

ANNUAL PERFORMANCE REPORT

2006 / 2007

MUNICIPAL YEAR



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CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1. FOREWORD

1.1.1. Review by the Mayor

This is sadly my last contribution to the Annual Review as my term of Mayor of the City of uMhlathuze ended in October 2007 following the national floor crossing exercise.

However, I am proud to have been at the helm of this great City when it achieved many milestones that will most surely define uMhlathuze in years to come. I believe that my commitment to economic growth and the development of infrastructure for the betterment of all our citizens has proven to be the correct route and I hope that this commitment prevails under our new leadership.

At the end of the 2006/2007 financial year I am pleased to report that uMhlathuze Municipality is in peak condition and is a deserving benchmark for other local governments in terms of economic development and service delivery.

Although the start of the year was a challenging time for the newly elected Council we soon buckled down to the important work of serving our communities and driving our local economy to greater heights. Council's resilience to political differences is at the core of our success and has built the Municipality into a strong and dynamic force.

This year has been characterised by the coming on-stream of a number of long awaited projects. Construction of the upgraded John Ross Highway is well underway as is the Tata Steel development in Richards Bay. We look forward to the positive impact of this project as well as a number of equally exciting initiatives across the City.

In this regard Pulp United has requested to convert their option to buy the land to the south of Mondi to an Agreement of Sale, which is a strong indication that a new pulp mill will be coming to the City.

The Richards Bay IDZ is finally taking shape. Township establishment of sites 1A to 1E has been approved and we are now in a position to sell this land, which is about 300 hectares.

The City has entered into a Shareholders' Agreement with Ithala Development Corporation, government's representatives in the Richards Bay Industrial Development Zone. In terms of the Agreement the City will sell the IDZ land and become a 40% shareholder in the IDZ Company, with Ithala owning a 60% share. The Shareholders Agreement is absolutely essential for the IDZ – not only legally but so that companies situated in the IDZ can receive the due benefits. The City would then be involved in a viable IDZ and most importantly would be the spin-off to our economy in terms of downstream opportunities.

Importantly residential development and commercial activity are keeping pace with industrial development. From a commercial point of view residents will soon be enjoying the benefit of having a regional shopping mall on their doorstep and the development of the Northern CBD block as a lifestyle centre will not be far behind. I believe both developments will be great assets to our City, providing a first world shopping experience.

Interest in residential developments within the City is at an all-time high, particularly in Empangeni where Council has sold the Empangeni Tennis Club and a portion of the golf course for a development. A number of other private development initiatives are in the pipeline.

Council has prioritised the development of low income housing in the City so it is opportune that private developers are planning to take care of the housing needs of the middle to high-income groups.

For Council's part we have received DFA approval for the extension of Hillview suburb and Phase 4 of uMhlathuze Village, which is affordable bonded housing, has also been given the green light. Furthermore we are looking to accelerate the eSikhaleni Hostel Upgrade Programme and we intend to convert 117 hostel units in eNseleni into family houses.

To support the planned development as well as attract further development in Empangeni, Council will invest in road infrastructure in the amount of R22 million by doubling Main Road from the President Swart intersection through to the P166 or Western Bypass intersection.

Our rural and peri-urban communities are too benefiting from development initiatives including the extension of the eSikhaleni Mall and the establishment of a sub-acute healthcare facility in that suburb, the construction of a shopping complex at eNseleni, a swimming pool in Ngwelezane as well as substantial spending towards upgrading rural roads.

Apart from our own skills development efforts we are also actively involved in facilitating the efforts of other organisations and are working with the Zululand Chamber of Business Foundation regarding the strategic utilisation of the facilities at the Zululand Chamber of Business Community Park to ensure the long-term viability of the project.

We are also in the process of alienating land to the University of Zululand to establish a satellite City Campus in Richards Bay over the next three years.

I am also pleased to report that the Empangeni Arts and Crafts Centre is soon to be given a new lease on life with the awarding of a tender to Zikulise Community Upliftment Project to manage the facility. This means that the facility will finally be used as it was originally intended – to encourage skills development as well as job creation and entrepreneurship among local crafters, while simultaneously creating an tourist attraction for the town.

We are giving serious attention to encouraging further investment in the harbour, a national asset that has such an impact on our local economy. It is clear that if the national economy is to grow we need to be able to trade and, to my mind, no other South African harbour has such potential.

A technical committee has been established comprising top-level representation from the Municipality and Transnet to keep the Council informed about development activities in the Port of Richards Bay and to encourage investment opportunities.

The City of uMhlathuze is in an exciting growth phase and as a Council we want to make the most of the opportunities that come our way in order to provide a better standard of living for our residents and ratepayers.

Our staff is our most valued asset and I commend the CEO and his colleagues on their level of professionalism and ability to get the job done. They have been outstanding in their understanding of the challenges we face, and their advice has been superb, well considered and skillfully presented.

I would like to acknowledge the close working relationship with Dr Syd Kelly and his team at the Richards Bay Industrial Development Zone Company that has been instrumental in our efforts to attract new investment. Likewise we value the way in which the captains of industry work with our Municipality and support social investment for the benefit of our broader community.

The commitment of our community has also not gone unnoticed and I thank organisations such as Child Welfare, Hospice and the SPCA for always doing their best and often going that extra mile.

Lastly, as always, I extend my sincere gratitude and thanks to those who have supported me during my term 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.

Ald DJB Moffatt
Mayor, City of uMhlathuze

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

I am in my tenth year of involvement as a City Administrator in the uMhlathuze area. For a good portion of these years we have had announcements about investments by large companies like Tata Steel and Pulp United, about the establishment and licensing of an Industrial Development Zone Company, and about the establishment of a Container Terminal and Dry Dock at the harbour. Today we stand at a position where Tata Steel, Pulp United and the IDZ Company are a reality. The establishment of a Container Terminal and Dry Dock has never appeared so near to realisation as it does at present. In addition the Boardwalk @ Inkwazi Shopping Centre is taking great shape and form before our eyes. A number of tenders have been advertised for various investment projects in the City. Housing developments in Empangeni is at an all time high with the private sector playing a significant role. All of these developments make the uMhlathuze Municipality special and unique.

The high level of interest rates has depressed the economy of South Africa somewhat. uMhlathuze Municipality remains a growth point and with all of the investments coming on line as described in the previous paragraph the economy in uMhlathuze will remain at a healthy level if not growing in leaps and bounds.

The high growth rate in the economy of our Municipality will be meaningless if we did not also improve the quality of life of our citizens. This is a process which is hardly visible on a month-to-month basis. If, however, you take a step back and you look at the position as it was when the uMhlathuze Municipality was established in December 2000 in comparison with today you can only come to the conclusion that we are making definite progress. This is the nature of successful public interventions all over the world. It takes a couple of years to see the difference but the evidence also provides the proof that progress is indeed being made.

I am grateful for the enthusiastic dedicated staff that uMhlathuze Municipality is blessed with. We were the subject of a Peer Review survey earlier this year performed by

representatives from other municipalities throughout the country. The Peer Review Group commented very positively about the technical ability of our Municipality to deliver services and the team spirit and enthusiasm, which they noted amongst our staff. This indicates to me that we have the skills, knowledge and attitude to make a difference in our Municipality. We will continue to stimulate the macro economic growth of the area while we attempt to provide our citizens with a higher standard of living and greater enjoyment in their daily existence.

I also wish to pay tribute to the councillors of the uMhlathuze Municipality. Despite their political differences there is a high degree of agreement on good governance, shared values, maturity and accepted policies and systems. I also value the relationships between the councillors and the staff. Neither the political representatives nor the administration can deliver without working as a team. The results in the City of uMhlathuze speak for themselves.

Dr A W Heyneke
CEO/City Manager

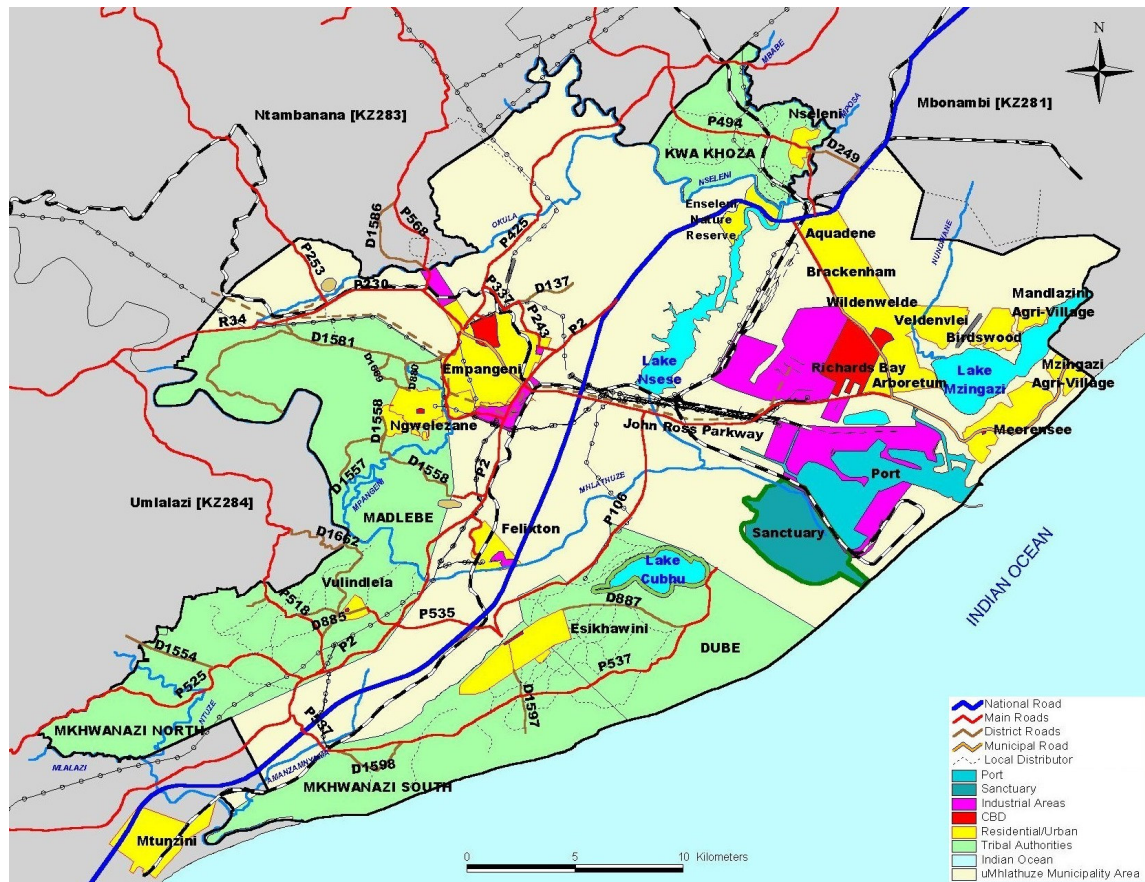
1.2. OVERVIEW OF THE MUNICIPALITY

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:

Orientation

The City of uMhlathuze is a local municipality situated within the uThungulu District Council area in KwaZulu-Natal. The area comprises urban settlement, rural settlements, rural areas, farms and nature reserves. The majority of rural settlements are located within Tribal Authority areas. The area has a deep-water port, which is connected by national roads and railway line to the economic heartland of South Africa. Empangeni and Richards Bay are the largest towns forming part of the municipal area and are surrounded by sugar cane fields, timber plantations, wetlands and fresh water lakes. These elements contribute to the scenic tranquility that makes the towns popular tourist attractions.



Municipal Land area

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

Population of the City of uMhlathuze (2006)

Overview

| Area | Suburb | Population (N) | Households (N) |
|---|---|----------------|-------------------------|
| Richards Bay | Sub-total | 53402 | 12200 |
| | Meerensee | 8174 | 2973 |
| | Mzingazi Village | 4033 | 668 |
| | Brackenham and Aquadene | 10957 | 2469 |
| | Arboretum, Veldenvlei, Wildenweide and Birdwood | 25218 | 5337 |
| | Mandlazini | 5019 | 753 |
| Empangeni | | 24119 | 5605 |
| Felixton | | 1352 | 210 |
| Ngwelezane urban | | 20279 | |
| Esikhawini urban | | 70977 | 5605 |
| Nseleni urban | | 14083 | 1728 |
| Vulindlela | | 6196 | |
| Total urban areas | | 137005 | |
| Esikhawini rural nodes | | 41118 | 9047 |
| Nseleni rural node | | 21165 | 6065 |
| Ngwelezane rural nodes | | 17908 | 3452 |
| Port Durnford | | 3966 | 608 |
| Balance of rural and tribal areas | | 58414 | |
| Scattered farmland | | 883 | |
| Total rural areas, tribal areas and farmland | | 143453 | |
| Total City of uMhlathuze | | 333860 | estimated 742691 |
| Total District Council | | 924921 | |
| Total Province of KwaZulu-Natal | | 9833767 | |

The above table indicates that 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.

Population groups

| | <i>Richards Bay</i> | <i>Empangeni</i> | <i>Esikhawini</i> | <i>Nseleni</i> | <i>Other areas</i> | <i>Total</i> |
|-----------------------|---------------------|------------------|-------------------|----------------|--------------------|--------------|
| Black African | 19382 | 13050 | 70882 | 14055 | 171320 | 288688 |
| Coloured | 2040 | 461 | 70 | 28 | 292 | 2891 |
| Indian / Asian | 10231 | 1035 | 18 | 0 | 70 | 11354 |
| White | 21343 | 9437 | 7 | 0 | 141 | 30927 |

Population by gender and age group

| Age | Female | Male | Population (N) | Population (%) |
|----------------------|---------------|---------------|-----------------------|-----------------------|
| <i>0 – 4 years</i> | 18028 | 18028 | 36056 | 10,8 |
| <i>5 – 14 years</i> | 37392 | 36724 | 74117 | 22,2 |
| <i>15 – 34 years</i> | 70778 | 65103 | 135881 | 40,7 |
| <i>35 – 64 years</i> | 40062 | 38394 | 78456 | 23,5 |
| <i>Over 65 years</i> | 6009 | 3338 | 9348 | 2,8 |
| Total (N) | 172271 | 161587 | 333858 | |
| Total (%) | 51,6% | 48,4% | | |

Population density

| Suburb / area | Persons per km² |
|---|-----------------------------------|
| <i>Felixton, farmland and forestry areas</i> | 2 - 525 |
| <i>Empangeni, Richards Bay (excluding Aquadene and Brackenhams)</i> | 526 - 1192 |
| <i>Vulindlela, Brackenhams 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 |

Level of education

| Highest Level of Education attained by over 20 year olds | uMhlathuze (persons) |
|---|-----------------------------|
| <i>No Schooling</i> | 34887 |
| <i>Some Schooling</i> | 25571 |
| <i>Complete primary</i> | 9206 |
| <i>Some Secondary</i> | 50863 |
| <i>Grade 12 / Standard 10</i> | 47612 |
| <i>Higher / Tertiary education</i> | 20513 |
| Total | 188652 |

Households

- There are a total of 74 269 households within the municipal area.
- The number of households per geographic area are:
Richards Bay 12200, Empangeni 5605, Esikhawini 5605 and Nseleni 1728.
The respective numbers of households in each of the other areas are based on calculations only.
- There are 166 indigent households.
- 77% of the total dwellings are of formal type, with 15% being traditional type, and 8% informal type.

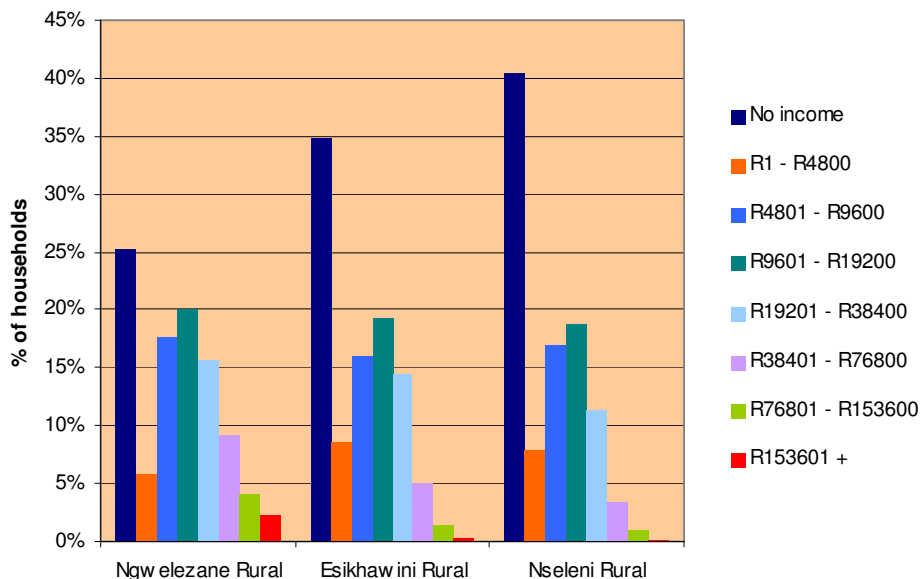
Number of persons per household

| <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> |

Household Income

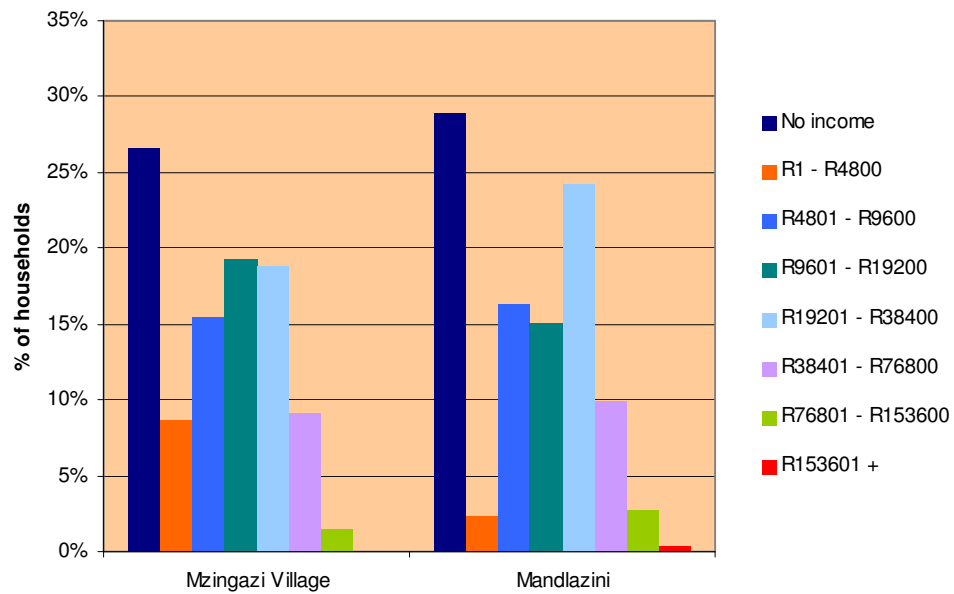
The comparison between annual household income is done according to typical rural, peri-urban and urban areas. Analysis of the overall average annual household income will be misleading as it is directly related to the geographical position and developmental level of a particular area.

Annual Household Income in Rural Areas



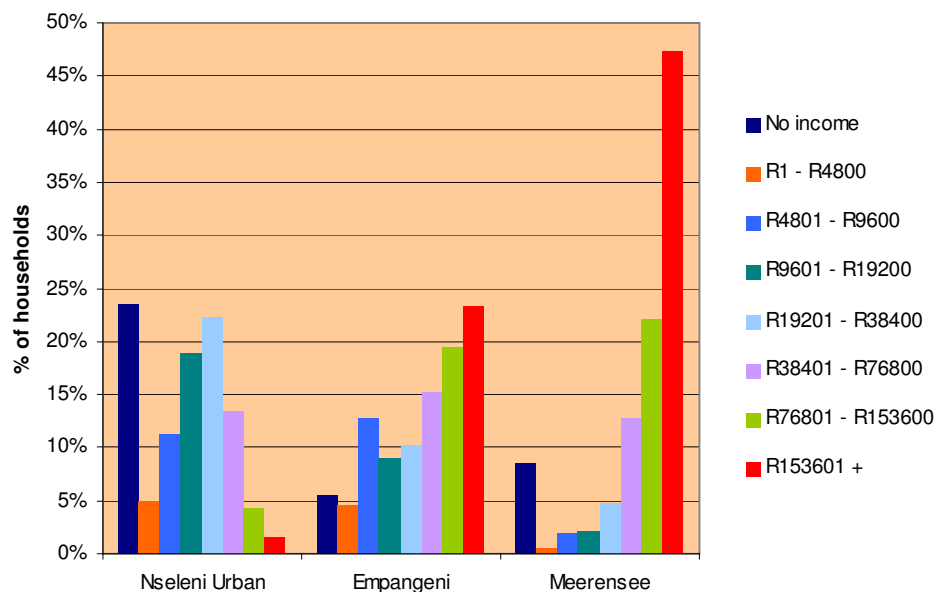
- The above chart indicates that the annual household income in the Nseleni rural area is the lowest as over 40% of all households have no income.
- Close to 20% of households in the Ngwelezane, Esikhawini and Nseleni rural areas earn between R9601 and R19200 per annum.

Annual Household Income in Peri-urban Areas



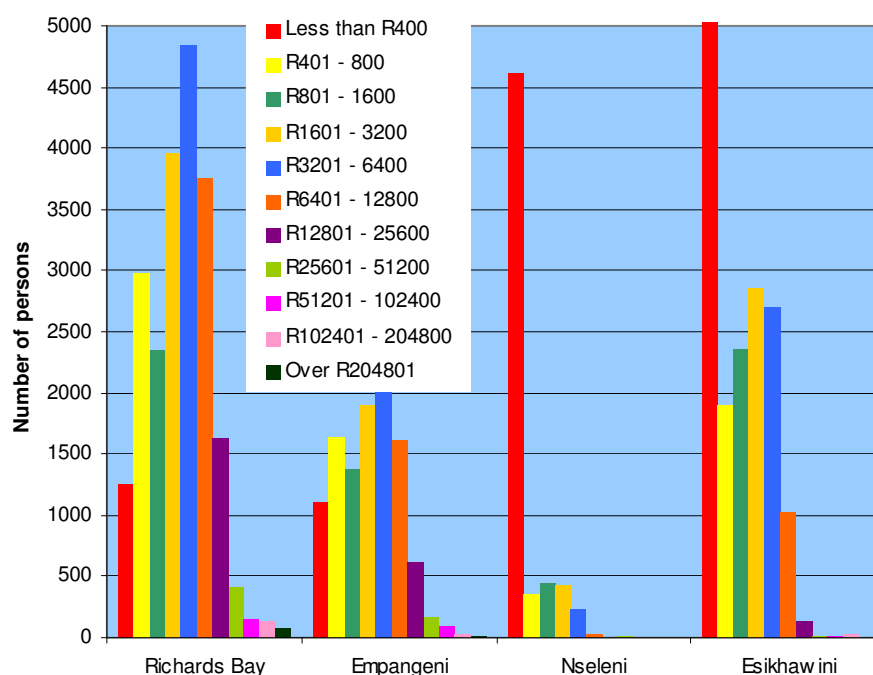
- 27% of households in Mzingazi Village and 29% of those in Mandlazini earn no income. A large portion of the households in these areas earn between R4801 and R38400 per annum.
- On average, the income distribution between households in Mzingazi Village and Mandlazini is similar between the R4801 and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

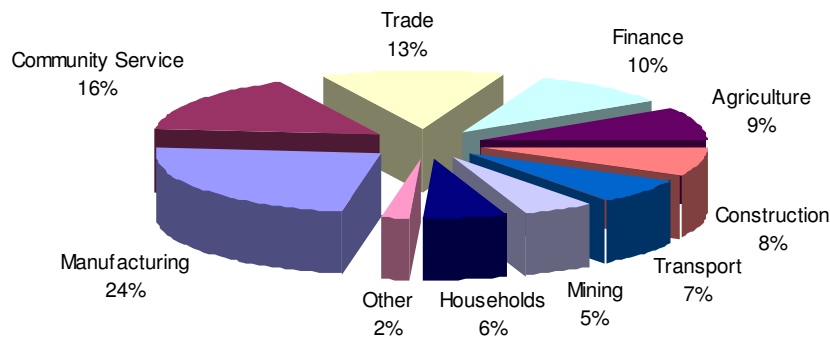
Labour Market Status

| | Richards Bay | Empangeni | Esikhawini | Other areas | Total |
|---------------------------------|--------------|--------------|--------------|---------------|---------------|
| <i>Economically active</i> | | | | | |
| <i>Employed</i> | 21029 | 10423 | 12485 | 31986 | 75924 |
| <i>Unemployed</i> | 4181 | 1372 | 7767 | 38578 | 51898 |
| <i>Unemployment rate</i> | 19% | 12% | 38% | 55% | 41% |
| Total Labour Force | 25210 | 11796 | 20252 | 70563 | 127821 |
| <i>Not economically active*</i> | 10890 | 5168 | 11671 | 54360 | 82089 |
| Total Labour Market | 36100 | 16963 | 31923 | 124924 | 209910 |

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

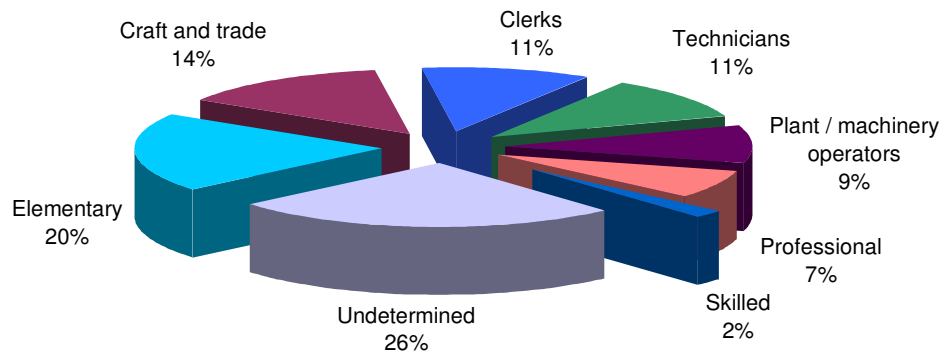
- Unemployment levels in the area are high in comparison to world standards. However, the unemployment levels relate to employment in the formal sector and do not reflect the true situation. For instance, economic activity in tribal areas such as production for own use, arts and crafts, and informal 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.

Distribution of Formal Employment by Economic Activity:



The manufacturing sector is the largest employer, employing 24% of the formally employed, followed by community services at 16% and trade at 13%.

Percentage of employable workforce with skills:

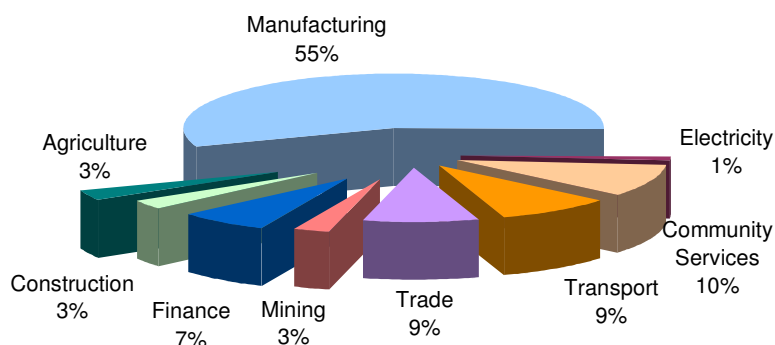


The dominance of the manufacturing sector in the municipal economy can be clearly seen from the chart above indicating the skills of the employable workforce – a large percentage of the employable workforce has elementary, craft and trade and technical skills. Professional skills also feature, which is reflective of the function of the municipal area as a service centre to the surrounding rural region.

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.

Percentage Sectoral Contribution to GGP



Business

- The population is served by 5 business districts with 21 shopping centres and a combined total of 197 227m² commercial floor space.
- There are 4 867 businesses in the municipal area.
- The area has 8 post offices, 27 bank branches, 35 government organisations and offices, 5 cinemas, 12 hotels and 74 registered bed and breakfast establishments / guesthouses.
- Industrial floor space totals 477 131m².

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.
- 1000 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 28231 electricity customers has prepaid meters.

Water, Sanitation and waste removal

- 87.71% of households have access to running water; and 78.55% of households have 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.
- 16 478 mega-litres sewerage were purified in 2006/2007; 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.
- 43.3% 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.
- There are 30 517 waste collection points for households and 1000 for businesses. The municipality collected 8384 loads of waste in 2003.
- 54.15% 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.

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.

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 142800 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. The municipality maintains 529 km of tarred roads and streets.
- The Port of Richards Bay consists of 2 157 hectares of land and 1 495 hectares of water area.
- Distance to closest international ports: Maputo – 465 km and Durban 160 km.

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 | 18 hole golf | Roller 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 | | | | | | | | |

Sport and community facilities

| | Cricket | Hockey | Basketball | Netball | Volleyball | Tennis | Softball | Athletics | Soccer | Rugby | Korfball | Squash | Jukskei | Swimming | Bowls | 18 hole golf | Roller skate |
|------------------------|---------|--------|------------|---------|------------|--------|----------|-----------|--------|-------|----------|--------|---------|----------|-------|--------------|--------------|
| 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: GOOD GOVERNANCE

Aim

To ensure democratic, responsible, sustainable and equitable municipal governance

To ensure social upliftment of its communities, in order to achieve a safe, secure and healthy environment.

Goals

Improve liaison, communication and consultation with all stakeholders and role-players in order to facilitate effective and efficient provision of infrastructure, services and facilities

Create a Safe and Secure Environment

DEVELOPMENT STRATEGY 2: INFRASTRUCTURE & SERVICES PROVISION

Aim

To maintain existing and provide new infrastructure and services, in a sustainable manner.

Goals

Provision and Upgrading of Basic Infrastructure to address Backlogs
Well-timed provision of new infrastructure to attract development
Maintenance of Infrastructure to maintain and enhance Service Levels
Improve Public Transport
Promote a variety of Housing Typologies and Densities to provide for all Demand Categories
Formalise Emerging Urban Settlements
Maintenance and improvement of development standards

DEVELOPMENT STRATEGY 3: SOCIAL AND ECONOMIC DEVELOPMENT

Aim

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
To create opportunities through economic growth and development within the City of uMhlathuze and to promote economic upliftment of its communities

Goals

Establish a Hierarchy of Nodes throughout the City of uMhlathuze
Improve Access to Social Facilities and Infrastructure for Rural Communities and disadvantaged Groups, particularly Women, Children and the Elderly
Promote a Diversity of Land Uses, Activities and Opportunities
Implement the outcomes of the Strategic Environment Assessment
Promote the Status of the City of uMhlathuze to become a Metropolitan Area
Extend the Metropolitan Open Space System
Enhance the Tourism Potential of the City of uMhlathuze
Promote Local Economic Development Initiatives
Promote Primary Industrial Development
Support existing local economic development initiatives and encourage new initiatives
Create an entry level into the market system for emerging businesses, the informal sector and SMMEs
Promote a diversity of economic activities throughout the City

DEVELOPMENT STRATEGY 4: INSTITUTIONAL DEVELOPMENT

Aim

To ensure institutional transformation as well as efficient and effective service delivery

Goals

Maintain and improve the Institutional Capacity of the uMhlathuze Municipality
Prepare IDP and facilitate annual review
Ensure continuous Organisational Analysis and Improvement in efficiency and effectiveness
Ensure efficient and effective Secretarial and Administrative Services to the Organization
Ensure efficient and effective Human Resource Management
Promote appropriate Information Management System/s for the Municipality

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

Ensure that Financial Planning, Budgeting & Expenditure aligns with the IDP
Increase the Municipal Revenue Base
Maintain high levels of Debt Control
Implement Revenue Enhancement measures

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 |
| 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 | | | | | | | | | | | | | | | |

| 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 |
| 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 | | | | | | | | | | | | | | | | | |
| 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 **103,47%** was achieved during 2006/2007.

The detailed financial viability figures are illustrated in the financial statements and annual report information.

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 2006/2007 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.

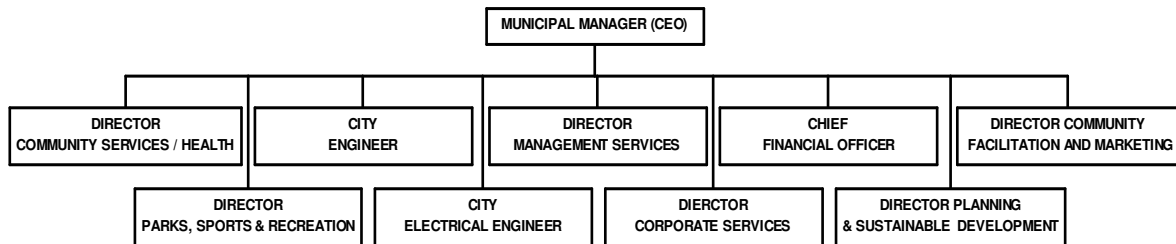
Given the above, the following key challenges faced by the IDP remain:

- ❖ 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 Render security and community policing services |
| Director: Planning and Sustainable Development | To Ensure The Rendering Of Effective And Efficient Integrated Development Planning | Ensure and maintain regular strategic planning Ensure the execution of integrated development planning Coordinate corporate business planning and local economic development services Ensure strategic Environmental Planning services Manage effective town planning Ensure appropriate building control |
| Director: Management Services | To Ensure Effective And Efficient Management Advisory Services | Render human resource management services Render management information systems Render corporate database system |
| Director: Parks, Sport And Recreation | To Ensure Effective And Efficient Horticultural And Recreational Services | 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 property rates/evaluation 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 2007 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 2007 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 community. 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 and the new Council again confirmed and approved the delegations on 18 July 2006 per resolution 3970. 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. The framework was reviewed and amended to align with the best practice guidelines suggested by the Department of Provincial and Local Government and Traditional Affairs of KwazuluNatal and the supporting documentation is available for inspection. The annual performance measurement on the 2006/2007 financial year is completed and attached as Ennexe A to this report and available for auditing.

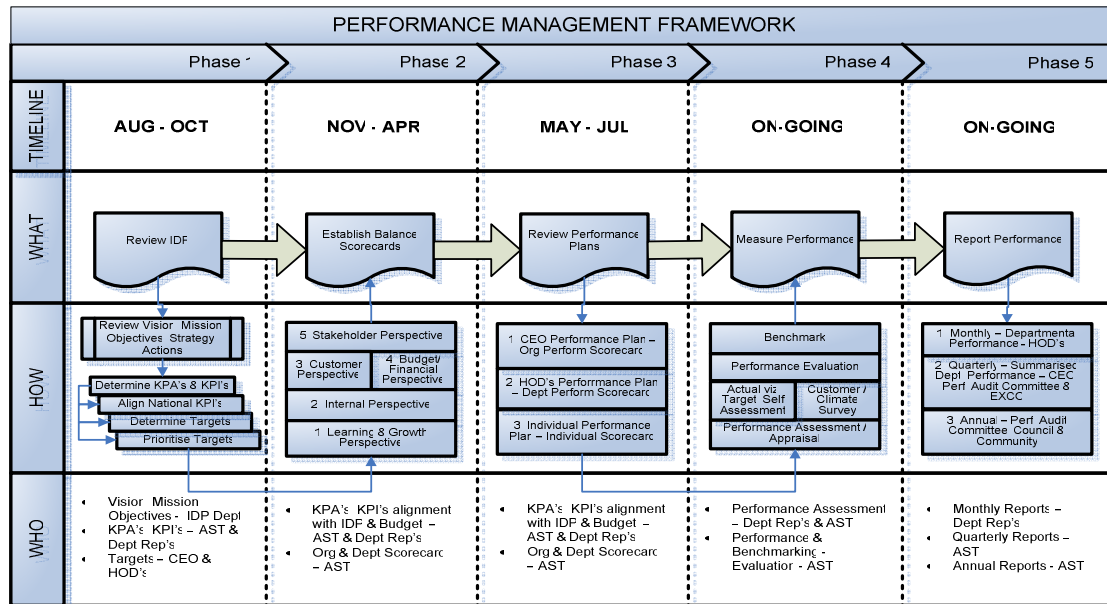
The Performance Audit Committee members are:

- Mr. H Oosthuizen – Chairperson from UNIZUL
- Dr J Sibeko – (from UNIZUL)
- Clr.AZ Mngayi. (Mayor)
- Ald DJB Moffatt (Observer)

A Customer Satisfaction Survey for 2006/2007 was conducted during July 2007 and the results were communicated to the Performance Audit Committee on 30 October 2007. The comprehensive analysis report is attached as Appendix B

Key performance indicators have been re-developed in support of the municipality's development priorities and objectives set out in the revised IDP framework that will remain for the next five years for consistency in measuring and reporting on long terms strategies and projects. 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 and performance plans were re-aligned to adhere to the provisions prescribed in the Performance Regulations (Notice 805, gazetted on 1 August 2006) and 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. Performance Evaluation panels have also been established for the assessment of the City Manager as well as Managers directly accountable to the City Manager per Council Resolution 4120 of 10 October 2006.

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 is in the process to be computerised towards the end of the 2007/2008 financial year, since the manual process became too complex and time consuming for completion within the required timeframes. A computerised performance management system was developed by an external service provider, but for unforeseeable reasons has not succeeded to fully implement the system to an operational state during the 2006/2007 financial year. Council's strategic Information Technology partner, GijimaAst is currently in the process to re-develop the computerised performance management system on the basis of creating internal capacity to develop and support the system on-site in future.

Local Economic Development

The Municipal Performance Regulation No. 805 gazetted on 1 August 2006 makes specific reference to the criteria upon which performance of the municipal administration must be assessed, consisting amongst others of a component namely Key Performance Areas (KPA's). One of these KPA's directly relates to **Local Economic Development (LED)**.

The uMhlathuze Council has determined in terms of CR 4433 of 6 March 2007 to create a dedicated unit to strategically manage the functions relating to LED. Prior to the foregoing Council had adopted a Preferential Procurement Policy in respect of CR 715 on 20 November 2001, which seeks to support local economic development through social upliftment, empowerment and job creation.

The key performance areas approved in respect of Local Economic Development are as follows:

- Provide strategic guidance to the Municipality on Economic Development matters, and working in relationship with stakeholders on economic initiatives.
- Provide an integrated business support services to existing and potential businesses to enable them to participate in income generating activities resulting in increase income and job creation.
- Provide Integrated Community Skills Development Service to uMhlathuze Municipal Area.
- Provide effective and sustainable trading opportunities throughout uMhlathuze Municipal Area

The specific facilitation role of the uMhlathuze municipality in terms of LED is:

- To create a local socio-economic environment that stimulates and facilitates the creation and the development of local economic activities.
- Plug the leaks in the local economy (retaining income in the local economy).
- Development of social capital (encouraging and developing the presence and capacity of all relevant collective stakeholders in the local economy e.g. chambers of commerce, NGO's, CBO's etc).
- Community economic development (e.g. cooperatives, municipal-community private partnerships).
- SMME development (e.g. business infrastructure, access to finance etc.).
- To identify business clusters and business opportunities and to facilitate the participation of the population in using the opportunities.
- Stimulate the establishment of new businesses or the growth of the existing ones.
- Organise the network of local actors for preparing and elaborating projects and initiatives, which can have access to provincial, national and international resources.
- To support the creation and/or consolidation of chambers of commerce and business associations, the presence of effective business development services, the involvement of organized labour in LED planning and activities.
- To organize the contacts links and exchanges of good, viable and sustainable LED components for their IDP's in alignment with the Provincial Growth and Development Strategy.
- To market the area and to provide marketing assistance and support to businesses from the area.

Council's LED Strategy consists of six key focus areas as follows:

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.

The benefits from the creation of a dedicated LED unit will be reported on in the new financial year 2007/2008, once the positions have been filled and the unit operational.

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 also have been re-affirmed by the new Council.

Integration of Plans and Budgets

The municipal financial plan or budget was reconciled with its Integrated Development Plan for the financial year commencing on 1 July 2006, resulting in an outcomes based budget for the 2007/2008 financial year. The CAPEX and OPEX of the municipality directly align with the Integrated Development Plan and monthly progress reported on the financial status as required by the Municipal Finance Management Act and the Service Delivery and Budget Implementation Plan.

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, etc.

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. A Bylaws Committee consistently deals with the updating/amendment to bylaws, quarterly reports are submitted to Council and it is also available for inspection

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 it 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. uMhlathuze has GijimaAst as a strategic ICT partner since April 2002 when the IT services and Business Analysis and Efficiency units were outsourced. GijimaAst is responsible for the IT strategy roll-out over the next couple of years and supporting all software and on-site IT related hardware.

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 or as result of labour unrest.

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.

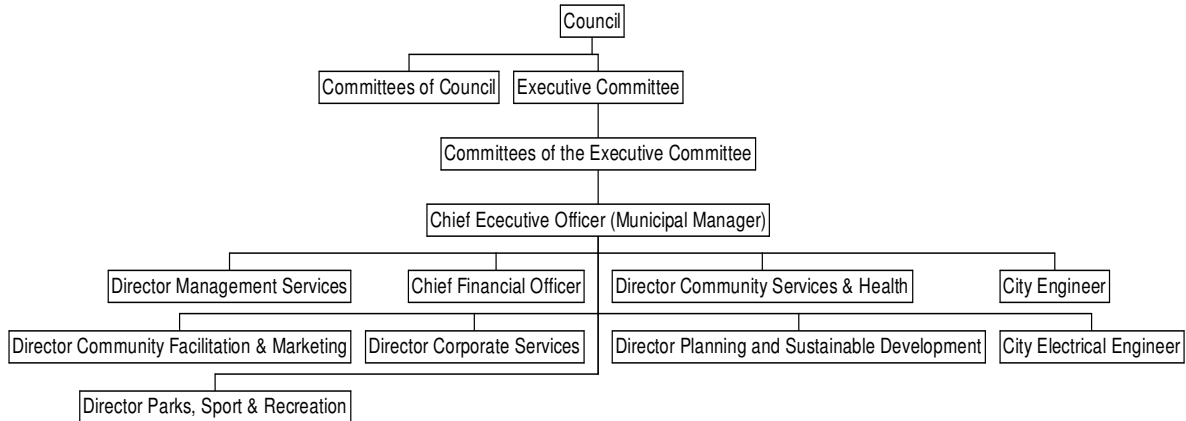
The committee system of the municipality ensures that all Councillors participate in the affairs of several committees. These arrangements compel Councillors to become informed about the problems experienced by management on different issues. Regular discussions take place to clarify uncertainties on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

- Libraries
- Secretariat
- Halls, Registry and Telecommunications

Libraries

In September 2006, Provincial Library Services initiated the READ AND GROW campaign. The City's libraries participated resulting in a host of children actively reading hundreds of books and experiencing the wonderful world of literature and learning. The libraries strive to maintain their vision of bolstering the education of the community and developing critical thinking skills that come from reading by opening minds to all sorts of knowledge. Libraries are the "universities of the poor" and the City Council is most supportive of ensuring that the libraries cater for the needs of the community. Continual steps are taken to find additional funding so that more libraries can be established.

The libraries are extremely popular as is evident from the following statistics for the period 1 July 2006 to 30 June 2007:-

| Library | Circulation | Visitors | Average number of active members | Average Number of members |
|--------------|----------------|----------------|----------------------------------|---------------------------|
| Richards Bay | 190 176 | 181 940 | 27 197 | 27 197 |
| Empangeni | 118 217 | 149 039 | 24 698 | 24 713 |
| Esikhaleni | 16 616 | 93 153 | 8 735 | 10 338 |
| Ngwelezaqne | 9 974 | 104 362 | 10 900 | 13 336 |
| Enseleni | 10 154 | 117 193 | 8 026 | 8 762 |
| Brackenham | 15 990 | 22 456 | 6 128 | 6 128 |
| Total | 361 127 | 668 143 | 85 684 | 90 474 |

Halls and Venue Bookings

The following table illustrates the popularity of the halls for the period 1 July 2006 to 30 June 2007 and emphasises the need for more halls to be constructed, to especially serve the rural communities.

| Place | Name of venue | No of Days used | No of Bookings made |
|------------------------------------|-----------------------|-----------------|---------------------|
| Aquadene | Aquadene Hall | 186 | 242 |
| Brackenham | Brackenham Hall | 307 | 435 |
| Empangeni Library | City Hall | 235 | 257 |
| | Supper Room | 178 | 195 |
| | Reception room | 183 | 189 |
| | Conference room | 166 | 216 |
| | Group Activities Room | 302 | 365 |
| | | | |
| Esikhawini Library | New hall | 271 | 313 |
| | Hlanganani hall | 183 | 218 |
| | Group Activities Room | 198 | 252 |
| | Seminar room | 216 | 258 |
| Mzingazi | Community hall | 233 | 351 |
| Library | Community hall | 196 | 198 |
| | Supper hall | 203 | 217 |
| | Group Activities Room | 178 | 182 |
| | Mini auditorium | 124 | 139 |
| Nseleni Library | Community Hall | 196 | 242 |
| | Group Activities Room | 220 | 308 |
| | Study Hall (a/hrs) | 27 | 27 |
| Richards Bay Library | Auditorium | 209 | 268 |
| | Bay Hall | 324 | 529 |
| | Veldenvlei Hall | 313 | 574 |
| | Group Activities Room | 355 | 772 |
| Vulindlela | Community hall | 110 | 119 |
| Total | | 5113 | 6868 |

Secretariat

Two additional committee officers were employed in order for this section to keep pace with the tremendous increase in the workload much of which was generated with the implementation of the bid committees, as required by the Municipal Finance Management Act (Act No 56 of 2003). A total of 163 bid meetings were held where 548 items were considered.

In addition to the many smaller ad hoc committees, task teams, management meetings and steering committees, the following major meetings where councillors and staff are involved were held in the period under review:-

| | Meetings held | Items considered |
|----------------------|---------------|------------------|
| Council | 15 | 624 |
| Executive Committee | 23 | 646 |
| Portfolio Committees | 128 | 588 |

In the township establishment of Felixton Village, the local authority was allocated the site on which the old community hall is situated. Plans are in place to convert the building to a library, but will incorporate a small community hall.

During the year under review, Council considered a report on rural nodes and the provision of community halls. From an in-depth study conducted, it is evident that community halls are a much needed and sought after facility of the community who utilise them for social gatherings, funerals, meetings, indoor sporting events, etc. and Council recognises the need to assist the community where it can. Further attention is to be given to this matter in the Integrated Development Plan and Council's multi-year budget.

Telecommunications

During the latter half of 2005, Council commenced with the amalgamation of all of its switchboards which were scattered over Empangeni, Richards Bay, Ngwelezane and eSikhaleni. Also there were individual telephone lines to various other offices and facilities such as the cemetery, nurseries, libraries, stores, public swimming pools, etc. Although the initial capital cost for this exercise appeared to be very expensive, the past year has revealed a drastic 59% saving in telephone costs – a drop from R2 503 508 in the 2005/2006 financial year to R1 019 087 in the 2006/2007 financial year.

Property Administration

The very positive property market was reflected in the wide range of issues that were dealt with by the Property Section. A strong emphasis on development of shopping centres, is evident.

The 27 General Residential (flat) sites that were created opposite the Central Sports Grounds were offered for sale by public tender and an overwhelming response was received. All the erven were subsequently sold and some have been cleared in preparation for building operations.

The servicing of the 50 small $\pm 3\,000\text{ m}^2$ General Industrial erven to the west of Tata Steel was completed and will in due course also be offered for sale by public tender.

Development of Shopping Centres

Good progress has been made with the development of a modern shopping complex in Nseleni. The tender was allocated and a Deed of Sale has been concluded. It is envisaged that the following will be provided:

- Banking facilities
- Spar
- Furniture Shop
- Build It
- Restaurants, etc

The local community will enjoy a 30% share in the development.

Construction of what can be regarded as phase 2 of the Esikhawini Shopping Centre has also commenced. This development, situated on J2294 and J2295 will be an extension of the modern facilities on Erf J2293 and will provide for:

- Build It
- Pick 'n Pay
- Banking Facilities
- Restaurants, etc

The owner of the existing mall and the developers of phase two have agreed to combine their efforts into one development which will also include a garage. Twenty percent of the mall is to be allocated to local people.

Erf 245 in Empangeni was sold to the owner of the adjacent Spar supermarket. His intention is to improve the parking and security at the centre.

The most impressive and visible development is taking place in the Richards Bay Central Business District being the new Inkwazi Regional Mall comprising of 65 000 m² of shops, restaurants and entertainment facilities. The development will provide for much needed undercover parking as well as secure parking in the remaining open parking areas. It will be two-thirds the size of Gateway (Umhlanga) and double the size of the La Lucia Mall (Durban North).

Phase One

Phase one is the revamp of the existing Boardwalk Centre and is scheduled to be completed by November 2007. The work includes the aesthetical upgrade of internal and external features of the existing shopping centre.

Phase Two

Phase two includes additions to the Boardwalk and construction of a new entertainment centre on the former Trade Winds Plaza site of approximately 7 000 m² lettable area.

Phase Three

Phase three includes the development of a skywalk over Mark Strasse and the development of the vacant portion of land south of Mark Strasse. This phase will provide a further 30 000 m² of lettable space. This phase is scheduled to be completed in March 2008.

A total of 9 ha, comprising of the area known as the Richards Bay Northern Block, has been sold for the development of a lifestyle shopping centre. It will feature a 27 500 m² shopping component. Site establishment commenced in July 2007 and the occupational date should be late in 2008.

A unique project is envisaged where the total area will be secured. Provision will be made for basement parking, various banks, a new hotel, restaurants and exciting new lifestyle shops.

The extension of the Essenwood Spar Shopping Centre on Erf 1725, Arboretum was approved at a recent DFA Hearing. The portion of land between the existing centre and the Arboretum Primary School will be utilized for the upgrading of the centre and improved secure parking.

Work on the Tuzi Gazi Esplanade has commenced and will consist of a commercial development in the Small Craft Harbour comprising of restaurants, shops, etc. Development costs are estimated at R10 million and the commencement date is August 2007 with completion date by March 2008.

A local entrepreneur has purchased the Tuzi Gazi Waterfront / Small Craft Harbour area and intends to upgrade the existing Quay Walk complex with substantial expansion to create additional restaurant space and small craft shops.

A tender has also been allocated to renovate and upgrade the Alkantstrand building and to operate a beach restaurant. KRS will operate the restaurant in partnership with SA Food Bank. It is envisaged that the new and improved facilities will be open for business by end of December 2007.

There is also strong interest in the leasing and acquisition of portions of public open spaces, especially walkways and similar areas for improvement of security in residential areas.

Rural Areas

Administrative procedures have also been put in place regarding the surveying and proper identification of homesteads, businesses, etc. that are located in the tribal areas. Such identification of so-called PTO's (Permission To Occupy) assists with protection of existing services, servitudes and protection of wetlands. High level discussions with the various Amakhosi will pave the way for joint planning and formalised development of the areas.

Empangeni

With exciting and extensive residential and infrastructure upgrades in the profile of Empangeni, it appears that this suburb will become the residential hub of Zululand.

The proposed Fairways Estate development includes medium density housing on two sites adjacent to the Empangeni Golf Course. Construction is expected to commence in January 2008, and the sale of its units will commence as soon as the project has the approval of the DFA. There will be 65 residential units of various sizes ranging from 120 m² to 2 200 m².

Although negotiations to acquire suitable portions of farmland adjacent to Empangeni for much needed mixed use developments entailing housing, service industries, shopping centre, office park, etc has so far been unsuccessful, Council is still pursuing other options.

The General Industrial zoned erven situated in Empangeni have been sold and development of the properties will commence soon. Erf 279, situated adjacent to the Eskom Complex, has been sold to Eskom to enable extension of their complex.

Various meetings were held with private township developers. Most developments are focused around Empangeni. The various DFA applications are being prepared and it is envisaged that development will proceed in the new financial year 2007/2008. The DFA in respect of Hillview South has also been approved.

Some of the statistics for land sales for the past year are as follows:

| | |
|--------------------|------------------------|
| Residential | R 160 200,00 |
| Council Houses | R 11 992 600,00 |
| Public Open Spaces | R 7 157 250,00 |
| Offices | R 386 000,00 |
| Industrial | R 7 711 400,00 |
| Commercial | R 36 374 778,00 |
| Flat sites | R 45 443 000,00 |
| Total | R109 225 228,00 |

Implementation of the Property Rates Act

The tender for the compilation of a new valuation roll was allocated to CB Richard Ellis Mass Appraisal (Pty) Ltd. The company is far advanced with preparation to collect the required data to value all the properties in the uMhlathuze Area. Data collectors will work through the residential areas during the latter part of 2007. The intention is to implement the new roll by 1 July 2008.

Legal Services

This Section is responsible for ensuring that all Council's legal documents compliant with the laws of the land and that Council's interest are adequately protected.

Councillors are also updated whenever new legislation affecting local government is introduced or is due to be introduced, thus giving Council the opportunity to express its view to the Provincial and National Government.

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 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. A total of 5628 rural waters were captured on the financial system, GPS coordinates taken, consumptions read and billed every month. It is expected that a further 3700 meters will be installed and captured in the 2007/2008 financial year.

The Felixton Village was successfully taken over by Council in 2006. Approximately 250 accounts that include property rates and services are billed and delivered on a monthly basis.

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 the property 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.

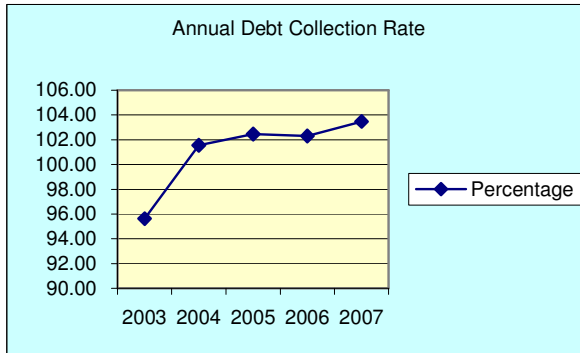
The tariff increases for the new financial year were kept below the annual CPI for all tariffs. The variance between tariffs the last four years are due to the streamlining of tariffs between the different towns. Except for the property rates tariffs, this Municipality has managed to equalize tariffs successfully.

The equalization of rates will be addressed once the new valuation roll, based on market values in terms of the Property Rates Act no 6 of 2004, comes into effect 01 July 2008.

Council's Credit Control & Debt Collection Policy was recently reviewed. The collection of debt has been very successful in the past due and it is believed that the new policy will improve the results even further.

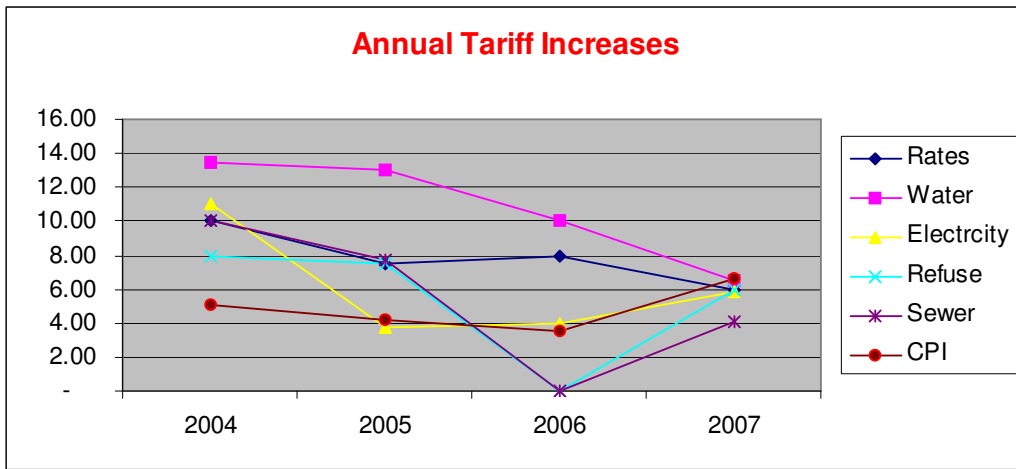
During the financial year Council also adopted a Tariff Policy. In terms of prevailing legislation, the policy are also being converted into bylaws to give effect to the implementation thereof

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.



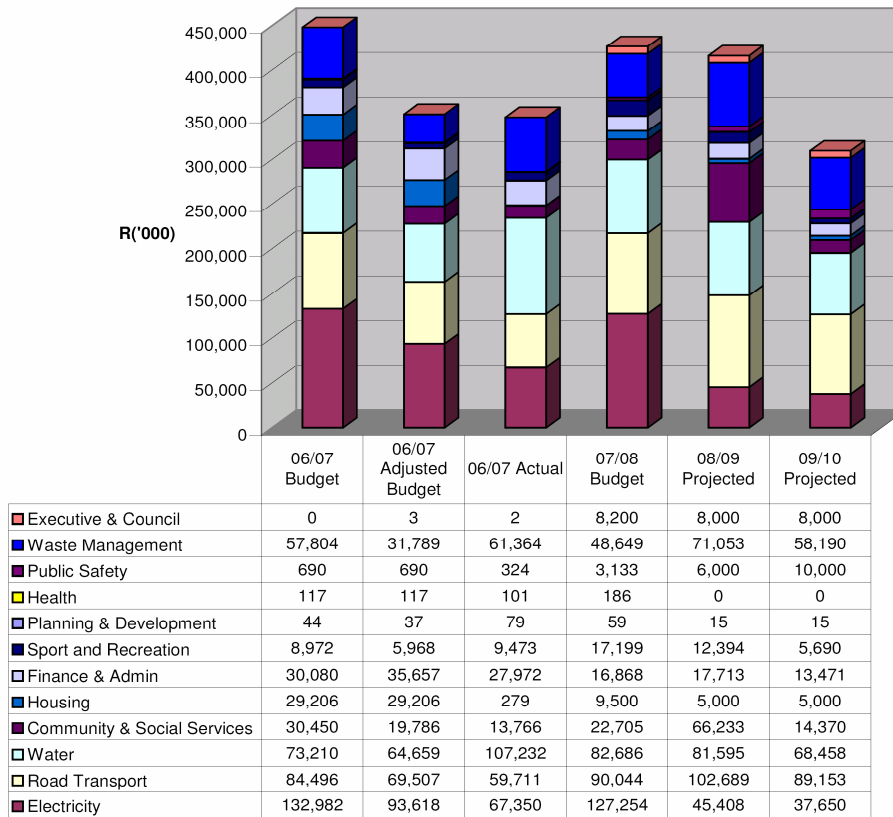
Annual Debt Collection Rate

| Year | Percentage |
|------|------------|
| 2003 | 95.64 |
| 2004 | 101.56 |
| 2005 | 102.45 |
| 2006 | 102.32 |
| 2007 | 103.47 |

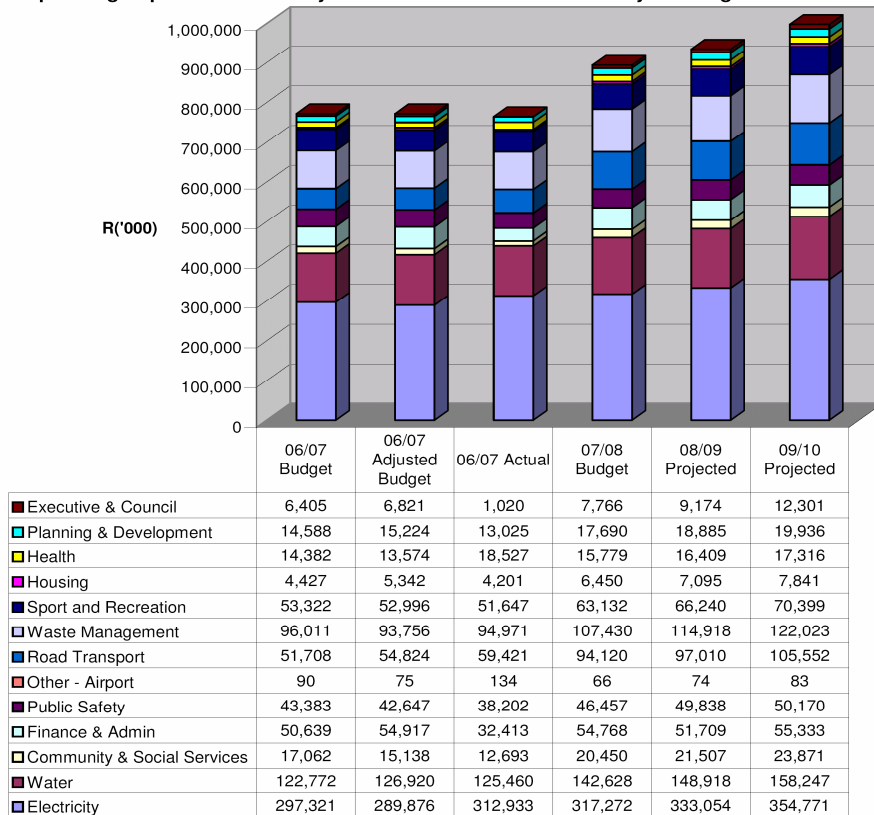


| Year | Rates | Water | Electricity | Refuse | Sewer | CPI |
|------|---------|--------|-------------|--------|-------|-------|
| 2004 | 10.00 % | 13.5 % | 11 % | 8 % | 10 % | 5.1 % |
| 2005 | 7.50 % | 13 % | 3.8 % | 7.5 % | 7.7 % | 4.2 % |
| 2006 | 8.00 % | 0 % | 4 % | 0 % | 0 % | 3.5 % |
| 2007 | 6.00 % | 6.5 % | 5.9 % | 6 % | 4.1 % | 6.6 % |

Capital Expenditure for the year ended 30/06/2007 and multi-year budget for 2007/2008



Operating Expenditure for the year ended 30/06/2007 and multi-year budget for 2007/2008



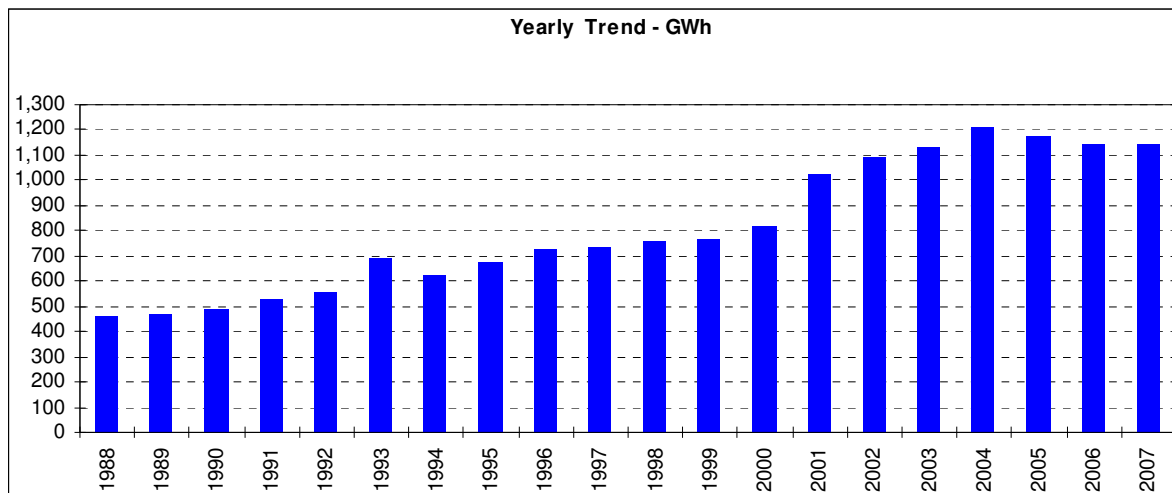
Office Of The City Electrical Engineer

Core responsibilities

- Operations and maintenance of the electrical distribution system
- Planning and development & Technical Services of electrical distribution system
- Marketing, Customer services and electricity retail
- Electrical Support services

Managerial overview

Electricity energy purchases from ESKOM decreased by 0.27% with a simultaneous demand increase of 6.36%. This indicates a third 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.



Operations and Maintenance

A high standard was maintained in the quality of supply to customers that uMhlathuze Electricity exceeded the National Industry performance levels, however the continued theft of cable and earthing copper is jeopardising this performance. This is a National problem that has been receiving attention at the highest level and revised legislation is apparently eminent.

Planning Development and Technical Services

The highlight of the 2006/2007 financial year has seen the commencement of the largest electrical capital project in the history of the City of uMhlathuze, at a total cost of R45 million. The 132kV Dual Circuit Overhead Power Lines between Hercules & Phoenix Substations and Phoenix & Indus Substations has successfully been completed. The design, manufacture, delivery, construction, installation and commissioning of a New 132 kV Phoenix Substation, 132 kV Indus Substation and Two (2) Outgoing 132 kV Feeder Bays at Hercules Substation is in progress and completion of this project is targeted for 1 October 2007. The substations will supply energy to Tata Steel. The Phoenix substation has been designed with future transformers in mind so that it would be able to provide energy in the future to both commercial and residential areas.

Other major projects/initiatives that have commenced or have been completed during the 2006/2007 financial year were:

- General improvement of existing streetlighting was done in all suburbs to the amount of R500 000.
- R180 000 was spent from the capital budget to install new streetlights along Bayview Boulevard road, Meerensee.
- Mzingazi Phase 1 Electrical Reticulation Upgrade Project.
R432 000 was spent from the capital budget to reinforce the existing medium voltage (MV) and low voltage (LV) electrical networks at Mzingazi Village.
- R1 200 000 was provided on the capital budget to reinforce existing electrical systems and networks in all suburbs as was identified. Reinforcement of existing systems and networks is to provide additional power capacity on the existing systems on demand from customers.
- MV Electricity Reticulation Project West of Empangeni
A new 11 000 Volt overhead line was constructed west of Empangeni near TICOR to provide the required electrical infrastructure for the proposed industrial development to the amount of R896 000 funded from the capital budget.
- Wildenweide South MV Electricity Reticulation Project
R1 035 000 was provided for on the capital budget to complete the medium voltage (MV) electricity reticulation to the newly developed commercial/domestic erven.
- Veldenvlei South MV Electricity Reticulation Project
R1 123 300 was provided for on the capital budget to complete the medium voltage (MV) electricity reticulation to the newly developed domestic erven.

Customer Services, Marketing and Revenue Protection

The following additional major projects/initiatives have commenced or have been completed during 2006/2007 financial year:

- The installation of check metering in Nseleni (1,414), Aquadene, Birdwood (1,231), eSikhaleni (293) has been completed. Therefore the Check meter customer base increased by 13.8%.
- As customers were changed to pre-payment, their “old conventional meters” were retained in services to be utilised as a check meters or new check meters were installed, thus adding 2,938 check meters to the existing system.
- Due to the Check Meter Principle being applied, for this financial year ± R1m was billed and R800 000 has been recovered.
- To date since inception in year 2000 of the Check Meter Principle, R10m has been billed and R7.2m has been recovered (72%).
- At an International Domestic Use of Energy (DUE) Conference held during April 2007 in Cape Town, an uMhlathuze staff member presented a paper on this issue and the City of uMhlathuze was applauded for their effort to curb Non-Technical electricity losses.

This paper proposed a solution to a worldwide tendency, that of increasing non-technical electricity losses, especially amongst Residential Customers. The primary objective is to prove beyond any doubt that electricity was consumed, doing so with factual evidence, without identifying the manner in which tampering took place, with no photos, no videos or guilty parties and no testifying as to the identity of the actual transgressor or instigator, and finally, to have the proven right to render an account for the consumption.

Free Basic Electricity (FBE) is supplied as per National Government Policy (Free Basic Services) to both uMhlathuze Electricity and Eskom. For the 2006/2007 financial year 17 044 free issues of 50kWh tokens were made.

Support Services

GEOTAB was awarded a three-year contract for the supply, installation, management and maintenance of a vehicle monitoring and tracking system by the uMhlathuze Municipality. The system will be installed in 285 vehicles and extended to the full fleet increasing cost saving on fuel and maintenance with added increased service delivery. The GEOTAB system provides a true live tracking system that uses typical GPRS communications providing second by second tracking at a capped monthly cost. The management can use the system to effectively control the fleet any time during circumstances and view the current status of the traffic fleet, deploying resources as required.

Streetlighting

- With regards to streetlighting, to reduce the high theft of underground cables in certain areas, overhead cable with wooden pole structures were erected.
- All redundant streetlights were replaced with new 70, 100 & 250 watt high-pressure sodium light luminaires during the year.
- A streetlight complaints system is being investigated to provide a way of processing streetlight complaints. A pre-recorded message will run 24 hours a day.

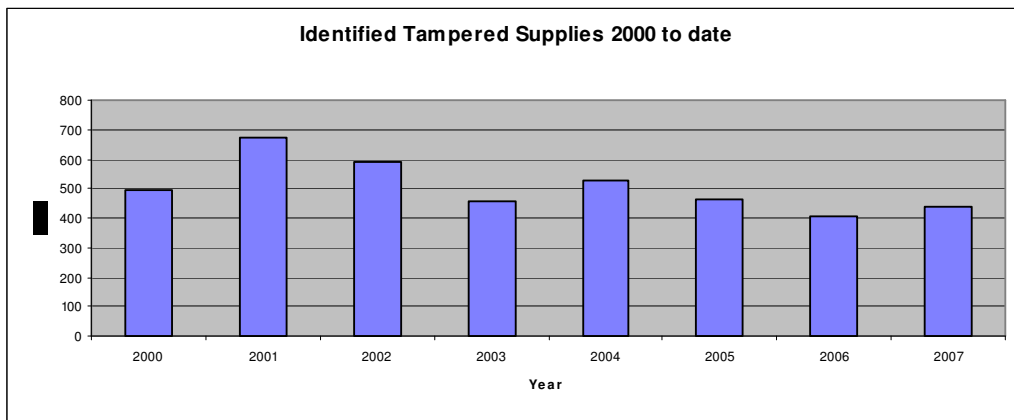
Revenue Protection:

A joint venture between GijimaAst and uMhlathuze Council has led to the development of IMPI_ECA. The software is specifically designed to identify installations where tampering might be taking place. Since the original inception of the concept whereby electricity consumption registered by the check / conventional meter is compared to electricity purchases for same installation a total of R10 219 851 has been billed out. From the total billed amount approximately 71 % has been recovered.

The figures for the 2006/2007 financial year were as follow:

Revenue billed / recovered

| Month | Revenue Billed | Revenue Recovered | Outstanding |
|------------------------------|----------------|-------------------|-------------|
| Jul-06 | 98,022 | 47,981 | 50,041 |
| Aug-06 | 164,879 | 78,324 | 86,555 |
| Sep-06 | 120,247 | 59,934 | 60,313 |
| Oct-06 | 77,815 | 78,055 | |
| Nov-06 | 56,316 | 105,941 | |
| Dec-06 | 25,491 | 89,236 | |
| Jan-07 | 64,222 | 40,158 | 24,064 |
| Feb-07 | 77,648 | 56,789 | 20,859 |
| Mar-07 | 129,352 | 85,467 | 43,885 |
| Apr-07 | 61,868 | 38,671 | 23,197 |
| May-07 | 73,093 | 70,304 | 2,789 |
| Jun-07 | 109,806 | 47,447 | 62,359 |
| Total 12 months moving | 1,058,759 | 798,307 | 374,062 |
| Total Since inception (2000) | 10,219,851 | 7,297,156 | |
| % Recovered to date | | 71% | |



There are currently 211 houses in the Vending system identified as tampered electricity supplies.

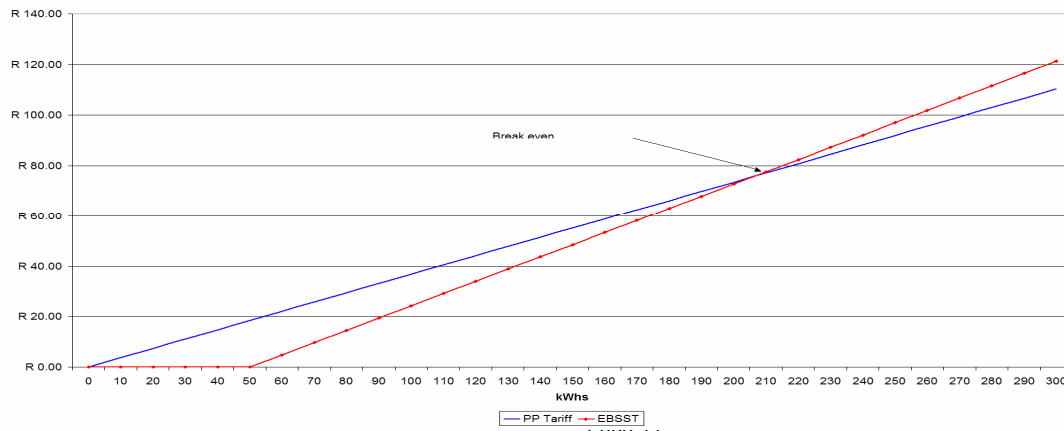
The City Electrical Engineer's Department will continue to install check meters at all installations where there is a prepayment meter for the purpose of monitoring energy losses due to tampering.

Free Basic Electricity

The Department of Minerals and Energy (DME) has been mandated to develop Free Basic Electricity (FBE) Services. This initiative is funded by national and provincial government, as allocated through Equitable Share by The Department of Provincial and Local Government (DPLG). The Free Basic Electricity is in line with the DME Policy: Universal Access to Electricity.

FBE is limited to existing domestic electricity customers, approved in December 2002 by Cabinet. It is a social service and thus a responsibility of the national government. FBE is an operational subsidy and is independent from capital funding. The capital funding is done via the DME's Electrification funding.

The present practice is that customer receives 50kWh free and for any purchases above 50kWh per month, the charge is higher than the normal domestic tariff. Customers receiving FBE are charged a different rate to those not on this tariff. The current break-even point for the domestic prepaid supply and FBE is at 200kWh. This means that a customer who purchases 200 kWhs less the free 50 = 150 kWhs pays less than the normal domestic tariff. Should the customer purchase more than 150 kWhs then the cost is more than the normal domestic tariff. The graph below demonstrates this scenario:



Eskom practice

In KZ282, Eskom supplies +/- 2000 customers on FBE. 50kWh free is issued to these customers per month and any purchases after 50kWh is charged at the normal domestic tariff. uMhlathuze Municipality refunds Eskom for the 50kWh offered to Eskom customers from the grant from DPLG. The Municipality currently has entered into an agreement with Eskom to supply 2005 customers with 50 kWhs of electricity free. This agreement is reviewed annually. This figure is based on an average consumption of 150 kWhs/month.

Challenges of current practice

The programme is self-targeting, i.e. customers request to be put on FBE. Due to lack of understanding and fear of paying more if consumption is more than 50kWh, customers do not make use of the tariff willingly. The difference in practice with Eskom resulted in customers disavouring FBE.

It was therefore decided to review the EBSST Policy and create a new tariff and FBE policy. The EBSST tariff had only 216 customers who opted to receive 50 kWh free electricity per month, whilst the Proposed FBE policy could benefit some 3 000 customers.

The implementation of the new FBE policy will become affective on the same date as the annual electricity tariff increases on 1 July 2007.

All customers who are affected were advised accordingly and on each month that they make their first purchase of electricity they will receive their free 50 kWh. Customers are also able to collect their free token at the beginning of every month even if they do not purchase electricity at the time.

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.

Water Loss Management function

Water Meters: Replacement of Old Meters

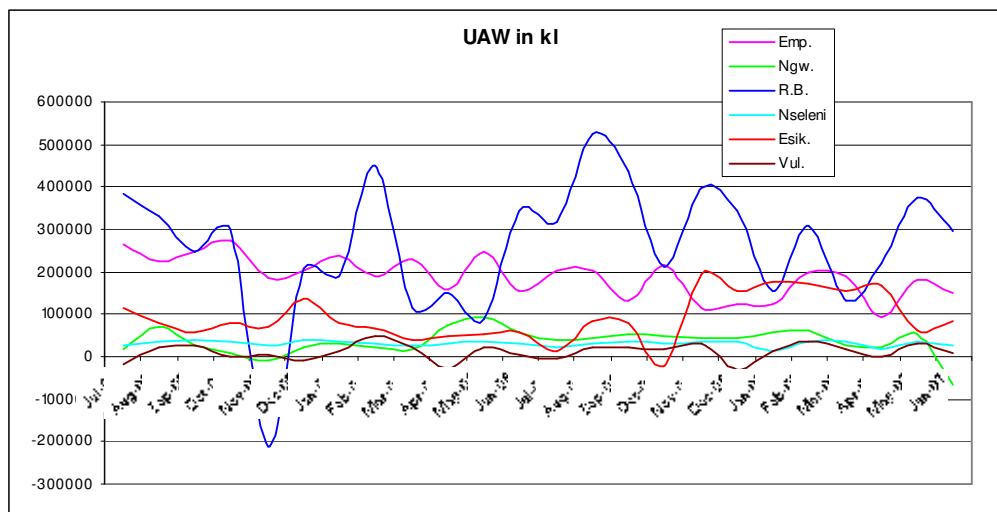
It has been proven that old water meter replacement is an extremely cost effective measure to reduce Non Revenue Water figures, that result in short cost recovery periods.

A total of R2, 9 million was placed on the current budget for the replacement of meters. Orders for the purchasing of meters were placed and all have been delivered and installed at approximate R 3400 per meter. A total of 861 meters were replaced from 1 April up to the end of June.

Unaccounted for water (UFW) meetings

Meetings were held on 17 May 2007 (36th) and 20 June 2007 (37th). Minutes were kept, agendas compiled and consumption figures updated for these meetings.

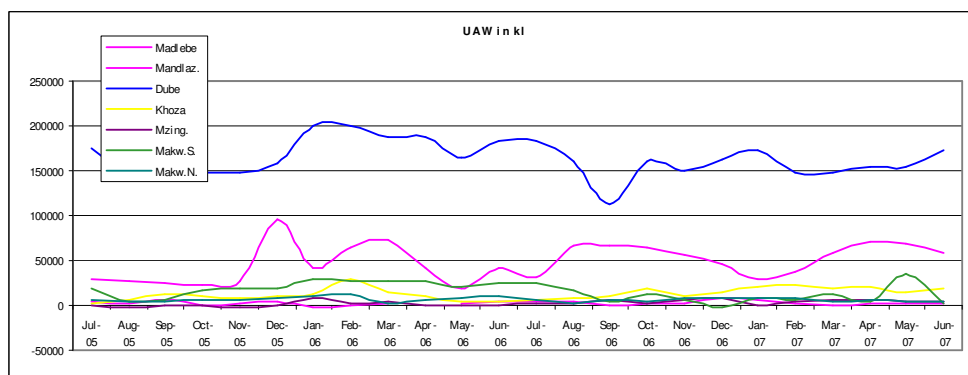
A graph showing unaccounted for water in kilolitre (kl) for the period July 2005 to June 2007 for all the different urban areas is as follows:



The downward trend for Empangeni is continuing. The reason for this is attributed to the current water network replacement programme, pressure management as well as the meter replacement programme. Water sales have shown a dramatic increase with the highest ever figure of 527647kl recorded in April 2007. Unaccounted for water is to be reduced further by the application of pressure management.

A malfunctioning pressure reducing valve caused the sudden escalation in UAW for eSikhaleni. This has been repaired and consumption is back to normal. This incident shows the effect that excess pressure has on unaccounted for water.

The following is a graph showing unaccounted for water in kilolitre (kl) for the period July 2005 to June 2007 for all the different rural areas:



The trend in unaccounted for water for Dube seems to be stabilising and has reduced over the past year. When rural UAW is calculated, a fixed number of households multiplied by 6kl per month are used. The figure for Dube in particular will be revisited with a population and demographic study that will be carried out commencing in October 2007.

4 312 individual domestic meters were installed in rural areas, are reflected in the billing database, and are being read. It is to be expected that rural demand will increase after the network upgrading work that was done.

Empangeni water network replacement programme

Because of the high water losses in Empangeni, it was decided to replace all water reticulation in stages.

Since 2001, three phases have been completed and a total of 30% of all water reticulation was replaced. The fourth phase is planned to commence in January 2008, which will bring the percentage of reticulation replaced to approximately 45%.

Pressure management by controlled P.R.V. installation

The aim of the installation at the corner of Main and Frank Bull Roads is to lower pressures at periods of low flow when pressures (and therefore leakage) are at their highest.

Pressure control commenced on 30 March 2007. The installation was closely monitored in order to ascertain the flow reduction values (i.e. water savings). Results obtained were as follows:

| Month (2007) | Monthly water consumption in cubic meter | Consumption in cubic metre per day for the month |
|--------------|--|--|
| January | 196300 | 6334 |
| February | 176500 | 6300 |
| March | 198200 | 6400 |
| April | 166500 | 5535 |
| May | 166700 | 5541 |
| June | 150933 | 5214 |

An immediate drop in water consumption was realised. The average consumption from 3 January 2007 to 31 March 2007 was 6358 m³/day. The average consumption from 1 April 2007 to 30 June 2007 was 5437 m³/day, which equates to a saving of 921 m³/day. At a rate of R1,81/kl the savings amount to approximately R50 000,00 per month.

Bulk meter installation

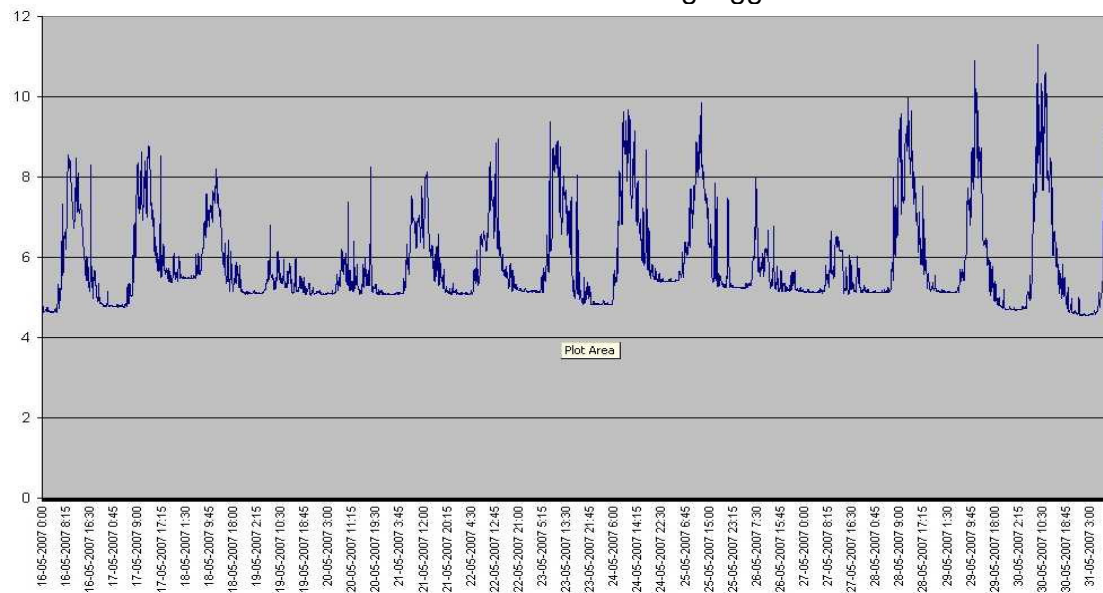
An amount of R0,5 m is available on the 2006/2007 budget and R2,86 m on the 2007/2008 budget for the installation of ± 50 bulk zone meters (2nd and final phase). It was decided that the tender for the final phase be dealt with in-house. Installation of zone water meters for the City of uMhlathuze at various locations throughout the municipal area will commence in the 2007/2008 financial year.

Bulk meter monitoring (logging of flows and pressure)

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

Pearce Crescent gravity feed. This is one area identified where pressure management is urgently needed. The night flows through this meter dropped from almost 200 m³/h to 110 m³/h and this is the first site where a controlled P.R.V. installation was done. These flows and pressures will be closely monitored to see what effect the installation has had.

Flows in the Thuthukani School water line are being logged and are as follows:



The night flows of just less than 5 m³/h with maximum flows of 11 m³/h prompted the appointment of a contractor on 28 May 2007 to do leak detection.

Water Network Replacement Policy

Council adopted a report entitled "THE DEVELOPMENT OF A WATER NETWORK REPLACEMENT POLICY" as a result of the amount of work that is presently being done to replace water reticulation.

Water Services Development Planning and Water Quality Assurance function

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.

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** has been 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 (Richards Bay)
- 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 with 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.

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. Online effluent monitoring meters will be installed to obtain history of

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 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 240MI
- Pumpstations – 7
- Treatment works – 4 treating up to 100MI per day.
- Meters – approximately 30 000 installed, and increasing continuously.

Waste Water statistics:

- 614 km of sewer pipes
- 2 Macerator stations
- 4 Treatment works – treating approximately 25MI 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.

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.

Telemetry

A maintenance lease contract with Messrs Exelcom cc was entered into for the maintenance and upgrading/repair of Council's potable water and wastewater telemetry/SCADA system.

Civic Centre replacement of fire water pipes

This project is currently underway with drawings that are available at present, with specification, advertisement, adjudication, award and implementation to follow.

Project Management Unit

The Project Management Unit has 2 main functions:

- The Municipal Infrastructure Grant Funding, including counter funding are spent to ensure backlog eradication in the Traditional Areas, and
- Internal municipal funding are utilized to ensure that new water and waste water projects are built and existing infrastructure are upgraded to ensure that the level of service rendered to the community can be sustained and that any new developments can be served with water and waste water services.

Municipal Infrastructure Grant Funding function

Statistics

- Grant Funding spent in the 2006/2007 Government Financial Year (April 2006 to March 2007) = R 28 039 814
- uMhlathuze Municipality Counter funding spent to augment above grant funding = R 13 968 856
- Total budget spent on backlog eradication = R 42 008 670
- Total Number of projects in various stages of completion = 12
- Total number of job opportunities created in the financial year = 99 920 labour days
- Total Capital Budget spent on local labour = R 5 040 015
- Total number of people who received accredited training through the projects = 1210 persons

Project overviews

Following is a brief description of the projects dealt with under control of the PMU section during the 2006/2007 financial year:

Madlebe Bulk Water Supply Phase 1

Madlebe Bulk Water Supply Phase 2

Madlebe Bulk Water Supply Phase 3.1

Madlebe Bulk Water Supply Phase 3.2

Phase 3.1 of the Madlebe Water Supply Project Commenced in February 2007. The reticulation will be upgraded and meters and yard taps will be installed to all households. Phase 3.2 of the Madlebe Water Supply project will commence in October 2007 and Phase 3.3 of the Madlebe Water Supply project will commence in October 2008.

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 was installed under this contract. The bulk pipelines supply water to Mkhwanazi South traditional area and supply water to the boundary of uMlalazi Municipality, from where

uThungulu District Municipality installed 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. With the completion of Phase 3, the whole of Mkhwanazi South Traditional Area, Including Port Durnford, now 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 Water Supply Phase 4 **Mkhwanazi North Water Supply Phase 4A**

Ten Reservoirs, the largest being a 500kl reservoir and 32,67km of reticulation pipes was installed under this project. These projects ensured that 90% of Mkhwanazi North Traditional Area is now serviced with reticulation pipe networks. These networks are not adequate to allow yard tap connections as yet but Phase 5 will address this problem. Phase 4A addressed a portion of the bulk supply to the areas next to the R102. Under Phase 4B a 25m high, 500kl concrete reservoir will be installed (November 2007). Phase 5 of this project will address the balance of the bulk supply pipelines to increase the water supply sufficiently for the yard tap installation for all residents in this area.

Greater Khoza Water Supply Phase 3.2

Under this project, 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, were installed. At the end of phase 3.2 the whole of Khoza Traditional Area have sustainable water supply and each consumer have a yard tap. On completion of Phase 3.2, small problem areas still exist and that will be completed on quotation basis in the next financial year.

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 2747 VIP's was completed under Phase 1 of the project and Phase 2 is still under Design. On completion of these 3 Phases all the residents in the Dube and Mkhwanazi South Traditional areas will have access to basic sanitation facilities.

Dube Bulk Water Supply Scheme

Funding was obtained to install a bulk water pipeline into the Dube Tribal Area specifically to serve the Gobanglovu and Mandlakala areas. This project will commence in November 2007.

Mzingazi Sanitation

Funding was obtained to install a water bourn sewer system in Mzingazi Village. This project will commence in January 2008.

Municipal Funding function

uMhlathuze Low Cost Housing Bulk Sewer Installation

An amount of R922 047 was spent on installing 1 400m of uPVC bulk sewer pipelines ranging from 160mm to 250mm in size. This project will enable the developer of the uMhlathuze Low Cost Housing Scheme to continue with the expansion of the scheme and new housing units will now be able to be served with sanitation facilities.

Empangeni Water Network Improvements

Reticulation pipes in Empangeni are very old in places and a phased replacement of these pipes is required. Phase 3 was completed in March 2007 at a project cost of R7.529 million. The project team consists of CBI Engineers with Mswane Construction as the contractor. A total of 13,5km of water pipelines have been replaced under phase 3.

R293 Water and Wastewater Works Improvements

New fencing and upgrading of existing fencing was completed and sludge removal from the existing sludge ponds at Nseleni sewer works took place. This work was done as part of the works transfer grant funding from DWAF that was augmented by internal funding. An amount of R1,285m was spent on these projects.

Replacement of Manifold at Mzingazi Water Works

An amount of R5,57 m was allocated to replace the pump manifold and start of the rising mains. The existing manifold is more than 30 years old and the risk of failure is high. The new manifold will be completed during October 2007.

New Forest Reservoir

A new 20MI reservoir will be built at the Forest Reservoir site in Esikhaleni. The R 15,8m project started in March 2007 and will be complete in March 2008. This project was envisaged due to the increased required storage facilities to satisfy the increasing demand for potable water in the rural areas and the completion of the supply pipeline to Mtunzini.

New 9MI Extension to the Esikhaleni Water Treatment Plant

A new 9MI per day extension to the Esikhaleni Water Treatment Plant will be built at a cost of R 17,8m. The project started in March 2007 and will be complete in February 2008. This extension is required to supply enough potable water to the increasing rural communities and to supply Mtunzini with potable water through the newly completed Port Durnford Pipeline discussed under the Mkhwanazi South Water Supply Project above.

Roads and Stormwater / Buildings and Structures Branch

The following capital projects were dealt with by this branch during the 2006/2007 financial year:

Doubling main road Empangeni

The preliminary design, including the public participation meetings required for eia purposes, was done. By the end of the year, detailed design was at an advanced stage with the view to inviting construction tenders.

Ngwelezane swimming pool

Delays were experienced due to difficulties in finding a suitable site and problematic geotechnical conditions. At the close of the year the tender award process was underway.

Alton landfill site: closing stage 2 & transfer station

Slow start due to the consultants not performing.

Esikhawini section h2: uMnyezane road extension

Slow start due to lack of staff capacity.

Garden refuse transfer station (Meerensee / Greenhill)

Slow start due to lack of staff capacity.

Maintenance: rail private sidings

The work was carried out as per budget value r528 000.

Fencing northern services centre

Slow start due to lack of staff capacity.

Alton north: phase 3: Helium hoogte – Ferrogang cluster: Richards bay

The project experienced severe delays due to difficulties in obtaining permits to transplant certain trees.

Upgrading of Arboretum / Aton link: phase 2: Richards bay

Work commenced in January 2007 and is due for completion in May 2008.

Tarring of a portion of rural road P494

This project was completed, providing a much higher standard of rural road than what existed previously.

Upgrading of North Central Arterial/Bullion Boulevard intersection: Richards bay

Work commenced in March 2007 and is due for completion in November 2007.

Upgrade of portions of roads A2503 & A2572 Esikhawini south

Work commenced in May 2007 and is due for completion in September 2007.

Upgrade of storm water Gemini outfall: Empangeni

Work commenced in March 2007 and is due for completion in September 2007.

Road safety improvement at Hillside Billiton smelter entrance

Work commenced in May 2007 and is due for completion in August 2007.

Ngwelezane: south access (road U252)

Work commenced in May 2007 and is due for completion in September 2007.

Pedestrian paving and walkways

Work commenced in February 2007 and is due for completion in August 2007.

Bus & taxi lay byes and shelters

Work commenced in March 2007 and is due for completion in September 2007.

Ngwelezane: Madlebe & Nongweleza roads

This was the second phase, which the first was completed in the previous financial year. Work commenced in April 2007 and is due for completion early in October 2007.

Maintenance of existing open storm water system: City of uMhlathuze

Two contracts totalling about R1,8 million were completed in this financial year.

Tanner road upgrade: Empangeni

The project was carried over from the previous financial year and has practically been completed to a value of R5,43 million.

Support Services Branch

The Design and information Section has continued to provide design input on a number of internally allocated capital projects such as roads, water and sanitation infrastructure. Furthermore the section has also provided extensive assistance to all departments in the organisation with regards to ad hoc surveys, draughting and designs covering a wide range of issues pertinent to specific departments. To date 105 such projects have been attended to in this reporting period.

The acquisition of a Trimble R8 GN55/R6/5800 GPS has also equipped the section with the means to establish survey control in the remote rural areas, which will directly assist with service infrastructure expansion in these areas. The Information subsection successfully completed the installation, implementation and conversion to an electronic plan filing system. This system allows for the conversion of hard copy drawings to an electronic format via a scanning process. The system currently houses approximately 10 000 drawings on a single desktop computer which has realised a substantial saving on floor space made available for other purposes i.e. offices.

GIS upgrade and expansion project

The GIS Upgrade project commenced in March 2006 as a Phase 1 (P1) and Phase 2 (P2) concentrating primarily on data capturing (P1) and a complete system enhancement (P2). The move from the original GIS system Civil Designer Map and it's associated Microsoft Access database platform to ArcView utilising Oracle as the database warehouse has paved the way for equipping the City of uMhlathuze with a fully functional and integrated corporate GIS. The three pillars of any established system i.e. systems, resources and data has enjoyed specialist attention in that not only has the system's component been addressed but also the "work face" resource team comprising of departmental super users and a functional co-ordinator (GIS User Work Group). GijimaAst will also be part of this team in providing the external IT and network systems support. Heads of Departments (HOD's), Secondary Users, Tertiary Users and Field Operators will also provide vital input to the GISUWG in both establishing and maintaining the corporate GIS. The roles and responsibilities of all the role players has been encapsulated in the Operational Plan and dataset ownership in the User Requirement Specification (URS) documents.

The P1 and P2 phases are nearing completion and it is envisaged that a third phase (P3) will shortly be implemented to further enhance data capture and a minor systems expansion. A revised Digital Orthophoto base covering the whole of KZN282 was acquired in September 2006 and provides valuable information at one's finger tips especially in the more remote rural areas. Council's GIS website has also undergone a redesign and will shortly be made available worldwide. The above GIS initiative forms part of the Council's overall Information Technology Strategy and is the culmination of some 20 years of effort in establishing a fully functional corporate GIS for the City of uMhlathuze which is already the envy of many municipalities in the region.

GMS upgrade

A new software application system called GMS (Gijima Maintenance System) was successfully commissioned on 01 July 2007. GijimaAst developed the application in-house. The move from the original Maintenance Logistic System (MLS) to the new opened sourced, web-based application has equipped the City of uMhlathuze with a fully functional and integrated maintenance system. The City Engineers Department has established a GMS User Work Group comprising of the departmental administrator, departmental section heads, assistant city engineers and GijimaAst to determine the roles, responsibilities and user requirement specifications thus providing vital input to the user work group in the both establishing and maintaining the corporate GMS system. As part of the team GijimaAst will provide external IT and network systems support. GijimaAst has also been tasked to submit a proposal for the analysis of the department's maintenance business processes and procedures to further advance service delivery and asset management. It is envisaged that during the second phase of the development, Council's fleet management and Treasury's asset management will also be integrated with GMS. The above GMS project forms part of council's overall IT strategy.

OFFICE OF THE DIRECTOR PLANNING AND SUSTAINABLE DEVELOPMENT

Main responsibilities

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

Land Use Management

The compilation of a Land Use Scheme (LUS) is a legal requirement that uMhlathuze Municipality is obliged to meet in terms of the Municipal Systems Act. It will align and translate the Town Planning Schemes of Empangeni and Richards Bay, 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.

The LUS will be used to implement the strategic vision of the Spatial 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. Importantly it will provide certainty for investment and local economic investment.

The LUS will create better service provision from the Municipality in terms of planning and development. It will be useful in promoting clarity about investment opportunities and the GIS database, which the Scheme makes use of, is interactive and can be used for other mapping and information. The available updated aerial photography provides an accurate aerial backdrop needed for land use monitoring and mapping.

Interested and affected parties including Traditional Authorities, commercial, industrial and environmental interests, farmers' associations, government departments and parastatals and the general public are to be consulted as part of the process to complete the preparation of the LUS. The Department of Local Government and Traditional Affairs has already approached the Traditional Authorities in this regard in preparation for the Municipality's consultation drive.

Development Planning branch

The following projects have been dealt with by this branch:

Proposed residential development of Meerensee 5

Terms of reference have been compiled for the tender process to alienate land to a private developer for the residential development of Meerensee Extension 5. Remainder of Erf 5333, Richards Bay, has the potential to yield 400 erven, being low and medium density residential erven, and a school site.

A sensitive habitat assessment has been conducted to avoid development on environmentally sensitive areas. The tender process will take place during the 2007/2008 financial year.

Proposed eSikhaleni/Vulindlela Development Corridor

A layout plan has been prepared for the proposed eSikhaleni/Vulindlela Development Corridor, which has been earmarked for land situated south of Felixton, along the P535 provincial road linking Esikhaleni and Vulindlela.

The land is approximately 647,729 hectares in extent and the layout accommodates a mixture of land uses including low to high density residential erven, manufacturing and value adding, commercial, office, civic and social sites, cemetery, commuter transport site, etc. The rationale is to provide residential and work opportunities in close proximity to each other, to accommodate the rapid growth of the City of uMhlathuze as well as to provide an opportunity to relocate residents who are situated in flood line areas.

The land is not in Council ownership and the next challenge would be to acquire the land from private owners.

Port Durnford Rural Node

The Rural Planning Initiative identified various rural nodes in the City of uMhlathuze. From this a detailed layout plan has been prepared for the Port Durnford Rural Node in conjunction with a community consultation process. The aim is to provide a settlement plan that will ensure the harmonious future growth of Port Durnford and facilitate the future provision of civil services. In addition to formalising the existing residential sites, commercial and retail sites have also been provided to promote opportunities for employment creation.

Negotiations with key government departments and traditional leadership will have to be conducted in order to reach consensus on the formalisation of the node.

Proposed Waterfront and Marina Development

A Strategic Environmental Assessment (SEA) has been conducted for the proposed Waterfront and Marina Development Precinct. A public participation process with key Interested and Affected Parties has likewise been followed in order to determine issues requiring attention. The SEA process resulted in a terms of reference that has been compiled and approved by the Executive Committee on 22 May 2007 in accordance with resolution 4581. The way forward is to appoint a Waterfront and Marina Marketing and Development Specialist to assist with the compilation and marketing of the tender for a private developer to purchase the land and develop a waterfront and marina.

Empangeni Rail Renewal and Expansion Plan

Traffic engineers were appointed during the 2006/2007 financial year to conduct a survey of vehicle and pedestrian traffic as well the utilisation of parking areas in the Empangeni Rail area. From this study an Empangeni Rail Renewal Plan was created. A detailed costing of the Empangeni Rail Renewal Plan is to be done and approved by Council before the implementation of the following order of priorities:

- Traffic circle at Tanner Road/bus and taxi rank access incorporating localised traffic calming measures;
- Traffic circle at R102/First Street/Lood street;
- Upgrade of the bus and taxi rank;
- Traffic circle at Tanner Road/Morris Street incorporating pedestrian and parking measures;
- Traffic circle at R102/Morris Street;
- Linking of Fourth and Fifth Streets with a link road to improve traffic flow of heavy vehicles.

Fairways Estate on the Empangeni Tennis Club and a portion of the Empangeni Golf Course

Council has alienated, by means of a public tender, the Empangeni Tennis Club and a portion of the Empangeni golf course to facilitate development of medium density housing. A private developer was awarded the tender and proposes to create eight types of medium density housing units. A total of 65 dwelling units will be constructed, however, the necessary environmental, zoning and subdivision approvals will have to be obtained by the developer first before construction can commence.

Local Economic Development branch

The Municipality's Local Economic Development Strategy identified the level of education and skills as an obstacle to investment that also affects the rate at which successful small businesses can be created.

This led the Municipality, during 2006, to carry out a Skills Audit Pilot Study so that we could get a better understanding of the levels of education and skills that exist in the City as well find out where to concentrate out skills development efforts to best support the growth of the area.

The skills audit identified that the greater percentage of the target population group would like to receive training in technical skills (42%) including plumbing, welding, fitting and mechanical engineering. Soft skills such as bookkeeping, secretarial skills and computer literacy were next highest (32%) followed by health and welfare skills such as nursing and social work (9,5%).

As a result of the findings the University of Zululand has been appointed as the preferred service provider in respect of the Municipality's Community Development Initiative and members of the community have already been registered as students at the University to receive computer training.

Apart from our own skills development efforts we are also actively involved in facilitating the efforts of other organizations and are working with the Zululand Chamber of Business Foundation regarding the strategic utilisation of the facilities at the Zululand Chamber of Business Community Park to ensure the long-term viability of the project.

Council has also made land available to the University, which is keen to establish a satellite City Campus in Richards Bay over the next three years. The University sees its future growth in offering career-focused programmes in northern KwaZulu-Natal in general and uMhlathuze, as an aspiring metro council, in particular.

As a Council we believe such a development will be of benefit to our business community in Richards Bay and Empangeni because at present the KwaDlangezwa campus is some distance from the urban centres and therefore not easily accessible to prospective students who wish to study on a part time basis in the evenings. It is envisaged that at first Bachelor's Degrees, Certificates and Diplomas in Business and Law will be offered at the new City Campus and later on programmes in industrial technology and engineering.

Integrated Development Planning branch

Since the formulation of the uMhlathuze Integrated Development Plan in 2002 great strides have taken place. Major findings on research on environmental issues have determined a course which the municipality is now plotting to assure sustainable development of the municipal area.

The identification of specific areas for the proclamation of nature reserves and potential urban expansion have placed the local authority on a high course of balanced development with the main drive still being the provision of basic services to all.

More than 90% of the municipality has been provided with potable water according to the set standard provided by government, while the provision of sanitation and waste removal services are being expanded in the municipal area by the day.

Special attention has been given to the public participatory process of the IDP during the 2008/2009 review process with more communities being visited and intensive alignment meetings took place with governmental service providers to express the needs of community. The community needs are ready for Treasury next budget allocations session. This will ensure that the IDP informs the budget. An IDP office will work closely with a Task Team which will see the way forward to the development of strategies for a better developmental local government

The IDP is a blueprint of the desired future state of the Municipality and its community. It identifies objectives and priorities of the Municipality and is closely aligned to the budget process, which then puts forward projects that will achieve these objectives and priorities.

The IDP is reviewed annually. This process includes the IDP Representative Forum, which is a public participation programme providing the public, businesses and other interested and affected parties to discuss their concerns regarding development issues in the City.

Various sectors are included in the IDP. The progress that has been made in each sector is as follows:

- LED Strategy – The LED Strategy has been approved by Council and the Municipality would like to act as a catalyst to enable industries in the area to get the most value for the money they invest annually into local economic development. Added to this the Council has invested in the upgrade of informal trade infrastructure.

- Agricultural Development Strategy – The Municipality believe it can make a difference through Local Economic Development to promote horticulture. Council spent R1 million during the past financial year to promote agriculture programmes.
- Strategic Tourism Development Plan – The plan is drafted and is in the committee system after which it will be tabled before Council for approval.
- Rural Planning Initiative – The Rural Framework Plan has been approved and identifies nodes for development, the first of which will be Port Durnford and the area surrounding Esikhawini.
- Housing Needs Assessment – A housing needs assessment was completed and identified the need for new housing developments. Several initiatives in this regard are being pursued.
- Water Services Plan – Council has approved this Plan.
- Waste Management – The Municipality has outreached into the rural areas and will now address the more remote areas to provide some level of service.

Environmental Planning branch

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 2006/2007 financial year:

Review of the Strategic Development Framework in line with air quality information

Air pollution in the City of uMhlathuze is recognised as one of the most serious environmental issues in this area, and was highlighted as one of the issues that should receive urgent attention in the uMhlathuze State of the Environment Report (2002).

In an effort to ensure that industrial development does not impact on the health and well being of the residents in uMhlathuze, the Council appointed Planning Professionals 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.

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 ambient air quality limits acceptable in the area and the dispersion potential of air pollution. This was achieved by means of using a mathematical dispersion model (HAWK model).

Based on the outcomes of air quality modelling, air quality 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 impacts 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.

Council adopted the study and its recommendations during November 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 roll out of the trolley bin system to every household in uMhlathuze urban areas during the 2006/2007 year which has been challenging, rural projects and awareness amongst the youth regarding recycling was emphasised.

School art competition

Prize money totalling R50 000 – 00 from funds won by the City in the Cleanest Town Competition were presented to schools within the City following an art competition arranged by Waste Management Services. Twenty-four schools took part in the competition, mainly from the rural and deep rural areas of the City. Schools were given an art sketch pad made from recycled paper and pots of paint to use for the competition. The competition had a section for Primary Schools and High Schools and within each section were two categories, namely nature and a cultural theme.

Due to the high standard of artwork received, it was very difficult to select a winner.

Apart from a generous first, second and third prize, merit prizes of hi-fi systems were also awarded to each school.

Recycling initiative

The Curbside Recycling project in which yellow refuse bags are provided to each household continued with great success. 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.

Approximately fifteen tonnes of clean recyclable material is taken out of the waste stream each month in this way and secures work for six people directly.

There are also drop off points in Meerensee, Arboretum and Alton whereby any reusable and recyclable materials can be taken to.

Making waste work for the City

Waste Management started a simple yet resourceful project, which provides an immediate and sustainable win-win solution to all role players – the Municipality, the community, large industry and the environment. A Waste Management task team identified that the cutting down of indigenous trees and plants for firewood is a problem in the rural areas of the City. Although a programme of replanting indigenous trees in these areas is underway, the larger and more mature trees are being chopped down at an unsustainable rate.

Waste Management identified a unique gap in the waste cycle that would combat this by providing the rural communities with an alternative source of firewood – wood from pallets and crates used by industry. Many of the industries receive a large amount of goods on pallets or in crates. Once unpacked, these pallets become a waste product and the industries would be required to pay to deliver this waste to the Uthungulu Landfill site. An agreement was reached with the industries to deliver the wood to a centralised area at the old Alton Landfill site. People have been trained and equipment has been purchased to enable them to further process the wood crates and pallets. Damaged pallets and unusable wood is placed in designated skips for distribution to the rural nodes for firewood. Pallets that are not damaged are made available to the community and are used as building material.

The industry at large benefits in terms of their involvement in the recycling projects in terms of their environmental responsibilities and reducing waste to landfill as required by law.

Free basic services - waste removal within the indigent community

Waste Management has extended its free basic services into the rural areas. There are 11 286 free informal refuse service points per week in the rural areas where people cannot pay for refuse service. The total cost to Council amounts to R 7,6 million per annum.

Waste Management Statistics

| | |
|-------------------------------|---------------|
| Skips serviced | 761 |
| Street litterbins | 1583 |
| Community skips | 72 |
| Loads of waste collected | 6 198 |
| Domestic and commercial waste | 34 354 tonnes |

Environmental Health

Main responsibilities

- Environmental Health
- Health Education
- Air, Water and Land Pollution
- The functional responsibilities of this division include the effective management and control of all health issues concerning Food Hygiene, Funeral Parlours, Water, Land and Air Pollution, Childcare Facilities, Accommodation Establishments, 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.

Achievements for 2006/2007

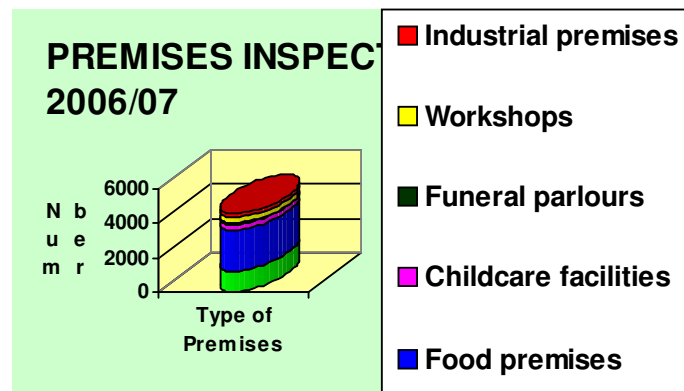
- No local transmission of malaria occurred within the City of uMhlathuze during the period under review. Malaria continues to be closely monitored by all stakeholders and case investigations of the malaria cases revealed that the reported cases were contracted from the far northern areas of Kwa-Zulu Natal and neighboring Southern African countries and were therefore classified as imported cases.
- There has been a vast improvement with regard to industries and workshops' compliance and cooperation with regard to water pollution aspects. This can be attributed to regular monitoring and health education by this office.

- Fourteen (14) positive rabies cases were reported in animals within the jurisdiction of the City of uMhlathuze during the year under review. Sadly a bite from a rabid animal resulted in the death of an Empangeni resident.
- The State Veterinarian, various health departments, and Nuisance officers made concerted efforts to raise public awareness of the dangers of not vaccinating dogs and cats against rabies. In conjunction with the State Veterinarian, the City of uMhlathuze has held bi annual rabies campaigns during the year as well as monthly clinics at various venues throughout the municipal area in an attempt to decrease the number of rabies cases.
- Unfortunately the Air Pollution post, which became vacant during the previous financial year was not filled due to delays in the finalization of the job evaluations.

Statistics

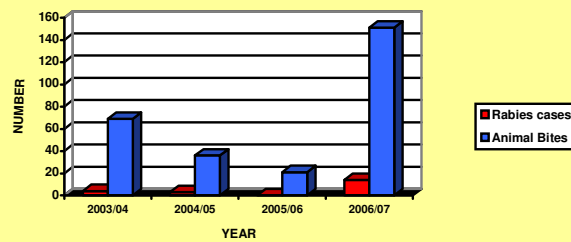
The following inspections and investigations were conducted during the year under review:

- 674 investigations of Environmental Health complaints were undertaken.
- 1 206 inspections of vacant overgrown properties
- 2 401 inspections of food premises



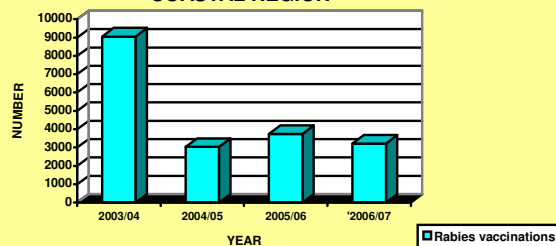
- 128 samples were taken in terms of the Foodstuffs, Cosmetics and Disinfectants Act.
- 629 water samples were taken of streams, rivers and other water sources with regard to water pollution parameters.
- 64 113 Kg's of unsound foodstuffs were destroyed at the local landfill sites,
- 347 inspections were carried out at the child care facilities
- 206 inspections were carried out at bed and breakfasts establishments.
- 341 inspections of workshops with regard to water pollution aspects.
- 120 building plans were scrutinized from a health point of view.
- 69 inspections at the Funeral Parlours
- 12 investigations of TB defaulters, 29 cases of Malaria, 9 cases of Measles
- The total number of animal bites recorded and investigated was 151.

4 YEAR COMPARISON OF ANIMAL BITES AND RABIES CASES



- The total number of rabies vaccinations performed in the coastal region during the rabies vaccination campaigns and the monthly attendance at Veldenvlei Hall totalled 3 224 animals.

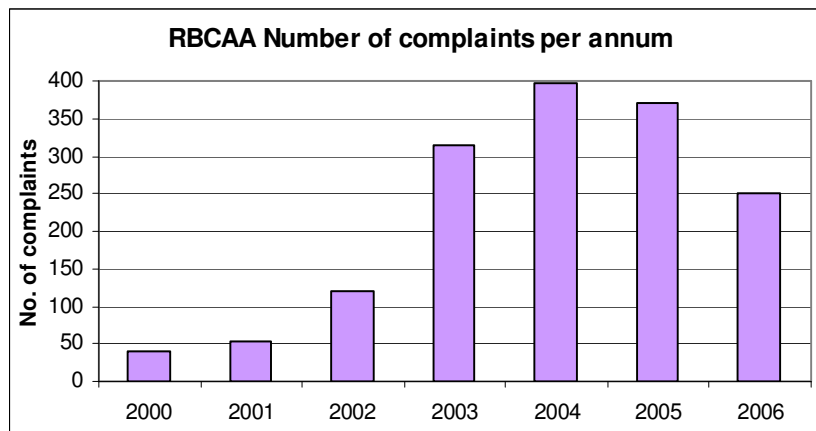
4 YEAR COMPARISON OF THE NUMBER OF RABIES VACCINATIONS PERFORMED IN THE COASTAL REGION

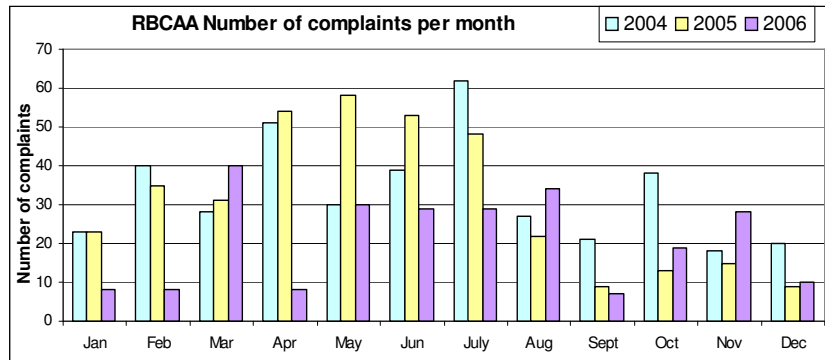


- 43 health education sessions were undertaken with a total of 1 337 people attending the sessions.
- 39 pauper burial applications were approved and burials undertaken by Council.

Air Quality

The City of uMhlatuze is a member of the Richards Bay Clean Air Association, which operates a real-time air quality monitoring system. A total of 250 air quality complaints were received during 2006/2007, a decrease compared to 2005/2006, 370 complaints to 250 complaints = 120 complaints.





The majority of complaints were received from the residential area of Veldenvlei and the Alton area.

Mondi was responsible for almost half of complaints logged. The majority of Mondi complaints were related to odours, eye, nose and throat irritation, nausea and headaches. Foskor was responsible for 10% of complaints, with most related to bad odours, eye irritation, breathing problems and visible stack emissions. There was a notable increase in complaints during 2006 related to Chem Alum and during the latter part of 2006 related to Much Asphalt. The number of unresolved complaints is cause for concern, with some difficulty experienced in determining some of the odour complaints.

Richards Bay Clean Air Association - Technical Report

National SO2 Standard Exceedences:

There were 30-recorded exceedences of the 10-min average SO2 standard, 15-recorded exceedences of the hourly average SO2 standard and 2 exceedence of the daily average SO2 standard.

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.

A CCTV Camera proposal was submitted to Council and it was requested that a study be done on the various options related to crime prevention. This will be presented to Council during the 2007/2008 financial period.

Clinic Services

Primary Health Care Services

A total of **842 196** clients attended the City's clinics (excluding clinics in Esikhawini, Vulindlela, Ngwelezane and Nseleni) for primary health care services compared to the 188 166 clients that attended the City's clinics during the previous financial year. **The** Empangeni Civic Centre and Richards Bay Civic Centre clinics are the major clinics with satellite clinics at Felixton, Empangeni Baptist Church, Aquadene, Brackenham and Meerensee.

Of the **13 926** clients who visited the clinic for a HIV test, 1084 female clients tested positive to HIV during this period. A further 554 male clients tested positive to HIV during this period. The HIV clinics deliver the following services to patients, visits clinic every 2

months for immune boosters, regular CD4 monitoring according to protocol, monthly follow up on low CD4 Cells, booking low CD4 Cells for ARV with Ngwelezana Hospital and refers all HIV positive children less than 13 years to Ngwelezana Hospital. 1 242 clients received ARV's treatment during this period.

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 1 242 clients on ARV'S during this period compared to 202 clients during the previous year.

28 447 Patients visited the tuberculosis clinic of which 10 003 patients taking daily treatment in the clinic (DOTS), 445 clients had active tuberculosis during this period and 334 were put on treatment while 290 disappeared. 117 Clients who had been on a 6 months TB programme were retreated for TB because they were still infectious.

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. The City is about to launch the newly established City of uMhlathuze AIDS Council (**CouAC**) structure and strategy.

It will be launched at the Civic Hall in Empangeni on 13 July 2007, officially bringing together local government and civil society in a renewed partnership against HIV and AIDS. The primary aim of CouAC is to reduce the rate of new HIV infections and mitigate the impact of AIDS on individuals, families and communities.

CouAC will utilize an intersectoral approach that will enable the success in HIV and AIDS reduction strategies by facilitation of the following interventions:

- Education and Prevention
- Treatment Support
- Care and support (Home Based);
- Care to Orphans and vulnerable children; and
- Provision of income generating projects.

This will not only focus on combating the spread of HIV/AIDS but also in the care and support for people living with HIV/AIDS, orphans and vulnerable children. These community partnerships will also run TB, VCT and STI campaigns and help us improve symptom recognition and treatment of these diseases.

The launch will be attended by local Traditional leaders, leaders from various sectors, local civil society organisations, Traditional Practitioners, People living with HIV/AIDS and special groupings (youth, women, physically challenged).

Traffic Services

The Traffic Section reached, and in most cases exceeded, the majority of its performance measurement targets. The increased number of roadblocks, speed and alcohol checks have assisted in reducing the number of motor vehicle accidents from 1145 during the previous financial year to 991 accidents for the year under review.

1071 drivers were arrested for driving under the influence of alcohol. This alarming and raises concerns about road accident fatalities as driving under the influence of alcohol is considered to be one of the major factors that contribute towards road fatalities.

7 New Mazda 626 vehicles were also incorporated to enhance the effectiveness of the Traffic Department.

Traffic services statistics

| Function performed | Totals 2005 / 2006 | Totals 2006 / 2007 |
|--|-----------------------|-----------------------|
| Number of vehicles screened for safety, seat belt, alcohol & licence | 79 984 | 215 375 |
| Number of speed checks | 82 649 | 225 822 |
| Number of road blocks | 97 | 119 |
| Number of vehicle accidents attended | 1 145 | 991 |
| Number of fatalities | 68 | 46 |

Licensing services

Due to the growth in the people and vehicle population, there is an ever increasing demand for service in the Licensing section.

The number of transactions done for the past year amounted to approximately 105,000 for the two licensing offices. Although a number of new staff members have been appointed, the planned opening of the Drivers licence card renewal section and the incorporation of learner's licence being requirement of a matric certificate as part of the outcomes based education programme the need for service will surely increase considerably in 2008

Licensing statistics

| Function performed | Totals 2005 / 2006 | Totals 2006 / 2007 |
|-------------------------------|-----------------------|-----------------------|
| Number of vehicles registered | 22351 | 24536 |
| Number of vehicles licensed | 63070 | 69157 |
| Learners licences tested | 5184 | 7278 |
| Learners licences issued | 2592 | 3198 |

Additional staff was employed to deal with and prepare for the renewal of license cards, which will be done during the 2007/2008 financial year.

The uMhlathuze City licensing section is still considered a best practice office by KZN Province, and will continue to strive towards providing the best licensing service, not only in respect of customer service, but also in respect of legal compliance as we move forward

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

Rural Metro is still operating the Vulindlela and Nseleni Fire Stations. Two purpose-built specialised vehicles have been received and once they are fully commissioned, the level of response from those stations into the area will be increased.

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

- **1131** Fire related incidents, **630** Rescues, **52** Medical Emergencies, **7** Hazardous Material incidents and **203** Special Services were attended to.
- **2115** Fire Prevention inspections were carried out.
- The Fire Brigade Control Centre processed **21 445** after-hours electrical pre-payment sales.
- The Fire Brigade Control Centre processed **25 472** fire related and **17 867** non-fire related telephone calls.
- The total damage caused by fire was **R27 952 720.00** whilst the estimated value of property threatened by fire was **R364 289 150.00**.

Operational tasks of special interest performed during the 2006/2007 financial year include the following:

Fires of interest

- Fire and Rescue Services attended to a fire at Mondi in the woodchip cooking plant.
- Fire and Rescue personnel attended to a petrol tanker that was completely gutted by fire
- Fire and Rescue personnel attended to a structural fire at 73 Dollar Drive where one complete Bookstore was gutted by fire.
- Fire and Rescue Services attended personnel attended to a fire in the Power Boilers in the Mondi Business Paper Richards Bay Factory.
- Fire and Rescue Services attended to a light aircraft crash at Richards Bay Airport.
- Fire and Rescue Services attended to a major bagasse fire at Felixton Mill.
- The Fire and Rescue Services attended a major fire on the conveyer system at Foskor due to ignition of sulphur.
- The Fire and Rescue Services attended to a structural fire at Mzingazi where one adult female, one male child and 2 infants passed away due to burns and smoke inhalation.
- Fire and Rescue personnel attended to and extinguished a nickel-copper concentrate fire at Rennies.
- Fire and Rescue personnel attended to a structural fire at 27 Ceramic Curve where a cosmetics factory was completely gutted. The remainder of the building was saved.

Rescues of interest

- Fire and Rescue Services personnel responded to an incident where one male patient was trapped by machinery and his right leg had to be amputated on scene.
- Fire and Rescue Services personnel attended a serious accident involving three minibus taxis where two patients passed away due to injuries.
- The Fire and Rescue personnel attended to a flood disaster due to heavy rains at Esikhawini Reserve 10.

Hazardous material incidents of interest

None.

General

- Evacuated Dube Village, Mzingwenya as well as area next to Dlamvuzo High School from floods to New Hall as well as St. Lutheran Church. Disaster Management co-ordinated relief activities rendered by other relief agencies such as:
 - (a) S.A. Red Cross rendered a soup kitchen and donated 300 blankets.
 - (b) Uthungulu District Municipality donated 400 sponges.
 - (c) Department of Social Welfare registered the victims in order to give them food parcels.
- Standby duties were carried out at Nseleni Sport Grounds for the Indigenous Games.
- Assisted on Kwandaya fire victims with blankets and clothing donated by S.A. Red Cross.
- Standby duties were carried out at the Nseleni Sports Grounds for the Coronation of Chief Khoza.
- Standby duties were carried out at Manunu Sports Grounds for the Premier's Imbizo where 10 000 people gathered.

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 uMhlatuze 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.

Marketing branch

Stimulating the economy and creating job opportunities is of special importance to the City of uMhlathuze. The biggest challenge remains attracting foreign investment to the City in order to broaden the economic base.

The Department of Community Facilitation and Marketing has contributed effectively in marketing and branding the municipality to increase investment opportunities and to improve the quality of life for all the inhabitants. Negotiations have now been successfully concluded with Pulp United and numerous other discussions have resulted with prospective developers

The strategy to brand the image of the municipality as an investment and tourist destination is reaping rewards with an increasing number of enquiries being received in response to the print media advertising campaigns.

A new branding and marketing strategy is at present being compiled, which will focus the objectives of the City to attract investment and impress upon investors, visitors, tourists etc. Council's official website is being updated continuously and the aforementioned marketing and branding strategy will also assist in ensuring the effectiveness thereof.

The Marketing Section has also been involved in gathering information and providing development advice to various proponents linked to numerous projects and other investment opportunities.

Outdoor Advertising branch

For the 5th consecutive year there has been a steady increase in our income generated for council from Outdoor Advertising opportunities throughout the city.

During the past 2006/2007 financial year R937 630,21 was received in respect of permanent advertising opportunities in the form of application fees, rental and approval fees plus a further R32 891,15 for temporary advertising rights giving us a total of R970 521,36.

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

| Richards Bay | | Empangeni | |
|---------------------|------|------------------|------|
| Alton | : 14 | Empangeni | : 45 |
| CBD | : 30 | Esikaleni | : 2 |
| Meerensee | : 8 | | |
| Arboretum | : 2 | | |
| Birdswood | : 4 | | |
| Wildenweide | : 1 | | |
| Veldenvlei | : 1 | | |
| Not approved | : 18 | | |

Of the 125 applications for permanent advertising sign rights, 107 were approved in accordance with Council's Advertising Signs Bylaws. A number of focused campaigns were launched over the last year, which included the South African Food Bank who are ultimately reaching out to the poor in our city and KZN region, raising public awareness, increasing opportunities for more food, funding and volunteers across the network to solve the problem of domestic hunger.

Tourism section

2006/2007 Has been an eventful year for the tourism sector. The section continued to provide opportunities for business at all levels, thus ensuring that a stay in the City remains an experience not to be ever forgotten.

Our cultural, heritage and eco-tourism attractions drew many tourists into our area. More effort was also put in promoting rural tourism. Role players were identified and capacity building programmes were put in place. The Rural Tourism Section was also committed to empowering and integrating historically disadvantaged individuals into the tourism sector.

Tourism SMME's have moved to centre stage, having been kick-started by the formation of crafter's committees as well as the establishment of Rural Community Tourism Organizations, the identification of SMME's in B&B establishments, tour operators, tour guides and the formation of their associations. In the period under review, the Rural Tourism Section worked hard to ensure that tourism in rural areas is being clearly seen as a link vehicle to economic development.

There was also successful coordination of schools competition in partnership with Tidor SA. Five schools participated. The purpose of the competition was to promote tourism at schools and was held as part of Tourism Month. Each school was meant to establish a mini-tourism attraction that will attract tourists to visit and spend their money. After the judging process by local tourism role players the winners were awarded with prizes, courtesy of Tidor SA, which included a full set of computers and printers. This event resulted in the Schools Tourism Workshop Programme, which is being held in Empangeni every weekend, targeting schools that have introduced tourism as a subject. The aim of this programme is to assist in the Local Tourism School Curriculum and being organised in partnership with Thembisa Tourism Project (locally based tourism organization). These workshops began in March 2007 and currently about 15 schools from this region have participated and have shown much interest.

The municipality remains committed to promoting sport tourism in the area. Clubs of different sporting codes have partnered with the City of uMhlathuze in promoting the image of City. One of the significant clubs is the Bearing-man Zululand Triathlon club that hosted a successful World Triathlon World Cup event in Richards Bay.

Other events that in, which the City of uMhlathuze participated during the 2006/2007 financial year, include:

- uMhlathuze Fishing Festival
- Fish Eagle Mile Swim
- Beach Festival
- Hippo Rally
- KZN Bonsai Association Regional Annual Convention
- Zululand Expo
- Zulu Dance Competition
- 21 Species Competition
- Music Competition
- Miss City of uMhlathuze
- Formula 1 Power Boating

These events provided opportunities to showcase attractions that our City features. The City of Hope remains committed in providing its citizens and visitors with an experience of a lifetime through building partnerships with relevant stakeholders.

Museum Section

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 stone carving and embroidery.

The stone carving courses consisted of beginners, and all students showed an enormous potential to further themselves. These workshops were held at the Community Halls in Ngwelezana and eSikaleneni. The embroidery works were a huge success to date as it was selected from the Biennale Exhibition to be included in the Jabulisa Exhibition. Zikhulise has shown an interest in employing these ladies to do contract work for them in designing and supplying works to be sold to the local and international market

Exhibitions:

The Museum hosted new display every alternate month and sometimes it had to be extended to two months due to public demand. 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 two crafters and 3 artists were chosen to represent the Museum in the Jabulisa Exhibition. This exhibition went on a provincial tour to give them the exposure they need. All but one artist's works were bought privately and by Art Galleries for their collections.

The Bi-Annual Mondi Eisteddfod took place and schools from the uMhlathuze area and as far as Hluhluwe and Pongola participated. This exhibition was a showcase of young talent in our local schools.

A special exhibition from (BAASA., Botanical Artist Association of SA, KZN Region) was displayed at the Museum. Well known artists like MR. Diamond Bozas, Fransie Pretorius etc. were displayed.

Projects

Municipal housing sector plan

The Municipality has adopted the Municipal Housing Sector Plan for the provision of affordable housing in the municipal area of jurisdiction. The Housing Plan has subsequently been approved by the KZN Housing Department for implementation in the next five years. The main focus of the Plan is the clearance of slums in the areas characterized by slums settlements, namely Dube and Khoza traditional areas.

Funding commitment in the amount of R155 m (one hundred and fifty five million) has been received from the Provincial Department of Housing.

- Aqaudene housing project (1000 units)
- Dube slums clearance and rural housing project (1500 units)
- Khoza slums clearance and rural housing project (1200 units)

Take-over: implementation of the enhanced extended benefit scheme: R293 suburbs

Council has resolved to take over the Implementation of Enhanced Extended Benefit Scheme in respect of the R293 housing stock. The Enhanced Discount Scheme has in the past been administered by the KZN Housing Department. The Scheme is intended towards the promotion of transfer of old housing stock to individual ownership. A total 907 outstanding Discount Benefit applications will be processed by the Municipality in terms of the Scheme. The areas affected are Enseleni, Ngwelezane, eSikhaleni and Vulindlela.

uMhlathuze Village

The municipality remains committed to the delivery of affordable housing, as it is now evident in the progress being made at uMhlathuze Village. A total 420 bonded housing units will be provided in Phase 4 of the project. Progress is also being made in the RDP housing side of the project, which ought to run concurrently with the provision of the bonded housing.

State of the Nation address (SONA)

The City of uMhlathuze in partnership with the Department of Government and Information Systems organised this event. The success of this event is always in hands of Council because more resources are from Council. This event was held in KwaBhejane at Mayini sport ground on 9 February 2007. The community attended in numbers this event. The idea behind the exercise is to bring government closer to its people and also to provide information on government programmes.

Annual Ward Committee review

The highly interactive year review session was held in Empangeni Civic Centre on 18 July 2007. More than 200 enthusiastic Ward Committee Members together with their ward Councillors from 30 wards attended the event. The event was more of an interactive one critically looking at issues affecting the entire municipality with specific reference to public participation, IDP/Budget and Service delivery, Capacity building Programmes and Relations with Traditional authority. There were four commissions. Most sectors were represented.

Emanating from the discussions held everyone emerged with a better understanding of issues and factors at play and the officials established issues they needed to pay special attention on in terms of various strategic developmental programs.

Ward Committee training

In realisation of the crucial role played by the Ward Committees, the City of uMhlathuze has successfully organised phase 1 training for the Committees using internal resources. To practise and encourage cross-wards information sharing, Wards were clustered according to their spatial locations. The provided training covered capacity building, managing meetings, a basic understanding of most legislation that inform operations of Council e.g. Municipal System's Act, Municipal Structure's Act, etc. Another workshop especially for the secretaries has also been provided in-house. Again the interactions held proved an eye opener as one could learn of some challenges relating to the working relationship between ward committees and their ward councillors in certain instances. Council is committed to having a working ward committee system, hence research on required improvements as well as the necessary resources are given an utmost attention.

Senior Citizen

A landmark Senior Citizen took place on 6 June 2007 in Empangeni Civic Centre. The event was the first of its kind to include all racial groups and different cultures. There was music and speeches and presents were given to elderly people above 86 years. The oldest senior citizen in attendance was 106 years old. Such an achievement was well received by everyone in attendance. More than 700 community members coming from different background attended. The motivational speaker of the day was the well known historian Dr Reggie Khumalo. Other Department representatives were SAPS, Department of Health, Department of Welfare, South Africa Security Agency and University of Zululand.

OFFICE OF THE DIRECTOR MANAGEMENT SERVICES

Core responsibilities

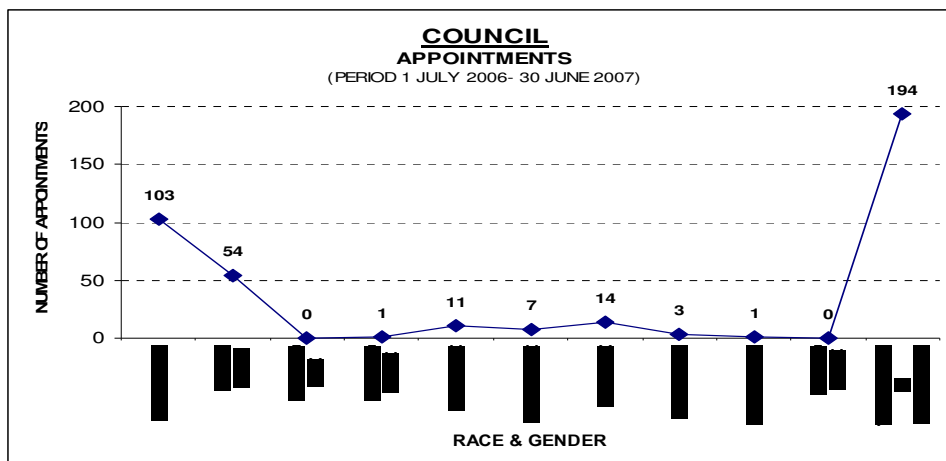
- Personnel Administration
- Safety, Health and Environmental Risk Control
- Industrial Relations
- Training and Development
- Information Technology (Outsourced to GijimaAst)
- Business Analysis and Efficiency (PMS – outsourced to GijimaAst)

Personnel Administration Services

Responsible for the recruitment, selection and placement of all staff, as well as Employment Equity. In addition to this, also responsible for the control of all leave as well as general personnel administration functions, i.e., pension fund, medical aid, group funds, etc.

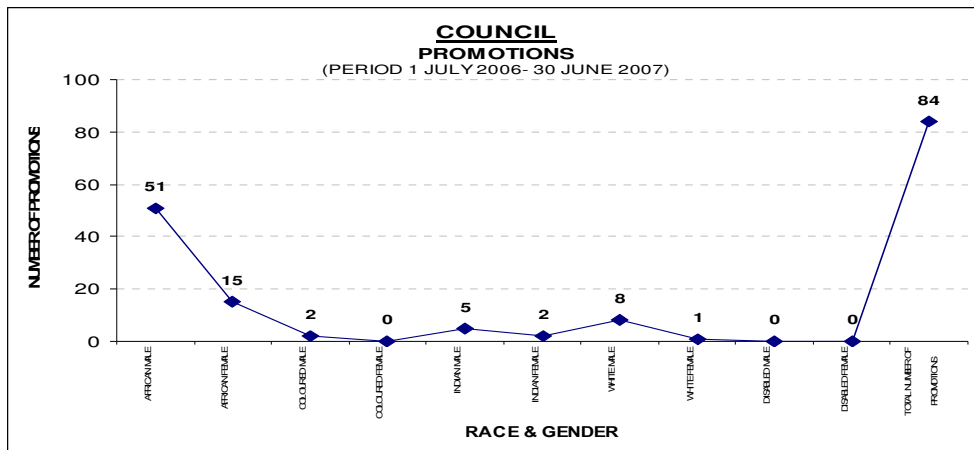
Appointments

During the 2006/2007 financial, 194 permanent employees were appointed of which 157 are African, 18 are Indian, 17 are White and 1 is a disabled male (African).



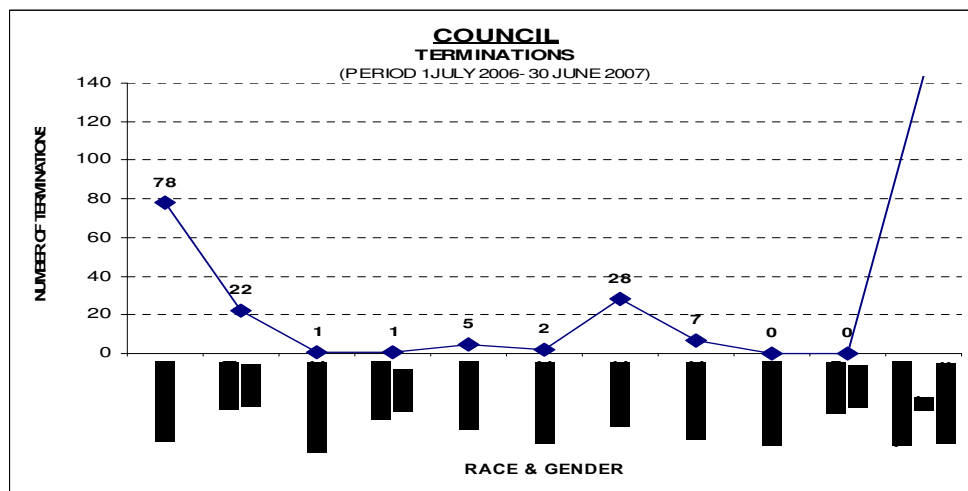
Promotions

84 Permanent employees were promoted of which 66 are African, 2 are Coloured, 7 are Indian and 9 are White.



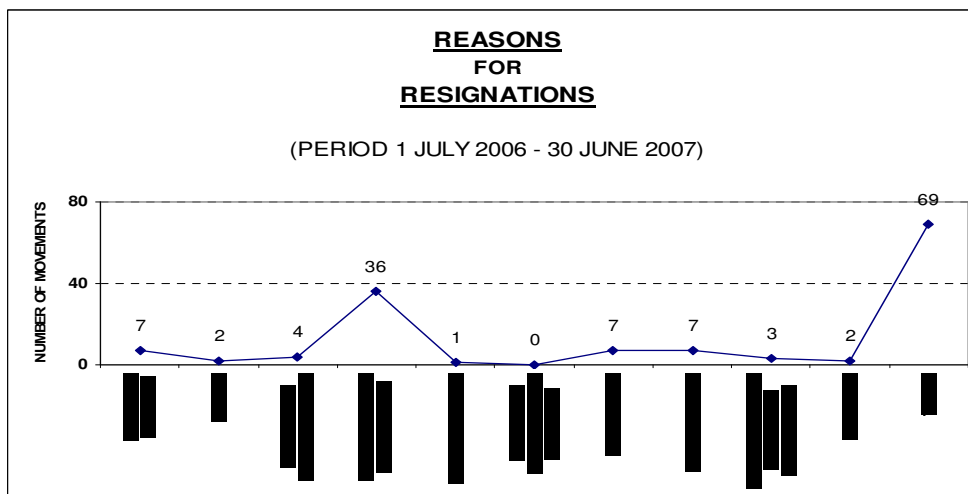
Terminations

There were 144 terminations of which 100 were African, 2 were Coloured, 7 were Indian and 35 were White.



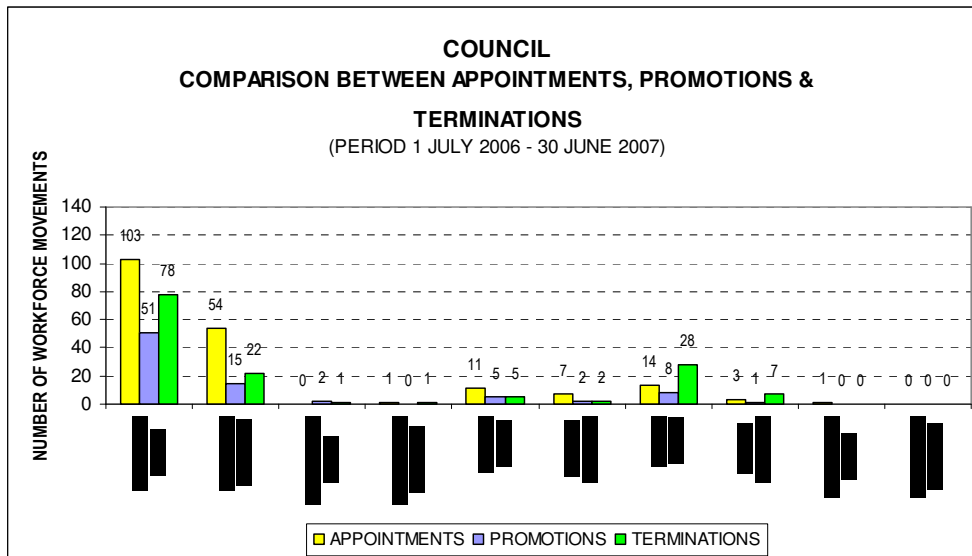
Reasons for terminations

The main reasons for termination of service are attributed to better career opportunities, emigration, own business and personal reasons.



Comparison between appointments, promotions and terminations

The following graph depicts clearly the progress made in terms of the employment equity plan where 103 African males were appointed and 51 were promoted into the 78 positions that became vacant. 54 African females were appointed and 15 were promoted into the 228 positions that became vacant. 11 Indian males were appointed and 5 were promoted into the 5 positions that became vacant. 7 Indian females were appointed and 2 were promoted into the 2 positions that became vacant. 17 White people were appointed and 9 were promoted into the 35 positions that became vacant.



Difficulty is experienced with sourcing of suitable candidates for filling of numerous vacancies that exist within especially the technical environment. A point of concern is that senior technical positions remains vacant for long periods, placing an even higher workload on the existing staff and could jeopardize service delivery in future if this situation continues.

Personnel Maintenance and Development Services

Responsible for Training and Development and Occupational Health and Safety and the Demand Management (IT and Business and Efficiency Services) services delivery.

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 a number 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. To deal with the constraints of scarce skills, the section of training and development embarked on a project to qualify experienced staff.

The annual training budget of R2 000 000.00 were spent on the training of 406 employees in various occupational categories. Training courses such as Groupwise, MS Word, Excel and PowerPoint, GIS, Access, Supervision, Business Management, Fire Fighting, Diving, Skippers Licensing Training, PALS, Occupational Health and Safety, Safety Representatives, Incident Investigation, Labour Relations, Switching Courses for Electricians, etc. were attended by the 406 employees as per the approved Workplace Skills Plan.

Together with training to address the operational requirements of the Municipality, Training and Development embarked on special projects, such as the Section 28 programme. In terms of Section 28 of the Manpower Act, 1981, employees with sufficient hours work on a trade can do a trade test at INDLELA, Olifantsfontein without being indentured in an apprenticeship contract. It is a recognition of prior learning mechanism to assist employees with experience but no formal qualifications.

With this programme, 11 plumbers, 2 bricklayers, 1 carpenter and 1 painter qualified as artisans. Of these employees, 5 advanced in their careers and are now employed as plumbers and superintendents.

In addition to the skills development of the employees, Training and Development is responsible for the allocation and administration of the bursary scheme for employees and dependants of employees. On this programme, 31 employees and 92 dependants of employees benefited from the scheme and were allocated bursaries for the 2006/2007 financial year.

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 and adhering to legislative requirements. Furthermore, progress with the finalization of investigations can be monitored, while the reduction in paper work has reduced cost to Council.

She Training

SHE Training is an essential requirement in terms of the OHS Act 85 of 1993, wherein it is stated that employees have the right to be informed of the hazards and risks in the workplace as well as risk control measures. Employees attended the following: SHE Training programmes, OHS Induction training, Safety Representative training, Incident Investigations, HIRA, OHSAS 18001 and SAMTRAC. Functional training included First Aid, Confined Space Entry and Use of Portable fire extinguishers.

A new and well-received innovation was the introduction of weekly Safety messages being sent out to all employees. The aim of which is to increase OHS awareness in the workplace. The distribution and display of Safety posters is also an exercise aimed at increasing OHS awareness.

Heat Exhaustion Prevention

The SHE Risk Control section remains active in ensuring the prevention of heat exhaustion in employees. In the event of the Discomfort Level Index exceeding 110, all employees are notified and advised to take caution by taking frequent rests in the shade and consuming the rehydration solution provided by Council.

She Workshop

A SHE Workshop was arranged for shop stewards. This workshop was to inform the Unions of the purpose and objectives of the OHS Act. Discussion also included the roles and responsibilities of the employer, employees, contractors, safety representatives and SHE Committees. The workshop highlighted the importance of participation and support of shop stewards in achieving and maintaining a healthy and safe work environment.

Information Technology

During the previous financial year, the Auditor General referred to the lack of integration between some of Council's IT Systems. This lack of integration resulted in information being duplicated on different systems and inability to transfer / update information between systems. Besides the fact that it is costly to run two systems with the same information the danger exists that the information on the two systems may not be exactly the same.

The IT Steering Committee identified 12 initiatives that required integration. To support the implementation of these initiatives, and thereby integrating the various IT systems, Novell's Netware Linux as an operating system is utilised, as well as other open source products and tools. Open source programmes are "free for all" and no license fees are payable to suppliers.

Therefore benefits of open source include:

- Reduced costs and less dependency on imported technology and skills
- Affordable software for individuals, enterprise and government
- Access to government data without barrier of proprietary software and data formats
- Ability to customise software to local languages and cultures
- Participation in global network of software development
- Organisation takes more responsibility for technology decisions and processes

By using the Novell and open source approach, the Municipality aims to eventually provide customers access to their accounts, history and all relevant information available. This approach is known as Business Services Architecture (BSA) and will improve efficiency within the organisation by allowing the full integration of all systems.

The BSA proposal consists of two phases, namely:

- **Phase I:**

The BSA Pilot Study that was based on a Proof of Concept to demonstrate to the City of uMhlathuze the business benefits that can be derived from incorporating the BSA as a solution to address the audit queries and conform to the IT Strategy as a whole. Phase I was completed successfully.

- **Phase II:**

Phase 2 consists of three specific areas of development, namely Business Services Architecture (BSA), Identity Management (IDM) inclusive of security and audit services, and Business Process Management (BPM).

The BSA architecture makes provision for the establishment of Citizen and Staff Identity Repositories. This solution will add a business services layer to the existing system architecture and is intended to:

- improve the business processes of the City of uMhlathuze by re-utilising legacy technology investments;
- optimise the existing system processes;
- seamlessly integrate disparate systems and cost effectively renewing existing technologies; and
- provide the City of uMhlathuze with a services layer where all legacy and existing systems are exposed.

The main objectives addressed in the BSA Phase II are to:

- Establish Identity and Security foundations
- Establish Business Process Orchestration foundations
- Establishment of Services Layer Connectors to legacy systems
- Establish staff / citizen portal framework
- Establish audit framework

A new software application system called Gijima Maintenance System (GMS) was commissioned on 01 July 2007. The application was developed in-house by GijimaAst.

One of the main business drivers identified as having an impact on the Information Technology Strategy was the need to support maintenance activities. A large portion of the Municipal budget is spent on maintaining existing infrastructure and facilities and potential benefits could be realised in terms of efficiency gains, improved service levels, quality of service and customer satisfaction by implementing sound information management principles in respect of maintenance management related functions.

What makes GMS so special is that it is based upon open source technology, was tailored for the users by the users and was developed at no cost to Council. It also opens the possibility to extend the application to mobile technologies at a later stage.

Some of the key features of GMS are:

- it is developed in the open-source environment, therefore no licensing fees that might place restrictions on the number of users;
- it is a browser based solution without any licensing costs in terms of server hosting and operating systems;
- no future software upgrade costs;
- on-site expertise for maintenance and further development;
- integrates with other applications such as Metastorm e-Work, ProMIS and PayDay.
- the City of uMhlathuze will be the owner of the Intellectual Property with full access to the source coding.

It is envisaged that during the second phase of development, Council's fleet management and Treasury's asset management will also be integrated with GMS.

HR Payroll Integration

The HR and Payroll integration was also one of the 12 initiatives of the IT Strategy. The HR and Payroll systems, Unique and PayDay respectively, utilised till April 2007, had non-integrated HR and Payroll functions. Employee data was captured and updated in both systems. The information was thus managed in both places and that resulted in the duplication and the loss of integrity of the data. Audit Queries were also raised regarding these un-integrated systems. It is also legally required that leave details should be displayed on pay slips, this was not the case as there was no interface between the HR and Payroll systems.

After workshops that were conducted with the current suppliers of the two systems and an evaluation of the findings from these workshops, the IT Steering Committee approved the implementation of the additional HR modules from PayDay as a solution to the audit query. This is also in line with the IT Strategy to leverage on Council's current IT investments. PayDay has also an established relationship with SALGA that is a further advantage to the City of uMhlathuze. The Employee Self Service (ESS) module that will be rolled out to all users at a later stage, will also be part of the integration, and will benefit all employees' queries regarding leave, IRP5, reprint of pay slips, etc. The only difference that staff members have noticed at this stage is that leave balances are displayed on their pay slips.

The IT Strategy Implementation is also aligned with the IDP's Development Strategy that aims to maintain existing and provide new infrastructure and services, in a sustainable, efficient manner.

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, National Treasury's demand with regards to the Service Delivery Budget Implementation Plan and related reporting on progress as well as the requirements in terms of the Performance Regulations, No 805 of 1 August 2006.

GijimaAst has facilitated the project performed by an external service provider (Intermap) for 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 by the service provider, but difficulty was experienced with the deployment of the system as result of the uMhlathuze IDP framework that has changed in order to align with the National Key Performance Areas..

Since the service provider went through a major resource turn-over and not been able to meet the requirements in successfully developing and implementing a functional e-PMS, it was agreed that GijimaAst proceeds with re-developing the system by utilising on-site developers and building in-house capacity to assist with meeting the requirements of the uMhlathuze e-PMS and to be able to deliver the required support in future.

GijimaAst is currently in the process of revisiting the e-PMS user requirements and updating the functional requirements, taking into consideration the new Integrated Development Framework, latest updated legislation and relevant regulations as well as newly required annual reporting formats.

The Integrated Development Plan, Council's Budget and Performance Management System are aligned and integrated, despite the difficulty experience to currently manage on a manual basis. Completion of the e-PMS system is envisaged during the next financial year.

OFFICE OF THE DIRECTOR PARK, SPORTS & RECREATION

Main responsibilities

- Sport and Recreation services
- Horticultural and Cemetery services

Sport and Recreation services

Sport teaches the fundamentals of teamwork, dedication and responsibility. It increases self-worth, self-esteem and improves spirit and pride in our communities.

The commitment and dedication of personnel in the division: sport and recreation during the past year has made it possible one again to enrich the lives of our community by encouraging them to be physically active through sport and recreation.

Sport development and advancement

Outstanding achievements/highlights of the past year include inter alia the following:

Women's sports day

Sport and recreation has been identified as one of government's priorities because of its potential to take a leading role in equalizing opportunities for women, thus the reason for hosting this event. Women from most of the areas within uMhlathuze municipality jurisdiction came in numbers to participate in this event. They took part in different activities ranging from aerobathon, tug-o-war and tenniquoit. The touch-and-run and hoola-hoop events brought back fond memories of the years gone by.

Ushaka swim challenge

This event was hosted by uMhlathuze municipality in joint venture with the provincial department of sport and recreation, KZN aquatics and Ushaka swimming club. A record number of entries were recorded with 71 from previously disadvantaged swimmers. History was made as this was the most entries recorded for an event of this nature in Zululand.

Fish eagle mile swim

Swimmers from as far as Durban came to participate in the 5th annual fish eagle mile swim event, which is one of our city's biggest events on the swimming calendar.

Holiday programme/sports road shows

Communities were encouraged to participate in a jam-packed holiday programme during the December holiday period. The programme was designed to encourage ocean awareness and to teach members of the community to swim. Officials also hosted various road shows during this period in order to reach especially rural areas that have never been exposed previously to a variety of sport events such as cricket, rugby, volleyball and hockey.

Disability sport workshop

The sport and recreation branch hosted a disability sport workshop and official committee launch in an attempt to pave the way for sustainable sport and recreation programmes and activities for the disabled. The department has committed itself by producing a five-year plan that serves as a guiding document in addressing the existing backlog by providing opportunities to the disabled groups to partake in modified sport. Disabled people from Enseleni, Esikhaleni, Richards bay and Mzingazi attend this highly successful workshop.

Senior citizen's fun day

Amongst the responsibilities of the department is to develop and promote the social aspect of life. Senior citizen fun days were presented in different suburbs and rural clubs. One of the main objectives of this programme is to deal with the challenge of loneliness those elders face and also to create a platform for socialization.

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

- Various sport coaching clinics (soccer, volleyball, cricket, rugby, table tennis & netball)
- Learn to swim instructors courses held for local school teachers (8 teachers from Brackenham and Enseleni attended the first of two courses presented at the arboretum swimming pool)
- University of Zululand volleyball tournament
- Ward elimination and Kwanaloga district games
- Junior national under water hockey tournament.
- Women in sport (South African Olympic swimmer, Charlene Wittstock gave talks on women in sport, organised by the division: sport and recreation)
- Charlene Wittstock : development coaching in Enseleni
- Various sport management courses aimed at local coaches and managers presented at the civic centre in Richards bay
- Indigenous games tournament held in Enseleni
- Zululand boxing tournament in Esikhaleni
- Soccer and netball tournament in Mandlankala
- Rugby development in Mzingazi, Enseleni, Mzingazi, Esikhaleni and Ngwelezane.
- Youth day sports festival – central sport complex, Veldenvlei.
- Wheelchair basketball tournament : Esikhaleni
- Midmar mile: 15 local development swimmers were invited for the first time to participate in the Midmar mile at Howick – another success story for those officials driving the “learn to swim” programme.
- KZN regional level 0 development gala

Swimming pools

Swimming has become a favourite pastime in Enseleni since the opening of the swimming pool on 1 September 2006. This was also the venue visited by Telkom splash to film the televised “learn to swim” programme that swimming South Africa presented to the youth of Enseleni with the assistance of the department.

The first KwaZulu Natal regional level 0 swimming gala was hosted at the arboretum swimming pool to assist the city's development swimmers to qualify for times and to select a team to compete at the KZN championships.

Swimming pools in Empangeni, Arboretum, Brackenham, Aquadene, Esikhaleni, Enseleni and Meerensee were once again extensively used during the past year as venues for school galas and the presentation of the “learn to swim” programmes which are producing more confident swimmers every year.

Progress is being made with the construction of the Ngwelezane pool and members of that community will soon reap the full benefits of having such a facility available on their doorstep.

Sport facilities and amenities

Over the years considerable progress has been made in facility provision. It should be accepted that certain constraints e.g. financial resources will remain and will pose a challenge to overcome the shortfalls with creative thinking and constructive management thereof to provide for the ever increasing demand for facility needs and development requirements.

The Ngwelezane regional sport complex was upgraded during the past year with the installation of floodlights and new soccer fields were established in rural areas.

With the establishment of the golf course estate it became necessary to move the Richards bay rugby club and bowling club to the sport complex in Veldenvlei. Relocation of these clubs was successfully completed and the official opening of the new facilities for these clubs will take place in September 2007.

Beaches

Unprecedented high tides experienced during March 2007 caused severe damage to Alkantstrand where all efforts are concentrated on getting the beach upgraded to meet international standards and obtain permanent blue flag status.

Through sheer dedication and hard work the beach has once again been restored to its former glory. The ablution facilities and change room have been upgraded and operational plans are in place to continue with the high standard of maintenance. Parking areas have been extended as well which ease access to the recreational areas. Festive lighting provided joy to various people visiting the beach areas at night. Security has been increased to ensure/create opportunities for use of the recreation area at night.

Horticultural and cemetery services

Cemeteries

Burials were conducted at the newly established Empangeni regional cemetery as well as Richards bay and Enseleni cemeteries. Proudly, the municipality was able to accommodate all requests for internments without having to postpone any burials due to incapacity

Ablution facilities at both the Richards bay and Nseleni cemeteries were upgraded and plans for the improvement of internal roads at Richards bay cemetery and it is anticipated that the project will be completed by the end of the current financial year.

Horticultural

The magnificent diversity of fauna and flora reflects the real splendor of the unique coastal environment within uMhlathuze boundaries.

In an effort to create and maintain an acceptable and balanced environment, the department once again increased efforts to control alien and invader plants. 1191 hectares of densely invaded areas were cleared from invader/alien plants during the past year.

Amongst the areas that benefited during the 2006/2007 tree planting period were Esikihleni, Ngwelezane, Enseleni and uMhlathuze village with a total of 2566 indigenous trees being planted in various suburbs. The targeted areas were public open spaces and road verges with the intention to improve the aesthetic value of the city. Unfortunately illegal dumping and vandalism to property and fauna still remains a problem that this department has to contend with.

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 tennis/volleyball 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 reviewed 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 2007 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

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 July/August 2007.

A total of 3096 households responded to the twenty-four survey questions. The satisfaction level of these households on the most important services is illustrated throughout the attached report. **(Appendix B)** The following major services were addressed:-

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

The overall perception during 2006/2007 seems to have a positive trend as to how the public experiences Council's service levels. 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 developed areas, levels of satisfaction drop. Dissatisfaction is the highest in the tribal and undeveloped areas.

| | AVERAGE PERCENTAGE | | | | | | | | | |
|-----------------------------|--------------------|------|-----------|------|-----------|------|-----------|------|-----------|-------|
| | 2002/2003 | | 2003/2004 | | 2004/2005 | | 2005/2006 | | 2006/2007 | |
| Excellent | 16.2 | 70.3 | 16.9 | 77.6 | 25.8 | 80.3 | 25.9 | 82.4 | 30.38 | 83.93 |
| Satisfactory | 54.1 | | 60.7 | | 54.5 | | 56.5 | | 53.55 | |
| Not Completely Satisfactory | 9.4 | 29.7 | 14.4 | 22.4 | 12.6 | 19.7 | 13.3 | 17.6 | 9.0 | 16.07 |
| Totally Unsatisfactory | 20.3 | | 8 | | 7.1 | | 4.3 | | 7.07 | |

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

The average percentage of satisfaction levels above excludes the responses received on the condition of Provincial Roads (mainly in the rural areas), since maintenance of these roads fall outside the responsibility of uMhlathuze municipality, although these roads fall within the municipal boundaries. (64% dissatisfaction is expressed by respondents.)

However, what are of valuable management information are the comments received during the survey, as reflected towards the end of the comprehensive analysis report. This information could be useful in determining the areas of improvement Council should focus on.

CHAPTER 4: PRELIMINARY PLANS FOR NEXT FINANCIAL YEAR (2007/2008)

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

Office of the City Manager (Chief Executive Officer)

Goals

- Assume all responsibilities of Accounting Officer of the uMhlathuze 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 2007/08 financial year, 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 targets are achieved for the National Key Performance Areas and that 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 2007/2008

- Ensure that the targets are achieved for the National Key Performance Areas and that IDP objectives and targets are achieved
- Ensure that all departmental plans are within time and budget as set out per individual department.
- Ensure implementation and adherence to the provisions prescribed in the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.

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.
- Property Administration
- Legal Services

Major Plans for 2007/2008

- Refurbish Felixton Library
- 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.
- Put in vinyl tiles at Nseleni, Vulindlela and Mzingazi halls to bring these halls to a standard similar to that which is in place at the other halls.
- Install overhead fans at Aquadene and Brackenheim 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 Brackenheim 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.
- Install & design CCV camera systems

Office of the Chief Financial Officer

Goals

- To ensure efficient and effective financial management for City of uMhlathuze as required in terms of the Municipal Finance Management Act, 2003 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 2007/2008

- 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 2006/2007
 - Annual Report
 - Adjustment Budget
 - Annual Over-sight report
 - Budget 2008/2009

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 2007/2008

New road and street construction in various areas:

- Continue with doubling of Saligna & Guldengracht pending outcome of studies being done.
- Continue with upgrade of North Central Arterial & Bullion Boulevard intersection pending outcome of studies being done
- Doubling Bullion Boulevard from Krugerrand to NCA
- Main road doubling Empangeni
- Relocation of the Mandlazini access road pending outcome of study
- Traffic calming measures.
- Upgrade roads in the rural areas.
- Upgrading John Ross
- Upgrading of pedestrian paving in all areas
- Upgrading traffic signals

Installation of civil engineering service in new townships and CBD

- Continue with civil engineering services in:
 1. CBD South
 2. Alton north
- The following projects pending the outcome of other studies
 1. IDZ 1b
 2. IDZ 1d
 3. Lot 8511 –Birdswood
 4. Lot 8552 –Birdswood
 5. Sites west of Ticor
 6. Portion 55 & 56 titanium tide (sites west of foskor)

Storm water drainage and structures

- Storm water drainage - Gemini outfall Phase II

Public transportation amenities

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

Project management and construction on behalf of other departments

- Replace fencing at the Richards Bay airport to keep away uninvited guests.
- Alton closure & capping
- Civic centre - alterations
- Esikhawini : refurbish hostels
- UMhlathuze social housing?
- Relocation of parks depot - Alton service centre
- Alterations to the Alton Services Centre workshops and offices

- Enclosure of redundant equipment yard at the Alton Services Centre
- Replace fire water pipes at the Civic Centre
- Extension of Civic Centre and skills training facilities
- Renewal of Esikhawini rising main
- Ngwelezane swimming pool
- Upgrading macerator stations.
- Upgrading sewerage pump station.
- Refurbishment pump station - Electrical
- Transfer station – rural areas
- Fencing – north, south and west service centres
- CCTV camera system design & installation.
- Reservoir forest third.
- The following projects pending the outcome of other projects/studies
 - Public toilet amenities – all areas
 - Informal traders – unspecified
 - Civic centre – alterations
 - Civic centre clinic – add space
 - Empangeni village phase 4 township dev (450 erven)
 - Esikhawini second library

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 Service Provider

Major Plans for 2007/2008

- 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
- 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
- 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
- Bulk water main improvement – in all areas
- Industrial water mains improvement.
- Bulk zone meters installations.

- Ensuring access to water services
- Regulation and Tariffs
- WSA – WSP Institutional / Contractual Arrangements
- Management and Monitoring of contracts
- Financial Planning and Management

Water Service Authority

Major Plans for 2007/2008

- 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.
- Water Services Development Plan (Revival)
- 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 2007/2008:

- 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.
- Sanitation in IDT area
- Empangeni WWTW refurbishment
- Madlankala water pipeline.
- MIG counter funding various water projects.
- New 9Ml/d extensions to Esikhawini Water Treatment Works and an additional 20Ml 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 Wastewater 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 Pump stations 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 pump stations 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 2007/2008

- MLS upgrade (GEMS)and assuming central co-coordinating functions for department and central complaints hub.
- Co-ordinate and implement an organizational Call Centre and with specific reference to the CE Department.
- Develop and implement an extended departmental Administration function.
- Develop and implement a departmental Financial Management function.
- Develop and implement a departmental Personnel and Performance Management function.
- Develop and implement a departmental Health and Safety function..
- Develop and implement direct and dedicated administration support to PMU, WSP and R&SW Divisions.
- 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.
- Develop and implement an Information Administration function within the GIS section.
- Continue to develop GIS datasets pertaining to rural water, sanitation and roads.
- Develop and maintain the organizations Metadatabase .
- Perform improved GIS 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.
- Develop and implement a dedicated Survey and Design function for the Department.
- Develop and implement a dedicated Technical Draughting function for the department.
- Develop and implement a dedicated Technical Support function for the department
- 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 / GIS .
- 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 2007/2008

- 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.
- 132KV Neptune substation.
- Impala - Polaris 132KV Tower refurbishment & painting.
- Polaris steel structure refurbishment & painting.
- Pantograph replacement at Polaris Phase II.
- 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.
- Replacement of redundant streetlights.
- Upgrade/Installation of streetlights at Mandlanzini.
- New John Ross Phase 1 – streetlighting.
- R231 to Nseleni/N2 Interchange Installation on streetlights.
- 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.
 - Madida Phase II electrification.
 - UMhlathuze village electrification.
 - 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
 - New John Ross Phase 1

- Upgrade existing electrical reticulation in Mandlazini/Mzingazi where load increased.
- Continue with the installation of a new 11kV ring cable circuit from Polaris substation to IDZ area 2B (RBCD Dev).
- Relocate the 11kV cables between circuit Hercules and Centuar as part of the new developments.
- Fees - connection extensions (Domestic).
- Fees - connection extensions (Industrial & Commercial).
- Design, construct and commission new 11kV supply to uMhlathuze Village.
- Continue with the upgrading of 132kV pantograph isolators at Leo/Taurus substations.
- 132KV supply to CYGNUS substation.
- Installation/upgrading of HYDRA 132KV Transformer.
- Replacement of various redundant/obsolete vehicles and plant to optimize effective service delivery.
- Replacement of various redundant/obsolete air conditioning units.
- 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 2007/2008

- Implementation of the Land Use Management System (LUMS)
- Initiate Community Economic Development:
- Community Capacity building programmes
- Small Business support programmes
- Development and support of markets
- Further development of residential suburbs: Meerensee Extension 5, Hillview extension, Esikhawini – Vulindlela Corridor, Aquadene Extension & Ngwelezane Extension, Dune nodes, Meerensee infill developments
- Initiate the formalization of Port Durnford, Gobandlovu & Madlankala Rural Central Nodes
- Implementation of an ISO14001 system
- Annual Integrated Development Planning
- Coastal Management plan
- Establishment of Nature Reserve

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

- Environmental Health and Pollution Control.
- Clinic Services.
- Traffic and Licensing Services.
- Fire and Rescue Services.
- Waste Management Services.

Major Plans for 2007/2008

- 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.
- Plan and construct new Fire station.
- In order to assist in Council's Crime Prevention Policy, funds have been allocated to fund this initiative.
- CCTV Project
- 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.
- Drivers License Renewals
- 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.

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 2007/2008

- 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 develop cultural associations for the rural communities.
- Privatised management of the Arts and Craft centre – under new management.
- 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.
- 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.
- Transfer station - Rural areas
- 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.
- To deliver a Business Analysis & Efficiency Services.

Branches

- Maintenance and Development Services
- Personnel Administration Services
- Outsourced Management Information and Corporate Data Base Services.
- Outsourced Business Analysis & Efficiency Services

Major Plans for 2007/2008

- 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.
- Review/align job descriptions with new requirements from SALGA.
- Workflow - enable certain back office processes
- Roll out of IT equipment, hardware and software licenses and maintenance
- Implementation of IT strategy
- To align, measure and report on departmental performance plans against the national key performance areas
- To prepare and submit the Annual Performance Report
- To continue with the development and implementation of a computerized organizational and individual Performance Management System

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 2007/2008

- Extension and Development of Richards Bay Cemetery
- Development of Cemetery in Esikhawini
- Upgrade Parks depot in Empangeni
- Erecting of Concrete Palisade Fencing for the Central Sports Complex
- Development of Beaches
- Upgrading the Ngwelezane Sports fields (phase 2)
- Provisioning of a Swimming Pool at Ngwelezane
- Developing sport and recreational facilities and activities within the rural areas
- Conclude agreement with the uMfolozi College for utilising sports facilities by the community
- Promote skills development and capacity building for sports administrators, technical officials and coaches
- Present sports development programmes in a multiple of codes with emphasis being placed on certain minor sports.

- Present recreation programmes for adolescents, youth, the disabled and the aged.
- Source external funding for the establishment of an indoor sports facility in the City of uMhlathuze.
- Establish closer links and partnerships with the regional sports federations by means of co-operative events.
- Promote community involvement in establishing SMME'S during "outsourcing" certain maintenance functions of the sub directorates.

CHAPTER 5: FINANCIAL STATEMENTS

The audited annual Financial Statements for the year ended 30 June 2007 will be attached as Appendix D to this report.

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 MEC in terms of section 45 (b) of the Municipal Systems Act.

APPENDIX A

TABLES FOR ANNUAL PERFORMANCE REPORT

2006 / 2007
Municipal Year



TABLES FOR MUNICIPAL ANNUAL PERFORMANCE REPORT 2006/2007

TABLE 1 (Municipal Transformation and Institutional Development)

DMS 468872

[illegible]

APPENDIX A

| Key performance Indicators | Progress with Implementation | Achieved in 2003/04 | Targets for 2004/05 | Achieved in 2004/05 | Targets for 2005/06 | Achieved in 2005/06 | Targets for 2006/07 | Achieved in 2006/07 | Targets for 2007/08 |
|------------------------------|---|--|--|------------------------|------------------------|------------------------|---|---|---|
| | Drafting of Job Descriptions and Post Specifications for all positions on staff structure. <ul style="list-style-type: none"> Job Descriptions completed end of June '03 in TASK format for all positions. | Completed and maintain | Completed and maintain | Completed and maintain | Completed and maintain | Completed and maintain | Re-draft and align Job Descriptions into revised TASK format. | Completed the Re-drafting of all Job Descriptions (985) and submitted to PJEC | Await evaluation results from SALGBC for implementation |
| | Submit Job Descriptions for Job Evaluation | Implement Job Evaluation Results of the TASK evaluation Committee | Job Evaluation Results of the TASK evaluation Committee implemented. | | | | Re-align Job a Descriptions to Generic BC Job Descriptions | Completed the Re-drafting of all Job Descriptions (985) and submitted to PJEC | Await evaluation results from SALGBC for implementation |
| | Rationalisation investigation taking into account all services to be delivered into the full area of jurisdiction. <ul style="list-style-type: none"> Investigation in progress 80% completed | 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 | Re-align organisational structure to the new IDP | Completed | Re-align the organisational structure with the aim of aspiring metro-status and new Council's vision. |
| Strategic Planning Framework | Integrated Development Plan <ul style="list-style-type: none"> IDP Plan approved by Council Re-view plan annually Align Capital budget with IDP | Computerisation of the Capital Budget and IDP. | Alignment of Capital Budget, IDP and performance management framework. | Completed | Maintain | Completed | Review annually and Maintain | Completed | Review annually and Maintain |

APPENDIX A

| Key performance Indicators | Progress with Implementation | Achieved in 2003/04 | Targets for 2004/05 | Achieved in 2004/05 | Targets for 2005/06 | Achieved in 2005/06 | Targets for 2006/07 | Achieved in 2006/07 | Targets for 2007/08 |
|------------------------------------|---|--|--|---|--|--|--|--|--|
| | Local Economic Development <ul style="list-style-type: none"> LED Plan approved by Council Re-view on plan in progress Marketing Plan Investment plan Tourism plan Town Planning Scheme | Completed. Review and maintain the LED Plan | Completed. Review and maintain the LED Plan | Completed. Review and maintain the LED Plan | Completed. Review and maintain the LED Plan | Completed. | Review annually and Maintain | Completed. | Review annually and Maintain. |
| Environmental Management framework | <ul style="list-style-type: none"> Environmental Impact Assessment plan approved. Position created and filled as dedicated Environmental Management co-ordinator. Position created and approved as Environmental Impact officer. | Legal advise obtained on uMhlathuze responsibilities | Clarify roles and responsibilities of all role-players in terms of Environmental Management. | Commenced with investigation regarding roles and responsibilities of all role-players in terms of Environmental Management. | Complete the investigation , approval of recommendations by Council and implementation. | Environmental Management implementation completed | Completed. | Environmental Management implementation completed | Environmental Management implementation completed |
| Financial Planning Framework | <ul style="list-style-type: none"> Drafting of a consolidated financial planning framework Credit Control policy approved Credit Control Bylaws in place Credit Control Related Ordinances and Legislation applied. Asset Management System is being revised to make it GAMAP compliant. | Completed. Policies in place Ensure that the budget and financial statements fully comply with GAMAP. | Completed. Policies in place Ensure that the budget and financial statements fully comply with GAMAP. | Completed. Policies in place Ensure that the budget and financial statements fully comply with GAMAP. | Completed. Policies in place Ensure that the budget and financial statements fully comply with GAMAP. | Completed. Policies in place Ensure that the budget and financial statements fully comply with GAMAP. | Completed. Policies in place Ensure that the budget and financial statements fully comply with GAMAP. | Completed. Policies in place Ensure that the budget and financial statements fully comply with GAMAP. | Completed. Policies in place Ensure that the budget and financial statements fully comply with GAMAP and per MFMA requirements. |

APPENDIX A

| Key performance Indicators | Progress with Implementation | Achieved in 2003/04 | Targets for 2004/05 | Achieved in 2004/05 | Targets for 2005/06 | Achieved in 2005/06 | Targets for 2006/07 | Achieved in 2006/07 | Targets for 2007/08 |
|--------------------------------------|---|---|--|--|--|--|---|---|--|
| Public Safety and Security Framework | <ul style="list-style-type: none"> Disaster Management framework Position created and incumbent appointed to plan and co-ordinate disaster management. Crime Prevention framework Crime Prevention (Section 79 committee = Steering Committee established for this purpose) | A Crime prevention co-ordinator has been appointed to facilitate the implementation 10 projects in crime prevention strategy. | Ensure acceptable progress on 10 concurrent crime prevention projects. | In progress | Continuous | In progress | Negotiations with Provincial Government in terms of Public Safety programme. Continuous | In progress | In progress |
| Determine Council Policies | <ul style="list-style-type: none"> Drafting of Council Policies Indigent Policy Establishment of By-laws Code of Conduct for Councillors Official decision making process i.r.o Council Resolutions Execution and adherence to Council Resolutions. | Completed. Maintain Policies | Completed. Maintain Policies | Completed. Maintain Policies | Review and Maintain Policies | Completed. Maintain Policies | Review and Maintain Policies | Completed. Maintain Policies | Review and Maintain Policies |
| Develop reporting structures | <ul style="list-style-type: none"> Implementation of Sub-Committee and steering committee system. Implementation of a Portfolio Committee system with effect from 1 July 2003 | Completed. Maintain reporting structures | Completed. Maintain reporting structures | Completed. Maintain reporting structures | Completed. Maintain reporting structures | Completed. Maintain reporting structures | Completed. Maintain reporting structures | Completed. Maintain reporting structures | Review and Maintain reporting structures |
| Human Resource Management | <ul style="list-style-type: none"> Conditions of service approved | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained |
| | <ul style="list-style-type: none"> Skills Development Plan approved | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained | Completed and will be maintained | Review and maintain |
| | <ul style="list-style-type: none"> Employment Equity Plan approved | | 40% of the 5 year plan to be completed by June 2005. | | 60% of the 5 year plan to be completed by June 2006. | | 80% of the 5 year plan to be completed by June 2006. | In progress Progress - reported elsewhere in the report | Maintain momentum on the EEP |

APPENDIX A

| Key performance Indicators | Progress with Implementation | Achieved in 2003/04 | Targets for 2004/05 | Achieved in 2004/05 | Targets for 2005/06 | Achieved in 2005/06 | Targets for 2006/07 | Achieved in 2006/07 | Targets for 2007/08 |
|-----------------------------------|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | ▪ Labour relations | Completed. Maintain LL. | Completed. Maintain LL. | Completed. Maintain LL. | Completed. Maintain LL. | Completed. Maintain LL. | Completed. Maintain LL. | Completed. Maintain LL. | Completed. Maintain LL. |
| | ▪ She Risk Management Framework approved | Completed. Maintain | Completed. Maintain | Completed. Maintain | Completed. Maintain | Completed. Maintain | Completed. Maintain | Completed. Maintain | Completed. Maintain |
| | ▪ Occupational Health scheme | Completed. Maintain | Completed. Maintain | Completed. Maintain | Completed. Maintain | Completed. Maintain | Completed. Maintain | Completed. Maintain | Review and Maintain |

APPENDIX A

| Key performance Indicators | Progress with Implementation | Achieved in 2003/04 | Targets for 2004/05 | Achieved in 2004/05 | Targets for 2005/06 | Achieved in 2005/06 | Targets for 2006/07 | Achieved in 2006/07 | Targets for 2007/08 |
|----------------------------------|---|---|---|--|---|--|---|--|--|
| 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. | <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> | <p>Development of computerised PMS in progress.</p> <p>Completed Performance contracts and performance plans for CEO and first line managers in place aligned to the performance regulations (No 805) of 1 August 2006.</p> <p>Customer Satisfaction survey completed in July 2007, Attached to this report.</p> | <p>Complete Implementation of computerised PMS.</p> <p>New Performance contracts and performance plans for CEO and first line managers in place aligned to the performance regulations (No 805) of 1 August 2006.</p> <p>Customer Satisfaction survey completed by June 2008</p> |

APPENDIX A

| Key performance Indicators | Progress with Implementation | Achieved in 2003/04 | Targets for 2004/05 | Achieved in 2004/05 | Targets for 2005/06 | Achieved in 2005/06 | Targets for 2006/07 | Achieved in 2006/07 | Targets for 2007/08 |
|-------------------------------|--|---|---|---|---|---|---|---|---|
| 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 | 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 completed | 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 | Roll-out of IT Equipment, hardware and software licenses. 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 2006/2007.

APPENDIX A

1 SUSTAINABLE ENVIRONMENT

[illegible]

APPENDIX A

2 SUSTAINABLE INFRASTRUCTURE AND SERVICE PROVISION

| NO | PROJECT / ACTIVITY | INDICATOR (KPI) | BASELINE | TARGET 2003/04 | ACHIEVED 2003/04 | TARGET 2004/05 | ACHIEVED 2004/05 | TARGET 2005/06 | ACHIEVED 2005/06 | TARGET 2006/07 | ACHIEVED 2006/07 | TARGET 2007/08 |
|------|--|---|---|--|--|--------------------------|---|----------------------------|---|---------------------------|-------------------------------------|----------------|
| 2.1 | Water Supply Projects | Percentage of households provided with a basic level of service | 27 011 / 30 786 = 87% | 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 | 64747 | 66240 |
| 2.2 | Water Supply Vote 059,060 | Average cost per kilo litre water supplied | R 2.09 per kilo litre | R 2.29 / kl | R 2.29 / kl | R 2.25 / kl | R2.13/ Kl | R2.25/ Kl | R2.37/ Kl | R2.55/ Kl | R2.64 | R2.75 |
| 2.3 | Water Supply | Number of kilolitre of water supplied | 28 524 185 kl | 30 000 000 kl | 34 359 640 kl | 37 795 604 kl | 36 083 535 kl | 37 884 560 kl | 35 983 153 kl | 37 000 000 kl | 3550381 | 38000000 |
| 2.4 | Water Supply | Percentage of un-accounted for water | 22,85% | 15% | 18.53 % | 15 % | 19.86% | 15% | 29,9% New Base | 28% | 31% | 28% |
| 2.5 | Wastewater treatment Vote 035 | Average cost per kilolitre of wastewater purified | R 1.29 per kilo litre | R 1.19 / kl | R 1.20 / kl | R 1.25 / kl | R1,04/ Kl | R1.25/ Kl | R1,16/ Kl | R1.25/ Kl | R1.47 | R1.60 |
| 2.6 | Wastewater treatment | Number of kiloliter wastewater purified | 13 879 044 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 | 16477617 | 18537036 |
| 2.7 | Electricity operations and maintenance | Average operational cost per 100kWh | R 224 552 645 / 1 063 295 814 = R 211.19 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 | | R189 019 761/1061 769 242 = R 17.80 | R 17.50 |
| 2.8 | Electricity operation | Total energy sold | 975 849 919 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 | 10610340 00 | 10913500 00 |
| 2.9 | Electricity operation | Percentage of total energy loss | 8.22% | 5% | 4,5% | 4,5% | 4% | 4% | 4.2% | 4% | 7% | 4% |
| 2.10 | Refuse removal | Total amount of refuse removed annually (Ton) | 116 120.20 tonnes | 125 030.85 tonnes | 134270.64 tonnes | 140 000 tonnes | 136 680 tonnes | 140 000 tonnes | 61 590 tonnes new base | 65 000 tonnes | 46356 | 48900 |
| 2.11 | Refuse removal | Percentage of households\premises where refuse is collected | 63.4% | 68.5 % | 68.5% | 68.5% | 68.5% | 68% | 53% new baseline | 55% | 54.7% | 58% |

APPENDIX A

3 SOCIAL AND ECONOMIC DEVELOPMENT

[illegible]

APPENDIX A

| NO | PROJECT / ACTIVITY | INDICATOR (KPI) | BASELINE | TARGET 2003/04 | ACHIEVED 2003/04 | TARGET 2004/05 | ACHIEVED 2004/05 | TARGET 2005/06 | ACHIEVED 2005/06 | TARGET 2006/07 | ACHIEVED 2006/07 | TARGET 2007/08 |
|-----|------------------------------|--|--|--|--|--|--|--|--|--|--|--|
| 3.7 | Development Control Services | Total number of plan evaluations (664), consent applications (181), inspections (628), zonings, certificates, relaxations. | No. of plan evaluations: | No. of plan evaluations : | No. of plan evaluations : | No. of plan evaluations : | No. of plan evaluations : | No. of plan evaluations : | No. of plan evaluations : | No. of plan evaluations : | No. of plan evaluations : | No. of plan evaluations : |
| | | | 1 145 | 1 000 | 1 663 | 1 700 | 1 646 | 1 700 | 1468 | 1500 | 1373 | 1400 |
| | | | Consent applications: | Consent applications : | Consent applications : | Consent applications : | Consent applications : | Consent applications : | Consent applications : | Consent applications : | Consent applications : | Consent applications : |
| | | | 82 | 100 | 116 | 100 | 127 | 135 | 100 | 135 | 70 | 100 |
| | | | Building inspections: | Building inspections: | Building inspections: | Building inspections: | Building inspections: | Building inspections: | Building inspections: | Building inspections: | Building inspections: | Building inspections: |
| 3.8 | Building Control | Total value of approved building plans | 817 | 900 | 1903 | 900 | 2 378 | 2 400 | 2 754 | 2 400 | 2392 | 2400 |
| | | | Rezoning applications: | Rezoning applications: | Rezoning applications: | Rezoning applications: | Rezoning applications: | Rezoning applications: | Rezoning applications: | Rezoning applications: | Rezoning applications: | Rezoning applications: |
| | | | 18 | 20 | 20 | 20 | 37 | 40 | 24 | 30 | 12 | 15 |
| | | | Building line and side and rear space relaxations: | Building line and side and rear space relaxations: | Building line and side and rear space relaxations: | Building line and side and rear space relaxations: | Building line and side and rear space relaxations: | Building line and side and rear space relaxations: | Building line and side and rear space relaxations: | Building line and side and rear space relaxations: | Building line and side and rear space relaxations: | Building line and side and rear space relaxations: |
| | | | 384 | 400 | 406 | 400 | 655 | 680 | 465 | 500 | 364 | 300 |
| | | | R 478 362 812 | R 500 m | R 250 986 055 | R 500 m | R 445 603 826 | R 500 m | R 327,40 m | R 350 m | R 360 m | R 400 m |

4 ORGANISATION DEVELOPMENT

| NO | PROJECT / ACTIVITY | INDICATOR (KPI) | BASELINE | TARGET 2003/04 | ACHIEVED 2003/04 | TARGET 2004/05 | ACHIEVED 2004/05 | TARGET 2005/06 | ACHIEVED 2005/06 | TARGET 2006/07 | ACHIEVED 2006/07 | TARGET 2007/08 |
|-----|-------------------------|---|--------------------------------|-----------------|-----------------------------|-----------------|-------------------------------|----------------|-------------------------------|----------------|-------------------------|----------------|
| 4.1 | Municipal Admin service | Overtime hours per agenda / minutes (production and delivery) | 4.24 | 3.45 | 7.81 | 3.45 | 1080 / 532 = 2.03 | 3.00 | 1 184/328 = 3.6 | 3.5 | 1190/924 =1.28 | 2.5 |
| 4.2 | Personnel services | Percentage personnel turnover per year | 3.05% | 2% | 8.7% | 5% | 5% | 5,5% | 6.19% | 8.00% | 7.9% | 9% |
| 4.3 | Personnel services | Average cost per recruitment | R 1 930.21 | R 1 700.00 | R 1 500.00 | R 1 700.00 | R2 200.00 | R2 000.00 | R1 826.00 | R2 500.00 | R1 067 | R2 500 |
| 4.4 | Labour Relations | Number of disciplinary incidents | 60 | 30 | 31 | 40 | 49 | 50 | 24 | 25 | 35 | N/A |
| 4.5 | Labour Relations | Average cost per disciplinary investigation | R 1 750.00 | R 875.00 | R 875.00 | R 875.00 | R2 000.00 | R2 000.00 | R2 000.00 | R2 100.00 | R2 300 | N/A |
| 4.6 | Library services | Percentage of population using the service | 23 891 / 341 250 = 7% | 7% | 29 686/ 296 339 = 10% | 7% | 30 127 / 296 339 = 10% | 11% | 330 000 / 24 377 = 13.54% | 14% | 21926/33 0000 = 6.6 | 6.5 |
| 4.7 | Library Services | Average cost of lending out items | R 3 652 336 / 474 129 = R 7.70 | 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 | 6451251/ 361127 =R17.86 | R18.00 |

APPENDIX A

5 SOUND FINANCIAL MANAGEMENT

| NO | PROJECT / ACTIVITY | INDICATOR (KPI) | BASELINE | TARGET 2003/04 | ACHIEVED 2003/04 | TARGET 2004/05 | ACHIEVED 2004/05 | TARGET 2005/06 | ACHIEVED 2005/06 | TARGET 2006/07 | ACHIEVED 2006/07 | TARGET 2007/08 |
|------|--------------------|---|---|---|--|--|----------------------------------|--------------------------------|--------------------------------|-----------------------------|-------------------------------|-----------------------------|
| 5.1 | Credit management | Average amount collected per man hour spent | R 2 893 866 / 42 240 = R 68.51 | 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 | 5613359/4 1400= R 135.60 | 5500000/4 1500 = R 132.53 | 6060483/ 41100 = R147.45 | 6000000/4 2000 = R142.85 |
| 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 529 747 420 / R 523 747 420 = 101.14% | R490 338 727/ R 485,294,6 33 =101.04% | R500 000 000/ R500 000 000 =100% | 516 458 614/ 481 649 887 107.23% | 480 000 000/ 480 000 000 100% | 56133597 1/5127612 43 = 109.4% | 56000000 0/5600000 00 =100% | 60604835 0/540475 757 =112.1% | 58000000 0/5800000 00 =100% |
| 5.3 | Credit management | Total amount of arrears collected | R 2 893 866 | R 6 000 000 | R3 395 207 | R 4 000 000 | 5 384 645 | 4 500 000 | 5613359 | 5500000 | 6060483 | 6000000 |
| 5.4 | Creditors payment | Average creditors payment period | 48 days | 50 days | 33.28 days | 30 days | 41.44 | 30 days | 41.75 | 30 | 71.69 | 30 |
| 5.5 | Creditors payment | Acid test ratio – Current assets less stock on hand/current liabilities | 1.75:1 | 1.2:1 | 1,17:1 | 1,5:1 | 0.84:1 | 1,5:1 | 0.68:1 | 1.5:1 | 1.5:1 | 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 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 | 51276124 3/94000 =R5 454.90 | 56000000 0/94000 =R5 957.44 | 54047575 7/94000 =R5 749.74 | 58000000 0/94000 =R6 170.21 |
| 5.7 | Income management | Total amount of services billed | R 354 742 402 | R 523 747 420 | R485 294 633 | R 500 000 000 | 481 649 887 | 480 000 000 | 51276124 3 | 56000000 0 | 54047575 7 | 58000000 0 |
| 5.8 | Income management | Percentage variance of the income budget | 94.37% | 100% | 101.7% | 100% | 98.48% | 100% | 99.34% | 100% | 101.81% | 100% |
| 5.9 | Municipal fleet | Average running cost per vehicle | R 32 000.00 | R 35 000.00 | R 33 212.00 | R 35 000.00 | 11530645/ 263 = R43 843 | R46 035 | R 30 274.09 | R 32 000.00 | R32 687.87 | R 32 000.00 |
| 5.10 | Fleet availability | Percentage availability per vehicle | 90.6% | 92 % | 98% | 90% | 94% | 90% | 96% | 95% | 96% | 95% |

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

87,71% 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 2007/2008 for basic RDP level of water supply service is 90%

| SERVICE LEVEL | NO OF HOUSEHOLDS | 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 | ACHIEVED 2006\07 | TARGET 2007\08 |
|--|---|--|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------------------|--------------------|
| 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%) | 34 643 (46.65%) | 35 000 (47.13%) |
| 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%) | 23 690 (31.90%) | 25 000 (33.66%) |
| 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%) | 6 804 (9.15%) | 6842 (9.21%) |
| 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%) | 9 132 (12.30%) | 7 427 (10.00%) |
| 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: 2002/03 2003/04 2004/05 2005/06 2006/07 | 30 786 38 152 58 377 58691 74 269 74 269* | 92 % 81.85% 92.51 77.26% 87.71% | | | | | | | | | | | |

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

APPENDIX A

SANITATION

54.15% of households have access to the basic level of service for sanitation. The basic (RDP) level is a VIP per household. The target for 2007/2008 for basic RDP level of sanitation service is 61.94%

| SERVICE LEVEL | NO OF HOUSEHOLDS | 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 | ACHIEVED 2006\07 | TARGET 2007\08 |
|---------------------|------------------|---------------|------------------|------------------|-----------------|-------------------|--------------------|--------------------|------------------------------------|--------------------|--------------------|---------------------------------|--------------------|
| Waterborne sewerage | 24 034 | 32.40% | 20 750 (67 %) | 21 010 (55%) | 21 500 (56%) | 28 313 (48.5%) | 28 500 (48.82%) | 28 954 (49.33%) | 28 954 (49.33%) | 29 444 (39.65%) | 30 000 (40.39%) | 32 162 (43.3%) | 33 000 (44.44%) |
| VIP 's **** | 8 057 | 10.80% | *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%) | 8 057 (10.85%) | 13000 (17.50%) |
| No formal service | 34 050 | 45.80% | 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%) | 34050 (45.85%) | 28 269 (38.06%) |
| Total | 30 786*** | 72% | | | | | | | | | | | |
| 2002/03 | 38 152 | 69% | | | | | | | | | | | |
| 2003/04 | 58 377 | 72.2% | | | | | | | | | | | |
| 2004/05 | 58 691 | 89.5% | | | | | | | | | | | |
| 2005/06 | 74 269 | 46.65% | | | | | | | | | | | |
| 2006/07 | 74 269 | 54.15% | | | | | | | | | | | |

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

SOLID WASTE REMOVAL

69.90% of households have access to the basic level of service for solid waste. The basic level is one removal of a 240-litre bin per week per household in urban areas and 1 ship daily serving approximately 2 763 households per skip in the rural areas.

| INDICATOR | BASELINE | TARGET 2003\04 | ACHIEVED 2003\04 | TARGET 2004\05 | ACHIEVED 2004\05 | TARGET 2005\06 | ACHIEVED 2005\06 | TARGET 2006\07 | ACHIEVED 2006\07 | TARGET 2007\08 |
|--|---------------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|---|--|
| Basic level of service - urban (240 litre bins) | 40 625 = 54.70% | Not defined | Not defined | Not defined | Not defined | Not defined | Not defined | Not defined | 40 625 bins/ 74 269 hh = 54.70% | 40 625 bins/ 74 269 hh = 54.70% |
| Free basic level service - rural (skips) | 11 286 = 15.20% | Not defined | Not defined | Not defined | Not defined | Not defined | Not defined | Not defined | 11 286 skips/ 74 269 hh = 15.20% | 11 364 skips/ 74 269 hh = 15.30% |
| Percentage of households with basic solid waste removal service | 63,4 % 69.90% | 66.3% | 63.4% | 68% | 68,5% | 68% | 53% | 55% | 69.90% | 70% |

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 2003\04 | ACHIEVED 2003\04 | TARGET 2004\05 | ACHIEVED 2004\05 | TARGET 2005\06 | ACHIEVED 2005\06 | TARGET 2006\07 | ACHIEVED 2006\07 | TARGET 2007\08 |
|--|----------|----------------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|-----------------------------|------------------------------|
| Households with access to Electricity uMhlathuze area of supply | 99% | 100% | 99% | 100% | 99% | 100% | 99% | 100% | 29 261 households 99% | 30 000 households 100% |
| Households with access to Electricity Eskom area of supply | 70% | Est. 20 000 85% | 17 744 89% | 18 000 90% | 91% | 92% | 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 | | 2006/2007 | |
|---|--------------|------------|--------------|------------|--------------|------------|------------|--------------|
| | PERMANENT | TEMPORARY | PERMANENT | PERMANENT | PERMANENT | TEMPORARY | PERMANENT | TEMPORARY |
| Joint Development Forum | 940 | 456 | 980 | 200 | 1094 | 586 | 995 | 1320 |
| Zululand Centre for Sustainable Development | 194 | 0 | 130 | 0 | 234 | 150 | | |
| TOTAL | 1 134 | 456 | 1 110 | 200 | 1 328 | 718 | 995 | 1 320 |

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 2003\04 | ACHIEVED 2003\04 | TARGET 2004\05 | ACHIEVED 2004\05 | TARGET 2005\06 | ACHIEVED 2005\06 | TARGET 2006\07 | ACHIEVED 2006\07 | TARGET 2007\08 |
|---|-------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| B = Total operating revenue received | 480,666,482 | 591 296 290 | 607 144 421 | 629 035 170 | 645 935 056 | 730 667 900 | 681 026 739 | 772 110 100 | 924 036 400 | 894 008 400 |
| C = Operating grants | 25,930,168 | 19 440 000 | 30 725 963 | 39 163 500 | 70 482 307 | 52 985 000 | 90 339 930 | 64 984 300 | 195 634 000 | 85 749 100 |
| D = debts service payments (interest & redemption due for the year) | 47,370,528 | 58 398 030 | 59 603 157 | 31 080 360 | 54 505 668 | 44 221 000 | 59 468 020 | 64 501 400 | 57 066 572 | 118 306 200 |
| A = (B-C)/D | 9.60 | 9.80 | 9.67 | 18.98 | 10.6 | 15.32 | 9.9 | 10.9 | 12.76 | 6.83 |

$$A = B / C$$

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 2003\04 | ACHIEVED 2003\04 | TARGET 2004\05 | ACHIEVED 2004\05 | TARGET 2005\06 | ACHIEVED 2005\06 | TARGET 2006\07 | ACHIEVED 2006\07 | TARGET 2007\08 |
|--|---------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| B = Outstanding service debtors | 38694618.07 | 55 285 598 | 81 678 080 | 92 410 000 | 66 663 480 | 82 000 000 | 62 379 319 | 88 850 000 | 82586339 | 83 000 000 |
| C = Annual revenue actually received for service debtors | -393677485.14 | 464 068 695 | 540 356 520 | 620 371 410 | 490 531 695 | 530 000 000 | 514 842 044 | 550 264 300 | 533792284 | 568 344 900 |
| A = B/C | 0.10 | 0.12 | 0.14 | 0.15 | 0.14 | 0.16 | 0.12 | 0.16 | 0.15 | 0.15 |

$$A = B + C / D$$

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 2003\04 | ACHIEVED 2003\04 | TARGET 2004\05 | ACHIEVED 2004\05 | TARGET 2005\06 | ACHIEVED 2005\06 | TARGET 2006\07 | ACHIEVED 2006\07 | TARGET 2007\08 |
|---|--------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| B = All available cash at a particular time | 2 902 175.05 | 10 000 000 | 19 881 078 | 18 324 000 | 34 311 934 | 20 000 000 | 42 360 274 | 63 620 000 | 234980340 | 143900000 |
| C = Investments | 37038303.74 | 51 000 000 | 40 857 300 | 45 502 000 | 10 453 267 | 40 000 000 | | | | |
| D = Monthly fixed operating expenditure | 38886668.33 | 47 000 000 | 49 920 199 | 52 419 598 | 51 362 598 | 56 000 000 | 55 238 164 | 64 342 508 | 61059045 | 74500700 |
| A = (B +C)/D | 1.03 | 1.03 | 1.22 | 1.22 | 0.87 | 1.07 | 0.77 | 1.09 | 3.84 | 1.9 |

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 | ACHIEVED 2006\07 | TARGET 2007\08 |
|--|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|
| Capital Budget amount spend on capital project / Total Capital budget X 100 | 100.00% | 100.80% | 80.00% | 81% | 80% | 84% | 85% | 81% | 90% |

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 | ACHIEVED 2006\07 | TARGET 2007\08 |
|--------------------------|--------------------------|------------------------|------------------------|-------------------|------------------------|-------------------|----------------------|-------------------|----------------------|-------------------|
| 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 0.07% | R1 800 000.00 | R 1 778 464 0.07% | R 1 903 500 | R 2 111 799 0.07% | R 2 061 700 |

APPENDIX B

CUSTOMER SATISFACTION SURVEY REPORT

2006 / 2007
Municipal Year



CUSTOMER SATISFACTION SURVEY ANALYSIS REPORT

2006 / 2007



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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.

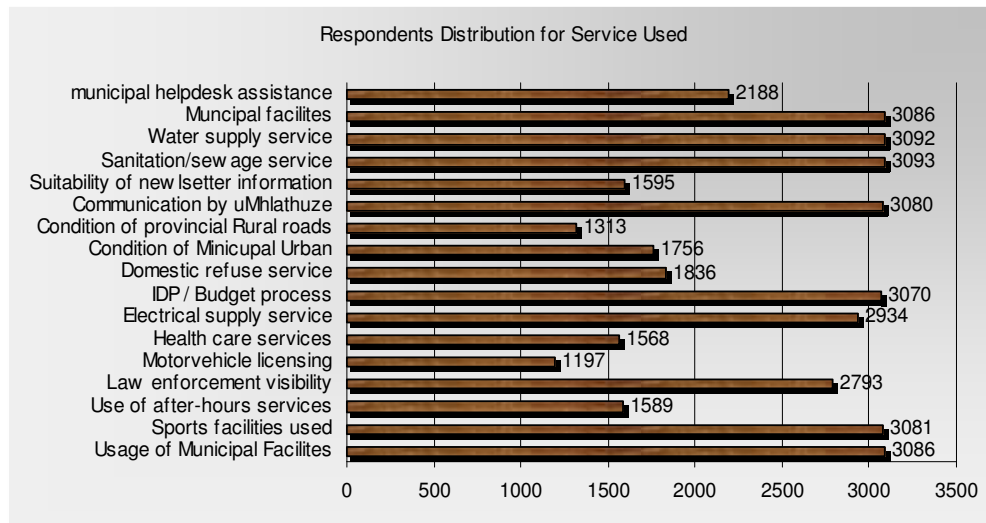
The total number of households in the uMhlathuze area of jurisdiction used for national indicators (38 023 households) according to the uMhlathuze Water Services Development Plan was used as the basis. The Geographical distribution and the following population sample size survey, as reflected in the number of questionnaires, were utilised to ensure the statistical accuracy of the survey:

| Urban Areas | Number of households | % of total population | Required Number of questionnaires per area | Actual Number of questionnaires per area |
|---------------------|-----------------------------|------------------------------|---|---|
| Richards Bay | 6142 | 16.0% | 480 | 488 |
| Empangeni | 3529 | 9.0% | 270 | 272 |
| Nseleni | 1872 | 5.0% | 150 | 166 |
| Esikhawini | 7359 | 20% | 600 | 633 |
| Ngwelezane | 2187 | 6.0% | 180 | 180 |
| Vulindlela | 286 | 1.0% | 30 | 30 |
| | 21375 | 57% | 1710 | 1769 |
| Tribal Areas | Number of households | % of total population | Number of questionnaires per area | Actual Number of questionnaires per area |
| Bhejane Khoza | 3794 | 10.0% | 300 | 307 |
| Dube | 1586 | 4.0% | 120 | 120 |
| Madlebe | 6209 | 16.0% | 520 | 529 |
| Mkhwanazi North | | 6.5% | 175 | 184 |
| Mkhwanazi South | 5059 | 6.5% | 175 | 187 |
| | 16648 | 43% | 1290 | 1327 |
| Total | 38023 | 100% | 3000 | 3096 |

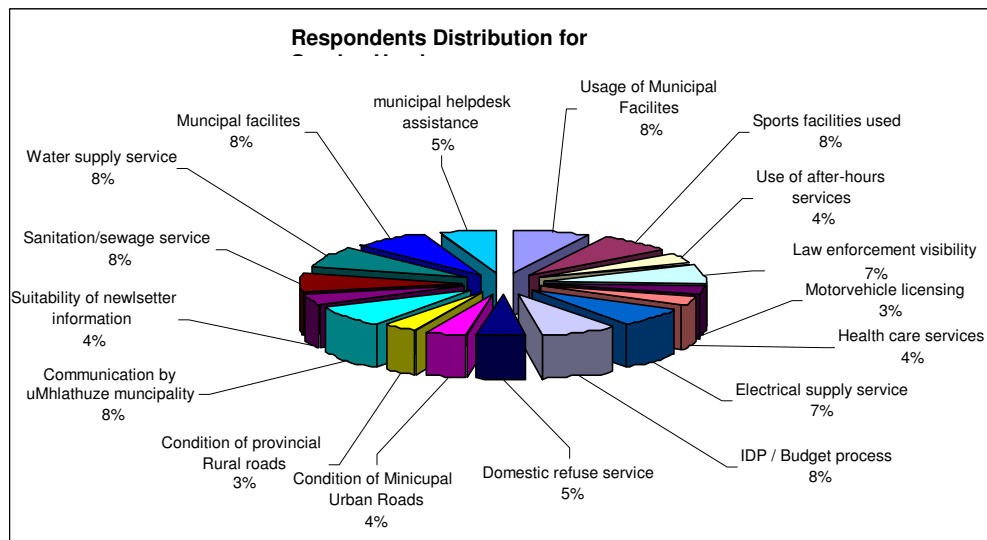
For the purpose of this report the results will be illustrated for the total area of jurisdiction as well as separate responses for the urban areas and for the Tribal areas. Information on all the questions is available on all the different areas, with a further breakdown per suburb in Richards Bay.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

2. SURVEY RESPONSE

A total of 3096 households responded to the twenty-four 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 assistance, 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:



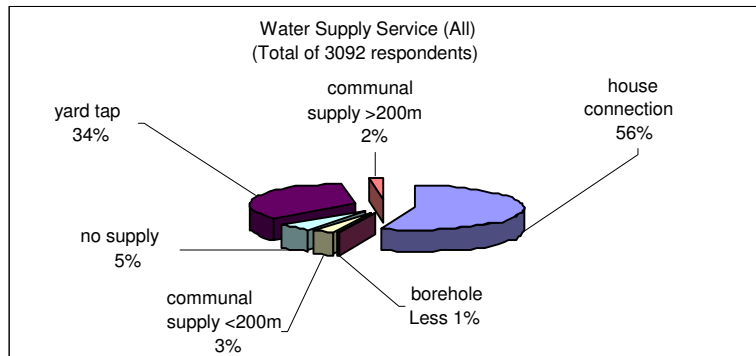
The above figure illustrates the number of respondents for each of the services as well as the percentage contributed towards the total number of the 38 023 population data.



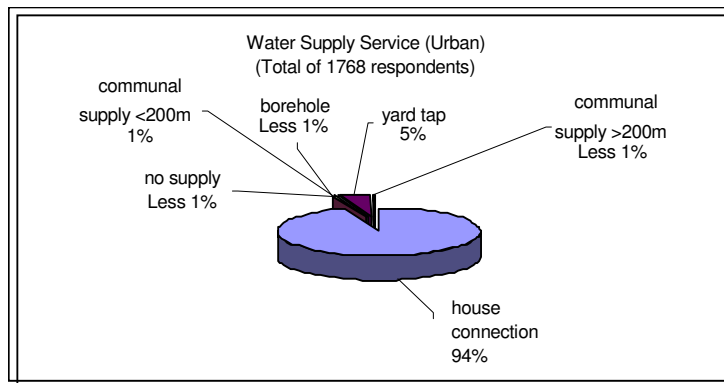
The levels of customer satisfaction with the above services are discussed and illustrated individually as follow:

WATER SUPPLY SERVICE

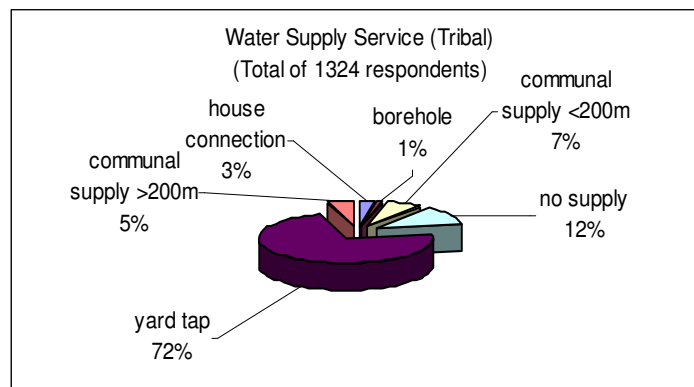
The water supply service currently delivered to the community by the City of uMhlathuze is categorized in terms of National regulations. The categories are divided and measured as follows: house connections, yard connections, communal supply within 200 metres distance (RDP level); communal supply further 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 3092 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 1768 households currently served with water, are expressed as a percentage. 2 respondents do not have water supply.

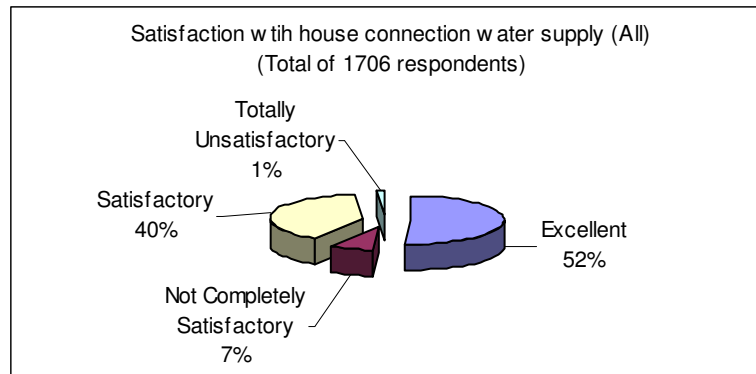


The following figure illustrates the type of water supply service rendered to the households that were approached during the survey in the tribal areas. The responses from the 1324 households currently served with water, are expressed as a percentage. 158 of the respondents do not have water supply.

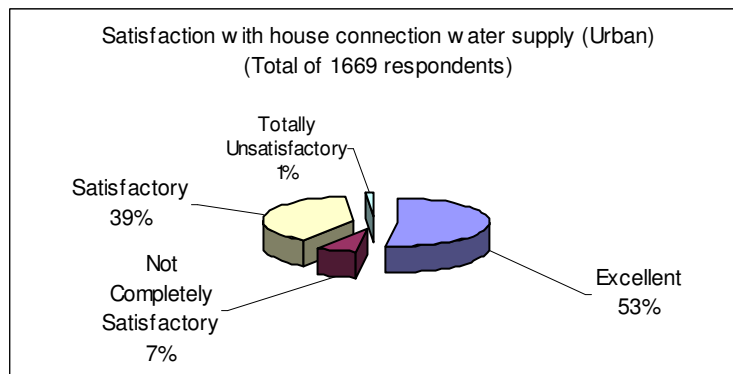


House connection water supply

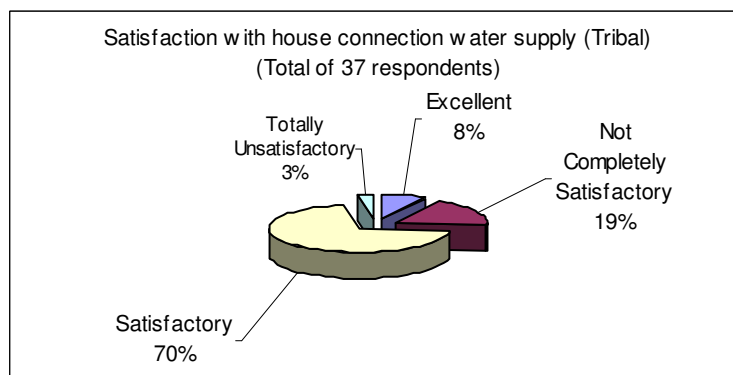
The number of households in the survey with this type of connection was 1706. The following figure illustrates a high satisfaction level among the respondents currently receiving this service. 12 respondents gave no response.



The following figure illustrates the satisfaction level among the 1669 respondents currently receiving this service in the urban areas:-

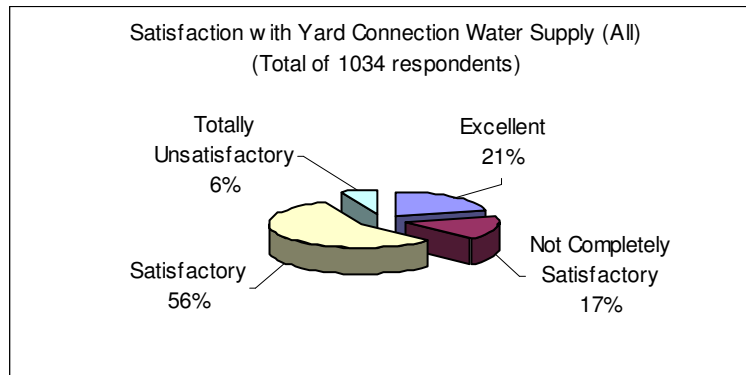


The following figure illustrates the satisfaction level among the 37 respondents currently receiving this service in the tribal areas:-

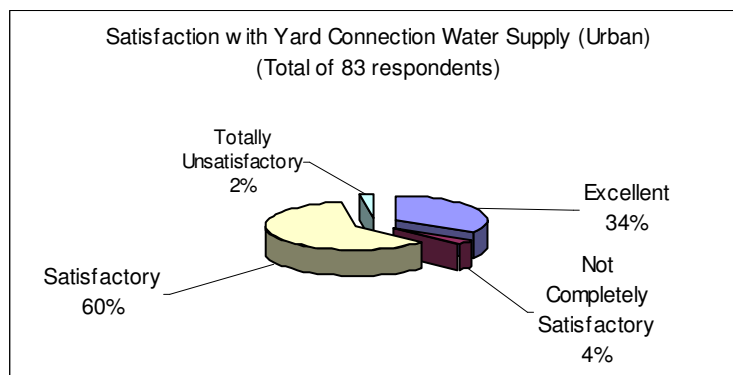


Yard Connection

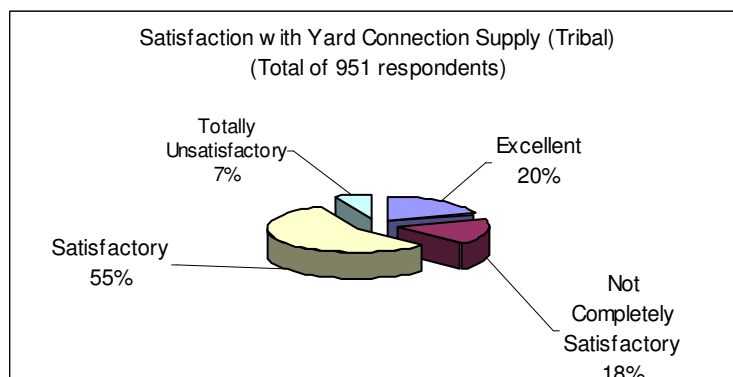
The number of households in the survey with yard connection was 1034. The satisfaction level of the households currently receiving yard connection water supply is illustrated as follows: 8 respondents gave no response.



The following figure illustrates the satisfaction level among the 83 respondents currently receiving this service in the urban areas:-

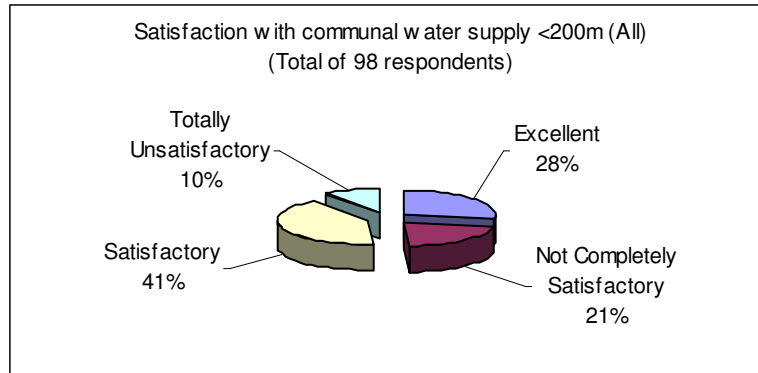


The following figure illustrates the satisfaction level among the 951 respondents currently receiving this service in the tribal areas:-

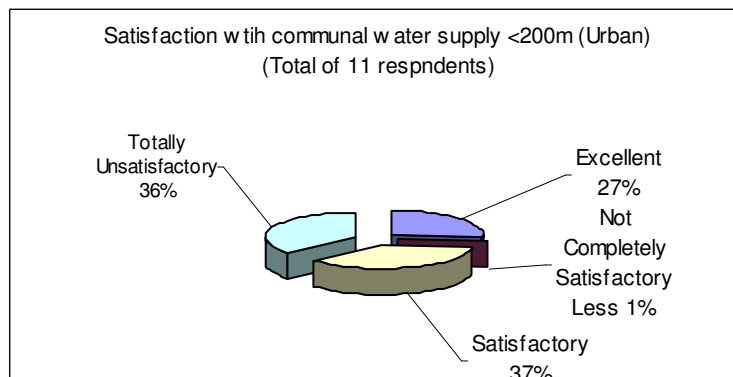


Communal Water Supply within 200metres

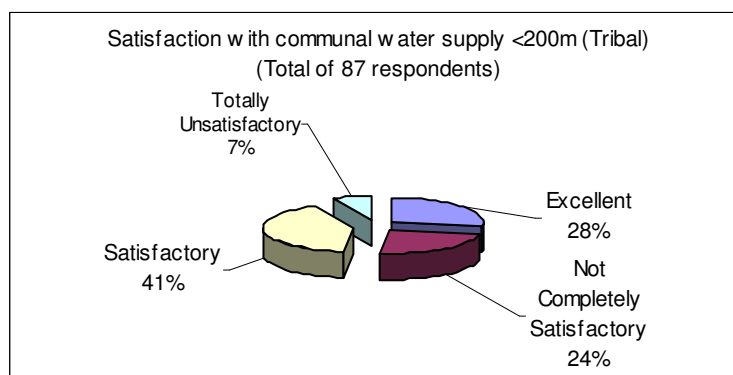
This level of service is as per RDP standard where running water is supplied via a communal water supply of a distance of no more than 200 metres from the residence. The satisfaction level of the 98 respondents currently receiving this service is illustrated as follows.



The following figure illustrates the satisfaction level among the 11 respondents currently receiving this service in the urban areas:-

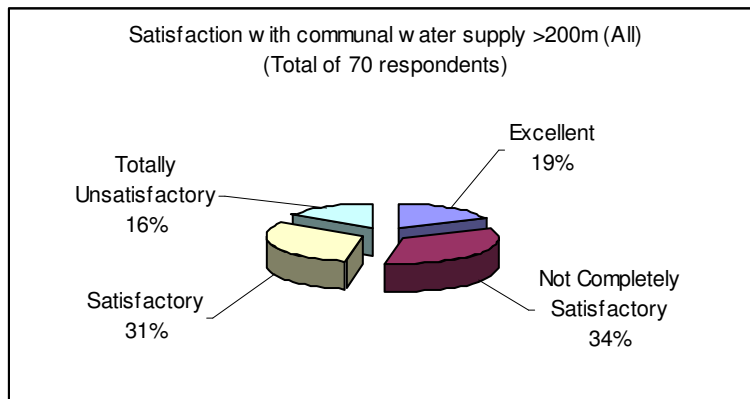


The following figure illustrates the satisfaction level among the 87 respondents currently receiving this service in the tribal areas:-

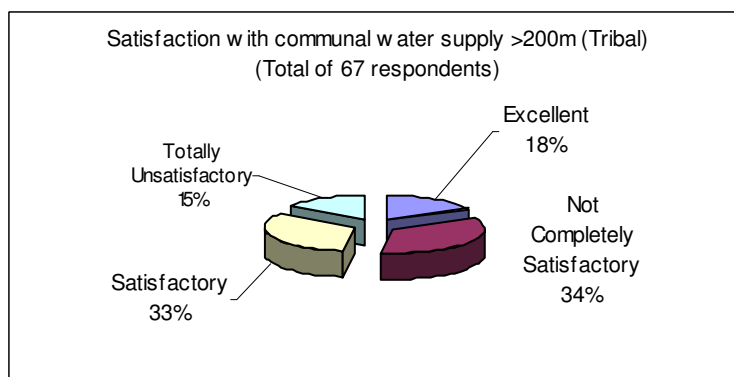


Communal water supply further than >200metres

The number of households in the survey with communal water supply was 70. There are 3 households in the urban area with a water supply further than 200 meters. 0 respondents did not respond.

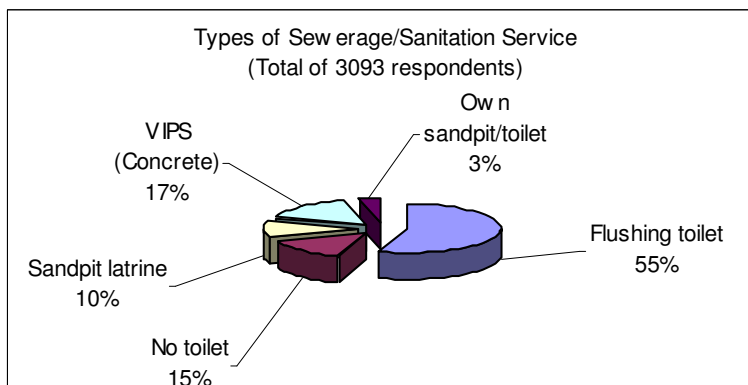


The following figure illustrates the satisfaction level among the 67 respondents currently receiving this service:



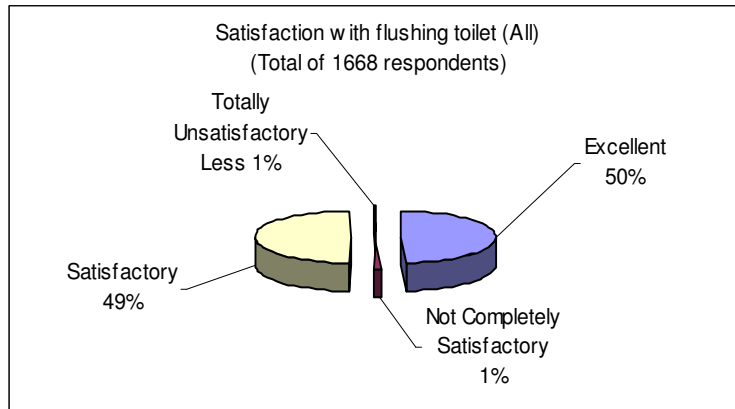
SANITATION SERVICE

The following figure illustrates the distribution of the type of sanitation service delivered to the households surveyed. The total number of respondents was 3093. The 15% of households with no sanitation service are from the tribal areas and comprise 450 respondents.

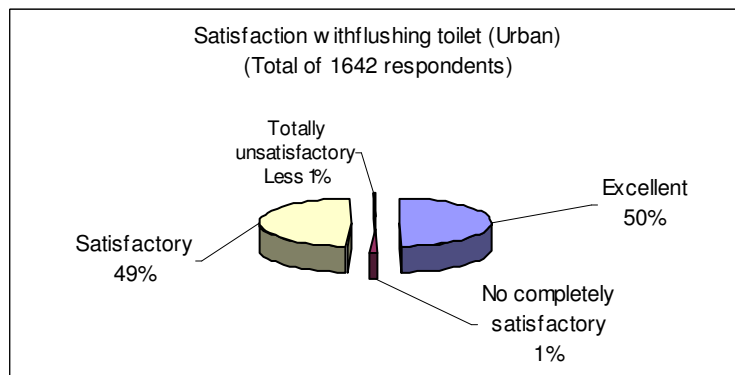


Flushing toilet service

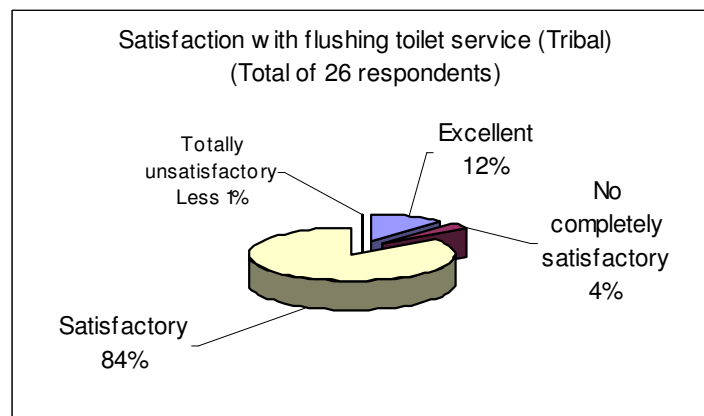
A flushing toilet service is delivered to households in the urban and developed areas. The following figure illustrates the satisfaction rating of the 1668 respondents currently receiving this service. The satisfaction level for this service is exceptionally good.



The following figure illustrates the satisfaction level among the 1642 respondents currently receiving this service in the urban areas:

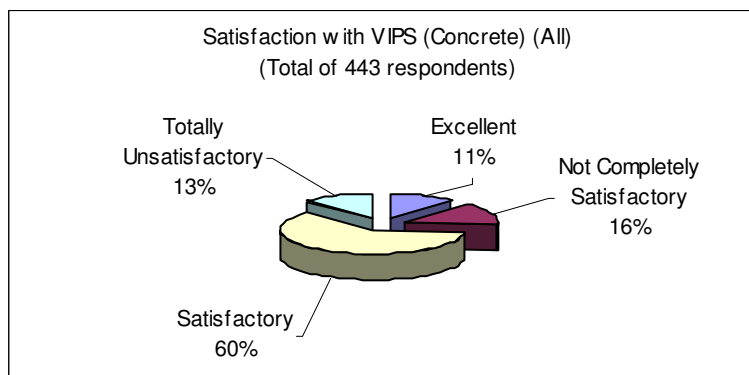


The following figure illustrates the satisfaction level among the 26 respondents currently receiving this service in the tribal areas:

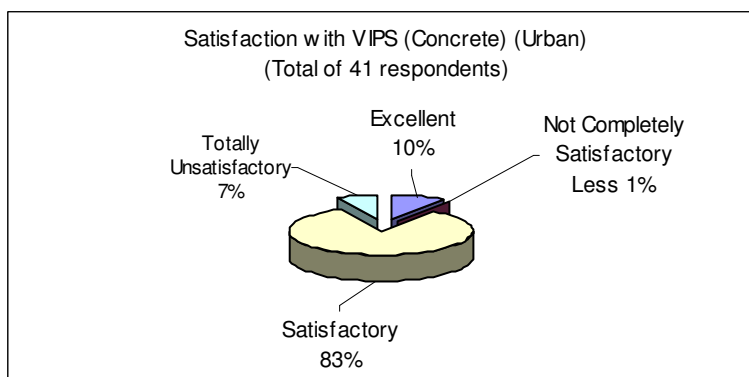


VIPs (Concrete)

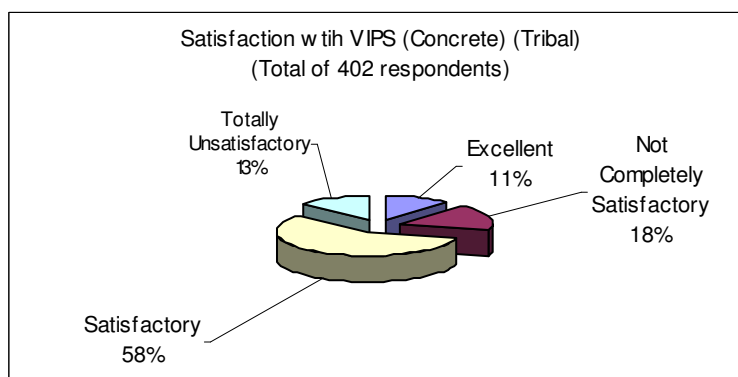
The VIPs (Concrete) service is predominantly delivered in the tribal areas. The number of respondents with this facility is 443.



The following figure illustrates the satisfaction level among the 41 respondents currently receiving this service in the urban areas:



The following figure illustrates the satisfaction level among the 402 respondents currently receiving this service in the tribal areas:

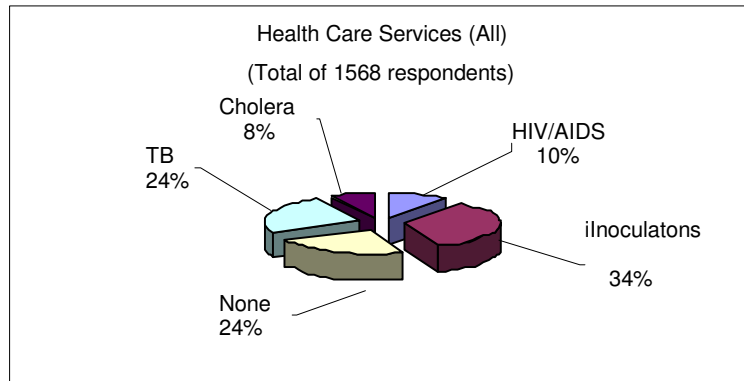


Sandpit Latrine (Own)

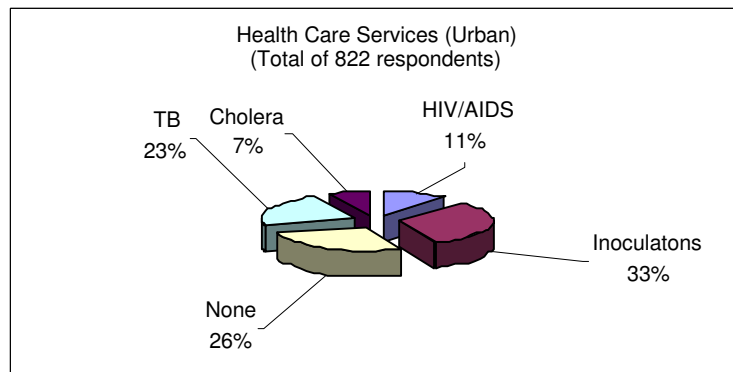
The VIPs (Concrete) service is not delivered to the whole community in the tribal and informal developed areas. Consequently, 432 respondents reported having sandpits or having constructed their own sandpit latrines.

HEALTH CARE SERVICE

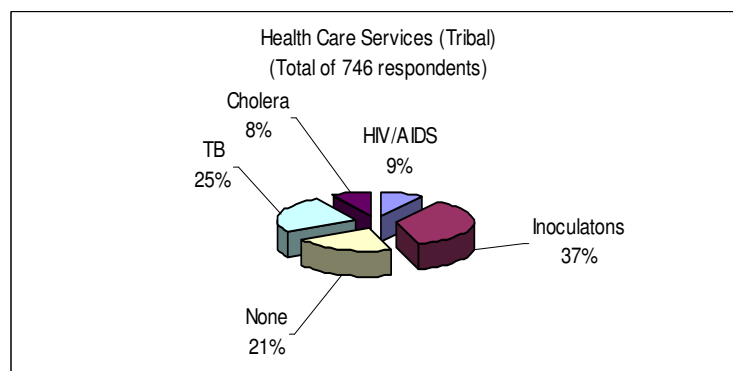
1568 households from the total number of 3096 households approached during the survey reported having made use in the previous 12 months of the health care services provided by the uMhlathuze municipality. 1528 respondents did not make use of any health care services provided by the uMhlathuze municipality. The following figure illustrates the distribution of services used by the 1568 respondents. The services reported on in the survey are TB treatment, HIV/AIDS counseling, 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 822 respondents in the urban areas.

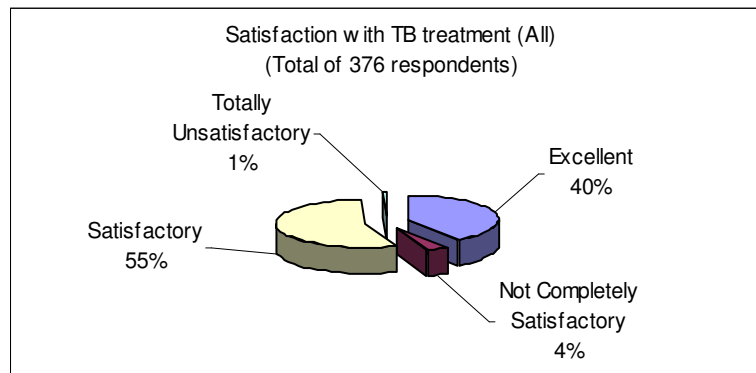


The following figure illustrates the distribution of health care services used by the 746 respondents in the tribal areas.

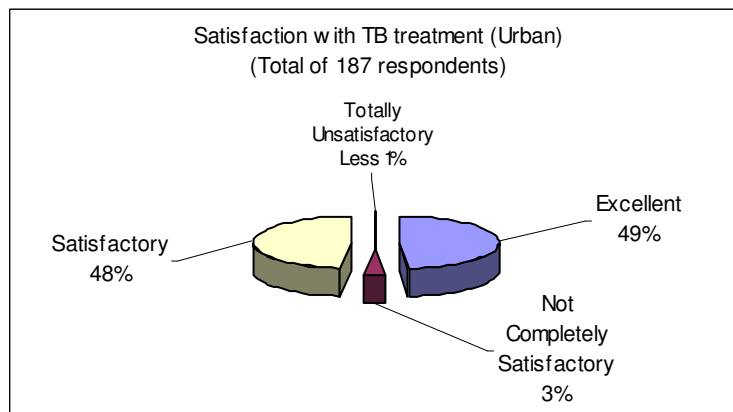


TB Treatment

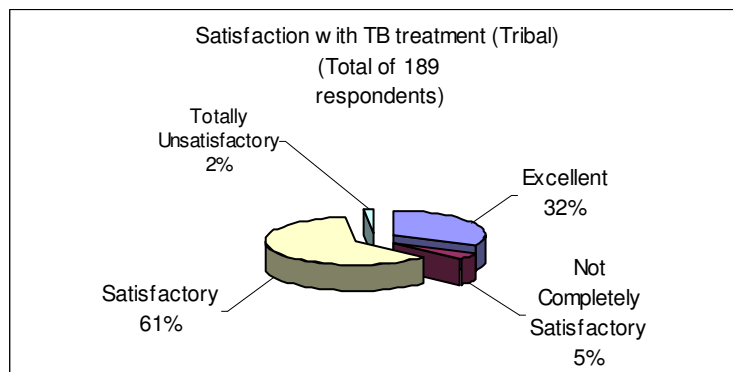
The satisfaction levels of the 376 households which reported having made use of the TB treatment service is as follows:



The following figure illustrates the satisfaction level among the 187 respondents who made use of the TB treatment service in the urban areas:

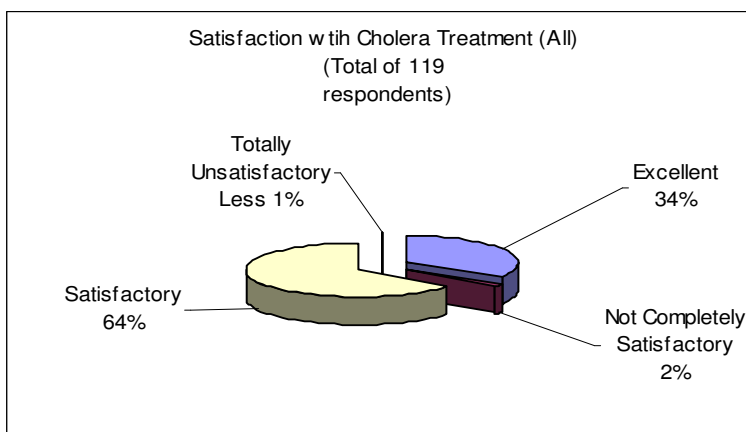


The following figure illustrates the satisfaction level among the 189 respondents who made use of the TB treatment service in the tribal areas:

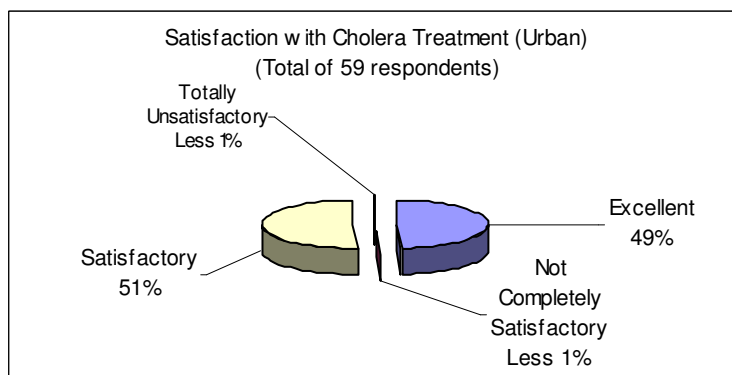


Cholera Treatment

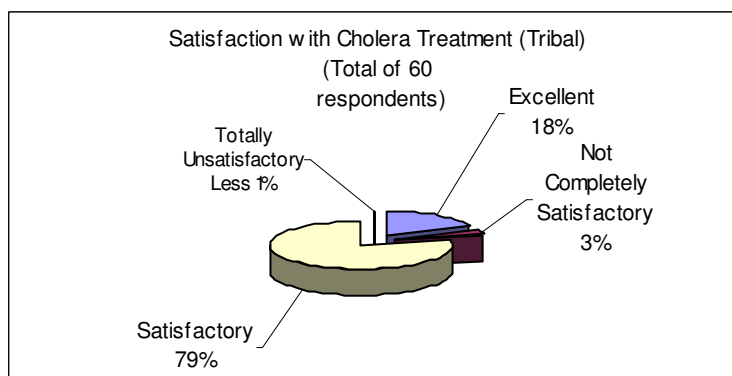
The number of households who reported having used this service was 119. Satisfaction levels are illustrated below:



The following figure illustrates the satisfaction level among the 59 respondents who made use of the cholera treatment service in the urban areas:

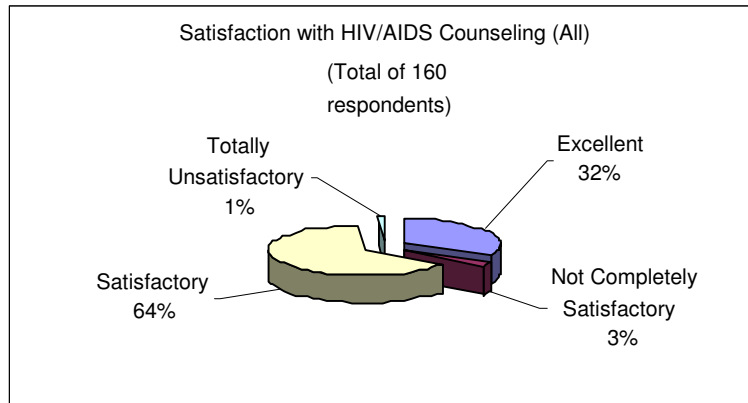


The following figure illustrates the satisfaction level among the 60 respondents who made use of the Cholera treatment service in the tribal areas:

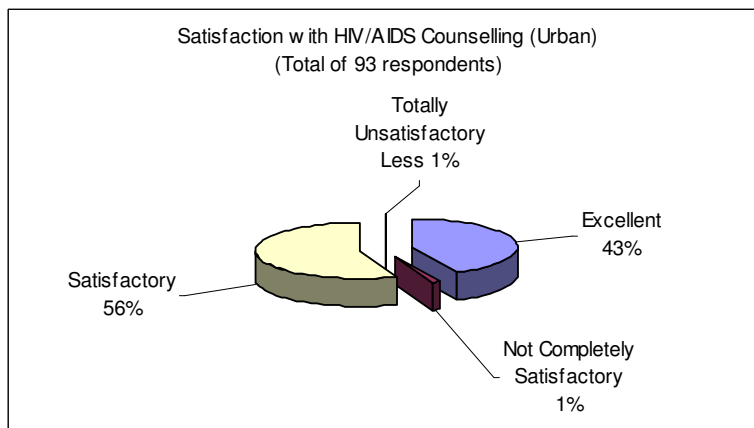


HIV/AIDS Counseling

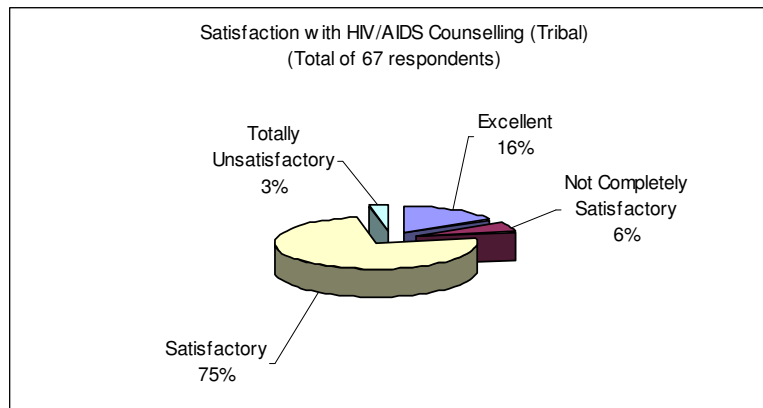
The number of households who reported having used this service was 160. Satisfaction levels are illustrated below:



The following figure illustrates the satisfaction level among the 93 respondents who made use of the HIV/AIDS counseling service in the urban areas:

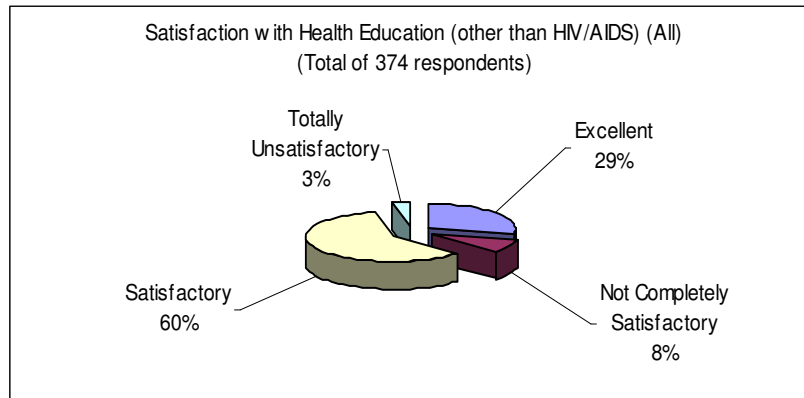


The following figure illustrates the satisfaction level among the 67 respondents who made use of the HIV/AIDS counseling service in the tribal areas:

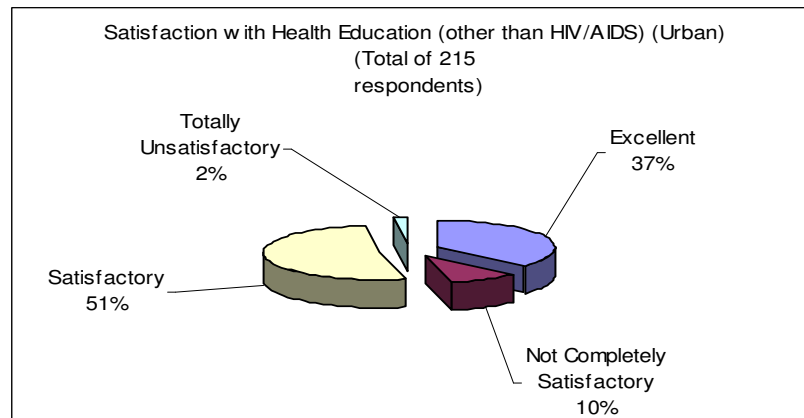


Health Education (other than HIV/AIDS)

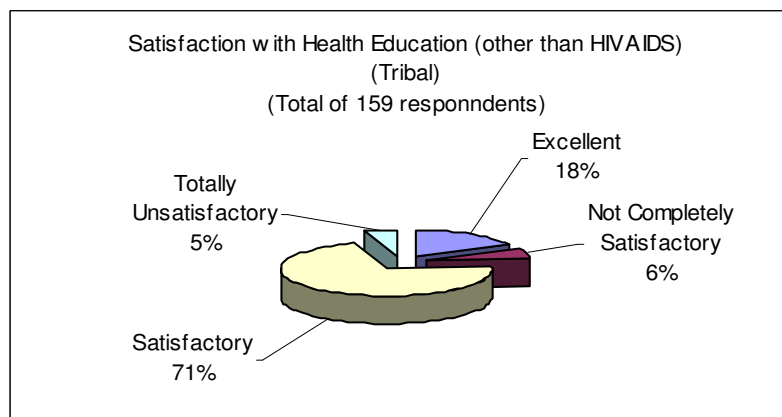
The number of households responding to this question was 374. Satisfaction levels are illustrated below:



The following figure illustrates the satisfaction levels among the 215 respondents who made use of the health education service in the urban areas:

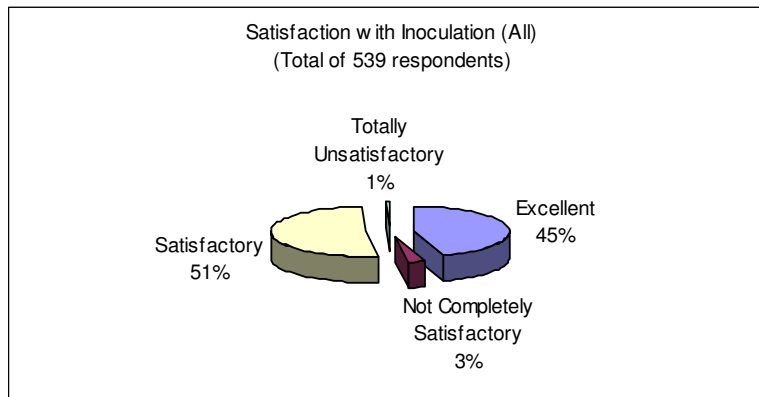


The following figure illustrates the satisfaction level among the 159 respondents who made use of the health education service in the tribal areas:

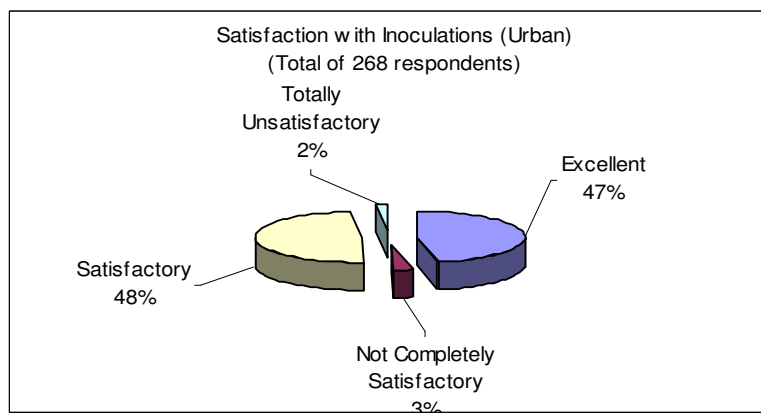


Inoculations

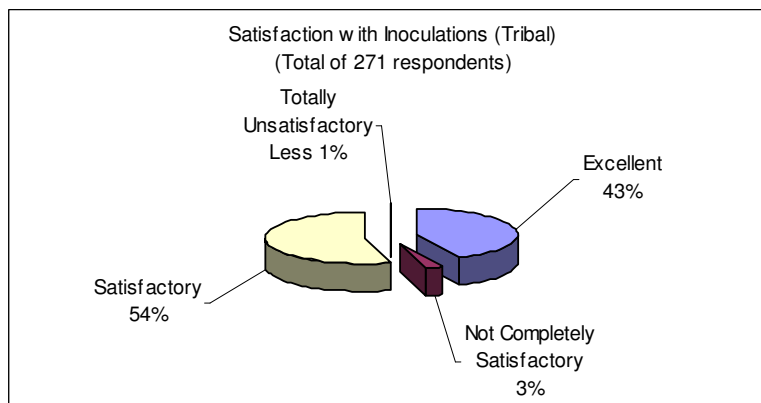
The number of households who responded to this question was 539. Satisfaction levels are illustrated below:



The following figure illustrates the satisfaction level among the 268 respondents who made use of the inoculations service in the urban areas:

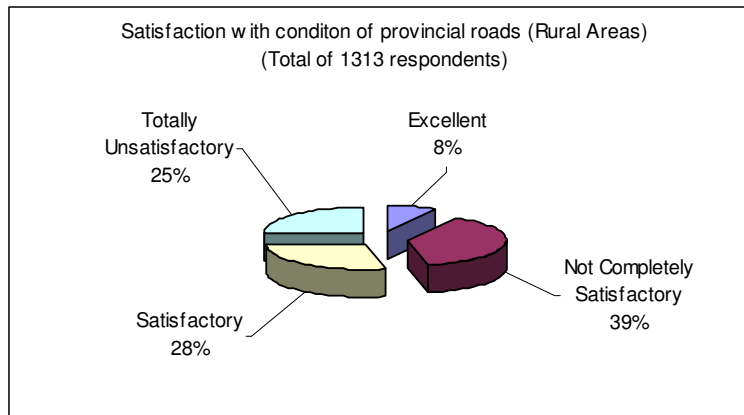


The following figure illustrates the satisfaction level among the 271 respondents who made use of the inoculations service in the tribal areas:



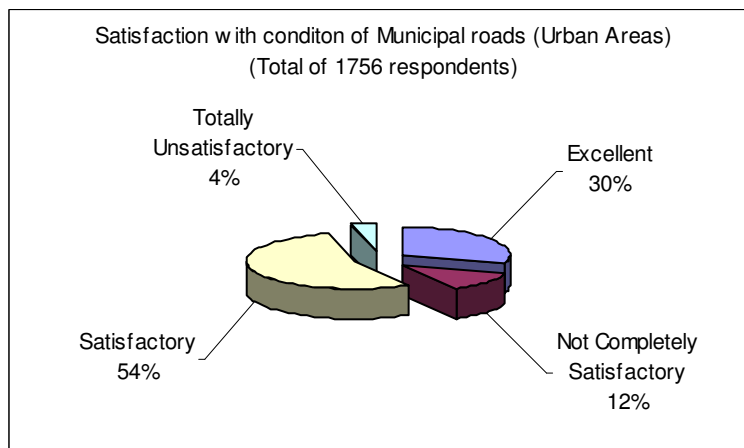
PROVINCIAL ROADS

The perception of the community with regard to their satisfaction with the provincial road infrastructure was measured in general. The number of households that responded to this question in the survey was 1313. The following figure illustrates the satisfaction response received.



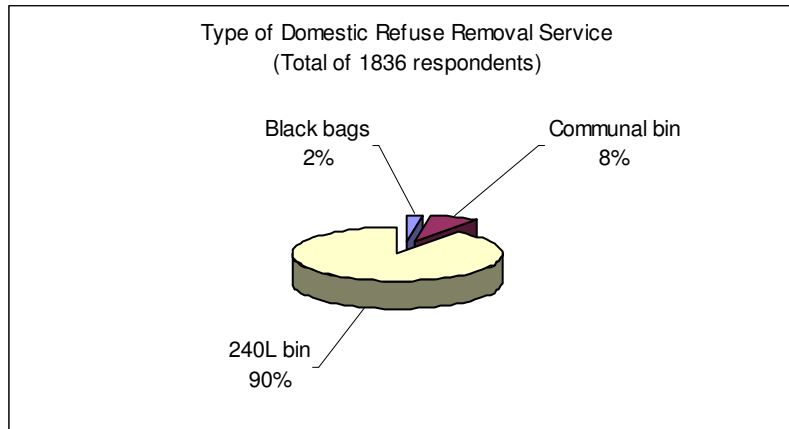
MUNICIPAL ROADS

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 that responded to this question in the survey was 1756. The following figure illustrates the satisfaction response received.



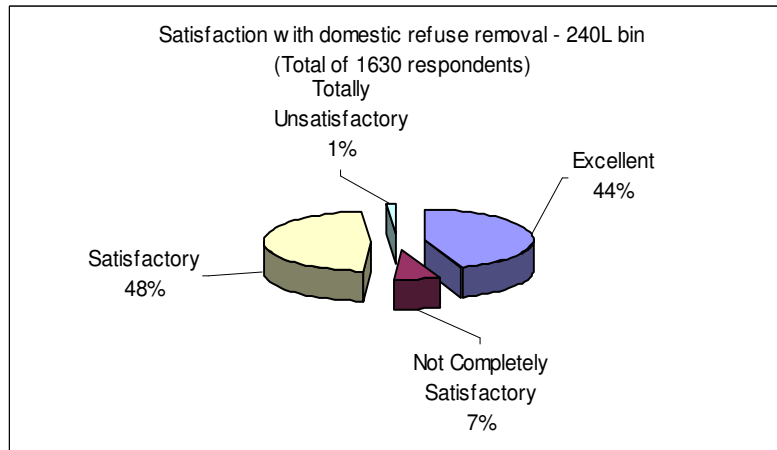
DOMESTIC REFUSE REMOVAL

The domestic refuse removal service currently delivered by the City of uMhlathuze to households in urban area is either 240-liter bins or communal bins. The total number of respondents to this question was 3093, of which 1836 receive a domestic refuse removal service. Distribution of the type of refuse removal service received by these respondents is illustrated below:



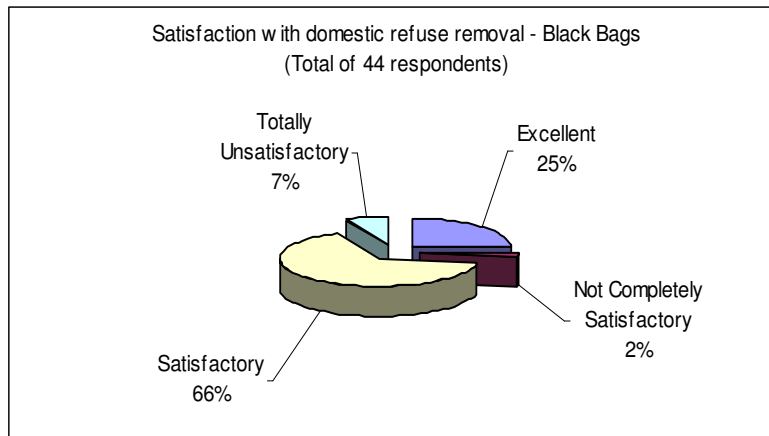
240 liter Bin service

This service is delivered predominantly in the Richards Bay area once per week. The service satisfaction level as experienced by the 1630 of the 1836 respondents receiving this service is illustrated below:



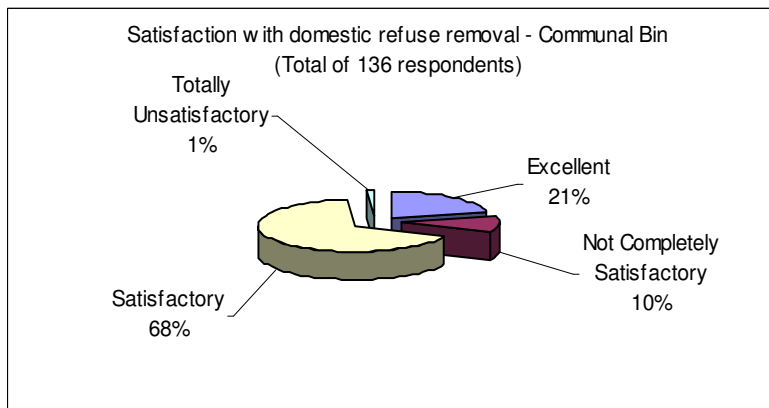
Black bag service

This service is delivered in Empangeni and other municipal areas once per week. The satisfaction level with this service as experienced by 44 of the 1836 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 136 of the 1836 respondents receiving a domestic refuse service is as follows:



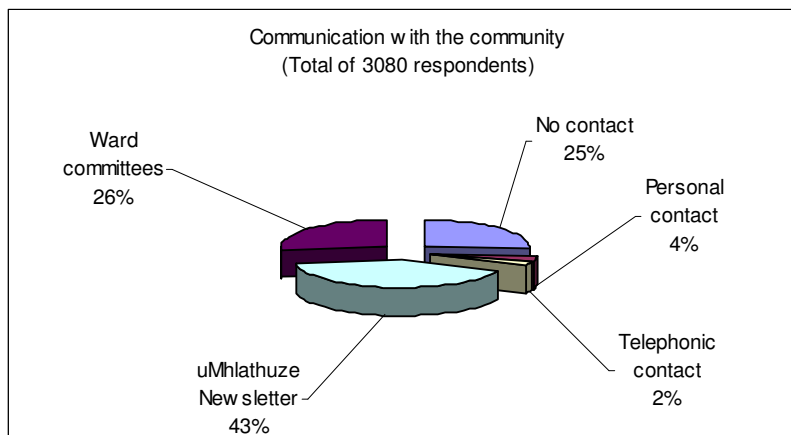
No Service

1257 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 needs to be informed regularly on all issues and their inputs and participation must be obtained to make informed decisions for the future.

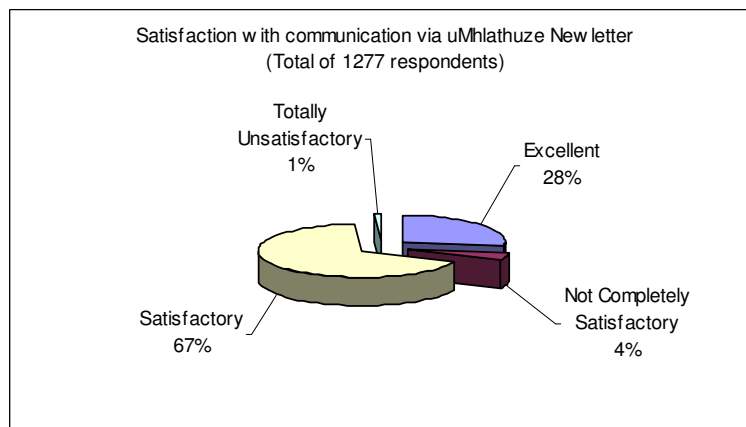
Communication between the Municipality and its inhabitants was classified in the survey as follows: personal contact; telephonic contact; ward committees; the uMhlathuze newsletter; no contact. The following chart illustrates the response distribution per category from the 3080 households that responded to the question:



uMhlathuze newsletter

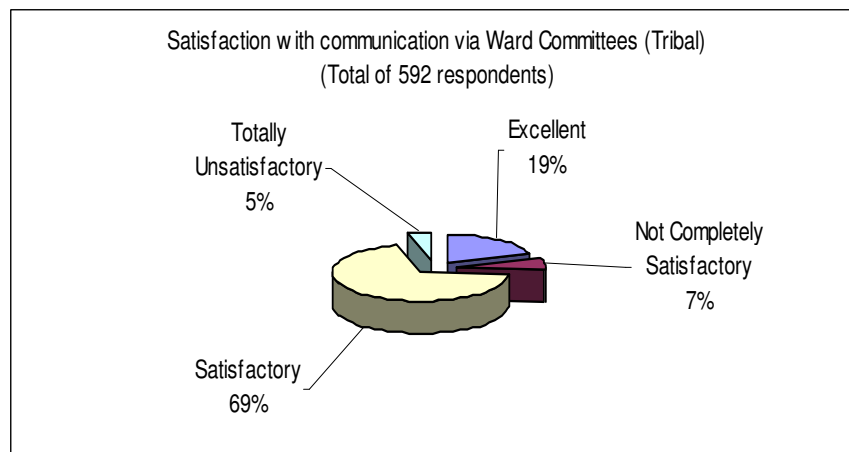
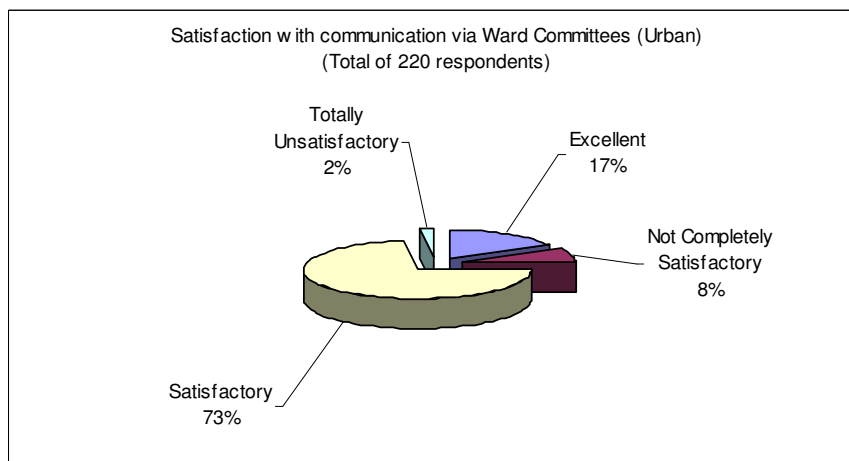
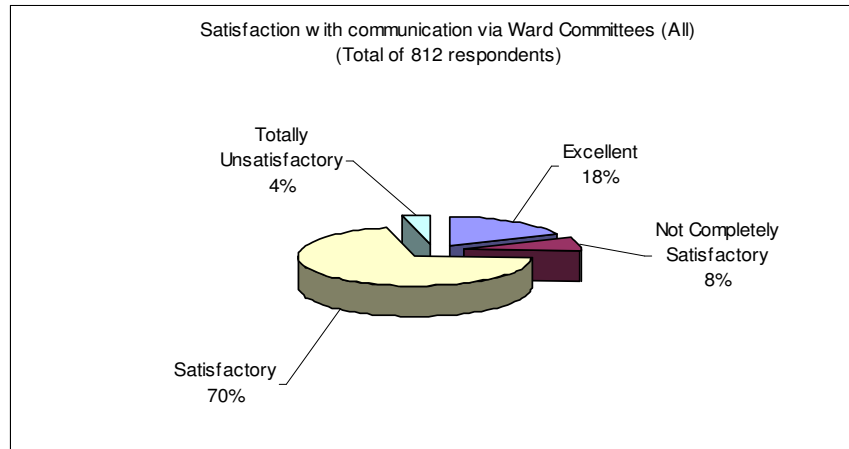
The newsletter seems to be very popular and is generally well accepted. Of the 3080 respondents who indicated that they receive communication from the Municipality, 1277, receive it via the newsletter. However, 1164 of these are from the urban areas, and only 113 are from the tribal areas.

The satisfaction level of the 1277 respondents receiving the newsletter in all areas is as follows:



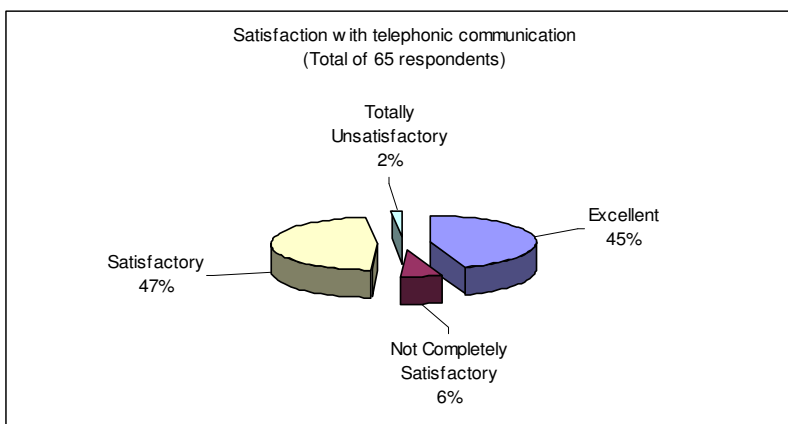
Ward committees

812, of those who responded to the question on communication receive information from the Municipality via the ward committee system. Of these, 220 live in urban areas and 592 live in tribal areas. Satisfaction levels with this system are as follows:



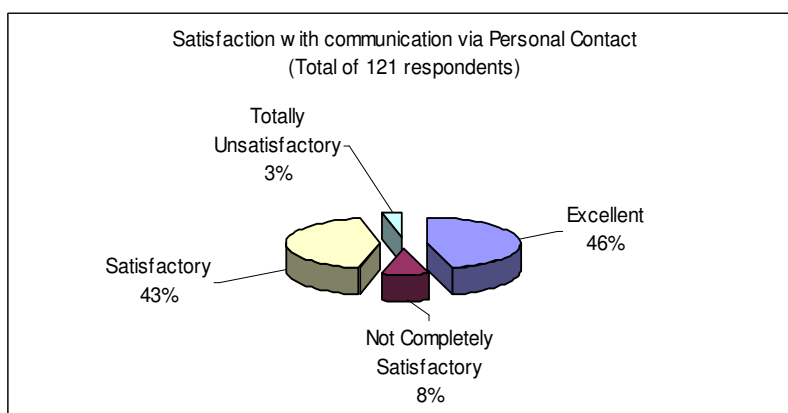
Telephonic Communication

In the survey, 65 of the respondents indicated that they receive communication from the uMhlathuze Municipality telephonically. Of these, 56 live in urban areas and 9 live in tribal areas. Satisfaction levels with this form of communication are recorded below:



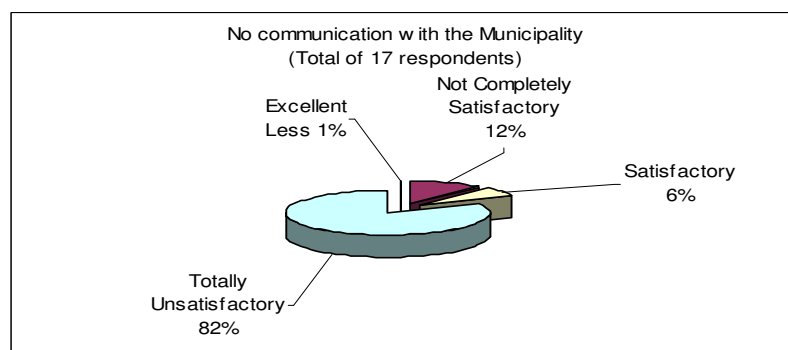
Personal Contact

121 respondents cited “personal contact” as the means by which the Municipality keeps in touch with them. Of these, 93 live in urban areas. Satisfaction levels with this form of communication are recorded below:



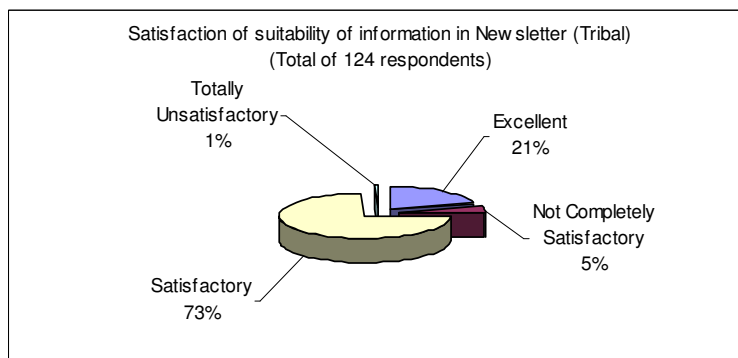
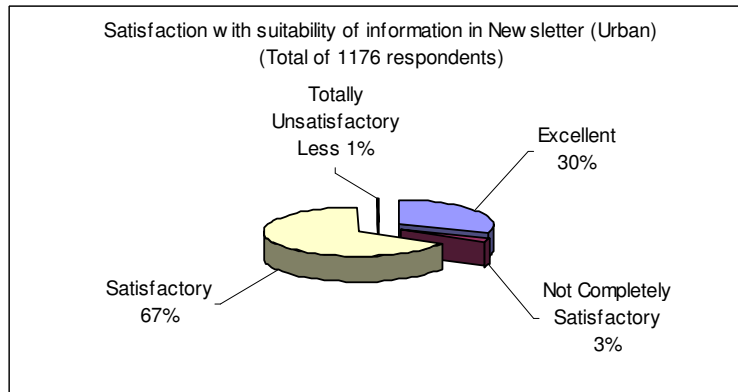
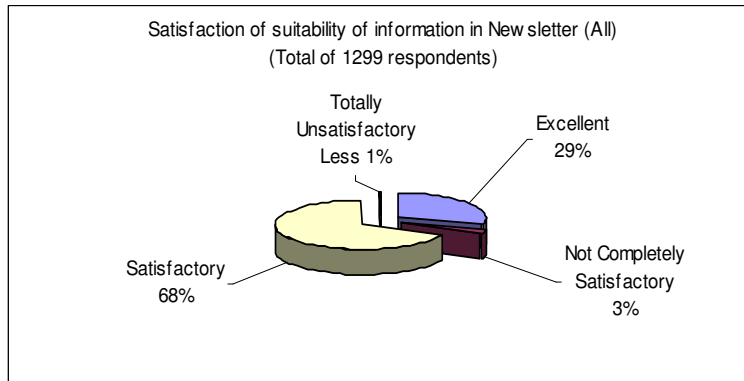
No communication with the municipality

17 respondents do not have any communication with the municipality. Of these, 9 respondents are from urban areas and 8 from tribal areas.



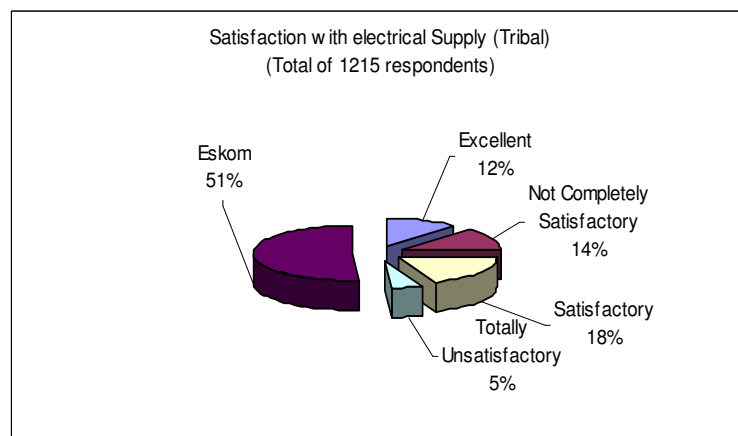
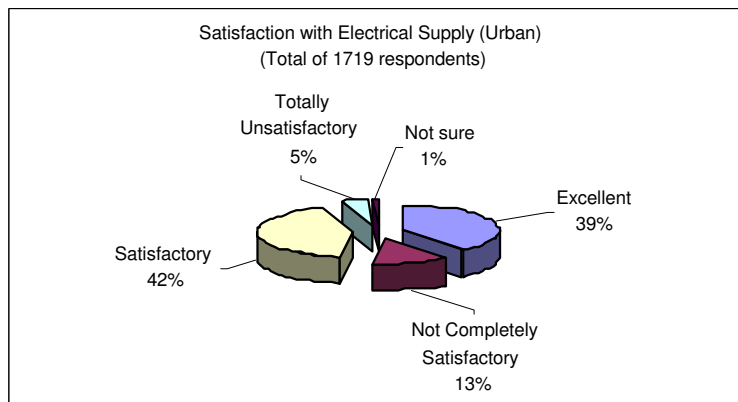
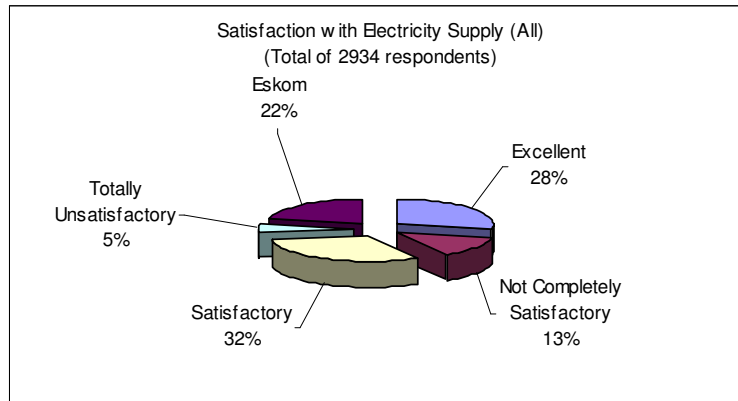
Suitability of information in the Newsletter

Of the 1299 respondents on the suitability of information in the uMhlathuze Newsletter, only 3 % indicated not completely satisfactory and 1% totally unsatisfactory.

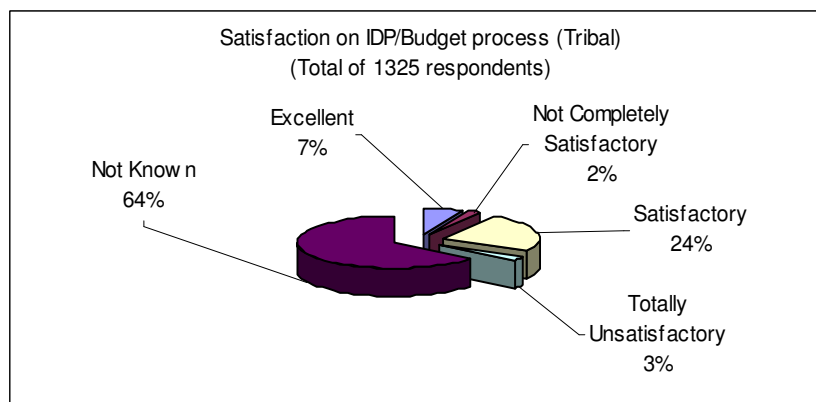
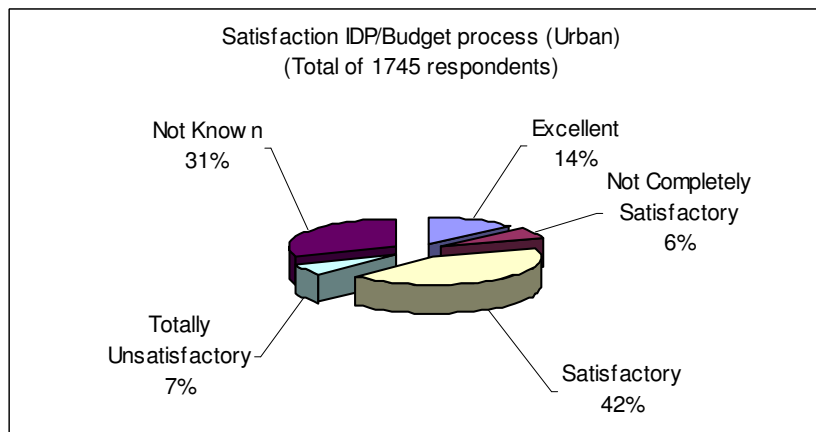
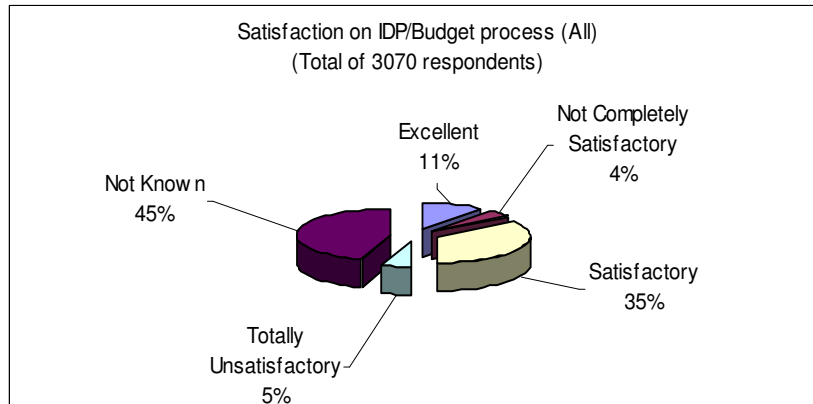


ELECTRICITY SUPPLY

Of the 3096 households surveyed, 2934 reported having electricity. (1719 of these were in the urban areas and 1215 in the peri-urban / tribal areas). Customer satisfaction with the quality of their electricity supply is recorded in the three charts below:

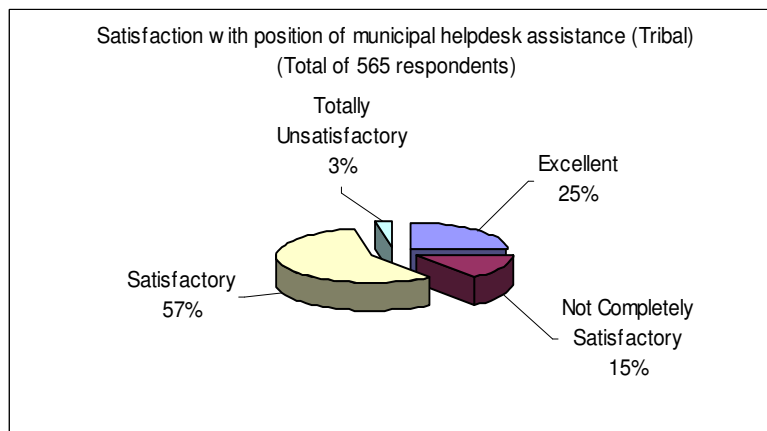
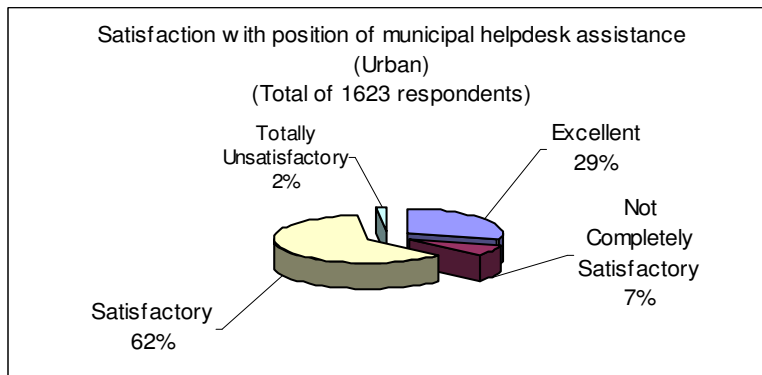
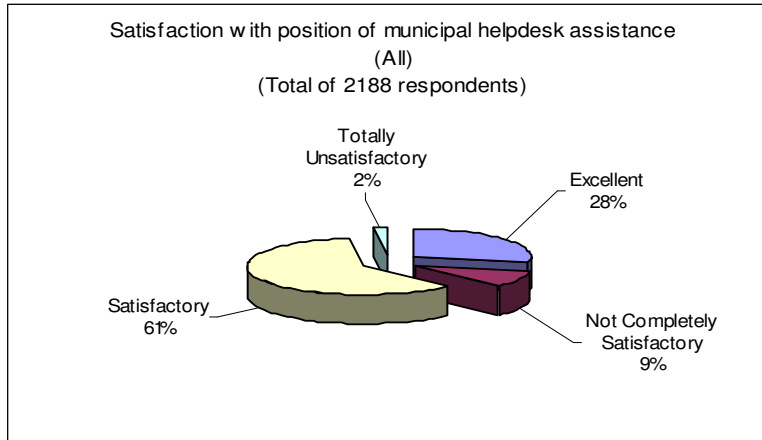


IDP / Budget Process

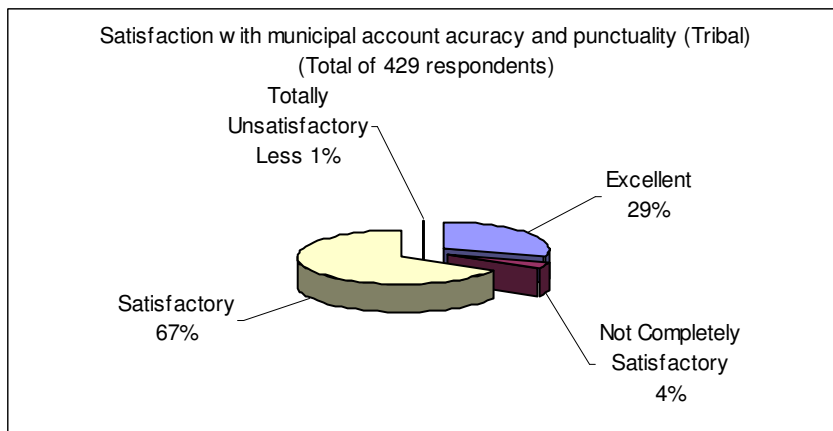
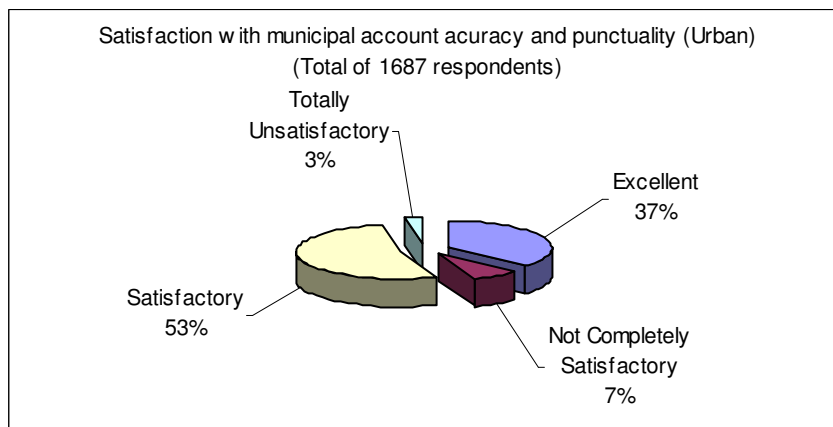
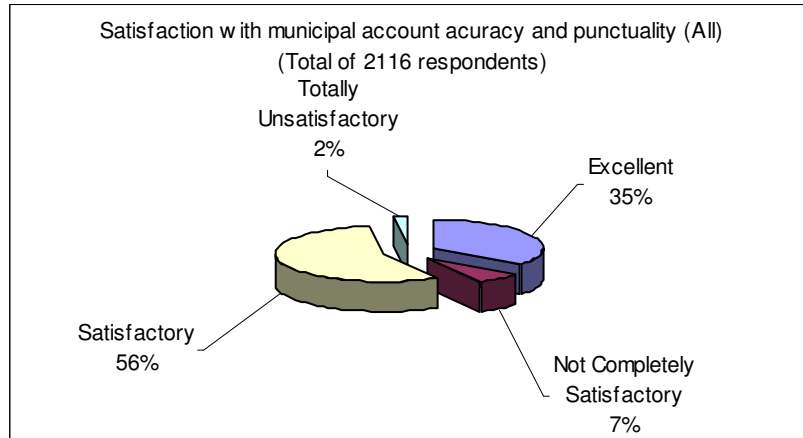


MUNICIPAL ASSISTANCE FROM HELPDESK

A majority of households surveyed 2188 make use of Municipal pay points. Of these, 1623 are urban dwellers. Satisfaction levels with regard to location and opening times of these pay points are recorded in the charts below:



MUNICIPAL ACCOUNT ACCURACY

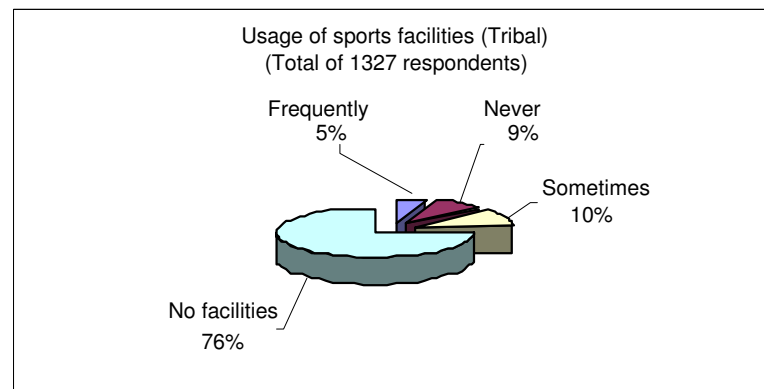
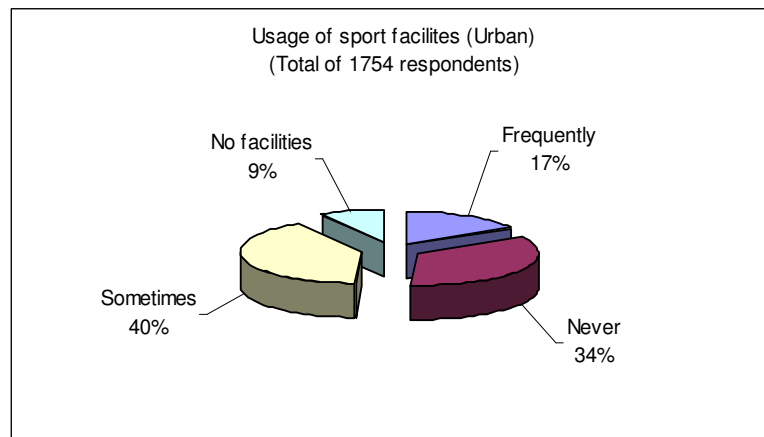
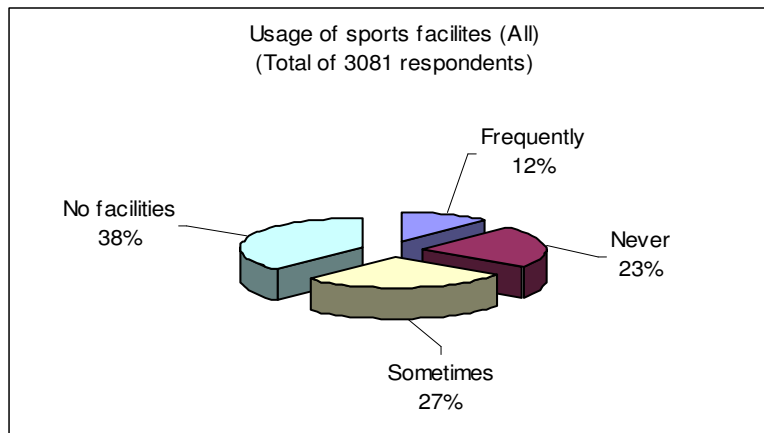


SPORTS FACILITIES

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

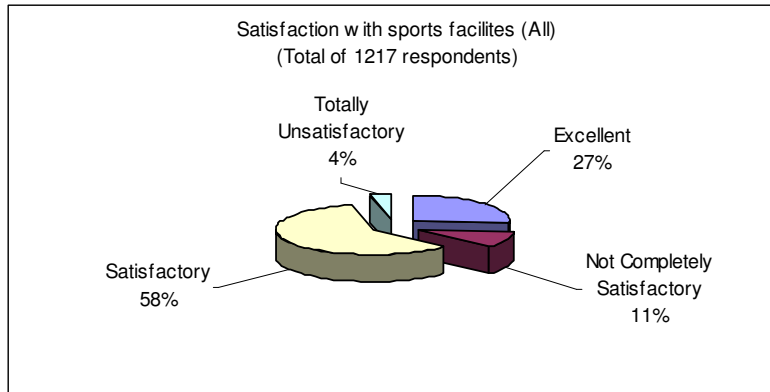
1162 of respondents indicated that there are no sports facilities in their area. Of these responses, 1010 were from the tribal areas.

Usage of sports facilities

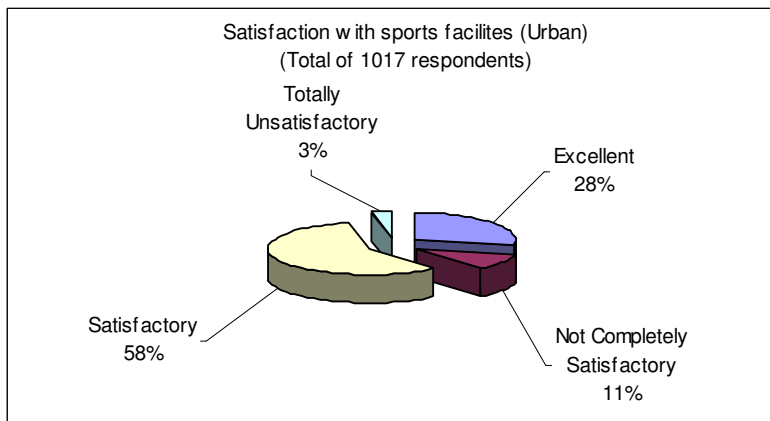


Satisfaction with sport facilities

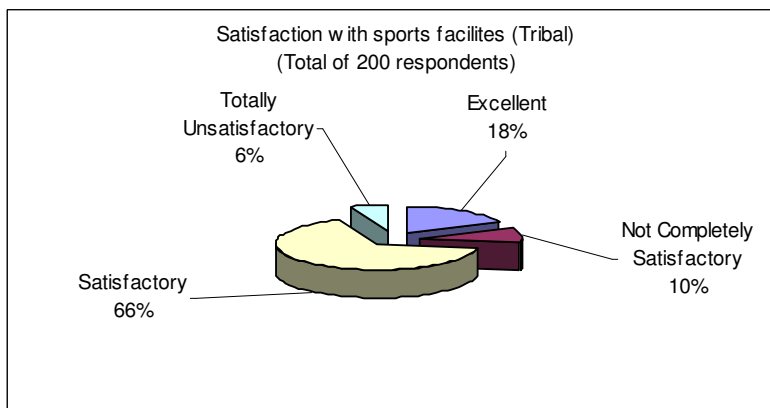
There were 1217 responses regarding the quality of sporting facilities. (1879 respondents did not offer comment, either because there are no facilities, or they do not use them).



The following figure illustrates satisfaction levels among the 1017 respondents in urban areas (752 respondents did not offer comment, either because there are no facilities, or they do not use them):

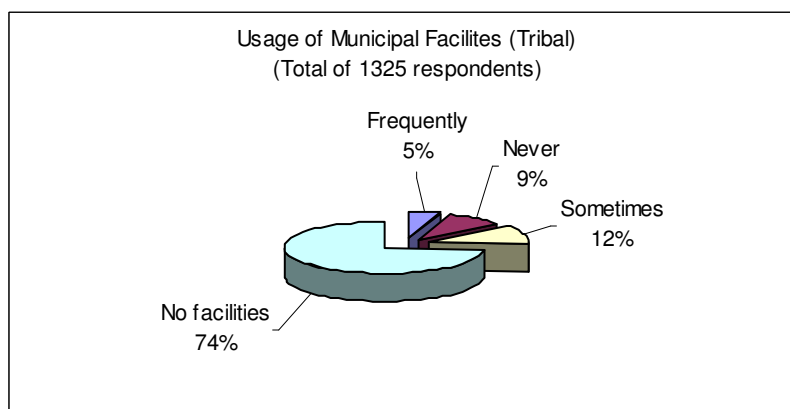
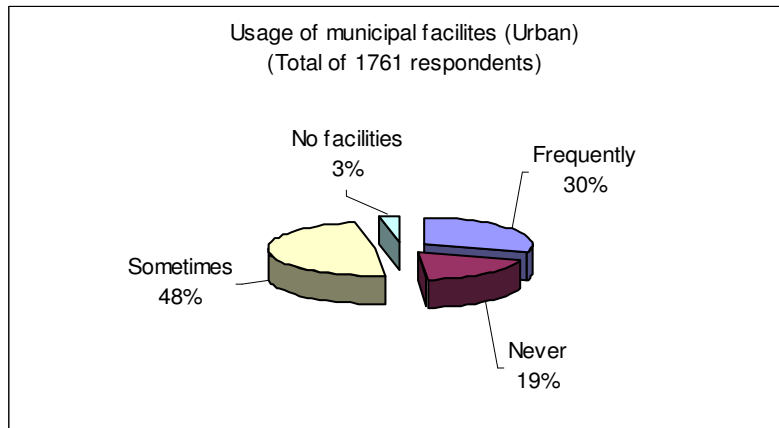
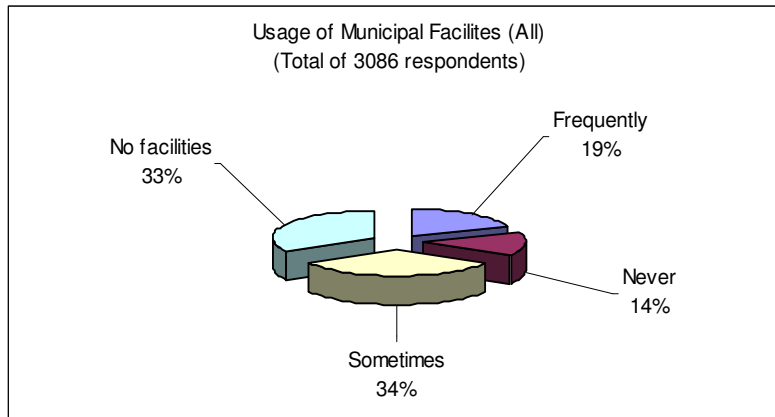


The following figure illustrates the satisfaction level among the 200 respondents in the tribal areas (1127 respondents did not offer comment, either because there are no facilities, or they do not use them):

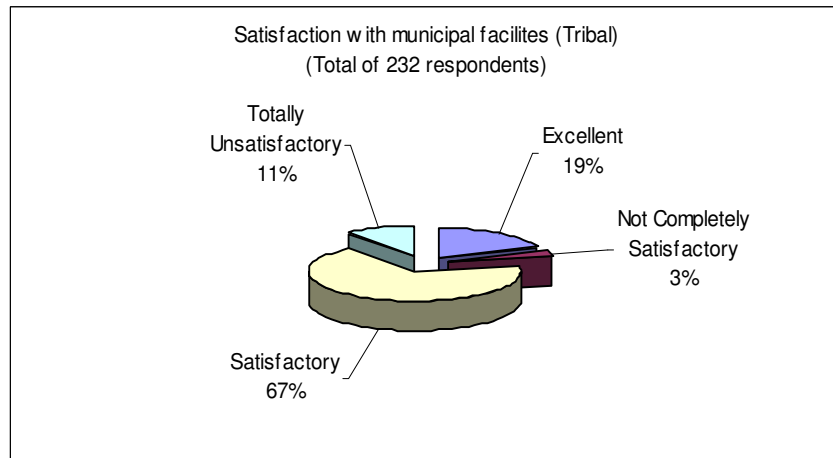
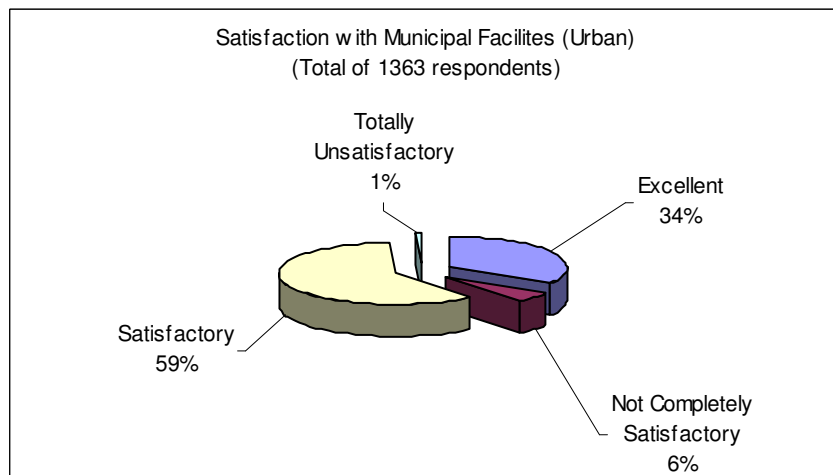
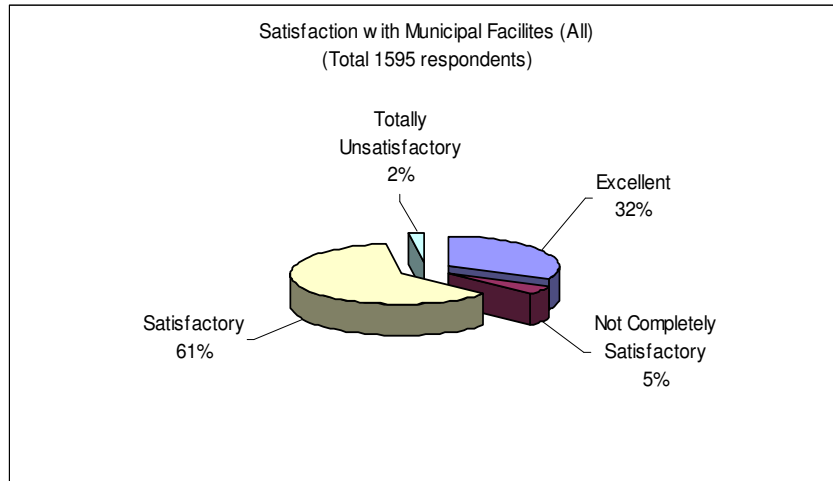


Community facilities

Usage of facilities

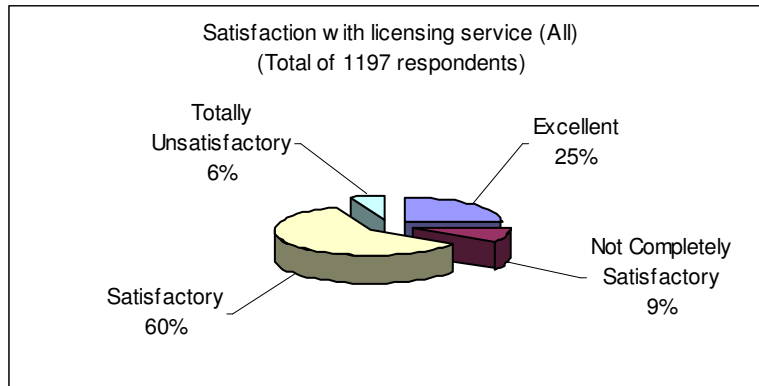


Satisfaction with municipal facilities

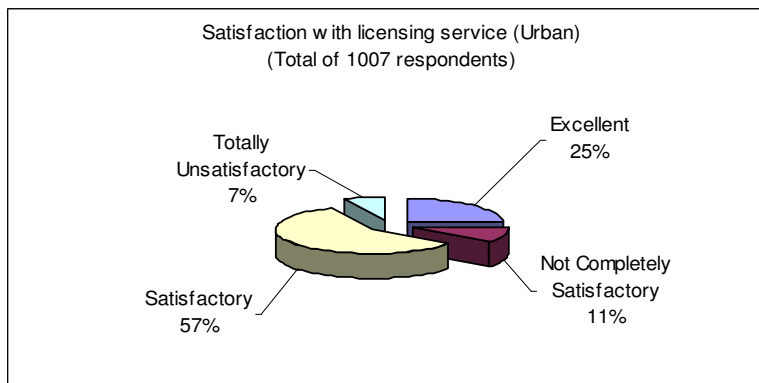


LICENSING SERVICE

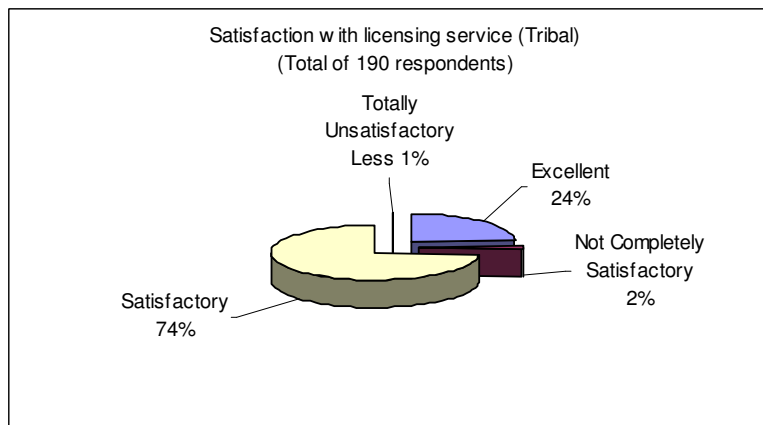
1197 respondents indicated that they had made use of the Municipality's vehicle licensing service. (1899 respondents indicated that they did not make use of the Municipality's vehicle licensing service). The levels of satisfaction with the service are indicated in the following figure:



The following figure illustrates the satisfaction level among the 1007 respondents from the urban areas (762 respondents did not make use of this service):

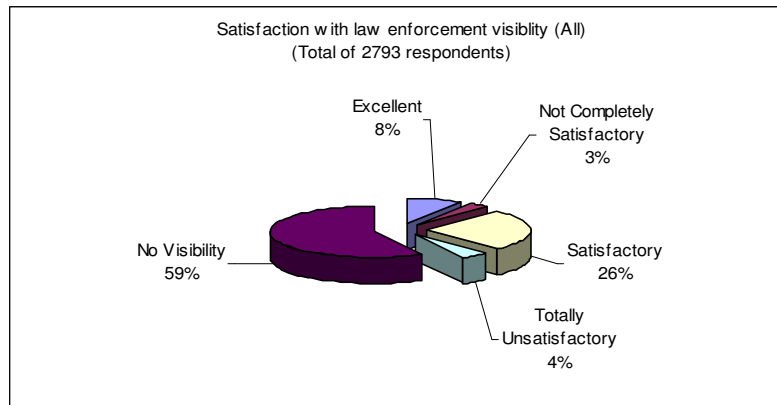


The following figure illustrates the satisfaction level among the 190 respondents from the tribal areas (1137 respondents did not make use of this service):

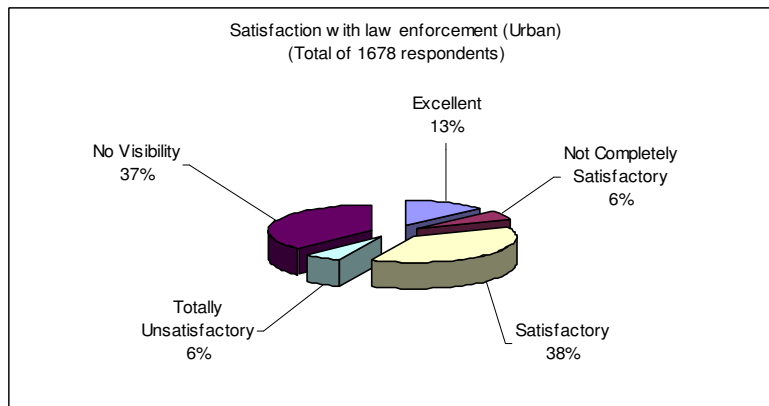


LAW ENFORCEMENT VISIBILITY

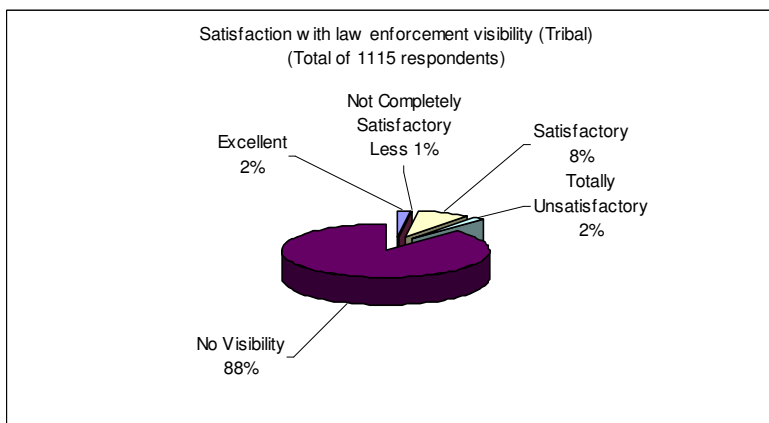
The following figure illustrates the response received from 2793 respondents from all areas expressing their satisfaction level with regard to the visibility of the Municipality's law enforcement service. It is important to note that respondents referred to SAPS personnel as well as to the Municipality's law enforcement service. (303 respondents did not respond to this question)



The following figure illustrates the satisfaction level among the 1678 respondents of the total above living in the urban areas:



The following figure illustrates the satisfaction level among the 1115 respondents of the total above living in the tribal areas. 212 respondents did not respond:

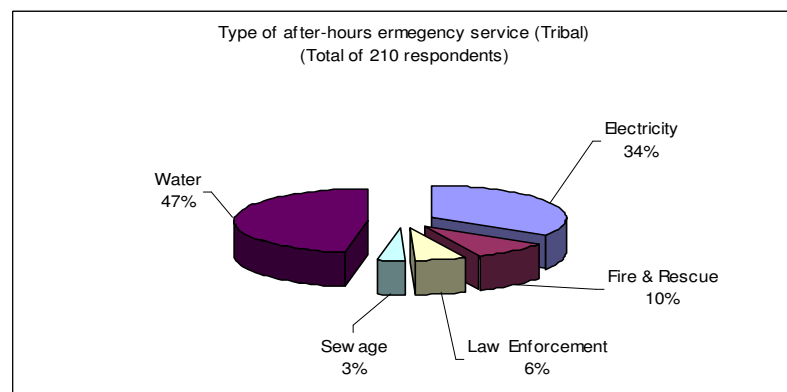
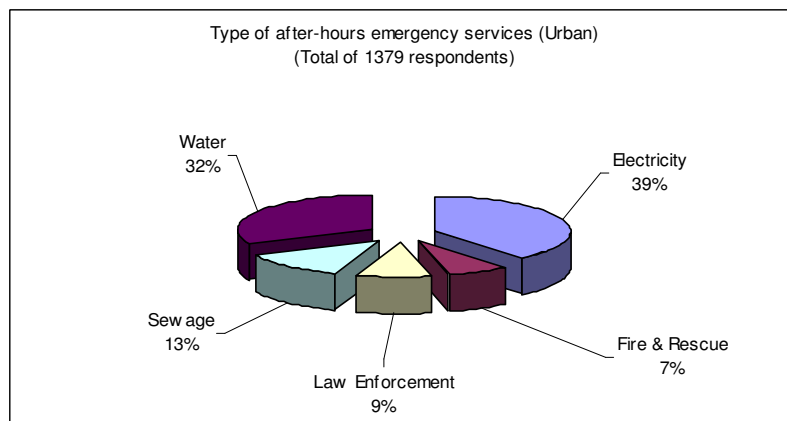
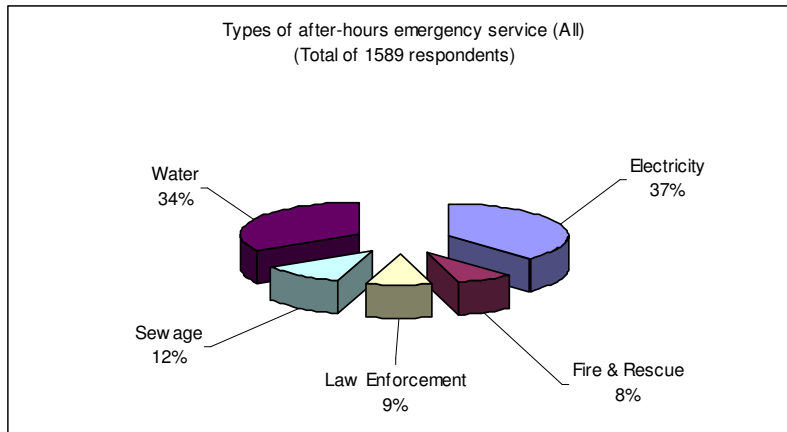


AFTER-HOUR EMERGENCY SERVICES

1589 respondents indicated that they had called upon the Municipality's after-hours emergency services in the past 12 months (1989 respondents did not make use of this service). 864 of the responses were received from the urban areas and 1125 from the tribal areas.

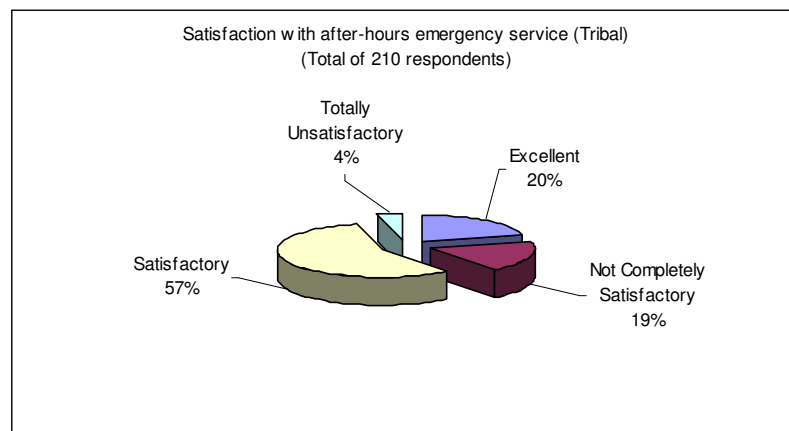
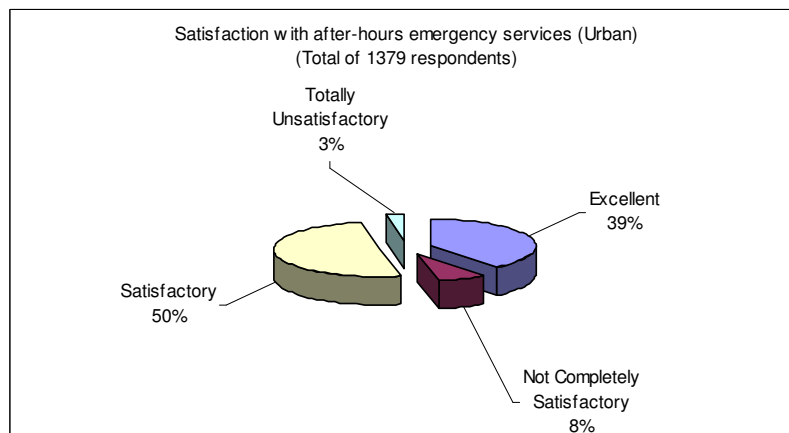
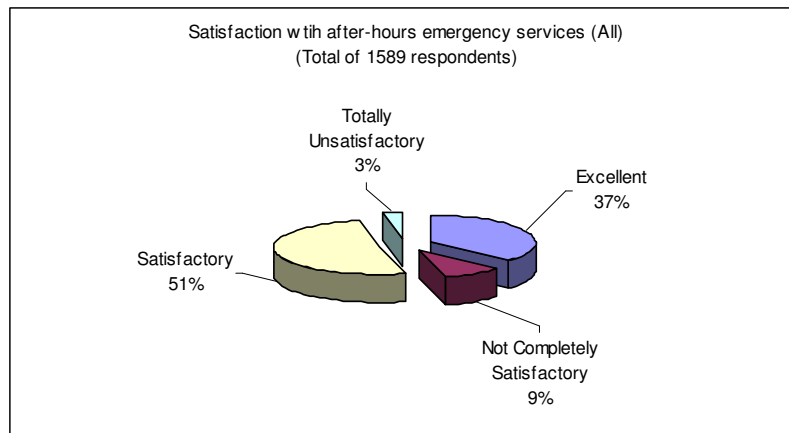
It should be noted that the vast majority, if not all, of the responses with reference to use of after-hours emergency services refer to the SAPS rather than to the Municipality's law enforcement.

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

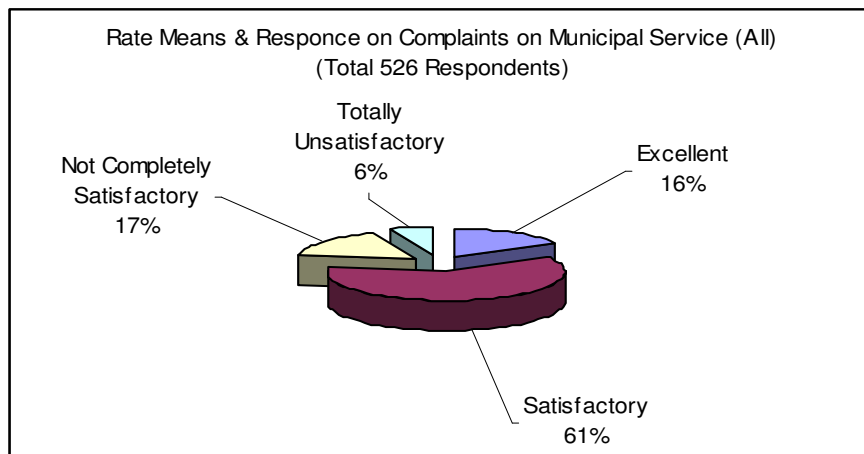
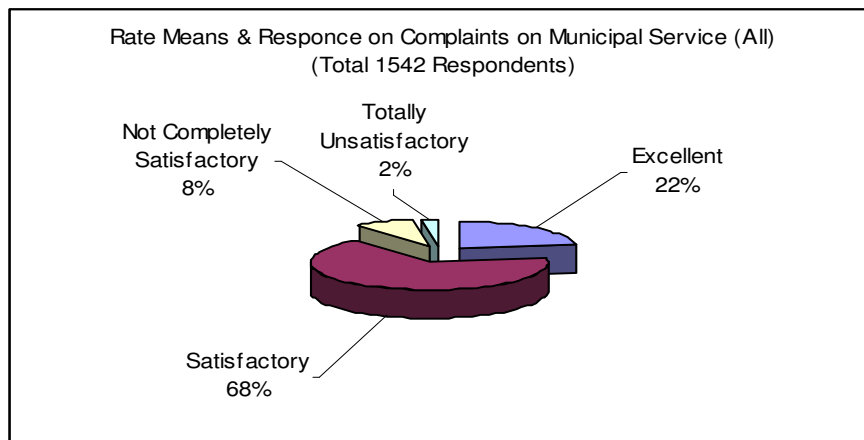
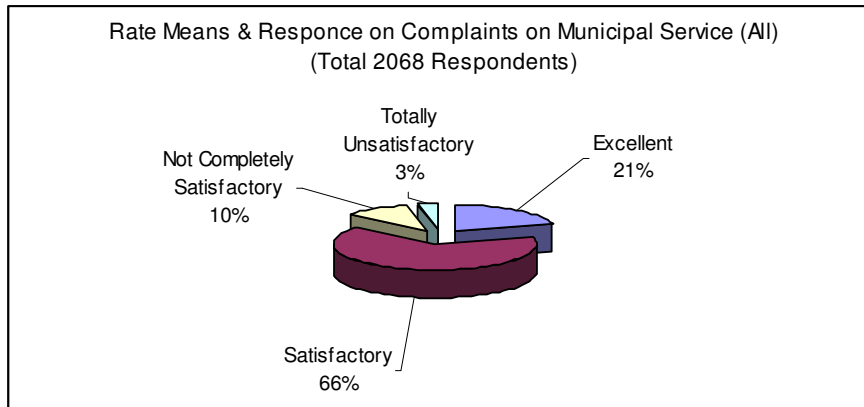


Satisfaction with after-hours emergency services

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



Means and response on dealing with complaints on municipal services



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

Respondents to the questionnaire made the following additional comments.

Water supply

In rural areas, and in urban areas other than Empangeni and Richards Bay, the major complaint is that the water supply is cut off frequently and, moreover, without notice.

Other causes of dissatisfaction are: water pressure which is either too low, or variable – with the latter causing problems with electrical equipment such as geysers; bad taste; dark colour; sand in the water.

There are also complaints about the cost of water, the positioning of meters within property boundaries, and the inconsistency of monthly bills caused by estimated readings.

Sanitation service

Major complaints about concrete VIPs include dilapidation, malodour, and malfunction (due to age).

In urban areas, some respondents to the questionnaire mentioned the need to cover sewerage manholes and drains.

Domestic refuse removal

In the rural areas, the major complaint is that there is no refuse removal service, leaving residents to burn their own rubbish or leave it lying around.

In those areas which are serviced by 240 liter bins, complaints are varied, and include the impolite and non co-operative attitude of the Municipality's refuse collectors, their mistreatment of the bins, causing lids and wheels to fall off, their refusal to empty bins which are full over the brim, and their scattering of refuse during the removal process. Some respondents expressed the wish for rubbish to be collected more often per week.

Municipal health care

Many respondents to the questionnaire express satisfaction with the health care service provided, but concerns raised by others include: center's being located too far away; delays in being attended too, inadequate support and information (e.g. for rape victims and HIV infected persons); the unfriendly attitude of staff.

Electrical power supply

The major complaint, in urban and rural areas, is that power interruptions occur without warning. The perception of some respondents is that electricity costs more than it should, and that they are being charged for more than they have actually used.

Roads

Roads attract a substantial amount of criticism, both in rural and in urban areas.

In rural areas, where there are streets at all, they are narrow, unacceptably dusty in dry periods and muddy in wet periods. Many respondents to the questionnaire complained about potholes.

In rural areas, residents complain about poor upkeep and maintenance (broken street lights, unkempt verges, dirty streets, potholes), and the absence of pavements (for pedestrian safety) and road humps (to reduce speed). Roads are felt to be too small for the volume of traffic.

Communication via the uMhlathuze Newsletter

Many respondents were satisfied with the suitability of information in the uMhlathuze newsletters. Those who were not as satisfied observed that much of the information is not useful or interesting and, anyway, is available in the press before the newsletter publishes it.

The IDP/ budget process

Many respondents, particularly in the rural areas, appeared to be mystified by references to the IDP.

Help Desk

Of those who reported using the Help Desk, a number expressed reservations about tardy, inefficient and unfriendly service and inconvenient opening times.

Accuracy and punctuality of municipal accounts

Of those respondents who receive a municipal account many expressed satisfaction, but complaints included late arrival (leading to financial penalties) and inaccuracies.

Sports facilities

Satisfaction with sports facilities is not an easy item to assess. Caution should therefore be exercised in interpreting the findings of the questionnaire. Particularly in the rural areas, the term "sports facilities" might comprise a soccer field or a children's playground. Users' interpretation of what constitutes quality in such facilities is variable. Additionally, a number of respondents reported on facilities they use in areas other than where they are domiciled. In general, however, it still remains the case that urban areas, especially Empangeni and Richards Bay, appear to be advantaged over other urban areas and all rural areas.

Community facilities

The disparity in quality between urban and rural community facilities does not appear to be as pronounced as with sports facilities, but the same basic inequities persist.

Motor vehicle licensing services

Opinions on the professional knowledge and friendliness of staff vary, but the vast majority of respondents agree that the process takes longer than it should. Suggestions have been made that more counters be open during peak times.

uMhlathuze traffic law enforcement visibility

A majority of the respondents who answered this question seem to feel that traffic officers are not as visible as they might be. Where they are visible, (particularly in Empangeni and Richards Bay), opinions were expressed that they were keeping an eye out for the wrong people, (i.e. being preoccupied with minor offences while major offenders were going about their unlawful business).

After-hours emergency services

Whilst a number of respondents reported their satisfaction with these services, others complained about phone lines being engaged, and assistance either not being rendered at all or too late.

Dealing with complaints about municipal services

Most respondents appear not to have used this service but those that do complain about difficulties in getting through on the telephone (line engaged), and failure to solve the problems reported.

APPENDIX C

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

2006 / 2007
Municipal Year





**EVENTUAL EQUITABLE REPRESENTATION FOR LOCAL POPULATION
IN RESPECT OF
THE EMPLOYMENT EQUITY PLAN FOR THE CITY OF uMHLATHUZE
(AS AT 30 JUNE 2007)**

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 | | 31 | 34 | | 1 | | 3 | | 15 | | 1 | | 2 | | 4 | | 1 | 0 | 9 | | 0 | 0 | 70 | 101 |
| | TOTAL | 31 | 34 | 0 | 1 | 0 | 3 | 0 | 15 | 0 | 1 | 0 | 2 | 0 | 4 | 0 | 1 | 0 | 9 | 0 | 0 | 0 | 70 | 101 |
| CONTRACTORS | 00 | 3 | 5 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | | 0 | 0 | 4 | | 0 | 0 | 9 | 12 |
| | TOTAL | 3 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 9 | 12 |
| 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 | 6 | 1 | 8 | 1 | 0 | 1 | 1 | 1 | 6 | 0 | 0 | 0 | 2 | 2 | 4 | 0 | 0 | 15 | 6 | 0 | 0 | 21 | 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 | 3 | 2 | 3 | 0 | 0 | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 0 | 2 | 2 | 0 | 0 | 3 | 3 | 0 | 0 | 8 | 11 |
| | 16 | 2 | 0 | 2 | 0 | 0 | 0 | 1 | 0 | 2 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 1 | 2 | 0 | 0 | 5 | 7 |
| | 15 | 3 | 6 | 8 | 1 | 1 | 2 | 2 | 3 | 6 | 0 | 1 | 1 | 1 | 4 | 3 | 0 | 0 | 8 | 6 | 0 | 0 | 25 | 28 |
| | TOTAL | 14 | 9 | 21 | 2 | 1 | 4 | 4 | 7 | 16 | 0 | 1 | 1 | 3 | 9 | 10 | 0 | 0 | 27 | 17 | 0 | 0 | 59 | 73 |
| MIDDLE MANAGEMENT, PROF QUALIFIED AND EXP SPECIALISTS | 14 | 0 | 0 | 0.2 | 0 | 0 | 0 | 0 | 0 | 0.2 | 0 | 0 | 0 | 0 | 1 | 0.5 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| | 13 | 1 | 1 | 3 | 0 | 0 | 2 | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 4 | 1 | 0 | 0 | 7 | 8 |
| | 12 | 1 | 3 | 4 | 0 | 0 | 1 | 1 | 2 | 5 | 0 | 0 | 1 | 1 | 1 | 2 | 0 | 0 | 7 | 3 | 0 | 0 | 15 | 16 |
| | 11 | 22 | 24 | 32 | 0 | 1 | 1 | 5 | 16 | 32 | 0 | 1 | 2 | 4 | 17 | 17 | 0 | 0 | 26 | 16 | 0 | 0 | 86 | 108 |
| | TOTAL | 24 | 28 | 39 | 0 | 1 | 4 | 6 | 18 | 40 | 0 | 1 | 3 | 5 | 19 | 21 | 0 | 0 | 37 | 20 | 0 | 0 | 109 | 133 |
| JUNIOR MANAGEMENT, SUPERVISORS, FOREMEN, SUPERINTENDENTS, SKILLED TECH AND ACADEMIC QUALIFIED WORKERS | 10 | 13 | 26 | 34 | 0 | 1 | 4 | 4 | 10 | 20 | 0 | 0 | 2 | 2 | 6 | 6 | 0 | 0 | 16 | 10 | 0 | 0 | 64 | 77 |
| | 9 | 28 | 40 | 55 | 1 | 1 | 3 | 6 | 5 | 31 | 0 | 1 | 4 | 3 | 19 | 10 | 0 | 0 | 23 | 16 | 0 | 0 | 95 | 123 |
| | 8 | 17 | 24 | 32 | 2 | 1 | 4 | 3 | 7 | 19 | 1 | 1 | 1 | 2 | 5 | 0 | 0 | 14 | 9 | 0 | 0 | 55 | 72 | |
| | 7 | 13 | 8 | 24 | 0 | 1 | 2 | 2 | 10 | 14 | 2 | 0 | 1 | 1 | 12 | 4 | 0 | 0 | 5 | 7 | 0 | 0 | 40 | 53 |
| | 6 | 18 | 122 | 106 | 0 | 2 | 5 | 11 | 44 | 62 | 1 | 1 | 11 | 7 | 23 | 18 | 0 | 0 | 14 | 31 | 0 | 0 | 220 | 238 |
| | 5 | 23 | 106 | 95 | 1 | 2 | 1 | 10 | 42 | 55 | 2 | 2 | 8 | 6 | 18 | 15 | 1 | 0 | 9 | 26 | 0 | 0 | 188 | 211 |
| | TOTAL | 112 | 326 | 346 | 4 | 8 | 19 | 36 | 118 | 201 | 6 | 5 | 27 | 21 | 80 | 58 | 1 | 0 | 81 | 99 | 0 | 0 | 662 | 774 |
| SEMI-SKILLED AND DISCRETIONARY DECISION MAKING (4) | 4 | 53 | 146 | 146 | 0 | 3 | 1 | 11 | 70 | 80 | 0 | 1 | 3 | 6 | 2 | 14 | 0 | 0 | 6 | 20 | 0 | 0 | 228 | 281 |
| | TOTAL | 53 | 146 | 146 | 0 | 3 | 1 | 11 | 70 | 80 | 0 | 1 | 3 | 6 | 2 | 14 | 0 | 0 | 6 | 20 | 0 | 0 | 228 | 281 |
| UNSKILLED AND DEFINED DECISION MAKING (1 - 3) | 3 | 61 | 325 | 230 | 0 | 0 | 1 | 2 | 146 | 289 | 0 | 1 | 2 | 3 | 0 | 8 | 0 | 0 | 3 | 5 | 0 | 0 | 477 | 538 |
| | 2 | 2 | 34 | 18 | 0 | 0 | 0 | 0 | 9 | 23 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 43 | 43 |
| | 1 | 0 | 6 | 1 | 0 | 0 | 0 | 0 | 39 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 45 | 3 |
| | TOTAL | 63 | 365 | 249 | 0 | 0 | 1 | 2 | 194 | 314 | 0 | 1 | 2 | 3 | 0 | 9 | 0 | 0 | 3 | 6 | 0 | 0 | 565 | 584 |
| TOTAL PERMANENT EMPLOYEES | | 266 | 876 | 803 | 6 | 13 | 30 | 60 | 407 | 653 | 6 | 9 | 36 | 38 | 111 | 113 | 1 | 0 | 159 | 165 | 0 | 0 | 1632 | 1854 |
| TOTAL TEMPORARY EMPLOYEES | | 31 | 34 | 0 | 1 | 0 | 3 | 0 | 15 | 0 | 1 | 0 | 2 | 0 | 4 | 0 | 1 | 0 | 9 | 0 | 0 | 0 | 70 | 101 |
| TOTAL CONTRACTORS | | 3 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 9 | 12 |
| GRAND TOTAL | | 300 | 915 | 803 | 7 | 13 | 33 | 60 | 422 | 653 | 7 | 9 | 38 | 38 | 115 | 112.5 | 2 | 0 | 172 | 165 | 0 | 0 | 1711 | 1967 |

NOTE: Where decimal, representation could be 1 person per race / gender

Section 4: Education and training interventions in terms of the training and skills development priorities for the period 01 July 2006 to 30 June 2007

| Kind and number of beneficiaries | | | | | | | | | | | | | Nature of intervention | | NQF level of formal intervention | | | | | | | | | | Duration of intervention | | | | | | | | | | | | | |
|--|-------------------------|------------------------------|----------------|-----------|------------------------------|----------------|--------------------|------------------------|----------------------|---------------------------------|-----------------|---|----------------------------------|------------------------------|----------------------------------|---|---|---|---|----|---|---|----------------|------|--------------------------|--------|---|---|----|---|---|--|--|--|---|---|----|---|
| Employment category | Skills Area | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Management / leadership | Project management /planning | Client service | Financial | Corporate, legal and support | Administration | Policy development | Information technology | Specialist technical | Life skills and basic education | Training skills | Social/communi-ty/economic dev. and plan. | Informal (defined in guidelines) | Formal (in-house / external) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Not NQF Linked | Days | Weeks | Months | | | | | | | | | | | | |
| Leadership & governance SOC 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Executive Mayor | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mayor | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Councillors | | | | | | | | | | | | | | | | | | 5 | | | | | | | | | 5 | | | | | | | | 3 | | 18 | |
| Chairperson | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Board Member | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other (specify below) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Senior officials and managers SOC 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CEO/MD | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Executive Directors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Directors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Directors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| City/Municipal/District Manager | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Department/Division Heads | | | | | | | | | | | | | | | | | | | | 2 | | 3 | | | 5 | | | 5 | | | | | | | | | | |
| Plant Managers | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Information technology | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other (specify below) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Professionals SOC 200 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Health care | | | | | | | | | | | | | | | | | | | | 13 | | | 13 | | | 13 | | | 13 | | | | | | | | 2 | 1 |
| Public safety/Emergency services | | | | | | | | | | | | | | | | | | | | | | 5 | | | 5 | | | 5 | | | | | | | 5 | | | |
| LED | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water conservation/treatment | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | 1 | | | | | | | | | 5 | | |
| Waste | | | | | | | | | | | | | | | | | | | | | | | 1 | | | | 1 | | | | | | | | 5 | | | |
| Client services | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parks/community facilities | | | | | | | | | | | | | | | | | | 3 | | | | 4 | | | 7 | | | 4 | 3 | | | | | | | | | |
| Community development | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public transport | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land management | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Housing administration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Environmental management | | | | | | | | | | | | | | | | | | 1 | | | | | | | | | | | | | 1 | | | | | | 5 | |
| Roads | | | | | | | | | | | | | | | | | | 1 | | | | 1 | | | | | | | | 1 | | | | | | 3 | | |
| Electricity | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Information technology | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate Services/Core administration | | | | | | | | | | | | | | | | | | | | 3 | | | | | | | | | | 3 | | | | | | 3 | | |
| Core finance | | | | | | | | | | | | | | | | | | | | 4 | | | | | | | | | | | 4 | | | | | | 4 | |
| Technicians/associated professionals SOC 300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Health care | | | | | | | | | | | | | | | | | | | | 3 | | | | | | | | 3 | | | | | | | | 2 | | |
| Public safety/Emergency services | | | | | | | | | | | | | | | | | | | | | 1 | | | | 1 | | | 1 | | | | | | | 5 | | | |
| LED | | | | | | | | | | | | | | | | | | | | | | | 3 | | | | | | | | | | | | | | | |
| Water conservation/treatment | | | | | | | | | | | | | | | | | | | | | | | | | 3 | | | | 3 | | | | | | 3 | | | |
| Waste | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Client services | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parks/community facilities | | | | | | | | | | | | | | | | | | 1 | | | 2 | | | | 2 | | | | 3 | | | | | | 5 | | | |

| Kind and number of beneficiaries | | | | | | | | | | | | | Nature of intervention | | NQF level of formal intervention | | | | | | | | | | Duration of intervention | | |
|---|-------------------------|------------------------------|----------------|-----------|------------------------------|----------------|--------------------|------------------------|----------------------|---------------------------------|-----------------|---|------------------------|----|----------------------------------|------------------------------|---|----|---|---|---|---|----|---|--------------------------|--|---|
| Employment category | Skills Area | | | | | | | | | | | | | | Informal (defined in guidelines) | Formal (in-house / external) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | | | |
| | Management / leadership | Project management /planning | Client service | Financial | Corporate, legal and support | Administration | Policy development | Information technology | Specialist technical | Life skills and basic education | Training skills | Social/communi ty/economic dev. and plan. | | | | | | | | | | | | | | | |
| Community development | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public transport | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land management | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Housing administration | | | | | 1 | | | | | | | | | 1 | | | | 1 | | | | | | | | | |
| Environmental management | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roads | | | | | | | | | | | | | | 2 | | | | 2 | | | | | | 3 | | | |
| Electricity | | | | | | | | | | 2 | | | | 7 | | | | 7 | | | | | | 5 | | | |
| Information technology | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate Services/Core administration | 2 | | | | | 3 | | | | | | | | 5 | | | | 5 | | | | | | 5 | | | |
| Core finance | | | | 5 | | | | | | | | | | 5 | | | | 5 | | | | | | | | | |
| Skilled agric & fishery workers SOC 600 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate Services/Core administration | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Core finance | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Clerks SOC 400 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Health care | | | 1 | | | | | | 1 | | | | | 1 | | | | 1 | | | | | | 2 | | | |
| Public safety/Emergency services | | | 2 | | | | | | 2 | | | | | 2 | | | | 2 | | | | | 3 | | | | |
| LED | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water conservation/treatment | | | 1 | | | | | | 1 | | | | | 1 | | | | 1 | | | | | 2 | | | | |
| Waste | | | 2 | | | | | | 2 | | | | | 2 | | | | 2 | | | | | 3 | | | | |
| Client services | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parks/community facilities | | | 23 | | | | | | 23 | | | | | 23 | | | | 23 | | | | | 5 | | | | |
| Community development | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public transport | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land management | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Housing administration | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Environmental management | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roads | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity | | | 6 | | | | | | 6 | | | | | 6 | | | | 6 | | | | | 5 | | | | |
| Information technology | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate Services/Core administration | | | 25 | | | | | | 25 | | | | | 25 | | | | 25 | | | | | 5 | | | | |
| Core finance | | | 18 | | | | | | 18 | | | | | 18 | | | | 18 | | | | | 5 | | | | |
| Service workers SOC 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Health care | | | | | | | | | 1 | | | | | 1 | | | | 1 | | | | | 10 | | | | |
| Public safety/Emergency services | | | | | | | | | 40 | | | | | 40 | | | | 40 | | | | | | | 10 | | 2 |
| LED | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Kind and number of beneficiaries | | | | | | | | | | | | | Nature of intervention | | NQF level of formal intervention | | | | | | | | | | Duration of intervention | | |
|--|-------------------------|------------------------------|----------------|-----------|------------------------------|----------------|--------------------|------------------------|----------------------|---------------------------------|-----------------|---|------------------------|----|----------------------------------|------------------------------|----|---|---|---|---|---|---|---|--------------------------|------|-------|
| Employment category | Skills Area | | | | | | | | | | | | | | Informal (defined in guidelines) | Formal (in-house / external) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Not NQF Linked | Days | Weeks |
| | Management / leadership | Project management /planning | Client service | Financial | Corporate, legal and support | Administration | Policy development | Information technology | Specialist technical | Life skills and basic education | Training skills | Social/communi ty/economic dev. and plan. | | | | | | | | | | | | | | | |
| Water conservation/treatment | | | | | | | | | 1 | | | | | 1 | | | 1 | | | | | | | | | | |
| Waste | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Client services | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parks/community facilities | | | | 3 | | | | | | | | | | 3 | | | 3 | | | | | | | 3 | | | |
| Community development | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public transport | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land management | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Housing administration | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Environmental management | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roads | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Information technology | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate Services/Core administration | | | | | | 1 | | | | | | | | 1 | | | 1 | | | | | | | 5 | | | |
| Core finance | | | | 4 | | | | | | | | | | 4 | | | 4 | | | | | | | | 2 | | |
| Craft & related workers SOC 700 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Health care | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public safety/Emergency services | | | | | | | | | 1 | | | | | 1 | | | 1 | | | | | | | | 10 | | |
| LED | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water conservation/treatment | | | | | | | | | 5 | | | | | 5 | | | 5 | | | | | | | | 10 | | |
| Waste | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Client services | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parks/community facilities | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Community development | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public transport | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land management | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Housing administration | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Environmental management | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roads | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity | | | | | | | | | 11 | | | | | 11 | | | 11 | | | | | | | | 10 | | |
| Information technology | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate Services/Core administration | | | | | | | | | 1 | | | | | 1 | | | 1 | | | | | | | | 10 | | |
| Core finance | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Plant & machine operators SOC 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Health care | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public safety/Emergency services | | | | | | | | | 3 | | | | | 3 | | | | | | | | | 3 | 5 | | | |
| LED | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water conservation/treatment | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Waste | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Client services | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parks/community facilities | | | | | | | | | 7 | | | | | 7 | | | | | | | | | 7 | 5 | | | |
| Community development | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public transport | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land management | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Housing administration | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Environmental management | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roads | | | | | | | | | 1 | | | | | 1 | | | | | | | | | 1 | 1 | | | |
| Electricity | | | | | | | | | 1 | | | | | 1 | | | | | | | | | 1 | 1 | | | |
| Information technology | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate Services/Core administration | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Core finance | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Kind and number of beneficiaries | | | | | | | | | | | | | | Nature of intervention | | NQF level of formal intervention | | | | | | | | | | | Duration of intervention | | |
|--|----------------------------|------------------------------------|----------------|-----------|---------------------------------|----------------|-----------------------|---------------------------|-------------------------|------------------------------------|-----------------|--|---|------------------------|----|--|------------------------------------|-----|----|---|---|---|----|-----|----|----------------------|--------------------------|----|--|
| Employment category | Skills Area | | | | | | | | | | | | | | | Informal (defined in guidelines) | Formal (in-house / external) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Not NQF Linked | | | |
| | Management / leadership | Project management /planning | Client service | Financial | Corporate, legal and support | Administration | Policy development | Information technology | Specialist technical | Life skills and basic education | Training skills | Social/communi- ty/economic dev. and plan. | | | | | | | | | | | | | | | | | |
| Elementary occupations SOC 900 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Health care | | | | | | | | | | 4 | | | | 4 | 4 | | | | | | | | | | | | | 12 | |
| Public safety/Emergency services | | | | | | | | | | 4 | | | | 4 | 4 | | | | | | | | | | | | | 12 | |
| LED | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water conservation/treatment | | | | | | | | | | 2 | | | | 2 | 2 | | | | | | | | | | | | | 12 | |
| Waste | | | | | | | | | | 11 | | | | 11 | 11 | | | | | | | | | | | | | 12 | |
| Client services | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parks/community facilities | | | | | | | | | 43 | 43 | | | | 43 | 43 | | | | | | | | | | | | | 12 | |
| Community development | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public transport | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land management | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Housing administration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Environmental management | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Roads | | | | | | | | | 5 | 5 | | | | 5 | 5 | | | | | | | | | | | | | 12 | |
| Electricity | | | | | | | | | 6 | 6 | | | | 6 | 6 | | | | | | | | | | | | | 12 | |
| Information technology | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate Services/Core administration | | | | | | | | | | 4 | | | | 4 | 4 | | | | | | | | | | | | | 12 | |
| Core finance | | | | | | | | | | 6 | | | | 6 | 6 | | | | | | | | | | | | | 12 | |
| Apprentices | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTALS | 9 | 1 | 94 | 20 | 7 | 7 | 1 | 83 | 158 | 85 | 0 | 0 | 0 | 305 | 85 | 0 | 18 | 146 | 53 | 5 | 0 | 0 | 12 | 123 | 53 | 128 | | | |

APPENDIX D

PUBLISHED ANNUAL FINANCIAL STATEMENTS

**2006 / 2007
Municipal Year**



Note:

The annual financial statements including the Auditor General's report on the financial statements and performance management system.

City of uMhlathuze



Financial Statements

for the year ended 30 June 2007

Contact Details

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**REPORT OF THE AUDITOR-GENERAL TO THE MUNICIPAL COUNCIL AND KWAZULU-NATAL
PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
OF THE UMHLATHUZE MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2007**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the uMhlathuze Municipality which comprise the statement of financial position as at 30 June 2007, statement of financial performance, statement of changes in net assets, cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 47.

Responsibility of the accounting officer for the financial statements

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

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
 - Appropriateness of accounting policies used
 - Reasonableness of accounting estimates made by management
 - Overall presentation of the financial statements.
7. Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of financial statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is still in the process of being developed, I have determined that my audit of any disclosures made by uMhlathuze Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

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

Opinion

10. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMhlathuze Municipality as at 30 June 2007 and its financial performance and cash flows for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1 and in the manner required by the MFMA.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

Housing Act, 1997 (Act No. 107 of 1997)

11. The municipality did not furnish the MEC of Housing with monthly reports regarding the sale of immovable property by the municipality, including the basis for the determination of selling prices. This was a contravention of section 14(4)(d)(v) of the Housing Act, 1997.

Municipal Finance Management Act (No. 56 of 2003)

12. The municipality did not place the following documents on their website as prescribed by S75 of the MFMA:

- Annual report for 2005-06 year
- All supply chain management contracts above a prescribed value
- An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14(2) or (4).

Matters of governance

Internal policies

13. The municipality did not have a fraud prevention plan, disaster recovery plan and staff retention policy during the year under review.

Revenue and receivables

14. The municipality had unreconciled differences between the Natis and Promis systems for the year under review.

Incorrect capitalisation of property, plant and equipment

15. An amount of R1,1 million was erroneously capitalised to property, plant and equipment.

Infrastructure projects

16. The municipality had not awarded certain infrastructure projects within their validity periods.

Material corrections made to the financial statements submitted for auditing

17. The financial statements, approved by the accounting officer and submitted for auditing on 30 August 2007, have been significantly revised in respect of the following misstatements identified during the audit:

- Creditors: an adjustment of R6,4 million was made to creditors to include outstanding cheques.
- The self-insurance reserve has been overstated by R957 756 due to the net of income and expenditure votes not being transferred out of the accumulated surplus.
- The housing development fund was overstated by R2,7 million due to the net surplus from the housing operating account not being transferred from the accumulated surplus.

Internal control

18. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes of the matter indicated, as they relate to the five components of internal control.

| Reporting item | Control environment | Assessment of risks | Control activities | Information and communication | Monitoring |
|---------------------------------|---------------------|---------------------|--------------------|-------------------------------|------------|
| Other matters | | | | | |
| Housing Act | | ✓ | | | |
| MFMA | ✓ | | | | |
| Internal policies | ✓ | | | | |
| Revenue and receivables | | | | | ✓ |
| Incorrect capitalisation of PPE | | | | | ✓ |
| Infrastructure projects | | | | | ✓ |

Unaudited supplementary schedules

19. The supplementary information set out on pages 48 to 59 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion them.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

20. I was engaged to audit the performance information.

Responsibility of the accounting officer for the performance information

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

Responsibility of the Auditor-General

22. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 645 of 2007*, issued in *Government Gazette No. 29919 of 25 May 2007* and section 45 of the MSA.
23. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
24. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my audit.

Audit finding (performance information)

25. No significant findings were identified as a result of my audit.

APPRECIATION

26. The assistance rendered by the staff of the uMhlathuze Municipality during the audit is sincerely appreciated.


Pietermaritzburg

7 December 2007

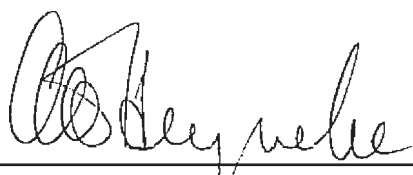


A U D I T O R - G E N E R A L

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 59, 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 22 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

30/08/2007

DATE

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

| | Notes | 2007 R | Restated 2006 R |
|--|-------|----------------------|-----------------------|
| NET ASSETS AND LIABILITIES | | | |
| Net assets | | 721,790,417 | 562,399,702 |
| Housing Development Fund | 1 | 11,368,273 | 4,391,375 |
| Capitalisation reserve | | 229,323,332 | 272,706,058 |
| Government grant reserve | | 227,840,359 | 103,655,222 |
| Donations and public contribution reserves | | 180,745,002 | 128,677,452 |
| Self-insurance reserve | | 217,307 | 696,185 |
| Accumulated surplus | | 72,296,144 | 52,273,410 |
| Non-current liabilities | | 425,787,160 | 133,368,662 |
| Long-term liabilities | 2 | 425,787,160 | 133,368,662 |
| Current liabilities | | 223,224,247 | 187,901,146 |
| Consumer deposits | 4 | 27,417,784 | 27,666,829 |
| Creditors | 5 | 141,478,051 | 115,086,204 |
| Unspent conditional grants and receipts | 6 | 35,044,179 | 33,176,369 |
| Current portion of long-term liabilities | 2 | 19,284,233 | 11,971,744 |
| Total Net Assets and Liabilities | | 1,370,801,824 | 883,669,510 |
| ASSETS | | | |
| Non-current assets | | 1,025,209,707 | 748,646,639 |
| Property, plant and equipment | 9 | 1,017,305,111 | 739,706,782 |
| Investment property | 11 | 1,304,802 | 1,555,351 |
| Intangible assets | 10 | 2,600,983 | 837,733 |
| Long-term receivables | 13 | 3,998,811 | 6,546,773 |
| Current assets | | 345,592,117 | 135,022,871 |
| Inventory | 8 | 9,048,272 | 8,172,636 |
| Consumer debtors | 12 | 74,095,479 | 72,114,229 |
| Other debtors | 14 | 14,100,925 | 9,572,113 |
| VAT | 7 | 11,498,702 | 1,683,616 |
| Current portion of long-term receivables | 13 | 944,173 | 1,120,003 |
| Call investment deposits | 15 | 150,000,000 | - |
| Bank balances and cash | 27 | 85,904,566 | 42,360,274 |
| Total Assets | | 1,370,801,824 | 883,669,510 |

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

| | Notes | 2007 R | 2006 R |
|---|-------|--------------------|--------------------|
| REVENUE | | | |
| Property rates | 17 | 98,103,060 | 90,061,314 |
| Property rates - penalties imposed and collection charges | | 1,833,983 | 2,209,132 |
| Service charges | 18 | 443,962,523 | 422,571,598 |
| Rental of facilities and equipment | | 9,695,416 | 10,242,618 |
| Interest earned - external investments | | 11,668,451 | 7,754,253 |
| Interest earned - outstanding debtors | | 397,899 | 501,775 |
| Fines | | 7,693,948 | 3,912,992 |
| Licences and permits | | 1,652,680 | 630,630 |
| Income for agency services | | 2,530,988 | 2,529,087 |
| Government grants and subsidies | 19 | 195,634,002 | 90,339,930 |
| Public contributions | | 23,649,299 | 912,074 |
| Other income | 20 | 28,677,190 | 20,506,780 |
| Sale of Land | | 36,289,666 | 22,881,210 |
| Gains on disposal of property, plant and equipment | | 9,412,549 | 5,973,346 |
| Total Revenue | | 871,201,654 | 681,026,739 |
| EXPENDITURE | | | |
| Employee related costs | 21 | 223,876,167 | 215,889,453 |
| Remuneration of Councillors | 22 | 11,343,826 | 9,642,151 |
| Bad debts | | (7,251,567) | 8,412,494 |
| Collection costs | | 89,560 | 22,635 |
| Depreciation | | 65,977,410 | 59,103,475 |
| Amortisation | | 433,732 | 287,970 |
| Conditional grant expenditure | | 2,292,122 | 5,985,499 |
| Repairs and maintenance | | 30,204,461 | 25,155,750 |
| Interest paid | 23 | 42,728,134 | 14,966,965 |
| Bulk purchases | 24 | 220,726,471 | 216,431,269 |
| Contracted services | | 44,392,833 | 43,585,949 |
| Grants and subsidies paid | 25 | 932,893 | 1,200,315 |
| General expenses | | 76,064,897 | 62,206,678 |
| Total Expenditure | | 711,810,939 | 662,890,603 |
| SURPLUS FOR THE YEAR | | 159,390,715 | 18,136,136 |

Refer to Appendix E(1) for the comparison with the approved budget

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

| | Housing Development Fund | Capitalisation Reserve | Government Grant Reserve | Donation and Public Contribution Reserve | Self-Insurance Reserve | Accumulated Surplus | Total |
|--------------------------------------|--------------------------------|---------------------------|-----------------------------|---|---------------------------|------------------------|--------------------|
| 2006 | | | | | | | |
| 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 |
| Surplus for the year | | | | | | 18,136,136 | 18,136,136 |
| Capital grants used to purchase PPE | | | | | | (25,548,992) | - |
| Donated/contributed PPE | | | 25,548,992 | | | (21,640,235) | - |
| Contribution to Insurance Reserve | | | | 21,640,235 | | (361,037) | - |
| Insurance claims processed | | | | | 361,037 | 362,189 | - |
| Transfer to Housing Development Fund | 1,410,111 | | | | (362,189) | (1,410,111) | - |
| Offsetting of depreciation | | (25,726,280) | (6,820,526) | (9,232,143) | | 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 |
| 2007 | | | | | | | |
| Change in accounting policy (note 3) | | | | | | 15,069,303 | 15,069,303 |
| Restated balance | 4,391,375 | 272,706,058 | 103,655,222 | 128,677,452 | 696,185 | 52,273,410 | 562,399,702 |
| Surplus for the year | | | 124,789,145 | 59,964,573 | | 159,390,715 | 159,390,715 |
| Capital grants used to purchase PPE | | | | | | (184,753,718) | - |
| Donated/contributed PPE | | | | | | (2,001,039) | - |
| Contribution to Insurance Reserve | | | | | 2,001,039 | 2,479,917 | - |
| Insurance claims processed | | | | | (2,479,917) | (6,976,898) | - |
| Transfer to Housing Development Fund | 6,976,898 | (43,382,726) | (604,008) | (7,897,023) | | 51,883,757 | - |
| Offsetting of depreciation | | | | | | | - |
| Balance at 30 June 2007 | 11,368,273 | 229,323,332 | 227,840,359 | 180,745,002 | 217,307 | 72,296,144 | 721,790,417 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

| | Note | 2007 R | 2006 R |
|---|------|----------------------|----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Property rates | | 102,133,336 | 91,669,852 |
| Sales of services | | 444,951,585 | 435,129,645 |
| Sale of land | | 36,289,666 | 22,881,210 |
| Grants | | 197,501,812 | 92,042,336 |
| Interest received | | 11,668,451 | 7,754,253 |
| Other receipts | | 64,352,959 | 37,219,462 |
| Payments | | | |
| Employee costs | | (227,967,581) | (212,563,456) |
| Suppliers | | (275,531,226) | (308,662,660) |
| Interest payments | | (42,728,134) | (14,966,965) |
| Other payments | | (83,471,731) | (87,437,137) |
| Net cash flows from operating activities | | 227,199,137 | 63,066,540 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property plant and equipment | | (347,650,702) | (161,402,661) |
| Proceeds on disposal of property plant and equipment | | 11,541,078 | 9,031,745 |
| Decrease in non-current receivables | | 2,723,792 | 1,881,364 |
| NET CASH UTILISED IN INVESTING ACTIVITIES | | (333,385,832) | (150,489,552) |
| CASH FLOWS UTILISED IN FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | 305,970,755 | 86,037,318 |
| Repayment of borrowings | | (6,239,768) | (7,825,453) |
| Net cash utilised in financing activities | | 299,730,987 | 78,211,865 |
| Net increase/(decrease) in cash and cash equivalents | | 193,544,292 | (9,211,147) |
| Cash and cash equivalents at the beginning of the year | | 42,360,274 | 51,571,421 |
| Cash and cash equivalents at the end of the year | | 235,904,566 | 42,360,274 |
| | | 193,544,292 | -9,211,147 |
| | | 193,544,292 | (9,211,147) |
| | | - | - |

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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. The Municipality has availed itself of the exemptions as granted to high capacity Municipalities in Government Gazette 30013 dated 29 June 2007. The exemptions are in respect of the application of certain International Accounting Standards as set out in Note 33 to the Annual Financial Statements.

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.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (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.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (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.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

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

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

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.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (Continued)

11. REVENUE RECOGNITION (continued)

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

Service charges from sewerage 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 apportionment 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.

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (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.

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 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

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

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 unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007 (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. INTANGIBLE ASSETS

The acquisition of computer software and expenses on website costs are recognized as intangible assets and are amortised on a straight-line basis over their estimated useful lives.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|-----------------------|--------------------|
| 1 HOUSING DEVELOPMENT FUND | | |
| Housing Development Fund | 11,368,273 | 4,391,375 |
| Unappropriated Surplus | 11,368,273 | 4,391,375 |
| The Housing Development Fund is represented by the following assets | | |
| Debtors | (2,780,966) | 1,492,161 |
| Bank and cash | 14,149,239 | 2,899,214 |
| Total Housing Development Fund Assets and Liabilities | 11,368,273 | 4,391,375 |
| 2 LONG-TERM LIABILITIES | | |
| Annuity Loans | 445,071,393.00 | 144,649,410 |
| Capitalised Lease Liability | - | 690,996 |
| Sub-total | 445,071,393.00 | 145,340,406 |
| Less: Current portion transferred to current liabilities | (19,284,233) | (11,971,744) |
| Annuity Loans | (19,284,233) | (11,644,757) |
| Capitalised Lease Liability | - | (326,987) |
| Total External Loans | 425,787,160.00 | 133,368,662 |

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 R39 907 462 (2006: R25 088 992) by Rand Merchant Bank to RB Equipment Trust is secured by a sinking fund deposit with Rand Merchant Bank of R38 732 311 (2006: R32 786 438).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

2 LONG-TERM LIABILITIES(continued)

External Loans repayments- Future years

| | DBSA | DBSA | RMB | Nedbank | INCA | DBSA (EMP) | Standard Bank | Nedbank | INCA | Totals |
|------|------------|-----------|-----------|-----------|------------|------------|---------------|------------|-------------|-------------|
| | 31,866,978 | 7,872,485 | 1,175,151 | 3,046,051 | 14,512,245 | 1,392,737 | 81,959,464 | 83,246,283 | 220,000,000 | 445,071,395 |
| | 12.00% | 14.50% | 11.78% | 15.54% | 13.95% | 16.16% | 10.65% | 9.75% | 8.75% | |
| 2008 | 5,347,468 | 1,403,464 | 1,175,151 | 3,198,872 | 2,570,621 | 536,932 | 14,479,616 | 14,164,249 | 19,302,740 | 62,179,112 |
| 2009 | 5,347,468 | 1,403,464 | | | 2,570,621 | 536,932 | 14,479,616 | 14,095,980 | 19,250,000 | 57,684,081 |
| 2010 | 5,347,468 | 1,403,464 | | | 2,570,621 | 536,932 | 14,479,616 | 14,004,997 | 33,473,084 | 71,816,183 |
| 2011 | 5,347,468 | 1,403,464 | | | 2,570,621 | 268,465 | 14,479,616 | 13,906,584 | 33,473,084 | 71,449,303 |
| 2012 | 5,347,468 | 1,403,464 | | | 2,570,621 | | 14,479,616 | 13,801,036 | 33,472,084 | 71,074,290 |
| 2013 | 5,347,468 | 1,403,464 | | | 2,570,621 | | 14,479,616 | 13,692,650 | 33,473,084 | 70,966,904 |
| 2014 | 5,347,468 | 1,403,464 | | | 2,570,621 | | 14,479,616 | 13,545,304 | 33,473,084 | 70,819,558 |
| 2015 | 5,347,468 | 1,403,464 | | | 2,570,621 | | 14,479,616 | 13,425,810 | 33,473,084 | 70,700,063 |
| 2016 | 5,347,468 | 1,403,464 | | | 2,570,621 | | 14,479,616 | 13,278,711 | 33,472,084 | 63,312,156 |
| 2017 | 5,347,468 | 1,403,464 | | | 2,570,621 | | 7,239,808 | | 33,472,084 | 42,793,637 |
| 2018 | 5,347,468 | 1,403,464 | | | 2,570,621 | | | | 33,473,084 | 42,794,637 |
| 2019 | | | | | 1,298,842 | | | | 33,473,084 | 34,771,926 |

Disclosure about the Terms and Conditions of Financial Instruments-Borrowings

Future payments are based on the balances at 30/06/07

- (i) The interest rate applicable to the Standard Bank & Nedbank 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|-------------------|-------------------|
| 3 CHANGE IN ACCOUNTING POLICY - GAMAP REVERSAL - POST RETIREMENT MEDICAL BENEFITS | | |
| <p>The following adjustment was made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: IAS 19 was applied and the estimate provided was based on available surpluses. In the absence of an actuarial valuation the liability was estimated at R100m and this was based on the KwaDukuza's Municipality Actuarial Valuation of post-retirement medical benefits of R50m (Staff complement of uMhlatuze is approximately double). The reversal in respect of this provision for the 2006/07 year resulted from the exemption granted in Government Gazette 30013. The exemption is in respect of various International Accounting Standards which will become applicable with effect from the 2008/2009 financial year. (See note 33 for exemptions). 2008/2009 will then be the year of initial application at which time the relevant disclosures will be made in accordance with paragraph 28 of GRAP 3.</p> | | |
| 3.1 Provision for post retirement benefits | | |
| Non-current provision | | 13,942,803 |
| Current provision | | 1,126,500 |
| Transferred to accumulated surplus | | <u>15,069,303</u> |
| 4 CONSUMER DEPOSITS | | |
| Electricity and Water | 26,769,524 | 27,311,096 |
| Other | 648,260 | 355,733 |
| Total Deposits | <u>27,417,784</u> | <u>27,666,829</u> |
| Guarantees held in lieu of Electricity and Water Deposits | <u>47,152,963</u> | <u>45,977,892</u> |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|------------------------|--------------------|--------------------|
| 5 CREDITORS | | |
| Trade creditors | 59,471,485 | 29,334,078 |
| Year end Creditors | 51,237,434 | 55,656,014 |
| Retentions | 15,295,172 | 10,530,738 |
| Staff leave | 10,098,184 | 14,680,680 |
| Staff Bonuses | 5,375,776 | 4,884,694 |
| Total Creditors | 141,478,051 | 115,086,204 |

6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government

| | | |
|--|-------------------|-------------------|
| National Conditional Grants | 7,080,533 | 8,829,919 |
| Provincial Local Government Grants | 2,215,370 | 1,758,239 |
| Provincial Development Planning Grants | 37,201 | 58,717 |
| Provincial Housing Grants | 15,510,056 | 14,774,720 |
| Provincial Library Services Subsidies | - | 14,580 |
| Provincial Community Development Workers Programme | 43,433 | 59,293 |
| Provincial Department of Transport Subsidy | 167,279 | 167,279 |
| Department of Water Affairs (DWAF) Cleanest Town Award | 70,507 | 139,967 |
| Department of Water Affairs (DWAF) Water Services Programme | 415,937 | 438,268 |
| Department of Water Affairs (DWAF) Refurbishment Grant | - | 1,672,190 |
| Department of Water Affairs (DWAF) Institutional Support Programme Grant | 1,200,000 | - |
| Department of Minerals & Energy | 235,000 | - |
| Municipal Infrastructure Grant (MIG) | 7,743,619 | 4,797,841 |
| uThungulu District Municipality Capacity Building Grant | 240,000 | 240,000 |
| uThungulu District Council Infrastructure Grant | 48,488 | 188,600 |
| uThungulu District Municipality Museum Operating Subsidy | 36,756 | 36,756 |
| | 35,044,179 | 33,176,369 |

See Note 19 for reconciliation of grants from other spheres of government.

7 VAT

| | | |
|------------------------|---------------------|--------------------|
| Output Suspense | 2,260,410 | 2,780,659 |
| Input Suspense | (10,220,366) | (6,160,772) |
| Output Payable | (3,538,746) | 1,696,704 |
| Input Claim | - | (207) |
| VAT (claimable) | (11,498,702) | (1,683,616) |

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|-----------------------------|------------------|------------------|
| 8 INVENTORY | | |
| Consumable stores - at cost | 8,462,231 | 7,409,110 |
| Water - at cost | 586,041 | 763,526 |
| Total Inventory | 9,048,272 | 8,172,636 |

9 Property, Plant And Equipment

30 June 2007

| Reconciliation Of Carrying Values | Infrastructure | Community | Heritage | Other | Total |
|--|--------------------|-------------------|---------------|--------------------|----------------------|
| Carrying Values At 1 July 2006 | 572,893,786 | 51,551,384 | 49,502 | 115,212,109 | 739,706,781 |
| Cost | 1,039,949,410 | 87,738,121 | 49,502 | 236,426,719 | 1,364,163,752 |
| Accumulated Depreciation | (467,055,624) | (36,186,737) | - | (121,214,610) | (624,456,971) |
| Acquisitions | 161,306,852 | 9,395,209 | - | 37,714,503 | 208,416,564 |
| Capital Under Construction | 129,768,796 | 2,904,842 | - | 4,363,518 | 137,037,156 |
| Depreciation | (47,040,240) | (4,083,178) | - | (14,603,443) | (65,726,861) |
| Carrying Value Of Disposals | (34,774) | - | - | (2,093,755) | (2,128,529) |
| Cost/Revaluation | (55,303) | - | - | (3,866,501) | (3,921,804) |
| Accumulated Depreciation | 20,529 | - | - | 1,772,746 | 1,793,275 |
| Carrying Values At 30 June 2007 | 816,894,420 | 59,768,257 | 49,502 | 140,592,932 | 1,017,305,111 |
| Cost | 1,330,969,755 | 100,038,172 | 49,502 | 274,638,239 | 1,705,695,668 |
| Accumulated Depreciation | (514,075,335) | (40,269,915) | - | (134,045,307) | (688,390,557) |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Property, Plant And Equipment (continued)

30 June 2006

| Reconciliation Of Carrying Values | Infrastructure | Community | Heritage | Other | Total |
|-----------------------------------|--------------------|-------------------|---------------|--------------------|--------------------|
| Carrying Values | | | | | |
| At 1 July 2005 | 488,838,664 | 43,302,458 | 49,502 | 108,638,698 | 640,829,322 |
| Cost | 913,122,075 | 76,004,798 | 49,502 | 222,629,621 | 1,211,805,996 |
| Accumulated Depreciation | (424,283,412) | (32,702,340) | - | (113,990,923) | (570,976,674) |
| Acquisitions | 98,494,683 | 8,299,285 | - | 20,285,480 | 127,079,448 |
| Capital Under Construction | 28,670,172 | 3,468,618 | - | 1,567,201 | 33,705,991 |
| Depreciation | (43,106,149) | (3,493,331) | - | (12,250,101) | (58,849,581) |
| Carrying Value Of Disposals | (3,583) | (25,646) | - | (3,029,170) | (3,058,399) |
| Cost/Revaluation | (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 | 572,893,786 | 51,551,384 | 49,502 | 115,212,109 | 739,706,781 |
| Cost | 1,039,949,410 | 87,738,121 | 49,502 | 236,426,719 | 1,364,163,752 |
| Accumulated Depreciation | (467,055,624) | (36,186,737) | - | (121,214,610) | (624,456,971) |

The leased property, plant and equipment is secured as set out in Note 2.

Land originally acquired by the uMhlathuze Municipality is currently carried at the original purchase price and the portions that have been proclaimed as erven and sold have not been excised from the original cost. The current general property valuation being carried out for the purposes of implementing the Municipal Property Rates Act will be used to revalue and restate all property in the Municipality's ownership. This exercise is expected to be completed by February 2008 and the financial statements for the 2007/2008 financial year will correctly reflect the fair value of all land owned by the Municipality. The new valuation roll, asset register and the financial statements will be aligned at 30/06/2008.

10 Intangible Asset

30 June 2007

| Reconciliation Of Carrying Values | Total |
|-----------------------------------|------------------|
| Carrying Values | |
| At 1 July 2006 | 837,733 |
| Cost | 5,618,906 |
| Accumulated Amortisation | (4,781,173) |
| Acquisitions | 2,196,982 |
| Amortisation | (433,732) |
| Carrying Values | |
| At 30 June 2007 | 2,600,983 |
| Cost | 7,815,888 |
| Accumulated Amortisation | (5,214,905) |

30 June 2006

| Reconciliation Of Carrying Values | Total |
|-----------------------------------|----------------|
| Carrying Values | |
| At 1 July 2005 | 508,481 |
| Cost | 5,001,684 |
| Accumulated Amortisation | (4,493,203) |
| Acquisitions | 617,222 |
| Amortisation | (287,970) |
| Carrying Values | |
| At 30 June 2006 | 837,733 |
| Cost | 5,618,906 |
| Accumulated Amortisation | (4,781,173) |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

11 INVESTMENT PROPERTY

30 June 2007

| 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 2006 | 341,611 | 138,293 | 1,075,447 | 1,555,351 |
| Cost | 3,001,946 | 1,460,261 | 5,588,863 | 10,051,070 |
| Accumulated Depreciation | (2,660,335) | (1,321,968) | (4,513,416) | (8,495,719) |
| Acquisitions | - | - | - | - |
| Capital Under Construction | - | - | - | - |
| Depreciation | (112,797) | (19,717) | (118,035) | (250,549) |
| Carrying Value Of Disposals | - | - | - | - |
| Cost | - | - | - | - |
| Accumulated Depreciation | - | - | - | - |
| Carrying Values | | | | |
| At 30 June 2007 | 228,814 | 118,576 | 957,412 | 1,304,802 |
| Cost | 3,001,946 | 1,460,261 | 5,588,863 | 10,051,070 |
| Accumulated Depreciation | (2,773,132) | (1,341,685) | (4,631,451) | (8,746,268) |

30 June 2006

| 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 2005 | 454,408 | 161,356 | 1,193,482 | 1,809,246 |
| Cost | 3,001,946 | 1,460,261 | 5,588,863 | 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) | (253,895) |
| Carrying Value Of Disposals | - | - | - | - |
| Cost | - | - | - | - |
| Accumulated Depreciation | - | - | - | - |
| Carrying Values | | | | |
| At 30 June 2006 | 341,611 | 138,293 | 1,075,447 | 1,555,351 |
| Cost | 3,001,946 | 1,460,261 | 5,588,863 | 10,051,070 |
| Accumulated Depreciation | (2,660,335) | (1,321,968) | (4,513,416) | (8,495,719) |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

12 CONSUMER DEBTORS

As at 30 June 2007

| | | |
|---------------------------------|------------|--------------|
| Service Debtors | | 82,586,339 |
| Rates | | 11,867,783 |
| Electricity | 15,270,915 | |
| June consumption billed in July | 25,763,785 | 41,034,700 |
| Water | 11,174,730 | |
| June consumption billed in July | 6,296,253 | 17,470,983 |
| Sewerage | 7,779,840 | |
| Special Sewer charges | 190,961 | 7,970,801 |
| Refuse | | 4,242,072 |
| Rental | | 998,467 |
| Sundry | | 7,768,490 |
| Gross Balance | | 91,353,296 |
| Less: Provision for Bad Debts | | (17,257,817) |
| Net Balance | | 74,095,479 |

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 |
| Sundries | | 9,734,910 |
| Gross Balance | | 104,576,166 |
| Less: Provision for Bad Debts | | (32,461,937) |
| Net Balance | | 72,114,229 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

12 CONSUMER DEBTORS (continued)

Rates Ageing

| | 2007 R | 2006 R |
|-----------------------|-------------------|-------------------|
| Current (0 - 30) days | 6,018,775 | 6,315,885 |
| 31 - 60 days | 1,015,958 | 955,515 |
| 61- 90 days | 347,430 | 487,701 |
| 91 - 120 days | 208,176 | 233,666 |
| 121-360 days | 1,894,955 | 2,083,290 |
| 361 + days | 2,382,489 | 3,988,019 |
| Total | 11,867,783 | 14,064,076 |

Electricity, Water, Sewerage and Refuse: Ageing

| | | |
|-----------------------|-------------------|-------------------|
| Current (0 - 30) days | 54,514,456 | 51,589,686 |
| 31 - 60 days | 2,985,819 | 7,472,787 |
| 61- 90 days | 1,130,390 | 2,174,698 |
| 91 - 120 days | 889,441 | 1,316,023 |
| 121-360 days | 4,303,073 | 4,957,995 |
| 361+ days | 6,895,378 | 9,952,031 |
| Total | 70,718,557 | 77,463,220 |

Rental

| | | |
|-----------------------|----------------|------------------|
| Current (0 - 30) days | 327,751 | 243,526 |
| 31 - 60 days | 129,878 | 57,324 |
| 61- 90 days | 94,671 | 84,520 |
| 91 - 120 days | 80,977 | 20,119 |
| 121-360 days | 217,471 | 120,508 |
| 361+ days | 147,719 | 2,787,963 |
| Total | 998,467 | 3,313,960 |

Sundry

| | | |
|-----------------------|------------------|------------------|
| Current (0 - 30) days | (282,123) | 244,371 |
| 31 - 60 days | (39,037) | 644,367 |
| 61- 90 days | (76,385) | 701,719 |
| 91 - 120 days | 273,064 | 163,540 |
| 121-360 days | 3,355,720 | 2,471,491 |
| 361+ days | 4,537,251 | 5,509,422 |
| Total | 7,768,490 | 9,734,910 |

Summary of Debtors by Customer classification

| | Domestic consumers R | Industry/ commercial R | Nat / Provincial govt R |
|---|----------------------------|------------------------------|----------------------------|
| 30 June 2007 | | | |
| Current (0 - 30) days | 14,317,974 | 36,850,279 | 8,637,102 |
| 31 - 60 days | 1,624,491 | 1,636,387 | 828,822 |
| 61- 90 days | 1,187,857 | 724,105 | 509,578 |
| 91 - 120 days | 754,423 | 518,403 | 468,923 |
| 121+days | 10,949,624 | 6,502,525 | 5,842,804 |
| Sub-total | 28,834,369 | 46,231,699 | 16,287,229 |
| Less provision for bad debt | (10,827,698) | (6,430,119) | - |
| Total debtors by customer classification | 18,006,671 | 39,801,580 | 16,287,229 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

12 CONSUMER DEBTORS (continued)

| 30 June 2006 | R | R | R |
|---|--------------------|----------------------|-----------------------|
| Summary of Debtors by Customer classification | | | |
| | Domestic consumers | Industry/ commercial | Nat / Provincial govt |
| Current (0 - 30) days | 15,884,601 | 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 | 32,741,727 | 53,116,680 | 18,717,759 |
| Less provision for bad debt | (12,473,996) | (19,987,941) | - |
| Total debtors by customer classification | 20,267,731 | 33,128,739 | 18,717,759 |

| Reconciliation of the bad debt provision | 2007 R | 2006 R |
|--|-------------------|-------------------|
| Balance at beginning of the year | 32,461,937 | 25,179,024 |
| Contributions to provision | (7,251,567) | 8,412,494 |
| Bad debts written off against provision | (7,952,553) | (1,129,581) |
| Balance at end of year | 17,257,817 | 32,461,937 |

13 LONG-TERM RECEIVABLES

| | | |
|---|------------------|------------------|
| Housing loans | 961,505 | 1,244,161 |
| Study loans | 3,607,238 | 5,140,899 |
| Sport & Welfare Organisations | 1,685 | 4,152 |
| Car loans | 372,556 | 1,277,564 |
| | 4,942,984 | 7,666,776 |
| Less: Current portion transferred to Current Assets | (944,173) | (1,120,003) |
| Total Receivables | 3,998,811 | 6,546,773 |

14 OTHER DEBTORS

| | | |
|----------------------------|-------------------|------------------|
| Payments made in advance | 266,333 | 2,450 |
| Government subsidies | 2,156,581 | 9,443,238 |
| Year end debtors | 11,678,011 | 126,425 |
| Total Other Debtors | 14,100,925 | 9,572,113 |

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|-------------|------------|
| 15 CALL INVESTMENT DEPOSITS | | |
| Short-term investment | 150,000,000 | - |
| 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 | 16,534,248 | 12,903,884 |
| Cash book balance at end of year | 20,972,900 | 16,534,248 |
| Bank statement balance at beginning of year | 16,512,299 | 12,906,015 |
| Bank statement balance at end of year | 27,319,920 | 16,512,299 |
| Deposit Account | | |
| ABSA Bank - Richards Bay | | |
| Current/Deposit Account number 2150000095 | | |
| Cash book balance at beginning of year | 7,627,559 | 9,445,582 |
| Cash book balance at end of year | 8,500,114 | 7,627,559 |
| Bank statement balance at beginning of year | 6,657,995 | 8,518,679 |
| Bank statement balance at end of year | 7,600,525 | 6,657,995 |
| Hostel Account | | |
| ABSA Bank - Richards Bay | | |
| Current/Deposit Account number 90 8291 6767 | | |
| Cash book balance at beginning of year | 15,277,203 | 16,016,409 |
| Cash book balance at end of year | 15,393,137 | 15,277,203 |
| Bank statement balance at beginning of year | 15,277,203 | 16,016,409 |
| Bank statement balance at end of year | 15,393,137 | 15,277,203 |
| Housing Account - Brackenham | | |
| ABSA Bank - Richards Bay | | |
| Current/Deposit Account number 91 2361 5121 | | |
| Cash book balance at beginning of year | 2,899,214 | 2,730,079 |
| Cash book balance at end of year | 2,920,494 | 2,899,214 |
| Bank statement balance at beginning of year | 2,899,214 | 2,730,079 |
| Bank statement balance at end of year | 2,920,494 | 2,899,214 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|------------|-----------|
| 16 BANK, CASH AND OVERDRAFT BALANCES (continued) | | |
| Housing Account - Ngwelezane | | |
| ABSA Bank - Richards Bay | | |
| Current /Cheque Account number 91 7137 3496 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | 1,419,616 | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | 1,419,616 | - |
| Housing Account - Pionierhof | | |
| ABSA Bank - Richards Bay | | |
| Current/Deposit Account number 90 9224 7889 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | 9,809,129 | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | 9,809,129 | - |
| Conditional Grants | | |
| ABSA Bank - Richards Bay | | |
| Current/Deposit Account number 91 7137 3917 | | |
| Cash book balance at beginning of year | - | - |
| Cash book balance at end of year | 20,517,523 | - |
| Bank statement balance at beginning of year | - | - |
| Bank statement balance at end of year | 20,517,523 | - |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

17 PROPERTY RATES

| | | |
|----------------------------------|----------------------|----------------------|
| Actual | | |
| Residential | 31,258,932 | 28,333,682 |
| Commercial | 60,570,058 | 55,744,428 |
| State | 6,274,070 | 5,983,204 |
| Total Assessment Rates | 98,103,060 | 90,061,314 |
| Property Valuations | | |
| Residential | 771,308,500 | 753,969,100 |
| Commercial | 1,285,757,250 | 1,231,954,850 |
| State | 139,817,000 | 140,751,510 |
| Total Property Valuations | 2,196,882,750 | 2,126,675,460 |

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 R0.03718 (R0.03507 - 2006) for residential and R0.07383 (R0.06965 - 2006) for all other properties of Richards Bay area and a rate of R0.04666 (R0.04455 - 2006) for residential and R0.06307 (R0.05889 - 2006) 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.

18 SERVICE CHARGES

| | | |
|---------------------------------|--------------------|--------------------|
| Sale of electricity | 299,812,301 | 291,539,002 |
| Sale of water | 75,162,098 | 74,483,312 |
| Refuse removal | 27,120,220 | 24,212,935 |
| Sewerage and sanitation charges | 41,867,904 | 32,336,349 |
| Total Service Charges | 443,962,523 | 422,571,598 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|--|--------------------|-------------------|
| 19 GOVERNMENT GRANTS AND SUBSIDIES | | |
| Equitable Share | 61,265,646 | 52,985,497 |
| National Conditional Grants | 2,249,386 | 3,174,031 |
| Provincial Health Subsidies | 4,478,340 | 2,700,847 |
| Provincial Local Government Grants | 242,869 | 506,472 |
| Provincial Development Planning Grants | 21,516 | 397,308 |
| Provincial Housing Grants | 425,640 | 1,789,725 |
| Provincial Library Service Subsidies | 14,580 | 445,395 |
| Provincial Museum Services Subsidies | 72,325 | 60,953 |
| Provincial Arts & Culture Services Subsidies | 51,817 | - |
| Provincial Community Development Workers Programme | 15,860 | 24,707 |
| Provincial Department of Transport - Relocation of Licensing Offices | - | 50,882 |
| Department of Water Affairs - Cleanest Town Award | 69,460 | 10,033 |
| Department of Water Affairs - Water Services Programme | 22,331 | 61,732 |
| Department of Water Affairs - Refurbishment Grant | 1,672,190 | 159,638 |
| Department of Water Affairs - R293 Assets | 95,909,000 | - |
| Municipal Infrastructure Grant (incl SMIF allocation) | 26,320,598 | 23,082,937 |
| uThungulu District Municipality Environmental Health service | 879,612 | 3,947,496 |
| uThungulu District Municipality Capacity Building Grants | - | - |
| uThungulu District Municipality Management of Cemeteries | 725,127 | 107,741 |
| uThungulu District Municipality Museum Operating Subsidy | - | 1,764 |
| uThungulu District Municipality Infrastructure Grant | 1,197,705 | 832,772 |
| Total Government Grants & Subsidies | 195,634,002 | 90,339,930 |

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 | 8,829,919 | 10,648,950 |
| Current year receipts | 500,000 | 1,355,000 |
| Conditions met - transferred to revenue | (2,249,386) | (3,174,031) |
| Conditions still to be met - transferred to liabilities | 7,080,533 | 8,829,919 |

National Conditional Grants are allocated in terms of the Division of Revenue Act. The Financial Management Grant is used to promote support reforms to financial management and the implementation of the Municipal Finance Management Act. The Restructuring Grant received in 2002, 2003 & 2004 from National Treasury has been earmarked for certain projects that will improve the local economy.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|-------------|-------------|
| 19 GOVERNMENT GRANTS AND SUBSIDIES (continued) | | |
| 19.3 Provincial Health Subsidies | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 4,478,340 | 2,700,847 |
| Conditions met - transferred to revenue | (4,478,340) | (2,700,847) |
| 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 | 1,758,239 | 1,974,711 |
| Current year receipts | 700,000 | 290,000 |
| Conditions met - transferred to revenue | (242,869) | (506,472) |
| Conditions still to be met - transferred to liabilities | 2,215,370 | 1,758,239 |

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. Funds allocated for 2006/2007 R 50000 were not received as conditions were not met.

19.5 Provincial Development Planning Grants

| | | |
|---|---------------|---------------|
| Balance unspent at beginning of year | 58,717 | 356,025 |
| Current year receipts | - | 100,000 |
| Conditions met - transferred to revenue | (21,516) | (397,308) |
| Conditions still to be met - transferred to liabilities | 37,201 | 58,717 |

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. Funds allocated for 2006/2007 R 50 000 & R 30 000 were not received as conditions were not met.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|--|-------------------|-------------------|
| 19 GOVERNMENT GRANTS AND SUBSIDIES (continued) | | |
| 19.6 Provincial Housing Grants | | |
| Balance unspent at beginning of year | 14,774,720 | 15,390,726 |
| Current year receipts | - | 180,000 |
| Conditions met - transferred to revenue | (425,640) | (1,789,725) |
| Interest Received | 1,160,976 | 993,719 |
| Conditions still to be met - transferred to liabilities | <u>15,510,056</u> | <u>14,774,720</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 | 14,580 |
| Current year receipts | - | 445,395 |
| Conditions met - transferred to revenue | (14,580) | (445,395) |
| Conditions still to be met - transferred to liabilities | <u>-</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 | 72,325 | 60,953 |
| Conditions met - transferred to revenue | (72,325) | (60,953) |
| 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. | | |
| 19.9 Provincial Arts & Culture Services Subsidies | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 51,817 | 60,953 |
| Conditions met - transferred to revenue | (51,817) | (60,953) |
| Conditions still to be met - transferred to liabilities | <u>-</u> | <u>-</u> |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|----------------|----------------|
| 19 GOVERNMENT GRANTS AND SUBSIDIES (continued) | | |
| 19.10 Provincial Community Development Workers Programme | | |
| Balance unspent at beginning of year | 59,293 | - |
| Current year receipts | - | 84,000 |
| Conditions met - transferred to revenue | (15,860) | (24,707) |
| Conditions still to be met - transferred to liabilities | <u>43,433</u> | <u>59,293</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. | | |
| 19.11 Provincial Department of Transport Subsidy | | |
| Balance unspent at beginning of year | 167,279 | 167,279 |
| Current year receipts | - | 50,882 |
| 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. | | |
| 19.12 Department of Water Affairs (DWAF) Cleanest Town Award | | |
| Balance unspent at beginning of year | 139,967 | - |
| Current year receipts | - | 150,000 |
| Conditions met - transferred to revenue | (69,460) | (10,033) |
| Conditions still to be met - transferred to liabilities | <u>70,507</u> | <u>139,967</u> |
| Department of Water Affairs Cleanest Town Award. Funds will be used on a recycling project. No funds have been withheld. | | |
| 19.13 Department of Water Affairs (DWAF) Water Services Programme | | |
| Balance unspent at beginning of year | 438,268 | - |
| Current year receipts | - | 500,000 |
| Conditions met - transferred to revenue | (22,331) | (61,732) |
| Conditions still to be met - transferred to liabilities | <u>415,937</u> | <u>438,268</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. | | |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|--|------------------|------------------|
| 19 GOVERNMENT GRANTS AND SUBSIDIES (continued) | | |
| 19.14 Department of Water Affairs (DWAF) Refurbishment Grant | | |
| Balance unspent at beginning of year | 1,672,190 | 901,828 |
| Current year receipts | - | 930,000 |
| Conditions met - transferred to revenue | (1,672,190) | (159,638) |
| Conditions still to be met - transferred to liabilities | - | 1,672,190 |
| Department of Water Affairs Refurbishment Grant and Subsidy for Water Services Works. The grant is spent in accordance with an approved business plan. | | |
| 19.15 Municipal Infrastructure Grant (MIG) | | |
| Balance unspent at beginning of year | 4,797,841 | 738,492 |
| Current year receipts | 29,266,376 | 27,142,286 |
| Conditions met - transferred to revenue | (26,320,598) | (23,082,937) |
| Conditions still to be met - transferred to liabilities | 7,743,619 | 4,797,841 |
| This grant was used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld. | | |
| 19.16 uThungulu District Municipality Environmental Health Costs | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 879,612 | 3,947,496 |
| Conditions met - transferred to revenue | (879,612) | (3,947,496) |
| Conditions still to be met - transferred to liabilities | - | - |
| The function to provide environmental health services was transferred to the District Municipality. Council is still performing this function on behalf of the District Municipality. In terms of a service level agreement the District Municipality allocates Council a portion of their Equitable Share allocation. | | |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|------------------|------------------|
| 19 GOVERNMENT GRANTS AND SUBSIDIES (continued) | | |
| 19.17 uThungulu District Municipality Capacity Building Grant | | |
| Balance unspent at beginning of year | 240,000 | 240,000 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| 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. | | |
| 19.18 uThungulu District Municipality Administration of Regional Cemeteries | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 725,127 | 107,741 |
| Conditions met - transferred to revenue | <u>(725,127)</u> | <u>(107,741)</u> |
| 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. | | |
| 19.19 uThungulu District Municipality Museum Operating Subsidy | | |
| Balance unspent at beginning of year | 36,756 | 20,000 |
| Current year receipts | - | 18,520 |
| Conditions met - transferred to revenue | - | <u>(1,764)</u> |
| Conditions still to be met - transferred to liabilities | <u>36,756</u> | <u>36,756</u> |
| uThungulu District Council allocated a subsidy to assist in the daily running of the Empangeni Museum. No funds have been withheld. | | |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|-------------------|-------------------|
| 19 GOVERNMENT GRANTS AND SUBSIDIES (continued) | | |
| 19.20 uThungulu District Council Infrastructure Grant | | |
| Balance unspent at beginning of year | 188,600 | 1,021,372 |
| Current year receipts | 1,057,593 | - |
| Conditions met - transferred to revenue | (1,197,705) | (832,772) |
| Conditions still to be met - transferred to liabilities | <u>48,488</u> | <u>188,600</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. | | |
| 19.21 Department of Minerals & Energy | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 235,000 | - |
| Conditions met - transferred to revenue | - | - |
| Conditions still to be met - transferred to liabilities | <u>235,000</u> | <u>-</u> |
| Department of Minerals & Energy in support of Electrification Projects. The grants are spend in accordance with an approved business proposal. | | |
| 19.22 Department of Water Affairs (DWAF) | | |
| Balance unspent at beginning of year | - | - |
| Current year receipts | 95,909,000 | - |
| Conditions met - transferred to revenue | (95,909,000) | - |
| Conditions still to be met - transferred to liabilities | <u>-</u> | <u>-</u> |
| Transfer of Sewer and Water Pumpstations assets from the previous R293 Towns to Council. | | |
| 19.23 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 | 1,314,696 | 1,428,571 |
| Extension Fees | 16,437,602 | 8,964,817 |
| Connection Fees | 1,992,672 | 2,458,178 |
| Other Income | 8,932,220 | 7,655,214 |
| Total Other Income | <u>28,677,190</u> | <u>20,506,780</u> |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|--------------------|--------------------|
| 21 EMPLOYEE RELATED COSTS | | |
| Employee related costs - Salaries and Wages | 140,780,659 | 130,241,651 |
| Employee related costs - Contributions for UIF, pensions and medical aids | 37,558,939 | 33,840,726 |
| Travel, motor car, accommodation, subsistence and other allowances | 20,357,569 | 19,458,923 |
| Housing benefits and allowances | 8,034,264 | 8,429,033 |
| Overtime payments | 17,520,638 | 16,231,969 |
| Performance bonus | 645,991 | 569,043 |
| Leave Payments | 1,287,466 | 9,589,162 |
| Less: Employee costs capitalised to Property, Plant and Equipment | (2,309,359) | (2,471,054) |
| Total Employee Related Costs | 223,876,167 | 215,889,453 |

There were no advances to employees. Loans to employees are set out in note 13.

Remuneration of the Municipal Manager

| | | |
|---|----------------|----------------|
| Annual Remuneration | 529,912 | 478,172 |
| Performance Bonuses | 109,724 | 109,800 |
| Housing Subsidy | 65,534 | 65,534 |
| Travel Allowance | 188,294 | 188,294 |
| Contributions to UIF, Medical and Pension Funds | 1,399 | 1,252 |
| Total | 894,863 | 843,052 |

Remuneration of Individual Executive Directors

30 June 2007

| | Chief Financial Officer | City Engineer | City Electrical Engineer |
|---|-------------------------------|------------------|--------------------------------|
| Annual Remuneration | 290,713 | 374,496 | 320,074 |
| Annual Bonus | - | - | 18,726 |
| Entertainment | - | - | 233 |
| Performance Bonuses | 91,129 | 91,129 | 49,615 |
| Housing Subsidy | 46,674 | - | 38,437 |
| Travel Allowance | 241,241 | 101,590 | 147,481 |
| Contributions to UIF, Medical and Pension Funds | 24,835 | 127,376 | 71,951 |
| Total | 694,592 | 694,591 | 646,517 |

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 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

21 EMPLOYEE RELATED COSTS (continued)

Remuneration of Individual Executive Directors

30 June 2007

| | Management Services | Corporate Services | Planning & Sustainable Development |
|---|------------------------|-----------------------|--|
| Annual Remuneration | 374,496 | 302,343 | 290,713 |
| Annual Bonus | - | 24,946 | - |
| Entertainment | - | 1,400 | - |
| Performance Bonuses | 91,129 | 30,534 | 91,129 |
| Housing Subsidy | 46,674 | 17,400 | 46,674 |
| Travel Allowance | 92,207 | 145,315 | 232,054 |
| Contributions to UIF, Medical and Pension Funds | 90,086 | 106,951 | 34,022 |
| Total | 694,592 | 628,889 | 694,592 |

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 |

Remuneration of Individual Executive Directors

30 June 2007

| | Community Facilitation & Marketing | Community Services & Health | Parks Sports & Recreation |
|---|--|-----------------------------------|---------------------------------|
| Annual Remuneration | 302,343 | 302,343 | 302,343 |
| Annual Bonus | 24,946 | 24,946 | 24,946 |
| Entertainment | 1,400 | 1,400 | 1,400 |
| Performance Bonuses | 30,534 | 30,534 | 30,534 |
| Housing Subsidy | 38,189 | 16,515 | 19,450 |
| Travel Allowance | 143,478 | 145,044 | 145,315 |
| Contributions to UIF, Medical and Pension Funds | 108,797 | 97,527 | 108,084 |
| Total | 649,687 | 618,309 | 632,072 |

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 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|--------------------|--------------------|
| 22 REMUNERATION OF COUNCILLORS | | |
| Mayor | 429,981 | 425,726 |
| Deputy Mayor | 342,381 | 384,000 |
| Speaker | 344,690 | 347,598 |
| Executive Committee Members | 2,544,183 | 2,283,384 |
| Councillors | 6,678,211 | 5,311,520 |
| Councillors pension contribution | 1,004,380 | 889,923 |
| Total Councillors Remuneration | 11,343,826 | 9,642,151 |
| 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 | 42,728,134 | 14,890,390 |
| Finance leases | - | 76,575 |
| Total Interest on External Borrowings | 42,728,134 | 14,966,965 |
| 24 BULK PURCHASES | | |
| Electricity | 188,345,409 | 184,489,499 |
| Water | 32,381,062 | 31,941,770 |
| Total Bulk Purchases | 220,726,471 | 216,431,269 |
| 25 GRANTS AND SUBSIDIES PAID | | |
| Richards Bay Country Club | 419,946 | 436,165 |
| S P C A | 222,000 | 212,000 |
| uMhlathuze Tourism Association | 200,000 | 160,000 |
| Independent Development Trust Ngwelazane Housing | 27,260 | 238,000 |
| Sabokwe Community-Removal of Graves | - | 87,473 |
| Zululand Expo | 17,600 | 14,183 |
| Sundries | 46,087 | 52,494 |
| Total Grants and Subsidies | 932,893 | 1,200,315 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|--------------------|-------------------|
| 26 CASH GENERATED FROM OPERATIONS | | |
| Surplus for the year | 159,390,715 | 18,136,136 |
| Adjustment for: | | |
| Depreciation | 65,977,410 | 59,391,445 |
| Amortisation | 433,732 | |
| (Gain)/Loss on disposal of property, plant and equipment | (9,412,549) | (5,973,346) |
| Movement in bad debt provision | (15,204,119) | 7,282,913 |
| Movement in non-current provisions | - | 32,635 |
| Investment income | (11,668,451) | (7,754,253) |
| Interest paid | 42,728,134 | 14,966,965 |
| Operating surplus before working capital changes: | 232,244,872 | 86,082,495 |
| (Increase)/Decrease in inventories | (875,636) | 1,513,428 |
| Decrease/(Increase) in debtors | 13,222,870 | (2,998,752) |
| Increase in other debtors | (4,528,812) | (2,569,326) |
| Increase in conditional grants and receipts | 1,867,810 | 1,702,406 |
| Increase/(Decrease) in creditors | 26,391,847 | (7,375,440) |
| Increase in VAT claimable | (9,815,086) | (14,301,683) |
| (Decrease)/Increase in consumer deposits | (249,045) | 8,226,124 |
| Cash generated from operations | 258,258,820 | 70,279,252 |
| 27 BANK BALANCES AND CASH | | |
| Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position | | |
| Bank balances and cash | 85,904,566 | 42,360,274 |
| Total bank balances and cash | 85,904,566 | 42,360,274 |
| 28 UNAUTHORISED, IRREGULAR AND WASTEFUL EXPENDITURE DISALLOWED | | |
| Unauthorised expenditure | | |
| Reconciliation of unauthorised expenditure | | |
| Unauthorised expenditure current year | 452,992 | 21,668,390 |
| Approved by Council or condoned | (452,992) | (21,668,390) |
| Unauthorised expenditure awaiting authorisation | - | - |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|--------------|--------------|
| 29 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT | | |
| 29.1 Contributions to Salga | | |
| Council subscriptions | 709,387 | 1,131,645 |
| Amount paid | (709,387) | (1,131,645) |
| 29.2 Audit fees | | |
| Amount paid - current year | 1,322,848 | 1,374,499 |
| 29.3 PAYE and UIF | | |
| Current year payroll deductions | 26,851,860 | 30,031,158 |
| Amount paid - current year | (26,851,860) | (30,031,158) |
| 29.4 Pension and Medical Aid Deductions | | |
| Opening balance | 4,528 | 106,607 |
| Current year payroll deductions | 52,791,449 | 48,465,990 |
| Amount paid - current year | (52,791,361) | (48,461,462) |
| Amount paid - previous year | (4,528) | (106,607) |
| Balance unpaid (included in creditors) | 88 | 4,528 |

The balance represents continued members contributions received in advance.

29.5 Councillor's Arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at 30 June 2007

| | Total | Outstanding Less Than 90 Days | Outstanding More Than 90 Days |
|---|--------------|----------------------------------|----------------------------------|
| None | - | - | - |
| Total Councillor Arrear Consumer Account | - | - | - |
| 30 June 2006 | | | |
| Councillor Tshabalala CN* | 8,664 | 372 | 8,292 |
| Councillor Zulu SM | 668 | 589 | 79 |
| Total Councillor Arrear Consumer Account | 9,332 | 961 | 8,371 |

*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 2007

| | Highest Amount Outstanding | Ageing |
|--------------------------|-------------------------------|----------|
| Councillor Tshabalala CN | 1,295 | 300 days |

30 June 2006

| | | |
|--------------------------|-------|----------|
| Councillor Tshabalala CN | 3,734 | 330 days |
|--------------------------|-------|----------|

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 R | 2006 R |
|---|--------------------|--------------------|
| 30 CAPITAL COMMITMENTS | | |
| Commitments in respect of capital expenditure: | | |
| Approved and contracted for | 201,277,988 | 90,624,146 |
| Approved but not yet contracted for | 226,704,812 | 357,426,854 |
| Total capital commitments | 427,982,800 | 448,051,000 |
| This expenditure will be financed from: | | |
| Internal Sources | 6,310,000 | 7,412,700 |
| External Loans | 245,044,600 | 229,570,600 |
| Grants | 176,628,200 | 211,067,700 |
| | 427,982,800 | 448,051,000 |
| 31 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS | | |
| Guarantees by City of uMhlathuze in respect of building society and commercial bank housing loans to officials. | 547,085 | 878,859 |
| Guarantee by City of uMhlathuze in respect of Postal services. | 80,000 | 80,000 |
| 32 RETIREMENT BENEFITS | | |
| The last actuarial valuations of the Natal Joint Municipal Pension Funds (Superannuation and Retirement) was done at 31 March 2006. These valuations disclosed a deficit for past service of R88,3 million and a deficit for past service of R204,3 million respectively. This shortfall will be met by increased employer contributions, implemented from July 2007. 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. | | |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

33 EXEMPTIONS FOR IMPLEMENTATION OF GAMAP

33.1) The table below sets out the standards or part of standards that have been exempted by Government Gazette 30013, dated 29 June 2007, of which Council has taken advantage.

| Financial Reporting Standard | | Extent Of Exemption From Standard | Exemption Period |
|------------------------------|--|---|---|
| GRAP 3 | Accounting policies, changes in accounting estimates and errors | Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies [paragraphs 14, 19 and 30-31] | For the 2006/07 and 2007/08 financial years |
| GAMAP 17 | Property, plant and equipment (PPE) | Review of useful life of items of PPE recognised in the annual financial statements [paragraphs 59-61, and 77] | For the 2006/07 and 2007/08 financial years |
| | | Review of depreciation method applied to PPE recognised in the annual financial statements [paragraphs 62 and 77] | For the 2006/07 and 2007/08 financial years |
| | | Impairment of non-cash generating assets [paragraphs 64-69 and 75(5)(4)-(vi)] | For the 2006/07 and 2007/08 financial years |
| | | Impairment of non-cash generating assets [paragraphs 63 and 75(5)(4)-(vi)] | For the 2006/07 and 2007/08 financial years |
| IAS 36 (AC128) | Impairment Of Assets | Entire standard | For the 2006/07 and 2007/08 financial years |
| GAMAP 12 | Inventories | The entire Standard as far as it relates to immovable capital assets inventory that is for in terms of GAMAP 17 | For the 2006/07 and 2007/08 financial years |
| | | The entire Standard as far as it relates to water stock that was not purchased by the municipality | For the 2006/07 and 2007/08 financial years |
| IAS 40 (AC 135) | Investment Property | The entire Standard to the extent that the property is accounted for in terms of GAMAP 17 | For the 2006/07 and 2007/08 financial years |
| | | Disclosure of fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard [paragraphs 79(e)(i)-(iii)] | For the 2006/07 and 2007/08 financial years |
| IAS 17 (AC 105) | Leases | Recognising operating lease payments/receipts on a straight line basis if the amount are recognised on the basis of the cash flow in the lease agreement. (SAICA circular 33, 34, 50, 51 of IAS 17/AC 105) | For the 2006/07 and 2007/08 financial years |
| IAS 38 (AC 129) | Intangible Assets | The entire standard except for the recognition, measurement and disclosure of computer software and websites costs (SIC 32/AC 432) and all other costs are expensed | For the 2006/07 and 2007/08 financial years |
| IAS 19 AC (116) | Employee Benefits | Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contributions plans and the defined benefit obligation disclosed by narrative information. [Paragraphs 29, 48-119, 120A(c)-(q)] | For the 2006/07 and 2007/08 financial years |
| GAMAP 9 | Revenue | Initial measurement of fair value discounting all future receipts using an imputed rate of interest. (SAICA circular 09/06 and paragraph 12) | For the 2006/07 and 2007/08 financial years |
| IAS 39 (AC 133) | Financial instruments: Recognition and measurement | Initially measuring financial assets and financial liabilities at fair value. (SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39/ AC 133) | For the 2006/07 and 2007/08 financial years |
| IFRS 5 (AC 142) | Non-current assets held for sale and discontinued operations | Classification, measurement and disclosure of non-current assets held for sale [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42] | For the 2006/07 and 2007/08 financial years |
| IFRS 7 (AC 144) | Financial instruments: Disclosures | Entire standard to be replaced by IAS 32 (AC125) issued August 2006 and effective for financial statements covering periods beginning on or after 1-Jan-98 | For the 2006/07 and 2007/08 financial years |
| IAS 20 (AC 134) | Accounting for government grants and disclosure of government assistance | Entire standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42-46 of GAMAP 9 | For the 2006/07 and 2007/08 financial years |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

33 EXEMPTIONS FOR IMPLEMENTATION OF GAMAP(continued)

33.2) The implementation plan for compliance with the exceptions above as required by National Treasury in terms of MFMA circular 44 will be submitted by the required due date i.e 30 October 2007 and 31 March 2008 respectively. The plan will reflect the progress towards full compliance with sections 122(2) and (3) of the MFMA.

33.3) The most significant implication of the application of the standards will result from implementation of GAMAP 17 and IAS 19. The provision for employee benefits for present and retired employees will amount to amount to approximately R100 million. However this will be largely offset by the implementation of GAMAP 17 which will result in significant reversal of depreciation.

34 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

35 RELATED PARTY TRANSACTIONS

| 35.1 MOTOR VEHICLE LOANS | | | BALANCE 6/30/06 | 2006/2007 INTEREST | 2006/2007 REPAYMENT | BALANCE 30/06/2007 |
|--------------------------|----|----------|--------------------|-----------------------|------------------------|-----------------------|
| HEYNEKE AW | AW | CEO | 214,908.36 | 15,488.01 | 62,928.00 | 167,468.37 |
| STEFFENS | AS | DEP DCSH | 28,022.45 | 1,683.39 | 17,209.68 | 12,496.16 |
| VAN ROOIJEN | M | DEP PSD | 111,197.50 | 8,243.63 | 39,987.00 | 79,454.13 |
| KLOPPER | JM | DEP CFO | 69,688.48 | 4,673.15 | 37,428.00 | 36,933.63 |
| JORDAN | T | DEP PSD | 56,941.97 | 3,702.28 | 33,503.94 | 27,140.31 |
| | | | 480,758.76 | 33,790.46 | 191,056.62 | 323,492.60 |

35.2 HOUSING GUARANTEES

DATE ISSUED

| | | | | |
|---------|----|--------------|------------------|---------|
| VERSTER | FJ | DEP CE | 60,000.00 | 5/12/00 |
| VUMBA | AP | DEP DIR FIRE | 43,500.00 | 3/31/04 |
| | | | 74,735.00 | |

35.3 POST RETIREMENT CONTRIBUTIONS TO MEDICAL

| | | |
|-------------------|----|-------------------|
| DREYER | CE | 17,463.60 |
| HRAZDILEK | GN | 26,593.68 |
| KOTZE | H | 19,708.92 |
| MULDER | BF | 17,917.20 |
| NORDIN | ED | 17,917.20 |
| OOTHUIZEN | PC | 19,708.92 |
| ROSSOUW | J | 8,586.00 |
| VAN DER WESTHUZEN | JJ | 17,463.60 |
| VAN DER WALT | AJ | 17,917.20 |
| DE JAGER | AJ | 35,123.88 |
| | | 198,400.20 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

35 RELATED PARTY TRANSACTIONS (continued)

35.4 KEY PERSONNEL EMPLOYEE BENEFIT

| | | BENEFIT | THIRD PARTY TRANSACTIONS |
|--------------|-----|----------------------|-----------------------------|
| HEYNEKE | AW | 894,863.00 | 70,275.99 |
| BOSMAN | F | 694,591.00 | 15,128.31 |
| PILLAY | J | 694,592.00 | 11,059.07 |
| MASHABANE | TS | 694,592.00 | - |
| KHOZA | EL | 694,592.00 | 11,907.08 |
| BAKER | D | 558,324.71 | 1,068.45 |
| VAN WYK | DJ | 108,186.34 | - |
| VAN BILJON | EH | 632,072.00 | 6,139.30 |
| ODENDAAL | PE | 649,687.00 | 52,788.83 |
| ERASMUS | SC | 628,889.00 | 56,053.68 |
| PHILLIPS | F | 618,309.00 | 13,748.56 |
| RENALD | H | 516,833.41 | 5,668.30 |
| NEL | MJ | 490,218.59 | 5,652.15 |
| VERSTER | FJ | 505,964.76 | 7,770.56 |
| VOLSCHENK | PN | 490,149.15 | 4,621.58 |
| HINRICHS | RC | 449,779.00 | 5,904.24 |
| FRANCIS | TE | 504,222.38 | 6,399.45 |
| GULLAN | AL | 499,646.61 | 5,579.97 |
| ANGELL-SCHAU | DL | 515,278.54 | 11,292.51 |
| MULLER | SC | 497,611.75 | 43,607.64 |
| DLAMINI | GT | 425,862.29 | - |
| MULDER | OJH | 489,096.87 | 9,575.95 |
| VAN ROOIJEN | M | 496,940.03 | 4,883.22 |
| KIRSTEN | HAD | 497,215.93 | 10,165.24 |
| PULLEN | WNS | 503,436.41 | 625.17 |
| KLOPPER | JM | 503,436.41 | 42,820.98 |
| KOEKEMOER | CM | 513,724.28 | - |
| DLADLA | HR | 476,223.76 | 127,059.82 |
| JORDAN | T | 513,828.92 | 33,504.00 |
| MBATHA | SM | 459,065.42 | 5,582.70 |
| VUMBA | AP | 413,314.29 | 4,668.56 |
| HLELA | SN | 432,740.67 | - |
| OLIVER | PM | 512,527.67 | 4,516.13 |
| CRONJE | GP | 493,742.45 | 8,973.57 |
| STEFFENS | AS | 493,319.32 | 17,209.68 |
| DE BEER | A | 378,606.59 | 4,644.84 |
| | | 18,941,483.55 | 608,895.53 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

35 RELATED PARTY TRANSACTIONS (continued)

COUNCILLORS

| | | BENEFIT | THIRD PARTY TRANSACTIONS |
|--------------------|-----|------------|-----------------------------|
| DUBE | EJB | 150,967.60 | - |
| FONSECA | T | 150,967.60 | - |
| FOURIE | LCM | 352,553.02 | 18,000.97 |
| GUMBI | NV | 147,163.95 | 2,107.76 |
| GUMEDE | TN | 150,967.60 | 4,679.64 |
| HARVEY | JR | 351,917.98 | 83,719.83 |
| HEANEY | MM | 150,967.61 | - |
| HLOPHE | NS | 150,967.61 | - |
| JOSEPH | LS | 150,340.90 | - |
| KHOZA | FG | 148,632.15 | - |
| LOURENS | M | 351,917.98 | 4,460.36 |
| MADLOPHA | CQ | 374,485.43 | 3,624.55 |
| MAKATINI | MT | 150,967.61 | - |
| MBANJWA | NC | 270,541.88 | - |
| MBATHA | EF | 374,485.05 | 8,089.20 |
| MBATHA | PT | 150,967.60 | - |
| MBOKAZI | MM | 150,967.61 | - |
| MNGOMEZULU | LP | 150,967.61 | - |
| MNQAYI | AZ | 351,917.98 | 1,497.72 |
| MNQAYI | MS | 150,967.60 | - |
| MOFFATT | DJB | 464,856.05 | - |
| MPUNGOSE | VRT | 150,967.60 | - |
| MTHEMBU | AH | 150,967.61 | 11,968.16 |
| MTHEMBU | BM | 148,939.60 | 876.07 |
| MTHEMBU | BC | 150,967.60 | - |
| MTHIYANE | BM | 150,967.61 | - |
| MTHIYANE | B | 150,967.61 | - |
| MTHIYANE | NP | 91,063.80 | - |
| MTSHALI | D | 150,967.60 | 2,848.17 |
| MZIMELA | NB | 351,479.14 | - |
| NDWANDWE | GB | 147,110.70 | - |
| NGOBESE | ND | 147,734.50 | 2,070.00 |
| NTANZI | PM | 150,967.61 | 3,284.16 |
| NXUMALO | DA | 352,969.58 | 2,803.70 |
| SHANDU | MF | 150,967.60 | - |
| SUKREBEN | K | 150,967.61 | 10,322.77 |
| VAN DER WESTHUISEN | JC | 148,091.66 | 16,468.83 |
| VAN DER WESTHUISEN | JJP | 87,206.90 | - |
| VAN HUYSSTEEN | RJ | 150,967.61 | - |
| VAN ZYL | JL | 351,587.98 | 7,515.26 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

35 RELATED PARTY TRANSACTIONS (continued)

COUNCILLORS

| | | BENEFIT | THIRD PARTY TRANSACTIONS |
|-------------|-----|----------------------|-----------------------------|
| BARNES | IR | 149,953.61 | - |
| BISSOONDIAL | R | 147,925.60 | - |
| BUTHELEZI | MJ | 50,918.23 | - |
| CALITZ | CF | 148,939.61 | 4,257.04 |
| CELE | NR | 150,967.60 | - |
| GUMEDE | BD | 216,855.31 | - |
| HERBERT | DM | 146,911.60 | - |
| KHUBONI | AP | 150,967.60 | - |
| KHUMALO | LM | 150,967.62 | - |
| MADONSELA | NE | 37,488.18 | - |
| MKHIZE | SG | 150,967.60 | 3,407.68 |
| MTHETHWA | KN | 150,967.60 | 1,149.00 |
| MYENI | MB | 150,967.60 | 20.41 |
| NDLELA | MWN | 148,939.60 | 2,481.03 |
| NTETHA | FF | 150,967.60 | 3,225.05 |
| THUSI | NT | 150,967.60 | - |
| TSHABALALA | CN | 150,967.62 | 2,267.48 |
| VILJOEN | A | 150,967.61 | 4,956.89 |
| ZIKHALI | RM | 148,967.60 | - |
| ZULU | SM | 150,967.61 | 3,306.16 |
| ZULU | SH | 150,967.60 | 2,227.20 |
| ZULU | TL | 150,967.60 | 2,586.70 |
| | | 11,343,826.54 | 214,221.79 |

SCM EMPLOYEES

| | | BENEFIT | THIRD PARTY TRANSACTIONS |
|--------------|----|---------------------|-----------------------------|
| VAN STRAATEN | S | 392,010.37 | 36,321.00 |
| AMBROSE | B | 297,871.89 | 22,164.69 |
| DE JAGER | E | 405,261.86 | 58,071.25 |
| GROBLER | AS | 366,062.42 | - |
| MBHAMALI | BS | 64,198.38 | - |
| PHAHLA | T | 404,788.53 | - |
| QULU | S | 337,746.10 | - |
| THUSI | S | 376,613.29 | - |
| VAN AARDE | L | 368,286.43 | - |
| | | 3,012,839.27 | 116,556.94 |

35.5 OTHER

Winternights Investment 279 CC

Erf 13447, Pionierhof Flats Complex, was sold to Winter Nights Investments for an amount of R9,800, 000.00. Mr Pillay (CFO) and Mr Renald (Dep. CFO) are members of this Close Corporation, each holding a 1:7 share in the company. Rent paid to Winternight Investments amount to R103 389,43.

Henque

Mr Pillay (CFO) is a member of this Close Corporation, an amount of R44 386.71 is in respect of third party transactions relating to water and rates.

APPENDIX A

CITY OF uMHLATHUZE : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

| EXTERNAL LOANS | Intr Rate | Loan Number | Redeemable | Balance at 30/06/05 | Received during the period | Redeemed written off during the period | Balance at 30/06/07 | 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 | 6,621,307 | - | 268,392 | 6,352,915 | 1,559,009 | - |
| Development Bank of SA | 12.00% | 10594 | 2017/03/31 | 3,114,143 | - | 147,799 | 2,966,344 | 2,522,520 | - |
| Development Bank of SA | 12.00% | 10595 | 2017/03/31 | 11,692,175 | - | 554,917 | 11,137,258 | - | - |
| Development Bank of SA | 12.00% | 10596 | 2017/03/31 | 2,720,807 | - | 129,131 | 2,591,676 | - | - |
| Development Bank of SA | 14.50% | 10597 | 2018/03/31 | 8,153,090 | - | 280,605 | 7,872,485 | 2,631,993 | - |
| Development Bank of SA | 12.00% | 10600 | 2017/03/31 | 5,306,378 | - | 251,843 | 5,054,535 | 1,649,349 | - |
| Development Bank of SA | 12.00% | 10601 | 2017/03/31 | 3,153,992 | - | 149,690 | 3,004,302 | 123,200 | - |
| Development Bank of SA | 12.00% | 10602 | 2017/03/31 | 797,812 | - | 37,865 | 759,947 | 274,354 | - |
| | | | | 41,559,704 | - | 1,820,242 | 39,739,462 | 8,760,425 | - |
| Nedbank | 15.54% | | 2008/01/30 | 5,667,413 | - | 2,621,362 | 3,046,051 | - | - |
| INCA | 13.95% | UMHL | 2019/06/30 | 15,005,955 | - | 493,710 | 14,512,245 | 12,217,751 | - |
| Development Bank of SA | 16.16% | 11665 | 2010/12/31 | 1,670,057 | - | 277,320 | 1,392,737 | 426,440 | - |
| Standard Bank | *1 | 357636 | 3/31/15 | 87,731,555 | - | 5,772,091 | 81,959,464 | 79,418,869 | - |
| Nedbank | *2 | 05/7831 | 6/30/16 | - | 90,000,000 | 6,753,717 | 83,246,283 | 43,680,803 | - |
| INCA | 8.75% | | 6/28/19 | - | 220,000,000 | - | 220,000,000 | 159,360,769 | - |
| Total long-term loans | | | | 151,634,684 | 310,000,000 | 17,738,442 | 443,896,242 | 100,823,485 | - |
| SALE & LEASE-BACK | | | | | | | | | |
| Rand Merchant Bank | 11.78% | | 2007/07/01 | 37,990,834 | 1,916,628 | - | 39,907,462 | - | - |
| Rand Merchant Bank | 14.74% | | 2007/07/01 | (12,189,670) | - | (12,189,670) | - | - | - |
| Rand Merchant Bank | 17.38% | | 2007/07/01 | (32,786,438) | (5,945,873) | (38,732,311) | - | 12,338,730 | - |
| Total | | | | (6,985,274) | (4,029,245) | (12,189,670) | 1,175,151 | 12,338,730 | - |
| LEASE LIABILITY | | | | | | | | | |
| ABSA Bank | 9.00% | 67697451 | 2006/10/31 | 593,877 | - | 593,877 | - | - | - |
| ABSA Bank | 9.00% | 68281534 | 2006/10/31 | 97,119 | - | 97,119 | - | 724,230 | - |
| Total | | | | 690,996 | - | 690,996 | - | 724,230 | - |
| TOTAL EXTERNAL LOANS | | | | 145,340,406 | 305,970,755 | 6,239,768 | 445,071,393 | 113,886,445 | - |

*1 = JIBAR plus 1.218%

*2 = Prime less 3.249%

APPENDIX B

CITY OF uMHLATHUZE : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

| | Cost/Revaluation | | Accumulated Depreciation | | Carrying Value | | | | |
|------------------|------------------|-------------|--------------------------|---------------|----------------|-----------------|-------------|-----------------|-------------|
| | Opening Balance | Additions | Under Construction | Disposals | | Closing Balance | Disposals | Closing Balance | |
| Infrastructure | 60,007,822 | 19,455,183 | 32,901,066 | | 112,364,071 | 23,345,508 | 2,051,136 | 25,396,644 | 86,967,427 |
| | 7,950,288 | 1,086,932 | | 44,449 | 8,992,771 | 4,309,313 | 270,150 | 4,567,979 | 4,424,792 |
| | 8,476,631 | 442,448 | | | 8,919,079 | 7,629,634 | 416,729 | 8,046,363 | 872,716 |
| | 10,215,575 | | | | 10,215,575 | 5,163,645 | 510,779 | 5,674,424 | 4,541,151 |
| | 188,913,745 | 8,791,625 | 3,080,592 | | 200,785,962 | 70,910,724 | 8,783,756 | 79,694,480 | 121,091,482 |
| | 13,136,290 | | | | 13,136,290 | 10,982,434 | 269,859 | 11,252,293 | 1,883,997 |
| | 14,701,780 | 1,243,010 | | | 15,944,790 | 11,125,063 | 676,376 | 11,801,439 | 4,143,351 |
| | 30,377,475 | | 2,801,529 | | 33,179,004 | 20,113,773 | 2,125,834 | 22,239,607 | 10,939,397 |
| | 345,600,669 | 29,618,983 | 27,011,130 | | 402,230,782 | 228,593,256 | 16,481,433 | 245,074,689 | 157,156,093 |
| | 29,434,407 | 381,193 | 6,914,127 | | 36,729,727 | 9,901,054 | 1,148,553 | 11,049,607 | 25,680,120 |
| | 8,335,143 | 168,073 | 995,417 | | 9,498,633 | 4,549,293 | 538,110 | 5,087,403 | 4,411,230 |
| | 16,916,328 | | 826,746 | | 17,743,074 | 7,136,961 | 741,420 | 7,880,381 | 9,862,693 |
| | 198,985,897 | 60,771,585 | 32,428,666 | | 292,186,148 | 32,026,503 | 8,776,920 | 40,803,423 | 251,382,725 |
| | 102,015,543 | 39,300,184 | 22,809,524 | | 164,125,251 | 27,545,325 | 3,960,481 | 31,505,806 | 132,619,445 |
| | 3,033,860 | | | | 3,033,860 | 2,589,424 | 138,427 | 2,727,851 | 306,009 |
| 360,592 | | | | 360,592 | 109,560 | 18,030 | 127,590 | 233,002 | |
| 1,487,366 | 47,635 | | 10,854 | 1,524,147 | 1,022,154 | 132,248 | 1,145,357 | 378,790 | |
| 1,039,949,411 | 161,306,851 | 129,768,797 | 55,303 | 1,330,969,756 | 467,055,624 | 47,040,241 | 514,075,336 | 816,894,420 | |
| Community Assets | 19,792,150 | | 2,455,698 | | 22,247,848 | 5,467,331 | 659,738 | 6,127,069 | 16,120,779 |
| | 3,016,798 | 283,634 | 110,300 | | 3,410,732 | 786,335 | 97,544 | 883,879 | 2,526,853 |
| | 67,293 | 144,621 | | | 211,914 | 19,398 | 3,959 | 23,357 | 188,557 |
| | 6,837,739 | 1,258,488 | | | 8,096,227 | 3,112,154 | 426,732 | 3,538,886 | 4,557,341 |
| | 1,781,497 | 274,573 | | | 2,056,070 | 331,816 | 57,785 | 389,601 | 1,686,469 |
| | 8,225,682 | 49,750 | | | 8,275,432 | 4,101,326 | 384,760 | 4,486,086 | 3,789,346 |
| | 2,097,712 | | | | 2,097,712 | 497,729 | 99,422 | 597,151 | 1,500,561 |
| | 11,194,045 | | | | 11,194,045 | 9,379,356 | 496,680 | 9,876,046 | 1,317,999 |
| | 6,214,641 | 1,637,737 | | | 7,852,378 | 729,968 | 451,570 | 1,181,538 | 6,670,840 |
| | 28,510,562 | 5,746,406 | 338,844 | | 34,595,812 | 11,761,324 | 1,404,976 | 40,266,913 | 21,429,512 |
| | 87,738,119 | 9,395,209 | 2,904,842 | - | 100,038,170 | 36,186,737 | 4,083,176 | 43,269,903 | 59,768,257 |

APPENDIX B (continued)

CITY OF UMHLATUZE : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

| | Opening Balance | Additions | Cost/Revaluation | | Disposals | Closing Balance | Opening Balance | Accumulated Depreciation | | Closing Balance | Carrying Value |
|--------------------------|----------------------|--------------------|--------------------|--------------|------------------|----------------------|--------------------|--------------------------|------------------|--------------------|----------------------|
| | | | Under | Construction | | | | Additions | Disposals | | |
| Heritage Assets | | | | | | | | | | | |
| Historical Buildings | 49,502 | - | - | - | - | 49,502 | - | - | - | - | 49,502 |
| Painting & Art Galleries | 49,502 | - | - | - | - | 49,502 | - | - | - | - | 49,502 |
| Other Assets | | | | | | | | | | | |
| Housing Schemes | 10,655,792 | | 278,718 | | 3,657,241 | 7,277,269 | 2,670,378 | 343,669 | 1,594,552 | 1,419,495 | 5,857,774 |
| Nurseries | 184,072 | 142,794 | | | | 326,866 | 83,954 | 6,527 | | 90,481 | 236,385 |
| Office Buildings | 68,003,965 | 1,149,003 | 353,178 | | | 69,506,146 | 26,959,120 | 3,241,211 | | 30,200,331 | 39,305,815 |
| Tip Sites | 3,263,591 | 81,554 | 469,576 | | | 3,814,721 | 318,811 | 167,705 | | 486,516 | 3,328,205 |
| Workshops & Depots | 9,862,903 | 4,913,695 | 3,262,046 | | | 18,038,644 | 1,234,291 | 503,507 | | 1,737,798 | 16,300,846 |
| Office Equipment | 8,296,852 | 4,729,983 | | | 28,795 | 12,998,040 | 4,070,232 | 1,782,677 | 28,795 | 5,824,114 | 7,173,926 |
| Furniture & Fittings | 4,746,515 | 1,361,188 | | | 4,408 | 6,103,295 | 2,308,462 | 530,670 | 854 | 2,838,278 | 3,265,017 |
| Bins & Containers | 2,078,251 | 2,072,313 | | | | 4,150,564 | 964,088 | 220,661 | | 1,184,749 | 2,965,815 |
| Emergency Equipment | 69,708 | | | | | 69,708 | 41,946 | 5,089 | | 47,035 | 22,673 |
| Motor Vehicles | 45,899,992 | 15,904,132 | | | 69,890 | 61,734,234 | 22,625,304 | 5,287,880 | 69,890 | 27,843,294 | 33,890,940 |
| Fire Engines | 3,858,540 | 2,400,000 | | | | 6,258,540 | 1,158,609 | 328,265 | | 1,486,874 | 4,771,666 |
| Plant And Equipment | 13,478,195 | 4,956,841 | | | 106,167 | 18,328,869 | 8,813,713 | 2,185,583 | 78,655 | 10,920,641 | 7,408,228 |
| Land Main Investments | 66,028,344 | 3,000 | | | | 66,031,344 | 49,985,702 | - | - | 49,985,702 | 16,065,642 |
| | 236,426,720 | 37,714,503 | 4,363,518 | | 3,866,501 | 274,638,240 | 121,214,610 | 14,603,444 | 1,772,746 | 134,045,308 | 140,592,932 |
| Total | 1,364,163,752 | 208,416,563 | 137,037,157 | | 3,921,804 | 1,705,695,668 | 624,456,971 | 65,726,861 | 1,793,275 | 688,390,557 | 1,017,305,111 |

APPENDIX C

CITY OF uMHLATHUZE : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2007

| | Opening Balance | | Cost | | Closing Balance | Accumulated Depreciation | | Carrying Value | |
|-----------------------------|-----------------|--------------------|-------------|-----------------|-----------------|--------------------------|------------|----------------|---------------|
| | Additions | Under Construction | Disposals | Opening Balance | | Additions | Disposals | | |
| Executive & Council | 956,278 | 1,754 | | | 958,032 | | 159,246 | 438,249 | 519,783 |
| Finance & Admin | 89,142,818 | 25,774,595 | | | 111,610,076 | | 8,675,526 | 50,951,892 | 60,658,184 |
| Planning & Development | 20,489,705 | 78,620 | | 3,307,337 | 20,568,325 | | 59,532 | 5,852,776 | 14,715,549 |
| Health | 638,706 | 100,689 | | | 739,395 | | 96,332 | 476,192 | 263,203 |
| Community & Social Services | 119,125,328 | 10,040,119 | 3,725,525 | 35,149 | 132,855,823 | | 6,211,822 | (31,417) | 77,507,943 |
| Housing | 4,017,149 | | 278,717 | 509,149 | 3,786,717 | | 213,408 | (121,698) | 2,791,180 |
| Public Safety | 2,466,692 | 322,939 | | 743 | 2,788,888 | | 219,330 | (743) | 1,743,938 |
| Sport & Recreation | 65,431,212 | 6,678,743 | 2,794,542 | 69,426 | 74,835,071 | | 2,909,062 | (50,584) | 40,622,536 |
| Waste Management | 117,202,230 | 42,708,280 | 18,655,583 | | 178,566,093 | | 4,119,697 | | 127,132,599 |
| Road Transport | 388,692,966 | 29,898,595 | 29,812,659 | | 448,404,220 | | 18,728,347 | | 174,203,454 |
| Water | 281,699,506 | 61,443,461 | 45,788,473 | | 388,931,440 | | 12,780,734 | | 307,354,174 |
| Electricity | 274,297,062 | 31,368,769 | 35,981,657 | | 341,647,488 | | 11,553,825 | | 209,788,467 |
| Other | 4,100 | | | | 4,100 | | | | 4,100 |
| Total | 1,364,163,752 | 208,416,564 | 137,037,156 | 3,921,804 | 1,705,695,668 | | 65,726,861 | (1,793,275) | 1,017,305,111 |

APPENDIX D

CITY OF uMHLATHUZE :SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

| | 2006 Actual Income | 2006 Actual Expenditure | 2006 Surplus/(Deficit) | | 2007 Actual Income | 2007 Actual Expenditure | 2007 Surplus/(Deficit) |
|--|-----------------------|----------------------------|---------------------------|-----------------------------|-----------------------|----------------------------|------------------------|
| | 1,177,993 | 23,028,234 | (21,850,241) | Executive & Council | 1,046,313 | 26,419,908 | (25,373,595) |
| | 197,117,757 | 177,321,794 | 19,795,963 | Finance & Admin | 215,540,754 | 128,170,114 | 87,370,640 |
| | 3,748,636 | 24,388,828 | (20,640,192) | Planning & Development | 1,446,546 | 13,024,579 | (11,578,033) |
| | 6,656,413 | 14,468,299 | (7,811,886) | Health | 5,360,528 | 21,176,392 | (15,815,864) |
| | 3,416,717 | 32,099,571 | (28,682,854) | Community & Social Services | 3,315,396 | 29,559,215 | (26,243,819) |
| | 3,660,615 | 9,093,015 | (5,432,400) | Housing | 11,177,913 | 4,201,015 | 6,976,898 |
| | 4,929,504 | 37,612,888 | (32,683,384) | Public Safety | 8,564,476 | 38,202,263 | (29,637,787) |
| | 2,869,328 | 49,392,541 | (46,523,213) | Sport & Recreation | 6,258,442 | 73,238,592 | (66,980,150) |
| | 78,781,498 | 90,096,225 | (11,314,727) | Waste Management | 140,045,700 | 108,649,192 | 31,396,508 |
| | 3,991,900 | 43,913,673 | (39,921,773) | Road Transport | 5,309,345 | 75,108,078 | (69,798,733) |
| | 114,907,414 | 106,700,082 | 8,207,332 | Water | 178,537,503 | 135,623,798 | 42,913,705 |
| | 315,268,097 | 322,969,970 | (7,701,873) | Electricity | 346,602,576 | 342,673,524 | 3,929,052 |
| | 710,085 | 135,006 | 575,079 | Other | 830,908 | 134,035 | 696,873 |
| | 737,235,957 | 931,220,126 | (193,984,169) | Sub Total | 924,036,400 | 996,180,705 | (72,144,305) |
| | | (212,120,305) | 212,120,305 | Less: Inter- Dep Charges | | (231,535,020) | 231,535,020 |
| | 737,235,957 | 719,099,821 | 18,136,136 | Total | 924,036,400 | 764,645,685 | 159,390,715 |

APPENDIX E(1)
CITY OF uMHLATHUZE : ACTUAL VERSUS BUDGET(REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

| REVENUE | 2007 ACTUAL | 2007 BUDGET | 2007 VARIANCE | 2007 VARIANCE (%) | Explanation of significant variance greater than 10% versus budget. |
|---|--------------------|---------------------|---------------------|-------------------|--|
| Property Rates | 100,340,560 | 97,589,600 | 2,750,960 | 3 | |
| Property Rates-Penalties Imposed And Collection Charges | 1,833,983 | 1,700,000 | 133,983 | 8 | |
| Service Charges | 462,785,167 | 452,674,700 | 10,110,467 | 2 | |
| Regional Services Levies-Turnover | - | - | - | - | |
| Rental Of Facilities And Equipment | 9,695,415 | 9,780,600 | (85,185) | (1) | |
| Interest Earned-External Investments | 11,668,451 | 1,000,000 | 10,668,451 | 1,067 | Due to excellent cashflow management, more funds were available for investment purposes. |
| Dividend Received | 340,373 | 280,200 | 60,173 | 21 | Unexpected revenue. |
| Fines | 7,693,948 | 7,230,700 | 463,248 | 6 | |
| Licences And Permits | 1,652,680 | 679,100 | 973,580 | 143 | Unexpected revenue from learner licences realised. |
| Income For Agency Services | 2,530,988 | 2,550,000 | (19,012) | (1) | |
| Government Grants & Subsidies | 195,634,001 | 64,984,300 | 130,649,701 | 201 | Conditional Grants revenue vs expenditure. |
| Other Income | 84,158,619 | 68,640,900 | 15,517,719 | 23 | Additional revenue for building plan fees and refuse container fees. |
| Public Contributions , Donated/Contributed PPE | - | - | - | - | |
| Sale Of Land | 36,289,666 | 53,000,000 | (16,710,334) | (32) | Delays in the receipt of land sales revenue from Tata Steel & Keystone Investments. |
| Gains On Disposal Of Property, Plant And Equipment | 9,412,549 | 12,000,000 | (2,587,451) | (22) | Second portion of land in Pioneerhof sale not yet transferred |
| Total Revenue | 924,036,400 | 772,110,100 | 151,926,300 | 20 | |
| EXPENDITURE | | | | | |
| Executive & Council | 26,419,908 | 32,964,500 | (6,534,592) | (20) | Delays in the process to commence municipal valuation roll. Proceeds to be continued in 2007/2008 financial yr. to be continued in 2007/2008 financial yr. |
| Finance & Admin | 128,170,114 | 163,341,000 | (35,170,886) | (22) | Provisions made for post employment benefits. |
| Planning & Development | 13,024,579 | 15,380,800 | (2,356,221) | (15) | Council decision to delay Crime Prevention project. |
| Health | 21,176,392 | 23,561,700 | (2,385,308) | (10) | Provisions made for post employment benefits. |
| Community & Social Services | 29,559,215 | 33,240,100 | (3,680,885) | (11) | Provisions made for post employment benefits. |
| Housing | 4,201,015 | 6,171,500 | (1,970,485) | (32) | Savings on interest paid and depreciation due to delays in Esik Hostel renovation project. |
| Public Safety | 38,202,263 | 42,832,100 | (4,629,837) | (11) | Provisions made for post employment benefits. |
| Sport & Recreation | 73,238,592 | 79,018,900 | (5,780,308) | (7) | Savings on salaries |
| Environmental Protection | - | - | - | - | |
| Waste Management | 108,649,192 | 111,128,796 | (2,479,604) | (2) | |
| Road Transport | 75,108,078 | 86,638,347 | (11,530,269) | (13) | Underspending on repairs and maintenance |
| Water | 135,623,798 | 147,332,657 | (11,708,859) | (8) | |
| Electricity | 342,673,524 | 334,236,800 | 8,436,724 | 3 | |
| Other | 134,035 | 194,200 | (60,165) | (31) | Savings on consultancy fees. |
| Inter-Departmental Charges | (231,535,020) | (247,838,800) | 16,303,780 | (7) | |
| Total Expenditure | 764,645,685 | 828,192,600 | (63,546,915) | (8) | |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | 159,390,715 | (55,082,500) | 215,473,215 | 27 | |

APPENDIX E(2)

CITY OF uMHLATHUZE : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 ACTUAL R | CONSTRUCTION R | ADDITIONS R | 2007 BUDGET R | 2007 VARIANCE R | VARIANCE % | Explanation of significant variances greater than 5% versus budget (Explanations To Be Recorded) |
|--|---------------------|-------------------|---------------------|---------------------|-----------------------|---------------|---|
| Executive & Council Finance & Admin | 1,754 25,011,602 | | 1,754 25,011,602 | 2,500 38,756,900 | (746) (13,745,298) | (30) (35) | Savings realised on machinery & equipment. Tender for plant & equipment resulted in increase expenditure than was originally budgeted for. Trailers to be purchased in 2007/2008 financial year, as insufficient funds available during 06/07. |
| Planning & Development | 78,620 | | 78,620 | 20,500 | 58,120 | 284 | Savings on vehicle purchases amounted to R3,9m Savings on purchases of office furniture, CCTV camera. Disaster Recovery plan project was delayed therefore funds unspent. |
| Health | 100,689 | | 100,689 | 117,200 | (16,511) | (14) | Additional office furniture purchased for new staff appointments. |
| Community & Social Services | 10,040,119 | 3,725,525 | 13,765,644 | 30,559,700 | (16,794,056) | (55) | Savings on office furniture, machinery & equipment. Relocation of laboratory was carried over to 2007/2008 financial year. Savings of R110 000 realised on R/Bay Extension/Development of Cemetery. Extension/Development of Cemetery will commence in the 2007/2008 fin year. |
| Housing | - | 278,717 | 278,717 | 29,206,000 | (28,927,283) | (99) | Savings realised on Informal Trading Facilities CBD R/Bay as project completed in 05/06 Land could not be found adjacent to eSikhaleni due to various reasons mainly the long term lease agreement in place with Siquhubeka Consortium. Furthermore an agreement with Siquhubeka Consortium. Tenders for the eSikhaleni refurbish hostels could not be finalised due to the late imposition of the tripartite agreement requirements by the provincial government. Funds not received from provincial governments regarding social housing. Instead the project is dealt with directly between the Developer (Infraserve) and Province. |
| Public Safety | 322,939 | | 322,939 | 690,000 | (367,061) | (53) | Project - RDC control Station not completed. Will be finalised in the 2007/2008 fin yr. |
| Sport & Recreation | 6,678,743 | 2,794,542 | 9,473,285 | 8,970,000 | 503,285 | 6 | Overspending on beach development. |
| Waste Management | 42,708,280 | 18,655,583 | 61,363,863 | 42,754,279 | 18,609,584 | 44 | Rural sanitation projects funded by MIG exceeded the budgetary amount. Waste water treatment works transferred from DWAF to Council. Council resolution 4006 dated 05/09/2006. |
| Road Transport | 29,898,595 | 29,812,659 | 59,711,254 | 91,937,329 | (32,226,075) | (35) | Umyenzane Road extension-delays and damages caused by excessive rains. Project ongoing in 2007/2008 financial year. Bus shelters & laybys all areas to be completed in 2007/2008. Industrial and commercial projects development projects to R2.1m did not materialise due to various development delays. |

APPENDIX E(2) (continued)
CITY OF UMHLATHUZE : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

| | 2007 ACTUAL | | 2007 UNDER CONSTRUCTION | | 2007 TOTAL ADDITIONS | | 2007 BUDGET | | 2007 VARIANCE | | 2007 VARIANCE | | Explanation Of Significant Variances Greater Than 5% Versus Budget |
|--------------|--------------------|--|-------------------------|--|----------------------|--|--------------------|--|----------------------|--|---------------|--|---|
| | R | | R | | R | | R | | R | | % | | |
| Water | 61,443,461 | | 45,788,473 | | 107,231,934 | | 74,936,792 | | 32,295,142 | | 43 | | (48) Water treatment works transferred from Dwaf to Council. Council resolution 4006 dated 05/09/2006. (48) Streelighting for uMhlathuze Village-delay in taking over network from Eskom-carried over to 2007/2008 financial year. Industrial & commercial development projects amounting to R20.8m did not materialise due to various development delays. Development of Alkanstrand/Bayside area not realised. Hercules/Centaur relocation of 11kv ring feeder-delays by Keystone Development. Savings realised on Polaris renew insulate. uMhlathuze Village MV ring cable-delay in taking over network from Eskom. Ngwelezane prepayment meters-delay in taking over network form Eskom. |
| Electricity | 31,368,769 | | 35,981,657 | | 67,350,426 | | 130,099,800 | | (62,749,374) | | | | |
| Other | - | | - | | - | | - | | - | | | | |
| Total | 207,653,571 | | 137,037,156 | | 344,690,727 | | 448,051,000 | | (103,360,273) | | (23) | | |

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.

APPENDIX F
CITY OF uMHLATHUZE

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

| 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 the grant framework in the latest Division of Revenue Act | Reason for non compliance |
|---|--|--------------------|-----------|-----------|-----------|-----------------------|-----------|-----------|-----------|-----------|----------|---------------------------------------|-----------|-----------|----------|--|--|---------------------------|
| | | Sept 2006 | Dec 2006 | Mar 2007 | June 2007 | Sept 2006 | Dec 2006 | Mar 2007 | June 2007 | Sept 2006 | Dec 2006 | Mar 2007 | June 2007 | Sept 2006 | Dec 2006 | | | |
| Museum Subsidy | KZN - Dept of Education & Culture | | 72,325 | | | 216,426 | 185,728 | 145,618 | 152,906 | | | | | | | None | Yes | |
| Primary Health Subsidy | KZN - Dept of Health | 1,146,830 | 1,143,510 | 1,021,500 | 1,021,500 | 2,187,510 | 2,366,832 | 2,441,646 | 2,154,590 | | | | | | | None | Yes | |
| Environmental Health Subsidy | KZN - Dept of Health | 72,500 | 72,500 | - | - | 722,366 | 1,055,414 | - | - | | | | | | | None | Yes | |
| Isilethi Hostels Redevelopment & Upgrade | KZN - Dept of Housing | - | - | - | - | 34,641 | - | - | - | | | | | | | None | Yes | |
| Housing Development Plan | KZN - Dept of Housing | - | - | - | - | 50,000 | - | 48,000 | - | | | | | | | None | Yes | |
| Esikhawini Hostel Refurbishment | KZN - Dept of Housing | - | - | - | - | 64,319 | 100,041 | 42,880 | 85,759 | | | | | | | None | Yes | |
| Infrastructure Grants | KZN - Dept of Library Services | - | - | - | - | - | - | - | - | | | | | | | None | Yes | |
| Community Development | KZN - Dept of Local Gov & Trad Affairs | - | - | - | - | 12,769 | 778 | 166 | 1,026 | | | | | | | None | Yes | Conditions not met |
| Workers Programme | KZN - Dept of Local Gov & Trad Affairs | - | - | - | - | - | - | - | - | | | | | | | Conditions not met | No | |
| IDP Review | KZN - Dept of Local Gov & Trad Affairs | - | - | - | - | - | - | - | - | | | | | | | None | Yes | |
| Interdepartmental Monitoring Grant | KZN - Dept of Local Gov & Trad Affairs | - | - | - | - | - | - | - | - | | | | | | | Conditions not met | No | |
| Land Use Management | KZN - Dept of Local Gov & Trad Affairs | - | - | - | - | 28,338 | - | - | - | | | | | | | Conditions not met | No | |
| GIS Support | KZN - Dept of Local Gov & Trad Affairs | - | - | - | - | - | -6,821 | - | - | | | | | | | None | Yes | |
| Facilitate Assessment of Service Delivery Mechanism | KZN - Dept of Local Gov & Trad Affairs | - | - | - | - | - | 114,768 | - | - | | | | | | | None | Yes | |
| Facilitate Water Service Delivery Plan | KZN - Dept of Local Gov & Trad Affairs | - | - | - | - | - | 19,547 | 78,095 | 30,640 | | | | | | | None | Yes | |
| Performance Management Grant | KZN - Dept of Local Gov & Trad Affairs | - | - | - | - | - | - | - | - | | | | | | | Conditions not met | No | |
| Remotely Water Reading System | KZN - Dept of Local Gov & Trad Affairs | - | - | - | - | - | - | - | - | | | | | | | None | Yes | |
| Support Integration with Redts | KZN - Dept of Local Gov & Trad Affairs | - | - | - | 150,000 | - | - | - | - | | | | | | | None | Yes | |

APPENDIX F
CITY OF uMHLATHUZE
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 (continued)

Grants and Subsidies Received

| 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 the grant framework in the latest Division of Revenue Act | | Reason for non compliance |
|--|--|--------------------|-----------|-----------|------------|-----------------------|-----------|------------|-----------|---------------------------------------|----------|----------|-----------|--|---|----|---------------------------|
| | | Sept 2006 | Dec 2006 | Mar 2007 | June 2007 | Sept 2006 | Dec 2006 | Mar 2007 | June 2007 | Sept 2006 | Dec 2006 | Mar 2007 | June 2007 | | Yes | No | |
| Technical Support Grant | KZN - Dept of Local Gov & Trad Affairs | - | - | - | 500,000 | - | - | - | - | - | - | - | - | None | Yes | | |
| Water Services Delivery Plan | KZN - Dept of Local Gov & Trad Affairs | - | - | - | 50,000 | - | - | - | - | - | - | - | - | None | Yes | | |
| Department of Transport Subsidy | KZN - Dept of Transport | - | - | - | - | - | - | - | - | - | - | - | - | None | Yes | | |
| Drought Relief | Nat - Dept of Prov & Local Gov Affairs | - | - | - | - | - | - | - | - | - | - | - | - | None | Yes | | |
| Water Services Programme | Nat - Dept of Water Affairs | - | - | - | - | 22,331 | - | - | - | - | - | - | - | None | Yes | | |
| Cleanest Town Award | Nat - Dept of Water Affairs | - | - | - | - | - | 69,334 | - | - | - | - | - | - | None | Yes | | |
| Refurbishment of Pumpstation Grant | Nat - Dept of Water Affairs | - | - | - | - | - | 32,808 | 747,575 | 891,707 | - | - | - | - | None | Yes | | |
| Institutional Support | Nat - Dept of Water Affairs | - | - | - | 1,200,000 | - | - | - | - | - | - | - | - | None | Yes | | |
| Municipal Infrastructure Grant | National Treasury | 10,012,415 | 7,116,093 | 6,306,306 | 5,825,015 | 10,101,957 | 5,179,880 | 10,247,484 | 4,310,591 | - | - | - | - | None | Yes | | |
| Financial Management Grant | National Treasury | 500,000 | - | - | - | 110,464 | 103,388 | 123,688 | 97,295 | - | - | - | - | None | Yes | | |
| Restructuring Grant | National Treasury | - | - | - | - | 208,740 | 172,794 | 313,488 | 1,119,529 | - | - | - | - | None | Yes | | |
| Electrification | Nat - Dept of Minerals & Energy | - | - | - | 235,000 | - | - | - | - | - | - | - | - | None | Yes | | |
| Transfer of previous R293 Towns Sewer & Water Pumpstations | Nat - Dept of Water Affairs | - | - | - | 95,909,000 | - | - | - | - | - | - | - | - | None | Yes | | |
| Environmental Health Services | uThungulu District Municipality | - | - | - | 879,612 | 722,366 | 1,055,414 | 1,063,160 | 667,197 | - | - | - | - | None | Yes | | |
| Museum Subsidy | uThungulu District Municipality | - | - | - | - | - | - | - | - | - | - | - | - | None | Yes | | |
| Capacity Building | uThungulu District Municipality | - | - | - | - | - | - | - | - | - | - | - | - | None | Yes | | |
| Upgrade Nseleli Bulk Water Supply | uThungulu District Municipality | - | - | - | - | - | - | - | - | - | - | - | - | None | Yes | | |
| Munzini Bulk Water supply | uThungulu District Municipality | - | - | - | - | - | - | - | - | - | - | - | - | None | Yes | | |
| IDT Area (Water & Madlebe Road) | uThungulu District Municipality | 407,017 | - | - | 650,576 | 407,017 | 12,387 | 638,189 | - | - | - | - | - | None | Yes | | |
| | | - | - | - | - | - | - | - | - | - | - | - | - | None | Yes | | |

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