

ANNUAL PERFORMANCE REPORT

2005 / 2006

MUNICIPAL YEAR



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CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1. FOREWORD

1.1.1. Review by the Mayor

The 2005/2006 financial year marked the end of the first term of the first ever uMhlathuze Council and it is heartening to see the growing confidence in our fledgling City. This is due largely to this Council having met its medium-term goals, particularly regarding the important issues of service delivery and strong financial controls.

In this regard the Institute for Local Government Management (ILGM) presented the City of uMhlathuze with a national Performance Excellence Award for 2006 in recognition of continued outstanding performance in the delivery of services.

This is not the only award we have received in recognition of our achievements. During the past year the Municipality was named one of the Top 300 Companies in the country in the category of Economic Growth and Job Creation, and received the Premier's Sport Award for Community Achievements in Sport Development and won the Local Municipality category of the KwaZulu-Natal Cleanest Town Competition. Our Clinic Services was runner up in the Zululand Chamber's Business Excellence Award in the category for Best Health and Welfare Organisation. The Department of Water Affairs and Forestry presented us with the Arbor City Award in recognition of our greening efforts.

Our most recent award was received from the Municipal Engineers' Association in recognition of the bridges that we built to serve our rural community and the positive impact that this has had on the people.

Our administration remains strong and focused, and we continue to set an example to other municipalities in this regard. Most importantly our financial controls have proved to be solid and dependable and Council has been successful in promoting a culture of payment by educating its customers about why they need to pay for services.

It is pleasing to note that we have managed to achieve balanced economic growth in the three important areas of industrial, residential and commercial activity. We look forward to the development of a regional shopping mall, to the positive impact of the Tata smelter, the Richards Bay Golf Estate as well as a number of smaller initiatives across the City.

Also encouraging is the considerable interest in housing and commercial developments in the Empangeni area such as the Honey Farm Eco-estate development, a 50-hectare housing development to the north-west of the town as well as a residential complex on a portion of the golf course and former tennis club.

Delays at provincial level continue to slow investment in our City, and this is of concern as these issues are beyond our control. Hopefully new legislation that imposes timelines on Environmental Impact Assessments will help alleviate this problem, and that outstanding planning matters will be resolved.

Our endeavours to persuade national government not to toll the John Ross Highway have resulted in a positive outcome whereby we will contribute in cash rather than suffer the imposition of a toll on this relatively short road.

The harbour, its efficiency and development, are essential to the City. This includes the future development of the dry dock, the container terminal and the passenger terminal. To encourage further investment in the City our harbour, a national asset, needs to grow to be able to trade, and no other South African harbour has such potential.

The establishment of the Industrial Development Zone has to date not been finalised, which can be attributed to cost implications in finalising the transaction with the various role players. I trust that the outstanding issues, needed to bring this matter to a conclusion, will be resolved within the year.

The results of the local government elections earlier in the year initially created some political upsets that I am pleased to report have been satisfactorily resolved. Despite the somewhat shaky start, the new Council never faltered in its service to the community and worked hard to administer the City and to remain focused. I would like to encourage the new Council to continue to build on the successful foundation that the current administration has laid and to contribute effectively to the people whom we serve.

Recent surveys show that our economy is robust and this has a positive effect on employment. We continue to do what we can about crime within our limited budget and scope of responsibility. The pressure on the South African Police Services to perform is enormous, and their task is not enviable in our society.

The City enjoys a close relationship with our colleagues who head up major industries in the area and Council appreciates their committed social and economic investment into the City. We look forward to continuing our strong relationship in the future.

Lastly, as always, I extend my sincere gratitude and thanks to those who have supported me as Mayor. My hope is that the City improves even further on our exemplary track record, so that we can continue to live up to your expectations.

Alderman Denny Moffatt

1.1.2. Message from the Chief Executive Officer (Municipal Manager)

Various reports emanating from both the government and non-governmental organisations indicate that the uMhlathuze Municipality continues to exhibit a high rate of economic growth and development. Business confidence in the area remains high with many larger and smaller projects being realised. These are healthy signs of a growing economy, which is considered a prerequisite for job creation and the upliftment of our less privileged citizens.

The uMhlathuze Municipality is well placed to support this growth and development with the provision of infrastructure and the delivery of services. The present construction of the largest substation ever built by the Municipality for the provision of power mainly to industrial users is a prime example.

We are also well supported by the Uthungulu District Municipality, the KZN Department of Economic Development and other organs of state to exploit the true potential of the area in a sustainable way. As a direct result our existing citizens and businesses can now expect a higher standard of living and improved levels of satisfaction.

One must, however, be realistic and realize that this potential and the partial realization thereof as our economy grows, also brings new challenges and responsibilities. The numbers of people migrating to our Municipality in search of job opportunities, improved services and a share in our economic prosperity are much higher than anticipated. This influx will no doubt present the Municipality with further challenges in terms of infrastructure and services.

A higher level of cross-subsidisation may well be required to meet our commitments. I wish to record my appreciation for the work by the business community of the City of uMhlathuze. This community is coming to the party by paying their rates and service charges on a regular basis. But beyond doing the right thing the business community also participates in programmes aimed at addressing the injustices of the past and, even better to exhibit a strong social development conscience. Unforced contributions by the business community to the social upliftment of our people has been nothing short of remarkable.

I wish to also acknowledge the dedication and efficiency of the councillors and staff of the Municipality in making our City a better place to live in. Without their support and contribution our achievements would be far less impressive. I trust that we will be further inspired to serve our community in an exemplary way.

DR A W HEYNEKE
CEO/CITY MANAGER

1.2. OVERVIEW OF THE MUNICIPALITY

1.2.1 Municipal Profile

The City of uMhlathuze was formed by amalgamating the Richards Bay and Empangeni municipalities, including Esikhawini, Ngwelezane, Nseleni, Vulindlela and the surrounding rural areas. Being combined into one Municipality and catering for a much larger region, there are obvious historic imbalances that require redressing. The demographic information as recorded during the 2001 national census is reflected as follows:

Key statistics on the uMhlathuze municipal area

Municipal Land area

Area	Km ²	%	Area	Km ²	%
<i>Richards Bay</i>	<i>289,9966</i>	<i>36,5</i>	<i>Nseleni</i>	<i>1,3325</i>	<i>0,2</i>
<i>Empangeni</i>	<i>28,9386</i>	<i>3,6</i>	<i>Felixton</i>	<i>2,7835</i>	<i>0,3</i>
<i>Esikhawini</i>	<i>6,2304</i>	<i>0,8</i>	<i>Vulindlela</i>	<i>0,8464</i>	<i>0,1</i>
<i>Ngwelezane</i>	<i>3,7001</i>	<i>0,5</i>			
<i>5 Tribal Authority areas, 21 rural settlements and 61 farms</i>				<i>462,1426</i>	<i>58,0</i>
<i>Total municipal land area:</i>				<i>795,9707</i>	<i>100,0</i>

Population groups

	<i>Richards Bay</i>	<i>Empangeni</i>	<i>Esikhawini</i>	<i>Nseleni</i>	<i>Other areas</i>	<i>Total</i>
<i>Black African</i>	17204	11583	62916	12475	152066	256244
<i>Coloured</i>	1811	409	62	25	259	2566
<i>Indian / Asian</i>	9081	919	16	0	62	10078
<i>White</i>	18944	8376	6	0	125	27451

The population distribution of the municipal area is a reflection of the national population distribution in South Africa.

Population density

<i>Suburb / area</i>	<i>Persons per km²</i>
<i>Felixton, farmland and forestry areas</i>	2 - 525
<i>Empangeni, Richards Bay (excluding Aquadene and Brackenham)</i>	526 - 1192
<i>Vulindlela, Brackenham and Aquadene</i>	1193 - 2084
<i>Ngwelezane</i>	2085 - 3989
<i>Nseleni urban, Nseleni rural and Esikhawini urban</i>	3899 - 6421
<i>Total average for entire municipal area</i>	372

Population growth

	<i>1996</i>	<i>2003</i>	<i>2008</i>	<i>2013</i>	<i>2018</i>	<i>2023</i>
<i>Population growth rate</i>		2,14%	1,44%	0,96%	0,58%	0,08%
<i>Municipal population</i>	196183	296339	318299	332617	346271	347658

Based on the severe impact of HIV/AIDS, a steady decline in the average annual compound population growth rate is expected over the next 20 years.

Dominant home language

<i>Home language</i>	<i>% of population</i>	<i>Home language</i>	<i>% of population</i>
<i>iSizulu</i>	85%	<i>Afrikaans</i>	5,4%
<i>English</i>	8,4%	<i>Other</i>	1,3%

Population distribution by age and gender

<i>Age</i>	<i>Female</i>	<i>Male</i>	<i>Population (N)</i>	<i>Population (%)</i>
<i>0 – 4 years</i>	16002	16002	32004	10,8
<i>5 – 14 years</i>	33190	32597	65787	22,2
<i>15 – 34 years</i>	62824	57786	120610	40,7
<i>35 – 64 years</i>	35560	34079	69639	23,5
<i>Over 65 years</i>	5334	2963	8297	2,8
<i>Total (N)</i>	152910	143427	296337	
<i>Total (%)</i>	51,6%	48,4%		

The population is also relatively young, with 33% being under the age of 15 years. The young population is indicative of future population growth and a high demand on social services. 64% of the population is between 15 years and 65 years of age – approximately 65% of the total population has to provide for the remaining 35%.

The population distribution by gender is fairly equal, although there are slightly more females than males. This could be attributed to migrant workers, who leave their wives and families behind in townships while they work at mines or farms outside the municipal area.

POPULATION OF THE CITY OF UMHLATHUZE (2003)

<i>Area</i>	<i>Suburb</i>	<i>Population (N)</i>	<i>Households (N)</i>
Richards Bay	<i>Sub-total</i>	<i>47400</i>	<i>12200</i>
	<i>Meerensee</i>	<i>7255</i>	<i>2973</i>
	<i>Mzingazi Village</i>	<i>3580</i>	<i>668</i>
	<i>Brackenham and Aquadene</i>	<i>9726</i>	<i>2469</i>
	<i>Arboretum, Veldenvlei, Wildenweide and Birdswood</i>	<i>22384</i>	<i>5337</i>
	<i>Mandlazini</i>	<i>4455</i>	<i>753</i>
Empangeni		<i>21408</i>	<i>5605</i>
Felixton		<i>1200</i>	<i>210</i>
Ngwelezane urban		<i>18000</i>	<i>unknown</i>
Esikhawini urban		<i>63000</i>	<i>5605</i>
Nseleni urban		<i>12500</i>	<i>1728</i>
Vulindlela		<i>5500</i>	
<i>Total urban areas</i>		<i>169008</i>	
Esikhawini rural nodes		<i>36497</i>	<i>9047</i>
Nseleni rural node		<i>18786</i>	<i>6065</i>
Ngwelezane rural nodes		<i>15895</i>	<i>3452</i>
Port Durnford		<i>3520</i>	<i>608</i>
Balance of rural and tribal areas		<i>51849</i>	<i>unknown</i>
Scattered farmland		<i>784</i>	<i>unknown</i>
<i>Total rural areas, tribal areas and farmland</i>		<i>127331*</i>	<i>unknown</i>
<i>Total City of uMhlathuze</i>		<i>296339</i>	<i>estimated 70031</i>
<i>Total number of registered voters in municipal area</i>		<i>119931</i>	
<i>Total District Council</i>		<i>924921</i>	
<i>Total Province of KwaZulu-Natal</i>		<i>9833767</i>	

Census 2001 estimates the rural population at 127331. Based on voting statistics this figure should be closer to 170 000 persons.

More than 40% of the residents in the municipal area reside in the non-urban (rural and tribal authority) areas outside Empangeni and Richards Bay, and is indicative of a densely populated rural area. More people reside in Richards Bay than Empangeni, although Richards Bay is a younger town, indicating that this town grew at a faster rate than Empangeni.

Level of education

<i>Highest Level of Education attained by over 20 year olds</i>	<i>Persons</i>	<i>%</i>
<i>No Schooling</i>	<i>30966</i>	<i>18,5</i>
<i>Some Schooling</i>	<i>22697</i>	<i>13,5</i>
<i>Complete primary</i>	<i>8171</i>	<i>4,9</i>
<i>Some Secondary</i>	<i>45147</i>	<i>26,9</i>
<i>Grade 12 / Standard 10</i>	<i>42261</i>	<i>25,2</i>
<i>Higher / Tertiary education</i>	<i>18208</i>	<i>10,9</i>
<i>Total (N)</i>	<i>167720</i>	

Close to 18% of the population over 20 years old has no form of formal education, which would make it difficult for these people to find employment in the secondary and tertiary sectors of the economy. Only 11% of over 20 year olds has a tertiary education and 25% has completed secondary school, indicating that education levels in the area are quite low

Type of dwelling

<i>Type of dwelling</i>	<i>% of total households</i>
<i>Formal</i>	<i>77</i>
<i>Informal</i>	<i>8</i>
<i>Zulu traditional</i>	<i>15</i>

Household size

<i>Suburb / area</i>	<i>Persons / household</i>
<i>Farmland</i>	<i>0,86 – 2,28</i>
<i>Felixton, Empangeni, Meerensee, Birdswood, Veldenvlei, and Vulindlela</i>	<i>2,29 – 3,71</i>
<i>Arboretum, Brackenham, Aquadene, Wildenweide, and Ngwelezane</i>	<i>3,72 – 4,79</i>
<i>Mzingazi Village, Mandlazini, Nseleni urban and Esikhawini urban</i>	<i>4,80 – 5,98</i>
<i>Nseleni rural, Esikhawini rural and tribal areas</i>	<i>5,99 – 7,47</i>

LABOUR MARKET STATUS (2001)

	<i>Richards Bay</i>	<i>Empangeni</i>	<i>Esikhawini</i>	<i>Other areas</i>	<i>Total</i>
<i>Economically active</i>					
<i>Employed</i>	<i>18666</i>	<i>9252</i>	<i>11082</i>	<i>28391</i>	<i>67391</i>
<i>Unemployed</i>	<i>3711</i>	<i>1218</i>	<i>6894</i>	<i>34242</i>	<i>46065</i>
<i>Unemployment rate</i>	<i>17%</i>	<i>12%</i>	<i>38%</i>	<i>55%</i>	<i>41%</i>
<i>Total Labour Force</i>	<i>22377</i>	<i>10470</i>	<i>17976</i>	<i>62633</i>	<i>113456</i>
<i>Not economically active*</i>	<i>9666</i>	<i>4587</i>	<i>10359</i>	<i>48251</i>	<i>72863</i>
<i>Total Labour Market</i>	<i>32043</i>	<i>15057</i>	<i>28335</i>	<i>110884</i>	<i>186319</i>

* Includes students, homemakers, the disabled, those too ill to work and anyone not seeking work.

Unemployment levels in the area are high in comparison to world standards. However, the unemployment levels relate to employment in the formal sector and does not reflect the true situation. For instance, economic activity in tribal areas such as production for own use, arts and crafts, and informal sales are generally disregarded and creates the impression that tribal folk are without a source of income and the means to survive from day to day. This is not the case as the quality of life experienced in tribal areas are preferred by many people provided that the amenities associated with urban areas such as water, electricity, schools and clinics, are available. There are still very few economic opportunities and formal employment in the former township areas.

FORMAL EMPLOYMENT BY ECONOMIC ACTIVITY (2001)

<i>Economic Activity</i>	<i>% of formal employment</i>	<i>Economic Activity</i>	<i>% of formal employment</i>
Manufacturing	24	Construction	8
Community Services	16	Transport	7
Trade	13	Households	6
Finance	10	Mining	5
Agriculture	9	Other	2

ECONOMIC PERFORMANCE

The local economy does not exist in isolation but forms an integral part of the international and national economies. The presence of a number of huge exporting and importing industries, notably Billiton's aluminium smelters, Richards Bay Minerals, Mondi Kraft, Foskor, Bell Equipment, Ticor, Richards Bay Coal Terminal, agricultural activity (sugar cane and timber) and the port of Richards Bay, means that the welfare of the region is influenced by international and national market movements.

88,6% of economic activity is vested in Richards Bay, Empangeni and Felixton.

The area is 3rd most important in the province of KwaZulu Natal in terms of economic production, contributes 7,6% of the total Gross Geographic Product and 5,5 % of total formal employment.

The provincial economy makes up 15% of the national economy.

GGP per capita in 2001 was R24 618. GGP per capita in urban areas forms 98,7% of the overall GGP for the area.

Between 1986 and 1995 the average annual economic growth rate for the Uthungulu region was 3,77% and was substantially higher than the province at 1,45% per annum and the national rate of 1,19% per annum.

In 2002, the growth rate was 3,0%.

Business

The population is served by 5 business districts with 20 shopping centres and a combined total of 195 227m² commercial floor space.

There are 4 847 businesses in the municipal area.

The area has 8 post offices, 27 bank branches, 35 government organisations and offices, 5 cinemas, 11 hotels and 64 registered bed and breakfast establishments / guesthouses.

Industrial floor space totals 476 131m².

Industrial output

<i>Industry</i>	<i>Products</i>	<i>Annual output (tonnes)</i>
<i>Bayside Aluminium</i>	<i>Primary Aluminium</i>	<i>180 000</i>
<i>Hillside Aluminium</i>	<i>Primary Aluminium</i>	<i>534 205</i>
<i>Mondi Kraft</i>	<i>Eucalyptus pulp and whitetop kraftliner</i>	<i>575 000</i>
<i>RBCT</i>	<i>Coal</i>	<i>68 310 000</i>
<i>Foskor</i>	<i>Phosphoric acid based products</i>	<i>3 000 000</i>
<i>Felixton Sugar Mill</i>	<i>Crushed sugar cane</i>	<i>2 175 081</i>
<i>Ticor</i>	<i>Titanium slag</i>	<i>250 000</i>

Sectoral Contribution to GGP in 2002

<i>Economic Activity</i>	<i>% contribution GGP</i>	<i>Economic Activity</i>	<i>% contribution GGP</i>
<i>Manufacturing</i>	<i>55</i>	<i>Construction</i>	<i>3</i>
<i>Community Services</i>	<i>10</i>	<i>Transport</i>	<i>9</i>
<i>Trade</i>	<i>9</i>	<i>Households</i>	<i>3</i>
<i>Finance</i>	<i>7</i>	<i>Mining</i>	<i>3</i>
<i>Agriculture</i>	<i>3</i>	<i>Electricity</i>	<i>1</i>

Traditional agriculture

Traditional farming and cultivation of crops are characterised by communal land ownership in predominantly tribal areas.

Food security crops are cultivated on approximately 20% of the arable tribal land. During winter vegetables are produced and during summer maize, beans, pumpkins and sweet potatoes, mainly under dry land conditions.

Approximately 80% of the arable tribal land is used for cattle and goat grazing. The major reason for keeping livestock is for cultural reasons and not for a profit motive. Farming activities are left in the hands of women, older men and in some cases children. Remittances sent home by migrant workers (mainly men) act as an economic cushion and militate against farming productivity and efficiency.

According to estimates provided by the Department of Agriculture's regional offices, 60% of rural households have access to rainfed arable land holdings. The majority (53%) have less than 1 hectare, 11% have between 1 and 2 hectares, 5,5% have between 2 and 3 hectares whilst only 3% have more than 3 hectares.

Formal agriculture

<i>Agricultural activity</i>	<i>Area in hectares</i>	<i>% of Total Agricultural Land</i>
<i>Grazing and mixed farming</i>	<i>496,3</i>	<i>0,12</i>
<i>Bananas</i>	<i>130,5</i>	<i>0,03</i>
<i>Fruit orchards</i>	<i>68,4</i>	<i>0,02</i>
<i>Sugarcane</i>	<i>340336,7</i>	<i>85,41</i>
<i>Other crops</i>	<i>693,2</i>	<i>0,17</i>
<i>Forestry</i>	<i>56749,5</i>	<i>14,24</i>
<i>Total agricultural land in municipal area</i>	<i>398474,6</i>	<i>100,0</i>

Sugar cane is by far the single most important field crop being produced, as it represents 85,41% of the cropped land of formal agricultural land. It is also the largest single agricultural activity in terms of land area used.

Banana growing covers an insignificant extent of the total agricultural land at 0,03%, but indications are that it is on the increase. Most of it is also under irrigation.

Man-made features

<i>Dams and Canals</i>	<i>189,1 ha</i>
<i>Harbour</i>	<i>2353,0 ha</i>

Natural features

<i>Lakes and Pans</i>	<i>28147,0 ha</i>	<i>Estuary</i>	<i>3912,5 ha</i>
<i>Rivers</i>	<i>771,7 ha</i>	<i>Foredune</i>	<i>142,8 ha</i>
<i>Shore</i>	<i>8,8 ha</i>		

Developed land

<i>Farm estates</i>	<i>477,3 ha</i>	<i>Rural and peri-urban settlements</i>	<i>1072782,6 ha</i>
<i>Infrastructure</i>	<i>43105,4 ha</i>	<i>Urban development</i>	<i>49944,2 ha</i>

Broad vegetation types

<i>Vegetation type</i>	<i>Area in hectares</i>	<i>Vegetation type</i>	<i>Area in hectares</i>
<i>Acacia Karroo vegetation</i>	<i>1424,4</i>	<i>Mangroves</i>	<i>3795,1</i>
<i>Alien vegetation</i>	<i>2102,1</i>	<i>Marsh vegetation</i>	<i>7755,2</i>
<i>Aquatic vegetation</i>	<i>87,4</i>	<i>Mudflats</i>	<i>807,2</i>
<i>Coastal Forest</i>	<i>1627,3</i>	<i>Riverine vegetation</i>	<i>1516,6</i>
<i>Cropland and sugarcane</i>	<i>341228,8</i>	<i>Savanna</i>	<i>713,9</i>
<i>Dry Forest</i>	<i>131,3</i>	<i>Shrubland</i>	<i>287,0</i>
<i>Dune Forest</i>	<i>7511,4</i>	<i>Swamp Forest</i>	<i>1489,9</i>
<i>Forestry</i>	<i>56749,5</i>	<i>Valley Bushveld</i>	<i>3112,8</i>
<i>Grassland</i>	<i>4674,2</i>	<i>Mangroves</i>	<i>3795,1</i>
<i>Hygrophilous Grassland</i>	<i>267,4</i>		

Energy sources

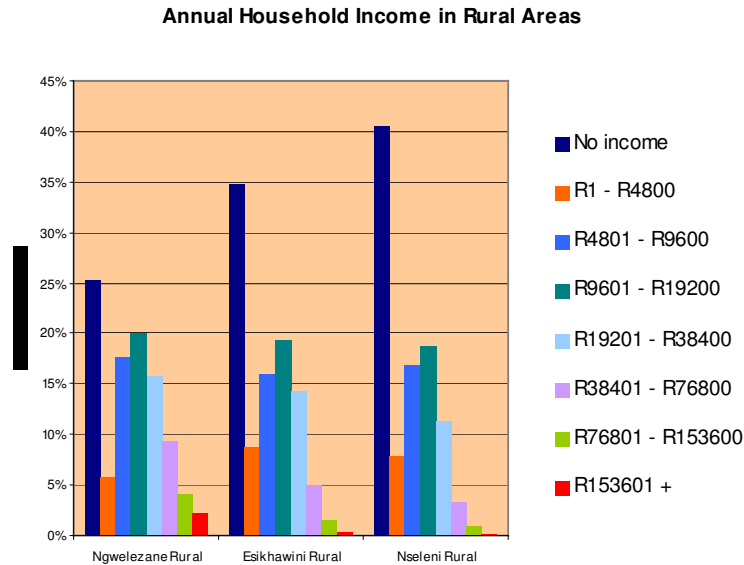
70,3% of all households use electricity as energy source for cooking and 86,0% use it as a lighting source. 18,9% of households uses gas or paraffin for cooking. Solar power is used by 0,3% of all households for cooking and lighting. 115 households have access to free basic electricity services. An average of 31 903 498 kilowatt electricity is used per day within the municipal area. 92,6% of the municipality's 28 231 electricity customers has prepaid meters.

Telecommunication

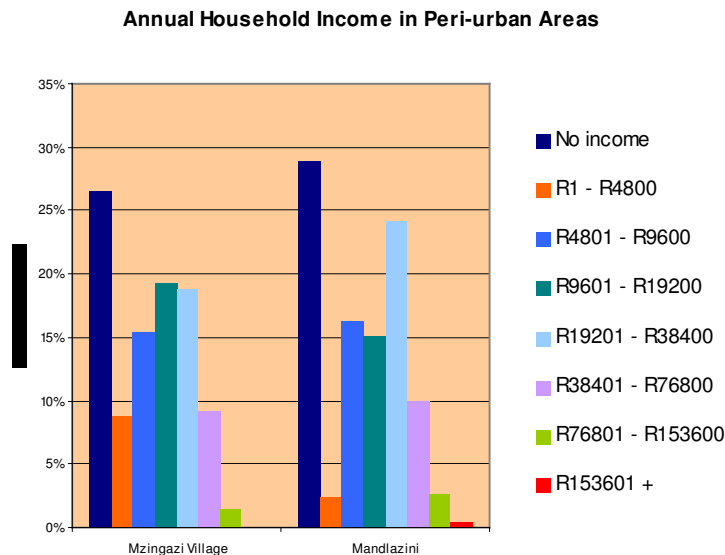
42,5% of all households has a normal telephone or cellular telephone in the dwelling. Only 4,4% of all households do not have access to a telephone near the dwelling.

HOUSEHOLD income

The comparison between annual household income is done according to typical rural, peri-urban and urban areas. Analysis of the overall average annual household income will be misleading as it is directly related to the geographical position and developmental level of a particular area.

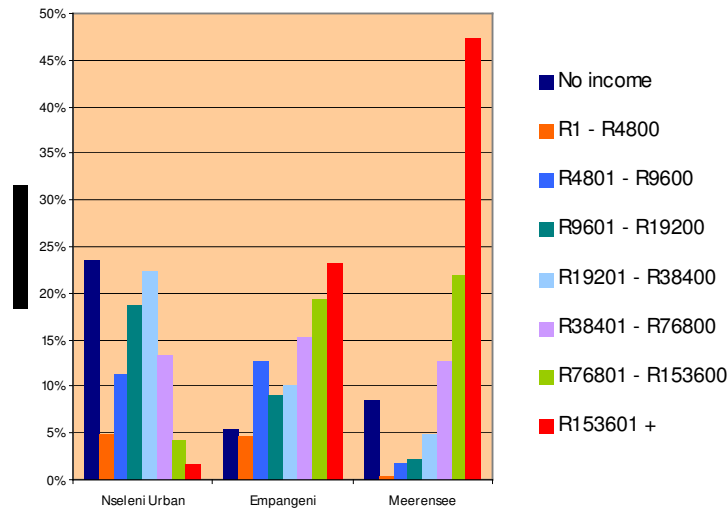


The above chart indicates that the annual household income in the Nseleni rural area is the lowest as over 40% of all households have no income. Close to 20% of households in the Ngwelezane, Esikhawini and Nseleni rural areas earn between R9601 and R19200 per annum.



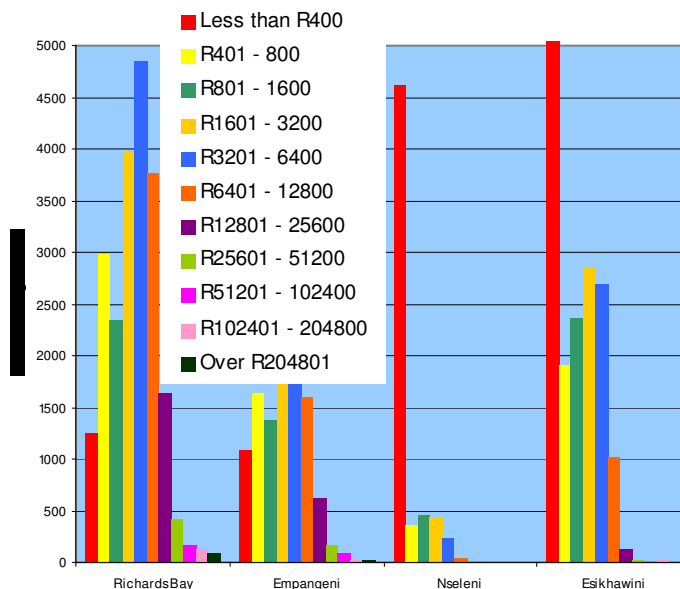
- 27% of households in Mzingazi Village and 29% of those in Mandlazini earn no income. A large portion of the households in these areas earn between R4801 and R38400 per annum.
- On average, the income distribution between households in Mzingazi Village and Mandlazini is similar between the R4801 and R76800 income brackets.

Annual Household Income in Urban Areas



- The comparison of annual household income between typical urban areas reveals that whereas 47% of households in Meerensee and 23% of households in Empangeni earn more than R153601 per annum, only 2% of households in Nseleni Urban earn this annual income.
- 23% of households in Nseleni Urban do not earn any income.
- Overall, annual household income is the highest in Meerensee, although some 8% of households in this area earn no annual income.

Individual Monthly Income in Typical Urban Areas



- The above chart indicates that individual monthly income is, on average, higher in Richards Bay than in Empangeni, Nseleni or Esikhawini.
- A large number of individuals in Nseleni and Esikhawini earn less than R400 per month.

Water and sewage

- 88,5% of households has access to running water; and 68,0% of households has piped water to the dwelling or inside the yard.
- The length of water pipes in the municipality adds up to 630 km in urban areas and 1295 km in rural areas. The reservoir capacities add up to 211,5 mega-litres.
- 13 724 mega-litres sewerage were purified in 2003; the length of sewer pipes in the municipal area adds up to 643 km.
- 46 054 of all households have access to free basic water services.
- 53.2% of all households have a flush or chemical toilet on the premises.
- There are 21 504 water meters for households, and 2 500 for businesses.

Waste removal

- There are 30 517 waste collection points for households and 1000 for businesses. The municipality collected 8384 loads of waste in 2003.
- 58% of the population has access to waste removal services; approximately 2 500 tons of waste is collected on a weekly basis. 47,6% of waste collected is domestic waste and 12,3% is garden waste.

Transport

- It is estimated that some 250 000 persons commute daily within the municipal area; close to 40 000 of these commuters are from outside the municipal boundary.
- The number of minibus taxis is estimated at 3900 and the number of buses at 130. During 2003, 23802 light passenger vehicles, 1527 motorcycles and 1805 minibuses were registered within the municipal area.
- There are 733 bus routes and 142 800 bus commuters.
- On average 400 freight trucks enter and exit the municipal area on a weekly basis.
- Spoornet provides a freight service of close to 750 trains per week, linking the city to Durban and Gauteng; there are 320 km of railway track.
- There are 128 km of tarred national roads and 850 km of tarred secondary roads in the municipal area. 529 km of tarred roads and streets are maintained by the municipality.
- The Port of Richards Bay consists of 2 157 hectares of land and 1 495 hectares of water area.
- Distance to closest international airports: Maputo (Mozambique) – 465 km and Durban (South Africa) – 180 km.

ALTITUDE AND COORIDINATES

- Richards Bay is situated at latitude 28°48' OS and longitude 32°06' OE
- Average altitude above sea level: Richards Bay – 20m, Empangeni – 69m, Felixton – 92m, Esikhawini – 39m and Nseleni – 29m.

Tourism statistics for the province

- 45,8% of land arrival tourists visited the province for holiday purposes, 21,9% for shopping and 6,5% for business.
- The air arrival market primarily visited the following destinations: Durban 72%, Drakensberg 43%, Zululand/Maputaland 31%, Pietermaritzburg/Midlands 37%, North Coast 23%, and Battlefields 8%.
- 70,4% of the air arrival market engaged in game viewing in a nature reserve whilst in the province, and 75,8% of this market engaged in beach activities such as surfing, sunbathing and swimming.

Sport and community facilities

	Cricket	Hockey	Basketball	Netball	Volleyball	Tennis	Softball	Athletics	Soccer	Rugby	Korfball	Squash	Jukskei	Swimming	Bowls	golf	skate
Richards Bay:														1 o			
Central Sports Complex	1 f	2 f	1 f	8 f	4 f		2	1 f	5 f	2							
Veldenvlei Sports Complex						4 f					4 f	3 f	5 f				
Richards Bay Country Club						4 f								1	2	1	
Fabricius Park	1 f									2 f							
Brackenham			1						1								
Aquadene			1 f			1 f											
Esikhawini J1-Section:			1	1	2			1 f									
Esikhawini H2-Section:			1	1 f	2			1 f									
Vulindlela:			1 f		1			1									
Nseleni:			2					2 f									
Ngwelezane:	1		2	1		2		3	1								
Empangeni:														1 o			
Erico Park								2									1
Addison Park	1	2															
Mick Kelly Park									2 f			2					
Empangeni Country Club												3			2	1	
Port Durnford:								1 f									

Key: 1 = number of fields or courts, f = floodlights, o = Olympic size

- There are 809 sport clubs in the municipal area, with amongst others specific facilities for equestrian sport, polocrosse, aerolites, angling, yachting, paddling, and radio flyers.
- Within the municipal area there are 4 hospitals and 23 health clinics, 4 cemeteries, 6 public libraries, 15 community halls, 102 schools, and 3 tertiary educational institutions including a university.
- There are 1,7 police officers per 1000 persons of the population, 5 police stations and 4 law courts.

Climate

- An idyllic subtropical, maritime climate prevails almost throughout the year at the coast, seldom lower than 12° or 14°C in winter and reaching 32 - 35°C during summer months. Summers are hot and humid, and experience majority of annual rainfall, while winters are warm and dry with occasional frost in interior.
- Average daily temperature in summer is 28°C and 22°C in winter.
- Winter sunshine averages almost 7 hours a day, some of the highest in the country. Humidity levels can be high in certain parts. Bathers can enjoy sunshine and beaches throughout year.
- The long term average annual rainfall for the Richards Bay area is approximately 1 200mm decreasing to approximately 1 000mm inland towards Empangeni with most of the rainfall occurring between January and May.
- The area has experienced two periods of prolonged drought (1981-1983) and (1992-1994) in the last 30 years, and has been subjected to the destruction of extreme floods generated by the cyclones Demoina and Mboa in 1984 followed by flood disasters in 1987 and 2000.
- Prevailing winds are north-easterly and south-westerly.

Port of Richards Bay

- Richards Bay has the country's largest exporting port, handling more than half of all cargo passing through South African ports. The port occupies 2157 ha of land area and 1495 ha of water area at present making it the largest port in the country in terms of area, with the potential of increasing both as required making it potentially one of the largest ports worldwide.
- There are currently 21 berths in service including those at the privately operated Richards Bay Coal Terminal, but excluding the dredger and tug berths.
- The largest ship handled in the port so far was the 372,201DWT Brazilian Pride, which had a length of 363.7m, a beam of 63.4m and a maximum draught of 21.8m. The largest shipment of coal was lifted onto the 206,258DWT bulk carrier Ocean Vanguard.
- In 2002 the Port handled a total of 1673 ships, consisting of 1570 ocean going, 102 coasters and one miscellaneous. The port handled a total of 90675995 tonnes of cargo, of which 85697436 tonnes were exports.
- The Dry Bulk Terminal handles some 12 million tonnes of cargo annually. Current range of commodities handled include:

Exports:

Andalusite, Chrome, Copper Concentrate, Ferro Fines, Fertiliser, Rock Phosphate, Rutile, Titanium Slag, Vanadium Slag, Vermiculite, Woodchips, and Zircon

Imports :

Alumina, Coking Coal, Fertiliser products, Metallurgical Coke, Petcoke, Rock Phosphate, Salt, and Sulphur

- The Multi-Purpose Terminal has an annual cargo throughput of 5,6 million tonnes. Commodities handled include Ferro alloys, Granite, Pig Iron, Containers, Steel, Pitch Coke, Aluminium, Loose Bulk, Scrap Steel, Forest Products, Project Cargo and General.

1.2.2 Service Delivery Challenges

The key challenges faced by the City of uMhlathuze are:

- Community upliftment and empowerment of rural areas.
- Economic development and attraction of investment – focused in specific nodes to benefit the entire area.
- Maintenance of development standards in urban areas.

1.2.3 Summary of Development Objectives

The Development Strategies and associated Goals for the uMhlathuze Municipality is set out below:

Development Strategy 1: Sustainable Environment

<u>Aim:</u>	To improve physical and functional integration within the City of Umhlathuze, whilst protecting the City's natural resources and assets through effective Environmental Management, in order to improve access to opportunities.
<u>Goals:</u>	<ul style="list-style-type: none">• Establish a Hierarchy of Nodes throughout the City of uMhlathuze• Formalise Emerging Urban Settlements• Promote a Diversity of Land Uses, Activities and Opportunities• Improve Public Transport• Promote the Status of the City of uMhlathuze to become a Metropolitan Area• Improve liaison, communication and consultation with all stakeholders and roleplayers in order to facilitate effective and efficient provision of infrastructure, services and facilities

Development Strategy 2: Sustainable Infrastructure & Services Provision

<u>Aim:</u>	To maintain existing and provide new infrastructure and services, in a sustainable manner.
<u>Goals:</u>	<ul style="list-style-type: none">• Provision and Upgrading of Basic Infrastructure to address Backlogs• Timeous provision of new infrastructure to attract development• Maintenance of Infrastructure to maintain and enhance Service Levels

Development Strategy 3: Social & Economic Development

<u>Aim:</u>	To create opportunities through economic growth and development within the City of uMhlathuze and to promote social and economic upliftment of its communities, in order to achieve a safe, secure and healthy environment.
<u>Goals:</u>	<ul style="list-style-type: none">• Enhance the Tourism Potential of the City of uMhlathuze• Promote Local Economic Development Initiatives• Promote Primary Industrial Development• Create a Safe and Secure Environment• Improve Access to Social Facilities and Infrastructure for Rural Communities and disadvantaged Groups, particularly Women, Children and the Elderly• Promote a variety of Housing Typologies and Densities to provide for all Demand Categories

Development Strategy 4: Organisational Development

Aim:	To ensure democratic, responsible, sustainable and equitable governance, as well as efficient and effective service delivery
Goals:	<ul style="list-style-type: none">• Maintain and improve the Institutional Capacity of the uMhlathuze Municipality• Ensure continuous Organisational Analysis and Improvement in efficiency and effectiveness

Development Strategy 5: Sound Financial Management

Aim:	To ensure a healthy municipal revenue base that is aligned with the IDP, in order to ensure efficient, effective and sustainable service delivery and meeting the needs of the City's inhabitants
Goals:	<ul style="list-style-type: none">• Ensure that Financial Planning, Budgeting & Expenditure aligns with the IDP• Increase the Municipal Revenue Base

1.2.4 Vision and Mission

The vision for the City of uMhlathuze is as follows:

“The City of uMhlathuze, as a port city, will offer improved quality of life for all its citizens through sustainable development. It will be a renowned centre for trade, tourism and nature-lovers, coastal recreation, commerce, industry, forestry and agriculture.”

The uMhlathuze Municipality has set the following mission for itself:

“We aspire to develop uMhlathuze as the industrial, commercial and administrative center within the natural beauty of the region, providing a range of efficient municipal services thereby ensuring economic development, dynamic investment growth and the improvement of the quality of life for all.”

1.2.5 Goals and Priorities

The following are considered as key issues to be addressed by the Spatial Development Framework:

- ❖ Distorted urban form and structure – scattered location of settlements and population concentrations;
- ❖ Poor accessibility to social and economic activities for rural communities;
- ❖ Dependency on the regional nodes with no clear nodal hierarchy or settlement hierarchy;
- ❖ Emerging urban settlements with an informal settlement pattern and high population concentrations;
- ❖ Protection of the mobility function of the movement network;
- ❖ Protection of sensitive environmental areas;
- ❖ Promoting connectivity and access;
- ❖ Promotion of industrial and commercial potential; and
- ❖ Promotion of tourism and recreational potential.

The key community priorities (as contained in previous versions of the IDP) are shown in relation to those identified during the 2006/2007 public participation process in the following table.

Key Community Priorities (as reflected in previous versions of the IDP)	Key Issues (2006/2007)																
	Rural							Urban									
	Eng service provision	Access	Economic Development	Agriculture	Community Facilities	Health and Education	Housing	Maintenance of Infrastructure	Economic Development and Training	Housing	Road upgrades and maintenance	Safety and Security	Public Transport Facilities	Employment Creation	Social Welfare	Community Facilities	Accessing Land for Development
Addressing poverty, particularly in rural areas as well as Ngwelezane, Esikhaweni, Nseleni and Vulindlela																	
Service backlogs in rural areas																	
Support of all stakeholders, particularly the Traditional Authorities																	
Pressure on social and community services resulting from backlogs in rural areas. These backlogs specifically affect vulnerable groups – women, children and the elderly																	
Increasing population densities in rural areas around urban settlements																	
Demand for affordable housing																	
Distorted spatial structure																	
Need to create a balance between growth, development, expansion and new infrastructure as opposed to upgrading and maintenance of existing infrastructure																	
Balance between development and conservation of the environment																	
Optimizing the tourism potential of the area, to the benefit of urban and rural communities																	
Safety and security are essential to attract tourism and investment																	

Key Community Priorities (as reflected in previous versions of the IDP)	Key Issues (2006/2007)																
	Rural							Urban									
	Eng service provision	Access	Economic Development	Agriculture	Community Facilities	Health and Education	Housing	Maintenance of Infrastructure	Economic Development and Training	Housing	Road upgrades and maintenance	Safety and Security	Public Transport Facilities	Employment Creation	Social Welfare	Community Facilities	Accessing Land for Development
Improving public transport and making optimal use of the existing transport network																	
Extension of the Metropolitan Open Space System to the entire municipal area to protect sensitive areas																	
Land reform																	
Creating and maintaining institutional capacity to ensure effective and efficient service delivery																	

1.2.6 Planned Strategic Outcomes

The following is a list of the planned strategic outcomes as a result of the IDP:

- Promote sub-regional and district nodes
- Prepare development framework plans for the emerging urban settlements
- Extend the metropolitan open space system
- Formulate and implement a coastal management plan and programme
- Formulate and implement a tourism plan
- Provide basic infrastructure
- Formulation of a uniform land use management system for the City of uMhlathuze
- Formulation of a social development plan
- Implementation of an HIV/AIDS awareness and prevention campaign
- Formulate and implement a local economic development strategy
- Stimulate and attract investment
- Land reform and security of tenure
- Formulate a housing strategy for the City of uMhlathuze
- Management of cemeteries
- Solid waste management
- Improve public transport
- Improve safety and security in the City of uMhlathuze
- Implement measures to monitor and improve air quality and monitor land and freshwater resources
- Promotion of biodiversity
- Locate satellite offices in sub-regional and district nodes

- Increase the revenue base
- Establish communication networks to promote the metropolitan status
- Market the City of uMhlathuze and promote the metropolitan status
- Augment the institutional capacity of the municipality
- Implement performance management measures
- Promotion of a hierarchy of nodes
- Promotion of a strong movement network
- Protection of the metropolitan space system and coastal management zone
- Promotion of compact urban form
- Promotion of a diversity of land uses
- Areas of intervention and projects
- Revision of the spatial development framework

1.2.7 Financial Health

The City of uMhlathuze is currently not experiencing financial distress. The City has had no imbalances between revenue and expenditure over a number of fiscal years. The City of uMhlathuze reflects a good current cash and investment position and has been meeting its debt obligations.

The City of uMhlathuze has a fully-fledged Credit Control Section. Its responsibility is to effect proper debt management for the whole City. The Credit Control Section is proud to report that a payment percentage of **99.59%** was achieved during 2006.

The financial statements and annual report information deals with the detailed financial viability.

1.2.8 External and Internal Challenges

A series of public participation sessions have taken place during the preparation of the IDP since the first report was submitted during 2002. These sessions have taken place in the form of Public Information Meetings as well as Representative Forum Meetings. Throughout the process it was emphasized that the IDP process should not raise unrealistic expectations and that it be realistic and focused. It was further noted that not all the aspects raised as needs are the Municipality's responsibility in terms of direct delivery. Many of the social aspects, particularly health, education and welfare are provincial mandates and the Municipality could only play a facilitating role in the delivery of such services.

From a Situational Analysis and public participation sessions, it was affirmed during 2005/2006 that the communities residing in the rural areas have a lower income and are more severely affected by aspects such as poverty and deprivation, than the urban communities. Community upliftment and empowerment programmes should therefore be focused on the rural areas. Economic development, attraction of investment and maintenance of development standards in the urban areas remain essential to ensure the overall growth and development of the City of uMhlathuze.

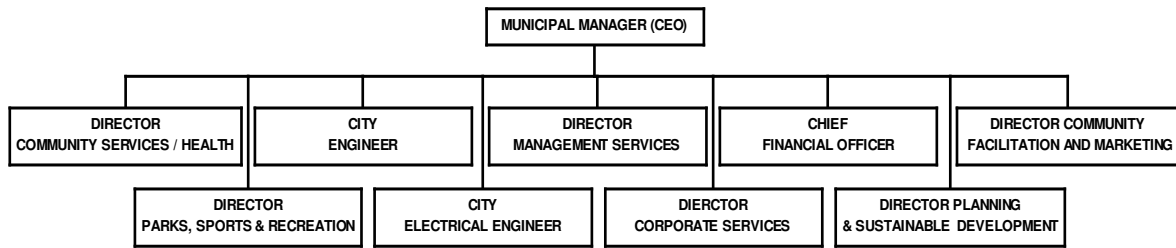
Given the above, the following key challenges faced by the IDP remain:

- ❖ Community upliftment and empowerment of rural areas.
- ❖ Economic development and attraction of investment that is focused in specific nodes to benefit the entire area.
- ❖ Maintenance of development standards in urban areas.

CHAPTER 2: HUMAN RESOURCES

2.1 Municipal Structure

The following diagram indicates the existing nine department functional structure.



The following table contains the core functions and key performance areas for the nine different departments:

DEPARTMENT	CORE FUNCTION	KEY PERFORMANCE AREAS
Director: Community Facilitation & Marketing	To Ensure The Rendering Of Effective And Efficient Community Facilitation And Marketing Services	Render marketing services
		Manage public relation matters
		Manage housing
		Ensure public participation
Director: Community Services And Health	To Ensure The Rendering Of Effective And Efficient Community and Health Services	Render health services
		Render cleansing services
		Render environmental health services
		Render traffic and licensing services
		Render fire and emergency services
Director: Planning and Sustainable Development	To Ensure The Rendering Of Effective And Efficient Integrated Development Planning	Render security and community policing services
		Ensure and maintain regular strategic planning
		Ensure the execution of integrated development planning
		Coordinate corporate business planning
		Manage effective town planning
Director: Management Services	To Ensure Effective And Efficient Management Advisory Services	Ensure appropriate building control
		Render human resource management services
		Render management information systems
Director: Parks, Sport And Recreation	To Ensure Effective And Efficient Horticultural And Recreational Services	Render corporate database system
		Render horticultural services
		Render recreational services
City Electrical Engineer	To Ensure Effective And Efficient Rendering Of Electrical Services	Provide affordable electricity
		Develop and maintain services related to the supply of electricity
		Render an internal fleet management service
City Engineer	To Ensure Effective And Efficient Rendering Of Civil Engineering Services	Build and maintain civil engineering support services related to water, sewerage, roads, storm water and municipal buildings and structures
		Develop and manage civil engineering support services
Director Corporate Services	To Ensure an Effective And Efficient Administrative Support Service	Administer matters related to estates
		Render services related to trade licensing
		Render diverse administrative services
		Render legal support services
Chief Financial Officer	To Ensure An Effective And Efficient Management Of Financial Matters	Manage the revenue collection process
		Manage municipal expenditure
		Ensure effective financial planning
		Coordinate internal audit

2.2 Employment Equity

The Employment Equity Plan for the City of uMhlathuze was reviewed and approved on 26 August 2003 by Council Resolution 1875. The progress report on the Employment Equity as at 30 June 2005 is attached as Appendix C.

2.3 Skills Development

The Skills Development Plan was submitted to the Local Government and Water SETA on 1 Jul 2002. The progress on Skills Development as at 30 June 2005 is also reported on in the Employment Equity Report to the Director-General: Department of Labour. (Appendix C).

CHAPTER 3: MUNICIPAL PERFORMANCE

3.1 Transformation and Institutional Development

The City of uMhlathuze was constituted from the former entities (refer to the Former Entities Plan for the jurisdictional area of these entities):

- Empangeni Transitional Local Council;
- Richards Bay Transitional Local Council;
- Sections of the uThungulu Regional Council.

These entities were constituted in 1995, after the first democratic national elections in 1994 and local government elections in 1995. Prior to the 2000 local government elections, it was decided to reduce the number of local authorities in South Africa and a new municipal demarcation was undertaken. This resulted in the amalgamation of the former Empangeni and Richards Bay local authorities as well as sections of the former uThungulu Regional Council area that surrounded these towns.

The uMhlathuze Municipality was established at the end of 2000 and consists of 30 wards with 60 Councillors. The Executive Committee of the uMhlathuze Municipality resolved on 21 August 2001 to adopt city status for the area of jurisdiction, by changing the name to the City of uMhlathuze.

The uMhlathuze Municipality has its main office in Richards Bay. It was however decided to retain some services at Empangeni to ensure that such services are available close to the people. The smaller service units in decentralised locations have also been kept, for the same reason.

There are offices in the following locations:

- Richards Bay (Main office)
- Empangeni (Office)
- Ngwelezane
- Vulindlela
- Nseleni
- Esikhawini

The organisational structure of the uMhlathuze Municipality is depicted on the organisational chart (see paragraph 2.1). The current administration was created through the merging of the former Empangeni and Richards Bay Local Council's. The organisational chart reflects the main entities and their functions within the administration, rather than specific hierarchies.

3.1.1 Framework, Systems and Policies

Delegations

The Council approved the bulk of the municipality's delegations on 28 August 2001. Since then the document has been augmented by further delegations as and when required but all delegations are consolidated into a single document ready for inspection. Substantial delegation by the Council to the Executive Committee and further to officials of the Council ensures that all decisions are taken expeditiously with the minimum of delays.

A very wide range of policy decisions guides the various delegates in the exercise of the powers delegated to them. In many instances report backs are required in order to control consistency and transparency for those affected by decision making.

Rationalisation of By-Laws

The rationalisation of by-laws has been completed. A list of by-laws is available for inspection. As new by-laws were developed the previously existing by-laws of Richards Bay and Empangeni were consolidated into the new by-laws. The old by-laws were repealed at the same time.

Performance Management System

The performance management framework was adopted by the uMhlathuze Municipality on 28 May 2002. A copy of the framework and the supporting documentation is available for inspection. The annual performance measurement on the 2005/2006 is completed and the external auditing is done.

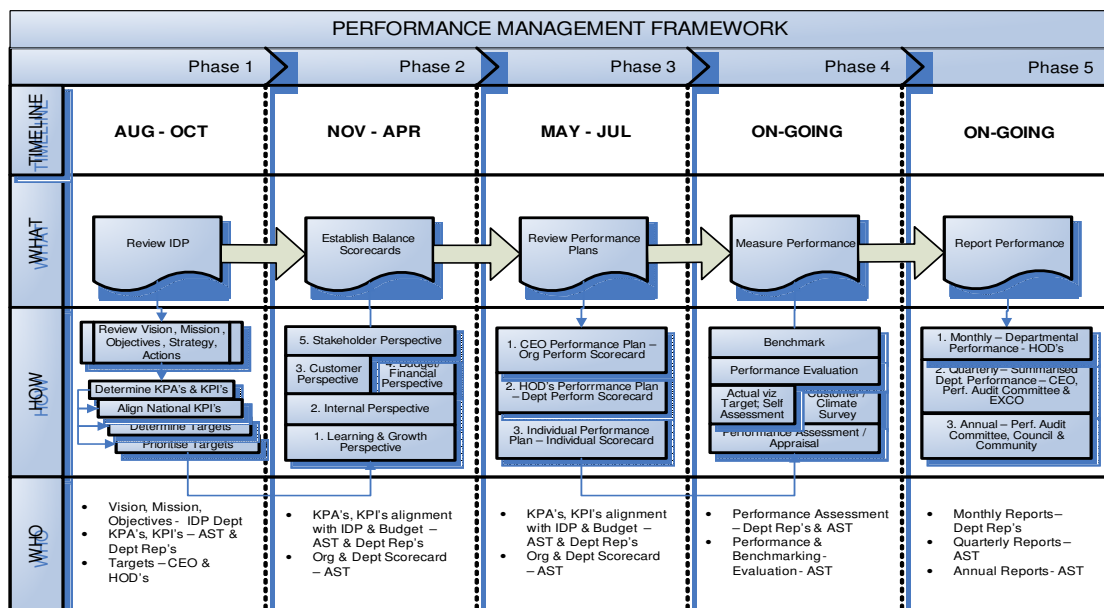
The Performance Audit Committee members are:

- Mr. H Oosthuizen – Chairperson from the company Botha and Associates
- Dr J Sibeko – (from Unizul)
- Clr.AZ Mngayi.
- Ald DJB Moffatt (Mayor and Observer)
- Clr J L Van Zyl (Observer)

A Customer Satisfaction Survey for 2005/2006 was conducted during March/April 2006 and the results were communicated to the Performance Audit Committee on 14 August 2006. The comprehensive analysis report is attached as Appendix B

Key performance indicators have been developed in support of the municipality's development priorities and objectives set out in the IDP. Measurable performance targets with regard to each of these development priorities and objectives were established. A process to ensure regular reporting is in place and is fed back to the Council via the Performance Audit Committee. Individual performance agreements were signed with the City Manager and Heads of Departments for the new financial year. These agreements are fully implemented and aligned with the Service Delivery and Budget Implementation Plan as required in terms of the Municipal Finance Management Act.

The following diagram illustrates the performance management framework developed for the City of uMhlathuze for performance measurement and reporting, adhering to the procedures suggested by the Best Practice Guide for Municipal Organizational Performance Management in KwaZulu Natal Province:



Performance Management Framework

The process to measure, monitor/ track and report performance has been computerised during 2005/2006 since the manual process became too complex and time consuming for completion within the required timeframes. The computerised performance management system will be fully implemented and operational during 2006/2007 financial year.

Local Economic Development

The uMhlathuze Municipality in partnership with the uThungulu District Municipality and the Gijima KZN LED Support Programme is currently reviewing the uMhlathuze LED Strategy and aligning it with the uThungulu LED Framework Plan. The revised LED Strategy will be presented to Council for its approval at the end of 2006. The updated six key focus areas are the following:

Manufacturing - Clustering for Economic Growth

- Conduct a SMME Clustering Process;
- Build a Competitive Supplier & Service Base;
- Review the Regulatory Environment.

Critical Infrastructure and Services

- Construct Container Handling Facilities;
- Construct a 500 MW Power Station;
- Develop a mechanism to resolve harbour use conflicts;
- Integrated Transportation Plan;
- Address Land Constraints.

Soft infrastructure for Competitive Advantage

- Establish a Strategic Partnership for LED among key role players;
- Establish a Technical Training Centre;
- Establish a "Shannon Model" knowledge network;
- Register uMhlathuze Municipality as an Urban Biosphere Reserve;
- Install CCTV system for crime control;

Jobs from Tourism

- Resource the uMhlathuze Tourism Association to implement the Strategic Tourism Development Plan;
- Develop and implement a tourism marketing strategy;
- Attain Blue Flag Beach Status for Alkant Strand;
- Visitor Information and Signage;
- Tourism bursaries and Training;
- Establish a SA Host Partnership.

Creating Jobs through Agriculture

- Partnership for Agricultural Development;
- Establish a fresh Produce Market System;
- Identify & promote small scale cash crops;
- Improve access to support services;

Strengthening the Local Stake in Commerce

- “Buy Local” campaign;
- Opportunities for locals in new developments;
- Distribution hub feasibility study;
- Graded and regulated informal markets.

Credit Control Policy

A credit control policy for the uMhlathuze Municipality was accepted on 12 June 2001 and implemented on 1 July 2001. A copy of the policy is available for inspection. Subsequently the Municipality also adopted Credit Management By-laws on 11 July 2002, which are also available for inspection.

Integration of Plans and Budgets

The municipal financial plan or budget was reconciled with its Integrated Development Plan for the financial year starting on 1 July 2005, resulting in an outcomes based budget for the 2005/2006 financial year.

Participative Corporate Governance

There are a multitude of forums where individuals or organisations can convey their needs and their opinions to the municipality. Without attempting to deal with all the opportunities the following are given as examples:

- The IDP forum
- Public meetings
- Council and Committee meetings
- Community talking boxes
- Ward committee meetings
- Consultative sessions with traditional authorities
- Consultative sessions with community organisations

Policy Directives, By-Laws and Regulations

Extensive policy determination has taken place since the inception of the uMhlathuze Municipality. A list of all policy directives is available for inspection. This has resulted in what can be called a highly orderly institutional environment. Policymaking and by-law creation continue as the need therefore arises.

Internal and External Audit Systems

The Municipality's external auditors are Deloitte & Touche and the internal auditor functions are performed by PriceWaterhouseCoopers. Monthly meetings with the internal auditors deal with deviations and planning of further internal auditing functions. An Audit Committee consisting of Councillors and the auditors is operational since January 2001.

Information Systems

uMhlathuze has at its disposal a highly evolved and sophisticated computerised information system. Its software programmes fully capacitate the municipality's employees and political leaders to deal with the demands of a modern developing community, yet is also user friendly, presenting the information drawn from the system in a manner that the less literate members of the community can easily understand. Regular training sessions ensure that staff are kept abreast of new developments in the field and use the expensive equipment to the municipality's best advantage.

Disclosure Practices

The bulk of actions requiring public participation are subject to notices in the press inviting contributions. These notices are well known in the local press and residents are aware of the opportunities created in this way. The Council complies in full with the requirements of the Access to Information Act. The Council's manual in compliance with the Act is available for inspection.

3.1.2 Effectiveness of Municipal Transformation

The municipal transformation history since adoption of the amalgamation plan for the former Empangeni and Richards Bay local authorities in 2001 is depicted in Appendix A, Table 1.

3.1.3 Leadership provided by Administrators and Politicians

The interaction between employees, management and council is good, judging from the following:

Labour harmony

The municipality has not lost any man-hours due to work stoppages.

Formal interaction between Council and its employees

Council allows time off for its union shop stewards to –

- meet with fellow shop stewards
- union members mass meetings
- attendance of union activities

This is in terms of a collective agreement reached with the trade unions. Regular discussion meetings also take place between management and union representatives regarding matters of mutual concern. The City Manager follows an open door policy and regularly meets with union representatives to deal with labour issues.

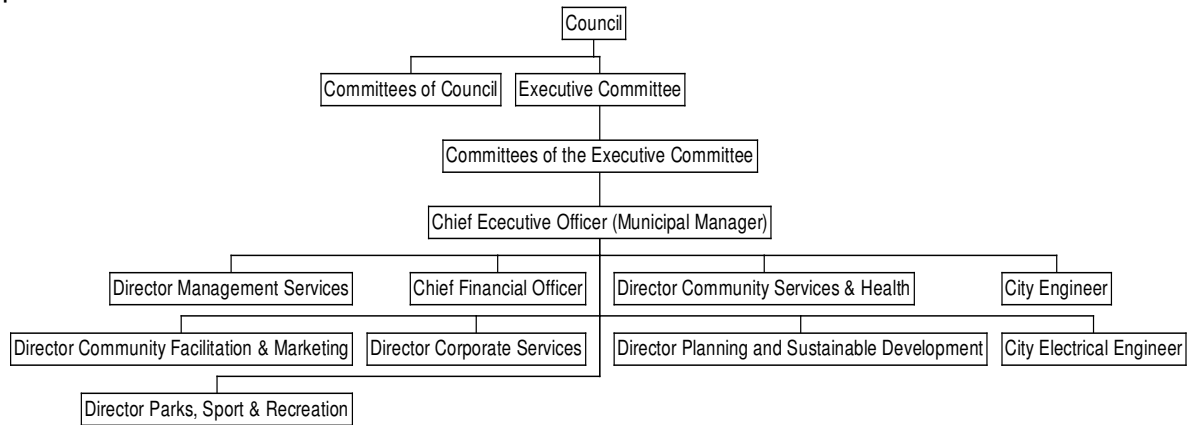
The committee system of the municipality ensures that all Councillors participate in the affairs of several committees. These arrangements compel Councillors to become informed about the problems experienced by management on different issues. Regular discussions take place to clarify uncertainties on reports, prior to meetings leading to further interaction with the management.

Invitations to Councillors serving on the Local Labour Forum to attend personnel interviews are extended on a regular basis and experience has shown that Councillors make use of this opportunity.

Interference in the administration by Councillors is non-existent. Councillors are clear on what their rights are and use their experience and knowledge of local government to deal with the issues that require their attention. Officials respect Councillors and accept that they make the final decisions, as democracy requires.

Councillors agree on the best course of action in 99% of all issues. The members of the Executive Committee are highly capacitated and skilled and they support the policies of the council without fail. Our success rate in collecting such a high percentage of our debts is ample proof of the support and consistency of the uMhlathuze Councillors.

The following diagram represents the leadership provided by administrators and politicians:



Progress on Transformation and Institutional Development - Refer to (Appendix A, table 1)

3.2 Performance and Developmental Priorities

3.2.1 Review of Past Performance by Directorates

OFFICE OF THE DIRECTOR CORPORATE SERVICES

Main responsibilities are:

- Diverse Administration
- Legal Services
- Property Management

Diverse Administration

- Committee Section (Secretariat)
- Central Registry
- Management of Security, Cleaning and outsourced services
- Libraries (6 in total)
- Community Halls (13 in total)
- Typing Pool

During the year under review the study areas at the Empangeni and the Brackenham libraries were extended. The Empangeni Library extension was financed with major funding from the KZN Provincial Library Service and the extension at Brackenham was financed by the City Council.

The six libraries are served by 35 staff members, 12 of whom are fully qualified and with most of the remaining staff having good library experience. Of the eight new staff members who were appointed in the past year, four are qualified librarians.

Council Secretariat

Sadly September 2005 saw the passing away of Councillor Arthur Pierce who served this Council with great enthusiasm from the early days of the Local Government Negotiating Forum in 1995. His insight and empathy for the poorest of the poor will always remain as valuable reminders to councillors currently serving the community.

The Local Government Election on 1 March 2006 changed the composition of the uMhlathuze Council. Sixty councillors (some new, some old) took office representing various political parties (IFP, ANC, DA, NADECO, ACDP and the VP). On 13 and 15 March 2006 the Council elected Alderman DJB Moffatt as Mayor, Councillor CQ Madlopha as Deputy Mayor and Councillor EF Mbatha as Speaker. The Executive Committee was also established with seats being apportioned as follows: 5 ANC, 4 IFP and 1 DA.

A number of Council meetings have since taken place and the Portfolio Committee System was re-established to include participation by all councillors.

The Supply Chain Management committees

(Specification, Evaluation and Adjudication) dealing with tenders, contracts and bids have proven their mettle insofar as ensuring complete compliance with the requirements of the Municipal Finance Management Act. In fact for the periods under review (July 2005 to June 2006) these committees have held a monumental 97 meetings.

Numerous portfolio committee meetings, ad hoc and joint committee meetings, internal management and information technology meetings as well as all Executive Committee and Council meetings totaled 359 for the year under review. Council ultimately passed 850 resolutions. Bearing in mind that all these reports were first considered by the relevant portfolio committees, then submitted to the Executive Committee for either a resolution in terms of their delegated powers or as recommendations to Council, these reports were well and truly debated and decisions taken with the best interests of the community at heart.

A great deal of administrative assistance is also rendered to Councillors with regard to the issuing of testimonials, Pension Fund administration, correspondence and similar matters. The Secretary to the Mayor handles the heavy workload of the Mayor as well as arranges all travel, accommodation and registration requirements for councillors attending conferences and workshops on behalf of Council. During the year under review, flights to attend workshops at various destinations in the country numbered 41.

Over and above its function of performing duties as Council's Secretariat, the officials have rendered assistance to many outside organisations including SALGA, KWANALOGA, government departments, other local authorities as well as Uthungulu District Municipality who often use the auditorium and other Council facilities for their

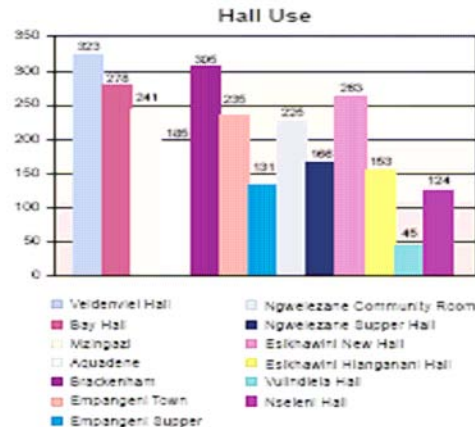
meetings and workshops. Assistance is also rendered inter-departmentally with the compilation of presentations as well as setting up and guiding the various processes.

Administration of sub offices and halls

The following improvements were done to enhance the appearance of the halls and make them more user friendlier and appealing:

- The carpet floor tiles at Hlanganani Hall Boardroom were replaced with vinyl floor tiles.
- Curtains were installed at Vulindlela Hall to help prevent the sun from coming into the halls.
- Nseleni Hall was supplied with a new stove to complete the task of ensuring that every hall has this appliance.
- Vulindlela and Brackenham halls were fenced to improve the security for all hirers.
- Twenty steel folding tables were purchased to replace the worn out tables at Nseleni hall.

Most of the halls are extremely popular and booked most weekends:



Legal Services

- Legal support services
- Trade licensing
- Tenders

Contracts worth millions of rands continue to be concluded by Council and it is incumbent on the Legal Services Section to oversee these to ensure that Council's interests are adequately safeguarded. This section played a major role in negotiations and the signing of the following agreements:

- The cemetery agreement whereby uMhlathuze Municipality will manage the new regional cemetery in Empangeni on behalf of the uThungulu District Municipality.
- The land sale agreement with Tata Steel.

Council is updated on a continual basis of the implications of new legislation as and when it is introduced by Parliament. Reports are submitted to Council on those statutes, which are due to be processed so that where applicable Council's views can be expressed to the National and Provincial Authorities.

All of Council's bylaws were reviewed in the 2005/2006 year to ensure that they comply with the laws and policies of Government. The Funeral Undertakers bylaws were amended to make them more relevant and the following new bylaws were adopted:

- Bylaws for Bed and Breakfast and Guest House Facilities
- Environmental Health Bylaws.

Other bylaws in the process of being amended, following the review process, are the Nuisance Bylaws, Outdoor Advertising Bylaws, Solid Waste Bylaws and Discharge of Fireworks Bylaws.

Property Administration

The Property Administration Section continued to deal with a wide range of issues that support the escalating growth and development of the City. Municipal services have been installed in the area between Veldenvlei and the Central Business District.

A total of 27 new general residential (flat) sites as well as three Civic Zoned sites have been created and will be advertised for sale by public tender. Two large public open spaces in Birdswood are also in the process of being rezoned with a view to creating 50 new residential erven.

In order to provide the need for smaller general industrial erven ($\pm 3\ 000\ m^2$) some 50 erven situated west of the new Tata Steel site in Alton North are being serviced. The demand for smaller general industrial erven has recently resulted in the purchase of a number of larger erven ($\pm 3\ ha$) in Alton by private parties with a view to creating smaller sites for sale to the public.

The involvement of private residential township developers is a growing trend. Private land owners (i.e. of sugar cane farms adjoining Richards Bay and Empangeni) have responded by preparing draft layout plans of residential developments. Although various legal and administrative processes still have to be finalised, the indications are that in excess of 2 000 new residential erven will be created in due course that will be available for sale to the public.

Following the landmark development of the Esikhawini Shopping Centre on Erf J2293, Council resolved to make two adjacent erven namely J2294 and J2295 available for sale by public tender. The establishment of a modern integrated shopping centre is envisaged that will also incorporate various entertainment components.

Council has approved the concept of a similar modern shopping complex in Nseleni. However, a number of privately owned portions of land would first have to be acquired. These, together with Council-owned land, would form a sufficient portion of land on which to establish the development. A tender notice in this regard will appear in due course.

Progress is also being made with the preparation of general residential Erf 4709 Empangeni, situated next to the golf course, for alienation and development. Approvals have been obtained to finalise the exhumation of graves and reburial at the Richards Bay Cemetery. It is envisaged that the erf will be available for sale early in 2007.

The sale agreement in respect of Pionierhof has been finalised and the new owners are to sell the individual units in due course. The owners also plan to develop a further block of similar units.

An agreement has also been concluded regarding the sale of the footprint area of the commercial building on the Richards Bay Taxi Rank. The take over of the adjacent bus and taxi ranks by Council is in process and the upgrading and maintenance of the facilities will be attended to.

Applications for the purchase of portions of public open space located between residential erven are received on a regular basis and stems from safety concerns of adjacent owners. In cases where municipal services are not affected, such portions can be sold at market related prices for consolidation with an adjacent erf.

A variety of lease agreements are administered and reflect the growing awareness of residents to take control of areas to improve security and productivity of the areas. A total of 166 public open spaces are leased.

Agricultural activities are operated by various community co-operatives on nine portions of land. A total of 190 leases have also been concluded for use by sports clubs and arts and craft centres.

Good progress is also being made with planning to create some 350 new residential erven on the Remainder of Reserve 4, near the Richards Bay Airport. The agreements with the Sabokwe Community to relocate the spirits of their ancestors have been finalised and the way has therefore been cleared for the commencement of this exciting project.

The important and convenient service that is provided by suburban shopping centres is highlighted by the imminent extension of the Essenwood Way Centre at Arboretum. A portion of adjacent open land has been set aside for sale to the owner to enable the extension of existing parking and upgrading of the centre.

On the southern end of the Central Business District in Richards Bay, an exciting new shopping centre, to be developed by Keystone Investments, will take shape as soon as the legal planning requirements have been met.

The area behind the Richards Bay Checkers Centre, previously known as Palm Plaza, is being upgraded to a modern and safe shopping centre. Basement parking is being excavated and will be covered by the December holiday season to enable pedestrian movement across the area. The previous pedestrian movement will be incorporated into the new centre as arcades skirted by shops and with offices on the second floor. This development will improve the links between the major centres.

The past years of focused negotiation and discussion to enable the establishment of the new Tata Steel industrial complex in Alton North have culminated in an official announcement of the commencement of the project. The ground works to prepare the factory site are now evident and extensive job opportunities will be created by this project that will benefit the economic growth of the region.

Ongoing attention has been given to the implementation of the Property Rates Act No 6/2004. A comprehensive tender document containing all the available information and requirements for implementation has been prepared. The tender will be advertised and the appointment of a valuer to conduct the valuation process will be commenced with.

A simultaneous awareness campaign will also be launched to inform property owners of the requirements and to facilitate implementation. This project will extend into 2008 and implementation is focused on 1 July 2008.

Some of the statistics regarding land sales for the past year are listed in the block below:

Council owned dwellings	R 3,2 million
Pionierhof	R12,3 million
Flat sites	R 9 million
General Industrial erven	R 18,5 million
Service Industrial	R 3 million
TOTAL	R 46 million

OFFICE OF THE CITY TREASURY (Chief Financial Officer)

Main responsibilities comprise:

- Financial Planning and Budgeting
- Expenditure and related Liabilities
- Income and related Credit Management
- Financial Reporting

General Overview and Key Accomplishments

During the past year, the purchase of prepayment vending tokens was extended to various 3rd party vendors. Customers can now purchase prepayment electricity tokens from various vendors such as Pick and Pay, Checkers, companies such as Boxer and Spar and various private businesses.

With the extension of water services into the rural areas, accounts are now also being rendered to customers in these areas that receive unrestricted water.

Treasury services are still rendered to the public from 8 offices within all the major suburbs of the City. This allows easy access for account payments and good communication with the general public. These offices are all managed by a branch manager or a accountant.

Various new proposed policies will also be submitted to Council for consideration during the next year. It is a legislative requirement that such policies be adopted and implemented. These policies include a rates policy and a tariff policy.

The program of capacity building within the Department through the process of staff rotation, skills development and internships has continued during the year. The internship process has proved very successful, with the respective candidates sufficiently capable of taking up a number of positions in the Finance Department when the opportunity avails.

This Municipality is very proud of its financial management record, which is the only recipe for financial sustainability into the future as reflected in the various statements of performance and position together with the following statistics.

Council's actual versus budget (Revenue & Expenditure) for the year ended 30 June 2006:

REVENUE	2004/ 2005 Budget (R'000)	2004/ 2005 Actual (R'000)	2005/ 2006 Budget (R'000)	2005/ 2006 Actual (R'000)	% Increase Actual/ Actual
Property Rates	84 261	84 813	91 207	92 140	9%
Property Rates-Penalties Imposed And Collection Charges	1 500	1 967	1500	2 209	12%
Service Charges	437 600	433 391	453 592	445 784	3%
Regional Services Levies-Turnover	-	-	-	-	0%
Regional Services Levies-Remuneration	-	-	-	-	0%
Rental Of Facilities And Equipment	7 762	9 479	10 932	10 243	8%
Interest Earned-External Investments	2 800	3 934	6 300	7 754	97%
Interest Earned-Outstanding Debtors	601	521	366	502	-4%
Dividend Received	-	-	-	-	0%
Fines	4 123	7 298	6 901	3 913	-46%
Licences And Permits	342	673	630	631	-6%
Income For Agency Services	2 014	2 352	2 220	2 529	8%
Government Grants & Subsidies	39 164	46 410	64 107	91 252	97%
Other Income	47 453	55 719	60 396	52 034	-7%
Public Contributions, Donated/Contributed PPE		-	-	-	0%
Sale OF Land	-	-	25 026	22 881	0%
Gains On Disposal Of Property, Plant And Equipment	1 415	-	7 491	5 763	0%
Total Revenue	629 035	646 557	730 668	737 635	14%
EXPENDITURE					
Executive & Council	17 877	21 477	23 857	23 028	7%
Finance & Admin	165 241	161 430	208 198	175 763	9%
Planning & Development	20 743	22 084	25 504	24 389	10%
Health	13 338	12 487	15 177	14 468	16%
Community & Social Services	27 517	31 256	28 666	32 100	3%
Housing	686	528	6 268	9 093	1622%
Public Safety	34 615	31 828	42 290	37 613	18%
Sport & Recreation	40 040	46 642	46 292	49 393	6%
Environmental Protection	-	-	-	-	0%
Waste Management	76 436	78 727	86 605	90 096	14%
Road Transport	26 382	35 788	32 337	43 914	23%
Water	85 118	100 321	100 759	106 483	6%
Electricity	316 243	310 653	332 226	323 250	4%
Other	1 449	653	46	135	-79%
Inter-Departmental Charges	(196 650)	(198 980)	(217 557)	(212 120)	7%
Total Expenditure	629 035	654 894	730 668	717 605	10%
NET SURPLUS/(DEFICIT) FOR THE YEAR	-	(8 337)	-	20 030	

*** STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006**

	2006 R	2005 R
NET ASSETS AND LIABILITIES		
Net Assets	563 752 810	543 722 802
Housing Development Fund	4 391 376	3 777 271
Capitalisation Reserve	271 000 594	296 726 874
Government Grant Reserve	103 655 221	84 923 755
Donations and Public Contribution Reserves	128 677 452	116 269 360
Self-Insurance Reserve	696 185	697 337
Accumulated Surplus/(Deficit)	55 331 982	41 325 205
Non-current liabilities	133 738 841	61 794 947
Long-term liabilities	133 738 841	61 794 947
Current liabilities	181 874 684	184 521 753
Consumer deposits	27 666 829	19 440 705
Creditors	109 429 921	115 655 424
Unspent conditional grants and receipts	33 176 369	31 473 963
VAT	0	12 618 067
Current portion of long-term liabilities	11 601 565	5 333 594
Total Net Assets and Liabilities	<u>879 366 335</u>	<u>790 039 502</u>
ASSETS		
Non-current assets	748 646 639	651 198 256
Property, plant and equipment	742 099 866	643 147 049
Long-term receivables	6 546 773	8 051 207
Current Assets	130 719 696	138 841 246
Inventory	7 675 676	9 177 935
Consumer Debtors	64 229 387	66 663 480
Other debtors	19 307 023	16 737 697
VAT	1 683 616	0
Current portion of long-term receivables	1 120 003	1 496 933
Call investment deposits	0	10 453 267
Bank balances and cash	36 703 991	34 311 934
Total Assets	<u>879 366 335</u>	<u>790 039 502</u>

* (Unaudited Financials)

Financial Statistics

	2006 (R-million)	2005 (R- million)	2004 (R- million)	2003 (R- million)
• Debtors turnover rate (representing the outstanding debtors amount as a percentage of the billed income on all services)	15,5%	15%	15,6%	16,5%
• Outstanding debtors as at 30 June 2005	83,5	80,5	81,7	76,1
Long-term debtors	6,5	8,0	11,2	12,1
Provision doubtful debts	29,2	23,4	25,3	24,9
• Operational results 2004/ 2005:				
Total capital expenditure	161,4	146,7	91,3	83,9
Total operating expenditure	717,6	654,4	599,0	514,0
Total operating income	737,6	643,6	607,1	528,0
Total Billed Income	540,1	535,1	523,1	461,6
• Investments and cash on hand	36,7	37,8	60,6	68,3
• Accumulated Surplus	55,0	41,3	19,9	30,5

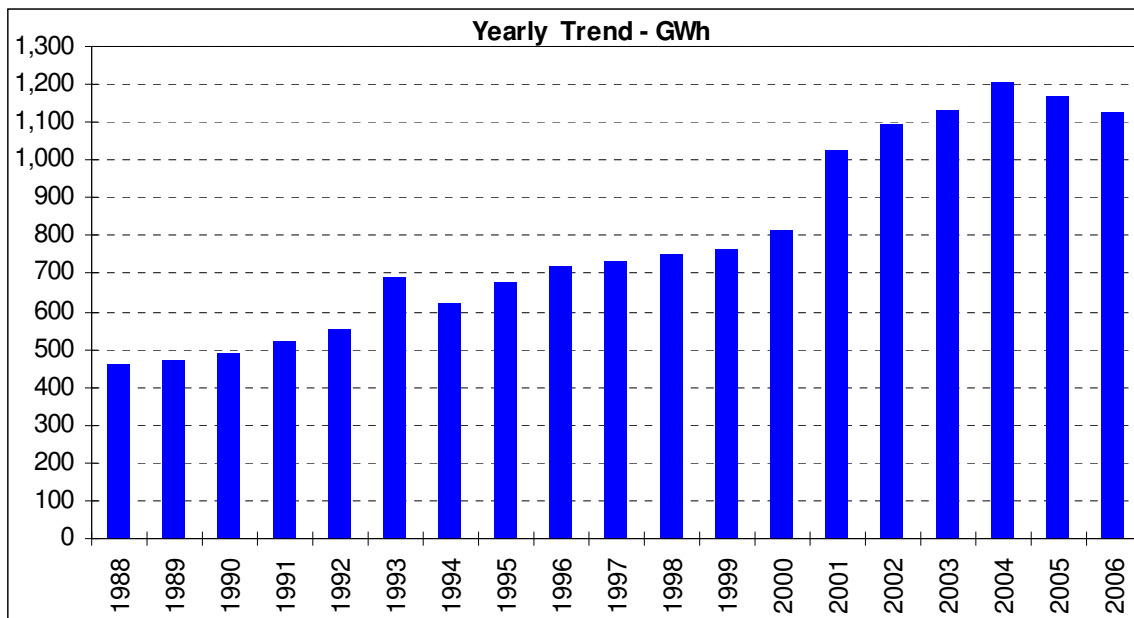
OFFICE OF THE CITY ELECTRICAL ENGINEER

Core responsibilities

- Operations and maintenance of the electrical distribution system
- Planning and development of electrical distribution system
- Customer services, marketing and electricity trading
- Transport services
- Public lighting
- Electrical support services for:
 - Installation work
 - Pump stations

Managerial overview

Electricity energy purchases from ESKOM decreased by 3.64% with a simultaneous demand decrease of 3.28%. This indicates a second consecutive declining year and change in the previous years' growing trend for the City. The approval of major developments like TATA Steel, Pulp United and RBCT Expansions will have significant growth in energy requirements once these customers come on line. The graph below reflects the total energy purchased from ESKOM and illustrates the trend in energy consumption since 1988.



The competence of the City Electrical Engineer's staff to achieve professionalism and efficiency is highly respected and appreciated by our customers. Council should take due cognisance of its valuable asset in such staff with specialized expertise and skills, and actively implement measures to retain this expertise in the interest of continued good service.

Operations and Maintenance

Quality of supply to our customers continues to improve in terms of National standards, however, the theft of copper conductor components, is either increasingly affecting the supply, or creating hazards and/or risks. Although there is an active National campaign by the SAPS, on the trading of non-ferrous metals, no change in losses has been experienced.

Plant performance continues satisfactorily and there is a constant drive to better the previous performance.

Planning Development and Technical Services

The 2005/2006 financial year has seen the start of major electricity capital projects. Tenders were awarded for the construction of two new 132 kV substations and 7 km of overhead power lines that will provide the energy needs to Tata Steel. The total contract values amount to some R45 million.

In addition to this, the entire protection scheme on the 132 kV backbone has been replaced with state of the art unit protection making use of high speed fibre optic communications. The same fibre optic network will also be utilised for telemetry and SCADA.

As part of a long-term refurbishment plan, all old and obsolete and unserviceable 132 kV isolators are in the process to be replaced on a priority basis. Leo substation being one of the older substations has been completed while planning at Polaris has started as the first isolator refurbishment project where old pantograph style isolators will be replaced with modern high voltage isolators that will provide a further 20 years service to the substation. It is anticipated that this replacement project will extend over a 7-year period.

Operational statistics:

- The customer base of uMhlathuze Electricity increased by 1% to a combined total of 29,853 customers.
- Domestic conventional credit type meters decreased by 5% to 1,310 while the municipality encourages customers to convert to prepayment metering.
- Under the EBSST campaign, which is a national drive to assist the poorest of the poor with free electricity, 184 customers have converted to the self-targeting EBSST tariff. The free basic electricity roll-out to ESKOM customers was approved by Council and was initiated during February 2006, June 2006 a total of 1,000 customers on EBSST tariff.
- Council has seen the good results to actively curb electricity losses with check meters. Firm action is taken against transgressors throughout the area and the weighted average electricity losses have been reduced to below 4%.

Support Services

- The high costs of public lighting led to the numbering of poles to positively identify and monitor performance.
- Streetlight complaints within the uMhlathuze City area are generally attended to on a same week basis. Where cable faults and pole replacements are concerned, the times may occasionally be exceeded, however where there are cable theft, this will take longer or where appropriate, alternative measures are introduced.
- Many customers have commented on the use of “yellow” lights, or high pressure sodium lamps, as opposed to the “blue” mercury vapour lamps. This is in fact part of an international campaign aimed at reducing the volume of mercury, a highly poisonous substance, in circulation. Most gaseous discharge lamps make use of mercury to heat the sodium or other gas until it starts burning. Sodium discharge lamps, which eliminate the use of mercury, altogether, have been devised. They are in the initial stages of development and their use is still uneconomical. In the mean time crushed lamps are disposed at a special site at Shongweni where the subterranean structure prevents the egress of mercury into the ground water.
- The vehicle and plant fleet consist of 275 vehicles and 136 plant. Based on economical viability merits, an additional 7 new, 26 vehicle and 1 plant replacements were done in the past year.
- All equipment assets were maintained and expenditure limited to within the operational budget. The maintenance team still managed to deliver an excellent level of service under severe pressure of limited resources

Restructuring of the Electricity Industry in South Africa

Since the cabinet decision of 14 September 2005, virtually all restructuring activities in the municipality has come to a halt. The CEE represented the City at the DME Portfolio Committee Meeting where he strongly promoted the case of successful distribution of electricity by non-metro municipalities and cautioned against the formation of a national RED.

OFFICE OF THE CITY ENGINEER

Core responsibilities:

- Water Services Authority
- Water Services Provider
- Project Management Unit
- Roads and Stormwater
- Buildings & Structures
- Support Services

Water Services Authority

General Overview

A Water Services Authority is a Municipality that has the Executive Authority to provide water and wastewater services within its area of jurisdiction in terms of the Municipal Structures Act, Act 1997 (Act No 108 of 1997) or the Ministerial Authorities made in terms of this Act. There can only be one Water Service Authority in any specific area. Single consumer interface: Every consumer should always know who their retail water service provider is, and who their retail sanitation supply services provider is.

Single Contractual Interface:

A Municipality should only have a contract with one retail WSP to be responsible for water and/or sanitation services in a specific geographic area within the WSA area.

Single Chain of Contracts:

There should be a single chain of contracts that ensure the effective delivery of water from the resource to the consumer and the effective return of Wastewater.

Contract Area Defined:

A retail WSP's responsibility to provide services should be geographically defined and there should not be an overlap in contract areas between two retail WSP's.

Allocation of Responsibilities and Risks:

Where appropriate, it is desirable that WSP's assume **primary** responsibility for the consumer interface and assume operational and financial risk related to the provision of the services and the collection of fees.

Duty to provide Water Services:

The main duty of WSP's is to provide water services in accordance with the constitution, the Water Services Act and the by-laws of the WSA and in terms of any specific conditions set by the WSA in a contract.

Effectiveness and Efficiency:

Striving to meet and exceed recognized best practices.

Consumer Charter:

All WSP's must publish a consumer charter which is consistent with by-laws, and other regulations, is approved by the WSA and includes the duties and responsibilities of both the WSP and the consumer, including the conditions of the supply of water services and payment.

Consumer Relations:

WSP's must communicate the contents of the consumer charter. Consumer friendly billing: WSP's must present consumers with accounts that are clear and easy to understand through their Financial Services.

Service Standard:

Access to basic services (Water and Sanitation)

- a) Backlog
 - b) Progress on backlogs
 - c) Capacity of implementing agent
- Compulsory National standards, regulations under the water services Act 1997(Act 108 of 1997), compulsory standards (section 9 (1) – potable water.
 - Drinking Water quality
 - Conservation, demand management & Unaccounted for Water.
 - Compulsory National Standards, regulations under the Water Services Act, 1997 (Act 108 of 1997), Compulsory National Standards (section 9 (1) – (sanitation provision).
 - Impact on environment:
 - a) Water and Wastewater
 - b) Sludge disposal
 - Health and hygiene promotion programme.

Water Loss Management**Water Meters: Replacement of Old Meters**

Metering of the volume of water used by consumers is an essential key element in any Water Loss Management Strategy. If consumers are not billed for the water that they use, there is no incentive to save or conserve water.

Without reliable and accurate metering, Council has no control over losses in the system and will also experience a corresponding loss in income.

Proper metering is a pre-requisite for the management of any water supply and the Water Services Provider has planned and embarked on a meter replacement programme, extending over a number of years, until all old domestic meters have been replaced. An additional amount of R 1 550 000, over the R 500 000 of last year, has already been spent this year and is to be increased substantially over the next number of years in order to replace all old meters. A total amount of R 2 055 000 has been spent on the meter replacement programme.

Water meters need to be replaced, as they tend to under-record and is less sensitive to low flows as they become older. It has been proven that old water meter replacement is an extremely cost effective measure that result in short cost recovery periods.

Included with all new domestic meter installations are restrictor valves that allow for credit control.

Water Management Programme

Consultants Goba Moahloli Keeve Steyn (Pty) Ltd were appointed to develop a water management programme.

The consultants did the following work in phases:

- Data collection, verification and compilation of a Water Network Model
- Water consumption & Unaccounted for Water (UAW) data processing

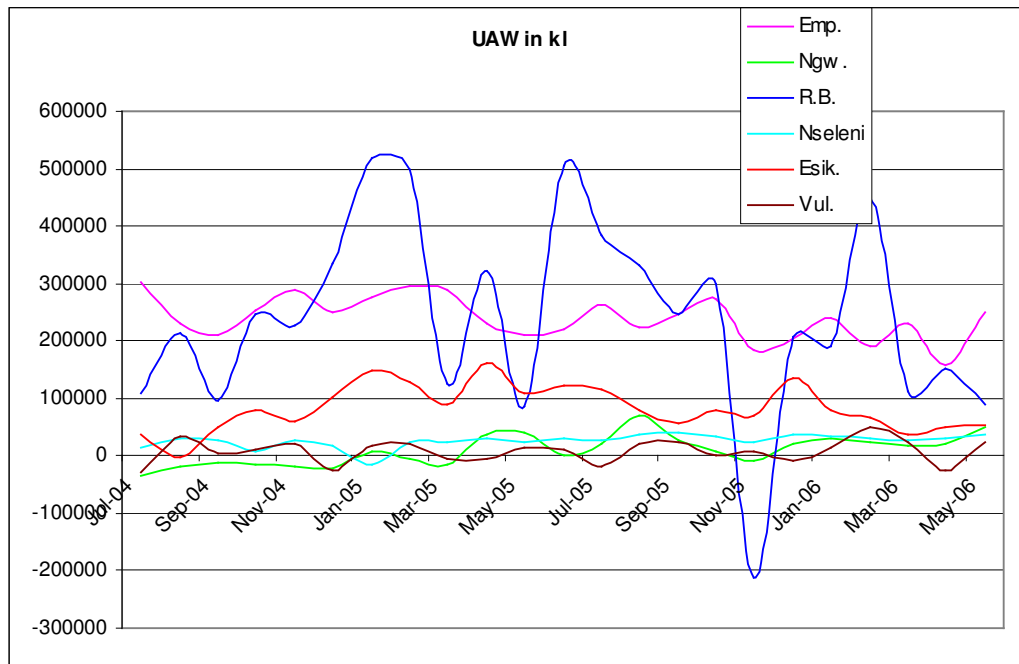
- Network hydraulic analysis including the calibration thereof
- The following were investigated and reports compiled:
- Water services master plan
- Water loss control details
- Consumer meter audit
- Automation of reporting

To date all phases are complete and the reports are being used as a tool to guide existing maintenance and future water network expansion.

Unaccounted for Water (UFW) meetings

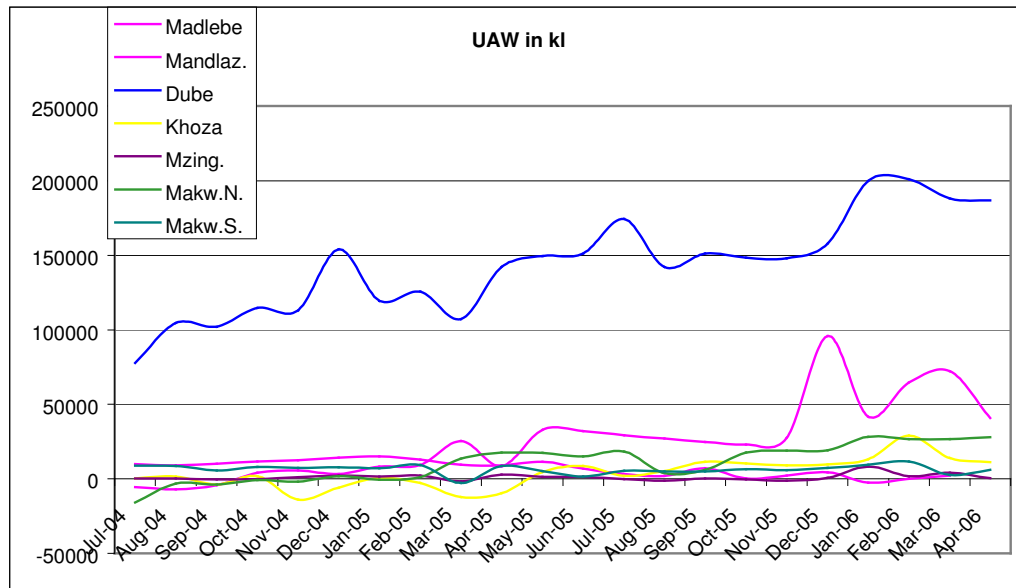
Meetings were held on 16/11/2005 (26th), 28/02/2006 (27th), 6/04/2006 (28th), 25/05/2006 (29th) and 10/06/2006 (30th). Minutes were kept, agendas compiled and consumption figures updated for these meetings.

A graph showing unaccounted for water in kilolitre (kl) for the period July 2005 to May 2006 for all the different urban areas looks as follows:



A definitive downward trend can be noticed in the case of Empangeni – a major contributor towards total unaccounted for water. The reason for this may be attributed to the current water network replacement program, which is described in more detail under the next heading. This figure is to be reduced further by the application of pressure management.

A graph showing unaccounted for water in kilolitre (kl) for the period July 2005 to May 2006 for all the different rural areas is as follows:



There is an upward trend in the unaccounted for water for Dube and may be as a result of population influx. When rural UAW is calculated, a fixed number of households are used, because of the lack of individual domestic meters.

Empangeni Water Network Replacement Program

Because of the high water losses in Empangeni, (a situation which has grown worse over the last couple of years) it was decided to replace all water reticulation in stages. Before upgrading, the different ages of the reticulation were as follows:

- More than 50 years old: Ext's 3, 8, 10, 13, 17, 31, Rail ext. 1 which includes Noordsig, The CBD, parts of Fairview, Empangeni Rail and a portion of Kuleka.
- ±45 years old: Lot 7959 that includes old SA Railways housing units.
- 39 years old: Extension 11 that is part of Fairview.
- 38 years old: Ext's 14 and 15 that is parts of Panorama and Kildare.
- 36 years old: Extension 16 (David Glenney Crescent)
- 35 years old: Ext's 4, 18, 21 and 22 which include a part of Panorama and almost the whole of Nyala Park and Grantham Park.
- 32 years old: Extension 19, 23, (part of Panorama and Richem) and Kuleka Ext. 1.
- 31 years old: Ext's 1, 2, 6 and 7 (Empangeni Central)
- 23 years old: Kuleka ext's 2, 3 and 4
- 14 years old: Ext's 37 and 25 (part of Nyala Park)
- 13 years old: Ext's 23 and 35 (part of Panorama)
- 12 years old: Ext's 24 and 33 that is the Hill view suburb.
- 10 years old: Extension 34 ZSM Industrial
- 9 years old: Extension 38 Zididele Village

In 2001 the water reticulation between no's 7 and 33 Farewell Road was replaced. The network between no's 2 and 34 Pearce Crescent was replaced in 2002. A total of 17 490 meters of reticulation at a cost of R 4 583 479.88 was replaced in 2003 under phase 1 of the "Upgrading of Water Reticulation in Empangeni" contract. Phase 2 was done in 2005 where 11 708 meters of reticulation were replaced at a cost of R 4 850 629.78. Presently, a total of 19% of all reticulation have been replaced.

Under the Phase 3 contract currently under way, a total of 13 838m of reticulation will be upgraded. This work will bring the total to 28%.

A Water Network Replacement Policy

Because of the amount of work that is presently being done to replace water reticulation, a report to Council entitled "The Development of A Water Network Replacement Policy" was written and is currently available for comment.

Pressure Management by Controlled P.R.V. Installation

The aim of these installations is to lower pressures at periods of low flow when pressures (and therefore leakage) are at their highest. An amount of R 400 000 to this end is available on the 2006/7 financial year budget. A drawing and specifications for the first installation to be done in Empangeni on quotation basis is 80% complete.

Bulk Meter Installation

Contract 8/2/1/26 (Installation of bulk meters for the City of Umhlathuze) is 90% complete. An amount of R1.4m is available on the 2006/7 budget for the installation of bulk zone meters (final phase).

SARPA (South African Revenue Protection Association) meetings

The KZN Branch meeting held on 23 March 2006 in Newcastle was attended. A presentation by Mark Shepard "Water Pressure Reduction in Durban to save millions." was relevant. The same principles are being used in our Controlled P.R.V. installation project.

The SARPA convention held on 20 & 21 July 2006 in Midrand was attended. The following papers and presentations were applicable:

- Towards Standardisation, Regulation and Monitoring of Water Use Efficiency in South Africa.
- Water Loss Reduction through PPP Arrangement – A Case Study.
- The Top 200 Consumer Water Meter Change out Programme in eThekweni Municipality.
- Linear Regression Analysis.

An attendance report outlining the relevance and application of the above subject matter will be compiled.

National Water Services Benchmarking Initiative

A report to Council entitled "Report back On National Benchmarking Initiatives Compared with uMhlathuze Municipality Service Delivery on Water and Sanitation: Prior to 2005 Financial Year" was done and is currently available for comment. A number of graphs using the National Water Services Benchmarking Initiative – Benchmarking outcomes for 2004/5 booklet (Figures 4 to 58) was completed and is available as an annexure to the report.

Bulk Meter Monitoring (Logging of Flows)

A number of existing bulk meters are being monitored by continuously logging the flows through them. The following sites are being monitored:

- Pearce Crescent gravity feed. This is one area identified where pressure management is urgently needed. The night flows through this meter is almost 200m³/h and is the first site where a controlled P.R.V. installation is to be done.
- Magazulu pumping/gravity line. Night flows can only be measured when the pumps are switched off. Because of this, an accurate night flow pattern can only emerge after measuring for some time (Without disrupting the normal switching of the pumps). It is also not possible to install a P.R.V. on this specific line.

- Two Loftheim gravity feeds. The night flows here are low, at less than 10 m³/h. No interventions are envisaged for this water district.
- Madlebe Reservoir 8. Night flows vary according to the number of leaks and broken stand taps within the zone.
- Other sites include Mandlazini reservoirs, Forest reservoirs, Ngwelezane feed, etc. These are logged at present to test the newly installed electronic probe meters.

Water Services Development Planning and Water Quality Assurance

Review of Water Services Development Plan

It is requirement of the Water Services Act that all Water services Authorities (WSA's) must complete a Water Services Development Plan (WSDP) for their area of jurisdiction. This WSDP must form an integral part of the integrated development planning process. This means that each municipality shall complete an Integrated Development Plan (IDP) and the WSDP will form an integral part of this IDP.

The Water Services Development Plan for 2005 was approved by Council (resolution number 3134) on 21 June 2005. At present the review of the 2005 WSDP is complete and will shortly be ready for approval by Council.

In short the WSDP contains the following:

- Administration – details of the WSA, WSDP drafting team, neighbouring WSA's, etc.
- Integrated Development Planning – the process, situational analysis, strategic objectives
- Physical and Socio-Economic profile – general description, legislative boundaries, physical description, population distribution
- Service Level profile – service levels water and sanitation, sanitation assessment in rural areas
- Natural Environment & Water Resources Profiles – natural environment, water sources, geology environmental status quo, water quality returned to the environment
- Water Conservation/Demand Management
- Water Services Infrastructure Profile- historical perspective, water supply infrastructure, sanitation infrastructure
- Water Balance – water supply, effluent discharges, water resources management and planning, allocations and permits
- Water Institutional Profile – legislative provisions, local government, current status of WSA, organised labour, existing service provision, proposed water service provision

Water Quality Assurance

An extensive monitoring program for **drinking water quality** and **water pollution** are being compiled. This program will include all existing monitoring that's being done by the uMhlathuze Municipality and Mhlathuze Water and additional sampling points will be included. The monitoring program will contain the following:

- Water Treatment Works -
Enseleni (closed this year)
Chubu (Esikhawini)
Mzingazi (RichardsBay)
Ngwelezane
- Reticulation monitoring – include a number of test points in the water networks to assure that the quality of the potable water (to the consumer) in the

reticulation complies to the national standard. There are 38 samples tested per week by WSSA (Water and Sanitation Services of South Africa) and 8 sample points Mhlathuze Water. Additional monitoring will take from Councils' own laboratory in order to add to the credibility of the program.

- Waste Water Treatment Works-
Alton Macerator
Arboretum Macerator
Enseleni
Esikhawini
Empangeni
Ngwelezane
Vulindlela
- Streams and rivers, possible pollution by:
sewer pump station spillages
sewer mains blockages
non-compliances by industries
intentional dumping of industrial waste into stormwater
- Water bodies-
Lake Mzingazi
Lake Chubu
Lake Nsesi
Other small lakes and pans
- Borehole monitoring -
Alton Waste Dump leachate and other
Boreholes of importance

Water pollution control

Water pollution control includes monitoring of Waste Water Treatment Works, streams and rivers, water bodies and borehole monitoring. These all are influenced by industrial waste, pump station- and sewer overflows and non-compliances of industry and WSP's to national effluent standards.

This monitoring program will enable Council to build up a profile of the quality of all the water resources. Trend analysis will in future enable Council to notice changes on the quality of the water resources.

Drinking water quality assurance

Drinking water quality assurance includes the monitoring of Water Treatment Works and reticulation monitoring. This is a legal requirement to report this to DWAF on a monthly basis.

The drinking water quality assurance will in future include the public by means by testing sessions. This will enable Council to establish the view of the consumers of water quality in the whole area.

Water Services Policies and Bylaws

The Water Services Act 108 of 1997 stipulates that Water Services Authorities and local authorities need have the necessary Water Services Policies and Water Services By-laws in place.

The 'Strategic Framework For Water Services', September 2003, as devised by DWAF, South African Local Government Association (SALGA), Department: Provincial and Local Government, and National Treasury defines:

- policies* – establish the vision, overall goals and approach
- legislation* – creates the enabling environment
- strategies* – set out the detail of how the policies will be implemented in order to achieve the vision and goals.

Free Basic Water Policy - implemented by Council in 2001

Free basic household sanitation policy - to be implemented by 2010

Water Services Policy - to be compiled in the current financial year

Water Services By-laws - approved by Council on 6 September 2005, Item number 3263.

These policies and by-laws need to be reviewed (and if necessary, amended) when the need arises.

Regulation

DWAF, as the national water services regulator, regulates the WSA's in terms of the following scope:

Norms and standards regulation- monitoring compliance with national policies and national minimum norms and standards

Economic regulation – review of investment decisions of water services providers and tariffs

Contract regulation – ensuring all contracts between WSA's and WSP's conform to national regulations

Provisions of basic services – access the progress made with reasonable steps taken to realise the right of everyone to have the right to free basic water services and sanitation services, taking into account the restraints facing WSA's.

- In order for the regulation of the performance, of a WSA, the Water Services Development Plan (WSDP) is the main measuring tool of DWAF. The WSDP includes all the necessary information to measure the performance of the WSA.

The following reporting, forums and meetings take place, of which WSA's have to be actively involved:

Reporting to different governmental departments on the following:

- population figures
- households receiving free basic services (including water and sanitation, refuse removal and electricity)
- grants received for various institutional development programs
- drinking water quality – specifically to DWAF

Report back to DWAF on the following meetings and forums:

Masibambane Meetings:

Takes place on a quarterly basis. It is a DWAF driven initiative to promote the exchange of best practices, lessons learnt, new developments in the water industry, give financial and institutional support to the Water Services Authorities.

- Water and sanitation backlog eradication
- Progress on Section 78 Assessments
- Report back on water loss control measures taken by the WSA's
- Report back on MIG funds spent by WSA's to reach the Water and Sanitation eradication targets.

Catchment Management Forum meetings:

This forum is a DWAF driven initiative. It is required to establish Catchment Management Agencies. These agencies will preserve and protect the available resources.

Synergistic partnership between uMhlathuze Municipality and local traditional leadership structures

The 2005/2006 financial year has been a very successful year for the City Engineers' institutional and social development initiatives.

uMhlathuze Municipality took a, in principle, resolution on the 29th November 2005 endorsing the concept of synergistic partnerships between uMhlathuze and the Traditional structures within its area of jurisdiction. The Municipality committed itself realizing the prescripts of the Traditional Leadership and Governance Framework Act, 2003 and the Inter-Governmental Relations Framework Act, 2005. The two legislations together with other local government legislations serve as mandates for enhancing stakeholder relationships and co-operative governance for purposes of service delivery.

The Resolution taken by Traditional Authorities within uMhlathuze area of jurisdiction, namely, Khoza, Zungu, Mkhwanazi and Dube. The session shared the municipality's vision on current and future plans to combat backlogs and improve service delivery in each of the four Traditional Authority areas.

Establishment and Empowerment: Joint Services Committees (JSC)

uMhlathuze Municipality recognizes the need of involving and participation of its stakeholders from inception to completion of municipal projects. To realize this legislative imperative, council resolved in principle to establish of a Joint Services Committee for purposes of progressing co-operative governance in respect of service delivery planning and implementation for especially rural development areas.

The Joint Services Committee is responsible for the co-ordination and rationalization of infrastructure services in the uMhlathuze Municipal area acting for and on behalf of the participating stakeholders. The main stakeholders being uMhlathuze Municipality, four Traditional Authorities and sector departments that will be invited as and when matters concerning their line functions are to be discussed.

The Department of the City Engineer is finalizing funding and operational requirements to have the committee fully operational during the current financial year.

Water Awareness and Education Campaign

The strategic framework for Water Services, 2003 prescribes amongst others, that all people living in South Africa must be educated in healthy living practices (specifically with respect to the use of water and sanitation services) and the wise use of water.

The Municipality's Water Services Authority conducted a campaign on water awareness, health and hygiene user education. The Municipality set aside an amount of R208, 000 in the 2005/2006 budgets for the campaign. The campaign covered 25 municipal ward areas. The campaign was undertaken with great success with close co-ordination and co-operation between the City Engineer's Department and Clinic Services of the Municipality. The Department realized that water use, health and hygiene user education is an ongoing activity that needs to be undertaken and during such campaigns the principles of Masakhane should be incorporated to encourage

communities to pay for services rendered and/or grasp the notion that municipal services should be paid for once available in the communities. The Municipality has set aside a further budget for the 2006/2007 financial years to deal with user education within the municipal area.

Establishment and Empowerment: Water and Sanitation Services Committee (WSSC)

City of uMhlathuze Municipality recognizes again the importance of the Water and Sanitation in terms of the Strategic Framework sets with respect to the provision of Water Services in South Africa. The target which have been set by the Council in line with the National target to deal with the basic services provision are inspirational. The targets for access to Water Supply and Sanitation services in terms of our demographics and the resident's patterns exceed those set out in the Millennium Development Goals. To meet them will require a concerted and collaborative effort on the part of all role-players when council deals with the Water Services Development Plan for the City. The Water and Sanitation programmes should be designed to support sustainable livelihoods and Local economic development. The provision of water supply and sanitation services has a significant potential to alleviate poverty through the creation of jobs, use of local resources, improvement of nutrition and health, development of skills and provision of a long-term livelihood for many households. Emphasis should be placed on gender-sensitive health and hygiene education so that the provision of water and sanitation services as a basic need will be accompanied by improvements in health and significant reductions in water related diseases such as cholera and diarrhea. The business of the Water and Sanitation Services Committee (WSSC) is to deal with WSDP and pre-appraisal of project feasibility studies at Water Services Authority level in terms of the conditions and guidelines set by the National Department of Water Affairs and Forestry, for compliance with norms and standards.

Water Services Provider

Operations and Maintenance

uMhlathuze Municipality has built, owned and operated its own infrastructure since its establishment during which time it has had an unprecedented record of delivery:

Water statistics:

- Over 1 689 km of pipelines, extending to diameters of 800mm
- Water valves
- Pressure reducing valves
- Air valves
- Scour valves
- Reservoirs – 60 storing up to 240Ml
- Pumpstations – 7
- Treatment works – 4 treating up to 80Ml per day.
- Meters – approximately 30 000 installed, and increasing continuously.

Waste Water statistics:

- 614 km of sewer pipes
- Macerator stations
- Treatment works – treating approximately 25Ml per day
- 60 Pumpstations, including 136 pumps

All the above are maintained, repaired and managed under control of the Water Services Provider Branch and other services include unblocking of sewer mains and odour control at the macerator stations.

The WSP Branch of the department provides the following main functions to the ±300 000 residents (approximately 75 000 households).

Review of feasibility study on service delivery for water and sanitation services (section 78 assessment)

Section 77 of the Municipal Systems Act (Act No. 23 of 2000) obliges municipalities to periodically review their service delivery mechanisms to ensure communities are best served. The criteria and process for deciding on mechanisms to provide municipal services are laid down in Section 78 of the same Act.

A previous Section 78 investigation, in terms of the Systems Act in respect of the water and sanitation services of uMhlathuze, which was finalized in 2003, led to the successful outsourcing of the operation and maintenance of all water services treatment works as per a management contract with a private operator. This contract is in accordance with the regulatory framework between the Municipality as the Water Services Authority and the private operator acting as Water Services Provider.

A national company, Messrs WSSA, was appointed for a 5-year contract to manage the operations and maintenance of all nine (9) water services treatment works within the Water Services Authority area.

At the time of tender award, a saving in excess of R1,6 m was realised and strict monitoring of costs as well as quality of water treatment is in place. Of specific importance is the fact that this company has both ISO 9 000 quality assurance and ISO 18 000 safety accreditation for its activities ensuring that all residents of uMhlathuze have safe water.

Review study in terms of section 78 (Delivery options)

A review study in terms of Section 78 is currently underway to investigate the options in service delivery of the water services delivery of the maintenance and operations of the water services networks.

The needs of the community and the obligation of the Municipality as Water Service Authority to reinstate, extend and install water services in the whole of its area of jurisdiction, requires this study to assist uMhlathuze to establish, medium and long term strategies for service delivery, and may include delivery partners. This study includes inter alia, the following key elements: Information on service coverage,

- Demographics,
- Physical assets,
- Organizational structure,
- Staffing,
- Legal issues,
- Costs of services and financial performance,
- Most feasible delivery options.

The following grant funding made the study possible:

- R 385 000 - Department of Traditional and Local Government Affairs
- R 250 000 - Municipal Infrastructure Investment Unit of the Development Bank of Southern Africa.
- R180 000 – Department of Water Affairs & Forestry

New Works

Replacement of Pumps and Pipework at Mzingazi Water Works

An amount of R4,96 m was spent on improving and replacing pipework and pumps in order to meet higher water demands in town as well as the supply to Nseleni due to the phased moth balling of the Nseleni Works based on economical reasons.

Water Infrastructure: New Nseleni Reservoir

A new 10MI reservoir has been completed on the Nseleni waterworks/reservoir site to compliment the storage capacity available at Nseleni. From the Nseleni reservoir complex different areas served through pump stations and pump/gravity mains. These areas are Nseleni Town and Khoza Tribal area in the Municipal area in the uThungulu District Municipal areas water is pumped to Kwambonambi and surrounding areas in the Mbonambi Local Municipality and to Mambuka, Hlaza and other areas in the Ntambanana Local Municipality. The project team consist of Bigen Africa Consulting Engineers and Afrostructures as contractor. The R6 840 000 project started in July 2005 and was completed in June 2006.

Water Networks

Reticulation pipes in Empangeni are very old in places and a phased replacement of these pipes is required. Phase I was completed in January 2004. Phase II started in January 2005 and completed in November 2005 at a project cost of approximately R6.5 million. The project team consists of CBI Engineers with Mswane Construction as the contractor. A total of 11 673 of pipeline have been replace under phase II.

Upgrading of Arboretum Macerator

The macerator station was built in 1983 and with increased capacities and ageing equipment, mechanical upgrading was required. Phase 1 of the upgrading of the macerator station started in June 2004 and was completed in April 2005 with a project cost of R2 564 000 and a project team consisting of PDNA Consulting Engineers with Mswane Construction as the contractor. The upgrading consisted of new, larger capacity effluent pumps with the relevant electrical upgrades and a new diversion chamber to pump effluent into the existing lined storage pond in case Mhlathuze Water being unable to accept effluent into their sea outfall line. Phase II of the project started in May 2005 and will be completed in November 2005. The project cost of Phase II is R6 468 000 and the project team consists of PDNA Consulting Engineers and Leomat Construction as the contractor. Phase II included the upgrading of the intake works with associated pipe work, the replacement of the fine screens in the macerator and lining of the existing unlined pond at the macerator station.

Project Management Unit

Statistics

- Grant Funding spent in the 2005/2006 Government Financial Year (April to March) R 25 532 830
- uMhlathuze Municipality Counter funding spent to augment above grant funding R 9 338 493
- Total Capital Budget spent by the PMU Section R 34 871 323
- Total Number of projects in various stages of completion 10

- Total number of job opportunities created in the financial year 46245 labour days
- Total Capital Budget spent on local labour R 3 529 952
- Total number of people who received accredited training through the projects 822 persons

Projects overview

Following is a brief description of the projects under control of the PMU section:

- Madlebe Bulk Water Supply Phase 1
- Madlebe Bulk Water Supply Phase 2A
- Madlebe Bulk Water Supply Phase 2B

A total of approximately 27km of pipelines varying in sizes from 250mm diameter to 75mm diameter was installed under these three contracts, 16km of which was installed in the 2005/2006 financial year. A new pump station was built at the Ngwelezana Reservoir site and the existing pump station in Madlebe was upgraded to cater for the increased flows required to serve all the areas of Madlebe with a reliable bulk water supply. The reticulation will be upgraded under Phase 3 of the Madlebe Water Supply project, which will include yard taps to all consumers in the area.

Mkhwanazi South Bulk Water Supply Phase 3

A total of 21,2km bulk pipeline varying in size from 600 mm diameter to 200mm diameter and 4,65km reticulation pipes will be installed under this contract. The bulk pipelines will supply water to Mkhwanazi South traditional area and supply water to the boundary of uMlalazi Municipality, from where Uthungulu District Municipality will install a bulk pipeline to Mtunzini. Three reservoirs were also constructed under this contract, the biggest being a 1 Megalitre reservoir at the Port Durnford reservoir site. On completion, the whole of Mkhwanazi South Traditional Area, Including Port Durnford, will have a reliable water supply system. Phase 4 will address the final shortcomings in the pipe network and the installation of yard taps to the last 10% of residents in this area

Mkhwanazi North Phase 3

Mkhwanazi North Water Supply Phase 4

Ten Reservoirs, the largest being a 500kl reservoir, and 32,67km of reticulation pipes was installed under these two projects. These projects ensured that 90% of Mkhwanazi North Traditional Area is now serviced with reticulation pipe networks. Phase 4A will address a portion of the bulk supply to the areas next to the R102. Phase 5 of this project will address the balance of the bulk supply pipelines and yard taps for all residents in this area.

Greater Khoza Water Supply Phase 3.2

Greater Khoza Water Supply Phase 3.1

Under these two projects, 15km of bulk pipelines varying from 200mm diameter to 75mm Diameter and 96,8km of reticulation pipelines varying from 63mm diameter to 20mm diameter for the yard taps, will be installed in total. At the end of the financial year Phase 3.1 was complete and Phase 3.2 was 10% complete. At the end of phase 3.2 the whole of Khoza Traditional Area will have sustainable water supply and each consumer will have a yard tap.

Dube/Mkhwanazi South Sanitation Project Phase 1

Dube/Mkhwanazi South Sanitation Project Phase 2

A total of 5000 Ventilated Improved Pit latrines (VIP's) will be installed under each of the 3 phases of the Dube Mkhwanazi South Sanitation Project. At the end of the financial year 900 VIP's was completed under Phase 1 of the project and Phase 2 is still under Design. It is expected that funding for Phase 3 will be approved before the end of the next financial year. On completion of these 3 Phases all the residents in the Dube and Mkhwanazi South Traditional areas will have access to basic sanitation facilities.

Roads And Stormwater

- Upgrading of IDT Village (Ngwelezane) Roads
R406 000 was spent on upgrading the undeveloped extension of Madlebe Road (which is the main route to the Madlebe Area) to full black top standards. Roadside and other storm water drainage was improved as well as access to lots where roads had not yet been developed.
- Kraft Link Road
A new road (Kraft Link extension) linking the Mondi area to the western end of the Alton Industrial suburb was constructed at a cost of R23 527 000.
- Resealing of Streets
A total of R6 800 000 was spent on resealing work at various localities throughout the City. Resealing is done annually by consultants, following a detailed annual assessment of all roads and prioritisation of works in terms of a Pavement Management System run by the Roads and Stormwater Division.
- Nseleni Taxi Rank
The second phase, being the bus rank and new tar road to Mabuyeni crossing, has started at a cost of R3 000 000.
- Mzingazi Dam Wall Safety Requirements
A project to upgrade the earth dam wall at the Mzingazi Lake to acceptable safety standards is underway and nearing completion at an estimated cost of R8 884 000

Buildings and Structures

- Alterations to Richards Bay Civic Centre were carried out to the amount of R331 000.
- Alterations and improvements of Empangeni Civic 1 and 2 were carried out to the amount of R1,100 000
- New facilities at Northern Services Centre for the Building and Structures Section.
- A test program was started to re-furbish and upgrade the Hostels in Esikhawini. 2 Complexes were upgraded to the value of R1 500 000.
- A facility was built for the Informal Traders at Checkers Centre Centre Richards Bay to the value of R2 000 000.
- The roof of the Empangeni museum was replace to the value of R150 000.
- Satellite f to the value of R3 374 000 was developed in Vulindlela and Nseleni.
- Vulindlela and Brackenham halls were fenced to improve security to the value of R315

Support Services Branch

Gis Upgrade And Expansion Project

Following the completion of the organisational Information Technology Strategy investigation, the GIS uses Work Group (GISUWG) was tasked with implementing those recommendations pertaining to GIS. GIS software has been completed.

The evaluation concluded that the current GIS software (Civil designer Map) be replaced by the ESRI products (Civic Map) and that Oracle becomes the corporate database platform for GIS. The replacement is in progress under Phase 2 and nearing completion.

Supplementary to the GIS is the replacement of the current 2002 KZN282 ortho-photo set covering an approximate 800 square kilometres. It is envisaged that the replacement set will be obtained towards the end of August and once installed will be available for production on the GIS.

OFFICE OF THE DIRECTOR PLANNING AND SUSTAINABLE DEVELOPMENT

Main responsibilities

- Land Use Management
- Development Planning
- Environmental Planning
- Local Economic Development

Land Use Management

Following the completion of the Draft Land Use Plan for the formal areas of Richards Bay and Empangeni, the appointed consultants began the consultation process with a presentation to the newly elected Council in September 2006, bringing them up to date with the Land Use System (LUS) project.

Interested and affected parties including Traditional Authorities, commercial, industrial and environmental interests, farmers' associations, government departments and parastatals and the general public will now be consulted. The provincial Department of Local Government and Traditional Affairs has already approached the Traditional Authorities in preparation of the Municipality's consultation drive.

The compilation of LUS is a legal requirement that all municipalities are obliged to meet in terms of the Municipal Systems Act. In uMhlathuze it will align and transform the Town Planning Schemes of Empangeni and Richards Bay, which were urban-based, into a new single system that will not afford lesser land rights to any properties. Furthermore the System will provide a unitary framework for managing development and land use across the entire Municipality, including rural areas.

It will be used to implement the strategic vision of the Strategic Development Framework Plan into detailed land uses and development rights as well as to provide for the implementation of national, provincial and local policies affecting land use and development.

LUS will create better service provision for the Municipality in terms of planning and development. The system will be useful in promoting clarity about investment opportunities and will be supported by the GIS database, which the scheme makes use of. Furthermore the scheme is interactive and can be used for other mapping and information.

The uMhlathuze Land Use Scheme is the only one in the province that has updated aerial photography, which is important as it provides an accurate aerial backdrop needed for accurate land use mapping.

Development Planning

Mzingazi Golf Estate

All approvals for the proposed prestigious residential development Mzingazi Golf Estate in Richards Bay have now been received.

A record of decision approving the proposed Richards Bay Golf Course residential estate on portion of the remainder of Erf 5333 Richards Bay was issued by the Department of Agriculture and Environmental Affairs Kwa-Zulu Natal on the 20th December 2005. This decision and record of approval follows the approval granted by the Development Tribunal of Kwa-Zulu Natal in terms of the Development Facilitation Act on 5th August 2005. The approval and issuing of the Record of Decision follows and contains requirements as set out in a detailed scientific study of the property including the wetlands and surveys of the resident hippo population.

The developers, Indlovu Development Trust are pleased to advise that all requirements have been met and the development as proposed in the DFA application and set out in the application have been approved.

The Developers are currently proceeding with construction and it is expected to be completed by November 2006 with purchases being able to take transfer late this year. The development will be phased in two phases as set out in the Record of Decision with the Northern section of the property and central area around the club house being phase one and the Southern section and the nursery node being phase two.

The sale of these prestigious freehold sites was launched to club members in March 2006 with unsold properties being released to the public in the same month. An overwhelming response was received and ninety three percent (93%) of the properties in Phase 1 was sold within in the first 3 weeks.

The Mzingazi Golf Village is to be developed in the central area on the rugby fields and around the club house by the developers comprising of Studio, one, two and three bedroom apartments and townhouses in a village like setting with pedestrian accesses and a jetty boardwalk onto the lake. This exciting complex which will include in-house gymnasium, swimming pool and day care facilities in addition to the use and benefit of the golf course and its country club facilities plus high security levels is expected to attract enormous attention. These units will be available to rent and for sale on sectional title.

Attached to the village is an exclusive mini office park where office accommodation is to be developed in the same architectural style and vocabulary as the village and will be constructed based on the tenant requirements and will be available to let and for sale on sectional title basis.

Phase 2 the South node comprising some 36 residential Erven will be released at the end of the year. Construction is due to commence early January 2007 with completion May 2007. Discussions are underway regarding the development of the Boutique Hotel which will be situated adjacent to the club overlooking the lake.

The developers provides news letters, draft sales agreements and architectural guidelines on the project's website, i.e. www.mzingazigolfestate.co.za.

Central Business District Northern Block

The Bid Adjudication Committee resolved in August 2006 that based on the net present value analysis the proposal with the highest preferential score and the highest price, namely Phambili Developments (Pty) Ltd. be awarded the bid to develop the Richards Bay Central Business District Northern Block in accordance with their technical and financial offer.

It was furthermore recommended to Council to facilitate motivation for rezoning application, the developer be afforded the latitude in determining the appropriate commercial ventures within the Northern Block that will complement the Retail Potential Estimate on the Southern Block to establish total potential gross leasable area of a shopping centre for the area's demographics.

Phambili Developments (Pty) Ltd. includes prominent local property owners and a black empowerment group. All planning and marketing is to be undertaken by the local component of the consultant team. The intention is to use local skills and builders to construct the development. A page on the Phambili Developments (Pty) Ltd. website will be available in the near future for up to date information on the development progress.

It is proposed that the site be rezoned from "Undetermined" to "Special Commercial 1" in order to allow for the proposed mix of uses on the site. The concept of a motor city is a well motivated for the City of uMhlathuze in terms of both need and desirability. The total floor area of the development is envisaged is 32 000m² and the anticipated value of the development is approximately R 350 million.

The development is based on adding value and to supplement the current and future retail activities in the Central Business District. The development of the Northern Block is focussed on the types of retail activities not normally associated with a shopping mall, hence the original envisaged lifestyle centre / value mart concept and further complimented with a moto city component.

The study conducted by Messrs Fernridge in November 2005 calculated that the current gross leasable area of 26 000 m² in respect of the Boardwalk can be increased to between 55 000 to 66 000m, in terms of extensions.

The developers and Council will now initiate two processes which will run concurrently - namely: (a) the of finalising all township establishment and environmental approval; and (b) the conclusion of the Services and Sales Agreement. It is envisaged the statutory process in (a) above will be completed before Christmas 2006 and that tenders could be called for in February 2007 in order for construction to begin in March 2007.

Rural Planning and Development

Agricultural Development

The uMhlathuze Municipality implemented an Integrated Agricultural Development Programme consisting of various agricultural support projects for residents across uMhlathuze. Support service consisted of training, seed and equipment to improve existing vegetable gardens.

Rural Planning

Following the approval of the Rural Framework Plan for uMhlathuze, detailed layout plan together with a community consultation process are prepared for the Esikhawini

and Port Durnford Rural Nodes. The aim of the initiatives is to start formalising the seven identified rural nodes starting with Port Durnford and Esikhawini first.

Urban Planning and Development

Richards Bay Waterfront And Marina Development Strategic Environmental Assessment.

A Strategic Environmental Assessment and public participation process have been completed for the proposed Waterfront and marina Development. The study consisted of the following activities:

- Determine outstanding issues;
- Assess available infrastructure;
- Review applicable policy and legal aspects;
- Assess environmental and planning restrictions;
- Identification of interested and affected parties;
- Interviews with selected parties;
- Production of map;
- Terms of Reference for the proposed development.

The results of the Strategic Environmental Assessment will be presented to Council for its consideration where after a call for development proposals will follow.

Medium density housing on a portion of the Empangeni Golf course and Tennis Club properties.

Revised proposals have been received by the 6 contenders for the proposed medium density housing for medium to high-income sector of the market. The bid has been awarded to a successful contender and the finalisation of the sale agreement and necessary approvals will follow shortly.

Layout planning and public participation process for the proposed Esikhawini / Vulindlela Corridor.

The preparation of the layout plan and public participation processes is currently being conducted. Once finalised it will be presented to Council for its consideration.

Formalising of the Independent Development Trust (IDT) Area in Ngwelezane.

The boundary line encroachments and informal exchange of properties occurring in the Independent Development Trust (IDT) Area are currently being addressed by a participative planning and design process with the community in order to amend the existing layout and address encroachments over boundaries.

Meerensee Ext 5

A Draft Layout Plan in accordance with environmental constraints have been prepared comprising of a school site and approximately 400 residential erven. Town Planning and environmental approval will follow shortly.

Local Economic Development

The uMhlathuze Municipality in partnership with the uThungulu District Municipality and the Gijima KZN LED Support Programme is currently reviewing the uMhlathuze LED Strategy and aligning it with the uThungulu LED Framework Plan. The revised LED Strategy will be presented to Council for its approval at the end of 2006. The updated six key focus areas are the following:

Manufacturing - Clustering for Economic Growth

- Conduct a SMME Clustering Process;
- Build a Competitive Supplier & Service Base;
- Review the Regulatory Environment.

Critical Infrastructure and Services

- Construct Container Handling Facilities;
- Construct a 500 MW Power Station;
- Develop a mechanism to resolve harbour use conflicts;
- Integrated Transportation Plan;
- Address Land Constraints.

Soft infrastructure for Competitive Advantage

- Establish a Strategic Partnership for LED among key role players;
- Establish a Technical Training Centre;
- Establish a “Shannon Model” knowledge network;
- Register uMhlathuze Municipality as an Urban Biosphere Reserve;
- Install CCTV system for crime control;

Jobs from Tourism

- Resource the uMhlathuze Tourism Association to implement the Strategic Tourism Development Plan;
- Develop and implement a tourism marketing strategy;
- Attain Blue Flag Beach Status for Alkant Strand;
- Visitor Information and Signage;
- Tourism bursaries and Training;
- Establish a SA Host Partnership.

Creating Jobs through Agriculture

- Partnership for Agricultural Development;
- Establish a fresh Produce Market System;
- Identify & promote small scale cash crops;
- Improve access to support services;

Strengthening the Local Stake in Commerce

- “Buy Local” campaign;
- Opportunities for locals in new developments;
- Distribution hub feasibility study;
- Graded and regulated informal markets.

Environmental Planning

In terms of the Strategic Environmental Assessment (SEA), which forms part of the Integrated Development Plan (IDP), various actions have to be undertaken in order to work towards building a sustainable City. In this regard the following projects were initiated by the Environmental Planning Section during the 2005/2006 financial year:

Review of the strategic development framework in line with air quality information.

In an effort to ensure that industrial development does not influence the health and well-being of the residents in uMhlathuze, the Council appointed consultants to initiate a study to:

- Determine ambient air quality limits to be adopted as targets for areas within uMhlathuze;
- Determine areas where local ambient air quality limits are exceeded or in danger of being exceeded;
- Determine buffer / setback zones for existing industrial areas, based on current emission and potential emissions as per individual companies' permits; and
- Determine possible future industrial development areas that would not influence the health and well-being of the residents in uMhlathuze or on the sensitive environment.

The study was undertaken during April 2006, and ambient air quality targets set for the Municipal area. In order to facilitate the identification of impact areas where local air quality limits are exceeded, or are in danger of being exceeded, it was necessary to understand the dispersion potential of the municipal area, identify and quantify all sources of emissions and undertake dispersion simulations, using a mathematical model (the so called "HAWK model").

Based on the outcomes of the **modeling**, buffer zones were proposed. Buffer zones or separation distances are typically applied to assess proposed developments to ensure that incompatible land uses are located in a way that minimises impacts caused by noise, odour or polluting air emissions.

Buffer zones were determined to limit the impact of air pollution on human health, on well-being (nuisance factors) and on the environment. These buffer zones would assist planners to better assess the potential impacts of air pollution during location of new industries.

The study concluded with recommendations, which include the drafting and implementation of an Air Quality Management Plan and Emission Reduction Programmes.

uMhlathuze Conservation Plan and Establishment of Nature Reserves

The Department of Planning and Sustainable Development has been involved in negotiations with Ezemvelo KZN Wildlife for a number of years to solve various biodiversity issues in an effort to streamline development applications.

A Conservation/Biodiversity Plan was drafted to indicate all areas that should be protected. Already, approximately 75% of the natural vegetation cover in the uMhlathuze area has been transformed, and the remaining 25% under natural vegetation cover is very important in terms of delivery of environmental services.

The Draft Conservation Plan is in the process of being negotiated with KZN Wildlife. Various issues are still being negotiated between the parties. Once finalised, the final draft Conservation Plan will be submitted to Council for consideration.

The main areas in uMhlathuze that have been identified to be proclaimed as nature reserves include:

- uMlalazi Estuary;
- Coastal Dune corridor;
- Lake Cubhu and forest areas south of the lake;
- The Mhlathuze Estuary;
- Lake Nsese and surrounds;
- Lake Mzingazi and surrounds;

- Thulazihleka Pan;
- Areas within the harbour;
- The link between Lake Nsese and the Mhlathuze Estuary;
- Lakes Mangeza, Niwe and Mpangeni; and
- Areas within the Madlebe and Khoza traditional areas.

In order to streamline the Tata Steel and Pulp United developments, Council agreed to start with the proclamation process for areas in Council's ownership, and the first two pilot projects will include the proclamation of Lake Nsese and the Mhlathuze Estuary as nature reserves.

Public participation is in process, and it is anticipated that the proclamation application will be submitted to the relevant authority before the end of 2006.

OFFICE OF THE DIRECTOR COMMUNITY SERVICES AND HEALTH

Main responsibilities

- Waste Management Services
- Environmental Health
- Traffic and Traffic Licencing
- Fire and Rescue Services
- Community Based Crime Prevention

Waste Management Services

Waste Management Services completed the City of uMhlathuze's first Integrated Waste Management Plan (IWMP) in April 2005. This plan is a requirement of the National Waste Management Strategy and the Integrated Development Plan.

2005/2006 has brought with it numerous highlights and achievements including prize money of R150 000 won in the prestigious Cleanest Town Competition. This will be used for community based projects and school competitions.

Apart from the welcome prize money, the competition recognises the advancements the City has made in terms of waste management as the evaluating team judges various aspects ranging from monetary accountability, public sanitation to waste management practices.

School Paint-a-Drum competition

Funds from the previous Cleanest Town Competition award were used to initiate phase two of the school competitions, which involved local schools decorating drums according to various topical themes.

A full compliment of 72 bins were painted and entered, showing encouraging commitment from participating schools and their principals. Judging was held at the Richards Bay Civic Centre and conducted by a panel of both councillors and senior officials. Cash prizes ranging from R1 000 to R3 000, with a total prize money of R35 000, was presented to the successful schools at a function hosted by the Mayor.

Recycling initiative revived at community level

The old Alton landfill site and offices were revamped and the recycling area secured with palisade fencing at a cost of R2 million. Community members were trained

regarding recycling, plant propagation, herb growing and vegetable gardening practices.

With cash in hand from recyclables such as clean plastics, paper, tins, metals, bottles and produce grown in the vegetable gardens, the sustainability of the project is secure.

Waste Management has initiated the Curbside Recycling Project in which a yellow refuse bag is provided to each household. Residents are requested to place their household recyclable materials inside the bag and place the bag alongside the household's trolley bin on refuse collection day. For every full bag received, a new one is supplied to the household.

This project has been successful in Meerensee and is being expanded into Esikhawini, Empangeni, Arboretum and other suburbs as well. Drop-off points have also been placed in strategic areas such as the bus rank in Meerensee, adjacent to SuperSpar in Esikhawini and next to Spar in Essenwood, Arboretum.

The Municipality has made these drop-off points possible with the assistance of Mondi Recycling, the Plastics Federation Corporation, Collect-a-Can and Consol Glass. Entrepreneurs have been trained and now run their own centres with support from the community due to their strategic locations.

Waste removal in rural nodes

A basic formal refuse removal system has been established for the rural nodes of the City with collection days coinciding with the closest formal suburb. The same vehicles and crew do this extended removal with support from councillors and tribal leaders. Waste Management is now making inroads to finalise waste removal services in the deeper rural nodes of the City.

Free basic services – Waste removal within the indigent community

Waste Management currently services 10 945 free informal refuse service points per week in the rural areas where people cannot pay for refuse services. The total cost to Council is over R6 million per annum. Liaison is ongoing with community leaders to formalise structures whereby minimum payments can be made.

Rollout of trolley bins

A total of 15 000 additional 240 litre trolley bins were distributed during the year, bringing the total cost of providing free bins to domestic households to R5,5 million. The rollout of 240 litre trolley bins to the suburbs of Vulindlela, Esikhawini, Ngwelezane, Empangeni, Felixton, Nseleni, Umhlathuze Village and Zidedele has now standardised service delivery across the City.

Waste Management staff undertook the rollout project, which is seen as a great success in terms of cost saving as well as building relations with the community through the house-to-house delivery of the trolley bins and face-to-face public relations exercise.

Trolley bins are recognised as the greatest asset in keeping and managing a clean environment. Other advantages of the system include:

- No spillage due to overloaded and/or inferior refuse
- bags breaking
- Offensive odours are well contained
- Bins are designed and fitted with lids to prevent fly

- breeding
- Cost saving to Council
- Bins are aesthetically pleasing to the eye
- Tariffs are levied per bin to facilitate good control of accounts and charges
- The bins provide a platform for the use of receptacles in the separation of waste for recycling
- Intermittent refuse surveys are made possible and accurate.

Waste Management Statistics

Skips serviced	719
Street litterbins	1 546
Number of refuse bags distributed to residents per annum	1,6 million
Rollout of 240 litre trolley bins to all suburbs within the city	16 500
Community skips	47
Loads of waste collected	6 707
Domestic and commercial waste	40 932 tonnes
Industrial waste	14 396 tonnes
General waste	4 368 tonnes
Garden waste	1 894 tonnes
Total volume of waste collected	61 590 tonnes ²

Environmental Health

- Environmental Health
- Health Education
- Air, Water and Land Pollution

The functional responsibilities of this division includes the effective management and control of all health issues concerning Food Hygiene, Funeral Parlours, Water, Land and Air Pollution, Childcare Facilities for Children, Guest Houses, Control of Tobacco Smoking in Public Places, Food and Water Sampling, Nuisances, infectious and notifiable disease investigations and overgrown properties. This is achieved through regular inspections and the implementation of effective Health Education Programmes.

General Overview & Main Achievements

No positive rabies cases were reported during the year under review. However the City of uMhlathuze is proactive in this regard and, in conjunction with the State Veterinarian, held bi-annual rabies campaigns during the year as well as monthly clinics at central venues throughout the municipal area.

Likewise no local cases of malaria occurred within the City of uMhlathuze. Malaria is closely monitored by all stakeholders and investigations of the malaria cases revealed that the reported cases were contracted from the far northern areas of KwaZulu-Natal and neighbouring countries and were, therefore, all classified as imported cases.

Regular monitoring and health education by this Section has led to a vast improvement by industries and workshops regarding compliance and co-operation with water pollution aspects. The position of Air Pollution Officer is vacant.

Air Quality

The City of uMhlathuze is a member of the Richards Bay Clean Air Association, which operates a real-time air quality monitoring system. A total of 370 air quality complaints were received, marginally less than the 397 complaints logged the previous year.

Emissions from Mondi and Foskor were each responsible for approximately one-third of complaints logged.

The majority of Mondi complaints were related to odours, eye, nose and throat irritation, nausea and headaches. Most of the Foskor complaints were related to bad odours, eye irritation, breathing problems and visible stack emissions. There was a notable increase in complaints related to smoke and fallout from sugarcane burning and a decrease in complaints from Mondi, that was responsible for almost 50% of air quality complaints the previous year.

Complaints related to Foskor increased by 6%. Most complaints were from the residential areas of Veldenvlei, Arboretum and Arboretum Ext., the Richards Bay CBD and John Ross Highway area, that are close to major industry. Increased complaints from the Felixton area were related to sugar cane burning and from the Port of Richards Bay related to dust emissions during ship loading.

Most of the Nseleni complaints were associated with Mondi emissions.

Environmental Statistics

The following inspections and investigations were conducted during the year under review:

- 609 investigations of Environmental Health complaints were undertaken as well as 370 Air pollution complaints.
- 30 tracing of TB defaulters, 50 cases of Malaria, 16 cases of Measles;
- 1170 inspections of vacant overgrown properties
- 106 inspections at the Funeral Parlours
- 2780 inspections of food premises
- 41 samples were taken according to the Foodstuffs, Cosmetics and Disinfectants Act.
- 446 water samples were taken of streams, rivers and other water sources with regard to water pollution parameters.
- 5035 Kg's of unsound foodstuffs were destroyed at the local landfill sites,
- 484 inspections were carried out at the child care facilities
- 99 inspections were carried out at bed and breakfasts establishments.
- 413 inspections of workshops with regard to water pollution aspects.
- 127 building plans were scrutinized from a health point of view.
- 54 pauper burial applications were approved and burials undertaken by Council.
- 74 health education sessions were undertaken with a total of 1356 people attending the sessions.
- The total number of animal bites recorded and investigated was 21.
- The total number of rabies vaccinations performed in the coastal region during the rabies vaccination campaigns and the monthly attendance at Veldenvlei Hall totaled 3741 animals.

Richards Bay Clean Air Association - Technical Report

Sulphur Dioxide (SO₂) : Maximum 10-minute average SO₂ prediction:

Predicted 10-minute average concentrations were above the National standard (191 ppb) over much of the central Richards Bay area. Maximum predicted 10-minute average SO₂ for the northern residential suburbs of Brackenham, Wildenweide, Arboretum and Birdswood was below the National standard but above the half-standard of 95 ppb. Air quality improves east of the harbour and towards the suburb of Meerensee.

National SO2 Standard Exceedences:

There were 16-recorded exceedences of the 10-min average SO2 standard and 1 exceedence of the daily average SO2 standard. Hillside Aluminium was the main contributor to all 10-minute average exceedences at the John Ross/Foskor intersection station and to half the exceedences recorded at the Civic Centre, while Foskor was the main contributor to the exceedences at Arboretum Ext. and half the exceedences recorded at the Civic Centre. The single daily average exceedence, which was recorded at the John Ross/Foskor intersection station, was mainly a result of emissions from Hillside Aluminium.

Air Quality Complaints

A total of 370 air quality complaints were received during 2005, slightly down on the 397 complaints logged during 2004.

Distribution of Complaints by Source:

Emissions from Mondi and Foskor were each responsible for approximately one-third of complaints logged. The majority of Mondi complaints were related to odours, eye, nose and throat irritation, nausea and headaches. Most of the Foskor complaints were related to bad odours, eye irritation, breathing problems and visible stack emissions. There was a notable increase in complaints related to smoke and fall-out from sugar-cane burning during 2005 and a decrease in complaints from Mondi, which was responsible for almost 50% of air quality complaints the previous year. Complaints related to Foskor increased by 6%.

Distribution of Complaints by Region:

Most complaints were from the residential areas of Veldenvlei, Arboretum and Arboretum Ext., the Richards Bay CBD and John Ross Highway area, which is close to major industry. Increased complaints from the Felixton area were related to sugar cane burning and from the Port of Richards Bay related to dust emissions during ship loading. Most of the Enseleni complaints were associated with Mondi emissions.

RBCAA Chairman's Comment

The year 2005 has been very interesting especially from the perspective of the RBCAA's involvement in environmental impact assessments. Because we operate a real-time air quality monitoring system which has provided the RBCAA with years of air quality data of a very high standard, we believe that we can make objective scientific statements regarding air quality in Richards Bay, whether it be in terms of the current status or in terms of proposed developments. The situation is such that we believe there is evidence of a steady deterioration in the air quality in Richards Bay, which in certain areas has reached the point where no further industrial or residential developments should be allowed to occur, without further action to control the current pollution levels.

We do have good data as well as expertise amongst our ranks, and can make a significant contribution using these resources in a clinical, scientifically objective fashion.

Community Based Crime Prevention

The Victim Empowerment project, one of the ten projects of the Community Based Crime Prevention Strategy, is still in full swing with NICRO co-ordinating such initiatives as youth camps, where youth champions are trained to be a positive influence in their respective communities.

The CCTV Camera Project is well on track with a consultant having been appointed to prepare a scoping document as well as the design and specification phases. A CCTV Camera Steering Committee made up of councillors, officials, NGOs and other government organisations has been established and meets regularly to monitor the progress of this project.

Clinic Services

Primary Health Care Services

A total of 188 166 clients attended the City's clinics (excluding clinics in Esikhawini, Vulindlela, Ngwelezane and Nseleni) for primary health care services. Of the total, 102 120 visited Empangeni Civic Centre and its satellite clinics (Felixton and Baptist Church) and 86 046 attended the Richards Bay Civic Centre and its satellite clinics (Aquadene, Brackenham and Meerensee).

The following table lists the most common illnesses treated at the clinics during 2005/2006:

Disease/Condition	Total
All HIV and suspected cases (VCT)	11 832
Diabetes Mellitus (new cases)	427
Diabetes follow-up visits (chronic)	3 641
Diarrhoea < 5 years – (new cases)	1 527
Helminthiasis/Parasites (worms)	1 671
Hypertension visits (new cases)	507
Hypertension follow-up visits (chronic)	9 723
Scabies (new cases)	1 070
Sexually transmitted infections (new cases)	4 172
Tuberculosis	5 410

The following table lists the number of people who benefited from the Mother, Woman and Child Health Service

Disease/Condition	Total
Immunisation under 5 years	15 208
Total Family Planning	32 332
Ante natal first visit	1 629
Ante natal repeat visits	5 029
HIV/AIDS	
• VCT HIV Positive Females	1 426
• VCT HIV Negative Females	1 934
• PMTCT: HIV Positive Pregnant Women	620
• PMTCT: HIV Negative Pregnant Women	904
• VCT Males: Positive	415
• Negative	1025

Of the 4 884 female clients who visited the clinic for a HIV test, 2 046 tested positive according to the VCT/PMTCT figures above. A further 1440 male clients visited the clinic for a VCT/HIV test during this period, with only 415 testing positive for HIV.

Once placed on the antiretroviral (ARV) programme and stabilised by Ngwelezane's Thembaletu Clinic, clients are referred back to their clinics for easy access to treatment and for continuity of care. The City's civic clinics supervised 202 clients on ARV'S during this period including 43 males, 154 females and five children. Animal bites: Prevention and Treatment Programme

Animal	Total
Dog Bite	299
Cat Scratches	6
Immunisation Certificates seen	7

Rabies usually is transmitted through infected saliva as a result of a bite from an infected animal and is fatal. It is an entirely preventable disease and the most effective way to prevent it in pets is through vaccination.

Health Promotion Activities

Clinic Services recognises that to effectively reduce HIV/AIDS and other serious diseases it needs to actively engage the community through community-based organisations and awareness drives.

During the past year Clinic Services enlisted the help of local church groups and co-ordinated a Prayer Day for women and a separate Prayer Day for men to **mobilize** the community to collectively target the effects of HIV/AIDS and offer support to those infected. Priests and elders from 20 churches participated in these events. Subsequently 24 churchwomen were trained to undertake Voluntary Testing and Counselling to enable them to deal with fellow worshippers who are HIV positive.

Women and churchwomen have also been trained as Directly Observed Treatment Supporters (DOTS), which is the only globally recognised strategy for effective control of Tuberculosis (TB). The course taught the women how to support and supervise clients in their neighbourhood in order to help them comply with treatment and be able to complete their treatment programme.

Traffic Services

The Traffic Section reached, and in some cases exceeded, the majority of its performance measurement targets. The number of roadblocks, speed and alcohol checks have assisted in reducing the number of motor vehicle accidents.

However, additional staff and the use of technical equipment are needed to make further inroads in this regard and to reduce the number of fatalities on the City's roads.

The Traffic Section fleet was boosted with the addition of five new vehicles at the end of May bringing the total number of vehicles in the fleet to 16.

Statistics	
Number of vehicles registered	26 219
Number of vehicles licenced	69 949
Learners' licences tested	5 139
Learners' licences issued	2 563
Seat belt, alcohol, licences, vehicle safety checks	79 984
Speed checks	82 649
Road blocks	97
Number of motor vehicle accidents attended	1145
Number of fatalities	68

Licensing services

The licensing targets were determined by using previous years values and figures. On average the Licensing section are dealing with the general public on a one to one basis and calculating the figures only using the figures with regard to Registration and

licensing, Learners licence testing and applications, we are dealing with approximately 105 000 customers regarding the above issues only, this does not include the person wanting to just obtain information, applying for a duplicate logbook, traffic register numbers, dealer plates, permits etc.

Licencing

Function Performed	Target for 2006	Monthly Target	Target Reached
No. of vehicles registered	22351	1470	26345
No. of vehicles licenced	63070	5456	70148
Learners licences tested	5184	432	5626
Learners licences issued	2592	216	2563

This figure divided by the estimated 252 working days per annum result in the Licensing Section having to deal and liaise with members of the public in the region of 416 people per day. The major expansion and introducing of a Licensing Help desk facility alleviated a huge amount of pressure away from the cashiers, resulting in better workflow and striving to become a more user-friendly service.

This does not include those wanting to just obtain information, applying for a duplicate logbook, traffic register numbers, dealer plates, permits etc. The major expansion and introduction of a Licensing Help desk facility has alleviated pressure on the cashiers, resulting in better workflow and striving to become a more **user-friendly** service.

Fire and Rescue Services

The Fire and Rescue Services excelled once again in the quality and quantity of the service that it provides to the community. This included the manning of the after-hours complaints line, which provides the link between other Council departments and the community pertaining to any after-hours complaints and enquiries. Loss of life and property has been kept to a minimum due to effective fire fighting and fire prevention activities. This is due to the dedication and loyalty of all staff that have once again gone that extra mile for the community that they protect and serve.

Additional Satellite Fire Stations

In keeping with the Council's vision of extending basic services into all areas, the need for satellite fire stations in outlying areas was identified.

In order to address this, two new satellite fire stations were opened. These stations are situated at Nseleni and Vulindlela and provide a basic fire and emergency service into the Nseleni, Esikhawini, Vulindlela, Port Dunford and surrounding areas.

The stations are run by Rural Metro Fire Services on a joint contract basis between the Uthungulu and uMhlathuze Municipalities and Rural Metro.

Two purpose built specialised fire vehicles are on order for these stations and should be delivered by the end of 2006. Once they are commissioned, the level of response from these stations into the areas will be increased.

During the year the Fire Brigade personnel rendered the following services:

- 1377 Fire related incidents, 493 Rescues, 33 Medical Emergencies, 15 Hazardous Materials incidents and 235 Special Services were attended to.
- 3 871 Fire Prevention inspections were carried out.
- The Fire Brigade Control Centre processed 24 354 after-hours electrical pre-payment sales.

- The Fire Brigade Control Centre processed 30 496 fire related and 21 002 non-fire related telephone calls.
- The Fire Brigade Training Division presented 2 courses to external candidates over 2 days and spent 1593 Hours presenting training sessions to Fire Service personnel that covered 40 different modules.
- The total damage caused by fire was R 65,50 million whilst the estimated value of property threatened by fire was R520 931 400.00.
- Operational tasks of special interest performed during this year includes the following:

Fires of Interest

Major damage was caused at the Phosphoric Acid Plant at Foskop when one of the main electrical transformers exploded and set on fire.

Large runaway bushfires occurred over a 3-day period in the area along both sides of the N2 highway from the R102 intersection all the way to the City of uMhlathuze northern boundary at Nseleni station. These fires were fanned by gale force winds and caused serious damage to natural vegetation, plantations and sugar cane. The Fire and Rescue Services evacuated various residents, which were threatened by the fires. The fires were eventually extinguished by the Fire Services in conjunction with Zululand Fire Protection Services and farmers.

Fire and Rescue Services responded to a call where 35 Rooms at Mandlankala next to the bus stop were destroyed when a fire broke out. There were 70 people that lost their homes and 1 adult female passed away later in hospital due to burns and smoke inhalation.

Fire and Rescue Services attended 2 major sulphur fires on the conveyer systems at Foskop as well as a sulphur fire in their main store and a further sulphur fire on a conveyor in the harbour due to the sulphur igniting on the belts.

Rescues of Interest

Fire and Rescue Services personnel attended a serious accident near Heatonville where a bus left the road and overturned. There were 31 patients of which 4 were very serious.

Fire and Rescue Services personnel attended a serious accident on the N2 near Felixton involving 4 heavy motor vehicles and a light motor vehicle. The N2 highway was closed for over 12 hours as the brigade extricated the badly injured driver from one truck and also cleared the roadway of the various loads that had spilled from the trucks. These products included diesel fuel, cooking oil, bars of soap and broken bottles and crates.

The Fire and Rescue Services Dive Unit in conjunction with divers from the SAPS located and removed the body of the flight engineer from the South African Port Operations helicopter after it collided with the super structure of a cargo ship and fell into the sea at the mouth of the Harbour. The helicopter and ships pilots were both seriously injured.

Hazardous Material Incidents of Interest

An environmental disaster was averted when Fire and Rescue Services personnel contained and decanted a 32 000 litre fuel carrier which collided with an armoured cash-in-transit vehicle near Mposa. Approximately 8 000 litres of petrol was lost in the

immediate area but approximately 25 000 litres was contained. There were three seriously injured patients.

General

Assistance was given to various families in the rural areas whose residences were destroyed by lightning and fire in the form of food parcels and blankets.

Standby duties were carried out at various other mass public gatherings/venues throughout the area during the year and as a result of good pre-planning, no incidents were reported.

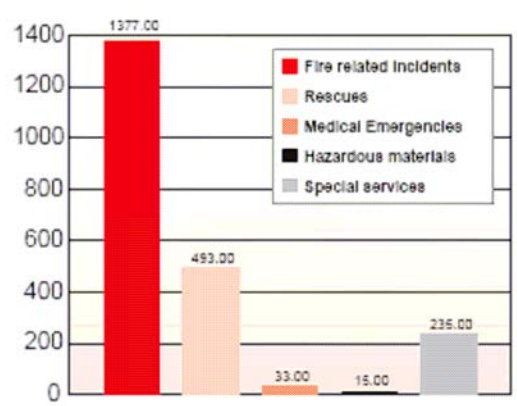
The National Ports Authority Port Festival as well as the New Years Eve Festivals that took place in Small Craft Harbour was successfully concluded due to effective pre-planning and the strategic deployment of vehicles and manpower.

Continuous low rainfall throughout the region during the year has given rise to extremely dry bush and veld conditions, which has led to an increase in the amount of bushfires. In general, the fires were of a high intensity and spread rapidly over large areas, requiring the strategic deployment and utilisation of Fire and Rescue Services resources.

Standby duties were carried out at the Nseleni Sports Grounds for the Coronation of Chief Khoza.

Standby duties were carried out in the Small Craft Harbour on Old Years Eve. Four bushfires started as a result of fireworks and were extinguished and four medical cases were treated during the evening.

The following graph illustrates the distribution of fire related incidents/services:



OFFICE OF THE DIRECTOR COMMUNITY FACILITATION AND MARKETING

Main responsibilities

- Marketing Services
- Public Relations and Tourism
- Community Facilitation
- Local Economic Development (new one?)
- Outdoor Advertising
- Low Cost Housing
- Museum
- Access to Information
- Informal trading

General overview

The City of uMhlathuze has much to offer to the visitor and investor alike. Strongly positioned in northern Kwazulu-Natal, this vibrant city has seen exceptional development taking place over the years with ever increasing economic and sectoral diversification in the city. Because of the city's industrial muscle, tourism possibilities and extensive cultural heritage it has become a special area and in terms of economic production it is the third most significant in Kwazulu-Natal.

It is essential that the City remains at the forefront of economic development to ensure investment. With the vision of increased economic growth it will bring about sustained improvement in the quality of life of all residents and a bright future lies ahead. The City sees capital intensive industries and related service industries predominating at present with secondary and manufacturing industries increasing.

The department is committed to exploit this potential in a responsible manner to enhance attraction of the area and to place the Municipality as one of the country's fastest growth points with the benefit of improving the lifestyle of all the inhabitants and at the same time ensuring a balance to protect the sensitive environment.

The department has contributed effectively in marketing and branding the municipality to increase investment opportunities and to improve the quality of life for all its inhabitants. With public participation being of extreme importance and the cornerstone of the creation of a better life for all, we have been doing our best to ensure that the needs of the community are taken seriously and that the appropriate action is taken when needed.

Marketing

The continued stimulation and broadening of the local economy remains of special importance to the City of uMhlathuze.

Evaluation of the development proposals submitted in respect of the Northern Block of the Richards Bay Central Business district has been completed.

The Agreement of Sale for TATA Steel was finally concluded in June 2006 and preparation of the site in Alton North has commenced.

Outdoor Advertising

For the fourth consecutive year, there has been a steady increase in the income generated to Council from outdoor advertising opportunities throughout the city has increased - some R 833 583,33 was received in respect of permanent advertising

opportunities in the form of application fees, rentals and approval fees, and R46062,70 from temporary advertising rights.

The following applications were processed during the 2005/2006 financial year:

Estate Agents Boards	42
Advertising Trailers	11
Wall Signs	17
Portable Boards	6
Flags/Teardrops	8
Ground signs	52
Pylon Signs	4
Posters and Banners	168
Declined / Removals	69
<u>Billboards/Upgrades</u>	<u>6</u>
Total	384

The geographical distribution of permanent advertising rights applied for is as follows:

Richards Bay:			
Veldenvlei	2	Alton	40
Arboretum	5	Central Business District	20
Meerensee	8		
Empangeni	8	Esikhawini	2
Vulindlela	1		

133 of the 208 applications for permanent advertising sign rights were approved in accordance with Council's Advertising Signs Bylaws, 83 applications declined

A number of focused campaigns were launched over the last year which included: a beach safety awareness campaign directed at Alkantstrand, a municipal services publicity campaign focusing on, the museum, electricity, water, budget and the World Cup Triathlon Championships

Public Relations and Tourism

The City offers an entire spectrum of ideal tourist opportunities. Cultural and heritage attractions may also be enjoyed not forgetting the city is also considered an ecotourism destination with much allure and is home to 60 percent of South Africa's total bird species.

Being a harbour city particular focus has been paid on recreational entertainment with one of our key focus areas being to promote our City as an event destination, , The City of uMhlathuze has shown its support in the promotion of sports tourism by sponsoring several high profile events and encouraging publicity that will showcase as a leading sports venue. The City is home to a wide variety of excellent sports clubs which have excellent infrastructure to host provincial and national events. Not forgetting the favourable climate. The following events have been hosted in which the City of uMhlathuze has been actively involved whether it is in the form of sponsorship/host/television coverage etc

- Richards Bay Fishing Bonanza;
- Fish Eagle Mile Swim
- Beach Festival;
- Hippo Rally.
- KZN Bonzai Association Regional Annual Convention
- South African Triathlon Championships.

- Zululand Expo
- Zulu dance Competition
- UMhlatuze Tourism Bush Run
- First Leg of South African Body Boarding Competition
- 21 Species Competition
- World Cup triathlon Championships

These events generated spin-offs for local business, as hotels and bed-and-breakfasts were fully booked, and provided an opportunity to showcase the city as a premium venue for a variety of activities.

Numerous workshops were held at the Arts and Crafts Centre in Empangeni for the crafters in the area to develop and improve the quality of their products and provide an improved customer service. These workshops also provided information and training to the attendees to enhance their business skills in establishing their own business. The establishment of a monthly crafters and fresh produce market has contributed significantly in attracting more visitors to the Arts and Crafts centre and due to their success other initiatives are being planned. The construction of a roof on the centre which is scheduled for completion later this year will make the centre more viable.

Museum

During the past year the Museum was buzzing with exciting workshops and Art Displays. The workshops were held to assist & support the local under privileged community to obtain skills that could benefit them in becoming self employed.

Workshops:

Some of the workshops offered were woodcarving and embroidery.

The woodcarving courses consisted of beginners and inter-mediate levels.

The embroidery classes started at the end of 2005 and ladies from Ngwelezana learned how to appliqué ,embroidery and beading onto fabric. Their works were a huge success to date as it was selected from the Biennale Exhibition to be included in the Jabulisa Exhibition. Some of their other works were sent over to the Czech Republic (Prague) to try and sell and also organize a venue to display their works in 2007.

Exhibitions:

The Museum had a new display on every month and sometimes it had to be extended to two months due to public demand. Some of the highlights during the year included the visit from the Consul General of India to determine whether the Mahatma Gandhi Bust could be housed by the Museum until the planned Heroes Acre is opened in the uMhlatuze area.

Several local artists displayed their artworks ranging from paintings, drawings and sculptures. Some of these local artists and crafters participated in the Biennale 2006 Art Exhibition. Works of 2 crafters and 3 Artists were chosen to represent the Museum in the Jabulisa Exhibition. This exhibition will go on a provincial and the national tour to give them the exposure they need.

The Bi-Annual Mondi Eisteddfod took place and schools from the uMhlatuze area and as far as Hluhluwe and Pongola participated. This exhibition was a showcase of young talent in the Primary Schools , the High School section took place later.

The historical photos of Empangeni and Richards Bay were on display to show the development and growth of the two towns during the past century.

Departmental Statistics

- 50 000 Newsletters were printed and distributed monthly throughout the municipal area
- 20 000 Tourist maps and 20 000 tourist brochures were printed and distributed to identified outlets
- 2000 Copies of the Annual report were distributed

Municipal Community Housing Plan

The City of uMhlathuze has succeeded in developing a multi-year Municipal Community housing Sector Plan as required in terms of the revised procedures established in Chapter 3 of part 3 of the National Housing Code. This was realized in partnership with the Provincial Department of Housing who funded the process.

This ground breaking plan certifies new potential projects in the rural areas under the control of traditional authorities as well some in the urban areas. The document will further yield positive impact in terms of funds allocations by the Provincial Department of Housing and in facilitating land acquisitions. Negotiations are already underway between the municipality and the Provincial Department of housing intended on securing funding for the projects.

Pilot Project: Esikhawini Hostel Upgrade Programme

The Pilot Project for the Hostel upgrade program has been completed. Council has evaluated and patched all the critical areas that were exposed during the implementation of the project. These areas included inter-alia socio-political and socio-economic factors, which were the major determinants of the success and failure of the Pilot Project. Council is now on course towards appointing the Contractor to undertake Phase I, which comprises a total of 72 units to be upgraded.

Nseleni Hostel Upgrade Programme: Socio-Economic Survey

The municipality intends converting the 117 hostel units, which are currently used as hostels, into family houses. It is anticipated that some tenants will be displaced when this project is implemented.

The socio-economic survey was commissioned by Council to determine inter-alia, the number of tenants living in this units, their income status etc upon completion, Council will be able to sum up the number of tenants to be relocated.

IDT Consolidation Project

A total amount of R399 500 housing has to date been paid to 47 beneficiaries. Council regrets the delays being experienced owing to various problem statements prevalent in the area, hence inability to pay out to other prospective beneficiaries. Engagements aimed at finding lasting solutions are underway.

Community Facilitation

State of the Nation Address (Sona)

This event was held in Port Dunford sports complex on 3rd February 2006. More than 300 enthusiastic people attended the event. The idea behind the exercise is to bring Government closer to its people and also to provide information on government programmes.

Radio Talk Shows

The municipality has employed the use of radio as its other means of ensuring good communication. The communities are continuously briefed about the municipality's developmental goals and the service delivery in general. 3 five minutes radio slots were bought at Ukhozi FM where the municipal speaker addressed the public on different issues.

Ten one-hour each slots were bought from ICORA FM where Municipal Members of public had an opportunity to interact with municipal officials on different issues and also raise concerns or questions.

This method was very effective in strengthening the relations between the municipality and the community and also it was a powerful tool in marketing the municipality.

Heritage month

Council participated in the celebration of heritage month by organizing tree plantation events. A series of awareness campaigns were held sensitizing the community about the importance of trees. A total of 12 schools were targeted for the holding of small events where children were taught about the significance of preserving trees and also highlighting the different benefits e.g. Medicinal use, commercial use and environmental use ect.

The main event was held at KwaDlangezwa at Phalane school this was the climax of the whole exercise.

Youth Day 24 June 2006

The City of uMhlathuze hosted a youth day event at the University of Zululand Bhhekuzulu Hall, of which about 2000 youth attended. The theme was "*addressing the needs, challenges and opportunities of young people through dialogue: taking forward the summit resolutions*" and also '*celebrating 30 years of youth activism*' The resolutions of the youth summit were announced to the youth.

Youth Summit 25 And 26 May

A landmark Youth Summit took place on 25 and 26 May 2006 at the Richards Bay Civic Centre. The event became a useful consultative process during the Umhlathuze youth were engaged on various issues including the formulation of the required youth policy. A total of 150 youth representing different community youth structures attended the summit.

National youth and Provincial youth commissions made presentations and commission with implement able resolutions.

The youth came up with resolutions from the following commissions:

- Welfare and community development.
- Economic participation and development
- Education and Training
- Governance

Ward Committee Elections

After the local government elections, the Community facilitation section engaged in a vigorous process of facilitating the election of ward committees. This involved prior consultation with all Ward Councillors, scheduling of dates and securing of suitable venues and the deployment of competent officials to preside over elections. Prior to conducting elections, clarities were provided on various aspects that are relevant to the Ward Committee system. Once again uMhlathuze municipality became the forerunner

in getting its committees successfully elected in all 30 wards. People that were elected were drawn from the youth, women people with disability, CBO's or NGO's etc. The finalization of the elections therefore set the tone for further processes with which the municipality wishes to promote and support the Ward Committee system and ultimately realize its public participation.

Community Development Workers Program

This program is the presidential initiative. The purpose of the programme is to link government services with the communities especially those in rural areas. Community Facilitation section has acted as a mentor to the 7 CDW and also assist in co-ordinating the program.

OFFICE OF THE DIRECTOR MANAGEMENT SERVICES

Core responsibilities

- Personnel Administration
- Safety, Health and Environmental Risk Control
- Industrial Relations
- Training and Development
- Information Technology (Outsourced to GijimaAst)
- Business Analysis and Efficiency (PMS – outsourced to GijimaAst)

Personnel Administration Services

Responsible for the recruitment, selection and placement of all staff, as well as Employment Equity.

In addition to this, he is also responsible for the control of all leave as well as general personnel administration functions, i.e., pension fund, medical aid, group funds, etc.

The department of Management Services underwent ISO 9001 training and is in the process of implementing systems to obtain ISO 9001 accreditation. This will ensure that services will be rendered on international recognised standards. Ten officials from various departments were trained as ISO 9001 auditors to ensure that standards are upheld to the required level. The vision is that all the other departments will follow suit and in the near future all the departments of the uMhlathuze Municipality will run according to the ISO 9001 standard.

The department of Management Services is also in the process of establishing an EAP (Employee Assistance Programme) system to assist with the well-being of all the employees.

Personnel Maintenance and Development Services

Responsible for Demand Management (IT), Training and Development and Occupational Health and Safety.

IT Services

City Connect – Voice and Data Project

As construction of the new Civic Centre in the Central Business District drew to a close and officials began moving in during the month of February 1998, the building was ready for the advent of converged networks. This meant that in time to come, both traditional voice (telephone) communication and computer data would share the same infrastructure. However it was to take another six years before the technology was stable enough to be implemented. With the foresight of the IT staff at the time, it also

meant that when converged networks became a reality that the infrastructure within the building would not have to be changed thus resulting in substantial savings. In more recent times the term convergence has come to include the ability to transport video.

Objectives

In 2004/2005 a convergence project was initiated and implementation began in the 2005/2006 financial year. The convergence project became known as “City Connect”.

The main objectives were to;

- Enable the public to dial a single number and connect to any remote location via this number. This in contrast with the public being asked to phone another number to reach an official in say the Empangeni Clinic.
- Implement a system that would make remote site numbers an internal extension resulting in a reduction in Telkom costs between remote sites e.g. phoning the buyer at Alton Services Centre from the Esikhawini depot.
- Introduce an auto-attendant. Previously the public would hold on for long periods of time only to be shifted from pillar to post.
- Implement a unified TMS (Telephone Management System) catering for voice and faxing. Previously several systems were in use making consolidation and management difficult. Fax machines were excluded from the TMS systems.
- Replace the “illegal” Microwave/radio MAN (Metropolitan Area Network) in the City's area of jurisdiction with a legal and rental free, high-speed radio network.
- Reduce the Telkom fixed line costs by 20%

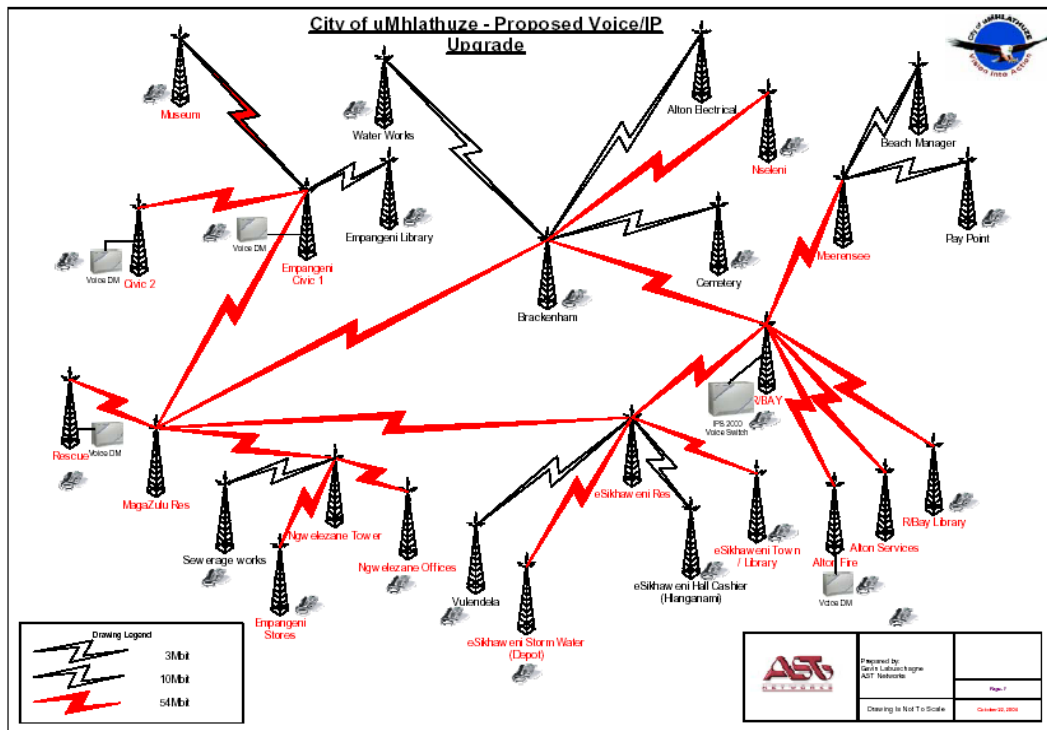
Accomplishments

In terms of the objectives above the following have been accomplished

- The public does now only have to dial one number, 9075000. With this they are able to reach almost every official within the organisation irrespective of location using a single numbering system of 9075000 to 9075999. There a small number of remote site like the swimming pools that still have there own number provided by Telkom.
- Officials are now able to phone any number within the valid range as an extension irrespective of the location.
- The auto-attendant has been implemented. This feature provides an automated attendant system to direct the public to a specific number depending on their requirements. By entering numbers in response to questions asked about who and what they would like to communicate about.
- One unified TMS (Telephone Management System) has been implemented for all calls and faxes made on the single numbering system. This provides for a much better control over telephone and fax calls.
- The City of uMhlathuze has been issued a PTN license and this means that it may legally build its own communication infrastructure. The illegal network has been replaced with an approved ICASA network resulting in greater bandwidth with QOS (Quality of Service) ability enabling voice and data to be transported. This has brought about a saving of a conservative R790, 000 per annum. The anticipated saving over a five year period is almost R4, 000,000. Figure 3.5 represents a graphical topology of the communications network.

Figure 3.5 – Communications Topology

Voice/IP over the WAN



- On initiation of the project there were 41 Telkom lines other than the main lines coming into the Richards Bay Civic Centre. At the completion of the project, the 41 lines were reduced to 18 lines. This has reduced the monthly fixed line Telkom rentals from R35, 993 to R16, 405 representing more than 50% savings.

Training and Development

The City of uMhlathuze, in aspiring to become a metropolitan city, seeks to develop the skills of our employees in our endeavour to offer excellent services in a sustainable manner. This is achieved through providing learning programmes, relevant training interventions and development initiatives to cascade skills to all disciplines, down to the lowest levels, in a sustainable manner.

The Workplace Skills Plan serves as the strategic document that gives directions on training and development within the Municipality.

Training and Development are functioning within the framework of the Skills Development Act and Skills Development Levy Act. This section is responsible for the training and development of officials who are employed by the Municipality.

The section managed to train/facilitate training for 664 of its employees in the various disciplines. Training was directed to all occupational levels, but obviously with more focus and expenditure on the lower levels as per the National Skills Development Strategy and the whole spirit of skills development.

Constraints surely are the lack of venues for training as well as lack of space for the filing of portfolios of learners. The lack of space may have an impact on the finalization of the accreditation of the Municipality as a training provider as secure space is needed to keep all training material, portfolios of evidence (for a period of 3 years) etc.

Successes is obtaining all the necessary training tools and equipment, the qualification of 6 officials as OD ETD Practitioners and the near completion of artisan aids with their qualifications.

Training done for the period is stated in the table below:

Course	Race				Gender		Total
	B	C	I	W	M	F	
Ally Cad	1			1	2		2
Basic Safety Training	162			2	138	26	164
Brush Cutter	28				15	13	28
Business Management Skills	3		1	5	8	1	9
Chainsaw Operator	9				9		9
Codes of Good Practice BEE			1		1		1
Confined Space Entry	22	1	1	4	28		28
Customer Services in Local Govern.	4	2		5	7	4	11
Defensive Driving	10			1	11		11
Dispensing License	4		1	3		8	8
Electrician (Section 28)	6				6		6
Environmental Management	1				1		1
Fire Arm Instructor				2	2		2
First Aid	27		3	5	20	15	35
Groupwise	13		1	3	7	10	17
HAZMAT	5		3	8	14	2	16
Herbicide Course	13				12	1	13
Horticulture (Principles of)	8			1	6	3	9
Introduction to Computers	2					2	2
ISO 9001 Practical	7		1	4	4	8	12
ISO 9001 (Modular)				2		2	2
Labour Law	2			1	3		3
Landscape Maintenance	13				5	8	13
Minute Taking	3	1	6	2		12	12
Microsoft Word	8				2	6	8
New Labour Relations	4			1	5		5
NLTTA Training	6		2	13	17	4	21
Operator Certificate (DRAEGER)	1			1	2		2
Payday Workshop				1		1	1
PowerPoint	1	1	1	6	1	8	9
Reception Skills	11	1	3	5	6	14	20
Rep. Health & Safety	23		2	1	18	8	26
Skills for Secretaries	18	1	4	5	2	26	28
Sexual Harassment & Gen Skills	1			2	3		3
SHE Supervisor	1				1		1

	Race				Gender		Total
Team Building	35	3	2	19	41	18	59
Tractor Maintenance	20				20		20
Tree Management	14				7	7	14
Waste Management	33				17	16	33
TOTAL	519	10	32	103	441	223	664

Safety Health and Environmental (SHE) Risk Control

Incidents

Council developed and implemented an electronic incident reporting and investigation system. The electronic reporting and investigation system has ensured that investigations are finalized within acceptable time frames. Furthermore, progress with the finalization of investigations can be monitored, while the reduction in paper work has reduced cost to Council.

She Training

Flexible Learning Solutions, the first accredited Service Provider by the Services SETA as a SHE Learning Programme Provider in South Africa, continued with the SHE Training Programme. Training is an essential requirement in terms of the OHSAct as employees have the right to be informed of their duties, responsibilities as well as hazards and risks in the workplace.

A number of employees attended SHE training courses during the year under review. Courses included SHE Representatives, Incident Investigations, Right to know, SHEMTRAC, OHSAS 18001 and Integrated Systems Auditing (Safety, Health, Environment and Quality).

Functional training by other service providers included first aid, confined spaces entry and lifting equipment. Numerous man-hours have been spend on informing field staff the correct use of supplementary substances issued during summer months as well as the training of drivers of official transport to be conversant with the various rules and regulations concerning road transport.

Heat Exhaustion Prevention

The SHE Risk Control Division distributed 550 water bottles, donated by Mhlathuze Water, to staff working outdoors. This is to store clean drinking water to prevent heat exhaustion and dehydration.

She Workshop

Over 100 SHE Representatives and Supervisors attended the SHE Workshop, which had the theme “ Team up for Safety. You can be a star player”. The aim was to promote effective teamwork between employees and supervisors in the workplace. The Department of Labour was involved and gave a presentation.

Risk Assessments and Safe Working Procedures

As the organisation shall establish and maintain procedures for the ongoing identification of hazards, assessment of risks and the implementation of necessary control measures, Council is in the process of reviewing it.

Business Analysis and Efficiency - Performance Management

The manual process to measure, monitor and report on performance had become too complex and time consuming for completion within the timeframes required by the Auditor General and in terms of the Municipal Financial Management Act.

GijimaAst has facilitated the project performed by Intermap for the compilation of a User Requirements Specification and a Functional Specification for the development of this computerized system. The computerized system in accordance with the Performance Management Framework ensures the alignment of the Integrated Development Plan, Municipal Budget and the PMS.

The computerization of the PMS for the Municipality has been completed at the end of December 2005 and in process of deployment.

OFFICE OF THE DIRECTOR PARK, SPORTS & RECREATION

Main responsibilities

- Sport and Recreation services
- Horticultural and Cemetery services

Sport and Recreation

Creating and maximising opportunities for community participation through well targeted sports programmes has been exemplified during the past year by the increased volume of programmes this department has been able to offer. These have added value, improved the quality of life for our residents and raised the profile of sport in the region.

Sport Development and Advancement

The Department remains focused growing and developing sport in the City by providing sustainable projects that contribute towards the improvement of the quality of living within our community. Central to this are the partnerships the Municipality constantly re-affirms with provincial and national government through the presentation of co-operative projects and joint ventures.

The Department is proud of the strategic and leading role it plays in the sports industry of the province and received the Premier's Award in recognition of its strides in sports development in the area. Other outstanding achievements of the past year include:

Support from the National Lotteries Board

A successful application was lodged with the National Lottery Distribution Fund and an amount of R1,283 million was received for projects for the next three years, to supplement the ongoing functions of the Department. The funds will be utilized as follows:

Upgrading Ngwelezane Regional Sports Field.....	R770 000,00
Re-surfacing Esikhawini H-section Basketball Court	136 000,00
Sports equipment.....	162 000,00
Rural sports development	80 000,00
Recreation events	80 000,00
Poles and goal posts	60 000,00

Kwanaloga Games

The Kwanaloga Games has grown to become one of the most prestigious and popular multi-sport events on the KwaZulu-Natal sports calendar. It will be hosted by the

Uthungulu District Municipality, within the uMhlathuze Municipal area during 1 to 3 December 2006. It has grown to boast 10 sporting codes, namely: soccer, netball, athletics, dance sport, cricket, basketball, volleyball, boxing, swimming and rugby.

Fish Eagle Mile Swim

The third Fish Eagle Mile Swim was held in 2005 and was once again professionally organized in conjunction with the Bearing Man Zululand Triathlon Club. The event has grown year-on-year and now attracts swimmers from throughout the province and receives prominent television coverage.

Several valuable projects and programmes were presented during the past year and include:

- Regional junior sport elimination contest
- Ngwelezane youth games
- Nseleni youth soccer
- Mzingazi Village youth games
- Aquadene and Brackenham winter sports development programme (soccer, netball, volleyball, cricket and tennis)
- Masters' soccer coaching workshop co-ordinated with the KZN Department of Sport and Recreation as well as the Uthungulu District Municipality
- Recreational swimming gala at Empangeni
- Participation at the Zululand Indigenous Games at Inbuyalingana Municipality
- Assisted the KZN Department of Sport and Recreation with the hosting of the Provincial Games at Port Durnford
- Participation in the Founders' Sports Day, a competition in different sports codes between the major industries/companies that founded Richards Bay
- Women in Sport workshop to promote the participation of females in sport
- Basic Sports Administration Course – a two day course for local community-based sport leaders designed to train them in sports administration at grassroots level
- Soccer Coaches Development Course – a two day course for local soccer coaches facilitated by SAFA
- Esikhawini Summer Games – a mass participation event for the youth of Esikhawini
- Ngwelezane Indigenous Games on Heritage Day
- Facility Management Course for community-based sport leaders to teach them how to manage community sport facilities
- Establishment of the uMhlathuze Forum
- Drafting of the Youth in Sport manual

Swimming Pools

Lifeguards once again facilitated the “Learn to Swim” programme that is initiated and presented by this Department. Over 70 disadvantaged children qualified to swim freestyle and backstroke. More than 15 club and school galas were held at the Empangeni swimming pool, while the Arboretum pool hosted 12 club and school galas. Likewise the swimming pools at Brackenham and Aquadene were optimally **utilized** by the schools in those suburbs to produce more confident swimmers than in previous years.

The full-time lifeguard at the Meerensee pool is actively involved in coaching swimming to pupils from schools in the Mzingazi area, which forms part of our community outreach programme. The swimming pool in Nseleni has been completed and was fully

operational for the new season on 1 September 2006. The tender for the Ngwelezane pool has been awarded and construction on site A1250 will start shortly.

Sport Facilities and Amenities

As part of a special Vuna Awards project, the Department of Provincial and Local Government provided money to construct five basic soccer fields in the rural areas of Dube-Emphembeni, Mkhwanazi – KwaDlangezwa, Madlebe, Khoza-Bhejane and Mkhwanazi-Port Durnford.

The provision of sustainable and accessible sport and recreation facilities complements the continuous development of all communities from grassroots level to professional level in all codes of sport.

The provision and maintenance of sport and recreation facilities is extremely costly and the Department endeavours to obtain the necessary funding to be able to improve on the delivery of this very important commodity within all our communities.

Beaches

Although a very busy season was experienced, reaching a peak during New Year's Day, continuous and stringent security measures ensured a safe and almost crime-free holiday period at Alkantstrand. Additional security was approved by Council to ensure user safety especially during weekends when people flock to our beaches to enjoy the sunny weather.

Much effort was put into the upgrading of the general visual appearance of the beach area and operational plans are in place to continue with the high standard of maintenance.

Council applied for Blue Flag status. This means that several actions will have to be introduced before permanent status is obtained. Services at the beach will then be measured against international standards.

Horticultural and Cemetery Services **Cemeteries**

The Municipality has accepted the management responsibility of the new Empangeni Regional Cemetery on behalf of Uthungulu District Municipality and burials were conducted from 1 June 2006. The use of this cemetery will provide an alternative to the Richards Bay Cemetery, contributing towards improved service delivery to especially the communities of Ngwelezane, Empangeni and adjacent tribal areas.

Horticultural

Council received the prestigious Arbor City Award for 2005 in recognition of its greening efforts. This is a national award, conducted on a provincial level, where all municipalities within a specific province – based on certain evaluation criteria – enroll and compete for the award. The award acknowledges the efforts of the Municipality to commemorate Arbor Day. More than one thousand trees were planted throughout the City, with an emphasis on schools.

Special recognition also needs to be given to the late Daniel Nkosi and his group of young volunteers who planted over 6 000 trees, predominantly in Ngwelezane, during their spare time.

Progress has been made in controlling alien plants and about 24 hectares of land have been cleared. Active control will continue and densely invaded areas in Arboretum,

Veldenvlei and around Lake Mzingazi and Alton will be targeted, as well as Nseleni, Vulindlela, Esikhawini and Ngwelezane.

Unfortunately illegal dumping in greenbelts and open spaces, as well as vandalism to property and flora, continues to thwart the effects of this section to create and maintain an acceptable and balanced environment within the City.

Community Facilities under control by this department

- Municipal sport and recreation facilities include: four cricket fields (two floodlit), four hockey fields (two floodlit), four floodlit volleyball courts, nine netball courts (eight floodlit), five basketball courts (one floodlit and one indoor), two softball fields, a floodlit grassed athletic track, 17 soccer fields (nine floodlit), five rugby fields (four floodlit), four floodlit korfbal courts, 14 tennis courts (nine floodlit), eight squash courts (three floodlit), five jukskei courts, two 18-hole golf courses, a nine hole golf course, three swimming pools (two Olympic size), four bowling greens, a roller skate court, one combination tennisvolleyball court, two combination volley-/netball courts (one floodlit), three combination basket-/netball courts (two floodlit) and two combination basket-/volley-/netball courts.
- There are 809 sport clubs with specific facilities for inter alia equestrian sport, polocrosse, aerolites, angling, yachting, paddling and radio flyers.
- Within the municipal area there are four cemeteries,

3.2.2 Strategies in involving Communities in the development and implementation of the IDP

The development and implementation of the IDP is facilitated via an IDP portfolio committee with the following terms of reference:

- Town planning
- Integrated development planning
- Environmental affairs
- Local economic development

The IDP review process is conducted as prescribed in the approved process plan. The public forums create awareness regarding the review, and serve as a vehicle to workshop Sector programs further.

The projects, developmental objectives and performance indicators are continuously re-viewed within the IDP re-view process. Table 2 (See Appendix A)

3.3 Financial Management

Refer to the annual financial report containing the Financial Statements for the year ended 30 June 2006 which is attached as Appendix D.

3.4 Municipal Governance

3.4.1 Decision Making Models

The following procedure is followed to facilitate the decision making process:

1. Receive instruction from Supervisor to write a report.
2. Send a GroupWise Mail message to user "Committee Section."
3. The Committee Section will create a Macro for you to work in.

4. The Committee Section create/originate all Report macros - this way they can keep tabs on any reports created, there are no unnecessary duplications and they have full rights at all times. This is also a security measure so that once a report has served before the Portfolio Committee, Exco or Council no changes can be made - only View rights are given to all other users in the organisation including the report writer. This means that the report writer will always be able to read the report in future but no changes can be made. This ensures that only one OFFICIAL VERSION is available on the system.
5. Once the report writer has finished the report, comments are obtained from all relevant role-players in the organisation (especially Treasury if there are financial implications). The comments need to be discussed with relevant Supervisor and if deemed necessary be included in the report.
6. The Supervisor must then be advised that the report is finished – the Head of Department may require some further enhancements etc.
7. When the Head of Department is satisfied with the contents of the report may be dragged and dropped into the Comments on Reports Folder within GroupWise. The report remains in this folder for a few days (three maximum) for any relevant further comments on the report.
8. The HOD's Secretary is then advised that the report is complete. The HOD instructs the Secretary to drag and drop the final report into the Final Reports folder where the Committee Section will collect it and take it to the relevant committee for approval - albeit a Portfolio Committee, EXCO or Council.

The abovementioned procedure is facilitated by GroupWise an electronic mail system, which contributes to the effectiveness and efficiency of the decision making process.

3.4.2. Mechanisms for ensuring that Councillors adhere to the Code of Conduct

The Standing Orders for the Council and its Committees governs adherence to the Code of Conduct. A copy of the Standing Orders for the Council and its Committees is available for inspection.

3.4.3. Mechanisms for linking Strategies to Administration

An instruction list is utilised as a mechanism for the finalisation of Executive Committee resolutions. This mechanism ensures that the strategy is linked to effective administration.

3.5 Municipal Services

3.5.1 Provision of Household Infrastructure

Table 5 (See Appendix A)

3.6 Performance against Key Performance Indicators

The following tables were prepared for the individual departments and depict their performance/achievements against the targets that were set since 2003/2004 financial year, including the performance targets set for 2006/2007 financial year in the format suggested by the abovementioned guide:

Refer to Table 6 (See Appendix A) for a detailed description of performance against key performance indicators according to the IDP structure and National Key Performance Indicators.

3.7 Customer Satisfaction Survey

In terms of the Municipal Systems Act, 2000 (Act No. 32 of 2000), a Customer Satisfaction Survey needs to be conducted annually to obtain statistical data for the quality indicators developed within the Performance Management Framework of the municipality. The customer satisfaction index is further required to review annual performance targets for services delivered by the municipality. Such a survey was once again conducted during March/April 2006.

A total of 3087 households responded to the twenty-five survey questions. The satisfaction level of these households with regard to the most important services is illustrated throughout the attached report. The following services were inter alia addressed: -

- water supply
- health care
- sanitation/sewerage
- electricity supply
- domestic refuse removal
- condition of roads
- communication with the community
- municipal pay points
- sports facilities
- licensing services
- law enforcement visibility, and
- emergency after-hour emergency services.

The overall perception of the public regarding the level on services rendered in comparison with previous financial years, is as follows: -

	AVERAGE PERCENTAGE							
	2002/2003		2003/2004		2004/2005		2005/2006	
Excellent	16.2	70.3 %	16.9	77.6 %	25.8	80.3 %	25.9	82.4 %
Satisfactory	54.1		60.7		54.5		56.5	
Not Completely Satisfactory	9.4	29.7 %	14.4	22.4 %	12.6	19.7 %	13.3	17.6 %
Totally Unsatisfactory	20.3		8		7.1		4.3	

A Positive trend is evident over the past four financial years.

CHAPTER 4: PRELIMINARY PLANS FOR NEXT FINANCIAL YEAR

The goals and major plans of the Municipal Manager (CEO) and different departments, in terms of the IDP, are summarised as follows:

OFFICE OF THE MUNICIPAL MANAGER (Chief Executive Officer)

Goals

- Assume all responsibilities of Accounting Officer of the municipality for the purposes of the Municipal Finance Management Act No 56 of 2003.
- To ensure that a budget with at least a 3 year financial plan be developed timeously for approval by Council and implementation by the beginning of the financial, that proper books and accounts are kept, income and revenue levels be maintained or improved, and regular internal and external audit reports are obtained for consideration and decision making by Council
- To head, direct and manage senior staff so that all the issues relating to the strategic survival/ improvement of the Council receive the necessary attention with the objective of providing ratepayers and residents with efficient and affordable services
- Oversee the strategic planning and IDP for the Municipality, meeting all target dates for the revision of the Integrated Development Plan, identifying all new issues impacting on the achievement of the Council's strategic goals and objectives and implementing action plans to deal with such issues
- Ensure that the IDP objectives and targets are achieved
- Ensure progress in terms of the Council's Employment Equity Strategy
- Lead and inspire the Management Team and through them the organization, to pursue good governance within the administration by ensuring transparency, public accountability, access to information, administrative justice, responsiveness to needs and complaints and an overall helpful and friendly services to the citizens of uMhlathuze Municipality
- Develop and maintain good and healthy relations with National and Provincial Government, organised and individual local government, parastatals, the private sector, organs of civil society and the public thereby promoting the interests of the Council to the fullest extent

Major Plans for 2006/2007

- Ensure that all departmental plans are within time and budget as set out per individual department.

OFFICE OF THE DIRECTOR CORPORATE SERVICES

Goals

- Provide administrative support to other departments in the City of uMhlathuze
- Provide rental housing for Council employees who qualify in terms of Council's policy.
- Manage Council owned houses and other buildings belonging to Council.
- Coordinate the utilisation of Council buildings and facilities within for the use and benefit of the community.
- Provide a general support service to Councillors.
- Selling of vacant land and existing Council houses.
- Provide a legal services function to the City Council of uMhlathuze.
- Provide public library services to the uMhlathuze community

Branches

Diverse Administration.
Estates.
Legal Services

Major Plans for 2006/2007

- Pursue with KZNPLIS the relocation of the Richards Bay Library so that a state of the art Library can be built next to the Civic Centre. The intention is that such library will service the whole community and will include an after hours service.
- Pursue with KZNPLIS the building of a second Library at Esikhawini because the current library is unable to cope with the huge clientele.
- Install shelves in all libraries to accommodate the additional books that the libraries have acquired.
- Alter the study area at the Empangeni Library so that the solid wall is halved and install a glass wall on top to enable the librarian and other staff members to monitor what is happening at the study area and the front desk.
- Replace sliding door rails at the Empangeni Town Hall because they are worn and make the doors difficult to open and close.
- Replace the airconditioners at the Empangeni Town hall.
- Put in vinyl tiles at Nseleni, Vulindlela and Mzingazi halls to cover the grano to bring these halls to a standard similar to that which is in place at the other halls.
- Fence the Veldenvlei and Bay halls to prevent theft of Council property and keep away uninvited guests.
- Install overhead fans at Aquadene and Brackenham halls because the halls are too hot during summer months and to bring these halls to a standard similar to that which is in place at the other halls.
- Build change rooms at Brackenham hall for hall users to change when they have plays or other functions such as weddings. This will also bring this hall to a standard which is similar to that which is in place at the other halls.
- Initiate a study to establish the practicalities of building a community hall within one of the rural nodes which are to be established in terms of Council's Rural Framework Plan.
- Replace carpet with ceramic tiles at the restaurant in the Richards Civic Centre.

OFFICE OF THE CHIEF FINANCIAL OFFICER**Goals**

To ensure efficient and effective financial management for City of uMhlathuze by:

- The management of municipal assets and risks.
- The management of municipal revenue.
- The management of the municipal budget.
- The performance of the municipal finance function.
- The maintenance of internal financial control.
- The production of financial performance reports.

Branches

Income.
Expenditure.

Major Plans for 2006/2007

- Processing of a valuation roll in accordance with the new Property Rating Act.
- Raise external loan for capital
- Maintain or improve current collection rate
- Comply with the Municipal Finance Management Act, 2003 especially with regards to the following:
 - Service delivery and Budget Implementation Plan.
 - Annual Financial Statements 2005/2006
 - Annual Report
 - Adjustment Budget
 - Annual Over-sight report
 - Budget 2007/2008

OFFICE OF THE CITY ENGINEER

Goals

- Operation and maintenance of Roads and Storm water Services, Water and Wastewater and Buildings and Structures.
- Extension of the abovementioned services to meet the growing needs of the City of uMhlathuze.
- Avail human resources to react effectively to flood and other disasters.
- A rolling works program, based on engineering needs assessment, for the construction and maintenance of infrastructure and services.
- Maintain standards of design and construction that satisfy user demands delivered in a cost effective manner.
- Implementation of an infrastructure strategy, which meets the need of the community.
- Raw water resource management, water purification and usage demand management.
- Treatment of sewerage and disposal thereof to protect the environment and the health of citizens.

Branches

Roads and Storm water, Building and Structures
Water and Wastewater
Support Services
Roads and Storm water, Building and Structures

Major Plans for 2005/2006

Roads and Storm water, Building and Structures

New road and street construction in various areas:

- Completion of upgrade of uBhejane road in Nseleni:
- Continue with doubling of Saligna & Guldengracht.
- Continue with upgrade of North Central Arterial & Bullion Boulevard intersection
- Doubling Bullion Boulevard from Krugerrand to NCA
- Main road doubling Empangeni
- Mandlazini village
- Miscellaneous small works : All areas
- Ngwelezane - formalising of cul-de-sacs
- Street rehabilitation in tanner road.
- Traffic calming measures.

- Umnyezane street - Esikhawini
- Upgrade Mzingazi roads
- Upgrade roads in the rural areas.
- Upgrading Rex Henderson & Frank Bull intersection

Installation of civil engineering service in new townships

- Alton north
- IDZ 1b
- IDZ 1d
- Lot 8511 –Birdswood
- Lot 8552 –Birdswood
- Sites west of Ticor

Storm water drainage and structures

- Completion of Mzingazi dam wall.
- Buy out of Mzingazi canal steel bridge
- Storm water drainage - Gemini outfall Phase II

Public transportation amenities

- Nseleni - taxi rank
- Pedestrian paving & walkways in rural areas.
- Bus shelters & lay byes - all areas

Project management and construction on behalf of other departments

- Alton closure & capping
- Civic centre - alterations
- Continue with upgrading of buildings at the western service centre.
- Hlanganani hall – roof
- Esikhawini : refurbish hostels
- Relocation of parks depot - Alton service centre
- Ngwelezane swimming pool
- Esikhawini second library
- Transfer station - rural areas
- Fencing - north, south and west service centres
- Empangeni umhl village phase 4 township dev (450 erven)
- Public toilet amenities - all areas
- Informal traders - unspecified
- Civic centre - alterations
- Civic centre clinic - add space
- Central sports complex concrete palisade fencing
- Bracken ham hall change rooms
- R/bay civic centre restaurant ceramic tiles
- Southern service center ablution/store room

Operations budget

- Resealing of roads
- Maintaining the Pavement Management System encompassing all roads in City of uMhlathuze
- Development of maintenance and monitoring strategies for road infrastructure, e.g. storm water systems

**Water and Wastewater
Major Plans for 2006/2007
Water Services Provider**

- Provision of water services to all 5 surrounding to traditional areas i.e. Dube, Madlebe, Khoza, Mkhwanazi North and Mkhwanazi South, eg Reservoirs and bulk mains.
- Ring fencing of water and wastewater services in terms of Section 78 of the Systems Act to ensure sustainable water services provision
- Investigate the renewal of Esikawini Wastewater rising main
- Feasibility studies, project management, township establishment and installation of infrastructure
- Installation of meters to un-metered consumers as the budget allows
- Replacement of pipes in sewer networks
- Upgrade Outfall Sewer at Vulindela
- Upgrading of Telemetry/Security at all pump stations
- Replacement and upgrading of sewer mains
- Installation of sanitation in local tribal authority
- Improvements or refurbishment of wastewater treatment works
- Upgrading of water treatment works
- Structural repairs to reservoirs
- Construction of new reservoirs
- Water network improvements (urban and rural)
- Replacement and installation of water meters
- Ensuring access to water services
- Regulation and Tariffs
- WSA – WSP Institutional / Contractual Arrangements
- Management and Monitoring of contracts
- Financial Planning and Management

Water Services Authority

- Responsible for Water Services powers and functions relating to traditional areas and previous R293 townships that were previously administered by others.
- Ring fencing of water and wastewater services in terms of Section 78 of the Systems Act to ensure sustainable water services provision
- Water audits, unaccounted for water, water conservation, industrial effluent, water education and public relations
- Ensuring compliance with the Water Act.
- Implement a system to reduce the volume of *“unaccounted for water”*.
- Research and development
- To reduce water services backlogs.
- Development of a Water Management Programme.
- Organisational Workstudy: Roles and Responsibilities of WSA and WSP.
- Water Services Development Plan (Reviewal)
- Water Policies
- Ensuring access to water services
- Regulation and Tariffs
- Planning and Information Management
- WSA – WSP Institutional / Contractual Arrangements
- Management and Monitoring of contracts

- Financial Planning and Management

Project Management Unit

Major plans for New Works and PMU Section for 2006/2007:

- Water and sanitation projects in the Traditional Areas of the Municipality through the utilization of MIG and internal funding. These projects will enable Council to eradicate water backlogs by 2008 and Sanitation Backlogs by 2010.
- New 9MI/d extensions to Esikhawini Water Treatment Works and an additional 20MI reservoir at the Forest reservoirs to ensure the supply for the growing demand for water in the Southern area of the Municipality and for assured supply to Mtunzini.
- The extension and possible relocation of the Esikhawini Wasterwater Treatment Works and sewerage rising main due to the planned mining operations of RBM in this area.
- Water and sewer pipe replacements in the R293 towns, Empangeni and Richards Bay on an ongoing maintenance plan to ensure a reliable service to all consumers in the municipality.
- Upgrading of Sewer Pumpstations in all areas and Macerator stations in Richards Bay to ensure reliable sanitation services and minimise spillages.
- New Magazulu reservoir and the replacement and upgrading of pumpstations and rising mains to reservoirs in Empangeni
- Relocation of bulk supply pipelines in Richards Bay for more land to be available for sale in the IDZ area
- Upgrading and repairs to Mzingazi Water Works.
- Finalize investigations for sanitation services in Mzingazi and Mandlazini Areas and apply to MIG for funding of this project.

Support Services

Major Plans for 2006/2007

- MLS upgrade and assuming central co-coordinating functions for department and central complaints hub.
- Improvement to the technical library function.
- Develop and refine electronic plan filing system.
- Attend to all requests for assistance generated by other departments.
- Investigation, development and implementation of an organization GIS.
- Development and maintenance of a GIS based water management program.
- Perform improved liaison with internal and external organizations on a local, regional and national level.
- Continuation with the issuing of digital data to both internal and external organizations.
- Strive for the completion of a fully-fledged GIS for the entire organization.
- Ensure that survey and design capacity of the branch is equipped to meet the additional demands placed on the department and attend to timeous completion of all capital projects allocated to the section inclusive of surveys, drawings, designs and contract specifications.
- Develop and implement a comprehensive and effective maintenance logging system for the department.
- Update digital orthophotos and integrate into Services Register.
- Improve and expand capacity for survey control and data capture in rural areas.

OFFICE OF THE CITY ELECTRICAL ENGINEER

Goals

- Planning and development of electrical infrastructure will be focused on to meet growing needs of the City and specifically to catering for major developments.
- Effective operation and maintenance of the electrical infrastructure will continue to ensure an acceptable quality of supply to our customers and attract investments.
- Maintain standards of electrical network design, construction, operation and maintenance that satisfy user needs, delivered in a cost effective manner.
- Streamline the management processes and projects of non-technical losses that deliver effective results and reduce risks.
- Optimal operation and maintenance of all electrical support services, including management of the City's fleet and plant.
- Manage and maintain the municipal radio communication network.

Branches

Planning, Development & Customer Services & Trading
Operations & Maintenance
Support Services

Major Plans for 2006/2007

- Design, construct and commission new infrastructure to cater for electricity supplies to the IDZ phase 1D to accommodate Pulp United and other developments.
- Design, construct, and commission the new Phoenix 132 kV substation and extend the 132 kV backbone to cater for electricity supplies to TATA Steel and other developments.
- Complete the residential pre-paid metering retrofits.
- Complete the check-metering project in suburbs.
- Reinforce the electricity networks to accommodate fast tracked developments.
- Replace redundant streetlight fittings and poles in Esikhawini & Vulindlela.
- Improve public lighting in Nseleni and Esikawini.
- Design, plan, and install electrical reticulation and street lighting in the following areas:
 - Meerensee ext.5.
 - Northern and southern block development.
 - Lot 8552 –Birdswood, domestic development.
 - Lot 8511 –Birdswood, domestic development.
 - Ngwelezane, Greenfields township development.
 - 8 industrial erven – Ticor property
 - Empangeni uMhlathuze village phase 4 township development
- Upgrade existing electrical reticulation in Mandlazini/Mzingazi where load increased.
- Continue with the fibre-optic cable project on the 132 kV backbone for electricity system protection and communication.
- Continue with the installation of a new 11kV ring cable circuit from Polaris substation to IDZ area 2B (RBCD Dev).
- Renew insulcote at Polaris substation.
- Relocate the 11kV cables between circuit Hercules and Centuar as part of the new developments.
- Design, construct and commission new 11kV supply to uMhlathuze Village.

- Continue with the upgrading of 132kV pantograph isolators at Leo/Taurus substations.
- Replacement of various redundant/obsolete vehicles and plant to optimize effective service delivery
- Replacement of various redundant/obsolete radio's and the telemetry system.

OFFICE OF THE DIRECTOR PLANNING AND SUSTAINABLE DEVELOPMENT

Goals

- Provide strategic direction to the Municipality with regards to development issues and to ensure that the municipality's vision and strategies are achieved in the fields of future development planning, environmental planning and Land Use Management

Branches

Development Planning
Land Use Planning
Environmental Planning

Major Plans for 2006/2007

- Implementation of the Land Use Management System (LUMS)
- Initiate Community Economic Development: (Address some constraints to growth and investments caused by a shortage of Education and Skills by identifying local needs and implementing a development programme)
- Further development of residential suburbs: Meerensee Extension, Hillview extension, Esikhawini – Vulindlela Corridor, Aquadene Extension & Ngwelezane Extension
- Finalise township establishment procedures in respect of the Richards Bay CBD, the Richards Bay Central Industrial Area, Industrial Area in the vicinity Tidor SA
- Initiate the formalization of Port Durnford, Gobandlovu & Madlankala Rural Central Nodes
- Implementation of an ISO14001 system
- Air Quality Management Implementation
- Annual Integrated Development Planning

OFFICE OF THE DIRECTOR COMMUNITY SERVICES AND HEALTH

Goals

- Provision of a comprehensive health service.
- Provision of community services.
- Provision of public safety services.
- Provision of emergency services.
- Provision of an efficient and cost effective Waste Management Service.
- Ensure efficient air and water pollution monitoring.

Branches

Public Health and pollution control.
Clinic Services.
Traffic and Licensing Services.
Emergency Services.
Waste Management Services.

Major Plans for 2006/2007

- Continue with the delivering of environmental health services on behalf of uThungulu District Municipality as required by Section 84 of the Systems Act, 1998.
- The New Air Quality Bill has been promulgated which will replace the APPA of Act 45 of 1965. An Air Quality Management plan will be implemented in terms of the New Air Quality Bill.
- Increased monitoring and control of scheduled processes and other emitters with the assistance of the RBCAA
- Updating emissions inventory on an annual basis.
- Close liaison with the planning department on the placement of future industries in the city.
- Health education programmes will be extended into the tribal areas to inform the communities on health matters e.g. sanitation and the prevention of cholera, rabies, HIV /Aids etc
- The current programmes to ensure that the communities live in a safe environment will be continued.
- The ongoing provision of a comprehensive and integrated primary health care service catering to all the inhabitants of the City of uMhlathuze.
- In order to assist in Council's Crime Prevention Policy, funds have been allocated to fund this initiative.
- Provision has been made for the replacement of three 12 cubic meter refuse removal trucks.
- Provision has been made for the refurbishment of one 10.7 cubic meter refuse removal vehicle.
- Improvement of communication between Provincial and local Licensing authorities to improve service delivery.
- Continued facilitation between the role the Provincial and local Licensing authorities in terms of the area of jurisdiction.
- A framework and implementation plan has been drafted for the implementation of a recycling at source project.
- Council has approved an illegal waste management strategy for implementation.
- To extension of waste management services to the rural area, namely wards 13 and 24, Mandlazini and Mzingazi will be implemented.
- The Alton drop-off point and the Meerensee drop-off point have been approved and ROD's issues. These drop-off points will now be implemented.
- R 5.5 million has been provided for Trolley Bins for Ngwelezane, Empangeni, Nseleni, Esikawini and Vulindlela.

OFFICE OF THE DIRECTOR COMMUNITY FACILITATION AND MARKETING

Goals

- Promotion of investment in the City of uMhlathuze.
- Enhance Tourism potential.
- Improve Public relations and Community facilitation
- Housing administration

Branches

Marketing, Tourism and Public Relations.
Community Facilitation and Housing.

Major Plans for 2006/2007

- To promote the uMhlathuze area as a water sport and events destination by the hosting of various events, i.e. Sugar Festival, Beach Festival, Zulu Dance Competitions and to assist in hosting the Fish Eagle Mile Swim, Bay-to-Bay Challenge and various sporting events.
- To present workshops at the Arts and Crafts Centre for the crafters in the area to develop and improve the quality of the crafters' products.
- To develop cultural associations for the rural communities.
- To attract more visitors to the Arts and Crafts Centre with regular fresh produce markets and a monthly crafters market.
- Updating of maps, visitors guides and advertisements in magazines and newspapers.
- Change the perception of the City from an Industrial City to a holiday destination with opportunities.
- Maintain momentum to the Esikhawini Hostel Redevelopment Programme
- To complete the transfer of R293 towns residual housing stock in terms of Discount Benefit Scheme.
- To formulate and implement the Municipal Low Cost Housing Plan and Housing Development Plan.
- To finalise street trading facilities in the Richards Bay CBD.
- To organise the commissioning or launching of Council projects as well as project close out sessions.
- To organise the staging of "*The State of the City Address*" to provide feedback to the community.
- To provide assistance to Government programmes where necessary.

OFFICE OF THE DIRECTOR MANAGEMENT SERVICES

Goals

- To provide Human Resources support to the Municipality.
- To provide administrative, logistical, operative, telecommunication and information management support.

Branches

Maintenance and Development Services

Personnel Administration Services

Outsourced Management Information, Corporate Data Base Services and Business Analysis and Efficiency unit.

Major Plans for 2006/2007

- Improvement of employment equity, recruitment, selection and placement policies
- Skills development plan
- Implementation and maintenance of Employee Assistance Programme
- Implementation of ISO 9001 (quality control)
- Implementation of bargaining council's collective agreements
- Institute adherence to the Disciplinary, Grievance Procedure as well as the new Conditions of service.
- Resolution of post evaluation appeals / objections.
- Roll out of IT equipment, hardware and software licenses and maintenance
- Implementation of IT strategy

OFFICE OF THE DIRECTOR PARKS, SPORT AND RECREATION

Goals

- To create an acceptable balanced environment in providing services to the communities through Horticultural, Sports and Recreation Services.

Branches

Horticultural Management,
Sport and Recreation Management

Major Plans for 2006/2007

- Extension and Development of Richards Bay Cemetery
- Erecting of Concrete Palisade Fencing for the Central Sports Complex
- Provisioning of play ground equipment in the Rural Areas
- Development of Beaches
- Upgrading the Ngwelezane Sports fields
- Provisioning of a Swimming Pool at Ngwelezane
- Developing sport and recreational facilities in the rural areas
- Replace ride – on – mowers
- To provide built in lockers at Alkantstrand
- To provide concrete benches at Alkantstrand
- Re-marbleliting of Brackenham swimming pool
- Upgrading of chlorinators at all Municipal swimming pools
- Provide furniture at Nseleni Swimming Pool
- To ensure the establishment of and efficient and optimal functioning of community-based sport and recreation committees.
- To promote skills development and capacity building for sports administrators, technical officials and coaches
- To develop sports development programmes in a multiple of codes with emphasis being placed on minor sports.
- Evolvment in tournaments and competitions by providing assistance and support.
- To create recreation programmes for adolescents, youth, the disabled and the aged.
- To aggressively seek and source external funding for the establishment of an indoor sports facility in the City of uMhlathuze.
- To proactively address the promotion of sport in the rural areas via the establishment of sport structures and presentation of programmes and activities in these communities.
- The effective re-structuring of several local community-based sport structures to ensure better communication.
- To establish closer links and partnerships with the regional sports federations by means of co-operative events.
- To plan, organise and deliver various Sport & Recreation Courses.
- To establish the uMhlathuze Sports Forum to oversee and monitor the administration and promotion of sport in the region.
- To improve the technical maintenance of equipment by taking on additional equipment previously serviced and maintained by the Central Mechanical Workshop
- To further outsource certain maintenance functions of the sub directorate in order to streamline it.
- To improve the indigenous vegetation and animal life of the City of uMhlathuze

- To provide a user friendly environment to the residents
- To take over the complete management of the Regional Cemeteries Empangeni and Esikhawini

CHAPTER 5: FINANCIAL STATEMENTS

The audited annual Financial Statements for the year ended 30 June 2006 is attached as Appendix D.

5.1 Audit Reports

5.1.1 The mentioned financial statements (Appendix D) were audited and the Audit Report is included in this report.

5.1.2 This performance report will be made available to the Auditor General in terms of section 45 (b) of the Municipal Systems Act.

APPENDIX A

TABLES FOR ANNUAL PERFORMANCE REPORT

2005 / 2006
Municipal Year



TABLES FOR MUNICIPAL ANNUAL PERFORMANCE REPORT 2005/2006

TABLE 1 (Municipal Transformation and Institutional Development)

DMS 439078

[illegible]

APPENDIX A

Key performance Indicators	Progress with Implementation	Comparison with previous financial year	Targets for 2003/04	Achieved in 2003/04	Targets for 2004/05	Achieved in 2004/05	Targets for 2005/06	Achieved in 2005/06	Targets for 2006/07
	Drafting of Job Descriptions and Post Specifications for all positions on staff structure. ▪ Job Descriptions completed end of June '03 in TASK format for all positions.	New	Completed	Completed and maintain	Completed and maintain	Completed and maintain	Completed and maintain	Completed and maintain	Completed and maintain
	Submit Job Descriptions for Job Evaluation	New	Forwarded to the TASK Evaluation Committee	Implement Job Evaluation Results of the TASK evaluation Committee	Job Evaluation Results of the TASK evaluation Committee implemented.	Successfully resolve appeals against job evaluation results			
	Rationalisation investigation taking into account all services to be delivered into the full area of jurisdiction. ▪ Investigation in progress 80% completed	New	In Process	Completion of rationalisation investigation by end of September 2003. Implementation of recommendations and investigating possible alternative service delivery options.	Council resolved to accept the recommendations of the Rationalisation Report (Item 2357) with exceptions on 2004-05-25. Recommendations implemented.	Completed	Completed	Completed	Completed
Strategic Planning Framework	Integrated Development Plan ▪ IDP Plan approved by Council ▪ Re-view plan annually ▪ Align Capital budget with IDP	Development of plan was in progress Initiated and in process.	Completed and Amend IDP Completed and maintain the alignment of Capital Budget and IDP	Computerisation of the Capital Budget and IDP.	Alignment of Capital Budget, IDP and performance management framework.	Completed	Maintain	Completed	Review and Maintain

APPENDIX A

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APPENDIX A

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APPENDIX A

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APPENDIX A

Key performance Indicators	Progress with Implementation	Comparison with previous financial year	Targets for 2003/04	Achieved in 2003/04	Targets for 2004/05	Achieved in 2004/05	Targets for 2005/06	Achieved in 2005/06	Targets for 2006/07
Performance Management Framework	<ul style="list-style-type: none"> Council adopted the South African Excellence Model (SAEM) for measuring organisational performance during 2001. Develop and implement a Performance Management Framework approved by Council Individual Performance measurement approved and implemented for Municipal Manager and assessed for 2001\02 as well as for 2002\03. Individual Performance measurement approved and implemented for Head of Departments for 2002\03. Customer Satisfaction survey completed during October 2002. Establish a Performance Audit Committee, train members and report on organisational performance. First Performance Audit meeting held in February 2003. 	<ul style="list-style-type: none"> SAEM adopted by Council Self assessment performed Performance Measurement System framework approved during May 2002. Performance Contract entered into with the CEO. Not implemented previously <p>Not performed previously Not required previously</p>	<p>Organisational Performance – self assessment to be performed. Maintain performance measurement system. Re-define indicators. Automation of system. Performance Contract and plan for CEO in place for 2003\04.</p> <p>Performance Contracts and plans for HOD's in place for 2003\04. Customer Satisfaction survey planned before December 2003. Annual Performance reporting during September 2003. Quarterly performance reporting to the Performance Audit Committee.</p>	<p>Organisational Performance – self assessment completed.</p> <p>Performance contracts and performance plans for CEO and first line managers in place.</p> <p>Computerisation of PMS in progress.</p> <p>Customer Satisfaction survey completed in March 2004.</p>	<p>Computerisation of PMS to be completed.</p> <p>New Performance contracts and performance plans for CEO and first line managers to be in place.</p> <p>Customer Satisfaction survey to be completed in March 2005</p>	<p>Council approval for the implementation of computerised PMS.</p> <p>New Performance contracts and performance plans for CEO and first line managers in place.</p> <p>Customer Satisfaction survey completed in March 2005</p>	<p>Implementation of computerised PMS.</p> <p>New Performance contracts and performance plans for CEO and first line managers in place.</p> <p>Customer Satisfaction survey completed by March 2006</p>	<p>Council approval for the implementation of computerised PMS.</p> <p>New Performance contracts and performance plans for CEO and first line managers in place.</p> <p>Customer Satisfaction survey completed in March 2006</p>	<p>Implementation of computerised PMS.</p> <p>New Performance contracts and performance plans for CEO and first line managers in place.</p> <p>Customer Satisfaction survey completed by March 2007</p>

APPENDIX A

Key performance Indicators	Progress with Implementation	Comparison with previous financial year	Targets for 2003/04	Achieved in 2003/04	Targets for 2004/05	Achieved in 2004/05	Targets for 2005/06	Achieved in 2005/06	Targets for 2006/07
Information Technology System	Master Information System Plan approved. <ul style="list-style-type: none"> ▪ Function outsourced in March 2002. ▪ Manage the IT demand ▪ Geographical Information System ▪ Establish a Web based GIS system 	Plan approved In Progress System fully operational	Integration of major Information Systems. Management Information System Maintain IT System Continuous update and maintenance of GIS system	An IT steering committee (ITSC) has been established to manage all computer related needs. Manage the Service Level agreement with outsourced partner.	Roll-out of IT Equipment, hardware and software licenses Improvement of wide area computer network infrastructure.	Roll-out of IT Equipment, hardware and software licenses completed. Improvement of wide area computer network infrastructure	Roll-out of IT Equipment, hardware and software licenses. Improvement of wide area computer network infrastructure	Roll-out of IT Equipment, hardware and software licenses completed. Improvement of wide area computer network infrastructure completed	Roll-out of IT Equipment, hardware and software licenses. Improvement of wide area computer network infrastructure completed

TABLE 2 (Performance on Developmental Priorities Identified in the IDP)

TABLE 3 (Municipal financial Management)

TABLE 4 (Municipal Governance)

Indicators in process to be re-defined and reviewed during the IDP re-view process.

TABLE 5 (Municipal Services – Household Infrastructure)

Programmes and projects were identified and linked to the capital budget. No feedback from the Development Planning: Northern Regional Office on the information required in these tables for future reporting was received since the submission of the previous reports. New and re-defined indicators will be developed over time within the computerised performance management system. The IDP was reviewed and the structure changed from focussing on the Strategic Objectives to align with departmental objectives. The following measurements however are reflecting performance against the reviewed IDP structure for 2005/2006.

APPENDIX A

1 SUSTAINABLE ENVIRONMENT

NO	OPERATIONAL ACTIVITIES	INDICATOR (KPI)	BASELINE	TARGET 2002/03	ACHIEVED 2002/03	TARGET 2003/04	ACHIEVED 2003/04	TARGET 2004/05	ACHIEVED 2004/05	TARGET 2005/06	ACHIEVED 2005/06	TARGET 2006/07
1.1	Water pollution prevention	Man hours spent on inspection of factories and workshops	330	362	472	480	383	400	384	400	413	400
1.2	Water pollution	Number of factories and workshops visited	330	382	472	480	383	400	384	400	413	400
1.3	Water pollution	Number of sites transgressing water pollution legislation	3	0	11	8	5	5	3	0	1	0
1.4	Environmental Health – informal traders	Number of informal traders educated	728	800	213	800	627	650	880	900	1356	900
1.5	Environmental health – informal traders	Percentage of traders showing improvement	541 / 728 = 74.3%	640 / 800 = 80%	171 / 213 = 80%	85%	627 / 800 = 78%	85%	750/880 = 85%	85%	49 / 56 = 88%	80%
1.6	Environmental health – food samples	Percentage of food samples complying with Act	56 / 70 = 80%	85%	76 / 91 = 83.5%	85%	102 / 125 = 82%	80%	74/88 =84%	85%	49 / 56 = 88%	85%

2 SUSTAINABLE INFRASTRUCTURE AND SERVICE PROVISION

NC	PROJECT / ACTIVITY	INDICATOR (KPI)	BASELINE	TARGET 2002/03	ACHIEVED 2002/03	TARGET 2003/04	ACHIEVED 2003/04	TARGET 2004/05	ACHIEVED 2004/05	TARGET 2005/06	ACHIEVED 2005/06	TARGET 2006/07
2.1	Water Supply Projects	Percentage of households provided with a basic level of service	27 011 / 30 786 = 87%	28 786 / 30 786 = 93%	35 402 / 38152 = 92%	34 300 / 38 152 = 81%	47 777 / 58 377 = 81%	50 000 / 58 377 = 86%	55 491/ 58 691 = 94.64 %	56 500/ 74 269 =76,07	60328/ 74269 = 81,23%	64500/ 74 269 = 86.85
2.2	Provision of sanitation services	Percentage of households provided with a basic level of sanitation service	72%	83%	74%	28 980 / 38 152 = 76%	42 149 / 58 377 = 72%	45 000 / 58 377 = 77%	38 090 / 58 691 =64.90 %	39 500 / 74 269 =51,19%	34 485 / 74 269 = 46,43%	36 000 / 74 269 = 48,50%
2.3	Audit metering installations to control electrical non-technical losses	Reduce electrical non-technical losses	20%	10%	5%	10%	12%	10%	10%	10%	10%	10%
2.4	Water Supply Vote 059,060	Average cost per kilo litre water supplied	R 2.09 per kilo litre	R 2.29 per kilo litre	R 2.11 / kl	R 2.29 / kl	R 2.29 / kl	R 2.25 / kl	R2.13/ Kl	R2.25/ Kl	R2.37/ Kl	R2.55/ Kl

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NC	PROJECT / ACTIVITY	INDICATOR (KPI)	BASELINE	TARGET 2002/03	ACHIEVED 2002/03	TARGET 2003/04	ACHIEVED 2003/04	TARGET 2004/05	ACHIEVED 2004/05	TARGET 2005/06	ACHIEVED 2005/06	TARGET 2006/07
2.5	Water Supply	Number of kilolitre of water supplied	28 524 185 kilo litre	28 524 185 kilo litre	30 898 710 kilo litre	30 000 000 kilo litre	34 359 640 kilo litre	37 795 604 kilo litre	36 083 535 kilolitre	37 884 560 kilolitre	35 983 153 kilolitre	37 000 000 kololitre
2.6	Water Supply	Percentage of un-accounted for water	22,85%	20%	23.2%	15%	18.53 %	15 %	19.86%	15%	29,9% New baseline	28%
2.7	Wastewater treatment Vote 035	Average cost per kilolitre of wastewater purified	R 1.29 per kilo litre	R 1.19 per kilo litre	R 1.16 / kl	R 1.19 / kl	R 1.20 / kl	R 1.25 / kl	R1,04/ Kl	R1.25/ Kl	R1,16/ Kl	R1.25/ Kl
2.8	Wastewater treatment	Number of kiloliter wastewater purified	13 879 044 kilo litre	13 879 044 kilo litre	13 724 000 kilo litre	13 724 000 kilo litre	15 272 330 kilo litre	16 035 947 kilo litre	17 654 320 kilolitre	18 537 036 kilolitre	15 154 691 kl	18 537 036 kl
2.9	Maintenance of roads network Vote 022/240/0	Average cost per km maintaining roads network	R 1 769 320/ 29.37 km = R 60 242 / km	R 1 680 854 / 29.37 km =R 57 230 / km	R 244 052 / 29.37 km = R 8 309 / km	Refer to note below	R230 447 / 29.37 =R7 846 / Km	R230 447 / 29.37 =R7 846 / km	R 280 834 / 29.37 =R 9561/km	R 325 800 834 / 29.37 =R 10 900/km	R1 463 660 / 29.37 km = R 49 835 / km	R2 813 000 / 29 37 km = R 95 778 / km
2.10	Maintenance of streets Vote 022/254/0	Average cost per kilometre of maintaining streets	R 5 550 000 /561 = R 9 805 / km	R 5 272 500 / 561 = R 9 315 / km	R 9 170 633/ 561 = R 16 347/km	Refer to note below	R 9 893 019/ 561 = R 17 634	R 9 893 019/ 561 = R 17 634	R 10 887 480/561k m =R 19407	R 11 541 000/561k m =R 20 570	R11 594 718 / 561 km = R 20 667	R8 184 000 / 561 = R14 588
2.11	Electricity operations and maintenance	Average operational cost per 100kWh	R 224 552 645 / 1 063 295 814 = R 211.19 kWh	R 234 882 410 / 1 001 377 340 = R 234.56 kWh	R 240 580 908 / 1 157 738 896 = R 207.80 kWh	R 265 017 100 / 1 312 890 000 = R 202 kWh	R 269 501 859 / 1 155 993 000 = R222.95 kWh	R 242 /kWh	R 84 489 787 / 1 156 427 000 = R246.01 kWh	R 263 /kWh	R185 084 301 / 1 133 492 550 = R16.32 kWh	
2.12	Electricity operation	Total energy sold	975 849 919 kWh	930 996 345 kWh	1 098 459 915 kWh	1 137 026 990 kWh	1 155 992 782 kWh	1 173 332 674 KWh	1 156 427 452 kWh	1 179 556 000 kWh	1 133 492 550 kWh	1 091 349 678 kWh
2.13	Electricity operation	Percentage of total energy loss	8.22%	7.03%	5.12 %	5%	4,5%	4,5%	4%	4%	4.2%	4%
2.14	Refuse removal	Total amount of refuse removed annually (Ton)	116 120.20 Tonnes	136 120.20 Tonnes	114 707.20 Tonnes	125 030.85 Tonnes	134270.64 Tonnes	140 000 Tonnes	136 680 tonness	140 000 tonnes	61 590 tonnes new base	65 000 tonnes
2.15	Refuse removal	Percentage of households\premises where refuse is collected	63.4%	66.3%	64.8 %	68.5 %	68.5%	68.5%	68.5%	68%	53% new baseline	55%

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3 SOCIAL AND ECONOMIC DEVELOPMENT

NO	PROJECT / ACTIVITY	INDICATOR (KPI)	BASELINE	TARGET 2002/03	ACHIEVED 2002/03	TARGET 2003/04	ACHIEVED 2003/04	TARGET 2004/05	ACHIEVED 2004/05	TARGET 2005/06	ACHIEVED 2005/06	TARGET 2006/07
3.1	Cost of maintenance of municipal buildings	Annual cost of maintenance of buildings/ replacement value of buildings	R 28 197 515 / 73 040 060 = 38.61%	R 28 197 515 / 73 040 060 = 38.61%	R3 393 047 / 339 411 874 = 0.996 %	1%	-	-	-	-	-	-
				4 619 000 / 264 888 433	= 0.017	= 1% of replacement value	3 595 500 / 310 411 252 = 0.011	= 1% of replacement value = 6 698 982 / 3 449 000 = 0.005	R61 665 137/R 3 151 790 = 0.0511%	R 3 151 190/R61 665 138= 0.051%	R3 151 790/ R482 283 024 = 0.0065%	R4 932 150/ R616 651 378 = 0.008
3.2	Maintenance of municipal houses	Percentage of municipal houses requiring maintenance	2.7%	2.6%	8% (R/Bay) 40% (Emp)	2.6%	23.5%	15%	15%	5%	57 (50%)	47 (60%)
3.3	Primary health care	No of patients visiting the clinics	45 075	90 144	145 046	135 146	143 123	150 000	165509	170 000	188 166	200 000
3.4	Fire and Rescue - operational	Number of fire and rescue incidents	2 866	3 000	2 284	To reduce by 10%	2 124 (7%)	To reduce by 10%	1901	To attend 100%	2 153	To attend 100%
3.5	Fire prevention	Number of sites inspected for fire prevention	2 009	2 750	6 208	To increase by 10%	6 828 (10%)	To increase by 10%	3200	3000	3 871	4 000
3.6	Fire and Rescue - operational	Monetary value of property saved	R 1 102 940 421	R 1 200 000 000	R 198 540 200	KPI to be re-defined	KPI to be re-defined	KPI to be re-defined	736,109,270	500,000,000	R 521 m	No target
3.7	Fire prevention	Percentage of fire prevention inspections completed	2 009 / 5 500 sites = 36.5%	2 750 / 5 500 = 50%	Not measurable	KPI to be reviewed	KPI to be reviewed	KPI to be reviewed	3288/5500 = 60%	60%	3 871/ 5500 = 70.4%	4000 / 5500 = 73%
3.8	Traffic operational services	Number of accidents/number of registered vehicles (R\Bay stats)	1 025 / 26 291 = 3.9%	994 / 27 079 = 3.6%	1 081 / 48 109 = 2.2%	994 / 50 509 = 2%	1 762 / 51 430 = 3%	1 028 / 51 430 = 2%	1009/52230 = 2%	2%	1145 / 55182 = 2%	2%
3.9	Motor licensing	Total number of vehicles registered	46 402	47 794	48 109	50 509	51 430	54 002	52230	53000	55 182	57 500
3.10	Development Control Services	Total number of plan evaluations (664), consent applications (181), inspections (628),	1 807	1 880	No. of plan evaluations : 935	No. of plan evaluations : 1 000	No. of plan evaluations: 1 145	No. of plan evaluations : 1 000	No. of plan evaluations : 1 663	No. of plan evaluations : 1 700	No. of plan evaluations : 1 646	No. of plan evaluations : 1 700

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NO	PROJECT / ACTIVITY	INDICATOR (KPI)	BASELINE	TARGET 2002/03	ACHIEVED 2002/03	TARGET 2003/04	ACHIEVED 2003/04	TARGET 2004/05	ACHIEVED 2004/05	TARGET 2005/06	ACHIEVED 2005/06	TARGET 2006/07
		zonings, certificates, sub divisions (334)			Consent applications : 82	Consent applications : 100	Consent applications : 116	Consent applications : 100	Consent applications : 127	Consent applications : 135	Consent applications : 100	Consent applications : 135
					Building inspections : 817	Building inspections : 900	Building inspections : 1903	Building inspections : 900	Building inspections : 2 378	Building inspections : 2 400	Building inspections : 2 754	Building inspections : 2 400
					Town planning inspections : 434	Town planning inspections : 500	Town planning inspections : 387	Town planning inspections : 500	Town planning inspections : 585	Town planning inspections : 600	Town planning inspections : 600	Town planning inspections : 600
					Zoning certificates : 43	Zoning certificates : 50	Zoning certificates : 74	Zoning certificates : 50	Zoning certificates : 100	Zoning certificates : 110	Zoning certificates : 110	Zoning certificates : 120
					Subdivision applications : 13	Subdivision applications : 20	Subdivision applications : 12	Subdivision applications : 20	Subdivision applications : 16	Subdivision applications : 20	Subdivision applications : 20	Subdivision applications : 25
					Rezoning applications : 18	Rezoning applications : 20	Rezoning applications : 20	Rezoning applications : 20	Rezoning applications : 37	Rezoning applications : 40	Rezoning applications : 24	Rezoning applications : 30
					Building line and side and rear space relaxations : 384	Building line and side and rear space relaxations : 400	Building line and side and rear space relaxations : 406	Building line and side and rear space relaxations : 400	Building line and side and rear space relaxations : 655	Building line and side and rear space relaxations : 680	Building line and side and rear space relaxations : 465	Building line and side and rear space relaxations : 500
3.11	Building Control	Total value of approved building plans	R 394 099 000	R 409 862 296	R 478 362 812	R 500 000 000	R 250 986 055	R 500 000 000	R 445 603 826	R 500 000 000	R 327,40 m	R 350 m

4 ORGANISATION DEVELOPMENT

NO	PROJECT / ACTIVITY	INDICATOR (KPI)	BASELINE	TARGET 2002/03	ACHIEVED 2002/03	TARGET 2003/04	ACHIEVED 2003/04	TARGET 2004/05	ACHIEVED 2004/05	TARGET 2005/06	ACHIEVED 2005/06	TARGET 2006/07
4.1	Municipal Admin service	Overtime hours per agenda / minutes (production and delivery)	4.24	3.64	3.53	3.45	7.81	3.45	1080 / 532 = 2.03	3.00	1 184/328 = 3.6	3.5
4.2	Personnel services	Percentage personnel turnover per year	3.05%	2%	4%	2%	8.7%	5%	5%	5,5%	6.19%	8.00%
4.3	Personnel services	Average cost per recruitment	R 1 930.21	R 2 000.00	R 1 754.72	R 1 700.00	R 1 500.00	R 1 700.00	R2 200.00	R2 000.00	R1 826.00	R2 500.00
4.4	Labour Relations	Number of disciplinary incidents	60	54	32	30	31	40	49	50	24	25
4.5	Labour Relations	Average cost per disciplinary investigation	R 1 750.00	R 1 575.00	R 933.00	R 875.00	R 875.00	R 875.00	R2 000.00	R2 000.00	R2 000.00	R2 100.00
4.6	Loss Control	Number of man-hours lost due to incidents	9 228	0	6 266	5 013	13 221	10 000	11 388	10 820	10 537	10 000
4.7	Library services	Percentage of population using the service	23 891 / 341 250 = 7%	8%	26 851 / 358 310 = 7%	7%	29 686 / 296 339 = 10%	7%	30 127 / 296 339 = 10%	11%	330 000 / 24 377 = 13.54%	14%
4.8	Library Services	Average cost of lending out items	R 3 652 336 / 474 129 = R 7.70	R 7.53 per item	R 3 896 690 / 512 385 = R 7.61	R 7.55 per item	R4 484 572 486 520 = R 9.22	R 7.55 per item	R5 149 141 / 459 646 = R11.20	R10 per item	R5 843 383 / 404 191 = R14.46	R14 per item

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5 SOUND FINANCIAL MANAGEMENT

NO	PROJECT / ACTIVITY	INDICATOR (KPI)	BASELINE	TARGET 2002/03	ACHIEVED 2002/03	TARGET 2003/04	ACHIEVED 2003/04	TARGET 2004/05	ACHIEVED 2004/05	TARGET 2005/06	ACHIEVED 2005/06	TARGET 2006/07
5.1	Credit management	Average amount collected per man hour spent	R 2 893 866 / 42 240 = R 68.51	R 6 132 098 / 44 000 = R 139.37	R 6 579 355 / 58 000 = R 113.44	R 6 000 000 / 58 000 = R 103.45	R3 395 207/ 38 666 =R87.81	R4 000 000/ 40 000 =R100.00	5 384 645 / 41 300 = R 141.28	4 500 000 / 40 000 = R 112.50		
5.2	Credit management	Total amount of money collected/Total amount of services billed	R 357 636 270 / R 345 742 402 = 100.82%	R 406 000 000 / R 400 000 000 = 101.5%	R 424 137 681 / R 426 525 016 = 99.44%	R 529 747 420 / R 523 747 420 = 101.14%	R490 338 727/ R 485,294,633 =101.04%	R500 000 000/ R500 000 000 =100%	516 458 614/ 481 649 887 107.23%	480 000 000/ 480 000 000 100%		
5.3	Credit management	Total amount of arrears collected	R 2 893 866	R 6 132 098	R 6 579 355	R 6 000 000	R3 395 207	R 4 000 000	5 384 645	4 500 000		
5.4	Creditors payment	Average creditors payment period	48 days	30 days	71.41 days	50 days	33.28 days	30 days	41.44	30 days		
5.5	Creditors payment	Acid test ratio – Current assets less stock on hand/current liabilities	1.75:1	1.5:1	1.3:1	1.2:1	1,17:1	1,5:1	0.84:1	1,5:1		
5.6	Income management	Average amount billed per man hour spent	R 345 742 402 / 111 360 = R 3 185.55 per man hour	R 400 000 000 / 112 000 = R 3 571.42 per man hour	R 426 325 016 / 92 000 = R4 633.96 per man hour	R 523 747 420 / 92 000 =R 5 692.91 per man hour	R485 294 633/ 92 000 =R5 274.94 per man hour	R500 000 000/ 92 000 =R5 437.78 per man hour	481 649 887/ 94 000 = R 5 123.94	480 000 000/ 94 000 = 5 106.38		
5.7	Income management	Total amount of services billed	R 354 742 402	R 400 000 000	R 426 325 016	R 523 747 420	R485 294 633	R 500 000 000	481 649 887	480 000 000		
5.8	Income management	Percentage variance of the income budget	94.37%	95.27%	100.84%	100%	101.7%	100%	98.48%	100%		
5.9	Municipal fleet	Average running cost per vehicle	R 32 000.00	R 35 000.00	R 33 349.00	R 35 000.00	R 33 212.00	R 35 000.00	11530645/ 263 = R43 843	R46 035		
5.10	Fleet availability	Percentage availability per vehicle	90.6%	90 %	93,25%	92 %	98%	90%	94%	90%	94%	90%

TABLE 6 (Municipal Services – General key performance indicators: GKPI)**1 THE PERCENTAGE OF HOUSEHOLDS WITH ACCESS TO BASIC LEVEL OF WATER, SANITATION, ELECTRICITY AND SOLID WASTE REMOVAL**

Due to inaccuracy of number of households in the KZ 282 municipality, it is extremely difficult to provide statistics with a proven accuracy level. The information about backlogs to services will therefore be affected. The figure for total number of households was changed previously from 30 786 to 38 152 during the 2002\03 year, and has again been adjusted to 58 377 for the 2003\04 period from figures received by SIVEST. The latest number of households has been adjusted to 74 269, bases on an investigation by SIVEST town planning consultants. This figure is regarded as most as accurate. (Bold text in tables below)

WATER

77,26% of households have access to the basic RDP level of water supply service. The basic level for the provision of water is communal supply < 200m from a household. The target for 2006/2007 for basic RDP level of water supply service is 82,81%

SERVICE LEVEL	HOUSEHOLDS BASELINE	BASELINE	TARGET 2002\03	ACHIEVED 2002\03	TARGET 2003\04	ACHIEVED 2003\04	TARGET 2004\05	ACHIEVED 2004\05	TARGET 2005\06	ACHIEVED 2005\06	TARGET 2006\07
House connections	20 718 21 504 29 053 31 533	67 % 56% 49.77% 42.46%	21 000 (68 %)	21 504 (56%)	21 800 (61.67%)	29 053 (49.77%)	29 877 (51.18%)	31 043 (52.89%)	31 500 (53.67%)	31 533 (42,46%)	32 000 (43.09%)
Yard connections	2 771 6 464 12 863 17 532	9 % 17% 22.03% 23.61%	3 500 (11 %)	6 464 (17%)	5 700 (16.12%)	12 863 (22.04%)	13 794 (23.63%)	17 052 (29.05%)	19 000 (32.37)	17 532 (23.61%)	21 000 (28.28%)
Communal supply <200 m	3 522 7 434 5 861 8 305	11 % 19% 10.04% 11.18%	4 286 (14 %)	7 434 (19%)	6 800 (19.24%)	5 861 (10.04%)	6 206 (10.63%)	6206 (10.57%)	6 000 (10.22%)	8 305 (11.18%)	8 500 (11.44%)
Communal supply >200 m	3 077 1 922 7 850	10 % 5% 13.45%	2 000 (7 %)	1 922 (5%)	1 500 (4.24%)	7 850 (13.45%)	7 000 (11.99%)	3190 (5.43%)	3 000 (5.11%)	2 950 (5.32%)	3 000 (4.04%)
No formal service	698 828 2 000 13 941	3 % 3% 3.43% 18.77%	0	828 (2%)	0	2 000 (3.43%)	1 500 (2.57%)	1200 (2.05%)	809 (1.38%)	13 941 (18.77%)	9 769 (13.15%)
Previous Total: New Total: 2003/04 Total: 2004/05 Total: 2005/06	30 786 38 152 58 377 58691 74 296 *	 92 % 81.85% 77.26%									

* Most recent figure, accepted as more accurate All Bold figures are verified and replace previous count.

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SANITATION

46.65% of households have access to the basic level of service for sanitation. The basic (RDP) level is a VIP per household. The target for 2006/2007 for basic RDP level of sanitation service is 52,24%

SERVICE LEVEL	HOUSEHOLDS FOR BASELINE	BASELINE	TARGET 2002\03	ACHIEVED 2002\03	TARGET 2003\04	ACHIEVED 2003\04	TARGET 2004\05	ACHIEVED 2004\05	TARGET 2005\06	ACHIEVED 2005\06	TARGET 2006\07
Waterborne sewerage	20 224 21 010 28 313 29 444	66 % 55% 48.5% 39.65%	20 750 (67 %)	21 010 (55%)	21 500 (56%)	28 313 (48.5%)	28 500 (48.82%)	28954 (49.33%)	28 954 (49.33%)	29 444 (39.65%)	30 000 (40.39%)
VIP 's ****	1 970 5 450 13 836 5 205	6 % 14% 23.7% 7.01%	*5 000 (16 %)	5 450 (14%)	7 480 (19%)	13 836 (23.7%)	14 586 (25%)	23567 (40.37%)	4 905 (6.60%) (new baseline)	5 205 (7.01%)	8 800 (11.85%)
No formal service	12 439 11 692 16 230 39 620	36 % 30% 27.8% 53.35%	5 036 (17 %)	11 692 (30%)	9 662 (25%)	16 230 (27.8%)	15 291 (26.19%)	6170 (10.51%)	4 670 (7.96%)	39 620 (53.35%)	35 469 (47.76%)
Total	30 786*** 38 152 58 377 58 691 74 269	72% 69% 72.2% 89.5% 46.65%									

* Most recent accurate baseline figure Bold figures are verified and replace previous count

SOLID WASTE REMOVAL

53% of households have access to the basic level of service for solid waste. The basic level is one removal of a 240-litre bin or three black bags per week per household.

INDICATOR	BASELINE	TARGET 2002\03	ACHIEVED 2002\03	TARGET 2003\04	ACHIEVED 2003\04	TARGET 2004\05	ACHIEVED 2004\05	TARGET 2005\06	ACHIEVED 2005\06	TARGET 2006\07
Percentage of households with access to solid waste removal	63,4 %	66.3%	63.4%	66.3%	63.4%	68%	68,5%	68%	53%	55%

ELECTRICITY

There are currently two licence holders for electricity distribution and reticulation in the KZ 282 area (City of uMhlathuze) namely the City of uMhlathuze Electrical Department and ESKOM. It is therefore very difficult to determine the accuracy of statistics and forecasts provided by ESKOM.

The basic level of service for electricity is 50 kilowatt per month per household.

INDICATOR	BASELINE	TARGET 2002\03	ACHIEVED 2002\03	TARGET 2003\04	ACHIEVED 2003\04	TARGET 2004\05	ACHIEVED 2004\05	TARGET 2005\06	ACHIEVED 2005\06	TARGET 2006\07
Households with access to Electricity uMhlathuze area of supply	99%	100 %	99%	100%	99%	100%	99%	100%	99%	100%
Households with access to Electricity Eskom area of supply	70%	75 %	80%	Est. 20 000 85%	17 744 89%	18 000 90%	91%	92%	91%	92%

Note: It is difficult to reach a target of 100% as there is always development and the aim is to accommodate the supply to the new developments as the need arises.

2 THE PERCENTAGE OF HOUSEHOLDS EARNING LESS THAN R 1 100.00 PER MONTH WITH ACCESS TO FREE BASIC SERVICES

There is currently no accurate information available on income below R 1 100.00 per month. The City of uMhlathuze provides 6 kilolitres of water to all residents with access to water services. The 50 kilowatts of basic service level for electricity is not provided free of charge to all consumers.

According to the City Electrical Engineer's Department, it is estimated that approximately 700 households in the area of electricity supply by the Council, can be classified as "the poorest of the poor". These figures were obtained through Ward Committee Meetings. So far, 1000 of these households provided evidence of their financial state, and are now provided with 50 kilowatt electricity free of charge.

According to the City Electrical Engineer's Department, ESKOM estimates that a total of 17 000 households in their area of electricity supply can be described as "the poorest of the poor". However, ESKOM doesn't provide any free electricity as it is still in the process of drafting a uniform policy.

3 THE NUMBER OF JOBS CREATED THROUGH A MUNICIPALITY'S LOCAL ECONOMIC DEVELOPMENT INITIATIVES INCLUDING CAPITAL PROJECTS

Council has adopted a LED policy according to which at least 750 sustainable jobs be created per annum. Each department is responsible for a number of different capital projects taking place throughout the year. Contractors would handle most of these projects. In that way Council will not actively employ more people but would only play a contract management role. The following table depicts the number of jobs created since the 2003\2004 financial year:

INSTITUTION	2003/2004		2004/2005		2005/2006	
	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY	PERMANENT	TEMPORARY
Joint Development Forum	940	456	980	200	1094	586
Zululand Centre for Sustainable Development	194	0	130	0	234	150
TOTAL	1 134	456	1 110	200	1 328	718

4 THE NUMBER OF PEOPLE FROM EMPLOYMENT EQUITY TARGET GROUPS EMPLOYED IN THE THREE HIGHEST LEVELS OF MANAGEMENT IN COMPLIANCE WITH THE MUNICIPALITY'S APPROVED EMPLOYMENT EQUITY PLAN

OCCUPATIONAL LEVELS	LEVEL	VACANT POSTS	DESIGNATED																NON-DESIGNATED				TOTAL POSITIONS FILLED	TOTAL POSITIONS PER LEVEL
			MALE						FEMALE								DISABLED		WHITE MALE		FOREIGN NATIONALS			
			AFRICAN		COLOURED		INDIAN		AFRICAN		COLOURED		INDIAN		WHITE									
			CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	MALE	FEMALE	CUR	NUM GOAL	MALE	FEMALE		
TOP MANAGEMENT	22	0	2	2	0	0	1	1	0	2	0	0	0	0	1	1	0	0	5	3	0	0	9	9
	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL	0	2	2	0	0	1	1	0	2	0	0	0	0	1	1	0	0	5	3	0	0	9	9
SENIOR MANAGEMENT	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	19	3	3	8	1	0	1	1	1	6	0	0	0	1	2	4	0	0	16	7	0	0	24	27
	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	17	0	2	2	0	0	1	1	0	1	0	0	0	0	2	1	0	0	2	2	0	0	7	7
	16	2	0	2	0	0	0	0	1	1	0	0	0	0	1	1	0	0	2	2	0	0	4	6
	15	3	6	7	0	0	1	1	2	5	0	0	0	1	4	4	0	0	7	6	0	0	20	23
	TOTAL	8	11	19	1	0	3	3	4	13	0	0	0	2	9	10	0	0	27	16	0	0	55	63

5 FINANCIAL VIABILITY

The regulations on Planning and Performance Management also determine that the financial performance of municipalities have to be reported. Information regarding the following ratios must be provided:

$$A = B - C / D$$

Where "A" represents debt coverage

"B" represents total operating revenue received

"C" represents operating grants

"D" represents debt service payments

DEBT COVERAGE	BASELINE	TARGET 2002\03	ACHIEVED 2002\03	TARGET 2003\04	ACHIEVED 2003\04	TARGET 2004\05	ACHIEVED 2004\05	TARGET 2005\06	ACHIEVED 2005\06	TARGET 2006\07
B = Total operating revenue received	480,666,482	480,666,482	528 026 238	591 296 290	607 144 421	629 035 170	645 935 056	730 667 900	681 026 739	772 110 100
C = Operating grants	25,930,168	25,930,168	21 135 370	19 440 000	30 725 963	39 163 500	70 482 307	52 985 000	90 339 930	64 984 300
D = debts service payments (interest & redemption due for the year)	47,370,528	47,370,528	49 596 403	58 398 030	59 603 157	31 080 360	54 505 668	44 221 000	59 468 020	64 501 400
A = (B-C)/D	9.60	9.60	10.22	9.80	9.67	18.98	10.6	15.32	9.9	10.9

$$A = B/C$$

Where "A" – represents outstanding service debtors to revenue

"B" – represents total outstanding service debtors

"C" – represents annual revenue actually received for services

OUTSTANDING SERVICE DEBTORS TO REVENUE	BASELINE	TARGET 2002\03	ACHIEVED 2002\03	TARGET 2003\04	ACHIEVED 2003\04	TARGET 2004\05	ACHIEVED 2004\05	TARGET 2005\06	ACHIEVED 2005\06	TARGET 2006\07
B = Outstanding service debtors	38694618.07	38694618.07	61 285 598	55 285 598	81 678 080	92 410 000	66 663 480	82 000 000	62 379 319	88 850 000
C = Annual revenue actually received for service debtors	-393677485.14	-393677485.14	424 137 681	464 068 695	540 356 520	620 371 410	490 531 695	530 000 000	514 842 044	550 264 300
A = B/C	0.10	0.10	0.14	0.12	0.14	0.15	0.14	0.16	0.12	0.16

$$A = B + C/D$$

Where "A" – represents cost coverage

"B" – represents all available cash at a particular time

"C" – represents investments

"D" – represents monthly fixed operating expenditure

APPENDIX A

COST COVERAGE	BASELINE	TARGET 2002\03	ACHIEVED 2002\03	TARGET 2003\04	ACHIEVED 2003\04	TARGET 2004\05	ACHIEVED 2004\05	TARGET 2005\06	ACHIEVED 2005\06	TARGET 2006\07
B = All available cash at a particular time	2 902 175.05	2 902 175.05	9 457 269	10 000 000	19 881 078	18 324 000	34 311 934	20 000 000	42 360 274	63 620 000
C = Investments	37038303.74	37038303.74	45 002 136	51 000 000	40 857 300	45 502 000	10 453 267	40 000 000		
D = Monthly fixed operating expenditure	38886668.33	38886668.33	42 841 596	47 000 000	49 920 199	52 419 598	51 362 598	56 000 000	55 238 164	64 342 508
A = (B +C)/D	1.03	1.03	1.27	1.03	1.22	1.22	0.87	1.07	0.77	1.09

6 THE PERCENTAGE OF THE MUNICIPAL CAPITAL BUDGET ACTUALLY SPENT ON CAPITAL PROJECTS IDENTIFIED FOR A PARTICULAR YEAR IN TERMS OF THE MUNICIPALITY'S IDP.

CAPITAL BUDGET ACTUALLY SPENT ON CAPITAL PROJECTS	TARGET 2003\04	ACHIEVED 2003\04	TARGET 2004\05	ACHIEVED 2004\05	TARGET 2005\06	ACHIEVED 2005\06	TARGET 2006\07
Capital Budget amount spend on capital project / Total Capital budget X 100	100.00%	100.80%	80.00%	81%	80%	84%	85%

7 THE PERCENTAGE OF THE MUNICIPAL BUDGET ACTUALLY SPENT ON IMPLEMENTING ITS WORKPLACE SKILLS PLAN

WORKPLACE SKILLS PLAN	BASELINE	TARGET 2003\4	ACHIEVED 2003\04	TARGET 2004\05	ACHIEVED 2004\05	TARGET 2005\06	ACHIEVED 2005\06	TARGET 2006\07
Skills Levy	1% of Salaries Budget	R1 189 968,69 0.07%	R1 189 968,69 0.07%	R1 000 000.00	R1 077 854.00	R1 800 000.00	R 1 778 464	R 1 742 600

APPENDIX B

CUSTOMER SATISFACTION SURVEY REPORT

2005 / 2006
Municipal Year



CUSTOMER SATISFACTION SURVEY REPORT

2005 / 2006



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1. BACKGROUND

A customer satisfaction survey needs to be conducted annually to obtain statistical data for the quality indicators developed within the Performance Management Framework of the Municipality. The customer satisfaction index is further required to review annual performance targets for services delivered by the municipality.

The total number of households in the uMhlathuze area of jurisdiction used for national indicators according to the uMhlathuze Water Services Development Plan was used as the basis. The Geographical distribution and the following population sample size survey, as reflected in the number of questionnaires, were utilized to ensure the statistical accuracy of the survey:

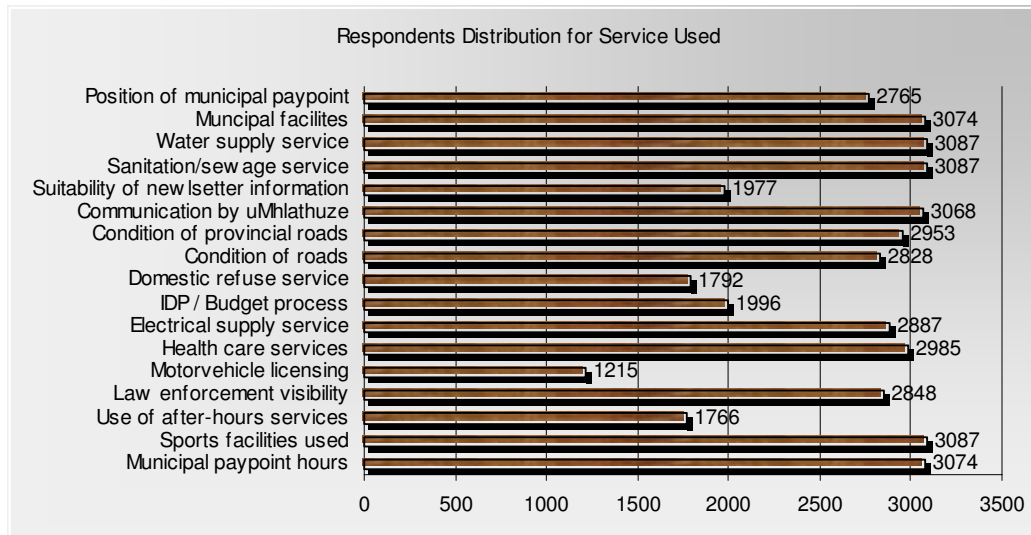
Urban Areas	% of total population	Required Number of questionnaires per area	Actual Number of questionnaires per area
Richards Bay	16.0%	480	482
Empangeni	9.0%	270	304
Nseleni	5.0%	150	155
Esikhawini	20%	600	604
Ngwelezane	6.0%	180	180
Vulindlela	1.0%	30	30
	57%	1710	1755
Tribal Areas	% of total population	Number of questionnaires per area	Actual Number of questionnaires per area
Bhejane Khoza	10.0%	300	307
Dube	4.0%	120	139
Madlebe	16.0%	520	523
Mkhwanazi North	13.0%	175	183
Mkhwanazi South		175	180
	43%	1290	1332
Total	100%	3000	3087

For the purpose of this report the results will be illustrated for the total area of jurisdiction as well as separate responses for the urban areas and for the Tribal areas. Information on all the questions is available on all the different areas, with a further breakdown per suburb in Richards Bay. This information is available upon request.

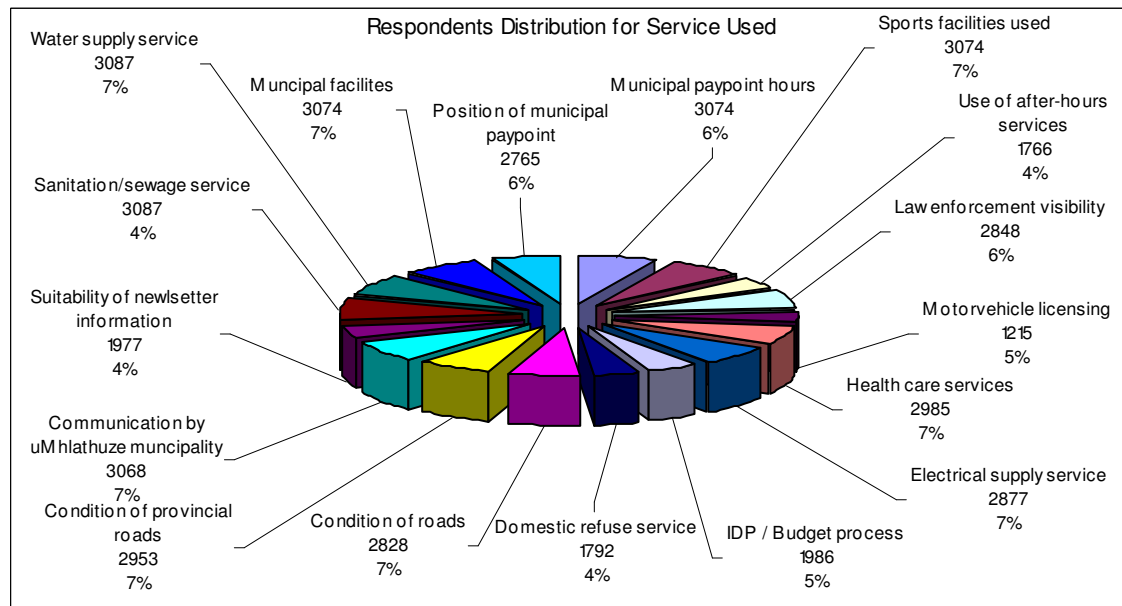
2. SURVEY RESPONSE

A total of 3087 households responded to the twenty five survey questions. The satisfaction level of these households with regard to the services is illustrated throughout this report. The following services were regarded as high priority: water supply, health care, sanitation/sewerage, electricity supply, domestic refuse removal, condition of roads, communication with the community, municipal pay points, sports facilities, licensing services, law enforcement visibility and after-hours emergency services. Most of these services are also identified to be National Key Performance Indicators.

The following figures illustrate the number of responses to the survey's thirteen questions concerning satisfaction with particular services:



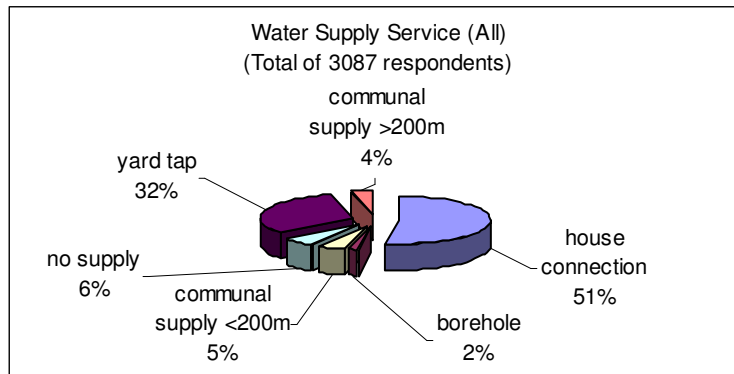
The above figure illustrates the number of respondents for each of the services as well as the percentage contributed towards the total number of the 38 023 population data.



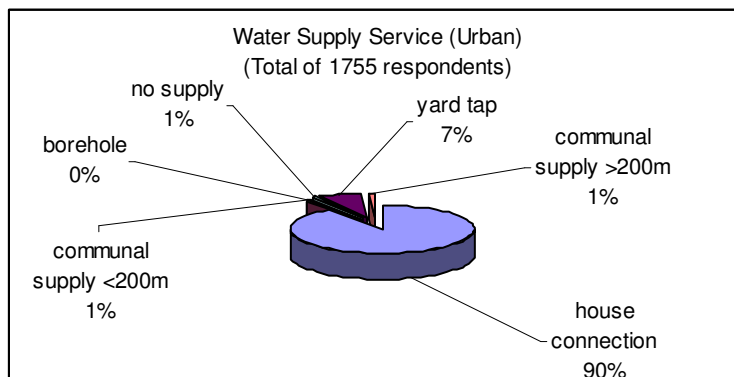
The levels of customer satisfaction with the above services are discussed and illustrated individually below.

WATER SUPPLY SERVICE

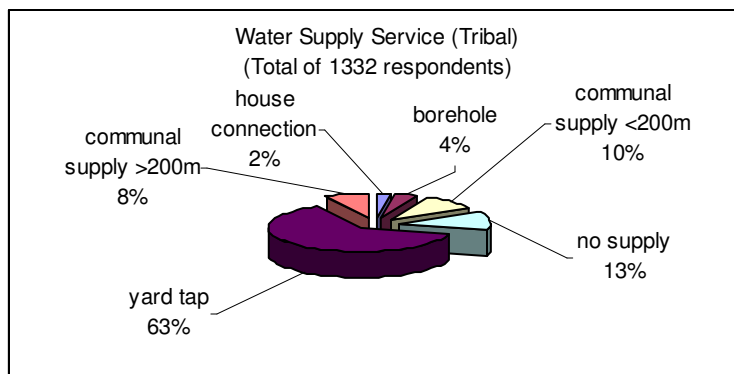
The water supply service currently delivered to the community by the City of uMhlathuze is categorized in terms of National regulations. The categories are divided and measured as follows: house connections, yard connections, communal supply within 200 metres distance (RDP level); communal supply further than 200 metres distance, boreholes. The aim is to improve and upgrade the standard of water supply services level. The survey recorded customer satisfaction with the current service delivered to the community. The following figure illustrates the type of water supply service rendered to the 3087 households that were approached during the survey.



The following figure illustrates the type of water supply service rendered to the households that were approached during the survey in the urban areas. The responses from the 1755 households currently served with water, are expressed as a percentage. 10 respondents do not have water supply.

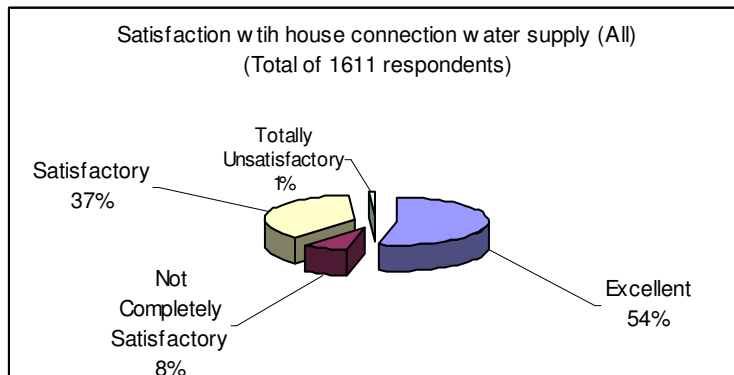


The following figure illustrates the type of water supply service rendered to the households that were approached during the survey in the tribal areas. The responses from the 1332 households currently served with water, are expressed as a percentage. 167 of the respondents do not have water supply.

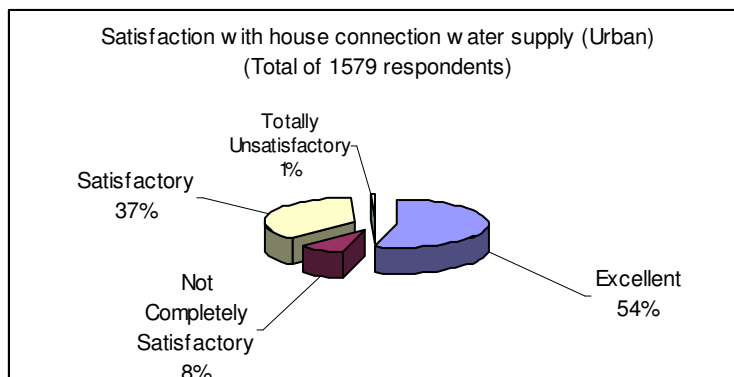


House connection water supply

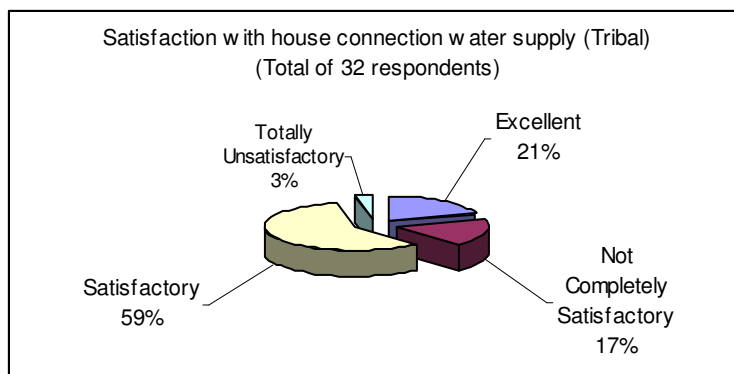
The number of households in the survey with this type of connection was 1611. The following figure illustrates a high satisfaction level among the respondents currently receiving this service. 4 respondents gave no response.



The following figure illustrates the satisfaction level among the 1579 respondents currently receiving this service in the urban areas:-

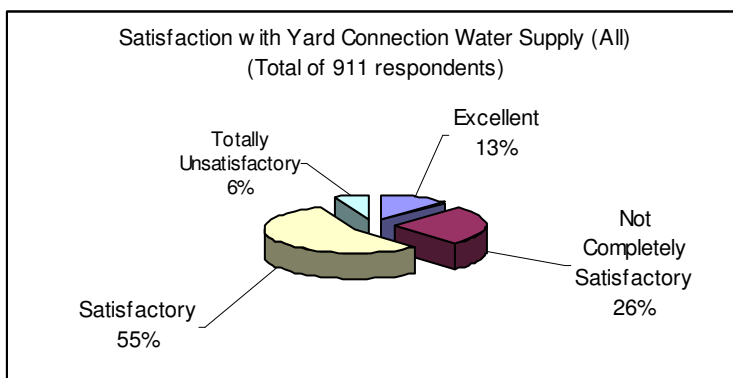


The following figure illustrates the satisfaction level among the 32 respondents currently receiving this service in the tribal areas:-

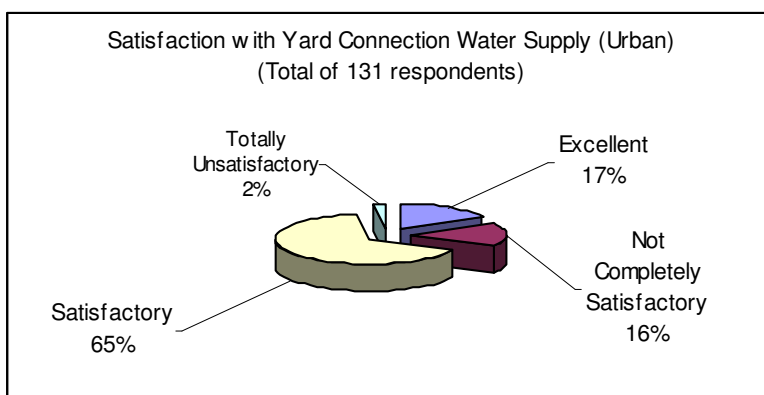


Yard Connection

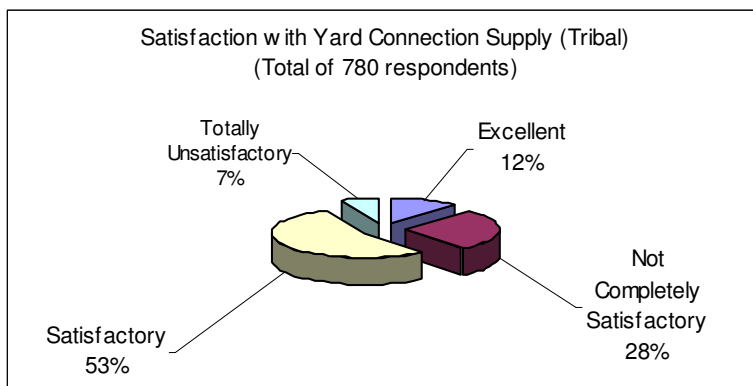
The number of households in the survey with yard connection was 911. The satisfaction level of the households currently receiving yard connection water supply is illustrated as follows: 56 respondents gave no response.



The following figure illustrates the satisfaction level among the 131 respondents currently receiving this service in the urban areas:-

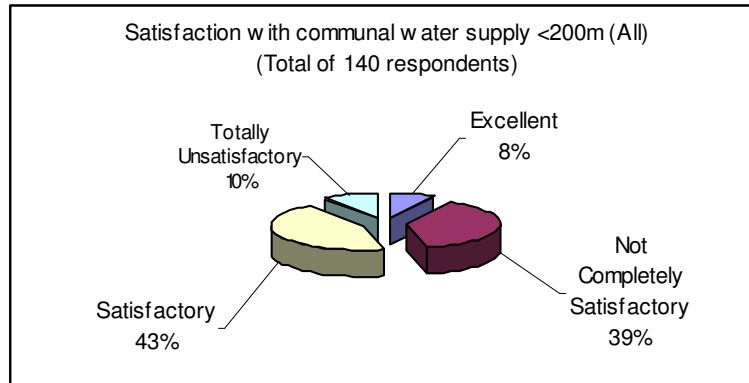


The following figure illustrates the satisfaction level among the 780 respondents currently receiving this service in the tribal areas:-

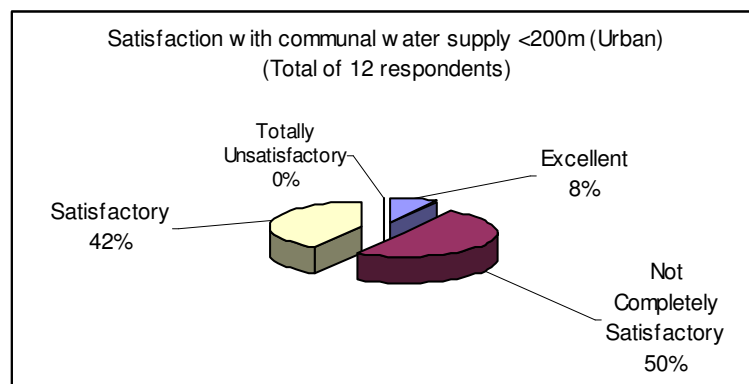


Communal Water Supply within 200metres

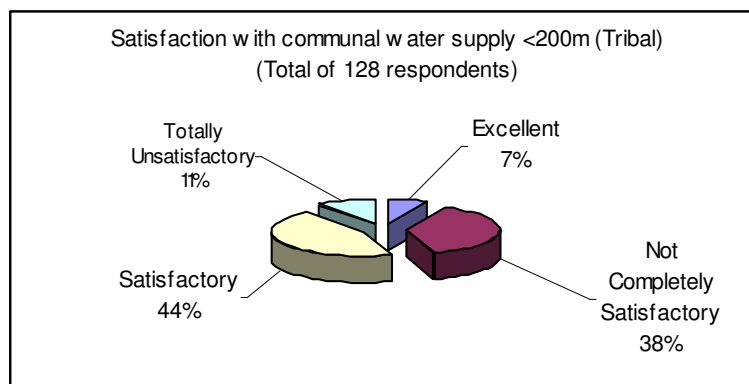
This level of service is as per RDP standard where running water is supplied via a communal water supply of a distance of no more than 200 metres from the residence. The satisfaction level of the 140 respondents currently receiving this service is illustrated as follows.



The following figure illustrates the satisfaction level among the 12 respondents currently receiving this service in the urban areas:-

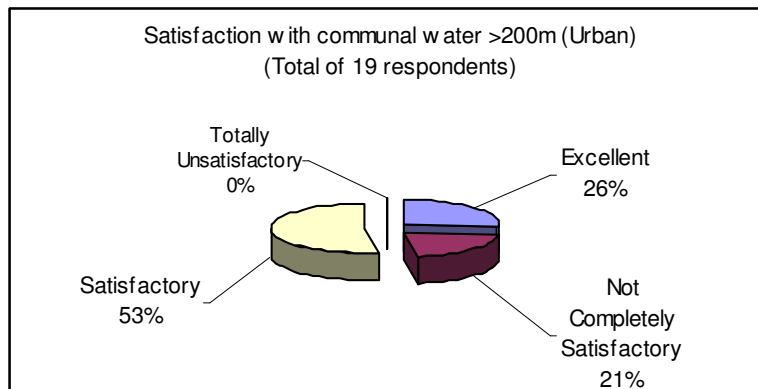


The following figure illustrates the satisfaction level among the 128 respondents currently receiving this service in the tribal areas:-

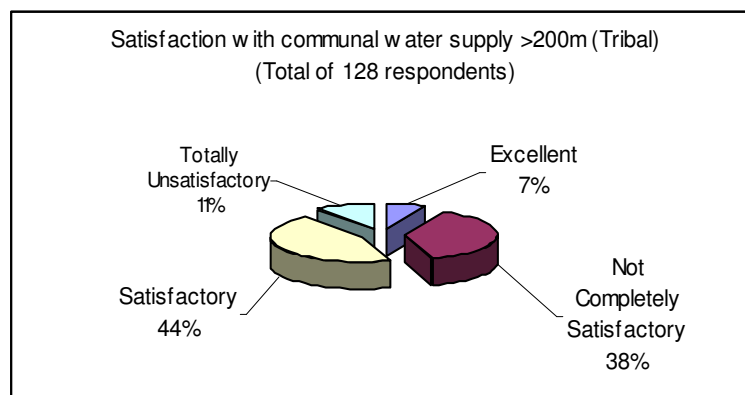


Communal water supply further than >200metres

The number of households in the survey with communal water supply was 121. There are 19 households in the urban area with a water supply further than 200 metres. 2 respondents did not respond.

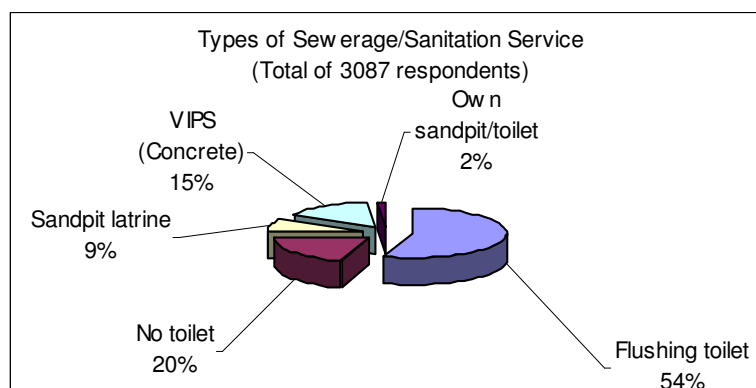


The following figure illustrates the satisfaction level among the 128 respondents currently receiving this service:



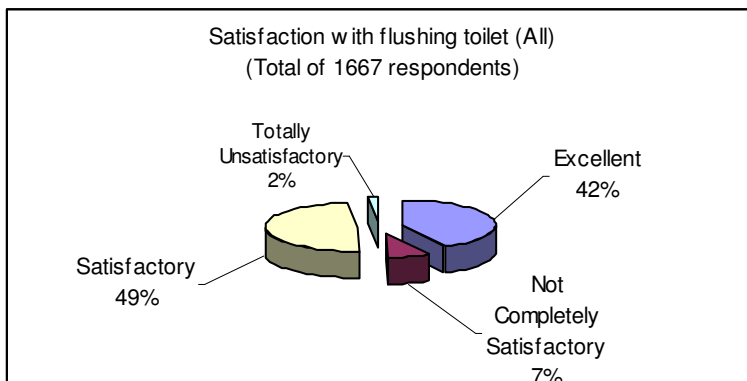
SANITATION SERVICE

The following figure illustrates the distribution of the type of sanitation service delivered to the households surveyed. The total number of respondents was 3087. The 20% of households with no sanitation service are from the tribal areas and comprise 605 respondents.

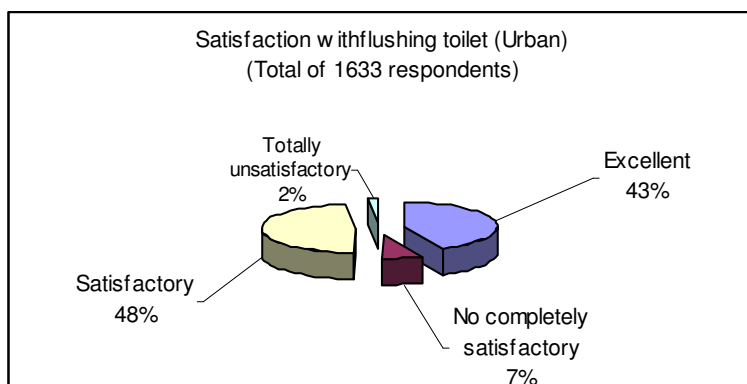


Flushing toilet service

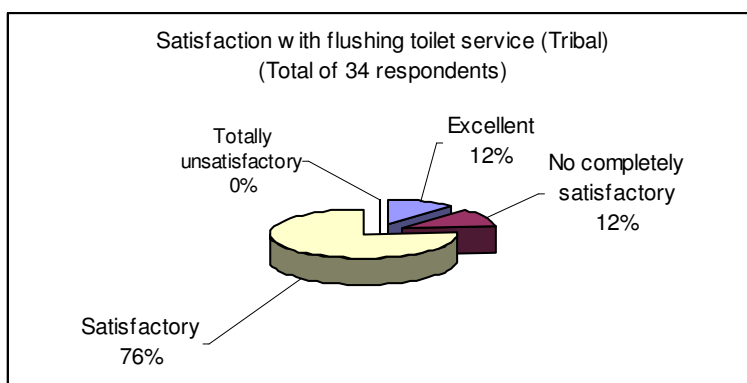
A flushing toilet service is delivered to households in the urban and developed areas. The following figure illustrates the satisfaction rating of the 1667 respondents currently receiving this service. The satisfaction level for this service is exceptionally good.



The following figure illustrates the satisfaction level among the 1633 respondents currently receiving this service in the urban areas:

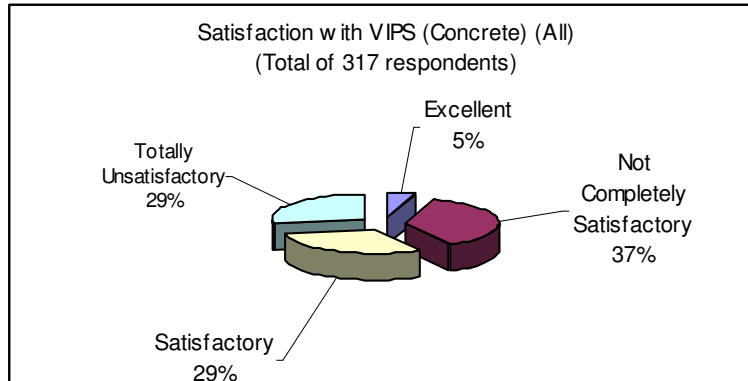


The following figure illustrates the satisfaction level among the 34 respondents currently receiving this service in the tribal areas:

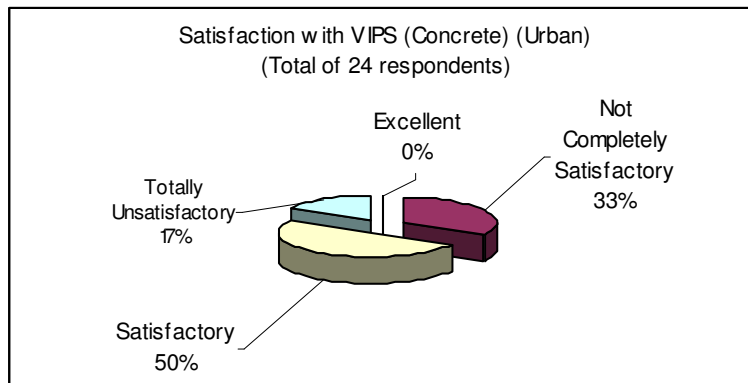


VIPs (Concrete)

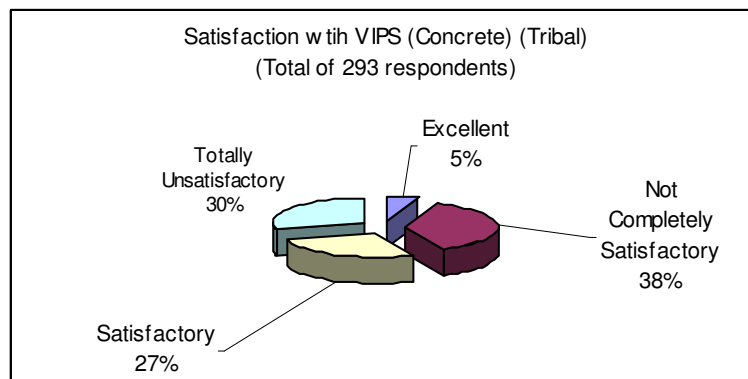
The VIPs (Concrete) service is predominantly delivered in the tribal areas. The number of respondents with this facility is 317.



The following figure illustrates the satisfaction level among the 24 respondents currently receiving this service in the urban areas:



The following figure illustrates the satisfaction level among the 293 respondents currently receiving this service in the tribal areas:

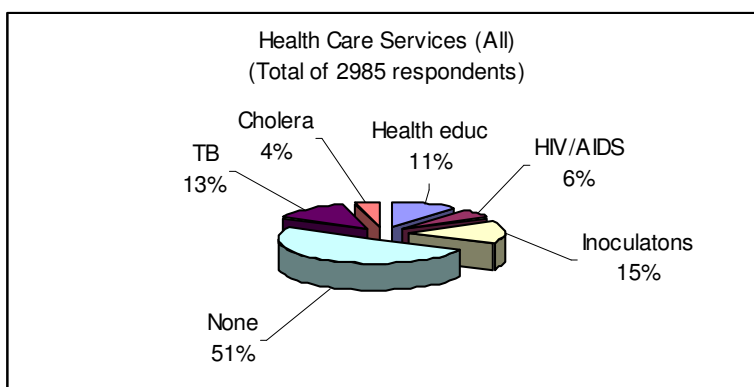


Sandpit Latrine (Own)

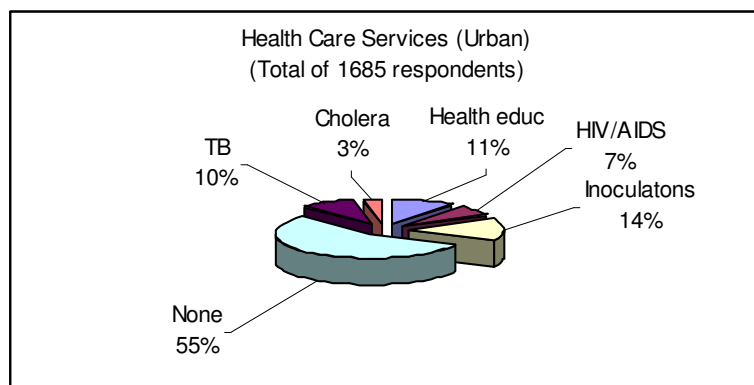
The VIPs (Concrete) service is not delivered to the whole community in the tribal and informal developed areas. Consequently, 47 respondents reported having sandpits or having constructed their own sandpit latrines.

HEALTH CARE SERVICE

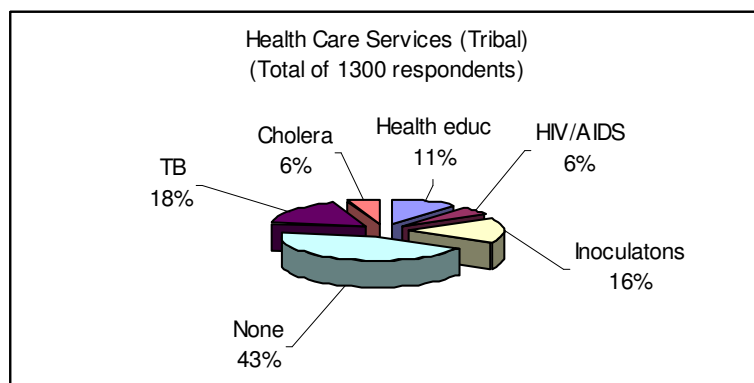
2985 households from the total number of 3087 households approached during the survey reported having made use in the previous 12 months of the health care services provided by the uMhlathuze municipality. 1498 respondents did not make use of any health care services provided by the uMhlathuze municipality. The following figure illustrates the distribution of services used by the 2985 respondents. The services reported on in the survey are TB treatment, HIV/AIDS counselling, cholera treatment, health education (other than HIV/AIDS) and inoculations. Usage of, and satisfaction levels with, these services are illustrated in the next 18 charts.



The following figure illustrates the distribution of health care services used by the 1685 respondents in the urban areas.

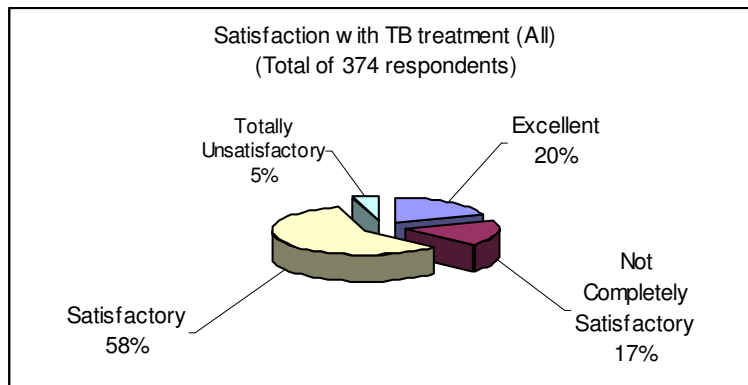


The following figure illustrates the distribution of health care services used by the 1300 respondents in the tribal areas.

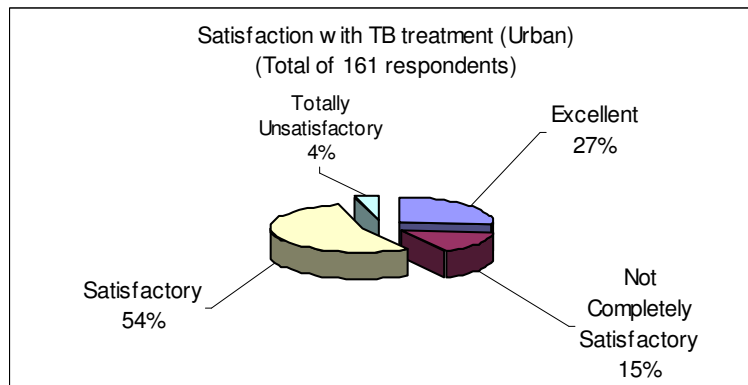


TB Treatment

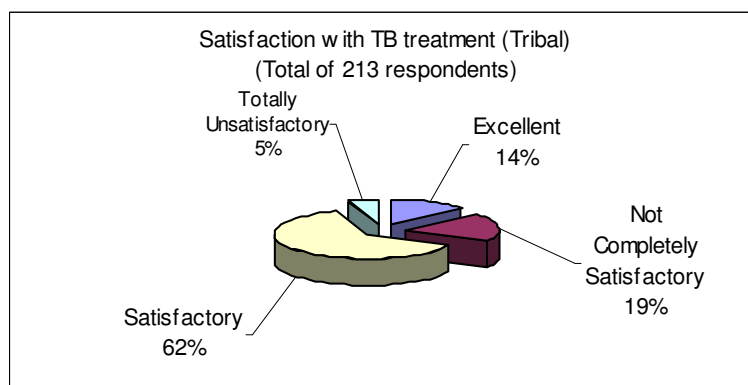
The satisfaction levels of the 374 households which reported having made use of the TB treatment service is as follows:



The following figure illustrates the satisfaction level among the 161 respondents who made use of the TB treatment service in the urban areas:

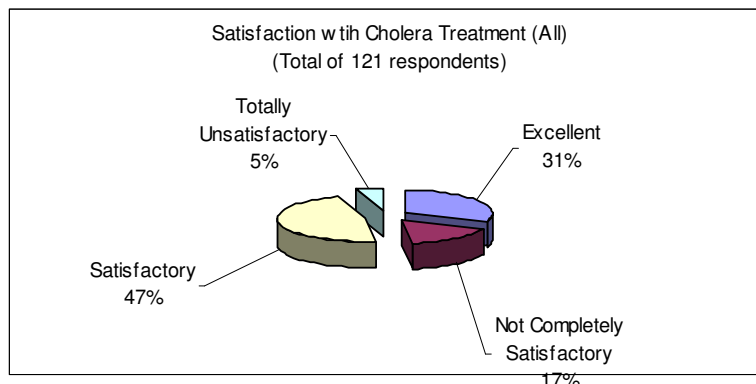


The following figure illustrates the satisfaction level among the 213 respondents who made use of the TB treatment service in the tribal areas:

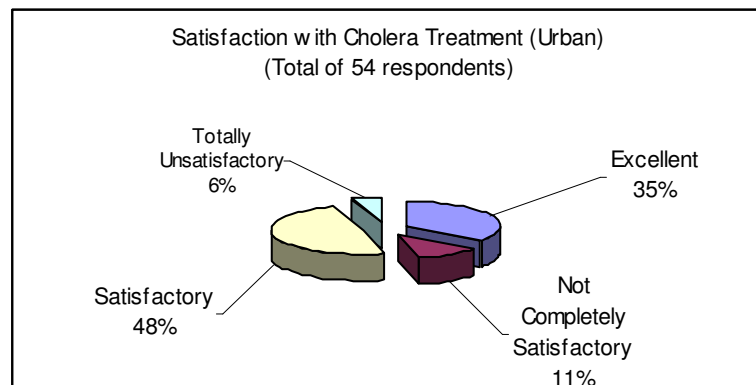


Cholera Treatment

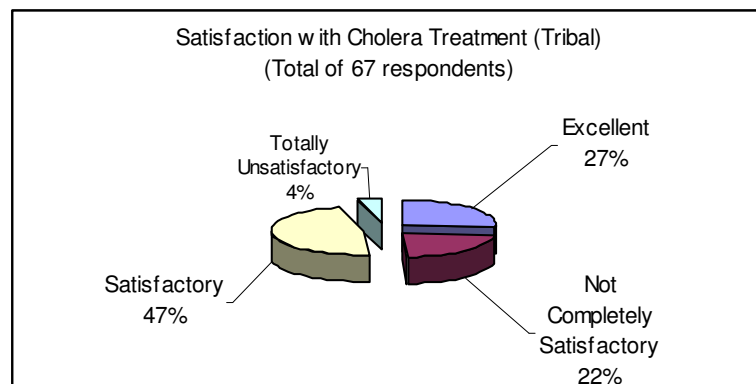
The number of households who reported having used this service was 121. Satisfaction levels are illustrated below:



The following figure illustrates the satisfaction level among the 54 respondents who made use of the cholera treatment service in the urban areas:

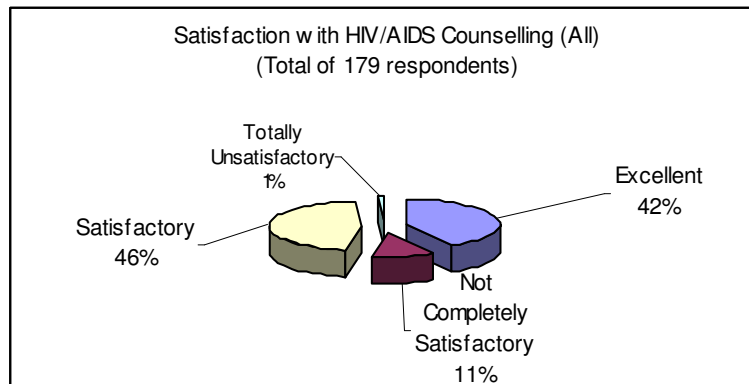


The following figure illustrates the satisfaction level among the 67 respondents who made use of the Cholera treatment service in the tribal areas:

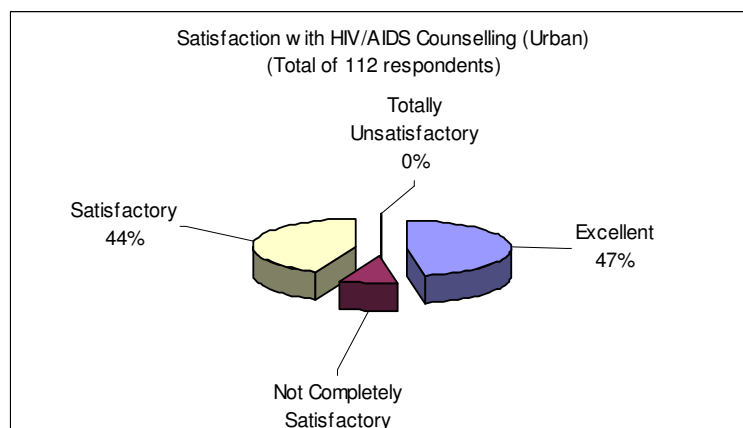


HIV/AIDS Counselling

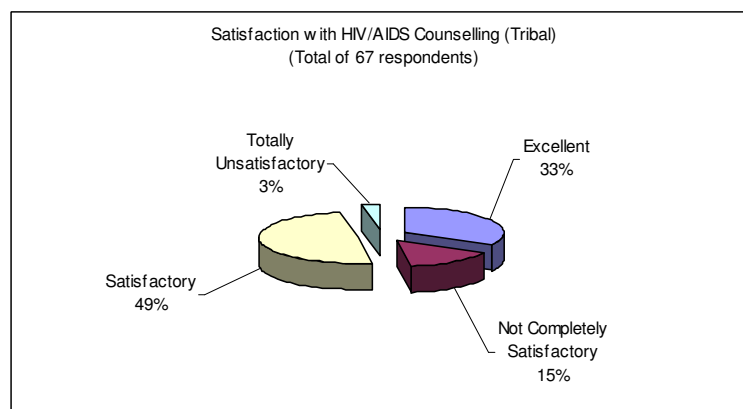
The number of households who reported having used this service was 179. Satisfaction levels are illustrated below:



The following figure illustrates the satisfaction level among the 112 respondents who made use of the HIV/AIDS counselling service in the urban areas:

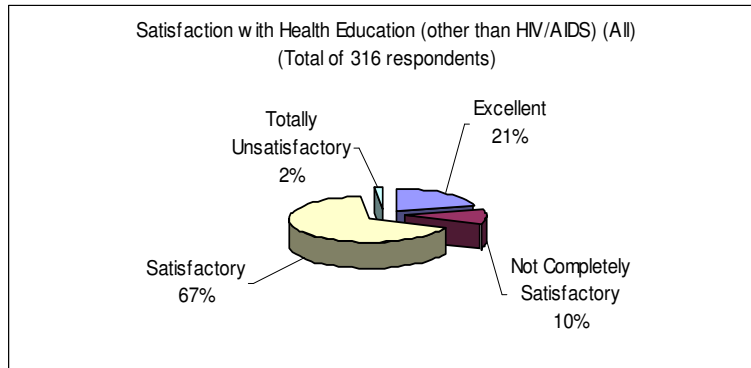


The following figure illustrates the satisfaction level among the 67 respondents who made use of the HIV/AIDS counselling service in the tribal areas:

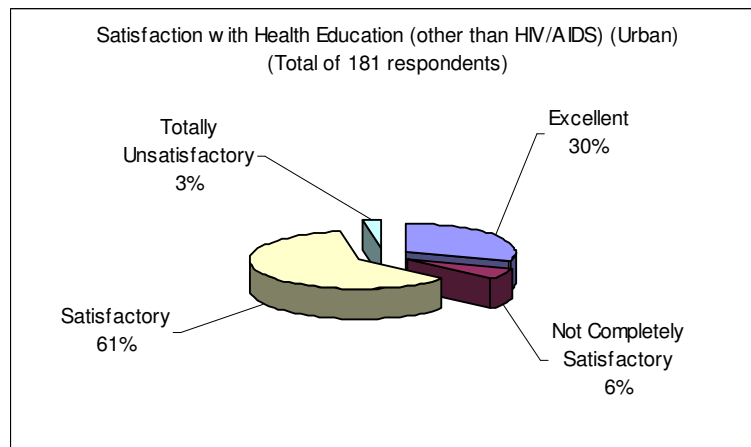


Health Education (other than HIV/AIDS)

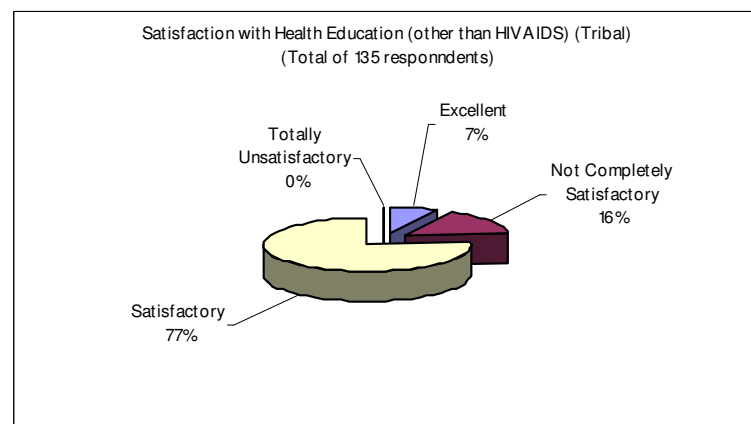
The number of households responding to this question was 316. Satisfaction levels are illustrated below:



The following figure illustrates the satisfaction levels among the 181 respondents who made use of the health education service in the urban areas:

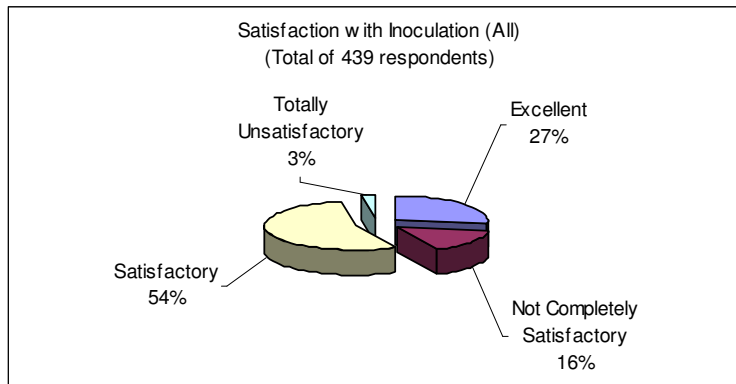


The following figure illustrates the satisfaction level among the 135 respondents who made use of the health education service in the tribal areas:

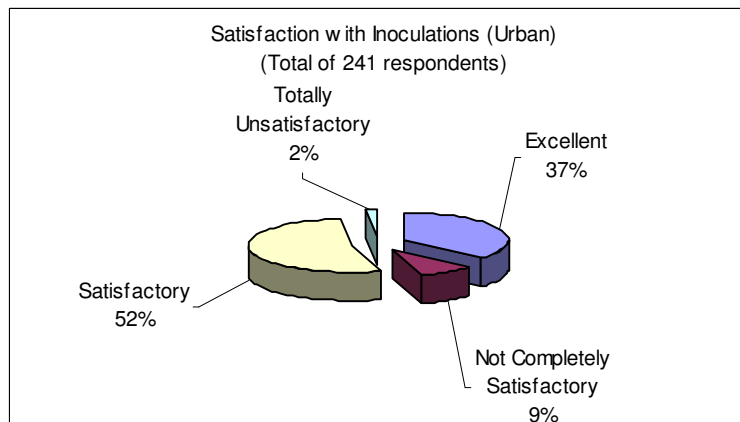


Inoculations

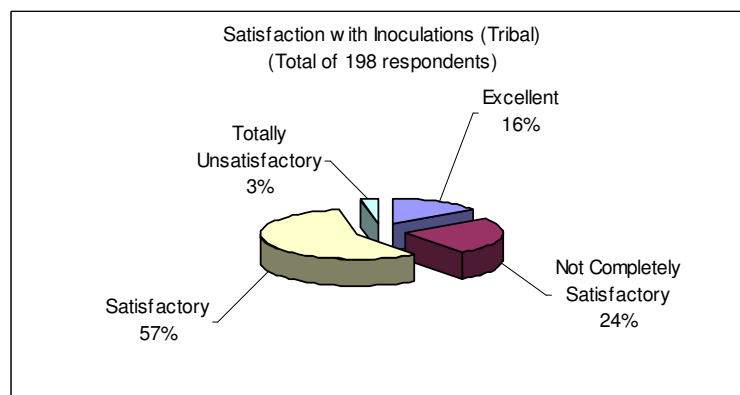
The number of households who responded to this question was 439. Satisfaction levels are illustrated below:



The following figure illustrates the satisfaction level among the 241 respondents who made use of the inoculations service in the urban areas:

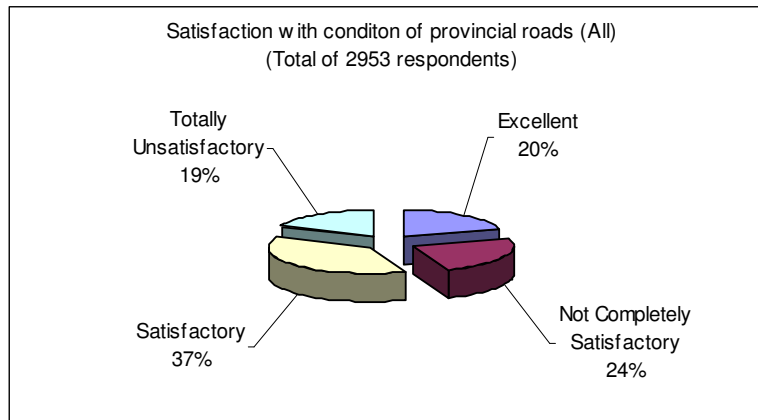


The following figure illustrates the satisfaction level among the 198 respondents who made use of the inoculations service in the tribal areas:

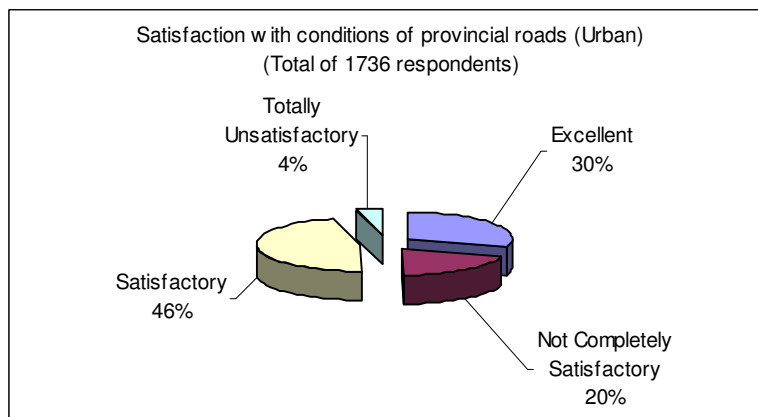


PROVINCIAL ROADS

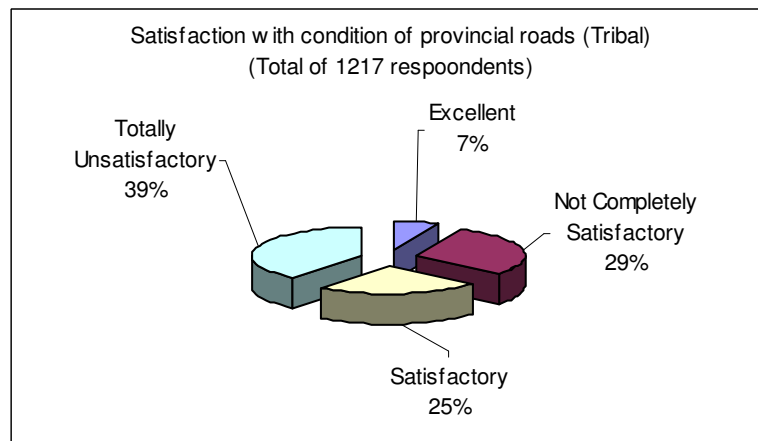
The perception of the community with regard to their satisfaction with the provincial road infrastructure was measured in general. The number of households which responded to this question in the survey was 2953. The following figure illustrates the satisfaction response received.



The following figure illustrates the satisfaction level among the 1736 respondents in the urban areas:

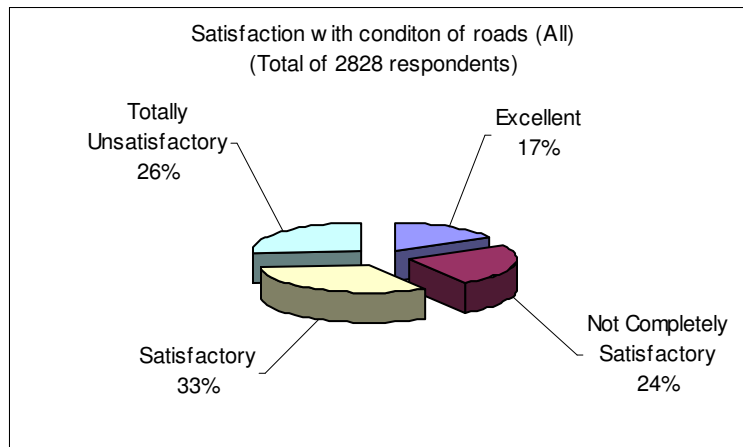


The following figure illustrates the satisfaction level among the 1217 respondents in the tribal areas:

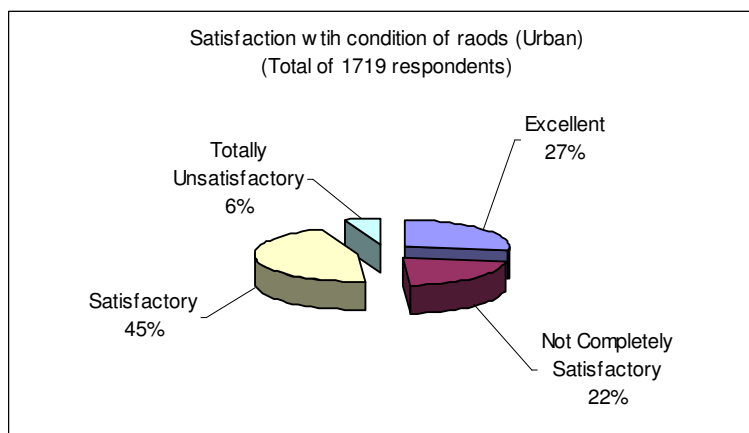


MUNICIPAL ROADS

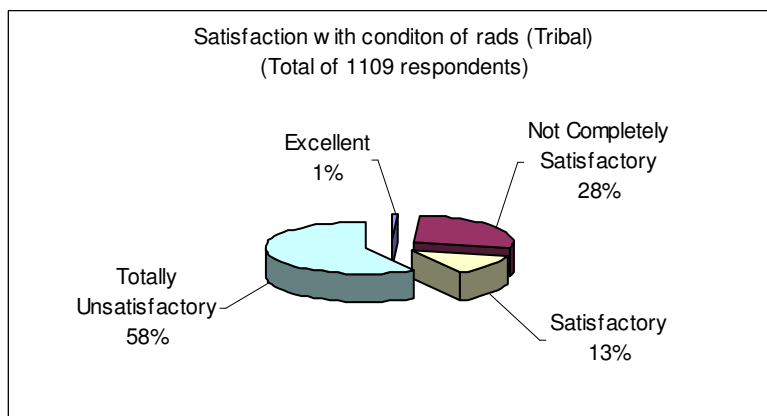
The perception of the community with regard to their satisfaction with the roads infrastructure and condition of roads in their immediate vicinity was measured in general. This included tarred as well as gravel roads and streets. The number of households which responded to this question in the survey was 2828. The following figure illustrates the satisfaction response received.



The following figure illustrates the satisfaction level among the 1719 respondents in the urban areas:

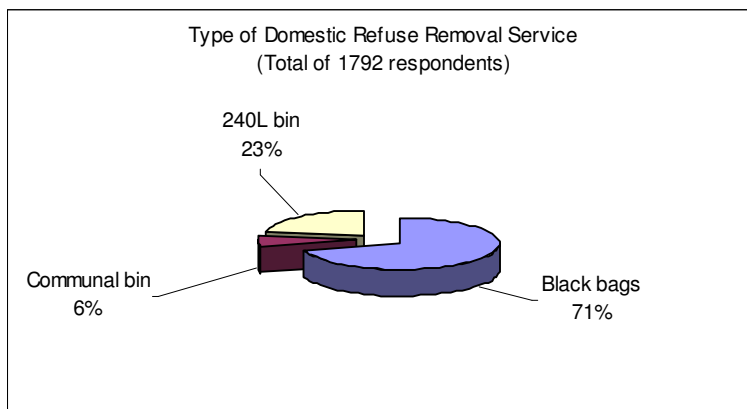


The following figure illustrates the satisfaction level among the 1109 respondents in the tribal areas:



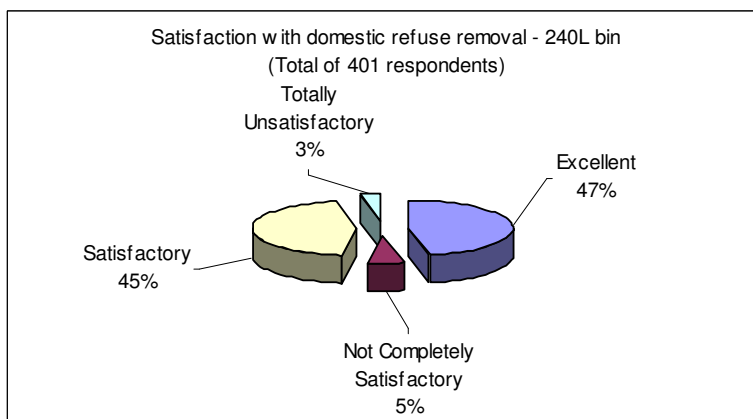
DOMESTIC REFUSE REMOVAL

The domestic refuse removal service currently delivered by the City of uMhlathuze to households in urban area is either 240 litre bins, black bags or communal bins. The total number of respondents to this question was 3087, of whom 1792 receive a domestic refuse removal service. Distribution of the type of refuse removal service received by these respondents is illustrated below:



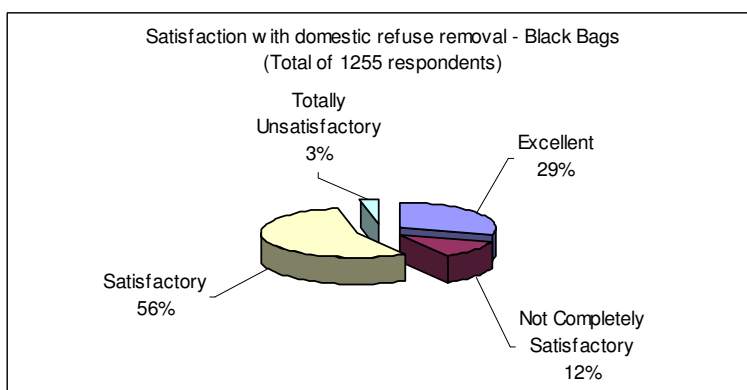
240 litre Bin service

This service is delivered predominantly in the Richards Bay area once per week. The service satisfaction level as experienced by the 401 of the 1792 respondents receiving this service is illustrated below:



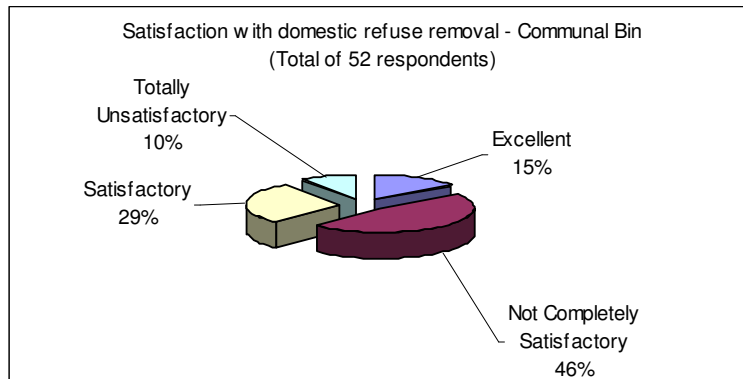
Black bag service

This service is delivered in Empangeni and other municipal areas once per week. The satisfaction level with this service as experienced by 1255 of the 1792 respondents receiving a domestic refuse service is as follows:



Communal bin service

This service is delivered in some of the tribal municipal areas once per week. The satisfaction level with service delivery as experienced by the 52 of the 1792 respondents receiving a domestic refuse service is as follows:



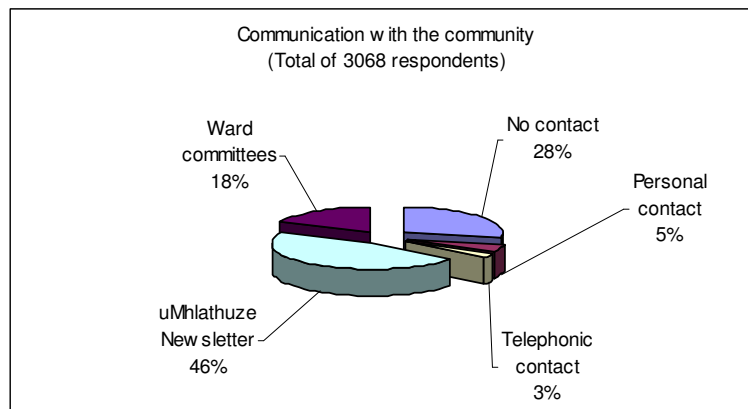
No Service

1386 of the households who participated in the survey receive no domestic refuse removal service. These households are in the tribal areas.

COMMUNICATION WITH THE COMMUNITY

Communication between the City of uMhlathuze and the community is very important for public participation. The public need to be informed regularly on all issues and their inputs and participation must be obtained to make informed decisions for the future.

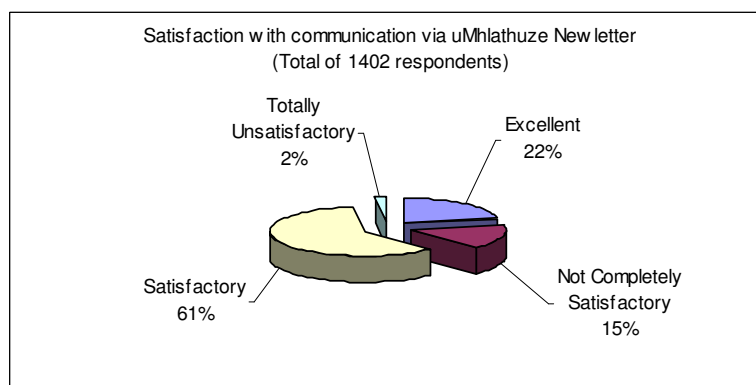
Communication between the Municipality and its inhabitants was classified in the survey as follows: personal contact; telephonic contact; ward committees; the uMhlathuze newsletter; no contact. The following chart illustrates the response distribution per category from the 3087 households which responded to the question:



uMhlathuze newsletter

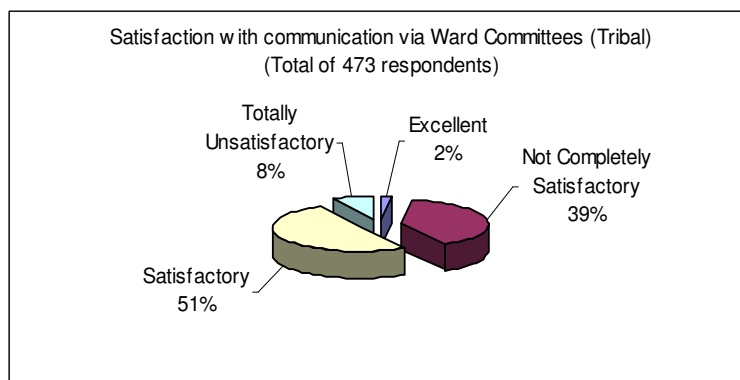
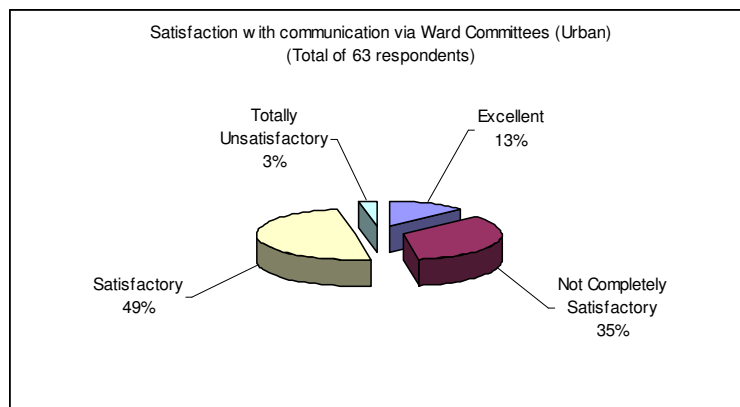
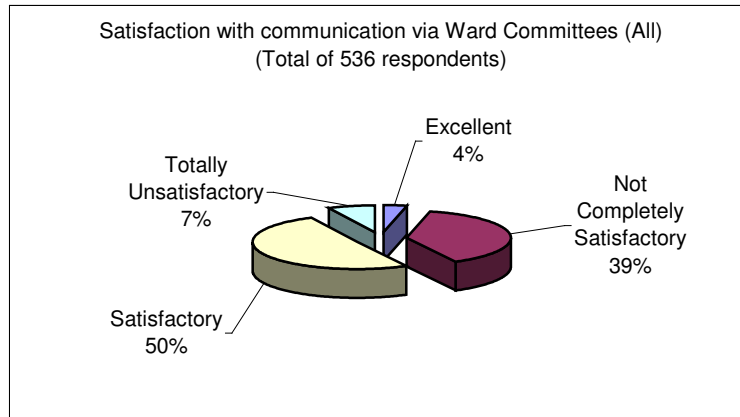
The newsletter seems to be very popular and is generally well accepted. Of the 3087 respondents who signalled that they receive communication from the Municipality, 1402, receive it via the newsletter. However, 1304 of these are from the urban areas, and only 98 are from the tribal areas.

The satisfaction level of the 1402 respondents receiving the newsletter in all areas is as follows:



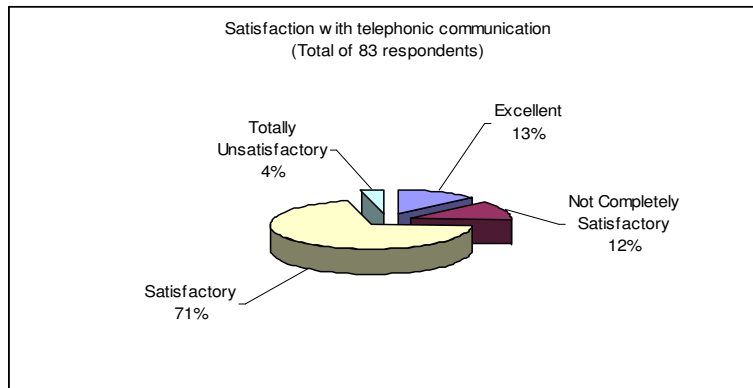
Ward committees

536, of those who responded to the question on communication receive information from the Municipality via the ward committee system. Of these, 63 live in urban areas and 473 live in tribal areas. Satisfaction levels with this system are as follows:



Telephonic Communication

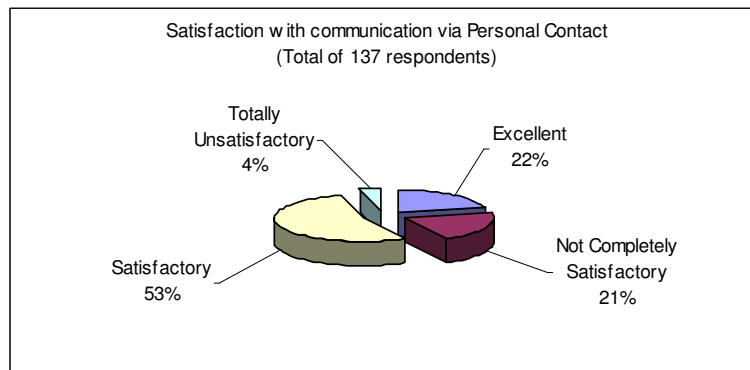
In the survey, 83 of the respondents indicated that they receive communication from the uMhlathuze Municipality telephonically. Of these, 52 live in urban areas and 31 live in tribal areas. Satisfaction levels with this form of communication are recorded below:



Personal Contact

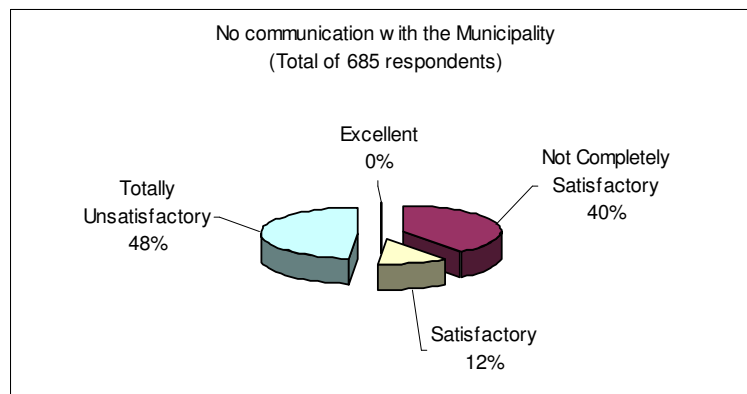
137 respondents cited "personal contact" as the means by which the Municipality keeps in touch with them. Of these, 102 live in urban areas.

Satisfaction levels with this form of communication are recorded below:

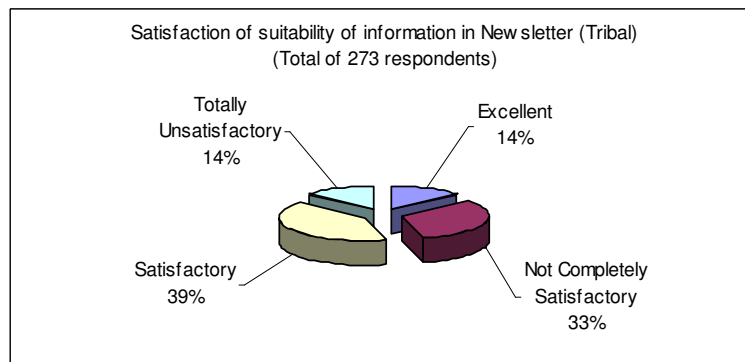
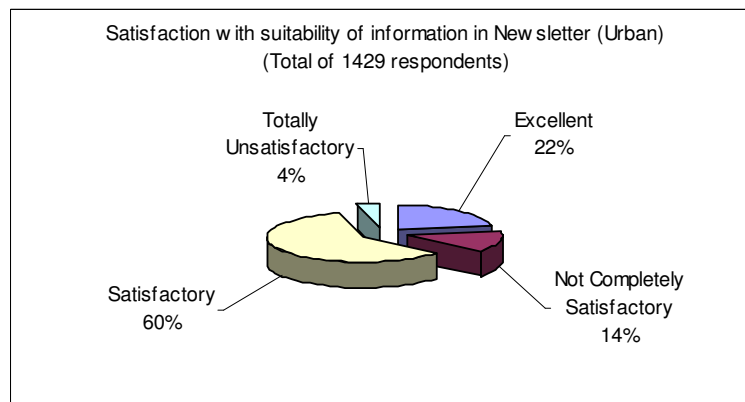
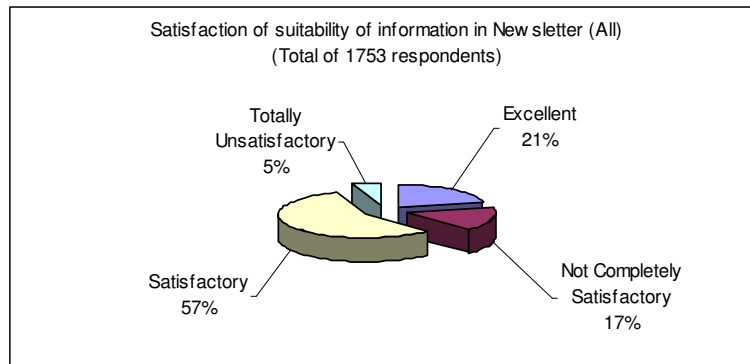


No communication with the municipality

685 respondents do not have any communication with the municipality. Of these, 60 respondents are from urban areas and 625 from tribal areas.

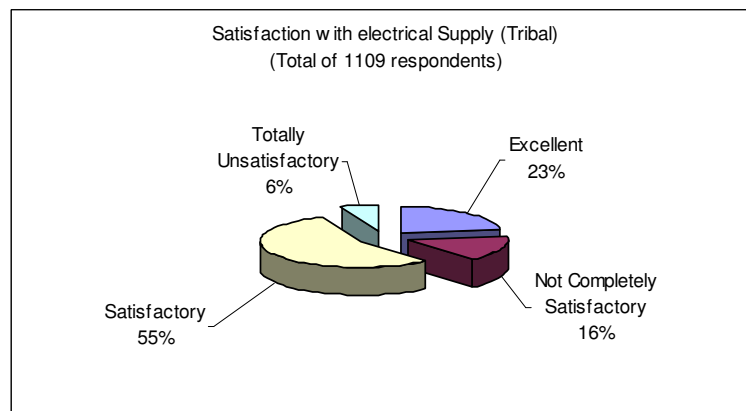
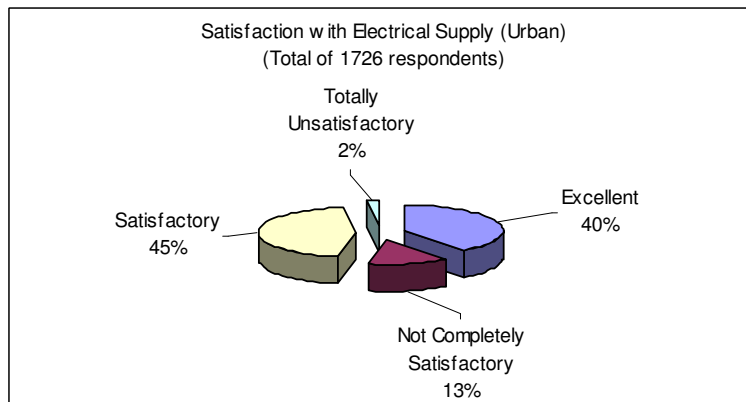
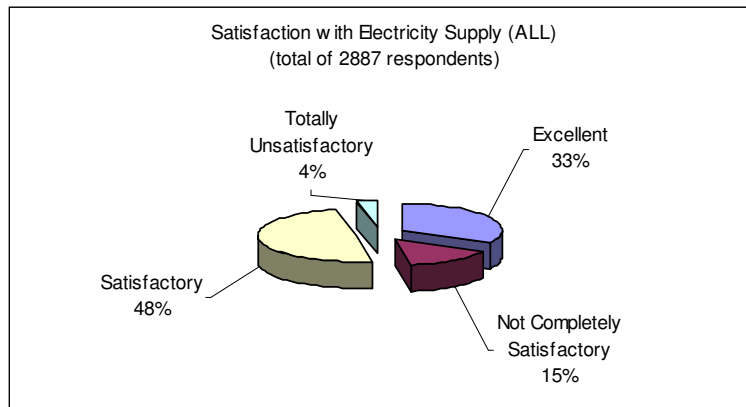


Suitability of information in the Newsletter

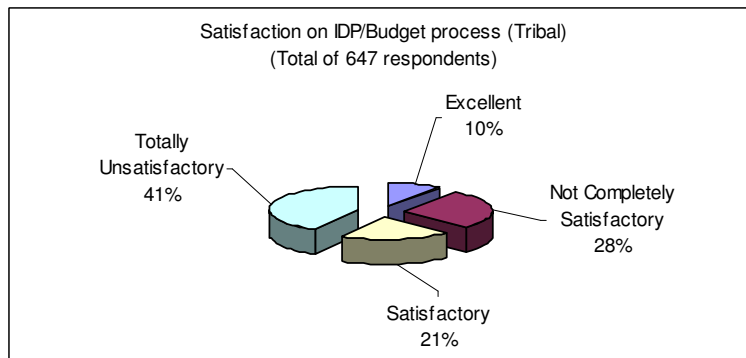
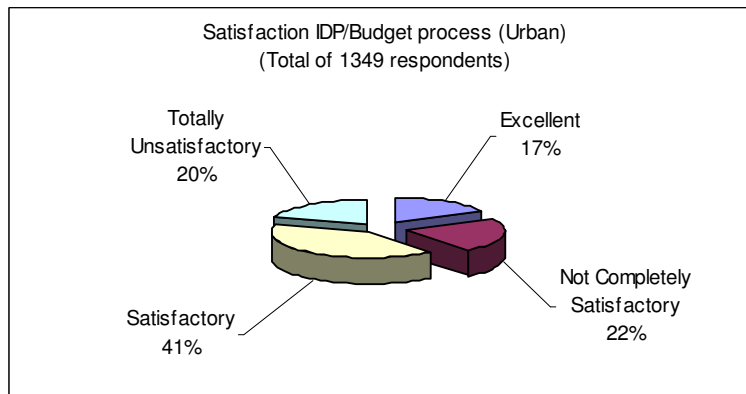
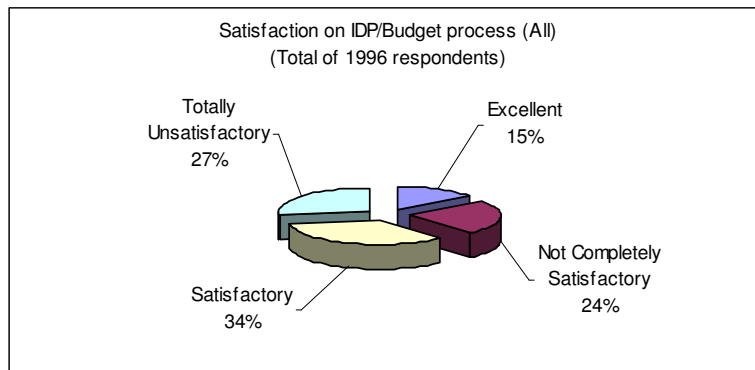


ELECTRICITY SUPPLY

Of the 3087 households surveyed, 2887 reported having electricity. (1726 of these were in the urban areas and 1109 in the tribal areas). Customer satisfaction with the quality of their electricity supply is recorded in the three charts below:

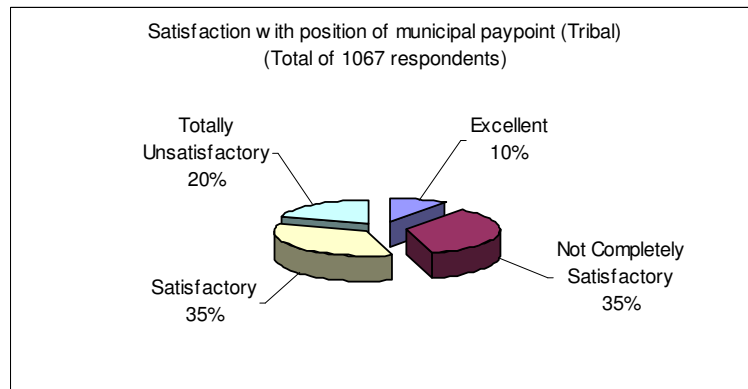
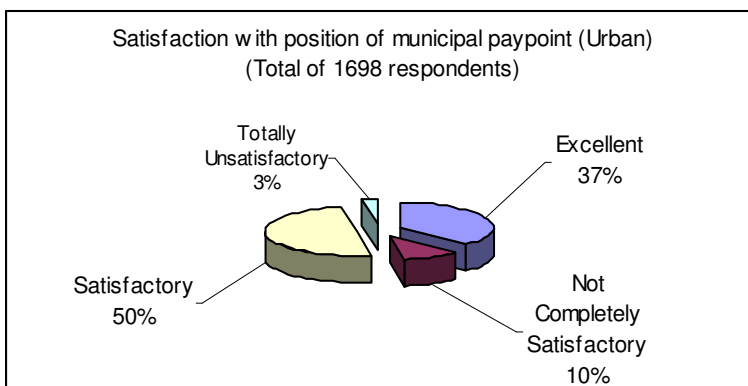
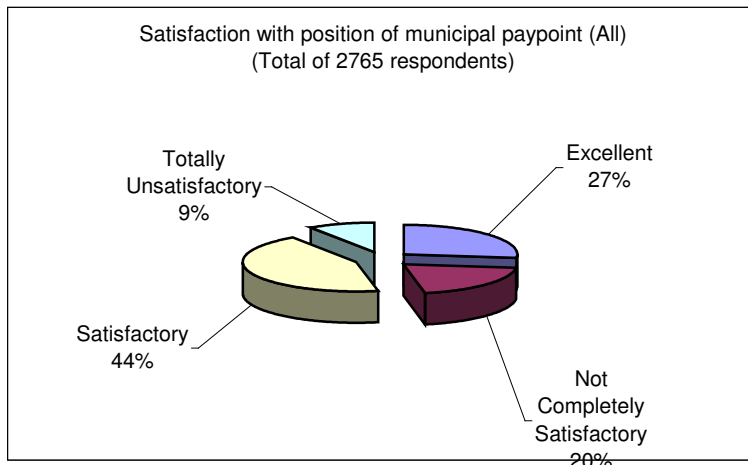


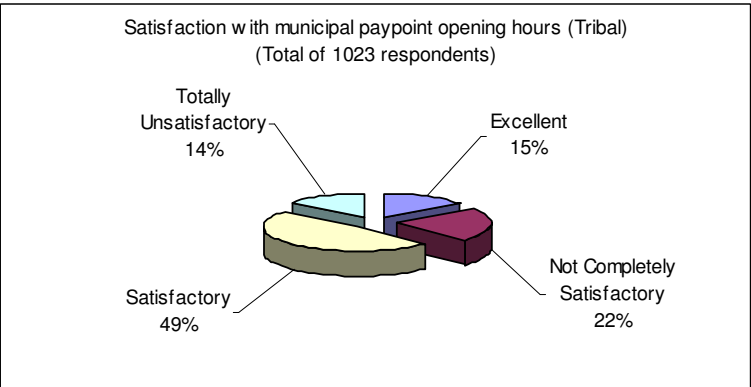
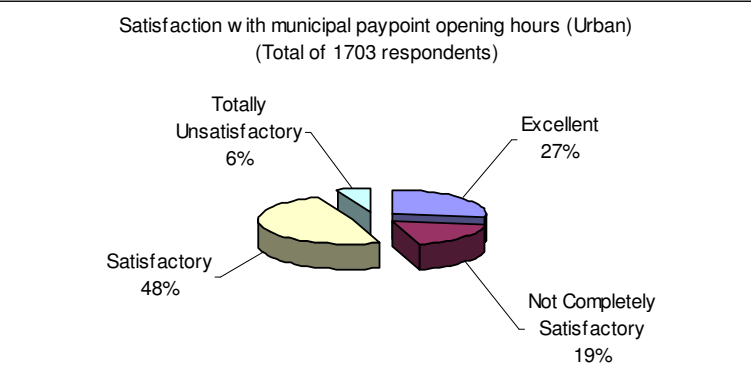
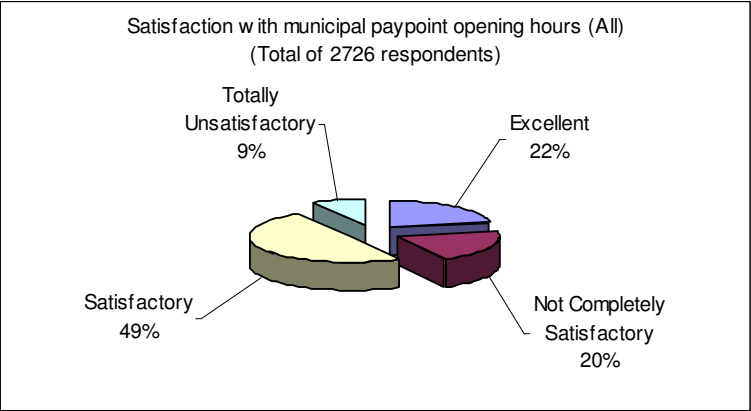
IDP / BUDGET PROCESS



MUNICIPAL PAYPOINTS

A majority of households surveyed 2765 make use of Municipal paypoints. Of these, 1698 are urban dwellers. Satisfaction levels with regard to location and opening times of these paypoints are recorded in the charts below:



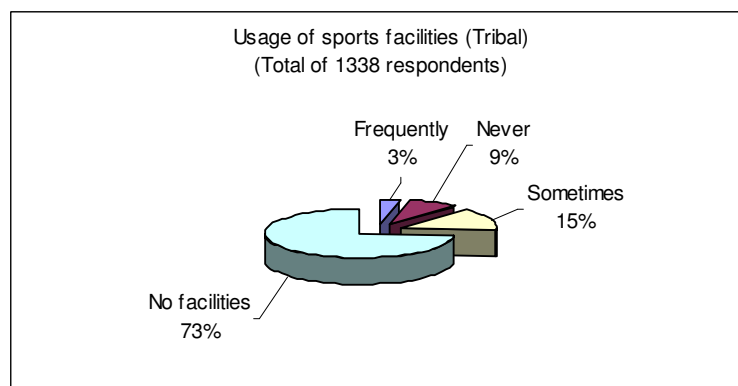
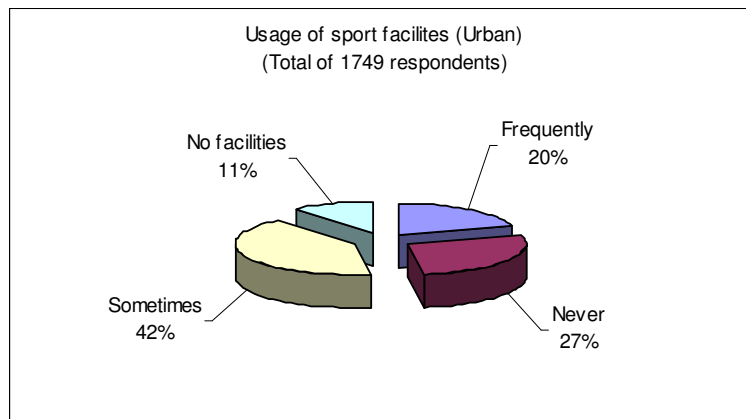
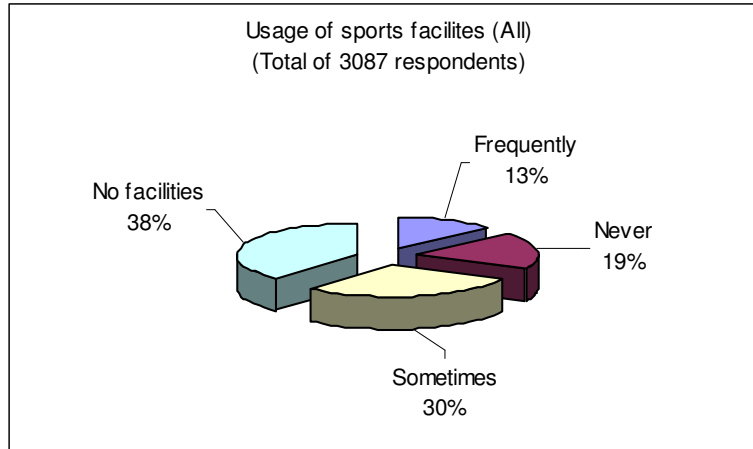


SPORTS FACILITIES

The following charts illustrate levels of respondent satisfaction with the availability and quality of Municipal sports facilities, and usage thereof.

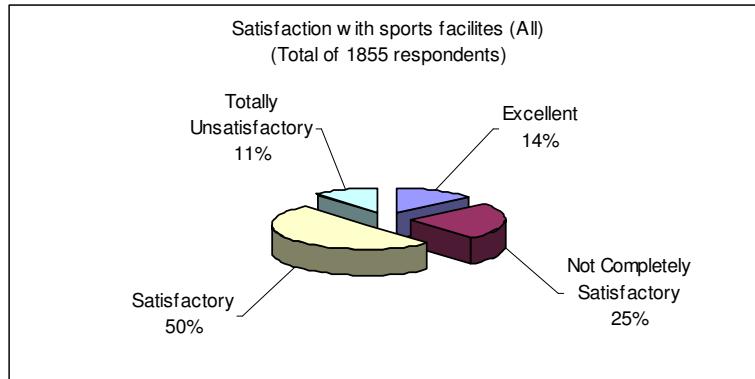
1175 of respondents indicated that there are no sports facilities in their area. Of these responses, 979 were from the tribal areas.

Usage of sports facilities

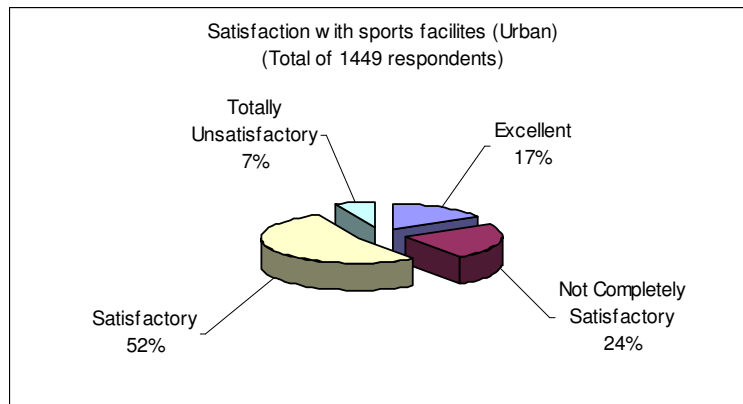


Satisfaction with sport facilities

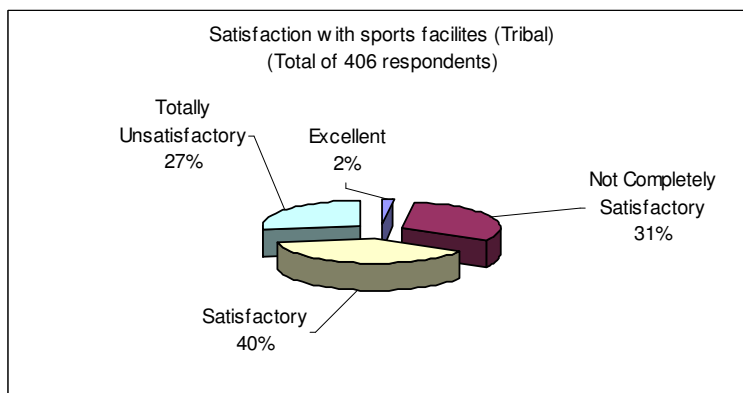
There were 1855 responses regarding the quality of sporting facilities. (1232 respondents did not offer comment, either because there are no facilities, or they do not use them).



The following figure illustrates satisfaction levels among the 1449 respondents in urban areas (304 respondents did not offer comment, either because there are no facilities, or they do not use them):

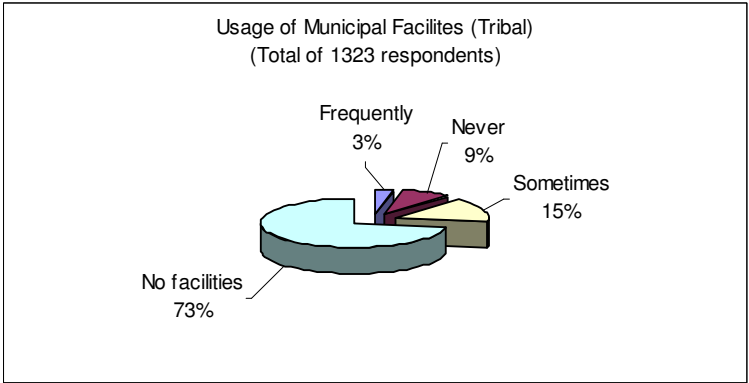
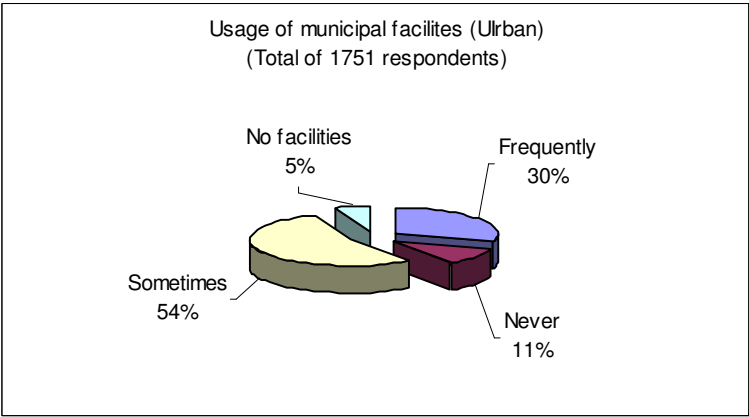
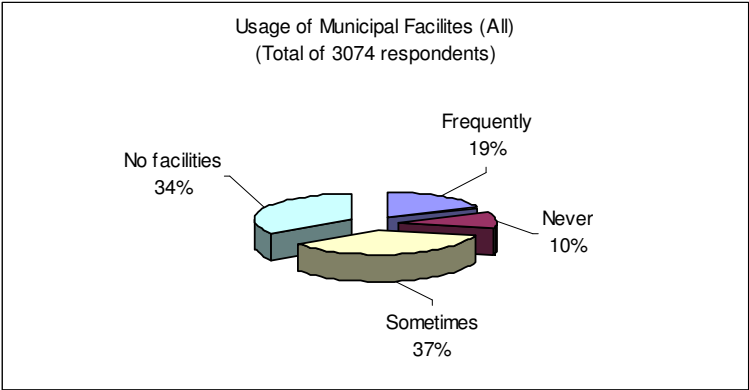


The following figure illustrates the satisfaction level among the 406 respondents in the tribal areas (928 respondents did not offer comment, either because there are no facilities, or they do not use them):

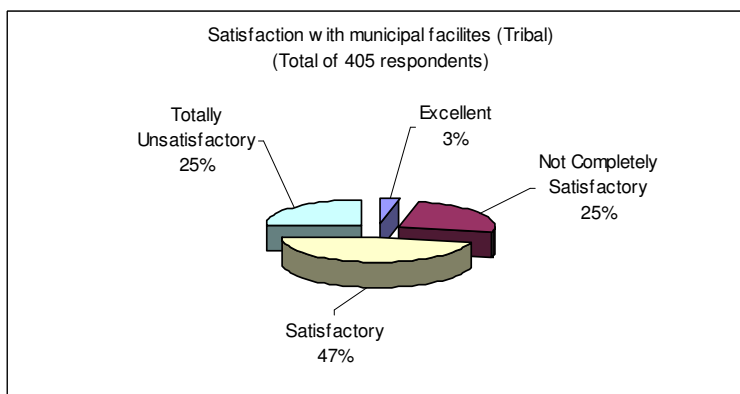
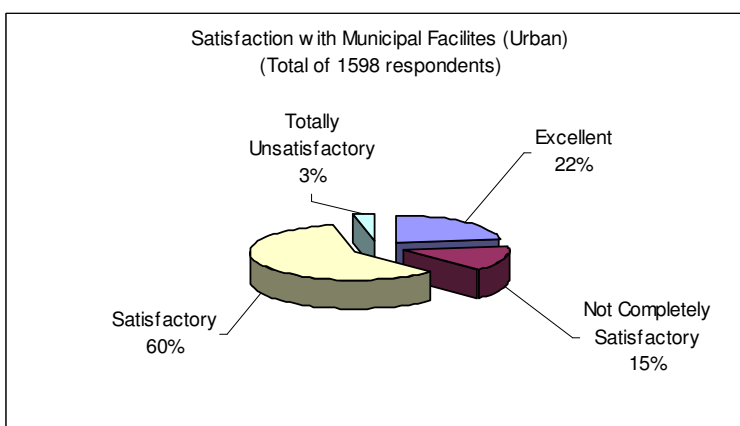
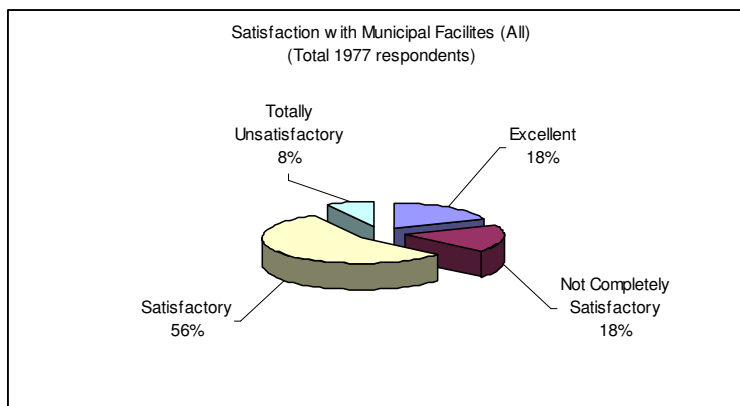


COMMUNITY FACILITES

Usage of facilities

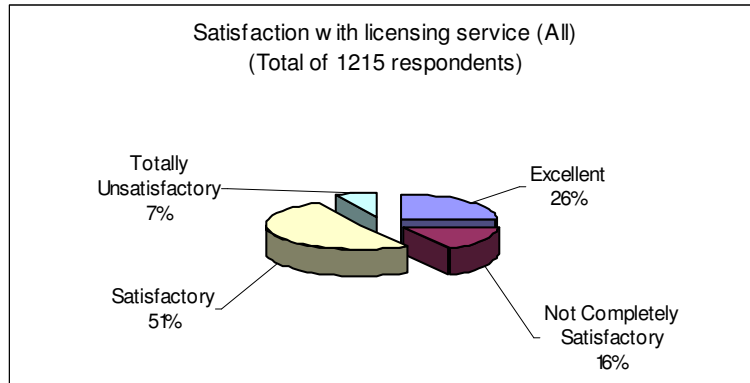


Satisfaction with municipal facilities

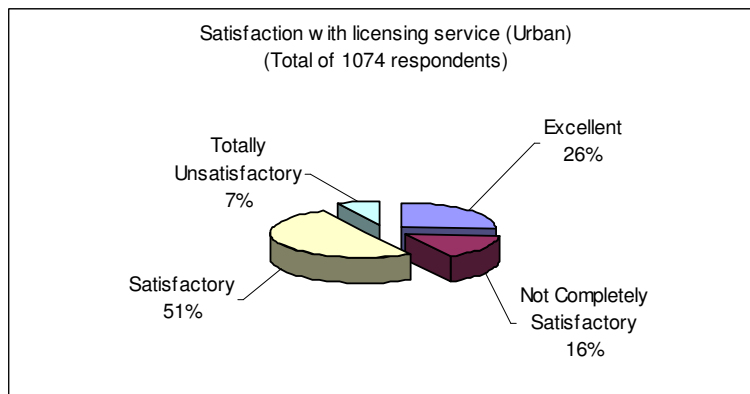


VEHICLE LICENSING SERVICE

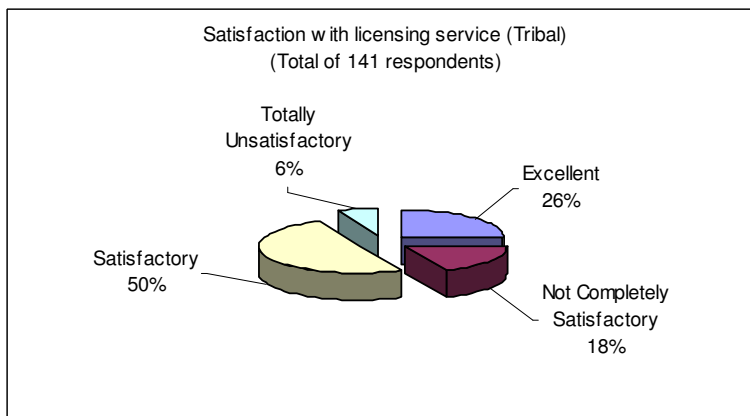
1215 respondents indicated that they had made use of the Municipality's vehicle licensing service. (1872 respondents indicated that they did not make use of the Municipality's vehicle licensing service). Their levels of satisfaction with the service are indicated in the following figure:



The following figure illustrates the satisfaction level among the 1074 respondents from the urban areas (681 respondents did not make use of this service):

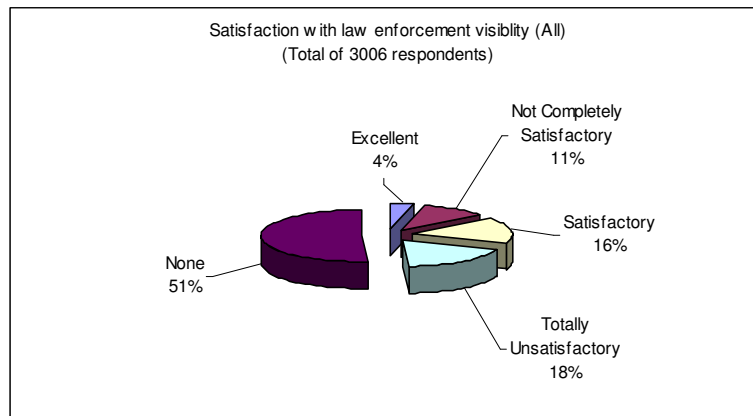


The following figure illustrates the satisfaction level among the 141 respondents from the tribal areas (1191 respondents did not make use of this service):

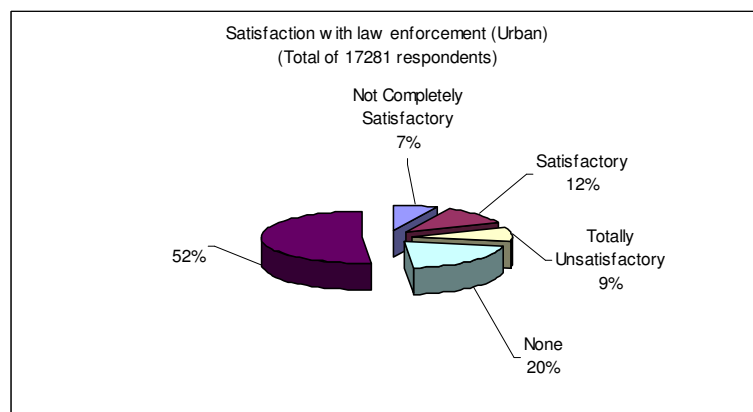


LAW ENFORCEMENT VISIBILITY

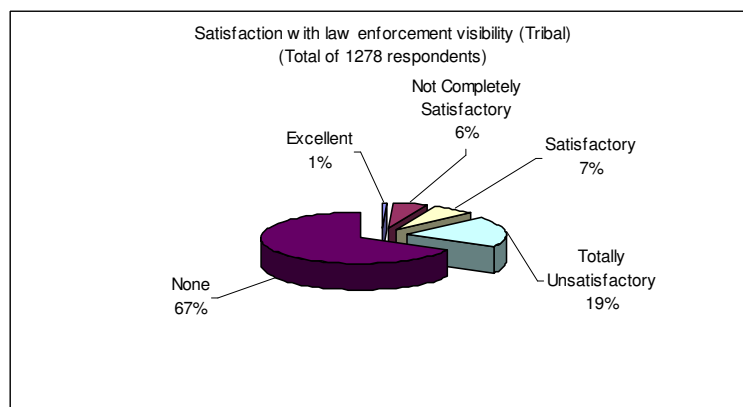
The following figure illustrates the response received from 3006 respondents from all areas expressing their satisfaction level with regard to the visibility of the Municipality's law enforcement service. It is important to note that respondents referred to SAPS personnel as well as to the Municipality's law enforcement service. 81 respondents did not respond



The following figure illustrates the satisfaction level among the 1728 respondents of the total above living in the urban areas:



The following figure illustrates the satisfaction level among the 1278 respondents of the total above living in the tribal areas. 54 respondents did not respond :

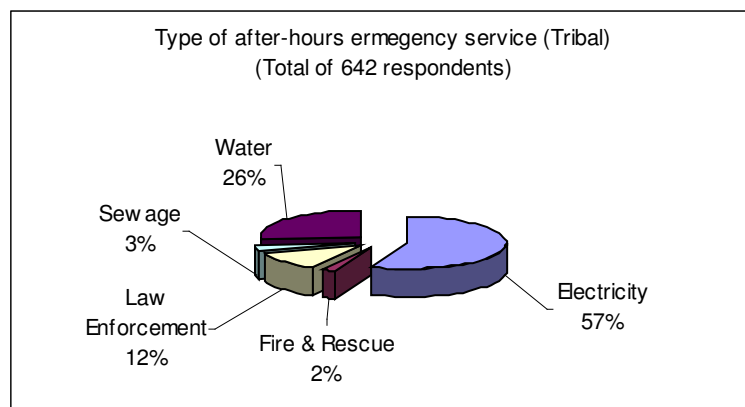
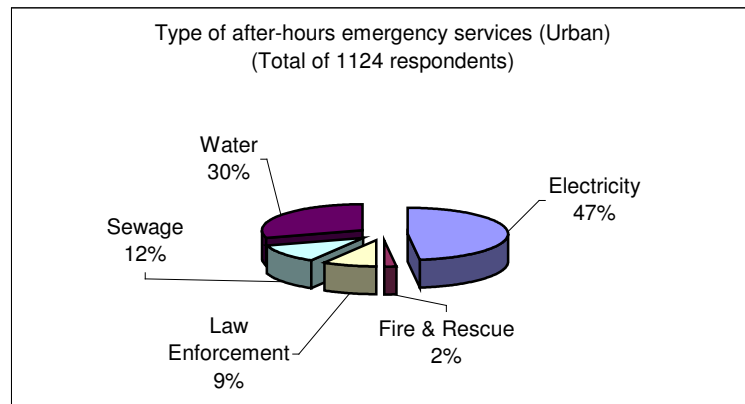
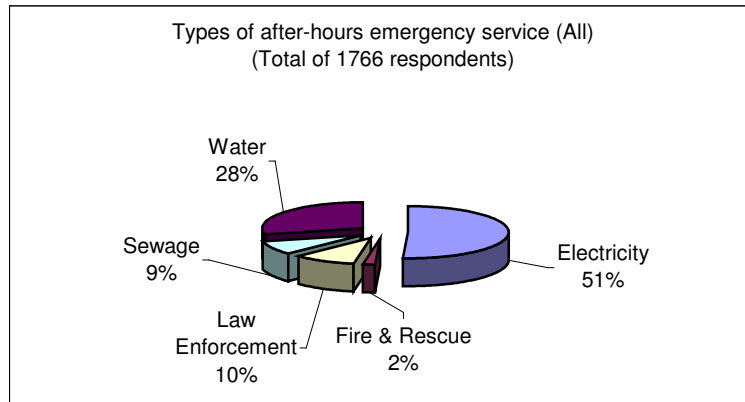


AFTER-HOUR EMERGENCY SERVICES

1766 respondents indicated that they had called upon the Municipality's after-hours emergency services in the past 12 months (1321 respondents did not make use of this service). 1124 of the responses were received from the urban areas, and 642 from the tribal areas.

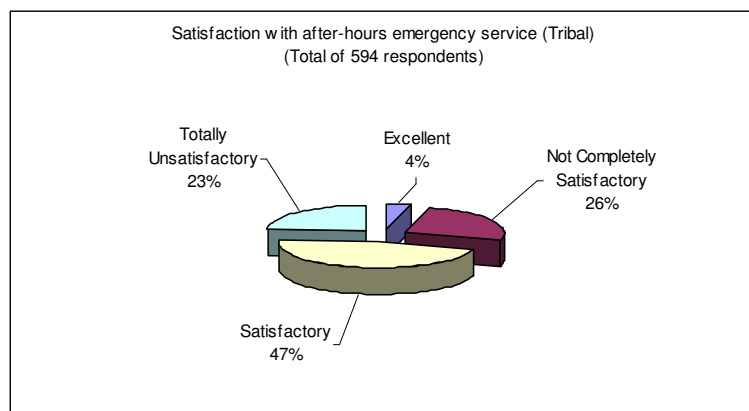
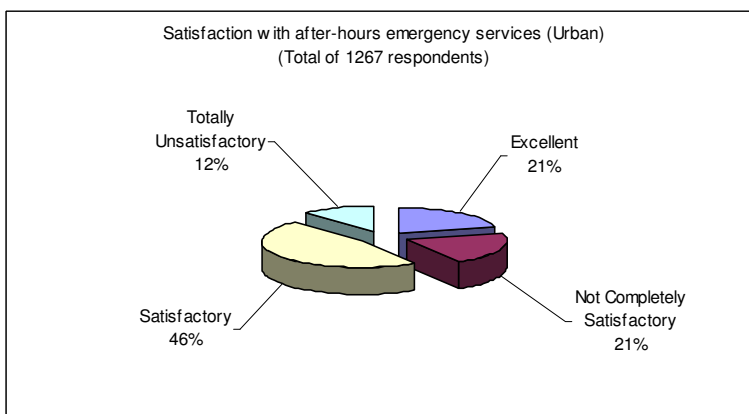
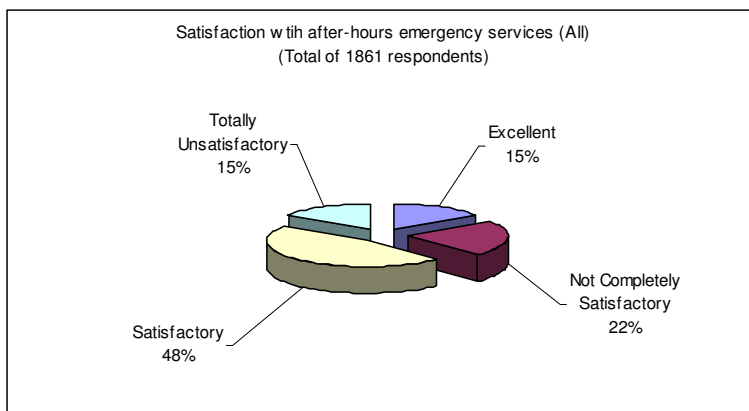
It should be noted that the vast majority, if not all, of the responses with reference to use of after-hours emergency services refer to the SAPS rather than to the Municipality's law enforcement.

The following figures illustrate the type of after-hours emergency services called upon:



Satisfaction with after-hours emergency services

The following figures illustrate the satisfaction level of all responses received, urban and tribal.



4. CONCLUSION

The survey confirms that in the more developed areas of the Municipality people are, by and large, satisfied with the services they receive. In the less well developed urban areas, levels of satisfaction drop. Dissatisfaction is greatest in the tribal areas.

A number of respondents in these areas expressed anger that (yet) another survey was being conducted when there had been no noticeable change in response to concerns raised in the previous survey.

5. COMMENTS RECEIVED

The following comments were made by respondents. (Only issues raised by a number of households, as opposed to an issue of concern to one individual, are highlighted here).

Richards Bay Aquadene

1. Community hall very small
2. Storm water problem
3. No speed humps
4. Would like house refuse to be removed twice a week
5. Need a clinic
6. Sports ground not looked after
7. Need to be informed beforehand if there is going to be power interruption

Brackenham

1. Need speed humps
2. Need street lights
3. Refuse not collected
4. Sports ground not taken care of

Weldenweide

1. Need street humps
2. Need street lights
3. Municipal workers do not remove refuse bags which are placed next to a 240 litre bin when there is no space to put in more refuse
4. No sports facilities
5. No parks
6. No library
7. Muddy drinking water

Veldenvlei

1. Open sites not looked after, hiding place for criminals
2. Need more street lights
3. Need a library

Birdswood

1. No sports facilities
2. No street lights
3. Need speed pumps
4. Soil that accumulates on roads during rainy weather is not removed

Mandlanzini

1. No sports facilities
2. RBM road causes chest problems for communities residing next to the road
3. VIP toilets are falling apart
4. Want household refuse to be removed by municipality
5. Water always muddy

Meerensee

1. Need skip bins next to school grounds
2. Not enough sports facilities
3. Library not well stocked
4. Trees alongside the road cause problems for motorists
5. Not informed when the municipality is working on electrical power
6. Need to clear up open spaces

Arboretum

1. Need speed humps
2. Water tastes bad
3. Water pipes burst all the time

Mzingazi

1. No sports facilities
2. No municipal toilets
3. No community facilities e.g. hall, library etc
4. Boreholes a distance away from households
5. Poor roads
6. Never alerted when power is going to be cut

Empangeni

1. House refuse remains on the streets for a long time before it is collected. Also when it is finally removed rubbish that drops off the bags is just left littering the streets
2. Muddy water from the taps
3. Electricity turned off without notice
4. Municipal contractors who mow grass alongside the streets leave piles of grass lying next to the streets.
5. Pot holes are becoming a problem for motorists
6. Toilets at the sports ground are not in a good order
7. Trees alongside the streets are not taken care of. They cause accidents on the road
8. Confusion with reading water meters caused by estimation system
9. Street lights are not always working

Hillview

1. Air pollution from Ticom South Africa
2. No library
3. No sports ground
4. Need street humps
5. Empty sites with long grass becoming a hiding place for criminals
6. Pot holes

Nseleni

1. VIPs are too small!
2. Some people don't know about the IDP process
3. Sometimes have to go to Richards Bay, because the local paypoint runs out of cards
4. People want more free electricity, (e.g. those households where a pensioner was the only one bringing money in, and when they die there's no income at all, so the bill can't be paid)
5. Sports facilities dirty, grass not cut
6. Lack of capacity in community halls (not enough seats for everyone)
7. Library is shared with Khoza - shortage of books

Esikhawini

1. There are water cuts/ interruptions to supply; some complaints about taste of water; leaking pipes
2. Meter readings wrongly recorded; Meters located in gardens can't be read
3. Broken sewer pipes – residents told to fix them themselves
4. With reference to rubbish collection: lack of supply of black bags; poor quality of bags; if bags delivered when householder not home they get stolen
5. Need a dump for garden refuse
6. There is a Clinic, but when you go there is no medicine, long queues, nurses are rude or neglectful or ignore patients, so you end up going to the Pharmacy
7. Provincial roads are poor: potholes; humps are getting flattened, which leads to speeding; undergrowth/verges need cutting; need pavements for pedestrians
8. Municipal roads: streets too narrow; need pavements; need more humps; where there are humps, they are not signposted; no street signs; where there are street signs, the locals don't know the people they're named after; potholes
9. Some people don't receive the newsletter. It's only available in at paypoints and in the Library
10. Paypoint position is satisfactory, but people don't like having their usage estimated. Opening times are a problem if you have a job.
11. Facilities are generally not good. Soccer pitches not good quality and don't have lights; need benches and grandstands. Not safe at night. The Library is not good enough for students' study purposes. Poor quality community halls. There are only soccer fields; need facilities for other codes. No facilities for children. The swimming pool is too far away
12. Police visibility is nil
13. After-hours call-outs for electricity from the Richards Bay office is fine, but not from Esikhawini. Some people complain of tardy service

Ngwelezane

1. Only one sports grounds with no facilities like toilets or changing rooms. Generally not in a good order – no maintenance
2. No swimming pool
3. Only one park, not kept well and next to the road
4. No bus shelters
5. Poor storm water drainage; problems when it rains
6. No streets lights
7. Library not well stocked; need to go to Empangeni when needing reading and other reference material
8. Crime is a big problem
9. Problems with water meters. Paying same water rates even though one has been away for a long time and has not been using water.
10. Problem with sewer for residents living next to the sewerage; overspilling
11. Need toilets inside houses. Not safe to go out in the dark and also a problem for sick people who may need to use a toilet urgently.
12. Speed humps desperately needed

Vulindlela

The 30 residents of Vulindlela interviewed were largely satisfied, although there were comments made about communication from the Municipality, lack of knowledge of the IDP process, and unannounced water and electricity cuts.

Bhejane Khoza, Dube, Madlebe, and Mkhwanazi North and South

Residents interviewed in these rural areas voiced the following common concerns:

1. Many households do not have water, sanitation, electricity or domestic refuse removal services to comment on.
2. With regard to electricity there are complaints about unannounced interruptions, and the cost of electricity – particularly in households with little or no income. [A number of residents spoke of a price differential in electricity between local paypoints and Richards Bay]
3. With regard to health care, the general complaint is that clinics are too far away, although service at the clinics is regarded as good.
4. Not many comments were received about provincial roads, but a common complaint about municipal roads is that they are very bad - turning to mud when it rains.
5. Sports facilities, Libraries, community halls, street lights, and bus shelters are generally lacking.
6. A common complaint is that Police are not visible.

APPENDIX C

ACHIEVED STATISTICS IN RESPECT OF TRAINING AND SKILLS DEVELOPMENT PLAN AND EMPLOYMENT EQUITY PLAN

2005 / 2006
Municipal Year



SECTION 4: EDUCATION AND TRAINING PLANNED TO ACHIEVE TRAINING AND SKILLS DEVELOPMENT PRIORITIES for the period 01 July 2005 to 30 June 2006
(Insert the information from Section 8 of your WSP here)

[illegible]

**SECTION 4: EDUCATION AND TRAINING PLANNED TO ACHIEVE TRAINING AND SKILLS
DEVELOPMENT PRIORITIES for the period 01 July 2005 to 30 June 2006**
(Import the information from Section 8 of your WSP here)

Kind and number of beneficiaries			Nature of learning intervention		Informal at NQF level								Duration of intervention			Indicative spend per level - R	
Employment category	Skills Priority No. (Section 7.2 of WSP)	No to receive training	Informal (defined in guidelines)	Formal (in-house or external institution)	1	2	3	4	5	6	7	8	Note NQF linked	days	weeks		months
Roads																	
Electricity																	
Information technology																	
Core administration	1+4	8		8				8						5			16000
Core finance	1+2+4	15		15				15					15			12	250000
Service workers SOC 600																	R 113 000
Health care																	
Public safety/Emergency services	1+3	28		28				28									300000
LED																	
Water conservation/treatment																	
Waste																	
Client services																	
Parks/community facilities																	
Community development																	
Public transport																	
Land management																	
Housing administration																	
environmental management																	
Roads																	
Electricity																	
Information technology																	
Core administration																	
Core finance																	
Grate-related workers SOC 700																	R 113 000
Health care																	
Public safety/Emergency services																	
LED																	
Water conservation/treatment	1+3	5					5							5			40000
Waste																	
Client services																	
Parks/community facilities	1+3	5				5								5			30000
Community development																	
Public transport																	
Land management																	
Housing administration																	
environmental management																	
Roads	1+3	2				2											8000
Electricity																	
Information technology																	
Core administration																	
Core finance																	
Plant and machine operators SOC 800																	R 113 000
Health care																	
Public safety/Emergency services																	
LED																	
Water conservation/treatment																	
Waste																	
Client services																	
Parks/community facilities																	
Community development																	
Public transport																	
Land management																	
Housing administration																	
environmental management																	
Roads																	
Electricity																	
Information technology																	
Core administration																	
Core finance																	
Elementary occupations SOC 900																	R 113 000
Health care																	
Public safety/Emergency services																	
LED																	
Water conservation/treatment	1+3	46				46								15			13800
Waste	1+3	44				44								15			15000
Client services																	
Parks/community facilities	1+3+5	156				156								10			56000
Community development																	
Public transport																	
Land management																	
Housing administration																	
environmental management																	
Roads	1+3	40				40									4		124000
Electricity	1+3	17				17									4		100000
Information technology																	
Core administration	1+3	7				7								10			30000
Core finance																	
Apprenticeships																	R 113 000
TOTALS		399	0	69	163	154	5	74	0	3	0	0	0	81	4	12	1102800



**EVENTUAL EQUITABLE REPRESENTATION FOR LOCAL POPULATION
IN RESPECT OF
THE EMPLOYMENT EQUITY PLAN FOR THE CITY OF uMHLATHUZE
(AS AT 31 JULY 2008)**

DEPARTMENT: CITY OF uMHLATHUZE

OCCUPATIONAL LEVELS	LEVEL	VACANT POSTS	DESIGNATED														NON-DESIGNATED				TOTAL POSITIONS FILLED	TOTAL POSITIONS PER LEVEL		
			MALE						FEMALE								DISABLED		WHITE MALE				FOREIGN NATIONALS	
			AFRICAN		COLOURED		INDIAN		AFRICAN		COLOURED		INDIAN		WHITE									
			CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	CUR	NUM GOAL	MALE	FEMALE	CUR	NUM GOAL			MALE	FEMALE
TEMPORARY EMPLOYEES		27	26		0		1		22		1		4		10		1	0	10		0	0	75	102
	TOTAL	27	26	0	0	0	1	0	22	0	1	0	4	0	10	0	1	0	10	0	0	0	75	102
CONTRACTORS	00	3	5		0		0		0		0		1		0		0	0	4		0	0	10	13
	TOTAL	3	5	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	4	0	0	0	10	13
TOP MANAGEMENT	22	0	2	2	0	0	1	1	0	2	0	0	0	0	1	1	0	0	5	3	0	0	9	9
	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL	0	2	2	0	0	1	1	0	2	0	0	0	0	1	1	0	0	5	3	0	0	9	9
SENIOR MANAGEMENT	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	19	3	3	8	1	0	1	1	1	6	0	0	0	1	2	4	0	0	16	7	0	0	24	27
	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	17	0	2	2	0	0	1	1	0	1	0	0	0	0	2	1	0	0	2	2	0	0	7	7
	16	2	0	2	0	0	0	0	1	1	0	0	0	0	1	1	0	0	2	2	0	0	4	6
	15	3	6	7	0	0	1	1	2	5	0	0	0	1	4	4	0	0	7	6	0	0	20	23
	TOTAL	8	11	19	1	0	3	3	4	13	0	0	0	2	9	10	0	0	27	16	0	0	55	63
MIDDLE MANAGEMENT, PROF QUALIFIED AND EXP SPECIALISTS	14	0	0	0.5	0	0	0	0	0	0.5	0	0	0	0	1	0	0	0	0	0	0	0	1	1
	13	2	1	3	0	0	1	0	0	3	0	0	0	0	0	1	0	0	4	1	0	0	6	8
	12	2	3	6	0	0	1	0	1	6	0	0	1	1	1	3	0	0	10	3	0	0	17	19
	11	19	15	28	1	1	3	4	13	27	0	1	2	3	14	14	0	0	26	15	0	0	74	93
	TOTAL	23	19	37.5	1	1	5	4	14	36.5	0	1	3	4	16	18	0	0	40	19	0	0	98	121
JUNIOR MANAGEMENT, SUPERVISORS, FOREMEN, SUPERINTENDENTS, SKILLED TECH AND ACADEMIC QUALIFIED WORKERS	10	9	24	33	0	1	5	3	9	19	1	1	1	2	6	5	0	0	18	9	0	0	64	73
	9	29	34	55	1	1	4	6	5	32	0	1	4	3	20	9	0	0	26	16	0	0	94	123
	8	15	26	33	2	1	4	3	7	19	1	0	1	3	2	6	0	0	17	10	0	0	60	75
	7	12	10	24	0	1	0	2	9	14	2	0	1	1	13	4	0	0	6	7	0	0	41	53
	6	23	122	104	0	2	4	11	39	61	1	2	11	6	24	17	0	0	9	30	0	0	210	233
	5	26	104	93	1	2	0	10	39	54	2	0	7	6	20	16	0	0	9	27	0	0	182	208
	TOTAL	114	320	342	4	8	17	35	108	199	7	4	25	21	85	57	0	0	85	99	0	0	651	765
SEMI-SKILLED AND DISCRETIONARY DECISION MAKING - UNSKILLED AND DEFINED DECISION MAKING	4	31	146	115	0	1	1	3	62	114	0	1	3	3	2	7	0	0	6	7	0	0	220	251
	3	38	321	220	0	1	0	5	117	219	0	1	1	5	0	14	0	0	2	14	0	0	441	479
	2	6	45	34	0	0	0	1	21	33	0	0	1	1	0	2	0	0	0	2	0	0	67	73
	1	25	18	51	0	0	0	1	68	51	0	0	0	1	0	3	0	0	0	4	0	0	86	111
	TOTAL	100	530	420	0	2	1	10	268	417	0	2	5	10	2	26	0	0	8	27	0	0	814	914
TOTAL PERMANENT EMPLOYEES		245	882	820.5	6	11	27	53	394	667.5	7	7	33	37	113	112	0	0	165	164	0	0	1627	1872
TOTAL TEMPORARY EMPLOYEES		27	26	0	0	0	1	0	22	0	1	0	4	0	10	0	1	0	10	0	0	0	75	102
TOTAL CONTRACTORS		3	5	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	4	0	0	0	10	13
GRAND TOTAL		275	913	820.5	6	11	28	53	416	667.5	8	7	38	37	123	112	1	0	179	164	0	0	1712	1987

NOTE: Where decimal, representation could be 1 person per race / gender

APPENDIX D

PUBLISHED ANNUAL FINANCIAL STATEMENTS

2005 / 2006
Municipal Year



CITY OF uMHLATHUZE



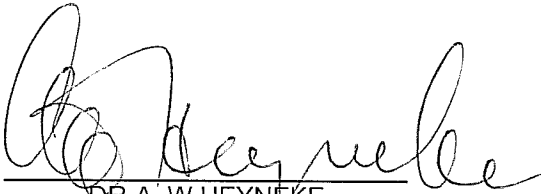
FINANCIAL STATEMENTS for the year ended 30 JUNE 2006



**City of uMhlathuze
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2006**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 50, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 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 Office Bearers Act and The Minister of Provincial and Local Government's determination in accordance with this Act.



DR A..W HEYNEKE
Municipal Manager

29/08/06
DATE

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CITY OF uMHLATHUZE

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2006

	Notes	2006 R	Restated 2005 R
NET ASSETS AND LIABILITIES			
Net assets		547,330,399	529,194,263
Housing Development Fund	1	4,391,375	2,981,264
Capitalisation reserve		272,706,058	298,432,338
Government grant reserve		103,655,222	84,926,756
Donations and public contribution reserves		128,677,452	116,269,360
Self-insurance reserve		696,185	697,337
Accumulated surplus		37,204,107	25,887,208
Non-current liabilities		147,311,465	75,745,615
Long-term liabilities	2	133,368,662	61,794,947
Non-current provisions	3	13,942,803	13,950,668
Current liabilities		189,027,646	192,413,973
Consumer deposits	4	27,666,829	19,440,705
Provisions	5	1,126,500	1,086,000
Creditors	6	115,086,204	122,461,644
Unspent conditional grants and receipts	7	33,176,369	31,473,963
VAT	8	-	12,618,067
Current portion of long-term liabilities	2	11,971,744	5,333,594
Total Net Assets and Liabilities		883,669,510	797,353,851
ASSETS			
Non-current assets		748,646,639	651,198,256
Property, plant and equipment	10	740,544,515	641,337,803
Investment Property	11	1,555,351	1,809,246
Long-term receivables	13	6,546,773	8,051,207
Current assets		135,022,871	146,155,595
Inventory	9	8,172,636	9,686,064
Consumer debtors	12	62,379,319	66,663,480
Other debtors	14	19,307,023	16,737,697
VAT	8	1,683,616	-
Current portion of long-term receivables	13	1,120,003	1,496,933
Call investment deposits	15	-	10,453,267
Bank balances and cash	28	42,360,274	41,118,154
Total Assets		883,669,510	797,353,851

CITY OF uMHLATHUZE

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 R	Restated 2005 R
REVENUE			
Property rates	17	90,061,314	82,852,648
Property rates - penalties imposed and collection charges		2,209,132	1,966,981
Service charges	18	422,571,598	405,712,066
Rental of facilities and equipment		10,242,618	9,479,065
Interest earned - external investments		7,754,253	12,434,786
Interest earned - outstanding debtors		501,775	568,095
Fines		3,912,992	7,298,368
Licences and permits		630,630	2,377,170
Income for agency services		2,529,087	2,351,544
Government grants and subsidies	19	90,339,930	70,482,307
Public contributions		912,074	-
Other income	20	20,506,780	23,436,521
Sale of Land		22,881,210	26,975,505
Gains on disposal of property, plant and equipment		5,973,346	-
Total Revenue		681,026,739	645,935,056
EXPENDITURE			
Employee related costs	21	215,889,453	200,295,831
Remuneration of Councillors	22	9,642,151	9,245,352
Bad debts		8,412,494	3,779,776
Collection costs		22,635	5,958
Depreciation		59,391,445	54,505,668
Conditional grant expenditure		5,985,499	3,927,571
Repairs and maintenance		25,155,750	21,663,290
Interest paid	23	14,966,965	12,383,652
Bulk purchases	24	216,431,269	211,897,909
Contracted services		43,585,949	39,888,311
Grants and subsidies paid	25	1,200,315	960,213
General expenses		62,206,678	42,156,451
Loss on disposal of property, plant and equipment		-	379,293
Total Expenditure		662,890,603	601,089,275
SURPLUS FOR THE YEAR		18,136,136	44,845,781

Refer to Appendix E(1) for the comparison with the approved budget

CITY OF uMHLATHUZE

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2006

	Pre-GAMAP Reserves and Funds	Housing Development Fund	Capitalisation Reserve	Government Grant Reserve	Donation and Public Contribution Reserve	Self- Insurance Reserve	Accumulated Surplus	Total
2005								
Balance at 1 July 2004	300,766,631	2,626,108				655,494	19,859,594	323,907,827
Implementation of GAMAP (Note 23)	(300,766,631)		322,892,222	67,011,603	101,165,076		(29,861,615)	160,440,655
Restated balance	-	2,626,108	322,892,222	67,011,603	101,165,076	655,494	(10,002,021)	484,348,482
Surplus for the year							44,845,781	44,845,781
Capital grants used to purchase PPE				24,082,840			(24,082,840)	-
Donated/contributed PPE					26,975,505		(26,975,505)	-
Contribution to Insurance Reserve						43,721	(43,721)	-
Insurance claims processed						(1,878)	1,878	-
Transfer to Housing Development Fund		355,156					(355,156)	-
Offsetting of depreciation			(24,459,884)	(6,167,687)	(11,871,221)		42,498,792	-
Balance at 30 June 2005	-	2,981,264	298,432,338	84,926,756	116,269,360	697,337	25,887,208	529,194,263
2006								
Surplus for the year							18,136,136	18,136,136
Capital grants used to purchase PPE				25,548,992			(25,548,992)	-
Donated/contributed PPE					21,640,235		(21,640,235)	-
Contribution to Insurance Reserve						361,037	(361,037)	-
Insurance claims processed						(362,189)	362,189	-
Transfer to Housing Development Fund		1,410,111	(25,726,280)	(6,820,526)	(9,232,143)		(1,410,111)	-
Offsetting of depreciation							41,778,949	-
Balance at 30 June 2006	-	4,391,375	272,706,058	103,655,222	128,677,452	696,185	37,204,107	547,330,399

CITY OF uMHLATHUZE

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 R	Restated 2005 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers government and other		684,994,352	643,613,445
Cash paid to suppliers and employees		622,941,224	495,067,211
Cash generated from operations	27	62,053,128	148,546,234
Interest received		7,754,253	12,434,786
Interest paid		(14,966,965)	(12,383,652)
NET CASH FROM OPERATING ACTIVITIES		<u>54,840,416</u>	<u>148,597,368</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property plant and equipment		(161,402,661)	(144,598,892)
Proceeds on disposal of property plant and equipment		9,031,745	-
Decrease in non-current receivables		1,881,364	3,428,299
NET CASH UTILISED IN INVESTING ACTIVITIES		<u>(150,489,552)</u>	<u>(141,170,593)</u>
CASH FLOWS UTILISED IN FINANCING ACTIVITIES			
New loans raised/(repaid)		78,211,865	(8,851,897)
Increase in consumer deposits		8,226,124	(7,741,835)
NET CASH UTILISED IN FINANCING ACTIVITIES		<u>86,437,989</u>	<u>(16,593,732)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>9,211,147</u>	<u>9,166,957</u>
Cash and cash equivalents at the beginning of the year		51,571,421	60,738,378
Cash and cash equivalents at the end of the year		42,360,274	51,571,421

**CITY OF uMHLATHUZE
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

In accordance with section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003), the Municipality has adopted Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year. GAMAP and GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in Note 23.

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants — Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African institute of Chartered Accountants.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

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

4. HOUSING DEVELOPMENT FUND

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

5. RESERVES

5.1 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

**CITY OF uMHLATHUZE
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

5.1 CAPITALISATION RESERVES (continued)

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

5.2 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

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

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

5.3 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions. This is also applicable to the sale of developed land, as the infrastructure remains the property of the Municipality.

When an item of property, plant and equipment financed from Donations and Public Contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus.

5.4 Insurance Reserve

An insurance reserve is maintained to cover the excess on claims that may occur. Insurance premiums are not charged to the reserve. Contributions are made on an ad hoc basis depending on the status of the reserve.

**CITY OF uMHLATHUZE
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	Years		Years
Infrastructure		Other	
Roads and Paving	15-30	Buildings	30
Pedestrian Malls	20	Specialised vehicles	10
Electricity	20-30	Other vehicles	3-7
Water	15-20	Office equipment	3-5
Sewerage	15-20	Furniture and fittings	7
Housing	30	Watercraft	15
Community		Bins and containers	5-10
Buildings	30	Specialised plant and equipment	10-15
Recreational Facilities	20-30	Other items of plant and equipment	2-5
Security	5	Landfill sites	15

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

7. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

**CITY OF uMHLATHUZE
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

7. LEASES (continued)

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

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

8. INVESTMENTS

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where Investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

9. INVENTORIES

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

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.

10. RECEIVABLES

Receivables are classified as financial assets and measured at fair value through profit and loss. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. REVENUE RECOGNITION

11.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue in the period of consumption. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month in which they were read. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

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

**CITY OF uMHLATHUZE
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

11. REVENUE RECOGNITION (continued)

Service charges from sewerage are based on the water consumption on each developed property using the tariffs approved from Council and are levied monthly.

Service charges from sewerage are based on the water consumption on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariffs. This includes the issuing of licences and permits.

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

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

Revenue from public contributions is recognised when all conditions associated with the contribution has been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

11.2 Revenue from non-exchange transactions

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

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

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

Contributed property, plant and equipment are recognized when such items or property, plant and equipment are brought into use.

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

12. CONDITIONAL GRANTS AND RECEIPTS

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

**CITY OF uMHLATHUZE
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

13. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

14. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

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

15. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councilors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

16. BORROWING COSTS

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

17. UNAUTHORISED EXPENDITURE

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorized 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.

**CITY OF uMHLATHUZE
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

19. FRUITLESS AND WASTEFUL EXPENDITURE

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

20. COMPARATIVE INFORMATION

20.1 Current year comparatives:

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

20.2 Prior year comparatives:

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

21. PAYABLES

Payables are classified as financial liabilities and are measured at amortised cost.

22. IMPAIRMENTS OF ASSETS

At each balance sheet date, the municipality reviews the carrying amount of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and wherever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset or cash-generating unit, is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit, in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**CITY OF uMHLATHUZE
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006 (continued)**

23. INTANGIBLE FIXED ASSETS

Servitudes are to be recognized as intangible assets as prescribed by IAS 38.

24. INVESTMENT PROPERTY

After initial recognition, investment property is accounted for in accordance with the cost models, that are cost less accumulated depreciation and less impairment losses.

Transfers to or from investment property is made when there is a change in use and this transfer occurs at the carrying value.

Depreciation is calculated a cost using the straight-line method over the estimated useful lives of the assets. Land is not depreciated as it is deemed to have an indefinite life. Buildings are depreciated over 30 years.

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	4,391,375	2,981,264
Unappropriated Surplus	4,391,375	2,981,264
The Housing Development Fund is represented by the following assets		
Debtors	1,492,161	251,185
Bank and cash	2,899,214	2,730,079
Total Housing Development Fund Assets and Liabilities	4,391,375	2,981,264
2 LONG-TERM LIABILITIES		
Annuity Loans	144,649,410	67,128,541
Capitalised Lease Liability	690,996	-
Sub-total	145,340,406	67,128,541
Less: Current portion transferred to current liabilities	(11,971,744)	(5,333,594)
Annuity Loans	(11,644,757)	(5,333,594)
Capitalised Lease Liability	(326,987)	-
Total External Loans	133,368,662	61,794,947

Refer to Appendix A for more detail on long-term liabilities

The capitalised lease liability is secured over the item of infrastructure leased.

An Electrical substation, owned and financed by the RB Equipment Trust is leased by the City of uMhlathuze. This asset has been capitalised in the records of the City of uMhlathuze. A loan of R25 088 992 (2005: R26 428 038) by Rand Merchant Bank to RB Equipment Trust is secured by a sinking fund deposit with Rand Merchant Bank of R32 786 438 (2005: R27 753 328).

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

2 LONG-TERM LIABILITIES(continued)

External Loans repayments- Future years

	DBSA	DBSA	Nedbank	INCA	DBSA (EMP)	Standard Bank	Lease Liability ABSA Bank	Totals
	33,406,614.00	8,153,090.00	5,667,413.00	15,005,955.00	1,670,057.00	87,731,555.00	690,996.00	152,325,680.00
	12.00%	14.50%	15.54%	13.95%	16.16%	8.87%	9.00%	
2007	5,347,468.00	1,403,464.00	3,198,872.00	2,570,620.88	536,902.94	12,392,124.74	690,738.99	26,140,191.55
2008	5,347,468.00	1,403,464.00	3,198,872.00	2,570,620.88	536,902.94	12,392,124.74		25,449,452.56
2009	5,347,468.00	1,403,464.00		2,570,620.88	536,902.94	12,392,124.74		22,250,580.56
2010	5,347,468.00	1,403,464.00		2,570,620.88	536,902.94	12,392,124.74		22,250,580.56
2011	5,347,468.00	1,403,464.00		2,570,620.88		12,392,124.74		21,713,677.62
2012	5,347,468.00	1,403,464.00		2,570,620.88		12,392,124.74		21,713,677.62
2013	5,347,468.00	1,403,464.00		2,570,620.88		12,392,124.74		21,713,677.62
2014	5,347,468.00	1,403,464.00		2,570,620.88		12,392,124.74		21,713,677.62
2015	5,347,468.00	1,403,464.00		2,570,620.88		12,392,124.74		21,713,677.62
2016	5,347,468.00	1,403,464.00		2,570,620.88		12,392,124.74		21,713,677.62
2017	5,347,468.00	1,403,464.00		2,570,620.88		12,392,124.74		21,713,677.62
2018	5,347,468.00	1,403,464.00		2,570,620.88				9,321,552.88
2019	5,347,468.00	1,403,464.00		13,531.59				13,531.59

Disclosure about the Terms and Conditions of Financial Instruments-Borrowings

Future payments are based on the balances at 30/06/06

- (i) The interest rate applicable to the Standard Bank loan is variable and yearly instalments are therefore subject to interest rate risk
- (ii) Lease liability has been settled in full
- (iii) Yearly instalments payable bi-annually, consist of capital redemption and interest due and no other requirements are attached
- No early settlement options are profitable to Council
- Conversion options are not applicable
- There is no security given against the loans
- Receipts or payments of the loans are in South African currency

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
3 NON-CURRENT PROVISIONS		
Provision for post retirement benefits	<u>13,942,803</u>	<u>13,950,668</u>
Post Employment Benefits:		
Future medical aid contributions for retired employees which currently amount to approximately R1m p.a is estimated at R15m. An actuarial valuation is in the process of being performed and any adjustments to the estimate will be brought to account in 2006/2007.		
The movement in the non-current provision are reconciled as follows:		
Balance at beginning of year	15,036,668	15,000,000
Contribution to provision	1,086,000	1,014,810
Expenditure incurred	(1,053,365)	(978,142)
Sub total	<u>15,069,303</u>	<u>15,036,668</u>
Transfer to current provisions	(1,126,500)	(1,086,000)
	<u>13,942,803</u>	<u>13,950,668</u>
4 CONSUMER DEPOSITS		
Electricity and Water	27,311,096	18,512,590
Other	355,733	928,115
Total Deposits	<u>27,666,829</u>	<u>19,440,705</u>
Guarantees held in lieu of Electricity and Water Deposits	<u>45,977,892</u>	<u>41,463,703</u>

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
5 PROVISIONS		
Current portion of post retirement benefits (see note 3 above)	<u>1,126,500</u>	<u>1,086,000</u>
6 CREDITORS		
Trade creditors	29,334,078	54,388,850
Year end Creditors	55,656,014	45,613,326
Retentions	10,530,738	6,220,091
Staff leave	14,680,680	11,635,951
Staff Bonuses	4,884,694	4,603,426
Total Creditors	<u>115,086,204</u>	<u>122,461,644</u>
7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
National Conditional Grants	8,829,919	10,648,950
Provincial Local Government Grants	1,758,239	1,974,711
Provincial Development Planning Grants	58,717	356,025
Provincial Housing Grants	14,774,720	15,390,726
Provincial Library Services Subsidies	14,580	14,580
Provincial Community Development Workers Programme	59,293	-
Provincial Department of Transport Subsidy	167,279	167,279
Department of Water Affairs (DWAF) Cleanest Town Award	139,967	-
Department of Water Affairs (DWAF) Water Services Programme	438,268	-
Department of Water Affairs (DWAF) Refurbishment Grant	1,672,190	901,828
Municipal Infrastructure Grant (MIG)	4,797,841	738,492
uThungulu District Municipality Capacity Building Grant	240,000	240,000
uThungulu District Council Infrastructure Grant	188,600	1,021,372
uThungulu District Municipality Museum Operating Subsidy	36,756	20,000
	<u>33,176,369</u>	<u>31,473,963</u>
See Note 19 for reconciliation of grants from other spheres of government.		
8 VAT		
Output Suspense	2,780,659	9,951,801
Input Suspense	(6,160,772)	(7,578,550)
Output Payable	1,696,704	11,028,190
Input Claim	(207)	(783,374)
VAT (claimable)/payable	<u>(1,683,616)</u>	<u>12,618,067</u>

VAT is payable on the payment basis. Only once payment is made or received is VAT claimed or paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

CITY OF UMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
9 INVENTORY		
Consumable stores - at cost	7,409,110	9,004,110
Water - at cost	763,526	681,954
Total Inventory	8,172,636	9,686,064

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2006

Reconciliation of carrying values	Infrastructure	Community	Heritage	Other	Total
Carrying Values At 1 July 2005	488,838,663	43,302,457	49,502	109,147,180	641,337,803
Cost	913,122,075	76,004,798	49,502	227,632,305	1,216,807,679
Accumulated Depreciation	(424,283,413)	(32,702,340)	-	(118,484,125)	(575,469,877)
Acquisitions	98,494,683	8,299,285	-	20,902,702	127,696,670
Capital Under Construction	28,670,172	3,468,618	-	1,567,201	33,705,991
Depreciation	(43,106,149)	(3,493,331)	-	(12,538,071)	(59,137,550)
Carrying Value Of Disposals	(3,583)	(25,646)	-	(3,029,170)	(3,058,399)
Cost	(337,520)	(34,580)	-	(8,055,583)	(8,427,683)
Accumulated Depreciation	333,937	8,934	-	5,026,413	5,369,284
Carrying Values At 30 June 2006	572,893,787	51,551,383	49,502	116,049,843	740,544,515
Cost	1,039,949,410	87,738,121	49,502	242,045,625	(1,369,782,657)
Accumulated Depreciation	(467,055,623)	(36,186,737)	-	(125,995,782)	(629,238,143)

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

10

PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2005

Reconciliation of carrying values	<u>Infrastructure</u>	<u>Community</u>	<u>Heritage</u>	<u>Other</u>	<u>Total</u>
Carrying Values					
At 1 July 2004	421,476,907	40,861,220	49,502	88,899,370	551,286,999
Cost	803,475,209	70,528,722	49,502	199,432,397	1,073,485,829
Accumulated Depreciation	(381,998,302)	(29,667,502)	-	(110,533,027)	(522,198,831)
Acquisitions	40,371,128	3,454,714	-	23,943,342	67,769,184
Capital Under Construction	69,362,938	2,021,362	-	5,445,408	76,829,708
Depreciation	(42,286,542)	(3,034,839)	-	(8,847,413)	(54,168,794)
Carrying Value Of Disposals	(85,767)	-	-	(293,527)	(379,294)
Cost	(87,200)	-	-	(1,189,842)	(1,277,042)
Accumulated Depreciation	1,433	-	-	896,315	897,748
Carrying Values					
At 30 June 2005	488,838,663	43,302,457	49,502	109,147,180	641,337,803
Cost	913,122,075	76,004,798	49,502	227,631,305	1,216,807,679
Accumulated Depreciation	(424,283,412)	(32,702,340)	-	(118,484,125)	(575,469,877)

The leased property, plant and equipment is secured as set out in Note 2.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemising all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2007. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical cost recorded in the accounting records. The assessment of impairment is a continuous process. Annually when departments prepare the Capital requests for the following years budget the departmental assessment is used to generate these requests. Currently none of councils operations indicate any threat of discontinuance or redundancy from any failure of equipment or closure. All sectors are operating as a going concern.

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

11 INVESTMENT PROPERTY

30 June 2006

Reconciliation of carrying values	Lot 617 Meerensee Ext 5- Pick n Pay	Lot 16990/2 Remainder Ext 90- Caravan park	Aiport	Total
Carrying Values				
At 1 July 2005	454,408	161,356	1,193,481	1,809,246
Cost	3,001,946	1,460,261	5,588,862	10,051,070
Accumulated Depreciation	(2,547,538)	(1,298,905)	(4,395,381)	(8,241,824)
Acquisitions	-	-	-	-
Capital Under Construction				
Depreciation	(112,797)	(23,063)	(118,035)	(253,894)
Carrying Value Of Disposals				
Cost				
Accumulated Depreciation				
Carrying Values				
At 30 June 2006	341,611	138,294	1,075,446	1,555,351
Cost	3,001,946	1,460,261	5,588,862	10,051,070
Accumulated Depreciation	(2,660,335)	(1,321,968)	(4,513,416)	(8,495,718)

30 June 2005

Reconciliation of carrying values	Lot 617 Meerensee Ext 5- Pick n Pay	Lot 16990/2 Remainder Ext 90- Caravan park	Airport	Total
Carrying Values				
At 1 July 2004	580,217	231,377	1,334,433	2,146,028
Cost	3,001,946	1,460,261	5,588,862	10,051,070
Accumulated Depreciation	(2,421,729)	(1,228,884)	(4,254,429)	(7,905,042)
Acquisitions				
Capital Under Construction				
Depreciation	(125,809)	(70,021)	(140,952)	(336,782)
Carrying Value Of Disposals		-	-	
Cost		-		
Accumulated Depreciation				
Carrying Values				
At 30 June 2005	454,408	161,356	1,193,481	1,809,246
Cost	3,001,946	1,460,261	5,588,862	10,051,070
Accumulated Depreciation	(2,547,538)	(1,298,905)	(4,395,381)	(8,241,824)

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

12 CONSUMER DEBTORS

As at 30 June 2006

Service Debtors		91,527,296
Rates		14,064,076
Electricity	20,583,281	
June consumption billed in July	25,290,361	45,873,642
Water	11,984,165	
June consumption billed in July	4,928,127	16,912,292
Sewerage	9,619,313	
Special Sewer charges	206,998	9,826,311
Refuse		4,850,975
Rental		3,313,960
Gross Balance		94,841,256
Less: Provision for Bad Debts		(32,461,937)
Net Balance		62,379,319

As at 30 June 2005

Service Debtors		88,147,396
Rates		13,463,482
Electricity	18,986,122	
June consumption billed in July	22,442,287	41,428,409
Water		
June consumption billed in July	12,877,115	
	4,698,143	17,575,258
Sewerage	10,097,159	
Special Sewer charges	403,675	10,500,834
Refuse		5,179,413
Rental		3,695,108
Gross Balance		91,842,504
Less: Provision for Bad Debts		(25,179,024)
Net Balance		66,663,480

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
12 CONSUMER DEBTORS (continued)		
Rates Ageing		
Current (0 - 30) days	6,315,885	5,557,036
31 - 60 days	955,515	888,620
61- 90 days	487,701	505,736
91 - 120 days	233,666	411,584
121-360 days	2,083,290	2,520,597
361 + days	3,988,019	3,579,909
Total	14,064,076	13,463,482
Electricity, Water, Sewerage and Refuse: Ageing		
Current (0 - 30) days	51,589,686	49,521,078
31 - 60 days	7,472,787	3,840,892
61- 90 days	2,174,698	1,966,676
91 - 120 days	1,316,023	1,572,590
121-360 days	4,957,995	7,771,745
361+ days	9,952,031	10,010,933
Total	77,463,220	74,683,914
Rental		
Current (0 - 30) days	243,526	622,779
31 - 60 days	57,324	194,599
61- 90 days	84,520	38,214
91 - 120 days	20,119	29,121
121-360 days	120,508	28,247
361+ days	2,787,963	2,782,148
Total	3,313,960	3,695,108

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

12 CONSUMER DEBTORS (continued)

Summary of Debtors by Customer classification

	Domestic consumers	Industry/ commercial	Nat / Provincial govt
	R	R	R
30 June 2006			
Current (0 - 30) days	16,291,722	42,229,994	9,840,156
31 - 60 days	1,885,143	1,898,948	961,808
61- 90 days	1,378,451	840,289	591,340
91 - 120 days	875,472	601,581	544,162
121+days	12,718,060	7,545,868	6,780,293
Sub-total	33,148,848	53,116,680	18,717,759
Less provision for bad debt	(12,473,996)	(19,987,941)	-
Total debtors by customer classification	20,674,852	33,128,739	18,717,759

	2006 R	2005 R
Reconciliation of the bad debt provision		
Balance at beginning of the year	25,179,024	25,288,388
Contributions to provision	8,412,494	3,779,776
Bad debts written off against provision	(1,129,581)	(3,889,140)
Balance at end of year	32,461,937	25,179,024

13 LONG-TERM RECEIVABLES

Sale of erven	-	86,577
Housing loans	1,244,161	1,331,797
Study loans	5,140,899	5,664,763
Sport & Welfare Organisations	4,152	6,499
Car loans	1,277,564	2,458,504
	7,666,776	9,548,140
Less: Current portion transferred to Current Assets	(1,120,003)	(1,496,933)
Total Receivables	6,546,773	8,051,207

14 OTHER DEBTORS

Payments made in advance	2,450	907,819
Government subsidies	9,443,238	4,012,200
Year end debtors	9,861,335	11,817,678
Total Other Debtors	19,307,023	16,737,697

Housing Loans , car loans and study loans were made in terms of council policies on these schemes. No new housing or car loans have been granted since the effective implementation date of the Municipal Finance Management Act of 2003. There are no significant terms or conditions that will effect the timeous recovery of these accounts.

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
15 CALL INVESTMENT DEPOSITS		
Short-term investment	-	10,453,267
16 BANK, CASH AND OVERDRAFT BALANCES		
Bank accounts		
The municipality has the following bank accounts:		
Current Account (Primary Account)		
ABSA Bank - Richards Bay		
Current /Cheque Account number 2150000028		
Cash book balance at beginning of year	12,903,884	4,195,924
Cash book balance at end of year	16,534,248	12,903,884
Bank statement balance at beginning of year	12,906,015	23,355,429
Bank statement balance at end of year	16,512,299	12,906,015
Deposit Account		
ABSA Bank - Richards Bay		
Current/Deposit Account number 2150000095		
Cash book balance at beginning of year	9,445,582	(1,029,592)
Cash book balance at end of year	7,627,559	9,445,582
Bank statement balance at beginning of year	8,518,679	50,000
Bank statement balance at end of year	6,657,995	8,518,679
Hostel Account		
ABSA Bank - Richards Bay		
Current/Deposit Account number 90 8291 6767		
Cash book balance at beginning of year	16,016,409	15,015,040
Cash book balance at end of year	15,277,203	16,016,409
Bank statement balance at beginning of year	16,016,409	15,015,040
Bank statement balance at end of year	15,277,203	16,016,409
Housing Account		
ABSA Bank - Richards Bay		
Current/Deposit Account number 91 2361 5121		
Cash book balance at beginning of year	2,730,079	2,558,887
Cash book balance at end of year	2,899,214	2,730,079
Bank statement balance at beginning of year	2,730,079	2,558,887
Bank statement balance at end of year	2,899,214	2,730,079

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
17 PROPERTY RATES		
Actual		
Residential	28,333,682	25,330,950
Commercial	55,744,428	51,111,753
State	5,983,204	6,409,945
Total Assessment Rates	90,061,314	82,852,648
Property Valuations		
Residential	753,969,100	742,804,500
Commercial	1,231,954,850	1,236,997,650
State	140,751,510	142,395,500
Total Property Valuations	2,126,675,460	2,122,197,650
<p>Property valuations are performed on land only. The last valuation for the former Richards Bay Administrative Unit came into effect 1 July 1998 and the former Empangeni Administrative Unit came into effect 1 July 1996. Interim valuations are processed to take into account changes to properties. A rate of R0.03507 (R0.03247 - 2005) for residential and R0.06965 (R0.06449 - 2005) for all other properties of Richards Bay area and a rate of R0.04455 (R0.04195 - 2005) for residential and R0.05889 (R0.05453 -2005) for all other properties of Empangeni area, are applied to property valuations to determine property rates. Rates are levied on a monthly basis but upon request can be levied annually. The final date for payment of rates that are levied on an annual basis is, 30 September of each year end and 30 June for monthly ratepayers. Interest of 18% per annum is levied on outstanding rates. An additional 10% collection charge is levied two months after the due date.</p>		
18 SERVICE CHARGES		
Sale of electricity	291,539,002	276,103,695
Sale of water	74,483,312	72,559,409
Refuse removal	24,212,935	23,029,677
Sewerage and sanitation charges	32,336,349	34,019,285
Total Service Charges	422,571,598	405,712,066

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
19 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	52,985,497	34,252,856
National Conditional Grants	3,174,031	5,386,227
Provincial Health Subsidies	2,700,847	1,584,376
Provincial Local Government Grants	506,472	60,000
Provincial Development Planning Grants	397,308	134,571
Provincial Housing Grants	1,789,725	332,614
Provincial Library Service Subsidies	445,395	291,109
Provincial Museum Services Subsidies	60,953	55,000
Provincial Community Development Workers Programme	24,707	-
Provincial Department of Transport - Relocation of Licensing Offices	50,882	-
Department of Water Affairs - Cleanest Town Award	10,033	-
Department of Water Affairs - Water Services Programme	61,732	-
Department of Water Affairs - Refurbishment Grant	159,638	640,172
Municipal Infrastructure Grant (incl SMIF allocation)	23,082,937	20,996,795
uThungulu District Municipality Environmental Health service	3,947,496	3,573,023
uThungulu District Municipality Capacity Building Grants	-	180,000
uThungulu District Municipality Management of Cemeteries	107,741	-
uThungulu District Municipality Museum Operating Subsidy	1,764	-
uThungulu District Municipality Infrastructure Grant	832,772	2,588,916
Municipal Infrastructure Investment Unit	-	406,648
Total Government Grants & Subsidies	90,339,930	70,482,307

19.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent communities.

19.2 National Conditional Grants

Balance unspent at beginning of year	10,648,950	14,245,177
Current year receipts	1,355,000	1,790,000
Conditions met - transferred to revenue	(3,174,031)	(5,386,227)
Conditions still to be met - transferred to liabilities	8,829,919	10,648,950

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
19 GOVERNMENT GRANTS AND SUBSIDIES (continued)		
19.3 Provincial Health Subsidies		
Balance unspent at beginning of year	-	-
Current year receipts	2,700,847	1,584,376
Conditions met - transferred to revenue	(2,700,847)	(1,584,376)
Conditions still to be met - transferred to liabilities	-	-

The municipality renders health services on behalf of the Provincial Government and is refunded approximately 35% of total expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There was no delay or withholding of the subsidy.

19.4 Provincial Local Government Grants

Balance unspent at beginning of year	1,974,711	1,389,711
Current year receipts	290,000	645,000
Conditions met - transferred to revenue	(506,472)	(60,000)
Conditions still to be met - transferred to liabilities	1,758,239	1,974,711

Provincial Local Government grants are used to implement, administrative and financial municipal framework and to provide a municipal infrastructure framework. The grants are spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

19.5 Provincial Development Planning Grants

Balance unspent at beginning of year	356,025	240,596
Current year receipts	100,000	250,000
Conditions met - transferred to revenue	(397,308)	(134,571)
Conditions still to be met - transferred to liabilities	58,717	356,025

Provincial Development Planning grants are used to promote informed integrated planning and development in the province. The grants are spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
19 GOVERNMENT GRANTS AND SUBSIDIES (continued)		
19.6 Provincial Housing Grants		
Balance unspent at beginning of year	15,390,726	14,448,894
Current year receipts	180,000	-
Conditions met - transferred to revenue	(1,789,725)	(332,614)
Interest Received	993,719	1,274,446
Conditions still to be met - transferred to liabilities	<u>14,774,720</u>	<u>15,390,726</u>

Provincial Housing grants were allocated to assist in the refurbishment of various hostels. The grants are spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

19.7 Provincial Library Services Subsidies

Balance unspent at beginning of year	14,580	-
Current year receipts	445,395	305,689
Conditions met - transferred to revenue	(445,395)	(291,109)
Conditions still to be met - transferred to liabilities	<u>14,580</u>	<u>14,580</u>

Provincial Library Grants were allocated to subsidise the purchase of equipment for various libraries. A subsidy was also received to assist in the construction of the Empangeni Library Study Hall. The subsidies are spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

19.8 Provincial Museum Services Subsidies

Balance unspent at beginning of year	-	-
Current year receipts	60,953	55,000
Conditions met - transferred to revenue	(60,953)	(55,000)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

Department of the Premier allocates a subsidy to assist in the daily running of the Empangeni Museum. No funds have been withheld.

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
19 GOVERNMENT GRANTS AND SUBSIDIES (continued)		
19.9 Provincial Community Development Workers Programme		
Balance unspent at beginning of year	-	-
Current year receipts	84,000	-
Conditions met - transferred to revenue	(24,707)	-
Conditions still to be met - transferred to liabilities	<u>59,293</u>	<u>-</u>
Department of Local Government and Traditional Affairs allocated funds to Council for the administration the Community Development Workers Programme. No funds have been withheld.		
19.10 Provincial Department of Transport Subsidy		
Balance unspent at beginning of year	167,279	-
Current year receipts	50,882	167,279
Conditions met - transferred to revenue	(50,882)	-
Conditions still to be met - transferred to liabilities	<u>167,279</u>	<u>167,279</u>
Provincial Department of Transport Subsidy for the reimbursement of expenses paid for the relocation of the Empangeni Licensing Offices. The Department also provided for a subsidy for a Pedestrian Safety Project. No funds have been withheld.		
19.11 Department of Water Affairs (DWAF) Cleanest Town Award		
Balance unspent at beginning of year	-	-
Current year receipts	150,000	-
Conditions met - transferred to revenue	(10,033)	-
Conditions still to be met - transferred to liabilities	<u>139,967</u>	<u>-</u>
Department of Water Affairs Cleanest Town Award. Funds will be used on a recycling project. No funds have been withheld.		
19.12 Department of Water Affairs (DWAF) Water Services Programme		
Balance unspent at beginning of year	-	-
Current year receipts	500,000	-
Conditions met - transferred to revenue	(61,732)	-
Conditions still to be met - transferred to liabilities	<u>438,268</u>	<u>-</u>
Department of Water Affairs Sector Institutional Support and Capacity Building Initiatives in support of Water Services Authority and Water Service Provider functions. The grants are spent in accordance with an approved business proposal.		

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
19 GOVERNMENT GRANTS AND SUBSIDIES (continued)		
19.13 Department of Water Affairs (DWAF) Refurbishment Grant		
Balance unspent at beginning of year	901,828	902,000
Current year receipts	930,000	640,000
Conditions met - transferred to revenue	(159,638)	(640,172)
Conditions still to be met - transferred to liabilities	<u><u>1,672,190</u></u>	<u><u>901,828</u></u>
Department of Water Affairs Refurbishment Grant and Subsidy for Water Services Works. The grant is spent in accordance with an approved business plan.		
19.14 Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	738,492	1,053,855
Current year receipts	27,142,286	20,681,432
Conditions met - transferred to revenue	(23,082,937)	(20,996,795)
Conditions still to be met - transferred to liabilities	<u><u>4,797,841</u></u>	<u><u>738,492</u></u>
This grant was used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld.		
19.15 uThungulu District Municipality Environmental Health Costs		
Balance unspent at beginning of year	-	-
Current year receipts	3,947,496	3,573,023
Conditions met - transferred to revenue	(3,947,496)	(3,573,023)
Conditions still to be met - transferred to liabilities	<u><u>-</u></u>	<u><u>-</u></u>
The function to provide environmental health services was transferred to the District Municipality. Council is still performing this function on behalf of the District. These costs are invoiced on a monthly basis. A bad debt amounting to R 7520 520 was been provided for under provision for Bad Debts.		

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
19 GOVERNMENT GRANTS AND SUBSIDIES (continued)		
19.16 uThungulu District Municipality Capacity Building Grant		
Balance unspent at beginning of year	240,000	-
Current year receipts	-	420,000
Conditions met - transferred to revenue	-	(180,000)
Conditions still to be met - transferred to liabilities	<u>240,000</u>	<u>240,000</u>
uThungulu District Council allocated funds for capacity building grants. No funds have been withheld.		
19.17 uThungulu District Municipality Administration of Regional Cemeteries		
Balance unspent at beginning of year	-	-
Current year receipts	107,741	-
Conditions met - transferred to revenue	(107,741)	-
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
Council administers the Regional Cemetery on behalf of uThungulu District Council in terms of a service level agreement. No funds have been withheld.		
19.18 uThungulu District Municipality Museum Operating Subsidy		
Balance unspent at beginning of year	20,000	-
Current year receipts	18,520	20,000
Conditions met - transferred to revenue	(1,764)	-
Conditions still to be met - transferred to liabilities	<u>36,756</u>	<u>20,000</u>
uThungulu District Council allocated a subsidy to assist in the daily running of the Empangeni Museum. No funds have been withheld.		

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
19 GOVERNMENT GRANTS AND SUBSIDIES (continued)		
19.19 uThungulu District Council Infrastructure Grant		
Balance unspent at beginning of year	1,021,372	-
Current year receipts	-	3,610,288
Conditions met - transferred to revenue	(832,772)	(2,588,916)
Conditions still to be met - transferred to liabilities	<u>188,600</u>	<u>1,021,372</u>
uThungulu District Council provided a grant to partially fund the Nseleni Bulk Water Supply Project and a further grant for capital projects in the IDT area. No funds have been withheld.		
19.20 Municipal Infrastructure Investment Unit		
Balance unspent at beginning of year	-	-
Current year receipts	-	406,648
Conditions met - transferred to revenue	-	(406,648)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
Municipal Infrastructure Investment Unit for the provision of technical assistance expertise. No funds have been withheld.		
19.21 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act No.2 of 2006), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
20 OTHER INCOME		
Buiding Plans	1,428,571	1,391,972
Extension Fees	8,964,817	6,513,810
Connection Fees	2,458,178	3,200,011
Other Income	7,655,214	12,330,728
Total Other Income	<u>20,506,780</u>	<u>23,436,521</u>

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
21 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	130,241,651	136,820,886
Employee related costs - Contributions for UIF, pensions and medical aids	33,840,726	31,945,394
Travel, motor car, accommodation, subsistence and other allowances	19,458,923	9,797,805
Housing benefits and allowances	8,429,033	7,706,660
Overtime payments	16,231,969	12,144,328
Performance bonus	569,043	585,124
Leave Payments	9,589,162	4,171,134
Less: Employee costs capitalised to Property, Plant and Equipment	(2,471,054)	(2,875,500)
Total Employee Related Costs	215,889,453	200,295,831

There were no advances to employees. Loans to employees are set out in note 13.

Remuneration of the Municipal Manager

Annual Remuneration	478,172	435,678
Performance Bonuses	109,800	129,486
Housing Subsidy	65,534	65,534
Travel Allowance	188,294	188,294
Contributions to UIF, Medical and Pension Funds	1,252	1,060
Total	843,052	820,052

Remuneration of Individual Executive Directors

	Chief Financial Officer	City Engineer	City Electrical Engineer
30 June 2006			
Annual Remuneration	271,542	349,800	282,405
Annual Bonus	-	-	23,534
Entertainment	-	-	1,400
Performance Bonuses	84,811	84,811	28,241
Housing Subsidy	46,674	-	15,873
Travel Allowance	225,627	106,349	134,680
Contributions to UIF, Medical and Pension Funds	22,813	110,507	85,611
Total	651,467	651,467	571,744

30 June 2005

Annual Remuneration	255,379	330,000	264,886
Annual Bonus	-	-	22,202
Entertainment	-	-	1,400
Performance Bonuses	107,476	109,352	26,642
Housing Subsidy	46,674	-	20,058
Travel Allowance	214,268	104,692	133,424
Contributions to UIF, Medical and Pension Funds	19,721	101,350	78,102
Total	643,518	645,394	546,714

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

21 EMPLOYEE RELATED COSTS (continued)

Remuneration of Individual Executive Directors

	Management Services	Corporate Services	Planning & Sustainable Development
30 June 2006			
Annual Remuneration	262,350	282,405	271,542
Annual Bonus	-	23,534	-
Entertainment	-	1,400	-
Performance Bonuses	63,608	28,241	84,811
Housing Subsidy	35,005	15,263	46,673
Travel Allowance	64,263	134,680	217,046
Contributions to UIF, Medical and Pension Funds	63,422	91,043	31,395
Total	488,648	576,566	651,467

30 June 2005

Annual Remuneration	338,753	266,124	250,379
Annual Bonus	-	22,202	-
Entertainment	-	1,400	-
Performance Bonuses	25,194	26,642	80,406
Housing Subsidy	35,005	17,511	46,674
Travel Allowance	156,887	133,436	206,173
Contributions to UIF, Medical and Pension Funds	5,397	85,643	32,816
Total	561,236	552,958	616,448

Remuneration of Individual Executive Directors

	Community Facilitation & Marketing	Community Services & Health	Parks Sports & Recreation
30 June 2006			
Annual Remuneration	282,405	282,405	282,405
Annual Bonus	23,534	23,534	23,534
Entertainment	1,400	1,400	1,400
Performance Bonuses	28,240	28,241	28,241
Housing Subsidy	23,702	14,535	17,168
Travel Allowance	134,634	134,614	134,680
Contributions to UIF, Medical and Pension Funds	92,674	89,360	91,618
Total	586,589	574,089	579,046

30 June 2005

Annual Remuneration	259,950	265,395	260,567
Annual Bonus	23,275	22,201	24,246
Entertainment	1,400	1,400	1,400
Performance Bonuses	26,642	26,642	26,642
Housing Subsidy	23,672	18,190	21,292
Travel Allowance	132,332	133,496	133,436
Contributions to UIF, Medical and Pension Funds	89,795	82,574	56,332
Total	557,066	549,898	523,915

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
22 REMUNERATION OF COUNCILLORS		
Mayor	425,726	331,435
Deputy Mayor	384,000	282,287
Speaker	347,598	278,100
Executive Committee Members	2,283,384	2,088,784
Councillors	5,311,520	5,417,763
Councillors pension contribution	889,923	846,983
Total Councillors Remuneration	9,642,151	9,245,352
The Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council		
23 INTEREST PAID		
Long-term liabilities	14,890,390	12,383,652
Finance leases	76,575	-
Total Interest on External Borrowings	14,966,965	12,383,652
24 BULK PURCHASES		
Electricity	184,489,499	182,088,274
Water	31,941,770	29,809,635
Total Bulk Purchases	216,431,269	211,897,909
25 GRANTS AND SUBSIDIES PAID		
Richards Bay Country Club	436,165	390,713
S P C A	212,000	200,000
uMhlathuze Tourism Association	160,000	143,000
Independent Development Trust Ngwelazane Housing	238,000	161,500
Sabokwe Community-Removal of Graves	87,473	-
Sundries	66,677	65,000
Total Grants and Subsidies	1,200,315	960,213

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

Restated
2005
R

26 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:

26.1 Statutory Funds**Balance previously reported:**

Capital Development Fund

299,425,606

Implementation of GAMAP

Transferred to the Capitalisation Reserve

299,425,606

26.2 Loans Redeemed and Other Capital Receipts**Balance previously reported**

809,999,138

Implementation of GAMAP

Transferred to Government Grant Reserve

67,011,603

Transferred to Donations and Public Contribution Reserve

101,165,076

Transferred to the Capitalisation Reserve

23,466,616

Transferred to Accumulated Surplus (see 26.8 below)

618,355,842

Total

809,999,137

26.3 Provisions and Reserves**Balance previously reported**

Bursary Reserve

1,149,996

Pioneerhof Reserve

191,029

1,341,025

Implementation of GAMAP

Transferred to Accumulated Surplus (see 26.8 below)

1,341,025

26.4 Inventory**Balance previously reported**

7,120,776

Implementation of GAMAP

Transferred to Accumulated Surplus (see 26.8 below)

640,121

Water previously expensed now shown as inventory

640,121

Total

7,760,897

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

Restated -
2005
R

26 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP (continued)

26.5 Property, plant and equipment

Balance previously reported	1,333,999,648
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Implementation of GAMAP

Township development interest previously recorded as capital debited to Accumulated Surplus (see 26.8 below)	(81,073,954)
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Township development expenses previously recorded as capital debited to Accumulated Surplus (see 26.8 below)	(24,020,867)
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Total	<u>1,228,904,827</u>
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26.6 Accumulated Depreciation

Balance previously reported	<u>-</u>
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Implementation of GAMAP

Backlog depreciation: Infrastructure	(382,507,817)
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Backlog depreciation: Community	(30,826,361)
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Backlog depreciation: Other	(116,769,604)
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Total (debited to Accumulated Surplus) (see 26.8 below)	<u>(530,103,782)</u>
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26.7 Non-current provisions

Balance previously reported	<u>-</u>
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Implementation of GAMAP

Transferred from Accumulated Surplus (see 26.8 below)	
Post retirement benefits	<u>(15,000,000)</u>

26.8 Accumulated Surplus

Implementation of GAMAP

Adjustments to inventory (see 26.4 above)	640,121
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Excessive provisions and reserves no longer permitted (see 26.3 above)	1,341,025
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Transferred from Loans Redeemed and Other Capital Receipts (see 26.2 above)	618,355,842
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Township development interest previously recorded as capital (see 26.5 above)	(81,073,954)
---	--------------

Township development expenses previously recorded as capital (see 26.5 above)	(24,020,867)
---	--------------

Backlog depreciation (see 26.6 above)	(530,103,782)
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Post retirement benefits (see 26.7 above)	(15,000,000)
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Total	<u>(29,861,615)</u>
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CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
27 CASH GENERATED FROM OPERATIONS		
Surplus for the year	18,136,136	44,845,781
Adjustment for:		
Depreciation	59,391,445	54,505,668
(Gain)/Loss on disposal of property, plant and equipment	(5,973,346)	379,293
Movement in bad debt provision	7,282,913	(109,364)
Movement in non-current provisions	32,635	36,668
Investment income	(7,754,253)	(12,434,786)
Interest paid	14,966,965	12,383,652
Operating surplus before working capital changes:	86,082,495	99,606,912
Decrease/(Increase) in inventories	1,513,428	(1,925,168)
Increase in debtors	(2,998,752)	(10,164,424)
(Increase)/Decrease in other debtors	(2,569,326)	15,694,012
Increase in conditional grants and receipts	1,702,406	31,473,963
Increase/(Decrease) in creditors	(7,375,440)	4,324,521
Movement in VAT	(14,301,683)	9,536,418
Cash generated from operations	62,053,128	148,546,234

28 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position

Bank balances and cash	42,360,274	41,118,154
Total cash and cash equivalents	42,360,274	41,118,154

29 UNAUTHORISED, IRREGULAR AND WASTEFUL EXPENDITURE DISALLOWED**Unauthorised expenditure**

Reconciliation of unauthorised expenditure		
Unauthorised expenditure current year	21,668,390	53,713,164
Approved by Council or condoned	(21,668,390)	(53,713,164)
Unauthorised expenditure awaiting authorisation	-	-

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
30 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
30.1 Contributions to Kwanaloga		
Council subscriptions	1,131,645	245,907
Amount paid	<u>(1,131,645)</u>	<u>(245,907)</u>
30.2 Audit fees		
Amount paid - current year	<u>1,374,499</u>	<u>890,004</u>
30.3 PAYE and UIF		
Current year payroll deductions	30,031,158	28,802,887
Amount paid - current year	<u>(30,031,158)</u>	<u>(28,802,887)</u>
30.4 Pension and Medical Aid Deductions		
Opening balance	106,607	90,354
Current year payroll deductions	48,465,990	45,988,112
Amount paid - current year	(48,461,462)	(45,881,505)
Amount paid - previous year	<u>(106,607)</u>	<u>(90,354)</u>
Balance unpaid (included in creditors)	<u>4,528</u>	<u>106,607</u>

The balance represents continued members contributions received in advance.

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

**30 ADDITIONAL DISCLOSURES IN TERMS OF THE
MUNICIPAL FINANCE MANAGEMENT ACT (continued)****30.5 Councillor's Arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days
as at 30 June 2006

	Total	Outstanding Less Than 90 Days	Outstanding More Than 90 Days
Councillor Tshabalala CN*	8,664	372	8,292
Councillor Zulu SM	668	589	79
Total Councillor Arrear Consumer Account	9,332	961	8,371
30 June 2005			
Councillor Mbokazi M	630	482	148
Councillor Zibane M	1,084	228	856
Total Councillor Arrear Consumer Account	1,714	710	1,004

*Tshabalala CN is a new Councillor elected in 2006

During the year the following Councillor's had arrears accounts outstanding for
more than 90 days.

30 June 2006

	Highest Amount Outstanding	Ageing
Councillor Tshabalala CN	3,734	330 days
30 June 2005		
Councillor Zibane M	798	150 days

CITY OF uMHLATHUZE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 R	Restated 2005 R
31 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for	90,624,146	74,906,109
Approved but not yet contracted for	357,426,854	195,230,991
Total capital commitments	448,051,000	270,137,100
 This expenditure will be financed from:		
Internal Sources	7,412,700	107,150,800
External Loans	229,570,600	99,544,000
Grants	211,067,700	63,442,300
	448,051,000	270,137,100
 32 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Guarantees by City of uMhlathuze in respect of building society and commercial bank housing loans to officials.	878,859	953,886
 Guarantee by City of uMhlathuze in respect of Postal services.	80,000	80,000
 33 RETIREMENT BENEFITS		
The last actuarial valuations of the Natal Joint Municipal Pension Funds (Superannuation and Retirement) was done at 31 March 2005. These valuations disclosed a deficit for past service of R224,7 million and a deficit for past service of R202,9 million respectively. This shortfall will be met by increased employer contributions, implemented from July 2006. The last actuarial valuation of the Municipal Councillors Pension Fund was done at 30 June 2003. This valuation indicated that the fund is in a sound financial position.		
 34 INTANGIBLE FIXED ASSETS		
All previous expenditure on servitudes were charged to expenses and hence prohibited by IAS 38.71 from being reinstated as intangible fixed assets.		
 35 LEASES		
Expected Operating Lease Income For Next Year R 6 m		
For Year 2 To 5 R 27 m		
Beyond 5 Years R 95 m		
 36 EVENTS AFTER THE REPORTING DATE		
No material facts and circumstances have occurred between the accounting date and the date of this report that would have an impact on the financial statements.		

APPENDIX A

CITY OF UMHLATHUZE : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006

EXTERNAL LOANS	Intr Rate	Loan Number	Redeemable	Balance at 30/06/05	Received during the period	Redeemed written off during the period	Balance at 30/06/06	Carrying Value Property, Plant & Equipment	Other Costs In Accordance With The MFMA
LONG-TERM LOANS									
Development Bank of SA	12.00%	10593	2018/03/31	6,860,772	-	239,465	6,621,307	1,826,415	
Development Bank of SA	12.00%	10594	2017/03/31	3,245,979	-	131,836	3,114,143	2,791,222	
Development Bank of SA	12.00%	10595	2017/03/31	12,187,161	-	494,986	11,692,175	-	
Development Bank of SA	12.00%	10596	2017/03/31	2,835,992	-	115,185	2,720,807	-	
Development Bank of SA	14.50%	10597	2018/03/31	8,398,005	-	244,915	8,153,090	2,959,703	
Development Bank of SA	12.00%	10600	2017/03/31	5,531,023	-	224,645	5,306,378	1,844,684	
Development Bank of SA	12.00%	10601	2017/03/31	3,287,516	-	133,524	3,153,992	137,152	
Development Bank of SA	12.00%	10602	2017/03/31	831,587	-	33,775	797,812	305,424	
				43,178,035	-	1,618,331	41,559,704	9,864,600	-
Nedbank	15.54%		2008/01/30	7,923,126	-	2,255,713	5,667,413		
INCA	13.95%	UMHL	2019/06/30	15,445,143	-	439,188	15,005,955	13,100,991	
Development Bank of SA	16.16%	11665	2010/12/31	1,907,526	-	237,469	1,670,057	576,973	
Standard Bank	8.87%	357636	2015/03/31	-	90,000,000	2,288,445	87,731,555	82,453,037	
Total long-term loans				68,453,830	90,000,000	6,819,146	151,634,684	105,995,601	-
SALE & LEASE-BACK									
Rand Merchant Bank	11.78%		2007/07/01	36,314,317	1,676,517	-	37,990,834		
Rand Merchant Bank	14.74%		2007/07/01	(9,886,279)	(1,591,219)	712,172	(12,189,670)		
Rand Merchant Bank	17.38%		2007/07/01	(27,753,328)	(5,033,110)		(32,786,438)	13,339,710	
Total				(1,325,290)	(4,947,812)	712,172	(6,985,274)	13,339,710	-
LEASE LIABILITY									
ABSA Bank	9.00%	67697451	2008/06/28	-	855,154	261,277	593,877		
ABSA Bank	9.00%	68281534	2008/08/28	-	129,977	32,858	97,119	708,019	
Total				-	985,131	294,135	690,996	708,019	-
TOTAL EXTERNAL LOANS				67,128,540	86,037,319	7,825,453	145,340,406	120,043,330	-

APPENDIX B

CITY OF Umhlatuze : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006

	Cost/Revaluation				Accumulated Depreciation					
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value
Infrastructure										
Power Stations	58,703,545	1,304,277			60,007,822	21,388,714	1,956,793		23,345,507	36,662,315
Electricity Meters	7,430,195	520,092			7,950,287	4,067,496	241,816		4,309,312	3,640,975
Electricity Peak Load Equipment	8,481,629	-		4,998	8,476,631	6,864,463	766,586	1,415	7,629,634	846,997
Switchgear Equipment	10,215,575	-			10,215,575	4,652,866	510,779		5,163,645	5,051,930
Electricity Supply And Reticulation	174,950,201	9,723,769	4,239,775		188,913,745	62,813,875	8,096,849		70,910,724	118,003,020
Electricity Mains	13,137,524	-		1,234	13,136,290	10,711,721	271,948	1,234	10,982,435	2,153,855
Street Lights	14,449,427	119,941	132,412		14,701,780	10,439,360	685,703		11,125,063	3,576,717
Stormwater Drains	30,115,073	262,403			30,377,476	17,251,440	2,862,333		20,113,773	10,263,703
Roads	298,183,774	31,817,710	15,692,681	93,496	345,600,669	213,149,376	15,537,377	93,496	228,593,256	117,007,413
Reservoirs-Water	24,228,298	4,472,004	734,105		29,434,407	9,007,923	893,131		9,901,054	19,533,353
Water Meters	8,335,143				8,335,143	4,012,105	537,189		4,549,284	3,785,849
Water Mains	16,916,328				16,916,328	6,388,998	749,963		7,138,961	9,777,367
Water Supply And Reticulation	155,551,370	38,912,111	4,522,416		198,985,896	25,615,132	6,411,372		32,026,503	166,959,394
Water Mains & Purification	87,304,384	11,362,376	3,348,783		102,015,543	24,416,674	3,128,651		27,545,325	74,470,218
Pedestrian Malls	3,033,860				3,033,860	2,348,503	240,921		2,589,424	444,436
Taxiways	360,592				360,592	91,529	18,030		109,559	251,033
Security Measures	1,725,157			237,791	1,487,366	1,063,237	196,708	237,791	1,022,154	465,212
	913,122,075	98,494,683	28,670,172	337,519	1,039,949,410	424,283,412	43,106,149	333,936	467,055,623	572,893,787
Community Assets										
Beach Development	17,662,866	1,668,086	461,198		19,792,150	4,872,735	594,596		5,467,331	14,324,820
Cemeteries	2,997,474	-	19,325		3,016,799	690,159	96,176		786,335	2,230,464
Clinics	67,293				67,293	16,033	3,365		19,398	47,895
Community Centres	6,438,608	399,131			6,837,739	2,716,739	395,415		3,112,154	3,725,585
Fire Stations	1,430,433	351,064			1,781,497	285,528	46,288		331,816	1,449,681
Libraries	7,275,338	950,344			8,225,682	3,741,929	359,397		4,101,326	4,124,356
Museum	1,076,523	1,021,189			2,097,712	445,659	52,070		497,729	1,599,983
Parks & Gardens	11,194,045	-	2,225,276		11,194,045	8,821,731	557,625		9,379,356	1,814,690
Public Conveniences	3,989,365	3,909,470		34,580	6,214,641	513,384	216,584		729,968	5,484,673
Recreation Facilities	23,872,853		762,819		28,510,563	10,598,443	1,171,815	8,934	11,761,324	16,749,237
	76,004,798	8,299,284	3,468,618	34,580	87,738,121	32,702,340	3,493,331	8,934	36,186,737	51,551,383

APPENDIX B (continued)
CITY OF Umhlatuze : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006

	Cost/Revaluation				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		
Heritage Assets	49,502	-	-	-	49,502	-	-	-	49,502	
	49,502	-	-	-	49,502	-	-	-	49,502	
Other Assets	15,095,825	1,467,403		5,907,436	10,655,792	5,136,445	479,141	2,945,208	7,985,414	
	Nurseries	184,072			184,072	77,818	6,136		2,670,378	
	Office Buildings	65,773,731	2,377,274		147,040	23,973,607	3,132,553	147,040	83,954	
	Tip Sites	2,328,656	519,939	414,997		3,263,592	198,192	120,619	26,959,120	
	Workshops & Depots	7,885,650	825,049	1,152,204		9,862,903	837,696	396,595	318,811	
	Office Equipment	10,565,847	3,368,457		18,547	13,915,757	7,515,135	1,342,938	1,234,291	
	Furniture & Fittings	3,864,074	894,723		12,282	4,746,515	1,873,443	446,598	8,851,406	
	Bins & Containers	2,078,251				2,078,251	760,136	203,952	2,308,461	
	Emergency Equipment	69,708				69,708	34,838	7,108	964,088	
	Motor Vehicles	37,587,437	9,980,877		1,668,322	45,899,992	20,244,825	4,042,898	27,762	
	Fire Engines	3,963,968			105,428	3,858,540	936,203	319,082	23,274,688	
	Plant And Equipment	12,184,234	1,475,981		182,020	13,478,195	6,915,577	2,040,451	22,625,304	
	Land Main Investments	66,049,852	-7,000		14,508	66,028,344	49,980,210		1,158,609	
		227,631,305	20,902,703	1,567,201	8,055,583	242,045,625	118,484,125	12,538,071	8,813,713	49,965,702
										16,062,642
										116,049,843
Total	1,216,807,679	127,696,670	33,705,991	8,427,683	1,369,782,657	575,469,877	59,137,550	5,369,284	629,238,143	
									740,544,515	

APPENDIX C

CITY OF Umhlatuze : SEGMENTAL ANYALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2006

	Cost			Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	
Executive & Council	876,062	81,324		1,108	956,278	131,998	677,275
Finance & Admin	87,845,741	15,322,567		8,406,585	94,761,721	46,523,757	46,115,351
Planning & Development	20,492,849	-1,543		1,601	20,489,705	5,683,928	14,696,461
Health	575,043	74,498		10,835	638,706	299,342	258,846
Community & Social Services	110,901,663	4,759,960	3,465,886	2,181	119,125,330	43,428,585	69,957,854
Housing	2,549,746	1,467,403			4,017,149	734,495	3,113,322
Public Safety	1,779,494	687,810		612	2,466,692	655,894	1,640,329
Sport & Recreation	58,292,257	3,219,022	3,922,613	2,680	65,431,212	29,012,067	34,077,156
Environmental Protection					0	0	0
Waste Management	101,472,414	11,966,036	3,763,780		117,202,230	44,169,807	69,888,433
Road Transport	338,108,099	34,894,116	15,692,681	1,930	388,692,966	236,952,013	133,220,547
Water	235,826,547	43,384,115	2,488,844		281,699,506	58,702,651	212,902,974
Electricity	258,083,664	11,841,362	4,372,187	151	274,297,062	109,175,340	153,991,867
Other	4,100	0			4,100	0	4,100
Total	1,216,807,679	127,696,670	33,705,991	8,427,683	1,369,782,657	575,469,877	740,544,515

APPENDIX D

City Of uMhlathuze :Segmental Statement Of Financial Performance For The Year Ended 30 June 2006

2005 Actual Income	2005 Actual Expenditure	2005 Surplus/(Deficit)	2006 Actual Income	2006 Actual Expenditure	2006 Surplus/(Deficit)
3,260,139	22,667,948	(19,407,809)	1,177,993	23,028,234	(21,850,241)
185,064,978	166,818,174	18,246,804	197,117,757	177,289,159	19,828,598
3,456,152	21,070,596	(17,614,444)	3,748,636	24,388,828	(20,640,192)
5,164,773	12,491,620	(7,326,847)	6,656,413	14,468,299	(7,811,886)
3,136,058	29,376,655	(26,240,597)	3,416,717	32,099,571	(28,682,854)
737,049	693,653	43,396	3,660,615	9,093,015	(5,432,400)
7,969,384	31,588,519	(23,619,135)	4,929,504	37,612,888	(32,683,384)
2,362,940	45,412,486	(43,049,546)	2,869,328	49,392,541	(46,523,213)
-	-	-	-	-	-
77,374,885	75,367,957	2,006,928	78,781,498	90,096,225	(11,314,727)
6,200,400	40,800,737	(34,600,337)	3,991,900	43,913,673	(39,921,773)
104,273,417	94,483,501	9,789,916	114,907,414	106,700,082	8,207,332
296,564,576	309,627,308	(13,062,732)	315,268,097	322,969,970	(7,701,873)
883,531	146,518	737,013	710,085	135,006	575,079
696,448,282	850,545,672	(154,097,390)	737,235,957	931,187,491	(193,951,534)
	(198,979,838)	198,979,838		(212,120,305)	212,120,305
696,448,282	651,565,834	44,882,448	737,235,957	719,067,186	18,168,771

APPENDIX E(1)

CITY OF uMHLATHUZE : ACTUAL VERSUS BUDGET(REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2006

REVENUE	2006		2006		VARIANCE (%)	Explanation of significant variance greater than 10% versus budget
	ACTUAL	2006 BUDGET	VARIANCE	2006		
Property Rates	92,139,514	91,206,900	932,614	1		
Property Rates-Penalties Imposed And Collection Charges	2,209,132	1,500,000	709,132	47		Unexpected Income
Service Charges	445,783,853	453,592,100	(7,808,247)	(2)		
Rental Of Facilities And Equipment	10,242,618	10,932,000	(689,382)	(6)		
Interest Earned-External Investments	7,754,253	6,300,000	1,454,253	23		Capital Expenditure Lower Than Budgeted Resulted In Additional Expenditure On Investments
Interest Earned-Outstanding Debtors	501,775	366,000	135,775	37		Unexpected Income
Fines	3,912,992	6,901,000	(2,988,008)	(43)		Permission To Use Traffic Cameras Was Withdrawn Resulted In Drop In Income
Licences And Permits	630,630	630,000	630	0		
Income For Agency Services	2,529,087	2,220,000	309,087	14		Unexpected Rise In Vehicle Registrations
Government Grants & Subsidies	91,252,004	64,107,200	27,144,804	42		Conditional Grant Income vs Expenditure
Other Income	51,425,543	60,395,700	(8,970,157)	(15)		Budgeted For Deficit of R7M + Contribution from public R2.4M
Sale Of Land	22,881,210	25,026,000	(2,144,790)	(9)		
Gains On Disposal Of Property, Plant And Equipment	5,973,346	7,491,000	(1,517,654)	(20)		Delays in Sale Of Pioneerhof
Total Revenue	737,235,957	730,667,900	6,568,057	1		
EXPENDITURE						
Executive & Council	23,028,234	23,857,200	(828,966)	(3)		
Finance & Admin	177,289,159	208,198,000	(30,908,841)	(15)		Savings Identified on Adjustment budget
Planning & Development	24,388,828	25,504,000	(1,115,172)	(4)		
Health	14,468,299	15,176,800	(708,501)	(5)		
Community & Social Services	32,099,571	28,666,300	3,433,271	12		Depreciation Addition of R3.4M as a result of GRAP Implementation
Housing	9,093,015	6,267,900	2,825,115	45		Conditional Grant Expenditure = Income
Public Safety	37,612,888	42,290,400	(4,677,512)	(11)		Crime Prevention Project Delayed.
Sport & Recreation	49,392,541	46,292,000	3,100,541	7		
Waste Management	90,096,225	86,605,200	3,491,025	4		
Road Transport	43,913,673	32,336,500	11,577,173	36		Depreciation Addition of R15.19M as a result of GRAP Implementation
Water	106,700,082	100,758,600	5,941,482	6		
Electricity	322,969,970	332,225,700	(9,255,730)	(3)		
Other	135,006	45,900	89,106	194		Depreciation Addition of R118 000 as a result of GRAP Implementation
Inter-Departmental Charges	(212,120,304)	(217,556,600)	5,436,296	(2)		
Total Expenditure	719,067,187	730,667,900	(11,600,713)	(2)		
NET SURPLUS/(DEFICIT) FOR THE YEAR	18,168,770	-	18,168,770	-		

APPENDIX E(2)

CITY OF UMHLATHUZE : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006

	2006 ACTUAL R	2006 UNDER CONSTRUCTION R	2006 TOTAL ADDITIONS R	2006 BUDGET R	2006 VARIANCE R	2006 VARIANCE %	Explanation Of Significant Variances Greater Than 5% Versus Budget. (Explanations To Be Recorded)
Executive & Council Finance & Admin	81,324 15,322,567	- -	81,324 15,322,567	126,900 19,849,400	(45,576) (4,526,833)	(36) (23)	Capital expenditure funded through IT lease agreement Delay in IT tender process-funds to 06/07 Savings on vehicle purchases amounted to R1.2M
Planning & Development Health	(1,543) 74,498	- -	(1,543) 74,498	- 70,100	(1,543) 4,398	- (46)	6 Grant funded capital not budgeted for Waiting for record of decision for cemetery development Assessment of Ride-On mowers ongoing-project to 06/07 Fin Yr Various saving on projects and contingency amounts
Community & Social Services	4,759,960	3,465,886	8,225,846	15,331,400	(7,105,554)	-	Due to lack of capacity-project to be completed in 06/07 Fin Yr Public participation process taking much longer than anticipated Purchase of raw land for development to 06/07 Fin Yr Due to lack of capacity-project to be completed in 06/07 Fin Yr Assessment of Ride-On mowers ongoing-project to 06/07 Fin Yr Waiting for development of beach proposal Task team established to proceed with investigations of beach development Delay in relocation of Rugby Club to sports grounds Various saving on projects and contingency amounts Change of facilities from tennis courts to netball & basketball facilities Eliminated need for expenditure
Housing	1,467,403	-	1,467,403	23,220,000	(21,752,597)	(94)	Waiting for environmental impact assessment(EIA)
Public Safety Sport & Recreation	687,810 3,219,022	- 3,922,613	687,810 7,141,635	903,000 14,057,600	(215,190) (6,915,965)	(24) (49)	Delay in tender process-various projects to be completed in 06/07 Fin Yr Survey of pipeline in Vulindlela delayed project. Project to be completed 06/07 Budget for preliminary and EIA. awaiting RBM decision regarding mining lease area EIA authorisation cleared up late in year. Project to 06/07 Awaiting finalisation of layout from Dir Planning & Sustainable Dev Township development projects amounting to R3.6M did not materialise due to various development delays.
Waste Management	11,966,036	3,763,780	15,729,816	27,969,600	(12,239,784)	(44)	ROD changed design which delayed project. Currently calling for tenders-project to be completed 06/07 Due to lack of capacity-project to be completed in 06/07 Fin Yr Problems experienced with application of traffic calming report Problems experienced in finalisation of design. Tenders called for project to be completed in 06/07 Provision for investigation of rural roads. Report to council Township development projects amounting to R12.8 did not materialise due to
Road Transport	34,894,116	15,692,681	50,586,797	61,778,500	(11,191,703)	(18)	

APPENDIX E(2) (continued)

CITY OF uMHLATHUZE : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006

	2006 ACTUAL R	2006 UNDER CONSTRUCTION R	2006 TOTAL ADDITIONS R	2006 BUDGET R	2006 VARIANCE R	2006 VARIANCE %	Explanation Of Significant Variances Greater Than 5% Versus Budget (Explanations To Be Recorded)
Water	43,384,115	2,488,844	45,872,959	62,757,500	(16,884,541)	(27)	various development delays. DWAFF slow to approve work as per business Plan. Counter funding for DWAF funds Funds available from grant funding for 06/07 Delay in tender process-funds to 2006/2007 Tender delayed to include increased scope of works. Projects to 2006/2007. Delay due to wait for reservoir availability before completion of final scope of work Late tender approval. Project completion 2006/2007. Savings on project (8/2/1/26) and contingency amount Phase 2A and 2B of project scheduled for completion in June 06 but extension of time pushed completion to 2006/2007 Township development projects amounting to R2.8M did not materialise due to various development delays. Awaiting Eskom handover Various saving on projects and contingency amounts Delay as a result of development-project - carried over 2006/2007 project Township development projects/public contributions amounting to R20.7m did not materialise due to various development delays.
Electricity	11,841,362	4,372,187	16,213,549	44,073,100	(27,859,551)	(63)	
Total	127,696,670	33,705,991	161,402,661	270,137,100	(108,734,439)	(417)	

APPENDIX F

CITY OF Umhlatuze : DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of organ of state	Quarterly Receipts						Quarterly Expenditure						Grants and Subsidies delayed/withheld						Reason for withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance	
		March 2005	June 2005	Sept 2005	Dec 2005	March 2006	March 2005	June 2005	Sept 2005	Dec 2005	March 2006	March 2005	June 2005	Sept 2005	Dec 2005	March 2006	March 2005	June 2005	Sept 2005	Dec 2005	March 2006		
Museum Subsidy	KZN - Dept of Education & Culture	-	55000	-	-	60953	118373	226038	148645	142763	167208	-	-	-	-	-	-	-	-	-	None	Yes	
Primary Health Subsidy	KZN - Dept of Health	346500	304150	419650	419700	419700	1734880	1679863	2094062	2050718	2024190	-	-	-	-	-	-	-	-	-	None	Yes	
Environmental Health Subsidy	KZN - Dept of Health	76043	76044	76043	76044	72250	1049951	898169	1110154	1117832	1023577	-	-	-	-	-	-	-	-	-	None	Yes	
Neelani Hostels Redevelopment & Upgrade	KZN - Dept of Housing	-	-	-	-	80000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Housing Development Plan	KZN - Dept of Housing	-	-	-	-	100000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Esikhawini Hostel Refurbishment	KZN - Dept of Housing	-	-	-	-	-	144801	269893	566166	658892	119039	-	-	-	-	-	-	-	-	-	None	Yes	
Infrastructural Grants	KZN - Dept of Library Services	-	-	464299	-	-	-	-	-	436671	27628	-	-	-	-	-	-	-	-	-	None	Yes	
Community Development Workers Programme	KZN - Dept of Local Gov & Trad Affairs	-	-	-	84000	-	-	-	135	310	7326	-	-	-	-	-	-	-	-	-	None	Yes	
IDP Review	KZN - Dept of Local Gov & Trad Affairs	50000	-	-	-	50000	75512	-	-	46740	-	-	-	-	-	-	-	-	-	-	None	Yes	
Interdepartmental Monitoring Grant	KZN - Dept of Local Gov & Trad Affairs	60000	-	-	-	40000	79750	20000	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Land Use Management	KZN - Dept of Local Gov & Trad Affairs	50000	-	-	-	50000	-	24855	52839	39655	57458	-	-	-	-	-	-	-	-	-	None	Yes	
GIS Support	KZN - Dept of Local Gov & Trad Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Facilitate Assessment of Service Delivery Mechanism	KZN - Dept of Local Gov & Trad Affairs	200000	-	-	-	210000	-	-	-	-	95652	-	-	-	-	-	-	-	-	-	None	Yes	

APPENDIX F (continued)

CITY OF UMHLATHUZE : DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Name of Grants	Name of organ of state	Quarterly Receipts						Quarterly Expenditure						Grants and Subsidies delayed/withheld					Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		March 2005	June 2005	Sept 2005	Dec 2005	March 2006	March 2006	March 2006	Dec 2005	March 2006	March 2006	March 2006	March 2006	March 2005	June 2005	Sept 2005	Dec 2005	March 2006			
Facilitate Water Service Delivery Plan	KZN - Dept of Local Gov & Trad Affairs	385000	-	-	-	-	-	156648	-	-	-	-	-	-	-	-	-	-	None	Yes	
Performance Management Grant	KZN - Dept of Local Gov & Trad Affairs	0	-	-	-	40000	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Remedia Water Reading System	KZN - Dept of Local Gov & Trad Affairs	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Department of Transport Subsidy	KZN - Dept of Transport	0	-	-	-	-	-	50882	-	-	-	-	-	-	-	-	-	-	None	Yes	
Drought Relief Water Services Programme	Nat - Dept of Prov & Local Gov Affairs	790000	-	-	-	355000	-	857768	647198	1075776	569409	458836	-	-	-	-	-	-	None	Yes	
	Nat - Dept of Water Affairs	0	-	-	-	500000	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
	Nat - Dept of Water Affairs	0	-	-	-	150000	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Cleanest Town Award	Nat - Dept of Water Affairs	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Returbishment of Pumpstation Grant	Nat - Dept of Water Affairs	0	-	930000	-	-	-	-	40642	598922	33703	-	-	-	-	-	-	-	None	Yes	
Municipal Infrastructure Grant	National Treasury	11472969	2995544	8956198	9001958	4579130	-	11564548	13736971	2530773	4572707	4692379	-	-	-	-	-	-	None	Yes	
Financial Management Grant	National Treasury	0	-	1000000	-	-	-	285000	69000	319000	48000	504000	-	-	-	-	-	-	None	Yes	
Restructuring Grant	National Treasury	0	-	-	-	-	-	538172	269665	418575	460424	609902	-	-	-	-	-	-	None	Yes	
Environmental Health Services	uThungulu District Municipality	973908	822125	1034111	1041788	951327	-	1048951	1110154	888169	1117832	1023577	-	-	-	-	-	-	None	Yes	
Museum Subsidy	uThungulu District Municipality	0	-	18520	-	-	-	-	-	-	-	1764	-	-	-	-	-	-	None	Yes	
Capacity Building	uThungulu District Municipality	0	240000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Upgrade Nseleli Bulk Water Supply	uThungulu District Municipality	3000000	-	-	-	-	-	558711	184533	484232	76787	133508	-	-	-	-	-	-	None	Yes	
IDT Area (Water & Madlebe Road)	uThungulu District Municipality	0	610288	-	-	-	-	127043	-	-	-	229033	-	-	-	-	-	-	None	Yes	



REFERENCE NUMBER :21244 REG 05/06 - GAMAP/GRAP
ENQUIRIES : H van Zyl
DATE : 21 December 2006

Dr. AW Heyneke
The Municipal Manager
uMhlathuze Municipality
Private Bag x 1004
RICHARDS BAY
3900

Dear Dr. Heyneke

DRAFT AUDIT REPORT 30 JUNE 2006

Pursuant to certain difficulties experienced with technical matters relating to GRAP/ GAMAP disclosures the Auditor-General would like to give your council an opportunity to, no later than 31 January 2007, allow its officials to reconcile and restate certain financial information in your annual financial statements which at present are giving rise to possible qualification.

As you go through this exercise, the Auditor-General will liaise with the CFO and audit the adjustments/re-stated financial information so as to be in a position to finalise the audit and submit the audit report no later than 15 February 2007.


The following areas where applicable require review and re-statement:

1. Cash and cash equivalents - IAS 32 (AC125): Financial instruments: Disclosure and presentation & IAS 39 (AC 133): Financial Instruments: Recognition and measurement.
2. Receivables - IAS 32 (AC 125): Financial instruments: Disclosure and presentation & IAS 39 (AC 133) Financial Instruments: Recognition and measurement.
3. Inventories - GAMAP 12: Inventories

- | | | | |
|-----|------------------------------|---|--|
| 4. | Investments | - | IAS 32 (AC125): Financial instruments: Disclosure and presentation & IAS 39 (AC 133): Financial Instruments: Recognition and measurement. |
| 5. | Intangible Assets | - | IAS 38 (AC129): Intangible assets |
| 6. | Investment property | - | IAS 40 (AC 135): Investment property |
| 7. | Agriculture | - | IAS 41 (AC 137): Agriculture |
| 8. | Payables | - | IAS 32 (AC 125): Financial instruments: Disclosure and presentation & IAS 39 (AC 133): Financial Instruments: Recognition and Measurement. |
| 9. | Borrowings | - | IAS 32 (AC 125): Financial instruments: Disclosure and presentation & IAS 39 (AC 133): Financial Instruments: Recognition and measurement. |
| 10. | Provisions | - | GAMAP 19: Provisions, contingent liabilities and contingent assets. |
| 11. | Employee Benefits | - | IAS 19 (AC 116): Employee benefits |
| 12. | Leases | - | IAS 17 (AC 105): Leases |
| 13. | Property / Plant & Equipment | - | GAMAP 17 |

Please confirm your acceptance of this arrangement in writing, or indicate otherwise, by not later than 3 January 2007.

Kind Regards


H van Zyl
Business Executive: KwaZulu-Natal
The Auditor-General

cc. Chief Financial Officer



City of uMHLATHUZE

STAD • DOLOBHA

ANNEXURE C

*SERVING : Empangeni • Esikhawini • Ngwelezane •
Nseleni • Richards Bay • Vullindlela*

5 Mark Strasse, Central Business District, Richards Bay

☒ X1004, Richards Bay 3900 ☎ +27 35 9075000 ☎ +27 35 9075444/5/6/7

Website: <http://www.richemp.org.za>

E-mail: reg@richemp.org.za

Your ref: 21244REG 05/06 - GAMAP/GRAP

J PILLAY
Our Ref: 5/16/1/1/2006

16 January 2007

Mr H. van Zyl
Business Executive: KwaZulu-Natal
Office of the Auditor General
Private Bag X9034
PIETERMARITZBURG
3200

Sir

DRAFT AUDIT REPORT 30 JUNE 2006

We acknowledge receipt of the Draft Audit Report for the 2005/6-year and accept arrangement as proposed.

We will endeavour to restate the notes and policies where applicable in compliance with relevant standards.

Where we are unable to comply we would appreciate your report on these as an emphasis of matter rather than a qualification.

J PILLAY
CHIEF FINANCIAL OFFICER

PJ/dn
DMS 439846

DM:

