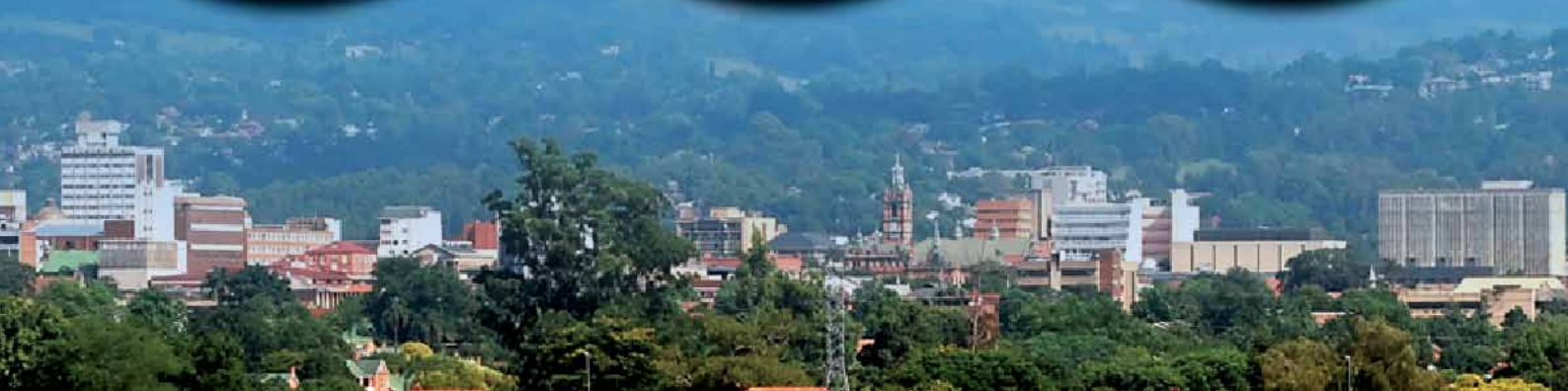


ANNUAL REPORT

2010/2011



CITY OF CHOICE



PIETERMARITZBURG
MSUNDUZI



*The Dynamic, Caring Capital
City of Choice in KZN*



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The Dynamic, Caring Capital City of Choice in KZN

List of Abbreviations

DMM	Deputy Municipal Manager
CoGTA	Cooperative Governance and Tradition Affairs
DPLG	Department of Provincial and Local Government
SBU	Strategic Business Unit
WSP	Workplace Skills Plan
LG SETA	Local Government Sector Education and Training Authority
HDI	Historically Disadvantaged Individual
UNISA	University of South Africa
NQF	National Qualification Framework
MOU	Memorandum of Understanding
IDP	Integrated Development Plan
MFMA	Municipal Finance Management Act
AIPF	Associated Institution Pension Fund
SALAPF	South African Local Authorities Pension Fund
MCPF	Municipal Councillors Pension Fund
CLLR	Councillor
AIDS	Acquired Immuno Deficiency Syndrome
SAPS	South African Police Services
NPA	National Prosecuting Authority
PMB	Pietermaritzburg
SCM	Supply Chain Management
HRM	Human Resource Management
SALGA	South African Local Government Association
VIP	Ventilated Improved Pit Latrine
STATSSA	Statistics South Africa
SDBIP	Service Delivery and Budget Implementation Plan
MIG	Municipal Infrastructure Grant
WSDP	Water Services Development Plan
SOC	Standard Occupational Category
BBBEE	Broad Based Black Economic Empowerment
SMMES	Small Medium and Micro Enterprises
CFO	Chief Financial Officer
AG	Auditor General
MEC	Member of Executive Committee
MPAC	Municipal Public Accounts Committee
EXCO	Executive Committee
ICT	Information Communication Technology
PMS	Performance Management
MPRA	Municipal Rates Act
MM	Municipal Manager
Kwanaloga	KwaZulu-Natal Local Governance Association
KPMG	Klynveld Peat Marwick Goerdeler
DBSA	Development Bank South Africa
MIDI	Msunduzi Innovation Development Institute
SAMWU	South African Municipal Workers Union
IMATU	Independent Municipal Allied Trade Union
DWAF	Department of Water Affairs and Forestry

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD



Mike Tarr
City Mayor
1 July 2010 – 18 May 2011



Chris Ndlela
City Mayor
3 June 2011 – 30 June 2011

MAYOR’S FOREWORD

The 2010/2011 financial year has been unlike any year in the history of our City. We have been under administration for the entire period, firstly under Administrator Mr Johan Mettler till the end of December and thereafter until the present under Mr Sbusiso Sithole. Councillor Mike Tarr served as Mayor until the elections in April where after Councillor Chris Ndlela took over the reins. At the beginning of the period our city was on the verge of bankruptcy where there was a real possibility we would not be able to pay salaries and default on some of our major creditors. Fortunately this is now behind us as will be seen from The Auditor General’s Report and the City financials that are included in this annual report. We are now in a reasonable financial position with nearly a month’s expenditure in our bank account. There have been a number of important achievements over the last year but there are still challenges that lie ahead. Some of these are outlined below.

A major achievement has been the production of a balanced budget for the 2011/2012 financial year. More important is that the budget incorporates an Integrated Development Plan (IDP) which has not been the case in the past where the IDP has often been a wish list. Measures are now in place where the budget is monitored on a monthly basis and the IDP is monitored quarterly through the production of a Service Delivery Budget Implementation Plan (SDBIP). Portfolio Committees and the newly created Municipal Public Accounts Committee will need to monitor these carefully to ensure there are no departures from the Budget or IDP. A challenge in the future is to ensure that there is full public participation in the budget and IDP process. The new Executive Committee and Council are committed to this. Council meetings and Portfolio Committee meetings are all open to the public to ensure transparency in all matters of governance. It is only by being completely transparent and totally intolerant of any improper dealings on the part of officials or anybody else that we can gain the trust and confidence of our citizens.

During the course of the year collection of debts increased from a low of 55 percent to over 80 at the time of writing this report. The situation of debtors is still however of major concern. The City has embarked on a process of ensuring the integrity of our debtor’s book. In short what we need is to make sure every consumer is correctly metered, billed and pays on time. This exercise will involve considerable capital expenditure involving the installation of new meters (particularly water) and protective measures to safeguard our electricity infrastructure. Progress is being made and 2011/2012 will show a continuous improvement.

A serious problem faced by the city has been the neglect of proper maintenance of our infrastructure, particularly electricity. A start has been made in our current budget and as our financial position improves more resources will need to be spent on getting our infrastructure into an acceptable state.



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Waste has also been a continuing problem but the administration is getting on top of this. New vehicles are to be purchased and fleet maintenance has also improved resulting in more vehicles being on the road.

A problem that still needs to be addressed and which solicits much unfavourable comment is the enforcement of our by-laws. These cover a range of issues such as street trading, parking, traffic violations and signage. Urgent attention is needed.

With regard to the year ahead there is much reason to be positive. We need to create an environment where all our citizens can pull together and share a common vision for our city. The Municipality has embarked on a process where a long term vision is being drawn up for the city. This will involve wide consultation and an extensive planning process to ensure all sectors of the community are consulted and the final plan gets the buy-in of all our citizens. Collectively we need to shift from the negative mindset that seems to prevail amongst many in our community. We can and must create an environment that is user friendly to all our citizens and attractive to investors who we desperately need to create new jobs. Instead of finding reasons why things cannot be done we need a mindset that says "yes we can" and find ways to be innovative, accommodating of new ideas and become a "can do" city. We have a wonderful resource base in this city, are well located and it is up to all of us to create a City of Choice. Your new council are ready to take up the challenge.

Councillors Mike Tarr and Chris Ndlela



COMPONENT B: EXECUTIVE SUMMARY

1. MUNICIPAL MANAGER'S (ACTING) OVERVIEW



Thokozani Maseko
Municipal Manager:
Acting

Two roads diverged in a yellow wood, and I am sorry we could not travel both during 2010/2011 financial year. The journey to restore the City of Choice has already been embarked on, with special focus on good governance, financial recovery, cost containment and improving service delivery. The political leadership team, Provincial Intervention Team and management were united and worked tirelessly to improve the finances of the Municipality from a R231.1 million deficit at the end of June 2010, to a surplus of R94.7 million as at 30 June 2011. This reflects a total positive movement of R325.9 million.

I would like to thank Mr Sibusiso Sithole (Administrator) and his team, the Executive Committee members (both during the term of the previous Mayor, Cllr Mike Tarr, and the new term Mayor, Cllr Chris Ndlela), and all senior management and staff, for their dedication and commitment which has made all the difference. During this period I was deeply touched by a number of my colleagues' high level of professional conduct and resilience to overcome all obstacles to achieve important objectives. Truly tough times never last, but tough people do.

We achieved full compliance with the Generally Recognized Accounting Standards (GRAP) which posed a major challenge in the 2009/10 financial year as far as property, plant and equipment issues and the recognition of the investment property. This has cleared the way for "Operation Clean Audit 2014". There was also a great improvement in the Supply Chain Management (SCM) Unit. With the assistance of KWANALOGA and KPMG we reviewed our policies, processes and procedures and the staff in the SCM Unit received intensive training during the financial year. The City was also awarded the prestigious Blue Drop Status for the excellent quality of our potable water. This would not have been achieved without the co-operation between the City's Water Sub-Unit and Umgeni Water. The Electricity, Water and Road ageing infrastructure remains a challenge that needs special attention, which we started addressing during the 2011/12 financial year. The upgrade of the Hilton line and Sweetwaters infrastructure will stabilize the supply of electricity in these areas.

In the first quarter of 2012, the Municipality will take delivery of seven refuse compactors which will improve service delivery for the collection of waste and the cleanliness of the City in general. The City will be starting a very important project in the near future for the development of a City Development Strategy that will look at the long-term planning horizon to address current and future challenges.

We welcome Mr M Nkosi, the newly appointed Municipal Manager, as he joins us in January 2012. I am confident he will receive full co-operation and support from senior management and all members of staff at Msunduzi, and I wish him well as he takes the City to new heights.



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ACKNOWLEDGEMENTS:

I would like to express my gratitude for the contribution and support received from the following:

- The Minister of Finance, Mr Pravin Gordhan, and National Treasury;
- The Premier of KwaZulu-Natal, Dr Zweli Mkhize, MEC for Co-operative Government and Traditional Affairs, Ms Nomusa Dube, the MEC for Finance, Mrs Ina Cronje, and Provincial Treasury;
- The Deputy Minister of Co-operative Governance and Traditional Affairs, Mr Yunus Carrim;
- The Mayor, Cllr C Ndlela, the former Mayor, Cllr M Tarr, the Deputy Mayor, Cllr T Zuma, the former Deputy Mayor, Cllr Ms J Ngubo, the Council Whip, Cllr T V Magubane, the Speaker, Cllr Babu Baijoo and Council.
- The Administrator, Mr Sibusiso Sithole, and Provincial Intervention Team, for their hard work and leadership;
- The CEO of SALGA KZN, Mr S Cele;
- The DBSA;
- First National Bank KwaZulu-Natal ;
- Standard Bank KwaZulu-Natal;
- Pietermaritzburg Chamber of Business;
- The staff of the Msunduzi Municipality for their tenacious efforts to restore the City beyond its former glory; and
- The Unions at Msunduzi Municipality, SAMWU and IMATU.

Congratulations also to Mr Sibusiso Sithole, the Administrator, on his recent appointment as eThekweni City Manager.

THOKOZANI MASEKO
MUNICIPAL MANAGER (ACTING)



2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Msunduzi Municipality provides Water, Sanitation, Electricity, Refuse Removal, & Housing as part of the Basic Services. It also provides Roads, Stormwater & Drainage together with Local Economic Development and the approval of local building plans to local communities. In the 2009/10 financial year service delivery levels dropped due to low levels of payment for services, poor debtor collection, and so forth which inevitably lead to service standards dropping. This then called for the MEC for CoGTA to place Msunduzi Municipality under Administration in terms of Section 139 (b) of the Constitution.

In 2010/11 financial year, with the expertise of the initial Administrator Mr Johann Mettler and the subsequent Mr Sbusiso Sithole, gradual but consistent changes were seen and service delivery standards and levels increased. Better quality services are now being delivered to communities; our streets are much cleaner, refuse began to be collected systematically, roadside verges are being cut, water standards rose to an extent where tests were completed and information forwarded to DWAF to ascertain if Msunduzi Water should receive the blue drop status. Please refer to the Chapter on the Annual Performance Report for further details.

2.1. VISION STATEMENT

By 2017 to be a Globally Competitive Metropolitan City of Choice which capitalizes on its Strategic Location, Environment, Cultural Heritage and Educational Facilities Creating a choice Quality of Life for all.

2.2. MISSION STATEMENT

The mission of Msunduzi Municipality is to facilitate the provision of service by:

- Community Participation
- Social and Economic Development Growth
- Safety, Security and caring for those infected and affected by HIV and AIDS and promoting an HIV and Aids free generation
- Sustainable Service Delivery
- Sound Finance
- Sound Governance
- Sustainable Environment Management

2.3. LOCALITY

With 649sq km in size, Msunduzi municipality commonly known as the “City of Choice” is located along the N3 corridor at a junction from Durban and Pietermaritzburg and an agro-industrial corridor stretching from Pietermaritzburg to Escourt. It is located at the cross section of the N3 and Greytown Road corridor to the north, a tourist route to the Drakensburg and Kokstad Road to the South. It is the second largest city in Kwazulu-Natal, a capital city of the Province, and one of the ninth largest Cities in South Africa that are contributing almost 80% of the country's GDP, and it is the main economic hub within the Umgungundlovu District. Its location has strong influence on regional channels of investment, movement and structuring of the provincial spatial framework for economic development and growth.

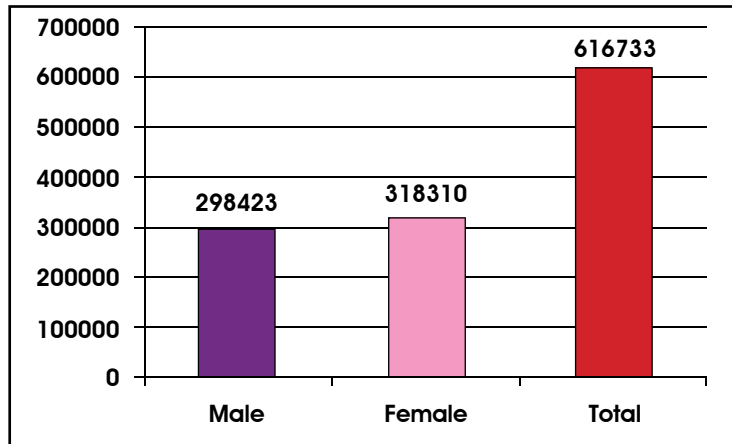


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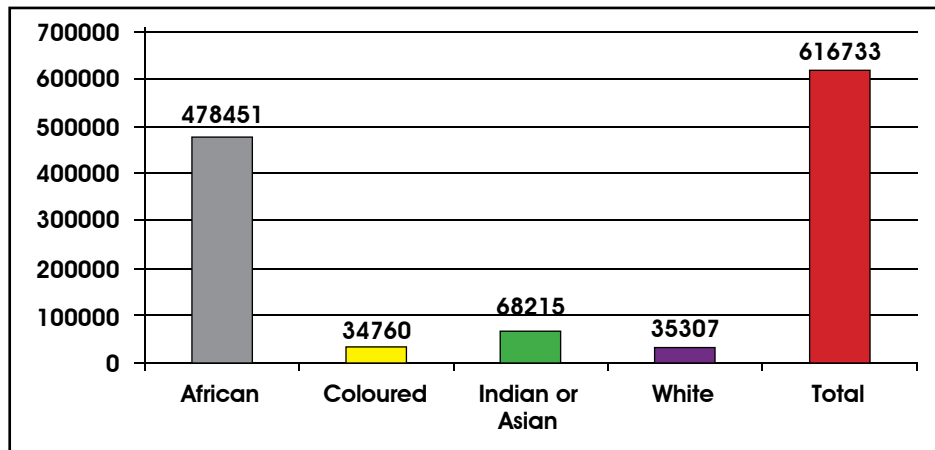
2.4. THE POPULATION OF MSUNDUZI: SOURCE STATSSA COMMUNITY SERVE 2007

Total Population: 616 733

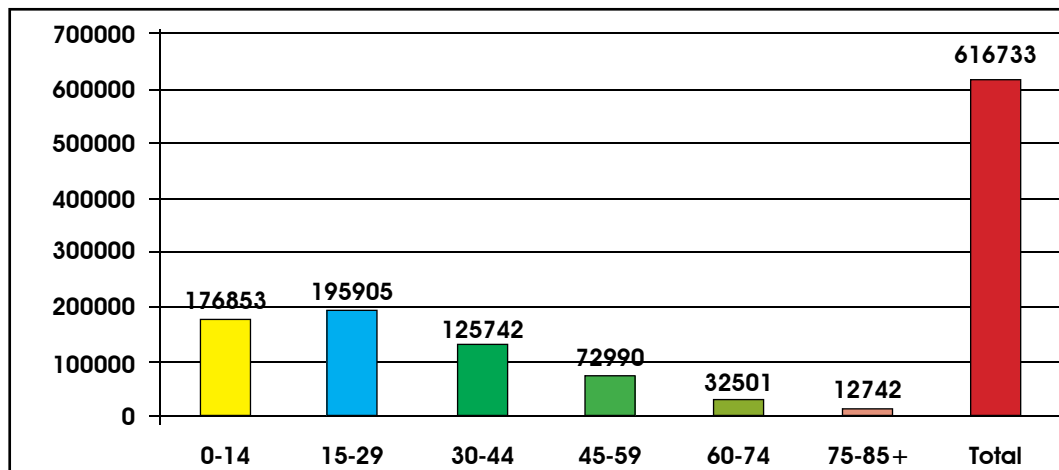
Population by Gender:



Population by Race:



Population by Age:





2.5. HOUSEHOLD & HOUSEHOLD SERVICES

Total Number of Households

Community Survey 2007	108227
-----------------------	--------

Water Service level: Community survey 2007

Inside Dwelling	79 813
Inside Yard	33 601
Piped water from access point outside the yard	14 688
Borehole	1 100
Spring	1 126
Dam/pool	265
River/stream	1 555
Water vendor	733
Rain water tank	202
Other	1 308

Toilet Facilities: Community Survey 2007

Flush toilet (with septic tank)	5 875
Dry toilet Facility	13 613
Pit toilet with Ventilation (VIP)	6 307
Pit toilet without Ventilation	22 458
Chemical toilet	2 300
Bucket toilet system	414
None	1 362

Electricity Service Level

Electricity	117 051
Gas	2 088
Paraffin	10 209
Wood	4 592
Coal	250
Animal dung	69
Solar	59
Other	71

COMMENT ON BACKGROUND DATA:

The data provided herein is data used from the Community Survey 2007 conducted by Statistics South Africa. Msunduzi Municipality strives to ensure the backlogs in the delivery of Basic Services like Water, Electricity and Housing are reduced on an annual basis.



3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

1. Service Delivery remains the core function for Msunduzi Municipality even through its financial crisis. Service Delivery was at an all time low in the 2009/10 financial year but in the 2010/11 financial year things began to gradually turn around. Below are graphical representations of the Basic Services achievements / non –achievements of the 2010/11 financial year. For further information and reasons for deviations, blockages and support needed, please see Chapter 3 – Service Delivery Performance.

2. Indigent Population

Definition of “Indigent” & Qualification for Concessions

“Indigents” - means a owner/occupier of a property as defined in the qualification for concessions.

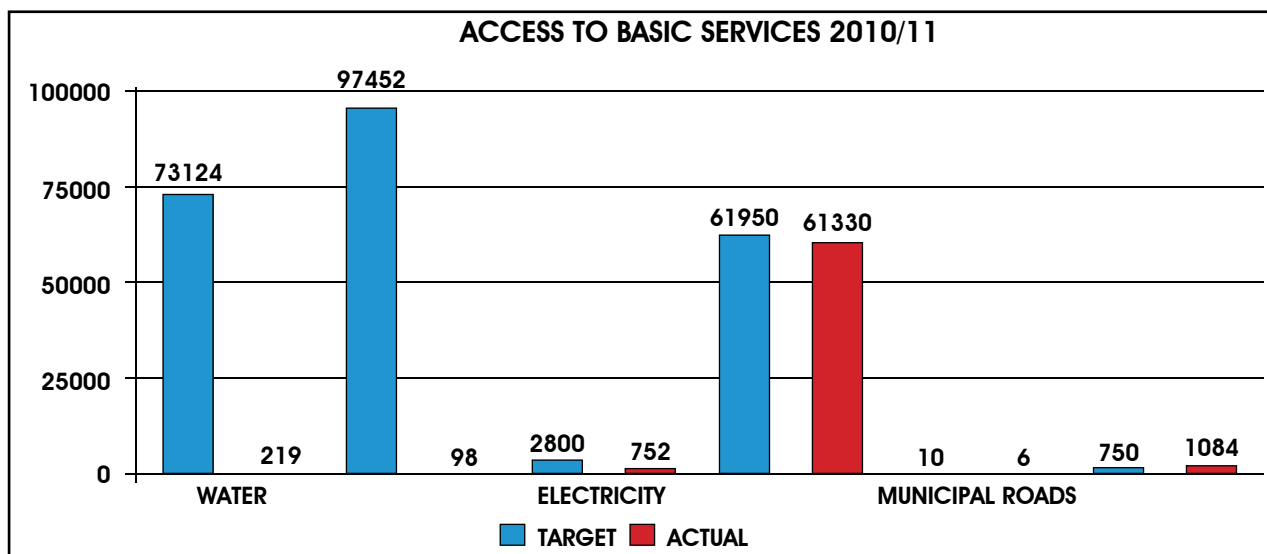
Qualification for concessions

1. Owners and/or occupiers of residential property:

- Where the electricity lifeline tariff is requested and a circuit breaker of 20Amp is fitted and/or where there is no electricity distribution by Council, where the water consumption is less than 6kl, will qualify as an Indigent.
- Concessions set out below, and as reflected in the Council's Tariffs, shall automatically qualify for such concessions, subject to the conditions set out hereunder:
- Property Rates - Indigents will qualify automatically like all domestic consumers for a reduction in the market value of the property as approved from time to time by Council and as reflected in the applicable Tariff Register.
- Electricity - Free kWh as determined from time to time by Council and as reflected in the applicable Tariff Register.
- Electricity MCB - Free amperage as determined by Council from time to time and as reflected in the applicable Tariff Register.
- Water - Consumption of water as determined from time to time by Council and as reflected in the applicable Tariff Register.
- Refuse - Free refuse as determined by Council from time to time and as reflected in the applicable Tariff Register.
- Sewerage - Free sewerage as determined by Council from time to time and as reflected in the applicable Tariff Register.

2. In the event that the consumption of water on a property that qualifies for the concessions referred to in Section 1, exceeds the maximum volume determined by the Council as free basic water for whatever reason, the owner or occupier shall be billed for the total consumption of water as determined by the Council at the tariffs ordinarily applicable within the municipality, and the amount billed shall be deemed as payable. This provision is in line with the Water Act.

3. A customer who is resident in a Flat, Simplex, Duplex, Town House, Retirement Complex and the like, where bulk metering is used for the calculation of water consumption, such consumption will be divided by the number of units, and where such consumption is in line with the definition of free basic water, qualifies and will automatically qualify for free basic sewerage and refuse.



COMMENT ON ACCESS TO BASIC SERVICES:

Above is a diagram of Access to Basic Services. Please refer to Chapter 3 – Service Delivery Performance for further information pertaining to shortfalls, reasons for deviation and support needed in terms of unblocking.

4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The Auditor General has expressed an unqualified opinion for the 2010 / 2011 financial year ending 30 June 2011. This opinion has improved significantly from the 2009/2010 financial year.

The Msunduzi Municipality was placed under Provincial Government intervention in terms of section 139 (1) (b) of the Constitution. The financial crises came to be because of poor controls and rampant corruption amongst senior staff.

The municipality experienced serious financial challenges during the previous reporting period and it is still an assumption that it will take some time for the municipality to recover. There has been significant pressure on the municipality's liquidity ratio and financial sustainability, and these conditions along with other matters may indicate the existence of a material uncertainty which may cast doubt on the municipality's ability to operate as going concern but the fact the Municipality received an unqualified report and the fact that serious thought has gone into the control of expenditure together and the building up of financial reserves contradict that view going forward.

As disclosed in the financial statements, the municipality incurred significant electricity and water losses during the 2010 / 2011 financial year. There have been concerted efforts to address this issue by upgrading and replacing aging infrastructure.



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**TABLE 1: FINANCIAL OVERVIEW – 2010/2011
R'000**

Details	Original Budget	Adjustment Budget	Actual
Income			
Grants	R435 847 155	R506 577 909	R385 629 804
Taxes, Levies and Tariffs	R 1 856 076 325	R1 937 397 964	R1 924 332 243
Other	R107 661 599	R628 723 467	R592 279 074
Subtotal	R2 399 585 079	R3 072 699 340	R2 902 241 121
Less Expenditure	R2 399 472 380	R3 072 586 641	R2 807 427 004
Net Total*			
* Note: Surplus/ (deficit)	R112 699	R112 699	R94 814 117

Operating Ratios

Details	%
Employee Cost	22.5
Repairs and Maintenance	2
Finance Charges and Depreciation	11.5

COMMENT ON OPERATING RATIOS:

The Employee cost ratio is below the approximate/ standard norm due to staff vacancies.

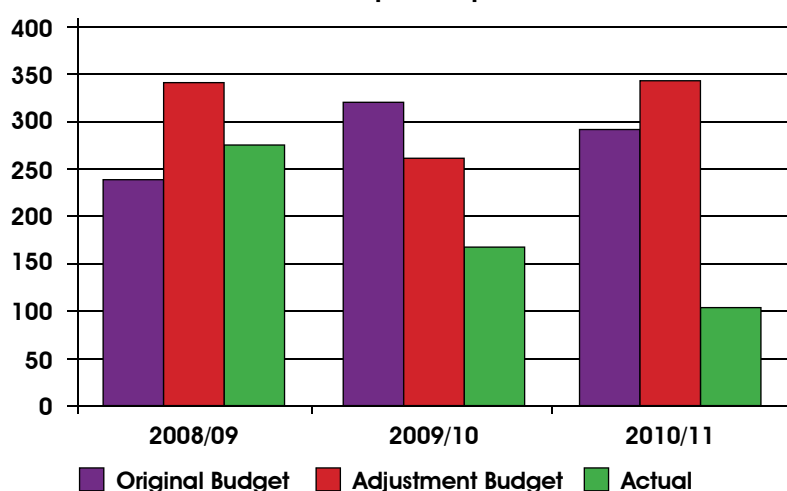
Repairs and maintenance is below the norm partly because of cost containment measure introduced to improve the finances of the municipality.

The Finance Charges and Depreciation is slightly above the norm.

TABLE 2: TOTAL CAPITAL EXPENDITURE 2008/09 – 2010/11

Detail	2008/09	2009/10	2010/11
Original Budget	R236 817 260	R327 343 282	R295 937 266
Adjustment Budget	R344 467 179	R267 715 691	R346 509 975
Actual	R 278 945 280	R176 033 494	R111 148 753

Total Capital Expenditure





COMMENT ON CAPITAL EXPENDITURE:

Additional grant funding was received from various departments which resulted in an increase in the municipality's capital budget.

5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The Human Resources Cluster of the Msunduzi Municipality consists of the following Units: Personnel; Job Evaluation; Employee Relations; Employment Equity; Skills Development; Organizational Development; Occupational Health and Safety; and HR Management Services. The Municipality's assisted education scheme is used as a means of helping interested staff acquire skills to ensure that they are given greater responsibilities. In addition staff is appointed to act in higher level positions as part of their development. During the 2010 / 2011 financial year the municipality was under administration which has seen the suspension and in some instances the resignation of section 57 managers as well as the Municipal manager and the CFO. The suspension periods have been protracted and a have been a restraint on the posts being filled.

The Municipality has developed and adopted the policy on Staff Retention and Attraction to address the scarce skills phenomenon. It is the belief of the municipality that through recruitment the application of the staff Retention and Attraction Policy will contribute towards assisting the Municipality to meet its objectives as expounded in the IDP. Further information on the above can be seen in Chapter 3 – Service Delivery Performance.

6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT 10/11

In the 2010/11 financial year Msunduzi Municipality received an Unqualified opinion with emphasis of matter items relating to irregular expenditure amounting to R222,826 million which was a result of contracts being awarded to suppliers that was in contravention of the Municipal Supply Chain Regulations, the municipality incurred significant material losses in respect of electricity losses of R82,413 million (199 561 792 kilowatts) and water losses of R75,459 million (21 422 003 kilolitres) during the year, and unauthorized expenditure of R136,961 million. Please refer to Chapter 7 – Report of the Auditor General for further details.

7. ANNUAL REPORT PROCESS

Msunduzi Municipality Operational Plan for the preparation and adoption of the Annual Report 2010/2011

TABLE 3:		
No:	Description:	Timeframe:
1.	Preparation and finalization of the annual performance report 2010/2011	July – August 2011
2.	Preparation and finalization of the annual financial statements / consolidated financial statements 2010/2011	July – August 2011
3.	Submission of the annual financial statements / consolidated financial statements 2010/2011 to the Auditor General for auditing	On or before the 31 August 2011
4.	Safe City (Municipal Entity) to submit to the Municipality and the Auditor General its annual financial statements for auditing	On or before the 31 August 2011
5.	Data collection commences for the compilation of a first draft of the annual report – an e-mail with a template attached will be forwarded to respective individuals responsible for required information submissions in order to complete the annual report 2010/2011- Submissions to be received by the end of October 2011.	September 2011



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TABLE 3:		
No:	Description:	Timeframe:
6.	Begin Tender procedure for the Publishing and Printing of the Annual Report 2010/2011 – Specifications to be forwarded to SCM – Await response as to the appointment of the service provider	October 2011
7.	Finalise 1st draft of the Annual report 2010/2011 and forward to the Municipal Manager for comment	1st – 4th of November 2011
8.	Draft completed and forwarded to Auditor General for comments / changes if required	7th – 11 of November 2011
9.	2nd draft of Annual report completed and forwarded to Municipal Manager for comment.	On or before the 30th of November 2011
10.	Engage appointed service provider – produce drafts of the Annual Report 2010-2011	December 2011
11.	Finalised, published and printed annual report by service provider	1st week of January 2012
12.	Annual report tabled by the Mayor at Full Council	On or before the 31st of January 2012
13.	Tabled annual report 2010/2011 to be made accessible to the public	Within 14 days from the date of tabling the annual report
14.	A copy of the report to be submitted to the MEC for local government in KZN, the Auditor General, Provincial Legislature and National Treasury.	Within 14 days from the date of tabling the annual report
15.	Oversight report on Annual Report 2010/2011 to commence once Annual Report has been tabled at Full Council – Oversight report to be completed within two months of the Tabling of the Annual Report to Full Council.	Start in February 2012 – completed on or before the 30th of March 2012
16.	Oversight report made available to the public within seven days of being tabled in Council	On or before the 6th of April 2012

COMMENT ON THE ANNUAL REPORT PROCESS:

The Municipal Finance Management Act No. 56 of 2003, Chapter 12, prescribes that every municipality must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The purpose of an annual report is –

1. to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
2. to provide a report on performance against the budget of the municipality or municipal entity for the financial year; and
3. to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

The annual report of municipality must include –

1. the annual financial statements of the municipality, and in addition if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126 (1);
2. the Auditor-General's audit report in terms of section 126 (3) on those financial statements;
3. the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act.



The accounting officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit those statements to the Auditor-General for auditing and the accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those statements relate, submit those statements to the parent municipality of the entity and the Auditor-General for auditing. The Auditor-General must audit those financial statements and submit an audit report to the accounting officer of the municipality or entity within three months of the receipt of the statements.

The mayor of a municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.

The council of a municipality must consider the annual report of the municipality or municipal entity, and by no later than two months from the date on which the annual report was tabled in council, adopt an oversight report containing the council's comments on the annual report which must include a statement whether the council –

1. has approved the annual report without reservations;
2. has rejected the annual report; or
3. has referred the annual report back for the revision of those components that can be revised.

In order to give effect to the above legislative requirements, Msunduzi Municipality developed table Table 3. In order to ensure the Annual Report is developed within the required legislative time frames and legislative content requirements.



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CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

Governance at Msunduzi Municipality is made up of Political & Administrative Governance, Inter-governmental Relations, and Public Accountability & Participation along with Corporate Governance. Political & administrative governance is the breakdown of Elected Councillors, the committees they sit on, & the number of meetings they attend. It further looks at the administrative aspect of the municipality in terms of the organisational structure being implemented and a distinction made of the business units and their respective functions. Intergovernmental relations is basically the relationship that the municipality forges with other sector departments in order to carry out day to day activities, like National Treasury, the Auditor General & the provincial Department of CoGTA. Public accountability is the way the Municipality operates with regards to the communities by way of holding community meetings, Izimbizo's and the process of ward committees dealing with issues within the wards. Corporate governance looks at issues of transparency and accountability whereby the municipality outlines its top risks, and also the way in which they run the supply chain management unit. Together these important aspects intertwine and are forged so as to ensure all aspects of the municipality are properly functioning and that communities receive quality services at an affordable price.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Political & administrative governance at Msunduzi Municipality comprises of the elected councillors and the respective senior managers and the way they actually work together on a day-to-day basis in order to achieve organisational goals.

2.1. POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Msunduzi municipality has several portfolio committees of which the Full Council, Executive Committee, Municipal Public Accounts Committee and the Oversight Committee form part of. Msunduzi Municipality has an Audit Committee attached to the municipality that provides opinions and recommendations on financial processes and performance and provides comments to the Oversight Committee on the Annual Report. The municipality has established an Oversight Committee, comprised of non-executive councillors, with the specific purpose of providing Council with comments and recommendations on the Annual Report.



Msunduzi Municipality – Executive Committee June 2010 – May 2011



City Mayor
Mike Tarr



Deputy Mayor
Jabu Ngubo



S. Madondo



E. Majola



T. Dlamini



G. Meyer



N. Ahmed



B. Lambert



R. Ashe



D. Zondi



Speaker
B. Baijoo



Chief Whip
T. Magubane

Msunduzi Municipality Councillors June 2010 – May 2011



D. Ngubane



P. Moon



D. Buthelezi



B. Ndlovu



S. Lyne



E. Mzila



R. Khangile



R. Singh



H. Ngubane



B. Sokhela



N. Atwaru



B. Mazibuko



M. Msimang



M. Thebolla



M. Chetty



D. Hlongwane



M. Zungu



H. Kader



T. Zuma



Z. Dlamini



M.M. Mlaba



V. Ntshangase



J. Lawrence



M. Dladla



A. Shelembe



M. Ngcobo



M. Maphumulo



M. Inderjit



P. Jaca



S. Mkhize



L. Ngcobo



F. Zuma



S. Radebe



P. Chetty



C. Seymour



S. Mkhize



B. Shoji



S. Ngubane



P. Green



T. Zondi



B. Zuma



R. Olivier



L. Naidoo



S. Ntuli



N. Mbatha



S. Majola



B. Singh



M. Mkhize



M. Mchunu



N. Duze



K. Khambule



S. Gabela



G. McArthur



N. Bhengu



H. Zondi



S. Majola



T. Mtombela



D. Ryder



C. Bradley



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Msunduzi Municipality – Executive Committee May 2011 – June 2011



City Mayor
Chris Ndlela



Deputy Mayor
Thobani Zuma



J. Ngubo



E. Majola



M. Inderjith



M. Chetty



P. Bhengu



B. Lambert



Vacant



Vacant



Speaker
B. Baijoo



Chief Whip
T. Magubane

Msunduzi Municipality Councillors May 2011 – June 2011



M. Tarr



S.I. Madonda



T. Mafiwane



S.C. Ndawonde



T.P. Ngcobo



P.G. Ngidi



T.D. Ntombela



R.B. Singh



M.S. Sokhela



R. Soobiah



C. Bradley



P.U. Jaca



M. Maphumulo



M.A. Mkhize



U.G.M. Mlele



N. Msimang



P. Sithole



L.J. Winterbach



M.B. Zuma



N. Ahmed



T.R. Zungu



M.H. Mkhize



M.A. Ngcobo



N.J. Zungu



S. Majola



M.B. Mkhize



M. Schalkwyk



J. Singh



D.F. Ryder



R. Ahmed



D. Buthelezi



M.T. Buthelezi



P.N. Dlamini



J.M. Lawrence



F.N. Mbatha



S.A. Mkhize



B.B. Ngcobo



J.M. Ngcobo



L.N. Sikhakhane



M.B. Zuma



T.J. Dlamini



S. Govender



S. Lyne



L.L. Madlala



T.S. Magwaza



F.M. Makhathini



L.C. Ngcobo



D.B. Phungula



P.B. Shoji



T.U. Xulu



D.P. Zondi



H.M. Ngcobo



A.L. Mbanjwa



N.Z. Ndlovu



T.P. Ndlovu



S.C. Gwala



A.B. Dlomo



N. Atwaru



M.D. Ndlovu



G.R. McArthur



B.C. Sokhela

COUNCILLORS

Councillors are elected by the local registered voters (ratepayers) to serve a predetermined term of office on the local council as representatives of their respective constituents. The Msunduzi Municipal Council has a total of 73 seats. Thirty seven (37) of these seats are allocated to ward councillors who are elected by the wards they represent. The other 36 seats are allocated to political parties in proportion to the number of votes cast for them.

COMMITTEE ALLOCATIONS - JUNE 2010-MAY 2011

The Municipality was under Administration during this period and section 80 Committees did not exist.

COMMITTEE ALLOCATIONS - MAY 2011 – JUNE 2011

TABLE 4: COUNCILLORS	COMMITTEE ALLOCATIONS
Cllr M Tarr - Chairperson	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
Cllr SI Madonda	
Cllr T Matiwane	
Cllr SC Ndawonde	
Cllr TP Ngcobo	
Cllr PG Ngidi	
Cllr TD Ntombela	
Cllr RB Singh	
Cllr MS Sokhela	
Cllr R Soobiah	
Cllr CJ Ndlela – The Mayor, Chairperson	EXECUTIVE COMMITTEE
Cllr TR Zuma	
Cllr Inderjith	
Cllr NE Majola	
Cllr JJ Ngubo	
Cllr P Bhengu	
Cllr M Chetty	
Cllr WF Lambert JP	
Vacant	
Vacant	
Cllr NE Majola (Chairperson	ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE
Cllr R Ahmed	
Cllr D Buthelezi	
Cllr MT Buthelezi	
Cllr PN Dlamini	
Cllr JM Lawrence	
Cllr FN Mbatha	
Cllr SA Mkhize	
Cllr BB Ngcobo	
Cllr KM Ngcobo	
Cllr LN Sikhakhane	
Cllr MB Zuma.	



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TABLE 4: COUNCILLORS	COMMITTEE ALLOCATIONS
Cllr J Ngubo [Chairperson]	CORPORATE SERVICES PORTFOLIO COMMITTEE
Cllr C Bradley	
Cllr PV Jaca	
Cllr VT Magubane	
Cllr M Maphumulo	
Cllr MA Mkhize	
Cllr VGM Mlete	
Cllr N Msimang	
Cllr P Sithole	
Cllr LJ Winterbach	
Cllr BE Zuma	
Cllr TR Zungu	
Cllr CJ Ndlela – The Mayor	FINANCIAL SERVICES PORTFOLIO COMMITTEE
Cllr MH Mkhize	
Cllr N Ahmed	
Cllr MA Ngcobo	
Cllr NJ Zungu	
Cllr ST Majola	
Cllr MB Mkhize	
Cllr M Schalkwyk	
Cllr J Singh	
Cllr WF Lambert	
Cllr DF Ryder	
Cllr P Bhengu	

TABLE 4: COUNCILLORS	COMMITTEE ALLOCATIONS
Cllr TR Zuma (Chairperson)	INFRASTRUCTURE SERVICES PORTFOLIO COMMITTEE
Cllr TI Dlamini	
Cllr S Govender	
Cllr S Lyne	
Cllr LL Madlala	
Cllr TS Magwaza	
Cllr FM Makhathini	
Cllr LC Ngcobo	
Cllr DB Phungula	
Cllr PB Shozi	
Cllr TV Xulu	
Cllr DP Zondi	



TABLE 4: COUNCILLORS	COMMITTEE ALLOCATIONS
Cllr M Inderjit (Chairperson),	COMMUNITY SERVICES PORTFOLIO COMMITTEE
Cllr M Ngcobo	
Cllr AL Mbanjwa	
Cllr NZ Ndlovu	
Cllr TP Ndlovu	
Cllr SC Gwala	
Cllr AB Dlomo	
Cllr JM Ngcobo	
Cllr MD Ndlovu	
Cllr M Chetty	
Cllr GR McArthur	
Cllr BC Sokhela	

COMMITTEES BY NAME & PURPOSE

TABLE 5:	
COMMITTEE	PURPOSE OF COMMITTEE
THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	<ol style="list-style-type: none"> MPAC may review and examine the following documents: <ol style="list-style-type: none"> audit reports on annual financial statements of the Municipality; any reports issued by the Auditor-General on the affairs of the Municipality; the annual reports of the Municipality; the Mayor's quarterly reports on the implementation of the budget and the financial state of affairs of the Municipality; any other financial statements or reports referred to MPAC by the Council; any information relating to personnel, books of account, records, assets and liabilities of the Council; and relevant information that may be required for the purpose of fulfilling its mandate. MPAC may also summon any councillor or municipal official to assist it in the execution of its duties. MPAC may report on or make recommendations in relation to any of the reports or financial statements which it may examine. In its examination (mentioned in clause 2) MPAC must take into account previous statements and reports and consider the degree to which previously identified shortcomings have been rectified. The Committee must report to Council on its findings. MPAC shall initiate and develop the Annual Oversight Report on the Municipality's Annual report. MPAC may initiate, direct and supervise investigations into any matter falling within its terms of reference including projects requested by EXCO and Council. MPAC may consider any recommendations made by the Audit Committee, portfolio committee or any other committee referred to it, and render an opinion on such recommendations. MPAC may request or invite members of the public to attend any meeting of the Committee in terms of section 16(1) of the Systems Act, 2000, to assist it with the performance of its functions.



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TABLE 5:

COMMITTEE	PURPOSE OF COMMITTEE
THE EXECUTIVE COMMITTEE	<ol style="list-style-type: none"> 1) Reviews the performance of the municipality in order to improve:- <ol style="list-style-type: none"> (i) the economy, efficiency and effectiveness of the municipality; (ii) the efficiency of credit control and revenue and debt collection services; (iii) the implementation of the municipality's bylaws; (iv) monitors the management of the municipality's administration in accordance with the policy directions of the municipal council (output monitoring). 2) Oversees the provision of services to communities in the municipality in a sustainable manner. 3) Annually reports on the involvement of communities and community organizations in the affairs of the municipality; 4) Considers recommendations on the alignment of the IDP and the budget received from the relevant councillors; 5) Ensures that regard is given to public views and reports on the effect of consultation on the decisions of the council; 6) Makes recommendations to council regarding:- <ol style="list-style-type: none"> (i) the adoption of the estimates of revenue and expenditure, as well as capital budgets and the imposition of rates and other taxes, levies and duties; (ii) the passing of by-laws; and (iii) the raising of loans. 7) Approval or amendment of the IDP. 8) Appointment and conditions of service of Municipal Manager and heads of departments. 9) Deals with any other matters referred to it by the Council and submits a recommendation thereon for consideration by the council. 10) Attends to and deals with all matters delegated to it by council in terms of the Systems Act. 11) Appoints a chairperson/s from the members of the Executive Committee, for any committee established by council in terms of section 80 of the Structures Act to assist the Executive Committee. 12) Delegates any powers and duties of the Executive Committee to any Section 80 committee. 13) Varies or revokes any decisions taken by a section 80 committee, subject to vested rights. 14) Develops strategies, programmes and services to address priority needs of the municipality through the IDP and estimates of revenue and expenditure, taking into account any applicable national and provincial plans and submits a report and recommendations thereon to the council. 15) Subject to applicable legislation, recommends or determines the best methods, including partnerships and other approaches to deliver services, programmes and projects to the maximum benefit of the community. 16) Identifies and develops criteria in terms of which progress in the implementation of services, programmes and objectives to address the priority needs of the municipality can be evaluated, which includes key performance indicators which are specific to the municipality and common to local government in general. 17) Manages the development of the performance management system, assigns responsibilities in this regard to the municipal manager and submits the proposed performance management system to council for consideration. 18) Monitors progress against the said key performance indicators. 19) Receives and considers reports from committees in accordance with directives as stipulated by the Executive Committee. 20) Elects a chairperson to preside at meetings if both the Mayor and the Deputy Mayor are absent from a meeting in the event of there being a quorum present at such a meeting, if the Mayor failed to designate a member of EXCO in writing to act as Mayor.



TABLE 5:

COMMITTEE	PURPOSE OF COMMITTEE
THE EXECUTIVE COMMITTEE (continued)	<p>21) Considers appeals from a person whose rights are affected by a decision of the municipal manager in terms of delegated powers, provided that the decision reached by this committee may not retract any rights that may have accrued as a result of the original decision.</p> <p>22) Reports, in writing, to the municipal council on all decisions taken by Exco at the next ordinary council meeting.</p> <p>Other functions of the Executive Committee</p> <p>1) Recommends to council after consultation with the relevant Portfolio Committee, policies where council had reserved the power to make policies itself</p> <p>2) Recommends after consultation with the relevant section 79 committee, rules of order of council meetings and approves rules of order for meetings of itself and any other committee.</p> <p>3) Makes recommendations to council on proposed political structures of council;</p> <p>4) Makes recommendations to council in respect of council's legislative powers; and</p> <p>5) Determines strategic approaches, guidelines and growth parameters for the draft budget including tariff structures.</p>

TABLE 5:

COMMITTEE	PURPOSE OF COMMITTEE
THE FINANCIAL SERVICES PORTFOLIO COMMITTEE	<p>1. BUDGET AND TREASURY MANAGEMENT Budget and Tariffs Annual Financial Statements Management Accounting</p> <p>2. SUPPLY CHAIN MANAGEMENT Tenders Quotations Creditor's Database</p> <p>3. EXPENDITURE MANAGEMENT Contracts Management Payments Remuneration Inventory Management</p> <p>4. REVENUE MANAGEMENT Billing Rates Credit Control Debt Collection Cash Receipts and Banking Customer Care</p> <p>5. FINANCIAL CONTROL AND CASH MANAGEMENT Cash Management Financial Systems Management Reconciliations</p> <p>6. BYLAWS</p>



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TABLE 5:

COMMITTEE	PURPOSE OF COMMITTEE
THE INFRASTRUCTURE SERVICES PORTFOLIO COMMITTEE	<ol style="list-style-type: none"> 1. Electricity supply and reticulation, including street lighting as governed by the relevant legislation. 2. Water supply, reticulation and management as a Water Services Authority. 3. All matters relating to sewerage, public conveniences, drainage and sewerage disposal. 4. Construction and maintenance of roads (including associated drainage), public parking and parking areas. 5. All matters relating to public transportation. 6. Maintenance of the City Hall and other municipal buildings and structures. 7. Management, maintenance and control of the corporate fleet. 8. Matters dealt with by the Project Management Unit. 9. Consider budget and project applications for Municipal Infrastructure Grants. 10. Evaluate the alignment of the Integrated Development Plan (IDP) and the Municipal Infrastructure Grant projects with the community needs and recommend the necessary action/adjustments. 11. Evaluate the alignment of the Integrated Development Plan (IDP) and the Infrastructure Plans with the community needs and recommend the necessary action/adjustments. 12. The review of those by-laws, regulations, rules and the like, and tariffs which regulate and arise out of the matters within the terms of reference of this committee and the proposal of amendments and additions thereto and recommend to the Executive Committee. 13. Consideration of Business Plans for the Infrastructure Services Business Unit and the monitoring of the business unit's performance in relation to the said business unit's plans.
	<ol style="list-style-type: none"> 1. All aspects of public health and related nuisances and community health. 2. Pollution control. 3. Vegetation control within road reserves, servitudes and Council-owned land. 4. Control of grass cutting on Council-owned land and non-Council-owned land. 5. Eradication of noxious weeds. 6. Street trees, including their removal and replacement. 7. Control, management, care and maintenance of public parks, recreation and leisure facilities and areas. 8. Sports development. 9. Cemeteries, crematoria and burials. 10. Management and securing of local amenities including the Tatham Art Gallery, theatres, libraries, community halls, landfill site, etc. 11. Heritage, culture and arts. 12. Traffic and matters relating to the regulation and control of traffic (including signs, traffic signs and signals) and associated matters in terms of the relevant traffic legislation. 13. Traffic police services, as governed by the relevant legislation. 14. Municipal security services as governed by the relevant legislation and bylaws. 15. Monitoring of public safety and security matters. 16. Fire, Disaster and Emergency Services, as governed by the following legislation: 17. Urbanisation, including land. 18. Area Based Management. 19. Waste management, refuse collection and disposal, cleansing and conservancy. 20. Poverty eradication and social equity programmes. 21. The review of those by-laws, regulations, rules and the like, and tariffs which regulate and arise out of the matters within the terms of reference of this committee and the proposal of amendments and additions thereto and recommend to the Executive Committee. 22. Consideration of Business Plans for the Community Services Business Unit and the monitoring of the business unit's performance in relation to the said business unit's plans.



TABLE 5:

COMMITTEE	PURPOSE OF COMMITTEE
THE CORPORATE SERVICES PORTFOLIO COMMITTEE	<ol style="list-style-type: none"> 1. Human Resource matters, including staff medical aid schemes and the housing subsidy scheme, other than those matters falling within the purview of the Executive Committee, or the Municipal Manager's terms of reference, and matters relating to the application of the Retirement Fund Schemes. 2. Industrial/Labour Relations matters including matters dealt with through Local, Provincial and National bargaining structures. 3. The exercise of such specific functions as are referred to in the Conditions of Service. 4. Matters pertaining to training and development of human capacity, in accordance with the Skills Development Levies Act, the South African Qualifications Act, and the Adult Basic Education and Training Act. 5. Matters of job evaluation, grading system and organizational development. 6. Safety in relation to the Occupational Health and Safety Act and generally within the service. 7. Matters pertaining to the provision of information service as well as accountable and accurate records keeping in terms of the National and Provincial Archives Acts and any other applicable legislation. 8. Matters pertaining to digital printing and copy centre in compliance with the Printing and Publishing and Copyright Acts. 9. All sound governance matters. 10. The development, implementation and monitoring of the Batho Pele principles. 11. Consideration of regular reports on the implementation of Council policies relating to Human Resource and Labour Relations matters. 12. Development, management and support of Council's Information and Communication Technology Systems (ICT). 13. Maintenance and control of Council's corporate Information and Communication Technology assets. 14. The review of those by-laws, regulations, rules and the like, and tariffs which regulate and arise out of the matters within the terms of reference of this committee and the proposal of amendments and additions thereto and recommend to the Executive Committee. 15. Consideration of Business Plans for the Corporate Services Business Unit and the monitoring of the business unit's performance in relation to the said business unit's plans.
THE ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE	<ol style="list-style-type: none"> 1. All matters requiring the attention of the committee and arising under the provisions of the relevant legislation, including any legislation by which such legislation is amended or repealed, 2. Alienation and acquisition of immovable property and other transactions in respect of such immovable property. 3. Management, maintenance and control of corporate land assets. 4. Property Valuations and administration. 5. Leases. 6. Housing, both formal and informal, as delegated to the Msunduzi Municipal Council by law. 7. Land Audit and identification of land for commercial, housing, recreational, religious and or for any other purpose. 8. All matters in respect of building plans, sub-divisional plans and private township layouts. 9. Matters dealing with Land Survey, Development Management and Forward Planning. 10. Compliance with Acts and applicable Bylaws governing licensing procedures, eg Business, signage, dogs, etc and those sections of the Informal Trade policy which affect licensing. 11. Commercial and industrial development within the Msunduzi Municipal area. 12. Tourism in line with the Integrated Development Plan. 13. Entrepreneurial development. 14. Investment attraction, retention and expansion. 15. All matters and initiatives pertaining to Black Economic Empowerment/Enhancement. 16. Business incentives.



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TABLE 5:

COMMITTEE	PURPOSE OF COMMITTEE
THE ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE (continued)	<p>17. Matters pertaining to the Municipal Economic Assets (Airport, Fresh Produce Market and Forestry).</p> <p>18. Matters related to Environmental Management and Environmental Impact Assessment.</p> <p>19. Control and maintenance of unalienated town lands (ie bird and wildlife sanctuaries and nature areas), including timbered areas other than plantations under the control of the Forestry Board.</p> <p>20. All matters relating to the Greater Edendale Development Initiative.</p> <p>21. The review of those by-laws, regulations, rules and the like, and tariffs which regulate and arise out of matters within the terms of reference of this committee and the proposal of amendments and additions thereto and recommend to the Executive Committee,</p> <p>22. Consideration of business plans for the Economic Development Services Business Unit and the monitoring of the business unit's performance in relation to the objectives set out in its business plans.</p>

POLITICAL DECISION-TAKING

The Rules and Procedures of Council and its Committees provide as follows for the decision-making process of the Council:

"Decisions

- 1) All matters concerning the following shall be determined by a decision taken by the Council with a supporting vote of a majority of the Council:-
 - (a) the passing of by-laws;
 - (b) the approval of budgets;
 - (c) the imposition of rates and taxes, levies and duties; and
 - (d) the raising of loans.
- (2) All other questions before the Council shall be decided by a majority of the votes cast.
- (3) If on any question there is an equality of votes, the Councillor presiding (the Speaker) shall exercise a casting vote in addition to that Councillor's vote as a Councillor.



- (4) Before the council takes a decision on any of the following matters it shall first require the Executive Committee to submit to it a report and recommendation on the matter:-
- the passing of by-laws;
 - the approval of budgets;
 - the imposition of rates;
 - the raising of loans;
 - the approval of an integrated development plan for the Municipality and any amendment to that plan;
 - the appointment and conditions of service of the Municipal Manager and a head of department of the Council."

TYPE AND NUMBER OF COMMITTEE MEETINGS

TABLE 6:	
Type of Council Committee Meetings:	Number
Full Council	13
Executive Committee	28
Good Governance	3
Financial Services	3
Infrastructure Services	3
Community Services	3
Development Services	3
Oversight Committee	6

2.2 ADMINISTRATIVE GOVERNANCE

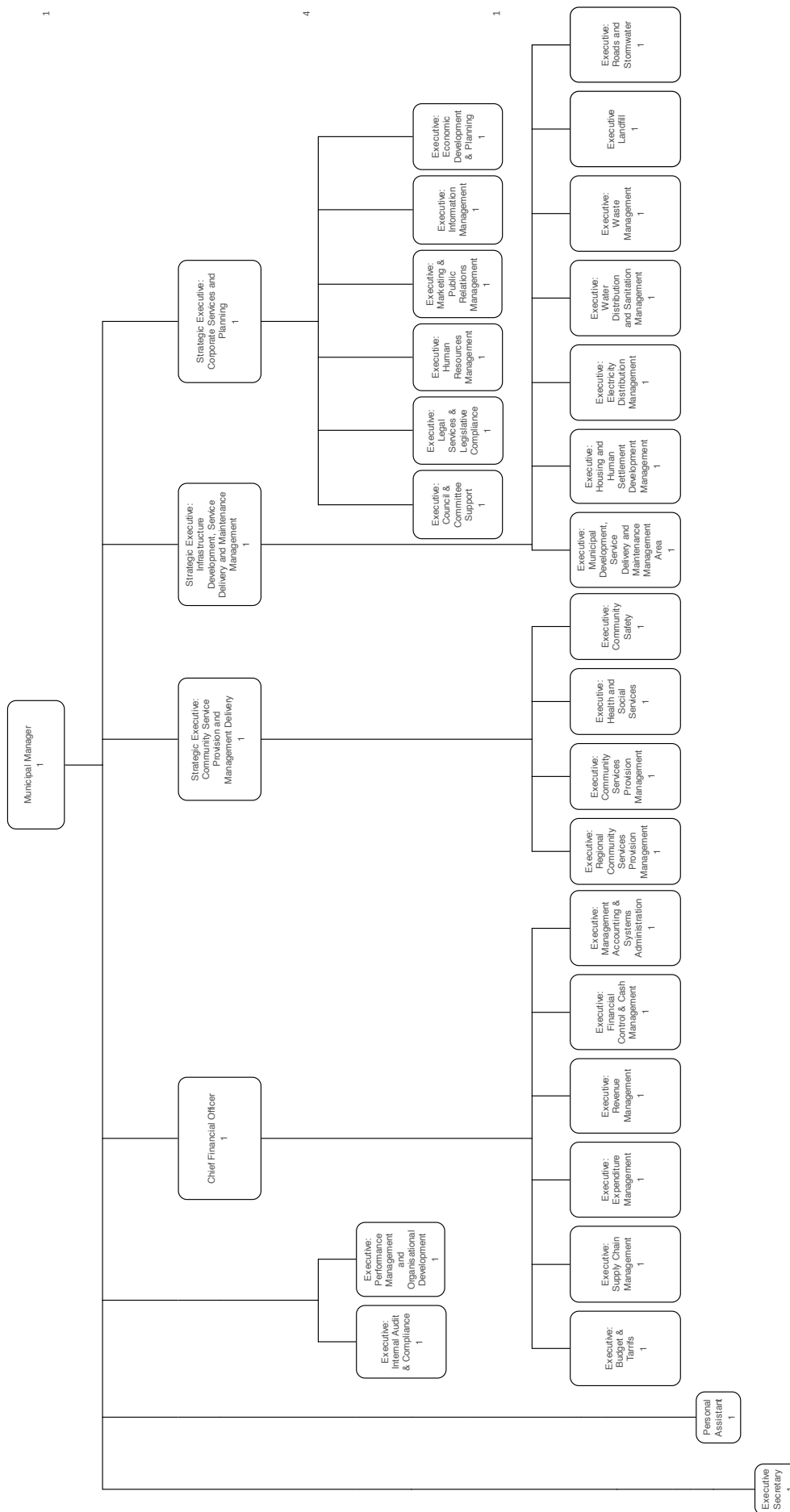
INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

During the financial year, the Provincial Intervention Task Team implemented a proposed organizational structure which reduced six (6) Business Units to four (4) Business Units, namely:

- Financial Services;
- Infrastructure Services;
- Community Services; and,
- Good Governance and Management Control.

Reporting directly to the Municipal Manager, the above Business Units were headed by a Strategic Executive, except for Good Governance and Management Control which was headed by seven (7) Executives who reported directly to the Municipal Manager. Refer to proposed organogram on page 28.

Prior to the end of the financial year, a Council resolution was taken for the municipality to abandon the proposed structure, as outlined above, and to revert to the approved organogram as outlined on page 29.



Senior Management of the Proposed Organisational Structure



Mr T Maseko
Municipal Manager (Acting)



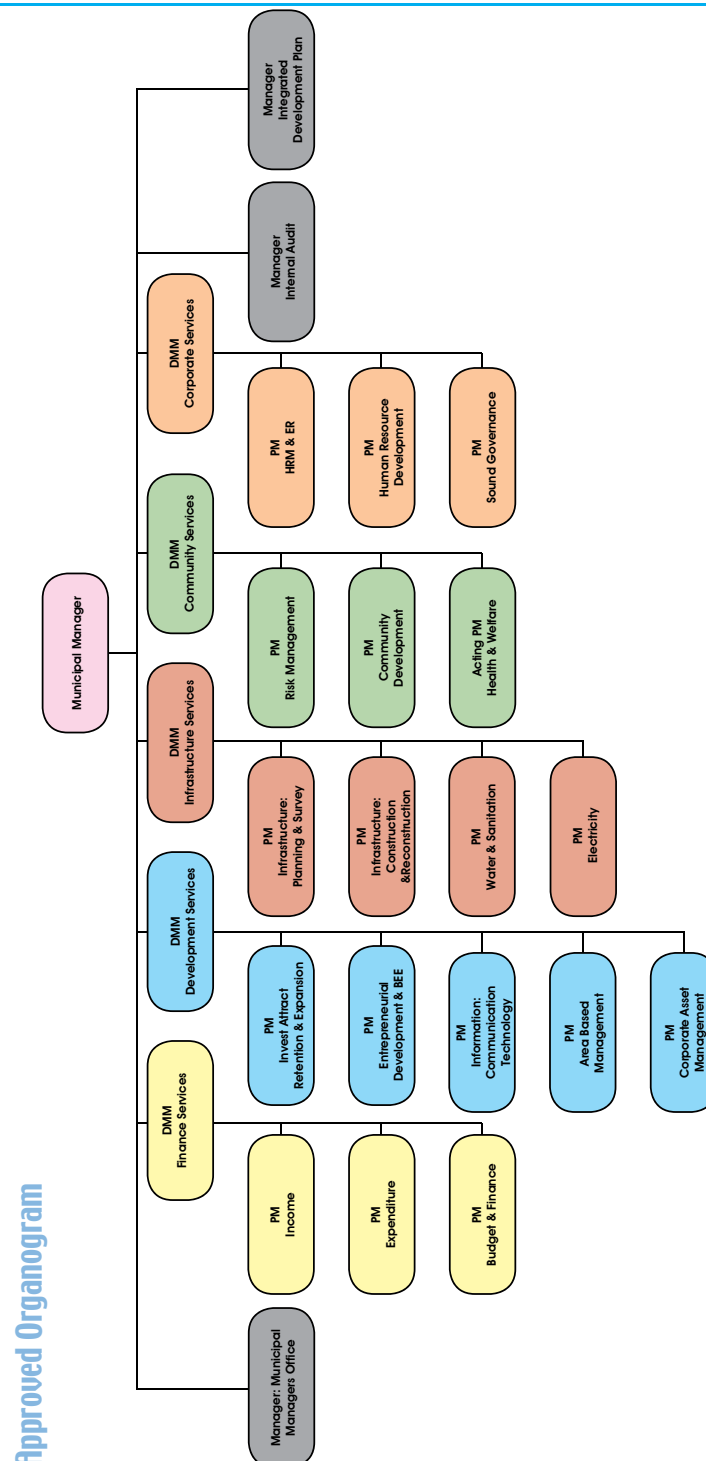
Mr T Cowie
Strategic Executive Manager:
Infrastructure



Mr K Khumalo
Strategic Executive Manager:
Community Service (Acting)



Mr N Sarawan
Strategic Executive Manager
Finance (Acting)





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COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The implementation of Section 139(1)(b) of the Constitution continued throughout the 2010/ 2011 financial year. Throughout this process, the municipality received full support from the Office of the MEC for Cooperative Governance and Traditional Affairs. Substantial support in the development of a financial recovery plan has also been obtained from National Treasury. The provincial Treasury has also assisted in terms of developing both the strategic and operational risk registers of the municipality.

Whilst the Municipal Infrastructure Grant (MIG) was the primary source of funding for capital projects related to infrastructure development and basic services, the following basic services are delivered to the community using mechanisms of intergovernmental relations with National/ Provincial Departments and/ or parastatals:

Water & Sanitation - Department of Water Affairs and Umngeni Water;

Housing - Department of Human Settlements;

Electricity - Department of Minerals & Energy and Eskom

Various other grants, such as the Neighbour Partnership Development Grant, have been received for the implementation of projects. All information related to grants received is disclosed as required in the Annual Financial Statements.

2.3. INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality remains a member of the South African Cities Network (SACN). Unfortunately, due to the financial constraints of the organization, there was a minimal level of participation in the various knowledge-sharing forums organized by the SACN.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The municipality has received support for the implementation of Organizational Performance Management from the Provincial Department of Cooperative Governance and Traditional Affairs.

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality has one municipal entity called Safe City. Safe City is dedicated to making the City of Pietermaritzburg a better place in which to live, work and play. The project has a number of elements, including:

- 1 The installation and monitoring of crime through 70 CCTV cameras in the City;
- 2 An SMS programme which encourages citizens to report suspicious behaviour and activities;
- 3 c-SAFE, a panic alert system accessible from your cell phone.

In conjunction with the Intervention Task Team, KPAs and KPIs for Safe City have been established. The legal department has drafted a new contract and Service Level Agreement that was signed in August 2010. All issues relating to the municipal entity are discussed at the Safe City Development Committee.



DISTRICT INTERGOVERNMENTAL STRUCTURES

At a District level, the municipality has participated in the District Technical Forum which is chaired by the District Mayor, Councillor Yusuf Bhamjee. In addition, the municipality has partnered with the District on issues related to waste management.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

During the 2010/ 2011 financial year, the municipality had 37 functional ward committees which serve as a conduit between the municipality and the committee. In addition, a draft public participation policy and guideline was developed.

In addition to ward committees, the Service Delivery and Budget Implementation Plan (SDBIP) is made public and published on the municipal website. This contains projected financial and service delivery Indicators and deliverables. Members of the public are also invited to participate in the Oversight process related to the Annual Report.

In the promotion of public accountability and participation members of the public are invited to attend all meetings of the Council and its committees.

Another mechanism of public participation is conducted through Mayoral Budget and Integrated Development Plan (IDP) izimbizo. These are held prior to developing the draft budget in order to provide feedback to the community on the implementation of projects in the current financial year and to illicit the needs of the community in order to provide input for the new financial year. A second imbizo is held once the draft budget has been developed in order to inform the public of key elements in the proposed budget and illicit responses thereto.

Section 2.4 below provides an outline of further mechanisms which the municipality utilizes as a mean of public participation.

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Every year around the end of August, Msunduzi Municipality finalize a Process Plan which is approved by Full Council, once approved a public notice is posted on our website and various newspapers inviting members of public as well as various stakeholders on make submissions with regards on developmental priority needs. The very same Process Plan is posted to the Msunduzi website where different activities and milestones are reflected in terms of the IDP review and PMS and Budget implementation and monitoring.

The Msunduzi Municipality has a structured program of public participation. This program is reflected in the Process Plan and forms the basis for citizenry engagement framework which is currently mooted in a form of a public participation policy.

The following are forms of citizenry participation that are utilized by the Municipality to ensure the citizen and stakeholders voice are accommodated in the planning, execution and review of the IDP, Budget and PMS processes:

- Ward Committee Monthly Meetings
- Stakeholders Quarterly Meeting (Reporting on PMS Progress/SDBIP and IDP)
- Monthly Community Meetings by Councilors (due to financial constraints-are held once in two months /6 meetings per annum per ward)
- Project Based Meetings
- Sector Plan Based Engagements



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- Executive committee – Public Gallery
- Full Council Meeting – Public Gallery
- Integrated Development Planning Meetings:
- Izimbizo: Public Meetings for Budget, IDP etc
- Municipal Property Rates Act (MPRA)
- Service Standard or Charter
- Community Based Planning
- Complaints Register: Customer Care and Batho Pele Engagements
- Sukuma Sakhe – Premier's Flagship Tool for Accelerated Service Delivery at a Ward Base Level
- Attendance to invitations by Interest groups
- Partnerships and MOUs: MIDI, etc

Recently the Msunduzi Municipality has developed a communication strategy which embraces the need for responsiveness towards members of public complaints and ensuring the implementation of Batho Pele Principles, this communication strategy is about to be adopted by Full Council.

The above various forms of public participation engagements some of them are conducted throughout the year specifically at an operational level and then some of them are organized on a fortnightly, monthly, quarterly and annually as reflected in our Process Plan, the intergovernmental relations and citizenry participation system model is mooted for adoption by Full Council which forms the basis for Public Participation Policy.

WARD COMMITTEES

Section 74 of the Municipal Structures Act, and regulation 5 of the Government Gazette No. 27699 Ward Committee, state that Ward Committees may have powers and functions delegated to them (which are essentially advisory in nature) in terms of S59 of the Municipal Systems Act, these are:

- 1) To serve as an official specialized participatory structure in the Msunduzi Municipality.
- 2) To create formal unbiased communication channels as well as a co-operative partnership between the community and the Council.
- 3) Advise and make recommendations to the Ward Councillor on matters of policy affecting the Ward.
- 4) Assisting the Ward Councillors in identifying the challenges and needs of residents.
- 5) Dissemination of information in the Ward concerning municipal affairs such as the budget, integrated development planning, performance management systems, service delivery options and municipal properties.
- 6) Receive queries and complaints from residents concerning municipal service delivery, communication with Council and provide feedback to the community on Council's response.
- 7) Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development forums,
- 8) and Interact with other organizations and forums on matters affecting the ward.

A ward committee may also make recommendations on any matter affecting its ward to the ward councillor or through the ward councillor to the local council.

In the 2010/2011 financial year ward committees dealt mainly with service delivery issues. These issues were discussed by community members at Public Meetings/Community Meetings whereby communities expressed their concerns that service levels were dropping and in certain instances were not being provided at all like refuse removal. Ward committees then discussed these issues at length and provided feedback to the council by way of the Councillor and whilst under Administration Council then used this information to develop strategies to ensure effective and efficient services were once again being delivered.



PUBLIC MEETINGS

In total 81 ward committee meetings were held and 42 community meetings were held, broken down as follows:

COMMUNITY MEETINGS

TABLE 6: COMMUNITY MEETINGS					
Nature and purpose of meeting	Date of Meeting	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of community members attending	Dates and manner of feedback given to communities
Ward 01	07 Nov 2010	1	0	No information available	No information available
	21 Nov 2010	1	0	No information available	
	19 Dec 2010	1	0	No information available	
Ward 02	22 July 2010	1	0	157	
	24 Oct 2010	1	0	110	
	21 Nov 2010	1	0	121	
	03 Dec 2010	1	0	No information available	
	21 March 2011	1	1	No information available	
	19 April 2011	1	1	No information available	
Ward 03	04 Dec 2010	1	1	No information available	
Ward 04	14 Nov 2010	1	0	93	
	17 Oct 2010	1	0	No information available	
Ward 05	03 Oct 2010	1	0	103	
	06 Jan 2011	1	0	No information available	
	06 March 2011	1	3	152	
Ward 06	19 June 2010	1	0	98	
	22 July 2010	1	0	141	
	19 Dec 2010	1	0	125	
	13 Feb 2011	1	0	111	
Ward 07	13 Feb 2010	1	0	335	
	13 June 2010	1	0	86	
	10 Oct 2010	1	0	180	
	14 Nov 2010	1	0	175	
Ward 08	16 Oct 2010	1	0	109	
	24 Oct 2010	1	0	121	
Ward 09	10 Oct 2010	1	0	159	
	14 March 2011	1	0	No information available	
	27 March 2011	1	0	127	
Ward 10	10 Aug 2010	1	0	214	
	19 Sept 2010	1	0	154	
	14 Nov 2010	1	0	No information available	
	04 March 2011	1	0	130	
Ward 11	18 Sept 2010	1	0	76	



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TABLE 6: COMMUNITY MEETINGS

Nature and purpose of meeting	Date of Meeting	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of community members attending	Dates and manner of feedback given to communities
Ward 12	04 July 2010	1	0	No information available	No information available
	01 Sept 2010	1	0	No information available	
	06 Oct 2010	1	0	No information available	
	14 Nov 2010	1	0	No information available	
Ward 13	10 Oct 2010	1	0	126	
	13 Nov 2010	1	0	600	
Ward 14	Nil	N/A	N/A	N/A	
Ward 15	Nil	N/A	N/A	N/A	
Ward 16	25 July 2010	1	0	200	
Ward 17	Nil	N/A	N/A	N/A	
Ward 18	09 Aug 2010	1	0	468	
	08 Aug 2010	1	0	No information available	
	10 Oct 2010	1	0	355	
	12 Dec 2010	1	0	No information available	
	02 May 2011	1	0	213	
Ward 19	Nil	N/A	N/A	N/A	
Ward 20	Nil	N/A	N/A	N/A	
Ward 21	Nil	N/A	N/A	N/A	
Ward 22	Nil	N/A	N/A	N/A	
Ward 23	Nil	N/A	N/A	N/A	
Ward 24	12 Sept 2010	1	0	No information available	
Ward 25	Nil	N/A	N/A	N/A	
Ward 26	Nil	N/A	N/A	N/A	
Ward 27	Nil	N/A	N/A	N/A	
Ward 28	Nil	N/A	N/A	N/A	
Ward 29	19 Feb 2011	1	0	No information available	
	05 March 2011	1	0	No information available	
Ward 30	Nil	N/A	N/A	N/A	
Ward 31	Nil	N/A	N/A	N/A	
Ward 32	13 Sept 2010	1	0	70	
Ward 33	21 March 2011	1	0	10	
Ward 34	05 Sept 2011	1	0	332	
Ward 35	Nil	N/A	N/A	N/A	
Ward 36	Nil	N/A	N/A	N/A	
Ward 37	Nil	N/A	N/A	N/A	



WARD COMMITTEE MEETINGS

TABLE 7: WARD COMMITTEE MEETINGS					
Nature and purpose of meeting	Date of Meeting	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of committee members attending	Dates and manner of feedback given to communities
Ward 01	03 June 2010	1	0	6	No information available
	01 July 2010	1	0	5	
	26 August 2010	1	0	6	
	07 Oct 2010	1	0	5	
	05 Nov 2010	1	0	7	
Ward 02	18 March 2011	1	0	5	
Ward 03	28 Nov 2010	1	1	9	
Ward 04	12 Aug 2010	1	0	9	
	07 Mar 2011	1	0	6	
Ward 05	14 Aug 2010	1	0	5	
	07 Oct 2010	1	0	8	
	09 Dec 2010	1	0	7	
	12 Dec 2010	1	1	6	
Ward 06	14 Oct 2010	1	0	5	
	13 Jan 2011	1	0	8	
	10 Feb 2011	1	0	5	
Ward 07	04 Oct 2010	1	0	7	
	14 April 2011	1	0	8	
Ward 08	12 Oct 2010	1	0	10	
	24 Sept 2010	1	0	10	
Ward 09	14 March 2011	1	1	7	
	21 March 2011	1	0	6	
	16 May 2011	1	1	6	
Ward 10	13 Sept 2010	1	0	7	
	01 Nov 2010	1	0	5	
	11 March 2011	1	0	7	
	02 May 2011	1	0	6	
Ward 11	31 Aug 2010	1	0	7	
	05 Jan 2011	1	0	No information available	
	06 Feb 2011	1	0	No information available	



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TABLE 7: WARD COMMITTEE MEETINGS

Nature and purpose of meeting	Date of Meeting	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of committee members attending	Dates and manner of feedback given to communities
Ward 12	06 June 2010	1	0	10	No information available
	06 Aug 2010	1	0	10	
	24 Oct 2010	1	0	10	
	03 Nov 2010	1	0	10	
	14 Nov 2010	1	0	9	
	01 Dec 2010	1	0	9	
	05 Jan 2011	1	0	10	
	06 Feb 2011	1	0	9	
	20 Feb 2011	1	0	8	
	06 April 2011	1	0	10	
	04 May 2011	1	0	8	
Ward 13	18 Aug 2010	1	0	8	
	23 Nov 2010	1	0	8	
Ward 14	07 Oct 2010	1	0	7	
Ward 15	Nil	N/A	N/A	N/A	
Ward 16	Nil	N/A	N/A	N/A	
Ward 17	Nil	N/A	N/A	N/A	
Ward 18	03 June 2010	1	0	10	
	05 Aug 2010	1	0	10	
	03 Oct 2010	1	0	10	
	10 Oct 2010	1	1	8	
	21 Jan 2011	1	0	10	
	23 Jan 2011	1	0	7	
Ward 19	Nil	N/A	N/A	N/A	
Ward 20	Nil	N/A	N/A	N/A	
Ward 21	27 Feb 2011	1	0	9	
Ward 22	Nil	N/A	N/A	N/A	
Ward 23	Nil	N/A	N/A	N/A	
Ward 24	08 June 2010	1	0	9	
	08 Aug 2010	1	0	9	
	23 Nov 2010	1	0	8	
	10 May 2011	1	0	7	
Ward 25	10 Sept 2010	1	0	6	
	23 Nov 2010	1	0	8	
	22 Feb 2011	1	0	7	
Ward 26	Nil	N/A	N/A	N/A	
Ward 27	13 Sept 2010	1	0	6	
	12 Nov 2010	1	0	5	
	11 Feb 2011	1	0	7	
Ward 28	Nil	N/A	N/A	N/A	



TABLE 7: WARD COMMITTEE MEETINGS

Nature and purpose of meeting	Date of Meeting	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of committee members attending	Dates and manner of feedback given to communities
Ward 29	07 July 2010	1	0	6	No information available
	04 Aug 2010	1	0	9	
	18 Sept 2010	1	0	7	
	27 Nov 2010	1	0	6	
	22 Jan 2011	1	0	8	
	19 Feb 2011	1	0	7	
	05 March 2011	1	0	7	
Ward 30	Nil	N/A	N/A	N/A	
Ward 31	Nil	N/A	N/A	N/A	
Ward 32	19 July 2010	1	0	8	
	02 Aug 2010	1	0	7	
	06 Sept 2010	1	0	7	
	11 Oct 2010	1	0	7	
Ward 33	Nil	N/A	N/A	N/A	
Ward 34	07 June 2010	2	0	7	
	04 Aug 2010	2	0	9	
	03 Oct 2010	2	0	10	
	06 Dec 2010	2	0	10	
	03 Feb 2011	2	0	9	
	07 March 2011	2	0	7	
Ward 35	Nil	N/A	N/A	N/A	
Ward 36	15 June 2010	1	0	6	
	06 Sept 2010	1	0	9	
	06 Dec 2010	1	0	6	
	05 April 2011	1	0	7	
Ward 37	09 June 2010	1	0	6	
	11 Aug 2010	1	0	7	
	10 Nov 2010	1	0	6	
	09 Feb 2011	1	0	5	
	13 April 2011	1	0	7	

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The Municipality and Communities alike benefited from the meetings mentioned above as through the consultative processes, brainstorming occurred and ward committees imparted their advice to the Councillor who in turn did so to council. Council then took these recommendations forward by using certain aspects in terms of the Municipal Turn Around Strategy. Communities are beginning to see their requests being dealt with in a systematic manner with council having taken a decision to open a fully fledged call centre to take calls from community members where there are issues of service delivery.



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2.5 IDP PARTICIPATION AND ALIGNMENT

TABLE 8: I IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
Section 26 Municipal Systems Act 2000	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate Governance at Msunduzi Municipality entails Risk Management, Anti-Corruption and Fraud and Supply Chain Management which is unpacked below.

2.6 RISK MANAGEMENT

RISK MANAGEMENT

The need for risk management in the Msunduzi Municipality is to;

- Identify and rate strategic and operational risks that have the highest potential to impact (positively or negatively) on the achievement of the municipalities strategic objectives.
- Serve as a valuable tool and reference source for management, assisting management in identifying and/or managing risks including financial, operational, compliance, reputational and strategic risks.
- Assist the municipality with the development and rollout of mapped controls and an action plan process at the Municipality

The top 5 risks

- a) Revenue Management
- b) Performance Management
- c) Expenditure
- d) Housing Delivery
- e) Records Management

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Municipality has anti fraud and corruption policy. The policy will be reviewed during 2011/12 and it is envisaged that the Whistle-blowing hotline will be functional during the latter part of 2011/12.



2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

The supply chain management policy for the year 2010/2011 was adopted by Council in July 2010 and implemented immediately thereafter, this was the first review since 2005. The main change made to the policy was to bring it in line with the structure of the regulations. The aim was to establish a credible base from which the business processes can be developed. The current policy also covered processes that should not strictly be in a supply chain management policy. Further review of the current SCM policy was done in June 2011 to further align the policy to the Model policy issued by National treasury and to remove information that related to processes hence making it a legal document per the SCM regulations.

Proper delegations and sub delegations per the SCM policy were established and implemented but they were not in writing as per the SCM regulations requirement, our legal department is however rectifying this issue.

The SCM unit staff complement is currently sitting at 52 of the 52 employees, 31 are from the stores department (Logistics management) the majority of which are semi-skilled. The balance is mainly the key personnel within the SCM unit of which approximately 50% of them are in acting capacity. There has been a recent change in the SCM unit management i.e. the SCM unit management is new.

An SCM implantation plan was development and implemented throughout the year and quarterly reports on implementation were submitted to the Mayor.

In terms of the MFMA SCM regulations, the SCM policy of the municipality must provide for a system of demand, acquisition, logistics, disposal, risk and performance management, and our policy does provide for it. The following is a brief overview of the processes that have been established and implemented within our SCM system;

Demand management

An expenditure committee was established at the beginning of the financial year to ensure that a necessary needs assessment is undertaken before each acquisition as part of the demand management process. Although the Preferential Policy objectives were not identified at Global or Entity level, there were however identified and met through each contract that was procured and awarded. The preferential policy objectives are now identified at a global level hence during the 2011/2012 financial year a procurement plan on how these objectives will be met for each contract for the new financial year is being developed. Although the necessary need assessment was undertaken for each acquisition, it was noted that there was a lack of proper demand planning at business unit level which has resulted in a number of emergency and urgency case acquisitions especially from the Fleet Management business unit.

A 5 year proper fleet management plan was development to address the issue which should result in a more focused and proper demand planning.

Acquisition Management

Thresholds as per section 12 of the SCM regulations has been set and complied with throughout the year. There was however a challenge around annual supplies and services contracts, where a few of them were not renewed and resulted in unnecessary increase in the volume of procurement through quotes transactions.

A thorough review of annual contracts was done to identify contracts have reached or about to reach their expiry period and some of them were re advertised and others are in the process being re advertised.

Bid documentation were compiled and as far as possible aligned with circular 25. A thorough review of the bid documentation was done to ensure full compliance with circular 25 and it was noted that MBD5 and MBD6 to some extent was not fully complied with. A process is in place to ensure full compliance with circular 25 for the 2011/2012 financial year.



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It was also noted that the following provisions of the SCM regulations were not fully complied with during the financial year, this will however be rectified in the new financial period; Regulations 14, 18, 20, 21, 22, 23, 25 and 38 (i).

Bid committee structures were also established and implemented in accordance with section 27, 28 and 29 of the SCM regulations.

Logistics management

An effective system of logistics management has been established but they were challenges around fleet management. The challenge was mainly due to impairment of the majority of the fleet.

Disposal management

An effective system of disposal management has been established and detailed processes developed to ensure compliance with section 40 of the SCM regulations.

Risk Management

There has been a challenge around monitoring of the performance of contractors/vendors by the business unit which has exposed the municipality to certain financial risks. The monitoring of vendors' function was performed at business unit level but is now undertaken by Supply chain unit in conjunction with the Business unit. Also measures are now being put in place to ensure identification, consideration and avoidance of potential risks in the supply chain management system in accordance with section 41 of the SCM regulations.

Performance Management

A SCM policy and procedures database that ensures compliance and monitoring of compliance with the SCM regulations and processes has been developed. This database will be implemented in the 2011/2012 financial to enforce accountability to all individuals involved in SCM and to ensure that SCM processes are independently monitored to ensure that the SCM policy is followed and desired objectives are achieved.

TABLE 9: IMPLEMENTATION CHECKLIST

Supply Chain Management	
Municipality Details	Answers
Name of Municipality	KZ225 Msunduzi
Contact Person (name):	Dudu Ndlovu
Email address:	dudu.ndlovu@msunduzi.gov.za
Phone:	033 392 2472
Name of the Head of the SCM Unit (if different to above):	N/a

	Question	Answer	Comment on progress	Date for completion	Official(s) responsible
1	Has the Council adopted a SCM policy in terms of SCM regulation 3?	Yes	N/A	N/A	N/A
2	How many staff are employed by the SCM Unit? (show full time staff equivalent, a person shared with another function or working part-time on SCM is shown as a fraction)	52	31 of the 52 employees are from the stores which includes a majority of general workers and petrol attendants	N/A	N/A
2.1	How many positions are unfilled, ie waiting for an appointment? (full time equivalent)	N/A	N/A	N/A	N/A



Question			Answer	Comment on progress	Date for completion	Official(s) responsible
	2.2	Has a job description been developed for each position within the SCM Unit?	Yes	Only Order clerks JD is not available	2011/08/31	Vinay Mon-halal
3		Has a detailed implementation plan for SCM been developed?	Yes	N/A	N/A	N/A
	3.1	If "YES", is progress regularly measured against the implementation plan?	Yes	N/A	N/A	N/A
4		Is a report on the implementation of the SCM Policy provided to the mayor (within 10 days of the end of each quarter (reg 6(3))	Yes	N/A	N/A	N/A
5		SCM Processes:				
	5.1	Is the necessary needs assessment undertaken before each acquisition?	Yes	N/A	N/A	N/A
	5.2	Are preferential policy objectives identified to be met through each contract?	Yes	N/A	N/A	N/A
	5.3	Is the performance of vendors regularly monitored?	Yes	However it is currently done at business unit level, it will however move to the SCM unit	2011/10/01	Phiwe Dlamini
	5.4	Are SCM processes independently monitored to ensure the SCM policy is followed and desired objectives achieved?	Yes	N/A	N/A	N/A
6		Are the threshold values contained in the SCM Policy aligned with the values stipulated in regulation 12?	Yes	N/A	N/A	N/A
	6.1	If "NO" are the values contained in the SCM Policy higher than that stipulated in regulation 12?	N/A	N/A	N/A	N/A
7		Do municipal bid documents comply with MFMA Circular No 25?	Yes	N/A	N/A	N/A
8		Do municipal bid documents include evaluation criteria for use by the bid evaluation and adjudication committees?	Yes	N/A	N/A	N/A
9		Regulation 46 requires the SCM Policy to establish a code of conduct.				
	9.1	Is the Code of Conduct issued by NT in MFMA Circular No 22 utilised?	Yes	N/A	N/A	N/A
	9.2	Are measures in place to ensure all SCM practitioners are aware of the SCM code of conduct?	Yes	N/A	N/A	N/A
10		Are all delegations in terms of SCM roles and responsibilities in writing (other than delegations contained in the SCM Policy)?	N/A	Legal department is working on it		Johan Van Der Merwe
11		Prior to making an award above R30 000 the municipality or municipal entity must check with SARS whether that persons tax matters are in order (reg 43 and MFMA Circular No 29). Is this being complied with?	Yes	N/A	N/A	N/A
12		Please confirm if records are kept of the following:	N/A	N/A	N/A	N/A



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Question			Answer	Comment on progress	Date for completion	Official(s) responsible
12.1	Petty cash purchases?		Yes	Creditors department has records	N/A	N/A
12.2	Written or verbal quotations received and awards made?		Yes	N/A	N/A	N/A
12.3	Tenders and all other bids received and awards made?		Yes	N/A	N/A	N/A
13	Are all invitations for bids above R30 000 advertised for at least 7 days on the website and official notice board? (reg 18(a))		Yes	N/A	N/A	N/A
13.1	In addition, are all invitations for competitive bids publically advertised in newspapers commonly circulating locally? (reg 22(1))		Yes	N/A	N/A	N/A
14	Is the "list of accredited prospective providers" required by regulation 14 updated at least quarterly?		N/A	INTENDA is being implemented	2011/09/01	Phiwe Dlamini
15	Is there a database established to record redundant and obsolete store items?		Yes	N/A	N/A	N/A
16	Are debriefing sessions held with unsuccessful bidders?		Yes	N/A	N/A	N/A
17	Training SCM practitioners					
17.1	Has a training strategy for SCM practitioners been developed?		Yes	N/A	N/A	N/A
17.2	What is the 2011/2012 budget for the training of SCM practitioners?		N/A	N/A	N/A	N/A
17.3	Has the municipality or entity used an outsourced training provider for SCM, other than SAMDI?		No	N/A	N/A	N/A
17.4	If "yes" to 17.3 please list below the names of training provider(s) used to date (expand this box if necessary)		N/A	N/A	N/A	N/A
17.5	Indicate the number of officials who have attended the SCM training conducted by SAMDI?		10	N/A	N/A	N/A
17.6	Indicate the number of officials who have attended SCM training conducted by training providers other than SAMDI?		0	N/A	N/A	N/A
18	Has an SCM procedure manual been developed to assist officials implement the SCM policy, consistent with the MFMA, regulations, circulars and the Accounting Officers Guidelines?		Yes	N/A	N/A	N/A
19	Bid Committee membership:					
19.1	Does the Bid Specification Committee membership comply with regulation 27?		Yes	N/A	N/A	N/A
19.2	Does the Bid Evaluation Committee membership comply with regulation 28?		Yes	N/A	N/A	N/A
19.3	Does the Bid Adjudication Committee membership comply with regulation 29?		Yes	N/A	N/A	N/A



Question			Answer	Comment on progress	Date for completion	Official(s) responsible
	19.4	Has regulation 29(4), which stipulates that a member of a bid evaluation committee or an advisor may not be a member of a bid adjudication committee, been breached?	No	N/A	N/A	N/A
20	Procurement of IT related goods and services:					
	20.1	Are you aware that SITA can assist with the procurement of IT related goods and services (regulation 31)	Yes	N/A	N/A	N/A
	20.2	Have you utilised this facility before?	N/A	Only started recently	N/A	N/A
21	Does the SCM Policy provide for an effective system of risk management for the identification, consideration and avoidance of potential risks in the SCM system? (reg 41(1))		Yes	N/A	N/A	N/A

2.9 BY-LAWS

TABLE 10: BY-LAWS INTRODUCED DURING 2010/11

Newly Developed	Revised	Public Participation adopted prior to adoption of By-laws (Yes/No)	Dates of Public Participation	By-laws gazette (Yes/No)	Date of Publication
General Bylaws	YES	YES	Can not be determined.	N/A (HAS NOT BEEN PUBLISHED)	N/A
Waste Management Bylaws	NO (NEW)	YES	21/07/2011	N/A (HAS NOT BEEN PUBLISHED)	N/A
Indigent Policy Bylaws		YES	21/07/2011	N/A (HAS NOT BEEN PUBLISHED)	N/A
Credit Control and Debt Collection Bylaws	YES	YES	21/07/2011	YES	01/07/ 2010.
Tariff Policy Bylaw	YES	YES	08/06/2010	YES	01/07 2010.
Bylaws Regulating the Use and Discharge of Fireworks	NO (NEW)	NO	N/A	N/A (HAS NOT BEEN PUBLISHED)	N/A
Special Rating Bylaws	NO (NEW)	NO	N/A	N/A (HAS NOT BEEN PUBLISHED)	N/A
Bylaws Relating to Dogs and Cats	NO (NEW)	NO	N/A	N/A (HAS NOT BEEN PUBLISHED)	N/A

COMMENT ON BY-LAWS

Public Participation: The Public Participation process includes advertising the bylaws for public comment in various local newspapers, requesting that the public view the bylaw (which are made available for inspection at the City Hall) and thereafter, requesting that any written comments be submitted to the Municipal Manager on a specific date and time given. If however, a person is unable to write, provision is made for members of the public to be assisted with having their comments or representations transcribed for them.

Enforcement: The issue of enforcement is not a function of Legal Services. Enforcement of bylaws are usually undertaken by Peace Officers or all/any relevant Business Unit.



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2.10 WEBSITES

TABLE 11: MUNICIPAL WEBSITE : CONTENT AND CURRENCY OF MATERIAL

Documents published on the Municipality's / Entity's Website	Yes/No	Publishing Date	
Current annual and adjustments budgets and all budget-related documents	Yes	23/05/2011	
All current budget-related policies	Yes / ?	31/05/2011	Only Tariff Register and the Rates, Tariff and Indigent Policies
The previous annual report (2009/10)	Yes	18/01/2011	
The annual report (2010/11) published/to be published	No		
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2010/11) and resulting scorecards	No		
All service delivery agreements (2010/11)	No		
All long-term borrowing contracts (2010/11)	Yes	06/08/2010	
All supply chain management contracts above a prescribed value (give value) for 2010/11	No		
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during 2010/11	Yes	04/11/2011	
Contracts agreed in 2010/11 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No		
Public-private partnership agreements referred to in section 120 made in 2010/11	No		

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

The municipality currently does not have any mechanisms in place to measure the level of customer satisfaction. Plans are currently underway in terms of conducting annual customer satisfaction surveys and periodic quality of life surveys.



APPENDICES

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

LONG TERM CONTRACTS (20 largest contracts entered into 2010/2011)

TABLE 12:					
NAME OF THE SERVICE PROVIDER	DESCRIPTION OF SERVICES RENDERED BY THE SERVICE PROVIDER	START DATE OF THE CONTRACT	EXPIRY DATE OF THE CONTRACT	PROJECT MANAGER	CONTRACT VALUE
INDO CONTRACTOR CC	CONSTRUCTION – FREEDOM SQUARE PMB	21.06.2011	31.05.2014	David Gengan	21,326,033
SAMCO PUMPS (PTY) LTD	SUPPLY OF PUMPS FOR HOL-LINWOOD PUMPSATION	17.03.2011	17.06.2014	Brendan Sivparsad	1,386,420
SEELAN NAIDOO INSURANCE BROKERS	SHORT TERM INSURANCE	26.11.2010	26.11.2013	Lesley Billinge	420,000

There were no Private Public Partnerships entered into during 2010/2011 financial year.



CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

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ANNEXURE A - Attached on A3 Sheet
ANNEXURE B - Attached on A3 Sheet
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ANNEXURE D - Attached on A3 Sheet
ANNEXURE E - Attached on A3 Sheet



The Dynamic, Caring Capital City of Choice in KZN

INTRODUCTION:

The Annual Performance Report (APR) is a legislative requirement which prescribes that the report must be submitted to the Auditor General by the 31st August annually. The Annual Performance Report, amongst other documents, will form part of the consolidated Annual Report of the Municipality which must be submitted to Council by the end of January on an annual basis.

The Annual Performance Report 2010/ 2011 of the Msunduzi Municipality is divided into three (3) broad categories as follows:

- SECTION ONE: FUNCTIONAL AREA SERVICE DELIVERY REPORTING PER BUSINESS UNIT.
- SECTION TWO: ANNUAL REPORT OF THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2010/ 2011.
- SECTION THREE: LEGISLATED KEY PERFORMANCE INDICATORS AS PRESCRIBED BY THE DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (CoGTA).

This report must be read in the context of understanding that it is during the 2010/ 2011 financial year that a Section 139(b) intervention was undertaken at the Msunduzi Municipality. Based on the negative financial state of the Municipality during the course of the financial year, several cost-cutting measures had to be put in place. This includes the establishment of the Expenditure Committee whereby all expenditure must be submitted for approval and acquisition of services using the correct Supply Chain Management processes.

During the 2010/ 2011 financial year, in the absence of a fully-fledged and functional Organizational Management System (OPMS), the municipality adopted the process related to the Service Delivery and Budget Implementation Plan (SDBIP) as the OPMS. However, the municipality would like to acknowledge that the SDBIP in itself is not an all-encompassing OPMS but rather a component thereof. As part of the reporting process on the SDBIP, the municipality has introduced a process for reporting against pre-determined objectives and Key Performance Indicators (KPIs) that are contained in the approved Service Delivery and Budget Implementation Plan (SDBIP). The process is based on a colour-coded dashboard that serves as an early-warning indicator of under/ zero performance. Quarterly reports, based on the colour-coded dashboard were submitted to Council with applicable recommendations that were adopted. These reports and Council resolutions are available for inspection on request.

It must be noted that during the 2010/ 2011 financial year, all Section 57 Managers were either suspended or had resigned and the vacancies were not filled. Accordingly, there were no individual quarterly assessments conducted by assessment committees during this financial year.

In the 2011/ 2012 financial year institutional arrangements have been put in place in order to ensure the implementation of OPMS as per legislative requirements and also to enable meaningful and informed monitoring and evaluation. It is hoped that as OPMS becomes institutionalized within the municipality and part of our everyday business, that managers, Councillors and the community alike will use it as tool to monitor the services that are being delivered by the municipality thereby increasing the accountable and transparent role of local government.



SECTION 1: FUNCTIONAL AREA SERVICE DELIVERY REPORTING PER BUSINESS UNIT

1. COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services.

1.1 WATER SERVICES

INTRODUCTION TO WATER PROVISION

The MEC for Local Government, Traditional Affairs and Housing designated the Msunduzi Municipality a Water Service Water Authority through a Government Gazette dated 13 June 2003. This notice authorized the Msunduzi Municipality to perform the functions and exercise the powers referred to in Section 84(1) (b) of the Municipal Structures Act (117 of 1998) which provides for the provision of potable water supply and sanitation systems. In terms of Section 11 of the Water Services Act (108 of 1997), every Water Services Authority has a duty to ensure the adequate sustainable access to water and sanitation to all consumers within the area of jurisdiction.

In order to ensure that that City does not contravene the aforementioned legislation and further ensure our citizens are adequately catered for the following are is a list of achievements for 2010/11 financial year :-

- 1.) Provided 87% of informal households with Basic sanitation with the Installation of an additional 1700 Ventilated Improved Pits (VIP's).
- 2.) Launch of 5 Year Non Revenue Water reduction program. Non-Revenue Water improved by 1.3%.
- 3.) Installation of 4km of Sanitation reticulation in order to connect low income households to waterborne sanitation.
- 4.) Visual Survey (Closed Circuit Television Camera) of 250km of sanitation reticulation in order to prioritize asset renewal.
- 5.) Blue Drop status awarded to Msunduzi Municipality for Drinking Water Quality and Compliance.
- 6.) The completion of the Planning and Design aspects of the following core projects Copesville Reservoir, Masons Reservoir, Ashdown Midblock Eradication, and Shenstone Ambleton bulk Sewer Outfall.
- 7.) Reactively responding and restoring 817 burst mains.
- 8.) Reactively responding and resolving 2262 sanitation mainline blockages.

The City's bulk water purchases from Umgeni Water increased by 6% from 160252 kl/day to 169442kl/day. The growth in purchases can be directly related to increase of volume from consumers and a water losses due to old/redundant infrastructure. It should further be noted that sewage flows have also increased at the Umgeni owned Darvill Waste Water Treatment works to a dry weather flow of approximately 72 ML/day.

The response times to water service and sanitation interruptions were achieved at an average of 79% against a departmental target of 90%. Various factors contributing to this poor performance include the rapid deterioration of infrastructure, human resource constraints, vandalism and age of fleet.

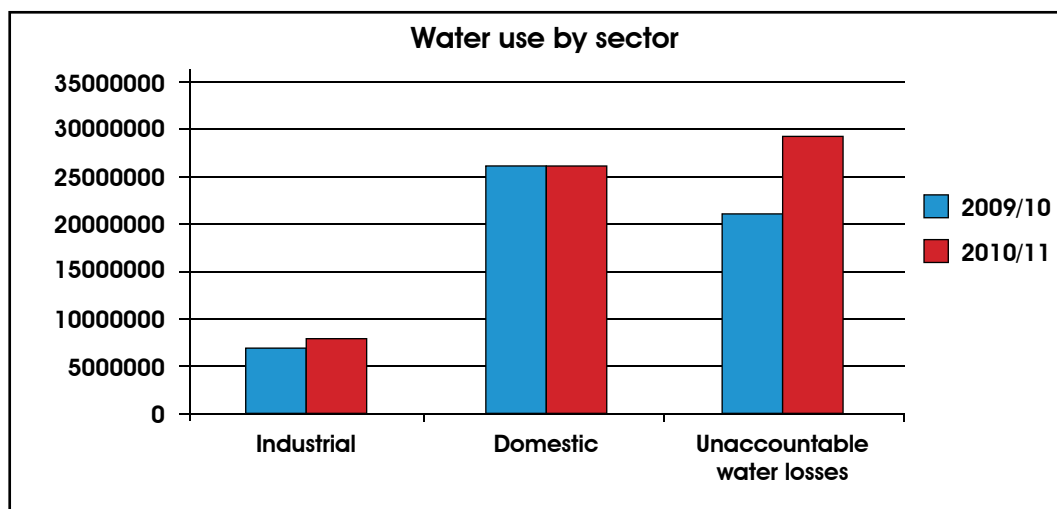
The City has further been awarded the prestigious Blue Drop Certification for drinking water excellence. A microbiological compliance of 98% and a well-developed and implemented Water Safety plan ensured that our 2009/2010 shortcomings were adequately addressed. Drinking water compliance can be monitored on the Department of Water Affairs Website by clicking on the Mywater tab.



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TABLE 13: TOTAL USE OF WATER BY SECTOR (CUBIC METER PER ANNUM)

	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2009/10	n/a	n/a	7331463	25433806	20626515
2010/11	n/a	n/a	8309623	25332259	29556240



COMMENT ON WATER USE BY SECTOR

Whilst the above only represents certain portions of Non-Revenue Water namely real losses and billing consumptions, several other core aspects can be analyzed to give a more appropriate understanding of water conservation initiatives.

The Industrial consumption shows expected growth in line with economic development and growth, whilst the total domestic consumptions (excludes unbilled authorized consumption) shows relatively no growth which could be attributed to inaccurate billing data and/or metering inefficiencies.

The real loss/ water losses has increased, despite the implementation of the Non- Revenue water program. It should be noted that due to the financial situation of Msunduzi's Municipality, the program was revised to ensure that short term objectives were aligned with sustaining the municipality's finances and further that Non-Revenue reduction project is a 5 year strategic plan whereby the financial savings will only be realistically achieved in year 3.

The following key areas of improvement/deterioration can be noted when comparing key statistics in the 2010/11 financial year to those of the previous financial year (as per NRW 2010/2011 Progress Report):

- The number of registered connections decreased by 724
- Average daily purchases of water from Umgeni Water increased by 9 190 kl
- Average daily sales to customers increased by 6 751 kl
- Non-Revenue Water volumes increased by an average of 2 439 kl/day
- Unbilled Authorised and Illegal Connection Consumption decreased by an average of 15 902 kl/day
- Non-Revenue Water improved by 1,3%
- Inefficiency of Use of Water Resources, which essentially measures the physical leak or real loss volume, deteriorated by 9,3%
- Total Water Losses per Connection deteriorated by 463 litres/connection/day.



Besides the aforementioned technical interventions, the City has further embarked on series of projects to ensure that the social aspects of water provision and scarcity are covered. This included the :-

- visiting of 23 schools where posters and demonstrations of saving water was highlighted.
- various media articles of saving of water
- Posters on street poles.
- Provision for a soccer tournament under the "Be Water Wise" banner.

The Key performance indicators for Non-Revenue Water currently form part 5 year IDP.

TABLE 14: WATER SERVICE DELIVERY LEVELS
Households

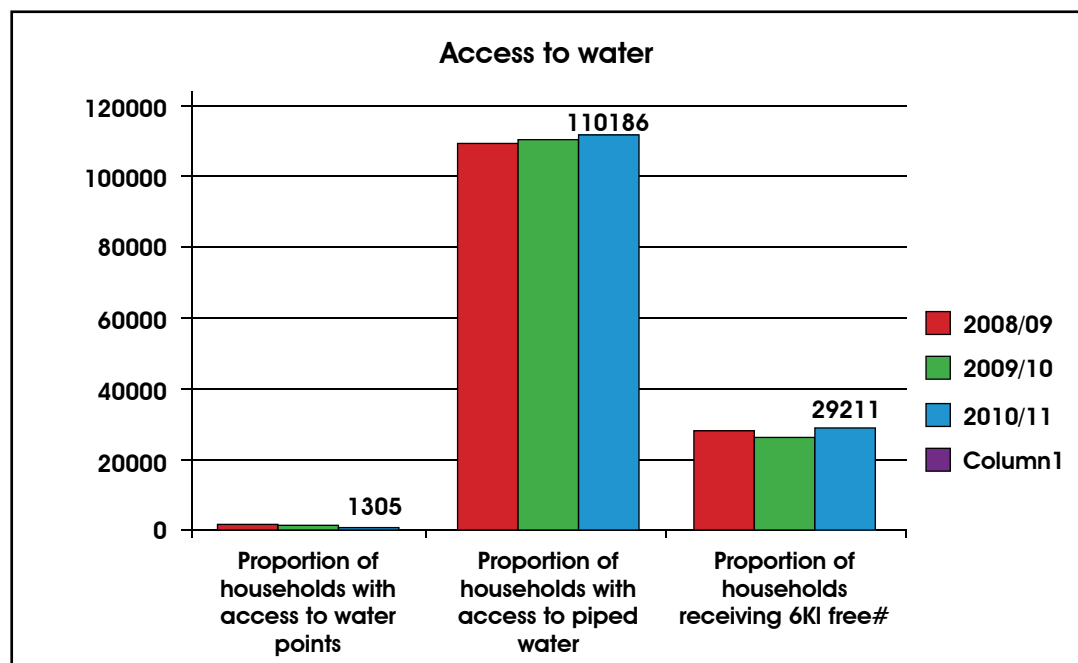
Description	2007/2008	2008/2009	2009/2010	2010/2011
	Actual Number	Actual Number	Actual Number	Actual Number
Water: (above min level)				
Piped water inside dwelling	109040	109242	109501	110186
Piped water inside yard (but not in dwelling)	9152	10073	11078	11763
Using public tap (within 200m from dwelling) (widgets)	N/A	N/A	N/A	N/A
Other water supply (within 200m)	N/A	N/A	N/A	N/A
Minimum Service Level and Above sub-total	118192	119315	120579	121949
Minimum Service Level and Above Percentage	88.05%	87.40%	86.82%	86.95%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	10040	11200	11300	11300
Other water supply (more than 200m from dwelling (widgets)	6000	6000	7000	7000
No water supply				
Below Minimum Service Level sub-total	16040	17200	18300	18300
Below Minimum Service Level Percentage	11.95%	12.60%	13.18%	13.18%
Total number of households	134232	136515	138879	140249

TABLE 15: HOUSEHOLDS – WATER SERVICE DELIVERY LEVELS BELOW MINIMUM
Households

Description	2007/2008	2008/2009	2009/2010	2010/2011		
	Actual Number	Actual Number	Actual Number	Original Budget No.	Adjusted Budget No.	Actual Number
Formal Settlements						
Total Households	15499	5351	4625	n/a	n/a	5304
Households below minimum service level	4319	1452	999	n/a	n/a	649
Proportion of households below minimum service level	27.87%	27.14%	21.60%	n/a	n/a	12.24%
Informal Settlements						
Total Households	3958	1985	2011	n/a	n/a	1305
Households below minimum service level	2512	435	701	n/a	n/a	497
Proportion of households below minimum service level	63.47%	21.91%	34.86%	n/a	n/a	38.08%



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* Means access to 25 litres of potable water per day supplied within 200m of a household and with a minimum flow of 10 litres per minute

6,000 litres of potable water supplied per formal connection per month

TABLE 16: WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP						
Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Water Loss Reduction	Water loss reduction/Non-revenue reduction. Maintain and ultimately decrease Non Revenue water.	25%	35.26%	25%	33.51%	30%
Access to Basic Services	Provide Basic Water to all by firstly undertaking a comprehensive Basic Water Backlog study and thereafter plan and design accordingly. [2011/2012 Target is based on no. Households]	10	6	10	0	50
Asset Renewal	Asset Renewal (Infrastructure) in order to reduce water losses and Non-Revenue Water.	nil	nil	5000m	nil	5000m
		Nil	Nil	Design and Plan for Masons and Copesville Reservoir	Completed design for Masons and Copesville	Construct Copesville Reservoir (60%)
Access to Basic Services	Water Services Development Plan (WSDP). Complete and gain approval for WSDP and Program Phases.	Nil	Nil	Approval	Did Not achieve	Complete and Council Approval.



TABLE 16: WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Access to Basic Services	All Reservoirs and Water holding facilities to be on telemetry so as to conform in part to statutory legislations in regards to water conservation strategies.	52	36	52	36	2
Access to Basic Services	Replacement and installation of meters. Replace more faulty meters for effective revenue enhancement	Nil	Nil	1700	425	2500

TABLE 17: EMPLOYEE: WATER SERVICES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1-A4	103	103	96	3.5	6.80
B1-B4	34	34	36	0	-5.88
C1-CU	34	34	32	1	5.88
D1 –DU	3	3	3	0	0.00
E1 – E2	1	1	1	0	0.00
F1 – F2	-	-	-		
Total	175	175	168	4.5	4.00

TABLE 18: FINANCIAL PERFORMANCE 2010/11: WATER SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	-296 239	-301 844	-341 080	-385 190	44110
Expenditure:					
Employees	26 418	24 538	28 588	28 299	289
Repairs and Maintenance	383	1943	1 782	471	1311 11
Other	210 974	191 129	242 330	235 762	6568
Total Operational Expenditure	237 775	217 610	272700	264532	8168
Net operational (Service) Expenditure	-534 014	-519 454	-613780	-649722	35942

TABLE 19: CAPITAL EXPENDITURE: WATER SERVICES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All	33 169	33 543	12 859	20310	
EDENDALE PROPER NEW MAINS & RETICULATION	500	500	254	246	254



**TABLE 19: CAPITAL EXPENDITURE: WATER SERVICES
R'000**

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
SERVICE MIDBLOCK ERADICATION - Water	200	799	317	-117	317
NON REVENUE WATER REDUCTION PROGRAMME	22 169	16 000	7 679	14490	7 679
ELIMINATION OF CONSERVANCY TANKS - Water	300	0	0	300	0
ELIMINATION OF CONSERVANCY TANKS - Water - Roll Over	0	1 762	638	-638	638
EDENDALE PROPER NEW MAINS & RETICULATION - Roll Over	0	169	169	-169	169
SERVICE MIDBLOCK ERADICATION - Water - Roll Over	0	707	707	-707	707
ELIMINATION OF WATER TANKERS - Roll Over	0	4	0	0	0
NON REVENUE WATER REDUCTION PROGRAMME	0	3 000	2 631	-2631	2 631
COPEVILLE RESERVOIR CONSTRUCTION	0	600	461	-461	461
REHABILITATION OF WATER INFRASTRUCTURE	10 000	10 000	0	10000	0

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Water sub unit only implemented MIG approved projects and no budgetary provision was made for council funded projects. Each of the aforementioned projects had an specific target which was monitored as per the SDBIP. The targets in relation to the planning and designing of infrastructure were all accomplished in line with IDP, however the construction/implementation projects were hindered mainly due to Environmental Impact Assessments and procurement procedures. Implementation of certain projects were further compounded by the 54% technical(Engineers, Technicians) vacancy rate that exist within the unit.

The largest Capital project in line with Msunduzi's Turnaround Strategy, was the Non-Revenue Water project. This project officially commenced in the later part of the 2010-2011 financial and is part of a 5 year business plan in order to reduce water losses and increase revenue with measureable Key Performance Indicators.

1.2 SANITATION SERVICES

INTRODUCTION TO SANITATION PROVISION

Providing basic sanitation informal areas and the appropriate sanitation services to low-income communities whilst ensuring that adequate attention and funds are allocated asset renewal is a key development challenge in the City.

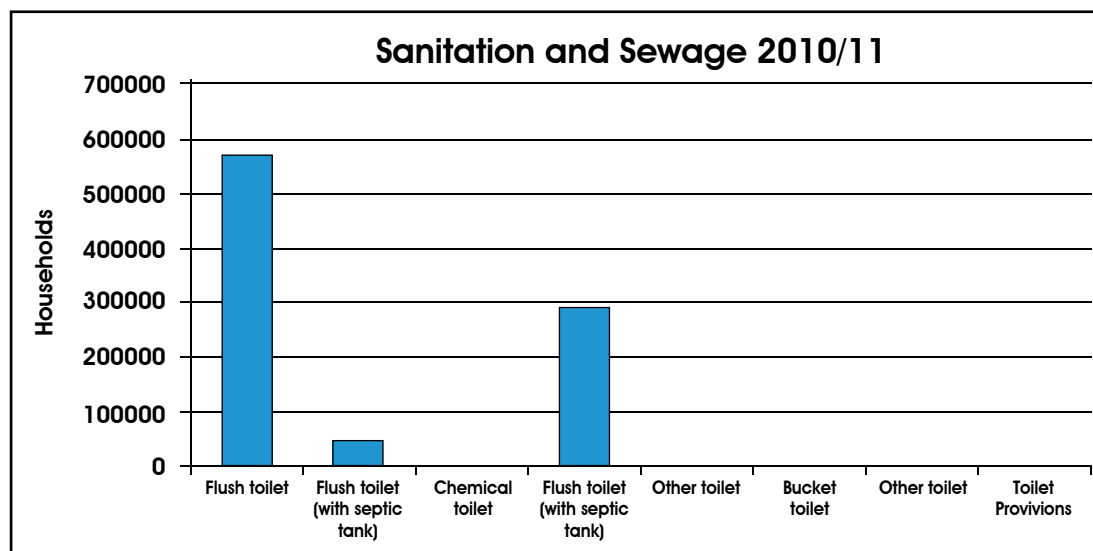


TABLE 20: SANITATION SERVICE DELIVERY LEVELS
Households

Description	2007/2008	2008/2009	2009/2010	2010/2011
	Actual Number	Actual Number	Actual Number	Actual Number
Sanitation / Sewage (above min level)				
Flush Toilet (connected to sewerage)	56808	57081	57147	57241
Flush Toilet ((with septic tank)	6825	5930	5015	5015
Chemical Toilet	-	-	-	-
Pit Toilet	4577	21256	27255	29446
Other toilet provisions (above min service level)				
Minimum Service Level and Above sub-total	68210	84267	89417	91702
Minimum Service Level and Above Percentage	100%	100%		
Sanitation / Sewage (below min level)				
Budget toilet				
Other toilet provisions (above min level) (conservancy tanks			450	379
No toilet provisions				
Below Minimum Service Level sub-total	0	0	450	379
Below Minimum Service Level Percentage			0.50%	0.41%
Total number of households	68210	84267	89867	92081

TABLE 21: HOUSEHOLDS – SANITATION SERVICE DELIVERY LEVELS BELOW MINIMUM
Households

Description	2007/2008	2008/2009	2009/2010	2010/2011		
	Actual Number	Actual Number	Actual Number	Original Budget No.	Adjusted Budget No.	Actual Number
Formal Settlements						
Total Households	15499	5351	4625	n/a	n/a	5304
Households below minimum service level	399	158	191	n/a	n/a	101
Proportion of households below minimum service level	2.57%	2.95%	4.13%	n/a	n/a	1.90%



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TABLE 21: HOUSEHOLDS – SANITATION SERVICE DELIVERY LEVELS BELOW MINIMUM
Households

Description	2007/2008	2008/2009	2009/2010	2010/2011		
	Actual Number	Actual Number	Actual Number	Original Budget No.	Adjusted Budget No.	Actual Number
Informal Settlements						
Total Households	15499	5351	4625	n/a	n/a	5304
Households below minimum service level	2567	1588	999	n/a	n/a	695
Proportion of households below minimum service level	16.56%	29.68%	21.6%	n/a	n/a	13.1%

Access to Sanitation

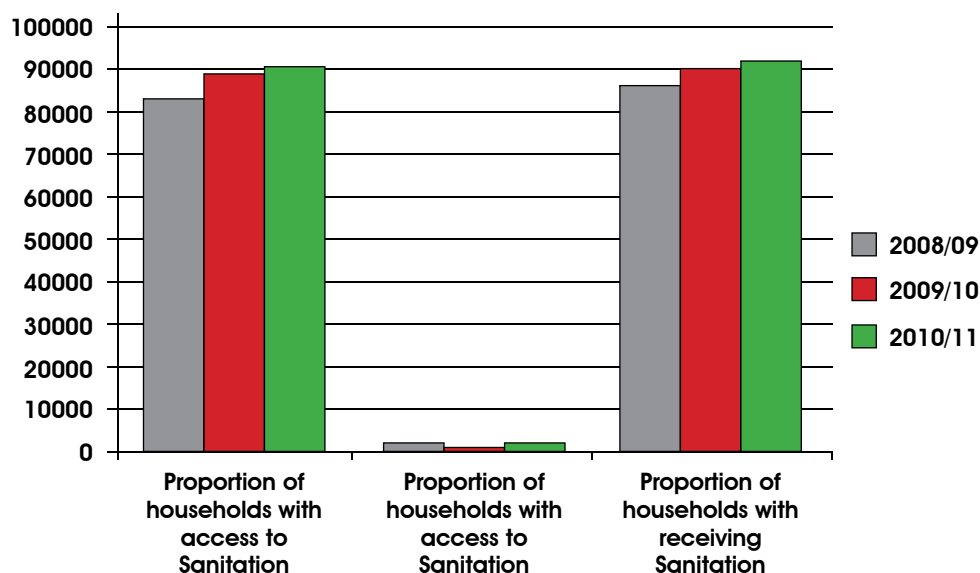


TABLE 22: WASTE WATER (SANITATION) SERVICE POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Access to Basic Services	Provide Basic Sanitation VIPS	33000	20105	35000	29145	35000
Asset Renewal	Asset Renewal- Replace very old pipes	n/a	n/a	4000m	0	3500m
Access to Basic Services	Sewer Pump Stations to be Monitored and Maintained to conform to legislative health requirements.	n/a	n/a	11	11	6
Access to Basic Services	To Provide Water Borne sanitation to all households by the installation of Sanitation reticulation.	n/a	n/a	6000m	3927m	12000m
Access to Basic Services	For the immediate above, a Waste Water Treatment Plan needs to be completed and approved by council.	n/a	n/a	Complete Waste Water Treatment Plan(WWTP)	Draft Waste Water Treatment Plan completed	Complete WWTP and obtain council Approval.
Access to Basic Services	To Complete the Visual Survey Sanitation Infrastructure using CCTV.	n/a	n/a	150km	252.8km	100km



TABLE 23: EMPLOYEE: SANITATION SERVICES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1-A4	66	66	59	3.5	10.61
B1-B4	21	21	19	1	9.52
C1-CU	5	5	5	0	0.00
D1 –DU	2	2	2	0	0.00
E1 – E2				0	
F1 – F2					
Total	94	94	85	4.5	9.57

TABLE 24: FINANCIAL PERFORMANCE 2010/11: SANITATION SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	-86 839	-138 542	-151 615	-113 090	-39525
Expenditure:					
Employees	14 162	13475	14 612	14 553	59
Repairs and Maintenance	199	329	459	207	252
Other	43 066	45081	48442	48 430	12
Total Operational Expenditure	57427	58885	63513	63190	323
Net operational (Service) Expenditure	-144266	-197427	-215128	-176280	-39848

TABLE 25: CAPITAL EXPENDITURE: SANITATION SERVICES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All	21 000	53 098	15 490	5510	
SEWERAGE PIPES AZALEA Ward 10	5 000	4 702	99	4901	R 43 849 202
SEWERAGE PIPES AZALEA Ward 10 - Roll over	0	1 398	1 398	-1398	No Data
SEWERAGE PIPES UNIT H (WARD 16) - Roll Over	0	1 509	1 360	-1360	No Data
Shenstone Ambleton Toilets - Roll Over	0	339 655	271 804	-271804	90 000 000
VIP INSTALLATION - VULINDLELA - Roll Over	0	2 100	2 100	-2100	220 000 000
SEWERAGE PIPES UNIT H (WARD 16)	5 000	6 098	30	4970	R 38 231 454
SANITATION INFRASTRUCTURE ASSET RENEWAL	6 000	6 000	49	5951	60 000 000
SLANGSPRUIT AMBLETON SAN SYSTEM	0	110	0	0	90 000 000
GRIX ROAD SEWER & PIPEBRIDGE	1 000	1 000	0	1000	N/A
ELIMINATION OF CONSERVANCY TANKS - Sewer	0	84	0	0	N/A
VIP INSTALLATION - VULINDLELA PH2	0	18 693	7 947	-7947	220 000 000
ELIMINATION OF CONSERVANCY TANKS - Roll Over	0	1 539 775	910 719	-910719	No Data



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TABLE 25: CAPITAL EXPENDITURE: SANITATION SERVICES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
MIDBLOCK SERVICE ERADICATION - Roll Over	0	805	266	-266	No Data
HOLLINGWOOD PUMP STATION & SEWER RISING MAIN	0	1 216 158	1 055 171	-1055171	12 500 000
REHABILITATION OF LINCOLN MEADE SEWER PUMP STATION	0	7 500 000	0	0	

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The largest capital project was the Vuilndela : VIP installation program to which we have now achieved a coverage rate 90%. The remaining 10% is scheduled for the 2011/2012 financial year. Whilst ensuring that this Basic service of Sanitation for all is delivered in line with Departments of Water Affairs mandate, the sanitation sub unit also started construction phases on waterbourne projects. This entailed the installation of approximately 4 km of reticulation pipeline. The sanitation unit also proceeded and completed the planning and design portions of waterbourne sanitation projects and rehabilitation projects.

Reactively, the Sanitation sub unit attended to blocked sewer mains both during and after hours. In relation to our Turnaround time for responding to blocked sewer mains we were 75% compliant. Non compliance in attending to this essential service was generally due to fleet problems.

1.3 ELECTRICITY

TABLE 26: ELECTRICITY SERVICE DELIVERY LEVELS
Households

Description	2007/2008	2008/2009	2009/2010	2010/2011
	Actual Number	Actual Number	Actual Number	Actual Number
Electricity (above min level)	58 884	62 842	63 694	65 478
Electricity (at least min service level)	No data	No data	No data	No data
Electricity – prepaid (at least min service level)	14 366	14 559	17 064	18 070
Minimum Service Level and Above sub-total	No data	No data	No data	No data
Minimum Service Level and Above Percentage	No data	No data	No data	No data
Electricity (below min level)	No data	No data	No data	No data
Electricity (< min service level)	No data	No data	No data	No data
Electricity – prepaid (< min service level)	No data	No data	No data	No data
Other energy sources				
Below Minimum Service Level sub-total				
Below Minimum Service Level Percentage				
Total number of households	14 366	14 559	17 064	18 070



TABLE 27: HOUSEHOLDS – ELECTRICITY SERVICE DELIVERY LEVELS BELOW MINIMUM
Households

Description	2007/2008	2008/2009	2009/2010	2010/2011		
	Actual Number	Actual Number	Actual Number	Original Budget No.	Adjusted Budget No.	Actual Number
Formal Settlements						
Total Households	58 884	62 842	63 694	67 000		65 478
Households below minimum service level	No data	No data	No data	No data	No data	No data
Proportion of households below minimum service level	No data	No data	No data	No data	No data	No data
Informal Settlements						
Total Households	No data	No data	No data	No data	No data	No data
Households below minimum service level	No data	No data	No data	No data	No data	No data
Proportion of households below minimum service level	No data	No data	No data	No data	No data	No data

TABLE 28: EMPLOYEE: ELECTRICITY SERVICES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.)	Vacancies (as a % of total posts) %
A1-A4	125	125	119	3	4.80
B1-B4	45	45	42	1.5	6.7
C1-CU	73	73	68	2.5	6.85
D1-DU	11	11	11	0	0.00
E1-E2	1	1	1	0	0.00
F1-F2					
Total	255	255	241	7	5.49

TABLE 29: FINANCIAL PERFORMANCE 2010/11: ELECTRICITY SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	No data	1,192 019		1,107 682	84 336
Expenditure:	No data	978 134		907 210	70,924
Employees	No data	56 490		55 849	641
Repairs and Maintenance	No data	34 211		32 801	1410
Other	No data	736 176		741 072	4 896
Total Operational Expenditure	No data	1,805 011		1,736 932	77 871
Net operational (Service) Expenditure	No data	612 992	629 250	71 406	557 844



1.4 WASTE MANAGEMENT

INTRODUCTION TO WASTE MANAGEMENT

As per National Environmental Management; Waste Management Act, everyone has the constitutional right to have an environment that is not harmful to his or her health. Section 16 Subsection 1© stipulates that every municipality must then ensure that waste management services are provided within the municipality in manner which prioritise the recovery, re-use or recycling of waste and provides for the treatment and safe disposal of waste as a last resort. Our target for 2012 is to reduce backlog on weekly refuse collection in areas where there is no collection at all by 20%.

The major success achieved in 2010/2011 is the support given by the Department of Cooperative Governance and Traditional Affairs (CoGTA) on the Community Workers Programme and Department of Public Works through Extended Public Work Programme by employing a number of community workers to assist with street cleaning and refuse collection. Our waste disposal site is running effectively with two major projects that are currently underway (1) Gas to energy project (2) Material Recovery Facility. The major challenge, since the Msunduzi Municipality was placed under administration the model of refuse collection via SMME's (outsourced function) was put on hold yet it was one of the model recommended from the cost benefit analysis study. Our top three service delivery priorities are; (a) scheduled collection of all waste and transportation to the landfill site. (b) Scheduled cleaning of streets, roads, street bins and other relevant work on both day shift and night shift including weekends and public holidays where necessary introduce elements of recycling. (c) education and awareness on/off all matters related to waste management within municipality.

The Msunduzi Recycling Project is in partnership with UMgungundlovu District Municipality. The establishment of the recyclers association has been concluded under the auspices of uMgungundlovu Small Recycling Association USRA. The Association has a vision that by 2021 its members should be recovering and selling 51% of all recyclables within the uMgungundlovu District Municipality.

The Status Quo of USRA

- constitution have been finalised.
- a funding proposal has been submitted to DBSA via Buyisa e Bag

Buyisa e Bag is an agency of the Department of Environmental Affairs that is responsible for supporting the development of the recycling sector within South Africa with a special focus on developing small recycling enterprises led by historically disadvantaged people and youth in particular. Buyisa e Bag was formed in 2006 and is funded with a portion of the plastic bag levy.

Recycling Project Overview; the project is categorised into three namely:-

- (1) Waste Pickers
- (2) Emerging recyclers from 1 to 10 tons per month of recyclables
- (3) Small Recycles from 10 tons and above per month.

The launch is anticipated around September with all the stakeholders from the Minister Environmental Affairs, Provincial MEC and Government Officials .The launch will then culminate to the Environmental Summit.

The Municipality launched the Food for Waste Project as a Poverty Alleviation Strategy in 2007 in one of the informal settlement. The Municipality engaged five service providers, SMME's on refuse collection that serviced five different wards, not as municipal entities but from a an economic empowerment perspective.



TABLE 30: WASTE MANAGEMENT POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Access to Basic Services	IMPROVE DOOR TO DOOR COLLECTION IN TERMS OF INCREASED AREAS, SPEED, WEIGHTS AND WITH COMMUNITY INVOLVEMENT.	10 NEW TRUCKS	0	7	0	7
Access to Basic Services	INCREASE SMME'S	5 NEW SMMES	0	5	0	7
Access to Basic Services	IMPROVE BINS IN CBD	3000 NEW BINS	0	3000	0	3000
Access to Basic Services	INCREASE PUBLIC TOILETS ONE NEW IN EDENDALE/RAISETHORPE	2	0	2	0	2
Access to Basic Services	RECYCLE: ORANGE BAG PROJECT	5/37 WARDS	5/37	37/37	5/37	37/37

TABLE 31: EMPLOYEE: SOLID WASTE MANAGEMENT SERVICES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.)	Vacancies (as a % of total posts) %
A1-A4	227	332	227	103	31
B1-B4	38	74	38	36	49
C1-CU	8	16	8	8	50
D1 –DU	1	3	1	2	67
E1 – E2	0				
F1 – F2	0				
Total	94	425	274	149	35%

TABLE 32: FINANCIAL PERFORMANCE 2010/11: SOLID WASTE MANAGEMENT SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	66 776 818	107 463 766	109 591 608	71 285 492	-38 306 116
Expenditure:					
Employees	55 143 209	48 544 970	45 886 391	52 001 868	-6 115 477
Repairs and Maintenance	7 723 255	5 634 583	5 700 429	4 016 417	1 684 012
Other	3 910 354	53 284 213	58 004 988	15 287 207	-42 737 781
Total Operational Expenditure	66 776 818	107 463 766	109 591 608	71 285 492	-38 306 116
Net operational (Service) Expenditure					



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TABLE 33: FINANCIAL PERFORMANCE 2010/11: LANDFILL SITE
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	6 128 202	5 819 571	4 777 596	3 503 494	1 274 102
Expenditure:					
Employees	1 847 669	3 539 041	3 544 944	3 426 618	118 326
Repairs and Maintenance	553 370	504 804	602 898	284 859	318 039
Other	3 727 163	1 775 726	629 754	-207 983	837 737
Total Operational Expenditure	6 128 202	5 819 571	4 777 596	3 503 494	1 274 102
Net operational (Service) Expenditure					

TABLE 34: CAPITAL EXPENDITURE: WASTE MANAGEMENT SERVICES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All	0	0	0	0	
No Capital Expenditure for 2010/11					

TABLE 35: CAPITAL EXPENDITURE: LANDFILL SITE
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All	0	0	0	0	
No Capital Expenditure for 2010/11					

COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:

MSUNDUZI RECYCLING PROJECT

This project is in partnership with uMgungundlovu District Municipality (UMDM). The establishment of the recyclers association has been included under the auspices of uMgungundlovu Small Recycling Association (USRA).the association has a vision that by 2021 its members should be recovering and selling 51% of all recyclables within the UDM.



THE STATUS QUO OF USRA

Finalisation of the constitution of the USRA, proposal for funding has been submitted to DBSA via Buyisa e bag. Buyisa e bag is an agency of the department of the environmental affairs that is responsible for supporting the development of the recycling sector within South Africa with a special focus on developing small recycling enterprises led by historically disadvantaged people and youth in particular. Environmental Affairs is responsible for supporting the development of the recycling sector within South Africa with a special focus on developing small recycling enterprises led by historically disadvantaged people and youth in particular.

PROJECT OVERVIEW

WASTE PICKERS

Emerging recyclers (of which they take about 1 to 10 tons per month of recyclables). Small recyclers which take about 10 tones and above per month.

ABOUT THE LAUNCH

It is anticipated to be around September 2011 which will then culminate to the environmental summit. The guest list includes all the stakeholders - the minister of environmental affairs, the provincial MEC's and all the government officials.

SERVICE DELIVERY MONITOR

- Scheduled collection of all waste and transportation to the landfill site.
- Scheduled cleaning of street, roads, verges, gutters, street bins and other relevant work on both day shift & night shift.
- The municipality concluded the food for waste project as a poverty alleviation strategy in 2007.

COMMENT ON LANDFILL SITE PERFORMANCE OVERALL:

There were no capital projects at the Landfill Site for the 2010/11 financial year due to non-availability of funds. The capital funding required in terms of the IDP for future projects will be sufficient to achieve the goals set out within the approved budget provision.

1.5 HOUSING

INTRODUCTION TO HOUSING

The provision of adequate Housing is a National priority and is legislated through the Constitution and the Housing Act. The delivery thereof is the responsibility of the Provincial Department of Human Settlements and the local municipality.

Our Housing strategy is to provide housing in line with the deliverables of Outcome 8, which is to develop spatial plans to ensure new housing developments are in line with national policy on integrated human settlements and to accelerate the delivery of housing. Various targets have been set to comply with Outcome 8. These targets have been partially achieved.

The backlogs in housing can be summarised as approximately 16000 to 25000 households living in informal structures, structures built of traditional material (mainly rural) or informal structures in a backyard. This data is obtained from the Community Survey 2007. The municipality has not undertaken any housing backlog study. We are currently in discussion with the Provincial Department of Human Settlements (PDOHS) to implement the housing needs register (HNR). This will assist in providing accurate data on the housing demand.



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The municipality has also identified various land parcels on which new housing developments can be implemented. These projects have been packaged for submission to the PDOHS. Further discussions are underway with the PDOHS.

Housing Sector Plan: The Housing Sector Plan for the Municipality was 90% finalised and minor amendments are being undertaken prior to submission to the Council for approval. The plan also includes a Slums Clearance strategy. Many interactive sessions were held with the PDOHS to complete this plan.

Vulindlela Rural Housing Project: This project application was submitted by the Municipality to PDOHS in June 2010 for the implementation of the largest rural housing project ever undertaken with Kwazulu-Natal. It was approved for full implementation in November 2010. Construction began in May 2011. The municipality role is that of a key stakeholder and assumes the roles as a municipality. It is also a member of the project steering committee and other task teams.

Many other smaller housing projects have been packaged for Stage 1 approval. Once approval has been granted by the PDOHS the feasibility, planning and design phase will commence.

The municipality is also prioritized by the National Department of Human Settlements (NDOHS) for social housing, informal settlements upgrading programme and more recently for Accreditation.

Regular information sessions are held with various Communities to explain housing processes and home ownership awareness.

The Housing function also includes the management of Council Rental stock. This comprises 364 units in various blocks. The Housing Admin unit is responsible for letting of rental stock, rent collection, maintenance, housing waiting list and disposal through the Enhanced Discount Benefit Scheme of the DOHS.

All the above goals are geared to meet the deliverables of Outcome 8.

TABLE 36: PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC HOUSING			
Year End	Total Households (incl. formal and informal Settlements)	Houses in formal settlements	Percentage of HHs in formal settlements
2007/08	134390	103440	76.9
2008/09	136946 (2556 built)	105996	77.4
2009/10	137963 (1017 built)	107013	77.5
2010/11	137963	107013	77.5

TABLE 37: HOUSING POLICY OBJECTIVES TAKEN FROM IDP						
Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
Develop Housing in accordance with Plan	Prepare Housing Sector Plan	Appoint Service Provider and complete Status Quo Report	Service Provider appointed and Status Quo report completed	Complete Housing Sector Plan	90% complete	Obtain Council approval by end of 1st Quarter
Transfer 2 000 properties to approved beneficiaries	Transfer 2 000 properties to approved beneficiaries	2000	544	2000	0	2000



TABLE 37: HOUSING POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Vulindlela Rural Housing Project Pre-liminary Studies to be completed for Vulindlela (Geo-tech, Social, Land Audit and Services)	Completed pre-feasibility studies	Nil	Nil	Package application to PDOHS. Once approved appoint Service Provider to undertake Stage 1	Project Approved for full implementation. All feasibilities complete. 24 Houses Built.	4000 units to be built
Edendale Priority Housing Project Studies to be completed for Edendale (Geo-tech, Social, Land Audit and Services) EIA (60% complete)	Completed feasibility studies for Edendale	Package application to PDOHS. Proceed with Land Acquisition Process.	Application sent to PDOHS. Approval not granted. Awaiting full land acquisition to be completed	Complete Land Acquisition	Process continuing	Land Acquisition process to be completed. Project to be approved by PDOHS
Copesville 1692 Sites	Undertake Planning & Design	Complete EIA process	EIA underway. Objections to the housing projects raised by Quarry. Risk Assessment required.	Complete EIA report.	Report completed and submitted to DEARD	Obtain Approval from DEARD. Package submission to PDOHS
Edendale Unit S 3-8 Complete Services	Complete Services 2010 Houses Built	Prepared and submit funding request to PDOHS.	Application submitted to PDOHS	NHBRC appointed to undertake assessment	Assessment completed	Complete outstanding services.
Edendale Unit S 8 Ext 398 Sites	Conclude Agreements, Undertake Planning and Design	N/A	N/A	Obtain Project approval by PDOHS.	Approval Granted	Finalise contract agreements and started planning and design.
Msunduzi WireWall 2 038	Complete Construction of Top Structures	N/A	N/A	NHBRC to undertake assessment of outstanding work	Assessment completed. PDOHS to obtain approval from NDOHS to exceed subsidy quantum	Complete outstanding units. (1200)



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TABLE 37: HOUSING POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Lot 182 Sinathing 133 Units	Complete Construction of services and Top Structures	Complete services	Services partially completed. Inadequate funds to complete due to escalation	Obtain approval for realignment. Complete services	Realignment approved and services completed	Obtain approval for 133 top structure. Complete top structures.
Willowfountain EE Phase 2 408 Units	Complete Construction of Top Structures	Complete 408 units	398	Correct General Plan and obtain approval. Complete 10 units	No progress	Finalise all outstanding work and close-out.
Glenwood: North East Sector 500 Units	Complete Planning and Design	N/A	N/A	Obtain approval from DEARD.	Approval granted. Prepare submission to PDOHS	Complete planning and design phase.

TABLE 38: EMPLOYEE: HOUSING

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1 - A4	7	7	5	1	28.57
B1 - B4	10	10	10	0	0.00
C1 - CU	11	11	11	0	0.00
D1 - DU	5	5	5	0	0.00
E1 - E2				0	
F1 - F2				0	
Total	33	33	31	1	6.06

TABLE 39: FINANCIAL PERFORMANCE 2010/11: HOUSING SERVICES

R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	-3896	-4560	-4560	-4853	293
Expenditure:	1504				
Employees	4915	10277	10277	10201	76
Repairs and Maintenance	559	26	26	11	15
Other	46374	13060	13060	9288	3772
Total Operational Expenditure	53353				
Net operational (Service) Expenditure					



**TABLE 40: CAPITAL EXPENDITURE: HOUSING SERVICES
R'000**

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
Vulindlela Rural Housing Project	0	450000	94493	94493	2500000
Edendale Unit H		11898	11898	0	50000 (excl escalation)
Edendale Unit EE Phase 2	11389	9678	9678	0	22848

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The Housing Sector Plan was only completed at the end of the 2010/11 financial year. It has to be approved by Council and the PDOHS. Within the plan there are projects that will be larger than those mentioned above, once approved by PDOHS.

With the exception of the Vulindlela Project, the remaining 2 projects are in the final close out phase, only transfers to take place and amendments to the General Plan. These projects were also delayed to to many realignments due to escalation.

Performance over the 2010/11 has been poor with respect to actual delivery of houses. But various preliminary planning and packaging was undertaken to align with the Outcome 8 deliverables. If the plan is approved, this will force a budget adjustment to both the capital grant by the PDOHS and the operating budget of the municipality as this will require additional resources to implement the plan.

Partnerships are also being developed with social housing institutions to deliver rental housing.

2. COMPONENT B: ROAD TRANSPORT

This component includes: roads; transportation planning; and storm water drainage.

INTRODUCTION TO ROAD TRANSPORT

The Roads and Transportation Sub-Units perform the following activities for the provision of 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 and improvements
- g] Road-marking and signage
- h] Municipal Building Maintenance



2.1 ROADS

INTRODUCTION TO ROADS

The backlog of roads that need upgrading, road safety measures (traffic lights, calming measure, signage enhancement, etc), road infrastructure rehabilitation and maintenance continues to be a major challenge for the Municipality in the current financial going forward. There are still huge backlogs for construction of new roads and upgrading of gravel roads in the Greater Edendale, Vulindlela and Northern Eastern parts of Msunduzi (i.e. Thembalihle, Tamboville, Copesville, etc). These areas continue to grow since there are new low-cost housing programme being provided with sub-standard road services i.e. gravel and hyson cell concrete roads standards.

However, in 2009/10 a major project, the N3 / Chota Motala Road Interchange, commenced. This project is still under construction in the current financial year and is anticipated to be complete early in 2012. Once this project is complete, it will ease the traffic congestion experienced on the South-bound peak-hour traffic from the Northern Areas into the CBD in the morning and visa-versa in the evenings.

Inadequate funding for bulk services is increasingly becoming a retarding factor for development. This Sub-Unit continues to implement the user-pays principle for new developments to fast-track provision of bulk services for new developments. The Municipality is also embarking on external source of funds to fund its programmes and projects such as COGTA, DoT, MIG, etc.

However, asset renewal (i.e. road rehabilitation, major defects patching, surface overlays, etc) remains untended due to financial constraints. Development of potholes has increased in our roads over the few years because of fatigue to road infrastructure.

The 2010/11 financial year saw the successful implementation of few projects since the Municipality was placed under Administration - Section 139 (b). Most planned, designed and budgeted for projects in 2010/11 could not proceed due to the Municipal financial constraints. However, the following were completed in 2010/11:

1. Unit P
2. D1140
3. Martins Way
4. Unit H internal Roads – associated with Housing scheme

The following designs were also completed in the same financial year:

1. Machibisa / Dambuza Roads (i.e. Manana Road and Bernad Road) with their associated storm-water.
2. Completion of Burger Street extension design
3. Upgrading of New England Road Phase 2

TABLE 41: GRAVEL ROAD INFRASTRUCTURE
Kilometres

	Total gravel Roads	New Gravel Roads constructed	Gravel Roads upgraded to tar	Gravel Roads graded/maintained
2008/09	989	0	52	541
2009/10	934	0.5	10.3	415
2010/11	926	0	0	308



**TABLE 42: TARRED ROAD INFRASTRUCTURE
Kilometres**

	Total Tarred Roads	New Tar Roads	Existing Tar Roads re-tarred	Existing Tar Roads re-sheeted	Tar Roads Maintained
2008/09	1238	1.5	0	54.2	479
2009/10	1291.5	0	0	6.0	150
2010/11	1301.8	0	0	0	31

**TABLE 43: COST OF CONSTRUCTION / MAINTENANCE
R'000**

	Gravel			Tar		
	New	Gravel-Tar	Maintained	New	Reworked	Maintained
2008/09	0	R12190000	R6165545	0	0	R3727980
2009/10	R150000	R27000000	R5198921	0	0	R2411053
2010/11	0	0	R3854625	0	0	R517213

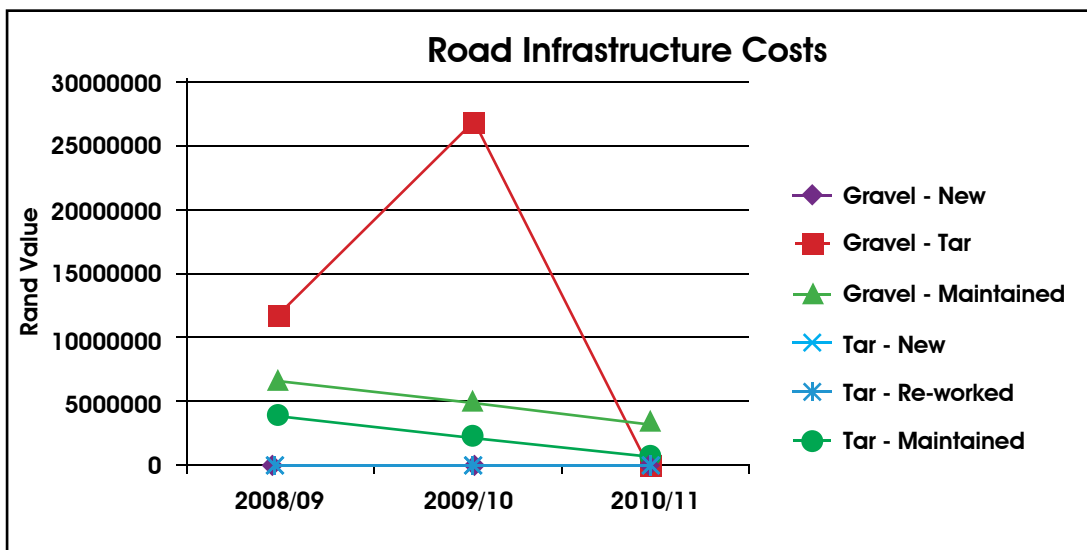


TABLE 44: ROADS POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives	Number of completed roads designs	12	8	6	5	3
To provide access to Water, Sanitation, Electricity, Solid Waste, Roads and other related services to improve accessibility by communities and in contributing towards economic growth.	Km of upgraded roads to asphalt surfacing	60	23.5	27	11.4	12.3
	Km of Rehabilitated surfaced roads (layer works and or surface rehab)	6	6	10	0	0
	Kms of maintained gravel roads	425	451	425	415	120



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TABLE 45: EMPLOYEE: ROAD SERVICES

Job Level	2007/08	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.)	Vacancies (as a % of total posts) %
A1 – A4	88	88	78	5	11.36
B1 – B4	29	29	27	1	6.90
C1 – CU	18	18	16	1	11.11
D1 – DU	11	11	11	0	0.00
E1 – E2	0	0	0	0	0.00
F1 – F2	0	0	0	0	0.00
Total	146	146	132	7	9.59

TABLE 46: FINANCIAL PERFORMANCE 20010/11: ROADS SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	11890659	25599563	30144016	15262755	-68%
Expenditure:					
Employees	27048838	26231037	27655600	27086329	3%
Repairs and Maintenance	687114	882397	646839	538526	-64%
Other	70577032	84793540	123105746	123927350	32%
Total Operational Expenditure	98262984	111906974	151408155	151552205	3%
Net operational (Service) Expenditure	-86372325	-86307411			

TABLE 47: CAPITAL EXPENDITURE: ROADS SERVICES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All	31465375	56769889	15250299	No Data	
D1140 – 2.2 km	6200000	No Data	4240244	No Data	No Data
Edendale Unit H (Roads)	4536290	No Data	3970442	No Data	No Data
Lot 182 Sinathing (Roads)	1244371	No Data	1244370	No Data	No Data
MIG Unit P	4703870	No Data	3272712	No Data	No Data
MIG Rehab of Gravel Road D1128	4900000	No Data	219665	No Data	No Data
MIG Rehab Willowfountain Road	1900000	No Data	29506	No Data	No Data
Rehab of Ashdown Road Network	816553	No Data	325923	No Data	No Data
MIG Rehab of Gravel Road Malala Road	67000	No Data	59026	No Data	No Data
MIG Rehab Gravel Road Khoza Road	600000	No Data	201600	No Data	No Data
MIG Rehab Gravel Road Edendale –Martins Way	1820000	No Data	1593502	No Data	No Data
MIG Construction of Waterfall Road Edendale	103400	No Data	93300	No Data	No Data



COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

Meaningful upgrade of gravel roads have been achieved in the past three financial years. This scale of upgrade diminished tremendously in the last two financial years because many projects that were funded by Council could not proceed because of the Municipal financial status over the same period. The Municipality has been totally dependent on foreign grants to fund its road upgrading programmes. However, the abovementioned achievements are insignificant to the existing Municipal backlogs of gravel roads.

The rehabilitation pavements (i.e. renewal of road assets) have been stagnant over the past few years. A minimum of R15 million is required to catch up on assets renewals. Many major roads are in dire need of base repairs, major patching and overlays; as a result potholes are the order of the day.

Gravel road maintenance has also slowed down because the Municipality does not own any plant or equipment to undertake this exercise. The Roads Section is now reliant on hiring plant (which is a very expensive exercise) or use of private contractors to undertake this exercise.

2.2 TRANSPORTATION PLANNING

INTRODUCTION TO TRANSPORTATION PLANNING

Transportation Planning Section does not operate public transport or issue any licences for vehicles. The Transportation Planning Key Performance Areas are as follows:

1. Road Planning
2. Road Safety
3. Public Transport

Road Planning concentrates on planning for new roads and widening or improvements on existing road networks. The following road planning projects have been on the cards on the Transportation Plan:

- N3 / Chota Motala Interchange – its construction commenced in the 2009/2010 financial year and is expected to be complete in the year 2012.
- Widening of New England Road – funding obtained from COGTA and construction is expected to commence in early 2012 and completed later in the year.
- Burger Street Extension – design complete. Need funding for implementation.
- Bellevue Distributor – its planning and fixing of the road alignment is expected to be undertaken in the 2011/12 financial year.

Road safety – deals with road safety, i.e. traffic calming measures, traffic lights, etc. Although plans are in place, but could not be implemented due to the Municipal financial constraints. Road marking and traffic signs replacement is undertaken by this wing of Transportation Planning.

Public Transport provides the enabling environment for public transport to operate by developing public transport facilities such as taxi ranks, taxi holding areas, lay-byes, bus shelters, etc. These are implemented as Capital projects. It deals with daily management for public transport facilities and operating licensing. A motivation for funding of Integrated Rapid Public Transport Network (IRPTN) projects under Public Transport Infrastructure System was granted by NDoT and National Treasury over the next three financial years. This project will provide the Municipality with an information of how the future public transport system will run.



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TABLE 48: TRANSPORT POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Service/ IDP Objectives	No. of implemented traffic calming as per plan	25	25	25	0	50
To provide access to Water, Sanitation, Electricity, Solid Waste, Roads and other related services to improve accessibility by communities and in contributing towards economic growth.	No. of implemented traffic lights as tabulated in the 2011/12 SDBIP	4	4	6	0	9
	Km of road marking as per 2011/12 SDBIP	200 km	250 km	250 km	275 km	600 km
	No. of road traffic signs replaced, as per 2011/12 SDBIP	50 signs	76 signs	50 signs	371 signs	600 signs

TABLE 49: EMPLOYEE: TRANSPORT SERVICES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.)	Vacancies (as a % of total posts) %
A1 – A4	13	13	13	0	0.00
B1 – B4	17	17	15	1	11.76
C1 - CU	6	6	5	0.5	16.67
D1 - DU	3	3	2	0.5	33.33
E1 – E2	0	0	0	0	0.00
F1 – F2	0	0	0	0	0.00
Total	39	39	35	2	10.26

TABLE 50: FINANCIAL PERFORMANCE 2010/11: TRANSPORT SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)					
Expenditure:					
Employees	R18,755	No Data	R7,027	R6,956	0
Repairs and Maintenance	R1,020	No Data	R0,916	R0,834	0
Other	R0,056	No Data	R0,969	R0,974	0
Total Operational Expenditure	R19,775		R7,943	R7,790	0
Net operational (Service) Expenditure					



**TABLE 51: CAPITAL EXPENDITURE: TRANSPORTATION PLANNING
R'000**

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
Burger Street Extension - Prelim Design	1000000	No Data	753424	3480	1000000
Brookside Holding Area	2200000	No Data	7988	131218	2200000
Queen St Taxi Terminal (Roof Shelter)	820000	No Data	744680	No Data	820000
IRPTN	R23000000	22737000	7700.55	22729300	22500000000

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

Transportation Planning could not achieve what was set out for implementation in terms of Road Planning and Road Safety in the last two financial years (i.e. 2009/10 and 2010/11). Traffic Calming measures and traffic lights could not be implemented in the last two financial years although they were in the approved budget due to the Municipal financial constraints.

From a public transport point of view, the appointment of a consultant to undertake planning for Integrated Rapid Public Transport Networks (IRPTN) projects was delayed because of an objection from one unsuccessful service provider. This was dealt with through Supply Chain Management procedures and was eventually resolved. The consultant is expected to start with the project at the beginning of 2011/12. This project is funded by the National Department of Transport under its Public Transport Infrastructure Systems (PTIS) Grant, as Msunduzi is one of the 12 cities declared Public Transport Authority.

2.3 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

Most new stormwater networks have been dealt with as a package with the upgrading of roads and associated stormwater. The following stormwater projects were dealt with independently:

1. Design of the Canalization of Dolphin Av and Ishwari Road
3. Design and Implementation of Stormwater network in Ashdown

**TABLE 52: STORMWATER INFRASTRUCTURE
Kilometre**

	Total Stormwater measures	New Stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
2008/09		39.6 km	16	719
2009/10		0	17.2	225
2010/11		0	0	47



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**TABLE 53: COST OF CONSTRUCTION / MAINTENANCE
R'000**

	Stormwater Measures		
	New	Upgraded	Maintained
2008/09	0	R22 551 996.30	1 693 717
2009/10	0	R19 053 947.20	1 311 666
2010/11	0	0	317 076

Stormwater Infrastructure Costs

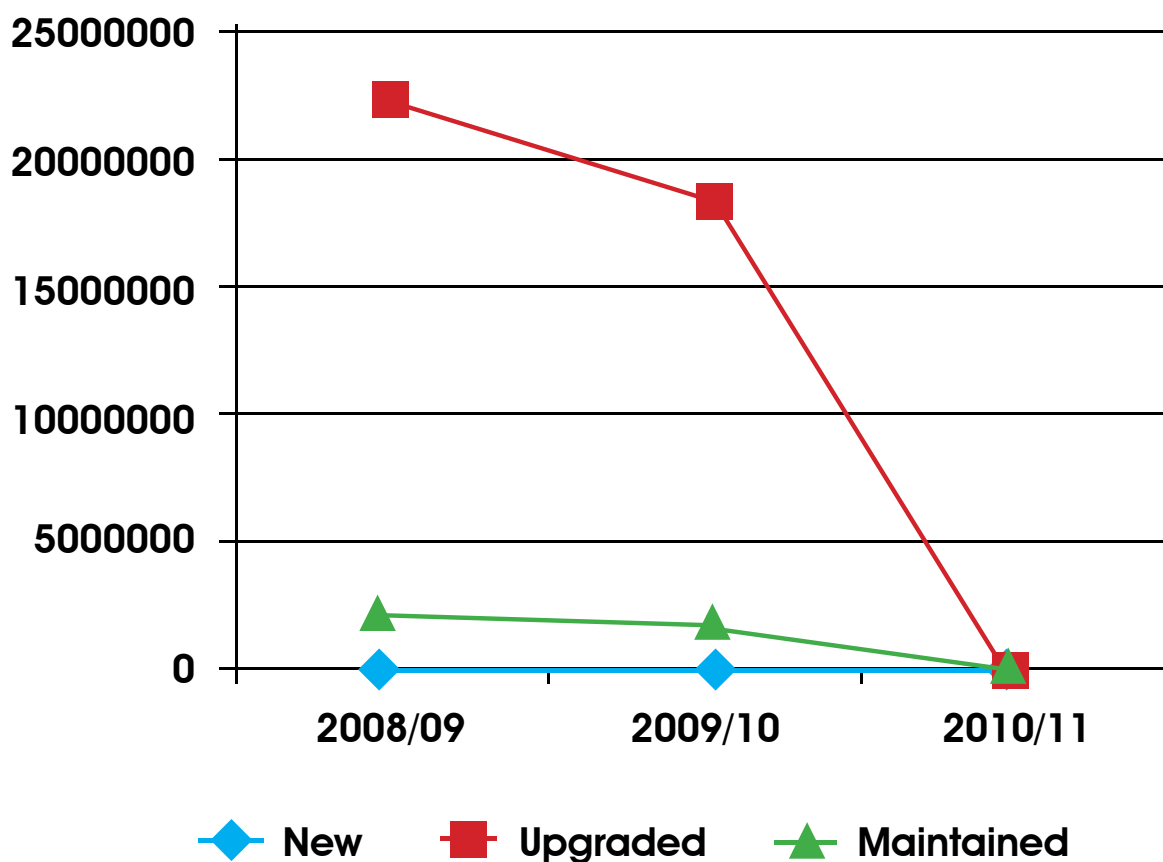


TABLE 54: STORMWATER POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives Service indicators	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
To provide access to Water, Sanitation, Electricity, Solid Waste, Roads and other related services to improve accessibility by communities and in contributing towards economic growth.	Dredging of materials in Camps drift canal - volume m ³	0	0	290000	81000	0
	Km of upgraded of storm-water	80	80	700	700	0



TABLE 55: EMPLOYEE: STORMWATER SERVICES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1-A4	94	94	70	12	25.53
B1 – B4	21	21	17	2	19.05
C1 – CU	2	2	2	0	0.00
D1 – DU	0	0	0	0	0.00
E1 – E2	0	0	0	0	0.00
F1 – F2	0	0	0	0	0.00
Total	117	117	89	14	23.93

TABLE 56: FINANCIAL PERFORMANCE 2010/11: STORMWATER SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	2073398	4659585	48831396	25371087	82%
Expenditure:					
Employees	24080832	23628008	24265388	23033291	-3%
Repairs and Maintenance	3227794	3799142	1952945	1157865	-22%
Other	71854086	62528587	97586705	66477772	6%
Total Operational Expenditure	99162712	89955787	123808308	90668927	-0.8%
Net operational (Service) Expenditure	-97089314	-85296152	-79976642	-65297840	-31%

TABLE 57: CAPITAL EXPENDITURE: STORMWATER SERVICES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All	20 000	40 928	30 975	35%	
Church Street/N3 Interchange Upgrade	20 000	20 000	19 469	-3%	
Intermodal Public Transport Facilities	0	15 000	10 000	100%	
Burger Street Extension - Prelim Design	0	753	753	100%	
Brookside Holding Area	0	8	8	100%	
Queen St Taxi Terminal (Roof Shelter)	0	4 400	0	0%	
Upgrading of New England Road Phase 2 'DOT'	500	500	500	100%	



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COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Storm-water is undermined. This is an important service as it prevents flooding of roads, properties and loss of life.

CAPITAL EXPENDITURE: STORMWATER SERVICES R'000				
Details	2010/11			
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget
Rehabilitation of Ashdown Road Network - Stormwater	0	816,5	352,9	100%
Canalization of Dolphin/Itshwari Road	4,859	4,850	0	

3. COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning and local economic development.

3.1 PLANNING

INTRODUCTION TO PLANNING

The main objectives of town planning is to provide local development and encourage public participation to the members of the communities. The main key performamnce area is to review the Spatial Development Framework as required by the Muncipal Systems Act and to extend the town planning schemes to the areas that were previously not covered by the town planning scheme. Townn Planning. The other objective is to process all development application and enforce the town planning scheme as required by the KwaZulu-Natal Planning and Development Act. Delegations to perform certain duties were approved by Council and advertised in 2010 as required by the KwaZulu-Natal Planning and Development Act. Challenges that are faced by town planning department in 2010/11 financial year was lack of human resources in enforcing town planning scheme and no budget in implementation of Spatial Development Framework and the extension of the town planning scheme. It is anticipated that budget will be allocated to town planning during the mid-term review in order to implement the abovementioned projects.

TABLE 58: APPLICATIONS FOR LAND USE DEVELOPMENT						
Detail	Formalisation of Townships		Rezoning		Built environment	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Planning application received	49	53	30	21	n/a	n/a
Determination made in year of receipt	35	30	3	5	n/a	n/a
Determination made in following year	5	6	19	8	n/a	n/a
Applications withdrawn	2	10	0	0	n/a	n/a
Applications outstanding at year end	7	7	8	8	n/a	n/a



TABLE 59: PLANNING POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service indicators						
Service/ IDP Objectives	Review and gap analysis of the SDF Contextual Report;	20	10	90	90	-
Spatial Development Framework [SDF] Review	Review and gap analysis of the SDF Conceptual Report;	20	10	90	90	-
	Review and the gap analysis of the Consolidated SDF Report;	20	5	95	95	-
	Review and analysis of all corresponding mapping;	30	20	80	20	60
	Gap closure and amendments to all SDF reports and mapping;	0	0	50	10	90
	Alignment of the Msunduzi SDF with the UMDM SDF and surrounding Municipal SDFs;	0	0	0	15	50
	Alignment of Consolidated SDF with relevant sector plans and sector initiatives;	0	0	50	10	50
	Review and gap analysis of all ABM SDF reports and mapping;	20	5	95	95	-
	Alignment of ABM SDFs and Consolidated SDF; and	0	0	30	0	50
	Gap closure and amendments to all ABM SDF reports and mapping;	0	0	50	0	50
	Presentation and discussion with all Municipal units; identified external stakeholders and Ward Councilors.	0	0	0	0	0
	Preparation of Terms of Reference for Local Area Plans: South Eastern District [SEDis]; and Central Area and CBD Extension Node.	20	10	90	90	-
Local Area Plans	Preparation of Terms of Reference for the Msunduzi 25 Year Development Vision Plan;	20	10	90	90	-
	Report to EXCO;	0	0	100	100	-
	Tender process towards the appointment of consultants;	0	0	100	0	100
	Appointment of consultants;	0	0	100	0	100
	Project begins.	0	0	10	0	50

TABLE 60: FINANCIAL PERFORMANCE 2010/11: PLANNING SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)					
Expenditure:	R645, 652. 83	R9, 339.25	No Data	R39 579 696.00	42%
Employees	R6, 241,026	R67, 977.97	No Data	R6 641 542.27	97%
Repairs and Maintenance	R374.76	R24 ,328.00	No Data	0	0%



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TABLE 60: FINANCIAL PERFORMANCE 2010/11: PLANNING SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Other(Departmental)	R905, 949.54	R9, 958.33	No Data	R2 446 554.93	24.5%
Total Operational Expenditure	R77, 93 003.27	111 603.55	No Data	No Data	No Data
Net operational (Service) Expenditure					

TABLE 61: CAPITAL EXPENDITURE: PLANNING SERVICES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All None					
No Capital Projects for 2010/2011					

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

Town Planning has endeavoured to comply with the legislations but there are still some challenges pertaining to lack of Human Resources and availability of budget to prepare and finalise projects.

3.2 ECONOMIC DEVELOPMENT

INTRODUCTION TO ECONOMIC DEVELOPMENT

The 2010/11 financial year was an unusual year which was overshadowed by the provincial intervention in the administration of the municipality, and, as such, financial recovery dominated, with the result that there was no budgetary provision to action projects and programmes in the IDP and the economic development strategy. Nevertheless, the Economic Development and Planning unit endeavoured to deliver on the priorities established in the IDP.

The economic development strategy is based on encouraging local business growth, promoting new investments and enterprises including inward investment, investment in hard and soft infrastructure, sector and cluster development, and area targeting for regeneration. The unit has played a significant role in the facilitation of new developments by providing a one-stop-shop to developers and investors. The unit has also assisted SMMEs and cooperatives through training workshops and other assistance. Communities that are living in poverty were assisted through the programmes via the CWP, viz. Food gardens, vulnerable households, home based care, cleaning/environment/road construction and maintenance.

TABLE 62: ECONOMIC ACTIVITY BY SECTOR
R'000

Sector	2008/09	2009/10	2010/11
Agric, forestry and fishing	743,850	731,831	738,456
Mining and quarrying	43,285	46,960	47,773
Manufacturing	297,899,999	266,932,001	280,189,983
Wholesale and retail trade	1,958,896	1,934,117	1,975,113
Finance, property, etc	4,200,401	4,343,469	4,405,693
Govt, community and social services	4,736,994	4,864,775	4,990,354



TABLE 62: ECONOMIC ACTIVITY BY SECTOR
R'000

Sector	2008/09	2009/10	2010/11
Infrastructure services	2,414,160	2,447,080	2,504,911
TOTAL:	311,998,585	281,300,233	294,852,283

TABLE 63: ECONOMIC EMPLOYMENT BY SECTOR
Jobs

Sector	2008/09 No.	2009/10 No.	2010/11 No.
Agric, forestry and fishing	2,228	1,974	1,961
Mining and quarrying	153	163	156
Manufacturing	12,955	13,319	13,403
Wholesale and retail trade	10,935	10,612	10,768
Finance, property, etc	16,016	16,602	16,827
Govt, community and social services	43,943	45,368	46,407
Infrastructure services	4,577	4,559	4,644
TOTAL:	90,807	92,597	94,166

COMMENT ON LOCAL JOB OPPORTUNITIES:

The economic downturn has seriously affected the creation of new jobs in the city. Marginal gains have been made in the manufacturing and finance/property sectors, with the most significant increase in jobs coming from the Government/community services sector. Local businesses are not expanding – in fact many have retrenched staff to cut costs. The high municipal tariffs have impacted negatively on the business sector.

We need to give real support to SMMEs, especially the existing businesses, because they will create collectively the most jobs in the economy. With the increasing number of street traders, it is critical that we manage this sector efficiently through our monitoring and support programmes. We must invest in proper street trading furniture, and establish strategically located off-street markets. In the medium to long term it is critical that we complete our local area plans so that we can budget adequately for bulk services and transportation networks to support the various economic opportunity nodes. We have a great opportunity to attract high tech manufacturing and assembly businesses related particularly to the motor and aviation sectors. Investigations are currently underway in the airport precinct to determine the development potential of the vacant land in and around the airport, and we continue with the upgrade of the airport which started last year. The municipality will also be putting two strategically located sites along the N3 on the market for development, and coupled with the various developments proposed in the Ashburton area, we expect a significant number of jobs to be created.

Planning must also be completed for the development of what we call "Ambleton City", a development node located next to the large low cost housing developments on the Richmond Road.

TABLE 64: JOB CREATION THROUGH (EPWP*) CWP PROJECTS

Details	EPWP Projects No.	Jobs created through (EPWP) CWP Projects No.
2208/09		nil
2009/10		nil
2010/11		1000
Community works programme: Food gardens, vulnerable households, home based care, cleaning/road maintenance		



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TABLE 65: ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives Service indicators	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
1. To stimulate economic growth through: job creation, promotion of BBBEE, development of SMMEs, co-operatives and agricultural development	Acquisition and installation of street trading furniture.	n/a	n/a	50	nil	100
	Acquisition and installation of signage for street trading.	n/a	n/a	500	nil	100
	Establishment of open market for street traders	n/a	n/a	5	nil	1 market constructed
	Renovation of trader stalls	n/a	n/a	97	nil	97
2. To promote and stimulate business investment, retention and expansion.	Building of live stock market	Feasibility study	Not achieved	1	Nil Funding sourced	Completion of market
	Marketing of commercial and industrial land for development	Land parcels for sale	Not achieved	6	5	Sale of 2 commercial properties and 16 industrial
	Identification of new industrial park, and determination of costs	Layout plan	Not achieved	Identification of site	Site identified	New site on Reggie Hadebe Road
	Facilitate informal traders awareness campaigns	n/a	n/a	5	12	8 workshops
	Facilitation of development projects	n/a	n/a	12 meetings	28 meetings held	12 meetings
To enhance sustainable tourism by promoting the heritage of the city, and surrounding areas.	Construction of the Freedom Square Tourism Hub building.	n/a	n/a	n/a	n/a	Completed building.
To advance and secure the reconstruction and development of the Greater Edendale Area as a gateway to and focus of the Msunduzi Municipality.	Imbali regeneration project: Imbalenhle Clinic Node Cluster Project-Twala Rd.	n/a	n/a	n/a	n/a	Completion of construction



TABLE 66: EMPLOYEE: ECONOMIC DEVELOPMENT SERVICES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.)	Vacancies (as a % of total posts) %
A1 - A4	1	1	1	0	0
B1 – B4	2	2	2	0	0
C1 - CU	6	6	6	0	0
D1 -DU	2	2	2	0	0
E1 – E2	3	3	3	0	0
F1 – F2					
Total	14	14	14	0	0

**TABLE 67: FINANCIAL PERFORMANCE 2010/11: ECONOMIC DEVELOPMENT SERVICES
R'000**

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	0	0	0	0	0
Expenditure:					
Employees	4,353	4,258	271	4,529	-0.06
Repairs and Maintenance	0	0	0	0	0
Other	1,595	487	1,100	994	-0,51
Total Operational Expenditure	5,948	4,745	1,371	5,523	-0,14
Net operational (Service) Expenditure	-5,948	-4,745	-1,371	-5,523	

**TABLE 68: CAPITAL EXPENDITURE: ECONOMIC DEVELOPMENT SERVICES
R'000**

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
Project A: Tourism Hub	18,400		967		24,914

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

The Tourism Hub Project is part of the Freedom Square redevelopment project, a flag-ship project of the municipality. This is the fourth project on the square, and is being funded by COGTA through the N3 Corridor funding programme to a value of R21,8 million. The municipality is funding the balance. Funding has also been confirmed for two regeneration projects in Edendale via the NDPG for this year. The NDPG has approved R35 million for capital projects in Edendale.

We are expecting that our cash flow problems of the past year will be resolved so that other capital projects will go ahead. Budgetary provision made is adequate, and we will look to securing grant funding should it be necessary.



4. COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: Libraries; Art Gallery; Theatres & Halls; and Cemeteries & Crematoria.

4.1 LIBRARIES

INTRODUCTION TO LIBRARIES

The children's reference library in the Bessie Head main library remains a flagship facility, having been upgraded with Carnegie Corporation of New York in 2004, and provides services to the entire region. In addition there are 8 branch libraries and two mobile services covering the city. The Bessie Head library is also a legal deposit library and a major facility within the Province. Our top 3 service delivery priorities are acquisition of book stock to improve services to the public and the provision of periodicals and newspapers is also a major service to the community. Our third priority is to maintain and upgrade our buildings and facilities. We were successful in procuring books this year as can be seen below, and have also made progress in providing computer facilities. Upgrading of facilities unfortunately was restricted due to the financial situation of the municipality.

SERVE STATISTICS FOR LIBRARIES:

STATISTICS FOR LIBRARIES									
JULY 2010 - 2011									
1. ISSUE STATISTICS									
1.1 CENTRAL (BESSIE HEAD) LIBRARY									
	Adult Lending		Children's Lending		Music & Av Library		Housebound		Travelling Library
Jul - Jun	188573		128170		38284		47780		61533
1.2 BRANCH LIBRARIES									
	Northdale	Eastwood	Woodlands	Sobantu	Georgetown	Ashdown	Ashburton	Alexandra	
Jul - Jun	129528	34302	28076	8598	13698	7742	75856	16838	
2. USER STATISTICS									
	Children's Reference	Internet Cafe	Inter Library Loans			Adult Reference	Legal Deposit	Periodicals Dept	
	Number of users		Items Borrowed	Items Lent		Items Used			
	Jul - Jun	168824	57968	90	482	89419	24607	27041	
3. CATALOGUING STATISTICS									
	Items/Issues Received			Cataloguing-Library		Deposit, Periodicals & Reference		Book Cards/ Spine Labels Printed	
	Legal Deposit	Library	Periodicals	Added to System	Loaded & Linked	Added to System	Upgraded		
Jul - Jun	5723	8245	32102	10398	10195	518	24641	41457	

TABLE 69: LIBRARY POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
Purchase books for Branch Libraries	Spend Conditional Grant as per agreement with Provincial Library Services	344753.	344751.	1104653.	974950.	646000.00
Computer Training Eastwood	Conditional Grant spent and community use and are trained Internet facility	90000	90000	96000	96000	100800



TABLE 70: EMPLOYEE: LIBRARIES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1 - A4	0	1	0	1	100
B1 - B4	68	86	62	24	39
C1 - CU	18	25	16	9	56
D1 - DU	6	6	5	1	17
E1 - E2	0	0	0	0	0
F1 - F2	0	0	0	0	0
Total	92	118	83	35	

TABLE 71: FINANCIAL PERFORMANCE 2010/11: LIBRARIES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)		233083	-	179311	-0.23
Expenditure:					
Employees		18403372	18523818	19145314	+4.0
Repairs and Maintenance		637143	941528	634511	-0,004
Other		3789601	2926806	11653705 #	2.98#
Total Operational Expenditure		22830116	22392152	31433530#	+0.4#
Net operational (Service) Expenditure					

Includes all department charge: Interests & depreciation which were not reflected in the original budget.

TABLE 72: CAPITAL EXPENDITURE: LIBRARIES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
No capital projects for 2010/2011					

COMMENT ON THE PERFORMANCE OF LIBRARIES

Due to the financial situation of the Municipality there were no capital projects for the libraries. Variations from budget for net operating expenditure were due to additions by the Finance branch for depreciation, interest, departmental charge outs etc which were not reflected in the original budget.



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4.2 ART GALLERY

INTRODUCTION TO ART GALLERY

The Tatham Art Gallery is one of the seven national South African art museums. It houses an internationally recognised collection of South African, British and French works of art. The Gallery continues to collect artworks on an ongoing basis, displays these artworks in addition to numerous temporary art exhibitions, runs a vibrant education programme supporting the exhibitions and maintains and conserves the permanent collection of artworks. During the past year the Gallery has focused on identifying and purchasing high quality craft work produced in KwaZulu-Natal in preparation for an exhibition and publication.

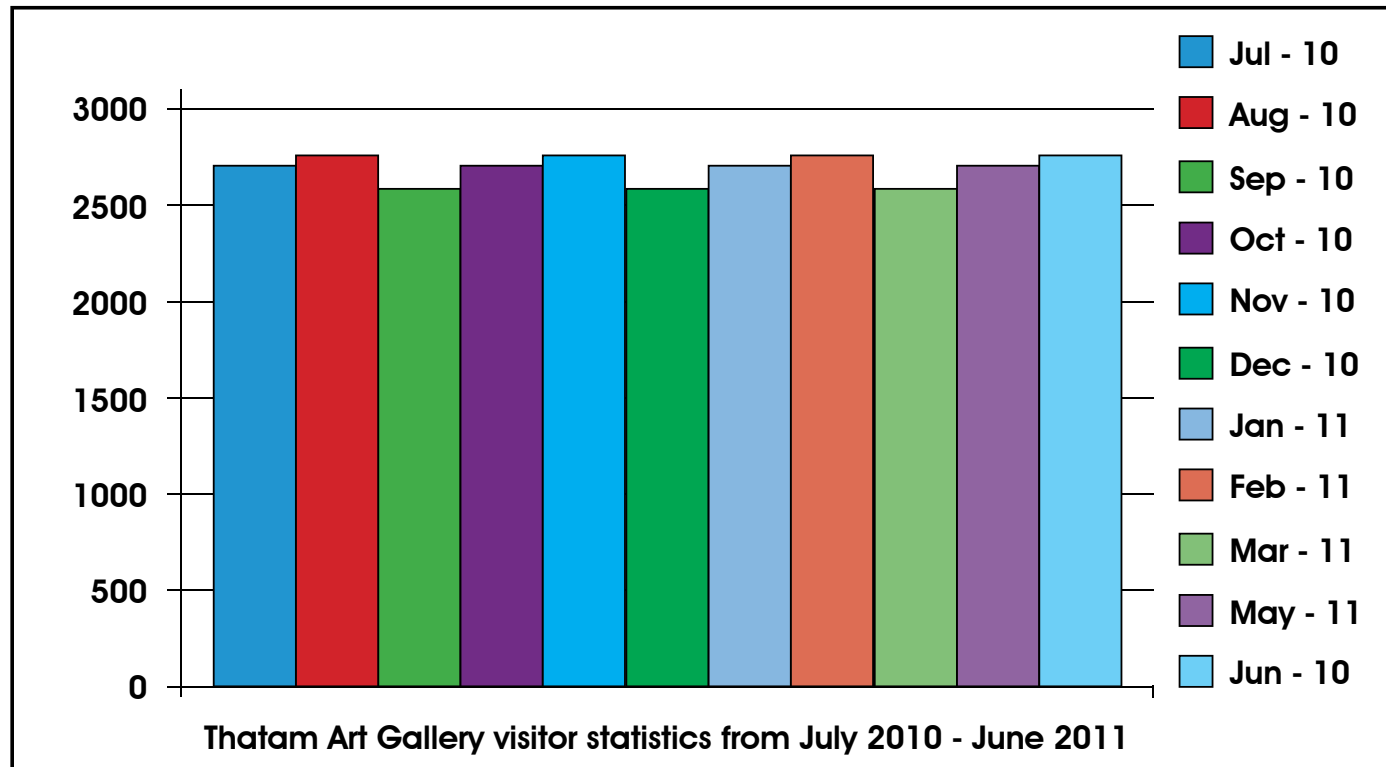


TABLE 73: ART GALLERY POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
promote and improve different disciplines of sport, art, culture and recreation to make the city a playing city	Addition to Collection of artworks as per agreed acquisition policy and budget	27	27	13	13	
	provide at least 10 exhibitions of art and craft in accordance with plan	10	12	10	14	10
	Provide an Art Gallery viewing service to the community with attendances increasing by at least 2%		33 833	34 510	27 691	28 245



TABLE 74: EMPLOYEES: ART GALLERY

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1 - A4	2	2	2	0	0
B1 – B4					
C1 - CU	4	4	4	0	0
D1 - DU	2	2	2	0	0
E1 – E2					
F1 – F2					
Total	8	8	8	0	0

TABLE 75: FINANCIAL PERFORMANCE 2010/11: ART GALLERY
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)					
Expenditure:					
Employees	1,923 504	2, 046 144	2,191,468	2, 198 173	0.003
Repairs and Maintenance	84 350	172 317	172,317	146 517	-0.15
Other					
Total Operational Expenditure	2,007,854	2,218,461	2,,363,785	2,344,690	-0.008
Net operational (Service) Expenditure					

TABLE 76: CAPITAL EXPENDITURE: ART GALLERY
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All	NIL	NIL	NIL	NIL	
No Capital projects for 2010/2011					

COMMENT ON THE PERFORMANCE OF ART GALLERIES

There were no capital projects and no significant variations from budget for net operating expenditure for the Art Gallery. The attendance figures are not increasing as desired, due partly to the lack of parking space. It is hoped this will be addressed over the next 5 years should funding be available. The acquisitions and exhibitions however were on target, and will continue in an effort to attract more members of the community to the Gallery.



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4.3 THEATRES & HALLS

INTRODUCTION TO COMMUNITY FACILITIES (THEATRES & HALLS)

This section deals with the management, maintenance and development of 44 community halls, 14 local halls and 1 theatre. The objective of this section is to improve and promote community participation and customer satisfaction in relations with Batho Pele principles with regards to the hiring out and use of halls.

TABLE 77: SERVICE STATISTICS FOR COMMUNITY FACILITIES

FACILITY NAME	NUMBER
COMMUNITY HALLS	15
LOCAL HALLS	44
THEATRES	1

TABLE 78: COMMUNITY FACILITIES THEATRES AND HALLS POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
To construct new community and public facilities and maintaining existing structures. Refurbish Halls Feasibility study on the community halls	Construction of 9 Community Halls		No progress		No progress	Currently constructing two community halls
	All Hall Facilities to be maintained to an acceptable condition		No progress		No progress	Budget approved. In progress
	Needs analysis for Msunduzi municipality pertaining to halls		No progress		No progress	Budget approved. In progress

TABLE 79: EMPLOYEE: COMMUNITY HALLS AND THEATRES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.)	Vacancies (as a % of total posts) %
A1-A4	41	41	24	17	41%
B1-B4	16	16	10	6	37%
C1-C4	4	4	3	1	25%
D1-D4					
E1-E4					
F1-F2					
Total	61	61	37	24	

**TABLE 80: FINANCIAL PERFORMANCE 2010/11: COMMUNITY HALLS AND THEATRES
R'000**

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)					
Expenditure:	5 551 100	6 040 325	752	16 486 859	-10 477 552



TABLE 80: FINANCIAL PERFORMANCE 2010/11: COMMUNITY HALLS AND THEATRES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Employees	4 868 218	4 221 925	934 135	5 300 758	-144 698
Repairs and Maintenance	258 702	239 804	-101 462	130 299	8042
Other					
Total Operational Expenditure	10 678 020	10 502 054	833 425	21 917 916	-10 614 208
Net operational (Service) Expenditure					

TABLE 81: CAPITAL EXPENDITURE:COMMUNITY HALLS AND THEATRES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
Kwaqanda hall	4 500 000	Nil	745368	Nil	No Data
Kwanoshezi community hall	5 500 000 5 500 000	Nil	955010	Nil	No Data
Sinathing hall	4 500 000	Nil	1284008	Nil	No Data

COMMENT ON THE PERFORMANCE OF COMMUNITY FACILITIES (THEATRES & HALLS) OVERALL:

The income received for the hiring of hall facilities must be in line with the expenditure. Council must recuperate all operating cost related to the service that it's been charged for. The halls must be managed and operated with sound business principles.

4.4 CEMETERIES & CREMATORIA

INTRODUCTION TO CEMETERIES & CREMATORIUMS

The unit endeavours to provide a service for the burial and/or cremation of every resident and ratepayer living within the Msunduzi Municipal area by continuing to seek best practices in the industry. To also provide a pauper burial service for indigent residents of the City.

TABLE 82: SERVICE STATISTICS FOR CEMETERIES & CREMATORIA

SERVICE	2009/ 2010	2010/ 2011
Burials	2387	1988
Cremations	734	805



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TABLE 83: CEMETERIES & CREMATORIUMS FACILITIES POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
Develop and provide a new cemetery	Identify and develop a cemetery at Hollingwood to accommodate burials for the next 20 years	Complete cemetery	20% work halted by community objections	Complete cemetery	0% further. Council resolution obtained to continue work	Complete work
Maintenance of municipal assets.	Refurbish cremator No 1	n/a	n/a	100%	50% due to funding constraints	Complete work

TABLE 84: EMPLOYEE: CEMETERIES AND CREMATORIA

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1 - A4	14	22	12	10	45
B1 - B4	7	8	7	1	12,5
C1 - CU	1	1	1	0	0
D1 - DU	1	1	1	0	0
E1 - E2					
F1 - F2					
Total	23	32	21	11	34,3%

TABLE 85: FINANCIAL PERFORMANCE 2010/11: CEMETERIES & CREMATORIUMS
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)		-852,695	0	-758,195.26	-95,500
Expenditure:					
Employees	3,270,308.52	3,442,161.31	188,667	3,364,386.88	266441.43
Repairs and Maintenance	41,136.03 41,136.03	60,209	420,547	268,708.54	212,047.46
Other	3,981,983.22 3981,983.22	2,078,018	113,445	2,083,824.18	5,806.18
Total Operational Expenditure	7,293,427.77	5,580388.31	722,659	5,716,919.60	No Data
Net operational (Service) Expenditure					



TABLE 86: CAPITAL EXPENDITURE: CEMETERIES & CREMATORIALS
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
Establish new cemetery	5,000,000	0	150,402	4,849,598	No Data
Refurbish cemetery dwelling	75,000	0	0	75,000	N/A
Refurbish Crematorium No 1	600,000	0	0	600,000	N/A
Fence S'nathingi Cemetery	300,000	0	0	300,000	N/A

COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIALS OVERALL:

The identification of a new Cemetery is vital because of lack of burial space in the existing cemeteries in the City. The District Municipality will be requested to counter fund the purchase of land for the new cemetery.

All capital projects have not been started due to lack of funds.

5. COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: environmental health; and, biodiversity and landscape.

5.1 ENVIRONMENTAL HEALTH

INTRODUCTION TO ENVIRONMENTAL HEALTH

Although Environmental Health Services is a District Municipality (Category C) function the Msunduzi Municipality continued to provide the service without funding from National Treasury. Of the (9) nine functional areas the service delivery priorities focussed on water quality monitoring, food quality and safety, health surveillance of premises and vector control. There was an increase in the number and frequency of water sampling of domestic water sources to comply with Blue Drop status accreditation. In addition, water and food sampling analysis was done in the departmental laboratory to monitor water and food quality.

TABLE 87: SERVICE STATISTICS FOR ENVIRONMENTAL HEALTH

ITEM	NUMBER
Complaints investigated	811
Licence application processed	89
Condemnation of foodstuffs	37 (37 408 kg)
Registration of dairies in terms of Dairy Bylaws	12
Water sampling of reservoirs and consumer points	1173
Water sampling of reservoirs and consumer points: Percentage compliance with SANS 241	98, 8%
Food sampling	109
Food Sampling: Percentage compliance with microbiological standards	92.2%
Registration of Funeral Undertakers in terms of Funeral Undertakers' Regulations	30



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TABLE 87: SERVICE STATISTICS FOR ENVIRONMENTAL HEALTH

ITEM	NUMBER
Food premises inspected	
• Formal	1889
• Informal	298
• Registered Food Premises in terms of R918 of the Food Regulations	118
• Formal	
• Informal	
• Registered Food Premises in terms of R918 of the Food Regulations	
Communicable Disease notifications investigated	78
Vector Control	1024
Investigations of Premises inspected in compliance with tobacco legislation	1332
Places of care inspected	520
Health Care Waste generators inspected	162
Commercial/industrial premises	885
Schedule processes/listed activities	34
Registration of fuel burning appliances	15
Control burning applications processed	32
Pollution incidences investigated (air, water and land)	18

Air Quality Data

Northdale Hospital station (commissioned in October 2010):

TABLE 88: AIR QUALITY DATA

PARAMETERS	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
OXIDES OF NITROGEN	83% verified	99% verified	92% verified	97% verified	96% verified	80% verified	66% verified	73% verified	72% verified
OZONE	83% verified	99% verified	92% verified	97% verified	96% verified	80% verified	66% verified	73% verified	72% verified
PARTICULATE MATTER	83% verified	99% verified	92% verified	97% verified	96% verified	80% verified	66% verified	73% verified	72% verified
HUMIDITY	83% verified	99% verified	92% verified	97% verified	96% verified	80% verified	66% verified	73% verified	72% verified
RAINFALL	83% verified	99% verified	92% verified	97% verified	96% verified	80% verified	66% verified	73% verified	72% verified
TEMPERATURE	83% verified	99% verified	92% verified	97% verified	96% verified	80% verified	66% verified	73% verified	72% verified
WIND	83% verified	99% verified	92% verified	97% verified	96% verified	80% verified	66% verified	73% verified	72% verified

Note: 80% is the minimum target for verified data. Data management, maintenance, service and calibration costs covered by Department of Environment, Agriculture and Rural Development (DEARD)

Central Station

Data not available due to budget constraints.

Edendale Station

Data not available due to budget constraints.



TABLE 89:

ITEM	NUMBER
Notices Issued	406
Prosecutions Instituted	179
Successful Prosecutions	138
Total Fines Paid	R129 125.00

TABLE 90: ENVIRONMENTAL HEALTH POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
Water Quality	Sampling and analysis of potable water	480	592	900	1173	900
Food Control	Sampling and analysis of prepared food	60	60	120	109	120
Food Control	Inspection and registration of food premises	1600	1800	1600	1859	1600
Vector Control	Inspection, baiting and treatment	840	900	1200	1024	1200
Surveillance of Premises	Inspection of commercial, industrial, institutional and residential premises	800	1320	800	1607	800

TABLE 91: EMPLOYEE: ENVIRONMENTAL HEALTH

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1 - A4	5	5	5	0	0%
B1 - B5	7	7	6	1.04	14.29%
C1 - CU	7	7	7	0	0%
D1 - DU	4	4	3	0.96	25%
E1 – E2	0	0	0	0	0%
F1 – F2	0	0	0	0	0%
Total	23	23	21	2	8.70%

TABLE 92: FINANCIAL PERFORMANCE 2010/11: ENVIRONMENTAL HEALTH
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	0	0	0	0	0
Expenditure:					
Employees	4,873,718	4,924,309	64,307	4,978,699	0,01
Repairs and Maintenance	3,221	6,852	0	519	12,20
Other	2,146,845	1,791,978	-72,001	1,472,825	0,22
Total Operational Expenditure	7,023,784	6,723,139	7,694	6,452,043	0,04
Net operational (Service) Expenditure	7,023,784	6,723,139	7,694	6,452,043	0,04



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**TABLE 93: CAPITAL EXPENDITURE: ENVIRONMENTAL HEALTH
R'000**

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All	0	0	0	0	
No capital projects for 2010/11					

COMMENT ON THE PERFORMANCE OF ENVIRONMENTAL HEALTH OVERALL:

There was no provision for capital projects in the budget.

5.2 BIO-DIVERSITY AND LANDSCAPE

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

Includes the Maintenance, Development and Management of Parks, Open spaces, Play lots, Verges and Conservation areas. Also includes Beautifying the cities islands, city entrances and Gardens and landscapes. Also responsible for the Management and Maintaining of conservation Areas and Implementation of Alien Plant Control.

TABLE 94: SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

ITEM	NUMBER	AREA (m2)
PARKS	16	2 133
OPEN SPACES	133	4 002, 000
T/LANDS AREAS	-	730 000
PLAYLOTS	14	931 600
TRAFFIC ISLANDS	21	321 780
MAIN ARTERIAL ROOTS	30	4 588 400

TABLE 95: BIO-DIVERSITY AND LANDSCAPE POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
Implementation of Ecosystem Services Plan	Review and refine draft plan and review and develop a land ownership and use model and rates policy		No progress		No progress	Complete Project
Wetland assessment	Confirm wetland localities and undertake a wetland delineation and functionality assessment		No progress		No progress	Complete Project
Alien invasive plant eradication	Carry out a municipal funded clearing program on municipal owned land		No progress	Obtain budget allocation	No progress	Implement programme fully
Revitalization Of Parks	Alexandra Park		No progress		No progress	Complete revitalization



TABLE 95: BIO-DIVERSITY AND LANDSCAPE POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Maintenance Of Municipal Properties	Temporary Grass cutting Program		Implemented in Edendale		Temp program to start in October	Implement programme fully
Expanded Public Works Programme	Cleaning the city		No progress			Implement programme fully

TABLE 96: EMPLOYEE: BIO-DIVERSITY & LANDSCAPE

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1-A2	361	361	153	208	57%
B1-B4	135	135	70	65	48%
C1-C4	8	8	6	2	25%
D1-D4	7	7	6	1	14%
E1-E2					
F1-F2					
Total	511	511	235	276	46%

TABLE 97: FINANCIAL PERFORMANCE 2010/11: BIO-DIVERSITY AND LANDSCAPE
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)					
Expenditure:	8 418 181	4 925 728	-2 303 039	3 014 697	-14.94
Employees	29 568 096	28 271 152	1 101 081	29 044 644	1.11
Repairs and Maintenance	948 167	1 324 981	783 352	1 709 925	18.89
Other					
Total Operational Expenditure	38 934 444	34 521 861	418 607	33 769 266	3.35
Net operational (Service) Expenditure					

TABLE 98: CAPITAL EXPENDITURE: BIO-DIVERSITY AND LANDSCAPE
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
NO MAJOR CAPITAL PROJECTS					

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

No available Capital Budget for 2009/2010 and 2010/2011 respectively.



6. COMPONENT F: HEALTH

This component includes: clinics (inclusive of HIV/ AIDS).

INTRODUCTION TO HEALTH

The Sub-Unit ensured (i) the provision of comprehensive Primary Health Care services at the Municipal Clinics; and, (ii) provided HIV training, counselling, testing and Home Based Care for the communities within Msunduzi. The achievement of the above was limited by the available financial and human resources but the services rendered were to the benefit of all communities inclusive of the poor.

6.1 INTRODUCTION TO CLINICS

The Msunduzi Municipality has thirteen (13) five day a week and four (4) one day a week Primary Health Care (PHC) clinics as well as one (1) mobile clinic, four (4) chronic medication collection points and one (1) dedicated TB clinic servicing a population of approximately 616 000 people.

The Clinic Services three key service delivery priorities are the following:

1. Maintaining Patients rights and ensuring dignity.
2. Ensuring Patient safety
3. Provision of quality Primary Health Care(PHC)

In order to achieve the above mentioned key priorities there has to be a concerted effort from all stake holders. Regular quality improvement audits by the Department of Health and rigorous ongoing training has resulted in a high quality of care being offered at Msunduzi Municipal Clinics.

According to recent surveys, Ward 13 and Ward 29 have the highest unemployment and the most affected by HIV and TB.

Ward 13 residents do have access to Grange Clinic but in order to ensure a more accessible alternative, the mobile team visit the area three (3) times a month.

Ward 29 residents have access to Masons Clinic and also have a mobile team four (4) times a week. Partnerships have been formed with Community Chest and Red Cross Society who have provided DOT support, Community Care Givers and nutritional support.

TABLE 99: CLINIC SERVICE DATA (01/07 – 30/06)

	Details	2008/09	2009/10		2010/11
		Actual No.	Estimate No.	Actual No.	Actual No.
1	Average number of Patient visits on an average day (23 Clinics)	2641	NA	3274	2932
2	Total Medical Staff available on an average day				
3.	Total No of Registered Nurses on an average day per facility	3.5	N/A	3.0	2.5
3	Average Patient waiting time	120mins	N/A	245mins	259Mins
4	Number of HIV/AIDS tests undertaken in the year	9953	N/A	11102	11535
5	Number of tests in 4 above that proved positive	5085	N/A	5110	4861
6	Number of children that are immunized at under 1 year of age	6864	N/A	4901	4546
7	Child immunizations above compared with the child population under 1 year of age	% 69	%	%54	%53



TABLE 100: CLINICS POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Provide Quality, efficient, accessible and affordable health services.	Improve TB Cure rate from 35% to 40% by 2012	40% Cure rate	21.8%	40% Cure rate	Data available in 2011/2012	40% Cure rate
Provide Quality, efficient, accessible and affordable health services.	Provide PHC study opportunities for Registered Nurses and Bridging courses for Enrolled Nurses.	X4 R/N's x1 E/N	X4RN's trained. X E/N trained	X4 R/N's x1 E/N	X4RN's trained. X E/N not trained	X4 R/N's x1 E/N
Provide Quality, efficient, accessible and affordable health services.	Reduce HIV prevalence rate from 42% to 35% by 2013	35% HIV Prevalence	47%	35% HIV Prevalence	45%	35% HIV Prevalence
Provide Quality, efficient, accessible and affordable health services.	Fully integrated PHC facilities offering a one stop shop by 2012	18 Clinics offering the full PHC package	15 Clinics offering the full PHC package	18 Clinics offering the full PHC package	17 Clinics offering the full PHC package	18 Clinics offering the full PHC package

TABLE 101: EMPLOYEE: CLINICS

Job Level	2009/10	2010/11			
	Employees No.	Posts No.*	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1 – A4	9	8	7	1	20%
B1 – B5	40	40	39	0,66	0,03%
C1 – CU	55	55	51	1,34	7,27%
D1 – DU	6	6	1	4,57	83%
E1 – E2	0	0	0	0	0
F1 – F2	0	0	0	0	0
Total	99	109	98	7,58	10,09%

TABLE 102: FINANCIAL PERFORMANCE 2010/11: CLINICS
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Grant	0	0	0	12,488,226	-1
Expenditure:					
Employees	18,794,416	18,625,173	737,618	19,337,308	-0,04
Repairs and Maintenance	24,460	72,290	6,509	64,608	0,12
Other	4,177,710	6,343,788	80,507	5,443,874	0,17
Total Operational Expenditure	22,996,586	25,041,251	824,634	24,845,790	0,01
Net operational (Service) Expenditure	22,996,586	25,041,251	824,634	12,357,564	1,03



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**TABLE 103: CAPITAL EXPENDITURE: CLINICS
R'000**

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All	0	0	0	0	
No Capital Projects for 2010/11					

COMMENT ON THE PERFORMANCE OF CLINICS OVERALL:

No Capital projects were undertaken as Council funding was not available. Municipal Infrastructure Grant funding will be utilised in the future.

7. COMPONENT G: SECURITY AND SAFETY

This component includes: Traffic; Safety & Security; Fire; and, Disaster Management.

7.1 TRAFFIC, SAFETY & SECURITY

INTRODUCTION TO TRAFFIC & PUBLIC SAFETY

The department of Public Safety helps ensure a safe environment and improve the quality of life through effective Traffic policing combined with efficient use of security officers. Traffic services include:

1. Control and regulate all forms of Traffic, promote education and training on the road and traffic safety.
2. Attend scenes of motor vehicle collisions and assist with traffic control, removal of injured persons and removal of vehicles so that traffic may flow freely again.
3. Eliminate points of congestion, obstruction, hindrance, interference or danger to vehicles and pedestrians.

TABLE 104: SERVICE STATISTICS:

	Details	2008/09	2009/10		2010/11	
		Actual No.	Estimate No.	Actual No.	Estimate No.	Actual No.
1	Number of road traffic accidents during the year	210	281	292	280	306
2	Number of by-law infringements attended	31249	32100	33100	32000	33260
3	Number of police officers in the field on an average day	95	95	95	95	78
4	Number of police officers on duty on an average day	95	95	95	95	78

TABLE 105: TRAFFIC AND SAFETY & SECURITY POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
Increase Revenue	Heavy Printing Machines (To print warrant and court Rolls, summons)	N/A	N/A	200000	Nil	Nil
To Acquire specialized Traffic Equipment	Replace critical Traffic equipment (Two Way Radio)	N/A	N/A	250000	Nil	Nil



TABLE 105: TRAFFIC AND SAFETY & SECURITY POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Upgrading of Traffic and Security firearms	Access to basic self protection/self protection	140000	nil	Nil	Nil	nil
Upgrading of emergency generator	Access to Radio control due to power failure	85000	76450	nil	Nil	nil

TABLE 106: EMPLOYEE: TRAFFIC AND SAFETY & SECURITY

Job Level	2009/10	2010/11			
	Employees No.	Posts No.*	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1 – A4	3	4	3	1	25%
B1 – B5	50	52	50	2	4%
C1 – CU	191	199	191	8	4%
D1 – DU	2	3	2	1	33%
E1 – E2	0	1	0	1	100%
F1 – F2	-	-	-	-	-
Total	246	259	246	13	

TABLE 107: FINANCIAL PERFORMANCE 2010/11: TRAFFIC AND SAFETY & SECURITY R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)					
Expenditure:	81842148	84440218	96742738	83650285	12993373
Repairs and Maintenance	1868058				
Other					99080
Total Operational Expenditure	83711206				
Net operational (Service) Expenditure	83710206	84440218		60182671	12892453

TABLE 108: CAPITAL EXPENDITURE: TRAFFIC AND SAFETY & SECURITY R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
No Capital Budget 2010/ 2011					



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COMMENT ON THE PERFORMANCE OF TRAFFIC & PUBLIC SAFETY OVERALL:

- Due to the Msunduzi Municipality being placed under Administration various Capital Projects were not funded.
- Due to Nil Summons Servers (Vacant Posts) a large number of Summonses are being withdrawn at Court due to No-return of Service of Summonses.
- A Large number of properties owned by Msunduzi Municipality are being guarded by our own Security Section.

7.2 FIRE

INTRODUCTION TO FIRE SERVICES

The top 3 service delivery priorities of the fire service are to:

1. Fight or extinguish a fire and rescue of life or property from a fire or other danger:

Early and timeous response to fire and rescue incidents is critical for life and property saving measures to be effective. In order to improve turnout times to incidents the fire service has opened a new fire station in the vast Edendale suburb of the City. Whilst staff shortages are a challenge this is combated by a constant attempt to ensure that a minimum manning standard is complied with on a daily basis, even at the expense of overtime costs.

2. Prevent the outbreak and spread of fire and the protection of life or property from fire or other threatening danger:

The dedicated Fire Prevention officers ensure that all new building development applications are in compliance with the Building Regulations and SANS 0400 codes of practice for fire safety in buildings. Existing infrastructure is also subject of daily scheduled and ad-hoc inspections for fire safety compliance. Attention is also given to fire safety compliance at sports and recreational events in compliance with the requirements of the Safety at Sports and Recreational Events Act 2 of 2010.

3. Basic fire and life safety training:

The Fire Prevention Officers undertake regular scheduled training with hospitals, commerce and industry in order to impart basic fire safety training in the use of first aid firefighting equipment.

The Public Education Section engages schools and communities (especially informal settlements) in a drive to ensure basic fire and life safety awareness and skills are imparted at a rudimentary scale, mostly by meetings, attendance to community structures and visitations to schools, and, of schools to fire stations. Whilst this basic intervention is still not enough it is imperative that communities are aware of the fire service and services it offers, how to access these services, and what it is that they can do to provide basic fire safety protection to themselves.

TABLE 109: FIRE SERVICE DATA

	Details	2008/09	2009/10		2010/11
		Actual No.	Estimate No.	Actual No.	Actual No.
1	Total fires & other incidents attended in the year	1820	N/A	1783	1704
2	Average turnout time – urban areas	10mins	8	10mins	10mins
3	Average turnout time – rural areas	45mins	23	45mins	25mins
4	Fire fighters in post at year end	126	127	126	124
5	Total fire appliances at year end	16	19	19	19
6	Average number fire appliances off the road at year end	5		5	6



TABLE 110: FIRE SERVICE POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
Safe and secure environment	Replace critical firefighting equipment	nil	16 470 112	250 000	nil	nil
Safe and secure environment	Decentralization of fire stations	nil	nil	0	nil	nil

TABLE 111: EMPLOYEE: FIRE SERVICES

Job Level	2009/10	2010/11			
Police/Administrators	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
Chief Fire Officer	1	1	1		0
Deputy Chief officer	1	1	1		0
Senior Divisional Officer	4	4	4		0
Divisional Officer	4	4	4		0
Station Officer	22	23	22	1	4
Fire Fighters	100	100	98	2	2
Support Staff C band	3	5	3	2	40
Support Staff B band	13	21	12	8	38
Support Staff A band	4	7	4	3	42
Total	156	166	149	16	9.6

TABLE 112: FINANCIAL PERFORMANCE 2010/11: FIRE SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	73 755 862	73 232 248	76 801 174	81 905 613	-5 104 439
Expenditure:					
All Staff Salaries	17 957 802	20 982 268	22 924 486	23 439 151	-514 665
Repairs and Maintenance	90 958	90 958	82 157	12 953	69 204
Other	55 707 102	52 159 022	53 794 531	58 453 509	-4 658 978
Total Operational Expenditure	73 755 862	73 232 248	76 801 174	81 905 613	-5 104 439
Net operational (Service) Expenditure					

TABLE 113: CAPITAL EXPENDITURE: FIRE SERVICES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
PABX	NIL	190653	165239	25414	190653



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COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

It must be borne in mind that Msunduzi is under Administration for the period of this report. Due to the financial challenges only critical projects for Council funding were approved. It is expected that this will be the trend for at least the next three years until the Municipality is financially recovered.

7.3 DISASTER MANAGEMENT

INTRODUCTION TO DISASTER MANAGEMENT

In compliance with the Disaster Management Act of 2002; Event Safety Act 2010 and the Regulations of Gatherings Act 1993 (Act 205), this function aims to:

Provide reactive community assistance by assessing the incident, provide emergency supplies and refer to other government departments for further assistance if need be.

Provide safety and security at sport and recreation events by ensuring compliance to the Act regulating Event Safety

Ensure that public comply with the Gatherings Act of 1993 (Act 205) by holding planning meetings for Gatherings and Marches.

SERVICE STATISTICS FOR DISASTER MANAGEMENT

Number of incidents reacted to 2010/2011	-	161
Number of Special Events 2010/2011	-	59
Number of Marches & Gatherings 2010/2011	-	40

TABLE 114: FINANCIAL PERFORMANCE 2010/11: DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)					
Expenditure:					
Employees	1329809	1276957	1484546	1389481	95065
Repairs and Maintenance	5459	3459	2500	2500	Nil
Other	2206850	2337056	2339601	2058407	281194
Total Operational Expenditure	388464	3617473	3826617	3450388	376259
Net operational (Service) Expenditure					

TABLE 115: CAPITAL EXPENDITURE: DISASTER MANAGEMENT
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
Nil Capital Projects					



COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, OVERALL:

The Disaster management Unit managed to keep up with operational requirements. This was achieved by using seconded staff as the Disaster Manager retired, and four key staff members were redeployed to other sections. The development of a database, the identification of ward risks, the implementation of a local Disaster Management Advisory forum and the development of an updated Disaster Management plan are work in progress.

8. COMPONENT H: SPORT AND RECREATION

This component includes: sports facilities; swimming pools; and parks.

INTRODUCTION TO SPORT AND RECREATION

Sport and Recreation entails the maintenance, development and management of all municipal sports facilities including swimming pools. It also includes the promotion and development of sports and recreation.

TABLE 116: SERVICE STATISTICS FOR SPORT AND RECREATION

Total number of Sports Facilities	63
Total number of pools	7

TABLE 117: SPORT AND RECREATION POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
Rehabilitation and maintenance of existing Sports Facilities	To ensure customer satisfaction and sports facilities are well maintained for use	Implement maintenance plan for all sports facilities	No progress		No progress	Implement maintenance plan for all sports facilities
Promote Sports Development	Maximize use of Sports facilities	Implement sports development plan	No progress		No progress	Implement sports development plan
Conduct feasibility study on Sports facilities	Needs analysis. Master plan for Sports and Recreation.	Completed Plan	No progress		No progress	Completed Plan

TABLE 118: EMPLOYEE: SPORT AND RECREATION

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.)	Vacancies (as a % of total posts) %
A1-A4	44	44	22	22	50%
B1-B4	10	10	7	3	30%
C1-CU	7	7	7	0	0
D1-DU	1	1	1	0	0
E1-E2					
F1-F2					
Total	62	62	37	25	



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TABLE 119: FINANCIAL PERFORMANCE 2010/11: SPORT AND RECREATION
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)					
Expenditure:	4 848 754	862 001	-330 394	848 640	No Data
Employees	12 144 114	12 755 096	-1 345 446	11 813 875	No Data
Repairs and Maintenance	404 216	639 723	277 037	377 933	No Data
Other					
Total Operational Expenditure					No Data
Net operational (Service) Expenditure	17 397 084	14 256 820	-1 398 803	13 040 448	No Data

TABLE 120: CAPITAL EXPENDITURE: SPORT AND RECREATION
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
Caluza sports ground	2 848 080		1 708 85		
France sports facility	500 000		496 728		
Upgrade filtration piping Alex pool	140 000		132 829		

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

There was no dedicated capital budget. Only essential and emergency repairs and maintenance were effected.

9. COMPONENT I: CORPORATE POLICY OFFICES

This component includes: Executive & Council; Financial Services; Human Resource Services; ICT services; Legal Services; Supply Chain Management; and, Internal Audit.

9.1 COUNCIL & EXECUTIVE SUPPORT

INTRODUCTION TO EXECUTIVE AND COUNCIL

The Executive and Council includes all administrative support that is provided to the offices of the Mayor, Speaker and Municipal Manager. This includes, inter alia, meetings of Council and its committees and support related to the functioning of ward committees.

TABLE 121: SERVICE STATISTICS FOR EXECUTIVE & COUNCIL

ITEM	NUMBER
Total number of Councillors	73
Total number of Executive Committee Members	10
Total number of wards	37
Total number of ward committee meetings	76
Number and Type of Council Committee Meetings:	
Full Council	10



TABLE 121: SERVICE STATISTICS FOR EXECUTIVE & COUNCIL

ITEM	NUMBER
Executive Committee	27
Good Governance	3
Financial Services	3
Infrastructure Services	3
Community Services	3
Development Services	3
Oversight Committee	6

TABLE 122: EXECUTIVE AND COUNCIL POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
Institutional Development & Transformation	New Committee System aligned to political and administrative structure	N/A	N/A	Approval and implementation	Approval (implementation delayed due to the local government elections)	Implementation
Sound Governance & Public Participation	Functioning ward committee system: number of ward committee meetings	222	175	222	76	222
Sound Governance & Public Participation	Functioning ward committee system: number of ward committee meetings	N/A	N/A	Develop annual schedule of meetings	Annual schedule of meetings developed	Develop annual schedule of meetings
Institutional Development & Transformation	Develop and submit Annual Report as per legislative timeframe	By 31 January annually	27 January 2010	By 31 January annually	26 January 2011	By 31 January annually
Institutional Development & Transformation	Develop and submit Oversight Report as per legislative timeframe	By 31 March annually	Did not meet deadline	By 31 March annually	30 March 2011	By 31 March annually



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TABLE 123: EMPLOYEE: CORPORATE BUSINESS UNIT

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.)	Vacancies (as a % of total posts) %
A1 - A4	17	21	15	2	0.42
B1 - B4	24	47	9	15	7.05
C1 - CU	35	48	23	12	5.76
D1 - DU	12	33	9	3	0.99
E1 - E2	8	1	5	3	0.03
F1 - F2	5	7	4		
Total	97	157	62	35	21.7

**TABLE 124: FINANCIAL PERFORMANCE 2010/11: THE EXECUTIVE AND COUNCIL
R'000**

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	494	44	240	576	196
Expenditure:					
Employees	21, 771	17,841	19,540	19,353	187
Repairs and Maintenance	321	553	1,525	535	990
Other	62, 899	43,921	47,554	36,084	11,470
Total Operational Expenditure	84, 991	62,315	68,6168,3799	55,972	12,647
Net operational (Service) Expenditure	84, 497	62,271		55,396	12,451

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

With the municipality being placed under Administration as per Section 139(b) of the Constitution, the primary priority for the year was the development and approval of a new committee system in terms of portfolio committees. This was achieved by the end of the financial year. However, the implementation was delayed due to the local government elections which were held in May 2011.

9.2 FINANCIAL SERVICES

INTRODUCTION TO FINANCIAL SERVICES

The Financial Management Area Includes:

Budget and Treasury Management

- Budget and Tariffs

Supply Chain Management

- Tenders
- Quotations
- Creditors Database



Expenditure Management

- Payments
- Remuneration
- Insurance

Revenue Management

- Billing
- Rates
- Credit Control
- Debt Collection
- Cash Receipts and Banking
- Customer Care

Financial control and Cash Management

- Cash Management
- Reconciliations
- Annual Financial Statements

Management Accounts and Financial systems

- Management Accounts
- Financial Systems

**TABLE 125: DEBT RECOVERY
R'000**

Details of the types of account raised and recovered	2008/09		2009/10			2010/11		
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in year	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %
Property Rates	378,556 015	21.43	2009/10	420,030	20.18	2010/11	448,257	90
Electricity - B	106,676	6.04	2009/10	122,426	5.88	2010/11	136,954	77
Electricity - C	520,830	29.48	2009/10	693,747	33.33	2010/11	916 541	77
Water - B	0	0		0	0		0	0
Water - C	213,920	12.11	2009/10	213,633	10.26	2010/11	271,172	75
Sanitation	68,432	3.87	2009/10	76,207	3.66	2010/11	102,988	79
Refuse	42,580	2.41	2009/10	53,287	2.56	2010/11	65,559	79
Other	338,998	64.61	2009/10	496,526	7.5	2010/11	64,403	73

B- Basic; C- Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them



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TABLE 126: FINANCIAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
Revenue Enhance-ment	Develop a comprehensive strategy	Finalise and implement Strategy	Target not achieved – Continued analysis of Risk areas	Analysis of risk areas	Strategy not achieved	Finalise identifying risk areas and formulate strategy
Meter Reading	Meter reading plan to be prepared	Finalise tender process and contract	Appointment of new Service provider	Finalisation of meter reading plan	Meter reading function moved to the technical divisions	n/a
Revenue Collection	Increase collection levels to 75% per month	75%	Achieved	75%	Achieved	95%
Debt Management contracts	End contract & new tender	n/a	n/a	End Contract	Contract ended	Review of new process
Indigent & Credit Control Policy	Review credit control & indigent policy	Annual	Achieved	Annual	Achieved	Annual
Illegal Meter reading contract	End contract	n/a	n/a	End Contract	Contract ended	Review of new process
Consolidated Billing	Prepare a plan to consolidate all bills to be consolidated in accordance with plan	70%	Achieved	80%	Achieved	90%
Customer Services	Improve efficiency within the section	n/a	n/a	Customer Services reviewed and revised	Report on findings completed	n/a

TABLE 127: EMPLOYEE: FINANCIAL SERVICES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A		10	6	4	40
B		208	113	95	46
C		35	26	9	26
D		20	18	2	10
E		4	1	3	75
F		1	0	1	100
Total		278	164	114	41



TABLE 128: FINANCIAL PERFORMANCE 2010/11: FINANCIAL SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue	451,224,597	443,233,523	457,812,110	558,465,680	122%
Employees	51,798,972	47,637,538	55,782,900	55,135,252	99%
Repairs	1,359,512	1,379,687	1,331,866	918,986	69%
Other	404,795,445	537,247,502	569,498,203	427,453,746	75%
Total Operational Expenditure	457,953,929	586,264,727	626,612,969	483,507,984	
Net Operational Expenditure	-6,729,332	-143,031,204	-168,800,589	74,957,696	

TABLE 129: CAPITAL EXPENDITURE: FINANCIAL SERVICES
R'000

Details	Original Budget	Adjustment Budget	Actual	Variances to Budget
PAYDAY UPGRADE	0	190,000	151,699	80%

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

Final Demands

During May 2011 a final demand initiative was implemented whereby the first phase targeted arrear business accounts. Final Demands were hand delivered by Peace Officers and a signature for receipt thereof was obtained. The Final Demand included a schedule of all outstanding debt in respect of the property owner and arrear tenant accounts. The landlord was given 7 days to settle all outstanding debt failing which disconnection of the electricity supply to the property would be instituted within 15 days of the date of demand.

Consumers who did not respond were listed in a notice to consumers which was printed in the Natal witness newspaper. This notice was successful and many consumers responded.

Approximately 400 final demands have been issued to property owners totaling in excess of R65,7 million. To date the amount recovered is approximately R9,9 million.

The exercise has been tedious as many long outstanding queries have surfaced and have resulted in extensive investigations and corrections.

All negotiations and agreements with consumers have been reported individually to the Municipal Manager and Administrator for approval.



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Project Phoenix

During May 2011 a revenue enhancement project was implemented whereby all avenues were explored to enhance the council's revenue.

A GIS overlay was developed whereby various scenarios can be easily identified graphically. These maps will be used by the service audit teams to take remedial action. The following examples by ward were mapped for each property:

- Arrears
- Properties not rated
- Properties billed for electricity or not, based on actual meter readings, estimated consumption, unknown meter status
- Properties billed for water services or not, meters not located
- No refuse service billed
- No sewerage charge billed
- Accounts returned to the Municipality

9.3 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources Service in the Msunduzi Municipality comprises two process units, namely;

THE HUMAN RESOURCES DEVELOPMENT PROCESS UNIT

The core function of the Human Resources Development Process Unit is to facilitate the training and development of staff in line with the strategic priorities of the Integrated Development Plan of the Msunduzi Municipality and the identification of interventions that will assist in the smooth transformation of the Organisation. This Unit has two sub-sections, Skills Development and Organisational Development;

HUMAN RESOURCES MANAGEMENT & EMPLOYEE RELATIONS PROCESS UNIT

Human Resources Management and Employee Relations (HRM & ER) encompass Personnel, Job Evaluation, Systems Management, Employee Relations and occupational Safety sub-units.

Human Resources Management is responsible for recruitment, selection, placement, remuneration of staff and employee wellness. Employee Relations is responsible for ensuring that all Labour related pieces of legislation are being adhered to and that the relationship between the employer and its employees is properly regulated. There are five Human Resources Support Services Managers rendering an HR support service on a day-to-day basis to the Strategic Business units.

The HR unit's strategic direction takes account of key social, political, economic, employment, technological and demographic trends impacting on individuals, communities and business across Msunduzi's area of jurisdiction.

By scanning both the internal and external environment, the business unit is able to confront and address key organisational, employee and community challenges facing the Msunduzi Municipality and develop responses that support the Cities' goals.

The HR strategy is informed and guided by the five-year strategic priorities as adopted by the IDP. The plan takes its strategic direction from the following City goals:

1. To create a knowledge based organizational in support of efficient and effective monitoring and evaluation, decision making, providing strategic direction and qualify customer service delivery
2. Improve working conditions, safety and capacity of our workforce



TABLE 130: HUMAN RESOURCES POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
To create a knowledge based organizational in support of efficient and effective monitoring and evaluation, decision making, providing strategic direction and qualify customer service delivery	To provide an efficient and effective Human Resources Management Service in order to support the achievement of the organizational objectives	Recruitment and Selection Strategy	Not Achieved	Recruitment and Selection Strategy	Not achieved	Recruitment and Selection Strategy
		Functional HR System	Not Achieved	Functional HR System	Not Achieved	Functional HR System
		Job Evaluation	Not Achieved	Job Evaluation	Not Achieved	Job Evaluation
Improve working conditions, safety and capacity of our workforce	Effective health and Safety Management	Appointment of EAP	Not Achieved	Appointment of EAP	Not Achieved	Establish EAP unit
	Contribute towards employability & self employability of youth and community	5 External Bursaries awarded	5 External Bursaries awarded	5 External Bursaries awarded	0	5 External Bursaries awarded
		1 learnership programme	1 learnership programme	1 learnership programme	1 learnership programme	1 learnership programme
		30 Interns	30 Interns	30 Interns	10 Interns	30 Interns
	To ensure a competent workforce to achieve Organizational objectives.	WSP Developed and 100% Implemented	100%	WSP Developed and 100% Implemented	5%	WSP Developed and 100% Implemented

TABLE 131: EMPLOYEE: HUMAN RESOURCES SERVICES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1 - A4	4	6	4	2	50%
B1 – B4	18	21	17	4	24%
C1 - CU	21	30	18	12	66%
D1 - DU	14	14	13	1	7%
E1 – E2	2	2	1	1	50%
F1 – F2	0	0	0	0	0%
Total	59	73	53	20	37%

TABLE 132: FINANCIAL PERFORMANCE: HUMAN RESOURCES SERVICES

R'000					
Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	2,509	1,043	1,076	1,111	33
Expenditure:					
Employees	11,999	11,788	13,049	13,231	-182
Repairs and Maintenance	34	51	749	22	727



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TABLE 132: FINANCIAL PERFORMANCE: HUMAN RESOURCES SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Other	8,498	51,246	57,011	22	56,989
Total Operational Expenditure	20,531	63,085	70,809	13,275	57,534
Net operational (Service) Expenditure	18,022	62,042	69,733	12,164	57,501

TABLE 133: CAPITAL EXPENDITURE: HUMAN RESOURCES SERVICES
R'000

Details	2010/2011				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
No Capital expenditure in 2010/2011					

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The Human Resources performance in 2010/2011 was limited in that the Msunduzi Municipality underwent tremendous budgetary constraints following a provincial intervention in the organization. Training was to a minimum due to a lack of budget and there were no capital projects. The intervention directed the organization on a re-structuring exercise which became a focus of HR performance within the year. Determination and review of HR policies and procedures for an effective and procedural lead service was a priority of the year whilst under administration

9.4 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

Our mission is to be a respected internal service provider to all stakeholders of Msunduzi Municipality in order to enable efficient administration and service delivery using technologies that are proven and cost-effective. We will provide a portfolio of ICT related services to the Municipality and promote ICT as an enabler of technical service delivery. We will further strive to provide citizen-centric ICT offerings to the Community. It is our intention to reach a COBIT maturity level of 3 within 3 calendar years.

SERVICE DELIVERY PRIORITIES

Enhancing Municipal processes

- Service Level agreements
- ICT capabilities are an integral part of all job and person specifications
- Single source of data and knowledge
- Proper Policies and procedures
- Rollout of infrastructure across the city



Collaboration

- Portal offering of services to the community
- Introduction of appropriate architecture that supports collaboration and authentication
- Whole-of-life electronic portfolios are available for each consumer
- A new system provides an integrated set of functions to support all aspects of the municipality

Data for analysis and reporting come from a single source

- A corporate data model and associated corporate data repository are established
- A centralized operational data store
- A quality assured set of financial data provides reporting on the financial health and informs policy and planning

Management of ICT assets achieves maximum value from investment

- Policies and procedures for ICT asset management are implemented across the municipality
- An automated progressive audit of all ICT assets is undertaken
- ITIL best practice methodology for ICT service management, with an initial focus on ICT infrastructure and contracts management, is implemented
- A configuration management database is established for all assets

ICT supports and enhances organizational effectiveness

- Consumers make use of internet based financial systems for payment, receipting, recording and reporting
- A single system supports payroll and personnel management and incorporates employee self-service capabilities
- ICT improves processes and systems by introducing workflows, systems integration and automation of manual processes

Economic Development Enabling

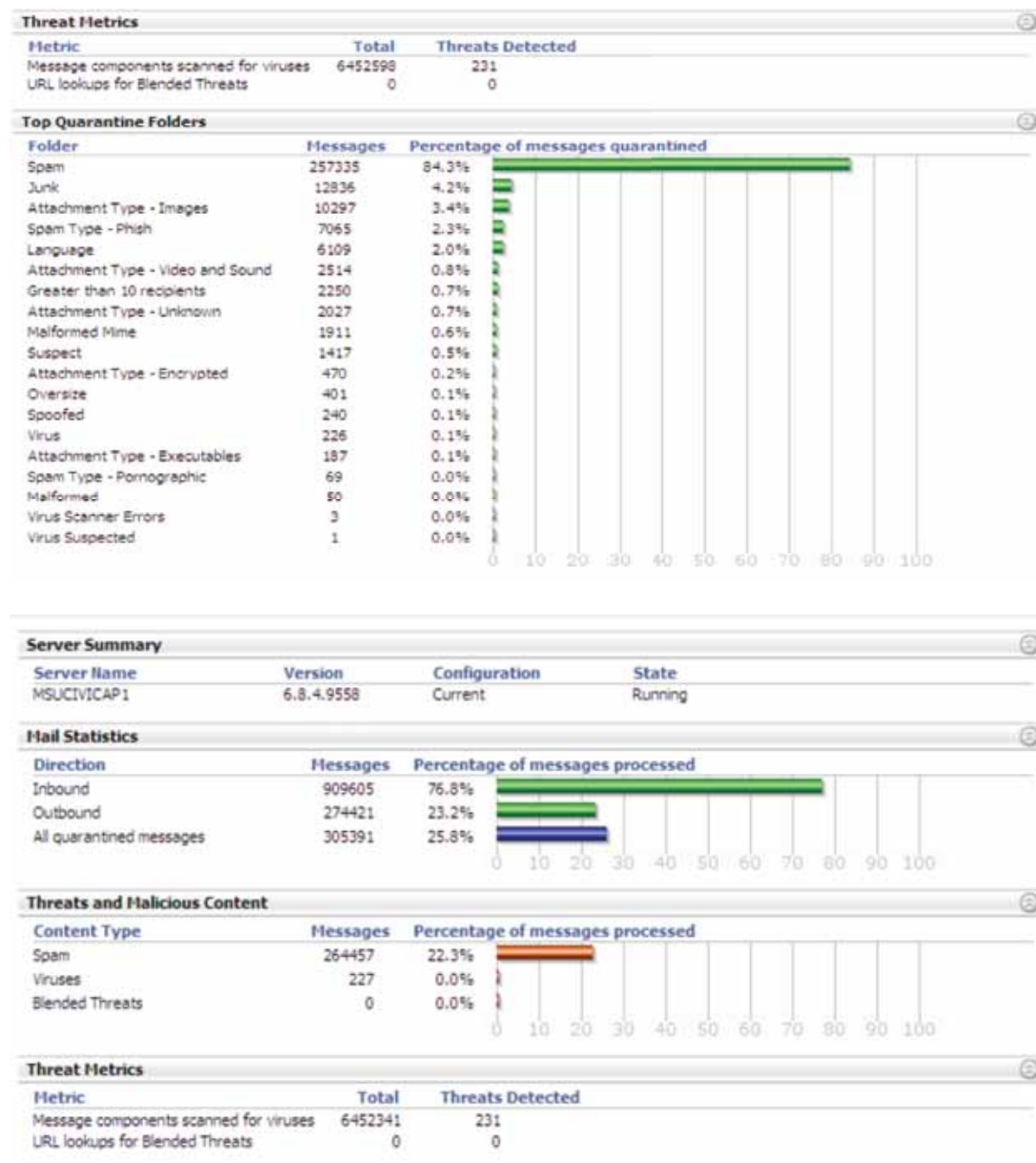
- Broadband strategy in conjunction with Province
- Fibre-city concept
- Provision of data connectivity to all businesses and residences
- Local free phone calls (033)



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SERVICE STATISTICS FOR INFORMATION AND COMMUNICATION TECHNOLOGY

EMAIL STATISTICS:



EXTERNAL WEBSITE STATISTICS:





37,557 visits came from 114 countries/territories

Site Usage						
Visits 37,557 % of Site Total: 100.00%	Pages/Visit 4.18 Site Avg: 4.18 (0.00%)	Avg. Time on Site 00:02:49 Site Avg: 00:02:49 (0.00%)	% New Visits 53.16% Site Avg: 52.98% (0.36%)	Bounce Rate 37.86% Site Avg: 37.86% (0.00%)		
Country/Territory	Visits	Pages/Visit	Avg. Time on Site	% New Visits	Bounce Rate	
South Africa	34,314	4.24	00:02:51	50.29%	38.69%	
United Kingdom	587	3.80	00:02:55	85.86%	43.27%	
(not set)	515	3.10	00:02:40	84.27%	41.75%	
United States	466	3.28	00:01:53	87.77%	56.65%	
India	384	1.80	00:00:59	75.26%	75.52%	
Canada	118	3.78	00:02:39	90.68%	49.15%	
Australia	106	4.97	00:03:23	83.02%	37.74%	
Germany	92	4.21	00:02:11	88.04%	45.65%	
New Zealand	85	5.12	00:02:55	76.47%	35.29%	
Netherlands	78	5.51	00:02:57	62.82%	50.00%	
						1 - 10 of 114

FINANCE CALL CENTRE

TABLE 134: Summary July 2010 – July 2011

	Received calls (total)	Served calls (total)	Abandons (total)	Calls rejected due to lack of resources	Redirected calls (total)
Jul 2010	22296	10242	10025	26	1755
Aug 2010	29390	12484	13193	62	3311
Sep 2010	32439	12155	14676	48	5056
Oct 2010	33632	11742	17807	82	3150
Nov 2010	22787	9255	10285	31	2839
Dec 2011	26197	10782	10199	12	4749
Jan 2011	22340	13236	6601	28	2378
Feb 2011	25999	14915	8561	46	2268
Mar 2011	25999	14915	8561	46	2268
Apr 2011	31505	13271	13730	33	4081
May 2011	22739	12892	7391	23	2279
Jun 2011	22168	13803	6293	26	1982

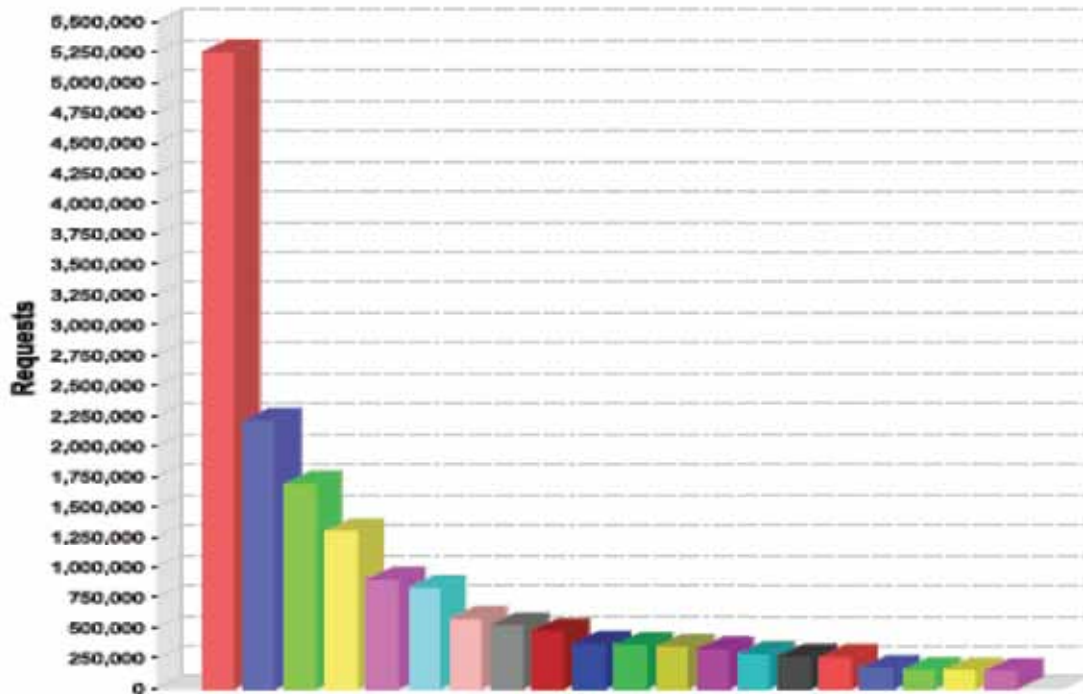


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INTERNET STATISTICS

Top Categories Visited

Date Range: 2010-07-01 - 2011-06-30



Information Technology	Information Technology: Search Engines and Portals	Business and Economy
Non-HTTP	Business and Economy: Financial Data and Services	Productivity: Advertisements
Society and Lifestyles: Social Networking	Education: Reference Materials	Productivity: Instant Messaging
Productivity: Freeware and Software Download	Internet Communication: General Email	News and Media
User-Defined: G Staff Specific - [Super Administrator]	Miscellaneous: Network Errors	Vehicles
Government	Travel	Miscellaneous
	Education: Educational Institutions	Miscellaneous: Uncategorized

Requests Category

5,250,665	Information Technology
2,213,423	Information Technology: Search Engines and Portals
1,693,029	Business and Economy
1,303,359	Non-HTTP
900,710	Business and Economy: Financial Data and Services
832,185	Productivity: Advertisements
576,817	Society and Lifestyles: Social Networking
523,629	Education: Reference Materials
476,875	Productivity: Instant Messaging
372,969	Productivity: Freeware and Software Download
362,227	Internet Communication: General Email
346,348	News and Media
325,241	User-Defined: G Staff Specific - [Super Administrator]
288,482	Miscellaneous: Network Errors
267,872	Vehicles
265,200	Government
173,550	Travel
158,041	Miscellaneous
154,058	Education: Educational Institutions
152,404	Miscellaneous: Uncategorized

Total: 16,639,764

HELPDESK STATISTICS:

HELP DESK STATS FOR 1ST OF JULY 2010 TO 30TH JUNE 2011|

Business Unit	Calls	Remediation Time
CONSULTANTS		
• FUJITSU	1	25 MINS
• CBRE	1	1 HR 45 MINS
• DBSA	1	20 MINS
• BYTES	3	1 HR
• ERNEST YOUNG	1	2 HRS 55 MINS
LEGAL	45	42 HRS 45 MINS
CORPORATE BUSINESS UNIT	584	326 HRS 20 MINS
ECONOMIC DEV. & GROWTH	113	114 HRS 55 MINS
COMMUNITY SERVICES	612	711 HRS 23 MINS
INFRASTRUCTURE S/F	650	575 HRS 20 MINS
CORPORATE STRATEGIC PLANNING	895	826 HRS 14 MINS
FINANCE	709	447 HRS 00 MINS
SOUND GOV & HR	337	217 HRS 50 MIN
Total	3952	3268 HRS 12 MINS

Calls to Service Providers

Service Provider	Calls
BYTES COMMUNICATIONS	318
BYTES KZN (HEAT – CALL LOGGING)	17
CYBERFOX	101
DIMENSION DATA	122
GESTETNER	16
MION TECHNOLOGIES	6
PHUTHUMA TECHNOLOGIES	236
DOTCOM	353
TOTAL	1169



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SWITCHBOARD STATISTICS:

MSUNDUZI MUNICIPALITY: Msunduzi Level Summary Report

TMS-PRO
Report

Date Range

01/06/2010 to 31/07/2011

15 August 2011

Name	In Calls	In Dur	Out Calls	Out Dur	Ser.	Call Cost	T. Cost	% Total
CBU	60380	1360:34:55	145369	4622:29:01	0.00	477,179.20	R 477,179.20	29.21%
CS & SE	250458	5979:20:46	262738	8156:59:56	0.00	625,288.02	R 625,288.02	38.27%
CSP	38561	1479:00:35	38833	1249:37:02	0.00	66,073.57	R 66,073.57	4.04%
ED&G	28531	745:30:41	22118	739:35:53	0.00	52,849.55	R 52,849.55	3.23%
Finance	594740	17474:37:50	120675	4235:19:41	0.00	235,511.97	R 235,511.97	14.42%
SG & HR	213460	4029:40:02	78852	2883:33:22	0.00	176,851.20	R 176,851.20	10.82%
Local Calls						293409	10668:33:5	309,224.81
Area Calls						0	00:00:00	0.00
Long Distance Calls						57062	2658:19:22	127,620.70
International Calls						0	00:00:00	0.00
Cell Phone Calls						318114	8560:41:42	1,196,908.00
Incoming Calls						1186130	31068:44:4	
Total Cost								1,633,753.51

TABLE 135: ICT POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
To build & sustain a secure, integrated ICT Infrastructure to begin working towards city wide connectivity.	Install Customer Service Call Centre	38 Seats	38 Seats	-	-	-
	PC Upgrades	300	77	-	-	-
	Finance System Disk Upgrade	50% space capacity	60% space capacity	-	-	-
	Optimize Use of Systems (110 systems reduced to 32)	8	32	-	-	-
	LAN/WAN Infrastructure at Clinics and halls			550,000	0	0
	Computers			2,000,000	0	0
	Time and Attendance system			3,500,000	0	0
	Auditor General's ICT Remediation			1,020,000	0	0
	Asset Replacement - Corporate Business Servers (upgrade server environment)			2,500,000	0	0
	Blade Server Upgrade					2200000
	Un-interrupted Power Supply (UPS) Replacement					250000
	Replacement of Core Switching Equipment					1050000
	Replacement of personal computers					1000000



TABLE 136: EMPLOYEE: ICT SERVICES

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
E2	1	1	1	0	0
DU	2	2	2	0	0
D1	3	13	2	11	85
C3	2	20	2	18	90
C1	3	8	7	1	13
C2	2	4	1	3	75
B3	4	5	4	1	20
Total	17	53	19	34	64

TABLE 137: FINANCIAL PERFORMANCE 2010/11: ICT SERVICES
R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	12	11	11	14	0
Expenditure:					
Employees	4450	4346	4845	4743	499
Repairs and Maintenance	6538	7335	4968	3785	-2367
Other	8952	9899	9041	8553	-858
Total Operational Expenditure	19939	21580	18854	17081	-2726
Net operational (Service) Expenditure	19927	21569	18843	17067	-2726

TABLE 138: CAPITAL EXPENDITURE: ICT SERVICES
R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
No Capital projects were undertaken in the 2010/11 year because f					
2010/11 year as all funds were withdrawn.					

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

No Capital projects were undertaken due to the lack of funds. Focus was on cost cutting and reducing the duplication of effort / costs. The Auditor General's General Controls Review Audit was the main focus, and all areas that could be remediated without having to expend funds were done. The budget of the 2011/12 year has enabled us to go out to tender for the remediation of the balance of the items reflected on the audit report. Cost savings realized were:

Switchboard and telephony costs reduced by R3 million per annum

Reliance on Desktop Support Outsource reduced by R720 000 per annum



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Dimension Data Support cost reduction of 16%

Document Management Support Costs reduced by R300 000 per annum

PABX Equipment Maintenance cost reduction of R180 000 per annum

9.5 LEGAL SERVICES

TABLE 139: LEGAL SERVICES POLICY OBJECTIVES TAKEN FROM IDP						
Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
Service indicators		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
To ensure Legal Compliance	Legal Division to verify all organizational contracts and policies for legal compliance (of those presented to Legal Services)	100%	75%	100%	100%	100%
	Strengthen law enforcement and establishment of a Municipal Court (No longer a Key Performance Area)	100%	0%	-	-	-
	Development of bylaw and policy units (No longer a Key Performance Area)	100%	0%	-	-	-
	Bylaw Revision and updating*	-	-	100%	90%	100%
	Compilation of Delegations to Officials	-	-	-	-	100%
	To produce an updated law library*	-	-	-	-	100%
* The finalization of bylaws is subject to procedural requirements						
* Subject to budgetary constraints						

TABLE 140: EMPLOYEE: LEGAL SERVICES					
Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.)	Vacancies (as a % of total posts) %
A1 - A4	-	-	-	-	-
B1 - B4	3	3 SGH 010157 SGH 010156	3	-	-
C1 - CU	-	-	-	-	-
D1 - DU	3	3 SGH 101052 SGH010153	3	-	-
E1 - E2	3	3 SGH 010004 SGH 01003	3	-	-
F1 - F2	-	-	-	-	-
Total	9	9	9	0	0



TABLE 141: FINANCIAL PERFORMANCE 2010/11: LEGAL SERVICES R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)	11	10	10	37	-27
Expenditure:					
Employees	4,168	4,047	4,484	4,480	4
Repairs and Maintenance	6	111	260	65	195
Other	4,330	5,062	4,769	2,906	1,863
Total Operational Expenditure	8,504	9,220	9,513	7,451	2,062
Net operational (Service) Expenditure	8,493	9,210	9,503	7,414	2,089

TABLE 142: CAPITAL EXPENDITURE: LEGAL SERVICES R'000

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
No Capital projects for 2010/11.					

9.6 SUPPLY CHAIN MANAGEMENT

INTRODUCTION TO SUPPLY CHAIN MANAGEMENT (SCM)

The Msunduzi Municipality's Supply Chain Management unit is a support function for all business units within the council to ensure provision of efficient, transparent, fair, equitable and cost effective procurement services hence assisting them to implement their service delivery priorities.

Top 2 service delivery priorities

1. To support the financial services' service delivery priority of managing the city finances efficiently through effective and realistic budgeting to ensure synergy between the capital and operating budget and revenue enhancement with specific focus on proper tender processes, contract management and inventory management; and
2. To support the corporate services' service delivery priority of ensuring compliance with relevant legislation and promoting high standards of professionalism, economic and efficient use of resources as well as accountability and transparency in delivery of public service with specific focus on legislative compliance within the SCM unit including development of processes and procedures and training of SCM staff to ensure compliance and accountability.

Impact, measures taken to improve performance and the major efficiencies achieved by our service during the year on the top 2 service delivery priorities

A thorough forensic investigation on tender processes and contract management was performed by the municipality which resulted in the suspension of all managers within the SCM unit including the Head of SCM. With the new current SCM management (acting), the focus is on compliance, accountability, transparency, economic and efficient use of resources including the establishment and implementation of the expenditure committee (which includes a representative from SCM) to monitor and control expenditure within the council, high standards of professionalism (which includes the adoption of the National Treasury's Code of Conduct for SCM officials and bid committees). This was also achieved through interventions by KZN Provincial Treasury and KWANALOGA through KPMG.



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A SCM policy and procedures database that ensures compliance and monitoring of compliance with the SCM regulations and processes has been developed. This database will be implemented in the 2011/2012 financial to enforce accountability to all individuals involved in SCM and to ensure that SCM processes are independently monitored to ensure that the SCM policy is followed and desired objectives are achieved.

SERVICE STATISTICS FOR SUPPLY CHAIN MANAGEMENT SERVICES

Details of bids (procurement activities)	Number
Total number of bids (competitive bids and formal quotes)	151
Total number of bids approved	64
Average time taken from tender advertisement and award of tender	3 months

Details of SCM committees during 2010/2011 financial year

Membership:

Bid Specification committee

- Ms Phiwe Dlamini (SCM Unit)
- Mr Asogan Pillay (SCM Unit)
- Mr Wally Robins (Safety Unit)
- Mr Chris Jerry (Electricity department)
- Mr Mzwandile Khumalo (Building Unit)

Bid Evaluation Committee

- Mr Vinay Monhalal (SCM unit)
- Mr Brandon Sivparsad (Water Unit)
- Mr Suresh Maharaj (ICT Unit)
- Mr Krishna Singh (PMU)
- Mr Billy Paton (Fire Unit)
- Mr Doray Vallo (Electricity)

Bid Adjudication Committee

- Mr Neville Sarawan (Finance Unit)
- Ms Dudu Ndlovu (SCM unit)
- Mr Kwenza Khumalo (Committee Services Unit)
- Mr Sthembiso Mbimbi (ISF Unit)
- Mr Trevor Cowie (ISF Unit)
- Mr Willian Cooper (Legal department)

Expenditure Committee

- Ms Pam Pather (Finance Unit)
- Mr Vinesh Govender (SCM Unit)
- Mr Yusuf Ismail (Buildings Unit)
- Mr Walter Mbhele (Finance Unit)



TABLE 143: EMPLOYEE: SUPPLY CHAIN MANAGEMENT					
Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.	Vacancies (as a % of total posts) %
A1-A4		36	21	15	42%
B1-B4		31	11	20	65%
C1-CU		30	10	20	67%
D1-DU		3	2	1	33%
E1-E2		1	0	1	100%
F1-F2		0	0	0	0
Total		101	44	57	56%

TABLE 144: FINANCIAL PERFORMANCE 2010/11: SUPPLY CHAIN MANAGEMENT R'000					
Details	2009/10 Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue	32,397	40,692	40,692	211,734	520%
Employees	4,655,491	4,732,732	4,918,134	4,870,798	99%
Repairs		5,000	5,000	1,901	38%
Other	-4,655,491	-4,737,732	-4,710,834	-4,872,699	103%
Total Operational Expenditure	0	0	212,300	0	
Net Operational Expenditure	32,397	0	-212,300	0	

TABLE 145: CAPITAL EXPENDITURE: SUPPLY CHAIN MANAGEMENT R'000					
Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
INTENDA	0	R200 000	R200 000	0	1.4M
Project B					

COMMENT ON THE PERFORMANCE OF SUPPLY CHAIN MANAGEMENT OVERALL:

An SCM implementation plan was developed and implemented throughout the year and quarterly reports on implementation were submitted.

In terms of the MFMA SCM regulations, the SCM policy of the municipality must provide for a system of demand, acquisition, logistics, disposal, risk and performance management, and our policy does provide for it. The following is a brief overview of the processes that have been established and implemented within our SCM system:



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Demand management

An expenditure committee was established at the beginning of the financial year to ensure that a necessary needs assessment is undertaken before each acquisition as part of the demand management process. Although the Preferential Policy objectives were not identified at Global or Entity level, there were however identified and met through each contract that was procured and awarded. The preferential policy objectives are now identified at a global level hence during the 2011/2012 financial year a procurement plan on how these objectives will be met for each contract for the new financial year is being developed. Although the necessary need assessment was undertaken for each acquisition, it was noted that there was a lack of proper demand planning at business unit level which has resulted in a number of emergency and urgency case acquisitions especially from the Fleet Management business unit.

A 5 year proper fleet management plan was developed to address the issue which should result in a more focused and proper demand planning.

Acquisition Management

Thresholds as per section 12 of the SCM regulations has been set and complied with throughout the year. There was however a challenge around annual supplies and services contracts, where a few of them were not renewed and resulted in unnecessary increase in the volume of procurement through quotes transactions.

A thorough review of annual contracts was done to identify contracts have reached or about to reach their expiry period and some of them were re advertised and others are in the process of being re advertised.

Bid documentation were compiled and as far as possible aligned with circular 25. A thorough review of the bid documentation was done to ensure full compliance with circular 25 and it was noted that MBD5 and MBD6 to some extent was not fully complied with. A process is in place to ensure full compliance with circular 25 for the 2011/2012 financial year.

It was also noted that the following provisions of the SCM regulations were not fully complied with during the financial year, this will however be rectified in the new financial period; Regulations 14, 18, 20, 21, 22, 23, 25 and 38 (i).

Bid committee structures were also established and implemented in accordance with section 27, 28 and 29 of the SCM regulations.

Logistics management

An effective system of logistics management has been established but they were challenges around fleet management. The challenge was mainly due to impairment of the majority of the fleet.

Disposal management

An effective system of disposal management has been established and detailed processes developed to ensure compliance with section 40 of the SCM regulations.

Risk Management

There has been a challenge around monitoring of the performance of contractors/vendors by the business unit which has exposed the municipality to certain financial risks. The monitoring of vendors' function was performed at business unit level but is now undertaken by Supply chain unit in conjunction with the Business unit. Also measures are now being put in place to ensure identification, consideration and avoidance of potential risks in the supply chain management system in accordance with section 41 of the SCM regulations.



Performance Management

A SCM policy and procedures database that ensures compliance and monitoring of compliance with the SCM regulations and processes has been developed. This database will be implemented in the 2011/2012 financial to enforce accountability to all individuals involved in SCM and to ensure that SCM processes are independently monitored to ensure that the SCM policy is followed and desired objectives are achieved.

9.7 INTERNAL AUDIT

INTRODUCTION TO INTERNAL AUDIT

Internal Audit is an independent, objective, assurance and consulting activity designed to add value and improve the organization's operations. It helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

SERVICE STATISTICS FOR INTERNAL AUDIT

The Internal Audit unit has its annual and three year rolling audit plan approved by the Audit committee. The audit plan is crafted to address the areas of risk determined in the annual risk assessment. The unit is assisted by co-sourced partners to help complete the requirements of the plan. During the 2009/10 financial year, the restricted cash flow of the municipality reduced the number of audits completed in the plan for 2009/10 and 2010/11. The steady financial progress of the municipality during the current year 2011/12 will see the audit plan fully rolled out.

TABLE 146: INTERNAL AUDIT POLICY OBJECTIVES TAKEN FROM IDP

Service Objectives	Outline Service Targets	2009/10		2010/11		2011/12
		Target	Actual	Target	Actual	Target
Service/ IDP Objectives						
To ensure compliance with relevant legislation and to promote high standards of professionalism, economic and efficient use of resources as well as accountability and transparency in public service delivery	Annual plan approved by Audit Committee for year	30/06/09	30/06/09	30/06/10	nil	30/09/11
	Projects completed as per audit plan	15	8	15	4	15
	4 X Performance information audits as part of the plan (continuous)	4	Nil	4	2	4
	A comprehensive risk register for all sections (Annually)	Risk Assessment Completed	Completed Risk Register	Risk Register	nil	In Progress

TABLE 147: EMPLOYEE: INTERNAL AUDIT

Job Level	2009/10	2010/11			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents No.)	Vacancies (as a % of total posts) %
E2		1	0	1	12.5
DU	2	2	2	0	0
C3	2	4	2	2	25
B4	1	1	1	0	0
Total	5		5	3	37.5



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TABLE 148: FINANCIAL PERFORMANCE 2010/11: INTERNAL AUDIT R'000

Details	2009/10	2010/11			
	Actual	Original Budget	Adjustment Budget	Actual	Variances to Budget
Total Operational Revenue (excl. tariffs)					
Expenditure:	774	2'190	2'186	937	57
Employees	2'460	2'230	1'636	2'239	(0.4)
Repairs and Maintenance					
Other					
Total Operational Expenditure	3'234	4'420	3'822	3'176	1'244
Net operational (Service) Expenditure					

TABLE 149: CAPITAL EXPENDITURE: INTERNAL AUDIT

Details	2010/11				
	Budget	Adjustment Budget	Actual Expenditure	Variances from original Budget	Total Project Value
Total All					
Nil Capital Projects					

10. COMPONENT J: INTRODUCTION TO HUMAN RESOURCES MANAGEMENT

INTRODUCTION TO HUMAN RESOURCES MANAGEMENT

The Human Resources Cluster of the Msunduzi Municipality consists of the following Units: Personnel; Job Evaluation; Employee Relations; Employment Equity; Skills Development; Organizational Development; Occupational Health and Safety; and HR Management Services.

The Human Resources Unit has a mandate in particular to address the following areas of responsibility:

- Recruitment, selection and employment;
- Labour relations management;
- Pay and leave administration;
- Staff administration;
- Grading and remuneration;
- Sick leave management;
- Employee wellness;
- Rewards and recognition systems;
- Performance management systems for all staff;
- Talent management and succession planning;
- Skills retention initiatives; and
- Staff morale, organisational diagnostics and perception studies.

The Corporate and Human Resources functions and responsibilities address many of the IDP requirements to ensure effective service delivery and community development, these include:

1. To Contribute Towards Employability & Self Employability of Youth and Community.
2. To ensure a competent workforce to achieve organisational objectives.
3. Improve Quality and Management Control Processes.
4. To align the organisational culture to the business objectives to Improve organisational efficacy and measure



10.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

TABLE 150: EMPLOYEES

Description	2009/10	2010/11			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	26	45	27	18	40%
Waste Water (Sanitation)	214	340	207	133	39%
Electricity	226	326	213	113	39%
Waste management	299	431	267	164	38%
Housing	34	59	33	26	44%
Waste Water (Stormwater Drainage)	116	441	105	336	76%
Roads	126	295	123	172	58%
Transport	41	63	34	29	49%
Planning	41	58	40	18	31%
Local Economic Development	48	106	52	54	49%
Planning (Strategic & Regulatory)	208	433	196	237	54%
Community & Social Services	248	516	226	290	57%
Environmental Protection	46	74	43	31	39%
Health	142	355	160	195	54%
Security & Safety	400	513	389	124	24%
Sport & Recreation	54	94	53	41	43%
Corporate Policy Offices & other	175	224	176	48	21%
Totals:	2444	4373	2344	2029	46%

TABLE 151: VACANCY RATE 2010/11

Designations	*Total approved posts No.	Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	1	100%
CFO	1	1	100%
Other S57 Managers (Excl. Finance Posts)	4	3	75%
Other S57 Managers (Finance Posts)	1	1	100%
Traffic Officers	159	87	54%
Fire Fighters	132	5	3%
Senior Managers: Levels DU (excl. Finance Posts)	58	15	25%
Senior Managers: Levels 13–15 (Finance Posts)	20	3	15%
Highly skilled supervision: Levels D1 – D3 (excl. Finance Posts)	69	23	33%
Highly skilled supervision: Levels D1 – D3 (Finance Posts)	7	3	42%
TOTAL:	452	142	31%



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TABLE 152: TURN-OVER RATE

Details	Total appointments as of the beginning of financial year No.	Terminations during the financial year No.	Turn-over rate*
2008/09	104	385	12%
2009/10	148	236	13%
2010/11	10	317	11%

COMMENT ON VACANCIES AND TURNOVER:

The Municipalities assisted education scheme is used as a means of helping interested staff acquire skills to ensure that they are given greater responsibilities. In addition staff is appointed to act in higher level positions as part of their development. Several management and supervisory development programmes are also used for staff development. The annual Workplace skills Plan identifies training needs for all staff. Managerial and supervisory posts are advertised internally with a view to being filled by internal appointments. A strategy has been implemented to assist the municipality in recruiting and retaining identified scarce skills. This strategy aims to bring stability to the employment levels of scarce skilled staff.

The Municipality is currently under administration which has seen the suspension and in some instances the resignation of section 57 managers as well as the Municipal manager and the CFO. The suspension periods have been protracted and a have been a restraint on the posts being filled.

10.2 MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MANAGING THE MUNICIPAL WORKFORCE

The Municipality has developed and adopted the policy on Staff Retention and Attraction to address the scarce skills phenomenon. It is the belief of the municipality that through recruitment the application of the staff Retention and Attraction Policy will contribute towards assisting the Municipality to meet its objectives as expounded in the IDP.

The objectives of this policy are; besides a payment of remuneration maybe pitched at a market rate of a particular post the Municipality has the scarce skills development strategies. Employees and non-employees are contracted to learnerships on scarce skills training, bursaries are granted in some of the following discipline i.e architects, tour planning, quantity surveyors, engineer, mechanical engineer, land surveyors, professional valuers etc. Coaching and mentoring, job satisfaction surveys and career pathing are part of the Policy. Through the implementation of this policy then a need will rise to develop a succession policy which will be carefully interrogated within the context of retention of the skills in the organization and addressing the growing unemployment even among those young people that have graduated at our institutions of higher learning.

Range of Policies and Management practices

1. Recruitment and Selection
2. Industrial Relations management
3. Pay and Leave Administration
4. Grading and remuneration
5. Sick Leave Management Programmes
6. Internal Climate Surveys
7. Employee Wellness Programmes
8. Training and Development

POLICIES

The Municipality has made much progress in the development of the required workforce policies and procedures. It is constantly reviewing these to ensure their continued applicability and relevancy and develops new policies when required.

TABLE 153:

	Name of Policy	% Completion	Date adopted by council
1	Affirmative Action		
2	Allocation Policy	90%	N/A
3	Code of Conduct for employees	100 %	Inception of Council
4	Access to personnel files	90%	Draft
5	Disciplinary Code and Procedures	100 %	Collective Agreement
6	Diversity Policy	70%	Draft
7	Employee Assistance Wellness	90%	Draft
8	Employment Equity	90%	Draft
9	Exit Management	No Data	No Data
10	Grievance Procedures	100%	Collective Agreement
11	HIV/AIDS	100 %	15/11/1995
12	Job Evaluation	No Data	No Data
13	Leave	90%	Draft
14	Occupational Health & Safety	100%	Inception of Council
15	Official Journeys	No Data	No Data
16	Official Transport to attend Funerals	90%	Draft
17	Official working hours and Overtime	100%	Collective Agreement
18	Organisational Rights	No Data	No Data
19	Performance Management and Development	80%	Draft
20	Recruitment, Selection and Appointments	Draft	N/A
21	Sexual Harassment	100 %	2006
22	Training and Development	100 %	09/12/05
23	Assessment	100 %	06/04/06
24	Smoking	100 %	16/01/2006
25	Scarce Skills	100 %	2008
26	Parking Policy	90%	Draft
27	Internship	100 %	07/10/04
28	Learnership	100 %	09/12/05
29	External Bursary	Draft	N/A
30	Injuries on Duty (COIDA Act 130 of 1993)	100 %	Inception of Council
31	Abscondment Policy & Procedure	100 %	15/03/2011
32	Alcohol & Drug Abuse Policy	100 %	25/03/2011
33	Bee & Wasp Stings Policy	100 %	21/02/2006
34	Management of Heat Stress Policy	100 %	18/03/2011
35	Post Exposure Protocol	100 %	26/03/2007
36	Procedure for Injury on Duty	100 %	16/02/2006
37	Procedure for Management of PTB in Health Care Workers	100 %	21/07/2008



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INJURIES, SICKNESS AND SUSPENSIONS

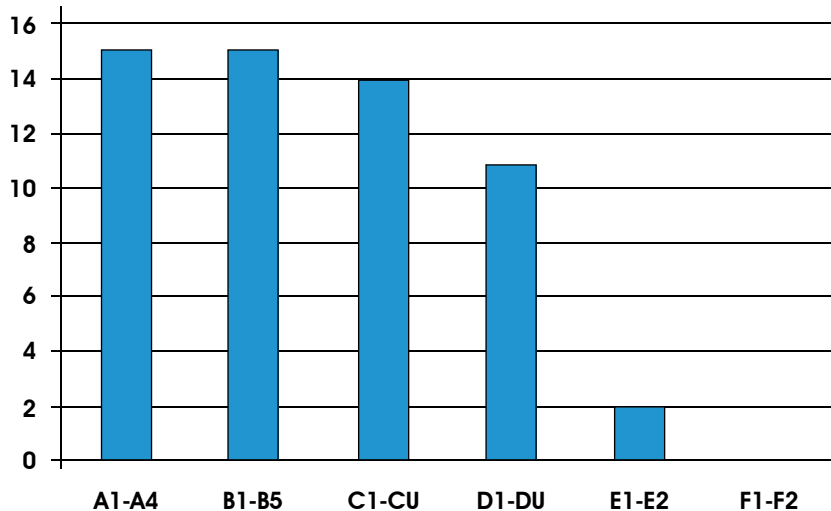
TABLE 154: NUMBER AND COST OF INJURIES ON DUTY

Type of Injury	Injury Leave taken Days	Employees using injury leave No.	Employees using sick leave No.	*Average sick leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	No Data	No Data	No Data	No Data	No Data
Temporary total disablement	614	56			R 21 7750.00
Permanent Disablement	Nil	Nil	Nil	Nil	Nil
Fatal	Nil	Nil	Nil	Nil	Nil
TOTAL	614	56	Nil	Nil	R 21 7750.00

TABLE 155: NUMBER OF DAYS AND COST OF SICK LEAVE (EXCL. INJURIES ON DUTY)

Designations	Total Sick Leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	Average sick leave per employees Days	Estimated Cost R'000
A1 – A4	17590	64%	984	1179	15	7880
B1 – B5	13005	67%	745	876	15	8524
C1 – C4	9632	66%	579	679	14	10595
D1 - DU	1825	73%	132	162	11	3005
E1 – E2	61	62%	19	26	2	183
F1 – F2	47	34%	-	2	-	153
TOTAL	42113	66%	2459	2924	57	30340

Average Number of Days Sick Leave (Excl IOD)





COMMENT ON INJURY AND SICK LEAVE:

F1 – F2 Employees posts vacant or filled posts incumbents on suspension and then special leave during the course of 2010/2011.

The following steps were taken during the year to reduce injuries on Duty, sick leave management and follow-up action.

1. IOD Management and Occupational Disease Monitoring.
 - 1.1. Comprehensive Safety Management programme in place with scheduled audits for compliance
 - 1.2. On-site first aid and IOD Management
 - 1.3. Initial Assessment by OHN and referral for serious cases
 - 1.4. Facilitation of incident and accident investigation
 - 1.5. Scheduled safety training, and safe work procedures
2. Medical Surveillance
 - 2.1. Pre-placement, periodic, transfer, and scheduled medical examinations based on occupational risk exposure profiles
 - 2.2. Audiometry and hearing monitoring
 - 2.3. Spirometry and respiratory programme
3. Preventative Programmes
 - 3.1. Immunisation programmes
 - 3.2. Occupational post exposure prophylaxis for needle stick injuries
 - 3.3. Trauma de-briefing for workers exposed to traumatic events
4. Incapacity and Medical Board Assessment management
 - 4.1. Return to work assessments
 - 4.2. Disability management
5. Sick leave Management
 - 5.1. Multidisciplinary approach to sick leave management
 - 5.2. Active surveillance of employee absenteeism rate
 - 5.3. Profiling sick leave frequency and trends
 - 5.4. Home visits, liaison with treating medical practitioner
 - 5.5. Awareness and liaison with medical practitioners found to issue frequent and generous sick leave
 - 5.6. Medical assessment of employees taking frequent and long episodes of sick leave
 - 5.7. Facilitate medical assessments for incapacity
 - 5.8. Address causes of sick leave identified, eg. Lifestyle, substance abuse, financial problems through wellness interventions
6. Sick leave management linked to HIV and AIDS
 - 6.1. Occupational Health diagnostic, clinical and support programme
 - 6.2. VCT drives
 - 6.3. Wellness follow-up care for HIV positive employees at the Occupational Health clinic
 - 6.4. Referral for ARV treatment



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TABLE 156: NUMBER AND PERIOD OF SUSPENSIONS

Position	Nature of Alleged Misconduct	Date of suspension	Details of Disciplinary Action taken or status of case and reasons why it is not finalized	Date Finalized
DMM: Corporate Services	Various irregularities	06/05/2010	Finalized	30/09/2011
DMM: Community Services	Various irregularities	06/05/2010	Finalized	30/11/2011
Personnel Manager	Various irregularities	21/09/2010	Application for condonation	N/A
Chief Traffic Officer	Various irregularities	06/05/2010	Dismissed/Appealing	N/A
Traffic Officer	Gross Dishonesty	21/09/2010	Application for condonation	N/A
Building Insp Manager	Various irregularities	14/06/2011 (remain in service)	Application for condonation	N/A
PM: HRD	Operating Business and failure to perform duties	08/06/2010	Dismissed/Appealing	N/A

TABLE 157: DISCIPLINARY ACTION TAKEN ON CASES OF FINANCIAL MISCONDUCT

Position	Nature of alleged misconduct and rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
CFO	Financial Irregularities	Finalized	Resignation
Executive Manager: SCM	Disregard policies / procedures	Suspended	No Data
Manager : SCM	Disregard policies / procedures	Suspended	No Data
Manager: Speakers Office	SCM/False Documents	Back in post	No Data
Co-Ordinator: Speakers Office	SCM/False Documents	Back in post	No Data
Contracts Officer	Disregard policies / procedures	Suspended	No Data

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

The Municipality is currently under administration. The suspensions have, in many instances, extended beyond a year. The disciplinary procedures have conducted by the Provincial Intervention team, outside of the control of the Employee Relations Unit.

10.3 PERFORMANCE REWARDS

The Municipality has not yet effectively implemented performance Management within the organization. Performance management is not being cascaded to the employees beyond the section 57, performance contract Employees. 2010/2011 saw no performance reward beneficiaries, including Section 57 employees.

TABLE 158: PERFORMANCE REWARD BY GENDER

Designation	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2008/09 R'000s	Proportion of beneficiaries within group %
Lower Skilled (Levels 1-2)	Female		0		0
	Male		0		0
Skilled (Levels 3-5)	Female		0		0
	Male		0		0
Highly skilled production (Levels 6-8)	Female		0		0
	Male		0		0



TABLE 158: PERFORMANCE REWARD BY GENDER

Designation	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2008/09 R'000s	Proportion of beneficiaries within group %
Highly skilled supervision (Levels 9-12)	Female		0		0
	Male		0		0
Senior Management (Levels 13-15)	Female		0		0
	Male		0		0
MM and S57	Female		0		0
	Male		0		0
Total:			0	0	

10.4 CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The Municipal Service Act 2000, S68(1) required municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

The Municipality through Human Resources Development Unit under the Corporate Services Department is the custodian or champion for skills development on behalf of the Municipality. Various training interventions are conducted through different levels in the organisation. There are training programmes that are attended to equip the employee in order to improve the quality and standard of service delivery. The Workplace Skills Plan is developed along the LGSETA guideline. Almost what is due to the municipality in terms of the training rebates is collected on an annual basis in full. Whilst the Human Resources Development Unit is tasked to improve the competency of our employees the unit is also responsible to work in partnership with various departments and training providers and communities to improve the level of skills, knowledge and behaviour of our employees and citizens to be active participants in the city and the economic development and growth of the city

Capacity Development

The Municipality has several well developed capacity development programmes and systems in place;

1. Annual Workplace Skills Plan
2. Learnership and Apprentices Schemes
3. Study Assistance
4. Adult Basic Education Programmes
5. Management Training Programmes
6. Councillor training Programmes



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SKILLS DEVELOPMENT AND TRAINING

TABLE 159: SKILLS MATRIX

Management Level	Gender	Employees in post as at 30 June 2011	Number of skilled employees required and actual as at 30 June 2011								
			Learnerships			Skills programmes and other short courses			Other forms of training		
		No.	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target	Actual 30 June 2010	Actual 30 June 2011	Target
MM and S57	Female										
	Male	6									
Councillors, Senior Officials & managers	Female	31	2			1					
	Male	55	4			2					
Technicians and associate professionals	Female	110				16	10		6	10	No Data
	Male	256	12	14		46	29		23	25	No Data
Professionals	Female	23	16	25		2	6		0	0	No Data
	Male	79	10	14		23	22		0	0	No Data
Sub-totals	Female	164	24	25		19	16		6	10	No Data
	Male	396	34	38		71	51		23	25	No Data
Totals		560				90	67		29	35	

TABLE 160: FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT*

Description	A Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total A and B	Consolidated; Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: total number of officials whose performance agreements comply with regulation 16 (Regulation 14(4)(f))	Consolidated: Total Number of officials that meet the prescribed competency levels (Regulation 14(4)(e))
Financial Officials	10		10	10		
Accounting Officer	1		1	1		
Chief Financial Officer	1		1	1		
Senior Managers	22		22	22		2
Any other financial officials						
Supply Chain Management Officials	10		10	10		



TABLE 160: FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT*

Description	A Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total A and B	Consolidated; Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: total number of officials whose performance agreements comply with regulation 16 (Regulation 14(4)(f))	Consolidated: Total Number of officials that meet the prescribed competency levels (Regulation 14(4)(e))
Heads of supply chain management units	1		1	1		
Supply chain management senior managers	2		2	2		
TOTAL	47		47	47		2

This is a statutory report under the national treasury: LG MFMA Regulations

Footnote

Due to the fact that the positions of the Accounting Officer, The Chief Financial Officer and 4 Senior Managers have acting appointments undertaking the functions, there are no performance agreements in place for them as they have not been appointed on a permanent basis.

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The Msunduzi Municipality is under administration which meant for Training and Development that the original budget was dissolved and in actuality there was no budget for Training in 2010/2011. Some external funding was awarded for Learnership, apprenticeship and Internships in this financial Year.

The Msunduzi Municipality has taken steps to procure a service provider to ensure MFMA competence of 45 employees. This has been identified as skills priority in 2011/2012.

10.5 MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Managing workplace expenditure is governed by Section 66 of the MFMA Act 56 of 2003.

The economic challenges faced by the Municipality include, optimizing productivity and rand value, balancing compensation for performance results, the growing dilemma of providing health care and wellness programmes for all employees, hiring and retaining professional staff and raising and addressing the skills levels of all employees.

The strategic and economic challenges are managed through the following programmes:

1. Affirmative Action and Employment Equity
2. Code of Conduct of employees
3. Grievances and disciplinary Procedures
4. Skills Development and Study Assistance
5. Occupational Health and safety
6. Working Hours and Overtime
7. Remuneration scales and allowances
8. Recruitment and Appointments
9. Sexual harassment and Employee Assistance



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10. Sick Leave monitoring and management
11. Wellness programmes
12. Injury on duty management
13. Workplace Skills Plans
14. Management and Supervisory development of staff.

Managing a workforce of 3000 permanent employees is a responsibility of Human Resources together with IT Systems Management, through an integrated software, Payday.

Financially all vacancies and programmes are approved at the budget period, in line with the strategic focus areas identified in the IDP. Any over expenditure is reviewed and regularized.

TABLE 161: NUMBER OF EMPLOYEES WHOSE SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED

Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	Posts are not yet graded
	Male	Posts are not yet graded
Skilled (Levels 3-5)	Female	Posts are not yet graded
	Male	Posts are not yet graded
Highly skilled production (Levels 6-8)	Female	Posts are not yet graded
	Male	Posts are not yet graded
Highly skilled production (Levels 9-12)	Female	Posts are not yet graded
	Male	Posts are not yet graded
Senior management (Levels 13-16)	Female	Posts are not yet graded
	Male	Posts are not yet graded
MM and S57	Female	Posts are not yet graded
	Male	Posts are not yet graded
Total	N/A	N/A

TABLE 162: EMPLOYEES WHOSE SALARY LEVEL EXCEEDS THE GRADE DETERMINED BY JOB EVALUATION

Occupation	No. of employees	Job evaluation level	Remuneration level	Reason for deviation
Posts are not yet graded				

TABLE 163: EMPLOYEES NOT APPOINTED TO ESTABLISHED POSTS

BUSINESS UNIT	POST TITLE	COMMENTS
ISF	Beverage Executive	On placement structure not on approved structure
ISF	Technicians Assistant	On placement structure not on approved structure
ISF	Storeman x 2	On placement structure not on approved structure
ISF	Storeman x 2	On placement structure not on approved structure
ISF	Assistant Storeman	On placement structure not on approved structure
ISF	Executive Secretary	On placement structure not on approved structure
ISF	Engineering Senior Eng	Approved structure shows 2 x Senior Engineering Surveyors and 3 x Senior Engineering Surveyors The Engineering Surveyor progresses to Senior Engineering Surveyor
ISF	Engineering Senior Eng	
ISF	Engineering Senior Eng	
ISF	Engineering Senior Eng	
ISF	Driver	On placement structure not on approved structure
ISF	Driver	On placement structure not on approved structure
ISF	Driver	On placement structure not on approved structure
ISF	Artisan Bricklayer	On placement structure not on approved structure

**TABLE 163: EMPLOYEES NOT APPOINTED TO ESTABLISHED POSTS**[illegible]



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TABLE 163: EMPLOYEES NOT APPOINTED TO ESTABLISHED POSTS

BUSINESS UNIT	POST TITLE	COMMENTS
CBU	Principal Clerk x 2	Structure never submitted to PJEC
ED&G	HR Clerk	Placed but not on placement or approved structure
SG&HR	Clerk III	On placement structure not on approved structure
SG&HR	Clerk III	On placement structure not on approved structure
SG&HR	Clerk III	Appointed in finance/admin support not on structure
SG&HR	Clerk I	Appointed in Employee Relations not on placement or approved structure
SG&HR	Admin Officer	Appointed reporting to Systems Manager not on placement or approved structure
CS&SE	Admin Officer	Posts added to structure that was submitted late
CS&SE	Clerk II x 2	Posts added to structure that was submitted late
CS&SE	Admin Training Officer	Posts added to structure that was submitted late
CS&SE	HR Clerk x 3	Posts added to structure that was submitted late
CS&SE	Human Resource Officer	Posts added to structure that was submitted late
CS&SE	Office Assistant x 2	Posts added to structure that was submitted late
CS&SE	Admin Officer	Post to be removed from original structure
CS&SE	Clerk I now x 1 not 3	Amount of posts to be adjusted
CS&SE	Messenger /Office Asst	Post to be removed from original structure
CS&SE	Senior Clerk	Post to be removed from original structure
CS&SE	Disaster Management Officer	Post left off structure
CS&SE	Conservation Officer	Post left off structure
CS&SE	Arborist	Post left off structure
CS&SE	Arborist	Post left off structure
CS&SE	Arborist	Post left off structure
CS&SE	Arborist	Post left off structure
CS&SE	Arborist	Post left off structure
CS&SE	Arborist	Post left off structure
CS&SE	Arborist	Post left off structure
CS&SE	Driver	Post left off structure
CS&SE	Project Manager	Post left off structure
CS&SE	Manager Special Projects	Post left off structure
CS&SE	Manager Planning & Matters	Post left off structure
CS&SE	Town Planning Technician	Post left off structure
CS&SE	Town Planning Technician	Post left off structure
CS&SE	GIS Technician	Post left off structure
CS&SE	Manager Community Development	Post left off structure
CS&SE	Community Development Officer	Post left off structure
CS&SE	Community Development Officer	Post left off structure
CS&SE	Community Development Officer	Post left off structure
CS&SE	Manager Development Services	Post left off structure
CS&SE	Principal Admin Officer	Post left off structure
CS&SE	Secretary	Post left off structure
CS&SE	Messenger/ Driver	Post left off structure
CS&SE	Receptionist	Post left off structure



COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

The Municipality has not yet completed the implementation of the TASK Job Evaluation System. The Organisation was restructured in 2005; at which stage, a new organizational structure was developed. All posts arising from the new organizational structure have not yet been graded. In the absence of graded posts, perceived grades are implemented.

A re-aligned MACRO organizational Structure was approved in 2008

11. COMPONENT K: FINANCIAL PERFORMANCE

All relevant information relating to Financial Performance will be dealt with in terms of the Annual Financial Statements.



SECTION 2: ANNUAL REPORT ON THE SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN

- 1.1. The Service Delivery and Budget Implementation Plan (SDBIP) is a legislative requirement as per the Municipal Finance Management Act (MFMA).
- 1.2. The SDBIP gives effect to the Municipality's Integrated Development Plan (IDP) and annual budget.
- 1.3. The SDBIP facilitates the accountable role that managers hold to the Council and that Councillors hold to the community.
- 1.4. It also fosters the management, implementation and monitoring of the budget, the performance of senior management and the achievement of the strategic objectives as laid out in the IDP.
- 1.5. Chapter 1 of the MFMA describes the SDBIP as:

A detailed plan approved by the mayor of a municipality in terms of section 53 (1)(c)(ii) for implementing the municipality's delivery of services and the execution of its annual budget and which must include the following:

- (a) projections for each month of-
 - (i) revenue to be collected by source; and
 - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter".

- 1.6. In terms of the provisions above, IN-YEAR monitoring on service delivery indicators was conducted according to the attached SDBIP on a quarterly basis and reports thereof submitted to the EXCO, the Full Council, Portfolio Committees and the Municipal Public Accounts Committee.
- 1.7. Monitoring through the SDBIP enables the municipal manager to monitor the performance of senior managers, the mayor to monitor the performance of the municipal manager and for the community to monitor the performance of the municipality as each activity contains outputs, outcomes and timeframes. The SDBIP is compiled on an annual basis.
- 1.8. As the SDBIP is a management and implementation tool, and not a policy proposal, it is not required to be approved by Council- it is however tabled before Council and made public for information and monitoring purposes. However, the top layer of the SDBIP cannot be revised without the approval of the Council.
- 1.9. During the 2010/ 2011 financial year, the municipality developed a quarterly dashboard reporting process.
- 1.10. The dashboard is colour-coded in order to serve as an early indicator warning system in order to identify areas that require intervention in areas of non/ under performance.
- 1.11. Quarterly reports on the SDBIP 2010/ 2011 were submitted to Council and are available on request.
- 1.12. During the third (3rd) quarter report on the SDBIP, Council took a resolution to remove all those projects which did not have cash-backed funding as the inclusion of these projects resulted in a skewed reporting of performance. This resulted in the removal of 64.46% (capital) and 4,68% (operating) Key Performance Indicators from the SDBIP 2010/ 2011. These indicators must be catered for, according to available budgetary resources, in outer years of the IDP.
- 1.13. The graphical representations below illustrate the performance of the municipality, over the four (4) quarters of the 2010/ 2011 financial year, as per the colour-coded dashboard.



COMPARATIVE SUMMARY 2009/10 & 2010/11 FINANCIAL YEAR - PERFORMANCE COMPARISON

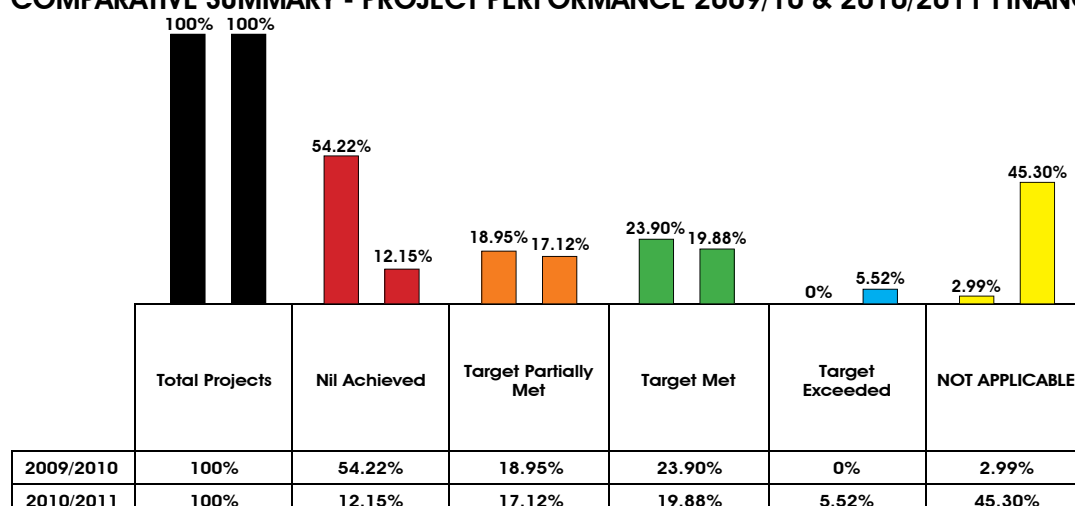
THE COLOUR-CODED DASHBOARD:

	TARGET PROJECTS	KEY
	NIL ACHIEVED	
	TARGET PARTIALLY MET	
	TARGET MET	
	TARGET EXCEEDED	
	NOT APPLICABLE	

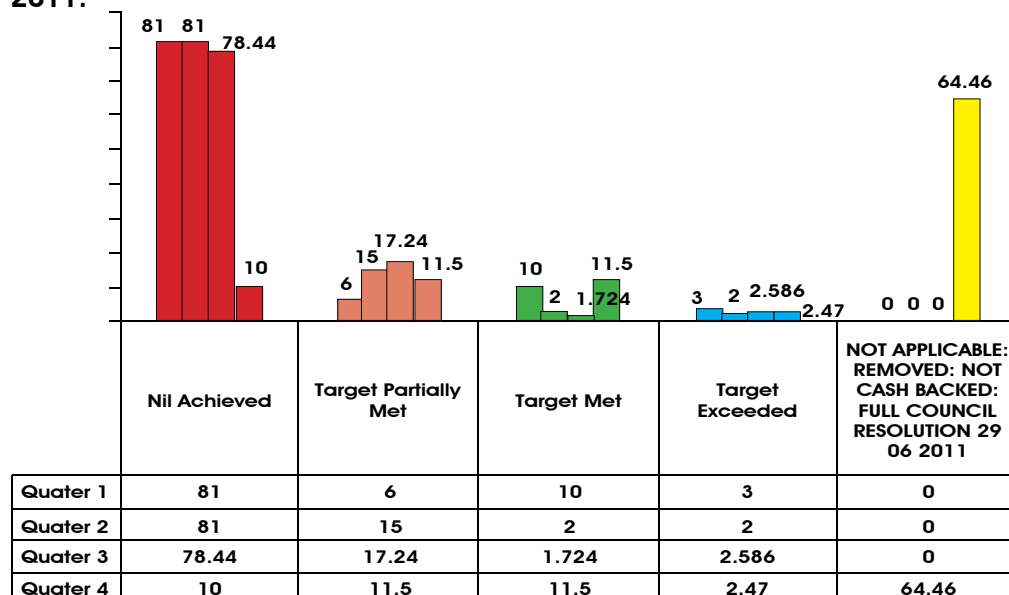
GRAPHICAL REPRESENTATION OF PERFORMANCE

- The graph below is a comparative summary of project performance for the financial years 2009 / 10 & 2010 / 11.
- The not applicable yellow bars indicate the percentage of projects that were removed from the SDBIP as they were not cash backed as well as those projects where no information was received.

COMPARATIVE SUMMARY - PROJECT PERFORMANCE 2009/10 & 2010/2011 FINANCIAL YEARS



ORGANIZATIONAL OVERVIEW - CAPITAL PROJECTS: SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN 2010/2011:

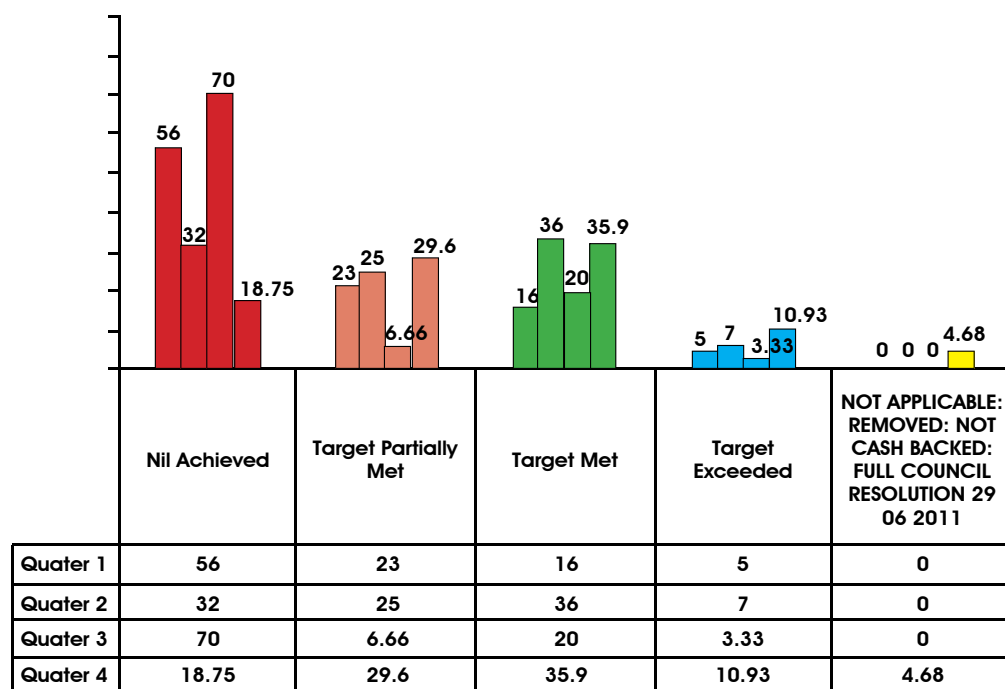




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- A total of 121 Capital Projects were reported on the SDBIP for the 4th Quarter ending June 2011 for the 2010/2011 financial year.
- 10 % of the projects were reported as having Nil Achievements for the 4th Quarter.
- 11.5 % of the projects were reported as having been partially met for the 4th Quarter.
- 11.5 % of the projects were reported as having been met in the 4th Quarter.
- 2.47 % of the projects were reported as having exceeded the target for the 4th Quarter.
- 64.46 of the projects were reported as being not applicable and were removed from the SDBIP by a Full Council resolution dated 29 June 2011 as these projects were not cash backed.

ORGANIZATIONAL OVERVIEW - OPERATING PROJECTS: SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN 2010/2011:



- A total of 64 Operating Projects were reported on the SDBIP for the 4th Quarter ending June 2011 for the 2010/2011 financial year.
- 18.75 % of the projects were reported as having Nil Achievements for the 4th Quarter.
- 29.6 % of the projects were reported as having been partially met for the 4th Quarter.
- 35.9 % of the projects were reported as having been met in the 4th Quarter.
- 10.93 % of the projects were reported as having exceeded the target for the 3rd Quarter.
- 4.68 % of the projects were reported as being not applicable and were removed from the SDBIP by a Full Council resolution dated 29 June 2011 as these projects were not cash backed.



SECTION 3: LEGISLATED KEY PERFORMANCE INDICATORS – DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

The attached Annexure 'E' is the annual report of the legislated Key Performance Indicators from the Department of Cooperative Governance and Traditional Affairs (CoGTA) in KwaZulu Natal. Quarterly reports of the attached were submitted to CoGTA during the financial year 2010/ 2011.

CONCLUSION:

This annual performance report reflects the performance of Business Units during the year 2010/ 2011. It is evident that performance across the organization, and at all levels, was largely influenced by the intervention in terms of section 139(b) of the Constitution. Furthermore, as is reflected in the report of the Service Delivery and Budget Implementation Plan, a large proportion of capital projects had to be removed due to a lack of cash-backed funding. It will be important to ensure that provision for these projects is made in the outer years of the Integrated Development Plan and the budget process of the municipality.



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CHAPTER 4 – ANNUAL FINANCIAL STATEMENTS

General Information

Legal form of entity	Municipality
Executive Committee	<p>Mayor - CJ Ndlela</p> <p>Deputy Mayor - TR Zuma</p> <p>Member - NP Bhengu</p> <p>Member - M Chetty</p> <p>Member - M Inderjit</p> <p>Member - WF Lambert</p> <p>Member - NE Majola</p> <p>Member - JJ Ngubo</p>
Councillors	<p>Speaker - B Baijoo</p> <p>Whip - Vacant</p> <p>NB Ahmed</p> <p>R Ahmed</p> <p>RP Ashe</p> <p>N Atwaru</p> <p>C Bradley</p> <p>D Buthelezi</p> <p>TM Buthelezi</p> <p>PM Dlamini</p> <p>T Dlamini</p> <p>AB Dlomo</p> <p>SN Govender</p> <p>SC Gwala</p> <p>VP Jaca</p> <p>JM Lawrence</p> <p>SP Lyne</p> <p>LL Madlala</p> <p>IS Madonda</p> <p>TS Magwaza</p> <p>TS Majola</p> <p>FM Makhathini</p> <p>T Matiwane</p> <p>M Maphumulo</p> <p>AL Mbanjwa</p> <p>FZ Mbatha</p> <p>GR McArthur</p> <p>BM Mkhize</p>



MA Mkhize
 MH Mkhize
 SA Mkhize
 VGM Mlete
 N Msimang
 C Ndawonde
 MD Ndlovu
 NZ Ndlovu
 TP Ndlovu
 BB Ngcobo
 JM Ngcobo
 KM Ngcobo
 L Ngcobo
 MA Ngcobo
 TP Ngcobo
 PG Ngidi
 DT Ntombela
 DB Phungula
 FR David
 M Schalkwyk
 PB Shoji
 NS Lungisani
 J Singh
 RB Singh
 P Sithole
 BC Sokhela
 MS Sokhela
 R Soobiah
 MA Tarr
 LJ Winterbach
 TV Xulu
 PZ Dolo
 B Zuma
 BM Zuma
 NJ Zungu
 TRF Zungu
 Grading of local authority Category - B
 Accounting Officer TS Maseko (Acting)
 Chief Finance Officer (CFO) N S Sarawan (Acting)
 Registered office The City Hall
 260 Church Street
 Pietermaritzburg
 3200



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	3200
Business address	The City Hall 260 Church Street Pietermaritzburg 3200
Postal address	The City Hall Private Bag x321 3200
Controlling entity	Safe City Pietermaritzburg
Bankers	First National Bank
Auditors	The Auditor General
Telephone number	(033) 392 2006
facsimile	(033) 292 2208
Website	www.msunduzi.gov.za

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Abbreviations

ASB	Accounting Standards Board
CBD	Central Business District
COID	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DSB	Development Services Board
FNB	First National Bank
GRAP	Generally Recognised Accounting Practise
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
KZN	KwaZulu-Natal
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NATIS	National Traffic Information System
NCT	Natal Co-operative Timber Tree Farming (Pty) Ltd
NJMPF	Natal Joint Municipal Pension Fund
NPA	National Provincial Administration
PAYE	Pay As You Earn
RMB	Rand Merchant Bank
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation



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**The Msunduzi Municipality and its Municipal Entity
Consolidated Annual Financial Statements
For the year ended 30 June 2011**

I, am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 101, in terms of Section 126(1) of the Municipal Finance Management Act (56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclose in Note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearer Act and the Minister of Provincial and Local Governments determination in accordance with this Act.

Mr T Maseko
Acting Municipal Manager

Date



Statement of Financial Position

Figures in Rand	Note(s)	Group		Municipality	
		2011	2010 Restated	2011	2010 Restated
Assets					
Current Assets					
Inventories	3	57,922,099	62,078,701	57,922,099	62,078,701
Other financial assets	10	1,487,228	3,368,621	1,487,228	3,368,621
Trade and other receivables from non exchange transactions	4	13,408,066	30,179,340	13,408,066	30,179,340
VAT receivable	15	69,774	8,332	-	-
Trade and receivables from exchange transactions	5	352,890,396	214,803,639	352,890,396	214,803,639
Cash and cash equivalents	6	294,831,560	138,810,885	293,827,145	138,024,193
		<u>720,609,123</u>	<u>449,249,518</u>	<u>719,534,934</u>	<u>448,454,494</u>
Non-Current Assets					
Investment property	9	405,306,365	411,492,244	405,306,365	411,492,244
Property, plant and equipment	7	6,397,718,211	6,344,481,785	6,397,646,387	6,344,481,785
Intangible assets	8	7,282,522	6,465,292	7,282,522	6,465,292
Other financial assets	10	6,694,806	4,190,414	6,694,806	4,190,414
		<u>6,817,001,904</u>	<u>6,766,629,735</u>	<u>6,816,930,080</u>	<u>6,766,541,208</u>
Total Assets		<u>7,537,611,027</u>	<u>7,215,879,253</u>	<u>7,536,465,014</u>	<u>7,214,995,702</u>
Liabilities					
Current Liabilities					
Other financial liabilities	11	39,409,376	44,526,158	39,409,376	44,526,158
Finance lease obligation	12	2,861,443	3,442,950	2,861,443	3,442,950
Trade and other payables	13	325,221,892	325,955,004	325,025,602	325,925,442
VAT payable	14	41,558,707	22,512,954	41,558,707	22,512,954
Consumer deposits	16	70,633,354	35,793,963	70,633,354	35,793,963
Unspent conditional grants	17	121,163,591	140,882,033	121,163,591	140,882,033
Current provisions	18	412,346	760,739	281,850	760,739
		<u>601,260,709</u>	<u>573,873,801</u>	<u>600,933,923</u>	<u>573,844,239</u>
Non-Current Liabilities					
Long term liabilities	11	514,615,504	562,978,504	514,615,504	562,978,504
Finance lease obligation	12	4,326,449	7,150,234	4,326,449	7,150,234
Retirement benefit obligation	19	211,638,188	151,097,282	211,638,188	151,097,282
Provisions	20	20,362,367	3,623,648	20,362,367	3,623,648
		<u>750,942,508</u>	<u>724,849,668</u>	<u>750,942,508</u>	<u>724,849,668</u>
Total Liabilities		<u>1,352,203,217</u>	<u>1,298,723,469</u>	<u>1,351,876,431</u>	<u>1,298,693,907</u>
Net Assets		<u>6,185,407,810</u>	<u>5,917,155,784</u>	<u>6,184,588,583</u>	<u>5,916,301,795</u>
Net Assets					
Reserves					
Housing development fund	21	53,213,896	52,480,002	53,213,896	52,480,002
Accumulated surplus		<u>6,132,193,914</u>	<u>5,864,675,782</u>	<u>6,131,374,687</u>	<u>5,863,821,793</u>
Total Net Assets		<u>6,185,407,810</u>	<u>5,917,155,784</u>	<u>6,184,588,583</u>	<u>5,916,301,795</u>



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Statement of Financial Performance

Figures in Rand	Note(s)	Group		Municipality	
		2011	2010	2011	2010
Revenue					
Property rates	23	448,256,813	420,030,161	448,256,813	420,030,161
Service charges	24	1,449,716,955	1,159,300,660	1,449,716,955	1,159,300,660
Property rates - penalties imposed and collection charges		26,358,475	20,284,950	26,358,475	20,284,950
Rental of facilities and equipment		17,312,556	15,571,328	17,312,556	15,571,328
Income from agency services		576,982	1,435,383	576,982	1,435,383
Fines		5,354,278	7,084,343	5,354,278	7,084,343
Licences and permits		88,887	72,254	88,887	72,254
Government grants & subsidies	25	385,496,359	355,033,160	385,629,804	355,033,160
Other revenue	26	516,979,847	568,994,200	516,908,954	568,909,810
Interest received - investment	27	13,795,214	6,868,503	13,752,046	6,757,205
Interest received - other	27	38,044,140	21,160,808	38,044,140	21,160,808
Total Revenue		2,901,980,506	2,575,835,750	2,901,999,890	2,575,640,062
Expenditure					
Employee related costs	28	(636,372,680)	(629,032,210)	(634,105,509)	(626,884,983)
Remuneration of councillors	29	(18,417,917)	(19,386,445)	(18,417,917)	(19,386,445)
Depreciation and amortisation	30	(252,253,563)	(123,669,181)	(252,224,951)	(123,646,386)
Impairment of assets	31	(1,259,776)	(397,381)	(1,259,776)	(397,381)
Finance costs	32	(71,568,061)	(75,273,070)	(71,568,061)	(75,273,070)
Debt impairment	33	(96,000,000)	(250,539,606)	(96,000,000)	(250,539,606)
Collection costs		(1,663,830)	(2,460,768)	(1,663,830)	(2,460,768)
Repairs and maintenance		(58,214,303)	(66,284,690)	(57,394,116)	(65,924,285)
Bulk purchases	34	(994,365,930)	(804,979,363)	(994,365,930)	(804,979,363)
Grants and subsidies paid	35	(194,735)	(1,710,637)	(3,966,665)	(4,342,216)
General expenses	36	(676,927,341)	(835,566,244)	(676,256,002)	(835,254,970)
Total Expenditure		(2,807,238,136)	(2,809,299,595)	(2,807,222,757)	(2,809,089,473)
Gain or loss on disposal of assets	37	(63,559)	1,937,411	(63,559)	1,937,411
Financial liability amortised cost		241,233	793,323	241,233	793,323
Financial asset amortised cost		(140,688)	(531,635)	(140,688)	(531,635)
Surplus (deficit) for the year		94,779,356	(231,264,746)	94,814,119	(231,250,312)

Statement of Changes in Net Assets



Figures in Rand	Housing development fund	Accumulated surplus	Total net assets
Municipality			
Balance at 01 July 2009	52,002,719	6,153,197,489	6,205,200,208
Changes in accounting policies	-	(29,919,144)	(29,919,144)
Net income (losses) recognised directly in net assets	-	(29,919,144)	(29,919,144)
Deficit for the year	-	(231,250,312)	(231,250,312)
Total recognised income and expenses for the year	-	(261,169,456)	(261,169,456)
Transfer to / from reserves	-	1,865,658	1,865,658
Net difference of adjustments	-	(13,115,999)	(13,115,999)
Take on of additional servitudes	-	627,160	627,160
Transfer to/from provisions	-	(2,585,766)	(2,585,766)
Contributions to leave pay	-	(7,772,891)	(7,772,891)
Offset depreciation	-	11,175,878	11,175,878
Contribution from accumulated surplus	-	(18,400,280)	(18,400,280)
Transfer of HDF	477,283	-	477,283
Total changes	477,283	(289,375,696)	(288,898,413)
Balance at 01 July 2010	52,480,002	5,863,821,792	5,916,301,794
Changes in net assets	-	(236,915,412)	(236,915,412)
Correction of prior period error	-	385,409,676	385,409,676
Net income (losses) recognised directly in net assets	-	148,494,264	148,494,264
Surplus for the year	-	94,814,119	94,814,119
Total recognised income and expenses for the year	-	243,308,383	243,308,383
Transfer to/from reserves	-	(15,024,339)	(15,024,339)
Net difference of adjustments	-	1,592,591	1,592,591
Transfer of HDF	733,894	-	733,894
Contributions to stated benefits	-	(60,540,906)	(60,540,906)
Contributions to leave pay	-	(6,233,113)	(6,233,113)
Offset depreciation	-	121,188,998	121,188,998
Contributions to/from provisions	-	(16,738,719)	(16,738,719)
Total changes	733,894	267,552,895	268,286,789
Balance at 30 June 2011	53,213,896	6,131,374,687	6,184,588,583
Note(s)	21		



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Cash Flow Statement

		Group		Municipality	
Figures in Rand	Note(s)	2011	2010	2011	2010
Cash flows from operating activities					
Receipts					
Sale of goods and services		2,359,893,191	1,899,729,460	2,356,072,593	1,969,438,279
Interest income		51,796,184	28,029,311	51,796,184	27,918,013
		<u>2,411,689,375</u>	<u>1,927,758,771</u>	<u>2,407,868,777</u>	<u>1,997,356,292</u>
Payments					
Suppliers		(1,859,208,553)	(1,819,586,744)	(1,855,617,586)	(1,885,515,763)
Finance costs		(71,568,061)	(73,753,994)	(71,568,061)	(73,753,994)
		<u>(1,930,776,614)</u>	<u>(1,893,340,738)</u>	<u>(1,927,185,647)</u>	<u>(1,959,269,757)</u>
Net cash flows from operating activities	38	480,912,761	34,418,033	480,683,130	38,086,535
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(112,006,084)	(154,961,518)	(111,994,175)	(154,961,519)
Proceeds from sale of property, plant and equipment	7	11,071,616	1,937,411	11,071,616	1,937,411
Purchase of investment property	9	-	-	-	122,674,756
Movement in non receivables	8	(2,505,476)	502,770	(2,505,476)	502,769
Non cash item		(199,406,459)	-	(199,406,459)	-
Net cash flows from investing activities		(302,846,403)	(152,521,337)	(302,834,494)	(29,846,583)
Cash flows from financing activities					
Net movement in long-term/financial leases		(56,885,075)	(33,969,416)	(56,885,075)	(37,489,581)
Movement in short term liability		-	(50,000,000)	-	(50,000,000)
Movement in consumer deposits		34,839,391	985,925	34,839,391	985,925
Movement in current provisions		-	135,572	-	-
Long term loans received		-	226,095,421	-	226,095,421
Net cash flows from financing activities		22,045,684	143,247,502	22,045,684	139,591,765
Net increase/(decrease) in cash and cash equivalents		156,020,67	25,144,198	155,802,952	25,156,961
Cash and cash equivalents at the beginning of the year		138,810,885	113,666,687	138,024,193	112,867,232
Cash and cash equivalents at the end of the year	6	294,831,560	138,810,885	293,827,145	138,024,193



Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the municipality and the municipal group.

The consolidated annual financial statements of the municipality and its municipal group are used in the preparation of the consolidated annual financial statements and are prepared as the same reporting date.

The results of municipal entity, are included in the consolidated consolidated annual financial statements from the effective date of acquisition. Where necessary adjustments are made to the consolidated annual financial statements of the municipal group to bring their accounting policies used in line with those of the municipality.

All intra-group transactions, balances, revenues and expenses are eliminated in full on consolidation.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The group assesses its loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.



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Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including i.e. production estimates, supply demand, together with economic factors such as exchange rates inflation interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.



Effective interest rate

The group used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Presentation of Currency

These consolidated annual financial statements are presented in South African Rand.

1.4 Going concern assumption

In terms of the accounting standard GRAP 1 paragraphs 27 to 30 the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality may invoke its power to levy additional rates or taxes to enable the municipality to be considered as a going concern even though the municipality will be operational for extended periods with negative net assets.

However based on the current solvency and liquidity ratio's tests performed, the municipality's ability to operate as a going concern is under serious threat. To address the threat under which the municipality find's itself, the Provincial MEC for Department of Corporate Governance and Traditional Affairs, in terms of Section 139 (1) (c) of the Constitution, intervened and appointed an administrator together with a Provincial Intervention Team to ensure that the financial and administrative turn-around of the municipality is put in place and sustained. It is estimated that it may take more than one financial period to bring the municipality's financial position to a favourable one.

1.5 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.

1.6 Investment property

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.
Initial Recognition:



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Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion

Subsequent Measurement :

Investment property is measured at fair value. After initial recognition all investment property is measured at fair value at each Statement of financial position date. No depreciation is calculated on these properties.

Item Useful life:

Property - land indefinite.

Property - buildings 5 - 50 years.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, are as follows:

1.7 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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



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

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

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.



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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Average useful life
• Land	Infinite
• Furniture and fixtures.	7 - 10 years
• Other items of plant and equipment	2 - 5 years
• Office equipment	3 - 7 years
Infrastructure	
• Roads and paving	5 - 100 years
• Pedestrian malls	30 years
• Electricity	10 - 50 years
• Sewerage	10 - 100 years
• Water	10 - 100 years
• Housing	3 - 30 years
• Storm Water	20 years
Community	
• Buildings	10 - 50 years
• Recreational facilities	10 - 100 years
• Security	5 years
• Watercraft	15 years
Other	
• Other vehicles	5 years
Bins and containers	5 years
Landfill sites	15 years
Specialised vehicles	10 years
Specialised property, plant and equipment	10 - 15 years

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

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.



The gain or loss arising from the derecognition of an item of Intangible asset is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the group holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of reporting date comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the group.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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.

Unsold properties are at the lower cost and net realisable value. Direct cost are accumulated for each separately identifiable development. Cost also includes a portion of the overhead costs.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.



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The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.



A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The group has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Cash and cash equivalents

Trade and other receivables from non-exchange transactions

Trade and other receivables from exchange transactions

Long term receivables

Category

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

Financial asset measured at amortised cost

The group has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Long term liabilities

Trade and other payables

Category

Financial liability measured at amortised cost

Financial liability measured at amortised cost

The entity has the following types of residual interests (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:



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Initial recognition

The group recognises a financial asset or a financial liability in its statement of financial position when the group becomes a party to the contractual provisions of the instrument.

The group recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The group measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The group measures a financial asset and financial liability initially at its fair value.

The group first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The group accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The group measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the group establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the group uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on group-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an group calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.



Reclassification

The group does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the group cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the group reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the group reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The group assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.



Derecognition Financial assets

The group derecognises financial assets using trade date accounting.

The group derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the group, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the group :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the group transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the group adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the group obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the group recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the group has retained substantially all the risks and rewards of ownership of the transferred asset, the group continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the group recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The group removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.



An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another group by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.



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Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the group;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of group assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.



1.11 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one group receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another group in exchange.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting group.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the group satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the group.



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When, as a result of a non-exchange transaction, the group recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the group recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The group recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the group.

Where the group collects fines in the capacity of an agent, the fine will not be revenue of the collecting group.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the group, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the group and the fair value of the assets can be measured reliably.

1.12 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the group 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.

1.13 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.



Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the group settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an group has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

No obligation arises as a consequence of the sale or transfer of an operation until the group is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

1.14 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.



1.15 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic group'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.

1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.18 Comparative figures

Certain comparative figures have been reclassified.

Budgeted amounts have been included in the statement of comparison of budget and actual amounts for the current financial year only.

Prior year comparative

When presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.



1.19 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.20 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an group and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the group or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the group; and
- the cost of the asset can be measured reliably.

Intangible asset are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.



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An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these property, plant and equipment. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, internally generated	3 - 5 years
Computer software, other	3 - 5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.21 Non-current assets held for sale (and) (disposal groups)

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.



1.22 Impairment of cash-generating assets

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

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

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

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

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

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The group assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the group estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the group applies the appropriate discount rate to those future cash flows.



Basis for estimates of future cash flows

In measuring value in use the group:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the group operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the group determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the group use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.



An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the group does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The group assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the group estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.



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Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.23 Employee benefits

Employee benefits are all forms of consideration given by the group in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting group, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting group's own creditors (even in liquidation) and cannot be paid to the reporting group, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting group to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an group's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an group's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the group has indicated to other parties that it will accept certain responsibilities and as a result, the group has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.



When an employee has rendered service to the group during a reporting period, the group recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the group recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The group measure the expected cost of accumulating compensated absences as the additional amount that the group expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The group recognise the expected cost of bonus, incentive and performance related payments when the group has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the group has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an group provides post-employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an group pays fixed contributions into a separate group (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the group during a reporting period, the group recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an group recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.



Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the group recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting group) that are held by an group (a fund) that is legally separate from the reporting group and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting group's own creditors (even in liquidation), and cannot be returned to the reporting group, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting group; or
- the assets are returned to the reporting group to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the group recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The group account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the group's informal practices. Informal practices give rise to a constructive obligation where the group has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the group's informal practices would cause unacceptable damage to its relationship with employees.



The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The group measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The group determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The group recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The group uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an group shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an group shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.



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The group recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the group re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The group offsets an asset relating to one plan against a liability relating to another plan when the group has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Pension Obligations

The municipality and its employees contribute to 7 different Pension Funds, of which 2 (The Natal Joint Provident and Retirement Pension Fund) cater for the majority of the staff.

Natal Joint Retirement Funds, Government Employee Pension Fund and Associated Institution Pension Fund are defined benefit funds.



The Natal Joint Provident Fund, Pietermaritzburg and South African Local Authority are defined contribution funds.

The schemes are funded through payments to financial consultant companies or trustee-administered funds, determined by periodic actuarial calculations.^t

The Municipality has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.24 Investment income

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

1.25 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the group on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.22 and 1.30. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Extended periods is periods that exceeds X months.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.



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When the group completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.26 Use of Estimates

The preparation of consolidated annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated annual financial statements are disclosed in the relevant sections of the consolidated annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.27 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.28 Investments

Where the carrying amount of an investment 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.

1.29 Grants in aid

The Msunduzi Municipality transfers money to individuals, institutions and organisations. When making these transfers, The 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

1.30 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

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

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

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.



Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

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

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The group assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the group estimates the recoverable service amount of the asset.

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the group would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.



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Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the group recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The group assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the group estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.31 Budget information

Groups are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.



General purpose financial reporting by groups shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The consolidated annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the consolidated annual financial statements.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the group's operation.

The effective date of the is for years beginning on or after 01 April 2010.

The impact of the standard is not material.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.



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Where an entity prepares its budget and consolidated annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary consolidated annual financial statements. Where the budget and consolidated annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the consolidated annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and consolidated annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operation

The effective date of the standard is for years beginning on or after 01 April 2010.

The impact of the standard is not material.

GRAP 21: Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

An group assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

An group assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.



The effective date of the standard is for years beginning on or after 01 April 2010.

The group has adopted the standard for the first time in the 2011 consolidated annual financial statements.

The impact of the standard is set out in note Changes in Accounting Policy.

2.1 Standards and interpretations issued, but not yet effective

The group has not applied the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2011 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the group. The major classifications of activities identified in budget documentation will usually reflect the segments for which an group reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an group that provides specific outputs or achieves particular operating objectives that are in line with the group's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an group within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

The group expects to adopt the standard for the first time in the 2012 consolidated annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's consolidated annual financial statements.

GRAP 103: Heritage Assets

Grap 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the group; and
- the cost of fair value of the asset can be measured reliably.

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

Grap 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.



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In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

Grap 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Grap 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 01 July 2011.

The group expects to adopt the standard for the first time in the 2011 consolidated annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's consolidated annual financial statements.



GRAP 25: Employee benefits

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an group to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an group consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP 25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP 25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an group in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
 - pool the assets contributed by various entities that are not under common control; and
 - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the group that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an group provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
 - All short-term employee benefits;
 - Short-term compensated absences;
 - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.



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The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
 - Actuarial valuation method;
 - Attributing benefits to periods of service;
 - Actuarial assumptions;
 - Actuarial assumptions: Discount rate;
 - Actuarial assumptions: Salaries, benefits and medical costs;
 - Actuarial gains and losses;
 - Past service cost.
- Plan assets:
 - Fair value of plan assets;
 - Reimbursements;
 - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The municipality expects to adopt the standard for the first time in the 2012 annual financial statements

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality is unable to reliably estimate the impact of the standard on the consolidated annual financial statements.

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one group and a financial liability or residual interest in another group. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.



One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle an group to a portion of another group's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, an group considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where an group subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Concessionary loans are loans either received by or granted to another group on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. An group measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

Derivatives are measured at fair value. Combined instruments that include a derivative and non-derivative host contract are accounted for as follows:

- Where an embedded derivative is included in a host contract which is a financial instrument within the scope of this Standard, an entity can designate the entire contract to be measured at fair value or, it can account for the host contract and embedded derivative separately using GRAP 104. A group is however required to measure the entire instrument at fair value if the fair value of the derivative cannot be measured reliably.
- Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, a group can however designate such an instrument to be measured at fair value.



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A group can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once a group has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:

- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, a group has transferred control of the asset to another group.

A group derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where a group modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

A group cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an group's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an group is exposed to as a result of its consolidated annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. A group is permitted to apply hedge accounting, as long as the principles in IAS 39 are applied.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

The group expects to adopt the standard for the first time in the 2012 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's consolidated annual financial statements.



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
3. Inventories				
Forestry	39,570,937	36,924,471	39,570,937	36,924,471
Consumable stores	19,486,764	25,500,851	19,486,764	25,500,851
Workshop stores	674,292	674,531	674,292	674,531
Unused water	1,642,923	1,596,249	1,642,923	1,596,249
Fuel - diesel & petrol	1,085,509	893,152	1,085,509	893,152
	<u>62,460,425</u>	<u>65,589,254</u>	<u>62,460,425</u>	<u>65,589,254</u>
Impairment of inventories	<u>(4,538,326)</u>	<u>(3,510,553)</u>	<u>(4,538,326)</u>	<u>(3,510,553)</u>
	<u>57,922,099</u>	<u>62,078,701</u>	<u>57,922,099</u>	<u>62,078,701</u>
Carrying value of inventories carried at fair value less costs to sell	57,922,099	62,078,701	57,922,099	62,078,701

Inventory has been recorded using the First In First out (FIFO) method.

Impairment of inventory includes redundant and obsolete stock of 2011: R1,027,774 (2010:R397,381.)
Inventory is carried at lower of cost or net realisable value.

Inventory pledged as security

Inventory was not pledged as security for overdraft facilities.

Cost of inventories recognised as an expense

Consumable / workshop stores	14,660,161	23,822,729	14,660,161	23,822,729
Fuel- diesel and petrol	13,397,861	16,085,067	13,397,861	16,085,067
Forestry	7,695,124	6,677,655	7,695,124	6,677,655
Unused water	<u>265,040,887</u>	<u>236,743,218</u>	<u>265,040,887</u>	<u>236,743,218</u>
	<u>300,794,033</u>	<u>283,328,669</u>	<u>300,794,033</u>	<u>283,328,669</u>

4. Trade and other receivables from non exchange transactions

Other debtors	11,927,399	28,172,671	11,927,399	28,172,671
Land sale debtors	2,330,730	2,330,730	2,330,730	2,330,730
Other debtors- discounted interest	<u>(850,063)</u>	<u>(324,061)</u>	<u>(850,063)</u>	<u>(324,061)</u>
	<u>13,408,066</u>	<u>30,179,340</u>	<u>13,408,066</u>	<u>30,179,340</u>

Trade and other receivables pledged as security

Trade and other receivables were not pledged as security for overdraft facilities

Credit quality of trade and other receivables

Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.



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Figures in Rand	Group		Municipality	
	2011	2010	2011	2010

Fair value of other receivables from non-exchange transactions

Other receivables from non-exchange transactions	13,408,066	30,179,340	13,408,066	30,179,340
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Interest rate of 18% has been applied in calculating the fair value adjustment to trade and other receivables from non exchange transactions.

5. Trade and receivables from exchange transactions

Gross balances

Rates	207,280,469	163,532,979	207,280,469	163,532,979
Electricity	418,899,233	318,311,324	418,899,233	318,311,324
Water	123,933,193	84,544,334	123,933,193	84,544,334
Sewerage	29,462,314	13,863,228	29,462,314	13,863,228
Refuse	47,662,196	25,480,536	47,662,196	25,480,536
Housing rental	14,737,856	11,592,514	14,737,856	11,592,514
Other (specify)	36,905,378	28,056,855	36,905,378	28,056,855
	878,880,639	645,381,770	878,880,639	645,381,770

Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
Less: Allowance for debt impairment				
Rates and general , sewerage,refuse	(124,382,089)	(86,870,383)	(124,382,089)	(86,870,383)
Electricity	(332,782,625)	(285,956,125)	(332,782,625)	(285,956,125)
Water	(68,825,529)	(57,751,623)	(68,825,529)	(57,751,623)
	(525,990,243)	(430,578,131)	(525,990,243)	(430,578,131)

Net balance

Rates	82,898,380	76,662,596	82,898,380	76,662,596
Electricity	86,116,608	32,355,199	92,206,179	32,355,199
Water	55,107,664	26,792,711	55,107,664	26,792,711
Sewerage	29,462,314	13,863,228	29,462,314	13,863,228
Refuse	47,662,196	25,480,536	47,662,196	25,480,536
Housing rental	14,737,856	11,592,514	14,737,856	11,592,514
Other (specify)	36,905,378	28,056,855	36,905,378	28,056,855
	352,890,396	214,803,639	358,979,967	214,803,639



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
Rates				
Current (0 -30 days)	41,821,917	35,893,975	41,821,917	35,893,975
31 - 60 days	12,215,390	6,727,860	12,215,390	6,727,860
61 - 90 days	6,449,690	5,160,111	6,449,690	5,160,111
91 - 120 days	6,214,069	4,824,212	6,214,069	4,824,242
121 - 365 days	6,076,992	4,525,559	6,076,992	4,525,559
> 365 days	134,502,411	106,401,232	134,502,411	106,401,232
	<u>207,280,469</u>	<u>163,532,949</u>	<u>207,280,469</u>	<u>163,532,979</u>
Electricity, refuse, sewerage, water & housing rentals				
Current (0 -30 days)	193,009,250	162,614,432	193,009,250	162,614,432
31 - 60 days	26,980,949	18,239,279	26,980,949	18,239,279
61 - 90 days	26,489,009	12,041,789	26,489,009	12,041,789
91 - 120 days	25,073,160	12,916,884	25,073,160	12,916,884
121 - 365 days	22,175,628	12,139,114	22,175,628	12,139,114
> 365 days	340,966,796	235,840,439	340,966,796	235,840,439
	<u>634,694,792</u>	<u>453,791,937</u>	<u>634,694,792</u>	<u>453,791,937</u>
Other (specify)				
Financial instruments - discounted interest	36,905,378	28,056,855	36,905,378	28,056,855
Summary of debtors by customer classification				
Consumers				
Current (0 -30 days)	114,780,079	77,678,797	114,780,079	77,678,797
31 - 60 days	25,617,438	16,382,650	25,617,438	16,382,650
61 - 90 days	25,252,134	11,740,804	25,252,134	11,740,804
91 - 120 days	23,793,360	13,161,413	23,793,360	13,161,413
121 - 365 days	20,828,787	11,458,980	20,828,787	11,458,980
> 365 days	347,645,709	234,936,595	347,645,709	234,936,595
	<u>557,917,507</u>	<u>365,359,239</u>	<u>557,917,507</u>	<u>365,359,239</u>
Less: Allowance for debt impairment	<u>(442,688,014)</u>	<u>(324,175,080)</u>	<u>(442,688,014)</u>	<u>(324,175,080)</u>
	<u>115,229,493</u>	<u>41,184,159</u>	<u>115,229,493</u>	<u>41,184,159</u>



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Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
Industrial/ commercial				
Current (0 -30 days)	108,101,502	99,264,188	108,101,502	99,264,188
31 - 60 days	8,914,320	5,068,377	8,914,320	5,068,377
61 - 90 days	4,165,689	2,651,792	4,165,689	2,651,792
91 - 120 days	4,090,627	2,533,601	4,090,627	2,533,601
121 - 365 days	4,068,421	2,546,927	4,068,421	2,546,927
> 365 days	62,680,589	46,966,584	62,680,589	46,966,584
	192,021,148	159,031,469	192,021,148	159,031,469
Less: Allowance for debt impairment	(83,302,229)	(106,403,052)	(83,302,229)	(106,403,052)
	108,718,919	52,628,417	108,718,919	52,628,417
National and provincial government				
Current (0 -30 days)	4,360,393	14,313,229	4,360,393	14,313,229
31 - 60 days	5,641,772	3,569,294	5,641,772	3,569,294
61 - 90 days	3,145,634	3,074,803	3,145,634	3,074,803
91 - 120 days	3,074,328	2,102,902	3,074,328	2,102,902
121 - 365 days	3,204,410	2,709,506	3,204,410	2,709,506
> 365 days	72,708,404	67,250,943	72,708,404	67,250,943
	92,134,941	93,020,677	92,134,941	93,020,677
Less: Provision for debt impairment				
31 - 60 days	(33,464,927)	(104,581,436)	(33,464,927)	(104,581,436)
61 - 90 days	(29,417,823)	(14,392,596)	(29,417,823)	(14,392,596)
91 - 120 days	(27,883,987)	(15,695,013)	(27,883,987)	(15,695,013)
121 - 365 days	(24,897,208)	(14,005,907)	(24,897,208)	(14,005,907)
> 365 days	(410,326,298)	(281,903,179)	(410,326,298)	(281,903,179)
	(525,990,243)	(430,578,131)	(525,990,243)	(430,578,131)
Reconciliation of debt impairment provision				
Balance at beginning of the year	(430,578,131)	(182,000,434)	(430,578,131)	(182,000,434)
Contributions to provision	(96,000,000)	(250,539,606)	(96,000,000)	(250,539,606)
Bad debts written off against provision	587,888	1,961,909	587,888	1,961,909
	(525,990,243)	(430,578,131)	(525,990,243)	(430,578,131)



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010

Consumer debtors pledged as security

Consumer debtors were not pledged as security for overdraft facilities.

Credit quality of consumer debtors

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Although credit quality can be assessed the group did not apply any methods to evaluate the credit quality.

Consumer debtors impaired

The amount of the provision was R 525,990,243 as of 30 June 2011 (2010: R430,578,131).

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	48,451	48,479	44,985	44,585
Bank balances	12,378,916	20,073,746	12,174,159	20,058,725
Short-term deposits	282,404,193	118,688,660	281,608,001	117,920,883
	<u>294,831,560</u>	<u>138,810,885</u>	<u>293,827,145</u>	<u>138,024,193</u>

Average rate of return	6.02	7.09	6.02	7.09
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Cash and cash equivalents are classified as financial instruments under the loans category. Due to the short term nature of these investments no amortisation was performed. Fair value is taken at face value.

No cash and cash equivalents (or portions thereof) were pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired..

These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancements..

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the Municipality did not apply any methods to evaluate the credit quality.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2011	30 June 2010	30 June 2009	30 June 2011	30 June 2010	30 June 2009
FNB - No: 5094187782 (Primary)	46,852,653	52,922,539	17,564,736	33,054,016	(17,645,903)	11,586,616
FNB - No: 50940058750 (Electronic transfers)	-	-	-	(22,606,439)	-	1,000
FNB - No: 5094187774 (Unpaid cheques)	(199,649)	(106,205)	(34,906)	(199,649)	(106,205)	(34,906)
FNB - No: 62058007264 (Slum clearance)	24,298,267	31,200,807	25,581,036	24,298,267	31,200,807	26,652,854
FNB - No: 62065528930 (Library extension)	3,056,897	2,643,263	5,671,854	3,056,897	2,643,263	5,688,294
FNB - No: 62045272143 (Traffic fines)	-	(100)	28,853	-	-	-
FNB - No: 50941840627 (Market)	2,234,989	2,009,212	2,119,320	1,942,258	-	-
FNB - No: 62069378539 (Oribi airport)	10,485	(321,325)	143,935	10,485	(541,280)	(529,356)
FNB - No: 50930082248 (Forestry)	90,882	292,967	123,752	-	292,967	123,752
ABSA - No: 9076022706 (Forestry)	-	483,343	1,109,330	-	488,343	1,109,330
FNB - No: 50941847029 (Salaries main)	223,323	584,435	405,837	172,683	542,965	405,837
FNB - No: 62003432846 (Salaries PACs no.1)	1,082,635	1,962	-	-	-	-
FNB - No: 62003433414 (Salaries PACs no.2)	36,348	973,284	606,023	-	-	-
FNB - No: 62035467978 (Safe City)	204,757	15,021	11,343	204,757	22,676	27,337
Total	77,891,587	90,699,203	53,331,113	39,933,275	16,897,633	45,030,758

NB: All bank accounts reflected under note 6 are current accounts.



7. Property, plant and equipment

Group	2011				2010			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment
Land and buildings	559,857,243	(73,917,080)	485,940,163	584,809,902	(66,333,849)	518,476,053		
Motor vehicles	60,000	(14,000)	46,000	60,000	(2,000)	58,000		
Furniture and fittings	71,615	(57,700)	13,915	71,615	(44,777)	26,838		
IT equipment	50,708	(38,799)	11,909	38,799	(35,110)	3,689		
Infrastructure	5,520,173,084	(539,394,078)	4,980,779,006	5,467,477,266	(602,329,946)	4,865,147,320		
Community	652,138,073	(154,079,523)	498,058,550	661,506,710	(133,179,674)	528,327,036		
Other	410,973,690	(108,079,800)	302,893,890	491,997,098	(126,439,772)	365,557,326		
Movables	288,056,133	(158,686,735)	129,369,398	316,857,467	(250,514,840)	66,342,627		
Biological assets	605,380	-	605,380	542,896	-	542,896		

Total	7,431,985,926	(1,034,267,715)	6,397,718,211	7,523,361,753	(1,178,879,968)	6,344,481,785
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Municipality	2011				2010			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment
Land and buildings	559,857,243	(73,917,080)	485,940,163	584,809,902	(66,333,849)	518,476,053		
Infrastructure	5,520,173,084	(539,394,078)	4,980,779,006	5,467,477,266	(602,329,946)	4,865,147,320		
Community	652,138,073	(154,079,523)	498,058,550	661,506,710	(133,179,674)	528,327,036		
Other	410,973,690	(108,079,800)	302,893,890	491,997,098	(126,439,772)	365,557,326		
Movables	288,056,133	(158,686,735)	129,369,398	-	-	-		
Biological assets	605,380	-	605,380	542,896	-	542,896		
Total	7,431,803,603	(1,034,157,216)	6,397,646,387	7,523,191,339	(1,178,798,081)	6,344,393,258		



The Dynamic, Caring Capital City of Choice in KZN

Reconciliation of property, plant and equipment - Group - 2011

	Opening bal- ance	Additions	Additions through business combinations	Disposals	Capital under construction	Depreciation	Impairment	Adjustments - Depreciation	Total
Land and buildings	518,476,053	3,368,655	94,329,647	(12,000)	35,796	(18,575,417)	-	10,992,185	485,940,163
Motor vehicles	58,000	-	-	-	-	(12,000)	-	-	46,000
Furniture and fittings	26,838	-	-	-	-	(12,923)	-	-	13,915
IT equipment	3,689	11,909	-	-	-	(3,689)	-	-	11,909
Infrastructure	4,865,147,320	4,518,203	(48,743,020)	(34,733)	96,970,640	(137,096,099)	(156,028)	200,172,723	4,980,779,006
Community	528,327,036	245,256	(6,975,748)	(5,601,150)	4,165,004	(38,751,191)	-	16,649,343	498,058,550
Other	365,557,326	744,679	(82,513,602)	-	745,515	(27,229,953)	-	45,589,925	302,893,890
Movables	66,342,627	847,259	(19,524,318)	(328,056)	-	(26,222,116)	-	108,254,002	129,369,398
Biological assets	542,896	62,484	-	-	-	-	-	-	605,380
	6,344,481,785	9,798,445	(63,427,041)	(5,975,939)	101,916,955	(247,903,388)	(156,028)	381,658,178	6,397,718,211

Reconciliation of property, plant and equipment - Group - 2010

	Opening bal- ance	Additions	Adjustments	Disposals	Capital under con- struction	Depreciation	Total
Land and buildings	393,048,071	6,022,539	122,674,756	(5,180)	989,609	(4,253,742)	518,476,053
Motor vehicles	-	60,000	-	-	-	(2,000)	58,000
Furniture and fittings	39,761	-	-	-	-	(12,923)	26,838
IT equipment	10,412	-	-	-	-	(6,723)	3,689
Infrastructure	4,831,273,448	60,812,670	-	-	63,103,364	(90,042,162)	4,865,147,320
Community	527,434,647	7,666,769	-	-	2,240,546	(9,014,926)	528,327,036
Other	382,743,765	6,061,426	-	(18,240,705)	2,359,962	(7,367,122)	365,557,326
Movables	57,910,249	20,673,943	-	(2,098,240)	172,694	(10,316,019)	66,342,627
Office equipment	1,148	-	-	-	-	(1,148)	-
Biological assets	688,383	78,040	-	(223,527)	-	-	542,896
	6,193,149,884	101,375,387	122,674,756	(20,567,652)	68,866,175	(121,016,765)	6,344,481,785

Reconciliation of property, plant and equipment - Municipality - 2011

	Opening balance	Additions	Adjustments	Disposals	Capital under construction	Depreciation	Adjustments - depreciation	Impairment	Total
Land and buildings	518,476,053	3,368,655	94,329,647	(12,000)	35,796	(18,575,417)	10,992,185	-	485,940,163
Infrastructure	4,865,147,320	4,518,203	(48,743,020)	(34,733)	96,970,640	(137,096,099)	200,172,723	(156,028)	4,980,779,006
Community	528,327,036	245,256	(6,975,748)	(5,601,150)	4,165,004	(38,751,191)	16,649,343	-	498,058,550
Other	365,557,326	744,679	(82,513,602)	-	745,515	(27,229,953)	45,589,925	-	302,893,890
Movables	66,342,627	847,259	(19,524,318)	(328,056)	-	(26,222,116)	108,254,002	-	129,369,398
Biological assets	542,896	62,484	-	-	-	-	-	-	605,380
	6,344,393,258	9,786,536	(63,427,041)	(5,975,939)	101,916,955	(247,874,776)	381,658,178	(156,028)	6,397,646,387

Reconciliation of property, plant and equipment - Municipality - 2010

	Opening balance	Additions	Disposals	Capital under construction	Adjustments	Depreciation	Total
Land and buildings	393,048,071	6,022,539	(5,180)	989,609	122,674,756	(4,253,742)	518,476,053
Infrastructure	4,831,273,448	60,812,670	-	63,103,364	-	(90,042,162)	4,865,147,320
Community	527,434,647	7,666,769	-	2,240,546	-	(9,014,926)	528,327,036
Other	382,743,765	6,061,426	(18,240,705)	2,359,962	-	(7,367,122)	365,557,326
Movables	57,910,249	20,673,943	(2,098,240)	172,694	-	(10,316,019)	66,342,627
Biological assets	688,383	78,040	(223,527)	-	-	-	542,896
	6,193,098,563	101,315,387	(20,567,652)	68,866,175	122,674,756	(120,993,971)	6,344,393,258





The Dynamic, Caring Capital City of Choice in KZN

Pledged as security

No property, plant and equipment were pledged as security for any financial liabilities.

Refer to Appendix B for the detailed property, plant and equipment schedule.

Fully depreciated assets

All assets that were fully depreciated in the asset register had their useful lives reviewed in the 2010/2011 financial year. This was processed retrospectively and in terms of GRAP 3 was treated as a prior period error.

Other information

During the financial year useful life of property, plant and equipment has been reviewed, the estimated useful life for certain assets has been adjusted. Further certain assets that were previously recognised as expenditure were capitalised during the financial year. Certain properties were recognised on the land and building were transferred to investment properties. Retrospective adjustments made to property, plant and equipment in respect of depreciation calculated assets under construction.

8. Intangible assets

Group	2011			2010		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	21,260,844	(14,782,168)	6,478,676	21,968,210	(16,306,764)	5,661,446
Intangible assets	803,846	-	803,846	803,846	-	803,846
Total	22,064,690	(14,782,168)	7,282,522	22,772,056	(16,306,764)	6,465,292

Company	2011			2010		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	21,260,844	(14,782,168)	6,478,676	21,968,210	(16,306,764)	5,661,446
Intangible assets	803,846	-	803,846	803,846	-	803,846
Total	22,064,690	(14,782,168)	7,282,522	22,772,056	(16,306,764)	6,465,292

Reconciliation of intangible assets - Group - 2011

	Opening balance	Additions	Adjustments - cost	Amortisation	Adjustments - amortisation	Total
Computer software, other	5,661,446	305,293	(1,012,659)	(4,364,785)	5,889,381	6,478,676
Servitudes	803,846	-	-	-	-	803,846
	6,465,292	305,293	(1,012,659)	(4,364,785)	5,889,381	7,282,522



Reconciliation of intangible assets - Group - 2010

	Opening balance	Additions	Amortisation - adjustments	Total
Computer software, other	3,593,416	4,700,840	(2,632,810)	5,661,446
Servitudes	176,686	627,160	-	803,846
	3,770,102	5,328,000	(2,632,810)	6,465,292

Reconciliation of intangible assets - Municipality - 2011

	Opening balance	Additions	Adjustments - cost	Amortisation	Adjustments - amortisation	Total
Computer software, other	5,661,446	305,293	(1,012,659)	(4,364,785)	5,889,381	6,478,676
Servitudes	803,846	-	-	-	-	803,846
	6,465,292	305,293	(1,012,659)	(4,364,785)	5,889,381	7,282,522

Reconciliation of intangible assets - Municipality - 2010

	Opening balance	Additions	Amortisation	Total
Computer software, other	3,593,416	4,700,840	(2,632,810)	5,661,446
Servitudes	176,686	627,160	-	803,846
	3,770,10	5,328,000	(2,632,810)	6,465,292

9. Investment property

Group	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	405,306,365	-	405,306,365	534,167,000	-	534,167,000

Company	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	405,306,365	-	405,306,365	534,167,000	-	534,167,000



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Reconciliation of investment property - Group - 2011

	Opening balance	Disposals	Total
Investment property	411,492,244	(6,185,879)	405,306,365

Reconciliation of investment property - Group - 2010 Restated

	Opening balance	Adjustments - costs	Total
Investment property	534,167,000	(122,674,756)	411,492,244

Reconciliation of investment property - Municipality - 2011

	Opening balance	Disposals	Total
Investment property	411,492,244	(6,185,879)	405,306,365

Reconciliation of investment property - Municipality - 2010 Restated

	Opening balance	Adjustments - cost	Total
Investment property	534,167,000	(122,674,756)	411,492,244

Pledged as security

No investment property has been pledged for any financial liabilities.

Other disclosures

Investment property located in (a foreign country: specify) is governed by that country's exchange controls and therefore the rental income and proceeds from any sale of that investment property are not available to the group:

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

Investment property has been accounted for in terms of GRAP 16 and comprises of both land and buildings owned by the Msunduzi Municipality. Investment property will not be depreciated but will be annually valued on balance sheet date to determine their fair value as prescribed in GRAP 16.



Siyazama Consulting was awarded the tender for the valuation and identification of all investment property of the Msunduzi Municipality on 14 September 2010. Dianne De Wet from Siyazama Consulting is registered with the South African Council for the property valuers profession in terms of section 20 (2) (a) of the Property Valuers Profession Act, 2000. The deliverables of the project included:

- A comprehensive deed search
- Providing separate land and building values
- Identifying Investment property
- Providing a data fact sheet for each property identified with information on the street address, SG 21 digit key (Erf, stand, portion), property description, GIS information and a photograph of the property.

The project was completed in April 2011 and the asset register was updated with the data on investment property in April 2011.

The method applied in updating the investment property data in the asset register was:

- Vacant land was reviewed to determine future use and if no future use could be determined then it was classified as investment property.
- Properties with valid rental and lease agreements were deemed to be investment properties.
- All depreciation for these assets was reversed and in terms of GRAP 3 treated as a prior period error.
- All existing records of investment property in the asset register was written off because it was not practical to match the properties in the valuation roll, deed register and asset register as there was no common link with Surveyor General (SG) 21 digit key in the asset register.
- All buildings previously classified as property, plant and equipment in the asset register have been identified and reclassified as investment property.
- All depreciation for these assets was reversed and in terms of GRAP 3 treated as a prior period error.
- No investment property was purchased in the 2010/2011 financial year.
- The adjustment to the investment property was accounted for in terms of GRAP 3 as a prior period error.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the group have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the group subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
 - the fact that the group has disposed of investment property not carried at fair value,
 - the carrying amount of that investment property at the time of sale, and
 - the amount of gain or loss recognised.

When the group's policy is to subsequently measure investment property on the cost model, when the group cannot determine the fair value of the investment property reliably, the group must disclose:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and



The Dynamic, Caring Capital City of Choice in KZN

Figures in Rand

10. Other financial assets

At fair value through surplus or deficit - designated

Fixed deposits - long to medium term investment
Terms and conditions

	Group		Municipality	
	2011	2010	2011	2010

	65,135	1,924,051	65,135	1,924,051
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Loans and receivables

Housing

These long term debtors refer to housing rent schemes that were purchased by the existing owners. These loans are repayable over a period of 20 to 30 years.

	7,776,938	5,262,081	7,776,938	5,262,081
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Educational facilities and sporting bodies

Funding provided to public institutions. These loans do not attract any interest and is repayable over a period of 15 to 40 years

	339,961	372,903	339,961	372,903
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	8,116,899	5,634,984	8,116,899	5,634,984
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Total other financial assets

	8,182,034	7,559,035	8,182,034	7,559,035
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Non-current assets

Loans and receivables

	6,694,806	4,190,414	6,694,806	4,190,414
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Current assets

At fair value through surplus or deficit

	65,135	1,924,051	65,135	1,924,051
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Loans and receivables

	1,422,093	1,444,570	1,422,093	1,444,570
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	1,487,228	3,368,621	1,487,228	3,368,621
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	8,182,034	7,559,035	8,182,034	7,559,035
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Fair value information

Financial assets at fair value through surplus or deficit are recognised at fair value, which is therefore equal to their carrying amounts.

Fair value through surplus and deficit - impaired

Other financial assets at fair value through surplus and deficit are not considered to be impaired.

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year..

Fair value information

Loans and receivables impaired

No portion of these loans were impaired as at 30 June 2011.



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
Credit quality of other financial assets				
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed the group did not apply any methods to evaluate the credit quality				
Held to maturity instruments				
Loans and receivables				
No portion of the long term receivables was pledged as security for any financial liabilities.				
No long term receivables defaulted and no terms of any of the long term receivables were re-negotiated.				
These amounts best represent the maximum exposure to credit risk at the end of the reporting period, without taking account of any collateral held or other credit enhancement.				
11. Other financial liabilities				
Held at amortised cost				
External loans	554,024,880	607,504,662	554,024,880	607,504,662
DBSA - funding required for capital expenditure. Loans bear an interest rate between 6.75% and 16.50%. Loans are repayable over a period between 12 to 30 years				
RMB - funding required for capital expenditure. Loans bear an interest rate between 11.38% and 14.18%. Loans are repayable over a period between 11.38% and 14.18%. Loans are repayable over a period between 10 to 12 years.				
INCA - funding required for capital expenditure. Loans bear an interest rate at 11.38%. Loan is repayable over a period of 10 years.				
<hr/>				
Non-current liabilities				
At amortised cost	514,615,504	562,978,504	514,615,504	562,978,504
<hr/>				
Current liabilities				
At amortised cost	39,409,376	44,526,158	39,409,376	44,526,158
	554,024,880	607,504,662	554,024,880	607,504,662

Refer to Appendix A for further details on long term liabilities



The Dynamic, Caring Capital City of Choice in KZN

Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
12. Finance lease obligation				
Minimum lease payments due				
- within one year	3,574,809	4,489,147	3,574,809	4,489,147
- in second to fifth year inclusive	4,799,203	7,775,730	4,799,203	7,775,730
- later than five years	348,401	667,882	348,401	667,882
	8,722,413	12,932,759	8,722,413	12,932,759
less: future finance charges	(819,725)	(1,488,741)	(819,725)	(1,488,741)
Present value of minimum lease payments	7,902,688	11,444,018	7,902,688	11,444,018
Present value of minimum lease payments due				
- within one year	3,357,202	4,211,231	3,357,202	4,211,231
- in second to fifth year inclusive	4,216,553	6,631,806	4,216,553	4,216,553
- later than five years	328,933	600,981	328,933	600,981
	7,902,688	11,444,018	7,902,688	9,028,765
Non-current liabilities	4,326,449	7,150,234	4,326,449	7,150,234
Current liabilities	2,861,443	3,442,950	2,861,443	3,442,950
	7,187,892	10,593,184	7,187,892	10,593,184

The average lease term was 5 years and the average effective borrowing rate was 12% (2010: 12%).

The group did not default on any of the interest or capital repayment of the finance leases.

No terms and conditions of the finance leases were re-negotiated.

Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
13. Trade and other payables				
Trade payables	24,966,702	28,247,531	24,966,702	28,247,531
Other payables	47,575,892	45,589,146	47,379,602	45,559,584
Other deposits	2,772,795	3,197,119	2,772,795	3,197,119
Accrued leave pay	47,925,583	43,990,395	47,925,583	43,990,395
Operating lease payables	-	170,715	-	170,715
Retention	9,223,301	12,579,039	9,223,301	12,579,039
Other payables accrued	199,226,560	198,408,767	199,226,560	198,408,767
Other payables - discounted	(6,468,941)	(6,227,708)	(6,468,941)	(6,227,708)
	325,221,892	325,955,004	325,025,602	325,925,442

[Only disclose if fair value does not approximate carrying amount]



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
Fair value of trade and other payables				
The carrying amount of loans to and from shareholders are denominated in the following currencies:				
14. VAT payable				
VAT payables	47,648,278	22,512,954	47,648,278	22,512,954
VAT is payable on the receipt and payment basis. VAT is only declared to SARS on receipt of payment from consumers. During the financial year all VAT returns were submitted to SARS on due date.				
15. VAT receivable				
VAT	6,159,345	8,332	-	-
16. Consumer deposits				
Electricity	54,862,020	28,278,355	54,862,020	28,278,355
Water	10,281,607	4,899,556	10,281,607	4,899,556
Refuse	1,900,801	905,800	1,900,801	905,800
Regional services levies	3,588,926	1,710,252	3,588,926	1,710,252
	<u>70,633,354</u>	<u>35,793,963</u>	<u>70,633,354</u>	<u>35,793,963</u>

Included in deposits is an accrual of interest at an effective interest of 4% per annum.

Balance on the interest reserve: R 10,548,954 as at 30 June 2011 and R 8,401,971 as at the 30 June 2010.

Guarantees in lieu of electricity and water deposit	6,926,700	8,856,716	6,926,700	8,856,716
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Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
17. Unspent conditional grants				
Movement during the year				
Balance at the beginning of the year	140,882,033	113,470,183	140,882,033	113,470,183
Additions during the year	130,449,052	153,249,496	130,449,052	153,249,496
Income recognition during the year	(105,930,966)	(125,837,646)	(105,930,966)	(125,837,646)
Prior year adjustment - income recognised	(44,236,528)	-	(44,236,528)	-
	<u>121,163,591</u>	<u>140,882,033</u>	<u>121,163,591</u>	<u>140,882,033</u>

The nature and extent of government grants recognised in the Statement of Financial Performance relates to the portion of the grant where the conditions have been fulfilled.



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Figures in Rand	Group		Municipality	
	2011	2010	2011	2010

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised as a liability in the Statement of Financial Position.

Refer to Appendix G for details of unspent conditional grants, receipts and transfers from National/Provincial Government and Other.

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

National grants	44,580,697	81,028,290	44,580,697	81,028,290
Provincial grants & subsidies	36,162,498	24,065,042	36,162,498	24,065,042
Other conditional grant receipts	40,420,396	35,788,701	40,420,396	35,788,701
	121,163,591	140,882,033	121,163,591	140,882,033

18. Current provisions

Performance bonus	281,850	760,739	281,850	760,739
Bonus	67,675	-	-	-
Leave	47,821	-	-	-
Workman compensation act	15,000	-	-	-
	412,346	760,739	281,850	760,739

Performance bonuses are paid to employees subject to certain conditions. The provision is a calculation of the amount due to employee at the reporting date. Performance bonuses are measured at face value as it is expected that these would normally be paid shortly after the financial year end once performance evaluations have been completed.

The movement in the current provision is reconciled as follows

Opening balance	891,235	625,167	891,235	625,167
Reversal of prior year contributions	(478,889)	-	(478,889)	-
	412,346	625,167	412,346	625,167

19. Employee benefit obligations

Defined contribution and benefit plan

The Council provides retirement benefits to employees by contributing to pension and provident funds. Membership of either pension or provident fund is compulsory for all permanent employees.

The majority members and Council contribute to the Natal Joint Retirement and Provident Funds (NJMP), employees contributing to SALA, AIPF, Pietermaritzburg Provident Fund and GEPP. Employees contributing to SALA, AIPF, Pietermaritzburg Provident Fund and GEPP make up a small number of the total members of pension funds. Msunduzi Municipality liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer.



The majority of personnel are members of the following pension funds:

Kwa-Zulu-Natal Joint Municipal Provident Fund.

Actuarial Valuation as at 31 March 2010.

Results of valuation.

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R12,779,000 is required to be held in the Risk Reserve Account. The market value of the assets exceeded the liabilities by R17,651,000 or about 2,34% of the Share Account at the valuation date. At the previous valuation date it was a deficit.

The Investment Reserve Account far exceeds the deficit, so that the Fund is financially sound as at the valuation date.

Benefits:

- Pension age 65 years
- Earliest retirement age 58 years
- Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.
- Member's portion of full benefits - Initial transfer plus members contributions plus local authorities contributions for full benefits plus interim, special and final bonuse
- Benefit on retirement after earliest retirement age or pension age - Full benefit.
- Benefit on retirement because of ill health - Full benefit
- Benefit on death in service - Full benefit plus 0.7% of annual pensionable salary for each month of potential service to a maximum of 2.1 years salary.

Contributions:

- Members may choose to contribute at a rate of 5%, 7% or 9.25% of their pensionable emoluments in terms of regulation 14(a)
- Participating employers contribute at a rate of 1.95 times of the rate of members contribution in terms of regulation 17(1)(b)

Benchmark: The benchmark asset allocation determined as being appropriate for the fund, which takes cognisance of membership and liability profile, is stated below :

Domestic Investments:	753,288,000
International Investments	52,730,000
Risk Reserve Account	12,779,000
Unallocated Assets (deficit)	17,651,000
Membership	8,837

Natal Joint Pension Fund:

Natal Joint Municipal Pension Fund: (Retirement) Interim actuarial valuation

An interim actuarial valuation was performed on 31 March 2010.

The market value of the Fund's assets was R 1,835,990 at 31 March 2010.

The DCF method of valuation has been applied for the purposes of determining the Fund's financial condition.

The funding level in respect of contributory members has deteriorated slightly reducing from 79,5% to 79,0%. The primary reason for this is that salary increases were higher than expected.



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On the DCF funding level has improved and the overall shortfall has decreased. The valuation disclosed a surplus of R114.3 million in respect of pensioners and a shortfall of R243.2 million in respect of members.

The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to levy a separate surcharge on local authorities which grant excessive salary increases, thereby causing a financial strain on the Fund to the detriment of other stakeholders.

The employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age will increase over time which, in turn, means that the required rate of contribution will also increase.

Thus, once the surcharge ceases, the underlying rate of contribution will not be sufficient to meet the cost of the benefits. It is necessary to set aside a reserve to hold assets equal to the expected shortfall. For this reason a "Contribution Reserve is held equal to the present value of the shortfall in terms of the Financial Services Board's Circular PF117 for the 5 years to 2015 when it is expected that the surcharge will cease.

Benefits:

- Members Contributions - 7% of Pensionable salaries plus a surcharge of 1,65 % of pensionable salary in respect of members who were members at 30 June 2002.
- Pension age 65 Years
- Final average Salary - Average annual pensionable salaries during the last year of service.
- Pension on retirement at pension age - 2.1% of final average emoluments per year of continuous service.
- Lump sum on retirement at pension age - 5.5% of final average emoluments per year of service.
- Pension on retirement because of ill-health (minimum ten years continuous service) - Pension as for retirement at pension age.
- Lump sum on retirement because of ill-health (minimum 10 years continuous service) - Lump sum as for retirement at pension age.
- Lump sum on retirement because of ill health (less than ten years continuous service) - The greater of the resignation benefit or twice the members contributions.
- Surviving Spouses pension on death in service - 1,05% of final average emoluments per year of continuous service that the member would have had at the pension age.
- Surviving Spouses pension on death of pensioner - 1,05% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service.
- Lump sum on death in service - Annual pensionable emoluments.
- Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years.

Benchmark

Investments

Domestic	1,563,444,000
International	272,546,000
Membership	4,008



Figures in Rand

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

	Group		Municipality	
	2011	2010	2011	2010
Natal Joint Pension Fund	89,345,489	83,944,668	89,345,489	83,944,668
Natal Joint Provident Fund	26,699,726	23,112,838	26,699,726	23,112,838
Government Employees Pension Fund	4,259,352	4,196,154	4,259,352	4,196,154
Associated Institution Pension Fund	189,005	187,111	189,005	187,111
South Africa Local Authorities Pension Fund	634,069	581,969	634,069	581,969
Councillors Pension Fund	3,152,967	3,106,040	3,152,967	3,106,040
Dynamique Ambrella (Pietermaritzburg Provident Fund)	563,358	575,149	563,358	575,149
	124,843,966	115,703,929	124,843,966	115,703,929

Post retirement medical aid contributions.

The municipality operates on 6 accredited medical aid schemes, namely Bonitas. Discovery Health, Hosmed, Key-Health, LA Health and SAMWU Medical Aid Scheme, Pensioners continue on the option they belonged to on the day of their retirement.

The last post-employment health care benefits actuarial valuation in terms of IAS19 was done by Delliott and Touche for the period ending 30 June 2009. For the financial period ending 30 June 2010 Ernst and Young undertook the valuation in accordance with the requirements of Professional Guidance Note (PPN) 301 of the Actuarial Society of South Africa.

For the 2010/2011 financial period there were no actuarial valuation done and is staff benefit provision based on the last valuation that was undertaken by Ernst and Young during the 2009/2010 financial period. A new valuation will be undertaken in the future in terms of IAS 19 or GRAP 25 when effective.

According to the last valuation the accrued liability amounted to R 310.12 million as at 30 June 2010. The estimated projection for 2010/2011 amounted to R 332.72 that needs be recovered over three year period.

A reconciliation of Msunduzi's accrued liability for the year ending 30 June 2011 is set out below:

Year ended 30 June 2011

Opening balance	310,120,000	290,450,000	310,120,000	290,450,000
Service cost	10,520,000	7,090,000	10,520,000	7,090,000
Interest cost	24,000,000	22,550,000	24,000,000	22,550,000
Expected benefit payment	(11,920,000)	(10,870,000)	(11,920,000)	(10,870,000)
Expected closing balance	332,720,000	309,220,000	332,720,000	309,220,000
Actuarial (gain)/loss	-	900,000	-	900,000
Actual closing balance	332,720,000	310,120,000	332,720,000	310,120,000



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Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
The amounts recognised in the statement of financial position are as follows:				
Carrying value				
Present value of the defined benefit obligation-wholly unfunded	(211,638,188)	(151,097,282)	(211,638,188)	(151,097,282)
Movements for the year				
Opening balance	(151,097,282)	(98,089,800)	(151,097,282)	(98,089,800)
Contributions - current	(60,540,906)	(53,007,482)	(60,540,906)	(53,007,482)
Net expense recognised in the statement of financial performance	121,081,812	159,022,718	-	-
Closing balance	(90,556,376)	7,925,436	(211,638,188)	(151,097,282)

Reconciliation of obligation to disclose liability

Actuarial liability	332,720,000	310,120,000	332,720,000	310,120,000
Amount disclosed at 30 June 2010	(151,097,282)	(98,089,800)	(151,097,282)	(98,089,800)
Straight line contribution on remainder of liability	(60,540,906)	(53,007,482)	(60,540,906)	(53,007,482)
Amount to be contributed in the next four years	121,081,812	159,022,718	121,081,812	159,022,718

Key assumptions used

The projected unit credit method is used as the standard valuation methodology for the valuation done during the 2009/2010 financial period.

Plan assets were valued at current market value as required by IAS19.

Assumptions used on last valuation on 30 June 2010.

Discount rates used	6.42%	6.42%	6.42%	6.42%
to	9.27%	9.27%	9.27%	9.27%
Medical inflation - lower than discount rate	1.00%	1.00%	1.00%	1.00%
Medical inflation - higher than CPI	1.00%	1.00%	1.00%	1.00%
Salary inflation - higher than CPI	2.00%	2.00%	2.00%	2.00%

Other assumptions; Post retirement mortality PA (90). Retirement age 65 yearst

Sensitivity analysis

The impact of a 1% change in the medical aid inflation rate is reflected in the table underneath.



Figures in Rand

Group		Municipality	
2011	2010	2011	2010

Sensitivity analysis

Sensitivity to medical inflation

Base	290,448,544	290,448,544	290,448,544	290,448,544
-1%	248,825,292	248,825,292	248,825,292	248,825,292
+1%	343,541,221	343,541,221	343,541,221	343,541,221
	<u>882,815,057</u>	<u>882,815,057</u>	<u>882,815,057</u>	<u>882,815,057</u>

The employees of the Council as well as the Council as employer, contribute to municipal medical aids as listed below:

LA Health	14,029,781	10,044,399	14,029,781	10,044,399
Key Health	31,259,032	30,650,727	31,259,032	30,650,727
Samwumed	2,270,705	2,657,965	2,270,705	2,657,965
Discovery	276,494	271,319	276,494	271,319
Bonitas	13,723,769	11,269,404	13,723,769	11,269,404
Hosmed	967,350	821,175	967,350	821,175
	<u>62,527,131</u>	<u>55,714,989</u>	<u>62,527,131</u>	<u>55,714,989</u>

20. Provisions

Reconciliation of provisions - Group - 2011

	Opening Balance	Change in accounting estimate	Total
Landfill rehabilitation provision	3,623,648	16,738,719	<u>20,362,367</u>

Reconciliation of provisions - Group - 2010

	Opening Balance	Reversed during the year	Change in discount factor	Total
Landfill rehabilitation provision	16,871,166	(13,779,153)	531,635	<u>3,623,648</u>



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Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
Reconciliation of provisions - Municipality - 2011				
		Opening Balance	Change in accounting estimate	Total
Landfill rehabilitation provision		3,623,648	16,738,719	20,362,367

Reconciliation of provisions - Municipality - 2010

	Opening Balance	Reversed during the year	Change in discount factor	Total
Landfill rehabilitation provision	16,871,166	(13,779,153)	531,635	3,623,648

The landfill site provision represents management's best estimate of the municipality's rehabilitation liability based on an valuation provided by an external consultant on the remaining useful life of the landfill site.

Contract Q50 of 10/11 - Appointment and provisional programme for closure costing of the New England Road landfill site - was awarded to Jeffares and Green in June 2011. For the current financial year no adjustment has been made to the provision account due to late awarding of the contract, the scope of the contract will only being finalised at the end of August 2011. The necessary adjustment to the provision account during the 2011/2012 financial year.

Alien vegetation provision

According to the National Environmental Management Act, 1998 (Act No. 107 of 1998) the municipality was encouraged to recognise a provision in this regard.

The Department of Agriculture has since 2006 provided considerable support to the Msunduzi Municipality in terms of clearing listed alien invasive plants.

The Msunduzi Municipality's involvement and responsibility is effectively operational support to the Department of Agriculture terms of clearing listed alien invasive plants.

21. Housing development fund

Unappropriated surplus	18,957,004	18,223,110	18,957,004	18,223,110
Loans extinguished by government on 1 April 1998	34,256,892	34,256,892	34,256,892	34,256,892
	53,213,896	52,480,002	53,213,896	52,480,002



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
The housing development fund is represented by the following assets & liabilities				
Property plant and equipment	179,968	179,968	179,968	179,968
Housing selling scheme loans	6,808,732	4,293,875	6,808,732	4,293,875
Housing rental trade receivables	14,737,901	11,592,558	14,737,901	11,592,558
Loans extinguished by Government on 1 April 1998	34,256,892	34,256,892	34,256,892	34,256,892
Bank and cash	(2,766,061)	2,158,990	(2,766,061)	2,158,990
Less: trade payables	(3,536)	(2,281)	(3,536)	(2,281)
	53,213,896	52,480,002	53,213,896	52,480,002

22. Revenue

Property rates	448,256,813	420,030,161	448,256,813	420,030,161
Property rates – Penalties imposed and collection charges	26,358,475	20,284,950	26,358,475	20,284,950
Service charges	1,449,716,955	1,159,300,660	1,449,716,955	1,159,300,660
Rental of facilities & equipment	17,312,556	15,571,328	17,312,556	15,571,328
Income from agency services	576,982	1,435,383	576,982	1,435,383
Fines	5,354,278	7,084,343	5,354,278	7,084,343
Licences and permits	88,887	72,254	88,887	72,254
Government grants & subsidies	385,496,359	355,033,160	385,629,804	355,033,160
	2,333,161,305	1,978,812,239	2,333,294,750	1,978,812,239

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

Service charges	1,449,716,955	1,159,300,660	1,449,716,955	1,159,300,660
Rental of facilities & equipment	17,312,556	15,571,328	17,312,556	15,571,328
Income from agency services	576,982	1,435,383	576,982	1,435,383
Licences and permits	88,887	72,254	88,887	72,254
	1,467,695,380	1,176,379,625	1,467,695,380	1,176,379,625



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Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Property rates	448,256,813	420,030,161	448,256,813	420,030,161
Property rates – Penalties imposed and collection charges	26,358,475	20,284,950	26,358,475	20,284,950
Fines	5,354,278	7,084,343	5,354,278	7,084,343
Transfer revenue				
Government grants and subsidies	385,496,359	355,033,160	385,629,804	355,033,160
	865,465,925	802,432,614	865,599,370	802,432,614

23. Property Rates

Rates received

Residential	212,981,912	209,492,142	212,981,912	209,492,142
Industrial/Commercial	222,910,407	187,836,514	222,910,407	187,836,514
Rural Communal land	98,150	-	98,150	-
Agriculture	245,768	1,716,588	245,768	1,716,588
Public service infrastructure	385,342	1,055,148	385,342	1,055,148
Vacant land	29,695,142	18,404,737	29,695,142	18,404,737
Adjustments processed	(18,059,908)	1,525,032	(18,059,908)	1,525,032
	448,256,813	420,030,161	448,256,813	420,030,161
Property rates - penalties imposed and collection charges	26,358,475	20,284,950	26,358,475	20,284,950
	474,615,288	440,315,111	474,615,288	440,315,111

Valuations

Residential	30,487,047,001	30,651,309,401	30,487,047,001	30,651,309,401
Industrial/Commercial	12,880,510,000	13,789,137,000	12,880,510,000	13,789,137,000
Rural Communal land	26,000,000	26,000,000	26,000,000	26,000,000
Agriculture	493,501,000	493,501,000	493,501,000	493,501,000
Public Service Infrastructure	241,265,000	201,410,001	241,265,000	201,410,001
Vacant land	1,659,693,000	1,880,513,000	1,659,693,000	1,880,513,000
Municipal properties	647,991,000	700,530,000	647,991,000	700,530,000
	46,436,007,001	47,742,400,402	46,436,007,001	47,742,400,402

General valuations on properties are performed every 4 years in terms of the Municipal Property Rates Act. The last general valuation came into effect on 1 July 2009. Supplementary valuations are take place on an annual basis to take into account building additions, changes, sub divisions and consolidations.



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010

A general rate of 1.78 cents in a rand for 2011 - (2010: 1.65 cents in a rand) is applied to property valuations to determine assessment rates.

24. Service charges

Sale of electricity	1,011,458,928	816,172,839	1,011,458,928	816,172,839
Sale of water	270,106,949	213,633,343	270,106,949	213,633,343
Solid waste	65,558,726	53,287,411	65,558,726	53,287,411
Sewerage and sanitation charges	102,592,352	76,207,067	102,592,352	76,207,067
	1,449,716,955	1,159,300,660	1,449,716,955	1,159,300,660

The above figure is net of revenue foregone.

25. Government grants and subsidies

Grants & subsidies - capital	84,654,085	79,011,226	84,654,085	79,011,226
Equitable share	267,210,613	206,177,611	267,210,613	206,177,611
KZN - Health subsidies	12,488,226	10,797,104	12,488,226	10,797,104
Grants & subsidies - operating	21,143,435	59,047,219	21,276,880	59,047,219
	385,496,359	355,033,160	385,629,804	355,033,160

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Refer to Appendix E for the detailed reconciliation on unspent grants and subsidies.

26. Other revenue

Airport	2,646,441	1,308,453	2,646,441	1,308,453
Forestry	11,989,359	10,327,267	11,989,359	10,327,267
Market	16,804,430	16,648,041	16,804,430	16,648,041
Burials and cremations	746,824	942,446	746,824	942,446
Buildings	2,159,628	1,454,763	2,159,628	1,454,763
Re-connections	14,128,313	9,772,804	14,128,313	9,772,804
Training levy recoveries	1,067,365	2,456,370	1,067,365	2,456,370
Discount received	305,847	525,179	305,847	525,179
Sundry income	14,846,003	13,034,876	14,846,003	13,034,876
Other income - foregone	371,382,541	432,622,618	371,382,541	432,622,618
Other revenue - MIG(PMU) operating costs	2,103,120	1,827,026	2,103,120	1,827,026
Other revenue - insurance recoveries	11,270	52,181	11,270	52,181
Other revenue	79,993	87,610	9,100	3,220
Unbilled water	70,245,508	72,383,537	70,245,508	72,383,537
Discounting of debtors	8,463,205	5,551,029	8,463,205	5,551,029
	516,979,847	568,994,200	516,908,954	568,909,810



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Figures in Rand

27. Interest received

Interest revenue

	Group		Municipality	
	2011	2010	2011	2010
Interest received - external investments	12,865,744	5,564,807	12,822,576	5,453,509
Interest received - sundry debtors	929,470	1,303,696	929,470	1,303,696
Interest received - service debtors	38,044,140	21,160,808	38,044,140	21,160,808
	51,839,354	28,029,311	51,796,186	27,918,013

28. Employee related costs

Basic	451,112,718	436,547,965	449,181,101	434,490,045
Other payroll levies	116,731,241	107,142,026	116,395,687	107,052,719
Travel, motor car, accommodation, subsistence and other allowances	24,162,356	20,754,308	24,162,356	20,754,308
Overtime payments	24,922,468	45,438,122	24,922,468	45,438,122
Long-service awards	15,796,260	13,979,025	15,796,260	13,979,025
Housing benefits and allowances	3,647,637	5,170,764	3,647,637	5,170,764
	636,372,680	629,032,210	634,105,509	626,884,983

Remuneration of municipal manager

Annual Remuneration	-	901,027	-	901,027
Car Allowance	-	50,000	-	50,000
Contributions to UIF, Medical and Pension Funds	-	22,085	-	22,065
Travel claim	-	2,425	-	2,425
Acting allowance	495,153	-	495,153	-
	495,153	975,537	495,153	975,517

Remuneration of chief finance officer

Annual Remuneration	542,866	651,440	542,866	651,440
Car Allowance	78,236	93,883	78,236	93,883
Contributions to UIF, Medical and Pension Funds	-	185,374	-	185,374
Travel claim	-	6,583	-	6,583
Acting allowance	30,607	-	30,607	-
	651,709	937,280	651,709	937,280



Figures in Rand

Group		Municipality	
2011	2010	2011	2010

The chief financial officer resigned on the 30 April 2011. The acting allowance relates to the chief financial officer who was acting for the period May 2011 to June 2011.

Remuneration of executive manager - internal audit

Annual Remuneration	-	307,046	-	307,046
Car Allowance	-	101,562	-	101,562
Annual bonuses	-	38,273	-	38,273
Contributions to UIF, Medical and Pension Funds	-	84,107	-	84,107
Acting allowances - March 2010 to June 2010	-	12,626	-	12,626
Travel claim	-	1,618	-	1,618
Acting allowance	67,283	-	67,283	-
	67,283	545,232	67,283	545,232

Remuneration of deputy municipal manager community services

Annual Remuneration	716,290	644,592	716,290	644,592
Car Allowance	200,903	200,903	200,903	200,903
Performance Bonuses	-	93,144	-	93,144
Contributions to UIF, Medical and Pension Funds	-	1,497	-	1,497
Travel claim	-	68,404	-	68,404
	917,193	1,008,540	917,193	1,008,540

Remuneration of deputy municipal manager corporate services

Annual Remuneration	855,340	799,338	855,340	799,338
Car Allowance	66,022	50,000	66,022	50,000
Performance Bonuses	-	96,428	-	96,428
Contributions to UIF, Medical and Pension Funds	-	1,497	-	1,497
Travel claim	-	93,345	-	93,345
	921,362	1,040,608	921,362	1,040,608

Remuneration of deputy municipal infrastructure services

Annual Remuneration	-	372,327	-	372,327
Car Allowance	-	24,000	-	24,000
Contributions to UIF, Medical and Pension Funds	-	749	-	749
Other - arbitration	-	348,520	-	348,520
Acting allowance	91,237	-	91,237	-
	91,237	745,596	91,237	745,596



The Dynamic, Caring Capital City of Choice in KZN

Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
Remuneration of deputy municipal manager development services				
Performance Bonuses	-	47,381	-	47,381
Other	-	319,400	-	319,400
	-	366,781	-	366,781

Included under general expenses - other is an amount of R 11 782 380, that relates to employee costs in respect of Locomotion Allowances - R 4 413 133, UIF- R 3 627 494 and Workmans Compensation - R 3 741 752.

29. Remuneration of councillors

Mayor	691,499	675,011	691,499	675,011
Deputy Mayor	552,167	540,008	552,167	540,008
Councillors	10,404,670	8,997,745	10,404,670	8,997,745
Speaker	587,022	540,008	587,022	540,008
Executive committee members	4,204,859	5,568,838	4,204,859	5,568,838
Councillors' pension contribution	1,977,700	3,064,835	1,977,700	3,064,835
	18,417,917	19,386,445	18,417,917	19,386,445

In-kind benefits

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

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor and the Deputy Mayor have security and an official driver at a cost to Council.

30. Depreciation and amortisation

Property, plant and equipment	247,888,778	121,036,371	247,860,166	121,013,576
Intangible assets	4,364,785	2,632,810	4,364,785	2,632,810
	252,253,563	123,669,181	252,224,951	123,646,386

31. Impairment of assets

Impairments				
Property, plant and equipment	156,028	-	156,028	-
Inventories	1,103,748	397,381	1,103,748	397,381
	1,259,776	397,381	1,259,776	397,381
Reversal of impairments				
Inventories	156,028	-	156,028	-
Total impairment losses (recognised) reversed	1,415,804	397,381	1,415,804	397,381



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010

The main classes of assets affected by impairment losses are:

Property , Plant and equipment - the useful life of the municipality's land fill site was reviewed and updated.

Inventory - Due to technological changes the inventory has become redundant.

32. Finance costs

Annuity & finance loans	68,996,706	71,236,781	68,996,706	71,236,781
Finance leases	1,057,616	1,519,076	1,057,616	1,519,076
Other interest paid	1,513,739	2,517,213	1,513,739	2,517,213
	71,568,061	75,273,070	71,568,061	75,273,070

No external funding was borrowed during the 2010/2011 financial year for capital projects. The weighted average cost of funds borrowed for 2009/2010 was 10.84%.

33. Debt impairment

Contributions to debt impairment provision	96,000,000	250,539,606	96,000,000	250,539,606
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34. Bulk purchases

Electricity	729,325,043	568,236,145	729,325,043	568,236,145
Water	265,040,887	236,743,218	265,040,887	236,743,218
	994,365,930	804,979,363	994,365,930	804,979,363

35. Grants and subsidies paid

Other subsidies

Community bodies	191,788	845,477	191,788	845,477
Mayors grants	-	2,000	-	2,000
Arts and culture	-	863,160	-	863,160
Safe city project	2,947	-	3,774,877	2,631,579
	194,735	1,710,637	3,966,665	4,342,216

Input vat of R 2947 was not claimed on a payment made in August 2010, to Safe City for the hiring of software for the number plate recognition system. The vat was claimed in the September 2011 vat return.



The Dynamic, Caring Capital City of Choice in KZN

Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
36. General expenses				
Other	111,873,439	186,561,031	112,006,884	186,561,031
Contracted services	13,765,577	14,690,414	13,765,577	14,690,414
External services	28,958,513	38,048,023	28,958,513	38,048,023
Airport	6,831,547	6,877,867	6,831,547	6,877,867
Forestry	10,249,500	8,963,703	10,249,500	8,963,703
Insurance	19,226,686	21,907,216	19,221,742	21,906,126
Provincial Intervention Team	13,761,375	-	13,761,375	-
Departmental charges - expenditure	420,641,320	439,864,871	420,641,320	439,864,871
Foregone income - discounts to bulk consumers	1,726,059	89,522,003	1,726,059	89,522,003
Foregone income - poor relief / indigents	3,877,892	15,988,547	3,877,892	15,988,547
Foregone income - other rebates	365,778,590	327,744,164	365,778,590	327,744,164
Unbilled water	70,245,507	71,768,199	70,245,507	71,768,199
Telephone and fax	5,486,250	7,632,122	5,452,660	7,606,648
Departmental charges - less charge outs	(429,609,307)	(481,966,196)	(429,609,307)	(481,966,196)
Extraordinary	1,004,732	7,125,127	1,004,732	7,125,127
Pensions payable	11,039,712	10,374,532	11,039,712	10,374,532
Mayoral projects	160,264	11,137,530	160,264	11,137,530
Government grant expenditure	21,909,685	59,327,091	21,143,435	59,042,381
	676,927,341	835,566,244	676,256,002	835,254,970

Included under general expenses - other is an amount of R 11 782 380, that relates to employee costs in respect of Locomotion Allowances - R 4 413 133, UIF- R 3 627 494 and Workmans Compensation - R 3 741 752.

37. Gains or losses on disposal of assets

Property, plant and equipment	1,350,631	(182,181)	1,350,631	(182,181)
Land sales	(1,267,439)	2,119,592	(1,267,439)	2,119,592
Housing	(146,751)	-	(146,751)	-
	(63,559)	1,937,411	(63,559)	1,937,411



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
38. Cash generated from operations				
Surplus (deficit)	94,779,356	(231,264,746)	94,814,119	(231,250,312)
Adjustments for:				
Depreciation and amortisation	252,253,563	123,669,181	252,224,951	123,646,386
Surplus on sale of assets and liabilities	63,559	(1,937,411)	63,559	(1,937,411)
Fair value of assets amortised	140,688	531,635	140,688	531,635
Fair value of liabilities amortised	(241,233)	(793,323)	(241,233)	(793,323)
Impairment deficit	1,259,776	397,381	1,259,776	397,381
Movements in retirement benefit assets and liabilities	60,540,906	53,007,482	60,540,906	53,007,482
Movements in provisions	255,005	(16,290,400)	255,005	(12,634,663)
Other non-cash items	145,240,968	(58,185,386)	145,240,968	(58,125,386)
Changes in working capital:				
Inventories	3,052,854	340,479	3,052,854	1,828,878
Trade and other receivables from non exchange transactions	16,569,144	(10,609,762)	16,630,587	(11,775,415)
Consumer debtors	(140,585,361)	105,830,905	(144,176,328)	105,506,845
Current portion of long term receivables	22,477	47,477	22,477	47,477
Current portion of other financial instruments	1,860,000	-	1,860,000	-
Trade and other payables	(361,383)	24,376,582	(658,608)	24,752,860
VAT	25,135,324	17,490,998	25,135,324	17,472,250
Unspent conditional grants	24,518,086	27,806,941	24,518,085	27,411,851
	484,503,729	34,418,033	480,683,130	38,086,535

39. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA/KWANALOGA

Council subscriptions	3,746,394	2,481,456	3,746,394	2,481,456
Amount paid - current year	(3,746,394)	(2,481,456)	(3,746,394)	(2,481,456)
	-	-	-	-

Audit fees

Opening balance	72,604	13,034	72,604	13,034
Over provision written back	-	59,570	-	59,570
Audit fee invoiced	3,988,122	3,640,303	3,988,122	3,640,303
Amount paid - current year	(3,854,730)	(3,640,303)	(3,854,730)	(3,640,303)
	205,996	72,604	205,996	72,604



The Dynamic, Caring Capital City of Choice in KZN

Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
PAYE and UIF				
Opening balance	(32,915)	(32,915)	(32,915)	(32,915)
Current year payroll deductions	81,139,790	79,809,019	81,139,790	79,809,019
Amount paid - current year	(81,106,875)	(79,809,019)	(81,106,875)	(79,809,019)
	-	(32,915)	-	(32,915)

Note : The difference represents PAYE and UIF deducted from employees salaries, however payroll was adjusted in July 2009.

Pension and Medical Aid Deductions

Current year payroll deductions & council contributions	187,398,331	171,418,918	187,398,331	171,418,918
Amount paid - current year	(187,398,331)	(171,418,918)	(187,398,331)	(171,418,918)
	-	-	-	-

VAT

VAT receivable	69,774	8,332	-	-
VAT payable	41,558,707	22,512,954	41,558,707	22,512,954
	41,628,481	22,521,286	41,558,707	22,512,954

VAT output payables and VAT input receivables are shown in note 14 and note 15

All VAT returns have been submitted by the due date throughout the year. VAT is only declared to SARS on receipt of payment from consumers.



Figures in Rand

Group		Municipality	
2011	2010	2011	2010

Councillors' arrear consumer accounts

On the 18th May 2011, Local Government elections were held. This resulted in a change in Councillors. The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2011:

30 June 2011

	Outstanding less than 90 days	Outstanding more than 90 days	Total
TI Dlamini	-	2,787	2,787
MB Mkhize	-	356	356
TRM Zungu	-	8,411	8,411
M Inderjith	-	3,893	3,893
TR Zuma	-	158	158
M Maphumalo	-	2,368	2,368
VGM Mlete	-	30,938	30,938
P Sithole	-	8,974	8,974
SC Ndawonde	-	15,186	15,186
DB Phungula	-	7,169	7,169
R Ahmed	-	12,032	12,032
T Matiwane	-	17,789	17,789
	-	110,061	110,061

30 June 2010

	Outstanding less than 90 days	Outstanding more than 90 days	Total
TRM Zungu	-	6,949	6,949
M Inderjith	-	508	508
M Maphumalo	-	51	51
VT Magubane	-	7,095	7,095
TI Ndlovu	-	588	588
BB Zuma	-	14,117	14,117
PW Moon	-	72,603	72,603
I Inderjit	-	21,066	21,066
SR Ntuli	-	1,873	1,873
SC Gabela	-	2	2
MV Ntshangase	-	10,298	10,298
H Ngubane (Sekure Afrique Outdoor Advertising)	-	1,194,297	1,194,297
MA Tarr	-	4	4
CT Dlamini	-	1,397	1,397
	-	1,330,848	1,330,848

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



The Dynamic, Caring Capital City of Choice in KZN

Figures in Rand	Group		Municipality	
	2011	2010	2011	2010

40. Deviation from supply chain management regulations

In terms of Section 36 of the Municipal Supply Chain Management Regulations any deviation from the supply chain management policy needs to be approved/condoned by the municipal manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incidents

Computer expenditure	20,000	-	20,000	-
Repairs to property, plant and equipment	81,172	-	81,172	-
Repairs to motor vehicles	418,896	-	418,896	-
Repairs and maintenance	252,163	-	252,163	-
Water quality testing	15,924	-	15,924	-
Procurement of property, plant and equipment	70,990	-	70,990	-
	859,145	-	859,145	-

41. Prepaid Electricity

Commissions - are calculated on sales from prepaid electricity sales made by vendors on behalf of the Council. The commissions are included in the general expenses category of the statement of financial performance.

In the 2006/2007 financial year two vendors had defaulted in depositing amounts received from prepaid sales. As a result no commission was paid to them. The defaulting vendors are Sweet waters and Phayiphini who had ceased trading in January 2007 and October 2006 respectively.

The amounts of R55 723 and R75 896 respectively are deemed to be irrecoverable for the 2005/2006 financial year. Also the amounts of R13 980 and R15 671 being the movements for the 2006/2007 year are deemed irrecoverable. This matter is being handled by the legal division in conjunction with the SAPS- Commercial branch unit and Venn Nemeth & Hart attorneys.

42. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	69,047,000	35,350,000	69,047,000	35,350,000
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This committed expenditure relates to Infrastructure assets and will be financed by available bank facilities.

Operating leases – as lessee (expense)

Minimum lease payments due

- within one year	-	2,310,593	-	2,310,593
- in second to fifth year inclusive	-	1,950,085	-	1,950,085
	-	4,260,678	-	4,260,678



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010

Operating lease payments for the 2010 financial year represent rentals payable by the municipality for certain of its office properties. Operating lease payments represents payment for a contract namely H. Collins (Compen Building). No contingent rent is payable.

43. Contingencies

Refer to appendix H for list of contingent liabilities.	59,072,913	47,047,880	59,072,913	47,047,880
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44. Related parties

The NCT tree farming (Pty) Ltd manages timber plantations established on Council owned land on behalf of the Council by a management agreement. NCT is entitled to a 5% management fee based on net profit.]

Safe City has been formed as a partnership with the business community to combat crime in the city. Council allocates a grant in aid to the group.

NCT - 5% of management fee	91,571	71,767	91,571	71,767
Safe City - grant	3,774,877	3,000,000	3,774,877	3,000,000
	3,866,448	3,071,767	3,866,448	3,071,767

45. Prior period errors

During the year ended 30 June 2011, transactions were erroneously expensed in the statement of financial position and statement of financial performance.

The comparative amounts have been re-stated as per attached Appendix J	- (262,734,920)	- (262,734,920)
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46. Events after the reporting date

A forensic report was compiled by KPMG during October 2011. This report highlighted irregular overtime payments worked in the waste management business unit during the 2009/2010 financial year. The excessive overtime worked in this period July - October 2009 is R4.7m. Disciplinary hearings will be conducted and there will be possible recoveries in respect of the excessive overtime worked.

47. Irregular expenditure

Total irregular expenditure	222,825,734	185,613,918	222,825,734	185,613,918
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Reconciliation of irregular expenditure

Opening balance	185,613,918	50,733,962	185,613,918	50,733,962
Irregular Expenditure for current year	37,211,816	134,879,956	37,211,816	134,879,956
Irregular expenditure awaiting Council condonement	222,825,734	185,613,918	222,825,734	185,613,918



The Dynamic, Caring Capital City of Choice in KZN

Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
2010: Procurement irregularities				
Meter reading contract - payment for the following				
Data concentrator unit	-	685,847	-	685,847
Computers	-	114,308	-	114,308
Software	-	5,130,000	-	5,130,000
Other irregularities				
Awards to persons in service of state	-	6,340,203	-	6,340,203
Extension of contract	-	933,333	-	933,333
Msunduzi One Regional Taxi Council - PS 50 of 07/08	-	2,549,585	-	2,549,585
Gestetner - Contract no 26 of 2004 (Full maintenance lease of office equipment)	-	1,405,437	-	1,405,437
Supply Chain Irregularities				
Forensic investigations - Focus Project Management	570,000	117,721,243	570,000	117,721,243
	570,000	134,879,956	570,000	134,879,956
2011: Procurement irregularities				
Unauthorised hire of specialised vehicles for landfill site	468,960	-	468,960	-
Msunduzi One Regional Taxi Council - PS 50 of 07/08	2,532,943	-	2,532,943	-
Awards to persons in service of state	18,585,855	-	18,585,855	-
Unique Mbane SA (Pty) Ltd Contract PU 79 of 07/08	13,778,059	-	13,778,059	-
Gestetner - Contract no 26 of 2004 (Full maintenance lease of office equipment)	1,034,547	-	1,034,547	-
ABB South Africa - splitting of orders	241,452	-	241,452	-
	36,641,816	-	36,641,816	-

To prevent irregular expenditure the municipality established an expenditure committee in November 2010. The purpose of this committee is to review the procuring of all goods and services within the municipality and make recommendations to the Administrator for approving the procurement of the goods and services adhering to the supply chain management policies and regulations. All irregular expenditure has been forwarded to the Special Investigation Unit (SIU) for further investigation.



Figures in Rand

48. Fruitless and wasteful expenditure

	Group		Municipality	
	2011	2010	2011	2010
Total Fruitless and wasteful expenditure	3,077,827	2,842,349	3,077,827	2,842,349

Reconciliation of fruitless and wasteful expenditure

Opening Balance	2,842,349	145,681	2,842,349	145,681
Fruitless and wasteful expenditure current year	235,478	2,696,668	235,478	2,696,668
Fruitless and wasteful expenditure awaiting condonement/repayment	3,077,827	2,842,349	3,077,827	2,842,349

Interest on : Late payment to Gonal Construction - PU90 of 08/09	72,464	-	72,464	-
Interest on : Late payment of Telkom accounts	46,375	46,949	46,375	46,949
Interest on : Late payment of Eskom accounts	32,485	-	32,485	-
Interest on : Late payment to Gonal Construction	3,343	-	3,343	-
Interest on : Late payment to H Collins and Sons	8,240	-	8,240	-
Interest on : Late payment to Masakhane Caterers	613	-	613	-
Interest on : Late payment to the Sheriff of the High Court	891	-	891	-
Advertising costs on tenders withdrawn	71,067	151,227	71,067	151,227
Interest on : Late payment of Umgeni Water account	-	157,511	-	157,511
Interest on : Late payment of CBRE Valuation roll account	-	70,670	-	70,670
SAP HR Management System	-	2,270,311	-	2,270,311
	235,478	2,696,668	235,478	2,696,668

A system has been put in place to stream-line the payment process to ensure non occurrence of interest costs. Staff have been advised on possible recovery of costs due negligence.

49. Unauthorised expenditure

Depreciation and asset impairment	136,390,573	-	136,390,573	-
Finance charges	570,740	-	570,740	-
	136,961,313	-	136,961,313	-

Depreciation and asset impairment was budgeted for net of offset depreciation. Further at the time of budget preparation the increase in asset valuation was not taken into account.

Finance charges on long term liabilities were under budgeted for.

50. Municipal entity

The Safe City project PMB was declared a municipal group 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 Dynamic, Caring Capital City of Choice in KZN

Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
51. Electricity, water & inventory losses				
Units purchased - kWh	1,752,171,161	1,735,836,294	1,752,171,161	1,735,836,294
Units sold - kWh	1,552,609,369	1,531,293,203	1,552,609,369	1,531,293,203
Loss - kWh	199,561,792	204,543,091	199,561,792	204,543,091
Electricity loss as a percentage	11	12	11	12
Electricity loss in Rand value	82,413,730	66,483,628	82,413,730	66,483,628

The acceptable norm of electricity loss is 3%. The significant electricity losses of 199,561,792 kWh (2010: 204,543,091 kWh) occurred during the year under review, which resulted material revenue losses to the municipality.

The loss above the norm is due to theft, distribution losses, illegal tampering of electricity meters and can also be attributable to the ageing infrastructure.

The following targets were set for the reduction of electricity losses:

- Physical audits will be carried out on all electricity meters
- Tampered meters will be removed and customers will be required to make good on debt before reinstatement.
- Where meters have been disconnected and reconnections have not been paid for, night checks will be done to ascertain whether customers have illegally reconnected the meter
- Provision has been made in the 2011/2012 capital budget for the acquisition of protected structures for housing the electricity meters.
- Customers will thereafter not have access to the electricity meters and this will assist in combating theft of electricity

Water losses

Units purchased - Kl	61,846,351	58,492,009	61,846,351	58,492,009
Units sold - Kl	39,031,160	37,865,504	39,031,160	37,865,504
Losses - Kl	22,815,191	20,626,505	22,815,191	20,626,505
Apparent losses - Kl	(1,393,188)	(1,393,193)	(1,393,188)	(1,393,193)
Real losses - Kl	21,422,003	-	21,422,003	19,233,312
Water loss as a percentage	35	33	35	33
Water loss in Rand value	75,459,006	63,066,030	75,459,006	63,066,030

The acceptable norm in developing countries of water loss is 20%. The significant water losses of 21,422,003 kl (2010: 19,233,312 kl) occurred during the year under review, which resulted material revenue losses to the municipality.

The loss above the norm is due to theft, distribution losses, illegal tampering of water meters and can also be attributable to the ageing infrastructure.



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010

The following targets were set for the reduction of water losses:

- Design of 10 new pressure reducing valves
- Commissioning of 8 new pressure reducing valves
- Optimisation of 50 existing PRV zones
- Completion of leak detection and repair activities on approximately 1 350km of reticulation
- Inspection and repair of 10 reservoirs
- Replacement of 5km of existing AC pipelines

Inventory losses

Central Stores - net write up of general ledger	408,486	110,444	408,486	110,444
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The background to the 2010 adjustment is that during this period there was a lack in management and internal controls were very weak added to this is that there was no segregation of duties. Procedures and processes were not followed and there was a total breakdown of controls. This could have been a combination of theft and gross inefficiency regarding the recording of transactions.

In the 2011 financial year, the following remedy has been implemented to control the movement of stock within the stores environment, the stores unit has created a separate dispatching and receiving bay to restrict the unnecessary cross flow of stock that is being received and stock that is being issued. The results of the implementation of this measure is twofold.

- Firstly there is a check at the dispatch area of the number of items as per the requisition by a storeman and an assistant, the result of this is that we have seen a huge reduction in the number of shortages that have been reported on, as compared to previous years.
- Secondly the creation of the receiving bay were all items that are ordered by council are received except goods that are to be delivered to on-site locations has assisted in the reduction of short receipts on council orders. We have a stock monitor person that is tasked with the monitoring of materials delivered to on-site locations.

Cable stores - net write down of general ledger	(372,587)	(72,491)	(72,491)	(372,587)
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The 2010 variance arose through the theft of cable from the cable yard. Copper is a high value commodity in the scrap metal market place. The thefts took place over a period of time and all have been reported to the South African Police as well to the Municipality's Internal Security division.

The 2011 write down is primarily due to the theft of copper cable at the cable yard. The South African police have been informed and various cases of theft have been opened. The following remedy has been implemented and has since yielded positive results:

- The cable yard though being fenced off is further secured with a security guard a guard dog as well as intruder sensors during the night shift, we have relocated all the copper cable drums and these are being stored in a secure lockable storeroom.
- During the day the gate leading to the cable yard is locked and only when a request for cable is received is the gate unlocked and opened, the number of personnel entering the cable yard are also restricted to the crew that is requesting the cable.

Edendale stores - net write down of general ledger	-	(25,153)	-	(25,153)
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Figures in Rand	Group		Municipality	
	2011	2010	2011	2010

The 2010 variance was due to the lack of management and internal controls at this store. After the retirement of the senior storeman at Edendale the junior staff were relocated but the stock was left there, We had a break in and all the copper water fittings were stolen. This matter was reported to the South African Police as well to the Municipality's Internal Security division.

For the 2011 financial year the Edendale store has been closed and all stores issues are being made from the central stores department.

In 2011 quarterly inventory counts have been performed. An inventory management plan has been drafted which indicate the procedures that have been implemented with regard to receipts, issuing, safeguarding and physical verification of stores items. Monthly reconciliations are also being performed. A inventory policy is being drafted as part of the Supply Chain Management policies and procedures.

52. Traffic fines outstanding

As per NATIS - traffic department

Notice of intention to prosecute - 341's	892,900	1,270,470	892,900	1,270,470
Notice before summons	-	300	-	300
Section 54 notices - summons	2,774,150	414,950	2,774,150	414,950
Unfinalised fines	92,150	609,300	92,150	609,300
Warrant of arrests	4,825,150	4,013,650	4,825,150	4,013,650
	8,584,350	6,308,670	8,584,350	6,308,670

53. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of financial position

Trade and other payables and Inventory

In the 2009/2010 financial year - trade & other payables: Accruals increased & trade and other receivables from non exchange transactions decreased	-	1,315	-	1,315
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In the 2009/2010 financial year - inventory decreased & trade and other receivables from non exchange transactions increased	-	(1,488,399)	-	(1,488,399)
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Statement of Financial Performance

Revenue entry of unbilled water previously classified as foregone income under expenditure - Revenue increased and expenditure decreased.	-	72,383,537	-	72,383,537
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Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
54. Accumulated surplus/deficit				
Implementation of GRAP - Ring fencing of reserves				
Accumulated surplus	5,530,306,761	5,254,018,139	5,529,487,534	5,253,164,150
Self insurance reserve	50,335,072	43,045,176	50,335,072	43,045,176
Government grant reserve	538,916,363	554,976,749	538,916,363	554,976,749
Capital replacement reserve	12,635,718	12,635,718	12,635,718	12,635,718
	6,132,193,914	5,864,675,782	6,131,374,687	5,863,821,793

55. Going concern assumption

The Msunduzi Municipality during the previous reporting period experienced serious financial challenges which have necessitated Provincial Government intervention in terms of section 139 (1) (b) of the Constitution during the third quarter of 2009/10. The financial crises was the result of poor controls, rampant corruption amongst senior staff, failure to prepare the mid-year adjustments budget and the 2010/11 budget not in time and other issue relating to poor internal control and procedures, which has placed tremendous pressure on the municipality's liquidity ratio and financial sustainability.

During the period started in April 2010, certain strategies have been implementation by the Provincial Intervention Team. It is still the assumption that it will take some time for the municipality to recover. The Administrator appointed by the Provincial Department of Corporate Governance adopted four Strategies consisting of a Financial Strategy, an Infrastructure Development Strategy, a Community Service Strategy and a Good Governance Strategy.

The following financial measures were implemented during 2010/2011 to achieve the turnaround strategy of the municipality:

1. The Municipal Infrastructure Grant funds for the 2010/11 financial year was reprioritised in order to use funds for revenues enhancement projects including proper contract management.
2. A comprehensive Debt Collection strategy has been developed and partially implemented in order to ensure a much more effective debt collection and to increase the collection rate. However this is a medium term solution that will run over more than one financial period.
3. A project of fortifying electricity meters starting with high risk areas is implemented as a way of reducing electricity losses, thefts and illegal connections.
4. A project for installing water district meters in order to establish water losses in the various distribution regions is in the process of implementation in order to cope with the current water losses. The Council also developed a plan to manage water capital outlay and to address backlogs that exists in the water services.
5. A new tariff structure has been developed for electricity so that the correct revenue may be billed and collected in line with Eskom tariffs.
6. The indigent policy will be reviewed so that only those who are legible actually benefit.
7. Priority will be given to the updating of the valuation roll so that the municipality's revenue may be levied accurately, lesser objections and increased collections. A fully fledged exercise to recover debt will be in place from 1 July 2011.
8. Land or other assets as and when identified can be disposed of to generate additional revenue for capital projects.
9. It is still the Council's goal to reduce council funded projects to a minimal and maximize utilization of external funding depending on the availability of funding for the borrowing cost. DBSA has approved the extension of the R200 million loan previously approved which will allow Council address some of its capital projects.



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Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
10.	The Budget will still focus on service delivery provision and nice to have items is eliminated from the budget.			
11.	Vehicles will be replaced in the 2011/12 financial that will increase service delivery in certain areas like refuse removal, road maintenance etc and will be financed from the extended DBSA loan.			
12.	An effective Supply Chain Management has been put in place to eliminate abuse, corruption and theft and faster processing of requests by the various departments.			
13.	Policies which were draining the council's cash, such as Overtime, has been reviewed, and has resulted in a 50 % reduction in overtime payments.			
14.	Other financial policies have been drafted or reviewed which will allow for better controls and procedures.			

56. Intervention in terms of section 139 (1) (b) of the Constitution

Expenditure relating to the Provincial Intervention Team (PIT) for the period 1 July 2010 to 30 June 2011.

Salaries	2,379,513	-	2,379,513	-
Accommodation	295,817	-	295,817	-
Travelling	49,003	-	49,003	-
Subsistence	52,140	-	52,140	-
Car rental	52,268	-	52,268	-
Cellphone	22,977	-	22,977	-
Petrol	1,158	-	1,158	-
Forensic investigations	10,801,211	-	10,801,211	-
Conference	107,288	-	107,288	-
	13,761,375	-	13,761,375	-

The following expenditure for the Provincial Intervention Team (PIT) had deviated from normal supply chain management policy and procedures. These goods and services were procured under the Supply Chain Management Regulation Section 36 as emergency / urgency requirement of goods and services.



Figures in Rand	Group		Municipality	
	2011	2010	2011	2010
List of suppliers				
Ben Dorfling	90,298	-	90,298	-
Class A Trading 253 (Pty) t/a Focus PMO	1,035,808	-	1,035,808	-
Conferences	158,897	-	158,897	-
Ezemvelo KZN Wild Life	33,400	-	33,400	-
Focus Project Management	2,567,964	-	2,567,964	-
Forensic Investigation Risk & Recovery Management (Pty) Ltd	9,018	-	9,018	-
Justica Investigations	299,464	-	299,464	-
Kirney Energy	626,068	-	626,068	-
KPMG Services	2,783,490	-	2,783,490	-
Kwazulu Natal Security	1,178,968	-	1,178,968	-
Liquid Amber	115,120	-	115,120	-
Masstores	4,196	-	4,196	-
Molodi Consulting	188,550	-	188,550	-
Msunduzi Vehicle Pool	3,549	-	3,549	-
Msunduzi Finance - Petty Cash	263,430	-	263,430	-
Piet Van Dyk	8,206	-	8,206	-
Potgieter Kunene Xaba	3,246,513	-	3,246,513	-
Reebib Rentals	11,531	-	11,531	-
S Sithole	207,000	-	207,000	-
SA Air Link	5,976	-	5,976	-
Spring Light	88,500	-	88,500	-
The Natal Withness	266	-	266	-
Topaz Lake Trading 107 CC	456,000	-	456,000	-
Truth Finders	2,400	-	2,400	-
Vido B & B	368,340	-	368,340	-
Zitkala Trading	8,423	-	8,423	-
	13,761,375	-	13,761,375	-

57. Comparison of budget against actual

Refer to appendix I for the statement of comparative of budget against actual information.

58. Risk management

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.



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Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	ACCOUNT NO	Loan Number	Redeemable	Balance at 30/06/10	Received during the period	Redeemed written off during the period	Balance at 30/06/11
				R	R	R	R
LONG-TERM LOANS							
DBSA - 15.5%	PMB8108710930	11158	30-Sep-2018	10,364,928		654,003	9,710,925
DBSA - 15.5%	PMB8108710930	11159	31-Mar-2019	12,898,723		734,835	12,163,888
DBSA - 15.5%	PMB8108710930	11160	31-Mar-2019	10,993,006		626,267	10,366,739
DBSA - 16.5%	PMB8108710930	13446	31-Mar-2020	20,678,255		918,207	19,760,048
DBSA - 16.5%	PMB8108710930	13447	31-Mar-2020	8,814,330		391,396	8,422,934
DBSA - 16.5%	PMB8108710930	13448	31-Mar-2020	13,050,792		579,514	12,471,278
DBSA - 14.27%	PMB8108710930	14039/101	31-Dec-2014	37,147,186		8,743,745	28,403,441
DBSA - 14.27%	PMB8108710930	14039/102	31-Dec-2015	1,008,305		133,889	874,416
DBSA - 14.27%	PMB8108710930	102091	11-Feb-2020	4,621,647		256,867	4,364,780
DBSA - 14.27%	PMB8108710930	102416	28-Jun-2021	42,943,575		2,398,935	40,544,640
DBSA - 10.75%	PMB7878718900	11649	30-Jun-2013	21,359		8,215	13,143
DBSA - 9.31%	PMB8108710930	101922	30-Sep-2020	21,081,888		1,271,446	19,810,442
DBSA - 8.7%	PMB8108710930	102797	30-Sep-2022	81,549,912		3,821,329	77,728,582
DBSA - 10.79%	PMB8108710930	103059/1	30-Sep-2023	62,147,775		3,195,793	58,951,982
DBSA - 6.75%	PMB8108710930	103059/2	30-Sep-2023	15,356,019		1,053,727	14,302,292
DBSA - 12.02%	PMB8108710930	103594/1	31-Dec-2024	112,500,000		4,590,095	107,909,905
DBSA - 6.75%	PMB8108710930	103594/2	31-Dec-2024	37,500,000		2,312,459	35,187,541
DBSA - 12.10%	PMB8108710930	103721	31-Mar-2025	76,095,421		3,487,323	72,608,098
DBSA Total				568,773,121	0	35,178,046	533,595,075
RMB/INCA - 14.18%	PMB8108710929	Piet-00-0001	30-Sep-2012	9,682,259		7,681,994	2,000,265
RMB/INCA - 11.55%	PMB8108710929	Msun-00-0001	31-Dec-2011	9,729,904		5,913,339	3,816,565
INCA - 11.38%	PMB8108710929	Msun-00-0001	31-Dec-2013	14,534,074		3,583,942	10,950,132



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EXTERNAL LOANS	ACCOUNT NO	Loan Number	Redeemable	Balance at 30/06/10	Received during the period	Redeemed written off during the period	Balance at 30/06/11
				R	R	R	R
RMB/INCA Total				33,946,237		17,179,275	16,766,962
RMB/HULETTS - 8.71%	PMB8108710931	Sub-station	30-Jun-2013	4,785,305		1,122,462	3,662,843
RMB/HULETTS Total				4,785,305	0	1,122,462	3,662,843
Total Long-term Loans				607,504,663	0	53,479,783	554,024,880
LEASE LIABILITY							
Standard Bank - 8.4305%	PMB 810 871 0959	Stannic 17	30-Apr-2010	35,420		35,420	-0
Standard Bank - 8.4150%	PMB 810 871 0960	Stannic 18	31-May-2010	17,981		17,981	0
Standard Bank - 8.4403%	PMB 810 871 0961	Stannic 19	30-Jun-2010	14,537		14,537	-0
Standard Bank - 8.3305%	PMB 810 871 0962	Stannic 20	31-Aug-2010	84,245		84,245	0
Standard Bank - 8.3299%	PMB 810 871 0963	Stannic 21	31-Aug-2010	206,095		206,095	0
Standard Bank - 8.3750%	PMB 810 871 0964	Stannic 22	31-Aug-2010	172,186		172,186	-0
Standard Bank Total				530,464	0	530,464	-0
Nedbank - 10.000%	PMB 810 871 0965	Nedbank 1	31-Dec-2011	55,518		36,084	19,435
Nedbank - 10.000%	PMB 810 871 0966	Nedbank 2	31-Dec-2011	55,518		36,084	19,435
Nedbank - 10.000%	PMB 810 871 0967	Nedbank 3	31-Dec-2011	55,518		36,084	19,435
Nedbank - 10.000%	PMB 810 871 0968	Nedbank 4	31-Dec-2011	55,518		36,084	19,435
Nedbank - 10.000%	PMB 810 871 0969	Nedbank 5	31-Dec-2011	55,518		36,084	19,435
Nedbank - 10.000%	PMB 810 871 0970	Nedbank 6	31-Dec-2011	55,518		36,084	19,435
Nedbank - 10.000%	PMB 810 871 0971	Nedbank 7	31-Dec-2011	55,518		36,084	19,435
Nedbank - 10.000%	PMB 810 871 0972	Nedbank 8	31-Dec-2011	57,511		37,378	20,132
Nedbank - 10.000%	PMB 810 871 0973	Nedbank 9	31-Dec-2011	57,574		37,419	20,154
Nedbank - 10.000%	PMB 810 871 0974	Nedbank 10	31-Dec-2011	327,103		60,581	266,522
Nedbank - 10.000%	PMB 810 871 0975	Nedbank 11	31-Dec-2011	327,103		60,581	266,522
Nedbank - 10.500%	PMB 810 871 0976	Nedbank 12	31-Dec-2011	1,579,027		161,300	1,417,727
Nedbank - 10.413%	PMB 810 871 0977	Nedbank 13	30-Jun-2012	75,220		35,662	39,558



EXTERNAL LOANS	ACCOUNT NO	Loan Number	Redeemable	Balance at 30/06/10		Received during the period		Redeemed written off during the period		Balance at 30/06/11	
				R	R	R	R	R	R	R	R
Nedbank - 10.413%	PMB 810 871 0978	Nedbank 14	30-Jun-2012	75,220				35,662		39,558	
Nedbank - 10.413%	PMB 810 871 0979	Nedbank 15	30-Jun-2012	75,220				75,220		0	
Nedbank - 10.413%	PMB 810 871 0980	Nedbank 16	30-Jun-2012	75,220				35,662		39,558	
Nedbank - 10.413%	PMB 810 871 0981	Nedbank 17	30-Jun-2012	75,220				35,662		39,558	
Nedbank - 10.413%	PMB 810 871 0982	Nedbank 18	30-Jun-2012	75,220				35,662		39,558	
Nedbank - 10.413%	PMB 810 871 0983	Nedbank 19	30-Jun-2012	75,220				35,662		39,558	
Nedbank - 10.413%	PMB 810 871 0984	Nedbank 20	30-Jun-2012	75,220				35,662		39,558	
Nedbank - 10.413%	PMB 810 871 0985	Nedbank 21	30-Jun-2012	75,220				35,662		39,558	
Nedbank - 10.413%	PMB 810 871 0986	Nedbank 22	30-Jun-2012	75,220				35,662		39,558	
Nedbank - 13.369%	PMB 810 871 0138	Nedbank 23	1-Oct-2013	170,655				43,516		127,139	
Nedbank - 13.369%	PMB 810 871 0139	Nedbank 24	1-Oct-2013	170,655				43,516		127,139	
Nedbank - 13.369%	PMB 810 871 0137	Nedbank 26	1-Oct-2013	170,655				43,516		127,139	
Nedbank - 13.369%	PMB 810 871 0104	Nedbank 27	1-Oct-2013	155,027				39,531		115,497	
Nedbank - 13.369%	PMB 810 871 0102	Nedbank 28	1-Oct-2013	155,027				39,531		115,497	
Nedbank - 13.369%	PMB 810 871 0103	Nedbank 29	1-Oct-2013	155,027				39,531		115,497	
Nedbank - 13.369%	PMB 810 871 0105	Nedbank 30	1-Oct-2013	232,763				59,353		173,410	
Nedbank - 13.369%	PMB 810 871 0109	Nedbank 31	1-Oct-2013	112,579				28,707		83,872	
Nedbank - 13.369%	PMB 810 871 0107	Nedbank 32	1-Oct-2013	112,579				28,707		83,872	
Nedbank - 13.369%	PMB 810 871 0110	Nedbank 33	1-Oct-2013	112,579				28,707		83,872	
Nedbank - 13.369%	PMB 810 871 0108	Nedbank 34	1-Oct-2013	114,180				29,115		85,065	
Nedbank - 13.369%	PMB 810 871 0106	Nedbank 35	1-Oct-2013	230,339				58,735		171,604	
Nedbank - 13.369%	PMB 810 871 0128	Nedbank 36	1-Oct-2013	90,509				23,079		67,430	
Nedbank - 13.369%	PMB 810 871 0100	Nedbank 37	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0999	Nedbank 38	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0998	Nedbank 39	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0997	Nedbank 40	1-Oct-2013	51,436				13,116		38,320	



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EXTERNAL LOANS	ACCOUNT NO	Loan Number	Redeemable	Balance at 30/06/10		Received during the period		Redeemed written off during the period		Balance at 30/06/11	
				R	R	R	R	R	R	R	R
Nedbank - 13.369%	PMB 810 871 0996	Nedbank 41	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0995	Nedbank 42	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0994	Nedbank 43	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0131	Nedbank 44	1-Oct-2013	90,509				23,079		67,430	
Nedbank - 13.369%	PMB 810 871 0993	Nedbank 45	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0129	Nedbank 46	1-Oct-2013	90,509				23,079		67,430	
Nedbank - 13.369%	PMB 810 871 0101	Nedbank 47	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0130	Nedbank 48	1-Oct-2013	90,509				23,079		67,430	
Nedbank - 13.369%	PMB 810 871 0991	Nedbank 49	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0990	Nedbank 51	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0988	Nedbank 52	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0989	Nedbank 53	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0992	Nedbank 54	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.369%	PMB 810 871 0987	Nedbank 55	1-Oct-2013	51,436				13,116		38,320	
Nedbank - 13.556%	PMB 810 871 0133	Nedbank 56	1-Oct-2013	77,216				19,643		57,573	
Nedbank - 13.556%	PMB 810 871 0134	Nedbank 57	1-Oct-2013	77,216				19,643		57,573	
Nedbank - 13.556%	PMB 810 871 0135	Nedbank 58	1-Oct-2013	77,216				19,643		57,573	
Nedbank - 13.556%	PMB 810 871 0132	Nedbank 59	1-Oct-2013	77,216				19,643		57,573	
Nedbank - 13.369%	PMB 810 871 0121	Nedbank 60	1-Oct-2013	101,927				25,991		75,937	
Nedbank - 13.369%	PMB 810 871 0119	Nedbank 62	1-Oct-2013	101,927				25,991		75,937	
Nedbank - 13.369%	PMB 810 871 0123	Nedbank 63	1-Oct-2013	101,927				25,991		75,937	
Nedbank - 13.369%	PMB 810 871 0122	Nedbank 64	1-Oct-2013	101,927				25,991		75,937	
Nedbank - 13.369%	PMB 810 871 0113	Nedbank 65	1-Oct-2013	101,927				25,991		75,937	
Nedbank - 13.369%	PMB 810 871 0115	Nedbank 66	1-Oct-2013	101,927				25,991		75,937	
Nedbank - 13.369%	PMB 810 871 0120	Nedbank 67	1-Oct-2013	101,927				25,991		75,937	
Nedbank - 13.369%	PMB 810 871 0125	Nedbank 68	1-Oct-2013	101,927				25,991		75,937	



EXTERNAL LOANS	ACCOUNT NO	Loan Number	Redeemable	Balance at 30/06/10	Received during the period	Redeemed written off during the period	Balance at 30/06/11
				R	R	R	R
Nedbank - 13.369%	PMB 810 871 0114	Nedbank 69	1-Oct-2013	101,927		25,991	75,937
Nedbank - 13.369%	PMB 810 871 0112	Nedbank 70	1-Oct-2013	101,927		25,991	75,937
Nedbank - 13.369%	PMB 810 871 0124	Nedbank 71	1-Oct-2013	101,927		25,991	75,937
Nedbank - 13.369%	PMB 810 871 0117	Nedbank 72	1-Oct-2013	101,927		25,991	75,937
Nedbank - 13.369%	PMB 810 871 0127	Nedbank 73	1-Oct-2013	101,927		25,991	75,937
Nedbank - 13.369%	PMB 810 871 0126	Nedbank 74	1-Oct-2013	101,927		25,991	75,937
Nedbank - 13.369%	PMB 810 871 0116	Nedbank 75	1-Oct-2013	101,927		25,991	75,937
Nedbank - 13.369%	PMB 810 871 0118	Nedbank 76	1-Oct-2013	101,927		25,991	75,937
Nedbank - 13.369%	PMB 810 871 0111	Nedbank 77	1-Oct-2013	101,927		25,991	75,937
Nedbank - 13.376%	PMB 810 871 0140	Nedbank 78	1-Oct-2013	207,130		51,218	155,912
Nedbank - 13.376%	PMB 810 871 0141	Nedbank 79	1-Oct-2013	208,345		51,518	156,827
Nedbank - 13.376%	PMB 810 871 0142	Nedbank 80	1-Oct-2013	203,337		50,280	153,057
Nedbank - 13.376%	PMB 810 871 0143	Nedbank 81	1-Oct-2013	208,529		51,564	156,965
Nedbank Total				9,383,753	0	2,502,534	6,881,219
Airport security system	PMB 810 871 0002	Khomani	31-Mar-2012	678,967		372,294	306,673
Other Finance lease total				678,967	0	372,294	306,673
Total lease liability				10,593,184	0	3,405,292	7,187,892
TOTAL EXTERNAL LOANS				618,097,846	0	56,885,075	561,212,771



The Dynamic, Caring Capital City of Choice in KZN

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2011

	Cost					Accumulated Depreciation					Carrying Value		
	Opening Balance	Adjustments	Additions	Under Construction	Disposals	Closing Balance	Adjustments	Additions (Depreciation)	Disposals	Impairment		Closing Balance	
LAND AND BUILDINGS													
	Land	320,630,447	46,334,756	35,796	-12,000	274,319,488	-	-	-	-	-	274,319,488	
	Buildings	264,179,455	17,989,646	3,368,655		285,537,756	-10,992,186	18,575,418	-	-	73,917,081	211,620,675	
	Investment Property	411,492,244	0		-6,185,879	405,306,365	-	-	-	-	-	405,306,365	
Total Land and Buildings													
	996,302,146	-28,345,110	3,368,655	35,796	-6,197,879	965,163,608	-10,992,186	18,575,418	-	-	73,917,081	891,246,527	
ELECTRICITY													
	HV Overhead Lines	48,048,265	7,058,571	-	-	55,106,836	-1,094,320	1,064,740	-	-	3,999,644	51,107,192	
	HV Substations	365,562,666	-152,309,561	-	-50,000	213,203,105	-29,503,650	4,299,946	-15,267	-	15,355,635	197,847,471	
	Power Stations	13,724,309	-13,724,309	-	-	-	180,113	-180,113	-	-	-	-	
	HV Underground Cables	15,087,570	-1	-	-	15,087,569	-1,318,772	289,949	-	-	1,159,647	13,927,922	
	Electricity Supply	3,167,623	-3,167,623	-	-	-	104,982	-104,982	-	-	-	-	
	LV Street Lighting	37,056,976	1,108,124	-	9,346,516	47,511,616	2,674,367	-986,364	741,877	-	2,429,880	45,081,736	
	MV Ground Mounted Transformers	2,768,987	67,145	-	2,990,000	5,826,132	116,497	-67,248	56,964	-	106,213	5,719,919	
	Transformer Kiosks	6,496,879	-6,496,879	-	-	-	20,114	-20,114	-	-	-	-	
	MV Mini Substations	107,179,585	0	-	-	107,179,585	8,966,891	-2,826,342	2,060,461	-	8,201,010	98,978,575	
	MV Overhead Lines	21,707,533	1,698,626	-	-	23,406,159	1,290,237	14,441	450,586	-	1,755,263	21,650,895	
	MV Substations	120,839,898	718,561	-	-	121,558,459	12,517,197	-5,129,533	2,511,307	-	9,898,970	111,659,489	
	MV Underground Cables	707,337,837	2,153,469	-	-	709,491,306	59,662,361	-18,796,178	13,635,695	-	54,501,877	654,989,429	
	MV Pole Mounted Transformers	14,351,650	1	-	-	14,351,651	1,228,302	-456,469	276,668	-	1,048,501	13,303,150	
	MV Ring Main Unit	9,511,833	4,530,546	-	-	14,042,379	696,850	-6,311	303,821	-	994,360	13,048,019	
	Streetlighting	960,471	-960,471	-	-	-	25,466	-25,466	-	-	-	-	
	1,473,802,082	-159,323,800	-	12,336,516	-50,000	1,326,764,798	-60,501,421	25,692,012	-15,267	-	99,451,001	1,227,313,797	
ROADS													
	Overhead Gantry	130,000	-	-	-	130,000	6,250	-2,425	1,274	-	5,098	124,902	
	Concrete Roads	26,225,077	-1	-	-	26,225,076	1,886,610	-402,858	494,141	-	1,977,893	24,247,184	
	Flexible Roads	1,368,544,785	8,059,717	3,970,442	40,414,650	1,420,989,594	152,167,125	-7,606,140	49,146,843	-	193,707,829	1,227,281,766	
	Roads Other	91,220,659	-91,220,659	-	-	-	6,885,005	-6,885,005	-	-	-	-	
	Unpaved Roads	131,646,775	194,230	-	-	131,841,005	33,114,566	-3,723,526	9,789,601	-	39,180,640	92,660,365	
	Other Roads	372,879	135,615,540	-	-	135,988,419	42,215	2,864,367	3,406,728	-	6,313,310	129,675,108	
	Structures	217,218,963	18,905,580	-	-	236,124,543	-9,973,531	16,838,683	2,316,720	-	9,181,872	226,942,671	
	Bridges	184,212	-184,212	-	-	-	4,070	-4,070	-	-	-	-	
	Signalized Intersections	31,747,128	8,730,061	498,208	3,756,830	44,732,227	698,563	6,186,827	2,393,171	-	9,278,561	35,453,666	
	Traffic Lights	1,281,658	-1,281,658	-	-	-	42,477	-42,477	-	-	-	-	
	Airport Runway	50,309,066	-1,765,549	-	10,917,036	-	6,086,454	-2,588,610	1,164,278	-	4,662,122	54,798,431	
		1,918,881,202	77,053,049	4,468,650	55,088,516	-2,055,491,417	190,959,804	4,634,766	68,712,755	-	264,307,324	1,791,184,093	
	SANITATION												
		Sewer Treatment Works	2,760,618	-0	-	-	2,760,618	462,048	-177,433	94,789	-	379,404	2,381,213
		Pump Stations	8,721,807	-0	49,553	2,299,541	11,070,901	1,495,311	-312,736	405,555	-	1,588,130	9,482,771
Bulk Sewers		61,788,243	2,102,864	-	-	63,891,107	5,612,916	-2,577,249	1,023,562	-	4,059,229	59,831,878	
Sewer Reticulation		402,214,090	95,170,778	-	14,119,650	511,504,518	40,755,804	-13,313,183	10,221,758	-	37,664,379	473,840,138	



	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Adjustments	Additions	Under Construction	Disposals	Closing Balance	Impairment	Disposals	
Sewers	61,365,575	-61,365,575	49,553	16,419,191	-	589,227,143	-	-	545,536,000
WATER									
Water Reticulation	354,615,261	7,377,114	-	12,665,036	-	374,657,412	-	-	344,916,488
Water Mains	7,153,169	-7,153,169	-	-	-	-	-	-	-
Pump Stations	9,809,887	1	-	-	-	9,809,888	-	-	7,836,011
Reservoirs	120,655,588	5,120,586	-	461,380	-	126,237,554	-	-	119,815,692
Water Reservoirs	4,090,222	-4,090,222	-	-	-	-	-	-	-
Water Supply Bulk Water Pipelines	441,855,086	2,866,699	-	-	-	444,721,785	-	-	424,664,660
Water Supply Pressure Reduce Valves	2,312,016	1,452,684	-	-	-	3,764,700	-	-	2,879,034
Water Meters	-1,249,697	1,480,637	-	-	-	230,940	-	-	176,609
	939,241,532	7,054,331	-	13,126,416	-	959,422,279	-	-	900,288,494
SECURITY									
Fencing	6,474,172	-2,072,671	-	-	-	4,401,501	-	-	2,301,745
Security Systems	40,661,176	-16,407,010	-	-	-	24,254,166	-	-	8,441,488
Access Control	225,705	-51,937	-	-	-	173,768	-	-	99,780
	47,361,053	-18,531,617	-	-	-	28,829,436	-	-	10,843,013
STORMWATER									
Rivers	2,754,682	-2,754,682	-	-	-	-	-	-	-
Major Culverts	41,382,991	-0	-	-	-	41,382,991	-	-	38,285,026
Minor Culverts	662,608	0	-	-	-	662,608	-	-	612,302
Kerb Inlets	87,562,342	-409,123	-	-	-	87,153,219	-	-	74,275,576
Manholes	56,558,788	-	-	-	-	56,558,788	-	-	48,180,585
Open Channels	13,309,316	-0	-	-	-	13,309,316	-	-	12,320,326
Stormwater Drains	473,418	-473,418	-	-	-	-	-	-	-
Reticulation	332,086,073	14,776,239	-	-	-	346,862,312	-	-	320,542,646
Head and Wingwalls	5,549,544	-	-	-	-	5,549,544	-	-	4,727,475
	540,339,762	11,139,016	-	-	-	551,478,778	-	-	498,943,937
RAILWAY LINES									
Railway Lines	5,551,550	-2,042,070	-	-	-	3,509,480	-	-	1,977,329
	5,551,550	-2,042,070	-	-	-	3,509,480	-	-	1,977,329
SOLID WASTE									
Garden Refuse	1,886,197	-0	-	-	-	1,886,197	-	-	1,574,368
Landfill Site	2,693,156	1	-	-	-	2,693,157	-	-	2,368,642
Sorting Stations	870,400	-	-	-	-	870,400	-	-	749,334
	5,449,753	1	-	-	-	5,449,754	-	-	4,692,343
Total Infrastructure Assets	5,467,477,267	-48,743,025	4,518,203	96,970,640	-50,000	5,520,173,085	-	-15,267	4,980,779,006
COMMUNITY ASSETS									
Community Buildings									
Fire Stations	22,679,294	-3,540,309	-	-	-	19,138,985	-	-	14,369,650
Stadiums	48,364,275	0	-	-	-	48,364,275	-	-	35,442,652
Public Conveniences	67,038,897	-2,836,318	-	-	-6,107,774	58,094,804	-	-1,140,254	43,325,707
Clinics	27,868,994	-3,954,131	-	-	-	23,914,863	-	-	16,538,206
Libraries	78,457,891	3,630,475	160,578	-	-	82,248,944	-	-	60,951,519



The Dynamic, Caring Capital City of Choice in KZN

	Cost					Accumulated Depreciation					Carrying Value		
	Opening Balance	Adjustments	Additions	Under Construction	Closing Balance	Opening Balance	Adjustments	Additions (Depreciation)	Disposals	Impairment		Closing Balance	
Community Centres Museums and Art Galleries Beer halls Cemeteries Parks Civic Theatres	143,439,190	315,717	84,679	3,768,904	147,608,489	36,999,713	-7,301,250	10,063,007	-	-	39,761,470	107,847,019	
	13,724,570	2,179,170	-	245,698	16,149,438	-2,368,772	5,739,579	1,133,735	-	-	4,504,542	11,644,896	
	4,571,603	-4,571,603	-	-	-	396,037	-396,037	-	-	-	-	-	
	1,324,795	0	-	150,402	1,475,197	132,753	-23,439	36,410	-	-	145,724	1,329,474	
	5,752,830	223,503	-	-	5,976,333	1,707,061	-377,699	444,642	-	-	1,774,003	4,202,330	
	41,073,860	169,606	-	-	41,243,466	10,023,098	-822,624	3,067,887	-	-	12,268,361	28,975,105	
	454,296,199	-8,383,889	245,256	4,165,004	444,214,795	100,220,434	-9,571,978	30,080,036	-1,140,254	-	119,588,238	324,626,557	
		14,900,504	-1,592,841	-	-	13,307,663	3,536,245	-419,333	1,041,894	-	-	4,158,806	9,148,857
		9,420,232	-2,486,205	-	-	6,934,027	2,515,382	-1,054,552	503,630	-	-	1,964,460	4,969,567
Community/Recreational Facilities Swimming Pools Sports Facilities Squash Courts Cemeteries Parks Sports Grounds	5,882,858	-1,278,559	-	-	4,604,299	1,273,810	-225,241	349,251	-	-	1,397,820	3,206,479	
	2,921,435	2,739,729	-	-	5,661,164	29,209	452,066	206,214	-	-	687,489	4,973,675	
	31,885,958	-22,352,667	-	-	9,533,291	24,182,841	-23,493,285	231,183	-	-	920,740	8,612,551	
	142,199,524	26,378,684	-	-	167,882,835	1,421,752	17,662,979	6,338,982	-61,743	-	25,361,970	142,520,865	
	207,210,511	1,408,141	-	-	207,923,279	32,959,240	-7,077,366	8,671,155	-61,743	-	34,491,285	173,431,994	
	661,506,710	-6,975,748	245,256	4,165,004	652,138,074	133,179,674	-16,649,344	38,751,191	-1,201,998	-	154,079,523	498,058,550	
		134,009,081	-58,748,048	-	-	75,261,033	36,640,859	-21,468,744	5,120,618	-	-	20,292,733	54,968,300
		227,964,823	-1,500,001	-	-	226,464,822	48,295,650	-2,469,201	15,277,633	-	-	61,104,082	165,360,740
OTHER ASSETS Other Properties Housing Schemes Markets Sewerage works and Dump Site Workshops and Depots Hostels Training Centre Landfill Site Old Age Homes Transport Facility Crematoriums Nurseries Airport Buildings Creeches Substations	515,501	281,153	-	-	796,654	14,206	182,356	65,470	-	-	262,032	534,622	
	29,144,250	450,402	-	-	29,594,652	6,984,199	-174,787	2,278,843	-	-	9,088,255	20,506,397	
	387,236	-1	-	-	387,235	90,628	-5,228	28,445	-	-	113,845	273,390	
	9,374,235	-6,042,678	-	-	3,331,557	2,707,317	-1,948,040	255,462	-	-	1,014,739	2,316,819	
	24,637,701	-19,086,563	-	471,059	6,022,197	19,451,257	-19,086,460	181,868	-	-	546,665	5,475,532	
	924,086	-0	-	-	924,086	370,746	-136,464	78,034	-	-	312,317	611,768	
	17,997,094	11,720,562	744,680	7,988	30,470,324	2,997,729	523,128	1,275,233	-	-	4,796,090	25,674,234	
	6,316,014	1,000,000	-	-	7,316,014	1,365,813	-28,375	459,009	-	-	1,796,447	5,519,566	
	9,811,035	0	-	-	9,811,035	2,495,339	-268,911	741,822	-	-	2,968,250	6,842,785	
	14,083,824	2,572,754	-	266,469	16,923,047	259,350	3,187,627	1,177,790	-	-	4,624,767	12,298,280	
Total Other Assets	15,717,654	-12,046,618	-	-	3,671,036	4,521,897	-3,652,044	289,726	-	-	1,159,578	2,511,457	
	1,114,564	-1,114,564	-	-	-	244,782	-244,782	-	-	-	-	-	
	491,997,098	-82,513,603	744,680	745,515	410,973,691	126,439,772	-45,589,925	27,229,953	-	-	108,079,800	302,893,891	
	491,997,098	-82,513,603	744,680	745,515	410,973,691	126,439,772	-45,589,925	27,229,953	-	-	108,079,800	302,893,891	
		6,118,266	3,515,458	-	8,307,273	4,033,189	1,145,467	566,584	-1,326,451	-	4,418,789	3,888,484	
	6,393,902	2,603,448	-	-	8,997,350	5,833,380	-352,233	614,319	-	-	6,095,466	2,901,884	
	103,323	-19,875	-	-	83,448	73,499	-11,027	14,676	-	-	77,148	6,300	
	2,399,961	14,854	-	-	2,387,746	2,292,032	-950,066	511,484	-27,068	-	1,826,382	561,364	
	138,950	0	-	-	138,950	138,950	-63,159	11,439	-	-	87,230	51,721	
Plant and Equipment Graders Tractors Farm Equipment Lawnmowers Compressors Laboratory Equipment Radio Equipment Firearms Telecommunication Plant and Equipment Crematoriums	1,509,303	30,565	-	-	1,539,868	797,844	-14,663	273,324	-	-	1,056,504	483,364	
	1,474,438	-6,266	-	-	1,468,172	1,313,341	-539,934	144,604	-	-	918,011	550,161	
	31,800	-	-	-	31,800	17	0	6,356	-	-	6,373	25,427	
	5,627,343	91,575	179,054	-	5,790,393	4,840,127	-1,003,959	669,211	-86,064	-	4,419,315	1,371,078	
	18,269,845	583,976	6,069	-	18,669,426	13,169,881	-4,870,695	2,373,167	-190,464	-	10,481,889	8,187,537	
	1,767,178	-0	-	-	1,767,178	594,827	-86,549	107,926	-	-	616,204	1,150,973	
	43,834,309	6,813,735	185,122	-	49,181,604	33,087,088	-6,746,818	5,293,087	-1,630,046	-	30,003,311	19,178,293	



	Cost				Closing Bal- ance	Accumulated Depreciation				Carrying Value		
	Opening Balance	Adjustments	Additions	Under Con- struction		Disposals	Opening Balance	Adjustments	Additions (Depreciation)		Disposals	Impairment
Office Equipment	34,600,114	-129,271	167,355	-	34,042,334	-595,864	-	3,567,610	-481,197	-	21,278,025	12,764,309
	4,154,830	568,867	-	-	4,685,891	-37,805	-	749,957	-26,771	-	2,973,659	1,712,233
	11,582,995	21,000	-	-	11,603,995	-	-	1,217,180	-	-	6,966,548	4,637,447
	50,337,939	460,596	167,355	-	50,332,220	-633,669	-	5,534,747	-507,968	-	31,218,231	19,113,989
Furniture and Fittings	9,981,110	-2,815	-	-	9,869,282	-109,013	-	590,648	-67,939	-	5,751,436	4,117,846
	8,519,134	16,260	-	-	8,526,822	-8,572	-	494,105	-5,505	-	4,571,581	3,955,242
	8,889,860	1,473,371	96,283	-	10,370,639	-88,875	-	714,714	-50,787	-	5,135,814	5,234,825
	7,489,761	-1,901,948	-	-	5,580,685	-7,128	-	431,286	-6,393	-	3,519,012	2,061,673
	34,879,865	-415,132	96,283	-	34,347,428	-215,588	-	2,230,753	-130,624	-	18,977,842	15,369,586
Containers	256,014	-139,991	-	-	116,023	-	-	21,313	-	-	78,042	37,981
	1,463,835	-205,200	-	-	1,258,635	-	-	111,405	-	-	592,869	665,766
	1,719,849	-345,191	-	-	1,374,658	-	-	132,718	-	-	670,911	703,747
Fire and Medical Equipment	8,928,541	37,526	-	-	8,966,067	-	-	578,676	-	-	4,134,031	4,832,036
	1,315,462	63,649	-	-	1,379,111	-	-	166,760	-	-	896,583	482,528
	10,244,003	101,175	-	-	10,345,178	-	-	745,436	-	-	5,030,613	5,314,565
Motor Vehicles	29,377,575	52,499	-	-	29,430,074	-	-	1,455,758	-	-	3,955,035	25,475,039
	-	55,750	-	-	55,750	-	-	69,305	1,528	-	34,978	20,772
	21,246,296	-3,012,365	-	-	17,287,543	-946,388	-	2,465,374	-848,512	-	11,395,935	5,891,607
	696,111	371,315	-	-	1,010,440	-56,986	-	142,746	-56,986	-	739,016	271,424
	86,907,302	10,137,603	244,499	-	90,713,129	-6,576,275	-	8,045,139	-6,576,275	-	55,562,545	35,150,584
	1,259,278	526,607	74,000	-	1,814,077	-45,808	-	166,092	-45,808	-	1,028,355	785,721
	33,938,343	-33,938,343	-	-	-	-	-	-	-	-	-	-
	173,424,905	-25,806,935	318,499	-	140,311,013	-7,625,457	-	12,276,636	-7,527,581	-	72,715,864	67,595,148
General	367,564	-367,564	-	-	-	-	-	-	-	-	-	-
	131,177	0	-	-	131,177	-	-	8,739	-	-	69,961	61,216
	1,917,853	35,000	80,000	-	2,032,853	-	-	-	-	-	2,032,853	-
	2,416,594	-332,563	80,000	-	2,164,031	-	-	8,739	-	-	69,961	2,094,069
Total Movable Assets	316,857,464	-19,524,315	847,259	-	288,056,133	-10,124,276	-	26,222,116	-9,796,220	-	158,686,735	129,369,398
Intangible Assets	8,965,359	-605,555	-	-	8,359,804	-	-	2,168,429	-	-	5,903,721	2,456,083
	13,002,851	-407,104	305,293	-	12,901,040	-	-	2,196,355	-	-	8,878,447	4,022,593
Total Intangible Assets	21,968,210	-1,012,659	305,293	-	21,260,844	-	-	4,364,785	-	-	14,782,168	6,478,676
Servitutes	803,847	-1	-	-	803,846	-	-	-	-	-	-	803,846
	803,847	-1	-	-	803,846	-	-	-	-	-	-	803,846



The Dynamic, Caring Capital City of Choice in KZN

	Cost				Closing Balance	Accumulated Depreciation					Closing Balance	Carrying Value
	Opening Balance	Adjustments	Additions	Under Construction		Disposals	Adjustments	Additions (Depreciation)	Disposals	Impairment		
Biological assets	542,897	-1	62,484	-	605,380	-	-	-	-	-	-	605,380
Agricultural /Biological Assets	542,897	-1	62,484	-	605,380	-	-	-	-	-	-	605,380
Grand Total Assets	7,957,455,639	-187,114,461	10,091,831	101,916,955	7,859,174,660	-23,175,303	-387,547,565	252,239,562	-11,013,485	156,028	1,048,939,386	6,810,235,274

THE INSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY APPENDIX C ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

Fixed Assets Description	Historical Cost				Closing Balance	Accumulated Depreciation					Closing Balance	Carrying Value
	Opening Balance	Adjustments	Additions	Under Construction		Disposals	Adjustment	Additions	Disposals	Impairment		
Executive and Council	10,312,466	-1,130,679	291,053	-	9,472,840	-	-4,362,049	-	-	-	4,711,798	4,761,042
Finance and Administration	1,191,712,460	-50,137,401	3,216,039	-16,295,087	1,132,264,916	-	-84,790,510	38,887,802	-9,591,460	-	179,806,479	952,458,436
Planning and Development	10,312,466	-1,130,679	-	281,495	9,463,282	-	-4,362,049	-	-	-	4,711,798	4,751,485
Health	41,006,225	-4,990,596	-	-	36,015,630	-	-6,874,475	3,110,426	-	-	14,857,877	21,157,753
Community and Social Services	293,497,433	627,687	285,314	150,402	294,560,837	-	-8,966,522	20,507,083	-	-	83,359,932	211,200,905
Housing	144,321,547	-59,878,727	11,270	-	84,454,090	-	-25,830,793	5,936,954	-	-	25,820,866	58,633,224
Public Safety	71,460,853	-4,580,963	165,239	-	67,045,129	-	-10,666,818	4,084,040	-	-	18,462,867	48,582,262
Sport and Recreation	300,379,457	-576,727	62,484	-	299,142,772	-	-18,192,408	15,932,942	-148,042	-	63,590,898	235,551,874
Road Transport	2,493,082,074	96,739,878	4,715,122	41,667,008	2,636,204,082	-	-41,648,381	84,182,503	-	-	328,698,539	2,307,505,542
Environmental Protection	10,312,466	-1,130,679	-	-	9,181,787	-	-4,362,049	-	-	-	4,711,798	4,469,990
Water	951,028,436	5,917,385	-	12,859,968	969,805,790	-	-61,588,065	16,173,556	-	-	65,579,929	904,225,861
Waste Water Management	646,524,500	12,790,468	49,553	15,912,328	669,169,075	-6,107,774	-40,940,091	16,713,642	-1,199,485	156,028	67,040,482	602,128,593
Electricity	1,484,114,548	-160,454,479	498,208	16,093,346	1,340,201,624	-50,000	-64,863,470	26,508,347	-74,498	-	104,919,903	1,235,281,721
Other	309,390,702	-19,178,949	797,548	11,183,505	302,192,807	-	-10,099,883	20,202,268	-	-	82,666,220	219,526,586
TOTALS	7,957,455,639	-187,114,461	10,091,831	101,916,955	7,859,174,660	-23,175,303	-387,547,565	252,239,562	-11,013,485	156,028	1,048,939,386	6,810,235,274

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY

APPENDIX D

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

Description	2011 Budget R	2011 Actual R	2011 Under construction R	2011 Additions R	2011 Variance R	2011 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	434,507	234,507	-	291,053	200,000	46%	
Finance and Administration	38,186,872	7,041,488	3,768,904	3,216,039	31,145,384	82%	
Planning and Development	16,610,890	281,495	281,495	-	16,329,395	98%	
Public Safety	5,770,000	165,239	-	165,239	5,604,761	97%	
Community and Social Services	7,486,651	435,716	150,402	285,314	7,050,935	94%	
Health	3,081,638	-	-	-	3,081,638	100%	
Sport and Recreation	9,920,000	-	-	62,484	9,920,000	100%	
Road Transport	102,704,928	46,382,130	41,667,008	4,715,122	56,322,798	55%	
Water	33,543,261	12,859,968	12,859,968	-	20,683,293	62%	
Waste Water Management	63,350,743	15,961,881	15,912,328	49,553	47,388,862	75%	
Electricity	30,717,708	16,591,555	16,093,346	498,208	14,126,153	46%	
Housing	11,270	11,270	-	11,270	-	0%	
Other	34,691,507	11,183,505	11,183,505	797,548	23,508,002	68%	
Environment Protection	-	-	-	-	-	0%	
TOTALS	346,509,975	111,148,753	101,916,955	10,091,831	235,361,222	68%	



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THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY

APPENDIX E

DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2011

Account Number	Account Description	Unspent Balance @ 1 July 2010	Transfers	Current Year receipts	Unspent Balance @ 30 June 2011	Source Code
0108960001	GRANT COMMUNITY DEVELOPMENT WORKERS	-7,818	-	-	-7,818	UNSPENT CG - NATIONAL GOVERNMENT
0108960002	NATIONAL GRANT - MSIG	-11,927	272,892	-750,000	-489,035	UNSPENT CG - NATIONAL GOVERNMENT
0118960002	GRANT DPLG AMENDMENT IDP	-42,420	10,029	-	-32,391	UNSPENT CG - NATIONAL GOVERNMENT
0358980801	GRANT - FMG	-	164,842	-1,200,000	-1,035,158	UNSPENT CG - NATIONAL GOVERNMENT
0608960012	UNSPENT CONDITIONAL GRANT - MIG	-24,834,088	96,589,482	-74,871,991	-3,116,596	UNSPENT CG - NATIONAL GOVERNMENT
5308960003	UNSPENT COND. GRANT - HRD/ LGSETA	-1,005,000	1,042,688	-37,688	-	UNSPENT CG - NATIONAL GOVERNMENT
5608960001	STORM DAMAGE - DOH FUNDING	-915,846	-	-	-915,846	UNSPENT CG - NATIONAL GOVERNMENT
5608960010	UNSPENT CONDITIONAL GRANT - PHB	-43,062,459	13,117,803	-6,264,940	-36,209,596	UNSPENT CG - NATIONAL GOVERNMENT
7138960005	ELECT. DEMAND SIDE MGT GRANT - NT	-10,908,470	12,374,476	-4,000,000	-2,533,993	UNSPENT CG - NATIONAL GOVERNMENT
7878960001	EDN S - UPGRADE WATER SUPPLY	-240,263	-	-	-240,263	UNSPENT CG - NATIONAL GOVERNMENT
		-81,028,290	123,572,212	-87,124,618	-44,580,697	
0138960002	PG: COMMUNITY COMMUNICATION INITIATIVE	-50,000	-	-	-50,000	UNSPENT CG - PROVINCIAL GOVERNMENT
0608960013	UNSPENT CONDITIONAL GRANT - PROVINCE	-501,615	877,065	-923,866	-548,416	UNSPENT CG - PROVINCIAL GOVERNMENT



Account Number	Account Description	Unspent Balance @ 1 July 2010	Transfers	Current Year receipts	Unspent Balance @ 30 June 2011	Source Code
1318960001	PROVINCE - TRANSPORT GRANT	-20,394,364	24,867,317	-36,415,859	-31,942,905	UNSPENT CG - PROVINCIAL GOVERNMENT
2028960003	DWA LINCOLN MEADE CENTRE	-	3,795,681	-4,031,818	-236,137	UNSPENT CG - PROVINCIAL GOVERNMENT
2848960001	COGTA - EPW PROJECT	-	1,353,039	-1,355,673	-2,634	UNSPENT CG - PROVINCIAL GOVERNMENT
2858960004	PROV - URBAN RENEWAL PROJECT	-2,349,351	253,233	-117,316	-2,213,434	UNSPENT CG - PROVINCIAL GOVERNMENT
3458970006	FOOD AID PROGRAMME	-7,468	-	-	-7,468	UNSPENT CG - PROVINCIAL GOVERNMENT
4808980001	RETENTION - INTRUDER ALARM	-	83,000	-83,000	-	UNSPENT CG - PROVINCIAL GOVERNMENT
5088960006	PROV GRANT AIRPORT	-	11,370,450	-11,370,450	-	UNSPENT CG - PROVINCIAL GOVERNMENT
5118960004	COGTA ASHBURTON FEASIBILITY STUDY	-	-	-500,000	-500,000	UNSPENT CG - PROVINCIAL GOVERNMENT
5278980001	I.D.P. FUND FROM DEPT. OF LG&H	-679,259	100,740	-	-578,519	UNSPENT CG - PROVINCIAL GOVERNMENT
7878980801	GRANT - WATER SERVICE DELIVERY PLANNING	-82,984	-	-	-82,984	UNSPENT CG - PROVINCIAL GOVERNMENT
		-24,065,042	42,700,525	-54,797,981	-36,162,498	



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THE MSUNDUZI MUNICIPALITY
APPENDIX E
DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2011

Account Number	Account Description	Unspent Balance @ 1 July 2010	Transfers	Current Year receipts	Unspent Balance @ 30 June 2011	Source Code
0218970001	SPECIAL FUNDS - CASH SUSPENSE ACCOUNTS	-	19,888,668	-21,645,339	-1,756,671	UNSPENT CG - OTHER
0218970002	SPECIAL FUNDS CLEARING AC - VAT ZERO	-	46,564,801	-48,777,809	-2,213,008	UNSPENT CG - OTHER
0608960014	UNSPENT CONDITIONAL GRANTS : LIBRARY EXTERNAL	-2,251,974	2,462,053	-2,330,370	-2,120,291	UNSPENT CG - OTHER
1258960001	UNSPENT GRANT - DEVELOPER CONTRIBUTION	-868,182	-	-	-868,182	UNSPENT CG - OTHER
2028960002	RETENTION - MIG - VULINDLELA VIP CONSTR.	-32,811	-	-	-32,811	UNSPENT CG - OTHER
2858960001	GEDI - GIJIMA FUNDS	-17,970	83,648	-84,732	-19,053	UNSPENT CG - OTHER
2858960002	E/DALE LAND LEGAL	-191,481	85,860	-8,101	-113,721	UNSPENT CG - OTHER
2858960003	E/DALE PVT LAND LEGAL	-13,911,809	4,455,809	-633,609	-10,089,609	UNSPENT CG - OTHER
4808960001	GRANT DEPT OF ARTS & CULTURE	-	80,000	-83,000	-3,000	UNSPENT CG - OTHER
5108980101	GRANT - YOUTH ADVISORY COUNCIL	-125,000	-	-	-125,000	UNSPENT CG - OTHER
5118960002	UDM - LOCAL TOURISM DEVELOPMENT	-12,432,891	974,218	-5,400,000	-16,858,673	UNSPENT CG - OTHER
5118960003	GRANT - WARD 3 5 6	-40,123	-	-	-40,123	UNSPENT CG - OTHER
5538960001	GRANT - SPOORNET	-314,996	-	-	-314,996	UNSPENT CG - OTHER
8328760903	TRUST - CEMETERY TRUST ACCOUNT	-15,456	-	-386	-15,843	UNSPENT CG - OTHER
8358760909	TRUST - PATRIOTIC LEAGUE TRUST ACCOUNT	-47,090	-	-1,177	-48,267	UNSPENT CG - OTHER
8368760911	TRUST - PEARSE TRUST ACCOUNT	-1,474,965	-	-50,874	-1,525,839	UNSPENT CG - OTHER



Account Number	Account Description	Unspent Balance @ 1 July 2010	Transfers	Current Year receipts	Unspent Balance @ 30 June 2011	Source Code
8378760913	TRUST - WELCH TRUST ACCOUNT	-371,754	-	-9,294	-381,048	UNSPENT CG - OTHER
8388760916	TRUST - MARIA KINSMAN TRUST ACCOUNT	-591,488	-	-	-591,488	UNSPENT CG - OTHER
8388760920	TRUST - MARIA KINSMAN TRUST - NET INCOME	-55,632	-	-16,178	-71,810	UNSPENT CG - OTHER
8398760908	TRUST - MAYORESS NECESSITY FUND	-79,777	-	-2,296	-82,073	UNSPENT CG - OTHER
8408760915	TRUST - CEMETERY TRUST ACCOUNT (M/RISE)	-2,316,948	-	-106,786	-2,423,734	UNSPENT CG - OTHER
8408760922	TRUST - CEMETERY TRUST ACCOUNT (M/RISE) - INTEREST	-420,292	-	-71,101	-491,392	UNSPENT CG - OTHER
8418760906	TRUST - FLEMING TRUST ACCOUNT	-75,612	-	-1,890	-77,502	UNSPENT CG - OTHER
8428010001	TRUST - CONTIMBALI FLOOD VICTIMS - PMB FLOOD VICTIMS	-60,858	-	-1,521	-62,379	UNSPENT CG - OTHER
8428760842	TRUST - PMB FLOOD DISASTER	-30,989	-	-775	-31,764	UNSPENT CG - OTHER
8438760925	TRUST - REFUGEES TRUST ACCOUNT	-60,604	-	-1,515	-62,119	UNSPENT CG - OTHER
		-35,788,701	74,595,057	-79,226,752	-40,420,396	
		-140,882,033	240,867,793	-221,149,351	-121,163,591	



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THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY

APPENDIX F

DETAILS OF UNSPENT CONDITIONAL GRANTS, RECEIPTS AND TRANSFERS TO INCOME AS AT 30 JUNE 2011

	Unspent Balance @ 1 July 2010	Transfers	Current Year receipts	Unspent Balance @ 30 June 2011
NATIONAL GOVERNMENT				
Various as per Appendix G	(81,028,290)	123,572,212	(87,124,618)	(44,580,697)
PROVINCIAL GOVERNMENT				
Various as per Appendix G	(24,065,042)	42,700,525	(54,797,981)	(36,162,498)
OTHER GRANTS				
Various as per Appendix G	(35,788,701)	74,595,057	(79,226,752)	(40,420,396)
	(140,882,033)	240,867,793	(221,149,351)	(121,163,591)

**THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY
APPENDIX G
DISCLOSURE OF GRANTS AND RECEIPTS AT 30 JUNE 2011**

	EXECUTIVE & COUNCIL	BUDGET & TREASURY OFFICE	PUBLIC SAFETY	CORPORATE SERVICES	COMMUNITY & SOCIAL SERVICES	HEALTH	WASTE MANAGEMENT	WATER	ROAD TRANSPORT	AIRPORT	ELECTRICITY	PLANNING & DEVELOPMENT	TOTAL
TRANSFER TO REVENUE - CAPITAL EXPENDITURE													
NATIONAL GOVERNMENT													
Municipal Infrastructure Grant	234,507				80,000		15,441,269	12,859,968	15,250,299			3,853,582	47,485,118
Municipal Systems Improvement Grant													234,507
Electricity Side Demand Management Grant											13,601,555		13,601,555
	234,507	-	-	-	80,000	-	15,441,269	12,859,968	15,250,299	-	13,601,555	3,853,582	61,321,180
PROVINCIAL GOVERNMENT													
Department of Transport									11,662,591				11,662,591
Greater Edendale Development Initiative - Urban Renewal												281,495	281,495
Airport development										11,183,505			11,183,505
	-	-	-	-	-	-	-	-	11,662,591	11,183,505	-	281,495	23,127,591
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	234,507	-	-	-	80,000	-	15,441,269	12,859,968	26,912,890	11,183,505	13,601,555	4,135,077	84,448,770
DONATIONS AND PUBLIC CONTRIBUTIONS													
Msunduzi Library - Carnegie Corporation of New York					205,314								205,314
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS	-	-	-	-	205,314	-		-	-	-	-	-	205,314
TOTAL CONDITIONAL GRANTS & RECEIPTS	234,507	-	-	-	285,314	-	15,441,269	12,859,968	26,912,890	11,183,505	13,601,555	4,135,077	84,654,085



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**THE INSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY
APPENDIX G
DISCLOSURE OF GRANTS AND RECEIPTS AT 30 JUNE 2011**

	EXECUTIVE & COUNCIL	BUDGET & TREASURY OFFICE	PUBLIC SAFETY	CORPORATE SERVICES	COMMUNITY SERVICES	HEALTH	WASTE MANAGEMENT	WATER	ROAD TRANSPORT	AIRPORT	ELECTRICITY	PLANNING & DEVELOPMENT	TOTAL
TRANSFER TO REVENUE - OPERATING EXPENDITURE													
		147,981,237					19,613,259	88,740,645			10,875,472		267,210,613
		164,842					6,853,592	2,912,549	7,535				164,842
				33,000									9,773,676
	149,154												33,000
													149,154
PROVINCIAL GOVERNMENT		148,146,080	-	33,000	-	-	26,466,851	91,653,193	7,535	-	10,875,472	-	277,331,285
			1,350,405										1,350,405
						12,488,226						124,915	124,915
									788,867	186,945			12,488,226
													788,867
													186,945
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	-	-	1,350,405	-	-	12,488,226		-	788,867	186,945	-	124,915	14,939,358
	149,154	148,146,080	1,350,405	33,000	-	12,488,226	26,466,851	91,653,193	796,402	186,945	10,875,472	124,915	292,270,643
DONATIONS AND PUBLIC CONTRIBUTIONS													
					3,133,803							974,218	974,218
													3,133,803
												4,597,055	4,597,055
					3,133,803	-						5,571,273	8,705,076
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS													
TOTAL CONDITIONAL GRANTS & RECEIPTS	149,154	148,146,080	1,350,405	33,000	3,133,803	12,488,226	26,466,851	91,653,193	796,402	186,945	10,875,472	5,696,188	300,975,719
	383,661	148,146,080	1,350,405	33,000	3,419,118	12,488,226	41,908,121	104,513,161	27,709,292	11,370,450	24,477,027	9,831,265	385,629,804

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY
APPENDIX H
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2011

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2011	Amount 10/11	Risk to the municipality as at 30 June 2010	Amount 09/10	COMMENTS
1	R.Sulaiman v Msunduzi Municipality	Delictual Claim	1998	Internal	R 50 000, 00	50,000.00	R 50 000, 00	50,000.00	
2	Roelofse v Msunduzi Municipality	Delictual Claim	2002	Internal	R 41 032, 58 plus interest at 15, 5 % per annum.	47,392.63	R 41 032, 58 plus interest at 15, 5 % per annum.	41,032.58	
3	MA Jewitt	Counter Claim	2003	Mr Bev Nicholson: TMJ Attorneys 033-341900 fax 0866169749 email tmj@tnj.co.za	R 9 279 625.00	9,279,625.00	R 11 000 000.00	11,000,000.00	
4	Premier of KZN v Msunduzi Municipality	Delictual Claim	2003	Internal	R 11 340, 00	11,340.00	R 11 340, 00	11,340.00	
5	R.B.Ngcobo v Msunduzi Municipality	Delictual Claim	2003	Internal	R 11 375, 27 plus interest at 15, 5 % per annum.	13,138.44	R 11 375, 27 plus interest at 15, 5 % per annum.	11,375.27	
6	R.Haffeejee v Msunduzi Municipality	Delictual Claim	2004	Internal	R 98 800, 00 plus interest at 15, 5 % per annum.	114,114.00	R 98 800, 00 plus interest at 15, 5 % per annum.	98,800.00	
7	Telkom S.A Ltd v Msunduzi Municipality	Delictual Claim	2004	Richard Lister: Lister & Lister Attorneys 033-3454530 email rlister@listerandlister.co.za	R 32 585, 78 plus interest at 15, 5 % per annum.	37,636.58	R 32 585, 78 plus interest at 15, 5 % per annum.	32,585.78	
82	Telkom S.A Ltd v Msunduzi Municipality	Delictual Claim	2004	Richard Lister: Lister & Lister Attorneys 033-3454530	R 22 541, 11 plus interest at 15, 5 %.	26,034.98	R 22 541, 11 plus interest at 15, 5 %.	22,541.11	
8	M.Omarjee v Msunduzi Municipality	Delictual Claim	2005	Internal	R 31 000, 00	31,000.00	R 31 000, 00	31,000.00	
9	S.Makhaya v Msunduzi Municipality	Delictual Claim	2005	Internal	R 42 704, 96 plus interest	42,704.96	R 42 704, 96 plus interest	42,704.96	
10	Telkom S.A Ltd v Msunduzi Municipality	Delictual Claim	2005	Richard Lister: Lister & Lister Attorneys 033-3454530 email rlister@listerandlister.co.za	R 34 806, 17 plus interest at 15, 5 % per annum.	40,201.13	R 34 806, 17 plus interest at 15, 5 % per annum.	34,806.17	
11	Telkom S.A Ltd v Msunduzi Municipality	Delictual Claim	2005	Internal	R 8 071, 64 plus interest at 15, 5 % per annum.	9,322.74	R 8 071, 64 plus interest at 15, 5 % per annum.	8,071.64	



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12	Woodley v Msunduzi Municipality	Delictual Claim	2005	Mr Forrester: Savage Jooste & Adams Attorneys 0124528200	R 600 000, 00	600,000.00	R 600 000, 00	600,000.00	
13	Zeedim Investment v Msunduzi Municipality	Delictual Claim	2006	Mr Afzal Akoo: Afzal Akoo & Partners 033-3947272	Matter settled	-	Matter settled in May 2010. Council to pay R200 000 and costs of R117 047	200,000.00	
14	I. Ogilvie	Delictual Claim	2006	Insurance	R 166 160.54 plus interest at 15% per annum	191,084.62	R 166 160.54 plus interest at 15% per annum	166,160.54	
15	K.Chetty v Msunduzi Municipality	Delictual Claim	2006	Internal	R 26 169, 86.	26,169.86	R 26 169, 86.	26,169.86	
16	Painter v Msunduzi Municipality	Delictual Claim	2006	Internal	R 45 361, 38 plus interest at 15, 5 % per annum.	52,392.39	R 45 361, 38 plus interest at 15, 5 % per annum.	45,361.38	
17	G.Dladla v Msunduzi Municipality	Delictual Claim	2006	Internal	R 20 000, 00 plus interest at 15, 5 % per annum.	23,100.00	R 20 000, 00 plus interest at 15, 5 % per annum.	20,000.00	
18	Plexoto v Msunduzi Municipality	Delictual Claim	2006	Internal	R 39 822, 89 plus interest at 15, 5 % per annum.	45,995.44	R 39 822, 89 plus interest at 15, 5 % per annum.	39,822.89	
19	M.Zondi v Msunduzi Municipality	Delictual Claim	2006	Internal	R 50 000, 00 plus interest at 15, 5 % per annum.	57,750.00	R 50 000, 00 plus interest at 15, 5 % per annum.	50,000.00	
20	Telkom S.A Ltd v Msunduzi Municipality	Delictual Claim	2006	Richard Lister: Lister & Lister Attorneys 033-3454530	R 13 283, 82 plus interest at 15, 5 % per annum.	15,342.81	R 13 283, 82 plus interest at 15, 5 % per annum.	13,283.82	
21	Telkom S.A Ltd v Msunduzi Municipality	Delictual Claim	2006	Richard Lister: Lister & Lister Attorneys 033-3454530	R 21 697, 25 plus interest at 15, 5 % per annum.	25,060.32	R 21 697, 25 plus interest at 15, 5 % per annum.	21,697.25	
22	F.Osman V Msunduzi Municipality	Delictual Claim	2007	Internal	R 306 666, 45	306,666.45	R 306 666, 45	306,666.45	
23	T.E.Zulu v Msunduzi Municipality	Delictual Claim	2007	Internal	R 8 709, 23	8,709.23	R 8 709, 23	8,709.23	
24	D.V. Ngcobo	Delictual Claim	2007	Insurance	R1800 000.00 plus interest at 15% Per annum	2,070,000.00	R1800 000.00 plus interest at 15% Per annum	1,800,000.00	
25	Orion Telecon v Msunduzi Municipality	Delictual Claim	2007	Internal	R92189,52+ 23047.38	115,236.90	Filed moved from external service provider to internal.	92,189.52	



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26	Truthugisa Contracting of Enterprise	Memorandum of Agreement	2007	Internal	R 210 749, 00 plus vat at 14 %.	240,253.86	R 210 749, 00 plus vat at 14 %.	210,749.00	
27	Hampton College v Msunduzi Municipality	Delictual Claim	2007	Ms Maharaj: Kruger Ngcobo Inc 0313064352	R 85 470, 00 plus interest at 15, 5 %.	98,717.85	R 85 470, 00 plus interest at 15, 5 %.	85,470.00	
28	R.Terry v Msunduzi Municipality	Delictual Claim	2007	Insurance	R 50 000, 00.	50,000.00	R 50 000, 00.	50,000.00	
29	A&F.Mall v Msunduzi Municipality	Delictual Claim	2007	Internal	R 17 181, 33	17,181.33	R 17 181, 33	17,181.33	
30	E.Makungisa v Msunduzi Municipality	Delictual Claim	2007	Internal	R 6 213, 00	6,213.00	R 6 213, 00	6,213.00	
31	R.Rabikison v Msunduzi Municipality	Delictual Claim	2007	Internal	R 20 000, 00	20,000.00	R 20 000, 00	20,000.00	
32	N.V.Majazi v Msunduzi Municipality	Delictual Claim	2007	Internal	R 110 046, 28	110,046.28	R 110 046, 28	110,046.28	
33	P.S.Zondi V Msunduzi Municipality	Delictual Claim	2007	Internal	R 15 080, 00	15,080.00	R 15 080, 00	15,080.00	
34	Marnusa Marketing v Msunduzi Municipality	Delictual Claim	2007	Internal	R 9 823, 48 plus interest at 15, 5 % per annum.	11,346.12	R 9 823, 48 plus interest at 15, 5 % per annum.	9,823.48	
35	Willowgardens Flats	Debt recovery and Evictions	2007	Mr Y Bhamjee: Y Bhamjee Attorneys 033-3942008	Unable to be estimated at this point in time matter ongoing	-			This matter was before the KZN Housing Tribunal in June 2010. It is incorrect to say that the matter was not reported before, as it has been on our quarterly reports as submitted to the Human Resources Committee, since 2007 and in the Annual Report to the Auditor General. The residents of Willowgardens Flats originally brought an application against the Municipality in 2007. This complaint by the residents at the last hearing earlier in 2011 was withdrawn. It is hoped that the matter of debt recovery and evictions will proceed in the current financial year (2010/2011). The Council has no liability in the matter at present. Attorney Y Bhamjee and Advocate R Padayachee SC represented the Council in this matter.



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36	Willowgarden Flats	Debt recovery and Evictions	2007	Advocate Padayachee SC 033-8453570	Unable to be estimated at this point in time matter ongoing	-			This matter was before the KZN Housing Tribunal in June 2010. It is incorrect to say that the matter was not reported before, as it has been on our quarterly reports as submitted to the Human Resources Committee, since 2007 and in the Annual Report to the Auditor General. The residents of Willowgarden Flats originally brought an application against the Municipality in 2007. This complaint by the residents at the last hearing earlier in 2011 was withdrawn. It is hoped that the matter of debt recovery and evictions will proceed in the current financial year (2010/2011). The Council has no liability in the matter at present. Attorney Y Bhamjee and Advocate R Padayachee SC represented the Council in this matter.
37	South African Local Authorities Fund v Msunduzi Municipality	Pension Surcharge	2008	Internal	R 217 184, 13 plus interest at 15, 5 % per annum.	250,847.67	R 217 184, 13 plus interest at 15, 5 % per annum.	217,184.13	
38	Msunduzi Municipality v D.L. Petersen	Delictual Claim	2008	Internal		-			Please note that in this matter the municipality applied for an interdict to prevent Mr. Peterson from building illegal structures. There is no monetary liability to the municipality. It is therefore not a contingent liability in terms of the definition hence it was removed.
39	Mkhumbuzi v Msunduzi Municipality	Delictual Claim	2008	Internal	R 100 000, 00	100,000.00	R 100 000, 00	100,000.00	
40	Nzaba v Msunduzi Municipality	Delictual Claim	2008	Internal	R 73 500, 01	73,500.01	R 73 500, 01	73,500.01	
41	P.J.Tewolbleek v Msunduzi Municipality	Delictual Claim	2008	Insurance	R 1 121 620, 01	1,121,620.01	R 1 121 620, 01	1,121,620.01	
42	Mouton v Msunduzi Municipality	Delictual Claim	2008	Mr Y Bhamjee; Y Bhamjee Attorneys 033-3942008	R 14,000.00	14,000.00	R 14,000.00	14,000.00	



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43	Telkom v Msunduzi Municipality	Delictual Claim	2008	Richard Lister: Lister & Lister Attorneys 033-3454530 email rlist@listlandlister.co.za	R 45 979, 87 plus interest at 15, 5 % per annum.	53,106.75	R 45 979, 87 plus interest at 15, 5 % per annum.	45,979.87	
44	R.S.Govender v Msunduzi Municipality	Delictual Claim	2008	Internal	R 75 000, 00	75,000.00	R 75 000, 00	75,000.00	
45	N.G.Zuma v Msunduzi Municipality	Delictual Claim	2008	Internal	R 100 000, 00 plus interest at 15, 5 % per annum.	115,500.00	R 100 000, 00 plus interest at 15, 5 % per annum.	100,000.00	
46	Motor Accident-NP 3238 Dr W Van Straaten	Delictual Claim	2008	Internal	R 96 401, 43	96,401.43	R 96 401, 43	96,401.43	
47	Ayoob Moosa	Interdict by municipality against owner for unauthorised town planning use of property.	2008	R. Lister :033-3454530 Advocate Mike Southwood 031 - 3048054 fax 031 - 3076899 southwood@yebo.co.za	Before Court in August 2011.	-	Risk of costs if we lose case.	0.00	It is incorrect to state that the matter was not reported before, see email dated 1 April 2011, from Mr J van der Merwe, Legal Advisor (Annexure E). The matter is a town planning interdict prohibiting the unauthorized use of a property. The municipality originally brought an application to stop the unauthorized use in 2008. That matter was finalised and the judgement given against the municipality. It took a long period to re-investigate the matter, get authority to launch a new application and actually get the papers served. A new application, therefore strictly speaking a separate and new case, was launched under case number 9587/2010, during the 2010/2011 financial year.
48	NT Dlomo / N.Cele	Interdict against municipality: to set aside building plan approval	2008	Ngcobo, Poyo & Diedericks:033-3419240: Adv.P. Buzuidenhout SC 033-8453522 fax 0333943734	Case not finalised. Costs if lost.	-	Case not finalised. Costs if lost.		



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49	PMB & District Indian Funeral	Re-transfer of Council Property	2008	Mr Aubrey Ngcobo, Ngcobo, Poyo and Diedricks phone 033-3943952 fax 033-3943961 email ndp@sdi.co.za	Unable to be estimated at this point in time	-			It is incorrect to say that this matter has not been reported before, as it has been mentioned in the quarterly reports submitted to the Human Resources Committee, since it was first initiated in 2008. The matter raised the possibility of liability in terms of the Deed of Grant originally made by the Council. A court order has been obtained to re-transfer the property to the Council. The amounts outstanding to the Council in terms of rates and services charges are still outstanding and are the subject of further dispute. The matter is being handled by Mr Ngcobo, of Ngcobo, Poyo and Diedricks and Advocate Seggie SC.
50	PMB & District Indian Funeral	Re-transfer of Council Property	2008	Advocate Rob Seggie 033-8453509 fax number 033-3453062 seggie@worldonline.co.za	Matter ongoing as at 30 June 2011	-			It is incorrect to say that this matter has not been reported before, as it has been mentioned in the quarterly reports submitted to the Human Resources Committee, since it was first initiated in 2008. The matter raised the possibility of liability in terms of the Deed of Grant originally made by the Council. A court order has been obtained to re-transfer the property to the Council. The amounts outstanding to the Council in terms of rates and services charges are still outstanding and are the subject of further dispute. The matter is being handled by Mr Ngcobo, of Ngcobo, Poyo and Diedricks and Advocate Seggie SC.
51	T Goncalian v Msunduzi Municipality	Delictual Claim	2009	Internal	R 100 000, 00 plus interest at 15, 5% per annum.	115,500.00	R 100 000, 00 plus interest at 15, 5% per annum.	100,000.00	
52	F.B.I. Khan v Msunduzi Municipality	Delictual Claim	2009	Internal	R 63 280, 39 plus interest at 15, 5% per annum	73,088.85	R 63 280, 39 plus interest at 15, 5% per annum	63,280.39	
53	S.Mthimkulu v Msunduzi Municipality	Delictual Claim	2009	Mr Shwartz/Mr Gcaba, Uys Matyeka Schwartz Attorneys 0313046063	R 204 650, 00 plus interest at 15, 5% per annum.	236,370.75	R 204 650, 00 plus interest at 15, 5% per annum.	204,370.75	



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54	Blue Thunder Trading CC/ TA Khanyisa Energy Management and Services	Delictual Claim	2009	Vather Attorneys	R223 576.00 plus interest at 15% per annum	257,112.40	R223 576.00 plus interest at 15% per annum	223,576.00	
55	Stand 2436 PNB (pty) Ltd.	Delictual Claim	2009	Cajee Setsubi Chetty Inc. & Adv Dickson	0	-	Matter settled		
56	SAPPI	Delictual Claim	2009	Insurance	R25000 000.00	25,000,000.00	R25000 000.00	25,000,000.00	
57	Keshwa v Msunduzi Municipality	Delictual Claim	2009	Internal	R 30 470, 12 plus interest at 11, 5 % per annum.	33,974.18	R 30 470, 12 plus interest at 11, 5 % per annum.	30,470.12	
58	B.A.Clark v Msunduzi Municipality	Delictual Claim	March 2009	Mr Logan Chetty, Vather Attorneys Phone 033-342-4099 fax 033-3424075 email- vathais@hotmail.com	R379 975.84	379,975.84	R379 975.84	379,975.84	
59	Shortts Retreat	Interdict by land owners against illegal occupiers, municipality ordered to provide temporary housing & basic services	Municipality joined as party in July 2009	Adv. Dickson SC, TEL:033-8453542 adickson@law.co.za	(1) Costs of application	-	(1) Costs of application. Unknown at this time. (2) Cost of relocation: unknown. Costs of temporary services. Housing to provide	0.00	It is incorrect to say this matter was not reported (See attached email dated 1 April 2010 from Legal Advisor, Mr. Johan van der Merwe, Annexure E). An application was brought by private landowners to remove illegal occupiers from their properties in the Shortts Retreat area. The municipality was not a party to these proceedings. The application was successful in the Provincial Division of the High Court. The occupiers took the matter on appeal and the Supreme Court of Appeal ordered that the matter be referred back to the Provincial Court and that the municipality be added as a party. It also ordered the municipality to file a report on its plans and abilities to deal with housing for the illegal occupiers. During the 2010/11 financial year, the municipality was ordered to provide temporary housing services to the occupiers who were evicted.
60	Bishop's Roadworks	Contractual Claim	Nov 2009	Internal	R120 000-00	120,000.00	R120 000-00	120,000.00	



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61	Chadva: 69 Railway Street	Interdict for reconnection of electricity. Matter not finalized.	Nov 2009	Adv. P. Bezuidenhout: 0824433836: K Tytherleigh withdrew	Case not decided. Costs if case is lost.	-	Case not decided. Costs if case is lost.	0.00	It is incorrect to say this matter was not reported (See attached email dated 1 April 2010 from Legal Advisor, Mr. Johan van der Merwe, Annexure E). An urgent application was brought for the supply of water to the aforementioned property after the supply was interrupted. We are confident of success but the matter is still in Court.
62	Billboards	Townbush Road order obtained by municipality for removal of billboards.	Dec 2009	Adv. Ganie 033-8453517 email: hoosen@laf-rica.com Udes Ramesar: 3459569 (033) 345-9571	Possibility that costs of removal be incurred by the municipality/ not fully recovered. Building Survey to facilitate. Legal costs.	-	Possibility that costs of removal be incurred by the municipality/ not fully recovered. Building Survey to facilitate. Legal costs.	0.00	It is incorrect to say this matter was not reported (See attached email dated 1 April 2010 from Legal Advisor, Mr. Johan van der Merwe, Annexure E). The municipality obtained an order for the removal of two huge illegal billboards. Although we have been awarded costs and the right to remove the boards and the cost of removal, storage is still a possible liability.
63	RY Khan v Msunduzi Municipality	Delictual Claim	2010	Internal	R 1267,00 plus interest at 15,5 per annum.	1,463.39	R 1267,00 plus interest at 15,5 per annum.	1,267.00	
64	Gavin's Panel Shop	Contractual Claim	2010	Internal	R2424-50	2,424.50	R2424-50	2424.5	
65	Gavin's Panel Shop	Contractual Claim	2010	Internal	R5519-06	5,519.06	R5519-06	5519.06	
66	Gavin's Panel Shop	Contractual Claim	2010	Internal	R5586-00	5,586.00	R5586-00	5586	
67	Gavin's Panel Shop	Contractual Claim	2010	Internal	R1721-40	1,721.40	R1721-40	1721.4	
68	Gavin's Panel Shop	Contractual Claim	2010	Internal	R4902-00	4,902.00	R4902-00	4902	
69	Gavin's Panel Shop	Contractual Claim	2010	Internal	R5163-06	5,163.06	R5163-06	5163.06	
70	Gavin's Panel Shop	Contractual Claim	2010	Internal	R5506-20	5,506.20	R5506-20	5506.2	
71	Reestar Investment	Interdict for reconnection of electricity. Matter not finalized.	Feb 2010	Adv. Snyman: 033-8453524 email: snyman@pmblaw.co.za K Tytherleigh withdrew	Case not decided. Costs if lost.	-	Case not decided. Costs if case is lost. (Adv Snyman predicts a risk of R50 000 in the event of us being unsuccessful)	50,000.00	Costs if case is lost. (Adv Snyman predicts a risk of R50 000 in the event of us being unsuccessful)



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72	Exalon 6 CC	Interdict for reconnection of electricity. Matter not finalized.	Feb 2010	Adv. Snyman: 033-8453524; email snyman@pmblaw.co.za	Case not decided. Costs if lost.	-	Case not decided. Costs if lost. Adv Snyman predicts a risk of R 50 000 in the event of us being unsuccessful	50,000.00	It is incorrect to say this matter was not reported (See attached email dated 1 April 2010 from Legal Advisor, Mr. Johan van der Merwe, Annexure E). An application was brought against the Municipality for the re-instatement of electricity supply. The matter is still in Court.
73	Kogulan Naidoo	Delictual Claim	Mar 2010	Internal	R100 000.00	100,000.00	R100 000.00	100000	
74	HS Majozi	Delictual Claim	Mar 2010	Internal	R95 000.00	95,000.00	R95 000.00	95000	
75	BM Dlamini	Delictual Claim	Mar 2010	Internal	R 300 000.00	300,000.00	R 300 000.00	300000	
76	Daljeeth Daljeeth	Delictual Claim	2010	Mr Shwartz/Mr Gcaba, Uys Matyeka Schwartz Attorneys 0313046063	R200 000.00	200,000.00	R200 000.00	200000	
77	MS Singh	Delictual Claim	2010	Internal	R69 224.62	69,224.62	R69 224.62	69224.62	
78	TT Ngubane	Delictual Claim	2010	Internal/Insurance	R118 490.00	118,490.00	R118 490.00	118490	
79	GP Bayeni	Delictual Claim	2010	R 97 430.00	R 97 430.00	97,430.00	R 97 430.00	97430	
80	VD Ramdeen	Delictual Claim	2010	Mr Afzal Akoo, Afzal Akoo & Partners phone 0333947274 Fax 0866149242 & Adv. Fleming phone 033-8453576 fax 033-3948374	R100 000.00 & R4438.00	104,438.00	R100 000.00 & R4438.00	100,000.00	
81	M Mlaba	Delictual Claim	2010	Internal	R100 000.00	100,000.00	R100 000.00	100,000.00	
82	Truthugisa Contracting Enterprises	Contractual Claim	April 2010	Internal	R8 051 632.79	8,051,632.79			The matter came to Legal Services attention after June 2010.
83	J Mahlaba	Delictual Claim	June 2010	Internal	R21406-36	21,406.36	R21406-36	21,406.36	
84	Longlife Tyres (PTY) LTD	Contractual Claim	July 2010	Internal	R592 589.77	592,589.77			
85	Gail Gayer	Delictual Claim	July 2010	Mr Shwartz/Mr Gcaba, Uys Matyeka Schwartz Attorneys 0313046063	R262 473.98	262,473.98			
86	M. C. Mncwabe	Delictual Claim	Aug 2010	Internal	R71 500.00	71,500.00			
87	H. Selepe	Delictual Claim	Sept 2010	Internal	R5 189.35	5,189.35			
88	B. Mahlaba o.b.o. AY Mahlaba	Delictual Claim	Sept 2010	Internal/Insurance	R 1000 000.00	1,000,000.00			
89	N Mans	Delictual Claim	Sept 2010	Internal	R7 045.75	7,045.75			
90	Mutual and federal	Delictual Claim	Sept 2010	Internal	R22 829.59	22,829.59			
91	Ronald Reddy	Contractual Claim	Sept 2010	Internal	R 282 818.08	282,818.08			



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92	AB Mavundla	Delictual Claim	Oct 2010	Internal	R100 000.00	100,000.00			
93	SS Ngidi	Delictual Claim	Oct 2010	Internal/ Insurance	R2200 000.00	2,200,000.00			
94	N Raghu	Delictual Claim	Dec 2010	Internal/ Insurance	R500 000.00	500,000.00			
95	R Bhoodram	Delictual Claim	Dec 2010	Internal	R32 552.00	32,552.00			
96	BC Mbatha	Delictual Claim	Nov 2010	Internal	R16 794.48	16,794.48			
97	EW de Lange	Interdict	2010	Richard Lister: Lister & Lister Attorneys 033-3454530/ Adv Snyman 033-8453524 email snyman@prmlaw.co.za	R 50 000 plus 15% pa	57,500.00	R 50 000 plus 15% pa	50,000.00	Application for leave to appeal withdrawn by applicant. Risk mitigated.
98	NK Mpongose	Delictual Claim	Jan 2011	Internal	R23 946.42	23,946.42			
99	Y Ahien	Delictual Claim	Feb 2011	Internal	R14 845.71	14,845.71			
100	NN Pandaram	Delictual Claim	Feb 2011	Internal	R 11 267.11	11,267.11			
101	TR Nxumalo	Delictual Claim	April 2011	Internal	R 21 791.04	21,791.04			
102	Mkhize Majola & Associates	Delictual Claim	April 2011	Internal	R 14,966.98	14,966.98			
103	Crescent Motor Brokers and Agents CC	Delictual Claim	April 2011	Internal	R 100 000.00	100,000.00			
104	3 DM Contractors	Contractual Claim	May 2011	Internal	R 66 930.35	66,930.35			
105	Z. Nondzanga	Delictual Claim	May 2011	Internal	R 22 232.97	22,232.97			
106	Roy Hesketh Racing Track	Land sold to developer. Did not develop as per agreement. Possibility of municipality having to purchase back at R3.5 million. Another developer indicated possible purchaser from current developer with benefits to municipality. Economic Development to advise.	N/A	N/A	Economic Development to advise. Another developer indicated possible purchase from current developer with benefits to municipality.	-	Economic Development to advise. Another developer indicated possible purchase from current developer with benefits to municipality.		In terms of the new definition provided, this matter raises the possibility of liability. There is no current court case and therefore no external attorney provided. Indeed, it is not even a certainty that the matter will ever turn into a legal dispute. As such there is not a specific date.



NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Risk to the municipality as at 30 June 2011	Amount 10/11	Risk to the municipality as at 30 June 2010	Amount 09/10	COMMENTS
107	Planet Waves 399	Council withholding payment to contractor that built sludge dams. Possibility of eventual liability.	N/A	N/A	Risk of having to pay outstanding payment partially or in full. Amount withheld is currently +- R1,2 million. Costs of repairing estimated at +- R2, 4 million.	2,400,000.00	Risk of having to pay outstanding payment partially or in full. Amount withheld is currently +- R1,2 million. Costs of repairing estimated at +- R2, 4 million.	2,400,000.00	the matter is being handled internally. There is no formal dispute yet.
108	Union Risk Management Alliance (Pty)Ltd.	Delictual Claim	May 2011	Internal	R 152 948.84	-			
109	N.B. Dladla	Delictual Claim	June 2011	Internal	R 109 038.97	-			
110	Khuselani Security	Contract	June 2011	Internal	R 1830 532.00	-			
111	Impress Services (Pty) Limited	Delictual Claim	June 2011	Internal	R29 238.27 & R 1638.70	30,876.97			
112	P.G. Vather	Delictual Claim	June 2011	Internal	R 12 659.99	-			
113	Kwenzokuhle Construction	Contract	June 2011	Internal	R2 178 000.00	-			
114	Relief Interio and Joinery CC	Delictual Claim	June 2011	Internal	R 45 080.00	-			
115	Derby Supermarket	Delictual Claim	June 2011	Internal	R444 400.00	-			
116	Ds Crematoirs	Delictual Claim	June 2011	Internal	R 27 789.37	-			
						<u>59,072,912.74</u>		<u>47,047,880.29</u>	

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY
APPENDIX J
DISCLOSURE OF PRIOR PERIOD ERRORS AS AT 30 JUNE 2011

PRIOR PERIOD ERRORS FOR 2010/2011
VOTE 060 875 0002

JOB	DESCRIPTION	Element	Total	09/10	08/09	07/08	06/07 and Prior
Transaction affecting the Statement of Financial Position							
02POS002	Clearing of control votes	Restatement of trade and other payables	-1,978,987.70	-1,978,987.70	-	-	-
02POS003	Closing entities market	Restatement of trade and other payables	2,052,150.39	2,052,150.39	-	-	-
02POS007	Under accrual of expenditure	Restatement of trade and other payables	44,712.84	27,091.78	17,621.06	-	-
02POS008	Over accrual of expenditure	Restatement of trade and other payables	-341,995.80	-237,103.92	-32,253.44	-72,638.44	-
02POS009	Clearing gl balances with CR balances	Restatement of trade and other receivables from non exchange transactions	-14,204.88	-786.76	-	-	-13,418.12
02POS010	Clearing gl balances with DR balances	Restatement of PPE	8,055.36	-	-	-	8,055.36
02POS018	Interest on late payment of vat to sars	Restatement of trade and other payables	13,672.50	13,672.50	-	-	-
02POS019	Write back of pmb chamber of business debtors as monies paid back to council	Restatement of trade and other receivables from non exchange transactions	83,604.09	83,604.09	-	-	-
02POS020	Write back of retention due to contractor defaulting	Restatement of trade and other payables	-15,009.49	-15,009.49	-	-	-
02POS021	Retrospective adjustment to tie up assets in terms of baud asset register.	Restatement of PPE	46,372,943.54	-	-	46,372,943.54	-
02POS022	Refund of sewer connection fee	Restatement of trade and other receivables from non exchange transactions	1,750.00	1,750.00	-	-	-
02POS023	Prior period error clearing unknown deposits	Restatement of trade and other receivables from non exchange transactions	-34,848.00	-6,266.29	-28,581.71	-	-
02POS024	Write back of investment - absa bank/lease back - eastwood reservoir	Restatement of investments	1,860,000.00	1,860,000.00	-	-	-
02POS025	Adjustment of investment property	Restatement of PPE	122,674,756.00	122,674,756	-	-	-
Transaction affecting the Statement of Financial Position		TOTAL	170,726,598.85	124,474,870.60	-43,214.09	46,300,305.10	-5,362.76
Transaction affecting the Statement of Financial Performance							



JOB	DESCRIPTION	Element	Total	09/10	08/09	07/08	06/07 and Prior
02PER001	Under accrual of expenditure	Restatement of expenditure	0.03	0.03	-	-	-
02PER002	Over accrual of expenditure	Restatement of expenditure	-122,725.02	-122,725.02	-	-	-
02PER004	Expenditure recovered from grant	Restatement of expenditure	-44,762,239.21	-525,711.30	-44,236,527.91	-	-
02PER006	Credit received to i.r.o of charges to a stolen copier	Restatement of expenditure	-19,077.60	-19,077.60	-	-	-
02PER011	Prepaid electricity sales 07/08 vendors under investigation	Restatement of revenue	500.00	500.00	-	-	-
02PER017	Cancelling goods received notes created but not processed for payment	Restatement of expenditure	-364,156.90	-364,156.90	-	-	-
02PER019	Refund of a payment for road subdivision as the supplier will perform duties	Restatement of revenue	195,000.00	-	195,000.00	-	-
02PER020	Purchase of consumer electricity meters supplier partially delivered components beginning in 09/10	Restatement of expenditure	254,850.00	254,850.00	-	-	-
02PER024	Interest for late payment of creditors	Restatement of expenditure	-157,511.39	-157,511.39	-	-	-
02PER025	Basic charge industrial/commercial/domestic connections	Restatement of revenue	-510,898.35	-160,450.82	-59,704.88	-217,309.15	-73,433.50
02PER026	Accrual for planet waves - legal battle being instituted	Restatement of expenditure	-644,509.03	-644,509.03	-	-	-
02PER027	Billing for interest due to faulty water meter's and on overdue accounts	Restatement of revenue	1,112,338.85	1,112,338.85	-	-	-
02PER028	Reversal of straight lining payment on compen building operating lease	Restatement of expenditure	-170,714.55	-170,714.55	-	-	-
02PER029	Repairs and maintenance to lease security equipment at airport allocated incorrectly to lease charges	Restatement of expenditure	10,900.00	10,900.00	-	-	-
02PER030	Consumer billed for refuse skip that was not provided, interest and charges reversed	Restatement of revenue	62,027.76	15,097.06	14,106.00	13,688.30	19,136.40
02PER031	Retrospective adjustment to depreciation tie up in terms of baud asset register.	Restatement of expenditure	-254,087,206.77	-	-	-254,087,206.77	-
02PER032	Transfer of assets in non capital votes to capital	Restatement of expenditure	-468,973.74	76,939.89	76,809.60	-622,723.23	-
02PER033	Adjustment to depreciation due to review of useful life of movable assets.	Restatement of expenditure	-107,088,967.38	-35,696,322.45	-35,696,322.45	-35,696,322.48	-
02PER034	Overcharge on electricity to agent at market	Restatement of revenue	50,175.94	25,496.30	14,473.50	10,206.14	-
02PER035	Understatement of revenue - in respect of rental for shoprite checkers	Restatement of revenue	-2,025,480.06	-662,425.50	-529,940.40	-336,458.64	-496,655.52
02PER036	Credit note for expenditure paid in prior year	Restatement of expenditure	-17,080.00	-17,080.00	-	-	-
02PER037	Consumer billed for trade effluent charges that was disputed, interest and charges reversed	Restatement of revenue	457,581.50	101,207.95	101,085.21	85,443.89	169,844.45
02PER038	Reversal of interest charges on consumer service accounts	Restatement of revenue	113,286.33	23,261.40	23,127.30	22,993.20	43,904.43
02PER039	Write back of stock from satellite stores	Restatement of expenditure	1,470,656.05	1,470,656.05	-	-	-
02PER040	Housing debtors over statement of insurance - entries duplicated	Restatement of revenue	96,655.39	34,544.52	34,024.27	28,086.60	-
02PER041	Housing debtors under statement of interest - entries not put through	Restatement of revenue	-2,255,833.55	-833,805.82	-816,711.30	-605,316.43	-
02PER042	Overcharge on income - agency agreement with umgungundlovu dm	Restatement of revenue	929,473.49	929,473.49	-	-	-
02PER043	Write back of depreciation on investment properties	Restatement of expenditure	-25,519,590.71	-8,506,530.23	-8,506,530.24	-8,506,530.24	-



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JOB	DESCRIPTION	Element	Total	09/10	08/09	07/08	06/07 and Prior
	Transaction affecting the Statement of Financial Performance	TOTAL	-433,461,518.92	-43,825,755.07	-89,387,111.30	-299,911,448.81	-337,203.74
		GRAND TOTAL	-262,734,920.07	80,649,115.53	-89,430,325.39	-253,611,143.71	-342,566.50

CHAPTER 5 – MUNICIPAL ENTITY – SAFE CITY FINANCIAL STATEMENTS

THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY APPENDIX I STATEMENT OF COMPARATIVE OF BUDGET AGAINST ACTUAL

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance

Note

Net surplus/deficit per the statement of financial performance **138,311,052**

Adjusted for:

Revenue variances **121,398,160**

Fair value adjustments Income

-241,233

Surplus on the sale of assets

-5,563,124

Add : Revenue variances

1

127,202,516

Adjusted for:

Expenditure variances **-259,596,513**

Loss on sale of asset

5,626,682

Financial asset discounted

140,688

Less : Expenditure variances

2

-265,363,883

Net surplus/deficit per approved budget

112,699

REVENUE VARIANCES - NOTE 1

Property rates	-453,235,521	-448,256,813	-4,978,708
Free basic services - rates	-374,599,582	-362,181,889	-12,417,693
Property rates - penalties & collection chrgs	-5,966,490	-26,358,475	20,391,985
Service charges - sale of electricity	-1,038,567,014	-1,053,495,460	14,928,446
Free basic services - electricity	-2,117,331	-2,401,479	284,148
Service charges - sale of water	-270,989,956	-271,171,917	181,961
Free basic services - water	-7,048,561	-3,405,119	-3,643,442
Service charges - sewerage	-104,217,250	-102,987,787	-1,229,463
Free basic services - sewer	-9,934,511	-3,375,571	-6,558,940
Service charges - refuse	-64,421,733	-65,558,726	1,136,993
Free basic services - refuse	-3,863,342	-18,483	-3,844,859
Unbilled water	-78,174,220	-70,245,508	-7,928,712
Rentals received	-17,445,686	-17,312,556	-133,130
Interest earned - external investments	-4,076,994	-12,822,576	8,745,582
Interest earned - outstanding debtors	-935,559	-929,470	-6,089



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Other interest	-24,005,655	-46,507,345	22,501,690
Fines	-6,702,179	-5,354,278	-1,347,901
Licences & permits	-90,584	-88,887	-1,697
Income for agency services	-649,130	-576,982	-72,148
GG&S conditional grants - income	-65,894,241	-21,276,880	-44,617,361
GG&S grants & subsidies - capital	-173,473,055	-84,654,085	-88,818,970
GG&S equitable share	-267,210,613	-267,210,613	0
Provincial grant - health subsidy	-	-12,488,226	12,488,226
Other income - airport	-1,265,138	-2,646,441	1,381,303
Other income - forestry	-11,600,952	-11,989,359	388,407
Other income - market	-16,705,550	-16,804,430	98,880
Other income - burials & cremations	-849,351	-746,824	-102,527
Other income - buildings	-1,464,538	-2,159,628	695,090
Other income - re-connections	-10,912,650	-14,128,313	3,215,663
Other income - training levy recoveries	-1,030,012	-1,067,365	37,353
Other income - discount received	-475,766	-305,847	-169,919
Other income - sundry income	-15,589,027	-14,846,003	-743,024
Other income - other income	-28,011,270	-2,123,490	-25,887,780
Non cash - offset depreciation	-11,175,879	-	-11,175,879
	-3,072,699,340	-2,945,496,824	-127,202,516

EXPENDITURE VARIANCES - NOTE 2

ERC - Salaries & wages	450,295,578	449,181,101	1,114,477
ERC - Contributions to uif,pension & med.aid	116,806,576	116,395,687	410,889
ERC - Travel,motor car,accom.,s&t allownaces	22,588,304	24,162,356	-1,574,052
ERC - Housing benefits & allowances	3,972,099	3,647,637	324,462
ERC - Overtime payments	28,424,315	24,922,468	3,501,847
ERC - Long service awards	15,732,812	15,796,260	-63,448
Rem.of councillors - councillors	17,630,760	16,772,891	857,869
Rem.of councillors - pension & medical contri	1,725,024	1,645,026	79,998
Non cash - Doubtful debts	96,000,000	96,000,000	0
Collection costs	3,197,396	1,663,830	1,533,566
Non cash - Depreciation	115,834,378	252,224,951	-136,390,573
Repairs & maintenance	72,110,649	57,394,116	14,716,533
Interest paid - annuity loans	69,939,706	68,996,706	943,000
Interest paid - other	-	1,513,739	-1,513,739
Bulk purchases - Electricity	730,600,000	729,325,043	1,274,957
Bulk purchases - Water	272,383,616	265,040,887	7,342,729
Grants & subsidies paid - Community bodies	-	191,788	-191,788
Grants & subsidies paid - Safe city project	4,300,000	3,774,877	525,123
GE - Extraordinary	2,474,950	1,004,732	1,470,218
GE - Pension payable	10,525,123	11,039,712	-514,589



GE - Insurance	7,610,640	19,221,742	-11,611,102
GE - Impairment of inventory	1,074,000	1,103,748	-29,748
GE - Impairment of assets	-	156,028	-156,028
GE - Mayoral projects	3,066,100	160,264	2,905,837
GE - Telephones	6,221,721	5,452,660	769,061
GE - Conditional grant expenditure	39,882,257	21,143,435	18,738,822
GE - External services	62,931,524	28,958,513	33,973,011
GE - Other	265,725,369	142,849,307	122,876,062
GE - Contracted services	14,039,650	13,765,577	274,073
Non cash - Departmental charges	420,026,528	420,641,320	-614,792
Non cash - Less charge-outs	-432,821,190	-429,609,307	-3,211,883
Lease charges	1,078,154	1,057,616	20,538
Grants capital expenditure	173,473,055	-	173,473,055
Income foregone - Rates	374,806,558	362,181,889	12,624,669
Income foregone - Refuse	3,863,342	18,482	3,844,860
Income foregone - Sewer	9,934,511	3,375,571	6,558,940
Income foregone - Electricity	1,910,355	2,401,479	-491,124
Income foregone - Water	13,626,829	20,553,283	-6,926,454
Unbilled water	71,595,952	53,097,343	18,498,609
	3,072,586,641	2,807,222,758	265,363,883



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THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY ANNEXURE I: Statement of comparative and actual information 2010/11									
Description	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
R thousands or R	1	2	3	4	5	6	7	8	9
Financial Performance									
Property rates	453,161,733	73,788		453,235,521	448,256,813		(4,978,708)	99	99
Service charges	1,120,426,886	357,769,067		1,478,195,953	1,493,213,890		15,017,937	101	133
Investment revenue	4,076,994	-		4,076,994	12,822,576		8,745,582	315	315
Transfers recognised -operational	299,333,889	33,770,965		333,104,854	300,975,719		(32,129,135)	90	101
Other own revenue	641,965,320	(22,528,236)		619,437,084	611,378,096		(8,058,988)	99	95
Total Revenue (excluding capital transfers and contributions)	2,518,964,822	369,085,584		2,888,050,406	2,866,647,094		(21,403,312)	99	114
Employee costs	595,745,611	42,074,073		637,819,684	634,105,509		(3,714,175)	99	106
Remuneration of councillors	19,355,784	-		19,355,784	18,417,917		(937,867)	95	95
Debt impairment	219,817,113	(123,817,113)		96,000,000	96,000,000		-	100	44
Depreciation & asset impairment	115,834,378	-		115,834,378	252,224,951		136,390,573	218	218
Finance charges	69,096,888	842,818		69,939,706	70,510,446		570,740	101	102
Materials and bulk purchases	891,254,044	111,729,572		1,002,983,616	994,365,930		(8,617,686)	99	112
Transfers and grants	4,300,000	-		4,300,000	3,966,666		(333,334)	92	92
Other expenditure	739,961,371	375,216,023		1,115,177,394	743,398,708		(371,778,686)	67	100
Total Expenditure	2,655,365,189	406,045,373		3,061,410,562	2,812,990,127		(248,420,435)	92	106
Surplus/(Deficit)	(136,400,367)	(36,959,789)		(173,360,156)	53,656,967		227,017,123	(31)	(39)
Transfers recognised -capital	136,513,266	36,959,789		173,473,055	84,654,085		(88,818,970)	49	62
Contributions recognised -capital & contributed assets									
Surplus/(Deficit) after capital transfers & contributions	112,899	-		112,899	138,311,052		138,198,153	122,509	122,509
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	112,899	-		112,899	138,311,052		138,198,153	122,509	122,509
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised -capital	136,513,266	50,561,439		187,074,705	84,654,085		(102,420,620)	45	62
Public contributions & donations	-								



THE MSUNDUZI MUNICIPALITY AND ITS MUNICIPAL ENTITY
ANNEXURE I: Statement of comparative and actual information

2010/11

Description

Description	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9
R thousands or R		(i.t.o. s28 and s31 of the MFMA)	(i.t.o. Council approved by-law)						
Borrowing	159,424,000	11,270		159,435,270	26,494,668		(132,940,602)	17	17
Internally generated funds	-						-		
Total sources of capital funds	295,937,266	50,572,709		346,509,975	111,148,753		(235,361,222)	32	38
Cash flows									
Cash/cash equivalents at the beginning of the year	276,439,080	112,866,705		112,866,705	138,024,193		25,157,488	122	50
Net cash from (used) operating	164,790,505	182,896,649		182,896,649	478,338,234		295,441,585	262	290
Net cash from (used) investing	(327,794,152)	(262,509,799)		(262,509,799)	(302,834,495)		(40,324,696)	115	92
Net cash from (used) financing	156,475,380	131,996,661		131,996,661	(19,700,787)		(151,697,448)	(15)	(13)
Cash/cash equivalents at the year end	269,910,813	165,250,216		165,250,216	293,827,145		128,576,929	178	109

Column 1: First budget for the year

Column 3: May only be populated if the municipality has a virement policy approved by the Council. Virements must offset each other so that virements in Total virements equals zero.

Column 4: = 1 + (2 - 1) + 3

Column 6: Does not necessary equal the difference between column 5 and 4 because overspending is not the only reason for unauthorised expenditure

Column 7: = 5 - 4

Column 8: = (5 / 4) * 100

A municipality may include narrative reasons for variances as part of the notes to this statement. The municipality may also refer the user to other public documentation containing such explanations.



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City of Choice in KZN*

CHAPTER 5: SAFE CITY



SAFE CITY MSUNDUZI
(Registration Number: 2010/024562/07)

ANNUAL FINANCIAL STATEMENTS
30 June 2011



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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.

The annual financial statements set out on pages 288 to 299 and the supplementary schedules on pages 300 to 302 were approved by the Board of Directors on 6 September 2011 and are signed on its behalf by:-

DIRECTOR – Z SOKHELA

DIRECTOR – P WARMINGTON



The Dynamic, Caring Capital City of Choice in KZN

CHAIRMAN'S REPORT FOR THE YEAR ENDED 30 JUNE 2011

BACKGROUND

Safe City Pietermaritzburg was formally constituted as an Association incorporated under section 21 of the Companies Act on 28 March 2002. Its establishment followed a long period of research and planning undertaken under the guidance of Mr. Des Winship and colleagues who constituted the Board of the local organisation then known as Business Against Crime. Initially, the organisation's Board, conceptualised as a partnership between the Municipality and the private sector, and was chaired by the Mayor at the time, Cllr Hloni Zondi. Other representatives of the Municipality also sat on the Board. In the course of time, legislation prohibited these representatives from holding directorships and Safe City Pietermaritzburg lost the advantage of having direct Municipal input into decision-making.

Representation on the Board aside, the partnership was governed by an agreement by which the Municipality would make the necessary financial resources available for the operation of the organisation as well as the capital expenditure required to extend the CCTV surveillance to other parts of the city. The Municipality regarded Safe City Pietermaritzburg as a 'municipal entity', although this status was contested by Safe City itself.

On request of the city's intervention team the section 21 status was changed to Safe City Msunduzi (Proprietary) Limited in December 2010 in order to comply with the Municipal Finance Management Act.

While it is understood that the Board cannot include representatives of the Municipality, the organisation has felt for some time that its work is hampered by a lack of regular and constructive communication with its funding body. To date no Municipal official has been nominated to represent council on the Safe City Board as an observer.

The Safe City operation has again been a topic of discussion at the National iLegal conference and an in depth report on its successes appeared in the February 2011 edition of the Hi Tech Security Magazine. All the people who have directed this project through both the planning and operational phases have done so on a voluntary basis and it remains a principle of the Board that there is no remuneration to directors.

1. DIRECTORS

The following people are directors of the Company. There are several vacancies on the Board that will be filled in due course.

Mrs Z Sokhela	Director of BP Cascades, Ex President and Member of PCB,UFET Council, UKZN Council
Mr D Winship	Retired CEO: Huletts Aluminium, Retired Executive Director of Tongaat Hulett Group, Member of BFC, Director of Life Line
Mr P Warmington	Director: Warmingtons Inc, Member of BFC
Mr D Kambouris	Ex Chairperson of BFC, Member of Community Chest
Mr V C Biggs	Retired Director: McCarthy, Member of Allison Homes, Member of SAVS/NCWV, Member of BFC
Mrs D Harrison	Director: Lifeline PMB T/A Lifeline and Rape Crisis, Member of BFC, Member of Community Chest
Mr K Vorster	Financial Planner for PSG, Member of BFC

2. PARTNERS

Business Fighting Crime (BFC) has borne the costs of marketing an SMS crime alert campaign that was initiated by Safe City in 2008. BFC has also contributed financially to the Safe City Royal Show expo to the amount of R20 320.50. BFC also donated a laptop for use by the Traffic Department at ANPR operations to facilitate the speedy prosecution of traffic offenders.



Safe City considers its partnership with the SAP to be one of its notable strengths, while it also enjoys constructive relationships with the National Prosecuting Authority and various Community Police Forums. BFC has also donated a laptop to the SAP Pietermaritzburg Central in order to assist in the profiling and identification of known or wanted suspects.

Of concern during the 2010/11 financial year was inability to get adequate response from the Municipal Security Department to respond and apprehend persons responsible for bylaw infringement detected on camera. This matter has been brought to the attention of the SCDC and is currently receiving the necessary attention. Income from ANPR operation could have been considerably higher if a dedicated Traffic team could have been assigned to the project.

3. STAFFING

The Chief Executive Officer resigned at the end of December 2010. The Board of Directors decided to employ a suitable Administration/Human Resources officer in order to ensure that all administration and human resource matter receives the necessary attention. At the time of writing this report the Safe City staff comprises of:

- A General Manager
- A Control Room Manager
- An Admin/HR officer
- 3 Supervisors
- 18 Control Room Operators
- 6 Control Room Relievers
- A Technical Manager
- 2 Assistant Technicians

4. PARTICULAR MATTERS RELATING TO THE YEAR 2010/11

- 4.1. The Automatic Number Plate Recognition System (ANPR) was commissioned on the 1st September 2010 this enabled the city to generate income from outstanding traffic fines. Results of the ANPR system can be seen in the below. A Memorandum of Understanding between the Msunduzi Traffic Department and Safe City Msunduzi has been drafted and submitted for approval. This matter is not finalised as yet.

Income Generated by Municipality	Arrests Made	Warrants Executed
R1 860 710.00	2362	3032

- 4.2 The Safe City Development Committee (SCDC) is still meeting on a monthly basis whereby matters such as the implementation and the execution of the city bylaws is been discussed. Progress in the ANPR project is also been monitored and suitable adjustments to staff requirements are been made were identified.

In partnership with BFC, SAP and the NPA, Safe City exhibited again at the Royal Show in a hall dedicated to the agencies responsible for crime and justice. Safe City also assisted the Msunduzi Traffic Department to display and promote the functionality of the ANPR system in Council House. All the cost for supplying fibre cable and other facilities in this regard was borne by Safe City. The theme of the Safe City exhibition was Service Excellence equals Excellent Service. Safe City again secured a Gold Medallion for their display and in the process used the exhibition to market its SMS Crime Alerting system. 80 persons indicated that they would like to receive bi monthly news on the successes of Safe City as well as crime prevention hints.

5. FINANCE

- 5.1 The audited financial statements of the organisation are attached to this report as an annexure.
- 5.2. Safe City's capital expenditure proposal of R4.7 million, as well as the request for R2.2 million for the upgrade of the recording system was again declined due to lack of funds by Council.



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- 5.3 The current recording equipment which has been in operation since January 2003 has failed. This matter was brought to the attention of the Mayor, City Administrator and Municipal Manager on numerous occasions during meetings held with the city administration.

A detailed audit was done on the functionality of the recording system by Mr. P V Rensburg of Dihlase Consulting Engineers and it was discovered that the total collapse of the recording system was imminent. The system operated at less than 35% of its capacity. In order to maintain its operational excellence Safe City Board of Directors took a resolution to use reserve operating funds to urgently upgrade the recording system. The contract value of the upgrade amounted to R580 122.05 (vat incl.).

The upgrading is not of the same quality or standard as the ordinal specified replacement equipment. The 1st phase CCTV cameras which also has been in operation since January 2003 is in the need of replacement as they are in operation 24/7 and is now constantly in need of repair.

- 5.4 Safe City was hoping to have extended CCTV surveillance to the Harry Gwala Stadium which would have included the Alexandra Park area. The further expansion of the CCTV coverage to the greater Edendale area would have enhanced security for persons visiting the newly business development centres. The monitoring of Moses Mabidha road would have increased the potential income in respect of the ANPR system. Costing for this expansion was done and submitted to Council. Unfortunately no capital funding was made available to realise this expansion.

5.5 Financial Contributors:

The following local companies and institutions made donations to Safe City for the day to day running of the entity:

• Business Fighting Crime	=	R40 607.70
• Intrepid Printers	=	R4 945.53
• Zelda International	=	R19 600.00
• Ben Booysen	=	R850.00

6. PERFORMANCE OF THE CONTROL CENTRE

The 24/7 surveillance operation is the core of Safe City's business. It is ISO 9001 certified and SABS approved. The primary core function is:

- The prevention, detection and investigation of crime.
- The enforcement of traffic bylaws by means of the ANPR system
- The maintenance of existing CCTV system
- Advise municipality on expansion of CCTV system
- Oversee the design, specification and installation of new CCTV equipment.

The secondary function is:

- The monitoring of traffic bylaws and motor vehicle accidents
- Monitoring of Municipal bylaws such as littering, street gambling, illegal trading
- Facilitating the Disaster Management JOC
- The monitoring of gatherings, marches and events of public interest within the camera visual area.

6.1. Standard Procedure:

The crime statistics for Pietermaritzburg are submitted to the control room every morning by the SAP. These statistics together with observation made by surveillance is discussed every morning with SAP and Municipal Security and Traffic officials and an operational plan compiled to address any tendencies detected or planned events. This enables operators to be more crime prevention orientated.



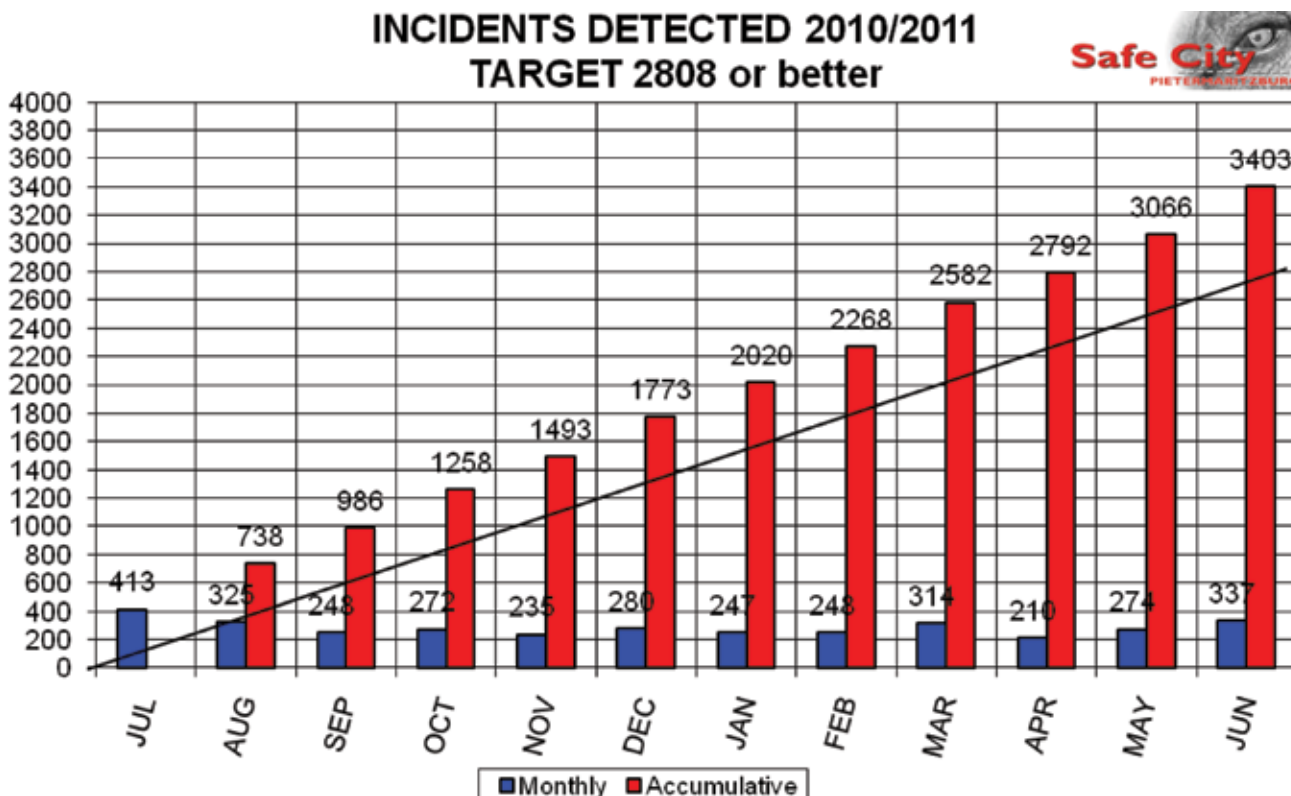
Every suspicious incident noted on camera is recorded as an "Incident detected". The SAP or Traffic Officer present in the control room will determine the appropriate response required to address the matter. The yearly target for SAP dispatches is 90% of Incidents Detected. A record is maintained of vehicle dispatches as compared with Incidents detected.

An arrest is made when the suspect is apprehended. It often happens that after an arrest has been made the complainant refuses to open a case. This tendency is very frustrating as suspects then continue to commit crimes elsewhere.

There is a recording capacity of the old system has decreased from 21 days to less than 10 days which severely compromised the effective service provided by Safe City to the SA Police and Municipal Traffic and Security.

Summary of Operational Performance

Description	Total for Year	Target for Year	Diff
No of Incidents Detected	3403	2080	1323 64%
Response by SAP Units	1457	1812	(355) (20%)
Arrests Effectd	235	333	(98) (30%)
SAP Response Time	5.3 min	4min	(1.3m) (33%)
% Camera down time	0.32%	1%	0.68%



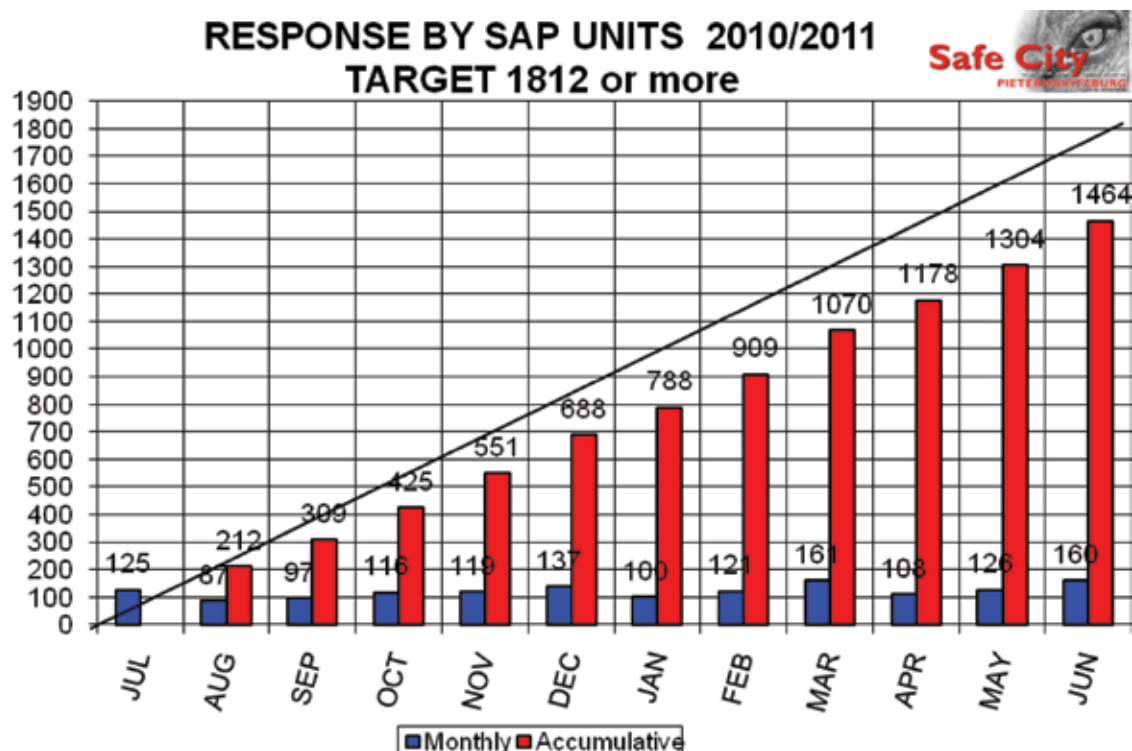
The total number of incidents detected was 3403 compared to 3067 previous year. The target was exceeded by 1323 (64%) incidents. These incidents include all matters detected such as fighting, crime, suspicious behaviour and motor vehicle accidents. Some of the incidents detected are as follows:



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- Fighting - 1073
- Suspicious behaviour - 403
- Motor vehicle Accidents - 308
- Bylaw Infringements - 618
- Marches and Gatherings - 65

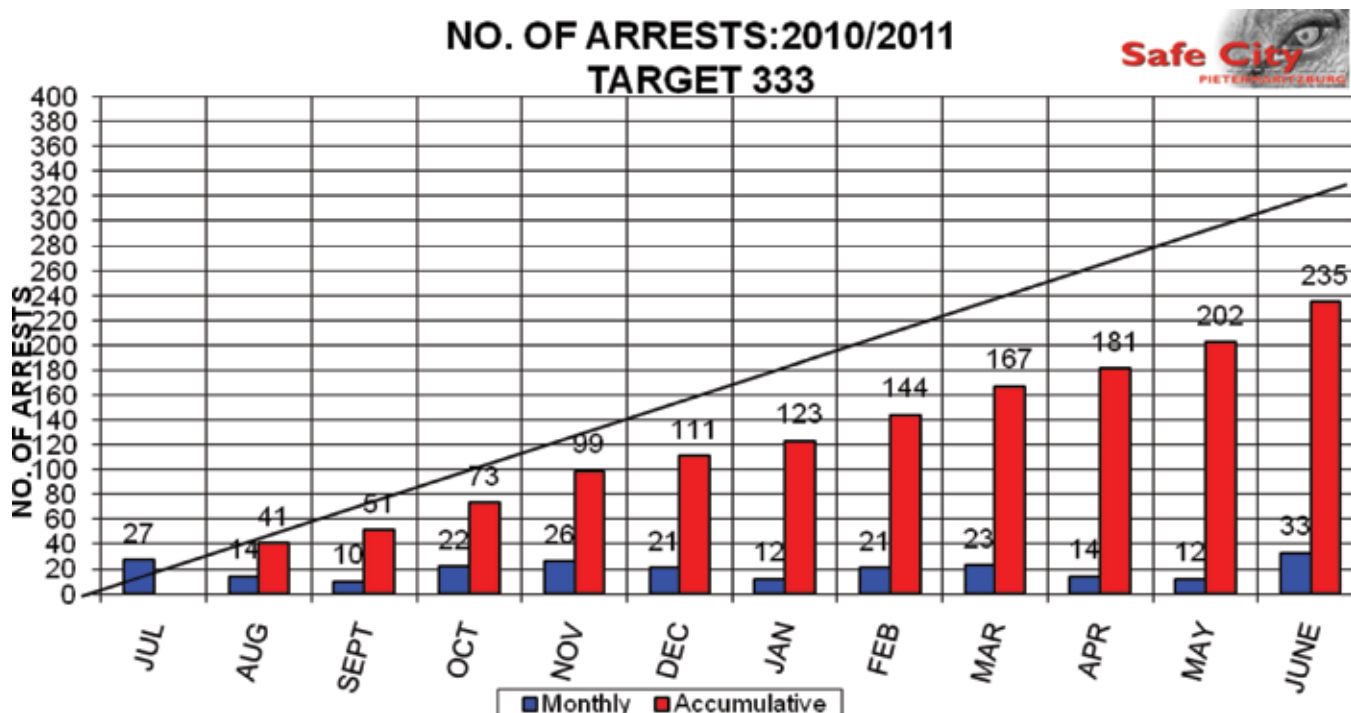
Responses by the SAP



The total number of responses of the SAP was 1464 compared to 1550 for the previous year. The target for the year of 1812 (- 19%) was not met. The main reason been that most of the fighting incidents detected stopped before the SAP could be dispatched. As SAP vehicles are always busy attending complaints Safe City will cancel a request for assistance if the need therefore no longer exist in order for vehicles to attend to other serious matters



Arrests Effected:



The number of arrest made was 235 compared to 181 for the previous year. This is an increase of 54 (30%). The target of 333 was not met.

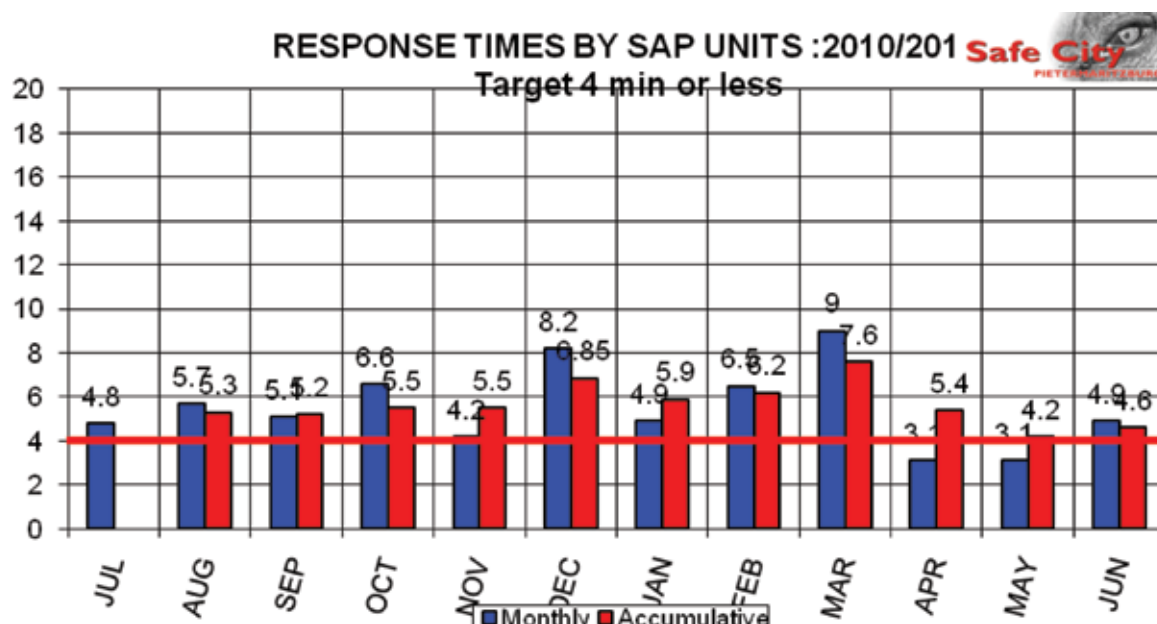
It has become increasingly clear that criminals are avoiding the area covered by the cameras and are committing their crimes in unmonitored areas.

Between 70% - 75% of reported serious crime occurred outside camera area. Most reported contact crimes such as assault and rape occur indoors and would therefore not be detected. Theft of Motor vehicle incidents occur mostly in areas close to main arterial roads which assist perpetrators in leaving the crime scenes before been detected. This matter can be resolved by expanding the CCTV coverage into identified areas provided that the necessary capital funds is available for such expansions.



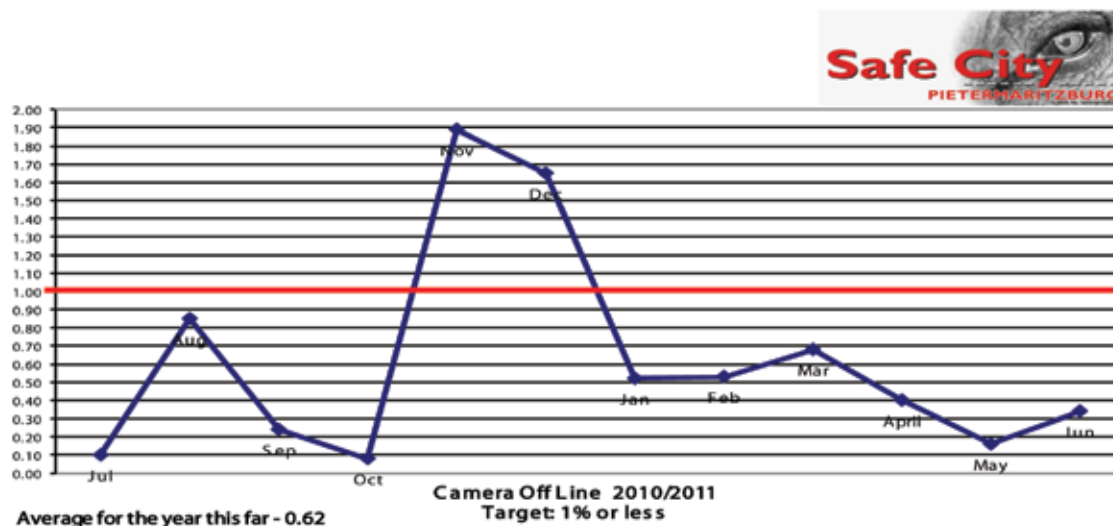
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SAP Response Time:



The average response time for SAPF vehicle to respond from the time of notifying the SAPF Emergency Control Room until a vehicle arrived on the scene was 4.9 min compared to 5.4 min. for the previous year. This is .9 min. more than the target of 4 min. The availability of patrol vehicles during peak times and traffic congestion has had a negative effective in this regard. The high number of requests for SAP assistance during weekends has also a negative effect on response times.

Camera Downtime



The average camera downtime was 0.32%. The Safe City target has always been 1%. It will be noticed that during November and December 2010 the downtime was above 1%. This increase is attributed to the delay in obtaining crucial spares from the United Kingdom. In order to alleviate this problem Safe City is in the process to obtain an importers number which will allow for the direct purchasing of crucial spares from the manufacturers.



Reported Crime Statistics

Please note that the statistics as provided by the SAP Pietermaritzburg is for operational evaluation and is not for public consumption.

	Jul 10 to Jun 11	Jul 09 to Jun 10	Inc /Dec	%
Murder	33	33	-	-
Att. Murder	11	17	+ 6	35%
Ass. Com	433	391	- 42	(11%)
Ass. GBH	216	391	+ 175	48%
Rape	39	64	+ 25	39%
Rob with F/A	37	63	+ 26	41%
Rob Other	220	202	- 18	(9%)
Rob Com	117	154	+ 37	24%
Bus. Rob	33	56	+ 23	41%
Hi Jacking	9	14	+ 5	36%
Theft from M/V	174	152	- 22	(14%)
Theft out of M/V	235	211	- 24	(11%)
Theft of M/V	184	213	+ 29	14%
Burglary Bus.	179	234	+ 55	24%
A Crime	6823	7932	+ 1109	14%

It is very evident that serious crimes reported for 2010/11 show a decrease as compared to the previous year. Common, Assault GBH and Rape still occur mostly indoor and is therefore difficult to detect. Although showing a decrease these types of crime are also difficult to prevent and are related mainly to socio economic factors such as unemployment, family violence and drug or liquor abuse. Crimes that have decreased are mainly street related crimes such as Robberies, Hi Jacking and Burglary Business. Theft out of and from motor vehicle however shows an increase. It has been noted that a number of false cases were reported for insurance purposes as well as for self gain. In this regard and Safe City was instrumental in exposing a syndicate who was involved in theft of goods from delivery vehicles whereby delivery staff was selling goods to hawkers and then proceed to open criminal cases to explain shortages. Although theft of motor vehicles shows a decrease it remains a very difficult crime to detect. 84% of vehicles stolen occurred outside camera visual area. Safe City and the SAP are currently investigating an operational procedure whereby the ANPR system can be used more effectively in combating the theft of motor vehicle.

CONCLUSION

The year 2010/11 again had many challenges that needed to be addressed. The major challenge was to remain a centre of excellence whilst the recording equipment started to deteriorate. Fortunately Safe City was in a position to upgrade the equipment from reserve operating funds. The upgraded equipment however is not of the same quality as the original specified replacement equipment.

Another challenge that faced Safe City was to assist the Municipality in the enforcement of the bylaws. The continuous infringement of bylaws is detected by Safe City on a daily basis. The lack of adequate bylaws to address these infringements was very frustrating together with the lack effective Security response. This matter was brought to the attention of Mr. Kwenza Khumalo who endeavoured to rectify the shortcoming. At the time of writing this report corrective measures has been put in place and it remains to be seen how effective they are going to be.



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It is of vital importance that the continuation of the ANPR project is assured and even expanded where possible. Not only does it create a sense of law abidance by motorists but it is also a very effective tool in recovering outstanding Municipal revenue.

The relationship with the city's administration has been very fruitful this year. The Memorandum of Understanding with the Traffic Department in respect of the ANPR project and the Service Level Agreement pertaining to quarterly funding however still needs to be finalised.

Safe City would like to thank the previous Mayor Councillor Tarr, the previous administrator together and his team, Mr. Sithole the current administrator and his team, the Municipal Manager Mr. Maseko as well as the Deputy Municipal Manager for Community Services and Social Equity, Mr. Khumalo for their constructive support for the Safe City project and for revitalizing our belief that our organisation performs a valuable community service.

We thank all partners including BFC, SAP, National Prosecuting Authority and several others who are, to a lesser or greater extent, stakeholders in our operation.

The members of the Safe City Board are thanked and commended for their support and commitment. Mr. Koos Vorster, chairperson of BFC, have earned special thanks for their particular and loyal support.

The Board wishes thank the previous CEO, management and staff of Safe City, as well as the Project Engineer, Mr. Pieter Janse van Rensburg of Dihlase Consulting.

We reserve our particular gratitude to the Msunduzi Municipality, the main funders of this operation. We acknowledge, too, the financial and moral support of Business Fighting Crime, Hulamin, Intrepid Printers, Ben Booysen as well as the valuable assistance rendered by legal advisors, Venn Nemeth & Hart, our auditors, Deloitte and Touche, and the Witness for continuously reporting on safety statistics.

ZINHLE SOKHELA
Chairperson of the Board

6 September 2011

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

We have audited the annual financial statements Safe City Msunduzi, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 14 to 24.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from material misstatement. NG

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 judgment, 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 management, 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.

Unqualified opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the association as at 30 June 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



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Other matters

Without qualifying our opinion we draw attention to the fact that the supplementary information set out on pages 25 to 27 does not form part of the annual financial statements and is presented as additional information. We have not audited these schedules and accordingly we do not express an opinion thereon.

Deloitte & Touche
Registered Accountant & Auditor

Per D McArthur
Partner

6 September 2011



REPORT OF THE DIRECTORS for the year ended 30 June 2011

The directors have pleasure in presenting their report for the year ended 30 June 2011.

REVIEW OF THE OPERATIONS FOR THE YEAR

The financial position of the association at 30 June 2011 is set out in the attached annual financial statements. The statement of financial performance reflects an operating deficit for the year of R34 763 (2010: R14 434).

SUBSEQUENT EVENTS

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

DIRECTORS

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

Z D Sokhela (Chairman)
W D Winship
P Warmington
D Kambouris
V C Biggs
D Harrison
K A Vorster

CHAIRMAN

Z D Sokhela (appointed in October 2010)

PLACE OF BUSINESS

City Hall
Chief Albert Luthuli Road
PIETERMARITZBURG
3201

NATURE OF BUSINESS

Safe City operations represents a partnership 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.



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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R
Revenue		3 777 430	2 655 969
Interest received		43 168	111 298
Donations received		65 393	60 000
Total income		3 885 991	2 827 267
Operating expenses		(3 920 754)	(2 841 701)
Operating deficit for the year	4	(34 763)	(14 434)
Transfers to reserves		(34 763)	14 434
- Non-distributable reserve - General	5	(34 763)	(14 434)
DEFICIT for the year		-	-

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Notes	2011 R	2010 R
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	71 823	88 526
CURRENT ASSETS		1 074 189	795 024
Trade and other receivables	8	69 774	8 332
Cash on hand and balances with banks	9	1 004 415	786 692
TOTAL ASSETS		1 146 012	883 550
EQUITY AND LIABILITIES			
EQUITY RESERVES			
Non-distributable reserve - general	5	819 226	853 989
CURRENT LIABILITIES		326 786	29 561
Trade and other payables	11	196 290	29 561
Provisions	13	130 496	-
TOTAL EQUITY AND LIABILITIES		1 146 012	883 550



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R
OPERATING ACTIVITIES			
Cash receipts from donors		3 777 430	2 674 717
Cash paid to suppliers and employees		<u>(3 590 966)</u>	<u>(2 798 777)</u>
Cash generated from/ (utilised in) operations	A	186 464	(124 060)
Interest received		<u>43 168</u>	<u>111 298</u>
Net cash generated from/(utilised in) operating activities		<u>229 632</u>	<u>(12 762)</u>
INVESTING ACTIVITIES			
Additions to property, plant and equipment		<u>(11 909)</u>	<u>-</u>
Net cash flow used in investing activities		<u>(11 909)</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		217 723	(12 762)
Cash and cash equivalents at beginning of the year		<u>786 692</u>	<u>799 454</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	B	<u><u>1 004 415</u></u>	<u><u>786 692</u></u>



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NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
A. RECONCILIATION OF OPERATING DEFICIT FOR THE YEAR TO CASH UTILISED IN OPERATIONS		
Operating deficit for the year	(34 763)	(14 434)
Adjustment for:		
Interest received	(43 168)	(111 298)
Non-cash donation received	(65 393)	(60 000)
Non cash expenses	37 607	-
Depreciation	28 612	22 795
Working capital changes	(77 105)	(162 937)
(Increase)/decrease in accounts receivable	(61 442)	18 748
Increase in accounts payable	297 225	20 129
Cash generated from/(utilised in) operations	158 678	(124 060)

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 statement of cash flows comprise the following balance sheet amounts:

Bank	1 004 415	786 692
------	-----------	---------



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), with the effective Standards of Generally Recognised Accounting Practice ("GRAP") issued by the Accounting Standards Board replacing the equivalent IFRS Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

Replaced Statement of IFRS

IAS 1: Presentation of financial statements

IAS 7: Cash flow statements

IAS 8: Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the financial statements:

A. Terminology differences:

Standard of GRAP

Statement of changes in net assets

Net assets

Surplus/deficit for the period

Accumulated surplus/deficit

Contributions from owners

Distributions to owners

Reporting date

Replaced Statement of IFRS

Statement of changes in equity

Equity

Profit/loss for the period

Retained earnings

Share capital

Dividends

Statement of financial position date

B. The statement of cash flows can only be prepared in accordance with the direct method.

C. Specific information such as:

- (a) Receivables from non-exchange transactions, including taxes and transfers.
- (b) Taxes and transfers payable.
- (c) Trade and other payables from non-exchange transactions must be presented separately on the statement of financial position.

Amount and nature of any restrictions on cash balances is required to be disclosed.

2. Adoption of new and revised International Financial Reporting Standards ("IFRS")

In the current year, the directors have 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 2010. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the association's accounting policies.



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The following new standards, interpretations, technical corrections and amendments, with effective dates on or after 1 January 2011, have been issued:

Number	Description	Effective date
IFRS 8	Amendments resulting from April 2010 Annual Improvements to IFRS	Effective for annual accounting periods beginning on or after 1 January 2011.
IAS 1	Amendments resulting from April 2010 Annual Improvements to IFRS	Effective for annual periods beginning on or after 1 January 2011.
IAS 7	Statement of cash flows - Amendments resulting from April 2010 Annual Improvements to IFRS	Effective for annual periods beginning on or after 1 January 2011
IAS 17	Leases - Amendments resulting from April 2010 Annual Improvements to IFRS	Effective for annual periods beginning on or after 1 January 2011.
IAS 36	Amendments resulting from April 2010 Annual Improvements to IFRS	Effective for annual periods beginning on or after 1 January 2011

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the organisation.

3. Significant accounting policies

3.1 Revenue

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

3.2 Interest

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

3.3 Property, plant and equipment

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

	Years
Motor vehicles	5
Furniture & fittings	5
Computer equipment	3
Office equipment	5



4. OPERATING DEFICIT FOR THE YEAR

	2011 R	2010 R
Operating deficit for the year is stated after:		
Audit fees		
- current year	9 877	6 600
- prior year under provision	6 569	4 900
Depreciation	28 612	22 795
Administration salaries	2 267 171	2 147 226

5. NON-DISTRIBUTABLE RESERVE – GENERAL

The entity was registered under Section 21 of the Companies Act of South Africa as an incorporated association not for gain. In the current year the operations of Safe City was incorporated into a private company with the purpose of continuing the activities of Safe City. The purpose of Safe City is still unchanged and, no part of its income and property shall be transferred to members, directly or indirectly. All reserves of the entity are therefore non-distributable and may only be utilised towards the cost of projects and initiatives and meeting any shortfall in expenditure.

	2011 R	2010 R
Balance at beginning of the year	853 989	868 423
Operating deficit for the year	<u>(34 763)</u>	<u>(14 434)</u>
Balance at end of the year	<u>819 226</u>	<u>853 989</u>

6. TAXATION

The entity is a private company which is in the process of applying for a tax exemption as the activities of the entity represent that of an association not for gain. As at the date of the audit report no confirmation of this has been received from South African Revenue.



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7. PROPERTY, PLANT AND EQUIPMENT

Motor vehicles	46 000	58 000
Furniture and fittings	13 915	26 838
Computer equipment	11 908	3 688
	<u>71 823</u>	<u>88 526</u>

2011

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	Net Book value at end of year R	Depreciation R
Motor vehicles	58 000	-	-	(12 000)	46 000
Furniture and fittings	26 838	-	-	(12 923)	13 915
Computer equipment	3 688	11 909	-	(3 689)	11 908
Office equipment	-	-	-	-	-
Total - 2011	<u>88 526</u>	<u>11 909</u>	<u>-</u>	<u>(28 612)</u>	<u>71 823</u>

2010

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	Net Book value at end of year R	Depreciation R
Motor vehicles	-	60 000	-	(2 000)	58 000
Furniture and fittings	39 761	-	-	(12 923)	26 838
Computer equipment	10 412	-	-	(6 724)	3 688
Office equipment	1 148	-	-	(1 148)	-
Total - 2010	<u>51 321</u>	<u>60 000</u>	<u>-</u>	<u>(22 795)</u>	<u>88 526</u>



8. ACCOUNTS RECEIVABLE

Trade and other receivables are classified as loans and receivables at amortised cost and their carrying amount approximates fair value. Trade and other receivables are predominately non-interest bearing.

Accounts receivable are all current being receivable within 1 month. No amounts receivable are past due.

9. CASH ON HAND AND BALANCES WITH BANKS

	2011 R	2010 R
Balance	<u>1 004 415</u>	<u>786 692</u>

It is the intention of the board that the surplus funds be utilised to cover additional funding of any emergency requirements.

10. RELATED PARTY TRANSACTIONS

Business Fighting Crime is a related party of Safe City and transactions conducted between these parties are at arms length. During the current year donations amounting to R40 608 were received.

11. ACCOUNTS PAYABLE

Trade and other payables are measured at amortised cost and their carrying amount approximates fair value. Trade and other payables are predominately non-interest bearing.

12. FINANCIAL RISK MANAGEMENT

Interest rate risk

In the normal course of business, the company is exposed to the effect of movements in interest rates. Decisions on the interest rates are made according to short, medium and long-term expectations. Management have obtained facilities for bank overdrafts at a floating rate linked to the prime lending rate.

Sensitivity analysis

At year end the sensitivity to changes in interest rates on the operating profit is as follows:

2011	
+10%	4 316
-10%	(4 316)
2010	
+10%	11 130
-10%	(11 130)



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Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The directors may from time to time at their discretion raise or borrow monies for the purpose of the company as they deem fit.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Company	Less than 1 year	Between 2 and 4 years
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At 30 June 2011

Accounts payable	326 786	-
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At 30 June 2010

Accounts payable	29 561	-
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13. PROVISIONS

	Provision for bonus R	Provision for leave R	Provision for W.C.A R	Total R
Balance as at 30 June 2009	-	-	-	-
Adjustment for the year	-	-	-	-
Balance as at 30 June 2010	-	-	-	-
Adjustment for the year	67 675	47 821	15 000	130 496
Balance as at 30 June 2011	67 675	47 821	15 000	130 496



DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
REVENUE		
Contributions received	3 842 823	2 715 969
Interest received	43 168	111 298
TOTAL INCOME	3 885 991	2 827 267
Less: ADMINISTRATION EXPENDITURE	3 920 754	2 841 701
Accounting fees	27 939	20 756
Administration fees – Pietermaritzburg Chamber of Commerce	26 000	8 973
ANPR software rental	208 124	-
Salaries and wages	2 267 171	2 147 226
Administration salaries	-	160 534
Control room consultancy fees	-	1 396 578
Safe City salaries/wages	2 267 171	590 115
Advertising and promotions	2 500	1 585
Assets written off	29 401	7 772
Audit fees		
- current	9 877	6 600
- prior year underprovision	6 569	4 900
Bank charges	6 785	4 624
Casual Wage	-	125
Cleaning	13 401	8 652
Computer expenses	7 002	7 155
Conference and travel	-	10 093
Consulting fees	18 675	4 286
Consulting fees – project management	78 846	-
Consulting fees – ISO 2011: 9000	10 275	-
Courier and postage	1 099	109
Depreciation	28 612	22 795
Electricity and water	40 400	18 764
Entertainment expenses	3 239	661
General expenses	3 629	3 086
Gifts	850	-
HR audit fee	40 972	-
ISO 9001 audit	23 266	-
Insurance	4 944	1 090
Legal fees	1 636	55 374
Motor vehicle expenses	10 118	3 014



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Out of court settlement

-

50 000

Balance carried forward

2 871 330

2 387 641

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

	2011 R	2010 R
Balance brought forward	2 871 330	2 387 641
Less: ADMINISTRATION EXPENDITURE (continued)		
Payroll set-up fees	-	6 173
Petty cash expenses	624	-
Printing and stationery	26 641	17 737
Recruitment expense	-	19 989
Repairs and maintenance	820 187	360 405
Royal show expense	53 122	20 417
Staff petrol	9 593	3 100
Staff training	30 605	-
Staff welfare	19 558	765
Subscriptions	1 015	-
Telephone and fax	33 590	25 474
Transport costs	54 489	-
OPERATING DEFICIT FOR THE YEAR	<u>(34 763)</u>	<u>(14 434)</u>



DETAILED STATEMENT OF COMPREHENSIVE INCOME AND LIST OF CONTRIBUTORS FOR THE YEAR ENDED 30 JUNE 2011

Administration expenditure	%	%
Personnel costs	68	79
Repairs and maintenance	7	13
Other	25	9
	100	100

LIST OF CONTRIBUTORS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
Msunduzi Municipality (inclusive of VAT)	4 300 000	3 000 000

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



CHAPTER 6 – REPORT ON THE MUNICIPAL INFRASTRUCTURE GRANT (MIG)

INTRODUCTION TO MIG

The high number of backlogs is due to the Municipality incorporating new areas such as the Vulindlela rural area. Some backlogs are as a result of the social housing development. Huge costs are needed to be able to meet the huge number of backlogs that currently exist. The Municipality is currently solely dependent on Municipal Infrastructure Grants and other available grants for backlog eradication. However, the available funding is always not adequate.

TABLE 164: SERVICE BACKLOGS AS AT 30 JUNE 2011

	*Service level above minimum std		*Service level below minimum std	
	No. HHs	%HHs	No. HHs	%HHs
Water	121949	86.95	18300	13.05
Sanitation	62256	67.61	29825	32.39
Electricity	0	0	0	0
Waste Management	-	-	-	-
Housing	103744	77	30646	23

% HHs are the service above/below the minimum std as a proportion of total HHs

Housing refers to * formal and ** Informal

**TABLE 165: MUNICIPAL INFRASTRUCTURE GRANT (MIG)* EXPENDITURE 2010/11 ON SERVICE BACKLOGS
R'000**

Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment Budget	
Infrastructure – Road transport	0	0	0	0%	0%	
Roads, Pavements & Bridges	5,005	27,719	10,043	200.64%	36.23%	
Stormwater	0	0	0	0%	0%	
Infrastructure – Electricity	60,000	12,828	1,227	2.05%	9.57%	
Generation	0	0	0	0%	0%	
Transmission & reticulation	0	0	0	0%	0%	
Street Lighting	0	0	0	0%	0%	
Infrastructure – water	23,170	20,543	13,141	56.71%	63.97%	
Dams & Reservoirs	0	0	0	0%	0%	
Water Purification	0	0	0	0%	0%	
Reticulation	0	0	0	0%	0%	
Infrastructure – Sanitation	14,000	44,883	21,247	151.77%	47.34%	
Reticulation	0	0	0	0%	0%	
Sewage purification	0	0	0	0%	0%	
Infrastructure – Other	2,966	15,741	9,600	2,840.24%	60.99%	
Waste Management	0	0	0	0%	0%	
Transportation	0	0	0	0%	0%	
Gas	0	0	0	0%	0%	



**TABLE 165: MUNICIPAL INFRASTRUCTURE GRANT (MIG)* EXPENDITURE 2010/11 ON SERVICE BACKLOGS
R'000**

Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment Budget	
Other Specified	0	0	44,237	0%	0%	
Total	105,141	121,714	99,495	94.63%	81.75%	

*MIG is a government grant program designed to fund a reduction in service backlogs, mainly water, sanitation, roads, electricity. Expenditure on new upgraded and renewed infrastructure is set out in Annexure M; note also the calc of the variation. Variations are calculated by dividing the difference between actual and original/adjustment budget by the actual.

**Note: The amount of R44,236,527.91 is for the reimbursement of MIG projects funded by Council in the 2008/2009 financial year.

COMMENT ON MIG:

Although MIG grant has assisted to an extent in addressing the backlog in terms of service delivery issues such as water, sanitation, roads and community facilities. However, the backlogs have not reduced in an ideal manner to meet the required deadlines in terms of Millennium Development Goals (MDGs) and other goals / targets as set out by the Municipality from time to time. It is clear that more funding or other means of investing in the infrastructure development is required. The other aspect needed to be considered by MIG is the funding of assets management and maintenance.



CHAPTER 7 – REPORT OF THE AUDITOR GENERAL

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

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying consolidated and separate financial statements of the Msunduzi Municipality, which comprise the consolidated and separate statements of financial position as at 30 June 2011, and the consolidated and separate statements of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 147 to 236.

Accounting officer's responsibility for the consolidated financial statements

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

Auditor-general's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these consolidated and separate financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice No. 1111 of 2010 issued in Government Gazette No. 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated and separate financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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



Emphasis of matters

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

Irregular expenditure

9. As disclosed in note 47 to the financial statements, irregular expenditure amounting to R222,826 million was incurred mainly as a result of contracts awarded to suppliers, which was in contravention of the Local Government: Municipal Supply Chain Management Regulations (GNR 868 of 30 May 2005 (Municipal SCM Regulations)).

Restatement of corresponding figures

10. As disclosed in note 45 to the financial statements, the corresponding figures for the year ended 30 June 2010 have been restated as a result of errors discovered during the year ended 30 June 2011.

Material losses

11. As disclosed in note 51 to the financial statements, the municipality incurred significant electricity losses of R82, 413 million (199 561 792 kilowatts) and water losses of R75, 459 million (21 422 003 kilolitres) during the year. Allowance for debt impairment amounted to R525, 990 million as disclosed in note 5 to the financial statements.

Unauthorised expenditure

12. As disclosed in note 49 to the financial statements, unauthorised expenditure of R136, 961 million was incurred as a result of under budgeting of finance charges, depreciation and asset impairment.

Going concern

13. As disclosed in note 55 to the financial statements, the municipality experienced serious financial challenges during the previous reporting period and it is still an assumption that it will take some time for the municipality to recover. There is significant pressure on the municipality's liquidity ratio and financial sustainability, and these conditions along with other matters as set forth in note 55, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as going concern.

Material under spending of the budget

14. As disclosed in note 57 to the financial statements, the municipality has materially under spent its capital budget to the amount of R235, 361 million. As a consequence the municipality has not achieved its objectives of Service Delivery and Infrastructure Development and Community and Social Services.

Additional matter

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

Unaudited supplementary schedules

16. The supplementary information set out on pages 237 to 255 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.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

Usefulness of information

18. The following criterion is relevant to the findings below:

- Measurability: Indicators are well-defined and verifiable, and targets are specific, measurable and time-bound

19. The following audit findings relates to the above criterion:

Planned and reported indicators/measures are not well defined

20. For the selected objective: Service delivery and infrastructure development and community and social services, all of the planned and reported key performance indicators (KPIs) were not clear, with an unambiguous definition to allow for data to be collected consistently.

Planned and reported targets are not specific, measurable and time bound

21. For the selected objective: Service delivery and infrastructure development and community and social services, 76% of the planned and reported targets were not:
- specific in clearly identifying the nature and the required level of performance
 - measurable in identifying the required performance
 - time bound in specifying the time period or deadline for delivery.

Reliability of information

22. The following criteria are relevant to the findings below:

- Validity: Actual reported performance has occurred and pertains to the entity.
- Accuracy: Amounts, numbers and other data relating to reported actual performance have been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have been included in the annual performance report.

The following audit findings relate to the above criteria:

The content of the integrated development plan is incomplete

23. The integrated development plan did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by sections 26(i) and 41(1) (b) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and regulation 12 of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The validity, accuracy and completeness of reported performance against targets could not be confirmed as inadequate source information was provided.



24. For the reported targets relating to basic service delivery and municipal transformation and institutional development, that are material by nature, the validity, accuracy and completeness of the reported performance against targets could not be established as relevant source documentation could not be provided for audit purposes.

Compliance with laws and regulations

Strategic planning and performance management

25. The municipality did not timeously adopt and implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players as required by section 38, 39, 40 and 41 of the MSA and Local Government: Municipal Planning and Performance Management Regulations 7 and 8.

Annual financial statements

26. The financial statements submitted for auditing were not prepared, in all material respects, in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, current liabilities, disclosure of contingent liabilities and investment property, irregular expenditure and employee costs identified by the auditors were subsequently corrected.

Audit committee

27. The audit committee did not function as required by section 166 of the MFMA, in that:
- It did not advise the municipal council, political office-bearers, the accounting officer and the management staff of the municipality, as required by section 166(2)(a) of the MFMA, on matters relating to internal financial control and internal audits, risk management, accounting policies, performance management, effective governance, compliance with applicable legislation and performance evaluation.
 - It did not respond to the council on any issues raised by the Auditor-General in the audit report.
 - It did not meet at least four times a year.
28. The audit committee functioning as the performance audit committee did not perform the following, as required by Municipal Planning and Performance Management Regulation 14 :
- Meet at least twice during the financial year
 - Review the quarterly reports of the internal auditors on their audits of the performance measurements of the municipality
 - Review the municipality's performance management system and make recommendations in this regard to the council of the municipality
 - Submit an auditor's report to the council regarding the performance management system at least twice during the financial year

Internal audit unit

29. The internal audit unit did not function as required by section 165(2) of the MFMA, in that:
- It did not prepare a risk-based audit plan and an internal audit programme for the financial year under review.
 - It did not report to the audit committee on the implementation of the internal audit plan.
 - It did not advise the accounting officer and report to the audit committee on matters relating to internal audit, internal controls, accounting procedures and practices, risk and risk management, loss control and compliance with applicable legislation.



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30. The internal auditors of the municipality did not audit the performance measurements on a continuous basis and did not submit quarterly reports on their audits to the municipal manager and the performance audit committee as required by Municipal Planning and Performance Management Regulation 14.

Expenditure management

31. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.
32. The accounting officer did not take reasonable steps to prevent unauthorised, irregular as well as fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.
33. The municipality did not recover unauthorised, irregular or fruitless and wasteful expenditure from the liable person, as required by section 32(2) of the MFMA.

Procurement and contract management

34. The performance of contractors or providers was not monitored on a monthly basis as required by section 116(2)(b) of the MFMA.
35. Awards were made to providers that are persons in service of the municipality and other state institutions in contravention of the requirements of SCM regulations 44. Furthermore, the provider failed to declare that they are in the service of the state as required by SCM regulation 13(c).
36. Certain contracts were extended or modified to the extent that competitive bidding processes were being circumvented contrary to the requirement of a fair supply chain management system in section 112 of the MFMA.
37. Certain contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality as required by section 116(3) of the MFMA.

Revenue management

38. A credit control and debt collection policy was not implemented as required by section 96(b) of the MSA.

Financial and risk management

39. The accounting officer did not comply with his legislative responsibility of managing the financial administration by taking reasonable steps to ensure that the municipality had and maintained effective, efficient and transparent systems of financial and risk management and internal controls as per the requirements of section 62(1)(c)(i) of the MFMA as risk assessments were not conducted for the period under review.

Human resource management and compensation

40. Acting senior managers directly accountable to the municipal manager did not sign annual performance agreements for the year under review, as required by sections 57(1)(b) and 57(2)(a) of the MSA.
41. Contrary to the requirements of section 10(1)(b) of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997) of South Africa (BCEA), working hours exceeded the prescribed norms.

INTERNAL CONTROL

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



Leadership

43. The accounting officer does not exercise adequate oversight responsibility regarding financial and performance reporting, compliance with laws and regulations and related internal controls. Effective human resource management is not implemented to ensure that adequate resources are in place. Monitoring of the implementation of action plans to address internal control deficiencies is not undertaken. An information systems governance framework that supports and enables the business, delivers value and improves performance has not been established.

Financial and performance management

44. Proper record keeping is not implemented to ensure that complete, relevant and accurate information is available to support financial and performance reporting. Management does not prepare accurate and complete financial and performance reports that are supported and evidenced by reliable information. Adequate review and monitoring over compliance with applicable laws and regulations is not undertaken.

Governance

45. Appropriate risk management activities to ensure that regular risk assessments are undertaken, are not performed. A risk strategy to address risks is not developed and monitored. The municipality does not have an adequately resourced and an effectively functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively. The audit committee does not promote accountability and service delivery through evaluating and monitoring risks and providing oversight over the effectiveness of the internal control environment, including performance reporting and compliance with laws and regulations.

OTHER REPORTS

Investigations

46. Investigations on the allegation of misconduct against senior managers, managers and other employees are in progress by the provincial intervention team. Completed investigations resulted in criminal proceedings being instituted against fourteen employees.

Performance audit

47. A transversal performance audit on the readiness of government institutions to report on its performance information is in progress. The municipality has been selected as part of this pilot project which will be conducted from 15 October 2011 to 31 March 2012.

Pietermaritzburg
30 November 2011



A U D I T O R - G E N E R A L
S O U T H A F R I C A

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CHAPTER 8 – RESPONSE TO THE REPORT OF THE AUDITOR GENERAL

THE MSUNDUZI MUNICIPALITY REPORT BY MUNICIPAL MANAGER FOR COUNCIL January 2012

RESPONSE TO THE REPORT OF THE AUDITOR – GENERAL ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF THE MSUNDUZI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2011

BACKGROUND AND PURPOSE OF REPORT

The report of the Auditor-General dated 30 November 2011 on the Audit of the Accounts of the Council for the financial year ended 30 June 2011, 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 (MFMA) Section 126 (1) and (2) must be complied with.

Comments in respect to the matters raised in the report are set out below with the numbering corresponding to the Auditor General's report.

GENERAL RESPONSE

The Auditor General has expressed an unqualified opinion with emphasis of matters relating in the main to irregular expenditure, restatement of corresponding figures, material losses relating to electricity and water and unauthorized expenditure. This is a substantial improvement from previous opinions received. The last unqualified opinion was received in the 2007 / 2008 financial year.

The audit report revealed deficiencies in the supply chain procedures resulting in irregular expenditure and the loss of more than R157 million on electricity and water.

The emphasis on growing our Capital Budget, and achieving full expenditure thereof, surely is one of, if not the primary measure of a municipality's performance. While we have tried to provide roads, water, sanitation and electricity on an unprecedented scale, we were placed under administration in March 2010 in terms of section 139 (b) of the Constitution. Due to the unavailability of cash the municipality could not spend 100% of its capital budget thereby not delivering 100% service delivery in certain areas.

REPORT ON THE FINANCIAL STATEMENTS

1. Introduction

Noted

2. The accounting officer's responsibility for the financial statements

Noted



3. Responsibility of the Auditor - General

Noted from point 3 to 6

7. Opinion

Noted

8. Emphasis of Matters

Noted

9. Irregular Expenditure

Irregular expenditure was confined to the following areas:

9.1 Opening balance of irregular expenditure not restated.

All irregular expenditure which occurred in the prior years was the subject of forensic investigations the MM will have to make a decision on this matter. The AG requires management to identify and disclose all.

9.2 Procurement Irregularities

A concerted effort is being made to improve and upgrade existing systems to ensure contracts do not run over the time limit.

Extensive consultations were held between the Accounting Officer and the Taxi Association to reach an understanding in respect to compliance to ensure that SCM procedures and policies are not compromised.

9.3 Irregular expenditure in respect of meter reading contract not disclosed

9.4 Three quotations not received/ Splitting of Orders

The Supply Chain Management processes are subject to definite time lines which is cumbersome when business units make requests without the proper and timeous planning. Deliberate splitting of orders will be monitored to ensure that that this practice does not continue.

10 Restatement of corresponding figures

Noted

11. Material losses

The material losses are noted and will be part of the action plan.

11.1 Electricity losses

The acceptable norm of electricity loss is 3%. The significant electricity losses of 199 561 792 KWH : 11 % occurred during the year under review, which resulted material revenue losses to the municipality.

The loss above the norm is due to theft, distribution losses, illegal tampering of electricity meters and can also be attributable to the ageing infrastructure.



11.2 Water losses

The acceptable norm in developing countries of water loss is 20%. The significant water losses of 21 422 003 kl : 35 % occurred during the year under review, which resulted material revenue losses to the municipality.

The loss above the norm is due to theft, distribution losses, illegal tampering of water meters and can also be attributable to the ageing infrastructure.

Water and electricity distribution management was implemented by the Provincial Intervention Team (PIT). PIT has identified and stopped several illegal connections. A 5 year strategic plan for reduction of non-revenue water and a similar plan for electricity management has been drafted.

Unauthorised Expenditure

12. The unauthorised expenditure was as a result of under budgeting of finance charges, depreciation and asset impairment.

These issues have been noted and every effort to see that this does not occur going forward.

13. Going Concern

The Msunduzi Municipality was placed under Provincial Government intervention in terms of section 139 (1) (b) of the Constitution. The financial crises came to be because of poor controls, rampant corruption amongst senior staff, failure to prepare the mid-year adjustments budget and the budget in time and other issues relating to poor internal control and procedures, which has placed tremendous pressure on the municipality's liquidity ratio and financial sustainability.

Although strategies have already been implemented, it will take some time for the municipality to fully recover.

Through the intervention of the Administrator a Strategic Finance Committee has been set up to deal with debt collection in the main. The following resolutions were put in place to deal with a number of issues in respect to revenue collection:

- The closing of no responsibility accounts
- The unmetered water accounts to be written off
- In consolidation of housing debt
- The issuing of final demand letters
- The cleansing of database records to reduce the number of bills being returned

Material under spending of the budget

14. Noted and will be part of the action plan

Additional Matter

15. Noted

Unaudited supplementary schedules

16. Noted



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. Noted

Predetermined objectives

Usefulness of information

18. Noted

19. Noted

Planned and reported indicators/measures are not well defined

20. Noted and will be part of the action plan

Planned and reported targets are not specific, measurable and time bound

21. Noted and will be part of the action plan

Reliability of information

22. Noted

The content of the integrated development plan is incomplete

23. Noted and will be part of the action plan

The validity, accuracy and completeness of reported performance against targets could not be confirmed as inadequate source information was provided

24. Noted and will be part of the action plan

Compliance with laws and regulations

Strategic planning and performance management

25. Noted and will be part of the action plan

Annual Financial Statements

26. Noted and will be part of the action plan

Audit Committee

27 – 28. MM to Comment

Internal audit Unit

29 – 30. Noted and will be part of the action plan MM to comment

Expenditure Management

31 – 33. The comments have been noted and will form part of the Action Plan.



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Procurement and contract management

34 – 37. The comments have been noted and will form part of the Action Plan.

Revenue Management

38. Noted and will be part of the action plan

Financial and risk management

39. Noted and will be part of the action plan

Human resource management and compensation

40 – 41. Noted and will be part of the action plan

Internal Control

42. Noted and will be part of the action plan

Leadership

43. Noted and will be part of the action plan

Financial and performance management

44. Noted and will be part of the action plan

Governance

45. Noted and will be part of the action plan

Investigations

46. Noted

Performance Audit

47. Noted

46. Recommendation

It is recommended:

- a) That the report dated 30 November 2011 by the Auditor - General to the members of the Council on the financial statements of The Msunduzi Municipality for the year ended 30th June 2011 be noted.
- b) That the report dated 17 January 2011 by the Municipal Manager, in reply to the Auditor-General's report, be noted.
- c) That the Audit Action Plan as attached be adopted and monitored.

Submitted for consideration as per Legislation.

M. NKOSI
MUNICIPAL MANAGER



CHAPTER 9 – REPORT OF THE AUDIT COMMITTEE

Report of the Audit Committee

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

Audit Committee Members and Attendance:

The audit committee consist of six members listed hereunder and is supposed to meet at least 4 times annum as per its approved Charter to comply with section (4) (b) of the Municipal Finance Management Act No. 56 of 2003, hereafter referred to as the MFMA.

The Municipality remained under Provincial Administration throughout the year with major efforts being directed at ensuring liquidity recovery. Some members resigned during the financial year as indicated below: - (new appointments and will be indicated accordingly in the next financial year end report)

Meetings Attended Name	Number of Meetings Attended
1. Mr. MA Jordan (Chairperson)	1 (scheduled) and 2 (informal)
2. Mrs S Keshaw (Deputy Chairperson)	1 (scheduled) and 1 (informal)
3. Mr. B Ntuli	1 (informal)
4. Mr P Dlamini (resigned)	0
5. Ms K Zama (resigned)	0
6. Mr Layman (resigned)	0

Audit Committee Responsibility

The Audit Committee reports that it adopted appropriate formal terms of reference as its audit committee charter. It attempted to regulate its affairs in compliance with this charter but was not able to discharge all its responsibilities as contained therein. In the New Year it intends revising the charter to factor the recommendations of the Administrator's turnaround strategy.

Due to the delays in the new appointments the Audit Committee reports that it had one standard meeting and two informal ones in an attempt to comply with its responsibilities arising from Section 166 of the MFMA and Treasury Regulation 3.1.1. The representative of the Department of Cooperative Governance attended these informal meetings.

The charter has been reviewed by the newly constituted Audit Committee for the New Year.

The effectiveness of internal control

The system of internal control is not effective as compliance with the minimum prescribed policies and procedures is lacking. The Committee seeks to advise the Council on the revised policies and close the gap where such are non-existent. During the year under review several instances of non-compliance were reported by the Auditor General, hereafter referred to as the AG, which resulted from a breakdown in the functioning of controls. Significant control weaknesses have been reported by the Auditor General under emphasis of matter and in the management letter. The weaknesses reported previously have not been addressed satisfactorily by the Acting Municipal Manager, hereafter referred to as the AMM. The effect of these instances has been included in the annual financial statements and the report of the AMM.

Internal control deficiencies are not addressed in a timely manner to allow for corrective action to be taken. Just as the AG representative is invited, as a standard practice, to all the Audit Committee meetings, so is the Administrator. In the New Year the Chairperson of the new Municipal Public Accounts Committee is equally invited and participates in deliberations as a non-voting member.



Municipality Performance and Risk Assessment

We were unable to advise the Council on Performance Management, the monitoring and review of the Performance Management System (PMS) as required by Section 166 (2) (v) of the MFMA and sections 38 to 40 of the Municipal Systems Act No 32 of 2000. The PMS and the Fraud and Corruption Monitoring System have been reduced to policies that are yet to become operational.

Both the midyear and year-end performance assessments were not completed.

Equally the Committee was not able to advise the Council of Risk Management.

The quality of monthly management / quarterly reports submitted in Terms of the Act and the Division of Revenue Act

The Committee is not satisfied with the content and quality of monthly and quarterly Reports prepared and issued by the AMM during the year under review.

Management has not analysed the likelihood and impact of the risks identified in the internal audit reports.

Evaluation of Financial Statements

The Audit Committee reviewed the financial statements prior to their submission to the office of the AG by the 31st of August 2011 deadline as prescribed. The Committee has therefore:-

- Reviewed and discussed with the Auditor-General and the AMM the Audited annual financial statements to be included in the annual report;
- Reviewed the AG's management letter and management response;
- Reviewed changes in accounting policies and practices;
- The Chairman attended the final AG's Audit Steering Meeting at which management was advised of the pending qualification and matters of emphasis on the audit report.

The Audit Committee concurs and accepts the conclusions of the AG on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the AG. We specifically would like to stress the fact that we were severely handicapped by resignations in the committee, the instances of acting senior managers and the poor capacity in internal audit unit, resulting, inter alia, in the Municipality experiencing the following:-

- Performance measurement and audit was impossible.
- The internal audit assignments were conducted by the co-sourced consortium auditing firms however; no quality review was performed by internal audit to ascertain if the correct audit approach and audit methodology was used as per the internal audit charter.
- The effectiveness of internal audit was not evaluated by the Audit Committee for the year under review as per the Audit Committee charter.
- The Audit Committee did not submit itself to evaluation by the Council.

The fact that new appointments have now been made it is expected that the effectiveness of the the Committee is going to improve drastically in the New Year.

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Chairperson of the Audit Committee



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*The Dynamic, Caring Capital
City of Choice in KZN*

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*The Dynamic, Caring Capital
City of Choice in KZN*

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This image shows a full page of blank, lined paper. It features approximately 28 horizontal blue lines spaced evenly across the page, typical of standard notebook paper. The lines are thin and light blue, set against a plain white background. There are no margins, text, or other markings on the page.

ANNEXURE A: CAPITAL BUDGET INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT

NATIONAL KEY PERFORMANCE AREA	IDP GOAL/ OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	PROGRAMME MANAGER	PROJECT DESCRIPTION	WARD	BASELINE MEASUREMENT	FUNDING SOURCE	BUDGET 2010/2011	ANNUAL TARGET	Annual Actual Achieved	Annual Target Met (Yes/ Partial/ No/ Exceeded)	REASON FOR DEVIATION	SOURCE DOCUMENT (in support of actual achieved)
		KPA	KPI	Strategic Executive										
	To provide a responsible facility for the disposal of waste in a manner that is Socially and Environmentally acceptable.	Waste Management	Waste Removal - Upgrading of change room toilets depots (North, Central and West)	Mr. Trevor Cowie/ Mr. J Gutridge	Staff Change room Improvements	Various	Dilapidated state	CNL	100000	Upgrade 3 change rooms in Depots (north Central and west)	0	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Waste Management	Waste Removal -Achieving a 100% clean and healthy environment , Achieving proportional 5% increase in revenue		Vulindlela Recycling	1-9	None	CNL	480000	5% increase per annum	0% increase	No	council under administration no funds available	N/A
		Waste Management	Waste Removal -Achieving a 100% clean and healthy environment , Achieving proportional 5% increase in revenue		Bins - 20 x 1.7m3	19-33	None	CNL	312000	increase customer base 5%	0% increase in customer base	No	council under administration no funds available	N/A
		Waste Management	Waste Removal -Achieving a 100% clean and healthy environment , Achieving proportional 5% increase in revenue		10 x 15m3 - Bins	19-33	None	CNL	360000	increase customer base 5%	0% increase in customer base	No	council under administration no funds available	N/A
		Waste Management	Waste Removal - Reduce dumping by 5%		Garden Site Containers	10-37	None	CNL	300000	increase tonnages	0 increase in tonnages	No	council under administration no funds available	N/A
		Waste Management	Waste Removal - Reduce dumping by 5%		Completing Imbali Garden Site Project	All	None	CNL	750000	increase tonnages	1 increase in tonnages	No	awaiting for the Edendale Mall developers for relocation of site.	N/A
		Roads and Storm Water	Road Maintenance -100% upgrade of Bisley Game Reserve road	Mr. Trevor Cowie/ Mr. S Mbimbi	Upgrading of Roads through Bisley Game Reserve	24	None	CNL	2300000	Upgraded 1.4 km of gravel road into asphalt	0km	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Roads and Storm Water	Road Construction 100% construction of Simelane Road		Construction - Simelane Road	1	None	CNL	250000	Completed 400m of gravel road	0m	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Roads and Storm Water	Road Construction 100% construction of Khoza Road		Construction - Khoza Road	4	None	CNL	1000000	Appoint a contractor	0.6km of Gravel layer placed	Partial	Funding approved toward the end f the financial year - commencement of project thus delayed	Supplier receipt for material
		Roads and Storm Water	Road Construction - 100% construction of Hlathini Road		Construction - Hlathini Road	11	None	CNL	4200000	Award a contractor - tenders closed	Tender closed & contractor appointed	Yes		BAC resolution
		Roads and Storm Water	Road Construction - approved Designs of gravel Road Vulindlela -D1140		Upgrading Design of Gravel Roads - Vulindlela - D1140	9	None	CNL	2400000	Road Completed	2.2km Road completed using MIG funding, not CNL funding	Yes	No Council Funding - refer to line 34 where project was completed via MIG funding	
		Roads and Storm Water	Road Construction - 100% construction of Machibisa Dambuza Road		Machibisa Dambuza Road	12	None	CNL	4000000	Road Completed	15 % of project completed - contractor appointed and commenced with works	Partial	Project was no cash backed - new funding source via MIG late in the financial year - SCM procedures had to be followed thereafter	BAC resolution
		Roads and Storm Water	Road Construction - 100% of construction of Tar Martin Way Road		Tar Martin's Way Road	20	None	CNL	610000	Road Completed	0.9km of road surfaced	Partial	Project funding was approved very late in the financial year and thereafter SCM procedures had to be followed	Practical completion certificate
		Roads and Storm Water	Road Construction - 100% resurfacing of PMS		Road Resurfacing - PMS		None	CNL	8000000	Road Completed	Road not completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Roads and Storm Water	Road Construction- 100% Construction of Mbucwana Road		Upgrade - Mbucwana Road	1	None	CNL	2000000	Upgraded 800m of gravel into asphalt	0m	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Roads and Storm Water	Road Construction - 100% upgrading of Willowfountain Road Phase 1		Upgrading of Willowfountain Road - Phase 1	14	None	CNL	1000000	Completed bank protection and constructed portion of Willowfountain Road	Nil bank protection and constructed portion of Willowfountain Road	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Roads and Storm Water	Road Construction - construction of traffic calming structure		Traffic Calming Structures	All	None	CNL	500000	30 sites	0 sites	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed

ANNEXURE A: CAPITAL BUDGET INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT

Basic Service Delivery and Infrastructure Development	To provide access to Water, Sanitation, Electricity, Solid Waste, Roads and other related services to improve accessibility by communities and in contributing towards economic growth	Roads and Storm Water	Road Construction 100% construction of the link between Thembalihle and Tamboville		Link Ink Road between Thembalihle and Tamboville	29	None	CNL	200000	Appoint a consultant	Consultant not appointed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Roads and Storm Water	Road Construction - 100% construction of Dolphin AV/ Ishwari Road		Canalization Dolphin AV/ Ishwari Road	30	None	CNL	4850000	Completed 200m concrete lined channel	0m	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Roads and Storm Water	Road Construction 100% upgrading of Church street and N3 Interchange by June 2013		Church Street/N3 Interchange upgrade	37	None	CNL	20000000	3km	(1). 50 % of Bridge works completed - Outbound portion of the bridge (2). 1.5km of earthworks completed	Partial	Multi-year project to be completed in by June 2012 - (council's portion of works)	SANRAL invoices - other outstanding invoices received but still to be paid
		Water distribution and sanitation management	Maintenance Sewer- replacement of damaged sewer pipe 5km	Mr. Trevor Cowie/ Mr. B Sivparsad	Sanitation Infrastructure Asset	Various	None	CNL	6000000	Completion of project 5km	0km	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Maintenance Sewer - replacement of sewer pipe Grix Road		Grix Road Sewer and pipe bridge	36	None	CNL	1000000	Completion of project 100%	0% complete	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Maintenance Sewer - replacement of damaged water mains 10km		Rehabilitation of Water infrastructure	Various	None	CNL	10000000	Completion of project 10km	0km	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Electricity Distribution Management	Maintenance 50 LED Robot brackets	Mr. Trevor Cowie/Mr. M Mthembu	Electric Demand side management	All	None	DME	4000000	50	0	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Roads and Storm Water	Roads - 100% construction of Chota Motala/N3 Interchange	Mr. Trevor Cowie/ Mr. S Mbimbi	Chota Motala/N3 Interchange	32	None	DOT	15000000	3km	(1). 50 % of Bridge works completed - Outbound portion of the bridge (2). 1.5km of earthworks completed	Partial	Multi-year project to be completed in by June 2012 - (council's portion of works)	SANRAL invoices - other outstanding invoices received but still to be paid
		Water distribution and sanitation management	Maintenance Sewer - 100% replacement of 7km sewer pipes in Azalea	Mr. Trevor Cowie/ Mr. B Sivparsad	Sewerage pipes Azalea Ward 10	10	VIP Toilets / meters of pipe	MIG	5000000	Completion of project: 7km sewer pipe laid	1,885km of sewer pipe laid	PARTIAL	Many labour issues on site and the occurrence of strike action by labourers has resulted in slow progress. Newly constructed RDP houses obstructing with mid block sewer mains which necessitated to a redesign/ re-routing of sewer lines. Poor productivity by contractor.	Payment Certificate No 6 and Current Work Progress
		Water distribution and sanitation management	Maintenance Sewer - 100% replacement of 7km sewer pipes in Unit H		Sewerage Pipe Unit H	16	meters of pipe	MIG	5000000	Completion of project 7km sewer pipe laid	1.727km of sewer pipe installed	Partial	Existing underground water mains clashing with proposed sewer mains , Newly constructed RDP houses obstructing with mid block sewer mains which necessitated to a redesign/ re-routing of sewer lines. Delayed start due to environmental authorization.	Payment Certificate No 3 and Current Work Progress
		Water distribution and sanitation management	Maintenance Water - new and completed provision of waterborne sanitation design Elimination of conservancy		Elimination of Conservancy Tanks - Water	19 & 21	meters of pipe / no of sewer connections	MIG	300000	100% design completed	100% design completed	Yes	EIA is important and only once the outcome for this is received any changes to design and BOQ can be made.	Design Drawings
		Water distribution and sanitation management	Maintenance Water - new and completed provision of waterborne sanitation design Service Midblock Eradication		Service Midblock Eradication - Water	23	meters of pipe	MIG	200000	100% design completed	100% design completed	Yes	No deviation	Final Design Drawings
		Water distribution and sanitation management	Maintenance - 30 km of sanitation pipe inspected		Sanitation Infrastructure CCTV Feasibility Study	Various	None	MIG	4000000	Completion of project 30km pipe inspected	252.8 km	Exceeded	No deviation	Payment Certificates and Status quo reports for the different areas
		Water distribution and sanitation management	Maintenance -construction of new water pipe 2km in Edendale		Edendale Proper New Mains and Reticulation	Various	None	MIG	500000	Completion of project 2km construction of new water mains - (Edendale)	4.336km of various diameters of new water mains installed	Exceeded	No Deviation	Contract Payment Cert No 13 and Project Cash Flow Report - June 2011.

ANNEXURE A: CAPITAL BUDGET INFRASTRUCTURE DEVELOPMENT, SERVICE DELIVERY AND MAINTENANCE MANAGEMENT

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ANNEXURE B: CAPITAL BUDGET SUSTAINABLE COMMUNITY SERVICES DELIVERY MANAGEMENT

NATIONAL KEY PERFORMANCE AREA	IDP GOAL/ OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	PROGRAMME MANAGER	PROJECT DESCRIPTION		BASELINE MEASUREMENT	FUNDING SOURCE	BUDGET 2010/2011	ANNUAL TARGET	Annual Actual Achieved	Annual Target Met (Yes/ Partial/ No/ Exceeded)	REASON FOR DEVIATION	SOURCE DOCUMENT (in support of actual achieved)			
		KPA	KPI	Strategic Executive		WARD											
Community and social Services	To ensure that all communities have access to basic community facilities and social services	Community services provision Management	Parks - Replacing of aging vehicles for park	Mr. Kwenza Khumalo/Dr J Dyer	Fleet Replacement	Various	-	CNL	450,000.00	Adequate Fleet	Nil fleet replaced	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
Basic Service Delivery and Infrastructure Development	To provide a responsible facility for the disposal of waste in a manner that is Socially and Environmentally acceptable.	Waste Management	Landfill site - upgrading 1 landfill site	Mr. Trevor Cowie/ Mr. J Gutridge	Development Of Landfill Site	Various	-	CNL	7,500,000.00	Construction of containment berms. Capping of completed cells. Top soiling and vegetation of slopes. Construction of a network of access roads. Cell development	Nil	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
Community and social Services	To ensure that communities have access to basic facilities and social services	Community services provision Management	Municipal Public works - refurbish 11 community halls	Mr. Kwenza Khumalo/Dr J Dyer	Refurbish roofs at 11 Community halls	31,24,36,32, 34,30,17,12, 19,	-	CNL	3,240,000.00	11 Refurbished Community Halls	0 Refurbished Community Halls	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
		Community services provision Management	Municipal Public works - building of fence, steel work and paving for the Moses Mabhida multi purpose centre		Moses Mabhida Multipurpose Centre (fencing/ driveway)	15	-	CNL	2,000,000.00	*steelwork completed; *fencing & paving completed.	*Nil steelwork completed; *Nil fencing & paving completed.	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	To contribute to a safe and secure environment with special focus on children , youth ,women and people with disability	Public Safety enforcement and disaster management	Refurbishing of 30 cameras within town	Mr. Kwenza Khumalo/Mr. S Raghunandan	Camera Refurbishment (Phase 2)	Various	-	CNL	3700000	1. upgrade of entire recording system; 2. refurbishment of 30 cameras.	1. Nil upgrade of entire recording system; 2. Nil refurbishment of 30 cameras.	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	To contribute to a safe and secure environment with special focus on children , youth ,women and people with disability	Public Safety enforcement and disaster management	Fire fighting Services - 100 % repair of roof and building at the fire station	Mr. Kwenza Khumalo/Mr. S Raghunandan	Roof and building repairs at headquarters fire station	Various	-	CNL	200,000.00	Project Completed	0% of Project completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	To contribute to a safe and secure environment with special focus on children , youth ,women and people with disability	Public Safety enforcement and disaster management	Fire fighting Services - complete upgrade ESS System		Upgrade to ESS system	Various	-	CNL	120,000.00	Project Completed	0% of Project completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	To contribute to a safe and secure environment with special focus on children , youth ,women and people with disability	Public Safety enforcement and disaster management	Fire fighting Services - establishing 100% breathing apparatus in the training facility		Establish breathing apparatus training facility	Various	-	CNL	200,000.00	Project Completed	0% of Project completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	To contribute to a safe and secure environment with special focus on children , youth ,women and people with disability	Public Safety enforcement and disaster management	Fire fighting Services - acquisition of all critical firefighting equipment	Mr. Kwenza Khumalo/Dr J Dyer	Critical firefighting equipment	Various	-	CNL	250,000.00	Project Completed	0% of Project completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
Institutional Development and Transformation	To build and sustain a secure , integrated ICT Infrastructure to begin working towards city wide connectivity	Information Management	Management Information Systems- acquisition of heavy duty printer	Mr. T Maseko Mr. S Maharaj	Heavy-duty printer		-	CNL	100,000.00	Acquisition of 1 heavy duty printer	1 heavy duty printer acquired	Yes		Invoice 435 from Cyberfox dated 18 January 2010			
Community and social Services	To contribute to a safe and secure environment with special focus on children , youth ,women and people with disability	Public Safety enforcement and disaster management	Public Safety-acquisition of 50 two way radios	Mr. Kwenza Khumalo/Dr J Dyer	Portable Two way Radio	Various	-	CNL	200000	50	0	No	No capital funding	Request to Procure Document - Balan Naidoo			
		Environmental Health	Environmental Health- full security grade of the poison room	Mr. Kwenza Khumalo/Dr J Dyer	Upgrading Of Security For Poison Room	Various	Installation of security measures	CNL	30,000.00	Installation of security measures	0 security measures installed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	To improve basic living conditions and health well being of society with special focus on targeted groups including children, youth, women and people with disability	Regional community services provision Management Area - Environmental Health	Environmental health - acquisition of laboratory equipment to help reduce the incidence of water diseases and incident of food borne illness	Mr. Kwenza Khumalo/Dr Nkosi	Laboratory equipment	Various	Percentage in compliance with standards	CNL	150,000.00	240 samples tested and analysed in the laboratory	1173 samples tested and analysed in the laboratory	Exceeded	Increased the sampling programme to weekly as opposed to bi-monthly due to the availability of an intern.	Laboratory analysis reports - Environmental Health.			
		Regional community services provision Management Area	Health Services and Clinic - complete building of New Mason Clinic to address the lack of safe infrastructure		New Masons Clinic : Ward 29	29	Clinic in use	CNL	1,700,000.00	Completion of building of new clinic & fencing	0% Completion of building of new clinic & fencing	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			

ANNEXURE B: CAPITAL BUDGET SUSTAINABLE COMMUNITY SERVICES DELIVERY MANAGEMENT

	Regional community services provision Management Area	Health Services and Clinic - completion of additional rooms at Northdale Clinic	Mr. Kwenza Khumalo/Dr Nkosi	Provision of four additional rooms at Northdale clinic. Ward 31	31	Rooms in use	CNL	500,000.00	Completion of building of 4 additional rooms	0% Completion of building of 4 additional rooms	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Health Services and Clinic - fully upgrade of Central city clinic		Upgrading of Central City Clinic. Ward 32	32	Additional rooms in use	CNL	250,000.00	Creation of additional consulting rooms within existing structure	9% Creation of additional consulting rooms within existing structure	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Health Services and Clinic - fitting all dispensary security gates		Security Gates For Dispensaries. Various Wards	Various	All dispensary security gates fitted	CNL	100,000.00	Installation of security gates on dispensaries at clinics	0% Installation of security gates on dispensaries at clinics	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Health Services and Clinic - Acquisition and installation of new X Ray machine		Provision Of New X Ray Machine. Ward 32	32	New processor in use	CNL	60,000.00	Installation of new processor for X-Ray machine	new processor for X-Ray machine not installed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Health Services and Clinic - renovate the Kwa Pata Clinic		Kwa Pata Clinic	10	Old building	CNL	200000	Refurbish the building	0% Refurbishment of the building	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area - HIV/AIDS SUB UNIT	HIV & Aids & Social Services- Purchase of training equipment to improve quality of training	Mr. Kwenza Khumalo/Dr J Dyer	Training Equipment	Various	insufficient traffic infrastructure	CNL	42000	Acquiring of additional traffic signs	0 additional traffic signs	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
To promote and improve different disciplines of sport, art, culture and recreation to make the city a playing city.	Community services provision Management	Acquisition of specialized equipment for the maintenance of Harry Gwala Stadium (2 Rota Mowers, 2 Amazon Mowers , 2 Fertilizer spreader, 2 back blades)	Mr. Kwenza Khumalo/Dr J Dyer	Specialised Equipment (Harry Gwala)	Various	none	CNL	750000	*2 rota mowers; *2 fertilizer spreaders; *2 amazon mowers; *2 back blades	Nil	No	Not Cash Backed/ No Funding to complete the project	N/A			
To improve basic living conditions and health well being of society with special focus on targeted groups including children, youth, women and people with disability	Regional community services provision Management Area	Cemetery - complete development of Hollingwood cemetery to accommodate burials for 50 years	Mr. Kwenza Khumalo/Dr Nkosi	Development of Hollingwood cemetery	35 & various	none	CNL	5000000	Completed cemetery ready for use	Cemetery not completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Cemetery -Revamp & repair dwelling in Mountain Rise Cemetery (windows, doors, toilet facility, roof)		Mountain Rise Cem: Dwelling	32	none	CNL	75000	Dwelling completely revamped	Dwelling not completely revamped	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Cemetery - Refurbish cremator no. 2 completely		Crematorium 1	32	none	CNL	600000	Cremator no.2 completely revamped	Cremator no.2 not completely revamped	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Cemeteries - fencing of the current space in use of the Azalea Cemetery		Azalea Cemetery	10	none	CNL	250000	The area that we are currently using fully fenced.	area not fully fenced.	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Cemeteries - fencing of the current space in use of the Snathing Cemetery		Snathing Cemetery	5	none	CNL	300000	The area that we are currently using fully fenced.	area not fully fenced.	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Cemeteries - fencing of the current space in use of the Willowfountain Cemetery		Willowfountain Cemetery	19	none	CNL	300000	The area that we are currently using fully fenced.	area not fully fenced.	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Community services provision Management	Parks - refurbishing ablution facilities and building in depot (North and central Depot)		Refurbish ablution facilities and building in depots	Various	none	CNL	400000	Revamped ablution blocks	ablution blocks not revamped	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
To ensure that all communities have access to basic community facilities and social services	Community services provision Management	Parks - refurbishing ablution facilities and building in depot (Alexandra, Camps drift)		Upgrading of ablution facilities at community parks	Various	-	CNL	500000	Revamped Ablution blocks at Alexandra Park and Camps drift	Ablution blocks at Alexandra Park and Camps drift not revamped	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
To promote and improve different disciplines of sport, art, culture and recreation to make the city a playing city.	Community services provision Management	Sport and Recreation - complete building of fence and parking lot		Olympic Swimming Pool	ALL	-	CNL	250000	Parking lot fenced and new entrance	Parking lot not fenced and no new entrance	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			

ANNEXURE B: CAPITAL BUDGET SUSTAINABLE COMMUNITY SERVICES DELIVERY MANAGEMENT

To promote and improve different disciplines of sport, art, culture and recreation to make the city a playing city.	Community services provision Management	Sport and Recreation - completed build swimming pool at Edendale	Mr. Kwenza Khumalo/Dr Nkosi	Edendale Swimming Pool	ALL	-	CNL	5000000	New swimming pool in Edendale	Land identified (Musi Thusi School)used for Youth Centre.	Partial	Not Cash Backed/ No Funding to complete the project	Land identified (Musi Thusi School)used for Youth Centre - Sport & Recreation documentation			
To ensure that all communities have access to basic community facilities and social services	Community services provision Management	Parks - acquisition of grass cutting equipment (Hydro Mower/Cherry picker)	Mr. Kwenza Khumalo/Dr J Dyer	Grass Cutting Equipment (Hydro Mower/Cherry Picker)	Various	-	CNL	750000	Specialized equipment acquired	Nil Specialized equipment acquired	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
To ensure acquisition, maintenance, upgrade, repairs, replacement, extension and disposal of all Msunduzi municipality's assets including the preservation of heritage buildings	Municipal Infrastructure planning, funding, maintenance and development Management	Fleet Management - acquisition of 4 tractors vehicle	Mr. M Viljoen (T Cowie)	Vehicles	Various	-	CNL	1500000	Purchase of Vehicles	Nil vehicles purchased	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
To promote and improve different disciplines of sport, art, culture and recreation to make the city a playing city.	Community services provision Management	Sport and Recreation - refurbish leaking roofs in sports facilities halls	Mr. Kwenza Khumalo/Dr J Dyer	Refurbish Halls in Sports Facilities (Willowfontain/ Azal/Snat)	19	-	CNL	750000	11 halls	0 halls	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
To promote and improve different disciplines of sport, art, culture and recreation to make the city a playing city.	Community services provision Management	Sport and Recreation - resurfacing of track in Protea Walker		Protea Walker's Track	All	-	CNL	20000	Protea Walker's track resurfaced	Protea Walker's track not resurfaced	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
To improve basic living conditions and health well being of society with special focus on targeted groups including children, youth, women and people with disability	Regional community services provision Management Area	Libraries - Refurbishing Georgetown Library , replacing Ceiling, security fence, doors electricity	Mr. Kwenza Khumalo/Dr Nkosi	Georgetown Library	12	The building is not in an acceptable state.	CNL	300000	Refurbish the building (1)	building (1)not refurbished	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Libraries - acquisition and installation of functional security system (3M Security system) in Northdale library		Book Security System: Northdale Library	30	No security system in place	CNL	175000	1 3M Book security system	nil 3M Book security system	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Libraries - acquisition and installation of functional security system (3M Security system) in Woodlands library	Mr. Kwenza Khumalo/Dr J Dyer	Book Security System: Woodlands Library	32	No security system in place	CNL	175000	1 3M Book security system	nil 3M Book security system	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Libraries - acquisition and installation of functional security system (3M Security system) in Sobantu library	Mr. Kwenza Khumalo/Dr Nkosi	Supply and install fencing, gate and burglar bars: Sobantu Library	35	No adequate security measures	CNL	20000	Security upgrade	Nil security upgrade	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Airport - construction of link 850m Taxiways		Construction of Parallel and Link Taxiways	all	850 Meters	CNL	8000000	Complete project	0 meters	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Airport -resurfacing the airport runway 1600m	Mr. Kwenza Khumalo/Dr Nkosi	Resurfacing Runway 16/34	all	1,600 Meters	CNL	6000000	Complete project	Completed Airport - resurfacing the airport runway 1600m	Yes		Payment Certificate no. 12 - Contract no.31/2010-2011: Pietermaritzburg Airport			
	Regional community services provision Management Area	Airport - electrification to the New hanger development	Mr. Kwenza Khumalo/Dr Nkosi	Electricity supply to new Hanger Development	all	-	CNL	250000	Complete project	Project notcompleted	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Airport - construction and completion of security fencing		Security Fencing	all	-	CNL	400000	Complete project	Project notcompleted	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Airport - provision of high mast lighting		Extension of Apron/ Prov of High Mast Lighting	all	-	CNL	3750000	Complete project	Project not completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
	Regional community services provision Management Area	Airport- maintenance plan and maintenance schedule of the drainage system at Airfield	Mr. Kwenza Khumalo/Dr Nkosi	Maintain Drainage system on Airfield	all	-	CNL	100000	Complete project	Completed upgrade to drainage system at Airfield.	Yes		Payment Certificate no. 12 - Contract no.31/2010-2011: Pietermaritzburg Airport			
	Regional community services provision Management Area	Airport - completion of extension of the terminal building		Extension of Terminal Building	all	-	CNL	2000000	Complete project	Project not completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			

ANNEXURE B: CAPITAL BUDGET SUSTAINABLE COMMUNITY SERVICES DELIVERY MANAGEMENT

		Regional community services provision Management Area	Airport - completion of access road in the general aviation	Mr. Kwenza Khumalo/Dr Nkosi	Construction of New Access Road general Aviation	all	-	CNL	2000000	Complete project	Project not completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
		Regional community services provision Management Area	Airport - fully established freight hub		Establishment of a freight Hub	all	-	CNL	300000	Complete project	Project not completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
		Regional community services provision Management Area	Airport - fully completed constructed maintenance workshop at Airfield		Construction of Airfield Maintenance Workshop	all	-	CNL	350000	Complete project	Project not completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
		Regional community services provision Management Area	Airport - maintenance plan and maintenance schedule for the fire Hydrant system		Maintenance of Fire Hydrant System	all		CNL	50000	Complete project	Project not completed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
		Community services provision Management Area	GEDI - acquisition of tractor and ploughing attachment and installation of additional fence	Mr. Kwenza Khumalo/ Dr J Dyer	Urban Agricultural Project	10-23	none	CNL	500000	Purchase of the tractor and ploughing attachment, purchase additional fencing	40% of the gardens fenced	Partial	shortage of available funds.	B904716 C060616 B905916 D648016 B905206			
	To provide a responsible facility for the disposal of waste in a manner that is Socially and Environmentally acceptable.	Community services provision Management Area	GEDI - installation of fence around the pilot recycling centers		Waste Recycling Project	10-23	none	CNL	300000	Erection of concrete fencing erected	20% of the work done: clearing of the site for Recycling	Partial	shortage of available funds.	D724016			
Basic Service Delivery and Infrastructure Development	To provide access to Water, Sanitation, Electricity, Solid Waste, Roads and other related services to improve accessibility by communities and in contributing towards economic growth	Water distribution and sanitation management	Water - Acquisition of water tanker	Mr. Trevor Cowie/ Mr. B Sivparsad	New complete water tanker	all	-	CNL	80,000.00	80000	0	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
Community and social Services	To contribute to a safe and secure environment with special focus on children , youth ,women and people with disability	Public Safety enforcement and disaster management	Fire - 100% complete construction of parking garage for the new fire engine	Mr. Kwenza Khumalo/Mr. S Raghunandan	Fire Engine Parking Garage	all	Insufficient parking for new type fire engine	CNL	1,000,000.00	Parking Garage	Nil parking garage constructed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed			
		Public Safety enforcement and disaster management	Municipal Public works - construction and completion of Kwa Noseshi community Hall	Mr. Kwenza Khumalo/Dr J Dyer	Kwa NoSheshi Community Hall	6	none	MIG	338,263.00	Completed public facility hall	80 % completed (building works 100% complete)	Partial	Budget to complete hall was approved late in the financial year	Payment certificates			
Basic Service Delivery and Infrastructure Development/ Institutional Development and Transformation	To ensure acquisition, maintenance, upgrades, repairs, replacement, extension and disposal of all Msunduzi Municipality's assets including assets audit.	Cemeteries and Crematoria	Refurbish Cremator No 1 by June 2011	Mr K Khumalo/Dr J Dyer	refurbish Cremator No 1	all	non-functional cremator	CNL	1300000	Refurbish Cremator	Cremator 80% refurbished and functional, but further defects identified	Partial	shortage of available funds.	GRN no. 10/11/ pmb/03b67284/matl repairs to crematoria;			
Safety & Security	Decentralisation of fire services	Fire & Rescue Service	Opening of Edendale Fire Station	JK Khumalo	Edendale Fire Station	all	Council	Council	100000	purchase 20 x standard metal lockers; 1 X fully-fitted monthly monitoring alarm system; 3 X heavy-duty double-bunk beds with mattresses; 1 x single-bunk bed with mattress; 1 x high-back; 1 x 20l microwave; airconditioning; fridge; venetian blinds;	purchased 20 x standard metal lockers; 1 X fully-fitted monthly monitoring alarm system; 3 X heavy-duty double-bunk beds with mattresses; 1 x single-bunk bed with mattress; 1 x high-back; 1 x 20l microwave;	Partial	unavailability of cash-backed funding	GRS No's: 12013133, 12013139, 12013153, 12013154, 12013157, 12013169			
Safety & Security	Decentralisation of fire services	Fire & Rescue Service	Upgrade to PABX	JK Khumalo	upgrade to Crisis Communications Calle Centre PABX	all	Council	Council	1 900 00	To upgrade the PABX in Crisis Control Centre at Fire	completed upgrade to PABX in Crisis Control Centre at Fire	Yes	N/A	GRS No. 12013168, O/No E897012			
Community & Social services	To ensure that all communities have access to basic community facilities and social services	Community Services, Delivery, Provision and Management	Implement grass cutting programme	Kwenza Khumalo	Grass cutting	Entire City	Monitor grass cutting programme in city	Council	1500000	100%	100% -Contractors engaged as per task team and 75 temporary workers employed to assist with grass cutting	Yes	N/A	Employment contracts for 75 temps and a list of contractors engaged OPERATING BUDGET			
Community & Social services	To ensure that all communities have access to basic community facilities and social services	Community Services, Delivery, Provision and Management	Refurbish Pilditch and Berg street Pools	Kwenza Khumalo	Refurbish Berg, Pilditch Pools	32,33	Repair the pools to an exceptable condition	Council	300000	100%	0%	No	Contractors were not appointed before the cut off for the financial year	N/A			

ANNEXURE C: CAPITAL BUDGET GOOD GOVERNANCE AND MANAGEMENT CONTROL SERVICES

NATIONAL KEY PERFORMANCE AREA	IDP GOAL/OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	PROGRAMME MANAGER	PROJECT DESCRIPTION		BASELINE MEASUREMENT	FUNDING SOURCE	BUDGET 2010/2011	ANNUAL TARGET	Annual Actual Achieved	Annual Target Met (Yes/ Partial/ No/ Exceeded)	REASON FOR DEVIATION	SOURCE DOCUMENT (in support of actual achieved)
		KPA	KPI	Strategic Executive		WARD								
Institutional Development and Transformation		Area Based Management	Area Based Management - acquisition and installation of 3 airconditioners in Ashburton	Mr. T Maseko/Mr. R MKHIZE	Air Conditioners	6	3 air conditioner installed	CNL	30000	3 air conditioners installed	Nil air conditioners installed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Area Based Management - complete repairs of roofs, gutters and ceiling at ashburton hall		Repairs to roof, gutters, ceiling, etc	Various	Roof, gutter and ceiling repaired	CNL	170000	All repairs done	Nil repairs done	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Area Based Management - complete electrical installation and commissioning at ashburton hall		Electrical rewiring	Various	Building electrically wired	CNL	40000	Electrical wiring done	Nil electrical wiring done	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Area Based Management - renovation of toilets at the Sobantu and Ashburton offices		Toilets	Various	toilets renewed	CNL	150000	Toilets replaced/renew	Nil Toilets replaced/renew	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Area Based Management - complete upgrade of septic tanks in Ashburton offices		Upgrade septic tanks	Various	Septic tanks Upgraded	CNL	60000	Septic tanks upgraded	Nil Septic tanks upgraded	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
Good Governance and Public Participation	To ensure acquisition, maintenance, upgrade, repairs, replacement, extension and disposal of all Msunduzi municipality's assets including the preservation of heritage buildings	Council and Committee Support	Committee Services- construction of car guard facility at city hall	Mr. T Maseko/Mr. R MKHIZE	City Hall - Car Park Guard Houses	Various	-	CNL	450000	1	0	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Committee Services - renovation and acquisition of furniture for the City hall		City Hall - General Fabric Renovations	City Central	-	CNL	1000000		0	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Committee Services - acquisition and commissioning of new generator at City Hall		City Hall - New Generator	City Central	-	CNL	1000000	1	0	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Committee Services - replacement of a new lift at city hall		City Hall - New Lift	City Central		CNL	1200000	1	0	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Committee Services - maintenance plan and maintenance schedule for the air conditioners at City hall		City Hall Plant	City Central	-	CNL	900000		0	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Committee Services - Refurbishing of the city hall Building		City Hall Refurbishment	City Central	-	CNL	4000000	Completed refurbishment of Council Chamber, Committee Room 3, Councillor's Lounge and Consulting Rooms as per refurbishment programme.	Completed refurbishment of Council Chamber, Committee Room 3, Councillor's Lounge and Consulting Rooms as per refurbishment programme.	Yes	N/A	JBCC Completion certificate No. 1 dated 17.06.11-Repairs & Upgrade of Council Chambers ,Lounge & Consulting Rooms & reroofing at the City Hall
Institutional Development and Transformation	To build and sustain a secure , integrated ICT Infrastructure to begin working towards city wide connectivity	Information Management	Management Information Systems - acquisition and installation of network infrastructure in clinics and halls	Mr. T Maseko/Mr. S Maharaj	LAN/WAN Infrastructure at Clinics and halls	All		CNL	550000	1. extended switchboards connected to main switchboard; 2.connection to main computer system	1. Nil extended switchboards connected to main switchboard; 2.Nil connection to main computer system	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Management Information Systems - Acquisition of new computers 200		Computers	All	12050	CNL	2000000	x220 new computers	0 new computers	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Management Information Systems - acquisition and commissioning of time and attendance access system		Time and Attendance system	All	Existing system only being used on turnstiles	CNL	3500000	acquire additional scanners, automation, hardware & software	Nil additional scanners, automation, hardware & software acquired	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed

ANNEXURE C: CAPITAL BUDGET GOOD GOVERNANCE AND MANAGEMENT CONTROL SERVICES

			Management Information Systems - Implementation of AG's recommendation on IT Audit - clean IT Audit report		Auditor General's ICT Remediation	All	Qualified Audit	CNL	1020000	Unqualified Report	Nil towards obtaining Unqualified Report	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Management Information Systems - acquisition and commissioning of 20 server		Asset Replacement - Corporate Business Servers (upgrade server environment)	All	20 servers	CNL	2500000	3 new servers	0 new servers	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
Local Economic Development	To stimulate economic growth through: job creation, promotion of BBBEE, development of SMME's, co-operatives and agricultural development	Economic Development and planning	Local Economic development Management - Acquisition and installation of street Furn on all informal traders in town	Mr. T Maseko/ Mr. D Gengan	Street Furn for Informal Traders	All	none	CNL	500000	50	0	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Local Economic development Management - acquisition and installation of signage for street trading in town		Street Trading signage	All	None	CNL	298000	500	0	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Local Economic development Management - establishing an open market for informal traders		Informal Traders Market	All	None	CNL	5000000	development of 5 trading sites	0 trading sites developed	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
			Local Economic development Management renovation of Freedom square traders stall		Stall Renovation		None	CNL	250000	97 stalls	0 stalls	No	Nil - Awaiting Technical assistance and support from ISF	Correspondance in source folder- SDBIP Portfolio of Evidence
			Local Economic development Management - acquisition of equipment and material to produce ID Cards		ID Card equipment	All	None	CNL	10000	800	0	No	Service provider appointed by Procurement has not yet delivered, recommended termination.	Number of I D's made, Request note to Procurement & Info submitted directly to the service provider
			Local Economic development Management -Renovation of West and Retief Street traders facilities		Renovation of West and Retief Trader facility	City Central	-	CNL	500000	Existing trading facilities	0 renovated trading stalls	No	Nil - Awaiting Technical assistance and support from ISF	Correspondance in source folder- SDBIP Portfolio of Evidence
			Local Economic development Management - Building of Live stock and SMME market		Neighbourhood Partnership	City Central	-	NDPG	15000000	Completed Market	Market not completed - funding secured.	Partial	Site not yet identified due to land legal issues in Edendale	Correspondence confirming funding from DEDT; land legal documents.

ANNEXURE D: CAPITAL BUDGET GOOD GOVERNANCE AND MANAGEMENT CONTROL SERVICES

ANNEXURE D: OPERATING PROJECTS																	
NATIONAL KEY PERFORMANCE AREA	IDP GOAL/ OBJECTIVE	FUNCTIONAL AREA/SFA	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	PROGRAMME MANAGER	FUNCTION	KEY PERFORMANCE INDICATOR	WARD	PROJECT DESCRIPTION	BASELINE MEASUREMENT	FUNDING SOURCE	BUDGET 2010/2011	ANNUAL TARGET	Annual Actual Achieved	Annual Target Met (Yes/ Partial/ No/ Exceeded/ Not Applicable)	REASON FOR DEVIATION	SOURCE DOCUMENT (in support of actual achieved)
		Strategic Business Unit	KPA	KPI	Strategic Executive	Sub process	KPI		Function								
Basic Service Delivery and Infrastructure Development	To provide access to Water, Sanitation, Electricity, Solid Waste, Roads and other related services to improve accessibility by communities and in contributing towards economic growth	Infrastructure Development Service Delivery and Maintenance Management area	Roads and Storm Water	Maintenance Road - 250km road re marking	Mt Trevor Cowie/Mr. S Mbimbi	Maintenance	Km of roads remarked	Various	Provision of road marking	N/A	Council	800, 000	250km	275km completed	Exceeded	Private contractors were also employed to help with the backlog / additional funding received during the mid-year budget review	Signed completion certificates
		Infrastructure Development Service Delivery and Maintenance Management area		Maintenance roads- provision of traffic signs in 50 sites		Maintenance	Number of sites	Various	Provision traffic signs	N/A	Council	400, 000	50 sites	371 signs replaced	Exceeded	Annual target was incorrect - high prevalence of sign damaged and theft that required more signs to be replaced	Signed completion certificates
	To ensure acquisition, maintenance, upgrade, repairs, replacement, extension and disposal of all Msunduzi municipality's assets including the preservation of heritage buildings	Infrastructure Development Service Delivery and Maintenance Management area	Municipal Infrastructure planning, funding, maintenance and development Management	Fleet Management - replacement of 142 vehicles for the municipality	Mr. Trevor Cowie/Mr. Mike Viljoen	Fleet Management	replacement of vehicles and plant on lease	All	strategic priorities-fleet management	nil	Council	15300000	142 vehicles	0 vehicles	Not Applicable	Removed as per full council resolution: 29/06/2011 - not cash backed	Removed as per full council resolution: 29/06/2011 - not cash backed
		Infrastructure Development Service delivery and Maintenance Management Area	Housing and Human Settlement Development Management	Town Planning - extension of town planning scheme	Mr. T Cowie/Mr. R Gounden	Town Planning	Appoint service providers and initiation of legislative processes	all	Extension of the Town Planning scheme	Layout plan have been done for areas which were not part of the scheme	Non	500000	80% work completed	25 % work completed	Partial	No Budget approved. Process Plan prepared with resource allocation. Limited staff resources. Identification of GAPS.	Terms of reference prepared and report to EXCO developed.
	To improve access to basic housing solutions through services, secure tenure, quality homes, and human settlements including accessibility to social facilities such as parks, swimming pools, sporting facilities, etc.	Infrastructure Development Service Delivery and Maintenance Management area		Housing -provision of 750 new low income housing.		Housing	number of houses	Various	Provision of low income housing	300000	DoHS	75 600 000	750	0	No	Payment Delays causing delays in completion of outstanding units, Inadequate approvals from DOHS. Also delays in finalising Agreements	Completion Certificates
		Infrastructure Development Service Delivery and Maintenance Management area		Housing - provision of 1000 emergency housing		Housing	number of houses	Various	Provision of emergency Housing	200	DoHS	40000000	1000	0	No	Thinking changed from emergency housing to permanent housing - packaging application to DOHS for rental housing	EXCO Reports & resolutions
		Infrastructure Development Service Delivery and Maintenance Management area		Housing - conduct and complete the feasibility study for Vulindlela and Edendale Housing development		Housing	Completed feasibility study	1-9	Vulindlela Housing (rural housing)	nil	DoHS	61050000	Completed Report and Record of Decision from DEARD	Project approved / all feasibilites completed / top structure construction has commenced in May 2011	Exceeded		Project status reports
		Infrastructure Development Service Delivery and Maintenance Management area		Housing - maintenance of temporary housing and Ablution Facilities		Housing	Number of ablation facilities maintained	33	Maintenance of Temporary Housing and Ablution Facilities	200 facilities	Council	1200000	120 ablation facilities	121 ablation facilities	Yes		Invoices
		Infrastructure Development Service Delivery and Maintenance Management area		Housing - relocation of informal settlements 1000 beneficiaries		Housing	number of households	Various	Relocation of informal settlements	280	Council & DoHS	3000000	1000	0	No	No relocation funding approved and no housing available	N/A

ANNEXURE D: CAPITAL BUDGET GOOD GOVERNANCE AND MANAGEMENT CONTROL SERVICES

Community and Social Services	To contribute towards a safe and secure environment with special focus on children, youth, women and people with disability	Sustainable community service delivery provision management area	Public Safety, Enforcement and Disaster Management	Traffic - Organising and facilitation of road safety campaigns	Mr. Kwenza Khumalo/ Mr. S Raghunandan	Traffic	Number of campaigns	All	Road Safety Awareness Campaigns	N/A	KZN DoT		4 Campaigns	49 Campaigns	Exceeded	Increased request for road safety awareness	Quarterly Public Safety Reports - Balan Naidoo
	To promote and improve different disciplines of sport, art, culture and recreation to make the city a playing city	Sustainable community service delivery provision management area	Community services provision Management	Sports and recreation - organising and facilitating arts exhibitions	Mr. Kwenza Khumalo/ Dr J Dyer	Sports and recreation	Number of Exhibitions	27-all	Art Exhibitions	4 per year	Natal Arts Trust		3 exhibitions	9 exhibitions	exceeded	Available funding	Tatham Art Gallery Quarterly Calendar of Events - 'Outline'
	To improve basic living conditions and health well being of society with special focus on targeted groups including children, youth, women and people with disability	Sustainable community service delivery provision management area	Regional Community Services Provision Management	Health Services and Clinics - Increase the number of clinics distributing ARV medication by 2 more	Mr. Kwenza Khumalo/ Dr Nkosi	Health Services and Clinics	Reduce HIV Rate by increasing the number of clinics distributing the medication (2)	All	Provision of comprehensive primary health care to the community	2	CNL/Provincial	71,250.00	2 clinics	3 sites continue to provide ARV's as directed by Dept of Health. - (Willowfontain, Central City and Masons Clinic)	Partial	Department of Health have not provided the HR support nessesary to open more ARV clinics.	Unable to provide dicumentation
		Sustainable community service delivery provision management area		Health Services and Clinics - distribution ARV's to all pregnant mothers (100%)		Health Services and Clinics	Prevention of mother to child transmission of HIV -Aiming for 100% of all pregnant mother tested for HIV	All	Provision of comprehensive primary health care to the community	80%	CNL/Provincial	71,250.00	100%	75% (15 clinics out of 22) of clinics are offering ARV's to pregnant women.	partial	One day a week clinics are not offering ARV's due to concerns about lack of security.	Monthly statistics generated for District Health are available on request.
		Sustainable community service delivery provision management area		Health Services and Clinics - improve TB cure rate to 40%		Health Services and Clinics	Improve the cure rate aiming for 40% cure rate for TB	All	Provision of comprehensive primary health care to the community	35% 2007 - 2008 KZN	CNL/Provincial	71,250.00	40% cure rate	No cure rate statistics available for 2009 -2010 yet	Partial	Cure rate can only be calculated approximately 18 months after a quarter	Monthly statistics generated for District Health are available on request.
		Sustainable community service delivery provision management area		Health Services and Clinics - 100% supply fortified porridge to identified deserving beneficiaries (Clients on ARV's or TB medication)		Health Services and Clinics	Supply food staff to HIV, TB, Babies according to set criteria aiming 100%	All	Provision of comprehensive primary health care to the community	80%	CNL/Provincial	71,250.00	Ensure 100% of qualifying beneficiaries access fortified porridge.	100% of qualifying beneficiaries access fortified porridge.	Yes	No deviation	Delivery Notes
Financial Viability and Management	To manage the city finances efficiently through effective and realistic budgeting to ensure synergy between the capital and operating budget and revenue enhancement	Financial Management Area	Budget and treasury Management	Budget and Tariffs - review of the budget and tariff policy for 2011/2012, Policy changes to be approved by 31 May 2011	Mr. M Sahibdeen/ S Gwala	Budget and Tariffs		All	Function	Budget and tariff Policy not reviewed	Non	Nil	Budget and Tariffs - review of the budget and tariff policy for 2011/2012, Policy changes to be approved by 31 May 2011	Budget and Tariffs - review of the budget and tariff policy for 2011/2012, Policy changes approved by 31 May 2011	Yes		Council resolution - 29th April 2011
				Management accounts - design and implement management accounts functions.									Management accounts - design and implement management accounts functions.	Design completed and implementation commenced	Partial	No staff to implement fully	Management Accounting Documents
				Final approval of operational and capital budget									Final approval of operational and capital budget 2011/2012	Operational & Capital budget 2011/2012Approved on the 29th of April 2011	Yes		Council resolution - 29th April 2011
		Financial Management Area	Cash Management	Cash Management - Daily, weekly and monthly cash forecast reporting, reconciliations of all bank accounts including grants	Mr. M Sahibdeen	Positive cash balance	All	Function	Little cash backed funding	Non	Nil			Daily, weekly and monthly cash forecast- completed. Reconciliations completed.	Yes	N/A	Financial Services : MB Sahibdeen
		Financial Management Area	Expenditure Management	Payments - integrate scm and Payment Database ,	Mr. M Sahibdeen	Payments	Monthly report on creditors payments	All	Function	Huge outstanding creditors	Non	Nil	Comply fully with reporting	The current supplier database is already integrated with SCM database.	Yes		Release number to be provided by CFO
				Develop an expenditure containment strategy										Expenditure committee established as the major cost containment strategy	Yes		Expenditure Committee Schedules
		Financial Management Area	Supply Chain Management	Tenders - review the scm policy once a year	Mr. M Sahibdeen	Tenders	Review of SCM Policy	All	Function	Unprofessional contract management	Non	Nil	Comply fully with reporting	Current SCM policy amended & adopted by full Council.	Yes		Full Council resolution - SCM to provide date
		Financial Management Area	Supply Chain Management	Contract Management - train SCM staff on the Intenda system by January 2011	Mr. M Sahibdeen	Contract Management	Monthly report	All	Function	Limited skills in the use of the system	Non	Nil	Comply fully with reporting	Nil achieved	No	Training rescheduled for after completion of the Intenda system upgrade	N/A
		Financial Management Area		Inventory Management - ensure that we maintain a 20% reorder level of stock,	Mr. M Sahibdeen	Inventory Management	Report on stock and conduct unscheduled Audits	All	Function	Uncontrolled stock inventory holdings	Non	Nil	Comply fully with reporting	Reporting complied with fully	Yes	N/A	SCM files
				Implement proper store control and management									Comply fully with reporting	Proper store control and management implemented	Yes	N/A	Quarterly stock take reports & Annual reconciliation of stock counts
		Financial Management Area	Revenue Management	Credit control - review credit control policy once in a year	Mr. M Sahibdeen	Credit control	Report monthly on debtor	All	Function	High level of debtors	Non	Nil	Comply fully with reporting	Credit control policy reviewed - 29th April 2011	Yes	N/A	Council resolution - 29th April 2011
		Financial Management Area		Debt Collection - implementation of the credit control policy, debt listing on daily basis, review daily payments, analyzing the debtor age analysis daily ,	Mr. M Sahibdeen	Debt Collection	Monthly report and implementation of policies	All	Function	Poor recovery mechanisms	Non	Nil	Comply fully with reporting	Implementation of the credit control policy, debt listing on daily basis, review daily payments, analyzing the debtor age analysis daily	Yes	N/A	Council resolution - 29th April 2011 / Daily cash flow analysis

ANNEXURE D: CAPITAL BUDGET GOOD GOVERNANCE AND MANAGEMENT CONTROL SERVICES

		Financial Management Area	Financial Control and Cash Management	Reconciliation - do daily cash reconciliation and on monthly basis do all reconciliations	Mr. M Sahibdeen	Reconciliation	Improved Audit report	All	Function	Some of Dora funding not being allocated correctly	Non	Nil	Comply fully with reporting	Daily cash flow recons are done, Monthly recon of unspent grant investment is done - Jan to May 2011. June will be completed once AFS is completed	Yes	N/A	Financial Services : MB Sahibdeen
		Financial Management Area	Supply Chain Management	Contract Management - 100% compliance for efficient and effective management of all contracts in terms of scm procedure manual	Mr. M Sahibdeen	Contract Management	Appoint new contractors	All	Function	No contract management in place and thus open to misuse	Non	Nil	Appointment of new contractor based on sound SCM Policy	Unknown	Not Applicable	Target and KPI set by previous manager and not understood by current manager	N/A
		Financial Management Area	Revenue Management	Billing - Validation of meter readings achieve 100% readings monthly both bulk and sundry, review policies and ensure MPRA Compliance. Consolidate all billing 95% to be achieved by the end of June 2011	Mr. M Sahibdeen	Billing	Consolidate all billing	All	Function	No consolidation	Non	Nil	One billing system	(i) Validation of meter readings: achieved 100% readings monthly both bulk and sundry; (ii) reviewed policies and ensured MPRA Compliance. (iii) 95% of consolidated billing achieved by the end of June 2011	Yes		Monthly meter reading statistics / policies adopted - approved at FC 29th April 2011 / PROMIS income database
		Financial Management Area		Financial System Management- ensure that system administrators are trained and all the financial information is secured and reliable	Mr. M Sahibdeen	Financial System Management	Implementation of Financial controls	All	Function	No financial controls in place	Non	Nil	Procedure Manual	System administrators trained	Yes		Attendance register and workshop material - date to be provided by Lance
	To ensure the participation of all stakeholders in the decision making of the municipality and efficient functioning of ward committees, complying at all times with the provisions of the system act	Good Governance and Management Control Area	Council and committee support	Ward Committee Support as per below	Mr. Thokozani Maseko/M Jackson Plaatjies	Committee services		All	Ward committee Support/ Function of ward committee	-		2503200	As per below	As per below	As per below		As per below
	To ensure the participation of all stakeholders in the decision making of the municipality and efficient functioning of ward committees, complying at all times with the provisions of the system act	Good Governance and Management Control Area		Number of ward committee and community meetings held as per annual schedule of meetings		Committee services			Ward committee Support/ Function of ward committee	-	Council	5798277	1. ward committee=222 2. community= 148	1. ward committee=76 2. community= 54	Partial	Ward Councillors were not informed that they had to call a Ward Committee Meeting or Community Meeting per quarter; therefore, they can call meetings as and when they want too as long as they call meetings or there is a need for a meeting.	Ward Committee / Community Meeting Schedule - Invoices for hiring of Marquees/ Tables/Chairs / Ward Committee Stipend Schedule signed of and actioned by Pay Office
				Maintained Ward Offices as per daily and monthly schedule					Ward committee Support/ Function of ward committee	-	Council	refer above	148	ward offices maintained by ward assistants.	Partial	a service provider was meant to be appointed for the cleaning of ward offices but, due to financial constraints, this did not happen	nil
				Functional ward offices- stationary					Ward committee Support/ Function of ward committee		Council	refer above	666 000 (1 500 per ward per month)				
				Functional ward offices- ICT					Ward committee Support/ Function of ward committee		Council	refer above	250 000 (6 756.7 per ward)				
				Functional ward offices- Security					Ward committee Support/ Function of ward committee		Council	refer above	TBC (Awaiting report from security)	R3 111 035.76 (21 ward offices security provision x 12 months(security)	Yes		Abdul/Balan (security)
				Capacity Building- ward committees and Councillors					Ward committee Support/ Function of ward committee		Council	refer above	As required and in consultation with HRD	1 training session - Blessing to provide details	Yes	N/A	Blessing to provide
				Functional Full Council					Ward committee Support/ Function of ward committee		Council	refer above	As required for ad-hoc extended meetings of the Full Council	nil	Not Applicable	No financial provision	N/A
				Advertise Full Council meetings as per legislative requirements					Ward committee Support/ Function of ward committee		Council	refer above	12	0	No	No financial provision	Approved udtget 2010/ 2011
				Number of public participation meetings (izimbizo)					Ward committee Support/ Function of ward committee		Council	refer above	2	2	Yes		Izimbizo minutes and Attendance Registers

ANNEXURE D: CAPITAL BUDGET GOOD GOVERNANCE AND MANAGEMENT CONTROL SERVICES

To ensure alignment between National, Provincial, Local Government and public entities	Good Governance and Management Control Area	Economic Development and Planning	Integrated development and planning - Compilation of annual report and publish the report for public use	Mr. Thokozani Maseko/Mr. D Gengan	Integrated development and planning	1.Published Annual Report 2.Adopted Oversight Report	All	Annual Report	2009/2010 Annual Report.	Council	190000	To complete the annual report on time and submitted to Council within prescribed legislative timeframe; Make available to public.	Annual report completed on time and submitted to Council on the 26th of January 2011; Published on municipal website and advert placed in local media inviting public comment and advising members of the public that the annual report is available at the satellite offices of the municipality.	yes		Msunduzi Municipality Annual Report 2009/ 2010; Council Resolution dated 26 January 2011; www.msunduzi.gov.za; advert published in the Witness on
	Good Governance and Management Control Area		Service Delivery and budget Implementation Plan - Development and approved planning process for SDBIP, submitting the SDBIP , publish the SDBIP and ensure monthly monitoring of tasks		Service Delivery and budget Implementation Plan	Completed & Distributed SDBIP	All	SDBIP	2009/ 2010 SDBIP	Council	304000	1 SDBIP	2010/ 2011 SDBIP submitted to Council on 11 August 2010	Yes		2010/ 2011 SDBIP; Council Resolution dated 11 August 2010
	Good Governance and Management Control Area		Integrated development and planning - development and approved the idp process plan, progress report on IDP reviews, compliance report on monitoring and alignment of IDP and MTAS		Integrated development and planning	Oversight report	All	Oversight Report	2009/2010 Oversight Report	Council	50000	1 report	Oversight report submitted to Council on 30 March 2011	yes		Msunduzi Municipality Oversight Report 2009/ 2010; council Resolution 30 March 2011
To ensure compliance with relevant legislation and to promote high standards of professionalism , economic and efficient use of resources as well as accountability and transparency in delivery public service	Good Governance and Management Control Area	Human Resource Management	Performance Management - acquisition and implementation of the PMS System	Mr. Thokozani Maseko/Mrs. N Shandu	Performance Management	Electronic PMS System	All	PMS	Nil	Council	250000	Functional Electronic PMS	Excel-Based spreadsheet currently being used for quarterly monitoring of the SDBIP and CoGTA Data Sheets.	Partial	Unresolved organizational restructuring and unavailability of funding.	Quarterly SDBIP reports; Quarterly CoGTA Data Sheets.
	Good Governance and Management Control Area	Legal Services and legislative compliance	Corporate and Legal - structure the legal department and ensure efficient running of the department	Mr. Thokozani Maseko/Mr. W Cooper	Corporate and Legal	Ensure that the legal department has the head, and the department is running efficiently - this improved legal service	All	Function	Poor and unacceptable corporate legal service	Non	Nil	Appointment of Legal Head to give guidance to the legal department	An Executive: Legal Services and Legislative Compliance has been appointed and he reports to the Municipal Manager	Partial	Delay in the finalization of the structure.	Acting Executive Appointment Letter/s
	Good Governance and Management Control Area		By Laws - review and approval of by laws	Mr. Thokozani Maseko/Mr. W Cooper	By Laws	Approval of By laws	All	Function	Poor and unacceptable By Law Management	Non	Nil	Development ,approval and review of all bylaws in the following priority - Finance, Infrastructure, community services and the rest	General bylaws sent for translation 6 June 2011; Credit Control & Debt Collection Amendment Bylaws - Exco 12 May 2011; Bylaws relating to the Use & Discharge of Fireworks - referred to Portfolio Committee - 12 May 2011;Bylaws relating to Dogs&Cats-referred to Portfolio Committee - 12 May 2011; Waste Management Bylaws - submitted to Exco 14 April 2011 & sent for translation 24 May 2011;Indigent Policy Bylaws - submitted to Exco 12 May 2011; Electricity Bylaws in process of being drafted.	Partial	Drafting, publication and relevant procedural requirements for bylaw publication are an ongoing process.	Legal Unit Task Management System and Municipal Website.
	Good Governance and Management Control Area		Corporate and Legal - approved management policies and delegations	Mr. Thokozani Maseko/Mr. W Cooper	Corporate and Legal	Approved Delegation Management policy	All	Function	Poor Delegation Management	Non	Nil	Compiled a relevant and a compliant delegation management policy	Nil	No	Unresolved organizational restructuring	N/A
	Good Governance and Management Control Area		Policies Processes and procedures - approved policies and procedures	Mr. Thokozani Maseko/Mr. W Cooper	Policies Processes and procedures	Approved policies, procedures and processes	All	Function	Poor Policies, procedures and processes	Non	Nil	Development ,approval and review of all policies in the following priority - Finance, Infrastructure, community services and the rest	100% of all requests received for legal implications and compliance.	Yes		Electronic data base started for policies, Lease agreements, SLA's & opinions etc that are seen by Legal for comment, but no back up filing system available.
To create a knowledge based organizational in support of efficient and effective monitoring and evaluation, decision making, providing strategic direction and quality customer service delivery	Good Governance and Management Control Area	Human Resource Management	Performance Management - Develop and implement performance	Mr. Thokozani Maseko/Mrs. N Shandu	Performance Management	Developed and implemented Performance management	All	Function	Poor Management	Non	Nil	Implementation of performance management for section 57 employees, lev 3 and 4 managers and a draft framework for the rest of the staff	Non-Implementation of performance management for section 57 employees, lev 3 and 4 managers and a draft framework for the rest of the staff	No	Intervention & restructuring	N/A

ANNEXURE D: CAPITAL BUDGET GOOD GOVERNANCE AND MANAGEMENT CONTROL SERVICES

Institutional development and Transformation	Improve working conditions, safety and capacity of our workforce	Good Governance and Management Control Area		Labour Relations - Implementation of labour relation structures		Labour Relations	Improve on labour relations matters	All	Function	Poor relations	Non	Nil	Development of terms of reference	terms of reference not developed	No	Not properly constituted due to intervention & suspension of SAMWU SS Comm.	N/A
		Good Governance and Management Control Area		Recruitment and selection - Development of recruitment and selection strategy		Recruitment and selection	Developed recruitment and selection strategy	All	Function	Non-existent	Non	Nil	Approved recruitment and selection strategy	Draft recruitment and selection strategy	Partial		Draft recruitment and selection strategy
		Good Governance and Management Control Area		Occupational Health - implementation of upgraded occupational Health		Occupational Health	Implement upgraded occupational health	All	Function	Poor	Non	Nil	Reviews of the Infrastructure service structure	Gaps identified in terms of turnaround strategy	Partial	No Budget, Short staffed, staff, No EAP, No EAP or HIV Policies Approved	
	To create a knowledge based organizational in support of efficient and effective monitoring and evaluation, decision making, providing strategic direction and qualify customer service delivery	Good Governance and Management Control Area		Job Evaluation - implementation of Job evaluation system		Job Evaluation	Implemented job evaluation system	All	Function	Poor	Non	Nil	Implementation of Job Evaluation system	Job Evaluation system not implemented	No	Structure not finalised, and hence JDs not written	N/A
		Good Governance and Management Control Area		Training and development - Arrange training of staff and pay attention to critical business units like finance		Training and development	Training of staff	all	Function	Poor	Non	Nil	Provide training based on the skills requirement training plan	20 Interns Contracted. 20 students on learnership 232 Employees trained, 1146 Community Members trained.	Partial	All training has been put on hold due to budgetary constraints and waiting the approval of the structure	Training database
		Good Governance and Management Control Area		Recruitment and selection - ensure that the new staff meet the required level of qualification, experience and expertise, ensure that the current staff is trained and assisted to meet the required standards		Recruitment and selection	Recruit qualified Management and Train current staff	all	Function	Unqualified management	Non	Nil	Placement of key positions given priority to Sec 57 Managers, Finance managers, community services and the rest	Sec 57 (MM, DMM: ISF; CFO), Internal Audit Posts Advertised; 10 nursing staff appointed (priority posts).	Partial	Unresolved disciplinary cases; delay due to local government elections; Structure not yet finalised.	Adverts for MM, DMM: ISF & CFO & Internal audit; Personnel Advice Forms for 10 nursing staff.
		Good Governance and Management Control Area		Recruitment and selection		Recruitment and selection	Train and recruit skilled staff	all	Function	Some of the staff unskilled	Non	Nil	Placement and of key positions given priority to Sec 57 Managers, Finance managers, community services and the rest	Sec 57, Internal Audit Posts Advertised	Partial	Structure not yet finalised.	N/A
		Good Governance and Management Control Area		Performance Management		Performance Management	Implement performance management measure	all	Function	Management out of touch with issues	Non	Nil	Conduct quarterly reviews to measure performance of each manager	quarterly reviews to measure performance of each manager not conducted	No	Suspension of S57 Managers; Vacancies	Employees records of relevant managers; post establishment
		Good Governance and Management Control Area		Employee Relations - conduct ethical awareness campaign to ensure zero enrichment by staff and council		Employee Relations	Conduct ethical awareness campaign - to ensure zero enrichment by staff	all	Function	Some staff are unethically enriching themselves	Non	Nil	1 workshop for all staff and every time there is a new manager employed HR will conduct ethical conduct as part of induction	20 workshops conductedfor all staff and every time there is a new manager employed HR will conduct ethical conduct as part of induction	Yes	No Managers employed. Induction Manual reviewed with finalisation of structure.	Attendance Registers workshop documents/ package.
Local Economic Development	To promote and stimulate business investment, retention and expansion	Good Governance and Management Control Area	Economic Development and Planning	LEDM - marketing of commercial and industrial land for development 4	Mr. Thokozani Maseko/Mr. D Gengan	LEDM	Marketing of commercial and industrial land for development	Various	Advertising proposal calls for vacant land	None	No Funding	240000	6 properties	5 properties	Partial	additional legal comments awaited	Documents in source document folder- SDBIP Portfolio of Evidence- transfer documents and copies of adverts
		Good Governance and Management Control Area		LEDM - implementation of visitation programmes for local business to conduct a survey, review the business incentive policy		LEDM	Implementation of the visitation programme	Various	Visitation of local business to conduct a business survey	10	Non		100	6 businesses visited; survey not conducted; draft business incentive policy.	Partial	State of the municipality precluded implementing full scale visitation programme	Documents in source document folder- SDBIP Portfolio of Evidence- visitation programme
		Good Governance and Management Control Area		LEDM - Facilitation of economic development projects, by convening committee meetings		LEDM	Convening of facilitation committee meetings	Various	Facilitation of economic development projects	none	Non		12 meetings per annum	28 meetings conducted (12 DFC meetings, 8 CWP meetings, 8 food security meetings).	Exceeded		Documents in source document folder- SDBIP Portfolio of Evidence- agendas & minutes

ANNEXURE D: CAPITAL BUDGET GOOD GOVERNANCE AND MANAGEMENT CONTROL SERVICES

		Good Governance and Management Control Area		LEDM - identification of new Industrial park and determining the costs		LEDM	Identification of the new site and determination of cost	Various	New Industrial Park	None	Non		Site approved	Site identified	Partial	Lack of capacity	Documents in source document folder- SDBIP Portfolio of Evidence-Site diagram
	To stimulate economic growth through: job creation, promotion of BBBEE, development of SMME's, co-operatives and agricultural development.	Good Governance and Management Control Area		LEDM - Organizing and facilitate informal traders awareness campaigns, approved BEE policy		LEDM	Number of campaigns	All	Informal Traders Awareness Campaign	nil	to approach DEDT		5 campaigns	12 campaigns (5 SMME training programmes completed; - 7 programmes completed for informal traders)	Exceeded	nil	Documents in source document folder- SDBIP Portfolio of Evidence- programme details and attendance registers
													approved BEE policy	-Draft policy completed	Partial	Awaiting comments from Business Units	Documents in source document folder- SDBIP Portfolio of Evidence-Draft policy and request circulated to management.

ANNEXURE E: LEGISLATED KEY PERFORMANCE INDICATORS - DEPARTMENT OF COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS

DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS															
QUARTERLY CONSOLIDATED MUNICIPAL PERFORMANCE REPORT															
NAME OF MUNICIPALITY: MSUNDUZI						SELECT THE QUARTER:	1	2	3	4	FINANCIAL YEAR ENDED: 30 JUNE 2011				
						TICK THE APPLICABLE BOX:				✓					
IDP Inicator No.	Priority Area	National KPA	No.	Indicators	Unit of Measure/ Calculation	Annual			Quarterly		Blockages	Corrective Measures	Support needed in terms of unblocking	Source of Information	Comments
						Demand	Baseline	Backlog	Target	Progress Achieved					
	Access to Basic (or higher) Water	Basic Service Delivery and Infrastructure Development	1	Number of Households with access to basic (or higher) levels of water	No. of Households	152920	79796	73124	73124	219	Legal Parameters relating to takeover of Vulindlela. Financial constraints	"Takeover Policy" to be Ratified by EXCO	Intervention from Legal Advisors (at Msunduzi Municipality)	Executive Water and Sanitation (Acting)	
	Access to Free Basic Water		2	Number of households with access to free basic water	No. of Households	No Data Available	29211	No Data Aailable	No Data	29211	*Limited financial input. Municipal legislation needs to be initiated. *Application of the policy currently inadegaute.	*clarify the roles and responsibilities between the department and finance; *Identify households who qualify and implement Municipal policy initiatives	implementation of "Free Basic" services policy	Executive Water and Sanitation (Acting)	
	Access to Basic (or higher) Sanitation		3	Number of Households with access to basic (or higher) levels of sanitation	No. of Households	152920	55468	97452	97452	98	Limitations on Darvil Capacity	Review the Treatment Works Capabilities to handle increased sanitation volumes.	*Grant funding/ financing from National/ provincial/ other sectors	Executive Water and Sanitation (Acting)	
	Access to Free Basic Sanitation		4	Number of households with access to free basic sanitation	No. of Households	36446	29446	7000	7000	5124	Insufficient funding to renew contract for Service providers.	Contracts of service providers have recently been awarded (end March 2011)	Nil	Executive Water and Sanitation (Acting)	
	Access To basic (or higher) Electricity		5	Number of Households with access to basic (or higher) levels of electricity	No. of Households	143307	133607	9700	2800	752	Eskom area of supply; had ashortage of materials.	Has already been reolved by Eskom.	Nil	Executive: Electricity (Acting)	There is a need to align the target with the Eskom and Municipality financial years.
	Access to Free Basic Electricity		6	Number of households with access to free basic electricity	No. of Households	40 000	650	39 350	40 000	650	Slow implementation of Indigent Policy	Decentralisation of Service	Decision regarding Decentralisation.	Executive: Electricity (Acting)	Baseline based on Eskom area of supply only.
	Access to Basic (or higher) Refuse Removal and Solid Waste disposal		7	Number of Households with access to basic (or higher) refuse removal	No. of Households	108227	61950	46277	61950	61330	(1)Staff shortages (vacancies are not filled) (2)Vehicle Problems; (3)No organizational employee wellness programme/ function.	(1)Liaise with HR to fast track the filling of vacancies (2)Acquisition of new fleet in new financial year; (3) Liaise with HR to implement Employee Wellness Programme at waste.	Decision at a strategic level in terms of organizational employee wellness; provision in budget for acquisition of new fleet.	Executive: Waste Management (Acting)	
	Access to municipal roads		8	Kilometers of new municipal roads constructed	Kilometers	2232	1860	372	10.3	6	Slow contractor performance due to cash flow problems.	Measures currently in place to assist service provider.	Nil	Executive: Roads, Transport & Stormwater (Acting)	
	Human Settlements		9	No. of new houses constructed	No. of Households	56000	29000	27000	750	1084	Slow approval rate of DOHS	Regular project meetings to resolve blockages; regular High level meeting to prioritise Msunduzi for speedy project approval	High level meeting to prioritise Msunduzi for speedy project approval	Executive: Planning & Human Settlements	Infrastructure Investment Plan target of 2500 p/a
	Formalization of informal settlements		10	No. of households in informal settlements provided with Water	No. of Households	Unable to determine as service is responsive to demand.	10300	Unable to determine as service is responsive to demand.	Unable to determine as service is responsive to demand.	60	Nil	N/A	N/A	Executive Water and Sanitation (Acting)	
			11	No. of households in informal settlements provided with Sanitation	No. of Households	N/A	N/A	N/A	N/A	N/A				Municipality	
			12	No. of households in informal settlements provided with Electricity	No. of Households	68068	0	68068	68068	0	(1)No Budget; (2)Land not owned by Council	(1)Provison of budget in 2012/2013 financial year; (2)Acquisition of land by Council.	nil	Executive: Electricity (Acting)	
			13		No. of Disasters prevented	N/A	No Data	N/A	No Data	No Data	N/A	N/A	N/A	Executive: Disaster Management (Acting)	

ANNEXURE E: LEGISLATED KEY PERFORMANCE INDICATORS - DEPARTMENT OF COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS

	Disaster Management	Financial Viability and Financial Management	14	Number of disasters prevented, mitigated and preparedness	No. of Disasters mitigated	N/A	75	N/A	N/A	42	N/A	N/A	N/A	Executive: Disaster Management (Acting)	
			15		% Preparedness	N/A	100%	N/A	100%	100%	N/A	N/A	N/A	Executive: Disaster Management (Acting)	
			16		No. of interruptions (water services)	N/A	No Data	N/A	No Data	1725	N/A	N/A	N/A	Municipality	
					No. of interruptions (santiation services)	N/A	No Data	N/A	No Data	719	N/A	N/A	N/A	Municipality	
					No. of interruptions (electrical services)	N/A	8070	N/A	No Data	3217	N/A	N/A	N/A	Executive: Electricity (Acting)	
					No. of interruptions (refuse removal services)	N/A	3	N/A	N/A	N/A	N/A	N/A	N/A	Executive: Waste Management (Acting)	
	Repairs and maintenance		17		No. of Households affected by water interruptions	N/A	No Data	N/A	No Data	No Data				Municipality	
					No. of Households affected by santiation interruptions	N/A	No Data	N/A	No Data	No Data				Municipality	
					No. of Households affected by electrical interruptions	N/A	No Data	N/A	No Data	No Data				Executive: Electricity (Acting)	
					No. of Households affected by refuse removal interruptions	N/A	No Data	N/A	No Data	No Data				Municipality	
					No. of Households affected by refuse removal interruptions	N/A	No Data	N/A	No Data	No Data				Municipality	
	Revenue Management		18	Quarterly collection rate on billings	% Collection rate (Total receipts for services/ Total billings for services)	N/A	N/A	N/A	95%	84%	Lack of accurate billing information	Database cleanup	Grant Funding & Human Resources	Executive: Revenue Management (Acting) (T Schefermann) (Rev Man Stats)	
			19	Percentage growth in revenue collected by the municipality as a % of projected revenue target	% Growth in revenue collected (Actual revenue collected for this quarter/ Targeted revenue collection for this quarter) - (Actual revenue collected previous quarter/ Targeted revenue collected previous quarter) x 100%	N/A	N/A	N/A	25	20%	Lack of accurate billing information	Database cleanup	Grant Funding & Human Resources	Executive: Revenue Management (Acting) (D Reddy) (Rev Man Stats)	
			20	% of budgeted revenue for property rates collected (Implementation of the Municipal Property Rates Act, 2004 (Act no. 6 of 2004)	% Property rates collection (Total property rates received for the quarter/ Total property rates budgeted for the quarter) x 100	N/A	N/A	N/A	50	95%					
			21	Grants as a % of revenue received	% Achieved (Total grants received/ Total revenue received) x 100	N/A	N/A	N/A	50	31%	Lack of expenditure by business units	Implement proper project management		Executive: Budget (Acting, Mr. Sixtus Gwala)	
	Debt Management	22	R debtors outstanding as a % of revenue received for services	% Achieved (Total outstanding debtors/ Actual revenue received for services) x 100	N/A	N/A	N/A	60	179.15%	Lack of revenue collection	Revenue Enhancement	Human Resources	Executive: Revenue Management (Acting) (D Reddy) (Rev Man Stats)		
		23	% of debt over 90 days	% of debtors >90 days (Total outstanding debtors >90days/ Total outstanding debtors) x 100	N/A	N/A	N/A	20	88.17%	Lack of revenue collection	Revenue Enhancement	Human Resources	Executive: Revenue Management (Acting) (D Reddy) (Rev Man Stats)		
		24	Debtors collected as a % of money owed to the municipality	% Debtors collections (Actual revenue received for services/ Total outstanding debtors) x 100	N/A	N/A	N/A	95	55.82%	Lack of accurate billing information	Database cleanup	Grant Funding & Human Resources	Executive: Revenue Management (Acting) (D Reddy) (Rev Man Stats)		
		25	Debt coverage	Ratio ((Total operating revenue received) - (operating grants received)/ debt service payments due, including interest and capital)	N/A	N/A	N/A	100%	0.92 : 1.00	N/A	N/A	N/A	Executive: Financial Control & Cash Management (Acting) (R Padayachee)		

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			26	Cost coverage	Ratio <i>((All available cash at a particular time) + (Investments)/ Monthly fixed operating expenditure)</i>	N/A	N/A	N/A	No Data	1.07 : 1.00	Lack of revenue collection	Revenue Enhancement	Human Resources	Executive: Financial Control & Cash Management (Acting) (R Padayachee)	
	Expenditure Management		27	Quarterly operational expenditure as a % of planned expenditure	% Achieved <i>(Actual operational expenditure for this quarter/ Budgeted operational expenditure for this quarter) x 100</i>	100	N/A	N/A	100	76%	Cost containment			Executive: Budget (Acting, Mr. Sixtus Gwala)	
			28	Quarterly capital expenditure as a % of planned capital expenditure	% Achieved <i>(Actual capital expenditure for this quarter/ Budgeted capital expenditure for this quarter) x 100</i>	33	N/A	N/A	100	41%	Capital budget not cash backed			Executive: Budget (Acting, Mr. Sixtus Gwala)	
			29	% of operational budget spent on repairs and maintenance	% Achieved <i>(Total repairs and maintenance expenditure/ Total operational budget) x 100</i>	33	N/A	N/A	100	1%	Cost containment			Executive: Budget (Acting, Mr. Sixtus Gwala)	
			30	Quarterly repairs and maintenance expenditure	Rand value	65705625	N/A	N/A	25422898	R19 778 170	Cost containment			Executive: Budget (Acting, Mr. Sixtus Gwala)	
			31	MIG expenditure as a % of annual allocation	% Achieved <i>(Actual MIG expenditure for the quarter/ Annual allocation) x 100</i>	100	N/A	N/A	33	22, 87 %	Lack of expenditure by business units			Executive: Budget (Acting, Mr. Sixtus Gwala)	
			32	% of a municipality's capital budget actually spent on capital projects	% Spent <i>(Total spending on capital projects / Total capital budget) x 100</i>	100	N/A	N/A	50	19.91%	Capital budget not cash backed / Lack of expenditure by business units			Executive: Budget (Acting, Mr. Sixtus Gwala)	
			Unqualified audit	33	Annual Audit Opinion (2nd quarter only)	Qualified	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Municipality
	34	Unqualified		N/A		N/A	N/A	N/A	N/A				Executive: Financial Control & Cash Management (Acting) (R Padayachee)		
	35	Disclaimer		N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
	Integrated Development Planning	Municipal Transformation and Institutional Development	36	Timeous adoption of IDP	Yes	N/A	N/A	N/A	Yes	Yes				N/A	
			37		Date adopted	N/A	N/A	N/A	N/A	29-Jun-11				IDP Manager	
			38	Timeous adoption of Budget	Yes/No	N/A	N/A	N/A	N/A	Yes				N/A	
			39		Date adopted	N/A	N/A	N/A	N/A	29-Apr-11				N/A	
			40	Timeous adoption of SDBIP	Yes/No	N/A	N/A	N/A	N/A	No				N/A	
			41		Date adopted	N/A	N/A	N/A	N/A	TBC				N/A	
			42	Reliable and credible IDP	Yes	N/A	N/A	N/A	Yes	Yes				IDP Manager	Top Ten IDP in Province
	Administration	Financial Viability and Financial Management	43	Timeous submission of Annual Financial Statements	Yes/No	N/A	N/A	N/A	N/A	N/A				N/A	
			44	Date submitted	N/A	N/A	N/A	N/A	N/A				N/A		
			45	Timeous submission of Annual Report	Yes/No	N/A	N/A	N/A	N/A	N/A	N/A			Manager: Municipal Manager's Office (Ms. M Plaatjies)	
			46		Date submitted	N/A	N/A	N/A	N/A	N/A				Municipality	
		47	Updated and credible Asset Register	Yes	N/A	N/A	N/A	Yes	Yes	all accounting standards that were not complied with in the 9/10 financial have been resolved in the 10/11 financial year	N/A	N/A	Executive: Financial Control & Cash Management (Acting) (R Padayachee)	Monthly updating of Register	
		Municipal Transformation and Institutional Development	48	Functional OPMS	Yes/No	N/A	N/A	N/A	Yes	Yes				Manager: Municipal Manager's Office (Ms. M Plaatjies)	Partially
			Financial Viability and Financial Management	49	Updated and credible Indigent Register	Yes/No	N/A	N/A	N/A	Yes	Yes	Prepaid Electricity Meters	Reviewing billing to prepaid meter systems with a view to intergrate		Municipality
	50	Financial controls applied to ensure usage is monitored/ limited to Indigent Policy		Yes/No	N/A	N/A	N/A	Yes	Yes				Municipality		
			51	Functional Supply Chain Management system	Yes/No	N/A	N/A	N/A	Yes	Yes	training of SCM staff on Intenda	Rescheduled for 2011/2012 Financial year	N/A	Executive: SCM (Acting) DN Ndlovu	Partially

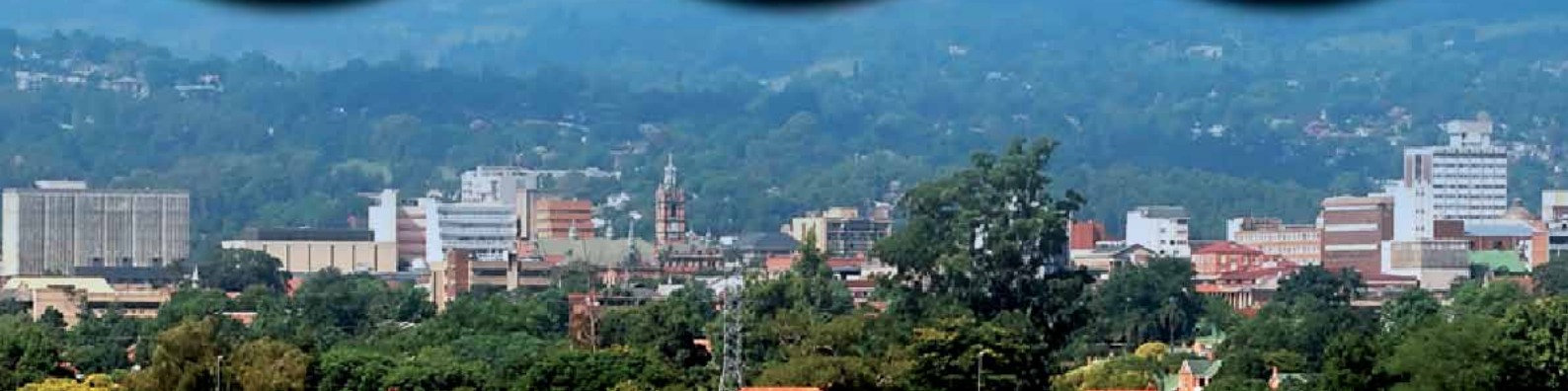
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	Reduced Corruption	Financial Viability and Financial Management	52	Anti-corruption strategy implemented by target date	Develop Policy,Awareness Workshop,Est Whistle Blowing hotline	Develop Policy,Awareness Workshop,Est Whistle Blowing hotline	Anti Fraud Corruption Policy	Est Whistle blowing hotline,Awareness Campaign	Nil	No	Available Budget,	2011/12 Budget to be used for Awarness & Hotline setup		Executive: Internal Audit (Acting) F. Cassimjee	The Anti fraud & corruption policy reviewed in 2010 - Next phase is awareness campaign ffg by establishing fraud hot line
			53		Date implemented	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Municipality	N/A
	Labour Relations	Municipal Transformation and Institutional Development	54	Percentage of critical posts filled	% of critical posts (Number of critical posts filled/ Total number of critical posts on the organogram) x 100	N/A	N/A	N/A	100	33%	Organisational Structure not approved; Lack of funds.	Approved Organisational Structure; provision of funds		Executive: HR (Acting) N Shandu	
			55	Percentage of critical posts with signed performance agreements	% of signed performance agreements (Total number of signed performance agreements for critical posts/ Total number of critical posts on the organogram) x 100	N/A	N/A	N/A	100	0%	Organisational Structure not approved. Non-Appointment of Section 57 Employees	Approved Organisational Structure; appointment of Section 57 Employees		Executive: HR (Acting) N Shandu	
			56	Acceptable level of functionality of Local Labour Forum	Yes/No	N/A	N/A	N/A	Yes	No	Lack of clear mandate for LLF under the Administration	Clear Mandate for LLF		Executive: HR (Acting) N Shandu	
			57		No. of meetings held	N/A	N/A	N/A	3	0				Municipality	
			58	Budget Spent on Workplace Skills Plan	% Spent (Actual amount spent on WSP/ Budgeted amount for WSP) x 100	N/A	N/A	N/A	100	34%	Limited and delayed Funding approved by intervention team	Approval and availability of Funds		Executive: HR (Acting) N Shandu	
			59	Number of people from employment equity target groups employed in the three highest levels of management	Municipal Manager	N/A	N/A	N/A	1	0	N/A	N/A	-	Municipality	Post currently vacant. Post advertised
					Woman	N/A	N/A	N/A	No data available	0				Municipality	
					Black	N/A	N/A	N/A	No data available	0				Municipality	
					Youth	N/A	N/A	N/A	No data available	0				Municipality	
					Disabled	N/A	N/A	N/A	No data available	0				Municipality	
					No. - S57 Managers	N/A	N/A	N/A	6	0	N/A	N/A		Municipality	4 Posts currently vacant. 3 Posts advertised
					Woman	N/A	N/A	N/A	No data available	0				Municipality	
					Black	N/A	N/A	N/A	No data available	0				Municipality	
					Youth	N/A	N/A	N/A	No data available	0				Municipality	
					Disabled	N/A	N/A	N/A	No data available	0				Municipality	
					No. - S56 Managers	N/A	N/A	N/A	5	0	N/A	N/A		Municipality	4 Posts currently vacant. 3 Posts advertised
					Woman	N/A	N/A	N/A	No Data	0				Municipality	
					Black	N/A	N/A	N/A	No Data	0				Municipality	
					Youth	N/A	N/A	N/A	No Data	0				Municipality	
					Disabled	N/A	N/A	N/A	No Data	0				Municipality	
			62	Number of suspensions in the three highest levels of management	No. - Municipal Manager	N/A	N/A	N/A	0	0				Municipality	
			63		No. - S57 Managers	N/A	N/A	N/A	0	0				Municipality	
			64		No. - S56 Managers	N/A	N/A	N/A	0	0				Municipality	
	Public Participation	Good Governance, Community Participation and Ward Committee Systems	65	% of functional Ward Committees	% Achieved (Number of functional Ward Committees/ Total Number of Ward Committees) x 100	N/A	N/A	N/A	100%	100				Speaker's Office: B Dlamini	
			66		No. of meetings	N/A	N/A	N/A	222	76				Speaker's Office: B Dlamini	
			67	Number of Ward Committee management meetings held and percentage attendance by members	% attendance achieved	N/A	N/A	N/A	100	80				Speaker's Office: B Dlamini	
			68	Number of community meetings held	No. of meetings	N/A	N/A	N/A	148	54				Speaker's Office: B Dlamini	
	Enabling environment for growth and development	Local Economic Development	69	No. of jobs created through Capital Works Plan	No. of jobs	N/A	N/A	N/A	No data available	1140				PMU - Mike Viljoen	Currently implementing a system that will generate the required data
			70	Number of Wards per municipality implementing the Capital Works Plan	No. of Wards	N/A	N/A	N/A	No Data	29				PMU - Mike Viljoen	Currently implementing a system that will generate the required data
			71	Number of Co-operatives established and still functional in Wards where CWP is implemented	No. of Co-operatives	N/A	N/A	N/A	No Data	No Data	N/A	N/A	N/A	Executive: Economic Development (Acting) D Gengan	N/A
			72	LED Strategy adopted	Yes/No	N/A	N/A	N/A	Yes	No	Lack of funding for appointment of Service Provider	budgetary provision has been made in the 2011/ 2012 budget		Executive: Economic Development (Acting) D Gengan	Draft available
			73		Date adopted	N/A	N/A	N/A	No Data	N/A				Executive: Economic Development (Acting) D Gengan	

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			74	LED Strategy and plans are aligned with PGDS	Yes/No	N/A	N/A	N/A	Yes	Yes, Draft is aligned				Executive: Economic Development (Acting) D Gengan	PGDS currently being revised with the new growth path and the finalized strategy will be aligned with this.
			75	Jobs created through the Municipality's LED activities	No of jobs	N/A	1000	N/A	1300	1345	N/A	N/A	N/A	Executive: Economic Development (Acting) D Gengan	Need to develop a system that will record all jobs created in all sections of the municipality
	INDICATORS:														
	REGULATED														
	Municipal Turnaround Strategy														
	NAME OF OFFICIAL:														
	SIGNATURE OF OFFICIAL:														
	DESIGNATION OF OFFICIAL:														
	DATE:														





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