at the end of the year	<u>388,588</u>	<u>161,519</u>

	2008 R	2007 R
17 PROPERTY RATES		
<u>Actual</u>		
Residential	139,887,176	205,240,559
Commercial	148,583,820	143,921,190
State	40,806,449	48,289,793
Vacant Land	16,755,893	19,896,322
Municipal	-	-
Total Assessment Rates	346,033,339	417,347,864
Less : Adjustments processed	(965,503)	(2,880,999)
	345,067,836	414,466,865
<u>Valuations</u>		
Residential	8,631,921,600	7,928,152,800
Commercial	5,248,625,200	5,116,191,500
State	2,096,870,000	2,111,566,300
Vacant Land	283,068,400	269,575,318
Municipal	-	-
Total Property Valuations	16,260,485,200	15,425,485,918
18 SERVICE CHARGES		
Sale of Electricity	588,763,396	622,515,295
Sale of Water	192,860,811	187,488,118
Sewerage	68,376,520	68,718,633
Refuse	46,703,450	44,633,940
Other	-	-
Total Service Charges	896,704,176	923,355,986
Less: Forgone Income	(222,825,257)	(228,778,626)
	673,878,919	694,577,361
19 GOVERNMENT GRANTS AND SUBSIDIES		
<u>GOVERNMENT GRANTS</u>		
Conditional Grants - Income	17,455,164	10,125,299
Grants - Other	-	4,258,640
Grants & Subsidies / Capital	97,770,614	47,844,353
RSG - Income	-	-
National Electricity Programme	-	-
Equitable Share	142,974,381	119,512,385
Total Government Grants	258,200,159	181,740,677
<u>PROVINCIAL SUBSIDIES</u>		
Natal Provincial Administration	-	-
Natal Provincial Administration - Subsidy	8,180,956	10,820,543
Provincial Subsidy - Environmental Health	-	25,065
	-	-
	-	-
Total Provincial Subsidies	8,180,956	10,845,608
Total Government Grants & Subsidies Received	266,381,115	192,586,285



Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic and administrative services to the indigent community members and to subsidise income.

Other Grants And Subsidies

All other grants received were reimbursements for expenditure incurred.

National/Provincial Government Grant & Other Funding (expenditure reimbursement)

Conditional Grants and subsidies are receipted to the Conditional Grant Creditor accounts and all non-capital expenditure is expensed through the Statement of Financial Performance. Reimbursements for conditions satisfied, including capital expenditure, are journalised against the Conditional Grant Creditor accounts.

Refer to Note 8, appendix G and for more detail on the conditional grant and subsidy balances and transaction movements for 2007/08.

Conditions on the funding were complied with and no funds were withheld.

20 OTHER- INCOME

Airport	1,851,896	1,947,200
Forestry	10,278,274	11,241,898
Market	14,220,662	12,422,705
Burials & Cremations	1,561,538	1,393,866
Buildings	2,407,621	2,361,780
Re-connections	7,053,174	7,114,320
Training Levy Recoveries	1,577,104	1,307,014
Discount Received	618,884	738,148
Sundry Income	16,090,634	10,215,584
Other Income	168,106,420	181,045
Other Income - Gains - Sale Of Assets	-	2,772
Other Income - Gains - Land Sales	7,239,228	10,334,290
Total Other Income	231,005,434	59,260,622

21 GENERAL EXPENSES - OTHER

Distribution - Wages	36,895,898	36,436,385
Leave/sick Pay - Downtime	13,313,416	12,036,950
Extraordinary	10,084,367	4,838,244
Discounts To Bulk Consumers	* 102,814,767	113,827,191
Other Rebates	* 107,395,092	21,543,315
Poor Relief/Indigents	* 12,615,398	93,408,120
Pensions Payable	9,368,755	8,358,758
Insurance	16,127,377	15,231,606
Mayoral Projects	6,031,042	5,053,520
Telephones	8,618,517	8,118,252
Government Grant Expenditure	15,673,485	8,707,309
External Services	28,469,603	11,039,057

	2008 R	2007 R
Contracted Services	11,049,414	9,295,572
Airport	4,092,215	6,929,617
Forestry	8,496,447	8,760,293
Market	4,715,263	12,964,775
Other	74,537,459	55,199,893

	470,298,514	431,748,856
Less: Forgone Expenses	(222,825,257)	(228,778,626)
Total General Expenses - Other	247,473,257	202,970,230

Reconciliation : Total General Expenses - Other

Total General Expenses	470,298,514	431,748,856
Less: Income Foregone	222,825,257	228,778,626
Discounts	* 102,814,767	113,827,191
Poor Relief	* 12,615,398	93,408,120
Other Rebates	* 107,395,092	21,543,315
General Expenses - Other	247,473,257	202,970,230

Inventory Write Off - refer to note 13	143,365	23,602
--	----------------	---------------

22 EMPLOYEE RELATED COSTS

Salaries & Wages	336,213,000	297,326,862
Contributions for UIF, Pensions & medical Aid	82,149,647	72,603,361
Travel, Motor car, accommodation, subsistence & other allowances	16,125,590	18,485,808
Housing benefits & allowances	5,306,271	4,178,283
Overtime payments	49,964,735	32,307,079
Long service awards	11,099,994	9,481,869
Less: Employee costs capitalised to Property, Plant & Equipment	-	-
Less: Employee costs included in other expenses	-	-
	500,859,238	434,383,262

Remuneration of the City Manager

Annual Remuneration	506,555	276,397
Performance Bonuses	-	101,162
Car Allowance	40,408	47,314
Contributions for UIF, Medical & Pension Funds	143,527	583
Total	690,490	425,456

The above remuneration for 2007/2008 only represents 8 months remuneration due to the appointment of the City Manager on 1 November 2007. No Performance bonus was paid in 2007/2008

Remuneration of the Chief Financial Officer

Annual Remuneration	536,820	89,597
Performance Bonuses	-	91,403
Car Allowance	96,000	12,560
Contributions for UIF, Medical & Pension Funds	106,448	4,745
Total	739,269	198,305

The above remuneration for 2007/2008 only represents only 11 months remuneration due to the appointment of the Chief Financial Officer on 1 August 2007. No Performance bonus was paid in 2007/2008

Remuneration of the Executive Manager of Internal Audit

Annual Remuneration	-	275,984
Acting Allowance - Acting Allowance July 2007 to April 2008	215,766	-
Performance Bonuses	-	61,627
Car Allowance	-	27,857
Contributions for UIF, Medical & Pension Funds	-	13,004
Total	<u>215,766</u>	<u>378,473</u>

Remuneration of the Executive Manager of Community Services & Social Equity

Annual Remuneration	539,862	507,386
Performance Bonuses	52,538	75,242
Car Allowance	158,894	149,340
Contributions for UIF, Medical & Pension Funds	1,473	1,435
Total	<u>752,767</u>	<u>733,403</u>

Remuneration of the Executive Manager of Sound Governance & Human Resources

Annual Remuneration	638,756	589,657
Acting Allowance	-	86,677
Performance Bonuses	52,538	-
Car Allowance	60,000	60,000
Contributions for UIF, Medical & Pension Funds	1,473	1,435
Total	<u>752,767</u>	<u>737,770</u>

Remuneration of the Executive Manager of Corporate Strategic Planning

Annual Remuneration	585,203	534,060
Performance Bonuses	52,538	88,211
Car Allowance	113,553	113,553
Contributions for UIF, Medical & Pension Funds	1,473	1,435
Total	<u>752,767</u>	<u>737,259</u>

Remuneration of the Executive Manager of Infrastructure, Services & Facilities

Annual Remuneration	650,756	605,120
Acting Allowance	-	90,896
Performance Bonuses	52,538	60,000
Car Allowance	48,000	52,914
Contributions for UIF, Medical & Pension Funds	1,473	1,435
Total	<u>752,767</u>	<u>810,365</u>

Remuneration of the Executive Manager of Economic Development & Growth

Annual Remuneration	-	492,502
Acting Allowance	173,345	61,073
Performance Bonuses	52,538	85,786
Car Allowance	18,927	61,512
Contributions for UIF, Medical & Pension Funds	49,611	139,231
Total	<u>294,421</u>	<u>840,104</u>

	2008 R	2007 R
23 REMUNERATION OF COUNCILLORS		
Mayor	569,426	545,771
Deputy Mayor	454,667	444,921
Speaker	454,667	449,362
Executive Committee Members	3,410,000	3,704,392
Councillors	9,109,913	9,002,469
Councillors' Pension and Medical Contribution	1,392,760	1,293,408
Other	75,712	62,760
Total Councillors' Remuneration	<u>15,467,145</u>	<u>15,503,082</u>
 In-Kind Benefits		
 The Mayor, Deputy Mayor, Speaker and Executive Committee Members (Exco) are employed full-time. All are provided with a separate office and secretarial support at a cost to Council. The Mayor and Deputy Mayor use a Council owned vehicle for official duties. The Mayor and Deputy Mayor have security and an official driver at a cost to Council.		
24 INTEREST PAID		
Annuity & Finance Loans	45,957,235	44,319,973
Other	9,070,998	5,874,107
Total Interest on External Borrowings	<u>55,028,233</u>	<u>50,194,080</u>
25 BULK PURCHASES		
Electricity	321,275,361	307,241,378
Water	194,174,295	187,763,798
Total Bulk Purchases	<u>515,449,656</u>	<u>495,005,176</u>
26 GRANTS AND SUBSIDIES PAID		
Community Bodies	780,323	920,124
Arts and culture	602,527	308,695
Safe City Project	3,000,000	2,462,148
Mayors grants	9,700	8,200
Total Grants and Subsidies Paid	<u>4,392,550</u>	<u>3,699,167</u>
27 CONTRIBUTIONS TO/(FROM) PROVISIONS		
Surplus Contribution - Bad Debt Provision	60,000,000	20,000,000
Surplus Contribution - Stated Benefits Provision	5,000,000	-
Surplus Contribution - Landfill Rehabilitation Provision	2,500,000	22,000,000
	-	-
Total Contributions To/(From) Provisions	<u>67,500,000</u>	<u>42,000,000</u>
28 CASH GENERATED BY OPERATIONS		
Net Surplus for the year	106,681,163	66,318,062
Adjustment for:		
Previous years	-	-





	2008 R	2007 R
Transfer to Housing Dev Fund	-	-
Contribution to Provision	10,861,265	-
Depreciation	96,408,759	94,635,729
Forestry write back	10,704,235	2,977,411
Gain on sale of assets	(7,239,228)	(10,337,062)
Investment Income	(29,320,951)	(22,721,389)
Interest Paid	55,028,233	50,194,080
Operating Surplus Before Working Capital Changes:	243,123,476	181,066,831
(Increase)/Decrease in Inventories	(3,974,190)	(16,808,456)
(Increase)/Decrease in Provision for obsolete inventory	143,365	23,602
(Increase)/Decrease in Service Debtors	(4,387,332)	(74,036,557)
(Increase)/Decrease in Provision for Bad Debts	(98,425,527)	22,760,114
(Increase)/Decrease in Current Provisions	(1,430,837)	
(Increase)/Decrease in Other Debtors	(3,197,689)	(10,468,688)
(Increase)/Decrease in Conditional Grants & Receipts	50,979,212	(27,339,274)
Increase/(Decrease) in Creditors	28,419,575	72,331,059
Increase/(Decrease) in VAT	(8,877,378)	7,982,034
Working Capital Changes	(40,750,801)	(25,556,166)
Cash Generated from Operations	202,372,675	155,510,665

29 CASH AND CASH EQUIVALENTS

Cash	40,680	40,731
Bank Balances	3,383,985	13,307,584
Call & Short Term Deposits	260,420,761	207,602,643
Net Increase in Cash and Cash Equivalents	263,845,426	220,950,958

30 UTILIZATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-Term Liabilities (Refer Appendix A)	90,000,000	5,995,417
Used to Finance Property, Plant and Equipment	(90,000,000)	(5,995,417)
Used to Finance Property, Plant and Equipment previous years	-	-
Reinstatement of Loans Erroneously Written Off		
Balance of long-term liabilities unspent	-	-
Cash Invested for Repayment of External Loans	-	-

A loan of R 90m was negotiated with DBSA to fund 2006/2007 capital expenditure. The loan was received in 2007/08 financial year.

All long term loans are raised to finance capital expenditure only. No operating expenditure is financed from long term loan. All purchases against the capital expenditure are analysed and reconciled to individual asset values. This eliminates any contravention of the MFMA, which stipulates that loan funding cannot finance operating activities.

31 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to SALGA

	2008 R	2007 R
Opening Balance	-	-
Council Subscriptions	1,394,494	216,065
Amount Paid - Current Year	(1,394,494)	(216,065)
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-

Audit Fees

Opening Balance	18,342	4,877
Over Provision Written Back	43,608	13,465
Audit Fee invoiced	(1,432,227)	(1,375,048)
Amount Paid - Current Year	-	-
Amount Paid - Previous Years	1,432,227	1,375,048
Balance Unpaid	61,950	18,342

PAYE and UIF

Opening Balance	(32,915)	(32,915)
Current Year Payroll Deductions	61,810,390	64,195,400
Amount Paid - Current Year	(61,810,390)	(64,195,400)
Amount Paid - Previous Years	-	-
Balance	(32,915)	(32,915)

Note: The difference represents PAYE & UIF deducted from the employees salaries, however payroll will have to be adjusted

Pension and Medical Aid Deductions

Opening Balance	-	-
Current Year Payroll Deductions and Council Contributions	133,286,007	119,908,164
Amount Paid - Current Year	(133,286,007)	(119,908,164)
Amount Paid - Previous Years	-	-
Balance Unpaid	-	-

Councillor's Arrear Consumer Accounts

Note: There are no reportable items





32 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

	2008 R	2007 R
- Approved and Contracted for		
Infrastructure	43,693,410	10,615,987
Community	-	-
Heritage	-	-
Other	-	-
Total Commitments	43,693,410	10,615,987
This expenditure will be financed from :		
- External Loans	5,600,000	10,615,987
- Government Grants	-	-
- Other	38,093,410	-
	43,693,410	10,615,987

33 CONTINGENT LIABILITIES/ASSETS

The Scorpions special investigating unit is currently investigating procurement procedures and practices of the past. This investigation is on going and might result in the recovery of losses due to Council.

P J Terwolbeek v The Msunduzi Municipality: For water damage in Waverlydale Road (Boughton) : R1 121 620 Solicitors: Messers Stowell & Co.

I Ogilvie v The Msunduzi Municipality: Accidentally fell into an open trench on Murray Road: R166 161

D V Ngcobo v The Msunduzi Municipality: Pedestrian accident involving council vehicle : R 1.8 million

F Osman v The Msunduzi Municipality:Fell on uneven pavement on Bombay Road: R198 840 Solicitors:Cajee Setsubi Chetty Inc

Zeedim Investments v The Msunduzi Municipality:For overpayment of municipal services: R450 184

Jewitt v Msunduzi Municipality: Damage claim: Devaluation of property: Alleged failure to remove informal settlers: R10 million: pending before court. Solicitors: Messers Hawthorn Cameron.

34 RETIREMENT BENEFIT INFORMATION

The employees of the Council as well as the Council as employer, contribute to municipal pension, retirement and various provident funds as listed below:

- Natal Joint Pension Fund
- Natal Joint Provident Fund
- Government Employees Pension Fund
- AIPF
- SALA Pension Fund
- Councillors Pension Fund
- PMB Provident Fund

35 IN-KIND DONATIONS AND ASSISTANCE

National Treasury has appointed a financial advisor during the financial year for a period of two years.

36 CORRECTION OF ERROR

Transactions for the year ended 30 June 2008 in respect of the year ended 30 June 2007 have been restated as follows:

Transactions affecting Creditors	-	(19,765,814)
Transactions affecting Inventory	-	-
Transactions affecting Consumer Debtors	-	-
Transactions affecting Other Debtors	-	(2,091,842)
Transactions affecting Provisions	-	-
Transactions affecting Bank	-	-
Transaction affecting VAT	-	(4,845,765)
Transaction affecting Long Term Liabilities	-	(44,988)
Net Effect on Accumulated Surplus	-	<u>(26,748,410)</u>

37 MUNICIPAL ENTITIES

Note: The Safe City Project PMB was declared a Municipal Entity in terms of the MFMA and was incorporated as a Section 21 Company and was initiated in partnership with the business sector to create a safer CBD.

The Msunduzi Municipality is taking full advantage of the exemption in Gazette 30013 dated 29 June 2007 and thereby not producing consolidated statements for 2007/08

Refer to Annexure H for the annual financial statements of Safe City.

38 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

None to report on

39 CHANGE IN ACCOUNTING POLICY

The exemptions granted in Gazette 30013 of 29 June 2007 had the following effect on the accounting policies as expressed in the 2007/08 financial year:

Policy no 6. Property, Plant and Equipment

Reviewing of estimated lifecycles and depreciation methods were not applied.

No testing for impairment was performed.

Investment properties were not separately identified.

Comparative information has not been reclassified and may therefore, not be consistent with the current year information and amounts.

Leases - no accounting policy were presented in the 2007/08 financial year.

Leases and rentals are recognised on the basis of the cash flows in the lease or rental agreements.

The exemption does not effect the recognition in the 2007/08 financial year.

Policy 5.3. Government Grant Reserve.

In the 2005/06 financial year this Reserve was disclosed as part of the net assets and was transferred to the accumulated surplus in 2007/08 as there are no standard that regulates the transactions that were applied to this reserve.

The change was done prospectively.

Impairment of assets. - the only specific reference to impairment in the 2005/06 financial year accounting policies were in the policy describing Property, Plant and Equipment. No Policy for cash generating assets existed.

No impairment testing was done for the 2006/07 and 2007/08 financial years.

Policy 8. Inventories

Disclosure of assets for sale is not affected as inventory but as property, plant and equipment.

IFRS 5 were not applied during the 2007/08 financial year.

40 EXEMPTIONS GRANTED IN GAZETTE 30013 DATED 29 JUNE 2007

The Msunduzi Municipality is making full use of the exemptions.

Due to taking advantage of the exemptions granted the 2006/07 comparatives may not be consistent with the accounting policies applied and information presented and disclosed in the 2007/08 year.

The Msunduzi Municipality has drawn up an implementation plan to facilitate full compliance to the accounting in standards 2009.

To achieve full compliance the information in the annual financial statements will have to be adjusted to make provision for:

- Presenting assets and liabilities at fair value.
- Providing for all obligations.
- Recapitalise the value of all infrastructure and property assets.
- Straight lining leases and rental income and payments.
- Identify and account for Investment assets.
- Identify and account for Intangible assets.
- Determination of risk (credit and interest).
- Impairment.

41 PRE-PAID ELECTRICITY

1. Commissions

Commissions are calculated on sales from prepaid electricity sales made by vendors on behalf of the Municipality.

During the 2007/08 financial year, the commissions have been correctly calculated and are included in general expenses of the Municipality. During the 2006/07 financial year, two vendors had defaulted in depositing amounts received from prepaid sales. As a result, no commission was paid to them. This matter is being dealt with the legal division.

They defaulting vendors are Sweetwaters and Phayiphini who had ceased trading in January 2007 and October 2006 respectively.

Effect on Statement of Performance

Sweetwaters

Phayiphini

-	8,160
-	5,645
-	<u>13,805</u>

2. Outstanding liability of vendors

The outstanding liability owed to the Municipality by the prepaid vendors is included in the debtors figures. During the 2007/08 financial year, irregularities were identified regarding the deposits made by the vendors. This matter is currently being investigated and has caused financial loss to the Municipality.

Estimated financial loss	<u>802,150</u>	-
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During the previous financial years Sweetwaters and Phayiphini Office had defaulted in depositing money received from prepaid sales. The amounts of R55,723 and R75,896 respectively, were deemed irrecoverable during the 2005/06 financial year. The amounts of R3,980 and R15,671, being the movements for the 2006/07 year, are also deemed irrecoverable. It is proposed that they be written off. The matter is being handled by the legal division.

42 EVENTS ARISING AFTER REPORTING DATE

None



2008
R

2007
R

43 RELATED PARTIES DISCLOSURE

NCT Forestry

The Natal Co-operative Timber (NCT) Company manages timber plantations established on Council owned land on behalf of the Council by a management agreement. NCT is entitled to 5% management fee based on net profit for the year - R93 780 based on nett profit : R1 875 608.

Safe City

This entity has been formed as a partnership with the business community to combat crime in the City. Council allocated a grant in aid to the entity for R 3 000 000 (2007/08) year and R 2 462 148 (2006/07) year.

44 OPERATING LEASES

BUILDINGS

Compensation - leased for 3 years from 10.06.2007 to 31.05.2010

Rental for leased period - 01.06.2007 to 30.11.2007	689,130	6 months
Rental for leased period - 01.12.2007 to 31.05.2008	754,247	6 months
Rental for leased period - 01.06.2008 to 31.05.2009	1,629,173	12 months
Rental for leased period - 01.06.2009 to 31.05.2010	1,759,507	12 months
	<u>4,832,057</u>	

COPIERS AND FAX MACHINES

Leased for 3 years from 27.05.2005 to 28.05.2008

Rental for leased period - 27.05.2005 to 26.05.2006	1,356,616	12 months
Rental for leased period - 27.05.2006 to 26.05.2007	1,412,282	12 months
Rental for leased period - 27.05.2007 to 26.05.2008	1,412,282	12 months
	<u>4,181,180</u>	

45 TRAFFIC FINES OUTSTANDING AS AT 30 JUNE 2008

As per the NATIS (National Traffic Information System)
THE MSUNDUZI MUNICIPALITY - TRAFFIC DEPARTMENT

Notice Of Intention To Prosecute - 341's	311,640
Notice Before Summons	3,300
Section 54 Notices - Summons	504,100
Unfinalized Fines	426,200
Warrants Of Arrests	5,826,270
	<u>7,071,510</u>

46 FRAUDULENT ACTIVITIES

During this financial year non transferable cheques to the value of R1 063 675 was intercepted in the post and then fraudulently cashed at various First National Bank branches in Pinetown, Durban and Pietermaritzburg. First National Bank has made good on these cheques which resulted in no loss to council. Internal investigations revealed that four Council employees were involved in this fraudulent activity. Disciplinary hearings were held which then resulted in the suspension of the four employees, to date one employee has been dismissed and the remaining three are still on suspension.

47 WATER LOSSES

The water loss for the financial year of 20 361 202kl amounted to R 60 961 438.79 which equates to 36.5% of the total water purchased. It must be noted that the nationally accepted norm for water losses by municipalities is 30%.



APPENDIX A SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	ACCOUNT NO	Loan Number	Redeemable	Balance at 30/06/07	Received during the period	Redeemed written off during the period	Balance at 30/06/08
				R	R	R	R
LONG-TERM LOANS							
DBSA - 15.5%	PMB8108710930	11158	30/09/2018	11,825,821	-	412,371	11,413,451
DBSA - 15.5%	PMB8108710930	11159	31/03/2019	14,539,603	-	462,767	14,076,835
DBSA - 15.5%	PMB8108710930	11160	31/03/2019	12,391,455	-	394,396	11,997,059
DBSA - 16.5%	PMB8108710930	13446	31/03/2020	22,689,919	-	559,384	22,130,535
DBSA - 16.5%	PMB8108710930	13447	31/03/2020	9,671,824	-	238,444	9,433,380
DBSA - 16.5%	PMB8108710930	13448	31/03/2020	14,320,426	-	353,048	13,967,379
DBSA - 14.27%	PMB8108710930	14039/101	31/12/2014	48,331,198	-	4,035,874	44,295,325
DBSA - 14.27%	PMB8108710930	14039/102	31/12/2015	1,318,760	-	89,919	1,228,841
DBSA - 14.27%	PMB8108710930	102091	2/11/2020	5,265,000	-	194,387	5,070,614
DBSA - 14.27%	PMB8108710930	102416	28/06/2021	49,099,999	-	1,886,030	47,213,968
DBSA - 10.75%	PMB7878719598	11649	30/6/2013	32,452	-	4,089	28,363
DBSA - 9.31%	PMB8108710930	101922	30/09/2020	24,276,822	-	967,283	23,309,539
DBSA - 8.7%	PMB8108710930	102797	30/09/2022	-	90,000,000	1,717,831	88,282,169
DBSA Total				213,763,279	90,000,000	11,315,823	292,447,456
RMB/INCA - 16.35%	PMB8108710929	Piet-00-0001	31/12/2010	42,727,456	-	10,561,375	32,166,081
RMB/INCA - 13.39%	PMB8108710929	Msun-00-0001	31/12/2010	23,181,139	-	3,836,803	19,344,336
INCA - 11.65%	PMB8108710929	Msun-00-0001	31/12/2013	23,137,441	-	2,545,468	20,591,973
RMB/INCA Total				89,046,037	-	16,943,646	72,102,391
INCA - 11.75%	PMB8108710997	PMB107XA-S	01/11/2007	1,400,000	-	1,400,000	-
INCA - 14.50%	PMB81087 0996	PMB107XB-S	01/11/2007	4,000,000	-	4,000,000	-
RMB/HULETTS - 8.71%	PMB8108710931	Sub-station	30/06/2013	7,301,279	-	716,886	6,584,393
RMB/HULETTS Total				12,701,279	-	6,116,886	6,584,393
Metro Transport Fund - 5.5%	PMB8108710906			-	-	-	-
Eastwood Library				-	-	-	-
DSB	PMB7878719599	Plessislaer	2008	5,326	-	5,326	-

EXTERNAL LOANS	ACCOUNT NO	Loan Number	Redeemable	Balance at 30/06/07	Received during the period	Redeemed written off during the period	Balance at 30/06/08
				R	R	R	R
DSB	PMB7878719598	Plessislaer	2008	680	-	680	-
DSB		Ashburton	2008	0	-	-	-
Other loans total				6,006	-	6,006	-
Total Long-term Loans				315,516,600	90,000,000	34,382,361	371,134,239
LEASE LIABILITY							
Standard Bank - 12.909%	PMB 810 871 0947	Stannic 6	31/03/2009	1,514,670	-	745,189	769,481
Standard Bank - 13.409%	PMB 810 8710949	Stannic 7	10/07/2005	802,002	-	343,400	458,602
Standard Bank - 13.419%	PMB 810 8710950	Stannic 8	31/05/2009	693,197	-	233,155	460,042
Standard Bank - 13.527%	PMB 810 871 0951	Stannic 9	31/08/2009	248,307	-	80,693	167,614
Standard Bank - 13.327%	PMB 810 871 0952	Stannic 10	28/02/2010	66,917	-	21,702	45,215
Standard Bank - 13.537%	PMB 810 871 0953	Stannic 11	31/03/2010	66,919	-	21,701	45,219
Standard Bank - 13.537%	PMB 810 871 0954	Stannic 12	31/03/2010	733,293	-	229,560	503,733
Standard Bank - 13.378%	PMB 810 871 0955	Stannic 13	23/03/2010	356,049	-	111,715	244,334
Standard Bank - 13.378%	PMB 810 871 0956	Stannic 14	30/04/2010	155,218	-	48,660	106,558
Standard Bank - 13.337%	PMB 810 871 0957	Stannic 15	30/04/2010	226,408	-	71,015	155,393
Standard Bank - 13.294%	PMB 810 871 0958	Stannic 16	21/04/2010	463,177	-	140,420	322,757
Standard Bank - 13.268%	PMB 810 871 0959	Stannic 17	30/04/2010	1,140,032	-	334,280	805,751
Standard Bank - 13.357%	PMB 810 871 0960	Stannic 18	31/05/2010	203,403	-	55,829	147,574
Standard Bank - 13.382%	PMB 810 871 0961	Stannic 19	30/06/2010	164,383	-	45,105	119,278
Standard Bank - 13.273%	PMB 810 871 0962	Stannic 20	31/08/2010	954,134	-	262,153	691,981
Standard Bank - 13.263%	PMB 810 871 0963	Stannic 21	31/08/2010	1,799,155	-	479,043	1,320,112
Standard Bank - 13.294%	PMB 810 871 0964	Stannic 22	31/08/2010	751,445	-	213,834	537,611
Standard Bank Total				10,338,709	-	3,437,455	6,901,254
Nedbank -13.00%	PMB 810 871 0965	Nedbank 1	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	PMB 810 871 0966	Nedbank 2	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	PMB 810 871 0967	Nedbank 3	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	PMB 810 871 0968	Nedbank 4	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	PMB 810 871 0969	Nedbank 5	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	PMB 810 871 0970	Nedbank 6	24/12/2011	144,812	-	25,093	119,719



EXTERNAL LOANS	ACCOUNT NO	Loan Number	Redeemable	Balance at 30/06/07	Received during the period	Redeemed written off during the period	Balance at 30/06/08
				R	R	R	R
Nedbank -13.00%	PMB 810 871 0971	Nedbank 7	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	PMB 810 871 0972	Nedbank 8	24/12/2011	150,009	-	25,993	124,016
Nedbank -13.00%	PMB 810 871 0973	Nedbank 9	24/12/2011	150,173	-	26,022	124,151
Nedbank -13.00%	PMB 810 871 0974	Nedbank 10	24/12/2014	477,492	-	39,095	438,397
Nedbank -13.00%	PMB 810 871 0975	Nedbank 11	24/12/2014	477,492	-	39,059	438,433
Nedbank -13.00%	PMB 810 871 0976	Nedbank 12	24/12/2017	1,977,253	-	96,913	1,880,340
Nedbank -13.00%	PMB 810 871 0977	Nedbank 13	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	PMB 810 871 0978	Nedbank 14	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	PMB 810 871 0979	Nedbank 15	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	PMB 810 871 0980	Nedbank 16	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	PMB 810 871 0981	Nedbank 17	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	PMB 810 871 0982	Nedbank 18	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	PMB 810 871 0983	Nedbank 19	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	PMB 810 871 0984	Nedbank 20	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	PMB 810 871 0985	Nedbank 21	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	PMB 810 871 0986	Nedbank 22	12/06/2012	162,483	-	24,378	138,105
Nedbank Total				5,870,931	-	646,509	5,224,421
Absa - 10.65%	PMB8108710939	Absa 1	31/08/2007	346,789	-	346,789	-
Absa - 13.31%	PMB8108710942	Absa 2	31/05/2009	3,283,132	-	1,601,550	1,681,582
Absa - 14.22%	PMB8108710948	Absa 3	01/04/2009	83,387	-	43,003	40,384
ABSA Total				3,713,309	-	1,991,342	1,721,966
Total lease liability				19,922,949	-	6,075,306	13,847,642
TOTAL EXTERNAL LOANS				335,439,549	90,000,000	40,457,667	384,981,881

APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2008

	Cost						Accumulated Depreciation					
	Opening	Under Construction	Under	Disposals	Closing		Opening	Additions	Disposals	Closing	Carrying	
	Balance	Previous Year	Construction		Balance		Balance			Balance	Value	
LAND AND BUILDINGS												
Land	35,944,550	-	-	(278,423)	35,715,856	-	-	-	-	-	35,715,856	
Buildings	94,609,090	-	2,436,766	-	97,831,408	-	-	-	-	25,233,600	72,597,808	
Total Land and Buildings	130,553,639	-	2,436,766	(278,423)	133,547,264	-	3,070,324	-	-	25,233,600	108,313,664	
Electricity												
Power Stations	48,242,331	-	11,830,387	-	61,287,947	-	1,615,812	-	-	18,427,022	42,860,925	
Electrical Mains	63,173,240	-	-	-	66,855,427	-	3,182,448	-	-	25,790,782	41,064,645	
Electrical Meters	43,554,070	-	-	-	44,498,414	-	1,981,979	-	-	16,325,648	28,172,766	
Electrical Supply & Reticulation	144,456,412	(784,406)	6,985,517	-	151,873,029	-	4,960,098	-	-	72,297,725	79,575,304	
Load control equipment	59,950	-	-	-	59,950	-	3,006	-	-	6,003	53,947	
Switchgear Equipment	21,979,990	-	1,546,924	(31,500)	25,827,423	-	1,022,491	(522)	-	7,066,133	18,761,290	
Transformer Kiosks	25,262,407	-	1,266,688	-	31,665,991	-	858,461	-	-	11,344,973	20,321,019	
Roads	346,728,399	(784,406)	21,629,516	(31,500)	382,068,181	-	13,624,295	(522)	-	151,258,286	230,809,895	
Motoways	155,732	-	-	-	155,732	-	15,616	-	-	34,518	121,214	
Bridges, Subways and Culverts	7,361,835	-	3,943	-	7,365,778	-	246,067	-	-	2,783,185	4,582,594	
Over head bridges	187,472	-	-	-	187,472	-	6,266	-	-	13,036	174,435	
Bus Terminals	5,251,041	-	-	-	5,251,041	-	182,069	-	-	2,958,176	2,292,866	
Car Parks	124,286	-	-	-	124,286	-	4,389	-	-	41,491	82,795	
Other Roads	351,450,883	-	45,732,156	-	404,415,920	-	21,373,938	-	-	263,760,880	140,655,040	
Stormwater Drains	46,662,421	-	13,565,979	-	60,228,400	-	2,036,623	-	-	25,971,362	34,257,038	
Street Lighting	25,984,714	-	-	-	28,606,046	-	850,473	-	-	11,181,291	17,424,755	
Traffic Islands	26,192	-	-	-	26,192	-	2,602	-	-	9,764	16,428	
Traffic Lights	1,638,481	-	-	-	1,638,481	-	70,715	-	-	490,156	1,148,325	
Road Banners	278,138	-	-	-	278,138	-	13,945	-	-	18,753	259,384	
Sewerage	439,121,194	-	59,302,078	-	508,277,486	-	24,802,703	-	-	307,262,612	201,014,874	
Outfall Sewers	2,931,600	-	-	-	2,931,600	-	146,982	-	-	567,398	2,364,202	
Purification Works	35,893	-	-	-	35,893	-	35,893	-	-	35,893	(0)	





	Cost						Accumulated Depreciation							
	Opening		Under Construction		Under		Closing		Opening		Closing		Carrying	
	Balance	Previous Year	Additions	Construction	Construction	Disposals	Balance	Disposals	Balance	Disposals	Balance	Disposals	Balance	Value
Sewerage Pumps	170,734	-	-	-	-	-	170,734	-	25,782	11,414	-	-	37,196	133,538
Sewers	99,198,798	(969,869)	3,131,476	31,787,505	31,787,505	-	133,147,900	-	42,447,515	4,102,814	-	-	46,550,328	86,597,572
Water	102,337,015	(969,869)	3,131,476	31,787,505	31,787,505	-	136,286,127	-	42,929,606	4,261,209	-	-	47,190,815	89,095,313
Mains	15,910,248	-	346,593	1,106,246	1,106,246	-	17,363,086	-	1,558,227	799,116	-	-	2,357,343	15,005,743
Meters	24,869,100	-	941,077	-	-	-	25,810,176	-	9,902,489	1,666,556	-	-	11,569,045	14,241,131
Reservoirs	427,395	-	-	1,004,862	1,004,862	-	1,432,257	-	60,502	21,428	-	-	81,930	1,350,327
Reticulation	148,767,036	-	7,259,016	733,027	733,027	(100)	156,758,980	(100)	71,052,880	6,430,240	(100)	-	77,483,020	79,275,960
Treatment Works	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Footways	189,973,779	-	8,546,686	2,844,135	2,844,135	(100)	201,364,499	(100)	82,574,098	8,917,340	(100)	-	91,491,337	109,873,162
Footways	14,063,625	-	605,060	-	-	-	14,668,685	-	8,628,356	673,628	-	-	9,301,984	5,366,701
Kerbing	42,099,624	-	-	-	-	-	42,099,624	-	31,362,832	2,099,214	-	-	33,462,046	8,637,578
Airport	56,163,249	-	605,060	-	-	-	56,768,309	-	39,991,188	2,772,842	-	-	42,764,030	14,004,278
Aprons	346,854	-	-	-	-	-	346,854	-	75,485	17,390	-	-	92,875	253,979
Runways	9,014,518	-	121,542	447,958	447,958	-	9,584,017	-	3,034,785	452,460	-	-	3,487,245	6,096,772
Taxiways	179,500	-	-	-	-	-	179,500	-	27,673	9,000	-	-	36,673	142,827
Radio Beacons	198,551	-	-	-	-	-	198,551	-	63,006	9,955	-	-	72,960	125,591
Security	9,739,422	-	121,542	447,958	447,958	-	10,308,922	-	3,200,948	488,805	-	-	3,689,753	6,619,169
Access Control Systems	51,334	-	36,686	-	-	-	88,020	-	51,334	603	-	-	51,937	36,083
Fencing	2,278,173	-	550,204	-	-	-	2,828,377	-	1,907,180	165,489	-	-	2,072,670	755,707
Security Systems	23,083,367	-	957,707	174,502	174,502	-	24,215,576	-	12,021,647	4,385,363	-	-	16,407,010	7,808,566
	25,412,873	-	1,544,597	174,502	174,502	-	27,131,972	-	13,980,161	4,551,456	-	-	18,531,617	8,600,356
Total Infrastructure Assets	1,169,475,930	(1,754,275)	38,329,746	116,185,693	116,185,693	(31,600)	1,322,205,495	(31,600)	602,770,420	59,418,650	(622)	-	662,188,449	660,017,047
COMMUNITY ASSETS														
Buildings														
Cemeteries	2,064,675	-	388,355	-	-	-	2,453,031	-	319,070	66,638	-	-	385,708	2,067,323
Civic Theatres	797,763	-	518,165	-	-	-	1,315,928	-	575,376	28,085	-	-	603,461	712,467
Clinics and Hospitals	8,398,687	-	654,572	-	-	-	9,053,259	-	2,174,401	282,516	-	-	2,456,918	6,596,341
Community Centres	54,859,578	-	4,027,483	645,948	645,948	-	59,533,009	-	7,323,183	1,839,487	-	-	9,162,670	50,370,339
Fire Stations	1,974,252	-	406,633	234,877	234,877	-	2,615,761	-	841,109	59,324	-	-	900,433	1,715,328



	Cost						Accumulated Depreciation							
	Opening		Under Construction		Under		Closing		Opening		Closing		Carrying	
	Balance	Previous Year	Additions	Construction	Disposals	Balance	Disposals	Balance	Balance	Additions	Disposals	Balance	Value	
Games Reserves and Rest Camps	521,835	-	-	-	-	521,835	-	-	131,242	17,442	-	148,685	373,150	
Indoor Sports Facilities	430,645	-	15,335	-	-	445,980	-	-	172,721	14,436	-	187,157	258,823	
Library	25,587,229	-	261,119	3,630,475	-	29,478,823	-	-	2,415,308	835,905	-	3,251,213	26,227,610	
Museums and Art Galleries	4,843,996	-	-	122,049	-	4,966,044	-	-	2,246,123	161,909	-	2,408,032	2,558,012	
Parks	2,576,954	-	461,006	223,500	-	3,261,460	-	-	273,126	87,397	-	360,522	2,900,938	
Public Conveniences	3,018,837	-	-	-	-	3,018,837	-	-	687,804	100,568	-	788,372	2,230,465	
Recreation Centres	1,039,451	-	-	-	-	1,039,451	-	-	105,443	34,743	-	140,186	899,265	
Stadiums	10,877,270	-	265,545	-	-	11,142,815	-	-	1,568,944	359,952	-	1,928,896	9,213,919	
Recreational Facilities	116,991,169	-	6,998,213	4,856,849	-	128,846,231	-	-	18,833,850	3,888,402	-	22,722,253	106,123,979	
Floodlighting	2,285,497	-	-	-	-	2,285,497	-	-	900,631	112,706	-	1,013,338	1,272,160	
Outdoor Sports Facilities	45,508,324	-	1,641,129	316,018	-	47,465,470	-	-	19,300,735	2,254,249	-	21,554,984	25,910,486	
Swimming Pools	6,219,949	-	92,023	-	-	6,311,972	-	-	2,772,563	248,052	-	3,020,615	3,291,358	
Tennis Courts	189,550	-	-	-	-	189,550	-	-	106,365	9,504	-	115,868	73,682	
Total Community Assets	54,203,320	-	1,733,152	316,018	-	56,252,489	-	-	23,080,294	2,624,510	-	25,704,804	30,547,686	
OTHER ASSETS	171,194,489	-	8,731,365	5,172,866	-	185,098,721	-	-	41,914,144	6,512,912	-	48,427,056	136,671,664	
Other Properties														
Caravan Parks	139,014	-	-	-	-	139,014	-	-	127,139	3,454	-	130,594	8,420	
Abattoirs	158,279	-	-	-	-	158,279	-	-	137,617	5,290	-	142,907	15,372	
Hostels Workers	632,152	-	-	-	-	632,152	-	-	71,195	21,060	-	92,255	539,898	
Housing Schemes	198,599,386	(6,088,647)	1,801,353	6,189,508	(2,605)	200,498,995	(2,605)	(2,605)	8,854,734	6,384,594	(174)	15,239,155	185,259,840	
Markets	23,133,100	-	99,754	-	-	23,232,855	-	-	7,248,000	706,140	-	7,954,140	15,278,714	
Nurseries	525,408	-	38,604	-	-	564,012	-	-	99,772	17,667	-	117,439	446,573	
Kilns	1,162,850	-	-	-	-	1,162,850	-	-	292,240	38,868	-	331,108	831,742	
Tip Sites	52,084,427	(5,371,019)	90,574	-	-	46,803,982	-	-	11,608,461	1,741,152	-	13,349,614	33,454,369	
Training facilities	142,115	-	173,204	28,188	-	343,507	-	-	584	7,125	-	7,709	335,798	
Old Age Homes	663,494	-	-	-	-	663,494	-	-	203,458	22,177	-	225,636	437,859	
Transport Facilities	29,007,819	-	-	11,720,563	-	40,728,382	-	-	2,078,133	773,207	-	2,851,340	37,877,043	
Workshops and Depots	4,716,820	-	264,380	-	-	4,981,201	-	-	1,198,404	158,301	-	1,356,705	3,624,496	
Plant and Equipment	310,964,865	(11,459,666)	2,467,870	17,938,259	(2,605)	319,908,723	(2,605)	(174)	31,919,737	9,879,037	(174)	41,798,600	278,110,122	
Graders	7,032,305	-	-	-	-	7,032,305	-	-	2,341,760	554,641	-	2,896,401	4,135,904	

	Cost						Accumulated Depreciation					
	Under Construction		Under		Closing		Opening		Disposals		Closing	
	Balance	Previous Year	Additions	Construction	Disposals	Balance	Balance	Balance	Additions	Disposals	Balance	Value
Compressors	138,950	-	-	-	-	138,950	-	138,950	-	-	138,950	-
Cremators	1,767,178	-	-	-	-	1,767,178	-	109,925	118,135	-	228,069	1,539,119
Farm Equipment	103,323	-	-	-	-	103,323	-	25,001	20,721	-	45,722	57,601
General	12,381,568	-	749,735	977,291	-	14,108,594	-	10,113,359	827,780	-	10,941,139	3,167,454
Lawnmowers	2,430,608	-	-	2,017	-	2,432,625	-	2,383,003	47,605	-	2,430,609	2,016
Laboratory Equipment	753,547	-	734,873	-	-	1,488,420	-	196,216	152,814	-	349,031	1,139,389
Radio Equipment	1,603,858	-	15,000	-	-	1,618,858	-	1,368,494	69,145	-	1,437,639	181,219
Telecommunication Equipment	5,464,791	-	127,500	-	-	5,592,291	-	1,574,320	1,058,252	-	2,632,572	2,959,719
Tractors	6,307,757	-	-	-	-	6,307,757	-	3,454,258	347,508	-	3,801,766	2,505,991
	37,983,885	-	1,627,108	979,307	-	40,590,300	-	21,705,287	3,196,602	-	24,901,888	15,688,411
Other Assets carried forward	348,948,749	(11,459,666)	4,094,978	18,917,566	(2,605)	360,499,022	(2,605)	53,625,024	13,075,639	(174)	66,700,489	293,798,534
Other Assets brought forward	348,948,749	(11,459,666)	4,094,978	18,917,566	(2,605)	360,499,022	(2,605)	53,625,024	-	-	66,700,489	293,798,534
Office Equipment												
Air Conditioners	10,086,123	-	1,059,018	165,004	-	11,310,144	-	7,357,150	784,598	-	8,141,748	3,168,396
Computer Hardware	26,532,229	-	2,031,603	369,021	(2,882)	28,929,972	(2,882)	19,898,420	2,989,923	(336)	22,888,007	6,041,966
Computer Software	3,707,671	-	796,291	-	(54,563)	4,449,399	(54,563)	1,868,350	973,739	(13,370)	2,828,718	1,620,681
Office Machines	4,956,557	-	246,815	-	-	5,203,372	-	4,311,874	356,306	-	4,668,180	535,192
	45,282,580	-	4,133,728	534,025	(57,445)	49,892,887	(57,445)	33,435,794	5,104,566	(13,707)	38,526,653	11,366,234
Furniture and Fittings												
Cabinets and Cupboards	7,488,637	-	405,676	90,972	(180)	7,985,105	(180)	7,414,885	37,361	(9)	7,452,238	532,867
Chairs	9,797,695	-	-	9,648	-	9,807,343	-	9,724,489	18,742	-	9,743,231	64,112
Furniture and Fittings Other	7,763,846	-	27,185	6,781	-	7,797,811	-	6,700,749	256,645	-	6,957,393	840,418
Tables and Desks	8,344,739	-	89,508	-	(2,993)	8,431,254	(2,993)	8,344,739	2,430	(142)	8,347,027	84,227
	33,394,917	-	522,368	107,401	(3,173)	34,021,513	(3,173)	32,184,862	315,177	(150)	32,499,889	1,521,625
Containers	256,014	-	-	-	-	256,014	-	146,948	32,504	-	179,452	76,562
Household Refuse Bins	1,082,581	-	208,560	-	-	1,291,141	-	243,344	110,269	-	353,613	937,528
Bulk Containers	1,338,595	-	208,560	-	-	1,547,155	-	390,292	142,773	-	533,065	1,014,090
Fire & Ambulance (Medical)												
Fire Equipment	7,517,267	-	85,440	154,805	-	7,757,512	-	6,329,136	97,826	-	6,426,962	1,330,549
Medical Equipment - Clinics	1,119,086	-	267,059	-	(63,649)	1,322,496	(63,649)	911,842	66,342	(5,069)	973,115	349,381
	8,636,353	-	352,499	154,805	(63,649)	9,080,008	(63,649)	7,240,978	164,168	(5,069)	7,400,077	1,679,931



	Cost						Accumulated Depreciation							
	Opening		Under Construction		Under		Closing		Opening		Closing		Carrying	
	Balance	Previous Year	Additions	Construction	Construction	Disposals	Balance	Disposals	Balance	Additions	Disposals	Balance	Value	Value
Motor Vehicles														
Fire Engines	7,658,258	-	2,037,783	-	-	-	9,696,041	-	3,616,717	154,211	-	3,770,928	5,925,113	5,925,113
Buses	451,139	-	-	-	-	-	451,139	-	451,139	-	-	451,139	(0)	(0)
Motor Vehicles	16,809,360	-	2,713,442	977,286	-	(59,727)	20,440,360	-	10,758,238	2,099,783	(23,924)	12,834,098	7,606,263	7,606,263
Motor Cycles	696,111	-	-	-	-	-	696,111	-	668,442	27,670	-	696,112	(1)	(1)
Trailers	1,147,281	-	-	-	-	-	1,147,281	-	1,147,281	-	-	1,147,281	-	-
Trucks and Bakkies	87,634,495	-	2,472,651	721,375	-	-	90,828,521	-	77,893,228	5,279,245	-	83,172,473	7,656,048	7,656,048
	114,396,642		7,223,876	1,698,661		(59,727)	123,259,452		94,535,044	7,560,909	(23,924)	102,072,029	21,187,423	21,187,423
Capital leases														
Motor Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General														
Railway Lines	3,308,513	-	200,968	-	-	-	3,509,481	-	1,881,615	160,454	-	2,042,069	1,467,412	1,467,412
Aircraft	367,564	-	-	-	-	-	367,564	-	75,555	24,571	-	100,127	267,437	267,437
Watercraft	131,177	-	-	-	-	-	131,177	-	131,177	-	-	131,177	0	0
Rivers	1,462,550	-	-	-	-	-	1,462,550	-	967,775	-	-	967,775	494,775	494,775
Rivers	1,581,817	-	46,500	-	-	-	1,628,317	-	79,091	79,499	-	158,590	1,469,728	1,469,728
Land-Housing	1,295,395	-	-	-	-	-	1,295,395	-	1,061,042	-	-	1,061,042	234,353	234,353
Artworks	1,730,853	-	62,000	-	-	-	1,792,853	-	-	-	-	-	1,792,853	1,792,853
	9,877,869		309,468				10,187,337		4,196,255	264,524		4,460,779	5,726,558	5,726,558
Total Other Assets	561,875,705	(11,459,666)	16,845,477	21,412,458		(186,598)	588,487,375		225,608,248	26,627,756	(43,023)	252,192,980	336,294,394	336,294,394
TOTAL	2,033,099,763	(13,213,940)	64,741,869	145,207,783		(496,621)	2,229,338,854		892,456,089	95,629,642	(43,645)	988,042,085	1,241,284,635	1,241,284,635
Intangible Assets	10,828,569	-	256,614	-	-	-	11,085,183	-	9,370,857	810,630	-	10,181,487	903,696	903,696
Agricultural/Biological Assets	520,943	-	81,727	-	-	-	602,670	-	-	-	-	-	602,670	602,670
	2,044,449,275	(13,213,941)	65,080,210	145,207,783		(496,621)	2,241,026,707		901,826,947	96,440,271	(43,645)	998,223,573	1,242,803,134	1,242,803,134
Grand Total Assets									901,826,947	96,440,271	(43,645)	998,223,573	1,242,803,134	1,242,803,134
Asset Disposal - 06/07 & 07/08									(12,132)	(31,513)				
General Ledger	2,044,449,275			2,241,026,707		(43,647)	2,241,026,707		901,826,949	96,408,758	(43,647)	998,223,573	1,242,803,134	1,242,803,134



APPENDIX C ANALYSIS OF PROPERTY , PLANT AND EQUIPMENT AS AT 30 JUNE 2008

Fixed Assets Description	Historical Cost				Accumulated Depreciation				Carrying Value		
	Opening Balance	Under Construction Previous Year	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions		Disposals	Closing Balance
Executive and Council	7,996,345		1,235,752	10,036	(395,595)	8,846,539	3,826,211	691,220	-	4,517,430	4,329,108
Finance and Administration	323,146,679		6,653,954	1,382,372	-	331,183,005	151,836,214	18,100,279	(37,630)	169,898,863	161,284,142
Planning and Development	64,675,502	5,371,019	1,121,239	7,949,891	-	73,746,631	21,663,548	3,265,380	-	24,928,928	48,817,703
Health	16,047,827		2,100,298	57,200	(180)	18,205,144	7,656,290	782,428	(9)	8,438,709	9,766,436
Community and Social Services	32,122,858		1,246,770	3,752,523	-	37,122,152	8,902,443	1,497,609	-	10,400,052	26,722,100
Housing	185,332,184	6,088,647	25,624	16,640	(2,605)	185,371,843	10,146,306	5,813,875	(174)	15,960,008	169,411,835
Public Safety	49,577,896		5,714,042	1,808,486	(66,642)	57,033,782	32,426,931	3,233,228	(5,211)	35,654,948	21,378,834
Sport and Recreation	111,534,190		3,647,844	316,018	-	115,498,052	42,482,932	4,654,878	-	47,137,810	68,360,242
Road Transport	467,675,040		10,737,735	59,153,272	-	537,566,047	296,683,802	25,090,974	-	321,774,776	215,791,271
Environmental Protection	520,943		217,902	-	-	738,845	-	91,500	-	91,500	647,345
Water	192,635,874	784,406	9,718,630	3,347,365	(100)	205,701,769	87,231,888	8,703,335	(100)	95,935,123	109,766,647
Waste Management	172,985,071	969,868	3,743,077	31,773,645	-	208,501,793	65,269,943	7,673,306	-	72,943,249	135,558,544
Electricity	382,668,145		18,109,368	20,372,978	(31,500)	421,118,991	159,963,940	15,314,522	(522)	175,277,941	245,841,051
Other	37,530,721		807,975	2,053,418	-	40,392,114	13,736,502	1,527,736	-	15,264,238	25,127,876
TOTALS	2,044,449,275	13,213,940	65,080,210	131,993,843	(496,621)	2,241,026,707	901,826,949	96,440,271	(43,645)	998,223,573	1,242,803,134

APPENDIX D SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

	2007			2008			2008		
	Actual Income	Actual Expenditure	Surplus/(Deficit)	Actual Income	Actual Expenditure	Surplus/(Deficit)	Actual Income	Actual Expenditure	Surplus/(Deficit)
Executive & Council	42,033	31,225,262	-31,183,229				3,995	38,852,026	-38,848,031
Finance & Admin	324,459,150	127,458,886	197,000,264	610,530,604	356,621,519	253,909,085			
Planning & Development	17,569,289	43,923,134	-26,353,846	10,885,740	49,659,900	-38,774,160			
Health	10,903,137	30,641,082	-19,737,945	8,251,885	34,540,902	-26,289,017			
Community & Social Services	9,119,302	27,390,238	-18,270,935	4,954,037	29,922,591	-24,968,554			
Housing	8,997,461	15,845,551	-6,848,090	14,879,746	28,830,730	-13,950,984			
Public Safety	14,607,576	96,531,718	-81,924,142	16,394,006	123,827,318	-107,433,312			
Sport And Recreation	1,431,163	47,746,088	-46,314,925	905,462	50,094,232	-49,188,770			
Waste Management	138,743,095	142,347,888	-3,604,793	169,441,044	146,270,361	23,170,683			
Road Transport	4,037,908	84,975,344	-80,937,436	48,680,733	92,712,699	-44,031,966			
Water	245,602,699	202,819,314	42,783,385	270,279,667	227,744,053	42,535,614			
Electricity	644,462,287	541,450,182	103,012,105	663,079,205	556,442,620	106,636,585			
Other	27,104,065	27,902,689	-680,874	28,019,143	31,800,605	-3,781,462			
Sub - Total	1,447,079,164	1,420,257,376	26,821,790	1,846,305,266	1,767,319,555	78,985,711			
Less: Inter-Dept Charges		-39,496,275	-39,496,275		-37,697,691	-37,697,691			
Total	1,447,079,164	1,380,761,101	66,318,065	1,846,305,266	1,729,621,863	116,683,403			





APPENDIX E 1 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

Description	Actual 2008		Budget 2008		Variance 2008		Explanation of Significant variances greater than 10% versus Budget
	R	%	R	%	R	%	
Revenue							
Property Rates	345,067,836		336,227,252		8,840,584	2.63	
Property Rates - Penalties and Collection Charges	23,565,464		15,784,852		7,780,612	49.29	
Service Charges	896,704,176		806,353,631		90,350,545	11.20	
Rentals Received	14,199,351		12,918,313		1,281,038	9.92	
Interest earned - External Investments	29,172,148		10,019,004		19,153,144	0.00	
Interest earned - Outstanding debtors	23,147,558		13,430,816		9,716,742	72.35	
Other Interest	0		0		0	0.00	
Fines	14,744,977		13,976,546		768,431	5.50	
Licences & Permits	0		0		0	0.00	
Income for Agency Services	14,645,733		13,950,288		695,445	4.99	
Governments Grants & Subsidies	142,974,380		142,899,000		75,380	0.05	
Public Contributions & Donations	0		0		0	0.00	
Other Income	342,083,643		387,483,366		-45,399,725	-11.72	
Total Revenue	1,846,305,266		1,753,043,068		93,262,646	5.32	
Expenditure							
Executive & Council	38,852,026		39,659,643		-807,617	-2.04	
Finance & Admin	356,621,519		355,042,027		1,579,492	0.44	
Planning & Development	49,659,900		49,948,191		-288,291	-0.58	
Health	34,540,902		34,290,742		250,160	0.73	
Community & Social Services	29,922,591		30,691,885		-769,294	-2.51	
Housing	28,830,730		23,022,463		5,808,267	25.23	
Public Safety	123,827,318		112,754,269		11,073,049	9.82	
Sport And Recreation	50,094,232		47,115,556		2,978,676	6.32	
Waste Management	146,270,361		151,073,645		-4,803,284	-3.18	
Road Transport	92,712,699		94,851,310		-2,138,611	-2.25	
Water	227,744,053		213,001,632		14,742,421	6.92	
Electricity	556,442,620		638,962,905		-82,520,285	-12.91	
Other	31,800,603		32,363,251		-562,198	-2.65	
Less: Inter-Dept Charges	-37,697,691		-76,647,854		38,950,163	-50.82	
Total Expenditure	1,729,621,863		1,746,129,665		-16,507,352	-0.95	
Operating Surplus/(Deficit)	116,683,403		6,913,403		109,770,000		

APPENDIX E2 ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY , PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008

Description	2008 Actual R	2008 Under Construction R	2008 Total Additions R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	840,157.60	10,036.04	850,193.64	1,964,272.00	(1,114,078)	(0.57)	
Finance and Administration	6,653,954.33	1,382,372.12	8,036,326.45	56,208,713.00	(48,172,387)	(0.86)	
Planning and Development	1,121,238.46	7,949,890.95	9,071,129.41	10,205,599.00	(1,134,470)	(0.11)	
Public Safety	5,637,400.51	1,808,485.68	7,445,886.19	8,726,470.00	(1,280,584)	(0.15)	
Community and Social Services	1,246,770.14	3,752,523.43	4,999,293.57	9,982,630.00	(4,983,336)	(0.50)	
Health	2,100,117.48	57,200.00	2,157,317.48	2,654,524.00	(497,207)	(0.19)	
Sport and Recreation	3,647,844.09	316,017.67	3,963,861.76	6,377,189.00	(2,413,327)	(0.38)	
Road Transport	10,737,735.29	59,153,271.51	69,891,006.80	83,174,236.00	(13,283,229)	(0.16)	
Environment Protection	217,902.18	0.00	217,902.18	650,000.00	(432,098)	(0.66)	
Water	9,718,529.95	3,347,365.06	13,065,895.01	14,890,726.00	(1,824,831)	(0.12)	
Waste Management	3,743,077.12	31,773,644.97	35,516,722.09	43,263,716.00	(7,746,994)	(0.18)	
Electricity	18,097,516.55	20,363,329.44	38,460,845.99	50,466,717.00	(12,005,871)	(0.24)	
Housing	23,018.88	16,640.00	39,658.88	7,271,578.00	(7,231,919)	(0.99)	
Other	807,974.65	2,053,417.85	2,861,392.50	3,279,774.00	(418,382)	(0.13)	
TOTALS	64,593,237	131,984,195	196,577,432	299,116,144	(102,538,712)		





**APPENDIX G
CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2008**

	UNSPENT BALANCE 1-Jul-2007	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30-Jun-2008
NATIONAL GOVERNMENT							
Various as per Appendix G1	(62,750,823)	(152,173,596)	-	-	-	112,448,238	(102,476,181)
PROVINCIAL GOVERNMENT							
Various as per Appendix G1	(5,410,837)	(15,275,252)	-	-	-	4,024,162	(16,661,927)
	(68,161,660)	(167,448,848)	-	-	-	116,472,400	(119,138,107)
OTHER GRANTS							
Various as per Appendix G1	(5,44,536)	(235,807)	-	-	-	233,043	(5,447,300)
	(73,606,196)	(167,684,655)	-	-	-	116,705,443	(124,585,407)

APPENDIX G 1 DETAILS OF CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2008

Account No:	Account Description	Unspent Balance at 1 July 2007	Transfers	Current Year Receipts	Unspent balance at 30 June 2008	Grant Type	Source Code
PMB0108960001	GRANT COMMUNITY DEVELOPMENT WORKERS	-103,608	-	-	-103,608	COMMI	UNSPENT CG - NATIONAL GOVERNMENT
PMB0118960002	GRANT DPLG AMENDMENT IDP	-50,000	-	-	-50,000	IDP	UNSPENT CG - NATIONAL GOVERNMENT
PMB0358980801	GRANT - FMG	-1,508,268	726,538	-510,544	-1,292,274	FMG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0358980803	GRANT - UNSPENT CONDITIONAL GRANT - RSG	-6,112,275	1,989,698	-385,629	-4,508,206	RSG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0358980804	RSG - INVESTMENT ACCOUNT - INTEREST REC.	-	385,629	-385,629	-	RSG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0608960012	UNSPENT CONDITIONAL GRANT - MIG	-13,939,467	94,789,240	-101,798,760	-20,948,988	MIG	UNSPENT CG - NATIONAL GOVERNMENT
PMB2858960001	GEDI - GIJIMA FUNDS	-191,668	396,800	-233,739	-28,608	GEDI	UNSPENT CG - NATIONAL GOVERNMENT
PMB5018960001	GRANT DPLG PERFORMANCE MGT SYSTEM	-50,000	50,000	-	-	PFM	UNSPENT CG - NATIONAL GOVERNMENT
PMB5118960003	GRANT - WARD 3 5 6	-40,123	-	-	-40,123	WARD	UNSPENT CG - NATIONAL GOVERNMENT
PMB5118960018	UNSPENT CONDITIONAL GRANT - EDN CORRIDOR	-1,497	-	-	-1,497	EDN	UNSPENT CG - NATIONAL GOVERNMENT
PMB5268960001	ICT INTERDEPT MONITORING GRANT	-3,319	3,319	-	-	MON	UNSPENT CG - NATIONAL GOVERNMENT
PMB5308960001	SETA DISCRETIONARY GRANT	-29,061	164,160	-149,930	-14,831	SETA	UNSPENT CG - NATIONAL GOVERNMENT
PMB5308960003	UNSPENT COND.GRANT - HRD/LGSETA	-	-	-66,000	-66,000	SETA	UNSPENT CG - NATIONAL GOVERNMENT
PMB5488980001	DEVELOPMENT CAPACITY BUILDING PROJECT	-215,463	140,904	-3,517	-78,076	CAPAC	UNSPENT CG - NATIONAL GOVERNMENT
PMB5608960001	STORM DAMAGE - DOH FUNDING	-915,846	-	-	-915,846	STORM	UNSPENT CG - NATIONAL GOVERNMENT
PMB5608960010	UNSPENT CONDITIONAL GRANT - PHB	-34,787,041	13,430,512	-47,863,146	-69,219,675	PHB	UNSPENT CG - NATIONAL GOVERNMENT
PMB7138960015	UNSPENT CONDITIONAL GRANT - DEPT OF MINERALS	-4,303,186	-	-	-4,303,186	NER	UNSPENT CG - NATIONAL GOVERNMENT
PMB7878960001	EDN S - UPGRADE WATER SUPPLY	-500,000	371,439	-776,702	-905,263	DWAF	UNSPENT CG - NATIONAL GOVERNMENT
		-62,750,823	112,448,238	-152,173,596	-102,476,181		

PMB2028960002	RETENTION - MIG - VULINDLELA VIP CONSTR.	-32,811	0	0	-32,811		UNSPENT CG - OTHER
PMB2848970001	AWARDS RECEIVED	-21,228	21,228	0	0	AWARDS	UNSPENT CG - OTHER
PMB2938960001	DBSA - STORM REHAB. FUND	-200,000	157,667	0	-42,333	STORM	UNSPENT CG - OTHER
PMB3588970003	USAID AIDS EDUCATOR TRAINING	-2,090	-	-21,851	-23,941	USAID	UNSPENT CG - OTHER
PMB3588970004	USAID EDUCATIONAL TECHNIQUES	-2,400	2,400	0	-	USAID	UNSPENT CG - OTHER
PMB3588970005	USAID PROJECT MANAGEMENT TRAINING	-2,211	2,211	0	-	USAID	UNSPENT CG - OTHER
PMB3588970006	USAID MENTORING AND SUPPORT	-8,830	8,830	0	-	USAID	UNSPENT CG - OTHER
PMB3588970008	USAID PAYMENT FOR COMMUNITY TRAINING	-4,561	4,561	0	-	USAID	UNSPENT CG - OTHER
PMB3588970010	USAID DROPIN CENTRES	-12,673	12,673	0	-	USAID	UNSPENT CG - OTHER
PMB3588970011	USAID HOME BASED CARE TRAINING	-23,473	23,473	0	-	USAID	UNSPENT CG - OTHER
PMB8328760903	TRUST - CEMETERY TRUST ACCOUNT	-13,131	-	-1,177	-14,308	TRUST	UNSPENT CG - OTHER
PMB8348760907	TRUST - JOHN HARDY TRUST ACCOUNT	-217	-	-	-217	TRUST	UNSPENT CG - OTHER
PMB8358760909	TRUST - PATRIOTIC LEAGUE TRUST ACCOUNT	-43,925	-	-1,602	-45,527	TRUST	UNSPENT CG - OTHER
PMB8368760911	TRUST - PEARSE TRUST ACCOUNT	-1,382,061	-	-36,624	-1,418,685	TRUST	UNSPENT CG - OTHER





Account No:	Account Description	Unspent Balance at 1 July 2007	Transfers	Current Year Receipts	Unspent balance at 30 June 2008	Grant Type	Source Code
PMB8378760913	TRUST - WELCH TRUST ACCOUNT	-347,464	-	-12,295	-359,759	TRUST	UNSPENT CG - OTHER
PMB8388760916	TRUST - MARIA KINSMAN TRUST ACCOUNT	-591,488	-	-	-591,488	TRUST	UNSPENT CG - OTHER
PMB8388760920	TRUST - MARIA KINSMAN TRUST - NET INCOME	-19,456	-	-18,312	-37,768	TRUST	UNSPENT CG - OTHER
PMB8398760908	TRUST - MAYORESS NECESSITY FUND	-74,109	-	-2,093	-76,202	TRUST	UNSPENT CG - OTHER
PMB8398760924	TRUST - MAYORESS CHARITY BALL - CLEARING ACCOUNT	-925	-	-	-925	TRUST	UNSPENT CG - OTHER
PMB8408760915	TRUST - CEMETERY TRUST ACCOUNT (M/RISE)	-2,293,364	-	-	-2,293,364	TRUST	UNSPENT CG - OTHER
PMB8408760922	TRUST - CEMETERY TRUST ACCOUNT (M/RISE) - IN-TEREST	-144,450	-	-139,629	-284,079	TRUST	UNSPENT CG - OTHER
PMB8418760906	TRUST - FLEMING TRUST ACCOUNT	-71,219	-	-2,224	-73,443	TRUST	UNSPENT CG - OTHER
PMB8428010001	TRUST - CONT IMBALI FLOOD VICTIMS - PMB FLOOD VICTIMS	-60,858	-	-	-60,858	TRUST	UNSPENT CG - OTHER
PMB8428760842	TRUST - PMB FLOOD DISASTER	-30,989	-	-	-30,989	TRUST	UNSPENT CG - OTHER
PMB8438760925	TRUST - REFUGEES TRUST ACCOUNT	-60,604	-	-	-60,604	TRUST	UNSPENT CG - OTHER
		-5,444,536	233,043	-235,807	-5,447,300		

PMB0138960002	PG-COMMUNITY COMMUNICATION INITIATIVE	-50,000	-	-	-50,000	COMM	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB0608960013	UNSPENT CONDITIONAL GRANT - PROVINCE	-393,680	205,093	-106,033	-294,620	PROV	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB0608960014	UNSPENT CONDITIONAL GRANTS : LIBRARY EXTERNAL	-292,075	2,705,058	-11,401,470	-8,988,487	LIBR	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB1008960002	PG - TECHNICAL SUPPORT	-500,000	5,710	0	-494,290	PROV	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB1318960001	PROVINCE - TRANSPORT GRANT	-	696,366	-3,150,000	-2,453,634	TRANS	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB2858960004	PROV - URBAN RENEWAL PROJECT	-2,928,150	226,549	-417,749	-3,119,349	GEDI	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB3458970006	FOOD AID PROGRAMME	-70,105	-	-	-70,105	FOOD	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB3478970001	ENVIRONMENTAL HEALTH	-1,823	-	-	-1,823	HEALTH	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB3578970025	WORLD AIDS DAY	32,955	-	-	32,955	AIDS	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB4008960002	ENVIRO MGT FRAMEWORK - DPLGTA GRANT	-	24,561	-200,000	-175,439	ENVIRO	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB5138960001	UNSPENT GRANT : LIBRARY SERVICES	-65,000	-	-	-65,000	LIBR	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB5278980001	I.D.P. FUND FROM DEPT. OF LG&H	-679,259	-	-	-679,259	IDP	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB7018960001	PG - INTERGRATION WITH REDS	-150,000	6,048	-	-143,952	ELECT	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB7878980801	GRANT - WATER SERVICE DELIVERY PLANNING	-310,288	151,365	-	-158,923	WATER	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB7878980802	GRANT - ASSESSMENT OF SERVICE DELIVERY MECHANISMS	-3,411	3,411	-	-	WATER	UNSPENT CG - PROVINCIAL GOVERNMENT
		-5,410,837	4,024,162	-15,275,252	-16,661,927		

-73,606,196 116,705,443 -167,684,655 -124,585,407

APPENDIX H

SAFE CITY PIETERMARITZBURG **(ASSOCIATION INCORPORATED UNDER SECTION 21)** **(REGISTRATION NUMBER: 2002/007386/08)** **ANNUAL FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 30 JUNE 2008**



CONTENTS

PAGE

Approval of The Annual Financial Statements	72
Chairman's report	73
Independent auditors' report	74
Report of the directors	76
Income statement	77
Balance sheet	77
Cash flow statement	78
Notes to the cash flow statement	79
Accounting policies	19
Notes to the annual financial statements	80
Detailed income statement	83
List of contributors	84
Annexures to chairman's report	84





APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements and other financial information set out in this annual report were prepared by the directors in conformity with International Financial Reporting Standards applied on a consistent basis.

The manner of presentation of the annual financial statements, the selection of accounting policies and the integrity of the financial information are the responsibility of the directors.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that the association will not remain a going concern for the foreseeable future.

**DIRECTOR - W D WINSHIP
K BHIKHA**

CHIEF EXECUTIVE OFFICER - N

DIRECTOR - P WARMINGTON

The annual financial statements set out on pages 4 to 11 and the supplementary schedules on pages 12 to 13 were approved by the Board of Directors on 25 July 2008 and are signed on its behalf by:-

CHAIRMAN'S REPORT **FOR THE YEAR ENDED 30 JUNE 2008**



This past year reflects the continuation of Safe City's successful operation. The CEO's report reflects the key performance indicators. The installation of key performance indicators has had a positive influence on the performance of the Control Centre. Each and every operator is monitored with regard to performance, which has ensured that the Control Centre remains highly vigilant.

The crime rate has continued to fall in the CBD as a result of SAPS initiatives and the partnership arrangement between Safe City and SAPS.

The latest technology in terms of radio communication using public Broad Band known as the "Canopy Access System" has proved to be successful. Direct line of site is essential so we will be looking into placing repeater stations throughout the city so as to render the mobile camera a lot more useful.

The Meridian Domes which completely cover the camera making it impossible to detect where the camera is viewing, have been so successful that we plan to increase the number of domes by an additional five. This process should continue until all cameras have been covered.

Safe City had an exhibition stand at the Royal Show for the second time running and sponsored by Business Fighting Crime. By all accounts it was far more successful than last year as we were in the same Hall as SAPS, NPA and BFC. The public showed great interest in all these exhibits.

The launch of the SMS crime reporting system has the potential to be very useful but we have had a slow start in that the public have not embraced the project as fully as we would have liked. The plan is to involve the schools that are closely associated with the CBD as we believe that High School children will more than likely take up the project with vigour.

Operating as a Municipal Entity has proved to be somewhat difficult. The City has unfortunately not yet appointed representatives to the Board and has also given the Board reason to be anxious as their contribution has been withheld on a number of occasions. I need to point out that our Operating Budget has been frozen for the next financial year to the same level as this year, regardless of the fact that Safe City has back to back contracts with other parties. Salary and staff increases therefore are a potential problem.

We hope to convince the City to increase the contribution at the mid year review. Secondly, the Capital Budget has been reduced to zero which poses a problem with regards to keeping the infrastructure up to standard.

We have been asked to look at camera installations at the new Taxi Rank in Freedom Square as well as the Edendale Development Project. In addition, the District Municipality has requested our input into installing cameras at Harry Gwala Stadium for the 2010 World Soccer event.

This year ending June 2008, is my last year as Chairman of the Board. I have been able to hand over most of my responsibilities to our CEO, making it possible for me to retire as Chairman. I plan to continue as a member of the Board and I am very pleased to report that Mr. Peter Warmington has been appointed by the Board as Chairman as of 1 July 2008.

I would like to take this opportunity to thank the Board of Directors for their support, particularly with the financial difficulties we had for a few months. The Board's support has been highly appreciated.

The staff of Safe City and iVision, thank you for your support and drive that has made the operation so successful.

I would like to thank our Project Manager for the major input he has made to this project. Finally, to SAPS, the Municipality, the NPA and BFC for their continued support and input, many thanks for making it all possible. I like to believe that our operation is one of the best in the country, if not the best.

W.D. WINSHIP





REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SAFE CITY PIETERMARITZBURG

REPORT ON THE FINANCIAL STATEMENTS

We have audited the annual financial statements of Safe City Pietermaritzburg which comprise the balance sheet as at 30 June 2008, the income statement and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 19 to 28 and 77 to 78.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit . Tax . Consulting . Financial Advisory .

A member firm of
Deloitte Touche Tohmatsu

National Executive: GC Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock
Audit DL Kennedy Tax & Legal and Financial Advisory L Geeringh Consulting L Bam Corporate
Finance CR Beukman Finance TJ Brown Clients & Markets NT Mthoba Chairman of the Board
Regional Leader: GC Brazier

A full list of partners and directors is available on request

B-BBEE rating: Level 3 contributor/AA (certified by Empowerdex)

QUALIFICATIONS

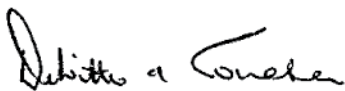
Cash collections and donations

In common with similar organisations, it is not feasible for Safe City Pietermaritzburg to institute accounting controls over cash collections and donations prior to initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

OPINION

In our opinion, except for the effect on the annual financial statements of the matter referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the association as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

The detailed income statements and list of contributors set out on pages 12 and 13 do not form part of the annual financial statements and are presented solely for the information of the members. Accordingly, we do not express an opinion on these schedules.



DELOITTE & TOUCHE
PER D MCARTHUR
(REGISTERED ACCOUNTANT AND AUDITOR)
PARTNER
PIETERMARITZBURG
25 JULY 2008





REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2008

The directors have pleasure in presenting their report for the year ended 30 June 2008.

REVIEW OF THE OPERATIONS FOR THE YEAR

The financial position of the association at 30 June 2008 is set out in the attached annual financial statements. The income statement reflects an operating surplus/(deficit) for the year of R54 795 (2007: R100 294).

SUBSEQUENT EVENTS

No material fact or circumstances has occurred between the accounting date and the date of this report.

DIRECTORS

The following members acted as directors during the year under review:

W D Winship	(Chairman)
P Warmington	
V C Biggs	
P Henwood	(retired in Nov 2007)
M Ghela	
R P Stuart	
P Maharaj	
N K Bhikha	(CEO) (appointed 01/01/2007)
J A Vorster	(appointed 01/06/2007)
D Sokhela	(appointed 01/06/2007)
D Harrison	(appointed 01/06/2007)
D Kambouris	(appointed 01/06/2007)
I Dugmore	(appointed 01/06/2007)

CHAIRMAN

W D Winship (appointed 19/02/2007)

CHIEF EXECUTIVE OFFICER

N K Bhikha

PLACE OF BUSINESS

City Hall
Chief Albert Luthuli Road
PIETERMARITZBURG
3201

NATURE OF BUSINESS

An Association between business, the local authority, the community, government and non-government organisations to proactively combat crime in Pietermaritzburg.

AUDITORS

Deloitte & Touche

BANKERS

First National Bank

ACKNOWLEDGEMENTS

Deloitte & Touche for their engagement in carrying out a partly honorary audit for Safe City.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008



	Note	2008 R	2007 R
Revenue		2 631 579	2 159 779
Interest received		<u>76 556</u>	<u>63 651</u>
Total income		2 708 135	2 223 430
Operating expenses		<u>2 653 340</u>	<u>2 323 724</u>
Operating surplus/(deficit) for the year	3	54 795	(100 294)
Transfers to/from reserves		(54 795)	100 294
- Non-distributable reserve - General	4	<u>54 795</u>	<u>100 294</u>
SURPLUS for the year		<u>-</u>	<u>-</u>

BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	70 090	18 623
CURRENT ASSETS			
Accounts receivable		<u>4 499</u>	<u>65 921</u>
Cash on hand and balances with banks		<u>1 051 575</u>	<u>1 023 101</u>
TOTAL ASSETS		<u>1 126 164</u>	<u>1 107 645</u>
EQUITY AND LIABILITIES			
EQUITY RESERVES			
Non-distributable reserve - general	4	856 184	801 387
CURRENT LIABILITIES			
Accounts payable		<u>269 980</u>	<u>306 258</u>
TOTAL EQUITY AND LIABILITIES		<u>1 126 164</u>	<u>1 107 645</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
OPERATING ACTIVITIES			
Cash receipts from donors		2 631 579	2 159 779
Cash paid to suppliers and employees		(2 605 794)	(2 172 497)
Cash utilised in operations	A	25 785	(12 718)
Interest received		76 556	63 651
Interest paid		(485)	(388)
Net cash generated from operating activities		101 856	50 545
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(73 382)	(12 700)
Net cash flow used in investing activities		(73 382)	(12 700)
NET INCREASE IN CASH AND CASH EQUIVALENTS		28 474	37 845
Cash and cash equivalents at beginning of the year		1 023 101	985 256
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	B	1 051 575	1 023 101

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008



2008 **2007**
R **R**

A. RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) FOR THE YEAR TO CASH UTILISED IN OPERATIONS

Operating surplus/(deficit) for the year	54 795	(100 294)
Adjustment for:		
Interest received	(76 556)	(63 651)
Interest paid	485	388
Depreciation	21 915	6 838
	639	(156 719)
Working capital changes		
Decrease in accounts receivable	61 422	131 350
(Decrease)/increase in accounts payable	(36 276)	12 652
	25 785	(12 718)
Cash utilised in operations	25 785	(12 718)

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Bank	1 051 575	1 023 101
------	-----------	-----------





NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

In the current year, the Board has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2007. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the company’s accounting policies.

At the date of authorisation of these financial statements, the following Standard was in issue but not yet effective which may have an impact on the organisation.

<u>Standards</u>		<u>Effective for accounting periods beginning on/after</u>
<u>Revised Standards</u>		
IAS 1	Presentation of Financial Statements - Comprehensive revision including requiring a statement of comprehensive income.	1 January 2009

2. SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with International Financial Reporting Standards. They incorporate the following principal accounting policies, which have been revised in order to comply with International Financial Reporting Standards.

2.1 Revenue

Revenue comprises cash contributions from the community and does not include contributions in specie.

2.2 Interest

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

2.3 Property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful life to an estimated residual value.

	<u>Years</u>
Furniture & fittings	5
Computer equipment	3
Other	5

2008
R 2007
R

3. OPERATING SURPLUS/(DEFICIT) FOR THE YEAR

Operating surplus/(deficit) for the year is stated after:

Audit fees		
- current year	902	6 571
Depreciation	21 915	6 838
Administration salaries	2 152 294	1 998 793
Interest paid	485	388

4. NON-DISTRIBUTABLE RESERVE - GENERAL

The Association is registered under Section 21 of the Companies Act, 1973, as an incorporated association not for gain and, as such, no part of its income and property shall be transferred to members, directly or indirectly. All reserves of the Association are therefore non-distributable and may only be utilised towards the cost of projects and initiatives and meeting any shortfall in expenditure.

Balance at beginning of the year	801 388	901 682
Operating surplus/(deficit) for the year	54 796	(100 294)
Balance at end of the year	856 184	801 388

5. TAXATION

No provision for taxation is necessary, as the income of the Association is exempt in terms of section 10(1)(cB) of the Income Tax Act, 1962, as amended.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost R	Depreciation R	Net Book Value R
2008			
Furniture and fittings	64 615	(11 931)	52 684
Computer equipment	23 442	(8 584)	14 858
Office equipment	3 948	(1 400)	2 548
	92 005	(21 915)	70 090





	Cost R	Depreciation R	Net Book Value R
2007			
Computer equipment	22 833	(8 157)	14 676
Office equipment	7 000	(3 053)	3 947
	29 833	(11 210)	18 623

Reconciliation of net book value at beginning of the year to net book value at end of the year.

	Net Book value at beginning of year R	Additions R	Disposals R	Depreciation R	Net Book value at end of year R
Furniture and fittings	-	64 615	-	(11 931)	52 684
Computer equipment	14 675	8 767	-	(8 584)	14 858
Office equipment	3 948	-	-	(1 400)	2 548
Total - 2008	18 623	73 382	-	(21 915)	70 090
Total - 2007	12 761	12 700	-	(6 838)	18 623

7. RELATED PARTY TRANSACTIONS

Business Fighting Crime is a related party of Safe City and transactions conducted between these parties are at arms length.

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008



	2008 R	2007 R
REVENUE		
Interest received	76 556	63 651
TOTAL INCOME	76 556	63 651
Less: ADMINISTRATION EXPENDITURE	(2 653 340)	(2 323 724)
Accounting fees	10 683	6 681
Administration salaries	366 148	344 494
Advertising and promotions	6 004	-
Assets written off	6 185	530
Audit fees		
- current	902	7 750
- overprovision	-	(1 179)
Bank charges	3 413	3 504
Cleaning	8 055	6 507
Computer expenses	43 670	-
Contractor staff costs	1 786 146	1 654 299
Courier and postage	312	-
Depreciation	21 915	6 838
Electricity and water	13 422	12 810
Entertainment expenses	1 545	-
General expenses	2 105	1 326
Interest paid	485	388
Motor vehicle expenses	589	-
Printing and stationery	45 915	24 399
Repairs and maintenance	297 063	222 325
Staff welfare	1 800	-
Telephone and fax	36 913	33 052
Travel and accommodation	70	-
OPERATING DEFICIT after administration expenditure	(2 576 783)	(2 260 073)
CONTRIBUTIONS received	2 631 579	2 159 779
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	54 796	(100 294)
<u>Administration expenditure</u>	%	%
Personnel costs	81	86
Repairs and maintenance	11	10
Other	8	4
	100	100





LIST OF CONTRIBUTORS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
Msunduzi Municipality (inclusive of VAT)	3 000 000	2 462 148

Contributions by business are referred to in the Chairman's report.

REPORT SUBMITTED BY CEO CONTROL CENTRE KEY PERFORMANCE INDICATORS (KPI)

The success of the Safe City Project is dependant on the performance of the Control Centre 24hours/7days surveillance operation. A brief description of the operation (which is SABS approved) is as follows:

Having received the crime statistics from Central Pietermaritzburg Police Station every morning, we compare these statistics with the control room crime statistics. Every suspicious behaviour seen through the camera is regarded as an incident detected. The 24 hour presence of the police officer will determine whether a SAPS vehicle needs to be sent to the scene of suspicious behaviour or a crime. An arrest is made when the suspect is apprehended. There are many occasions when the crime is fully observed and followed via the camera. We have a recording capacity of 21 days after which footage is automatically over-recorded.

Table 1 shows the annual statistics of the Control Centre from July 2007 to June 2008. In the summary below we have highlighted the relevant KPI. Every year an annual target is set for the control centre and the operators also have their own performance target from which they are appraised. The summary of annual performance against KPI is as follows:

SUMMARY OF KEY PERFORMANCE INDICATORS

See graphs attached *Page 174*

Description	Total for year	Target for year	Difference
No of Incidents Detected (A)	2041	1915	126
SAPS dispatch required	1619	1604	15
Response by SAPS Unit	1570	1604	-34
Arrests Affected (B)	259	332	-73
SAPS Response Time (D)	3.99 min	2.5 min	-1.49 min
Camera down time in % (C)	1.38	1	-0.38

On the number of incidents detected we have found that we have exceeded our annual target. This is because of the vigilance of the operators for detecting suspicious behaviour. We therefore find that the SAPS dispatch required has increased for the year. Response by SAPS unit has declined by 34. Sometimes for petty crimes and petty traffic violations, a SAPS vehicle is not despatched.

Arrests Affected is below target by 73. This is because in the case of common robberies many complainants refuse to open a case when their properties are returned to them, as a result a case is not opened and an arrest is not made.

Although our target for SAPS response time is 2.5 minutes, they have averaged just about 4 minutes.

Although camera downtime target is 1%, we have been 0.38% over target. This is because some cameras have been damaged due to accidents and it takes some time before insurance claims are processed through the municipality. Spares on hand are a problem when they need to be imported, as our capital budget was kept on hold by the Municipality for most of last year and was only released early this year.

TABLE 2 - COMPARISON OF CRIME STATISTICS IN PMB CBD

Due to the sensitivity of releasing crime figures in South Africa, the crime figures on the graphs have been converted to a percentage with a baseline of 100% being in the first year of 2002 before the cameras were installed in the city. At the end of the 5 year project (June 2007) crime in the following areas have decreased:

1. Common Assault: -61%
2. Common Robbery: -39%
3. All Contact Crimes: -39%
4. Burglary Business: -36%
5. All Property Crimes: -45%



CEO - SAFE CITY (PMB): MS NUTAN BHIKHA





3.2 REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF MSUNDUZI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008.

REPORT ON THE FINANCIAL STATEMENTS INTRODUCTION

1. I have audited the accompanying financial statements of the Msunduzi Municipality which comprise the statement of financial position as at 30 June 2008, statement of financial performance, statement of changes in net assets, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 15 to 55.

RESPONSIBILITY OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury as set out in the accounting policy note 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No.1 of 2007 (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

RESPONSIBILITY OF THE AUDITOR-GENERAL

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA)] and section 92 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Msunduzi Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.

8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

BASIS OF ACCOUNTING

9. The municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury as set out in accounting policy note 1.



OPINION

10. In my opinion the financial statements present fairly, in all material respects, the financial position of the Msunduzi Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the applicable basis of accounting and in the manner required by the MFMA and DoRA.

EMPHASIS OF MATTER

Without qualifying my audit opinion, I draw attention to the following matters:

AMMENDMENTS TO THE BASIS OF ACCOUNTING

"As set out in accounting policy note 1, the National Treasury approved a defiation from the basis of accounting applicable to the municipality terms of General Notice 522 of 2007 issued Government Gazette No. 30013 of 29 June 2007."

RESTATEMENT OF CORRESPONDING FIGURES

11. As disclosed in note 36 to the annual financial statements, the corresponding figures for 30 June 2007 have been restated as a result of an error discovered during 2008 in the financial statements of the Msunduzi Municipality at, and for the year ended, 30 June 2008.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

NON-COMPLIANCE WITH APPLICABLE LEGISLATION

MUNICIPAL FINANCE MANAGEMENT ACT

12. A risk management policy and fraud prevention plan had not been approved and implemented as required by section 62(c) of the MFMA.

BASIC CONDITIONS OF EMPLOYMENT ACT

13. Working hours exceeded the prescribed norms, which was not in compliance with chapter 2, section 10 of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997), resulting in overtime payments exceeded 30 percent of basic salaries.

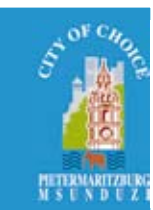
LOCAL GOVERNMENT: MUNICIPAL PLANNING AND PERFORMANCE MANAGEMENT REGULATIONS, 2001

"Although the municipality has developed a performance management system it has not been implemented for the year under review."

MUNICIPAL SYSTEMS ACT

14. Thirty-eight councillors had not declared their business interests as required by the Code of Conduct for Councillors, contained in schedule 1, section 5, 6, 7 and 8 of the Act.





MATTERS OF GOVERNANCE

15. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The Municipality had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		✓
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.	✓	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		✓
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines (section 126 of the MFMA).	✓	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		✓
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		✓
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		✓
• The prior year's external audit recommendations have been substantially implemented.	✓	
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
• The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.		✓
• The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.		✓
• The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.		✓

UNAUDITED SUPPLEMENTARY SCHEDULES

16. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 *Presentation of Financial Statements*. The supplementary budget information set out on pages 66 to 67 do not form part of the financial statements and is presented as additional information. Accordingly I do not express an opinion thereon.
17. The supplementary information, set out as Appendix A to G on pages 56 to 69 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

18. I have reviewed the performance information as set out on pages 97 to 166.

RESPONSIBILITY OF THE ACCOUNTING OFFICER FOR THE PERFORMANCE INFORMATION

19. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

RESPONSIBILITY OF THE AUDITOR-GENERAL

20. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
21. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
22. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

AUDIT FINDINGS (PERFORMANCE INFORMATION)

NON-COMPLIANCE WITH REGULATORY REQUIREMENTS

23. Key Performance Indicators (KPIs) are not included in the Integrated Development Plan (IDP) as per Regulation 9(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 and section 26(i) of the MSA.
24. Although the municipality has developed a performance management system it has not been implemented for the year under review.

LACK OF SUFFICIENT APPROPRIATE AUDIT EVIDENCE

25. Quarterly performance reports did not include the actual performance for numerous projects.

MEASURABLE OBJECTIVE NOT CONSISTENT

26. The IDP did not contain KPI's. As a result the measurable KPIs contained in the Service and Delivery Budget Implementation Plan (SDBIP) was used as an indication of the KPI's of the municipality. Furthermore, only 40 out of 594 indicators recorded in the SDBIP were reported on in the annual performance report. I could therefore not perform detailed tests between the annual report and the SDBIP to ensure consistency of reporting against pre-determined objectives.

OTHER REPORTS

INVESTIGATIONS

27. Seven ongoing investigations into cheque fraud and other matters at the market, electricity department and the estates division are currently still being undertaken. As a result to date six employees have been dismissed.
28. Forensic investigations by the Scorpions during the previous financial year and the outcomes there from have yet to be finalised.
29. The outcome of the investigation that was commissioned by the MEC for local government and traditional affairs and tabled to a council meeting on 21 August 2007 (paragraph 17 of my 2006/07 audit report), has still not been finalized. At its October 2008 meeting, Council resolved to implement disciplinary action against three employees as well as to institute further forensic investigations.





APPRECIATION

30. The assistance rendered by the staff of the Msunduzi Municipality during the audit is sincerely appreciated.

**PIETERMARITZBURG
28 NOVEMBER 2008**



AUDITOR - GENERAL

3.3 REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 30 June 2008.

Audit Committee members and Attendance:

The Audit Committee consists of six members who are listed in next paragraph. The Council approved the Committee charter, according to which members should meet at least 4 times per annum as required by the Municipal Finance Management Act No. 56 of 2003. Due to reasons stated under the Effectiveness of Internal Control paragraph only 2 meetings were held during the year 2007/08, excluding 2 extraordinary ones .

The Audit Committee members are as follows:

- | | | |
|------------------------------|---|--------------------|
| (1)Mr Andile Jordan | : | Chairperson |
| (2) Mr Myakayaka | : | Deputy Chairperson |
| (3) Mrs Sushi Keshav Narshai | : | Member |
| (4) Mr Bamba Ndwandwe | : | Member |
| (5) Mr Andrew Layman | : | Member |
| (6) Mr Kabangu Kongolo | : | Member |

Audit Committee Responsibility

We complied with our responsibilities that arise from section 166(2) of the MFMA No. 56 of 2003. We further report that we have adopted appropriate formal terms of reference and discharged our responsibilities accordingly.

The effectiveness of Internal Control

The Municipality has acquired the services of a new head of internal audit in the last quarter of the year. The Executive Manager : Internal Audit vacancy remained unfilled for a substantial period of the year, During this 'vacuum' our oversight work remained strained. After endeavoring to resolve this impasse internally we communicated the matter to the office of the Auditor-General.

The Auditor General has reported adversely on the state of governance. He reports that the lack of effective oversight mechanisms increases the impetus for fraud, errors and misstatements. We have always expressed view that such circumstances directly and negatively impacts on the well-being of the entity and the achievement of service delivery objectives.





Risk Assessment/Manager and Fraud Prevention Strategy

The Municipality's risk management and fraud prevention strategies complement each other and the Audit Committee has been monitoring their implementation during the year 2007/08.

The quality of management and monthly/quarterly reports


The Municipal Manager prepared and issued monthly and quarterly reports during the year, which in our opinion, appear to be satisfactory.

Evaluation of Financial Statement

The Audit Committee has:

1. Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements that are included in the Annual report.
2. Reviewed the Auditor-General's management letter and management responses.

The Audit committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements. These audited annual financial statements should be accepted and read together with the report of the Auditor-General.



Chairman - On behalf of the Audit Committee

M.A. Jordan

7 January 2009

3.4 REPORT BY MUNICIPAL MANAGER FOR FULL COUNCIL

2 December 2008



SUMMARISED RESPONSE TO THE REPORT OF THE AUDITOR - GENERAL ON THE FINANCIAL STATEMENTS OF THE MSUNDUZI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

BACKGROUND AND PURPOSE OF REPORT

The report of the Auditor-General dated 28 November 2008 on the Audit of the Accounts of the Council for the financial year ended 30 June 2008, has been received and is on the Council agenda.

Section 21(1) and (2) of the Public Audit Act, 2004 (Act No. 25 of 2004) states:

- (1) The Auditor-General must submit an audit report in accordance with any legislation applicable to the auditee which is the subject of the audit.
- (2) If there is no such legislation as contemplated in subsection (1) the Auditor-General must submit the audit report to the relevant legislature within a reasonable time.

Also the requirements of the Municipal Finance Management Act 56 of 2003 Section 126 (1) and (2) must be complied with by the Council.

Comments and action on matters raised in the report are set out below with the numbering corresponding to the Auditor-General's report.

General Comment

REPORT ON THE FINANCIAL STATEMENTS

1. INTRODUCTION

Noted

2. RESPONSIBILITY OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

Noted

3. RESPONSIBILITY OF THE AUDITOR - GENERAL

Noted from point 3 to 8

9. BASIS OF ACCOUNTING

Noted

10. OPINION

Noted – Unqualified opinion





11. RESTATEMENT OF CORRESPONDING FIGURES

The restatement of corresponding figures for 30 June 2007 was done in accordance with the Generally Recognised Accounting Practice (GRAP) accounting standards, with particular reference to GRAP 3 paragraph 49, which does permit the restatement of prior period errors. The prior period errors relate mainly to the change in the vat legislation ie rates now being zero rated, review of vat apportionment percentages and Darvill/Umgengi settlement.

OTHER MATTERS

Non – compliance with applicable legislation

12. MUNICIPAL FINANCE MANAGEMENT ACT

Risk Assessment was completed in March 2008. The internal audit unit is currently aligning itself to be able to undertake the Risk Management function as required by the MFMA. Both Risk Management and Fraud Prevention Strategy will be presented to Council for adoption during the 2008/2009 financial year.

13. BASIC CONDITIONS OF EMPLOYMENT ACT

Our excessive overtime payments are being addressed, in consultation with organised labour with a view to strict compliance with legislation.

14. MUNICIPAL SYSTEMS ACT

Councilors declaration of Interest

Noted. Councillors who do not disclose their interest are in breach of the Code of Conduct, Section (7) of the Municipal Systems Act, and Section (13) therefore is applicable.

15. MATTER OF GOVERNANCE

Audit committee:

The Audit Committee, during the 2007/8 financial year served to fulfill the mandate of Sec 166 (2) of the MFMA. The committee, as an advisory body, met for a minimum of 4 times and advised officials on matters relating to risk, internal controls, and compliance. For the 2008/9 financial year the Committee will focus attention on the requirements of DORA, Performance Management and Risk Management amongst others. We serve to uphold the integrity, confidence and fulfill the mandate of the MFMA (No 56 of 2003)

Internal Audit:

The internal audit unit completed ten projects from the annual audit plan for 2007/8. The report on loss control was in draft at the time of the auditor general’s audit. The audit plan for 2007/8 was not risk based. However, the Internal Audit unit during March 2008 completed a risk assessment which formed the basis for the audit plan for 2008/9. The unit is currently restructuring and realigning itself functionally in order to audit the operations of the municipality. The effectiveness and efficiency of the Internal Audit unit will be improved during 2008/9.

Other matters of governance:

Noted

Implementation of Standards of Generally Recognised Accounting Practice (GRAP):

The implementation plan was submitted to National Treasury on the 30 April 2008. This plan detailed progress towards full compliance with GRAP.

It also included road map/implementation plan of the fixed asset register to be fully compliant with the accounting standard that relates to property, plant and equipment - GRAP 17. Consultants have been appointed to assist with identification and recording of infrastructure assets.



16. UNAUDITED SUPPLEMENTARY SCHEDULES

Noted

17. UNAUDITED SUPPLEMENTARY SCHEDULES

Noted

OTHER REPORTING RESPONSIBILITIES

Noted from point 18 to 29.

GENERAL COMMENTS FOR POINTS 18 TO 29

Report on performance information

Noted and will be attend to in 08/09.

30. APPRECIATION

Noted

31. RECOMMENDATION

It is recommended:

- a) That the report dated 28 November 2008 by the Auditor-General to the members of the Council on the financial statements of The Msunduzi Municipality for the year ended 30th June 2008 be noted.
- b) That the report dated 2 December 2008 by the Municipal Manager, in reply to the Auditor-General's report, be noted.

Submitted for consideration as per Legislation.

**R. F. HASWELL J.P.
MUNICIPAL MANAGER**





CHAPTER 4 ANNUAL MUNICIPAL PERFORMANCE REPORT



OVERVIEW

The overall performance of a municipality is dependent on a number of factors, including planning ahead, prompt decision-making, timeous implementation, teamwork among officials and community support.

Clearly, therefore, Councillors, officials and communities must all buy-in to a common performance plan. Within the administration municipal performance is primarily the responsibility of, and driven by, the Section 57 managers. All of those managers entered into performance agreements for 07/08, but it should be noted that only the performance agreements of the Municipal Manager and the Strategic Executive Manager : Finance comply with the regulations which became effective in August 2006 – the other Strategic Executive Managers were exempted from the regulations, by virtue of the fact that they had entered into both Employment Contracts and Performance Agreements, prior to the promulgation of the regulations.

Therefore, in accordance with their agreements, the performance of the Strategic Executive Managers was assessed by the Municipal Manager, whereas that of the Strategic Executive Manager : Finance, and the Municipal Manager are to be assessed by a Remuneration Committee.

The table below summarizes the performance assessment of the Strategic Executive Managers:-

Strategic Executive Manager	% Achieved	% Bonus	Municipal Manager's Comments
Sound Governance & Human Resources	90	100	An exceptional performance with virtually all KPIs well exceeded and documented.
Infrastructure, Services and Facilities	89	90	Highly commendable and documented performance. Marked improvement in MIG expenditure.
Community Services & Social Equity	87	90	Commendable and documented performance.
Economic Development and Growth	72	80	Competent performance by an Acting SEM.





STRATEGIC BUSINESS UNIT SCORECARDS

1. BALANCED SCORECARD: COMMUNITY SERVICES AND SOCIAL EQUITY

1.1 KPA: INFRASTRUCTURE AND SERVICES

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
1.1 Promote access to basic services	a) Completion and Official Opening of Eastwood Library	Library Completed	Library Officially Opened by the MEC for Arts & Culture	N/A	N/A
	b) New Cemetery Approved: Record of Decision	Obtain Record of Decision	ROD received. Process for the development of the cemetery under way.	N/A	N/A
	c) Commence Construction of Taylor's Halt MPCC	Commence Construction	Phase One now 85% complete	N/A	N/A
	d) Tender Awards for Construction of 5 New Community Halls	Award 5 tenders	Awards not made yet due to delays from ISF in terms of finalizing drawings	N/A	N/A

1.2 KPA: SOCIAL AND ECONOMICAL DEVELOPMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
2.1 Promote Substance Economic and Social Development	a) 2010 Legacy Project Launch & Implementation	1 2010 Legacy Project Launch & Implementation	FNB Wadley Stadium Project Complete. Both the sod turning and the official opening functions gave a huge profile to the city as prominent TV coverage was received. Very high standards were set	N/A	N/A
	b) Organize Public Viewing/Fan Park (Build Up to 2010)	2 Fan Parks	Two very successful Fan Parks during the Africa Cup of Nations were held at the Qokololo Stadium and these were also shown live on SABC TV. This was also a huge marketing boost for the city	N/A	N/A
	c) Attend & Exhibit at SOCCEREX (Market the City)	Attend & Exhibit at SOCCEREX (Market the City)	The city's stand at SOCCEREX was one of the most popular amongst visitors...a lot of material on the city was distributed at this event	N/A	N/A

1.3 KPA: INSTITUTIONAL TRANSFORMATION

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
3.1 Strengthen and improve SBU's responsiveness to service delivery	a) CSSE Strategic Planning Workshop Held	1 Strategic Planning Workshop	Workshop held and attended by all managers in the business unit together with councillors serving on the CSSE portfolio committee. This workshop not only served as a strategic planning session, but it was also a god team- building exercise.	N/A	N/A
	b) Form Partnerships with the Private Sector	Dependent on successful negotiations	Partnered with FNB (2010 Legacy); SABC (Fan Parks); Build-It (Community Soccer); HULAMIN (Community Soccer); Stihl (Vegetation Control)	N/A	N/A

1.4 KPA: GOOD GOVERNANCE AND DEMOCRACY

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
4.1 Promote transparency and accountability in the delivery of service by the SBU and its service providers	a) Attend CSSE Portfolio Committee	Attend CSSE Portfolio Committee	Meetings attended.	N/A	N/A
	b) Attend Izimbizo	Attend Izimbizo	Business Unit representation at public participation fora	N/A	N/A





1.5 KPA: SOUND FINANCIAL MANAGEMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
5.1 Contribute to the sound financial management	a) Raise External Funding for community Projects		HULAMIN Sponsorship; FNB (WADLEY); Department of Transport (SIYAZENZELA Food for Waste);	N/A	N/A
	b) Develop a Plan to Improve Capital Budget Expenditure		Decision to engage project management consultants		
	c) Improve Revenue Collection		More traffic control operations undertaken as part of the city's road safety program including serving warrants on all outstanding fines		



2. BALANCED SCORECARD: INFRASTRUCTURE, SERVICES AND FACILITIES

2.1 KPA: BASIC SERVICE DELIVERY

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
1.1 To ensure effective planning for the provision of services	a) Quality Procedure Manual for Water & Roads	Completed	100%	Nil	N/A
	b) Feasibility Study for Sanitation infrastructure	Completed	100%	Nil	N/A
	c) Strategy Implementation Plan	Completed	100%	Nil	N/A
	d) Maintenance Plans (Electricity, Water, Housing, Transportation)	Completed	100%	Nil	N/A
	e) Roads Planned Maintenance Programmes (2007/08)	Completed	100%	Nil	N/A
	f) Service Delivery Plans (2008/09)	Completed	100%	Nil	N/A
	g) Final Transportation Plan	Completed	95%	5%	Delay in incorporation of municipal comments
	h) Building Condition Assessment	Completed	100%	N/A	N/A
	i) Proposed Ambleton City Development	ToR	100%	N/A	N/A
	a) Construct 3 000 VIP's	3 000	5 687	+2 687	N/A
1.2 To ensure access to provision of services by the communities	b) Eliminate 10 standpipes and make individual connections	105 Standpipes	0	105	Project modified to connect widgets on standpipes (95 widgets installed)
	c) Achieve 500 individual new water connections	500	1762	+1 262	N/A
	d) Eliminate midblocks to 132 houses	132 houses	654		Contractor progressed beyond expectations
	e) Ensure over 2000 poor households enjoy FBE	2 000	4 336	+2 336	N/A
	f) To provide 500 electricity connections to households	500	702	+202	N/A
	g) Provide 50 new streetlights	50	42	8	Exco refused advanced payment to Eskom
	h) Order 5 transformers	5 (orders)	100%		N/A
	i) Provide 100 new streetlight components in the City & Vulindlela	100	847	+747	N/A
	j) Construct 2000 houses for people living informal settlements	2000	175	- 1 825	Problem with approval of escalations/contracts by DoH which took longer than expected





Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
1.2 To ensure access to provision of services by the communities	k) Complete designs for gravel road upgrades in Edendale (Willowfountain Road, D1127, D1128, D1140, Eshowe Footbridge, Shayamoya, Martins Way)	Complete designs for: Willowfountain Road, D1127, D1128, D1140, Eshowe Footbridge, Shayamoya, Martins Way	Designs 100% completed	N/A	N/A
	l) Start construction of D1123, D1133 and D1152	Begin construction	100% (D1133 Totally completed)	N/A	N/A
	m) Switchgear replacement [R1m = R1,3m]	Expenditure of R1m = R1,3m	R68 008 1200.00		More breakdowns occurred and had to reallocate funds
	n) Install traffic calming measures on 10 sites	10	14	+4	Increased request
	o) Desilt sedimentation basin	Complete	100%	N/A	N/A
	p) Construct New England / N3 Interchange extension	Complete	100%	N/A	N/A
	q) Complete Phase 1 of the UTC	Phase 1	100%	N/A	N/A
	r) Complete Third Infeed and swing load	Complete	100%	N/A	N/A
	s) Appoint contractors for D2151, unit RR, unit T	Appointment of contractors	100%	N/A	N/A

2.2 KPA: LOCAL ECONOMIC DEVELOPMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
2.1 To improve the social and the economic wellbeing of the communities	a) Create 120 job opportunities or 1 600 man-days	120	1 505	+1 385	Most constructors forced to use local labour
	b) Engage communities for road maintenance and drainage clearance activities	40	46	+6	Hire community labour for internally-managed projects

2.3 KPA: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
3.1 To improve the effectiveness and operational efficiency of the sub - units	a) Complete Section 78 Water Assessment	Complete	75%	25%	Awaiting Exco decision (Report to be submitted)
	b) Commence on ISO 9000 certification programme	Complete	100% (Electricity)	N/A	N/A
	c) Commence Ring-fencing of Electricity	Complete	100%	N/A	N/A
	d) Commence Section 75 Assessment for Housing	Complete	nil	Incomplete	No funding Allocation
	e) Develop and get approval of the Scarce Skills Allowance	Complete development & approval of allowance	100% developed & approved	N/A	Implementation suspended

2.4 KPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
4.1 To reduce loss of revenue and enhance realization of more revenue	a) Reduce unaccounted for water to 32%	32%	36.56%	- 4.5%	Meter-reading function, dysfunctional; estimates.
	b) Propose new Electricity and Water tariffs to Council		100%		
	c) Get approval of Road MIG funded projects	14	14		
	d) Reduce Electricity loss to 9,3%	9.3%	9.07		
	e) Capital Council expenditure >- 88%	>-88%	>-72.4%	16%	1. Contractor problems 2. Technical difficulties (resignation of technicians)
	f) MIG expenditure >- 60%	>-60%	>- 99.75	+40%	





2.5 KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
5.1 To formalize all relationships with other entities in a transparent way and comply with legislation requirements	a) Sign Bulk Water Agreement with Umgeni Water	Signed Agreement	Not Signed		Sewerage Works Agreement went to arbitration
	b) Get Council approval for Vulindlela Water Scheme take-over	Council Approval	100% Approved	N/A	N/A
	c) Prepare Budgets for 2008/09	Complete budget preparation	100%	N/A	N/A
	d) Revised Service Charter	Complete revision of service charter	100%	N/A	N/A
	e) Prepare or review procedures	Review of procedures	Procedures renewed & amended	N/A	N/A
	f) Conduct Management Quality Reviews-minutes	Reviews conduct	100% achieved	N/A	N/A



3. BALANCED SCORECARD: SOUND GOVERNANCE AND HUMAN RESOURCES

3.1 KPA: BASIC SERVICE DELIVERY

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
1.1 Provide a high quality environment to facilitate smooth delivery of service	Conduct customer satisfaction survey on service delivery.	1 Annual Survey	Nil	N/A	Process did not commence with ward committees as originally planned
	Undertake the review process of the organisational structure.	Complete Review	90% of review completed	10%	Appointment of third level of the organizational structure not finalized
	Resolve all placement disputes.	23 disputes	23 disputes	N/A	N/A
	Implement phase one of the Batho Pele Strategy within the organisation.	Complete implementation of phase 1	90% complete	10%	Lack of adequate funds
	Ensure that 95% of all job descriptions are verified and signed off by staff and are submitted to the PJEC.	95% of all job descriptions	95% of all job descriptions signed	N/A	N/A

3.2 KPA: LOCAL ECONOMIC DEVELOPMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
2.1 Contribute to the promotion of sustainable economic and social development	38 Students placed on Internship Programmes	38 students	51 students	+13	Increased funding
	External and Internal bursaries awarded to HDI students (10 external and 30 internal)	40	60	+20	Increased focus on scarce & technical skills
	Ward Committees to be inducted and workshopped on Municipal Services.	37 ward Committees	37 ward Committees	N/A	N/A
	Train and develop unemployed youth on technical skills (carpentry and electrical)	20	23	+3	Increased demand
	Employ successful students in A Band vacancies for 6 months to reinforce training and development.	As and when required	100%	N/A	N/A





Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
2.1 Contribute to the promotion of sustainable economic and social development	• Skills Audit of Councillors (50 %)	50% of Councillors	55% of Councillors	+5%	N/A
	• Training and Development of Councillors on Financial Management and Conflict and Negotiations	40 Councillors	84 Councillors	+44	N/A
	• Provide external opportunities for Councillors at UNISA (NOF Level 5)	3 Councillors	6 Councillors	+3	N/A
2.2 Ensure sustainability and achievability of socio-economic development initiatives	• Partnership agreements or MOU's with educational institutions are concluded.	N/A	2 partnership agreements signed	N/A	N/A
	• Provide learnerships to at least 15 persons	15	71	+56	Additional funds received from the SETA and the MOU's

3.3 KPA: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
3.1 Strategically oversee development and implementation of the organisational HRM, SG and HRD strategy	• SG&HR Strategy developed and implemented	Developed & Implemented	100% achieved	N/A	N/A
	• Workplace skills plan developed and implemented	Developed & Implemented	100% achieved	N/A	N/A
	• Employment Equity plan for the next 5 years developed and implemented	Plan developed & implemented	50% developed	-50% developed;	
	• Employment equity targets addressed by 5%	5%	13%	-100% implemented	
	• Adopt and implement a staff retention and attraction policy	Policy adopted & implemented	100% achieved	+8%	Increased focus on technical & management recruitment
				N/A	N/A

3.4 KPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
4.1 Ensure that there is a sound financial management in the SBU	• 0 % over expenditure on budget allocated	0% over expenditure	100% achieved	N/A	N/A
	• 97 % of budget allocated is spent	97% expenditure	100% achieved	N/A	N/A
	• 50% of Revenue in HRD generated by SBU	50% revenue generation	100% achieved	N/A	N/A
4.2 Minimise potential for fraud and corruption	• Council fraud prevention strategy implemented	1. Disclosures of business interests; 2. Acceptance of Code of Conduct.	100% achieved	N/A	N/A

3.5 KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
5.1 Strategically influence organisational culture to ensure good governance and democracy	• Municipal Legislation, policies and bylaws are online and are easily accessible to staff	100% completed	100% completed	N/A	N/A
	• Performance Management and Remuneration Policy adopted by Council	100% completed	100% completed	N/A	N/A
5.2 Improve organisational focus and measure results	• Performance Assessments of Senior Management for 2007-2008 completed	100% completed	100% completed	N/A	N/A





4. BALANCED SCORECARD: ECONOMIC DEVELOPMENT AND GROWTH

4.1 KPA: INFRASTRUCTURE AND SERVICES

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
1.1 Award Contracts/tenders timeously	- Attendance by SEM or Acting SEM at all Bid Adjudication Meetings	100%	100%		

4.2 KPA: SOCIAL AND ECONOMICAL DEVELOPMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
2.1 Redevelopment of Freedom Square	<ul style="list-style-type: none"> - Completion of the construction of the taxi/trading facility - Fencing of the square and re-grassing the balance of the square - Draft design for the upper half of the square 	<ul style="list-style-type: none"> - Completion of facility - Completion of fencing and grassing - Completion of design 	<ul style="list-style-type: none"> - Completed June 08 - Fencing completed June 08, grassing completed Aug 08 - Draft design completed 	<ul style="list-style-type: none"> - Grassing completed Aug 08. 	<ul style="list-style-type: none"> - Tender re-advertised
2.2 development of Economic Development Strategy	<ul style="list-style-type: none"> - Convene a Strategic Planning Workshop - Draft the ED&G Operational Plan for 2007 – 2012 - Workshop Economic Development Strategy document with ED&G and EXCO councillors - Adoption of Strategy Document by Council 	<ul style="list-style-type: none"> - Holding of workshop - Complete ED&G operational plan - Holding of Workshop with councillors - Adoption of document by Full Council 	<ul style="list-style-type: none"> - Workshop held on 04-05 Oct 07 - Operational plan for 08-13 completed - Document presented and adopted by ED&G committee - Item yet to be discussed 	<ul style="list-style-type: none"> - Document still to be discussed by Exco - Document not discussed 	<ul style="list-style-type: none"> - Item stood down at Exco. - Document yet to be adopted by Exco
2.3 To implement a Business Retention and Expansion Programme	<ul style="list-style-type: none"> - Finalize business visitation programme - Initiate the business visitation programme 	<ul style="list-style-type: none"> - Completion of visitation programme - Implementation of programme 	<ul style="list-style-type: none"> - Visitation programme completed - Programme not implemented 	<ul style="list-style-type: none"> - Programme not implemented 	<ul style="list-style-type: none"> - Lack of staff

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
2.4 To review the council's Business Incentive Policy	<ul style="list-style-type: none"> - Draft new Business Incentive Policy - Adoption of new Business Incentive Policy by Council 	<ul style="list-style-type: none"> - New Incentives policy 	<ul style="list-style-type: none"> - Incentives data still being compiled 	<ul style="list-style-type: none"> - Policy yet to be drafted 	<ul style="list-style-type: none"> - Data being compiled, lack of staff
2.5 To investigate a tourism management option	<ul style="list-style-type: none"> - Initiate Section 78 procedure - Complete analysis of options 	<ul style="list-style-type: none"> - Section 78 investigation 	<ul style="list-style-type: none"> - Tender advertised, but not awarded 	<ul style="list-style-type: none"> - Tender not awarded 	<ul style="list-style-type: none"> - Only one tender received, tender price too excessive
2.6 To improve the financial viability of the Fresh Product Market	<ul style="list-style-type: none"> - Improvement of facilities at the market - To implement new systems and control measures 	<ul style="list-style-type: none"> - Improvement of cold room, access gate and ablutions - New control measures 	<ul style="list-style-type: none"> - Improvements completed - Improvement made to the control system 		
2.7 To promote and market the city as an investment destination	<ul style="list-style-type: none"> - Publicize opportunities and achievements in advertisements in the news media 	<ul style="list-style-type: none"> - Placing of adverts, one per quarter 	<ul style="list-style-type: none"> - Adverts placed accordingly, including two in overseas publications 		
2.8 To review the management and operation of the airport	<ul style="list-style-type: none"> - Consideration of the various management options - Adoption of preferred management option by the council, and implementation. 	<ul style="list-style-type: none"> - Consideration of options - Adoption of preferred option 	<ul style="list-style-type: none"> - Task team established, and options considered - Decision deferred, current contract extended 	<ul style="list-style-type: none"> - No decision yet on preferred option 	<ul style="list-style-type: none"> - Task team yet to finalise preferred option

4.3 KPA: INSTITUTIONAL TRANSFORMATION

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
3.1 Establish individual roles for, and collective input by, ED&G Unit staff	Regular minuted staff meetings which encourage individual and collective effort	Regular staff meetings	Meetings held, but not regular	Meetings not regular	Problems with scheduling, availability of personnel
3.2 To establish a fully represented "one stop" Investment Facilitation Team	<ul style="list-style-type: none"> - Restructuring of the current Facilitation Team 	Investment Facilitation Team	Restructured team established		





4.4 KPA: GOOD GOVERNANCE AND DEMOCRACY

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
4.1 To provide a forum for potential investors.	Convene bi-monthly meetings of Investment Facilitation Team	2 meetings per month	2 meetings per month achieved		

4.5 KPA: SOUND FINANCIAL MANAGEMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
5.1 To maintain Investment Momentum/ Revenue Generation	<ul style="list-style-type: none"> - Contribute to Land Disposal Policy - Contribute to Proposal Calls: Cleland Road CBD Ext Node 	<ul style="list-style-type: none"> - Participate in task team - Proposal call for two properties 	<ul style="list-style-type: none"> - Participated in task team, policy drafted and adopted - No proposal calls made 	<ul style="list-style-type: none"> - No proposal calls made 	<ul style="list-style-type: none"> - Land Disposal Task Team only established in Aug 08.

5. BALANCED SCORECARD: FINANCE BUSINESS UNIT

5.1 KPA INFRASTRUCTURE AND SERVICES

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
1.1 Ensure appropriate Information Technology is available for the business unit	<ul style="list-style-type: none"> a) Complete integration of Procurement & Creditors System b) Implement electronic Payment system for all payments. c) All Finance programs are adequately documented. 	<ul style="list-style-type: none"> 30 June 2008 30 June 2008 30 June 2008 	<ul style="list-style-type: none"> Completed System in place 98% Completed Completed 	N/A	N/A
1.2 Funding Infrastructure programs:	<ul style="list-style-type: none"> a) Adequate funding available for all infrastructure programs based on projected cash outflows at favorable rates. 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> On-going 	N/A	N/A
1.3 Asset Maintenance	<ul style="list-style-type: none"> a) Adequate funding available for asset maintenance as per asset maintenance plan. 	<ul style="list-style-type: none"> On-going 	<ul style="list-style-type: none"> On-going 	N/A	N/A

5.2 KPA: SOCIAL AND ECONOMICAL DEVELOPMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
2. 1 Ensure access and the provision of basic services to the indigents:	<ul style="list-style-type: none"> a) Indigent Policy is reviewed & implemented. b) All applications are Indigent status speedily processed. c) Register of Indigents is regularly updated. 	<ul style="list-style-type: none"> 30 June 2008 On-going On-going 	<ul style="list-style-type: none"> 30 June 2008 On-going On-going 	N/A	N/A
2. 2. Accurate meter reading	<ul style="list-style-type: none"> a) New Electronic Meter Reading System <ul style="list-style-type: none"> · Bid Spec. complete, · Proposal call advertised · Bid evaluation complete · Tender awarded 	<ul style="list-style-type: none"> 10 May 2008 15 May 2008 30 June 2008 31 July 2008 	<ul style="list-style-type: none"> On-going On-going On-going On-going 	N/A	N/A





5.3 KPA: INSTITUTIONAL TRANSFORMATION

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
3.1 Comply with MFMA	a) Business unit complies with MFMA in line with pre-approved check list	30 June 2008	30 June 2008	N/A	N/A
3.2 Comply with Council's equity plan and labor laws	a) Appropriate training and mentorship provided to all employees	30 June 2008	30 June 2008	N/A	N/A

5.4 KPA: GOOD GOVERNANCE AND DEMOCRACY

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
4.1 Security of Council Assets	a) Each Council asset in the Asset register is physically verified and reconciled to the annual financial statements annually. b) All Council's assets are adequately covered by Insurance	30 June 2008 30 June 2008	30 June 2008 30 June 2008	N/A N/A	N/A N/A
4.2 Enhance Councilors' Oversight Role:	a) Provide assistance/advice to the Oversight Committee, when required. b) Attend Oversight Committee Meetings when summoned to do so.	30 June 2008	30 June 2008	N/A	N/A
4.3 Ensure council's compliance with SCM policy:	a) Attendance at all Procurement meetings.	30 June 2008	30 June 2008	N/A	N/A
4.4 Improve internal and external customer relations:	a) Customers' inputs and requests register is in place. b) Bills are accurate and delivered timeously. c) Adequate receiving facilities are available throughout the municipal area.	On-going On-going	On-going On-going	N/A N/A	N/A N/A

5.5 KPA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Key Objectives	Key Performance Indicators	Target	Actual	Variance	Reason for Variance
5.1 Improve revenue Management	<ul style="list-style-type: none"> a) Review Credit Control Policy b) Major factors that affect National Treasury Financial Ratios and factors that may threaten the City's credit rating are reported and remedial action effected timeously. 	<ul style="list-style-type: none"> 30 June 2008 30 June 2008 	<ul style="list-style-type: none"> 30 June 2008 30 June 2008 	N/A	N/A
5.2 Convert AFS to GAMAP format.	<ul style="list-style-type: none"> a) AFS prepared in GAMAP / GRAP format 	30 June 2008	30 June 2008	N/A	N/A
5.3. Convert budgets preparation to GAMAP	<ul style="list-style-type: none"> a) Budgets prepared in GAMAP / GRAP format 	30 May 2008	30 May 2008	N/A	N/A
5.4 Actively pursue cost cutting; productivity improvement and value for money initiatives to increase the resource pool to Council.	<ul style="list-style-type: none"> a) Establish a cost cutting team/unit b) Establish Activity Based Costing implementation Program 	<ul style="list-style-type: none"> On-going 30 June 2008 	<ul style="list-style-type: none"> On-going 50% complete 	N/A ABC Manager was re-deployed	N/A
5.5 Collect income due to the Council	<ul style="list-style-type: none"> a) Achieve a moving annual average collection rate of 80% of revenue raised. b) 3% reduction in overdue debtors (>90 days) through improved collection. 	<ul style="list-style-type: none"> 30 June 2008 30 June 2008 	<ul style="list-style-type: none"> 30 June 2008 30 June 2008 	N/A	N/A
5.6. Investigate suitable funding for capital projects	<ul style="list-style-type: none"> a) Maintain regular contact with Banks / Financial Institutions to keep abreast with new forms of financing options on offer b) Regularly monitor cash reserves and set aside surplus funds to fund capital projects when required. 	<ul style="list-style-type: none"> On-going On-going 	<ul style="list-style-type: none"> On-going On-going 	N/A	N/A
5.7 Indigent segmentation	<ul style="list-style-type: none"> a) Unrecoverable indigent debt segmented and written off in terms of Council policy. 	30 June 2008	30 June 2008	N/A	N/A
5.8 Ensure sound financial management by all SBU's and structures of the municipality	<ul style="list-style-type: none"> a) Financial regulations revised and circulated. b) Draft Locomotion Policy revised and circulated. 	<ul style="list-style-type: none"> 30 June 2008 15 June 2008 	<ul style="list-style-type: none"> 30 June 2008 On-going 	N/A	N/A





6. PERFORMANCE HIGHLIGHTS: CORPORATE STRATEGIC PLANNING - AREA BASED MANAGEMENT

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Achievements
Good Governance & Public Participation	IDP Goal/Objective: Attend to service delivery queries from communities.	Ongoing in all wards. Facilitated 51 queries attended by different SBUs
	Improvements for Next Year: Improved ABM recognition by SBUs	
Municipal Financial Viability & Management	IDP Goal/Objective: Relocation of 58 families, Botanic Gardens Revitalization Project Municipal Gel distribution House for disabled person Facilitated the existence of Sinenhlahl Sivananda Disabled Group and Building Siyazenzela Project (Poverty Alleviation Project) with Department of KZN Transport, KZN Public Works and Municipality	7 people are permanently employed. Ward 33
	Improvements for Next Year:	
Good Governance & Public Participation	IDP Goal/Objective: Fundraising for Masakhane Creche in Thembalihle.	R250 000 was received from donors
	Improvements for Next Year:	
Good Governance & Public Participation	IDP Goal/Objective: IDP & Budget Izimbizo Valuation roll Formation of Ward Committees	All wards
	Improvements for Next Year:	
Good Governance & Public Participation	IDP Goal/Objective: Formation of Development Structures for councillors and officials Establishment of the Multi-Purpose Centre for France Facilitate same Network infrastructure to Vulindlela satellite offices.	Imbali and Edendale, functioning structures.
	Improvements for Next Year:	

PERFORMANCE HIGHLIGHTS: CORPORATE STRATEGIC PLANNING - CORPORATE ASSET MANAGEMENT

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Target	Actual	Variance
Municipal Institutional Development & Transformation	IDP Goal/Objective: To provide a Computerised Management Information System (CAMIS) on costs relating to the repairs and maintenance of assets and to provide an up-to-date asset register.	100% of system	100% of system	Nil
	Reason for Variance: N/A			
	Improvements for Next Year: N/A			
Municipal Institutional Development & Transformation	IDP Goal/Objective: To provide information on abuse of vehicles and driving patterns.	100% implementation of the Co-Driver	100% implementation of the Co-Driver	Nil
	Reason for Variance: N/A			
	Improvements for Next Year: N/A			

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Target	Actual	Variance
Basic & Sustainable Service Delivery	IDP Goal/Objective: Replacement of Ageing Waste Management Fleet	24 Vehicles Replaced	0	24
	Reason for Variance: Lack of Funds			
	Improvements for Next Year: Full Maintenance Leasing & Section 78 Investigation			
Municipal Institutional Development & Transformation	IDP Goal/Objective: Asset Management Policy that is legislatively compliant	100% Compliance	100% Compliance	Nil
	Reason for Variance: N/A			
	Improvements for Next Year: N/A			
Municipal Institutional Development & Transformation	IDP Goal/Objective: Assess existing infrastructure for quality, completeness and accuracy of processes and procedures required to comply with relevant legislation, namely GRAP 17.	100% Compliance	100% Compliance	Nil
	Reason for Variance: N/A			
	Improvements for Next Year: N/A			
Basic & Sustainable Service Delivery	IDP Goal/Objective: Compile Valuation Roll in terms of Municipal Property Rates Act.	100% compilation	100% compilation	Nil
	Reason for Variance: N/A			
	Improvements for Next Year: Although compiled, owing to the number of objections received from the public, Council took a decision not to implement the new valuation roll and has been deferred to 2009.			
Municipal Institutional Development & Transformation	IDP Goal/Objective: Compile a legislatively compliant Land Disposal Policy	100% compilation	100% compilation	Nil
	Reason for Variance: N/A			
	Improvements for Next Year: N/A			





2007/2008 ANNUAL MUNICIPAL PERFORMANCE REPORT MUNICIPAL PERFORMANCE REPORTING FRAMEWORK MSUNDUZI LOCAL/ DISTRICT MUNICIPALITY

SECTION 1 LEGISLATED KEY PERFORMANCE INDICATORS REGULATION 10, MUNICIPAL PLANNING AND PERFORMANCE REGULATIONS, DATED 21 AUGUST 2001

NO	STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	BACKLOG	PREVIOUS YEAR'S CONCLUDING BASELINE MEASUREMENT (2006/2007)	ANNUAL DEVELOPMENT TARGET FROM THE IDP (2007/2008 IDP TARGET)	CURRENT YEAR'S CONCLUDING BASELINE MEASUREMENT (2007/2008)	3 YEAR TARGET FROM THE IDP (2010/2011 TARGET)	ACTIONS TO CORRECT UNDER PERFORMANCE/ COMMENTS	SOURCE OF INFORMATION	AUDIT OF INFORMATION	
									YES	NO
1	Number of households with access to basic water	5304	423	Consumer driven	390	Consumer driven	Backlog information relevant only to access to free basic water.	Process Manager: Water & Sanitation		x
2	Number of households with access to basic sanitation	37891	5999	Consumer driven	239	Consumer driven	Backlog information relevant only to access to free basic sanitation.	Process Manager: Water & Sanitation		x
3	Number of households with access to basic electricity	3000	1110	1200	750	Consumer driven	Electrification is partly consumer-driven, hence the shortfall in the target vs actual achieved.	Acting Process Manager: Electricity		x
4	Number of households with access to basic solid waste removal	40000	1000	7000	1000	7000	All targets and achievements relate to access to Free Basic Sanitation Removal, all other new removals are consumer driven.	Manager: Waste Management		x
5	Number of households with access to Free Basic Water	5304	Not Available	Not Available	1372	-		Process Manager: Water & Sanitation		x
6	Number of households with access to Free Basic Sanitation	37891	5826	5195	5687	23400	Actual achieved exceeded target by 492.	Process Manager: Water & Sanitation		x
7	Number of households with access to Free Basic Electricity	8000	3262	10000	4336	10000	Figures are based on automatic indigent and applied indigent as per Indigent Policy.	Acting Process Manager: Electricity		x
8	Number of households with access to Free Basic Solid Waste Removal	40000	1000	7000	1000	7000	Target not achieved as contract for only 1000 was awarded.	Manager: Waste Management		x

NO	STANDARD PROVINCIAL INDICATOR/ MUNICIPAL PERFORMANCE INDICATOR	BACKLOG	PREVIOUS YEAR'S CONCLUDING BASELINE MEASUREMENT (2006/2007)	ANNUAL DEVELOPMENT TARGET FROM THE IDP (2007/2008 IDP TARGET)	CURRENT YEAR'S CONCLUDING BASELINE MEASUREMENT (2007/2008)	3 YEAR TARGET FROM THE IDP (2010/2011 TARGET)	ACTIONS TO CORRECT UNDER PERFORMANCE/ COMMENTS	AUDIT OF INFORMATION	
								YES	NO
9	% municipality's capital budget spent on projects identified in the municipality's IDP (refer to KPI 30 below)	N/A	70.44	100	69.42	100		2007/2008 currently being audited	
10	Number of jobs created through municipal LED initiatives (refer to no 8 in Questionnaire)	-	-	-	-	-	Economic Development & Growth Strategic Business Unit		
11	Number of people from employment equity target groups employed in the three highest management levels in the municipality (consolidated figure) (refer to no 3 in Questionnaire)						Personnell Planning Officer		x
12	Number of women employed in the three highest management levels in the municipality (consolidated figure)						Personnell Planning Officer		x
13	Number of people with disabilities employed in the three highest management levels in the municipality (consolidated figure)				NIL		Personnell Planning Officer		x
14	% of the municipality's budget spent on implementing the work place skills plan (refer to KPI 18+19 below)	0	0.10	0.9	0.9	R 3613598.00	Manager: Skills Development		x
15	Financial viability 1 (refer to Annexure A)								
16	Financial viability 2 (refer to Annexure A)								
17	Financial viability 3 (refer to Annexure A)						Manager: Financial Services		2007/2008 currently being audited





SECTION 1 ADDITIONAL PROVINCIAL KEY PERFORMANCE INDICATORS

NO	STANDARD PROVINCIAL INDICATOR/MUNICIPAL PERFORMANCE INDICATOR	BACKLOG	PREVIOUS YEAR'S CONCLUDING/ CONSOLIDATED BASE-LINE MEASUREMENT (2006/2007)	ANNUAL DEVELOPMENT TARGET FROM THE IDP (2007/2008 IDP TARGET)	CURRENT YEAR'S CONCLUDING/ CONSOLIDATED BASELINE MEASUREMENT (2007/2008)	3 YEAR TARGET OF THE IDP (2010/2011 TARGET)	ACTIONS TO CORRECT	SOURCE OF INFORMARION	AUDIT OF INFORMATION	
									YES	NO
18	Number of Councilors undergone leadership development training	0	66	60	52	21	Additional training that has been conducted for both Councilors & Senior Management is: (i)Certificate in Local Government (UNISA); (ii)Conflict & negotiation skills; (iii)MFMA workshop; (iv)Finance for nin-financial managers.	Manager: Skills Development	x	
19	Number of senior management (Section 57) undergone leadership development training	0	60	22	9	29	Additional training that has been conducted for both Councilors & Senior Management is: (i)Certificate in Local Government (UNISA); (ii)Conflict & negotiation skills; (iii)MFMA workshop; (iv)Finance for nin-financial managers.	Manager: Skills Development	x	

NO	STANDARD PROVINCIAL INDICATOR/MUNICIPAL PERFORMANCE INDICATOR	BACKLOG	PREVIOUS YEAR'S CONCLUDING/ CONSOLIDATED BASELINE MEASUREMENT (2006/2007)	ANNUAL DEVELOPMENT TARGET FROM THE IDP (2007/2008 IDP TARGET)	CURRENT YEAR'S CONCLUDING/ CONSOLIDATED BASELINE MEASUREMENT (2007/2008)	3 YEAR TARGET OF THE IDP (2010/2011 TARGET)	ACTIONS TO CORRECT	SOURCE OF INFORMATION	AUDIT OF INFORMATION	
									YES	NO
20	% improved cost recovery with respect to trading services: water									
21	% improved cost recovery with respect to trading services: sanitation									
22	% improved cost recovery with respect to trading services: electricity									
23	% improved cost recovery with respect to trading services: refuse	Not Available	106.97	80	90.66	100	Concluding baseline for 2006/2007 is inflated due to a write-off of debt to the value of R84 million.	Process Manager: Income	2007/2008 currently being audited	
24	% improved cost recovery with respect to trading services: municipal rates									
25	% improved cost recovery with respect to trading services: other (state others by inserting appropriate lines)									
26	% of MIG budget spent	42.83	59.58	156.44	99.86	R73140224		Manager: Project Management Unit	2007/2008 currently being audited	
27	% of total municipal capital budget spent	N/A	70.44	100	69.42	100		Manager: Budget	2007/2008 currently being audited	
28	% of the municipal capital budget spent in applicable nodes as per the PSEDS						Information not currently available			
29	% of the municipal capital budget spent in applicable corridors as per the PSEDS						Information not currently available			
30	% of the total capital budget spent in strategic intervention areas of the Spatial Development Framework						Information not currently available			
31	% of the total municipal budget allocated to the development of community social infrastructure	-	-	-	11.63	-		Finance Support Services Manager: Community Services & Social Equity	2007/2008 currently being audited	





NO	STANDARD PROVINCIAL INDICATOR/MUNICIPAL PERFORMANCE INDICATOR	BACKLOG	PREVIOUS YEAR'S CONCLUDING/ CONSOLIDATED BASELINE MEASUREMENT (2006/2007)	ANNUAL DEVELOPMENT TARGET FROM THE IDP (2007/2008 IDP TARGET)	CURRENT YEAR'S CONCLUDING/ CONSOLIDATED BASELINE MEASUREMENT (2007/2008)	3 YEAR TARGET OF THE IDP (2010/2011 TARGET)	ACTIONS TO CORRECT	SOURCE OF INFORMATION	AUDIT OF INFORMATION	
									YES	NO
32	Number of households serviced with formal housing	16000	981	1254	1144	2500		Process Manager: Infrastructure Planning & Survey		x
33	Number of ward committees established	37	0	37	37	37		Manager: Office of the Speaker		x
34	Number of ward committees functional (conduct meetings, have records and discuss issues with the municipality)	37	0	37	36			Manager: Office of the Speaker		x
35	Number of ward committees trained	37	0	37	37	37	Induction for ward committees to commence October 2008. Ward committees have been trained on: (i) Performance Management System and (ii) Job Hunting Skills	Manager: Office of the Speaker		x

IMPACT PERFORMANCE INDICATORS

NO	STANDARD PROVINCIAL INDICATOR/MUNICIPAL PERFORMANCE INDICATOR	BACKLOG	PREVIOUS YEAR'S CONCLUDING/ CONSOLIDATED BASELINE MEASUREMENT (2006/2007)	ANNUAL DEVELOPMENT TARGET FROM THE IDP (2007/2008 IDP TARGET)	CURRENT YEAR'S CONCLUDING/ CONSOLIDATED BASELINE MEASUREMENT (2007/2008)	3 YEAR TARGET OF THE IDP (2010/2011 TARGET)	ACTIONS TO CORRECT	SOURCE OF INFORMATION	AUDIT OF INFORMATION	
									YES	NO
36	% improvement in attendance at ward committee meetings									
37	% increase in customer satisfaction with municipal service delivery (infrastructure)									
38	% increase in customer satisfaction with municipal LED delivery									
39	% increase in customer satisfaction with municipal good governance									
40	% increase in internal (officials) satisfaction with municipal good governance									

ANNEXURE A' (REFER KEY PERFORMANCE INDICATORS 11-13)

AFRICANS MALE	COLOURED MALE	INDIAN MALE	AFRICAN FEMALE	COLOURED FEMALE	INDIAN FEMALE	WHITE FEMALE
22	2	39	20	2	15	12

ANNEXURE B' (REFER KEY PERFORMANCE INDICATORS 15-17)

Financial Viability as Expressed by the Following Ratios		CONCLUDING BASELINE 2006/2007	TARGET 2007/2008	ACTUAL 2007/2008	TARGET 2010/2011
A= B-C/D					
Where:					
"A" represents debt coverage					
1	"B" represents total operating revenue received -	1,479,644,060	1,525,627,378	1,624,143,600	0
	"C" represents operating grants	-151,133,147	-182,124,630	-182,124,630	0
	"D" represents debt service payments (i.e. interest + redemption) due	1,328,510,913	1,343,502,748	1,442,018,970	0
		78,415,828	87,114,760	95,485,900	
	A=B/C	16.94	15.42	15.10	0
Where:					
"A" represents outstanding service debtors to revenue					
2	"B" represents total outstanding service debtors	430,135,683	435,431,707	435,431,707	0
	"C" represents annual revenue actually received for services;	1,203,111,231	1,263,532,265	1,263,532,265	0
		0.36	0.34	0.34	0





Financial Viability as Expressed by the Following Ratios				
	CONCLUDING BASELINE 2006/2007	TARGET 2007/2008	ACTUAL 2007/2008	TARGET 2010/2011
A= B+C/D				
Where:				
"A" represents cost coverage				
3 "B" represents all available cash at a particular time	13,348,315	3,424,665	3,424,665	0
"C" represents investments	207,602,643	260,420,761	260,420,761	0
	220,950,958	263,845,426	263,845,426	0
"D" represents monthly fixed operating expenditure,	115,063,425	125,566,384	125,566,384	0
	1.92	2.10	2.10	0

NO	ITEM	STANDARD PROVINCIAL INDICATOR/MUNICIPAL PERFORMANCE INDICATOR	In Place /yes	In process /review	No progress /no	ACTIONS TO CORRECT	
1	Core administrative policies, plans, procedures, systems and frameworks developed in municipalities	Legally compliant Employment Equity Plan			x		
		Workplace Skills Development Plan (staff other than Sec 57)	x				
		Recruitment policy		x			
		Legally compliant Supply Chain Management policy	x				
		Budget policy			x		Use MFMA and Municipality's Financial Regulations
		Indigent support policy		x			
		Credit control and debt collection policy		x			
		Bank and investment policy			x		Currently use cash management policy
		Asset and Liability management policy		x			
		Tariff policy		x			
		Risk management policy			x		
		Revised bylaws		x			
		Standing operating procedures and administrative delegations			x		
		Anti-corruption Strategy and structures			x		
		Internal and Financial and Performance Auditing structures and systems			x		
2	Competency Frameworks	Public Consultation and Participation Framework		x			
		Competency Framework developed for the Administration			x		
		Competency Framework developed for the Council			x		





NO	ITEM	STANDARD PROVINCIAL INDICATOR/MUNICIPAL PERFORMANCE INDICATOR	In Place /yes	In process /review	No progress /no	ACTIONS TO CORRECT	
3	Implementing organograms	Approved Organogram	x				
		Municipal organogram aligned to allocated and assigned powers and functions	x				
		number total posts vacant at the end of the financial year (information to provided: number vacant posts/ number of post on organogram, eg 20/100)	Number	1595			
		municipal manager post filled at the end of the financial year (EXCLUDING acting and not suspended)	x				
		municipal manager post occupied by PDI			x		
		municipal manager post occupied by women			x		
		POST	filled	vacant	advertised	if filled, occupied for how many months in the year	if filled, occupied with the same person/ not
		Municipal Manager	x			9	
		Monitoring and Evaluation (Performance Management)	-				
		Financial Management	x				
		Technical Services	x			12	
		Local Economic Development		x			
Community Services	x			12			
Corporate Services	x			12			
Development Planning	x			12			
Other: <i>add more lines if needed</i>							
number senior management posts (Section 57 only) occupied by PDI	Number	6					
number senior management (Section 57 only) posts occupied by women	Number	1					
number senior management posts (Section 57 only) occupied by disabled	Number	NIL					



NO	ITEM	STANDARD PROVINCIAL INDICATOR/MUNICIPAL PERFORMANCE INDICATOR	In Place /yes	In process /review	No progress /no	ACTIONS TO CORRECT
4	Financial Management	Revenue Raising Strategy developed	Original	Revised	Actual	
		Ratio of Operating & Maintenance, Salaries and Capital budget (in R)	1,518,713,975	1,746,129,665	1,507,460,197	
		Maintenance	64,396,474	64,396,474	60,481,535	
		Salaries	504,317,877	504,317,877	514,953,094	
	Capital	210,282,861	283,267,870	196,647,095		
	Debt Recover Plan developed	x				
	Approved budget by end of June	x				
	Service Delivery Budget Implementation Plan (SDBIP) approved by July	x				
	Submission of annual financial statements to the Auditor General by August	x				
	Results of Auditor General 07/08 audit (mark the appropriate block)	Unqualified	In process of being audited			
Qualified						
No Opinion						
Disclaimer						
5	Municipal Property Rates Act	Functional billing system in place	x			
		Property Rates Policy		x		
		Valuation Role		x		
6	Basic Services	Backlog study completed and verified by Statistics South Africa				
		Municipal Infrastructure Implementation Strategy for 5 years	x			
		Indigent Register	x			
		Housing Strategy to eradicate informal settlements		x		



NO	ITEM	STANDARD PROVINCIAL INDICATOR/MUNICIPAL PERFORMANCE INDICATOR	In Place /yes	In process /review	No progress /no	ACTIONS TO CORRECT	
7	Good Governance	Consultation and Public Participation Framework in place		x			
		Customer Complaints system	x				
		Traditional Leadership consultation and participation programme		x			
		Conducted customer satisfaction surveys				x	
		HIV/AIDS strategy developed	x				
		Adopted Community Development Worker Frameworks			x		
		Adopted Section 53 Framework in terms of the MSystemsA adopted by Council					
		District Coordinating Forum (DCF) established and operational					
		District Technical Forum established and operational					N/A
		07/08 Annual Report adopted			x		
		07/08 Annual Performance Report		x			
8	Local Economic Development	Council adopted 07/08 Oversight Report		x			
		Functional Audit Committee	x				
		Functional Performance Audit Committee				x	
		IDP adopted by end June	x				
		LED programme developed			x		
Poverty alleviation programme adopted			x				

CHAPTER 5

5.1 FUNCTION: CORPORATE BUSINESS UNIT SUB-FUNCTION: SUPPLY CHAIN MANAGEMENT (PROCUREMENT)



Francia Grantham
SEM: Procurement



OVERVIEW:

Includes all activities relating to overall procurement functions of the municipality including costs associated with orders, tenders, contract management etc

DESCRIPTION OF THE ACTIVITY:

The function of procurement within the municipality is administered as follows and includes:

1. Acquisition of Goods and Services.
2. Demand Side Management
3. Disposal of obsolete and redundant Goods
4. Risk Management relating to tenders and contracts.
5. Contract Management

These services extend to include Appointment of Service Providers, Management of contracts, The municipality has a mandate to Develop a System for the Acquisition of Goods and services in compliance with Section 217 of the Constitution read in Conjunction with the MFMA and SCM Regulations:

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

Implement a Supply Chain Management (SCM) system for the provision of services and goods through a system that is Fair, Equitable, Transparent, Competitive and Cost Effective.

THE KEY ISSUES FOR 2008/09 ARE:

To realign the SCM Unit in terms of acceptable Structure, Processes and Procedures underpinned by the correct Policy, Strategy, Functions and Titles implemented by a dedicated team of Professionals.

ANALYSIS OF THE FUNCTION:

1. Details of tender / procurement activities:	
- Total number of times that tender committee met during year; June to Date	Approx 25
- Total number of tenders considered	40
- Total number of tenders approved	32
- Average time taken from tender advertisement to award of tender	4mths

2. Details of tender committee:	
- Details of tender committee membership	
1 Chairperson; CFO R Bridgmohan	Alternative: M Sahibdeen
2 DMM. P Mashoko	Alternative: M. Viljoen
3 DMM. K. Perumal	Alternative: K Thaver
4 DMM. Z Hulane	Alternative: M Zuma
5 DMM. S Mpanza	Alternative; S. Zimu
6 Head.SCMU. F Grantham	Alternative; T. Gounder



5.2 FUNCTION: FINANCE

OVERVIEW:

Includes all activities relating to the finance function of the municipality, specifically Income, consolidated billing, Rates, Sundry Debtors, Cashiers, Meter Readers, Financial System Management and Control (ProMIS Superusr), Expenditure Monitoring (Capital and Operational, Payroll Management, Insurance, Records and Administration, Creditors, Budget and Financial Management, Budget Compilation and Budgetary Control, Preparation and Distribution of Management Accounts, Investments management and control, Project co-ordination and special funds managements, ABC Costing and Annual Financial Statements. Note: grants information should appear in Chapter 4 on Financial Statements and Related Financial Information.



Roy Bridgemohan
SEM: Finance



Debtor billings and collections: number and value of monthly billings: - This table reflects the number and amount billed and received each month across debtors by function (eg: water, electricity etc)														
Month	Year	City Grand Total - Revenue Raised excluding VAT										Total Cash	Csh/Rev %	Total
		Elect	Water	Sewer	Refuse	Rates	Sundry Debt	Total Revenue	Less VAT Prtn	%	Cash Received			
July	07	49,941,018	17,520,724	5,789,191	3,652,253	30,725,405	7,827,021	115,455,612	82,536,972	72	92,586,930			
Aug	07	49,092,407	490,008	5,535,478	3,505,508	30,333,215	3,241,344	92,197,960	93,119,486	101	101,977,638			
Sep	07	44,199,322	33,360,767	6,699,307	3,460,624	30,266,328	1,524,056	119,510,405	95,335,364	80	104,701,218			
Oct	07	44,060,225	17,688,430	5,660,073	3,548,354	34,959,455	1,512,912	107,429,448	97,588,705	91	108,142,807			
Nov	07	44,632,866	18,200,257	5,689,097	3,505,509	29,971,805	1,587,041	103,586,575	90,503,333	87	99,300,577			
Dec	07	44,547,588	16,363,200	5,731,683	3,545,059	30,946,225	1,780,540	102,914,294	104,283,209	101	113,590,938			
Jan	08	42,480,110	16,820,488	5,454,737	3,534,408	29,334,035	1,501,814	99,125,591	88,812,415	90	97,749,121			
Feb	08	44,202,060	16,705,125	6,100,327	3,462,805	28,643,132	2,495,386	101,608,834	88,298,107	87	97,530,819			
Mar	08	42,839,636	17,427,241	6,433,610	3,442,424	33,172,999	1,216,194	104,532,103	104,759,312	100	114,418,193			
Apr	08	42,219,684	16,629,547	5,702,843	3,510,608	30,215,874	1,393,855	99,672,411	97,908,995	98	107,057,504			
May	08	46,797,058	16,256,068	6,268,547	3,510,288	30,772,331	2,550,253	106,154,544	97,532,972	92	107,234,227			
Jun	08	47,923,172	21,762,394	5,985,467	3,541,608	30,840,779	6,161,908	116,215,327	109,264,158	94	119,242,294			
											1,263,532,265			





Debtor analysis: Total debts outstanding over 30, 60, 90 and 120 plus days across debtors by function (eg: water, electricity, etc.):							
Category	Current	30 Days	60 Days	90 Days	120 Days	120 Days Plus	Total
TOTAL (134360 Debtors)							
GENERAL DEBIT/CREDIT	-18,073,602	679,324	370,195	1,435,985	190,278	4,815,502	-10,582,317
ASSESSMENT RATES	38,827,663	8,363,720	7,967,673	5,321,374	6,034,638	115,530,508	182,045,576
RATES HANDED OVER	265,959	134,207	134,727	135,403	136,461	20,924,381	21,731,139
LOANS	55	28	28	46	50	5,986	6,192
BUSINESS RENTAL	1,084,379	213,587	279,098	45,369	35,174	485,061	2,142,668
DEPOSIT	1,352,121	3,532	9,391	1,294	414	65,957	1,432,709
ELECTRICITY - FIXED CHARGES	1,302,370	544,921	169,748	199,549	327,105	3,985,598	6,529,291
ELECTRICITY BASIC	10,769,358	675,435	566,507	438,415	388,525	6,257,197	19,095,437
ELECTRICITY CONSUMPTION	59,954,687	2,310,637	1,708,553	1,318,810	1,154,782	17,197,344	83,644,814
HOUSING PURCHASED	68,673	23,136	19,312	18,308	17,514	54,947	201,889
HOUSING RENTAL	647,585	295,948	288,153	282,800	279,840	7,529,943	9,324,269
REFUSE	5,283,320	624,940	555,572	494,839	464,478	8,053,190	15,476,339
SEWERAGE	9,226,347	1,512,034	1,382,734	1,145,488	891,867	14,629,148	28,787,617
TRADE EFFLUENT	431,653	132,451	175,292	5,854	5,854	687,663	1,438,768
SERVICES - BALANCE B/FWD	-945,066	60,016	60,537	74,020	62,585	7,089,598	6,401,691
SUNDRY - SERVICES	-1,463	0	0	0	0	1,243,577	1,242,114
WATER CONSUMPTION	39,080,771	8,062,779	5,739,822	5,788,306	5,813,212	100,956,083	165,440,972
SUNDRY	5,094,580	189,629	138,014	146,479	229,765	6,365,752	12,164,217
TOTAL (134360 Debtors)	154,369,390	23,826,323	19,565,355	16,852,339	16,032,542	315,877,434	546,523,382

	Number	R (000s)
Property rates (Residential):		
- Number and value of properties not rated	49,958	8,103,458,800
- Number and value of rate exemptions	535	130,737,800
- Rates collectible for the current year	0	222,760,963 excluding rebates
Property rates (Commercial):		
- Number and value of properties rated	4,295	5,248,625,200
- Number and value of properties not rated	454	778,381,500
- Rates collectible for the current year	0	156,873,428 excluding rebates
Property valuation:		
- Year of last valuation	2000 LAO 5 years	Extension Requested
- Regularity of valuation	MPRA 4 years	
Indigent Policy:		
- Quantity (number of households affected)	25 131	
- Quantum (total value across municipality)	R45 162 423	

CREDITOR PAYMENTS 2007/2008: This table reflects the five largest creditors individually, with the amount outstanding over 30, 60, 90, 120 plus days R (000s):

Supplier Name	Sup. Nr.	Branch	Paid Amount	Current	30 Days	60 Days	90 Days	120 Days	150+ Days
Elco	20730	1	0	2,559,367	0	0	10,660	0	0
Asphalters CC									
KZN Oils (PTY) LTD	25014	1	0	1,546,450	107,049	146,078	131,885	402,640	36,541
ARB	319	1	0	2,094,026	4,924	0	0	0	0
Electrical Wholesalers									
Megatron Energy (PTY) LTD	26614	1	0	1,185,030	0	0	0	0	0
Alstom Switchgear A Div of Alstom SA (PTY)LTD	11826	1	0	881,511	0	0	0	0	0

Credit Rating:

GLOBAL CREDIT RATING	Short Term: A1
	Long Term: A



SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

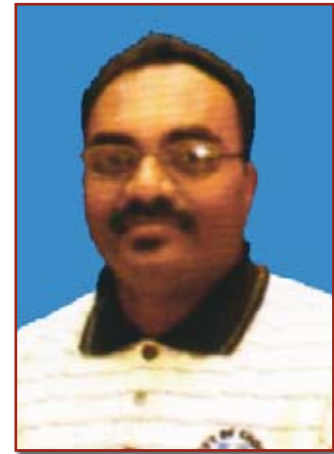
EXTERNAL LOANS	Redeemable	Balance at 30/06/07	Received during the period	Redeemed written off during the period	Balance at 30/06/08
		R	R	R	R
LONG-TERM LOANS					
DBSA - 15.5%	30/09/2018	11,825,821	-	412,371	11,413,451
DBSA - 15.5%	31/03/2019	14,539,603	-	462,767	14,076,835
DBSA - 15.5%	31/03/2019	12,391,455	-	394,396	11,997,059
DBSA - 16.5%	31/03/2020	22,689,919	-	559,384	22,130,535
DBSA - 16.5%	31/03/2020	9,671,824	-	238,444	9,433,380
DBSA - 16.5%	31/03/2020	14,320,426	-	353,048	13,967,379
DBSA - 14.27%	31/12/2014	48,331,198	-	4,035,874	44,295,325
DBSA - 14.27%	31/12/2015	1,318,760	-	89,919	1,228,841
DBSA - 14.27%	2/11/2020	5,265,000	-	194,387	5,070,614
DBSA - 14.27%	28/06/2021	49,099,999	-	1,886,030	47,213,968
DBSA - 10.75%	30/6/2013	32,452	-	4,089	28,363
DBSA - 9.31%	30/09/2020	24,276,822	-	967,283	23,309,539
DBSA - 8.7%	30/09/2022	-	90,000,000	1,717,831	88,282,169
DBSA Total		213,763,279	90,000,000	11,315,823	292,447,456
RMB/INCA - 16.35%	31/12/2010	42,727,456	-	10,561,375	32,166,081
RMB/INCA - 13.39%	31/12/2010	23,181,139	-	3,836,803	19,344,336
INCA - 11.65%	31/12/2013	23,137,441	-	2,545,468	20,591,973
RMB/INCA Total		89,046,037	-	16,943,646	72,102,391
INCA - 11.75%	01/11/2007	1,400,000	-	1,400,000	-
INCA - 14.50%	01/11/2007	4,000,000	-	4,000,000	-
RMB/HULETTS - 8.71%	30/06/2013	7,301,279	-	716,886	6,584,393
RMB/HULETTS Total		12,701,279	-	6,116,886	6,584,393
Metro Transport Fund - 5.5%		-	-	-	-
Eastwood Library		-	-	-	-
DSB	2008	5,326	-	5,326	-
DSB	2008	680	-	680	-
DSB	2008	0	-	-	-
Other loans total		6,006	-	6,006	-
Total Long-term Loans		315,516,600	90,000,000	34,382,361	371,134,239
LEASE LIABILITY					
Standard Bank - 12.909%	31/03/2009	1,514,670	-	745,189	769,481
Standard Bank - 13.409%	10/07/2005	802,002	-	343,400	458,602
Standard Bank - 13.419%	31/05/2009	693,197	-	233,155	460,042
Standard Bank - 13.527%	31/08/2009	248,307	-	80,693	167,614
Standard Bank - 13.327%	28/02/2010	66,917	-	21,702	45,215
Standard Bank - 13.537%	31/03/2010	66,919	-	21,701	45,219
Standard Bank - 13.537%	31/03/2010	733,293	-	229,560	503,733
Standard Bank - 13.378%	23/03/2010	356,049	-	111,715	244,334
Standard Bank - 13.378%	30/04/2010	155,218	-	48,660	106,558
Standard Bank - 13.337%	30/04/2010	226,408	-	71,015	155,393
Standard Bank - 13.294%	21/04/2010	463,177	-	140,420	322,757
Standard Bank - 13.268%	30/04/2010	1,140,032	-	334,280	805,751
Standard Bank - 13.357%	31/05/2010	203,403	-	55,829	147,574
Standard Bank - 13.382%	30/06/2010	164,383	-	45,105	119,278
Standard Bank - 13.273%	31/08/2010	954,134	-	262,153	691,981
Standard Bank - 13.263%	31/08/2010	1,799,155	-	479,043	1,320,112
Standard Bank - 13.294%	31/08/2010	751,445	-	213,834	537,611
Standard Bank Total		10,338,709	-	3,437,455	6,901,254

EXTERNAL LOANS	Redeemable	Balance at 30/06/07	Received during the period	Redeemed written off during the period	Balance at 30/06/08
		R	R	R	R
Nedbank -13.00%	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	24/12/2011	144,812	-	25,093	119,719
Nedbank -13.00%	24/12/2011	150,009	-	25,993	124,016
Nedbank -13.00%	24/12/2011	150,173	-	26,022	124,151
Nedbank -13.00%	24/12/2014	477,492	-	39,095	438,397
Nedbank -13.00%	24/12/2014	477,492	-	39,059	438,433
Nedbank -13.00%	24/12/2017	1,977,253	-	96,913	1,880,340
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank -13.00%	12/06/2012	162,483	-	24,378	138,105
Nedbank Total		5,870,931	-	646,509	5,224,421
Absa - 10.65%	31/08/2007	346,789	-	346,789	-
Absa -13.31%	31/05/2009	3,283,132	-	1,601,550	1,681,582
Absa -14.22%	01/04/2009	83,387	-	43,003	40,384
ABSA Total		3,713,309	-	1,991,342	1,721,966
Total lease liability		19,922,949	-	6,075,306	13,847,642
TOTAL EXTERNAL LOANS		335,439,549	90,000,000	40,457,667	384,981,881



5.3 FUNCTION: SOUND GOVERNANCE AND HUMAN RESOURCES

SUB-FUNCTIONS: SOUND GOVERNANCE, HUMAN RESOURCES DEVELOPMENT, EMPLOYEE RELATIONS, LEGAL



Kevin Perumal
SEM: Sound Governance and Human Resources

DESCRIPTION OF THE ACTIVITY:

The function of Sound Governance and Human Resources within the Municipality is administered as follows and includes:

1. SOUND GOVERNANCE:

All secretarial services pertaining to the Council's Portfolio Committees are offered by this sub-unit. This unit also deals with the printing of large volume documents for the Municipality. The licensing section deals with the licensing of informal traders, dogs and permission to hang posters and the bylaws relating thereto.

2 LEGAL DIVISION:

Deals with the legal issues pertaining to the Municipality in the protection and promotion of the Bill of Rights, the law as applied to the Municipality and the inhabitants within the Municipal boundaries.

3. HUMAN RESOURCE MANAGEMENT AND EMPLOYEE RELATIONS:

Deals with matters pertaining to job evaluation, personnel, systems and remuneration and labour relations. It links with the communities through the employment process and termination benefits.

4. HUMAN RESOURCE DEVELOPMENT:

Deals with the matter of the development of employees, Councillors and communities through bursaries, internships and training courses.

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

- Ensuring the effectiveness and efficiency of the Councils decision making system and improving communication and understanding
- Compliance with legislation
- To provide efficient and effective legal services to the wider Msunduzi Municipality
- To provide an efficient and effective Human Resource Management Service in order to support the achievement of the organisational objectives
- To promote and maintain a healthy employee relations climate and industrial peace in order to achieve organisational and employee effectiveness
- Contribute Towards Employability & Self Employability of Youth and Community
- To ensure a competent workforce to achieve organisational objectives.
- Improve organisational efficacy and measure results
- Effective Financial Management

THE KEY ISSUES FOR 2007/08 ARE:

- Demonstrate how the Sound Governance and Human Resources Business Unit intends to implement the cities priorities as stipulated in the IDP.
- Establish a framework for the business unit that will drive planning, priority setting, policy, decision-making, performance management and organizational capability.
- Ensure that all staff members in the business unit understand how their work contributes to the strategic objectives, and the outcomes to be achieved.
- Share the business unit's direction, priorities and key outcomes with key stakeholders, clients and the community

Build on past achievements and move the business unit further towards achieving our vision



ANALYSIS OF THE FUNCTION:

The function of Human Resource Development (HRD) within the municipality is administered as follows and includes:

1. Number and cost to employer of all municipal staff employed:	Number	R (000s)
- Professional (Directors / Managers)	85	
-Technicians & Associate Professionals	510	
- Field (Supervisory/Foremen)	350	
- Office (Clerical/Administrative)	600	
- Non-professional (blue collar, outside workforce)	1870	
- Temporary Staff		
- Contract Staff		
Total		

2. Skill or levels of education attained by staff:	Professional (Managerial/ Specialist)	Office (Clerical/ Administrative)	Non-Professional (blue collar, outside workforce)
Below NQF 1		12	619
NQF 1		38	73
NQF 2		24	16
NQF 3		23	18
NQF 4	3	57	13
NQF 5	3	19	
NQF 6	23	18	
NQF 7	8	5	
NQF 8			
Unknown		267	839
Total	37	463	1578

3. Number of Senior Management undergone leadership development training	Number
Senior Officials & Managers SOC 100	17

4. Number of Councillors undergone leadership development training.	Number
Leadership & governance SOC 100	46

5. Number of people from employment equity target groups employed in the three highest management levels in the municipality (consolidated figure).	Number
	79

6. Number of women employed in the three highest management levels in the Municipality (consolidated figure)	Number
	27

7. Number of people with disabilities employed in the three highest management levels in the Municipality (consolidated figure)	Number
	0

8. % of the municipality's budget spent on implementing the work place skills plan.	Percentage
	0,30%

9. Trends on total personnel expenditure over the last 3 to 5 years, compared to budget	Budget	Expenditure	% Spent
- Budget year 2005/2006	391 695 989	383 952 669	98%
- Budget year 2006/2007	438 227 558	434 383 262	99%
- Budget year 2007/2008			



10. The number and name of pension and medical aid funds including an assessment of future risks or liabilities.	Name	Liability
Pension Funds	1. Natal Joint Municipal Pension Fund	
	2. SALA	
	3. GEPF	
	4. AIPF	
	5. Pietermaritzburg Corporation Provident Fund	
	6. Councillors Pension Fund	
Liability		
Medical Aid Funds	1. Key Health	
	2. LA Health	
	3. SAMWUMED	
	5. Hosmed	
	6. Bonitas	
Liability		

DISCLOSURES CONCERNING COUNCILLORS, DIRECTORS AND SENIOR OFFICIALS FOR THE PERIOD 1 JULY 2007 TO 30 JUNE 2008

Description	Mayor	Deputy Mayor	Speaker	Whirp	EXCO X 8	Municipal Manager	Chief Financial Officer	DMM: Corporate Services	DMM: ISF	DMM: Comm services	SEMI:CSP	Total
Salaries and Wages R'000												
Norman	311842.38	245407.68	252920.7	230975.16	2095104.57	506555.04	510394.9	653253.63	647253.74	537155.43	581700.74	6572563.97
Overtime												
Contributions R'000												
Pensions	48382.47	37235.76	39489.72	35491.92	215342.98	128718.39	126970.58					631631.820
Medical Aid	14516.73	9654		6093.64	80712.12	13810.8	13719.6					138506.89
Other	14400	14400	14400	14400	115200	52538.06	47139.33	52538.06	52538.06	52538.06	52538.06	482629.63
Allowances R'000												
Travel and Motor Car	142083.48	113666.76	113666.76	106562.52	598525.75	40407.85	95800	60000	48000	158894.4	113553	1591160.52
Accommodation												
Subsistence	38435.3		10343.82	3242.84	9090.72	2694		26700.08	19300.08	8295.72		118102.56
LEAVE PAY								73843.8				73843.8
Housing Benefits and Allowances R'000	38245.92	38246.04	38246.04	38246.04	152948.16							305932.2
Loans and Advances R'000												
Other Benefits and Allowances R'000												
ACTING ALLOWANCE						10768.12	28074.3					38842.42
												9953213.81



5.4 FUNCTION: ECONOMIC DEVELOPMENT AND GROWTH

OVERVIEW:

Includes all activities associated with economic development initiatives as follows:

- Investment Attraction
- Business Retention and Expansion
- Black Economic Empowerment and Entrepreneurial Development
- SMME Development and support
- Informal Trade Management
- Airport Management
- Municipal Market Management
- Forestry Services Management
- Tourism promotion and development
- Monitoring the city's economy, creating an economic data base



David Gengan
SEM: Economic Development and Growth

DESCRIPTION OF THE ACTIVITY:

The function of economic planning / development within the municipality is administered as follows and includes:

- (i) An Investment Attraction Retention & Expansion unit with two sub-units, viz. Investment Attraction and Municipal Enterprises (Airport, Market, Forestry; and,
- (ii) A Black Economic Empowerment & Entrepreneurial Development unit (including SMME Development and Informal Trade Management). The municipality has a mandate to promote sustainable economic development and job creation.

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

- promote and Attract inward Investment;
- promote the retention and Expansion of local businesses;
- promote Black Economic Empowerment;
- provide support for the establishment/development of SMMEs;
- establish a socio-Economic data base;
- promote key sectors within the economy of the city;
- facilitate a co-ordinated approach to tourism;
- maximise the profitability of municipal enterprises.

ANALYSIS OF THE FUNCTION:

1. Number and cost to employer of all economic development personnel:	Number	R (000s)
- Professional (Directors / Managers)	7	3 124 589
- Non-professional (Clerical / Administrative)	58	4 210 257
- Temporary	9	577 952
- Contract	0	0

2. Detail and cost of incentives for business investment:	R (000s)
20% discount on electricity usage for new and expanding businesses	5 250 897
3. Detail and cost of other urban renewal strategies:	
Feasibility study for Ekhrosini livestock Market	1,6
4. Number of people employed through job creation schemes:	
120	2 000

5.5 FUNCTION: COMMUNITY SERVICES AND SOCIAL EQUITY

SUB FUNCTION: HEALTH AND WELFARE (CLINICS)

INTRODUCTION:

The Community Services & Social Equity Strategic Business Unit is comprised of the following functions:

1. HEALTH & SOCIAL WELFARE

- a. Environmental Health
- b. Primary Health (Clinic Services)
- c. HIV/AIDS

2. RISK MANAGEMENT

- a. Fire, Rescue & Disaster Management
- b. Public Safety
- c. Occupational Health

3. COMMUNITY DEVELOPMENT

- a. Waste Management
- b. Sports, Parks & Recreation
- c. Libraries
- d. Tatham Art Gallery
- e. Greater Edendale Development Initiative

This business unit is the face of the municipality and is also responsible for the city's 2010 program.

One of the highlights for the year was the successful launch of the FNB Wadley Stadium, a 2010 Legacy Project, which attracted thousands of people into the city. This project, which was a partnership between the municipality and the private sector, gave the city a significant mileage in terms of live television coverage.

OVERVIEW:

Includes all activities associated with the provision of health

DESCRIPTION OF THE ACTIVITY:

The function for the provision of community health clinics within the municipality is administered as follows and includes:

- Primary Health Care;
- Chronic Services;
- Family Planning;
- Ante-natal Care;
- Post Natal Care;
- ARV Rollouts;
- TB;
- Child Health.

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

To maintain quality health care within the Msunduzi Municipality.

THE KEY ISSUES FOR 2007/2008 ARE:

Anti retroviral Rollouts and increase cure rate in TB patients.



Zwe Hulane
SEM: Community Services and Social Equity





ANALYSIS OF THE FUNCTION:

1. Number and cost to employer of all health personnel:	Number	R (000s)
- Professional (Doctors/Specialists)	2	500372
- Professional (Directors / Managers)	3	988409
- Professional (Nurses/Aides)	51	8242462
- Non-professional (Clerical / Administrative)	82	8279125
- Para-professional (Clinic staff qualified)	15	1703719
- Non-professional (Clinic staff unqualified)	7	679839
- Temporary	4	292716
Contract	0	0

2. Number, cost of public, private clinics servicing population:	Number	R (000s)
- Public Clinics (owned by municipality)	22	11,999,437
- Private Clinics (owned by private, fees based)	None	N/A

3. Total annual patient head count for service provided by the municipality:	Number
- 65 years and over	402455
- between 40 and 64 years	
- between 15 and 39 years	
- 14 years and under	69675

6. Total operating cost of health (clinic) function:	R (000s)
	41,681,855

5.6 FUNCTION: COMMUNITY SERVICES AND SOCIAL EQUITY

SUB-FUNCTION: RISK MANAGEMENT



OVERVIEW:

Includes all activities associated with the provision of Risk Management, but excluding Traffic & Security.

DESCRIPTION OF THE ACTIVITY:

The function of provision of a risk management service within the municipality is administered as follows and includes:

- Safety and Loss Control is offered to everyone within the Council as well as considering the safety of the community as a whole. These services extend to the whole of the Municipality area, but do not take account of Public Safety of the community as a whole

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

Prevent the occurrence of industrial accidents and diseases which frequently occur in the work force, by effective accident investigation as well as safety training

THE KEY ISSUES FOR 2007/08 ARE:

Reduction in the amount of injuries suffered within the municipality.

ANALYSIS OF THE FUNCTION:

1. Number and cost to employer of all Risk Management service personnel:	Number	R (000s)
Process Manager	1	600 000
Executive Secretary	1	100 000
- Professional (Senior Management)	2	604 000
- Professional (Nurses/Aides)	7	960 000
- Non-professional (Clerical / Administrative)	1	119 000
- Professional (Fire-fighters/ Disaster management officers qualified)	120	15,000,000
- Temporary	1	70, 000
- Contract	0	0
Safety Officers	2	469 092

2. Number and total operating cost of fire engines & disaster management vehicles servicing population:	Number	R (000s)
	33	R 696,000
- Aged less than 10 years	6	R 126,000
- Aged 10 years or greater	27	R 569,000

3. Total annual patient head count (occupational health):	Number
	11643

6. Total operating cost of Risk Management function	R (000s)
	R 94,447,490





5.7 FUNCTION: COMMUNITY SERVICES AND SOCIAL EQUITY

SUB-FUNCTION: TRAFFIC AND SECURITY SERVICES

OVERVIEW:

Includes traffic (and parking) control and security.

THE KEY ISSUES FOR 2006/07 ARE:

- To alleviate Traffic congestion;
- To protect the council property;
- To control and monitor the informal traders and the informal settlement from using unauthorised land for their use.

ANALYSIS OF THE FUNCTION:

1. Number and cost to employer of all personnel associated with policing and traffic control:	Number	R (000s)
Professional (senior management)	1	
Principal Administrative Officer	1	
Senior Traffic Superintendent	1	
Senior Security Superintendent	1	
Traffic Superintendent	4	
Security Superintendent	3	
Field (detective/supervisors Traffic)	11	
Filed (detective/supervisor Security)	11	
Traffic Officers	66	
Security Officers	40	
Senior security officers	79	
Senior traffic Officer	25	
Office(clerical/Administration)	16	
Visible police officers on the street	yes	
Volunteer	no	
Temporary	4	

2. Total number of call-outs attended:	Number
Emergency call outs	10
Standard call outs	200

3. Average response time to call-outs:	Minutes
Emergency call outs	10
Standard call outs	20

4. Total operating cost of police and traffic function	R (000s)
	R46 000 000

5.8 FUNCTION: COMMUNITY SERVICES AND SOCIAL EQUITY

SUB-FUNCTION: WASTE MANAGEMENT (SOLID WASTE)



OVERVIEW:

Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling.

DESCRIPTION OF THE ACTIVITY:

The refuse collection functions of the municipality are administered as follows and include:

- **Refuse Removal:** Domestic and Commercial/ Industrial
- Domestic refuse collection in the door to door format once per week.
- **Commercial/ Industrial** refuse collection in the door to door format via: 85 lt bags, 240lt otto bins, 1100lt bins, 1.75m³, 15m³ and 25m³ skips. Refuse is collected on a minimum of once per week basis.
- **Refuse Contracts** - in the form of SMME's - 3 new contracts. There are three contracts in place servicing parts of ward 10, 11, 16,17 and 32. Waste management service provided, includes refuse collection, grass cutting and drain cleaning. Another refuse contract services the Ashburton / Lynfield Park areas.
- **Siyazenzela Community Based Management (Pilot Project at Jika Joe/Ash Road Informal Settlement):** This is whereby the local community takes care of their own environment by collecting refuse in exchange for vegetables and groceries.
- **Waste Education:** Waste Management adopted the Keep Pietermaritzburg Clean Association (KPCA). The KPCA provides education and awareness service to the general public, schools, businesses etc.
- **Garden Refuse:** There are ten garden refuse collection sites around the city. There are 25m³ containers at each site which residents place their garden refuse. The containers are emptied regularly.
- **Street Sweeping:** All streets are swept according to a schedule. The CBD's receive a nightly service, main CBD receives a weekend service
- **Illegal Dumping:** Waste Management collects illegal dumping as and when required.
- **Public Toilets:** There are twenty nine public toilets situated mainly in the main CBD. The toilets are open every day.
- Newly focused law enforcement within the Business unit in conjunction with City health and Security.

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

To ensure service provision in terms of an essential refuse collection, cleaning and transportation to the landfill site.

THE KEY ISSUES FOR 2007/08 ARE:

- Insufficient Resources;
- Not enough trucks to provide service thus doing double rounds - thereby increase on overtime costs;
- Inadequate staff / replacements due to death and retirements not done thereby reducing our ability to provide an essential service;
- Material recovery project on Landfill site;
- Recycling : Paper, glass, cans and composting.

ANALYSIS OF THE FUNCTION:

1. Number and cost to employer of all personnel associated with refuse removal:	Number	R (000s)
- Field (Supervisors/Foremen)	52	3 249 141
- Office (Clerical/Administration)	8	1 060 712
- Non-professional (blue collar, outside workforce)	262	13 301 208



2. Number of households receiving regular refuse removal services, and frequency and cost of service:	Number	R (000s)
- Removed by municipality at least once a week	85000	36 315 400
- Removed by municipality less often	19000	n/a
- Communal refuse dump used	N/A	n/a
- Own refuse dump	N/A	
- No rubbish disposal	40000	

3. Total and projected tonnage of all refuse disposed:	Tonnage
- Domestic/Commercial	232 082 670
- Garden	269 940

4. Total number, capacity and life expectancy of refuse disposal sites:	
- Domestic/Commercial (number)	8 years
- Garden (number)	9 garden sites

5. Anticipated expansion of refuse removal service:	Number	R (000s)
Expansion of refuse service in Wards 13, 18, 34		
- Domestic/Commercial	15604 houses	1,500,000
- Garden	<total>	<cost>

6. Free Basic Service Provision:	Number Amount	R (000s)
- Quantity (number of households affected)	<total>	
- Quantum (value to each household)	<value>	

7. Total operating cost of solid waste management function:	R (000s)

5.9 FUNCTION: COMMUNITY SERVICES AND SOCIAL EQUITY

SUB-FUNCTION: PARKS, SPORTS AND RECREATION



OVERVIEW:

Includes all activities associated with the provision of Parks, Sports and Recreation.

DESCRIPTION OF THE ACTIVITY:

The function of provision of Parks, Sports and Recreation within the municipality is administered as follows and includes:

HORTICULTURE:

Maintenance, administration and development of parks, open spaces, play lots cemeteries, road islands, city entrances and gardens, planting, removing and maintenance of street trees and Urban agriculture (ploughing)

SPORT AND RECREATION:

Maintenance, development and management of all municipal sports facilities including:

- Swimming pools;
- Promotion and development of Sports and Recreation;
- Management provision and hire of halls.

CONSERVATION AND ENVIRONMENT AREAS:

Management, maintenance and development of conservation areas and environmental management plan

SUPPORT SERVICES:

- Management of Cemeteries and Crematoria;
- Manage divisions plant and equipment and assets.

ANALYSIS OF THE FUNCTION:

1. Nature and extent of facilities provided:	no of facilities:	no of users:
- Other community halls/facilities	16	1 185 930
- Cemeteries (3) and crematoriums (3)	6	1 000 000
- Sporting facilities (specify) (Include Pools)	38	2 000 000
- Parks (960000 sq m)	17	1 500 000

2. Number and cost to employer of all personnel associated with each community services function:	Number	R(000s)
- Other community halls/facilities	38	3 814 084
- Cemeteries and crematoriums	27	3 882 225
- Sporting facilities	38	7 238 661
- Parks	188	25 466 661

3. Total operating cost of community and social services function	R59 860 121
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5.10 FUNCTION: INFRASTRUCTURE, SERVICES AND FACILITIES

SUB FUNCTION: HOUSING

OVERVIEW:

Includes all activities associated with the provision of housing.

DESCRIPTION OF THE ACTIVITY:

The function of the provision of housing within the municipality is administered as follows and includes:



Philomon Mashoko
SEM: Infrastructure,
Services and Facilities

1) PLANNING AND PACKAGING OF PROJECTS PHASE:

Identification of beneficiaries; land identification; Council's support for project; applications to DoH for Conditional Approval; Social Compacts; Feasibility Application; Proposal Calls; as follows:

- a) **Identification of Beneficiaries:** members of public apply for inclusion on the waiting list; community members living in an in-situ project area are ring fenced as potential beneficiaries; informal settlements located on unsuitable land for development identified for relocation to a housing project. The Beneficiary list discussed with community structures and require approval of Council. Beneficiary lists forwarded to DoH for approval on National Data Base.

Strategic Objective - to provide access to adequate and safe housing for low income families (ie less than R3500 pm) i.t.o. Constitution and Housing Act.

Key Issues - Council to prioritize sites from land audit.

- b) **Land Identification:** Identification of land for housing from land audit and confirm location in terms of the Spatial Development framework and restructuring Zones; prioritize and report to Council for Approval and inclusion in the IDP (requirements by DoH).

Strategic Objective - to develop suitably located land which is viable and sustainable to develop, in line with the policy of an integrated City which brings communities closer to job creation opportunities.

Key Issues - Council to prioritize sites from land audit.

- c) **Council's Support:** Council must resolve:-
- to be the developer; to accept the outer figure of the project; beneficiary identification; level of services and funding for their design and construction.

Strategic Objective - Council commits to the project.

Key Issues - To address disputes with regard to beneficiary allocations and services levels, and to secure necessary funding for the services.

- d) **Conditional Approval Application:** Initial application to DoH for funding to appoint service providers to undertake environmental scoping report, geotechnical analysis and social survey and approve reports. Package documents with bulk services analysis to DoH for Conditional Approval.

Strategic Objective - DoH to include proposed project on DoH data base for future funding.

Key Issues - Conditional Approval Application process is lengthy.

- e) **Social Compacts:** Consultation with the community to support the proposed project and agree on the type of project to be developed. SC to be signed by community reps. Document requirement by the DoH.

Strategic Objective - To ensure that the community “buys into” the project.

Key Issues - To sign SCs for projects.

- f) **Feasibility Applications:** Compiling all relevant documentation required by the DoH related to a specific project for the DoH to approve funding for the project. DoH approve funding and submit Tripartite Agreement (TA) to municipality to be signed by the Council and the IA. TA discussed with the legal section and reported to Council for authority to sign.

Strategic Objective - To secure subsidy funding for the project in order for project to be implemented.

Key Issues - Sourcing documentation.

- g) **Proposal Calls:** Compilation of relevant documentation necessary to invite tenders from implementing agents and service providers to implement a low income housing project. Adjudication process followed and IA appointed.

Strategic Objective - To appoint an IA to implement the project.

Key Issues - Sourcing documentation and Council resolutions required for the Proposal Call.

2. IMPLEMENTATION PHASE:

Managing implementing agent and co-ordinating activities of service providers.

- a) **Manage Implementation:** Co-ordination of the processes for approval by Council in consultation with Ward Councillor and community representatives, and implementation of:

- layout planning
- services designs and services levels
- identification and location of beneficiaries
- building plans
- services constructed
- houses constructed
- resolving constraints causing delays
- invoices/claims
- quality control and resolving snags
- budget monitoring

Strategic Objective - To ensure the delivery of an appropriate level of services to a site in an approved layout which is transferable to an approved beneficiary, on which a house has been built in terms of the DoH norms and standards and acceptable quality.

Key Issues - Ensuring delivery within the approved budget and programme, and resolving technical and social constraints which impact on the delivery process.





3) **CLOSE OUT PHASE:**

Confirmation of taking over of services by the municipality; allocation of sites and issuing title deeds.

- a) Monitoring acceptances, 1 year maintenance, and taking over of services.
- b) Monitoring the allocation, occupation and transfer process of sites.
- c) Ongoing interaction with community structures to address missing beneficiaries.

Strategic Objective - To ensure the correct beneficiary occupies and takes title to the site they have been allocated.

Key Issues - Delays caused by illegal occupation of sites.

4) **MANAGEMENT OF RENTAL STOCK:**

Management and maintenance of Council Housing Rental Stock; sale and transfer to tenants of certain units.

Strategic Objective - To ensure the provision of appropriate rental housing to people on the waiting list.

Key Issues - Non-payment of rent; maintenance of buildings; implementation of the Enhanced Extended Discount Benefit Scheme (EEDBS) transfers.

5) **DEVELOPMENT FACILITATION ACT APPLICATIONS (DFAS) FOR RESIDENTIAL DEVELOPMENTS:**

Private sector applications - evaluate proposals; draft services agreement and co-ordinate comments from sub-units' report to Council for authority to sign agreement; attend Tribunal hearings.

Strategic Objectives - To enable private sector to provide housing for the middle and upper income groups.

Key Issues - Capacity of bulk services to meet the needs of the developer; negotiate contribution from developers; meet deadlines set by the DFA.

6) **STRATEGIC HOUSING PLAN INCORPORATING THE HOUSING SECTOR PLAN:**

Prepare an ongoing review of the SHP

Strategic Objective - Meet requirements of the IDP and DoH.

Key Issues - Keeping up to date with Council and DoH policies; outstanding matter to be addressed.

7) **HOUSING CONSUMER EDUCATION PROGRAMMES:**

Facilitate the introduction of this programme into the municipality; train Council officials; train community members.

Strategic Objectives - To capacitate communities with regard to their responsibilities as new home owners.

Key Objectives - Dedicated resources required to implement this programme; communities to have ongoing involvement with programme.

8) HOUSING DATA BASE:

Set up and manage relevant information required for a data base of housing needs as defined by the DoH; data required by surveying informally settled community areas.

Strategic Objectives - To provide the Council and the DoH with a regular update on the demand for housing.

Key Issues - Data base needs to be revised and then kept up to date.

9) LAND RELEASE PRIORITIZATION:

Council land to be identified for housing development for all incomes, including Bank Charter Housing and Community Residential Units; declaring Residential Zones in terms of the SDF and the GEDI programmes; ongoing interaction with the Council's sub-units responsible for managing the SDF and GEDI programmes; Council to approve the programme; prepare proposal calls.

Strategic Objectives - To prioritize a roll-out of land to be developed by the private sector and agents of Council.

Key Issues - Approval by Council of a list of sites to be advertised.

10) INNER CITY RESIDENTIAL STRATEGY:

Co-ordinate the activities required for the conversion of buildings for residential accommodation.

Strategic Objectives - Part of the CBD Revitalization programme and ties in with Social Housing Policy.

Key Issues - Approval of Provisional Restructuring Zones.

11) RECTIFICATION OF HOUSES PROGRAMME:

Prepare applications to the DoH for funding to replace wire-wall houses and for building of houses not built in terms of the 1994 subsidy levels; consultation with Ward Councillors and community structures; gathering of relevant documentation and reporting to Council for necessary resolutions.

Strategic Objectives - To provide a better quality of house in keeping with houses built in terms of the current subsidy level.

Key Issues - DoH progress slow to implement.

12) INFORMAL SETTLEMENT RELOCATIONS AND EMERGENCY HOUSING:

Identification of options for the relocation of families living in vulnerable situations; linked to housing project programme, Emergency Housing Programme and Community Residential Unit programme.

Strategic Objectives - To relocate into suitable accommodation, families who are located on land required for other purposes, do not qualify for a housing subsidy, or affected by a disaster.

Key Issues - Solutions being developed to implement this initiative.

13 HOUSING STATISTICS AND INFORMATION:

Deal with ongoing enquiries for statistics and information related to housing delivery by other Business Units; research information.

Strategic Objectives - To meet the operational requirements of Council.

Key Issues - Up to date data base now in place, but information required is sometimes additional to the data in the data base.



ANALYSIS OF THE FUNCTION:

1. Number and cost of all personnel associated with provision of municipal housing:	Number	R (000s)
- Professional (Directors / Managers)	1	455
- Professional (Architects/Consultants)	2	733
- Field (Supervisors/Foremen)	6	1 490
- Office (Clerical/Administration)	15	2 637
- Non-professional (blue collar, outside workforce)	11	1 000
- Temporary		
- Contract	1	21
2. Number and total value of housing projects planned and current:	Number	R (000s)
- Current (financial year after year reported on)	13	278 654
- Planned (future years)	10	453 050
3. Total type, number and value of housing provided:	Number	R (000s)
Low Income Housing	1144	33 000
Social Housing	300	60 000
Total number and total value of housing provided during financial year	1444	93 000
4. Total number and value of rent received from municipal owned rental units	Number	R (000s)
	375	1 140
5. Estimated backlog in number of (and costs to build) housing:	Number	R (000s)
Low Income Housing	13860	1 039 500
Social Housing	2000	400 000
CRU -Affordable Rental	3000	600 000
Bank Charter Housing - Affordable to middle income	3000	1 050 000
Service Stands	2000	100 000
Total number should appear in IDP, and cost in future budgeted capital housing programmes	25000	3 275 000
6. Type of habitat breakdown:	Number	
- number of people living in a house or brick structure	69448	
- number of people living in a traditional dwelling	23559	
- number of people living in a flat in a block of flats	8230	
- number of people living in a town/cluster/semi-detached group dwelling	5239	
- number of people living in an informal dwelling or shack	16315	
- number of people living in a room/flatlet	7219	
7. Type and number of grants and subsidies received:	R (000s)	
KZN Department of Housing	33 000	
8. Total operating cost of housing function	R (000s)	
		290

5.11 FUNCTION: INFRASTRUCTURE, SERVICES AND FACILITIES

SUB-FUNCTION: WASTE WATER MANAGEMENT (SEWERAGE)



OVERVIEW:

The function includes the planning, design, implementation and maintenance of sewerage facilities and network. Inherent within the activities is function of preventing sewage contamination of the water-courses and groundwater. Excludes wastewater treatment except for a small works in Lynnfield Park.

DESCRIPTION OF THE ACTIVITY:

The sewerage functions of the municipality are administered as follows and include:

- Provision of bulk sewer pipelines;
- Provision of sewerage network extensions;
- Condition assessment of sewerage facilities;
- Maintenance of sewerage assets;
- Provision of VIP toilets and other on-site sanitation.

THE MAINTENANCE ACTIVITIES INCLUDE:

Blockage clearing, conservancy tank and VIP emptying, pump maintenance, sump and silt trap maintenance, sewer connections, infiltration inspection and sewerage flow measurement, operation of minor sewerage works in Ashburton, the planning, design and implementation of sanitation projects. These functions are provided for all consumers within the Msunduzi Municipality boundary including Vulindlela.

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

- Implement planned asset maintenance scheduling and re-construction of sewer assets;
- to ensure education in sanitation to 70% of households by 2010;
- to ensure basic sanitation service to all by 2012;
- to finalize a bulk sewer agreement with Umgeni Water (overdue due to internal disagreements);
- to plan and programme the most effective option for bulk waste water treatment;
- to further develop and implement the Council's Free Basic Sanitation Policy;
- to improve operational efficiency on an ongoing basis;
- to improve customer service and to become a financially sustainable service provider.

THE KEY ISSUES FOR 2007/08 ARE:

- To finalize the implementation regarding Section 78 assessment of the Water and Sanitation Service;
- to continue with asset maintenance of Sewers;
- to address policy on planned VIP clearing operations and to complete the sanitation aspects of the WSDP.

ANALYSIS OF THE FUNCTION:

1. Number and cost to employer of all personnel associated with sewerage functions:	Number	R (000s)
- Professional (Directors / Managers)	0	0
- Professional (Engineers/Consultants)	9	1796
- Field (Supervisors/Foremen)	25	3688
- Office (Clerical/Administration)	3	380
- Non-professional (blue collar, outside workforce)	50	3757
- Temporary	9	0
- Contract	1	132





2. Number of households with sewerage services, and type and cost of service:	Number	R (000s)
- Flush toilet (connected to sewerage system)	56808.16	
- Flush toilet (with septic tank)	6174.8	
- Chemical toilet	0	
- Pit latrine with ventilation	35687	
- Pit latrine without ventilation	32553	
- Bucket latrine	0	

3. Anticipated expansion of sewerage:	Number
- Flush/chemical toilet	439
- Pit latrine	7800
- Bucket latrine	0
- No toilet provision	0

4. Free Basic Service Provision:		
- Quantity (number of households affected)	<total>	
- Quantum (value to each household)	<value>	

5. Total operating cost of sewerage function	R (000s)
	69630

5.12 FUNCTION: INFRASTRUCTURE SERVICES AND FACILITIES

SUB-FUNCTION: ROADS AND TRANSPORTATION



OVERVIEW:

The Construction & Reconstruction Sub-Unit is responsible for the design and construction of the roads network, drainage and storm water systems within the Msunduzi's area of jurisdiction. The Provincial Department of Transport and the uMgungundlovu District Msunduzi are responsible for the construction and maintenance of Provincial roads and District roads respectively.

Due to huge backlogs in surfaced roads in Vulindlela and Edendale, the Municipality is assisting the District Municipality by upgrading some roads which would constitutionally be their responsibility. Out of 1 860 km of total road network Msunduzi is servicing, 390 km is classified as minor and major arterial roads and the balance of 1 490 km is classified as residential access roads, in terms of road hierarchy. The Municipality adopted three minimum levels of standards for roads, ie. gravel, gravsealed and asphalt surfaced roads. An analysis that was conducted has indicated that the backlogs in road maintenance are directly proportional to the standard level of the road with huge backlogs in Edendale and Vulindlela which are served by graded and gravel roads. The Municipality has consciously therefore adopted a strategic position that seeks to further reduce road maintenance backlog creation by upgrading the minimum level of service for any new roads from gravel to surfaced roads. In 2007/08 the new level of service adopted for the roads and approved by Council were as follows:

- * Graded main arterial roads for informal settlements;
- * Concrete lined drains and surfaced roads with adequate drainage provision for semi-urban and rural housing developments; and
- * Concrete lined drains and surfaced roads with adequate drainage for urban development.

The above minimum level of standards will ensure that the creation of maintenance backlogs by constructing roads with lower levels of service is curtailed. Management has decided to deal with the backlogs based on the importance of the road. The first priority are Provincial Roads (DoT is dealing with these adequately), second priority are District Roads and Main Arterial Roads into the City, thirdly Local Roads and, lastly, tracks giving access to few households.

In 2007/08, the Council approved the upgrading of 13 roads in Vulindlela and Greater Edendale at a total cost of R145,95m, of which the majority of the roads are classified as District Roads. The construction of the following roads commenced in March/April 2008:

D1133; D1132; D1123; Unit T Roads; Georgetown Roads; Bulwer/Azalea Road; D1127; D1131; D1137; D1125; Unit RR Roads; Unit P Roads; and D2151. The design of Machibisa/Dambuza Roads was completed in 2007/08. The widening of New England/N3 Interchange was completed in the year.

There are still huge backlogs for construction of new roads and upgrading of gravel roads in Greater Edendale and Vulindlela. The Municipality's priority on roads rehabilitation and construction is dealing with backlogs in the previously disadvantaged areas and providing relatively reasonable funding for the maintenance of existing roads.

ROAD D1127 UNDER CONSTRUCTION



ROAD D1127 UNDER CONSTRUCTION



ROAD D1127 UNDER CONSTRUCTION



ROAD D1132 DURING CONSTRUCTION



ROAD D1132 COMPLETED



Design and construction of Eshowe and Mthethemusha footbridges in Edendale were also approved by Council.

The expansion of the New England / N3 Interchange was completed during the year.

This Sub-Unit continues to perform the following activities for the provision of an efficient road network:

- (a) Transportation network planning
- (b) Road planning and design
- (c) Road construction and maintenance
- (d) Road infrastructure condition monitoring
- (e) Public transportation planning
- (f) Road safety improvements
- (g) Roadmarking and signage

DESCRIPTION OF THE ACTIVITY:

The road maintenance programme for all areas within the jurisdiction boundary of Msunduzi Municipality, except Vulindlela, which is the responsibility of the KZN Department of Transport (KZN DoT), include the following activities:



1. PLANNED MAINTENANCE [OPERATING BUDGET]

- (a) Pothole Repairs & Crack Sealing - 6 construction units [7 employees per unit]
- (b) Verge Infrastructure Maintenance - 7 construction units [7 employees per unit]
- (c) Stream Overgrowth Clearing - no dedicated construction units. Only reactive to situations where potential flood risk exist. Communities are engaged to do the work
- (d) Catchpit Clearing - 6 construction units [7 employees per unit]
- (e) Railways - 1 construction unit [7 employees]
- (f) Road Weed Control Spraying - 2 units [3 employees per unit]
- (g) Gravel Road Maintenance - 3 construction units

The road maintenance is undertaken internally by construction units created for this purpose. However, the shortage of staff and high continued loss of staff through retirement and death, makes it difficult to maintain stable construction units which meet the Occupational Health and Safety requirements. The stream overgrowth clearing activity still has no dedicated construction unit. Unit members are still pulled from various construction units to undertake this function when the need arises. In the previous financial year, community members were engaged to undertake this function in Edendale. However, this was discontinued in in this financial year because of some logistical challenges that were encountered. As a result, due to huge backlogs in road and stormwater maintenance, more reactive work has been carried out as opposed to the planned maintenance work.

The Municipality employed 110 contract/temporal workers to take up cleaning of stormwater catchpits and channels under Zibambele (self-help) project. These workers were recruited from communities where this work was carried out.

2. PAVEMENT MANAGEMENT SYSTEM [PMS] [RESURFACING] CAPITAL

Specialist consultants were engaged to undertake a condition assessment of the whole road network of Msunduzi and develop an asset management plan. The asset management plan was completed in 2008 and now serves as a guide for future road construction and maintenance. Resurfacing of roads is a function that is outsourced to specialist contractors through annual supplies contracts. Although this function was not carried out in 2007/8 financial year due to the large amount of work that was done in the 2006 for this exercise and, it remains an important core function of this Sub-Unit. It needs to be re-intergrated into future budgets. The PMS covers all Pietermaritzburg suburbs, CBD and Greater Edendale. For Greater Edendale only roads that belong to the Municipality are part of the PMS programme. The Department of Transport [DoT] is responsible for all provincial and district roads that traverse the area.

3. UPGRADING OF GRAVEL ROADS, STORMWATER, BRIDGES & RAIL LINES UNDER THE CAPITAL BUDGET

The Municipality embarked on a gravel road upgrading [including bridges] programme especially in the previously under-developed areas of Greater Edendale and Vulindlela. Due to huge backlogs, communities are requested to prioritize upgrading of roads in their areas through their Councillors and Mayor's Izimbizo. The priorities are thereafter included in the IDP and then planning and design is done by the Roads Sub-Unit. The Infrastructure Services and Facilities Business Unit adopted model of planning, design and tendering in the first year, and implementation in the subsequent years. This has worked in past financial years, although it has not yet been perfected. 2007/8 saw the completion of the design that started in 2006/7, procurement process also took its cause and construction for most of these projects started in the last half of the 2007/8 financial year. Construction of roads is undertaken by external contractors through Council approved procurement process with some outsourced and internal supervision.



ROAD D1132 BEFORE CONSTRUCTION



ROAD D1132 CONNECTING TO ROAD D1137 AFTER CONSTRUCTION



4. ROADS TO SERVE NEW DEVELOPMENTS [CAPITAL]

To encourage and facilitate development, the Municipality has adopted a “user pays” principle which allows investors to go ahead with their developments provided they have adequate funding for infrastructure services. This means that investors pay for their investment initiatives and the Sub-Unit continues to facilitate and/or create an enabling environment for such initiatives to succeed. If the road being developed is a public road serving many other community services, the Municipality would contribute financially and/or by making available land for development. Be that as it may, the Sub-Unit is embarking on road capacity expansion and new major road developments. A transportation plan has been developed to provide indicative road extension, expansion and new road requirement priorities. The Spatial Development Framework which is being developed is critical for providing an indicative future developmental scenario.

5. PLANNING FUNCTION

The planning activities include developing transportation plans, public transport plans, road safety plans, road infrastructure investment plans, design for road infrastructure and conducting feasibility studies for various options. The Sub-Unit makes it mandatory for all projects to comply with the provisions of the Environmental Management Act by conducting Environmental Impact Assessments when required to do so.

These abovementioned five key activities extend the to so-called old Pietermaritzburg, Greater Edendale and Vulindlela. In terms of roads, Vulindlela also resides within the jurisdiction of provincial government which also plans and constructs roads. The Municipality liaises with the KZN Department of Transport [KZNDOT] in addressing problems in Vulindlela in an integrated way.

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

The strategic objectives of this function is to ensure that the existing road networks within the Municipality's area of jurisdiction are maintained at useable levels whilst simultaneously upgrading sub standard infrastructure and constructing new links to support new development.

THE KEY ACTIVITIES FOR 2007/08 ARE:

- a) Complete design of eight gravel road upgrades in Edendale and Vulindlela;
- b) Implement graves seal and black base surfacing on a number of roads;
- c) Continue with programme of obtaining a solution to inadequate funding for roads;
- d) Implement New England/N3 Interchange upgrading;
- e) Complete the Road Asset Management Plan; and
- f) Improve road safety.

The key issues for the 2007/8 financial year are to complete designs, commence with construction and complete some gravel road upgrades as follows:

- i) Completion of designs, procurement procedures and commencement with construction of the following roads: D1123, D1132, D1133, D2151, D1127, D1137, D1131, D1125, Unit T [Phase 1], Moscow, Unit RR, Georgetown, Unit T (Phase 2), Unit P and Bulwer Road; and

ii) Completion of construction for the following projects:

1. Upgrade of gravel roads and associated stormwater drainage in Edendale - Ashdown: Dr Seme Road, Lembede Road, and Ndaba Road, approx. 1,0 km to an amount of **R408 210**
2. Sitebhisini Road, approx. 1,0 km to an amount of **R1 138 118**
3. New footpaths, kerbing and channels in Mount Patridge Rr - Thula Rd, KwaPata, approx. 1,0 km; Ashdown Main Access Rd, approx. 0,5 km; and Promed Rd - Royston Rd, approx. 0,7 km to an amount of **R605 058**
4. Upgrade of Gravel Roads Edendale, Moscow (Roads: B22, B26 and B27) Phase 1 (ie. installation of stormwater pipes and side drains only) to an amount of **R 237 924**
5. Desilting of Sedimentation Basin to an amount of **R2 800 000.**



ANALYSIS OF THE FUNCTION:

1. Number and cost to employer of all personnel associated with road maintenance and construction:	Number	R (000s)
Professional Engineer/Technologist	3	R1 440
Technicians (Chief, Principal, Senior & Tech)	12	R2 852
Field (Supervisors, Foremen)	39	R6 432
Office (Clerical / Administration)	10	R1 419
Technical (Clerical / Administration)	2	R 360
Non-Professional (Blue Collar, Outside Workforce)	220	R18 612
Total	286	R31 113
2. Total number, kilometres and total value of road projects planned and current:	KM's	R (000s)
New bitumenised (Upgraded to asphalt surface)	2	R1,500
New bitumenised in progress	36	R135,720
Graveseal / Black base	8	R4,500
3. Total kilometres and maintenance cost associated with existing roads provided	KM's	Total Budget 2007/8
Surfaced Roads [Planned Maintenance Operating]	1238	R20,33m
Gravel Roads [Planned Maintenance Operating]	425	R3,94 m
4. Average desirable frequency and cost of re-surfacing roads [PMS]		Total Budget per Annum
Surfaced [once every 10 years Capital Programme]		R15m
Gravel [4 times/year Operating Programme incl. Vulindlela Area] Although Vulindlela roads are under the jurisdiction of the KZNDOT, the Municipality remains undated with requests from Councillors and other members of public for the maintenance of the roads in that area which this Sub-Units is undertaking at adhoc. There are no funds allocated for this purpose which means that already limited resources dedicated for Msunduzi roads are further curtailed in order to respond to some of these requests.		R10m
5. Estimated upgrading backlogs showing kilometres/number and capital cost	KM's	R (000s)
- Tar	50	67,500
- Gravel	990	1,740 000
6. Total operating cost of road construction and maintenance function		R40, 949





5.13 FUNCTION: INFRASTRUCTURE, SERVICES AND FACILITIES

SUB FUNCTION: BULK WATER MANAGEMENT, WATER SUPPLY AND RETICULATION, WATER DRAINAGE

OVERVIEW:

The Water Services Delivery Unit, in the main, is responsible for the bulk water purchase, distribution, monitoring and control of water, in all areas within the jurisdiction of the Msunduzi Municipality, except for Vulindlela, which is currently provided by Umgeni Water. Negotiations to transfer the Vulindlela water schemes to Msunduzi are currently underway. In simple terms, the Municipality is responsible for the distribution of bulk potable water purchased from Umgeni Water. The average daily purchases is +_ 150 million litres and, on average, the billed volume ranges from 60 - 80 million litres. The Sub-Unit performs the Water Services Authority and Water Services Provider functions since its designation by the MEC in 2003. It is also responsible for the provision of sanitation services and operating a small sewage treatment works.

MINIMUM LEVEL OF SERVICE:

The Municipality has adopted the following minimum level of service for the provision of water and sanitation:

INFORMAL SETTLEMENTS:

Water - One standpipe per 20 households within 200 m
Sanitation - One VIP per 15 people

SEMI-URBAN AND RURAL HOUSING DEVELOPMENTS:

Water - Yard connection
Sanitation - VIP's

URBAN DEVELOPMENT:

Water - Full pressure individual house connection
Sanitation - Waterborne sewage system, except where property size is 200 m² or greater and the soil is geotechnically suitable, an on-site septic tank and soakaway system shall be used.

ASSETS:

The Municipality owns and maintains 30 reservoirs with total capacity of 231,6 megalitres, about 1 500 km of water pipeline, 90 pressure reducing valves and 8 water pumpstations.

CHALLENGES:

Like all Water Service Providers in the country, the Municipality has the challenge of providing potable water within 200 m to all residents in its area of jurisdiction by 2008. This challenge has substantially been met with an estimated 10% of the residents still to be provided with piped water within 200 m. Tankers are used to provide water in areas that are accessible and do not have piped water. However, the Sub-Unit is facing challenges as indicated below:

- Backlogs on the renewal and maintenance of water assets estimated at + R150 million;
- Elimination of standpipes in areas that can have yard connections to reduce water losses;
- Reduce unaccounted for water to + 25%;
- To upgrade capacity of bulk water mains identified in the Bulk Water Master Plan;
- To extend services to new developing areas;
- To deal with illegal connections.

INSTITUTIONAL ARRANGEMENTS:

The Municipality embarked on a Section 78 Assessment for the water delivery function and a Section 78(4) decision is still to be undertaken. The assessment is exploring the possibility of forming a municipal entity that includes the District Municipality, creating a separate business unit for the Water & Sanitation functions or form a regional authority with other municipalities.



STRATEGIC APPROACHES:

- (a) Use MIG funding to provide extension of basic water services and Council funding to renew and maintain the existing water assets.
- (b) Reduce unaccounted for water, thereby unlocking additional distribution supply capacity by undertaking the following activities:
 - split unaccounted water into technical and apparent losses and in the subsequent categories of the water balance by metering and billing of standpipes, low-income houses and unmetered houses;
 - billing all metered households and standpipes;
 - reduce technical losses through pressure reduction, replacement of old pipes (starting with large diameter pipes);
 - respond quickly to bursts, reservoir modelling, remodelling water reticulation networks and use any credible leak detection techniques;
 - reduce apparent water losses by installing widgets on standpipes;
 - education awareness;
 - enter into public-public partnerships with schools in monitoring agreed number of standpipes;
 - eliminate standpipes;
 - install limiting devices;
 - install prepayment meters and establish education community committees;
 - enhance the functionality of Electricity and Water Loss Management Task Team;
 - use councillors, ward committees and Area Based Management for community communication regarding losses;
 - buy-in of councillors regarding measures to reduce losses.
- (c) Review the Bulk Water Master Plan to ascertain priorities for the upgrading of bulk services.
- (d) Improve operational efficiency by establishing a quality management system closely aligned to ISO 9000.
- (e) Facilitate development by allowing investors to fund and construct bulk services for their investments, provided the standards of the Municipality are met.
- (f) Engage in water conservation activities.

DESCRIPTION OF THE ACTIVITY:

The water purchase and distribution functions of the municipality are administered as follows and include:

- 1.1 Management of the Water Services Authority (WSA) function; design, construction and maintenance of new reticulation mains, reservoirs and pumpstations.
- 1.2 The Bulk water function is administered through a Bulk Water Services Agreement with Umgeni Water for the provision of bulk treated water
- 1.3 In-house design, construction and maintenance of water distribution assets. Due to capacity constraints and the increased capital budget, the Sub-Unit does less than 20% of the design and construction in-house, and the rest is outsourced to competent service providers. In line with ASGISA desired outcomes, the Sub-Unit subcontracts most of its work to emerging contractors and engages local community for the provision of labour.

The services extend to include the whole of the Msunduzi area including Vulindlela (excluding Maintenance and Operating costs until the "handover" of this area from Umgeni Water to the Msunduzi Municipality is complete).





THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

- To improve operational effectiveness;
- Improve cost recovery for Water;
- Ensure that water quality for all consumers meets and surpasses the minimum quality standards in SABS 240;
- Supply all households with a basic water supply and the poor with free basic supply in accordance with DWAF Strategic Guidelines;
- Reduce water losses;
- maintain the existing infrastructure;
- Ensure the provision of the water service is sustainable.

THE KEY ISSUES FOR 2007/08 ARE:

- To implement the Section 78 assessment of the sector after approval by Council;
- To effectively manage the Council's Free Basic Water Policy;
- To implement the asset management plan within the financial constraints
- To reduce water losses to a realistically acceptable level;
- To extend and upgrade the water supply reticulation;
- To provide opportunity for customers to step up the water ladder ie higher level of service.

1. Number and cost to employer of all personnel associated with the water distribution function:	Number	R (000s)
- Professional (Directors / Managers)	1	576
- Professional (Engineers/Consultants)	9	2097
- Field (Supervisors/Foremen)	54	8348
- Office (Clerical/Administration)	6	820
- Non-professional (blue collar, outside workforce)	98	7351
- Temporary	0	0
- Contract	1	132

2. Percentage of total water usage per month	volume	%
July	4675819	8.40
August	5229549	9.39
September	4119199	7.40
October	4461843	8.01
November	4203011	7.55
December	4498490	8.08
January	5194930	9.33
February	4262457	7.65
March	4320916	7.76
April	5067874	9.10
May	4823222	8.66
June	4832808	8.68
Total	55690118	100

3. Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:	volume	R (000s)
domestic	12128525	103,820
rebate 24.08		
rebate 7.93		
flats/simplexes	2110911	16,929
out of bourough	203	2
commercial	7482420	66,892
commercial non rebateable	54612	603
builders	70736	781
churches	126716	1,108

3. Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer:	volume	R (000s)
clubs	191164	2,110
dept	272698	2,277
standpipes	453966	
standpipes (reversals)		
low cost housing	4678141	
low cost housing (reversal)		
domestic indigent	1948181	
rebate indigent		
domestic rebate indigent auto		
indigent	486544	
rebate 6kl		

4. Total year-to-date water losses in kilolitres and rand:	volume	R (000s)
Total	20361202	60,961

5. Number of households with water service, and type and cost of service:	Number
- Piped water inside dwelling	79083
- Piped water inside yard	20994
- Piped water on community stand: distance < 200m from dwelling	11115
- Tankers, standpipes distance > 200m from dwelling, informals, others	19759
- Spring	412

6. Number and cost of new connections:	Number	R (000s)
Total	370	1,487

7. Number and cost of disconnections and reconnections:	Number	R (000s)
Total	8645	1577

8. Number and total value of water projects planned and current:	Number	R (000s)
- Current (financial year after year reported on)	10	11946
- Planned (future years)	39	

9. Free Basic Service Provision:		
- Quantity (number of households affected)	29820	
- Quantum (total value R (000s))	42604	

10. Type and number of grants and subsidies received:	Number	R (000s)
Equitable share	1	47460

11. Total operating cost of water distribution function	(R 000s)
	252,979



5.14 FUNCTION: INFRASTRUCTURE, SERVICES AND FACILITIES

SUB FUNCTION: ELECTRICITY, ELECTRICITY OPERATIONS AND MANAGEMENT, ELECTRICITY SUPPLY

OVERVIEW

The Msunduzi Electricity Sub-Unit is licensed to supply electricity to 70% of the total customers in the Municipality's area of jurisdiction and the remainder, which is comprised of Greater Edendale and Vulindlela, is supplied by Eskom. The Electricity business generates 35–40% of the total revenue of the Municipality. Its asset replacement value is estimated at R1,2 billion and has 253 staff members out of a desired complement of 351 as at 30 June 2008. Despite the suppressed energy supply in the country during the year, the demand for electricity continued to increase reflecting the resilience of the economic growth in the City.

The business is facing challenges that are two-fold, firstly industry related challenges which national government is trying to address by restructuring the industry and, secondly, organisational specific challenges. In 2007/08, the Electricity business succumbed to the energy supply shortage challenge facing the Electricity industry as a whole in South Africa. As one of the 12 largest cities in South Africa, the Municipality had to take leadership in dealing with the critical energy shortage situation by implementing demand management and energy conservation measures where possible.

The management of the Sub-Unit is aware of and is taking necessary strategic measures to deal with the following challenges facing the Electricity business:

CHALLENGES

- The backlogs on the repairs, maintenance, refurbishment and replacement of electricity assets;
- High demand for electrification in formal and informal settlements;
- The inadequate energy supply capacity;
- Loss of revenue from theft and tampering;
- Electricity losses which were 9,5% at the beginning of the financial year;
- Difficulty in attracting and retaining qualified and competent technical staff;
- Inadequate forward planning on electricity distribution capacity;
- Upgrading of streetlights;
- Implementation of energy efficient streetlight and lighting fittings;
- Regional Electricity Distributor [RED] 5 formation preparedness;
- Improving operational efficiency and effectiveness of the Sub-Unit;
- Improving on the quality of supply as per NRS 047;
- Demand Side Management initiatives;
- Improving on customer satisfaction in every aspect of service for the Electricity business.

ELECTRICITY ASSET BASE

The asset base for Msunduzi [Pietermaritzburg Electricity] is comprised of:

- [a] 12 primary substations and 2 000 secondary substations with the following transformer sizes in the primary substations:

Transformer Size	Voltage Level	Transformer No.	Total [MVA]
15 MVA	33/11 kV	7	105
20 MVA	88/11 kV	4	80
30 MVA	132/11 kV	7	210
30 MVA	33/11 kV	11	330
40 MVA	132/11 kV	4	160
45 MVA	132/11 kV	7	315
60 MVA	132/11 kV	2	120
Grand Total		42	1 320

- [b] 32,35 km of 132 kV power lines.
- [c] 18,35 km of 33 kV power lines.
- [d] 1 206,64 km of 11 kV power lines.



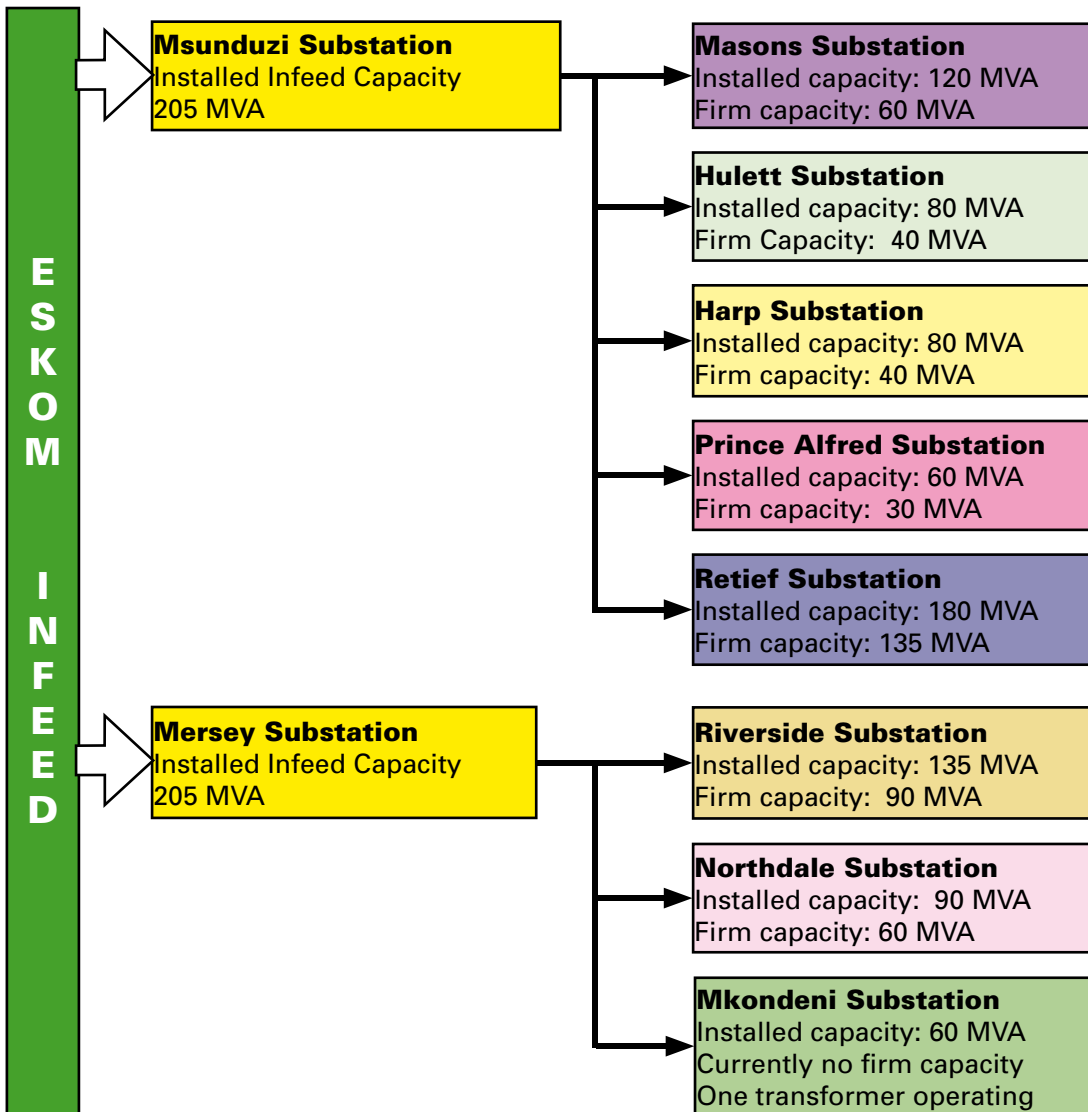
An audit of the assets for the Electricity business conducted in 2005/06 indicates that the replacement value for the existing Electricity assets is estimated at R1,2 billion and in 2007/08 additional assets of R38 458 845 were registered in the asset book.

ELECTRICITY CAPACITY

The infeed supply capacity from Eskom was increased from 300 MVA to 410 MVA by the completion of the “Third Infeed Project” in 2007/08. The project included the upgrading of 7,5 km of 132 kV powerlines from Riverside Substation to Retief, and the introduction of another 132 kV powerline from Prince Alfred to Riverside, with a direct link to the Retief Substation. This allowed the shifting of 100 MVA load from Mersey Substation to Msunduzi Substation, thereby increasing the ability of the Municipality to draw more energy from Eskom.

The Msunduzi (Pietermaritzburg) Electricity’s infeed capacity and connectivity is as shown in the diagram indicated below:

PIETERMARITZBURG ELECTRICITY SUBSTATION CONNECTIVITY



CAPACITY SYSTEM CONSTRAINT

The installed firm capacity of the primary substations is 455 MVA. This means the primary substation installed firm capacity (455 MVA) for Msunduzi Electricity is more than what the infeed supply from Eskom (410 MVA) can provide.



However, the distribution network constraint is with the inadequate capacity of transmission lines, switch-gears, protection systems and the ageing cables which are estimated to provide a net capacity of 350 MVA. In certain instances the reduction in capacity is due to lack of adequate asset maintenance in the past and the rest due to the non-availability of the infrastructure. The challenge therefore is to improve the integrity and capacity of the network assets by at least 50 MVA to enable optimum utilisation of the available supply capacity of 410 MVA if the demand so requires.

To address this challenge, the Electricity Sub-Unit has since developed a five year primary and secondary network refurbishment and upgrading plan which has since been approved by Council. The plan involves replacing and upgrading old transformers by installing 2 x 15 MVA, 5 x 30 MVA, 3 x 40 MVA, 2 x 15 MVA and 4 x 45 MVA transformers in various primary and secondary substations. 2 x 15 MVA and 2 x 30 MVA transformers will be refurbished. Due to capacity constraints in certain substations, some transformers will be relocated to other substations where their capacity rating will be appropriate and useful.

The plan also involves the establishment of a new 132 / 11 kV substation with 30 MVA firm capacity in Ashburton, 132 / 11 kV with firm capacity of 60 MVA for Q-Steel Substation, and a 132 / 11 kV with 30 MVA firm capacity in Hilton. A switching station will be constructed to connect the 132 kV supply between Mersey/Northdale and Riverside Substations to enable optimum usage of the available supply capacity. Included in the plan will be replacement of switchgears, construction of 33 / 11 kV and 132 / 11 kV powerlines, improvement of the protection system and replacement of all unsafe equipment. The estimated cost for the programme is R300 million.

In 2007/08 the Municipality granted authority for the purchase of five new transformers. Two of the transformers earmarked for Pine Street were due for delivery in the 2007/08 financial year but, unfortunately, due to supply challenges, this was not achieved. However, an amount of R3 m was spent on the refurbishment of one of the transformers and switchgear replacement at Pine Street Substation.

Pine Street Substation - Newly Installed Switchgear



Pine Street Substation - Old Switchgear

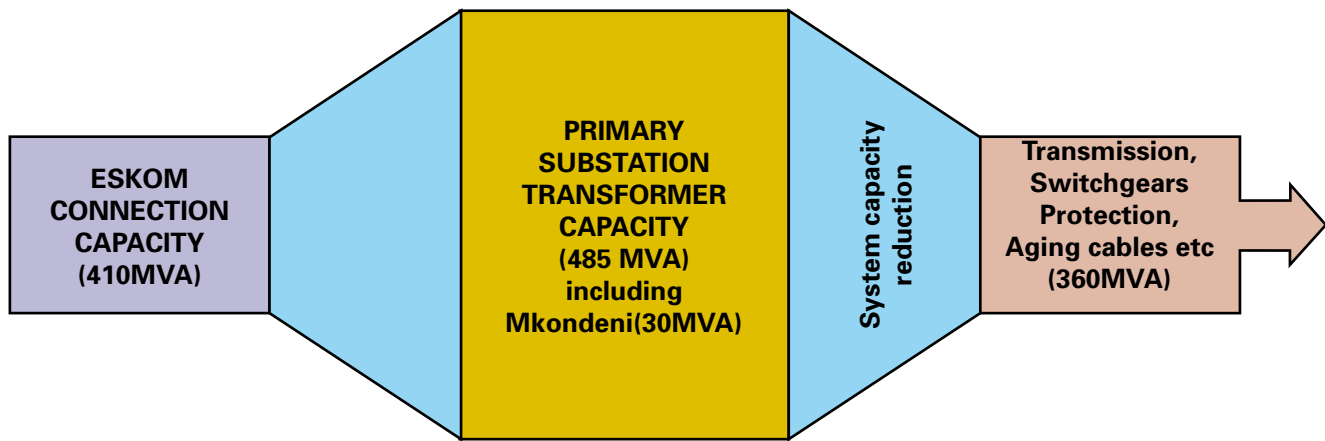


Pine Street Substation - Newly Installed Control System



A significant amount of R9 600 000 was spent on repairs, maintenance and replacement of some switch-gears. The integrity of the system capacity challenges is gradually improving. Unfortunately, because of the load shedding programme in 2007/08 financial year, the ageing of the switches and protection system components were accelerated, thereby increasing the backlogs on the asset renewal programme.

CAPACITY SYSTEM CONSTRAINT DIAGRAM



ELECTRICITY SUPPLY CHALLENGES

2007/08 was a dark year for South Africa's Electricity industry because of the supply challenges that besieged the country. The shortage of supply capacity resulted in forced load shedding of which Msunduzi was not spared. The load shedding programme started in January and the Municipality had to formulate a structured load shedding for Pietermaritzburg that equitably sought to minimise disruption on industry and hospitals. The estimated revenue loss due to load shedding in the 2007/08 financial year is R500 000.

The Department of Mineral and Energy Affairs and Eskom have developed a three phase strategic approach in January 2008 that sought to reduce both demand and energy consumption to deal with the supply challenges.

The reduction is planned in three phases:

- (a) System stabilisation phase
- (b) Power rationing phase
- (c) Power conservation phase

During the stabilisation phase there was a reduction by large industrial customers. There was a limited response from commercial customers and very limited response from residential customers. Coal related production improved and unplanned outages due to technical failure of plant reduced slightly but remained a risk in the longer term.

The power rationing phase was intended to be from March 2008 to 1 July 2008. During this phase everyone was required to reduce a total of 3000 MW. Savings were required in both energy and demand. The savings were not achieved and scheduled load shedding was embarked upon. Eskom stated that "our aspiration is not to load shed, but to achieve the load reduction by everyone". However the scheduled load shedding ceased towards the end of April 2008. Presently there is only emergency load shedding. Emergency load shedding will be used only if required for power system stabilisation.

All customers were requested to save 10% and the baseline for determining the savings is October 2006 to September 2007, seasonally adjusted. This period was used as this was the period just before load shedding.

The objectives of Power Conservation Programme (PCP) is to institutionalise power rationing and sustain the targeted savings. The key components of this programme are:

- Overall savings target
- Baseline consumption, quota allocations and implementation dates per consumer sector
- Administrative rules for dealing with objections
- Penalties and sanctions for exceeding allocations
- Incentives for savings achievements in excess of target
- Mechanisms and rules for trading unused portions of allocations.



HUMAN RESOURCES CAPACITY

The shortage of technical staff continued to effect service delivery in the Electricity Sub-Unit during the year 2007/08 with the most notable post of Head of Electricity having been advertised without success on two occasions. The Sub-Unit lost the Chief Accountant who was instrumental in providing financial assistance and management to the Sub-Unit. Due to the scarcity of qualified accountants, the post was not filled during the year under reporting. However, there was general stability in the mobility of technical staff with the major problem being the ability to recruit more staff, rather than losing staff.

To enhance the ability of the Municipality to recruit and retain staff, the Council approved a scarce skills allowance policy for technical staff which, however, could not be implemented due to administrative challenges. The process of implementing the policy is still in progress.

The impact of HIV/AIDS was felt within the Sub-Unit, especially in the lower grades of the employees. This remains a threat to the stability of the staff compliment and is increasingly compromising the programmes for the Electricity Sub-Unit. Various awareness campaigns for staff were arranged during the year through the Health & Welfare Sub-Unit. Management will continue to place AIDS programmes on high priority as failure to do so will affect the performance and ability to deliver services to our communities.

RISK MANAGEMENT

The management of the Electricity Sub-Unit is aware of the following major risks facing the Msunduzi Electricity business:

REVENUE LOSS

The revenue losses are mainly due to technical losses, illegal connections, unbilled metered consumers, unmetered authorised consumers and tampering with meters. To ensure revenue protection the Municipality has since set up an Electricity and Water Loss Management Task Team that is mandated to formulate strategies and monitor implementation of projects and interventions that will harness the loss of revenue. Some of the interventions undertaken during the year included replacement of analogue meters with electronic meters, remote meter reading for large customers, servicing of substation equipment to improve on technical efficiency, metering all unmetered households, meter repairs and responding swiftly to reports of illegal connections. These interventions assisted in reducing the unaccounted for Electricity from 9,5% to 9,07% during the financial year 2007/08;

SUPPLY CAPACITY RISK

By completing the third infeed project, the Municipality deferred the risk of failure to draw required energy demand from Eskom into future years. As indicated in the later sections of this report, the capacity of the Municipality improved from 300 MVA to 410 MVA. In sympathy with the national energy supply shortage, the Electricity business has formulated energy saving initiatives earmarked at achieving a 10% reduction in demand as per the request by Eskom. The initiatives include installation of energy efficient bulbs in streetlighting, embarking on energy efficient awareness campaigns, reducing energy consumption in Council and Government buildings by 20%, installation of ripple control on geysers, installation of solar water heaters, and replacing incandescent lights with CFL's which are energy efficient. The engagement of large customers in energy issues and the replacement of incandescent lights commenced during the year. These initiatives will unlock additional supply capacity, thereby mitigating the risk of supply.

SYSTEMS CAPACITY RISK

The lack of adequate maintenance of electricity infrastructure continued to cause a technical threat to the system's ability to supply the required demand. To eliminate this risk, the Electricity business has embarked on an asset refurbishment and replacement programme, which includes the replacement of old transformers, switchgears, insulators and isolators. The plan also tries to align and optimise the capacities of the different assets of the electricity distribution system by upgrading or adding the desired infrastructure to achieve this objective.

THEFT OF ELECTRICITY ASSETS (CABLES, WIRES ETC);

The theft of cables was on the increase during the 2007/08 financial year and the major challenge is to catch the culprits and have them convicted in the courts of law. During the year, a decision was made by the Electricity & Water Loss Management Task Team to explore the possibility of establishing a municipal court and the work is in progress. The idea is to expedite the prosecution process to deter electricity asset thefts. Other technical interventions are being explored to deter theft of cables.



LOSS OF TECHNICAL STAFF

Loss of competent technical staff is increasingly becoming a major risk to the Electricity business. As indicated later on in this report, efforts have been made to implement staff recruitment and retention strategies. To mitigate on this risk, management is making efforts to ensure continuity, adequacy and consistency of expertise in the business.

OCCUPATIONAL HEALTH AND SAFETY RISKS

In 2007/08, one staff member died on duty and 14 injuries on duty were reported. The number of incidents reported decreased during the year compared to 2006/07. Management continues to reinforce the need to improve on Occupational Health & Safety of Electricity staff by ensuring that, on a regular basis, procedure and work instructions training is afforded to all staff. Regular Occupational Health & Safety meetings are held to review the policies, procedures and performance in the month or quarter, depending on the level of the meetings.

CUSTOMER SERVICES

The customer base increased in 2007/08 financial year as follows:

Type of Customer	2006/07	2007/08	% Increase
Domestic	62 644	63 469	1,3
Industrial / Commercial / Other	9 293	9 781	5,0
Total	71 937	73 250	1,8

The Msunduzi (Pietermaritzburg) Electricity is embracing fully to capacity and the quality of supply requirements of the NRS 046/47/48. To give effect to this commitment, a service charter was drawn up and serves as a clock and indicator to service quality.

During the financial year 2007/08, the number of customers supplied by Msunduzi Electricity increased by 995 of which 293 were industrial and commercial customers and 702 residential.

The effects of lack of adequate electricity infrastructure in the past continued surface despite the substantial financial ploughed into maintenance by Council.

The national electricity energy shortage that gripped the whole country in 2007/08 financial year resulted in blackouts and load shedding in the provision of electricity in Msunduzi. Eskom embarked on a load shedding program in January to ensure system stability by reducing the total energy consumption by 10% nationally.

Customer Base	
Total No. of Domestic Customers	62 444
Total No. of Industrial/Commercial Customers	9 293
Total Energy Consumption in July 2007 to June 2008	1 603 664 590 kW/h



Customer	Energy Consumed 2007/08 kW/h	% of Total
Top Large Industrial / Comm	956 094 060	60,0
Government	84 022 088	5,0
Council	9 870 754	0,6
Schools & Colleges	32 713 620	2,0
Shopping Malls	35 999 739	2,0
Domestic	443 151 534	27,6
Others	41 902 795	2,8

ASSET MAINTENANCE AND REFURBISHMENT

The backlog on electricity asset maintenance and refurbishment for Msunduzi Electricity is estimated at R287 400 000. An audit of unsafe electricity asset components was done and R73 530 000 is required to replace isolators, magnefixes, oil circuit breakers, switch fuse insulators and ring main units. In the 2007/08 financial year a number of switchgears and switch phase insulators were replaced at a total cost of R2 500 000.

To ascertain the actual backlog, consultants were engaged to do a condition assessment of all the assets and the project is still in progress.

The Municipality continued to prioritise the repairs, maintenance and replacement of obsolete electricity assets in 2007/08 by refurbishing one 30 MVA transformer (Pine Street), and placing orders for additional transformers for Northdale and Pine Street.

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RING-FENCING THE ELECTRICITY BUSINESS

The Electricity Sub-Unit continued to proceed with the ring-fencing project to improve on the operational efficiency of the business. It has since been identified that the inter-dependence of this Sub-Unit's operations with other Business Units within the Municipality is loaded with inefficiencies that need to be eliminated by ring-fencing the business. The ring-fencing exercise will also prepare the Electricity business for its incorporation into RED 5.

CAPITAL EXPENDITURE

The Municipality as a whole has been struggling over the years to fully spend its capital budget and the Electricity business's average annual capital expenditure over the past three years has been 95%. However, in 2007/08, the capital expenditure in Electricity was 75,57%. The low expenditure was mainly due to the transformers and switchgear that were not delivered on time, of which R10 million was not spent. The Infrastructure Services Business Unit has developed a Project Management Guideline framework which, if implemented, will ensure efficiency in project execution and will result in customer satisfaction. The Electricity Sub-Unit is therefore implementing a three-year project cycle model that is within this framework. The model dictates that the first year should be for feasibility studies, planning and design, and the two subsequent years should be dedicated to construction.

The capital expenditure for 2007/08 was comprised of the completion of the third infeed project, laying of a cable connecting Prince Alfred and Pine Street Substations, refurbishment of the Pine Street and Prince Alfred Substations, replacement of streetlight fittings, electrification of low-income houses and rewiring of the Pine Street transformer. The capital investment programme is as per the 5 Year Investment Programme approved by the Council. The Municipality has adopted a user pays principle for any development, thereby alleviating the financial strain on the Electricity business.



During the year the Council approved the electrification of informal settlements which are not situated in flood plains and are not likely to be moved in the near future. The feasibility study for the electrification programme was undertaken in 2007/08 with the assistance of Eskom since these settlements are in Eskom licensed areas of supply. The electrification programme will benefit 1 574 households and is expected to be completed in 2008/09.

STRATEGY OVERVIEW

The management has developed a turnaround strategy with six strategic objectives, which are as follows:

- (a) To meet and surpass NRS 047 minimum quality of service standards. This will be achieved by establishing a fully functional Customer Services Office; finalising and implementing the Service Charter; establishing a dedicated disconnection/reconnection team; improving the telephone system at the Electricity Sub-Unit to allow easy access and 24 hour manning of the system; convert 60% of credit meters to prepayment meters; acquire IT system that will assist in handling customer queries; embark on consumer education programmes; establish ISO 9001 Quality Management system; and ring-fence the Electricity business.
- (b) To improve the operational efficiency and effectiveness of the Electricity Sub-Unit. This will be achieved by completing the ring-fencing exercise of the Electricity Sub-Unit; reviewing the organisation structure to align it to the present demands; embark on change management strategies; ensure affective communication to staff and external customers; redefining of norms, principles and beliefs and build a common vision among all stakeholders; and implement a performance management system for the staff.
- (c) To refurbish, upgrade and unlock existing capacity to meet 2022 demand capacity. This will be achieved by upgrading and investing in the primary network infrastructure identified in the Investment Plan; upgrade and refurbish the secondary substations in the next five years; capacity reinforcements; creating a project management unit to spearhead the capital projects; make adequate budgetary provision for electricity maintenance; and identifying other sources of funding.
- (d) To meet and surpass NRS 048 minimum standards for quality of supply provided to customers. This will be achieved by ensuring continuity, voltage quality and reduction voltage dips through building technical capacity, making regular inspections and liaison with customers, by reinforcing the network and establishing a quality management and control system.
- (e) To achieve 60% reduction of lack of energy supply in the Greater Edendale and Vulindlela areas by 2012. This will be achieved by fast tracking housing projects; establishing the backlog list by ward and prioritising projects; identifying alternative sources of energy; entering into service level agreements with Eskom; and identifying other sources of funding.
- (f) To prepare adequately for the formation of REDS. This will be achieved by completing the ring-fencing exercise; participating in the RED 5 Forums; and canvassing for buy-in from politicians and staff for the need of restructuring.



ANALYSIS OF THE FUNCTION:

1. Number and cost to employer of all personnel associated with the electricity distribution function:	Number	R (000s)
- Professional (Directors / Managers)	16	5,110,317.50
- Professional (Engineers/Consultants)	0	0
- Field (Supervisors/Foremen)	68	12,759,453.52
- Office (Clerical/Administration)	40	7,203,014.70
- Non-professional (blue collar, outside workforce)	154	13,848,443.64
- Temporary	3	261,908.28
- Contract	2	949,263.10

2. Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer	Quantity	R (000s)
	1775449045	321 275 360
- Residential, Commercial, industrial		
- Commercial		
- Industrial		

3. Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:	Quantity	R (000s)
	1603664590	587 482 324
- Household	443151534	154 691 368
- Commercial	<volume>	<cost>
- Industrial	<volume>	<cost>
- Mining the total for Commercial and industrial	1160513056	432 790 956
- Agriculture	<volume>	<cost>
- Other	<volume>	<cost>

4. Total year-to-date electricity losses in kilowatt hours and rand	Quantity	R (000s)
	171784455	62000000

5. Number of households with electricity access, and type and cost of service:	Total	Cost
Electrified areas	63469	<cost>
Municipal	15500	<cost>
Eskom	61739	<cost>
Alternate energy source		N/A
Gas		N/A
Paraffin		N/A
Solar		N/A
Wood		N/A
Non electrified		

6. Number and cost of new connections:	Quantity	R (000s)
	702	250.00

7. Number and cost of disconnections and reconnections	Quantity	R (000s)

8. Number and total value of electrification projects planned and current:	Number	R (000s)
- Current (financial year after year reported on)	1885	13 739
- Planned (future years)	1000	9 000

9. Anticipated expansion of electricity service:	Number	R (000s)
	800 households	2 800 00
10. Estimated backlog in number (and cost to provide) electricity connection:	NIL	
11. Free Basic Service Provision:	Number	Cost
- Quantity (number of households affected)	26563	664073
- Quantum (value to each household)		25
12. Type and number of grants and subsidies received:	N/A	
13 Total operating cost of electricity distribution function	R (000s)	
		368 640 410



5.15 FUNCTION: INFRASTRUCTURE, SERVICES AND FACILITIES

SUB-FUNCTION: ELECTRICITY (STREET LIGHTING)

OVERVIEW:

Includes all activities associated with the provision of street lighting to the community

DESCRIPTION OF THE ACTIVITY:

Street lighting responsibilities of the municipality are administered as follows and include Planning, Installation, Commissioning and Maintenance. These services extend to include the Msunduzi License Area, but do not take account of Wards which resides within the jurisdiction of Eskom. The municipality has a mandate to provide adequate illumination of the wards.

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

Provide a sense of security.

THE KEY ISSUES FOR 2007/2008 ARE:

Agreements for Streetlight with Eskom to be finalised.

ANALYSIS OF THE FUNCTION:

1. Number and total operating cost of streetlights servicing population:	Total	Cost
	20736	R3 399 977
2. Total bulk kilowatt hours consumed for streetlighting:	KwH	Cost
	10693112	R1 268 203



5.16 FUNCTION: CORPORATE STRATEGIC PLANNING

SUB-FUNCTION: CORPORATE ASSET MANAGEMENT

OVERVIEW:

The Corporate Asset management unit comprises four sub-units viz. City Fleet, Materials Management and Asset Control, Valuations and Real Estate as well as Town Planning. This Annual Report reflects the achievements and challenges for the period under review. Although the Unit has had budgetary constraints and a number of staff vacancies, it has achieved a number of milestones and implemented several projects that will enhance service delivery.

DESCRIPTION OF THE ACTIVITY:

The asset management responsibilities of the municipality are administered as follows and include:

- 1) **City Fleet** - This Unit is responsible for the management and maintenance of Council's fleet of vehicles and heavy plant.
- 2) **Town Planning** - This Unit is responsible for development planning and forward strategic planning of a spatial nature.
- 3) **Materials Management & Asset Control** - This Unit is responsible for the provision of stock and materials for line departments as well as the compilation and the management of Council's Fixed Asset Register.
- 4) **Real Estate and Valuations** - This Unit is responsible for the administration, sale and management of all Council owned land. In addition, this Unit is responsible for the compilation and maintenance of the Valuation Roll comprising of all properties within The Msunduzi Municipality.

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

Provide a support service to Business units as well as provide an advisory and professional Real Estate and Town Planning service to both Business units as well as members of the public.

THE KEY ISSUES FOR 2007/2008 ARE:

- Budgetary constraints
- Inability to attract qualified and experienced professional staff
- Vacancies hindering service delivery

ANALYSIS OF THE FUNCTION:

1. Number and cost to employer of all asset management personnel:	Number	R (000s)
- Management	5	1885630
- Professional / technical	36	8160223
- Office (Clerical/Administration)	84	10059175
- Non-professional (blue collar, outside workforce incl drivers)	60	3993686
- Temporary	8	960000
- Contract	2	130000

2. Number and cost to employer of all Building Inspectors employed:	Number	R (000s)
- Number of Building Inspectors	11	R1 692 084,25
- Temporary	nil	
- Contract	nil	



Nompumelelo Matabako
SEM: Corporate Strategic Planning



3. Number OF Development Applications Received During 2007/2008:

APPLICATIONS OUTSTANDING	CATEGORY	NUMBER OF NEW APPLICATIONS RECEIVED 2007/2008
1-Jul-07		
Nil	Residential New	3
Nil	Residential additions	6
Nil	Commercial	36
Nil	Industrial	19
Nil	Other	22, (this include places of worship, place of instruction, of- office establishment, establishment of sports club, relaxation of site spaces and so forth)
	Building Plans	1620
Total		1706

Note: This table shows that applications were processed on time. This is as a result of dedication by all staff despite staff shortages. Discussion with the Service Provider to have an electronic monitoring system has commenced in order to monitor applications. It is likely that this new system will be formalized in the new financial year, depending on budgetary provisions.

4. Number and Cost of New Vehicles Purchased:	Number	R (000s)
	114	8 585 338.39

5. Number of Unauthorized Uses:	Reported	Inspected	Section 77
	605	605	403

Note: Of the 403 on which section 77 were issued, 50 were regularized through application and 50 ceased to operate.

6. Number and Cost of Urban Development Zone Tax Incentives:	Number	R (000s)	Jobs Created
	6	4 560 000	197

7. Materials Management Purchases:	Total Purchases R (000s)	Monthly Average R (000s)	Annual Issues	Average Monthly Issues	Stock as at 30th June 2008
	59 629 581.37	4 969 131.78	51 411 032.00	4 284 252.66	19 011 600.41

8. Assets Verification:	Date of Sample Audits	Number of Samples in Audit
	30th April 2008	4000
	30th June 2008	4000

5.17 FUNCTION: CORPORATE STRATEGIC PLANNING

SUB-FUNCTION: AREA BASED MANAGEMENT



OVERVIEW:

Includes all activities associated with the provision of area based management service to the community

DESCRIPTION OF THE ACTIVITY:

The area based management responsibilities of the municipality are administered as follows and include:

These services extend to include the 5 managerial areas of the Msunduzi Municipality which resides within the jurisdiction of Msunduzi Municipality's Vulindlela, Imbali, Edendale, Northern and Central.

THE STRATEGIC OBJECTIVES OF THIS FUNCTION ARE TO:

- Increasing community participation.
- Improving service delivery
- Forming a link between communities and local government.
- Poverty alleviation.

THE KEY ISSUES FOR 2007/2008 ARE:

- Establishment of satellite offices and publicity of services to communities.
- Staffing of Area Based Management.
- Formulation of ward profiles/ward committees.
- Formulation of communication lines with internal stakeholders eg SBU's and external stakeholder eg traditional leaders

ANALYSIS OF THE FUNCTION:

1. Number and cost to employer of all ABM personnel:	Number	R (000s)
- Management	6	2602862
- Professional / technical/Facilitators	11	1988781
- Office (Clerical/Administration)	4	389656
- Temporary	8	242088
TOTAL	29	5223387
2. Number of self help projects facilitated and assisted:	21	
3. Total number of households assisted relating to Disaster Management:	74 families	





CHAPTER 6 MIG PROGRAMME ANNUAL REPORT



Overall, the MIG programme spent 99,86% of its 2007/08 budget plus the R33,468,710 'underspent' in the 2006/07 financial year. It took steady persistence and courage on the part of the Municipal Manager and the Procurement, Roads, Water, Sanitation and PMU Teams to achieve this result.

Although the overall performance is reflected accurately, the detail actually conveys a slightly false picture because :-

1. In order to spend the full MIG allocation plus last year's 'underspend' AND comply with Financial Services' requirements funds were merely 'juggled' between 'spending' and 'non-spending' projects right at the very end of the financial year. This meant that important projects like Edendale and Vulindlela Street Lighting (which we tried very hard to get off the ground) are shown as having 'NIL Budget'. In fact they were initially allocated R7,225,000 but it was all removed at the last moment and reallocated to projects that had already spent the money. The failure to install these street lights is considered to be a major failure of the programme this year.
2. At the same time, the 2007/08 MIG programme was so active that there were other projects to which the under-spent funds could be allocated.
3. Getting 10 new roads projects off the ground at short notice AND spending R44,000,000+ on all 14 roads projects gave the programme a major boost. But that was not the intention at the beginning of the financial year. The initial budget for these programmes was only R20,141,900. The additional R24,000,000 spent on them made up for the shortcomings of other projects in the programme.

REPORT ON THE MUNICIPAL INFRASTRUCTURE GRANT

MIG EXPENDITURE REPORT 2007/08			
MONTH	PLANNED	ACTUAL	VARIANCE
JULY	4,076,955	561,834	-3,515,121
AUGUST	4,385,080	2,910,405	-1,474,675
SEPTEMBER	2,626,388	4,317,194	1,690,806
OCTOBER	3,337,604	8,918,488	5,580,884
NOVEMBER	4,215,004	3,939,184	-275,820
DECEMBER	12,347,495	5,481,585	-6,865,910
JANUARY	13,046,903	1,896,402	-11,150,501
FEBRUARY	6,016,250	2,464,598	-3,551,652
MARCH	17,839,797	9,135,272	-8,704,525
APRIL	6,133,595	12,346,544	6,212,949
MAY	15,905,723	13,780,597	-2,125,126
JUNE	2,840,854	26,893,405	24,052,551
TOTAL	92,771,647	92,645,508	-126,139

SUMMARY

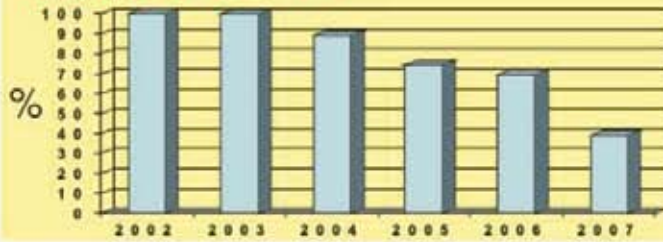
2007/08 BUDGET	59,302,937
UNDERSPENT PREVIOUS YEAR	33,468,710
2007/08 EXPENDITURE TARGET	92,771,647
TARGET MONTHS EXPENDITURE	7,730,971
AVE MONTHS EXPENDITURE	7,720,459
YEAR'S EXPENDITURE	92,645,508
%AGE OF REQUIRED EXPENDITURE	0.999



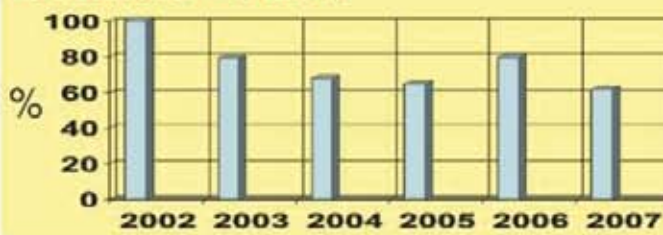
PROJECT	BUDGET	EXPENDITURE 2007/08	SHADOW COST	VARIANCE
Edendale additional streetlighting phase 3	0	0	0	0
Sweetwaters:Street Lighting Phase 2	995,344	995,344	0	0
Vulindlela Street Lights Phase 3	0	0	0	0
Ambleton Street Lighting	98,120	98,120	0	0
Sanitation Infrastructure Feasibility Study - CCTV	9,418	0	9,418	0
VIP Installation - Vulindlela Phase 2	25,565,231	25,548,378	5,059	-11,794
Elimination of Conservancy Tanks	2,207,536	2,204,096	3,440	0
Rehabilitation of sewer infrastructure	2,823,048	2,813,748	0	-9,300
Technical and Feasibility Reports	95,111	95,111	0	0
Basic water Supply	1,460,682	1,447,983	6,349	-6,350
Edendale Proper New Mains & Reticulation	538,332	503,230	9,281	-25,821
Midblock Service Erad. (Sobantu, Imbali, Ashdown)	5,946,048	5,932,260	11,640	-2,148
Rehabilitation of water infrastructure	479,909	479,606	0	-303
Upgrade of Vulindlela Road D1123 - 3.5 km	2,154,539	2,125,311	10,180	-19,048
Upgrade of Vulindlela Road D1132 - 1.95 km	3,600,573	3,589,162	11,410	-1
Upgrade of Vulindlela Road D1133 - 4.0 km	3,386,788	3,376,607	10,180	-1
Taylor's Halt Community Centre	391,212	391,212	0	0
Vulindlela Upgrade Gravel Roads D1125	51,864	51,864	0	0
MIG- Rehabilitation of Landfill Site	0	0	0	0
Elimination of wastage at communal standpipes	373,701	365,988	7,713	0
Elimination of Water Tankers	0	0	0	0
Moses Mabhida Community Centre	2,028,726	2,028,726	0	0
Freedom Square Precinct Phase 2	4,778,222	4,769,157	9,065	0
Freedom Square Phase 1	133,076	133,076	0	0
Shenston Ambleton Roads & Water	378,243	371,894	6,349	0
Unit H Edendale	7,067,399	7,067,399	0	0
Unit P Edendale	6,704,450	6,704,449	0	-1
Rehab of Georgetown	1,591,364	1,591,362	0	-2
Rehab District Road 1125 Ph 2	2,149,907	2,149,906	0	-1
Rehab District Road 2151 (L1831)	3,094,853	3,094,852	0	-1
Rehab District Road D 1131	2,425,011	2,376,114	0	-48,897
Rehab District Road D 1137	2,481,438	2,478,973	0	-2,465
Rehab District Road D 1127	3,821,582	3,821,581	0	-1
Rehab Unit RR	1,953,710	1,953,709	0	-1
Rehab Unit T	2,024,932	2,024,931		-1
Rehab of Bulwer/ Azalia	1,961,278	1,961,277		-1
TOTALS	92,771,647	92,545,426	100,085	-126,137

WE HAVE MADE YOUR CITY SAFER!

COMMON ASSAULT DECREASE BY 61%



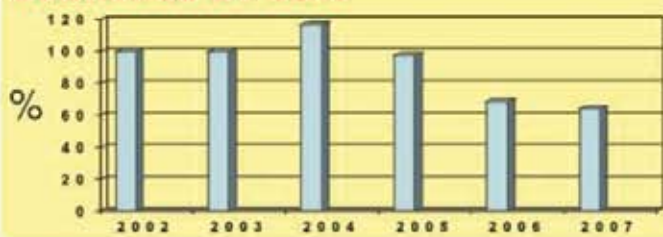
COMMON ROBBERY: 2002-2007 DECREASE BY 39%



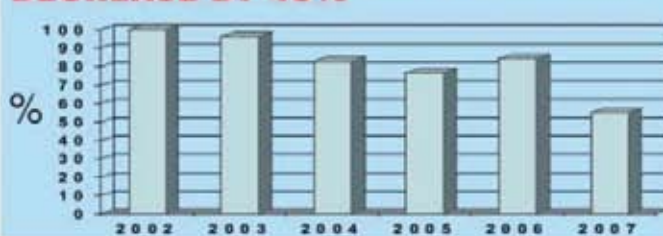
ALL CONTACT CRIMES: 2002-2007 DECREASE BY 39%



BURGLARY BUSINESS: 2002-2007 DECREASE BY 36%



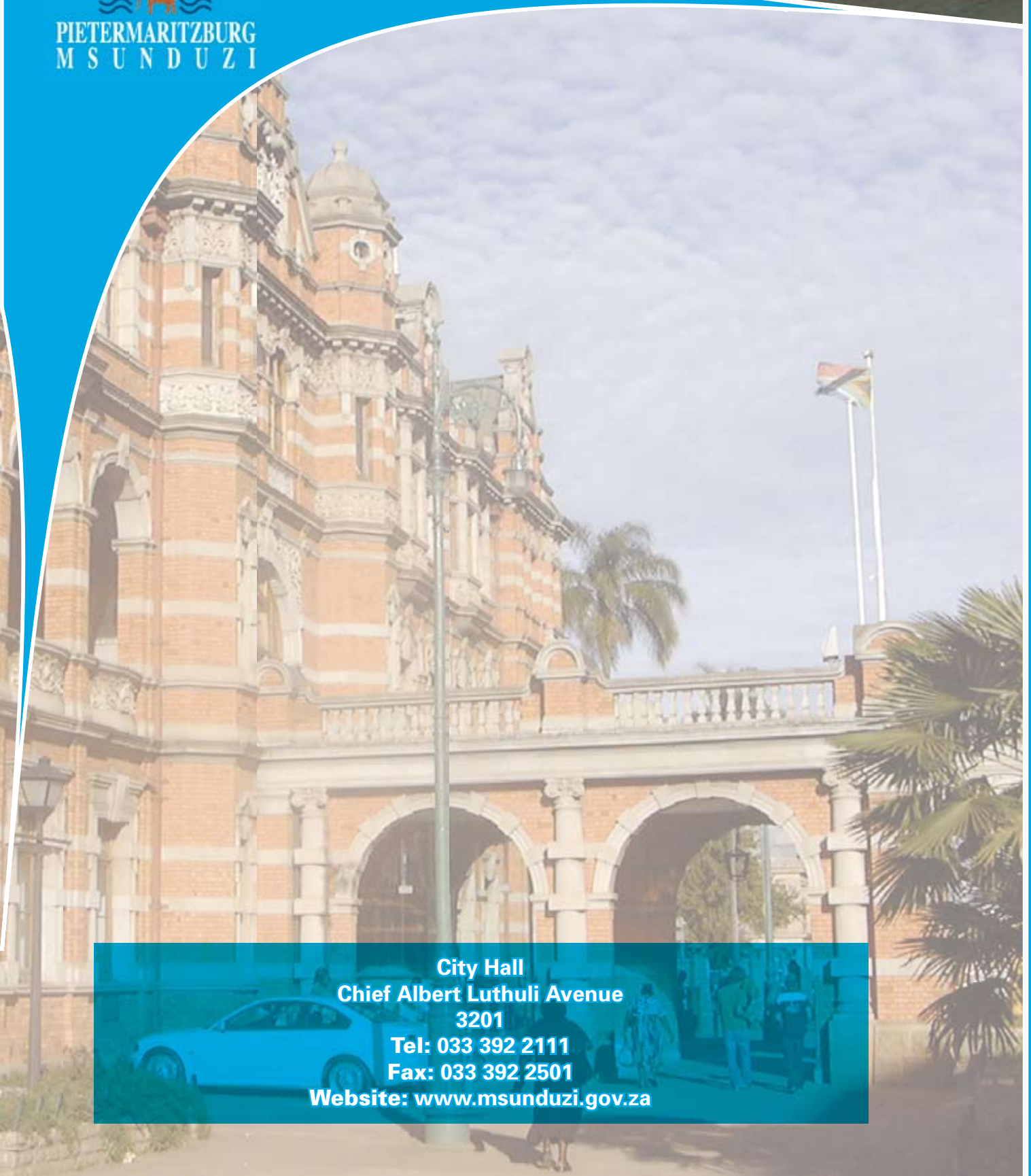
ALL PROPERTY CRIMES: 2002-2007 DECREASE BY 45%



CITY OF CHOICE



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