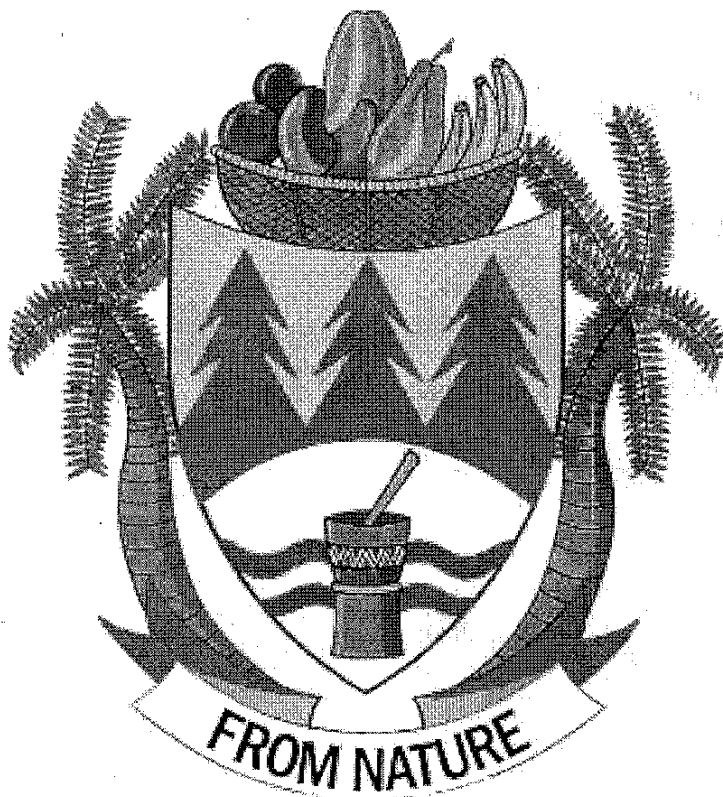


**2007/08**

# **GREATER TZANEEN MUNICIPALITY**



## **[FINAL DRAFT ANNUAL REPORT]**

Annual report on service delivery progress and challenges for the 2007/08 financial year.

## TABLE OF CONTENTS

<b>Mayors Foreword</b>	<b>2</b>
<b>List of Abbreviations</b>	<b>5</b>
<b>List of Tables</b>	<b>7</b>
<b>List of Figures</b>	<b>9</b>
<b>1. Overview of the Municipality</b>	<b>10</b>
<b>2. Performance Highlights per Department</b>	<b>12</b>
2.1 Community Services	12
2.2 Corporate Services	22
2.3 Chief Financial Officer	35
2.4 Electrical Engineering	42
2.5 Engineering Services	45
2.6 Municipal Manager	51
2.7 Planning and Economic Development	53
2.8 Transport, Safety, Security and Liaison	61
<b>3. Human Resource and Organisational Management</b>	<b>65</b>
<b>4. Audited statements and Finance Related Information</b>	<b>75</b>
<b>5. Functional Area Service Delivery Reporting</b>	<b>80</b>
5.1 General Information	80
5.2 Executive and Council	81
5.3 Finance and Administration	82
5.4 Human Resources	86
5.5 Procurement	89
5.6 Planning and Development	91
5.7 Community and Social Services	93
5.8 Housing	96
5.9 Traffic	98
5.10 Licensing	100
5.11 Solid Waste	101
5.12 Waste Water management	104
5.13 Road Transport	106
5.14 Water	108
5.15 Electricity Distribution	111
5.16 Streetlights	115
<b>6. Conclusion</b>	<b>116</b>



## **Mayors Foreword**

Let me appreciate the opportunity given to me to present to you this annual report, for the 2007/2008 financial year. It has been one of those toughest and testing seasons, like many others, where as Greater Tzaneen Municipality, we have again ensured that we put all systems in place, all efforts together and all programmes running, with those limited resources at our disposal, to deliver quality services to all our people. We have not, and did not deviate from the mandate as carried in vision of our institution, of ensuring that every household have access to basic services.

My acknowledgements go to all Councillors for their collective efforts, with the interest of the community in their hearts, to have provided good leadership and to have demonstrated the spirit of working together with our people in order to improve all their lives. Having achieved many successes within this financial year, you will however, agree with me that more needs to be done to continue with the creation of better life for all.

The Municipal Manager, Managers of different department, Head of Divisions and all our staff in general, your collective efforts can never go unnoticed. You are always making us proud as you try very hard to make our Municipality a winning Municipality. Let's gather again all the momentum and make Local Government work better for all people within our boundary.

Our priorities, as carried in our Integrated Development Plan, are always demanding of us to ensure that we fulfil them. We are well aware that Water, Sanitation, Electricity Houses, Roads, is what our people need.

Allow me to give you some highlights of what this Government has delivered in this Financial Year.

## **WATER AND SANITATION**

Let me indicate that we are still able to deliver purified water to many of our villages our township and our Town Tzaneen for all residents. 24 boreholes were also upgraded in different villages, with funds from PREMIER EMERGENCY FUND. 6121 VIP toilets were improved / delivered.

## **ELECTRICITY**

Besides the fact that we were able to electrify more than 7 villages in Financial Year 2006/7, in the financial 2007/8, villages such as Sedan and others have been electrified. The funds that are at our disposal will allow us to deliver electricity to **Mafarana, Ntsako, Mulati – Berlyn, Mugwazeni and Lefara**. We will however work hard to ensure that we reduce the backlog of delivering electricity in other villages.

## **HOUSES**

We always remain proud of the award we have achieved from Mawa. However, many other houses have been delivered in other villages thereafter.

- 100 units at Mabjepelong
- 100 units at Morwasehla
- 100 units at Mothomeng
- 100 units at Murapalala
- 100 units at Madumane
- 100 units at Sedan

We all have seen the development of Dan Extension 1 and 2 which is being completed where 500 units have been built. We believe that the 500 units at Mbambamencisi will also be dealt with at a quicker pace.

## **ROADS**

- We have made a point that all funeral roads are graded and accessible.

- Access roads have been upgraded.
- New access roads are underway at Morironi and Sedan as well.
- About 622m<sup>2</sup> of stone pitching has been done
- About 188km in total, of grave road was constructed.

I may not give all details of the services we have delivered since this report will capture every aspect within the spectrum of the delivery of quality services at large.

I must again acknowledge that there were challenges that which, at some point in time, were hindrances to our pace of delivering services. I must also assure you that our planning is above those challenges and with the passing of time and the accumulation of resources, these challenges with then be addressed.

Lastly, I pay my sincere thanks to our community's stakeholders, Traditional Leaders and all people in general, for supporting all the programmes of our democratic Government and for creating platform of making our Local Government work better for its entire people.

**Thank You**

**Alderman OJ Mushwana**

**Mayor**

## **LIST OF ABBREVIATIONS**

<b>AMEU</b>	Association of Municipal Electricity Undertakings
<b>ARV</b>	Anti Retro Viral
<b>CBD</b>	Central Business District
<b>CBO</b>	Community Based Organization
<b>CBP</b>	Community Based Planning
<b>CPA</b>	Community Property Association
<b>DBSA</b>	Development Bank of Southern Africa
<b>DGCF</b>	District Communicators Forum
<b>DLTC</b>	Drivers License Testing Centre
<b>DME</b>	Department of Minerals and Energy
<b>DWAF</b>	Department of Water Affairs and Forestry
<b>EU</b>	European Union
<b>GCF</b>	Government Communicators Forum
<b>GTM</b>	Greater Tzaneen Municipality
<b>HR</b>	Human Resource
<b>ICT</b>	Information Communication Technology
<b>IDP</b>	Integrated Development Plan
<b>IMASA</b>	Institution of Municipal Administration for Southern Africa
<b>IMATU</b>	Independent Municipal Association of Trade Unions
<b>JAQ</b>	Job Analysis Questionnaires
<b>JOC</b>	Joint Operational Centre
<b>LDV</b>	Light Delivery Vehicle
<b>LED</b>	Local Economic Development
<b>LGCF</b>	Local Government Communicators Forum
<b>LIBSA</b>	Limpopo Business Service Agency

<b>LISSC</b>	Local Inter-Sectoral Steering Committee
<b>LLF</b>	Local Labour Forum
<b>MPCC</b>	Multi Purpose Community Centre
<b>NDPG</b>	Neighborhood Development Grant
<b>NGO</b>	Non Governmental Organization
<b>PEIG</b>	Premier Emergency Infrastructure Grant
<b>PHP</b>	Peoples Housing Programme
<b>POF</b>	Public Off-loading Facility
<b>PMS</b>	Performance Management System
<b>REDS</b>	Regional Electricity Distributors
<b>RDP</b>	Reconstruction and Development Plan
<b>RSC</b>	Regional Service Council
<b>SABC</b>	South African Broadcasting Corporation
<b>SABS</b>	South African Bureau of Standards
<b>SALGA</b>	South African Local Government Association
<b>SAMWU</b>	South African Municipal Workers Union
<b>SANS</b>	South African National Standards
<b>SAPS</b>	South African Police Service
<b>SDF</b>	Spatial Development Framework
<b>SEDA</b>	Small Enterprise Development Agency
<b>SONA</b>	State of the Nation Address
<b>TSC</b>	Thusong Service Centre (same as MPCC)
<b>TCE</b>	Total Control of Epidemic

## **LIST OF TABLES**

Table 1: Number of Town Planning Applications processed

Table 2: Staff establishment per department, 2007/08

Table 3: Service provision with regard to personnel administration during 2007/08

Table 4: Councillor Salaries and Allowances, 2007/08

Table 5: Councillor Allowances for 2007/08 to 20010/11 (R)

Table 6: Senior official's salaries and allowances, 2007/08

Table 7: Personnel Expenditure versus the total budget, 2001/02 to 2007/08

Table 8: GTM Salary budget, 2006/07 – 2009/10

Table 9: Contributions to Pension funds and Medical Aid, 2005/06 – 2009/10 (R)

Table 10: Population group of employees, 2007/08

Table 11: Gender profile, 2007/08

Table 12: Arrears owed to the municipality

Table 13: Quarterly expenditure of grants (07/08)

Table 14: Capital Expenditure

Table 15: Greater Tzaneen Municipality - General Information

Table 16: Executive and Council

Table 17: Finance and Administration

Table 18: Monthly billed and received (against billed) across debtors by function (R'000)

Table 19: Total Debtors outstanding 30, 60, 90, 120 days and longer (R'000)

Table 20: Five Largest creditors for 2007/08

Table 21: Human Resources

Table 22: Procurement

Table 23: Planning and Development



Table 24: Community and social services

Table 25: Housing

Table 26: Traffic

Table 27: Licensing

Table 28: Solid Waste

Table 29: Waste water

Table 30: Roads

Table 31: Water

Table 32: Electricity Distribution

Table 33: Streetlights

## **LIST OF FIGURES**

Figure 1: GTM Population Pyramid, 2006

Figure 2: Population distribution for 2007/08

## **1. OVERVIEW OF THE MUNICIPALITY**

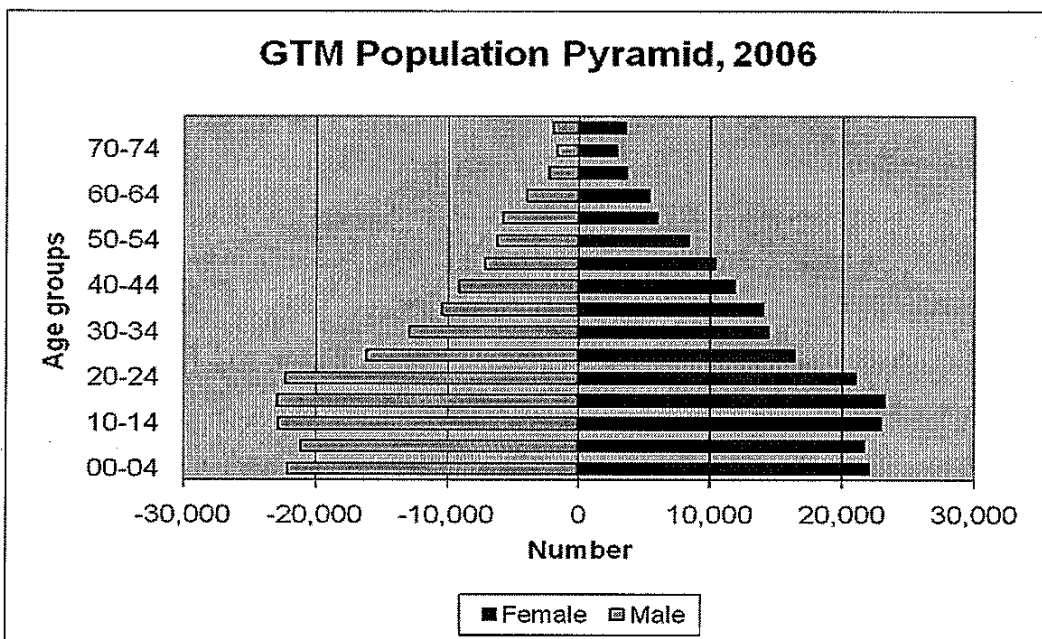
### **1.1 Geographical location**

The Greater Tzaneen Municipality is located in the Limpopo Province of South Africa. The municipal area is approximately 3240 km<sup>2</sup>, and extends from Haenertsburg in the West, to Rubbervale in the East (85km), and just south of Modjadjiskloof in the North, to Trichardtsdal in the South (47km). The municipal boundaries form an irregular, inverted T-Shape, which has developmental implications for the Municipality, more specifically a huge distance to markets, difficulties in respect of service provision, and constraints to development. The Greater Tzaneen Municipal area encompasses the proclaimed towns of Tzaneen, Nkowankowa, Lenyenye, Letsitele and Haenertsburg. In addition, there are 125 rural villages, concentrated mainly in the south-east, and north-west, of the area. Almost 80% of households reside in these rural villages.

### **1.2 Socio-Economic Profile**

Greater Tzaneen Municipality is characterised by a very youthful population with 56% of the population being younger than 24 years of age (the population pyramid for GTM is illustrated in Figure 1). Females outnumber males with 111 females for every 100 males, in other words 52% of the population is female. The average annual growth rate from 1996 to 2006 was 1.2% with an estimated population of 396,711 in 2006 (Global Insight Database). The unemployment rate in the municipal area increased from 36.5% in 1996 to an estimated 41.4% in 2006, according to the Global Insight data base. This coincides with a decrease in the percentage of the population with formal employment from 43.8% to only 28.3% in 2006. The Gini- coefficient for Greater Tzaneen Municipality increased from 0.59 in 1996 to 0.65 in 2006, meaning that inequality have actually increased, with the gap between the rich and the poor increasing.

Figure 1: GTM Population Pyramid, 2006 (Source: Global Insight)



### 1.3 Service Delivery Priorities

The service delivery priorities of the Greater Tzaneen Municipality are informed by the powers and functions of the institution. The Integrated Development Plan (IDP) is the principle guide to all development initiatives. Through a strategic planning process the service delivery priorities was mapped out to form a balanced strategy map to guide service delivery in achieving our vision “To be the fastest growing economy in Limpopo where all households have access to basic services”. The Key Performance Areas (KPAs) identified are Economic Growth, Social, Environmental sustainability and infrastructure development as well as Good Governance and Administration. A summary of the service delivery backlogs are included as **Annexure A**.

## **2. PERFORMANCE HIGHLIGHTS PER DEPARTMENT**

### **2.1 Community Services**

The Community Services Department is responsible for ensuring environmental health, providing library services and waste management services as well as the development and maintenance of all parks and recreational facilities. The performance highlights per service is as follows:

#### **2.1.1 Environmental Health**

##### **a) Community health**

###### ***Achievements:***

- The Community Health section is responsible for the coordination of HIV/AIDS issues. We have in the past year supported the activities of 27 non governmental Organizations operating within our area of jurisdiction.
- Three ARV sites have been established, with an additional one in CN Phatudi being processed
- We can report that through the awareness campaigns and the TCE project the total number of patients tested and awaiting results for inclusion in the ARV treatment programme is 4808.
- We have been selected as a municipality to participate in the SALGA driven Centre for Municipal Research and Advice on HIV/AIDS response bench marking.

###### ***Challenges:***

- There is an increase in the number of people who go for Voluntary Counseling, but these numbers do not translate into numbers of people who actually test so that they can know their status and management of the disease.

- Our financial situation has made it difficult to raise the level of awareness through planned interventions and programmes

**b) *Environmental health***

***Achievements:***

- Food hygiene management: A total of 163 formal food handling premises were evaluated with an average rating of 86%. 114 Milk samples were taken with only 5% not complying with South African National Standards.
- Environmental management: This unit participates in Environmental Management Forums. It has for two successive years participated in the assessments of the WESSA/WWF-SA Eco schools. It has ensured the continued running of the Cleanest School Competition applying different approaches each year to keep the competition interesting
- Industrial Impact management: A total of 97 industrial premises were evaluated with an average rating of 78% which is a 2,8% improvement from last year.
- Since the out break of Cholera in the Province, we have been able to set out a total of 22 Moore pads at strategic places and we are happy to report that no *Vibrio Cholerae* was isolated in all the samples.

***Challenges:***

- The growth of the town and establishment of new residential areas has increased the work load for this division. This is further exacerbated by the increase in incidences of communicable diseases such as Malaria and Cholera for which passive surveillance and contact tracing must be done.

**2.1.2 Library Services**

a) ***Library Development and Reading Promotion***

***Achievements:***

- 90,268 library users benefited from the information resources available in the libraries.
- 110,199 books/magazines were circulated.
- 84 School groups were hosted.
- 1005 Relevant books were donated to the GTM libraries via the GTM library Committees, processed and included in the library collections.
- 315 Relevant books were donated to farm or village schools via the GTM Library Committees.
- The HoD Library Services delivered a successful PowerPoint presentation on the Library Service's outreach programmes at the Congress of the International Federation of Library Associations (IFLA) in Durban on 21 August 2007. Her paper has been selected for publication in the IFLA journal.
- The HoD Library Services received an award from the Limpopo branch of the Library Association of South Africa (LIASA) for Paired Reading, the presentation at the International Federation of Library Associations and regular contributions to the LIASA magazine.

***Challenges:***

- Communities from all over the Greater Tzaneen Municipality area and beyond use the Greater Tzaneen Municipal libraries. For communities outside Tzaneen, Letsitele and Haenertsburg transport costs are a factor, impacting negatively on the disadvantaged.
- The high cost of establishing and operating much needed new municipal libraries, the insufficient delivery of relevant new books by the Provincial Library Services and the poor management of the National Treasury Library Grant by the Provincial Library Services are the main challenges facing the GTM Library Services.

**b) *Book related Arts and Culture programmes***

***Achievements:***

- 5 Holiday programmes were hosted, with the emphasis on arts and crafts, using inexpensive materials.
- 10 Full-scale and 8 smaller cultural events were hosted. The highlights were the creative writing workshops presented by internationally renowned Belgian writers, poet Daniel Billiet and youth novelist Marita de Sterck from 17 - 21 September 2007.
- 536 Learners participated in the annual library competition.

***Challenges:***

- The Book related Arts and Culture programmes presented by the GTM Library Services rely on the goodwill and support of the Library Committees, donor organisations and the local business community. Their generosity is appreciated but unpredictable.
- There is an ever-increasing demand from the public for the programmes, which are costly in terms of time.

**2.1.3 Parks and Recreational Facilities**

**a) *Parks and open spaces management***

***Achievements:***

- 8,293,785m<sup>2</sup> of grass was cut
- 1,683,739m<sup>2</sup> of grass was slashed
- 108 termite nests were eradicated
- 55 dangerous trees were removed



***Challenges:***

- Very old lawn mowers that are in constant need of repair impacts negatively on the productivity of the division.
- The vehicles utilised by the division is also very old and regular breakdowns result in teams not reaching their work places. In some instances contractors needs to be utilised to ensure that services are rendered.

***b) Recreational facility management***

***Achievements:***

- 96 booking were made at the projector room
- 40 bookings were made at the clubhouse
- 310 bookings were made at Nkowankowa community hall.
- 470 bookings were made at Lenyenye, Julesburg and Nkowankowa stadiums

***Challenges:***

- Vandalism at recreational facilities, especially at the Lenyenye stadium
- Sport and recreation by - laws are not clear to the community.
- Permission of bookings is done by more than one official and this creates confusion.
- Water shortage at the Lenyenye stadium
- Olympic swimming pool closed due to the non availability of funds for the major maintenance that is required.
- Funds for maintaining community sports grounds in the rural areas of the municipality.

***c) Cemetery management***

***Achievements:***

- 175 adults, 24 children, 9 paupers and 4 Muslims were buried
- 10 graves were re opened for a second burial.
- 04 graves were exhumed (1 at Nkowankowa B Section and 3 at Rhelela)

***Challenges:***

- Availability of land to extend existing cemeteries of establish new cemeteries for Lenyene and surrounding areas
- Funds for renovating the ablution blocks that were built.
- Funds for maintaining cemeteries at GTM rural areas

**d) *Sport, Arts and Culture Support***

***Achievements:***

- 10 indigenous games coaches for various games
- 19 Clubs were registered Sport and Recreation sport Council
- 9 committee members responsible to organize sport within Greater Tzaneen Municipality
- The District Indigenous games at Maruleng Municipality on the 21 July 2007 where 5 District Municipalities attended
- The Provincial Indigenous game were at Polokwane Cricket Club on the 17-19 August 2007 and 5 district Municipalities attended and Codes participated
- The National Indigenous games were held at East London on the 28-04 September 2007 and only GTM attended and won 6 gold medals
- The Mngana Lonene Indigenous games were held on the 20 October 2007 at Giyani

- A Woman in sport workshop was held at Polokwane in October 2007
- A consultative mass meeting with federations by Sport Council
- On the 1 November 2007 Julesburg Hub received sport equipment from the Department of Sport Art and Culture .i.e. 8 Helmets, 2 Volley balls, 3 club files, 1 Soccer ball, 1 stapler, 2 Nchuvu boras, 1 Dibeke balls and 1 Ruby ball.
- Relela Hub received sport equipment from Department of Sport Art and Culture. i.e. 1 Bag, 2 Balls, 3 Helmets, 4 Ces cover, 2 Leg protectors and 1 box of 12 top and bar mudas
- The District Inter hub was held at Julesburg on the 08 March 2007. Indigenous and OR Tambo games were participated.
- The Sport Administration Training Programme was held on the 10-14 October 2007 at Tzaneen Fairview Lodge.
- 17 Soccer Clubs are registered under the GTM Foot Ball Association.
- 3 Clusters were identified for Sport Development in the GTM area i.e. Bulamahlo – Makhubudung Soccer Club and Bugersdorp Netball Club; Lesedi-Nkowankowa Boxing Club and Nkowankowa rugby Club; Relela-Relela Ladie Soccer and Rhelela Athletic Club.
- The District O.R. Tambo Games were held at Giyani stadium on the 21 June 2008 and 5 District Municipalities attended i.e. Mopani, Vhembe, Waterberg, Sekhukhune and Capricorn
- 10 Monthly meetings were held by Sport and Recreation Council, 8 Special meetings and 2 General meetings.

***Challenges:***

- Transport to attend meetings

e) *Heritage and Museum*

*Achievements:*

- A Video shooting for preparation of Arts and Culture Festival at Tsonga Kraal was held on the 05 June 2008. Four groups performed during shooting i.e. M.D. Shirinda, Mango Cultural group from Mamitwa, Shikwambana Cultural group from Mamitwa and Artist from Venda and Giyani.
- A Video shooting was taken at Tzaneen Dam on the 06 June 2008 with Jerry Mofokeng and the association. Four groups performed i.e DJ Grace, Maloabotsheba, Sekgaba sa Lenyenyene and Artist from Venda.
- An Art and Culture Cluster Competition at Bulamahlo and Lesedi was held on the 07 June 2008.

2.1.4 **Waste Management**

a) *Waste Minimization*

*Achievements*

- Formal recycling system to be implemented. = 1 x C.D.B. project / region / annum
- 100 % operational composting plant exists adjacent to the Landfill
- Rural Waste Minimization [on-going-school] to be implemented at 8 x schools {2 x clusters} / annum
- P.O.F. Example (Public-of-Loading Facility at Rural Schools)
- P.O.F. Example (Public-of-Loading Facility)



- Clean-up Runnymede Cluster @ Nkambako 02 August 2008



### Challenges

- Gas extraction system on the landfill site to be investigated
- Rural Waste Minimization [on-going-school] to be implemented at 8 x schools {2 clusters} / annum

### b) Waste collection and Transportation

#### Achievements

- 160 000 m<sup>3</sup> non-compacted solid waste of all residential, business, industrial and health care waste are removed @ annum.
- A full (100%) kerbside collection service is rendered to all communities in the following suburbs of Greater Tzaneen Municipality, which represents only 11% of all households viz:-
  - Nkowankowa
  - Lenyenye
  - Letsitele
  - Haenertsburg
  - Tzaneen
- All streets & main roads are cleaned on a regular and periodic schedule from all debris and solid waste [5312m<sup>3</sup> / annum ]
- All public taxi - & bus ranks are continuously serviced and cleaned on a pre-determined schedule

- Health Care Waste storeroom was erected at the Landfill
- Stand-by vehicles were provided

***Challenges***

- The service needs to be extended to include: ±129 Villages or another 80,034 residential stands, which are situated within the jurisdiction area of G.T.M.
- The mandate of GTM is to provide all households with a basic removal service
- Need a Health Care Waste removal vehicle.
- Tender for extended service delivery to be awarded
- Additional budget requirements of ± R 12,000,000-00 to extend M.S.P.'s to Rural Areas

**c) Waste disposal and treatment**

***Achievements:***

- 1 permitted landfill-site 4 km. from Tzaneen. [11 ha in size]
- Fully permitted from 1/12/2004 as a General Medium Balance (GMB) site
- Landfill being managed by a M S P (Waste Group Ingwe) in compliance with spec's from the Integrated Waste Management Plan (IWMP)
- Managed in accordance with construction plan – cell building method.
- Health care waste. being collected & treated in terms of the Health Act manifesto

***Challenges:***

- PERMIT-investigate closure permit of landfill
- Design / construction plan & 3D model to be developed

**d) Pollution control**

***Achievements:***

- 10 public toilet blocks managed by Tzaneen Solid Waste viz:-
  - 6 block at Tzaneen
  - 1 block at Nkowankowa
  - 1 block at Letsitele
  - 1 block at Haenertsburg

- 1 block at Lenyenye (Non operational)
- Blocks open for 12 hours daily
- Cleaning and disinfecting of blocks every 2.5 hours
- Provision of toilet paper to public free

***Challenges:***

- Policing of illegal dumping No regular policing
- Court procedures – lack of municipal court/sentences
- Facilities management , personnel & infrastructure to be transferred to a dedicated Division for the purpose

## **2.2 Corporate Services**

The Corporate Services Department is responsible for providing legal services and administrative support to Council and administration, also to ensure proper human resource management and to coordinate the communications, public participation and marketing efforts of council. The performance highlights per service is as follows:

### **2.2.1 Administrative Support**

#### ***a) Council and Exco support***

During the period under review the following Council and Executive Committee meetings were conducted:

- Ordinary Council Meetings: 4
- Special Council Meetings: 4
- Ordinary Executive Committee Meetings: 19
- Special Executive Committee Meetings :

Nine questions of which notice has been given and two motions were received. All meetings were conducted in terms of the provisions of the Municipal Structures Act 117

of 1998. All agendas and minutes were distributed timeously but we work towards the goal that agendas and minutes be distributed electronically to all role players. In order to achieve this, laptops will have to be bought for all concerned (Councilors etc.). In the long run this financial implication will be to the benefit of the Council. Administrative Support is also given to the Mayor, Speaker and other full-time Councilors. Some of the achievements and challenges are depicted as follows:

***Achievements:***

- Implementation of decision management on Collaborator.
- A client satisfaction rating of 76.3% was achieved.
- All council agendas were distributed within prescribed time period.
- All minutes of meetings were completed within the prescribed time period.
- Statistics of attendance of Councilors to Council and Executive Committee meetings were kept in the prescribed manner.
- All minutes of meetings were typed within 3 working days from receipt.
- The establishment of an Events Coordinating Committee.
- Items are distributed to departments within 10 working days from the meeting date

***Challenges:***

- Timeous submission of Council and Executive Committee items by departments for inclusion in agenda.
- Timeous comments by departments on Council and Executive Committee items.
- Attendance of Council meetings by the public.
- Improved attendance of Council and Executive Committee meetings by members of the different Traditional Authorities.
- Upgrading of Council Chambers and Conference room as regards to air conditioning and furniture.



- Due to financial constraints the proposed twinning agreement with Matola Municipality can not be finalized.
- Training of personnel (financial constraints)
- The lack of office space and equipment.
- Encourage involvement of communities in matters of Local Government.
- The establishment of an Oversight Committee.

***b) Cluster, study group and committee support***

In order to assist the Executive Committee to discharge their responsibilities contemplated in the Structures and Systems Act, the council has established Section 80 Committees as working committees (Study Groups) of the Executive Committee. The following clusters were established:

- Economic
- Social
- Infrastructure
- Governance and Administration
- Finance
- Sport, Arts and Culture
- Special Committee

The different study groups resort under each cluster. The study groups are mandated to research and make recommendations on specific topics in their field i.e. public participation, communication, water electricity etc. In this way councilors play a leading role in the decision making process and also give political direction on matters serving before the Council. Presently all items are referred to the relevant Study Group to make a recommendation to the Executive Committee. In this way councillors take ownership of the

items that are submitted to council. 52 meetings were held by the Cluster Committees/Study Groups. Meeting support is however also rendered to the following committees:

- Airfield Control Board
- Local Labour Forum
- Management meetings
- Remuneration Committee

***Achievements:***

- Number of Study and Cluster group meetings arranged in time.
- Minutes completed and typed within the prescribed time.
- Implementation of items tracking and resolution management process.
- Support to Council and all its Committees.

***Challenges:***

- Ward Committees to submit the needs of the communities to the different Clusters/Study Groups.
- Generation of items by Departments to the Clusters/Study groups.
- Timeous submission of items to the Clusters/Study groups by departments.
- To prevent submission of items to Clusters/Study groups on the meeting date.
- Comments by departments within prescribed time period.
- Attendance of meetings by all role players.
- Adherence to starting times of meetings.
- Better utilization of Study Groups.
- To distribute agendas and minutes electronically to all role players.

*c) Records management*

*Achievements:*

- The Electronic Records processes implemented fully functional and utilized, namely:
- Workflow of incoming and outgoing correspondence
- Workflow of memorandums
- Filing of e-mails
- Distribution of faxes
- Customer Care (workflow of registered telephone queries)
- Item preparation and circulation
- The in-house workshop was provided by the Admin Officer (Records) to all users on Records procedures and circulation of items.
- Full time Collaborator support consultants available to assist with daily problems experienced by users.
- Full time technician from Xerox available to assist with problems experienced with machines on a daily basis.
- Reduced movement of files.
- Regular visits by representatives of other municipalities to gain first hand knowledge of our records office.
- A new service provider has been appointed to provide photo-copy machines.
- A high client satisfaction rating has been achieved.
- Compliance with Batho Pele Principles.
- Reprographic services are rendered within two working days.
- Faxes are delivered timeously.
- Messenger services are executed within one working day.
- The post is opened on the same day of receipt.
- Diary services are rendered within three working days.

*Challenges:*

- Lack of sufficient office space and storage equipment (e.g zippel cabinet).

- Proper risk measures not fully exercised due to financial constraints.
- Failure in implementation of the new approved File plan due to lack of filing storage.
- Lack of internal support in terms of handling external telephone enquiries via switchboard.
- Lack of internal support with attendance of files by departments as tasked by co-departments.
- Failure to be supplied with materials needed to execute daily activities (e.g materials out of stock on a regular basis).
- The effective use of collaborator by all personnel (system is people driven).

## **2.2.2 Communications and Marketing**

### ***a) Internal and external communication***

Internal and external communication is guided by the Communication policy and strategy as approved by Council. The primary objective is to ensure that the Municipality both Council and management articulate common messages in an efficient, coherent and coordinated manner.

#### ***Achievements:***

- Promotion of positive and pro-active media and stakeholder relations. Handling media liaison interventions. Provision of media support during government events. Media release and adverts produced as required. Organising media briefings for EXCO and management.
- Monitoring, evaluation and analyzing print media on weekly basis
- Development, review and implementation of communication strategy.
- Managing and administrating bulk buying of airtime for sms'es.

- Facilitation of Local government communicator's forum and participation in the District government communicator's forum and Provincial government communicator's forum
- Redevelopment and updating of website
- Production of quarterly internal and external newsletters
- Management of the internal resource centre and information giving to clients on demand
- Integrated communication programmes implemented through events and recording footages

***Challenges:***

- Implementation of the Communication Strategy remains a challenge as there is a lack of compliance especially for internal communication requirements such as monthly departmental meetings; divisional meetings that could assist to disseminate information to lower level officials.
- No dedicated budget for communication programmes as per communication strategy.
- Communication division not properly located, and resourced.
- Lack of response by Management for negative coverage by Bulletin

***b) Marketing, advertising and branding***

***Achievements:***

- Exhibitions were organized for the Local Letaba Fresh Show and during functions
- Print and radio adverts produced as required
- Dissemination of information through media releases
- Draft Marketing strategy in place, however pending Council approval

- Customer relations activities practiced daily with a Batho Pele Committee established to monitor.
- Provide branding and promotional material during events and functions

***Challenges:***

- There is no consistency in the official usage of the coat of arms
- Very limited budget allocation for marketing activities, advertising and campaigns.
- Rebranding Council assets due to the new Coat of arms will required capital funding that was allocated and withdrawn without reasons.
- Lack of personnel responsible for marketing.
- Lack of training courses for personnel

### **2.2.3 Human Resource**

See Chapter 3.

### **2.2.4 Legal Services**

To provide specialised Legal Services including Contract Management, Policy development and by-laws drafting to ensure sound administration and Management of the Council of Greater Tzaneen Municipality

#### ***a) Legal opinions***

***Achievements:***

- Provision of 155 written and verbal opinions

***Challenges:***

- Introducing specialization with the activities of the Municipality in order to be of better service to the Municipality as a whole.
- Ensure that submissions received are qualitatively better, comprehensive and legally sound in order to explain the legal problems experienced.
- To deal with the legal problems within the time frames of the Department and division for efficient service delivery.

*b) Service Level agreements and Contracts*

*Achievements:*

- Drafting of Service Level Agreement- 120 contracts has been drafted.
- 58 in-house Contracts

*Challenges:*

None

*c) Policies and By-laws*

*Achievements:*

- 21 by-laws were facilitated
- Local Government has taken over the process of Gazetting By-laws and the deadline for completion of all by-laws is made 31<sup>st</sup>

*Challenges:*

None

*d) Disciplinary hearings*

*Achievements:*

- 12 Disciplinary hearing were held from the financial year of 2007 and all of those were finalised.

***Challenges:***

None

***e) Debt Collection***

***Achievements:***

- Drafting the Legal Contracts, Monitoring performance of Service Providers

***Challenges:***

None

***f) Litigation***

***Achievements:***

- In the litigation prone environment under which the Municipality operates the Legal Division handled eight civil cases and 4 civil cases are still outstanding, 3 were successfully defended and 1 lost.
- We have managed to dispose of 3 applications for the eviction of squatters inn the Letaba River, Nwamitwa and next to Talana Hostel. All these application by Council was successful.

***Challenges:***

None

**2.2.5 Public Participation and Project Support**



**a) Ward committee support**

***Achievements:***

The division managed to sustain 32 ward committees which are still functional to date. In preparation for the new ward committee the division managed to conduct 32 stakeholders meeting in preparing the establishment notice. The following wards managed to establish new ward committees:

- Relela Cluster (Wards 7,8,10,11)
- Runnymede Cluster (Wards 4,5,6)
- Lesedi Cluster (Wards 31,32)

***Challenges:***

- Councilors are not serious with the program and tend to postpone dates previously established.
- Capacity of ward committee members
- Payments of stipends
- Overtime payments for officials

**b) Community Based Planning (CBP)**

***Achievements:***

- DPLG appointed service provider to train ward committee members in CBP.

***Challenges:***

- Funding is awaited from DPLG to start with the review of the CBP in the wards.

**c) Project support**

***Achievements:***

- The division managed establish project steering committees and appoint community liaison officers on the following projects:
  - Marirone Access Road
  - Modjadji to Mavele Access Road
  - Thabina Bulk water scheme
  - Thabina Soil Conversation
  - Tzaneen Landfill
  - Mamitwa Taxi Rank
  - Sedan Access roads/Internal streets
  - Sedan Electrification
  - Tzaneen Sanitation Project

***Challenges:***

- The biggest challenge is with the district municipality which is not communicating properly before handing over the projects within our area of jurisdiction.

***d) Outreach, Imbizo's and community liaison programmes***

***Achievements:***

- Conducted EXCO outreach programmes
- The Mayor and MEC for Safety and Security honoured a Community Builder of the year 2007 Awards (Sowetan /Old Mutual) at Mopye village.
- Participated in the Imbizo provincial steering committee.
- Keep and update stakeholder database.
- Liaison with stakeholders and communities at the farms and made interventions.

***Challenges:***

- Lack of compliance to council communication policy and communication strategy
- No dedicated budget for the calendar for events, projects; outreach and Imbizo's
- Lack of quality working tools i.e good quality cameras; A2 size copier for posters
- Lack of resources for local and national construction of marketing exhibition stalls and promotional materials
- Limited budget for marketing campaigns and advertising
- Shortage of staff (the division is understaffed).
- Poor participation of sector departments on LISSC and LGCF/DGCF

**c) Thusong Service Centres**

***Achievements:***

- Services rendered to the community at 4 Thusong Centres by the following sector departments:
  - Home Affairs assisted 2840 people
  - SAPS assisted 1206 people
  - Social Welfare assisted 1436 people
  - SASSA assisted 1868 people
  - Clinic Services assisted 15038 people

***Challenges:***

- Office furniture , Equipment, Water & sanitation still a challenge in the MPCC's.

## **2.3 Chief Financial Officer**

The office of the Chief Financial Officer is responsible for providing financial services to council through income and expenditure management, the drafting of the budget, supply chain management and overall financial management. The department is also responsible for ensuring that Council have access to up to date information technology. The performance highlights per service is as follows:

### **2.3.1 Expenditure**

#### ***a) Asset Register Management***

##### ***Achievements:***

- The financial asset register was completed and balanced to annual financial statements without major problems within guidelines set by GRAP/GAMMAP

##### ***Challenges:***

At the end of 2009 the full asset register must be GRAP compliant because Tzaneen is a high capacity Municipality and therefore most existing exemptions will fall away. The following specific challenges will have to be addressed:

- Identification of all infrastructure and land
- Evaluation and breakdown of all infrastructure assets
- Determination of useful life of assets
- Impairment of assets
- GRAP, IAS and IFRS standard compliance of asset register
- Development of compliant asset system
- Lack of personnel to maintain asset register

#### ***b) Grants Management***

##### ***Achievements:***

Working papers of all Grants reflecting revenue, expenditure and balances were included in the Financial Statements (See Annexure B).

***Challenges:***

The biggest challenge with grant administration is the personnel constraints.

***c) Expenditure management***

***Achievements:***

Council expenditure was accurately accounted for and reflected in the financial statements in line with GAMMAP/GRAP and financial accounting standards.

***Challenges:***

Challenges faced within the financial year was the loss of a senior accountant with many years experience which had the effect that the employees who had to stand in for the senior accountant had to go through the learning curve with balancing and accounting. Also the expenditure section of Council is under staffed which make it difficult to adhere to the division of duties and necessary controls.

***d) Stock management***

***Achievements:***

The annual stock taking with a very low percentage of differences and value of short fall reflected the excellent management and control of GTM stores.

***Challenges:***

- Theft of stock at stores and lack of security
- Large price increases in stock items
- Very slow supply chain process which does not always ensure stock availability at the right price and best quality within reasonable timelines.

### **2.3.2 Financial Services and Budget**

#### ***a) Financial Reporting***

##### ***Achievements:***

- All financial reports have been submitted timeously during the 2007/2008 financial year

##### ***Challenges:***

- To continue submit all financial reports timeously

#### ***b) Investments***

##### ***Achievements:***

- Funds were invested despite the fact that GTM experienced cash flow problems .R 6 Million were invested on short-term basis

##### ***Challenges:***

- To invest all surplus funds when funds are available as GTM still experiences cash flow problems.

### **2.3.3 Revenue**

#### ***a) Billing***

Billing is done in those areas where cost recovery is being implemented. At present cost recovery is only done in six towns, i.e. Tzaneen, Haenertsburg, Letsitele, Politsi, Nkowankowa and Lenyenye. The administration of the billing process is done internally by the billing section of the municipality. The process is done electronically and is integrated with the whole financial system which is done on the PROMIS system. Meter

reading services have however been outsourced. Meter reading is also done electronically which makes it easy to download the readings onto the billing system and minimizing human errors. However as part of contract management the municipality has set a 98% target for the service provider in terms of the number of meters read every month.

A more than 98% meter reading rate has been achieved over the financial year. This rate is considered excellent since it is accepted that there will always be meters that cannot be read due to , inter alia, inaccessible properties and defective meters.

***Achievements:***

Billing has always been done by the 1<sup>st</sup> of every month. This was significant to ensure that customers receive their statements on time for payment purposes.

***Challenges:***

Some meters in Nkowankowa have reached the end of their useful lives and are no longer registering properly and some are no longer legible. The Mopani District Municipality, as the water authority that is responsible for capital expenditure on water networks, is however busy with the project to refurbish these meters.

***b) Revenue collection***

In order to facilitate the payment for services the municipality has made payment facilities available at all its offices and libraries. Customers can additionally deposit their payments direct into the municipality's bank account or use easy pay payment facilities at any of the participating retailers and at the post office. Customers can also make arrangements for debit orders or salary deductions for paying municipal services

***Achievements:***

With the exception of the towns of Nkowankowa and Lenyenye the municipality has maintained a payment rate of over 99% for the rest of the towns. In these two towns the

payment rate has been at an average of 26% and 38% respectively. This brought the average payment rate to 85%.

***Challenges:***

- Low payment rate in Nkowankowa and Lenyenye

***c) Debt collection***

Debt collection is done as part of the overall credit control function. In the previous year the Revenue function was responsible for following up on outstanding debts up to the point of sending final reminder letters for payments after disconnections had been made and no response received. After this the account would be handed to the legal division to institute legal actions. However in the current year a decision was taken to transfer the debt collection service to the revenue division.

***Achievements:***

In order to facilitate the collection of outstanding debts especially in the towns of Nkowankowa and Lenyenye the municipality has appointed four debt collectors. The appointment of these debt collectors was done after extensive consultations had been made with the residents of the two towns to address the issues that they had raised which led to them not paying for services. The debt collectors have however not as yet started with the process to collect the outstanding debts due to contractual issues that still had to be finalized.

***Challenges:***

Debt collection as part of credit control depends on the municipality having effective method of enforcing payment for services. In the rest of the municipality where the payment rate has been above 99% payment for services has been enforced by cutting the electricity supply. However in the rest of the municipality the supply of electricity is the



responsibility of ESKOM. This makes the cutting of electricity supply not available to the municipality as a means of enforcing credit control. The only option left for the municipality is to cut the water supply to indigent levels, which is as trickle flow to ensure that the residents receive at least 6 kilolitres of water per month. This method however is not proving to be effective in the town Lenyenye since the town itself does not receive a 24 hour availability of water through out the day. In the town of Nkowankowa there is some indication that the residents whose water supply has been disconnected are probably reconnecting themselves illegally. The meter readers have been requested to also check on possible cases of illegal reconnections.

#### **2.3.4 Information Technology**

##### ***a) Master systems planning***

The Mopani District Municipality is coordinating the development of a master system plan that will inform IT operations and capital spending in total. It is envisaged that this project will be completed by the end of December 2008.

##### ***Achievements:***

The structure for the Supply Chain Management Unit was finalized during the current financial year. All the Supply Chain Management Committees as set up were functional and met regularly to consider bids. A total of 31 bids were considered during the financial year and 23 were awarded.

##### ***Challenges:***

The appointment of personnel was a challenge during this year. However a process was underway to absorb the temporary employees that were working in the unit. Plans are in place to ensure that all the budgeted for positions will be filled by the end of August 2008.

While the different committees met as indicated above the availability of committee members was a further challenge that resulted in delays in the consideration of certain bids. On average it took 79 days from bid advertisement to award.

***b) IT support services***

***Challenges:***

During the financial year the Head of the Division resigned and due to cost saving measures in place at the time the position was not filled. The responsibility for IT, which to a great extent, involved managing the service provider to whom the service is outsourced, was delegated to the Head of Expenditure.

The cost-saving measures have also had an impact on the replacement of IT equipments which have reached the end of their useful lives. Innovative ways will also have to be considered to address the issue of new desktops and laptops for new officials that have been appointed. At present only the managers and some selected Heads of Divisions have laptops allocated to them.

***c) Network management***

***Achievements:***

The municipality was able to achieve network availability for all users of up to 95%.

***Challenges:***

Due to non-replacement of old equipment the municipality's server crashed at the end of the Financial year. The critical impact of this was on the non-access to the financial system which was necessary for billing purposes. At the same time the UPS also packed up which resulted in the servers receiving power from the main supply without any back-

up system or a system to regulate electricity fluctuations. This is exposing the municipality to severe risk of loss of data and non access to the network.

**d) *Data warehouse***

Due to financial constraints this project was not undertaken. However all officials have access to the main server to save their work centrally. As a parallel and related project the municipality is also busy with an exercise to have full GIS system in place

**2.3.5 Supply Chain Management**

See Table 22 for information regarding procurement procedures.

**2.4 Electrical Engineering**

The Electrical Engineering Department is responsible for developing and maintaining the urban and rural electrical network in the GTM area of jurisdiction. The performance highlights per service is as follows:

**a) *Electrical By-laws***

***Achievements:***

Initial total rewrite of Electricity By-Laws. The old By –Laws originated from the 1930’s.

***Challenges:***

With the RED’s imminent the challenge is for GTM to draft By-Laws that could be considered an industry standard. Extensive use was made of inputs from the AMEU (Associated of Municipality Electricity undertakings)

***b) Electrification of Farm worker houses***

***Achievements:***

We started to collect project information during the 2006/7 cycle regarding the electrification of farm worker housing for the 2007/8 financial year. Farmers had to apply for this funding, where after the farms were inspected by our Projects department to collect the correct information and to establish whether an application is valid or not. The registration and project initiation went well except for a few delays regarding procurement and securing material for the projects. Overall we managed to keep the projects on track in spite of the fact that there was a material delivery delay of between 8 to 10 weeks. The contractors were appointed during November 2007 and the projects were completed in April 2008. An amount of R 1,056,076.49 was spent on a total of 250 farm worker housing units involving 14 farms.

***Challenges:***

- Collect the correct initial information on projects from the farmers and to inspect each site.
- To encourage farmers to take additional transformer connections on their farms where necessary.
- Achieve quality work from the emerging contractors and ensure upliftment.
- Have a system in place to collect more detailed information regarding the project progress from each contractor on a weekly basis, which would enable us to submit a more accurate report to DME.
- Steer away from mistakes of the previous financial years by implementing policies and guidelines to achieve an even better result regarding project management and the quality of work.

***c) Electrification (Eskom area of jurisdiction)***

***Achievements:***

971 households were electrified.

***Challenges:***

Insufficient funds to eliminate the estimated backlog of 35,466 connections.

***d) Electrification (GTM area of jurisdiction)***

***Achievements:***

102 new connections were provided to the municipality's distribution network.

***Challenges:***

No infrastructure capital for the bulk supply.

***e) Electrification of schools and clinics***

***Achievements:***

No Projects for electrification of Schools and Clinics.

***Challenges:***

The electrification of schools and clinics is not discussed in the energy forums due to non-attendance of relevant Eskom's officials or information regarding the allocation and the priority list. The priority list for schools and clinics is also not handled by the municipality

***f) Maintenance of distribution network***

***Achievements:***

The budget that was allocated for maintenance was spent, all maintenance plans was implemented.

***Challenges:***

There is still a big challenge to increase the maintenance budget so that more detailed maintenance can be done on an aging system

***g) Streetlights***

***Achievements:***

No major achievements were done except for the spending of the full budget that was allocated to streetlights.

***Challenges:***

To obtain capital for the installation of streetlights.

***h) Capacity development***

***Achievements:***

Electricity Recovery Plan Developed.

***Challenges:***

Funding is an enormous challenge. Application to various Government Departments and Deputy President has been made for R420 million (Still Awaiting feedback). Meanwhile an estimated R1, 3 Billion of development are on hold until the electricity capacity problem can be addressed. This is having a severe negative impact on Tzaneen' growth. A Committee consisting of Developers, Consultants and Officials has been established in an effort to arrive at a solution for finding.

## **2.5 Engineering Services**

The Engineering Services Department is responsible for the developing and maintenance of the roads, storm water, water and sewer networks of GTM. The department must also maintain all council property and project manage all MIG projects. The performance highlights per service is as follows:

## 2.5.1 Building and Maintenance

### a) *Building control*

#### *Achievements:*

- 22,781 m<sup>2</sup> of new houses to the value of R68,343,000 were approved.
- 2,443 m<sup>2</sup> of new shops to the value of R12,645,000 were approved.
- 5,334 m<sup>2</sup> of additions to existing houses were approved to the value of R16,002 000
- 1,763m<sup>2</sup> of addition to existing shops has were approved to the value of R5,289,000
- 406 m<sup>2</sup> of additions to existing industrial building to the value of R12,000,000 were approved.
- Successfully completed 100 PHP units at Sedan Village.

#### *Challenges:*

- Non compliance to building regulations.
- Housing consumers not knowing their rights.
- The effect of interest rate hike is slowing down the bounded market of housing.

### b) *Building maintenance*

#### *Achievements:*

- Successfully renovated all the sewer pump station and water treatment plants.
- Nkowankowa testing ground has also been renovated.
- Several other municipal, building have also be maintained through emergency repairs as and when required.
- Public toilet and sporting facilities also repaired and maintained.

#### *Challenges:*

- In-adequate funds to meet targets.

**c) Fleet management**

***Achievements:***

- Successfully acquired six new trucks for the solid waste division for rural waste minimization.

***Challenges:***

- Age of the fleet, some of the vehicles are as old as 1982 model.
- In-adequate capital provision to replace old vehicles.

**2.5.2 Project Management (MIG)**

***Achievements:***

- Completed Tzaneen landfill site phase one which constitutes of the following: entrance wall and gate, control point complex, weigh bridge, floodlights, septic tank and French drain.
- Successfully completed 6km gravel road of Leolo to Maake access road.
- Completed Tzaneen rural waste removal phase1, constituted of 8 public off loading facilities and procured six refuse removal trucks.

***Challenges:***

- Non performance of Consultants and Contractors.
- Late appointments of contracts by supply chain unit which have a negative impact on both project budgeting and scheduling.
- Delays in contract termination and replacement processes for non performing contractors, which also have negative impact on final project costs.



### 2.5.3 Roads and Storm water

#### a) Road maintenance

##### *Achievements:*

- Did Road marking of most streets in Tzaneen town:
- Regravelled a total length of 375km through cluster graders
- Bladed and cleared 250km of funeral roads
- Patching of potholes in Tzaneen 437m<sup>2</sup>, Nkowankowa 192.982m<sup>2</sup>, Lenyenye 37.763m<sup>2</sup> and Haenertsburg 16.603m<sup>2</sup> respectively

##### *Challenges:*

- Lack of Roads Management System to can properly manage the entire network in terms of inventory data and prioritization
- The unit is under-staffed and experienced problems with an aged fleet
- Insufficient funding allocated for maintenance which disable the unit to respond to all roads defects to a satisfactory level.
- Not much is achieved from regrevelled roads since the life span is short, though due to the fact of insufficient funding it is the only interim measure that can be effected as means to provide access to communities.

#### b) Storm water management

##### *Achievements:*

- Constructed 6000m<sup>2</sup> of stone pitching in rural roads

- Constructed 15 Concrete drifts in rural roads
- Cleaned 45 Catch pits in Nkowankowa and unblocked hydraulic structures in rural roads and town
- Constructed culverts at Craigh head, Pjapjamela, Mobwe, Mohapeng, Wally, Block 7, Motupa, and Leseka access roads

***Challenges:***

- Communities use catch-pits as dumping pits.
- Lack of Storm water management system
- Insufficient funding allocated for maintenance which disable the unit to respond to all stormwater problems to a satisfactory level.

**2.5.4 Water and Sewer**

***a) Water purification & supply***

***Achievements:***

- Managed to supply clean water and to keep Water quality up to the SANS acceptable standards.
- Successfully conducted annual Water Quality samples on daily basis through each treatment plant and on monthly basis through the service provider

***Challenges:***

- In-adequate capital provision for the upgrading of George Valley Water Treatment Works.
- High turbidity during rainy season

***b) Waste water management***

***Achievements:***

- Managed to keep the final effluent up to the accepted standard (SANS).
- Managed to avoid the spread of water-borne diseases by adhering and following proper water treatment procedures.
- Successfully managed to renovate and maintained public toilets, pump stations and water treatment works

***Challenges:***

- In-adequate capital provision for the upgrading of Nkowankowa Sewage Works and the construction of Lenyenye Sewage Works.
- Vandalism and theft.

***c) Borehole maintenance***

***Achievements:***

- 22 boreholes rehabilitated under MDM 2007/2008 Refurbishment funds

***Challenges:***

- Illegal households water connections
- Vandalism and theft

***d) Sanitation***

***Achievements:***

- 4,363 VIP Pit latrines constructed

***Challenges:***

- Non-compliance to the indigent register

## **2.6 Municipal Manager**

The office of the Municipal Manager is responsible for disaster management as well as internal audit. The performance highlights per service is as follows:

### **2.6.1 Disaster Management**

#### *a) Disaster prevention*

##### *Achievements:*

- Training on Disaster Management to: Hospitals, Colleges, Ward Committee Members, Individuals, Business Forums and Private Business.
- 50% of all wards where visited and risk assessment was done.

##### *Challenges:*

- Training facilities, funds and qualified personnel

#### *b) Disaster management*

##### *Achievements:*

- Corporate Plan completed, Emergency Plan, Risk Assessment Plan 75% complete.
- Emergency data base up to date
- Help to communities within 72 hours.

##### *Challenges:*

- Insufficient Office Space and the absence of a Storeroom for keeping emergency supplies

## 2.6.2 Internal Audit

### a) *Risk assessment*

#### *Achievements:*

- Audit risk assessment was conducted.

#### *Challenges:*

- Absence of risk assessment computer software

### b) *Audit programme implementation*

#### *Achievements:*

- 70% of audit program was achieved

#### *Challenges:*

- Insufficient office space and staff

### c) *Internal Audit reporting*

#### *Achievements:*

- Three year strategic plan as required by MFMA.
- Annual plan .
- Submitted four quarterly reports to the audit committee.
- Attended all meetings called by the audit committee.
- Statement of responsibility and audit methodology approved by council.
- Finalized annual stock taking and reported surplus/deficit.
- Discovered cash theft at licensing and reported to municipal manager.
- Reported fraudulent transactions at engineering service department.

- Attended performance auditing organized by national treasury..

***Challenges:***

- 2007/2008 financial year was a challenging year for the whole municipality in terms of finances and the unit therefore could not:
  - Appoint additional staff since we have three vacant positions.
  - Purchase the audit risk computer software.
  - Register with IIA for membership
- Managers are not willing to implement audit recommendations

## **2.7 Planning and Economic Development**

The Planning and Economic Development Department is responsible for providing socio-economic development, tourism and LED and housing administration support. The department is also responsible for managing land development and town planning applications and to ensure integrated planning and performance management. The performance highlights per service is as follows:

### **2.7.1 Geographical Information System (GIS)**

***Achievements:***

- Project proposal was submitted to DBSA to secure funding

***Challenges:***

- DBSA requires co-funding from the municipality, there was however no provision made in the budget for this and the project could therefore not commence.

### **2.7.2 Integrated Development Planning**

***Achievements:***

- The IDP was reviewed and approved on the 28<sup>th</sup> of May 2007 for the 2008/ 09 financial year.

***Challenges:***

- The credibility of the 2008/09 IDP was compromised by the fact that:
  - The 2007/08 IDP process plan was not adhered to with the result that the Capital Budget was only approved in August of 2008.
  - The IDP Representative forum did not participate in the review of the IDP
- Various sectoral plans and programmes remain outstanding or needs to be revised.

**2.7.3 Land Property and Housing Division**

***a) Municipal housing***

***Achievements:***

- The remaining two Municipal houses in Tzaneen were sold.

***Challenges:***

None

***b) RDP & PHP housing***

***Achievements:***

- 540 Urban RDP units were developed at Dan Ext 1 & 2.
- 250 Rural RDP units were constructed at Kolephepane, Mandlhakazi and so Mariveni.
- 100 units for PHP were constructed in ward 5.

- 18 housing units were developed as part of the integrated housing project for middle income at Tzaneen Ext 13.

***Challenges:***

- There still a huge back log especial on blocked project and rural.
- Lack of personnel for monitoring the projects.
- Problem of electricity in town.
- Challenges to implement subsidy by DLGH as promised.
- DLGH's allocation of units does not consider the actual number of beneficiaries with most beneficiaries left out of the project. E.g. the unblocking of Pfunanani Project is allocated 103 units and it left out 47 beneficiaries.
- The current PHP project is allocated to an NGO (FEDUP). The project requires various meetings to be held which is time consuming.

***c) Pioneers Old Aged Homes***

***Achievements:***

- Four people were allocated

***Challenges:***

- There is limited number of units as compared to the application.
- Council is spending a lot of money on renovation and maintenance.
- Department of Social Development once promised to subsidise the project but in vain even though Old age homes are the constitutional mandate of the Department and not Council.



**d) Land management**

***Achievements:***

- 28 residential sites were sold.
- 4 business sites were sold
- 540 sites were donated for RDP Houses.
- Relocation of 1000 sites by DPLG in Mbambamencisi.
- 3 lease agreements on land were signed

***Challenges:***

- Municipal owned land with no services which therefore cannot be sold
- Industrial erven available without services.
- Purchase prices of available sites in Nkowankowa section C
- Land Audit for Lenyenye and Nkowankowa Townships are outstanding

**2.7.4 Performance Management**

**a) PMS policy development**

***Achievements:***

- The PMS policy was developed and adopted by Council on the 26<sup>th</sup> of August '08.

***Challenges:***

- The PMS policy needs to be revised to address the concerns of Head's of Divisions with regard to the conditions of their contracts

- A Rewards and Incentives policy needs to be developed to guide the PMS with regard to the lower level employees

***b) Performance Monitoring and Reporting***

***Achievements:***

- The Annual Report for 2006/07 was submitted as well as 3 quarterly SDBIP reports

***Challenges:***

- Submitting quarterly SDBIP reports on time, due to the late approval of the SDBIP and the delayed submission of actual achieved by the departments

***c) Scorecard & Performance Plan Development***

***Achievements:***

- The Performance Plans for Section 57 Managers were linked to the Service Delivery and Budget Implementation Plan (SDBIP)

***Challenges:***

- Adherence to the IDP/Budget process plan
- The timeous finalisation of the SDBIP and the Performance Plans are dependant on the draft IDP being ready in December. The SDBIP was adopted late and the Performance Plans only signed in January of 2008 due to the delays in the review of the IDP.

***d) Performance Assessment***

***Achievements:***

- The Performance Assessment for 2006/07 took place in accordance with Regulation 805
- Streamlining and simplifying of the assessment process
- The participation of the Performance Audit Committee in the assessment
- Increased credibility of the assessment process which required proof of performance to be submitted, which was audited.

***Challenges:***

- Performance Assessment took place very late and the report could therefore not form part of the Annual Report as required
- Conducting quarterly performance reviews based on the SDBIP was not achieved
- The nature of the contractual agreements with HODs resulted in a dispute regarding the awarding of performance bonuses based on the scoring system as prescribed by Regulation 805.

**2.7.5 Socio Economic Development, Tourism and LED**

***Achievements:***

- Establishment of the Greater Tzaneen Economic Development Agency
- Started with conducting a study for Hawkers
- Participated in the Indaba Tourism Show
- Completed the Fruit and Nut Cluster Value Chain Feasibility study
- Construction of Maake plaza
- Resuscitation of the Tours project through Peppadew International
- Letaba show

- Capacity building for LED staff
- Tzaneng mall extension – Bus Rank

***Challenges***

- Finance to fund projects as identified in the Local Economic Development (LED) strategy
- Time frames for project implementation

**2.7.6 Town Planning Division**

***a) Spatial Development Framework (SDF)***

***Achievements:***

- The SDF was reviewed and approved simultaneously with the IDP review.
- The Traditional Area Spatial Development Plans were drafted in conjunction with Traditional Authorities, as the first step to ensure coordination with the Traditional Authorities in terms of the future use of their land, and to make them aware of planning for optimal use of land, human safety and effective service delivery.
- Tzaneen Nodal Development Plan drafted, but final approval awaiting the outcomes of a Water and Sewer Analysis for Tzaneen town.

***Challenges:***

- The absence of past forward planning documents and land development policies in rural areas.
- Awareness of need for rural planning in Traditional authority area and co-operation for responsible use of land.

***b) Land Use Management and town planning applications***

***Achievements:***

- The municipality established the townships Tzaneen Extension 78 and Dan Extension 2, to ensure the alienation of erven and compliance to the Breaking New Ground Policy.
- Facilitated the demarcation of the following stands in the rural areas:
  - Formalisation of 900 sites at Nkomanini
  - Mandlakazi : 300 sites
  - Ga-Ramotshinyadi : 400 sites
  - Petanenge : 300 sites
  - Berlyn/Mulati : 300 sites.
  - Muhlava Headkraal : 50 sites
  - Ooghoek : 504 sites
  - Mabyepelong: 293 sites

The number of town planning applications handled during 2006/07 is contained in Table 1. .

<b>Table 1: Number of Town Planning Applications processed</b>			
<b>Category</b>	<b>Applications outstanding 1 July 2006</b>	<b>New Applications Received 2006/07</b>	<b>Applications outstanding 30 June 2007</b>
Rezoning/permit	23	38	11
Township Establishment/ extension	13	6	5
Special Consent	0	9	0
Reg. 188	0	0	0
Subdivision/consolidations	11	78	0

**Challenges:**

- Growth in residential and business development in Tzaneen town, placed pressure on bulk service infrastructure and capacity, with specific reference to electricity, water

and sewer. This resulted in the private sector providing bulk services as well as the delay in provision of serviced sites by the Municipality.

- Applications for new development which requires additional bulk water, sewer and electricity, is currently held in abeyance or withdrawn because it cannot be approved by Council.
- Existing vacant land with rights cannot be developed due to insufficient electrical capacity.
- There is a backlog of residential sites which has to be demarcated in rural (traditional) areas.
- The demarcation of sites does not take place in conjunction with servicing of the site. Headmen, Civic Organisations etc. still allocate sites illegally on traditional land.
- Timeframes to obtain Record of Decisions in terms of the Environmental Impact Assessment Regulations, are 8- 24 months, which delays development.
- Land Ownership, especially on Traditional Land remains a challenge for any development.

## **2.8 Transport, Safety, Security and Liaison**

The Department of Transport, Safety, Security and Liaison is responsible for traffic law enforcement as well as providing licensing and testing services. The performance highlights per service is as follows:

### **2.8.1 Law Enforcement**

#### **a) Road safety education**

##### *Achievements:*

- Communities apply and visit Minitzani and Bona Tsela Mini Traffic Centre, and we are always glad to assist

##### *Challenges:*

- Shortages of traffic personnel, vehicles make it difficult for the division to cater for all requests in our communities

**b) Visible policing**

***Achievements:***

- The devolution of certain areas from the Province has increased our policing area. We hope to render effective traffic service in those areas, including attending to accidents, patrols and point duties

***Challenges:***

- Shortages of personnel make it impossible to render better services of visible patrolling, effectively.

**c) Roadblocks & Speed checks**

***Achievements:***

- Through roadblocks and speed checks, we have reduced accidents within our policing area.

***Challenges:***

- Not all offenders are stopped and dealt with effectively at roadblocks. An increase in personnel may bring relief of some kind.

**d) Scholar patrols**

***Achievements:***

- We try our best to respond to calls relating to scholar patrol needs from schools in particular.

***Challenges:***

- As more and more scholar patrol applications are received, we need to train more of our traffic personnel on this issue to cater for the demand.

***e) Technical services***

***Achievements:***

- They recover and install road Traffic signs.

***Challenges:***

- The two elderly personnel cannot drive and rely on the service of a driver working for disaster management when he is available.

***f) Security and access control***

***Achievements:***

- Availability of the safety and security officer to coordinate the services helps to curb thefts and control accesses.

***Challenges:***

- Clients do not return access cards, while theft of Council assets is not totally stopped. A theft reported is one too many to deal with. Access doors are sometimes out of order, increasing risks.

**2.8.2 Licensing and Testing**

***a) Vehicle licensing***

***Achievements:***



- Implementation of the E-Natis system to help with service delivery

***Challenges:***

- Financial recovery plan resulting in a shortage of staff
- Security at cashiers

***b) Drivers licensing***

***Achievements:***

- Implementation of the E-Natis system to help with service delivery and also
- The implementation of the electronic booking system at Tzaneen DLTC.

***Challenges:***

- The overcrowding of the testing stations and huge number of driving schools and corruption.
- Financial recovery plan, shortage of staff and security at the testing stations after the brake-in at Nkowankowa DLTC in September last year.

***c) Temporary advertisements and dog licensing***

***Achievements:***

- Assist with application of all temporary advertisements and dog licenses.

***Challenges:***

- Shortage of staff.

### **3. HUMAN RESOURCE AND ORGANISATIONAL MANAGEMENT**

#### **3.1 Organisational design**

##### **3.1.1 Functional Organogram**

The organogram is reviewed annually to cater for new needs/functions and also to align it to the IDP. The organogram is attached as **Annexure B**.

##### **3.1.2 Functional Structure re-design**

During the 2007/8 financial year a new Department namely Transport, Safety, Security and Liaison was created with the Law Enforcement and Licensing & Testing Divisions under its control. The Community Services Department now consists of only the Waste Management, Library Services, Health Services and Parks & Recreation Divisions.

With the exception of the Internal Audit and Disaster Management Divisions all other divisions under the control of the Office of the Municipal Manager were relocated to mainly the Corporate Services and the Planning and Economic Development Departments.

##### **3.1.3 Staff establishment**

The staff establishment was updated in line with the new functional structure which came into effect on 1 October 2007. As on 30 June 2008 905 positions were approved of which 577 were filled with 328 vacancies. The breakdown of the approved positions per department is presented in Table 2.

<b>Table 2: Staff establishment per department, 2007/08</b>			
<b>Department</b>	<b>Positions Approved</b>	<b>Positions filled</b>	<b>Positions vacant</b>

<b>Table 2: Staff establishment per department, 2007/08</b>			
<b>Department</b>	<b>Positions Approved</b>	<b>Positions filled</b>	<b>Positions vacant</b>
Municipal Manager	16	8	8
Planning & Economic Development	24	18	6
Finance	74	43	31
Corporate Services	70	47	23
Engineering Services	256	157	99
Community Services	261	157	104
Electrical Engineering	121	99	22
Transport, Safety, Security & Liaison	83	48	35
<b>Total</b>	<b>905</b>	<b>577</b>	<b>328</b>

### 3.1.4 Task job evaluation

Job Analysis Questionnaires (JAQ's) for all positions were prepared after the training of 30 identified departmental representatives. Final job descriptions were signed by all parties and submitted to the Regional Task Job Evaluation Committee on 30 March 2006. The final outcomes report after moderation was received on 6 December 2007. Implementation of the outcome can only be done once the grading and salary structuring process is finalized.

### 3.2 Personnel administration

A summary of the services provided through personnel administration is summarized in Table 3.

<b>Table 3: Service provision with regard to personnel administration during 2007/08</b>	
<b>Type of service</b>	<b>Number of</b>
Paying work outside Council approved	10
Employees declaring interest	16

**Table 3: Service provision with regard to personnel administration during 2007/08**

Type of service	Number of
Councilors declaring interest	2
Personnel files maintained	1392
Days Study leave recorded	257
Days leave sold	2483
Long Service Leave days sold	844
Permanent entrants engaged	21
Students engaged	1
Staff Promoted	8
Temporary / Casual employees administered	55
Number of exits	42
Long Service Awards made	12
Advertisements prepared & placed	29
Short-listing meetings held	29
Interviews held	29
Probation approved	21
Number labour incidences dealt with	0
Disciplinary cases recorded	33
Grievances recorded	1
Local Labour Forum meetings held	10
Job descriptions prepared and signed	254

### 3.3 Skills development

The Greater Tzaneen Municipality is committed to skills development and fully subscribes to the provisions of the National Skills Development Strategy. Therefore the Workplace Skills Plan (WSP) for the 2007/2008 financial year was submitted to the Local Government SETA (LGSETA) and has been implemented; as far as finances permitted it.

The Training Policy was reviewed to accommodate new challenges and approved by Council for implementation and an amount of R867 355 was budgeted for skills development during the

2007/2008 financial year. The money was intended for, inter alia, finance training interventions which had been identified to address the skills gaps in the Municipality. The training interventions are conducted by accredited training providers to ensure quality of provision. However, due to the severe financial constraints that was experienced, only a fraction of this amount could be used i.e. ± R110 000 (12.6%).

Furthermore, the Local Government SETA (LGSETA) has granted Council funding amounting to R126 000 for the training of employees on Adult Basic Education and Training (ABET). Quotations were sourced from ABET Service Providers to conduct the interventions and the programme end during December 2007 when 42 employees wrote the IEB examinations with good results.

With regard to the implementation of learnerships the Water learnerships has been concluded. The Energy SETA assessed the programme and 14 officials were certified competent and will receive their certificates on 24 October 2008. The first intake of four Community Development Worker learnerships has concluded the programme successfully. Another intake of 24 learners have started with the programme during November 2006 and concluded at the end of December 2007. The Municipality will also implement electricity learnership during 2008/9. Ten (10) employed learners have been earmarked for participation in the learnership. Also, a needs analysis for the other learnerships was conducted in all the Departments in Council. These learnerships will hopefully be implemented during 2009/2010.

### 3.4 Disclosure of salaries, allowances and benefits

The salaries and allowance received by Councillors during 2007/08 are presented in Table 4 & 5.

<b>Councillors</b>	<b>Total package (R)</b>
Mayor	483,652
Speaker	389,996
Executive Committee	1,009,197
Full time Councillors	1,832,915

<b>Table 4: Councillor salaries and allowances, 2007/08</b>	
<b>Councillors</b>	<b>Total package (R)</b>
Councillors	8,203,718
Councillors Pension	0
Medical Fund Cont.	0

<b>Table 5: Councillor Allowances for 2007/08 to 20010/11 (R)</b>			
	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>
Allowance Mayor	378,509	483,652	400,000
Allowance Full time Councillors	1,722,221	2,222,911	1,821,332
Allowance Executive Committee	780,676	1,009,197	825,599
Allowance Other Councillors	6,245,399	8,203,718	7,308,873
Councillors allowance Travel	3,042,241	0	3,217,329
Contribution – Councillors other	666,046	53,767	107,036
<b>Total Cost</b>	<b>12,835,091</b>	<b>11,973,245</b>	<b>13,680,169</b>

Table 6 presents the salaries and allowances of senior officials (Section 57 Managers) for 2007/08.

<b>Table 6: Senior official's salaries and allowances, 2007/08</b>				
<b>Senior officials</b>	<b>Salary (R)</b>	<b>Incentive (R)</b>	<b>Leave Pay (R)</b>	<b>Total Package(R)</b>
Municipal Manager	808,057			808,057
Chief Financial Officer	594,787			594,787
Corporate Services Manager	594,787			594,787
Community Services Manager	495,657			495,657
Engineering Services Manager	594,787			594,787
Electrical Engineering Manager	628,145		130,654	758,799

Senior officials	Salary (R)	Incentive (R)	Leave Pay (R)	Total Package(R)
Planning & Economic Dev. Manager	594,787			594,787
Transport, Safety, Security and Liaison	594,787		59,710	654,497

The total personnel expenditure versus the total budget from 2001/02 to 2007/08 is presented in Table 7. These figures exclude Councilors allowances and expenditure for contracted services.

Year	Personnel Expenditure <sup>1</sup>	Total Budget	%
2001/2002	R 58,417,205	R 194,824,456	29.98
2002/2003	R 59,930,618	R 204,468,743	29.31
2003/2004	R 56,791,828	R 226,609,538	25.06
2004/2005	R 63,556,842	R 274,061,622	23.19
2005/2006	R 70,993,634	R 329,631,453	21.54
2006/2007	R 83,725,900	R 303,777,315	27.56
2007/2008	R 57,951,171	R 309,987,346	18.69

The total salary budget for GTM is presented in Table 8.

	2006/2007	2007/2008	2008/2009	2009/2010
Basic Scale	54,635,948	64,195,387	67,084,179	78,151,134
Overtime	4,149,648	7,753,691	8,102,607	6,344,221
Pensionable Allowance	6,899,639	7,369,932	7,701,579	8,838,614
Annual Bonus	3,299,788	3,599,173	3,761,136	4,390,529

<sup>1</sup> [1] These amounts exclude councillor's allowances and expenditure for contracted services.

	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
Standby Allowance	321,000	669,861	700,005	610,048
Leave Payments	4,159,658	6,216,222	6,495,952	6,836,641
Housing Allowance	507,464	671,184	701,387	730,298
Travel Allowance	3,487,274	3,836,497	4,009,139	5,012,418
Relocation Allowance	18,795	19,697	20,584	0
Medical Examination	20,840	15,552	16,252	0
Performance Incentive Schemes	1,349,722	1,396,994	1,459,859	2,028,693
<b>Total (Employee related costs)</b>	<b>78,849,776</b>	<b>95,744,190</b>	<b>100,052,679</b>	<b>112,942,596</b>

The contributions made to Pension funds and Medical aids from 2005/06 to 2009/10 are presented in Table 9.

<b>CONTRIBUTIONS</b>	<b>2006/2007</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2009/2010</b>
Medical Aid Scheme	4,568,157	5,807,254	6,068,580	7,133,034
Pension Schemes	10,066,755	11,123,114	11,623,654	13,319,209
UIF	491,142	821,289	858,247	702,039
Group Insurance	916,888	805,552	841,802	971,991
Medical Aid continued Member	0	0	0	0
Workers Compensation	456,853	359,005	375,161	630,358
Levies - Seta	783,893	518,228	541,548	858,257
Levies – Bargaining Council	76,714	23,463	24,519	29,933
<b>Employee Related Costs – Social Contribution</b>	<b>17,360,402</b>	<b>19,457,905</b>	<b>20,333,511</b>	<b>23,644,822</b>
<b>GRAND TOTAL</b>	<b>96,210,178</b>	<b>115,202,096</b>	<b>120,386,190</b>	<b>136,587,418</b>

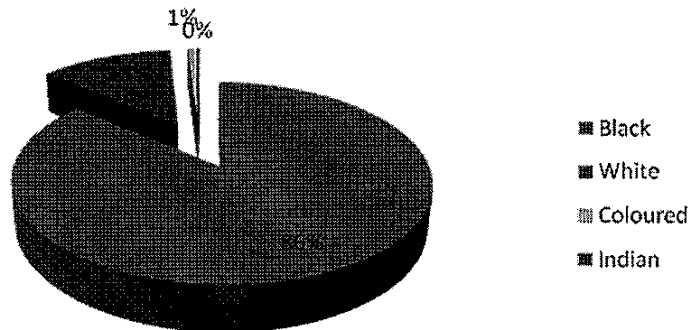
### 3.5 Employment equity



The position in terms of representivity of the workforce profile as on 30 June 2008 is as follows (see Table 10):

<b>Table 10: Population group of employees, 2007/08</b>		
<b>Population group</b>	<b>Number</b>	<b>%</b>
Black	498	86.3
White	73	12.7
Coloured	4	0.7
Indian	2	0.3
<b>Total</b>	<b>577</b>	<b>100</b>

**Figure 2: Population distribution 2007/08**



As far as gender is concerned, the position as on 30 June 2008 is as follows (see Table 11):

<b>Table 11: Gender profile, 2007/08</b>		
<b>Gender</b>	<b>Number</b>	<b>%</b>
Male	417	72
Female	160	28
<b>Total</b>	<b>577</b>	<b>100</b>

In terms of appointment of people with disabilities as on 30 June 2008, the Municipality achieved 1.5% against the national benchmark of 2%.

### **3.6 Occupational Health and Safety**

The Occupational Health and Safety Policy was reviewed. The total number of injuries on duty reported for the period 1 July 2007 to 30 June 2008 was 23 which was lower than the 28 reported during 2006/07. No occupational disease was reported. Direct man-hour lost due to occupational injuries for the period was 551.15 hours which was lower than the 569.15 during 2006/07. There was one serious injury where the employee affected was given more than 40 days sick leave. There were no fatal injuries of officials.

421 OHS inspections were conducted for the period 1 July 2008 to 30 June 2008. These inspections are conducted to monitor compliance in terms of the OHS Act at different work stations. The OHS committee held 16 meetings and 23 officials underwent first aid training (level 1). The OHS Officer further inducted ± 150 contractors at the bid briefing sessions on OHS specifications and Memorandums of Agreement in terms of Section 37(2) of the OHS Act.

Furthermore, occupational hygiene monitoring equipment, i.e. gas detectors were used to check risk factors (asphyxiation-insufficient oxygen) in confined spaces (sewage manholes), Lux meter to check quality and adequacy of light in offices and workshops and sound level meter to check level of occupational exposure to noise, were used to monitor these stressors (asphyxiants, poor lighting, noise). Where deviations occurred, recommendations were given to supervisors/superintendents to reduced stressors to acceptable levels e.g. addition and/or replacement of lights in offices and workshops, purging of manholes before entering, repairing noisy machinery and use of earplugs/muffs.

Lastly an OHS Risk Assessment was conducted on 6 and 7 March 2008 for all the work places in the Greater Tzaneen Municipality by an independent Occupational Hygiene Technologist. The purpose of conducting this statutory assessment is to identify risk and hazards associated with activities, to assess the seriousness of these hazards and formulate a system to reduce safety risks to a minimum or at least to an acceptable level as recommended.

### **3.7 Employee Assistance Programme (EAP)**

The EAP Policy was reviewed to accommodate changing circumstances. A Smoking Policy was also developed for implementation. As on 30 June 2008, 62 employees utilized the EAP to seek assistance in resolving personal problems ranging from chronic illness (TB & HIV/Aids), emolument attachments orders, loan sharks, marital affairs and alcohol abuse. Out of 62 cases, 61 were finalized and 1 carried over.

Health talks regarding prevention of HIV and tuberculosis at work were given during health and safety committees meetings to members of the committee who are having weekly health and safety talks in their respective workplaces. Over and above the latter, HIV/AIDS, TB and Diabetic awareness through the Department of Health & Social Welfare were done for the period 11 February 2008 to 10 March 2008 and 368 officials attended. Staff was tested for TB on site and HIV/AIDS in the local clinic. A number of 251 employees had their eyes tested for free during January 2008 by a local optometrist as part of their social responsibility programme.

#### **4. AUDITED STATEMENTS AND FINANCE RELATED INFORMATION**

##### **4.1 Financial Statements and clarifying comments for 2007/08**

The financial statements for 2007/08 was finalised as required by the MFMA but have not been audited. The financial statements are attached as **Annexure C**.

##### **4.2 Auditor General Report on Financial Statements**

The Audit Report is attached as **Annexure D**.

##### **4.3 Corrective action taken in response to Audit Report for 2006/07**

See the separate action plan that has been submitted on how to deal with issues raised by the Auditor-General (**Annexure E**).

##### **4.4 Recommendation from Audit committee**

- The action plan to deal with issues raised by the Auditor General should place emphasis on the management report
- Engagements with the office of the Auditor General should be more frequent and not just during audit time.
- Municipality should consider preparing financial statement more frequently in order to be able to identify potential problems and to address these in advance. The municipality should consider as a minimum preparing financial statements on a quarterly basis.

##### **4.5 Assessment on arrears on municipal taxes and service charges**

The total amount outstanding on municipal taxes and charges as at 30 June 2008 was R 106 million as compared to R 100 million as at 30 June 2007. 31% of this amount was for water, 24% for property rates, 20% for electricity, 15% for refuse and 7% for sewer. The increase in outstanding debtors, year on year, was 6%. 52% of this amount had been outstanding for more than 120 days and was provided for as bad debts due to doubt about its recoverability. Table 12 presents the arrears owed to the municipality by Councillors and Officials.

<b>Table 12: Arrears owed to the municipality</b>			
	<b>30</b>	<b>60</b>	<b>90</b>
	<b>Days +</b>	<b>Days +</b>	<b>Days +</b>
Councillors	873.53	493.24	1525.1
Senior officials (Level 3)	490	468	2901

#### **4.6 Auditor - General Report on Performance Report for 2006/07**

No comments have been received from the Auditor General regarding the Annual Performance report for 2006/07

#### 4.7 Grant Expenditure

The total grant expenditure per quarter is presented in Table 13.

Table 13: Quarterly expenditure of grants (2007/08)											
Grant Details	1st Qtr 30 Sept '07		2nd Qtr 31 Dec '07		3rd Qtr 30 Mar '08		4th Qtr 30 June '08		Total		
	Received	Exp	Received	Exp	Received	Exp	Received	Exp	Received	Exp	
Free basic water		1,496,161		1,496,161	5,984,646	1,496,161			1,496,161	5,984,646	5,984,644
National MIG	6,600,000	3,287,132	3,700,000	4,107,295	6,129,287	1,126,630	5,288,819	8,034,955	21,718,106	16,556,012	
Community Based Projects			404,077						404,077		0
PHP Housing Projects		1,008		150,000	109,584	250,063		131,295	109,584	532,366	
Fruit & Nut Cluster		16,017		262,116		403,142		246,055	262,116	665,214	
FMG	500,000	156,140		40,955		144,650		360,639	501,851	702,384	
Equitable share	23,747,065	17,810,297	17,810,296	17,810,297	29,683,827	17,810,297		17,810,297	71,241,188	71,241,188	
SETA		12,151		71,550		62,656		51,229	180,537	197,586	
Vuna awards	0	0	0	0	0	0	0	0	0	0	0
Department of trade and mineral		415,538		1,419,341		547,049		1,816,292	0	4,198,220	
Electrification grant	378,000	944,138		220,257	327,472	516,740		237,502	1,120,000	1,918,637	
Valuation roll					500,000	500,000			500,000	500,000	500,000
Umsombovu youth fund				39,960		50,000			150,938	89,960	

#### **4.8 The use of donor funding support**

During the financial year the municipality managed the following funds received from different donors outside of the government sphere:

**Irish grant:** This grant was meant to promote tourism in the Greater Tzaneen Municipality and Greater Letaba Municipality. The Greater Tzaneen Municipality managed this grant on behalf of both municipalities. The total amount of the grant over the life of the project which should be ending in December 2009 is R15 million. A steering committee to oversee the use of these funds was set up comprising of different stakeholders including the representatives from both municipalities, the Irish embassy, the service provider appointed to implement the project and different provincial government departments.

**EU grant:** The municipality also managed two grants from the EU. The first grant for R 873 000 was meant to undertake a study of the fruit and nut value chain and the second for R 703 000 was to undertake a hawkers research and feasibility study. Both of these funds are subjected to audit by an independent auditing firm.

#### **4.9 Information on long-term contracts**

The municipality had a number of long-term contracts that were still running during the financial year. However only the contract for the leasing of the fleet, hiring of equipment and maintenance of the roads would still be extending beyond the next financial year with the rest expiring during the course of the year.

#### **4.10 Three year capital plan for addressing infrastructure backlogs in terms of MIG framework**

**Table 14: Capital expenditure**

<b>Source of funding</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
MIG	R 28,004m	R 33,212m	R 27,198m

#### **4.11 Annual Performance Report for 2007/08**

The performance assessment of Section 57 Managers has not taken place yet and therefore the Annual Performance Report is not available for inclusion in this report.

#### **4.12 Performance of Municipal entities**

No municipal entities exist.



## 5. FUNCTIONAL AREA SERVICE DELIVERY REPORTING

Table 15: Greater Tzaneen Municipality - General Information			
Reporting Level	Detail	Total	
Overview:	<p>The Greater Tzaneen Municipality is located in the Limpopo Province of South Africa in the Mopani District Municipal area. The municipality is characterised by well established infrastructure in the towns of Tzaneen, Letsitele and Haenertsburg with the towns of Nkowankowa and Lenyenye lagging behind in this respect. The municipality also serves 125 rural villages which are spread throughout the municipal area. Although most households have access to basic water provision great backlogs exist with regard to the access to basic sanitation, electricity and waste removal services. The 2007/08 financial year was a tough year for the municipality as financial difficulties required the implementation of a financial recovery plan which hampered the expansion of services to eliminate backlogs. Also, the interest from developers in investing in the area was dampened by the limited electricity and water capacity of the municipality. A huge capital injection into the upgrading of the electricity network and the increase in the water allocation will be required to allow further developments to take place.</p>		
Information:			
1	<p><i>Geography:</i>            Geographical area in square kilometers            Source: SDF</p>	3240km <sup>2</sup>	
2	<p><i>Demography:</i>            Total population (Projected for 2006)            Source: Global Insight Database</p>	396,711	
3	<p><i>Indigent Population (registered)</i>            Households earning less than R1600 per month collectively and are thus unable to afford basic municipal Services</p>	28,552	
4	<p>Total number of voters            Source: IEC (VRS)</p>	158,775	
5	<p><i>Aged breakdown:</i>            - 65 years and over            - between 40 and 64 years            - between 15 and 39 years            - 14 years and under            Source: Global Insight Database, 2006</p>	<p>No</p> <p>16,009 74,200 173,706 132,796</p>	<p>%</p> <p>4.04 18.70 43.79 33.47</p>
6	<p><i>Household income:</i>            Less than 1,500</p>	<p>No</p> <p>48,330</p>	<p>%</p> <p>46</p>

1501-3500	25,657	25
3501-6000	12,968	12
6000 or more	17,282	17
Source: Global Insight Database, 2006		

**Table 16: Executive and Council**

	<b>Detail</b>	<b>Total</b>	
Overview:	Includes all activities relating to the executive and council function of the municipality including costs associated with mayoral, councillor and committee expenses and governance. Note: remuneration of councillor information should appear in Chapter 4 on <i>Financial Statements and Related Financial Information</i> .		
Description of the Activity:	<p><i>The function of executive and council within the municipality is administered as follows and includes:</i></p> <p>The function of Council and Exco is to formulate policies and by-laws to govern service delivery and to monitor the implementation of these policies</p> <p>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. <i>The municipality has a mandate to:</i></p> <p>Formulate policies and by-laws</p> <p><i>The strategic objectives of this function are to:</i></p> <p>Develop effective and sustainable stakeholder relations</p> <p>To increase financial viability through increased revenue and efficient budget management</p> <p>To develop and improve systems, processes, procedures and policies by practicing sound governance</p> <p>Develop a high performance culture for a changed, diverse, efficient and effective local government</p> <p><i>The key issues for 2007/08 are:</i></p> <p>Financial Recovery</p>		
Analysis of the Function:	<i>Councillor detail:</i>		

1	Total number of Councillors	67	
	Number of Councillors on Executive Committee	10	
2	<i>Ward detail:</i>		
	Total number of Wards	34	
	Number of Ward Meetings	8	
3	<i>Number and type of Council and Committee meetings:</i>		
	Exco meetings	20	
	Council meetings	4	
	Special Exco meetings	1	
	Special Council meetings	1	
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target</b>	<b>Actual</b>
Council and Exco Support	% Council / EXCO resolutions referred to Departments within 7-working days from council / EXCO resolution	90%	95%
	# of Council sittings	8	8
Ward committee support	% Fully functional ward committees	100%	59%

<b>Table 17: Finance and Administration</b>			
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	
Overview:	The budget and Treasury office was established in terms of Chapter 9 of the Municipal Finance Management Act and is headed by the Chief Financial Officer assisted by five heads of sections each responsible for the core functions and activities as detailed below.		
Description of the Activity:	<p><i>The function of finance within the municipality is administered as follows and includes:</i></p> <ul style="list-style-type: none"> <li>* Financial Services and Reporting</li> <li>* Revenue Management</li> <li>* Expenditure Management</li> <li>* Information Technology</li> <li>* Supply Chain Management</li> </ul> <p>The financial services and reporting division is mainly responsible for internal and external financial reporting; drafting of the budget and compilation of</p>		

financial statements.

Revenue management is mainly responsible for meter reading, billing, credit control, cash control, customer services and indigent support.

The main function of expenditure control includes the management creditors, inventory; salaries, assets, cash and bank

The IT function has been outsourced and the division is responsible for managing and controlling the activities of the outsourced services

The Supply Chain Management Unit is responsible for the management of the following activities: acquisition, demand, logistics, disposal, performance and risk.

*The strategic objectives of this function are to:*

- \* To comply with financial legislation, regulations and policies
- \* Optimise revenue collection
- \*To supply an effective/efficient and economic expenditure service to Council
- \* Manage IT and MI systems for sound governance
- \*To render supply chain management services that is fair, equitable, transparent, efficient, cost effective and competitive.

*The key issues for 2007/08 were:*

- 1 The management of the Meter Reading Service Level Agreement to ensure 98% of the meters are read on a monthly basis;
- 2 The implementation of the debt moratorium strategy with the objective of collecting rates and services charge debts.

Analysis of the Function:		Billed	Received
1	<p><i>Debtor billings: number and value of monthly billings:</i> For Number and amount billed each month across debtors by function (eg: water, electricity etc) see <b>Table 18</b></p>		R (000s)
2	<p><i>Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days:</i></p>	R (000s)	

	<b>See Table 19</b>		
3	<i>Write off of debts:</i> - Total debts written off for the year		R (000s) 19,159
4	Property rates (Residential): See note 14 of the annual financial statements		
5	<i>Property rates (Commercial):</i> See note 14 of the annual financial statements		
6	<i>Indigent Policy:</i> - Quantity (number of households affected) - Quantum (total value across municipality)	28,552 n.a	
7	<i>Creditor Payments:</i> <b>See Table 20</b>	R (000s)	
8	<i>Credit Rating:</i> Longterm: Short term: Source: CA Creditor Ratings For detailed information please refer to the Annual Financial Statements	R (000s) ZaBBB Za A3	2005
9	<i>External Loans:</i> - Total loans received and paid during the year See schedules to the attached financial statements.	R (000s) 0	R (000s) 0
10	<i>Delayed and Default Payments:</i> During the financial year there were no delays or defaults on statutory payments.	0	
	<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target Actual</b>
	Revenue management	% Progress with the cleansing and updating of the billing system	100% 90%
		% revenue received (Actual R-value revenue / total projected revenue)	100% 102%
	Expenditure management	% actual expenditure (R-value expenditure/ budgeted expenditure)	100% 78%
		% Creditors paid within 30 days	100% 100%
	Financial Reporting	% Financial Statements and reports submitted timely	100% 100%
	IT support	% access to IT network	100% 95%

Table 18 : Monthly billed and received (against billed) across debtors by function (R'000)													
	Water		Rates		Sewer		Electricity		Refuse		Total		
	Billed	Received	Billed	Received	Billed	Received	Billed	Received	Billed	Received	Billed	Received	
Jul '07	1,815	1,005	2,211	1,831	354	201	8,948	14,257	682	789	14,010	18,083	
Aug '07	908	1,105	2,235	2,137	337	210	11,951	9,759	4235	685	19,666	13,896	
Sep '07	1419	787	2,287	2,007	350	233	12,636	10,558	2334	804	19,026	14,389	
Oct'07	1,406	1,021	2,789	1,860	381	229	16,412	20,216	936	911	21,924	24,237	
Nov'07	1,145	1,022	2331	1,972	536	238	9,876	13,238	964	860	14,852	17,330	
Dec'07	932	794	2,569	1,839	326	205	13,746	8,218	911	699	18,484	11,755	
Jan'08	1600	671	2,890	1,932	444	162	12,202	22,071	925	558	18,061	25,394	
Feb'08	1,470	957	2,305	2,215	369	240	13,351	14,746	975	731	18,470	18,889	
Mar'08	182	977	2,374	2,167	386	245	9,889	14,110	914	820	13,745	18,319	
Apr '08	1,469	938	2,588	2,041	406	252	9,857	12,037	2629	837	16,949	16,105	
May '08	1,284	982	3,267	2,263	538	303	11,941	11,219	1209	1480	18,239	16,247	
Jun '08	1,534	1,076	2,815	2,543	394	264	12,975	15,062	1308	1184	19026	20129	
Total 07/08	15,164	11,335	30,661	24,807	4,821	2,782	143,784	165,491	18,022	10,358	212,452	214,773	

Table 19: Total Debtors outstanding, 30, 60, 90, 120 and longer days (R'000s)						
	30 Days	60 Days	90 Days	120 Days	120 + Days	Total
Water	8,743	1,033	643	1049	21,804	33,272
Assessment Rates	7,810	802	652	654	15,933	25,851
Electricity	12,018	591	183	280	7,831	20,903
Refuse Removal	4,539	1,214	446	525	11,710	18,434
Sewerage	1,583	287	186	242	5,626	7,924

Table 20: Five Largest Creditors for 2007/08						
Creditor	30 Days	60 Days	90 Days	120 Days	120 + Days	Total
Eskom	10,363,897.68	0	0	0	0	10,363,897.68
Quality Plant Hire	2,131,060.51	0	0	0	0	2,131,060.51
Infrastructure Finance	2,076,509.15	0	0	0	0	2,076,509.15
Liberty Life	1,655,619.00	0	0	0	0	1,655,619.00
SARS	1,614,404.44	0	0	0	0	1,614,404.44

Table 21: Human Resources		
Reporting Level	Detail	Total
Overview:	Human Resources Management in local government is a Subsection of general management which can be defined as the application of capital for the optimum utilization of human resources, machines, material, work methods, marketing, etc. with the end result that affordable and sustainable services can be realized. In Greater Tzaneen Municipality the Human Resources Division forms part of the Corporate Services Department together with the Divisions for Administrative Support, Legal Services, Communication & Marketing as well as Public Participation & Project Support.	
Description of the Activity:	<i>The function of Human Resource Management within the Municipality is administered as follows and includes:</i>	

	<p><b>Employee Level</b></p> <ul style="list-style-type: none"> <li>• Deployment (canvassing and recruitment, selection, engagement, career management, termination of services, retirement planning, pensioners' aftercare).</li> <li>• Administration (Corporate Service Manager's policies/procedures, job evaluation, remuneration, EAP,BC Agreements, disciplinary/grievance and retrenchment procedures)</li> <li>• Achievement (education, training, developmental counseling, learnerships and promotion)</li> </ul> <p><b>Group Level</b></p> <ul style="list-style-type: none"> <li>• Intra Group Functioning (team development/ conflicts management and participation)</li> <li>• Inter Group Functioning (IR Structures, Trade Union relationships and Collective Bargaining)</li> </ul> <p><b>Organizational Level</b></p> <ul style="list-style-type: none"> <li>• Corporate Strategy (Management and HR Planning)</li> <li>• Corporate Structure (organization and job designs, resource utilization)</li> <li>• Corporate Functioning (values, employee motivation, employee equity and HR surveys)</li> </ul> <p>The above functions are directed to internal clients only and are confined to the area of jurisdiction of the Greater Tzaneen Municipality. However, with the devolution of powers and functions, services are rendered for the Mopani District Municipality, namely:</p> <ul style="list-style-type: none"> <li>• Water &amp; Sewerage</li> <li>• Environmental Health</li> </ul>	
	<p><i>The Municipality has a mandate to exercise its powers and functions in terms of:</i></p> <ul style="list-style-type: none"> <li>• Section 156 of the Constitution</li> <li>• Chapter 3 of the Local Government Municipal Systems Act ( No 32 of 2000)</li> <li>• Section 12 Notice for Greater Tzaneen Municipality</li> </ul> <p><i>The strategic objectives of this function are to:</i></p> <ul style="list-style-type: none"> <li>• Render HR support to Council and departments in line with the institutional strategic guidelines;</li> <li>• Maintain and extend personnel administrative system</li> </ul>	



	<ul style="list-style-type: none"> <li>• Ensure Skills Development</li> <li>• Enhance ability and capacity to support Occupational Health &amp; Safety for employees</li> <li>• -Ensure sound labour relations/ conflict management</li> <li>• Implementing organizational development interventions</li> </ul> <p><i>The key issues for 2007/2008 are:</i></p> <ul style="list-style-type: none"> <li>• Filling of critical vacancies with competent staff</li> <li>• Smooth integration of DWAF Water &amp; Sewerage Staff</li> <li>• Implementation of Task Final Outcome Report &amp; devolving of function.</li> <li>• Conducting of skills audit for GTM &amp; capturing of data</li> <li>• Implementation of learnerships</li> <li>• Extension and equipping of HR Filing Room</li> <li>• Securing adequate funding for training.</li> <li>• Reviewing and aligning of organogram to IDP.</li> </ul>		
Analysis of the Function:	<p>The total salaries &amp; wages for the 2007/8 financial year for employees amounted to nearly R81 million and is constituted as follows:</p> <ul style="list-style-type: none"> <li>- Legislators, senior officials and managers</li> <li>- Professionals</li> <li>- Technicians and associate professionals</li> <li>- Clerks</li> <li>- Service and sales workers</li> <li>- Skilled agricultural and fishery workers</li> <li>- Craft and related trades workers</li> <li>- Plant and machine operators and assemblers</li> <li>- Elementary occupations</li> </ul> <p><b>Total</b></p> <p>Note: This amount excludes other employee related costs of R28 million for travel allowance, housing allowance, overtime payments &amp; performance bonuses. Further amounts of R11 million for councillor remuneration and contracted services of R52 million are also not included.</p>	<p><i>No:</i></p> <p>35</p> <p>24</p> <p>17</p> <p>123</p> <p>20</p> <p>2</p> <p>74</p> <p>66</p> <p>215</p> <p><b>576</b></p>	<p><i>R(000s)</i></p> <p>16,623,161</p> <p>7,118,892</p> <p>4,540,907</p> <p>19,179,904</p> <p>4,091,393</p> <p>435,095</p> <p>8,503,737</p> <p>5,590,668</p> <p>14,747,861</p> <p><b>80,831,618</b></p>
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target</b>	<b>Actual</b>

Skills Development Occupational Health and Safety	% Compliance to Workplace Skills plan # man-hours lost - due to occupational, health and safety incidents	100% 0	11% 551
Employment equity HR policies	% Compliance to Employment Equity plan # Progress with the development and review of HR Policies	100% 8	90% 7

**Table 22: Procurement**

Reporting Level	Detail	Total	
Overview:	Includes all activities relating to overall procurement functions of the municipality including costs associated with orders, bids, contract management etc. This function is administered by the Supply Chain Management Unit and works in collaboration with the different user departments.		
Description of the Activity:	<p><i>The function of procurement within the municipality is administered as follows and includes:</i></p> <p><b>Demand management:</b> The function is performed by the SCM unit and includes the management of the supply database together with determining needs by the different user departments and planning for satisfaction thereof.</p> <p><b>Acquisition management:</b> This includes the management of the actual process of procuring goods. It extends from calling for quotations to bid administration. The different user departments are involved in the drafting of the specifications and also in the evaluation process. For the formal bid process different bid committees have been set up, viz: Bid Specifications Committee, Bid Evaluation Committee and Bid adjudication Committee.</p> <p><b>Contract Management:</b> This is the process through with compliance with the terms of the contract is monitored together with assessment for the performance of the different service providers. This is done by the Legal Services Department together with the different user departments. In order to facilitate this service level agreements are entered into with all appointed service providers.</p> <p><i>The strategic objectives of this function are to:</i></p>		

	<p>be a well-capacitated, accessible unit that offers support to both internal and external clients in a fair, equitable, transparent, efficient and cost effective manner</p> <p><i>The key issues for 2007/08 are:</i></p> <p>To capacitate the unit through finalisation of the structure and appointment of the relevant officials.</p>		
Analysis of the Function:			
1	<p><i>Details of bid / procurement activities:</i></p> <ul style="list-style-type: none"> <li>- Total number of times that bid committee met during year 37</li> <li>- Total number of bids considered 31</li> <li>- Total number of bids approved 23</li> <li>- Average time taken from bid advertisement to award of bid 79 days</li> </ul> <p>Note: Figures should be aggregated over year across all municipal functions</p>		
2	<p><i>Details of bid committee:</i></p> <p><b>Bid Adjudication Committee</b>  KM Mashaba (Chief Financial Officer) Chairperson  ES Maake (Corporate Services Manager) Deputy Chairperson  OZ Mkhombo (TSSL Manager)  P van den Heever (Electrical Services Manager)  F Mashianoke (Planning and Economic Development Manager)</p> <p><b>Bid Evaluation Committee</b>  N Phatudi (Legal Advisor) Chairperson  L Mahayi (Head - Building and maintenance section)  J Biewenga (Head - Budget and financial reporting)  L Mashao (Supply Chain Management Officer)  User Departmental representative</p> <p><b>Bid Specification Committee</b>  L Mashao (Supply Chain Management Officer)  User Departmental representative  Technical advisor</p>		
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target</b>	<b>Actual</b>
Procurement	% of bids awarded according to technical specifications	100%	100%
	% of Bids awarded within 60 days of advertisement	100%	0%
	% of bids awarded within 30 days of submission	100%	0%

% of Bids awarded to local contractors	65%	98%
# of SCM reports submitted to council and national treasury	12	12

**Table 23: Planning and Development**

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with economic development initiatives		
Description of the Activity:	<p><i>The function of economic planning / development within the municipality is administered as follows and includes:</i></p> <ol style="list-style-type: none"> <li>1. Mefakeng Tourism development: Community tourism development</li> <li>2. Hawkers Research and Feasibility study: Feasibility study on how to organize the hawkers</li> <li>3. Greater Tzaneen Economic Development Agency: Establishment of an agency to assist in economic development</li> <li>4. Shopping Centers development: promotion of local buying and improvement of business services</li> <li>5. SMME development: promotion and development of SMME</li> <li>6. Agriculture development: Land claims support forum</li> </ol> <p><i>These services extend to include Socio-Economic Development, Tourism and LED. The municipality has a mandate to:</i></p> <p>Promote and network economic opportunities that will ensure job creation, poverty alleviation and investment for economic growth.</p> <p><i>The strategic objectives of this function are to:</i></p> <ol style="list-style-type: none"> <li>1. Create community beneficiation and empowerment opportunities through networking for increased employment and poverty alleviation</li> <li>2. Create a stable economic environment by attracting suitable investors</li> <li>3. Address community needs through developmental spatial and integrated planning</li> </ol>	R13M	R745 000
		R2,5M	

	<p><i>The key issues for 2007/08 are:</i></p> <ol style="list-style-type: none"> <li>1. Establishment of the Greater Tzaneen Economic Development Agency</li> <li>2. Hawkers Research and Feasibility study</li> <li>3. Land Claims Support Forum</li> <li>4. Construction of the Maake Plaza</li> <li>5. Agricultural support</li> <li>6. SMME support</li> <li>7. Mamitwa dam bridging studies</li> </ol>		
Analysis of the Function:			
1	<p><i>Number and cost to employer of all economic development personnel:</i></p> <ul style="list-style-type: none"> <li>- HOD</li> <li>- Senior Admin Officer</li> <li>- LED Officer</li> <li>- Tourism Officer</li> <li>- Tourism Information Officer</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>	R (000s)
2	<p><i>Detail and cost of incentives for business investment:</i></p> <p>None</p>		R (000s)
3	<p><i>Detail and cost of other urban renewal strategies:</i></p> <p>None</p>		R (000s)
4	<p><i>Detail and cost of other rural development strategies:</i></p> <p>None</p>		R (000s)
5	<p><i>Number of people employed through job creation schemes:</i></p> <ul style="list-style-type: none"> <li>- Short-term employment</li> <li>- Long-term employment</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, and should only be based on direct employment as a result of municipal initiatives</p>	<p>629</p> <p>n.a</p>	
6	<p><i>Number and cost to employer of all Building Inspectors employed:</i></p> <ul style="list-style-type: none"> <li>- Number of Building Inspectors</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on a full-time equivalent (FTE) basis, total cost to include total salary package</p>	<p>4</p> <p>2</p> <p>0</p>	<p>R (000s)</p> <p>R 1,698,907</p> <p>R 122,021.76</p>

6	<i>Details of building plans:</i> - Number of square meters new houses approved - Number of square meters additions to existing houses approved - Number of square meters new shops approved - Number of square meters additions to existing shops approved - Number of square meters additions to existing industrial approved - Number of square meters new churches approved - Number of square meters new townhouses approved - Number of square meters new other ( cellphone towers ) approved	m <sup>2</sup> 227871 5334 4215 1763 406 2442 16032 5	Value R 68,343,000 R 16,002,000 R 12,645,000 R 5,289,000 R 12,000,000 R 7,326,000 R 48,096,000 R 1,000,000
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	
7	<i>Type and number of grants and subsidies received:</i> 1. Irish Aid - Mefakeng Tourism Development 2. EU- Hawkers Research 3. EU- Fruit and Nut		R13M R745,000 R703,000
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target</b>	<b>Actual</b>
Local Economic Development	# of Public Private partnerships/ forums established to promote LED Total R-value of contracts awarded to SMME's # of jobs created through municipal LED initiatives	4 R2 Mil 500	7 0 620
Poverty Alleviation	% progress in development of poverty alleviation strategy	100%	60%
Land Management	% of Serviced and proclaimed sites sold	100%	45%
Town Planning	% Progress with review of SDF	100%	100%
Integrated Planning	% Compliance to the integrated IDP/ PMS/ Budget / PPS Process Plan	100%	80%

**Table 24: Community and Social Services**

<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	
Overview:	Includes all activities associated with the provision of community and social services		

Description of the Activity:	<p><i>The function of provision of various community and social services within the municipality is administered as follows and includes:</i></p> <ol style="list-style-type: none"> <li>1. Maintain existing parks, cemeteries, sport facilities and open spaces and develop new.</li> <li>2. Manage &amp; maintain municipal Libraries</li> </ol> <p>These services extend to include Waste Management, Parks development and maintenance, Cemetery management, Community facilities and Libraries but do not take account of Museums, Child care and aged care which resides within the jurisdiction of provincial government. The municipality has a mandate to:</p> <ol style="list-style-type: none"> <li>1. Provide waste removal services to all households</li> <li>2. To develop and maintain parks and open spaces</li> <li>3. To develop and maintain cemeteries</li> <li>4. To develop and maintain community halls and recreational facilities</li> </ol> <p><i>The strategic objectives of this function are to:</i> no submission</p> <p><i>The key issues for 2007/08 are:</i> no submission</p>		
Analysis of the Function:	<ol style="list-style-type: none"> <li>1 Nature and extent of facilities provided: <ul style="list-style-type: none"> <li>- Library services</li> <li>- Museums and art galleries</li> <li>- Other community halls/facilities <ul style="list-style-type: none"> <li>• Minitzani Hall (Bookings managed by Tzaneen Library)</li> <li>• Study Hall in Tzaneen Library building</li> <li>• Turner Room (Board room in Haenertsburg Library building)</li> </ul> </li> <li>- Cemeteries and crematoriums</li> <li>- Child care (including creches etc)</li> <li>- Aged care (including aged homes, home help)</li> <li>- Schools</li> <li>- Sporting facilities (specify): <ul style="list-style-type: none"> <li>Municipal Swimming pool</li> <li>Stadiums</li> <li>Tennis Courts</li> <li>Bowling greens</li> </ul> </li> </ul> </li> </ol>	<p style="text-align: center;"><i>no of facilities:</i></p> <p style="text-align: center;">3 1 1 1 1 160 0 0 0 1 2 0 0</p>	<p style="text-align: center;"><i>no of users:</i></p> <p style="text-align: center;">90268  2,880 1,920 900  n.a n.a n.a  n.a n.a</p>

	Golf Course	0	n.a
	- Parks		
	Developed (recreational)	79718m <sup>2</sup>	7
	Open natural parks	329286m <sup>2</sup>	18
	Note: the facilities figure should agree with the assets register		
2	Number and cost to employer of all personnel associated with each community services function:		R(000s)
	- Library services	11	1,682,685
	- Museums and art galleries	0	n.a
	- Other community halls/facilities	0	n.a
	- Parks, Cemeteries and crematoriums	160	
	- Child care	0	n.a
	- Aged care	0	n.a
	- Schools	0	n.a
	- Sporting facilities	3	
	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		
6	Total operating cost of community and social services function		R 71,437,562
	<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target Actual</b>
Parks & Open spaces	% progress with development of integrated parks management plan	100%	0%
	# of Parks and open spaces established	1	0
Cemeteries	% progress with development of cemetery management plan	100%	0%
Libraries	# people using the GTM libraries	84,000	90,268
	# books circulated	109200	110199
	# of school/community libraries assisted with starting library collections	2	2
	# of displays	106	139
	# of school groups hosted	84	84
	# of books donated to the GTM libraries	350	1005
	# of books donated to schools via the Tzaneen Library Committee	250	315
	# of holiday programmes hosted	3	5
	# of book-related cultural events arranged	3	11



**Table 25: Housing**

Reporting Level	Detail	Total	
Overview:	Includes all activities associated with provision of housing		
Description of the Activity:	<p><i>The function of provision of housing within the municipality is administered as follows and includes:</i></p> <p>Municipal housing, Pioneers old age homes, Low income houses, Middle income houses, Community residential units and housing programmes in general. Implementation of Municipal of property rates Act -Valuation Roll, Change assessment rates, Interim/supplementary valuations, Administer Municipality land- Alienation of municipal land and identify land for purchase by Council, closure of parks, management of lease agreements, Removal of illegal occupants</p> <p><i>The municipality has a mandate to:</i></p> <p>Low income houses, Middle income houses, Community residential units and housing programmes in general. Implementation of Municipal of property rates Act -Valuation Roll, Change assessment rates, Interim/supplementary valuations, Administer Municipality land- Alienation of municipal land and identify land for purchase by Council, closure of parks, management of lease agreements, Removal of illegal occupants</p> <p><i>The strategic objectives of this function are to:</i></p> <p>Providing housing for the community i.e. low cost housing, social housing, subsidised housing.</p> <p><i>The key issues for 2007/08 are:</i></p> <p>Administer the following project: Dan ext 1 and 2 540 units low income huoses.500units at Mbambamencisi,100units PHP at ward 5,150 units at Mandhlcazi 100 units at Lephephane Village and 100 units at Mariveni and 400units for Blocked projects</p>		

Analysis of the Function:	1	Number and cost of all personnel associated with provision of municipal housing: - Professional (Architects/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Professional includes project design, Field includes all tradespersons.	<i>n.a.</i> <i>n.a.</i> 2 <i>n.a.</i> <i>n.a.</i> <i>n.a.</i>	<i>R (000s)</i> <i>n.a.</i> <i>n.a.</i> <i>n.a.</i> <i>n.a.</i> <i>n.a.</i>
	2	Number and total value of housing projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: Allocation of units is the responsibility of department of Local Gov and Housing	1890 units	<i>R (000s)</i> R 73,509,660
	3	<i>Total type, number and value of housing provided:</i> RDP houses and PHP houses		
	4	<i>Total number and value of rent received from municipal owned rental units</i> N/a (all Municipal Houses has been sold)		
	5	<i>Estimated backlog in number of (and costs to build) housing:</i> RDP	14,000	(R) 609,084,000
	6	Type of habitat breakdown: - number of people living in a house or brick structure - number of people living in a traditional dwelling - number of people living in a flat in a block of flats - number of people living in a town/cluster/semi-detached group dwelling - number of people living in an informal dwelling or shack - number of people living in a room/flatlet	2001 56,393 23,154 714 461 3,487 3,330	
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>		
7	<i>Type and number of grants and subsidies received:</i> None received	0	<i>R (000s)</i> 0	
8	Total operating cost of housing function			

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Target	Actual
Housing Development	% Progress with the development of an Integrated housing plan	100%	60%
	% Of PHP units allocated by DPLGH completed	100%	99%
	% Compliance to housing accreditation criteria	50%	50%

**Table 26: Traffic**

Reporting Level	Detail	Total	
Overview:	Includes police force and traffic (and parking) control		
Description of the Activity:	<p><i>The policing and traffic control functions of the municipality are administered as follows and include:</i></p> <p>Law enforcement / Road Traffic Safety/ By-Law policing offered through visible patrols, response to complaints/ Accidents/ point duty at intersections/ schools/ accident scenes, including service delivery at all devoluted rural areas and outside Tzaneen suburbs.</p> <p><i>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government.</i></p> <p><i>The municipality has a mandate to:</i></p> <p>Police devoluted areas and villages falling within the GTM policing area- Law enforcement, escorts Road safety Education of which residents for the Limpopo Provincial Government are our priority</p> <p><i>The strategic objectives of this function are to:</i></p> <p>(1) All roads are used by the Community having knowledge of all road signs.  (2) That deaths on our roads are reduced by 5% yearly, and  (3) Law enforcement and road safety education are performed at rural areas and other suburbs.</p> <p><i>The key issues for 2007/08 are:</i></p>		

	Law Enforcement to all GTM policing areas and improve safety of drivers passengers, pedestrians rolling out road safety education campaigns to villages e.g Relela, Mokgoloboto, Dan, Burgersdorp, Julesburg, and Maake. Rendering 24 hour emergency services at suburb like Lenyenye, Nkowankowa, Haenertsburg and Letsitele.		
Analysis of the Function:			R (000s)
1	<p><i>Number and cost to employer of all personnel associated with policing and traffic control:</i></p> <ul style="list-style-type: none"> <li>- Professional (Senior Management)</li> <li>- Field (Detectives/Supervisors)</li> <li>- Office (Clerical/Administration)</li> <li>- Non-professional (visible policing officers on the street)</li> <li>- Volunteer</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Office includes desk bound police and traffic officers, non-professional includes aides</p>	0 0	na na
2	<p><i>Total number of call-outs attended:</i></p> <ul style="list-style-type: none"> <li>- Emergency call-outs</li> <li>- Standard call-outs</li> </ul> <p>Note: provide total number registered, based on call classification at municipality</p>	336 485	
3	<p><i>Average response time to call-outs:</i></p> <ul style="list-style-type: none"> <li>- Emergency call-outs</li> <li>- Standard call-outs</li> </ul>	minutes 15 15	
4	<p><i>Total number of targeted violations eg: traffic offences:</i></p> <p>Speeding, Parking offences, Drunken driving, Cell phone offences, Safety belt offences, Driving licenses offences, Disregard for Road Traffic signs/ Markings</p>	?	
5	<i>Total number and type of emergencies leading to a loss of life or disaster:</i>	185	
6	<i>Type and number of grants and subsidies received:</i> None	na	R (000s) na
7	<i>Total operating cost of police and traffic function</i>		R 95,173,86
<b>Key Performance</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to</b>	<b>Target</b>	<b>Actual</b>

Area	Improve Performance		
Traffic Law Enforcement	# of road safety interventions R-value revenue collected through law enforcement	10 R800,000	35 R2.314m

Table 27: Licensing			
Reporting Level	Detail	Total	
Overview:	Includes police force and traffic (and parking) control		
Description of the Activity:	<p><i>The policing and traffic control functions of the municipality are administered as follows and include:</i></p> <p><i>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</i></p> <p>Issue Vehicle licenses, driver licenses and professional driving permits.</p> <p><i>The strategic objectives of this function are to:</i></p> <p>To administer Vehicle &amp; Driver Registration through:</p> <ul style="list-style-type: none"> <li>- Vehicle license</li> <li>- Permits</li> <li>- De-registrations</li> <li>- Duplicate Registration Certificate</li> <li>- Motor Trade licenses</li> <li>- Instructor Certificates</li> <li>- Processing application of Trade license</li> <li>- Traffic Fine payments</li> <li>- Dog licenses</li> <li>- Temporary advertisements</li> <li>- Learners licenses &amp; Driver licenses</li> <li>- Professional Driving Permits</li> </ul>		
Analysis of the Function:	<p>1 <i>Number and cost to employer of all personnel associated with policing and traffic control:</i></p> <ul style="list-style-type: none"> <li>- Professional (Senior Management)</li> <li>- Field (Detectives/Supervisors)</li> <li>- Office (Clerical/Administration)</li> <li>- Temporary</li> <li>- Contract</li> </ul>	<p>1</p> <p>11</p> <p>16</p> <p>0</p> <p>0</p>	<p>R</p> <p>(000s)</p> <p>&lt;cost&gt;</p> <p>&lt;cost&gt;</p> <p>&lt;cost&gt;</p> <p>&lt;cost&gt;</p> <p>&lt;cost&gt;</p>

	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package. Office includes desk bound police and traffic officers, non-professional includes aides		
2	<i>Total operating cost of the Licensing function</i>		
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target</b>	<b>Actual</b>
Licensing	% of learners and drivers license tests effected (as % of available slots for tests) # of complaints received at licensing R-value generated by the issuing of learners and drivers licenses	85%  50 R12m	90%  67 R7.04m

Table 28: Solid Waste			
Reporting Level	Detail	Total	
Overview:	Includes refuse removal, solid waste disposal and landfill, street cleaning and recycling		
Description of the Activity:	<p><i>The refuse collection functions of the municipality are administered as follows and include:</i></p> <p><b>Removal services</b></p> <p>a) A full curbside collection service is rendered to all communities in the following suburbs of Greater Tzaneen Municipality, which represents only 11% of all households. All residential, business, industrial and health care waste are removed from viz: Tzaneen, Nkowankowa, Lenyenye, Letsitele, Haenertsburg [ at present 160 000 m3 non-compacted waste / annum]</p> <p>b) All residential, business, industrial and health care waste are removed viz: Tzaneen, Nkowankowa, Lenyenye, Letsitele, Haenertsburg on a weekly basis scheduled per extensions</p> <p><b>Litter picking/ street cleaning</b></p> <p>a) All streets, main roads public spaces [taxi &amp; bus ranks are cleaned on a regular and period schedule from all debris and solid waste [6 000 m`3 p.a.</p> <p>b) All route are cleaned in accordance with an appropriate route sheet/s</p> <p>c) All public taxi - &amp; bus ranks are continuously serviced and cleaned on a pre-determined schedule.</p> <p><b>Public Off loading facilities</b></p>		

a) Public- off- loading – facility each at: - Nkowankowa, Lenyenye, Letsitele, and Haenertsburg. [Only for OFFLOADING by the Public: NOT A TRANSFERSTATION

b) 6m<sup>3</sup> skips utilized for this purpose and are cleaned on a daily basis at the Tzaneen Regional Landfill.

c) All P.O.F.s (public offloading facilities) are managed by a MSP (Waste Group Ingwe )

d) No municipal employee utilized at these facilities.

**Public Toilets**

a) 10 public toilet blocks managed by Tzaneen Solid Waste in Tzaneen (6), Nkowankowa (1), Letsitele (1), Haenertsburg (1) and Lenyenye (1)

b) Blocks open for 12 hours daily

c) Cleaning and disinfecting of blocks every 2.5 hours

d) Provision of toilet paper for free

**Landfill**

a) 1x Regional landfill, 4 km. from Tzaneen. [12ha in size.]

b) Fully permitted from 1/12/2004 as a G.M.B- site.

c) Landfill being managed by a M S P (Waste Group Ingwe) in compliance with spec's from the I.W.M.P.[Integrated Waste Management Plan]

d) Managed in accordance with construction plan – cell building method

The jurisdiction area is divided by the main roads from Politsi via Tzaneen, Tarentaalrand, Letsitele and Trichardsdal, in a Northern and Southern service region

*The municipality has a mandate to:*

*The strategic objectives of this function are to:*

(1) Waste Minimisation through recycling, composting, re-use and rural waste minimization

(2) Waste collection and transportation - curbside collection, bulk removal, medical waste removal, toxic waste removal, litter picking and fleet management

(3) Disposal and treatment at permitted facilities and sites and public off-loading sites

(4) Pollution control by operationalisation of toilet blocks and effective law enforcement

(5) Management information systems through appropriate IT system, effective administration and information distribution to clients

Analysis of the Function:	1	Number and cost to employer of all personnel associated with refuse removal:		R (000s)
		Divisional Head. (Degree / Diploma)	1	R0.47milj.
		Sir. Superintendents. ( Degree / Diploma)	2	R0.70milj.
		Superintendents ( Degree / Diploma)	2	R0.50milj.
	Administration Clerk	1	R0.15milj.	
	Snr. Team leaders.(Grade 10)	11	R0.97milj.	
	Snr. Labourers.	121	R8.50milj.	
	Contract (3x contractors)	3	R4.70milj.	
	Total cost( personnel excluding contractors) -			R11.20milj
	2	Number of households receiving regular refuse removal services, and frequency and cost of service:		R (000s)
		Residential removals / stands.	9321	
		Business removals / stands.	694	
		Own removals-villages / stands.	80034	
		Litter picking/Streets	5916 m3	
		Public Toilets.	10 x blocks	
	3	Total and projected tonnage of all refuse disposed:		
		- Residential/Business/Industrial	120,000 m <sup>3</sup>	
		- Garden/Clean Greens	15,436 m <sup>3</sup>	
		Note: provide total tonnage for current and future years activity		
	4	Total number, capacity and life expectancy of refuse disposal sites:	m <sup>3</sup>	
		- Domestic/Commercial (number)	1,600,000	20 years
		- Garden (number)	180,000	20 years
		Note: provide the number of tip sites, their total current capacity and the expected lifespan as at end of reporting period		
<b>Reporting Level</b>		<b>Detail</b>	<b>Total</b>	
5	Anticipated expansion of refuse removal service:			R (000s)
	- Domestic/Commercial	6000 m <sup>3</sup>		R6.0 milj
	- Garden	0		0
	Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality			
6	Free Basic Service Provision:			
	- Quantity (number of households affected)	3825		R2.8milj
	- Quantum (value to each household)	1		R65,04/m



	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
7	<i>Total operating cost of solid waste management function:</i>		
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target</b>	<b>Actual</b>
Waste minimisation	Number of waste collection points in rural areas ( schools)	8	8
Collection and Transportation	Number of waste collection points in urban areas (stands) R-Value of Free Basic waste removal	1,1242 R 3.8 Mil	12264 R .95 mil

**Table 29: Waste Water Management**

<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	<b>Cost</b>
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		
Description of the Activity:	<p><i>The sewerage functions of the municipality are administered as follows and include:</i></p> <p>Sewer is received from domestic industrial waste and other sources of waste water then purified up to the acceptable legal standard and discharged to the river These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government. The municipality has a mandate to:</p> <p><i>The strategic objectives of this function are to:</i></p> <p>(1) Render a service with cost recovery on a sustainable manner.</p> <p>(2) This service is provided on a 24 hour basis to all urban areas of Tzaneen, Nkowankowa, Lenyenye, Haenertsburg, Politsi and Letsitele.</p> <p>(3) The service includes a sustainable maintenance support on a 24 hour basis, wherein currently we are the water service provider at this stage and Mopani District is the water service authority.</p>		

	The key issues for 2007/08 are:		
Analysis of the Function:	1 <i>Number and cost to employer of all personnel associated with sewerage functions:</i> - Professional (Engineers/Consultants) - Field (Supervisors/Foremen) - Office (Clerical/Administration) - Non-professional (blue collar, outside workforce) - Temporary - Contract Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package		R 1 289 194  R 0,5 M R 0,3 M R 0,4 M R 90 194.00
	2 <i>Number of households with sewerage services, and type and cost of service:</i> - Flush toilet (connected to sewerage system) - Flush toilet (with septic tank) - Chemical toilet - Pit latrine with ventilation - Pit latrine without ventilation - Bucket latrine - No toilet provision Note: if other types of services are available, please provide details	1700	R 2 098 465
	3 <i>Anticipated expansion of sewerage:</i> - Flush/chemical toilet - Pit latrine - Bucket latrine - No toilet provision Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality		R (000s)
	4 <i>Free Basic Service Provision:</i> - Quantity (number of households affected) - Quantum (value to each household)		
	<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>
	Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.		
5	<i>Total operating cost of sewerage function</i>		

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Target	Actual
Sanitation	% of Households without RDP standard sanitation service	10%	10%
	% Progress with the completion of a Water and Sanitation Master Plan	10%	0%
	% of Indigent households with access to free basic sanitation	90%	71%
	# of Households that received sanitation services	6121	6121

**Table 30: Road Transport**

Reporting Level	Detail	Total	Cost
Overview:	Construction and maintenance of roads within the municipality's jurisdiction		
Description of the Activity:	<p><i>The road maintenance and construction responsibilities of the municipality are administered as follows and include:</i></p> <p>Building new and maintaining existing roads, sidewalks and storm water structures in Greater Tzaneen Municipal area, with all resources available to ensure maximum service delivery to the community.</p> <p>These services extend to include &lt;function/area&gt;, but do not take account of &lt;function/area&gt; which resides within the jurisdiction of &lt;national/provincial/other private sector&gt; government.</p> <p><i>The municipality has a mandate to:</i></p> <p><i>The strategic objectives of this function are to:</i> To ensure access to roads and proper storm water controls by all households</p> <p><i>The key issues for 2007/08 are:</i></p>		
Analysis of the Function:	<p>1 <i>Number and cost to employer of all personnel associated with road maintenance and construction:</i></p> <ul style="list-style-type: none"> <li>- Professional (Engineers/Consultants)</li> <li>- Field (Supervisors/Foremen)</li> </ul>	<p>0</p> <p>4</p>	<p>R (000s)</p> <p>0</p>

	<ul style="list-style-type: none"> <li>- Office (Clerical/Administration)</li> <li>- Non-professional (blue collar, outside workforce)</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package</p>	0	0
2	<p><i>Total number, kilometres and total value of road projects planned and current:</i></p> <ul style="list-style-type: none"> <li>- New bitumenised (number)</li> <li>- Existing re-tarred (number)</li> <li>- New gravel (number)</li> <li>- Existing re-sheeted (number)</li> </ul> <p>Note: if other types of road projects, please provide details</p>	0	R (000s) 0
3	<p><i>Total kilometers and maintenance cost associated with existing roads provided</i></p> <ul style="list-style-type: none"> <li>- Tar</li> <li>- Gravel</li> </ul> <p>Note: if other types of road provided, please provide details</p>	3km 16km	R (000s) 3,000,000 2,500,000
4	<p><i>Average frequency and cost of re-tarring, re-sheeting roads</i></p> <ul style="list-style-type: none"> <li>- Tar</li> <li>- Gravel</li> </ul> <p>Note: based on maintenance records</p>		R (000s)
5	<p><i>Estimated backlog in number of roads, showing kilometers and capital cost</i></p> <ul style="list-style-type: none"> <li>- Tar</li> <li>- Gravel</li> </ul>	258 2064km	R (000s) 1.5M/km 850,000/km
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	<b>Cost</b>
6	<i>Type and number of grants and subsidies received:</i>		
	Municipal Infrastructure Grant		R19,611,106.43
7	Total operating cost of road construction and maintenance function		
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target</b>	<b>Actual</b>
Road maintenance	% Progress with the development of a Roads master plan	100%	80%
	% increase in storm water drainage per km roads	80%	60%
	Km of transportation routes upgraded	180km	140km
	Km of road provided with stormwater measures	15km	10km
	R value spent on road and storm water maintenance	R16.2m	R13,816,102

	Km of municipal roads maintained	200km	235km
--	----------------------------------	-------	-------

Table 31: Water			
Reporting Level	Detail	Total	Cost
Overview:	Includes the bulk purchase and distribution of water		
Description of the Activity:	<p><i>The water purchase and distribution functions of the municipality are administered as follows and include:</i></p> <p>Purchasing, Purification and supplying (and Rural segment of GTM)</p>		
	<p><i>The municipality has a mandate to:</i></p> <p>Render the provisioning of Water Services within its jurisdiction</p> <p><i>The strategic objectives of this function are to:</i></p> <p>Plan, manage and providing the relevant functions of water services</p> <p><i>The key issues for 2009/10 are:</i></p> <p>Insufficient budget which hinders the unit to fulfill all its needs and the needs of the community.</p>		
Analysis of the Function	<p>1 Number and cost to employer of all personnel associated with the water distribution function:</p> <ul style="list-style-type: none"> <li>- Professional (Engineers/Consultants) 2 R 0,8 M</li> <li>- Field (Supervisors/Foremen) 4 R 0,9 M</li> <li>- Office (Clerical/Administration) ? R 2,9 M</li> <li>- Non-professional (blue collar, outside workforce) ?</li> <li>- Temporary ?</li> <li>- Contract ?</li> </ul> <p>Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.</p>		
	<p>2 Percentage of total water usage per month</p> <p>&lt;Insert table showing monthly water usage &gt;</p> <p>Note: this will therefore highlight percentage of total water stock used per month</p>	<volume>	<cost>

3	Total volume and cost of bulk water purchases in kilolitres and rand, by category of consumer - Category 1 <insert here> - Category 2 <insert here> - Category 3 <insert here> - Category 4 <insert here>	<volume> <volume> <volume> <volume>	<cost> <cost> <cost> <cost>
4	Total volume and receipts for bulk water sales in kilolitres and rand, by category of consumer: - Category 1 <insert here> (total number of households) - Category 2 <insert here> (total number of households) - Category 3 <insert here> (total number of households) - Category 4 <insert here> (total number of households)	<volume> <volume> <volume> <volume>	R (000s) <cost> <cost> <cost> <cost>
5	Total year-to-date water losses in kilolitres and rand <detail total>	<volume>	R (000s) <cost>
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	<b>Cost</b>
6	Number of households with water service, and type and cost of service: - Piped water inside dwelling - Piped water inside yard - Piped water on community stand: distance < 200m from dwelling - Piped water on community stand: distance > 200m from dwelling - Borehole - Spring - Rain-water tank Note: if other types of services are available, please provide details		R 18 407,704  R 2,207,704 R 16,000,000   R 200,000.00
7	Number and cost of new connections: <detail total>	<number>	R (000s) <cost>
8	Number and cost of disconnections and reconnections: <detail total>	<number>	R (000s) <cost>
9	Number and total value of water projects planned and current: - Current (financial year after year reported on) - Planned (future years) Note: provide total project and project value as per initial or revised budget		R (000s)

10	<p>Anticipated expansion of water service:</p> <ul style="list-style-type: none"> <li>- Piped water inside dwelling</li> <li>- Piped water inside yard</li> <li>- Piped water on community stand: distance &lt; 200m from dwelling</li> <li>- Piped water on community stand: distance &gt; 200m from dwelling</li> <li>- Borehole</li> <li>- Spring</li> <li>- Rain-water tank</li> </ul> <p>Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality</p>	<table border="1" style="width: 100%; height: 100%;"> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px; text-align: center;">80</td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> </table>				80				R 1, 5 M	
80											
11	<p>Estimated backlog in number (and cost to provide) water connection:</p> <ul style="list-style-type: none"> <li>- Piped water inside dwelling</li> <li>- Piped water inside yard</li> <li>- Piped water on community stand: distance &lt; 200m from dwelling</li> <li>- Piped water on community stand: distance &gt; 200m from dwelling</li> <li>- Borehole</li> <li>- Spring</li> <li>- Rain-water tank</li> </ul> <p>Note: total number should appear in IDP, and cost in future budgeted capital housing programmes</p>	<table border="1" style="width: 100%; height: 100%;"> <tr><td style="height: 20px; text-align: center;">350</td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> </table>	350								R (000s)
350											
12	<p>Free Basic Service Provision:</p> <ul style="list-style-type: none"> <li>- Quantity (number of households affected)</li> <li>- Quantum (value to each household)</li> </ul> <p>Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.</p>	<table border="1" style="width: 100%; height: 100%;"> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> </table>									
13	<p>Type and number of grants and subsidies received:</p> <p><i>none</i></p> <p>Note: total value of specific water grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.</p>	<table border="1" style="width: 100%; height: 100%;"> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> </table>									
14	<p>Total operating cost of water distribution function</p>	<table border="1" style="width: 100%; height: 100%;"> <tr><td style="height: 20px;"></td></tr> </table>		R 18,407,704							

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Target	Actual
Water distribution	# of new basic water connections # metered water connections / total figure of households, as % % of Indigent households with access to free basic water	40 90% 90%	880 10% 72%

**Table 32: Electricity Distribution**

Reporting Level	Detail	Total	Cost
Overview:	The Electrical services department's main function is to distribute and sell electricity within its licensed area. It is responsible for constructing networks, connecting customers and repairing and maintaining networks. It is also responsible for maintaining public lighting and street lights. The Greater Tzaneen Municipality consumers consist of domestic, agricultural, industrial and business customers		
Description of the Activity:	<p><i>The electricity purchase and distribution functions of the municipality are administered as follows and include:</i></p> <ul style="list-style-type: none"> <li>New connections</li> <li>•Upgrading</li> <li>•Down grading</li> <li>•Extension of network</li> </ul> <p><i>The municipality has a mandate to:</i></p> <p>The municipality has a mandate to act in accordance to its Distribution Licenses as issued by the National Electricity Regulator of South Africa (N.E.R.S.A).</p> <p><i>The strategic objectives of this function are to:</i></p> <p>(1) Address ongoing maintenance, and accumulated maintenances of backlog of 2000km of electrical distribution lines over a period of 10 years starting 2002/2003 financial</p>		



	<p>year.</p> <p>(2) To improve and provide service delivery in a sustainable manner by ensuring sufficient electrical distribution system capacity.</p> <p>(3) To ensure safe and sustainable basic electricity services for ±35000 households in the Greater Tzaneen Municipality area.</p> <p>(4) To ensure free basic electricity (EBSST-FBE) to all indigent households within the Greater Tzaneen Municipality area.</p> <p>(5) To positively contribute towards the improvement of public safety and security.</p> <p>(6) To ensure occupational health and safety within the workplace.</p> <p>(7) To monitor and acquire statistical data on the performance of the distribution network.</p> <p>(8) Interacting with consumers to ensure continuity of supply and monitoring of problem areas</p> <p><i>The key issues for 2007/08 are:</i></p> <p>(1) The electrical distribution system which is not maintained up to standard, due to shortage of funds.</p> <p>(2) Insufficient electrical capacity due to increased demand in the distribution area.</p> <p>(3) Electrification backlogs in villages.</p> <p>(4) Electricity system monitoring and complying with the regulations and specifications.</p>		
<p>Analysis of the Function:</p>	<p>1 <i>Number and cost to employer of all personnel associated with the electricity distribution function:</i></p> <ul style="list-style-type: none"> <li>- Professional (Engineers/Consultants)</li> <li>- Field (Supervisors/Foremen)</li> <li>- Office (Clerical/Administration)</li> <li>- Non-professional (blue collar, outside workforce)</li> <li>- Temporary</li> <li>- Contract</li> </ul> <p>Total Cost to Employer of Electrical Department</p>	<p></p> <p>4</p> <p>15</p> <p>9</p> <p>70</p> <p>none</p> <p>3</p> <p>98</p>	<p><i>R (000s)</i></p> <p>R 2,373,852</p> <p>R 4,432,705</p> <p>R 2,425,656</p> <p>R 7,026,451</p> <p>na</p> <p>R 2,404,998</p> <p>R 18,663,662</p>

	Note: total number to be calculated on full-time equivalent (FTE) basis, total cost to include total salary package.		
2	<i>Total quantity and cost of bulk electricity purchases in kilowatt hours and rand, by category of consumer</i>	<i>kwh</i>	<i>R (000s)</i>
	Urban Division	165,148,313	R 20,912,868
	Rural Division	201,847,938	R 25,560,172
3	<i>Total quantity and receipts for bulk electricity sales in kilowatt hours and rand, by category of consumer:</i>		
	Urban Division	141,015,922	R 33,663,310
	Rural Division	166,550,841	R 37,685,261
4	<i>Total year-to-date electricity losses in kilowatt hours and rand</i> <i>&lt;detail total&gt;</i>	59,429,489	R13,781,698
5	<i>Number of households with electricity access, and type and cost of service:</i>		<i>R (000s)</i>
	Municipal	8,264	<cost>
	Eskom	84,729	<cost>
	Non-electrified (Eskom distribution area)	35,466	<cost>
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	<b>Cost</b>
6	<i>Number and cost of new connections:</i>	102	<i>R (000s)</i> <i>R 1,156,658</i>
7	<i>Number and cost of disconnections and reconnections</i>	16620	R 71,057,903
8	<i>Number and total value of electrification projects planned and current:</i>		
	- Current (financial year after year reported on) (Farm Labour Housing)	250	R1,056,076.49
	- Planned (future years) (Farm Labour Housing)	800	R480,00,000
	- Current (financial year after year reported on) (Eskom Distribution Area)	971	R 58,000,000
9	<i>Anticipated expansion of electricity service:</i> Installation of new cables and substations Note: provide total number of households anticipated to benefit and total additional operating cost per year to the municipality	<total>	R120,000,000
10	<i>Estimated backlog in number (and cost to provide) Electricity connection:</i> Note: total number should appear in IDP, and cost in future budgeted capital housing	35,466	R 230,529,000

	programmes		
11	<p><i>Free Basic Service Provision:</i></p> <ul style="list-style-type: none"> <li>- Quantity (number of households affected)</li> <li>- Quantum (value to each household)</li> </ul> <p>Note: Provide details of how many households receive the FBS provision, and the average value it means per household. Describe in detail the level of Free Basic Services provided.</p>	<p>10423</p> <p>50KWh</p>	R 2,990,769.76
12	<p><i>Type and number of grants and subsidies received:</i></p> <p><i>D.M.E Grant for the electrification of farm labour housing</i></p> <p>Note: total value of specific electricity grants actually received during year to be recorded over the five quarters - Apr to Jun last year, Jul to Sep, Oct to Dec, Jan to Mar, Apr to Jun this year.</p>	1	<p>R (000s)</p> <p>R 1,056,076.49</p>
13	<i>Total operating cost of electricity distribution function</i>		R 21,445,945
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target</b>	<b>Actual</b>
Electrification	% electricity backlog (# Households that needs electrical connections / Total # households as %)	29.9%	31%
	# of new electricity connections in licensed distribution area	38	676
	% of Indigent households with access to free basic electricity	60%	57%
	# of Farm labour houses electrified	280	250
	% Electricity losses unaccounted for (electricity losses)	12%	12%
Network maintenance	% of Substations maintained (Rural 33/11kV)	100%	100%
	% of Substations maintained (Urban 132/66/33/11 kV)	100%	100%
	# Meter boxes maintained (Town)	500	500
	# Meter boxes maintained (Rural)	40	35
	% of Auto reclosers maintained	45%	10%
	Km of overhead lines rebuilt	35km	0km

<b>Table 33: Street Lighting</b>			
<b>Reporting Level</b>	<b>Detail</b>	<b>Total</b>	<b>Cost</b>
Overview:	The municipal is responsible for the provision and maintenance of public and street lights in the municipality' electricity distribution area i.e. Tzaneen, Letsitele, Gravelotte & Haenertsburg. It is also responsible in Eskom's distribution area such as Nkowankowa Township. The other responsibility is providing strategic lights in villages		
Description of the Activity:	<p><i>Street lighting responsibilities of the municipality are administered as follows and include:</i></p> <p>(1) Operational Budget is allocated for maintenance of lights</p> <p>(2) Capital budget is allocated for installation of new lights</p> <p><i>The municipality has a mandate to:</i></p> <p>(1) Install lights in public places, streets and strategic areas</p> <p>(2) Sustain the lightning by maintaining the lights installed</p> <p><i>The strategic objectives of this function are to:</i></p> <p>(1) To provide sufficient light to the communities</p> <p>(2) To positively contribute towards the improvement of public safety</p>		
Analysis of the Function:			
1	<p><i>Number and total operating cost of streetlights servicing population:</i></p> <p>&lt;complete&gt;</p> <p>Note: total streetlights should be available from municipal inventory</p>	2,793	R (000s) R682,885
2	<p><i>Total bulk kilowatt hours consumed for streetlighting:</i></p> <p>&lt;complete&gt;</p> <p>Note: total number of kilowatt hours consumed by all street lighting for year</p>	652,701	
<b>Key Performance Area</b>	<b>Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance</b>	<b>Target</b>	<b>Actual</b>
Streetlighting	% of Streetlights maintained	100%	90%

## **6. CONCLUSION**

The year 2007/08 was a year of great financial difficulties for the Greater Tzaneen Municipality. In spite of this Council and Administration pulled together to serve our community to the best of our ability. The report highlighted all the achievements and challenges experienced during this year with the following being our proudest achievements:

- Continuous environmental monitoring to prevent the outbreak of Cholera
- Library services rendered to more than 90,000 users
- Winner of the Provincial Cleanest Town competition and runner up in the National competition
- 32 Functional Ward committees
- 4 Thusong Centres providing services directly to the communities
- Electrification of 250 Farm Worker Houses
- Development of Traditional Area Spatial Development Plans

Greater Tzaneen Municipality will continue to strive towards attaining our vision: To be the fastest growing economy in Limpopo where all households have access to basic sustainable services.

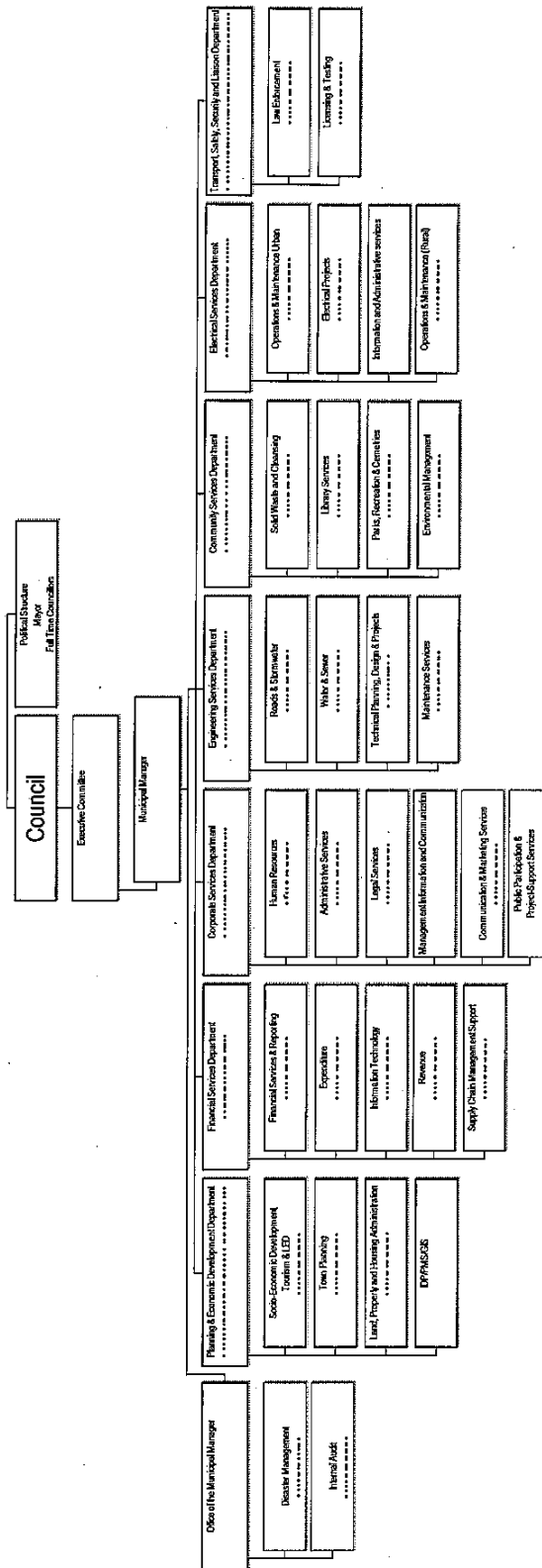


Annexure A: Service Delivery Backlogs - Annual report (2007/08)									
	30-Jun-07		30-Jun-08		30-Jun-09		Required	Budgeted	Actual
	Required	Budgeted	Required	Budgeted	Required	Budgeted			
<b>Water Backlogs (GKI per month)</b>									
Backlogs to be eliminated (No of Households not Receiving Minimum Service)									
Backlog to be eliminated as % (HH identified as backlogs / total HH in municipality)									
Spending on new infrastructure to eliminate backlogs (R'000)									
Spending on renewal of existing infrastructure to eliminate backlogs (R'000)									
<b>Total Spending to eliminate backlogs (R'000)</b>									
Spending on maintenance to ensure no new backlogs are created (R'000)									
<b>Sanitation Backlogs</b>									
Backlogs to be eliminated (No of Households not Receiving Minimum Service)									
Backlog to be eliminated as % (HH identified as backlogs / total HH in municipality)									
Spending on new infrastructure to eliminate backlogs (R'000)									
Spending on renewal of existing infrastructure to eliminate backlogs (R'000)									
<b>Total Spending to eliminate backlogs (R'000)</b>									
Spending on maintenance to ensure no new backlogs are created (R'000)									
<b>Refuse Removal Backlogs</b>									
Backlogs to be eliminated (No of Households not Receiving Minimum Service)	80034		75452						71452
Backlog to be eliminated as % (HH identified as backlogs / total HH in municipality)	89%		84%						79%
Spending on new infrastructure to eliminate backlogs (R'000)	R 55,000,000								
Spending on renewal of existing infrastructure to eliminate backlogs (R'000)	0								
<b>Total Spending to eliminate backlogs (R'000)</b>	0								
Spending on maintenance to ensure no new backlogs are created (R'000)	R 7,000,000								

	30-Jun-07			30-Jun-08			30-Jun-09		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
<b>Water Backlogs (GKI per month)</b>									
<b>Electrical Backlogs (30KWH Per month)</b>									
Backlogs to be eliminated (No of Households not Receiving Minimum Service)		36416			35466				
Backlog to be eliminated as % (HH identified as backlogs / total HH in municipality)		39%			29%				
Spending on new infrastructure to eliminate backlogs (R'000)	Eskom Distribution Area	Unknown	Unknown	Eskom Distribution Area	Unknown	Unknown	Eskom Distribution Area	Unknown	Unknown
Spending on renewal of existing infrastructure to eliminate backlogs (R'000)	Eskom Distribution Area	Unknown	Unknown	Eskom Distribution Area	Unknown	Unknown	Eskom Distribution Area	Unknown	Unknown
Total Spending to eliminate backlogs (R'000)	Eskom Distribution Area	Unknown	Unknown	Eskom Distribution Area	Unknown	Unknown	Eskom Distribution Area	Unknown	Unknown
Spending on maintenance to ensure no new backlogs are created (R'000)	Eskom Distribution Area	Unknown	Unknown	Eskom Distribution Area	Unknown	Unknown	Eskom Distribution Area	Unknown	Unknown
<b>Roads Backlogs</b>									
Backlogs to be eliminated (No of Households not Receiving Minimum Service)		83920			83840			83760	
Backlog to be eliminated as % (HH identified as backlogs / total HH in municipality)		82%			81,89%			82%	
Spending on new infrastructure to eliminate backlogs (R'000)		148,650,000	6,000,000		142,650,000	6,000,000		136,650,000	6,000,000
Spending on renewal of existing infrastructure to eliminate backlogs (R'000)		33,000,000	3,200,000		30,000,000	4,000,000		26,000,000	4,000,000
Total Spending to eliminate backlogs (R'000)		181,650,000	9,200,000		172,650,000	10,000,000		162,650,000	10,000,000
Spending on maintenance to ensure no new backlogs are created (R'000)									
<b>TOTALS</b>									



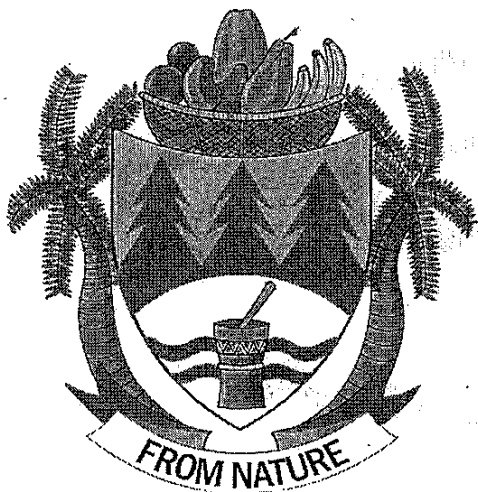
# Annexure B. Organogram



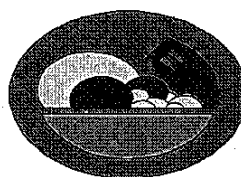


ANNEXURE C: FINANCIAL STATEMENTS

# **GREATER TZANEEN MUNICIPALITY**



## **POST AUDIT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008**



**TROPICAL PARADISE**

## TABLE OF CONTENTS

1. General Information
2. Approval of Financial Statements
3. Statement of Financial Position
4. Statement of Financial Performance
5. Statement of Changes in Net Assets
6. Cash Flow Statement
7. Accounting Policy
8. Notes to the Annual Financial Statements
9. Appendices
  - a) Schedule of external loans
  - b) Analysis of property plant and equipment
  - c) Segmental analysis of property plant and equipment
  - d) Segmental statement of financial performance
  - e) (1) Actual versus Budget (Revenue and Expenditure)
  - e) (2) Actual versus Budget (Acquisition of property plant and equipment equipment)

## GENERAL INFORMATION

**Mayor:** Alderman O.J. Mushwana

### **Members of the Executive Committee:**

Alderman O.J. Mushwana  
Councillor M.N. Mboweni  
Councillor T.P. Ramatsoma  
Councillor J.K. Ngobeni  
Councillor M.M. Makhuthudise  
Councillor J. De Lang  
Councillor R.R. Selomo  
Councillor B.G. Baloyi  
Councillor F.N. Makurupetse  
Councillor S.M. Maunatlala  
Councillor M.L. Ncha - Speaker  
Councillor J.H. Nkwinika - Chief whip

### **Members of the Audit Committee:**

Mr. M.J. Malatji	Chairperson
Ms. E. Nonyane	Member
Mr. O.J.O. Groenewald	Member
Ms. R.M. Phasha	Member
Mr. T.C. Modipane	Member

### **Banker:**

ABSA  
TZANEEN  
0850

**Municipal Manager:** Mabakane F. Mangena

**Chief Financial Officer:** Martin Mashaba

# **ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 June 2008**

## **APPROVAL OF FINANCIAL STATEMENTS**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 43 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 19 of these financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and Minister of Provincial and Local Government's determination in accordance with this Act.

M.F. MANGENA  
MUNICIPAL MANAGER

DATE: 29 AUGUST 2008

**GREATER TZANEEN MUNICIPALITY**  
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	NOTE	2008 R	2007 R
<b>COMMUNITY WEALTH AND LIABILITIES</b>			
<b>Net Assets</b>		<b>167,923,030</b>	<b>164,672,611</b>
Reserves	1	78,888,617	66,530,310
Accumulated Surplus /(Deficit)		89,034,413	98,142,301
<b>Non-Current liabilities</b>		<b>54,297,961</b>	<b>56,164,841</b>
Long-term liabilities	2	54,297,961	56,164,841
<b>Current liabilities</b>		<b>78,580,579</b>	<b>86,351,114</b>
Consumer deposits	3	6,739,229	6,601,422
Provisions	4	3,304,442	1,569,729
Accounts Payable	5	42,853,416	43,344,260
Unspent Conditional Grants and Receipts	6	10,906,138	11,497,607
Bank overdraft	13	12,895,065	21,673,605
Current portion of long-term liabilities	2	1,882,289	1,664,491
<b>Total Net Assets and Liabilities</b>		<b>300,801,570</b>	<b>307,188,566</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>230,926,247</b>	<b>228,539,020</b>
Property, plant and equipment	7	206,005,844	206,733,212
Held-to-maturity Investments	8	21,658,065	19,057,618
Receivables	9	3,262,338	2,748,190
<b>Current assets</b>		<b>69,875,323</b>	<b>78,649,546</b>
Inventory	10	6,764,464	6,429,655
Consumer debtors	11	50,196,348	48,961,730
Other debtors	12	10,427,789	14,489,387
Current portion of long-term Debtors	9	2,486,722	8,768,774
Bank balances and cash	13		0
<b>Total Assets</b>		<b>300,801,570</b>	<b>307,188,566</b>

## GREATER TZANEEN MUNICIPALITY

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2008

	NOTE	ACTUAL	
		2008	2007
REVENUE		R	R
Property rates	14	28,973,424	23,863,351
Property rates - penalties imposed and collection charges		1,389,816	1,562,761
Service charges	15	170,298,568	190,298,056
Rental of facilities and equipment		454,627	428,501
Interest earned - external investments		3,062,088	5,079,177
Interest earned - outstanding debtors		4,699,372	6,379,766
Fines		1,068,559	1,336,961
Licences and permits		383,559	427,967
Income for agency services		8,050,392	4,047,277
Government grants and subsidies	16	94,388,961	101,299,105
Other income	17	2,704,550	11,205,926
Public contributions, donated and contributed property, plant & equipment			
Gains on disposal of property, plant and equipment		2,471,202	0
<b>Operating Income Generated</b>		<b>317,945,118</b>	<b>345,928,848</b>
Less; Income Foregone		0	0
<b>Total Revenue</b>		<b>317,945,118</b>	<b>345,928,848</b>
<b>EXPENDITURE</b>			
Employee related costs	18	57,951,171	83,725,900
Remuneration of Councillors	19	11,973,246	11,478,864
Bad debts	20	22,140,891	5,268,458
Collection costs		228,380	464,480
Loss on Inventory		962	68,123
Depreciation		20,133,997	20,291,746
Repairs and maintenance		74,467,399	48,223,168
Interest paid	21	9,722,211	12,307,766
Bulk purchases	22	68,670,853	91,026,144
Contracted services		18,424,468	16,108,793
Grants and subsidies paid	23	2,903,514	16,526,825
General expenses		28,077,605	23,982,284
Contributions to / (transfers from) provisions			
Loss on disposal of property, plant and equipment			
<b>Total Expenditure</b>		<b>314,694,697</b>	<b>329,472,551</b>
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>3,250,421</b>	<b>16,456,297</b>

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



**GREATER TZANEEN MUNICIPALITY**  
STATEMENT OF CHANGES IN COMMUNITY WEALTH FOR THE YEAR ENDED 30 JUNE 2008

	Capital Replacement Reserve	Depreciation Reserve ex AFR	Government Grant Reserve	Donations and Public Contributions Reserve	Self-Insurance Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R
<b>2007</b>							
Changes in accounting policy							
Restated balance	6,638,344	94,742,523	32,096,598	12,100,794	178,639	2,459,391	148,216,289
Net surplus for the year						16,456,297	16,456,297
Adjustments		-94,742,523				94,742,523	0
Dividends paid (municipal entities only)							
Transfer to AFR	10,000,000					-10,000,000	0
Property, plant and equipment purchased	-8,015,306					8,015,306	0
Capital grants used to purchase PPE			18,288,016			-18,288,016	0
Donated / contributed PPE					344,400	-344,400	0
Contribution to Insurance Reserve						0	0
Insurance claims processed						0	0
Transfer to Income Statement						0	0
Asset disposals						0	0
Offsetting of depreciation			-3,785,748	-1,315,452		5,101,200	0
<b>Balance at 30 JUNE 2007</b>	<b>8,623,038</b>	<b>0</b>	<b>46,598,866</b>	<b>10,785,342</b>	<b>523,039</b>	<b>98,142,301</b>	<b>164,672,586</b>
<b>2008</b>							
Changes in accounting policy							
Restated balance	8,623,038	0	46,598,866	10,785,342	523,039	98,142,301	164,672,586
Net surplus for the year						3,250,421	3,250,421
Adjustment							0
Dividends paid (municipal entities only)							
Transfer to AFR							0
Property, plant and equipment purchased							0
Capital grants used to purchase PPE			16,531,012	1,619,243		-18,150,255	0
Donated / contributed PPE						-432,381	0
Contribution to Insurance Reserve							0
Insurance claims processed					432,381		0
Transfer to Income Statement							0
Asset disposals							0
Offsetting of depreciation			-3,776,169	-2,448,158		6,224,327	0
<b>Balance at 30 JUNE 2008</b>	<b>8,623,038</b>	<b>0</b>	<b>59,353,709</b>	<b>9,956,427</b>	<b>955,420</b>	<b>89,034,413</b>	<b>167,923,007</b>

**GREATER TZANEEN MUNICIPALITY**  
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	2008 R	2007 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		313,189,661	331,736,379
Cash paid to suppliers and employees		-285,902,870	-313,220,559
Cash generated from operations	25	27,286,791	18,515,820
Interest received		7,761,460	11,458,943
Interest paid		-9,722,211	-12,307,766
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>25,326,040</b>	<b>17,666,997</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-19,406,629	-30,747,401
Proceeds on disposal of property plant & equipment		2,471,202	0
Increase/(Decrease) in non-current receivables		4,499,649	-407,697
Increase/(Decrease) in non current investments		-2,600,447	5,844,680
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>-15,036,225</b>	<b>-25,310,418</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised / (repaid)		-1,649,082	-11,464,803
Increase in consumer deposits		137,807	197,232
Increase in Trust Fund		0	0
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>-1,511,275</b>	<b>-11,267,571</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>8,778,540</b>	<b>-18,910,992</b>
Cash and cash equivalent at the beginning of the year		-21,673,605	-2,762,613
Cash and cash equivalent at the end of the year	13	-12,895,065	-21,673,605

# GREATER TZANEEN MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR

ENDED 30 JUNE 2008

The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those of the previous financial year.

### 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, except for the revaluation of land and buildings, which are carried at fair value.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- *General Notice* 991 of 2005, issued in *Government Gazette* no. 28095 of 15 December 2005; and
- *General Notice* 992 of 2005, issued in *Government Gazette* no. 28095 of 15 December 2005.

The standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes on Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Subsidiaries
GAMAP 7	Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraph 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board. Exemptions, as per note 37 to the financial statements, were given from complying with certain standards in terms of clause 2(2) of *Government Gazette* no. 30013 of 29 June 2007.

The accounting policies are consistent with those of the previous financial year. A summary of the significant accounting policies are disclosed 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 statement are presented in South African rand.

### 3 GOING CONCERN ASSUMPTION

These financial statement have been prepared on a going concern basis.

## 4 RESERVES

The Municipality creates and maintains reserves in terms of specific requirements.

### 4.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ (deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilization of the CRR.

- The cash funds which back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Municipality.

- The CRR may only be utilized for the purpose of purchasing items of property, plant and equipment and may not be used for the maintenance of these items.

- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus/(deficit) is credited by a corresponding amount.

- A corresponding amount is transferred to a designated CRR bank account.

- The cash in the designated CRR bank account can be utilised only to finance items of property, plant and equipment but if utilised for any other purpose, the CRR is reduced by a corresponding amount.
- The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

4.2 *Future Depreciation Reserves: Government Grants, Public Contributions and Donations*

When items of property, plant and equipment are financed from government grants, public contributions and donations, a corresponding transfer is made from the accumulated surplus to the Future Depreciation Reserve. 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 depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment.

When an item of property, plant and equipment financed from government grants, public contributions or donations is disposed, the balance in the Future Depreciation Reserve relating to such item is transferred to the accumulated surplus.

4.3 *Self Insurance Reserve*

The purpose of this reserve is to finance excess payments and to serve as bridging finance until payment of claims has been received whenever necessary, all claims less than the excess payment of R2 500,00 are debited against this reserve.

## 5 PROPERTY, PLANT AND EQUIPMENT

### 5.1 General

#### 5.1.1 PPE is stated:

- At cost less accumulated depreciation.
- At fair value at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.

5.1.2 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed. The enhancement of an existing asset so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which should be capitalised.

## 5.2 Depreciation and impairment losses

5.2.1 Depreciation is calculated on cost, using the straight-line method, over the estimated useful lives of the assets. The following Useful Life Guideline must be used for all new assets purchased unless:

more appropriate useful life is motivated by the department purchasing the asset, and the useful life is approved by the Financial Manager

INFRASTRUCTURE	YEARS	OTHER	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20 - 30	Other vehicles	5
Water	15 - 20	Office equipment	3 - 7
Sewerage	15 - 20	Furniture and fittings	7 - 10
Housing	30	Watercraft	15
		Bins and containers	5
<b>COMMUNITY</b>		Specialised plant and equipment	10 - 15
Improvements	30	Other items of plant and equipment	2 - 5
Recreational Facilities	20 - 30		
Security	5		

5.2.2 Heritage assets, which are defined as culturally significant resources, are not depreciated as they are regarded as having an indefinite life. Land is also not depreciated for the same reason.

5.2.3 Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

## 5.3 Disposal of Assets

- Assets are written off on disposal.
- The difference between the carrying value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a profit or loss in the Statement of Financial Performance.

## 6 INVESTMENTS

Investments are stated at cost, less impairments adjustments

Where investments have been impaired, this 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.

## 7 LEASES

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

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.

Property, plant and equipment subject to finance lease agreements are capitalised at their cash 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.

## **8 INVENTORIES**

Inventories consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the first in, first out method, and net realisable value. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Redundant and slow moving inventories are identified and written down with regard to their cost. Consumables are written down according to their age, condition and utility.

## **9 ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. The doubtful receivables are calculated on outstanding debt longer than 120 days. Bad debts are written off during the year in which they are identified.

## **10 REVENUE RECOGNITION**

Revenue excluding value-added taxation where applicable is derived from a variety of sources which include Rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the Municipality and these benefits can be measured reliably.

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

10.1 Revenue from rates is recognized when the legal entitlement to this revenue arises. Collection charges are recognized when such amounts are legally enforceable. Interest on unpaid rates is recognized on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

- 10.2 Service charges relating to solid waste, sanitation and sewerage are levied monthly in terms of the approved tariffs.
- 10.3 Service charges relating to Electricity and Water are based on consumption. Meters are read on a monthly basis and revenue is recognized when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed and are based on the consumption history. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.
- 10.4 Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is only recognised when collected by the Courts. Due to the various legal processes that can apply to summonses and the inadequate information received from the Courts, it is not possible to measure this revenue when the summons is issued.
- 10.5 Various services are provided on a prepayment basis in which case no formal billing takes place and revenue is recognised when received.
- 10.6 Government grants and public contributions are recognised as revenue when all conditions associated with the grant have been met. Where grants have been received but the municipality has not met the condition, a liability is raised.
- 10.7 Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment.
- 10.8 Dividends are recognized when the Municipality's right to receive payment is established.
- 10.9 Income for agency services is recognized on a monthly basis once the income collected on behalf of agents has been quantified. The income is recognized in terms of the agency agreement.
- 10.10 Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have been transferred to the Municipality.
- 10.11 Revenue from the sale of goods is recognized when all the following conditions have been satisfied:
- The Municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
  - The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
  - The amount of revenue can be measured reliably.
  - It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.

## 11 TRADE CREDITORS

Trade creditors are stated at their nominal value.



## **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 all of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

## **13 SEGMENTAL INFORMATION**

Segmental information on Property, Plant and Equipment as well as income and expenditure is set out in Appendices C based on the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

## **14 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 each balance sheet date and adjusted to reflect the current best estimate.

## **15 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 compromise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

## **16 EMPLOYEES BENEFITS**

### **16.1 Retirement Funds**

The Municipality provides retirement benefits for its Employees and Councillors. The contribution to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

### **16.2 Medical Aid: Continued Members**

The Municipality provides post retirement benefits by subsidising the medical aid contribution of certain retired staff. According to the rules of the medical aid funds, with which the Municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Municipality for the remaining 70%.

These contributions are charged to the operating account when paid.

### **16.3 Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the total accrued leave days at year-end.

## **17 BORROWINGS**

Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable are accounted for on an accrual basis.

## **18 VALUE ADDED TAX**

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

## **19 COMPARATIVE INFORMATION**

### **19.1 Current Year Comparatives**

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

### **19.2 Prior Year Comparatives**

When the presentation or classification of items in the annual financial statements are amended, prior period comparative amounts are reclassified.

## **20 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **21 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.

## **22 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.

## **23 FINANCIAL INSTRUMENTS**

Non-derivative financial instruments comprise consumer and other debtors, cash and cash equivalents and consumer and other creditors.

Non-derivative financial instruments are recognized at face value (i.e. cost), in terms of the exemptions of Government Gazette no. 30013 of 29 June 2007, plus any attributable transaction costs.

A financial instrument is recognized if the Municipality becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Municipality's contractual rights to the cash flows from the financial assets expire or if the Municipality transfers the financial asset to another party without retaining control or substantially all risk and rewards of the asset. Financial liabilities are derecognized if the Municipality's obligations specified in the contract expire or are discharged or cancelled.

Accounting for cash and cash equivalents is discussed in note 26.

Accounting for interest is discussed in note 21.

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

1 RESERVES	2008 R	2007 R
Capital Replacement Reserve	8,623,038	8,623,038
Future Depreciation Reserve		
- Assets financed ex Capitalisation Reserve		0
- Assets financed ex Government Grants	59,353,734	46,598,892
- Assets financed ex Donations and Contributions	9,956,426	10,785,342
Self-insurance Reserve	955,419	523,038
<b>Total Reserves</b>	<b>78,888,617</b>	<b>66,530,310</b>

2 LONG-TERM LIABILITIES

Local Registered Stock Loans	10,292,000	10,292,000
Annuity Loans	1,976,847	2,570,896
Annuity Loan INCA	23,911,403	24,966,436
Sinking Fund ABSA	20,000,000	20,000,000
Deferred Swap ABSA		0
Sub-total	<b>56,180,250</b>	<b>57,829,332</b>
Less : Current portion transferred to current liabilities	1,882,289	1,664,491
Annuity Loans	682,879	609,458
Annuity Loan INCA	1,199,410	1,055,033
<b>Total External Loans</b>	<b>54,297,961</b>	<b>56,164,841</b>

Refer to Appendix A for more detail on long-term liabilities

**Local Registered Stock**

An investment of R1,800,000.00 has been made with Liberty to repay the loan of R10,292,000 on maturity date. This loan bears interest on a variable rate and the value of the investment amounts to R8 596 650.

**Annuity Loans**

Bear interest at rates between 0% and 16,15% per annum and will be fully redeemed on 31 December 2010.

**Annuity Loans INCA**

Bear interest at a rate of 12,5%% per annum and will be fully redeemed on 31 December 2018.

This loan has been taken up to finance the purchase of land.

**Sinking Fund**

An investment of R6 982 292 has been made with BOE to repay a loan of R20 000 000 on maturity date. The loan bears interest on a variable rate and the value of the investment amounts to R13 061 414.

None of the loans are secured by any fixed or movable asset of The Greater Tzaneen Municipality.

**3 CONSUMER DEPOSITS**

	2008	2007
	R	R
Water & Electricity	6,739,229	6,601,422
<b>Total Consumer Deposits</b>	<b><u>6,739,229</u></b>	<b><u>6,601,422</u></b>
Guarantees held in lieu of Electricity and Water Deposits	<u>3,051,960</u>	<u>3,092,670</u>

**4 CURRENT PROVISIONS**

Balance at beginning of the year.	1,569,729	
Contribution to the provision.	1,734,713	1,569,729
<b>Total Provisions</b>	<b><u>3,304,442</u></b>	<b><u>1,569,729</u></b>

Performance bonuses accrue to Section 57 Managers and HOD's on annual basis subject to certain conditions. The provision is an estimate of the amount due at the reporting date to staff.

Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the end of the reporting period.

	<u>Performance Bonus</u>	<u>Performance Bonus</u>
Balance at beginning of year	1,569,729	1,283,238
Contributions to provision	1,734,713	286,491
<b>Balance at the end of year</b>	<b><u>3,304,442</u></b>	<b><u>1,569,729</u></b>

**5 CREDITORS**

	2008	2007
	R	R
Trade creditors	24,583,778	22,837,655
Payments received in advance	683,028	4,098,433
VAT	9,469,024	9,810,406
Staff leave	3,546,250	2,994,120
Year end creditors	0	0
Retention	2,246,059	2,434,631
Unknown direct deposits	1,894,711	0
Other creditors	430,566	1,169,015
<b>Total Creditors</b>	<b>42,853,416</b>	<b>43,344,260</b>

**6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

<i>Conditional Grants from other spheres of Government</i>	<b>10,906,138</b>	<b>11,497,607</b>
Finance Management Support	1,209,004	1,409,537
IDP Donations	0	0
Municipal System Upgrade	299,425	299,425
Grants RSC & Other	9,397,709	9,788,645
<b>Total Conditional Grants and Receipts</b>	<b>10,906,138</b>	<b>11,497,607</b>

**7 PROPERTY, PLANT AND EQUIPMENT**

	Cost		Gross
	R	Accumulated Depreciation R	Carrying Value R
June 2008			
Infrastructure	270,143,435	133,854,668	136,288,767
Community Assets	35,475,250	8,338,686	27,136,564
Land	24,228,627	0	24,228,627
Other Assets	36,358,089	29,895,610	6,462,479
Investment Properties	11,889,407	0	11,889,407
<b>Total Property, Plant and Equipment</b>	<b>378,094,808</b>	<b>172,088,964</b>	<b>206,005,844</b>
			Gross
June 2007			
Infrastructure	253,225,292	116,132,449	137,092,843
Community Assets	33,043,204	7,372,242	25,670,962
Land	24,228,627	0	24,228,627
Other Assets	36,301,648	28,450,275	7,851,373
Investment Properties	11,889,407	0	11,889,407
<b>Total Property, Plant and Equipment</b>	<b>358,688,178</b>	<b>151,954,966</b>	<b>206,733,212</b>

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

**8 INVESTMENTS**

	2008	2007
	R	R
<b>Unlisted</b>		
<u>Held-to-maturity investments</u>		
Fixed Deposits	21,658,065	19,057,618
Total Cash Investments	<u>21,658,065</u>	<u>19,057,618</u>
 <b>Councils valuation of unlisted investments</b>		
BOE (Sinking Fund)	13,061,415	11,754,372
Liberty	8,596,650	7,303,246
	<u>21,658,065</u>	<u>19,057,618</u>

Investments have been made for the redemption of long - term loan liabilities. Refer to note 2 for more detail on long - term loans.

**9 LONG-TERM RECEIVABLES**

Loans To Staff	65,048	121,259
Vehicle loans	65,048	121,259
Other Loans	6,952,267	11,395,705
Electrical Connection	26,289	29,539
Sport clubs	0	3,200
Stand Loans	5,657,723	10,112,742
Debtor Arrangements	1,268,255	1,250,224
LESS: Current portion transferred to current receivables	2,486,722	8,768,774
Loans To Staff	24,172	52,060
Vehicle loans	24,172	52,060
Other Loans	2,462,550	8,716,714
Electrical Connection	25,289	1,000
Sport clubs	0	0
Stand Loans	1,169,006	7,465,490
Debtor Arrangements	1,268,255	1,250,224
Less :Provision for bad debt	1,268,255	0
<b>Total</b>	<u>3,262,338</u>	<u>2,748,190</u>

**LOANS TO STAFF AND THE PUBLIC**

To comply with the requirements of the MFMA no loan has been made after 1 March 2004.

**VEHICLE LOANS**

Staff were entitled to vehicle loans which attracted interest between 9,4% and 9,9% per annum and which are repayable over a maximum period of 6 years. These loans were granted before the implementation of the MFMA.

## OTHER LOANS

### Electricity Connection

To encourage tenants to connect to the electricity service, a subsidy of 50% per connection were granted to finance the cost to consumers, with interest rates between 20% and 21%. These loans are repayable over a maximum period of five years and were granted before the implementation of the MFMA.

### Stand Loans

Loans were made to enable people to purchase stands from Council. These loans are repayable over 6 years at a fixed interest rate of 18%

### Debtor Arrangements

Short-term debt repayment arrangements are engaged in to enable debtors to pay outstanding consumer accounts.

## 10 INVENTORY

	2008	2007
	R	R
Consumable stores	6,741,864	6,412,055
Water	22,600	17,600
<b>Total Inventory</b>	<b>6,764,464</b>	<b>6,429,655</b>

## 11 CONSUMER DEBTORS

As at 30 June 2008

Service debtors

Rates  
Electricity  
Water  
Sewer  
Refuse

	Gross Balance R	Provision for Bad Debts R	Net Balance R
Rates	25,851,355	15,932,518	9,918,837
Electricity	20,902,754	3,750,208	17,152,546
Water	33,272,168	19,168,391	14,103,777
Sewer	7,924,495	5,626,469	2,298,026
Refuse	18,432,846	11,709,684	6,723,162
<b>Total</b>	<b>106,383,618</b>	<b>56,187,270</b>	<b>50,196,348</b>

Total

As at 30 June 2007

Service debtors

Rates  
Electricity  
Water  
Sewer  
Refuse

	Gross Balance R	Provision for Bad Debts R	Net Balance R
Rates	23,721,815	15,386,606	8,335,209
Electricity	22,707,496	2,269,427	20,438,069
Water	29,532,852	17,055,537	12,477,315
Sewer	7,945,918	5,798,114	2,147,804
Refuse	16,332,402	10,769,069	5,563,333
<b>Total</b>	<b>100,240,483</b>	<b>51,278,753</b>	<b>48,961,730</b>

Total



	2008	2007
	R	R
<b>Rates: Ageing</b>		
Current (0 - 30 days)	7,810,119	7,124,670
31 - 60 Days	801,849	642,732
61 - 90 Days	652,137	567,807
91 - 120 Days	654,732	676,349
121Days and longer	15,932,518	14,710,257
<b>Total</b>	<b>25,851,355</b>	<b>23,721,815</b>

<b>Electricity: Ageing</b>		
(Current 0 - 30 Days)	12,017,540	19,679,424
31 - 60 Days	591,333	506,287
61 - 90 Days	182,542	252,358
91 - 120 Days	279,960	189,191
121Days and longer	3,750,209	2,080,236
Payments made in advance	4,081,170	
<b>Total</b>	<b>20,902,754</b>	<b>22,707,496</b>

<b>Refuse removal: Ageing</b>		
(Current 0 - 30 Days)	4,538,542	4,490,649
31 - 60 Days	1,213,778	569,042
61 - 90 Days	445,932	503,642
91 - 120 Days	524,910	495,556
121Days and longer	11,709,684	10,273,513
<b>Total</b>	<b>18,432,846</b>	<b>16,332,402</b>

<b>Water: Ageing</b>		
(Current 0 - 30 Days)	8,742,560	10,299,616
31 - 60 Days	1,032,988	1,468,197
61 - 90 Days	643,232	709,502
91 - 120 Days	1,049,225	1,083,213
121Days and longer	19,168,390	15,972,324
Indigent charge & Development cost	2,635,773	
<b>Total</b>	<b>33,272,168</b>	<b>29,532,852</b>

<b>Sewerage: Ageing</b>		
(Current 0 - 30 Days)	1,583,088	1,681,993
31 - 60 Days	287,268	278,585
61 - 90 Days	185,880	187,226
91 - 120 Days	241,790	218,326
121Days and longer	5,626,469	5,579,788
<b>Total</b>	<b>7,924,495</b>	<b>7,945,918</b>

## 12 OTHER DEBTORS

Other debtors	20,336,229	27,592,715
Payments made in advance	683,026	4,098,433
Vehicle insurance	0	32,310
Bursary Loans	381,520	358,444
Deposit Petrol	9,808	9,808
Year end debtors	5,849,916	4,190,254
Relocation loans	0	0
Other	13,411,959	18,903,466
Less : Provision for bad debt	9,908,440	13,103,328
<b>Total Other Debtors</b>	<b>10,427,789</b>	<b>14,489,387</b>

**13 BANK, CASH AND OVERDRAFT BALANCES**

The Municipality has the following bank accounts:

	2008	2007
	R	R
<b>Current bank account ( Primary bank account)</b>		
ABSA Bank - Tzaneen Branch Account number - 1260850527		
Cash book balance at beginning of year	-21,698,065	-2,762,613
Cash book balance at end of year	-12,895,065	-21,698,065
<b>EFF Bank Acc</b>		
ABSA Bank - Tzaneen Branch Account number - 4056018122		
Bank statement balance at beginning of year	62,925	62,925
Bank statement balance at end of year	63,325	62,925
<b>AFF Bank Acc</b>		
ABSA Bank - Tzaneen Branch Account number - 4056017980		
Bank statement balance at beginning of year	4,765	4,765
Bank statement balance at end of year	4,747	4,765
<b>Rates &amp; General</b>		
ABSA Bank - Tzaneen Branch Account number - 4051444332		
Bank statement balance at beginning of year	0	0
Bank statement balance at end of year	0	0
<b>Grants Account</b>		
ABSA Bank - Tzaneen Branch Account number - 9093767307		
Bank statement balance at beginning of year	243,206	311,612
Bank statement balance at end of year	1,142,759	243,206
ABSA Bank - Tzaneen Branch Account number - 4056018237		
Bank statement balance at beginning of year	24,711	24,711
Bank statement balance at end of year	24,836	24,711
ABSA Bank - Tzaneen Branch Account number - 4048964222		
Bank statement balance at beginning of year	42,243,498	2,826,203
Bank statement balance at end of year	12,922,652	42,243,498
ABSA Bank - Tzaneen Branch Account number - 9081974990		
Cash book balance at beginning of year	24,460	1,925
Cash book balance at end of year	10,346	24,460

#### 14 PROPERTY RATES

	2008 R	2007 R
<b>Actual</b>		
Residential	16,671,009	13,064,905
Commercial	10,603,643	10,029,375
State	583,377	769,071
Other	1,115,595	0
<b>Total Assessment Rates</b>	<b>28,973,624</b>	<b>23,863,351</b>

#### Valuations

	July 2008 R000's	July 2007 R000's
Residential	1,125,060	878,560
Commercial	571,079	670,927
State	46,385	73,802
Municipal	1,521	0
Agriculture	1,107,912	0
Other	23,590	0
<b>Total Property valuations</b>	<b>2,875,547</b>	<b>1,623,289</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2002. Interim valuations are processed on a monthly basis to take into account changes in individual property values due to alterations and subdivisions. Different rates are applied on different categories to property and improvement valuations to determine assessment rates. Rebates of 30% are granted on the general rates levied in terms of the tariff on all erven which in terms of councils' town planning scheme are used as agricultural. Rebates of 20% on state property and 100% for indigent are also granted. Interest at prime rate plus 1% is levied on outstanding rates and the prime rate of ABSA applies.

#### 15 SERVICE CHARGES

Sale of water	15,084,432	13,794,977
Sewer charges	4,325,947	4,329,440
Sale of electricity	134,710,778	150,421,319
Refuse removal	12,769,760	12,257,117
Indigent Charges	857,117	8,868,093
Water penalties	0	3,079,806
Income foregone	0	-3,012,325
Other	2,550,534	559,629
<b>Total Service Charges</b>	<b>170,298,568</b>	<b>190,298,056</b>

#### 16 GOVERNMENT GRANTS AND SUBSIDIES

Free Basic Water	5,894,646	5,894,546
National MSIG	16,556,012	0
Provincial Local Government	-466	10,887,860
Private Sector		0
Development Bank of SA		0
Finance Management Grant		1,807,749
Equitable share	71,241,184	61,812,760
SETA	197,586	55,642
MIG		16,800,075
Vuna Awards		193,147
Grant: Department of Trade & Mineral		1,285,896
National - Electrification Grant		2,561,430
Valuation Roll	500,000	0
	<b>94,388,962</b>	<b>101,299,105</b>

	2008	2007
	R	R
<b>Free Basic Water</b>		
Balance unspent at beginning of year		0
Current year receipts	5,894,646	5,894,546
Conditions met - transferred to revenue	-5,894,646	-5,894,546
Conditions still to be met - transferred to liabilities	<u>0</u>	<u>0</u>

This Grant is used to alleviate poverty and ensure that services are rendered to the community and that no one is denied access to water supply because they are unable to pay. The fund helps with providing free basic water equivalent to 6 kiloliters free per month.

<b>Provincial Local Government</b>		
Balance unspent at beginning of year	-48,052	3,574,462
Current year receipts	371,700	7,265,346
Conditions met - transferred to revenue	-1,197,580	-10,887,860
Conditions still to be met - transferred to liabilities	<u>-873,932</u>	<u>-48,052</u>

The funds are used to provide services such as: upgrading of sporting facilities, Cattle Pounding, PHP Housing Projects and Fruit and nuts.

<b>Drought Relief Programme</b>		
Balance unspent at beginning of year	30,702	30,702
Current year receipts		0
Conditions met - transferred to revenue		0
Conditions still to be met - transferred to liabilities	<u>30,702</u>	<u>30,702</u>

The grant is targeting communities without primary potable water, mainly attributed by drought. The aim is to provide primary water to a minimum of 25lt per day in the proposed area.

<b>MFMG</b>		
Balance unspent at beginning of year	1,409,537	2,717,286
Current year receipts	501,851	500,000
Conditions met - transferred to revenue	-702,384	-1,807,749
Conditions still to be met - transferred to liabilities	<u>1,209,004</u>	<u>1,409,537</u>

MFMG funds are used to facilitate GAMAP and MFMA. To capacitate employees by having programmes such as: The Municipal Finance Management Internship Programme

	2008	2007
	R	R
<b>Equitable Share</b>		
Balance unspent at beginning of year	0	0
Current year receipts	71,241,184	61,812,760
Conditions met - transferred to revenue	-71,241,184	-61,812,760
Conditions still to be met - transferred to liabilities	<u>0</u>	<u>0</u>

The equitable share is allocated to the different Municipal Basic Services and institutions to provide basic services to low income household.

<b>SETA</b>		
Balance unspent at beginning of year	1,213,048	842,716
Current year receipts	180,537	425,975
Conditions met - transferred to revenue	-197,586	-55,642
Conditions still to be met - transferred to liabilities	<u>1,195,999</u>	<u>1,213,049</u>

The grant is used to pay for training courses. It supplement/augment the funds on the training vote. It is used to set off the primary and secondary skills development facilitators when they are out of the office on skills development related matters

<b>MIG Grant</b>		
Balance unspent at beginning of year	2,171,903	-1,480,023
Current year receipts	21,718,106	20,452,001
Conditions met - transferred to revenue	-16,556,012	-16,800,075
Conditions still to be met - transferred to liabilities	<u>7,333,997</u>	<u>2,171,903</u>

MIG Funds are used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure for the poorest of poor.

<b>Vuna Awards</b>		
Balance unspent at beginning of year	8,889	202,036
Current year receipts	0	0
Conditions met - transferred to revenue	0	-193,147
Conditions still to be met - transferred to liabilities	<u>8,889</u>	<u>8,889</u>

The Vuna Award funds were utilised to cover for the CBP (community based projects) process funding, five community projects funding and capacity building.

<b>Department of Trade &amp; Mineral</b>		
Balance unspent at beginning of year	4,121,762	0
Current year receipts	0	5,407,658
Conditions met - transferred to revenue	-4,198,220	-1,285,896
Conditions still to be met - transferred to liabilities	<u>-76,458</u>	<u>4,121,762</u>

The main aim of this grant was to supply the farmers(workers) with electricity and the funds were used for the electrification of the farmers houses (the workers house) within the GTM these was according to the DME (Department of minerals and Energy standards )

	2,008	2,007
	R	R
<b>National Electrification Grant</b>		
Balance unspent at beginning of year	1,916,570	0
Current year receipts	1,120,000	4,478,000
Conditions met - transferred to revenue	<u>-1,918,637</u>	<u>-2,561,430</u>
Conditions still to be met - transferred to liabilities	<u>1,117,933</u>	<u>1,916,570</u>

The grant was used for electrification of farm labour housing and schools

**Community Based Projects**

Balance unspent at beginning of year	11,248	11,248
Current year receipts	404,077	0
Conditions met - transferred to revenue	<u>0</u>	<u>0</u>
Conditions still to be met - transferred to liabilities	<u>415,325</u>	<u>11,248</u>

The funds were used for the training of lead facilitators, ward-based facilitators and lastly community based projects roll out to the wards. This process took place from December 2003 until to date.

**Umsombovu Youth Fund**

Balance unspent at beginning of year	0	0
Current year receipts	150,938	0
Conditions met - transferred to revenue	<u>-89,960</u>	<u>0</u>
Conditions still to be met - transferred to liabilities	<u>60,978</u>	<u>0</u>

The funds are used for the lunching of the project, also to pay for the insurance and the graduation of the Youth that are in the project.

**17 OTHER INCOME**

Sale of Investment properties	105,583	232,839
Insurance claims	484,523	959,204
Public contributions	0	8,816
Other income	1,862,253	6,687,901
Prov. motor vehicle licences	0	2,912,753
Collection cost income	0	404,413
<b>Total other Income</b>	<u>2,452,359</u>	<u>11,205,926</u>

**18 EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	81,236,067	76,124,842
Employee related costs - Social contributions	17,662,783	16,647,566
Travel allowance	3,940,059	3,264,538
Housing allowance	661,964	596,454
Overtime payments	6,146,813	6,081,260
Performance bonus	341,234	1,935,546
Long service awards	0	0
Less: Employee costs capitalised to Property, Plant and Equip	0	0
Less: Employee costs included in other expenses	<u>52,037,749</u>	<u>20,924,306</u>
<b>Total Employee Related Costs</b>	<u>57,951,171</u>	<u>83,725,900</u>

**Remuneration of the Municipal Manager**

Annual Remuneration	808,057	751,795
Performance Bonuses	0	70,222
<b>Total</b>	<u>808,057</u>	<u>822,017</u>

	2008	2007
<i>Remuneration of the Chief Finance Officer</i>	R	R
Annual Remuneration	594,787	553,374
Performance Bonuses	0	30,151
<b>Total</b>	<b>594,787</b>	<b>583,525</b>

	Technical Services	Corporate Services	Community Services
<i>Remuneration of Individual Managers</i>	R	R	R
30 June 2008			
Annual Remuneration	1,222,932	594,787	1,685,230
Performance Bonuses	0	0	0
<b>Total</b>	<b>1,222,932</b>	<b>594,787</b>	<b>1,685,230</b>
30 June 2007	R	R	R
Annual Remuneration	1,137,783	553,374	1,005,240
Performance Bonuses	106,275	51,688	116,379
<b>Total</b>	<b>1,244,058</b>	<b>605,062</b>	<b>1,121,619</b>

#### 19 REMUNERATION OF COUNCILLORS

Mayor	483,652	464,756
Councillors Allowances	8,203,718	7,907,302
Executive Committee Allowances	1,009,197	972,730
Councillors pension contribution	0	0
Speaker Allowances	389,996	374,485
Full Time Councillors	1,832,915	1,759,591
Medical Fund Contributions		
	<b>11,919,478</b>	<b>11,478,864</b>

#### *In-kind Benefits*

The Mayor, Speaker and five Councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor has one full-time Secretary and one pa.

#### 20 BAD DEBTS

Contribution to the bad debt provision	2,981,884	5,268,458
Bad debts written off	19,159,007	0
<b>Total Bad Debts</b>	<b>22,140,891</b>	<b>5,268,458</b>

**21 INTEREST ON EXTERNAL BORROWINGS**

	2008	2007
	R	R
Long term liabilities	8,614,110	12,307,766
Finance leases		0
Bank overdrafts	1,108,101	0
<b>Total Interest on External Borrowings</b>	<b><u>9,722,211</u></b>	<b><u>12,307,766</u></b>

**22 BULK PURCHASES**

Water	1,024,376	961,141
Electricity	67,646,477	90,065,003
<b>Total Bulk Purchases</b>	<b><u>68,670,853</u></b>	<b><u>91,026,144</u></b>

**23 GRANTS & SUBSIDIES PAID**

Museum	33,326	31,800
Sport Council	106,644	59,765
SPCA	37,770	36,040
Arts & Cultural		12,840
Mayor Special Account	9,283	41,642
Mayor Bursary Account		141,847
Eskom EBSST	2,508,905	3,149,996
Farm labour housing		5,207,718
Seta (Training)	197,586	55,642
Community based projects		193,146
Finance Management Grant		1,807,748
Fruit & Nut Cluster		226,826
Electrification Grant		2,561,431
PMS Evaluation		0
Vuna Awards		0
Tours Water Treatment		0
Department of Trade & Mineral		1,285,896
LIMAC		0
BMK Elect. & Greyling Const. Boreholes		0
Free Basic Services		0
Upgrading Sport Facilities		1,220,159
HPH		0
Other grants	10,000	494,329
	<b><u>2,903,514</u></b>	<b><u>16,526,825</u></b>

**24 CONTRIBUTIONS TO/(FROM) PROVISIONS**

Leave provision	552,130	469,046
Performance bonus	164,984	286,491
<b>Total Contributions to/(from) Provisions</b>	<b><u>717,114</u></b>	<b><u>755,537</u></b>



**25 CASH GENERATED BY OPERATIONS**

	2008	2007
	R	R
Net surplus for the year	6,088,405	16,456,297
Adjustments for:		
Depreciation	20,133,997	20,291,746
Gain on disposal of property plant & equipment	-2,471,202	0
Contributions to Provisions - non-current	164,984	286,491
Contributions to Provisions current		
Transfers	0	0
Interest received	-6,653,359	-11,458,943
Interest Paid	8,614,110	12,307,766
<b>Operational surplus before working capital changes</b>	<b>25,876,935</b>	<b>37,883,357</b>
Increase in inventories	-334,809	-997,310
Increase in Debtors	-1,234,618	-15,730,592
Decrease in other debtors	58,463	1,538,123
Increase in Conditional Grants	-591,469	5,191,644
Increase in Creditors	3,512,289	-9,369,402
<b>Cash generated by operations</b>	<b>27,286,791</b>	<b>18,515,820</b>

**26 CASH AND CASH EQUIVALENTS**

Balance at the end of the year	-12,895,065	-21,673,605
Balance at the beginning of the year	-21,673,605	-2,762,613
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>8,778,540</b>	<b>-18,910,992</b>

**27 UTILISATION ON LONG-TERM LIABILITIES RECONCILIATION**

Long term liabilities	56,180,250	57,829,332
Used to finance property, Plant and equipment	41,173,962	63,995,434
Sub-Total	15,006,288	-6,166,102
Cash set aside for the repayment of loans		
Cash invested for repayment of loans	21,658,065	19,057,618
<b>Cash invested for repayment of external loans</b>	<b>36,664,353</b>	<b>12,891,516</b>

External loans have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that external loans can be repaid on redemption date. See notes 2&8 for more detail

**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED****28 Unauthorised expenditure**

## Reconciliation of unauthorised expenditure

Opening Balance	0	0
Unauthorised expenditure for the year	13,788,140	0
Approved by council	0	0
<b>Closing balance</b>	<b>13,788,140</b>	<b>0</b>

**Incident**

Unbudgeted expenditure

**Disciplinary steps / Criminal proceedings**

None

Although the total budgeted expenditure is R23 708 734 more than the actual expenditure, the overspending on four votes constitute unauthorised expenditure as defined in section 1 of the MFMA. The unauthorised expenditure is mainly the result of the overspending on provision for bad debt.

**Irregular fruitless and wasteful expenditure**

	2008	2007
	R	R
Reconciliation of fruitless and wasteful expenditure		
Opening balance	0	0
Fruitless and wasteful expenditure		
Interest charged	29,063	0
Penalties charged	172,499	0
Transfer to Statement of Financial Performance	-201,562	
Closing balance	<u>0</u>	<u>0</u>

**Incident**

Interest and penalties charged by SARS on late submission of VAT payments.

**Disciplinary steps / Criminal proceedings**

None

During December 2007 SARS did not accept any cheque payments for VAT. Businesses had to register on e-filing with which Greater Tzaneen Municipality experienced problems, resulting in the late submission of VAT payments.

**Reconciliation of irregular expenditure**

Opening balance	0	0
Irregular expenditure	300,000	0
Transfer to Statement of Financial Performance	-300,000	0
Closing balance	<u>0</u>	<u>0</u>

**Incident**

Theft

**Disciplinary steps / Criminal proceedings**

The employee was found guilty and dismissed

**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**29 Contributions to SALGA**

Opening balance	0	0
Council subscriptions	363,945	244,113
Amount paid - current year	-363,945	-244,113
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

**Audit Fees**

Opening balance	0	0
Current year audit fee	1,479,735	320,844
Amount paid - Current year	-1,479,735	-320,844
Balance unpaid (included in creditors)	<u>0</u>	<u>0</u>

**VAT**

VAT inputs receivables and VAT outputs receivables are shown in notes 12 and 5 respectively. All VAT returns have been submitted by the due date throughout the year.

**PAYE AND UIF**

	2008	2007
	R	R
Opening balance	0	0
Current year payroll deductions	16,312,725	16,791,369
Amount paid - current year	-16,312,725	-16,791,369
<b>Balance unpaid (Included in creditors)</b>	<b>0</b>	<b>0</b>

**Pension and Medical Aid Deductions**

Opening balance	0	0
Current year payroll deductions and Control Contributions	24,431,468	21,688,000
Amount paid - Current year	-24,431,468	-21,688,000
<b>Balance unpaid (Included in creditors)</b>	<b>0</b>	<b>0</b>

The balance represents pension and medical aid contributions deducted from employees in the June 2008 payroll as well as Council's contribution to pension and medical aid funds. These amounts were paid during July 2008

**Councillor's arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at:-

**30th June 2008**

	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor ST Mapimele	1,606	949	657
Councillor M Sibiya	1,489	621	868
<b>Total Councillor Arrear Consumer Accounts</b>	<b>3,095</b>	<b>1,570</b>	<b>1,525</b>

**30th June 2007**

	Total	Outstanding less than 90 days	Outstanding more than 90 days
Councillor MW Mogoboya	1,556	494	1,062
Councillor JH Nkwinika	1,295	782	513
Councillor ST Mapimele	2,558	673	1,886
Councillor M Sibiya	4,529	1,017	3,512
<b>Total Councillor Arrear Consumer Accounts</b>	<b>9,938</b>	<b>2,966</b>	<b>6,972</b>

During the Year the following Councillors had arrear accounts outstanding for more than 90 days

**30th June 2008**

	Highest Amount Outstanding	Ageing
Councillor ST Mapimele	949	120 Days
Councillor M Sibiya	621	120 Days

**30th June 2007**

	Highest Amount Outstanding	Ageing
Councillor MW Mogoboya	598	120 Days
Councillor JH Nkwinika	232	120 Days
Councillor ST Mapimele	1,662	120 Days
Councillor M Sibiya	478	120 Days

**CAPITAL COMMITMENTS**

	2008 R	2007 R
<b>30 Commitments in respect of capital expenditure:</b>		
- Approved and contracted for	29,605,000	22,730,108
Infrastructure	29,605,000	17,918,178
Community		4,811,930
Heritage		
Other		
Housing Development Fund		
Investment Properties		
- Approved but not yet contracted for	40,000,000	15,000,000
Infrastructure	40,000,000	12,760,000
Community		390,000
Heritage		
Other		1,850,000
Housing Development Fund		
Investment Properties		
<b>Total</b>	<b>69,605,000</b>	<b>37,730,108</b>
This expenditure will be financed from:		
- Internal Advances	25,000,000	
- External Loans	15,000,000	15,000,000
- Capital Replacement Reserve		
- Government Grants	1,601,000	3,119,000
- Electronic Project Grant		
- MIG Grants	28,004,000	19,611,108
	<b>69,605,000</b>	<b>37,730,108</b>

**31 Repairs & Maintenance**

Machinery & Equipment	5,607,392	1,168,127
Lawnmowers	2,049,117	327,045
Distribution Networks	27,179,743	16,222,091
Stormwater Drainage & Bridges	5,862,002	4,076,578
Tarred Roads	3,205,108	3,765,265
Gravel Roads	5,364,779	4,648,992
Sidewalks & Pavements	3,087,422	1,325,885
Streetlights	674,904	689,590
Council-Owned Land	5,565,576	3,793,931
Council-Owned Buildings	4,996,183	1,153,733
Council-Owned Vehicles	9,175,382	9,308,156
Non-Council-Owned Assets - Contractors	322,451	1,142,119
Others	1,377,340	601,656
<b>Total Repairs &amp; Maintenance</b>	<b>74,467,399</b>	<b>48,223,168</b>

**32 General Expenses**

Auditors Fees	1,479,735	320,844
Consumable Domestic Items	406,872	403,867
Fuel - Vehicles	2,999,325	2,215,095
Insurance	4,339,578	3,678,693
Insurance Claims Own Expenditure	1,500,585	2,797,910
Leases - Photocopiers	595,768	495,035
Membership Fees - Salga	363,945	214,134
Non-Capital Tools & Equipment	271,684	1,034,181
Postage & Courier Fees	542,157	549,551
Printing & Stationery	864,622	962,795
Prodlba Share - Drivers Licence Fee	669,150	480,373
Protective Clothing	426,955	405,819
Provincial Share - Vehicle Licence Fee	17,883,258	15,364,898
Public Education And Training	56,288	102,186
Rent - Telephone Exchange	589,633	607,575
Rental Computer	421,681	740,410
Subsistence & Travelling Expenses	1,331,694	2,231,487
Telephone	1,388,859	1,384,417
Training Costs	242,264	669,080
Others	10,492,217	5,513,045
<b>Total General Expenses</b>	<b>46,866,270</b>	<b>40,171,395</b>

### 33 RETIREMENT BENEFIT INFORMATION

#### Joint Municipal Pension Fund

The last valuations of the Joint Municipal Pension Fund was done on 30 September 2007.

The results of the valuation (with provision for some future pension increases) are as follows

Actuarial Valuation	2007 R'000	2006 R'000
Actuarial value of Assets	2,201,405	2,116,732
Total accrued liabilities	1,779,695	1,818,624
Solvency reserve	339,579	298,108
Surplus / (Deficit)	<u>82,131</u>	<u>0</u>

Funding level (including solvency) 103,9%  
Funding level (excluding solvency) 123,7%

#### Municipal Employees Gratuity Fund

The last valuation of the Municipal Employees Gratuity Fund was done on 30 June 2007

Actuarial Valuation	2006 R'000	2005 R'000
Share account	7,866,593	5,372,359
Reserve Account	126,977	8,921
Value of Fund 30 June 2007	<u>7,993,570</u>	<u>5,381,280</u>

The fund is financial sound for the requirements of the Pension Fund Act.

#### Municipal Employees Pension Fund

Actuarial Valuation	28/02/2005 R'000	28/02/2004 R'000
Assets	3,046,791	2,545,538
Liabilities	2,654,108	2,455,149
Contingency Reserves	196,571	90,389
Surplus/(Deficit)	<u>196,112</u>	<u>0</u>

This represents a funding level of 106,9%.

#### Imatu Retirement Fund

The above mentioned fund is a defined contribution fund and according to regulation 2 of the Pension Fund of 1956 exempt from the provisions of sections 9A and 16 of the Act.

#### CONTINGENT LIABILITY

	2008	2007
34 Paper guarantees housing loan (ABSA)	<u>1,000,000</u>	<u>1,000,000</u>

a paper guaranty of R1 million has been negotiated with ABSA on behalf of officials in respect of housing loans.No collateral is needed by ABSA on housing loans.

The Municipality is being sued for by a member of the public due to injuries sustained when she fell into an unmarked trench digged by the Municipality. The contingent liability includes legal cost of R35 000.

100,000      0

The Municipality is being sued by Helen Maimela for R100 000 and Conny Bango for R100 000 for unlawful prosecution by our traffic department.

200,000      0

### 35 FINANCIAL INSTRUMENTS

The main risks of the Municipality are interest rate risk, liquidity risk, credit risk and the fair value of financial instruments.

#### Interest rate risk

The Municipality is exposed to interest rate risk on its investments. This risk is managed by investing in investments with different maturity dates. This enables the Municipality to re-allocate some of the investments in the event of major fluctuations in the interest rates.

#### Currency risk

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No. 56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

#### Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Municipality's policy on counterpart credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

#### Credit risk

Credit risk is the risk that would be incurred as a result of non-performance by counterparties of their contractual obligations towards the Municipality.

To manage the risk the Municipality has a credit control policy.

#### Counterparties

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

#### Fair value of financial instruments

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

### 36 GOING CONCERN

The following factors were noted by management when assessing the Municipality's ability to continue as a going concern.

- Current liabilities exceeded current assets by R7,135 million at 30 June 2008
- The bank overdraft had a balance of R12,8 million on 30 June 2008 and,
- Grant monies have been utilized to fund operational expenditure.

During the course of the financial year a financial recovery plans which addresses inter alia, debt collection, cash management and expenditure management was adopted and implemented by Council. Management is of the opinion that this plan adequately mitigates against the going-concern risk.

### 37 EXEMPTIONS

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the standards and aspects or parts of these standards mentioned in accounting policy 1.

Standard no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s), exempted in terms of <i>General Notice 552 of 2007</i> , in <i>Government Gazette no. 30013</i> of 29 June 2007, that have been early adopted
GRAP 03	Accounting policies, changes in accounting estimates and errors	<ul style="list-style-type: none"> <li>▪ Identification and impact of GRAP standards that have been issued but are not yet effective. (GRAP 3.30 - 31)</li> <li>▪ Changes to accounting policies. (GRAP 3.14, 19)</li> </ul>
GAMAP 09	Revenue	<ul style="list-style-type: none"> <li>▪ Initial measurement of fair value; discounting all future receipts using an imputed rate of return. (GAMAP 9.12 and SAICA circular 9/06)</li> </ul>
GAMAP 12	Inventories	<ul style="list-style-type: none"> <li>▪ The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.</li> <li>▪ The entire standard to the extent that it relates to water stock that was not purchased by the municipality.</li> </ul>
GAMAP 17	Property, plant and equipment	<ul style="list-style-type: none"> <li>▪ Review of useful life of items of PPE recognized in the annual financial statements. (GAMAP 17.59 - 61, 77)</li> <li>▪ Review of depreciation method applied to PPE recognized in the annual financial statements. (GAMAP 17.62, 77)</li> <li>▪ Impairment of non-cash generating assets. (GAMAP 17.64 - 69, 75(e)(v) - (vi))</li> <li>▪ Impairment of cash generating assets. (GAMAP 17.63, 75(e)(v) - (vi))</li> </ul>
IAS 11 (AC 109)	Construction contracts	<ul style="list-style-type: none"> <li>▪ Entire standard.</li> </ul>
IAS 14 (AC 115)	Segment reporting	<ul style="list-style-type: none"> <li>▪ Entire standard.</li> </ul>
IAS 17 (AC 105)	Leases	<ul style="list-style-type: none"> <li>▪ Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement. (IAS 17.33 - 34 and 50 - 51, SAICA circular 12/06.8 - 11)</li> </ul>
IAS 19 (AC 116)	Employee benefits	<ul style="list-style-type: none"> <li>▪ Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information. (IAS 19.29, 48 - 119 and 120A(c) - (q))</li> </ul>

IAS 20 (AC 134)	Accounting for government grants and disclosure of government assistance	<ul style="list-style-type: none"> <li>▪ Entire standard excluding paragraphs 24 and 26, replaced by GAMAP 12.8, GAMAP 17.25 and GAMAP 9.42 – 46.</li> </ul>
IAS 36 (AC 128)	Impairment of assets	<ul style="list-style-type: none"> <li>▪ Entire standard.</li> </ul>
IAS 38 (AC 129)	Intangible assets	<ul style="list-style-type: none"> <li>▪ The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed.</li> </ul>
IAS 39 (AC 133)	Financial instruments: Recognition and measurement	<ul style="list-style-type: none"> <li>▪ Initially measuring financial assets and liabilities at fair value. (IAS 39.43, AG79, AG64 – AG 65 and SAICA circular 9/06)</li> </ul>
IAS 40 (AC 135)	Investment property	<ul style="list-style-type: none"> <li>▪ The entire standard to the extent that the property is accounted for in terms of GAMAP 17.</li> <li>▪ Disclosure of the 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. (IAS 40. 79(e)(i) – (iii))</li> </ul>
IFRS 3 (AC 140)	Business combinations	<ul style="list-style-type: none"> <li>▪ Entire standard.</li> </ul>
IFRS 05 (AC 142)	Non-current assets held for sale and discontinued operations	<ul style="list-style-type: none"> <li>▪ Classification, measurement and disclosure of non-current assets held for sale. (IFRS 5.6 – 29 (in so far as it relates to non-current assets held for sale) and 38 – 42)</li> </ul>
IFRS 07 (AC 144)	Financial Instruments: Disclosures	<ul style="list-style-type: none"> <li>▪ Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.</li> </ul>



**APPENDIX A  
GREATER TZANEEN MUNICIPALITY**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008**

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30-06-2007	Received during the period	Redeemed written off during the period	Balance at 30-06-2008	Carrying Value of Property Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS								
DBSA			10,292,000			10,292,000		
TOTAL LONG-TERM LOANS		2009	10,292,000	0	0	10,292,000	0	0
ANNUITY LOAN			27,537,332	0	1,649,082	25,888,250		
TOTAL ANNUITY LOANS			27,537,332	0	1,649,082	25,888,250	0	0
SINKING FUND ABSA			20,000,000			20,000,000		
TOTAL SINKING FUND			20,000,000	0	0	20,000,000	0	0
<b>TOTAL EXTERNAL LOANS</b>			<b>57,829,332</b>	<b>0</b>	<b>1,649,082</b>	<b>56,180,250</b>	<b>0</b>	<b>0</b>

# APPENDIX D

## GREATER TZANEEN MUNICIPALITY

30 JUNE 2008

### SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED

	2007 ACTUAL INCOME R	2007 ACTUAL EXPENDITURE R	2,007 SURPLUS/ (DEFICIT) R	2008 ACTUAL INCOME R	2008 ACTUAL EXPENDITURE R	2008 SURPLUS/ (DEFICIT) R
	115,075	2,204,671	-2,089,596	113,362	2,249,138	-2,135,776
Community & Social Services	160,954,910	130,370,893	30,584,017	134,710,778	109,026,969	25,683,809
Electricity	0	15,409,708	-15,409,708	0	15,363,253	-15,363,253
Executive & Council	109,838,068	45,810,123	64,027,945	118,178,425	61,320,247	56,858,178
Finance & Admin	26,326	2,450,064	-2,423,738	12,282	2,492,743	-2,480,461
Health	6,130,941	7,788,912	-1,657,971	705,908	5,786,679	-5,080,771
Housing	7,048,248	19,433,631	-12,385,383	88,780	8,577,600	-8,488,820
Planning & Development	1,108,273	7,162,196	-6,053,923	872,528	10,547,870	-9,675,342
Public Safety	23,175,187	57,924,754	-34,749,567	33,154,726	55,154,038	-21,999,312
Road Transport	379,300	8,699,937	-8,320,637	2,735,817	8,393,857	-5,658,040
Sport & Recreation	4,171,360	7,854,604	-3,683,244	4,325,947	7,969,505	-3,643,558
Waste Management	14,059,218	20,133,019	-6,073,801	20,603,962	22,550,819	-1,946,857
Waste Water Management	17,906,562	18,414,694	-508,132	20,979,079	23,798,455	-2,819,376
Water	16,800,074	1,600,039	15,200,035	0	0	0
Other	361,713,542	345,257,245	16,456,297	336,481,594	333,231,173	3,250,421
Sub Total						
	35,793,747	35,793,747	0	45,821,539	45,821,539	0
Less Inter-Dep Charges						
<b>Total</b>	<b>325,919,795</b>	<b>309,463,498</b>	<b>16,456,297</b>	<b>290,660,055</b>	<b>287,409,634</b>	<b>3,250,421</b>

# APPENDIX E(1)

## GREATER TZANEEN MUNICIPALITY

### ACTUAL VERSES BUDGET FOR THE YEAR ENDED 30 JUNE 2007

	2008 ACTUAL (R)	2008 BUDGET (R)	2008 VARIANCE (R)	2008 VARIANCE (%)	EXPLANATION OF SIGNIFICANT VARIANCES GREATER THAN 10% VERSUS BUDGET
<b>REVENUE</b>					
Property rates	28,973,424	25,990,770	-2,982,654	-10.29%	
Property rates - Penalties imposed and collection charges	1,389,818	945,433	-444,385	-31.87%	Water penalties included in budget. Should be service charges
Service charges	170,298,588	187,561,613	17,263,045	10.14%	
Rental of facilities and equipment	454,627	375,432	-79,195	-17.42%	
Interest earned - external investments	3,062,087	1,357,160	-1,704,927	-55.68%	Interest on long - term investments no budgeted for.
Interest earned - outstanding debtors	4,699,372	3,129,981	-1,569,391	-33.40%	
Fines	1,088,559	1,748,365	679,806	63.62%	
Licences and permits	383,559	237,533	-146,026	-38.07%	
Income for agency services	26,839,058	19,164,880	-7,674,178	-28.59%	
Government grants and subsidies	94,388,961	79,556,536	-14,832,425	-15.71%	MIG grants included in actual income
Other Income	2,452,359	6,812,454	4,360,095	177.79%	Collection cost income and agency serv. Income included
Public contributions, donated/contributed PPE	2,471,202	1,048,000	-1,423,202	-57.59%	
Gains on disposal of property, plant and equipment	0	-6,119,320	-6,119,320	0.00%	
<b>Operating Income generated</b>	<b>336,481,594</b>	<b>321,808,837</b>	<b>-14,672,757</b>	<b>-4.36%</b>	
Less Income Foregone			0	0.00%	
<b>Total Operating Income</b>	<b>336,481,594</b>	<b>321,808,837</b>	<b>-14,672,757</b>	<b>-4.36%</b>	
<b>EXPENDITURE</b>					
Employee related costs	57,951,171	55,015,887	-2,935,284	-5.07%	Employee cost to R&M less than budget
Remuneration of Councillors	11,973,246	12,226,164	252,918	2.11%	Increase in allowances was approved after approval of budget
Bad debts	22,140,891	6,603,007	-15,537,884	-70.18%	
Collection costs	-23,810	104,800	128,610	-540.15%	Actual expenditure not just net result
Loss on inventory	962	0	-962	-100.00%	
Depreciation	20,133,997	17,224,925	-2,909,072	-14.45%	
Repairs and maintenance	74,467,399	82,335,075	7,867,676	10.57%	
Interest on external borrowings	9,722,211	13,140,049	3,417,838	35.15%	Allocation from salaries less than budgeted (as above)
Bulk purchases	68,670,853	71,889,391	3,218,538	4.69%	Increase in consumption
Contracted services	18,424,468	20,008,632	1,584,164	8.60%	
Grants and subsidies paid	2,903,514	6,277,804	3,374,290	116.21%	MIG grants included in actual expenditure
General expenses - other (including abnormal expenses)	46,866,270	46,399,837	-466,433	-1.00%	
Contributions to/(transfers from) provisions	0	0	0	0.00%	
Loss on disposal of property, plant and equipment	0	0	0	0.00%	
Cash Requirement	0	0	0	0.00%	
<b>Total Expenditure</b>	<b>333,231,172</b>	<b>331,225,571</b>	<b>-2,005,601</b>	<b>-0.60%</b>	
<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>3,250,422</b>	<b>-9,416,734</b>	<b>-12,667,156</b>	<b>-389.71%</b>	





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

OFFICE OF THE AUDITOR-GENERAL PRIVATE BAG X9339 POLOKWANE 0700 REPUBLIC OF SOUTH AFRICA TEL (015) 299-4400 & FAX (015) 299-4765

The Municipal Manager  
Greater Tzaneen Municipality  
Po Box 24  
TZANEEN  
0850

29 November 2008

Dear Sir

**REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS OF THE GREATER  
TZANEEN MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008**

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act, 2004 (Act No. 25 of 2004 read in conjunction with section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996).
2. In terms of section 21(3) of the afore-mentioned Act these reports are required to be tabled in accordance with any applicable legislation within a reasonable time. Cognisance should be taken that this section furthermore determines that if the report is not tabled in council within one month after its first sitting after the report has been submitted, it must be published by the Auditor-General.
3. Until tabled, or published by the Auditor-General, this report is **not a public document** and should therefore be treated as **confidential**.
4. If it is the intention of your municipality to publish the attached audit report as part of the municipality's annual report, you are requested to please do the following:
  - Submit the final printer's proof of the annual report (which includes both the audit reports for the financial statements and performance measures) to Mr. WJ Immelman of the Auditor-General for verification of the audit-related references before it is printed or copied. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
  - Print the logo of the Auditor-General in the upper right-hand corner of the first page of the audit report. The official logo will be made available to you electronically if needed.
5. Please notify the Business Executive of the Limpopo Province well in advance of the date on which the audit report, or the annual report containing this audit report, will be tabled at the municipality.

6. Your co-operation to ensure that all these requirements are met would be much appreciated.
7. Kindly acknowledge receipt of this letter.

Yours faithfully



---

**MD Tjale**  
**For AUDITOR-GENERAL**

The content of this letter are acknowledged and confirmed by on behalf of the Greater Tzaneen Municipality.



---

**MUNICIPAL MANAGER**

REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL  
LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND  
PERFORMANCE INFORMATION OF THE GREATER TZANEEN MUNICIPALITY FOR  
THE YEAR ENDED 30 JUNE 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

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

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 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), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
- appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.
7. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the 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.

#### **Basis for qualified opinion**

##### **Capital replacement reserve (CRR)**

10. The municipality's accounting policy note 4.1 on the CRR states that the CRR is fully funded by cash and that the cash can not be used for any other purpose. The CRR amounting to R8 623 038 was not funded by cash at year-end as the municipality has a bank overdraft. This is also contradictory to the accounting standards implementation guide issued by National Treasury with MFMA Circular No. 18 dated 23 June 2005.

##### **Trade and other payables**

11. Included under trade and other payables are unknown deposits amounting to R1 894 711, which differed by R787 959 from the supporting schedules provided by the municipality. Alternative procedures could not be performed and consequently I was unable to satisfy myself as to the valuation, obligation and existence of the unknown deposits at year-end.

#### **Qualified opinion**

12. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Greater Tzaneen Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended, in accordance with the applicable reporting framework and in the manner required by the MFMA.

#### **Emphasis of matters**

I draw attention to the following matters:



**Going concern**

13. The municipality's note 36 to the financial statements indicates that the Greater Tzaneen Municipality's current liabilities exceeded its current assets by R7,1 million for the year ended 30 June 2008 and, as of that date, the municipality's bank account was in overdraft by R12,8 million. Grant moneys have also been utilised to fund operational expenditure. These conditions, along with other matters, point to the existence of a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern.

**Amendments to the applicable basis of accounting**

14. As set out in accounting policy note 37, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of *General Notice 552 of 2007*, issued in *Government Gazette No. 30013 of 29 June 2007*.

**OTHER MATTERS**

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

**Internal controls**

15. 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 that gave rise to the inefficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
Capital replacement reserve			✓		
Trade and other payables			✓		✓

**Control environment:** establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

**Risk assessment:** involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.

**Control activities:** policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.

**Information and communication:** supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.

**Monitoring:** covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
or standard checklists, by employees within a process.					

### Matters of governance

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

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

Matter of governance	Yes	No
<ul style="list-style-type: none"> <li>The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.</li> </ul>		✓

**Unaudited supplementary schedules**

17. The supplementary information set out on pages [xx] to [xx] does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

**OTHER REPORTING RESPONSIBILITIES**

**REPORT ON PERFORMANCE INFORMATION**

18. I was engaged to review the performance information.

**Responsibility of the accounting officer for the performance information**

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

**Responsibility of the Auditor-General**

20. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

21. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

22. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

**Audit findings (performance information)**

**Non-compliance with regulatory requirements**

23. The municipality did not adopt a performance management system as required by section 8 of the Local Government: Municipal Planning and Performance Management Regulations, 2001 (Gazette number (GNR) 796 of 24 August 2001).

24. The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required in terms of section 45(a) of the MSA and section 14(c) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 (GNR 796 of 24 August 2001).

25. No evidence was provided that the performance audit committee reviewed all the quarterly performance reports for the year under review. An audit report was also not submitted to the council regarding the performance management system of the municipality, as required by section 14(4)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 (GNR 796 of 24 August 2001).

26. No evidence could be provided of adequate involvement of the community in the IDP process as required by section 28 of the MSA and section 8 of the Local Government: Municipal Planning and Performance Management Regulations, 2001 (GNR 796 of 24 August 2001).

**Performance information not received in time**

27. The municipality did not provide me with the annual performance report in terms of section 46 of the MSA.

**APPRECIATION**

28. The assistance rendered by the staff of the municipality during the audit is sincerely appreciated.

*D. J. - General*

Pretoria

29 November 2008



AUDITOR - GENERAL

GREATER TZANEEN MUNICIPALITY						
ANNEXURE E: MANAGEMENT REPORT AND ACTION PLAN FOR THE 2007/2008 AUDIT REPORT						
No.	Description	Comments	Causes	Corrective measures	Responsible	Target date
1	Irregular expenditure					
1.1	Non-compliance to the MFMA	Expenditure worth R. 300 000 incurred in contravention of the SCM regulations	No effective system in place to identify and report on fruitless and wasteful expenditure	A system will be put in place through which departments are involved in the identification and reporting of fruitless and wasteful expenditure. The expenditure section will log all suspected such cases which will be investigated and reported on accordingly. Departments will additionally be requested to submit any other cases that they are aware of.	HOD Expenditure to log and HOD budgeting to invite submissions by departments	31-Jan-09
2	Budget exceeded	Budget overspend by under provision on Bad Debts	Budgeted provision is based on the estimates.	The provision will be reviewed during the budget adjustment process	HOD Revenue	28-Feb-09
3	Contingent liability	Contingent liability not properly disclosed	No system to identify and report on contingent liabilities	Memo will be sent out to departments during June of each year for them to report on contingent liabilities that they are aware of	HOD budgeting	30-Jun-09
4.4	Inaccurate posting from transaction accounts	Stand sale debtors' listing does not agree with the Financial Statements	No proper reconciliation performed at year-end	Reconciliations to be done monthly	HOD Revenue	31-Jan-09
5.1	Long-term debtors	Long term debtors balance could not be substantiated	Poor documentation on debt moratorium arrangements and no proper monthly reconciliation	Reconciliations to be done monthly	HOD Revenue	31-Jan-09
9.2	Internal audit not reviewing performance information		Performance audits were not conducted in the past	All performance information will be audited by internal audit	HOD Internal audit	31-Jan-09
9.3	Inadequate review of quarterly information by audit committee		Audit committee was newly established	All quarterly information will be submitted to the audit committee for review	PED manager	31-Jan-09

No.	Description	Comments	Causes	Corrective measures	Responsible	Target date
9.5	Could not confirm that all IDP entries are included on the PMS	Audit finding vague but the municipality is in the process to review its PMS to ensure that it is in line with the IDP			PED manager	
9.6	Performance contracts for the Municipal Manager and Chief Financial Officer not obtained		The contracts were dependant of the finalisation of the IDP and SDBIP. These were delayed due to uncertainties with regards to the capital projects to be implemented. These were finalised during the course of the audit		Municipal Manager	
9.7	Service delivery and Budget implementation Plan not submitted for the full financial year	The SDBIP and Internal Audit reports were not reviewed by Audit committee and reports thereon submitted to Council.			PED manager	
9.8					Internal audit	
9.9	No proof of review of monthly meter readings		Exception reports not signed for checking function	The reports will be signed monthly by the senior official who checked them.	HOD Revenue	31-Dec-08
10.1	VAT	Interest and penalties not disclosed under fruitless and wasteful expenditure	New system of SARS filing	The matter has been resolved		
10.2	VAT returns	The returns not submitted on time	Postal delays			
11.1	Unknown deposits reconciliation	The unknown deposits list does not agree with the General Ledger	Poor reconciliation	Reconciliations to be done monthly	HOD Revenue	31-Dec-09

No.	Description	Comments	Causes	Corrective measures	Responsible	Target date
16.2	Investment policy note	No provision in the accounting policy for investment properties		Will be included in the next AFS	HOD Revenue	
16.3	Capital replacement reserve not cash backed		Financial constraints	Amount will be written back	HOD budgeting	30-Jun-09
17	Unspent conditional grants	Unspent conditional grants not cash backed	Financial constraints	Financial recovery plan has been drafted to address this		
Annexure B						
2.1	No increases in deposits on arrears accounts			Fujitsu will be requested to provide for this on promiss	HOD Revenue	31-Jan-09
2.2		\$		Addressed		
2.3	Property rates	Property rates levied does not agree to valuation roll		Addressed		
2.4	No receipts for cash received by drivers' license offices			Addressed		
2.5	Reconciliation of property rates income	Property rates are not reconciled to the valuation roll on monthly basis	Confusion with regard to responsibility for this as the valuation roll was the responsibility of the PED department	Responsibility for the valuation roll has been transferred to the revenue section and this section will be responsible for this function	HOD: Revenue	31-Jan-09

No.	Description	Comments	Causes	Corrective measures	Responsible	Target date
3.1	Operating lease payments in the general ledger is not in accordance with the lease agreements		No contract addendums in place	Contract addendums will have signed for all amendments to the contract.	Legal Advisor	28-Feb-09
3.2	Legal fees are set off against collection cost income		The contract with the firms responsible for collecting outstanding debts provided that they could deduct their costs from the money collected before paying the money over to the municipality.	The amount deducted by the attorneys will be disclosed as an expense separately.	HOD, Financial reporting	30-Jun-09
3.3	Recurring expenses not allocated to same vote every month			Addressed		
4	Employee costs					
4.1	Leave forms signed after leave was taken		Poor control over leave administration	No leave will be taken without leave form being properly signed	Managers and HODs	31-Jan-09
4.2	Differences noted on termination leave payouts			Addressed		
4.3	Rental agreements could not be obtained	Rental agreements for houses rented by Council employees could not be obtained		This case refers to instances where some officials have to stay in municipal houses as a requirement of their job. A contract is not required in this case - Addressed		
4.4	Employee costs: Master file amendments			Addressed		



No.	Description	Comments	Causes	Corrective measures	Responsible	Target date
4.5	Renewal of contracts			Addressed		
5	Inventory			Addressed		
5.1	Inventory not captured in the correct period			The corrective journal will be passed	HOD: Expenditure	31-Jan-09
5.2	Stock take differences not processed			Addressed		
5.3	Estimate on water and electricity not performed at year end			Addressed		
6	Property plan and equipment			Addressed		
6.1	Furniture and fittings negative balance			Addressed		
6.2	Assets not recorded in the fixed asset register	A number of assets (total value R 94 555) could not be physically verified while some assets could not be found on the asset register	The assets that could not be physically verified were caused by poor description thereof or of the location while those that could not be traced to the asset register due to assets that were bought whose cost was below the threshold for disclosure as capital asset	The department of Local Government and Housing is engaged in a process to help the municipality update its asset register which will help in proper description of assets being captured. Assets that are not on the asset register will be captured.	HOD: Expenditure	28-Feb-09
7	Unauthorized expenditure					
7.1	Supply chain management documents could not be obtained	Updated tax clearance certificates could not be obtained for a number of service providers on the municipality's database of service providers	Database not updated regularly. The municipality also did not have a dedicated official to deal with the database maintenance. An official has however since been appointed.	The municipality will be engaging in a process to cleanse its database which will result in only accredited service providers who comply with all legislative requirements being on the database. However it can be indicated that bids are only offered to service providers whose tax clearance certificate is up to date.	HOD: SCM	30-Jun-09
8	Compliance with legislation					
8.1	Non-compliance with annual leave requirements	Officials did not take the minimum amount of leave	Lack of monitoring of leave balances	The HR section will monitor leave days balances of different officials and report thereon monthly	HOD: HR	28-Feb-09
8.2	No declaration of interest completed	A number of officials and councillors did not disclose their interests in other companies and corporations	Non-compliance with legislative requirements	HR to follow-up with those officials that did not disclose their business interests	HOD: HR	28-Feb-09
8.3	Non-compliance with MFMA			Addressed		

No.	Description	Comments	Causes	Corrective measures	Responsible	Final date
9	Receivables					
9.1	Debts not handed over for collection	Debts older than 90 days were not handed over for collection.	Municipality was still in process of appointing debt collectors and dealing with issues that were raised by the community that led to non-payment of accounts	The debt collectors have been appointed and all outstanding debts are now being handed-over.		
9.2	Difference between bad debts authorized by Council and general ledger	There was a difference of R 575 844 between the bad debts authorized by Council and actual amount written off. As per council resolution this amount was supposed to have been authorized by the Municipal Manager	Poor implementation of Council resolution. The difference was caused by the fact that the system could not write off the amount outstanding as at the time when	A report will be submitted to the Municipal Manager for his approval.	HOD: Revenue	28-Feb-09
10	Value added tax					
10.1	Journals not signed	Two journals to clear the VAT control account were not signed by a senior officials as proof of authorization	Oversight	All Journals will be signed by the HOD: Expenditure	HOD: Expenditure	31-Jan-09
10.2	No supporting documentation could be obtained for VAT reconciling item			Resolved		
<b>11 Creditors</b>						
11.1	Non-compliance with the consumer deposit policy	Consumer deposits not calculated per the consumer deposit policy		Consumer deposit policy will be adhered to	HOD: Revenue	31-Jan-09
12	Accruals					
12.1	Bonus accrual understated	Accrual for bonuses understated by R 1.5 million		Addressed		
<b>ANNEXURE C</b>						
3	Property Plant and equipment					
3.1	Asset disposals not removed from asset register	Assets sold not removed from the asset register	This refers to assets sold during the municipal auction. The delay experienced in getting the final report from the auctioneer resulted in delays in removing the assets from the asset register	The assets will be removed from the asset register	HOD: Expenditure	28-Feb-09
3.2	No physical verification of fixed assets			The vacant positions will be filled and as asset count conducted before year-end	HOD: Expenditure	30-Apr-09
4	Employee costs					
4.1	Vacant positions not filled on time		Budget constraints			

No.	Description	Comments	Causes	Corrective measures	Responsible	Target Date
4.2	Monthly reconciliation between the payroll and financial system			Addressed		
5	Consumer deposits					
5.1	Listing of disconnections not provided	Reconciliation should be made between disconnections and deposits refunded on a monthly basis			HOD: Revenue	31-Jan-09
6	Creditors					
6.1	Creditors' journals processed not signed for authorization			All creditor journals will be signed by a senior official for approval	HOD: Revenue	31-Jan-09
9	Other					
9.1	No proof of quality assurance review of internal audit			Submission has already been made to National Treasury to conduct the quality review	Internal Auditor	30-Jun-09
9.2	Fraud prevention plan not in place	A fraud and anti-corruption strategy has been drafted but has not yet been submitted to Council for adoption		Plan will be finalized and submitted to Council	HOD: HR	31-Mar-09
10	Fruitless and wasteful expenditure					
10.1	No policy for unauthorized, irregular, fruitless and wasteful expenditure			Policy will be drafted and submitted to council for adoption	CFO	31-Mar-09
11	Environmental Audit					
11.1	Integrated water and sewerage plan	Adopted plan not updated	Capacity problems and inadequate resources	Several institutions have been approached to assist in funding for the development of the water and Sanitation Sector plans. The district will be engaged for assistance on this	Civil Engineering Manager	30-Jun-09
11.2	Integrated Disaster Management plan			The Municipality has a disaster management plan		
11.3	Waste and pollution management: Illegal dumping	Waste removal is not done in the whole municipal area		Municipality is piloting a rural waste minimization project. This will guide future rural waste management projects		
11.4	Waste and pollution management: Leachate and polluted run-off water	No surface water drains at the land fill site.			HOD: Solid waste	
11.5	Water management/Land invasion	*Squatting taking place below the 50 year flood line of the Letaba river *Street mechanics servicing vehicles on the bank of the Letaba river spilling used motor oil *Hawkers operating and disposing waste on the bank of the Letaba river			PED: land division	
11.6	Water management: catchment	Storm water drainage systems do not have grids at final outlets to prevent plastic bags and other waste items to be disposed off in streams and rivers	misdesign and vandalism	Some of the outlets grids were never installed during the construction and while mostly were vandalised or stolen. ESD will definitely see to it that a plan is effected to install all missing outlet grids by end of 2009.	Civil Engineering Manager	09-Dec-09

No.	Description	Comments	Causes	Corrective measures	Responsible	Target date
11.7	Water management: water-borne systems	Environmental impact assessment on groundwater quality and other related issues in areas where no water-borne sewage systems are in place not finalized		Study to be finalized in conjunction with Mopani district. Municipality moreso that they are currently constructing VIP sanitation toilets in GTM area.	Civil Engineering Manager	09-Jun-09
11.8	Water management: water-borne systems	Quality of sewage effluent disposed of at the Nkowanikwa water-borne sewage system and Lenyenge ponds not acceptable	Insufficient capacity and resources	African Consulting Engineers through DLGH is currently assisting on addressing water and sewerage related problems, amongst which nkowanikwa and lenyenge sewer works will be addressed as well. A training will also be given to our operators on quality management, particularly on effluent treatment.	Civil Engineering Manager	01-Apr-09
11.8	Law enforcement mechanisms	No enforcement of municipal by-laws dealing with environmental issues, viz.: *waste and pollution management *air quality and energy efficiency and *Land use planning	Capacity problems		Community services manager	

Chief Financial Officer:

Date

Municipal Manager:

Date