

SENQU MUNICIPALITY ANNUAL REPORT: 2009/2010





VISION STATEMENT

“To be an efficient and democratic institution, able to provide quality and affordable services and promote sustainable development and growth of her citizenry through integrated planning and optimal use of resources, thus creating a better life for all.”

MISSION STATEMENT

“Senqu Municipality will strive to create a conducive environment for active citizenry in governance, provide efficient and affordable quality services and stimulate economic growth through effective planning and democratic practices.”

BROAD DEVELOPMENT GOALS

Meeting basic service delivery and access to free basic services, Institutional Development and Transformation, Economic Development, Transformation and Growth, Municipal Financial Viability and Management, Good Governance.

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Mayor's foreword

It gives me great pleasure to present to you the 2009/10 annual report of Senqu municipality. This is in fulfilment of my regulatory responsibilities in terms of the s59 of the Municipal Finance Management Act (MFMA) which is of paramount importance to me. All processes have been followed, in particular Council's oversight role to ensure a qualitative report is tabled which meet the prescripts of the Provincial Department of Local Government and Traditional affairs.



The year under review witnessed a myriad of challenges, this notwithstanding, I am happy to state that the municipality achieved its primary objectives of services to our people. I am mindful of the aspiration and expectation of our people and throughout my leadership, have ensured sound financial practices and good governance in both the administration and politics. Taken cognizance of the regulated nature of local government, the programmes implemented have been within the context of the adopted integrated development Plan (IDP). This is a product of extensive community consultation emanating from various political outreach programmes and our adopted IDP Process Plan with activity schedule and identified major stakeholders.

This process facilitated and resulted in a social contract which shaped the developmental agenda of Council. The priority areas as emanated from the feedback received through interaction of our community members include but not limited to:

- Delivery of basic services
- Provision of basic infrastructure o
- Housing delivery

The highlights of such programmes are further expatiated in the annual report for verification. The Senqu municipality has now positioned itself to embark on massive development around manufacturing- Senqu Plastic project which when in operational would turn around the local economy to create more jobs and address poverty. Another sector that the municipality is focussing is around tourism development especially around the Holo-Hlatsi dam where in a private partner is required to ensure sustainability.

The South African Local Government requires that we account to our communities the activities and performance during a financial year. I am therefore honoured to present to you the 2009/10 annual report of Senqu municipality for public scrutiny.

ZI DUMZELA
MAYOR

Municipal Manager's Report



The year 2009/10 witnessed a tremendous improvement in the running of the municipality both politically and administratively.

I want to state emphatically that the hard work and dedication by both the management team and the political leadership has paid good results. For the second year running the municipality continued to receive an unqualified audit opinion. The feat is commendable since out of the 45 municipalities in the Eastern Cape only 6 received an unqualified audit opinion.

The implication on Senqu municipality is enormous and manifold:

- It demonstrate and emphasis on strong leadership and sound financial management
- It emphasis commitment and dedication which is due partly to the continuity of the top management team;

The target of 2010/11 financial year is geared towards operation clean audit with no matter

GOVERNANCE

The Senqu municipality continued to encourage citizen participation in its business and successfully conducted political outreach program wherein the needs of the communities were obtained. The purpose of the exercise was to develop the municipal IDP, informed by the needs of our people. The municipal IDP which is a strategic document guides Council in its decision is not a hearsay but a well- researched document which reflects on community needs.

TRANSPARENCY

The municipality is transparent in all its business undertakings and places crucial documents at its website for public scrutiny. Through its open door policy the municipality discourage nepotism and follow strict process and procedures on issues around Supply Chain Management and staff appointment.

This notwithstanding the municipality encourages local resident's appointment but quality is not compromised to reduce unemployment on the area. The strategy targets local unemployed graduates/ diploma holders.

PERFORMANCE MANAGEMENT SYSTEM

The municipality has an adopted PMS which articulates strong monitoring and reporting

CAPACITY BUILDING MECHANISM

The system is currently working well at the top management level but still has to be cascaded to employees below s57 managers. Performance agreements linked to the municipal IDP, PMS and SDBIP were entered into by top managers.

POLICIES

Various policies were either developed or reviewed to meet the administrative challenges of the municipality.

There is on-going capacity building initiatives to skill municipal officials to perform their tasks and responsibilities as per our work place skills plan. Financial assistance in the form of bursary were granted to deserving employees on account of interest and capabilities to enjoy career shift by undertaking courses which seem to better chances to secure better and improved jobs in the near future.

SERVICE DELIVERY

Much was achieved in service delivery around road construction to open up our rural economies, yet electricity theft continue to be a major source of concern as above 40% loses has been registered. Corrective measures are currently underway to address this inherent problem.

It is my fervent plea to both political and administrative legs to work together to provide the much needed services to our communities.

Yawa MM
Municipal Manager

1.3 EXECUTIVE SUMMARY

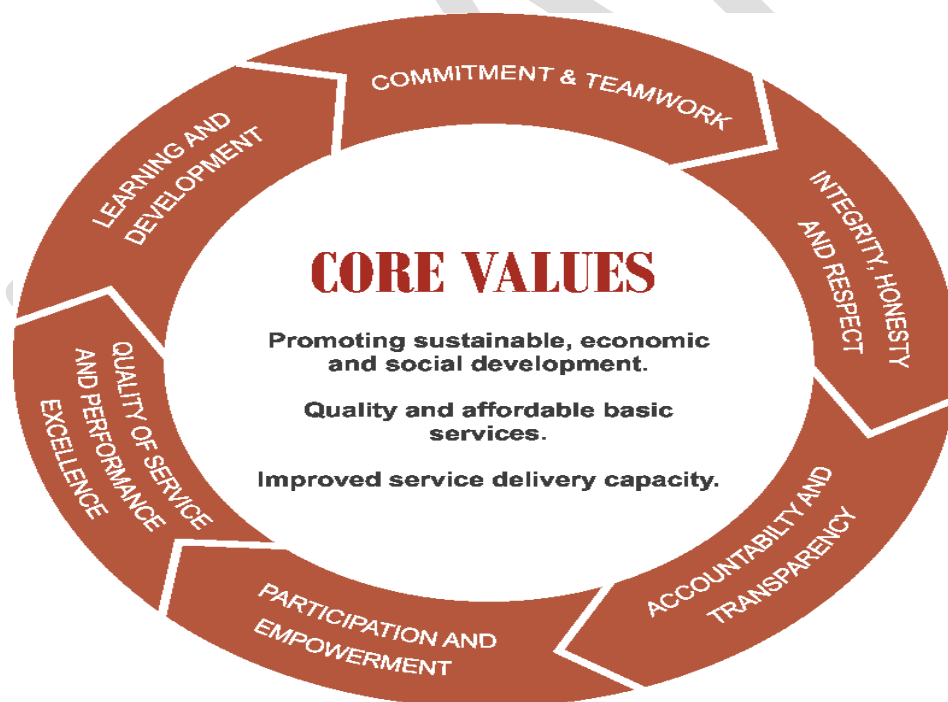
The Executive Summary is provided in order to ensure that a clear and common understanding is achieved regarding the overall goals, priorities and direction of Senqu Municipality. Detail is provided regarding the organization's direction and focus and this is examined further by discussion regarding the manner in which these aspects will impact positively on the community at large.

The financial health of this organization will be discussed together with a narrative on administrative issues and considerations, which have had impact on the overall operations within this Municipality.

Overall Goals and Priorities

In keeping with the vision and mission of Senqu Municipality the underlying goal and objective is to provide quality and affordable services to all members of the community, in a manner that facilitates sustainable development and a better life for the broader community within this area.

Practically, three (3) overall goals exist for Senqu Municipality, which are in turn underpinned by a number of core values. These goals are reflected in the diagram that follows as the core of Senqu Municipality and surrounding these and part of day- to- day functioning are the core values.





CORE VALUES

These core values are required to translate into lived values and are required to resonate in all aspects of service delivery and goal attainment. By giving effect to these values, service delivery must improve and this will lead to improved and more effective quality and affordability of services, while creating opportunities for the promotion of sustainable economic and social development. In this manner the community will benefit at every level, hence achieving the vision and mission of the organisation.



Key Performance Areas

As per the Integrated Development Plan (IDP), the following Key Performance Areas have been identified as the area of focus for the year under review and will focus on the effective handling of underdevelopment and poverty:

- Good Governance and Effective Administration
- Sustainable Infrastructure Development
- Sustainable Basic Services
- Economic Development
- Environmental Management
- Social Development
- Financial Viability
- Empowerment of Youth, Women and the Disabled
- Safety and Security

These key performance areas will be addressed within various aspects of the reports which follow.

Financial Health

The report of the Auditor-General and Audit Response have been included under Chapter 4 of this report.

We are very proud to report that Senqu Municipality was one of the few municipalities within the Eastern Cape that received an unqualified audit report. While small areas for improvement have been identified by the Auditor-General's Report, these will be addressed with no foreseen difficulties or delay.

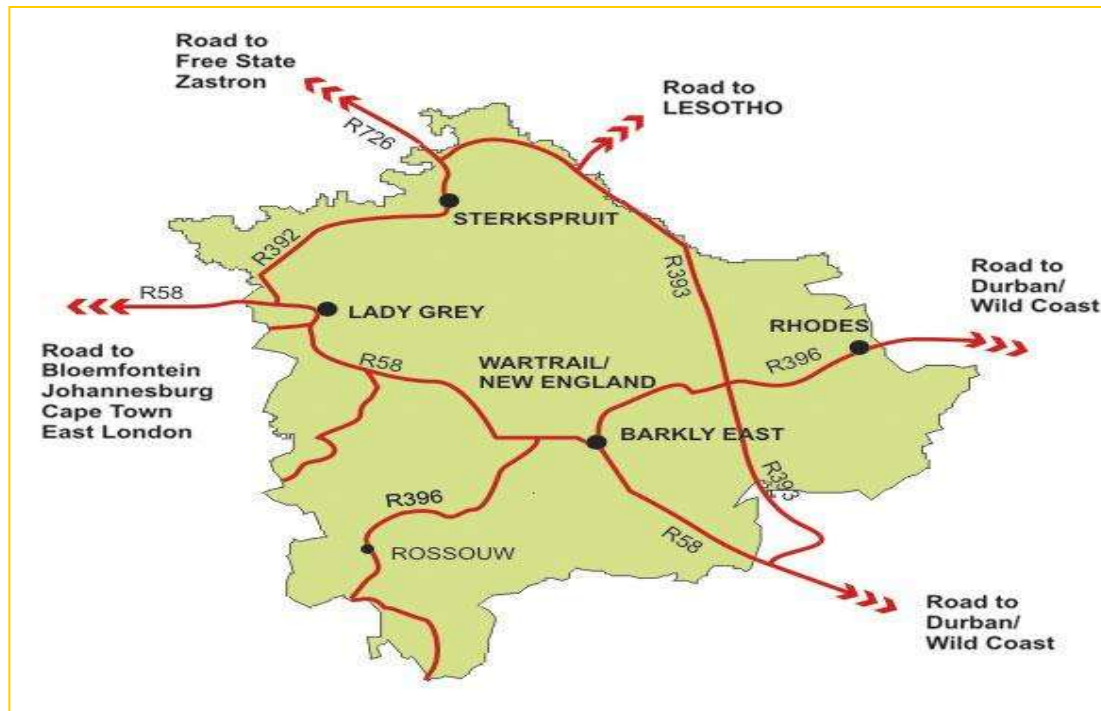
Senqu Municipality continues to remain a financially viable institution.

Administrative Considerations

An efficient and effective administration is critical to ensuring a successful political leadership and is ultimately responsible for assisting in the elimination of poverty and inequalities

1.4 GEOGRAPHICAL CONTEXT

Senqu Municipality was established in December 2000. It is located in the centre of the Joe Gqabi District Municipality in the Eastern Cape. It covers an area of 7329km² which include the three major towns of Lady Grey, Barkly East and Sterkspruit in addition to the commercial farms and villages of the former magisterial districts of Barkly East, Rhodes, Herschel, Lady Grey and Sterkspruit and portions of Wodehouse (Dordrecht) and Indwe.



A unique feature of this Municipality is the fact that it borders the Free State Province and Lesotho. The area is easily accessible via the R58 and R392 which link to the N6 at Aliwal North and the N2 near Mthatha.

DEMOGRAPHIC

Population Figures

Senqu Local Municipality has a population of approximately 118 174 people residing in 35 107 households (Statssa 2007). This population accounts for 38.32% of the total population residing in the Joe Gqabi District Municipality

Projected population growth rate for Senqu will vary as per the following scenarios: (DBSA (Provincial Population Projections, 2000)

High Population Growth Rates:

These consist of 2, 21% for the period 2001 - 2006, and 2, 02% for the period 2006 2011. This scenario does not take into account the impact of HIV/Aids.

Low Population Growth Rates:

These consist of 0, 95% for the period 2001-2006, and 0, 31% for the period 2006-2011. HIV/Aids impact has been taken into account.

Table indicating projected population growth (2000 DBSA)

Projected population

HPGR @ 2.21% 2001 to 2006	137,307	141,615
LPGR @ 0.95% 2001 to 2006	137,307	139,113
HPGR @ 2.02% 2006 to 2011	141,615	145,991
LPGR @ 0.31% 2006 to 2011	139,113	139,723

It is critical to note that based on current modelling it is expected that the population will be decreasing in the area due to the effects of out migration as well as due to the impact of HIV and Aids.

Rural vs. Urban Population

According to the 2001 Census, 49.6% of households are rural in nature; this includes rural villages and farm households. This dynamic is shifting with the phenomenon of urban "in-migration" occurring in Senqu Municipality. This is especially evident in the Sterkspruit area, where population has increased from 6181 in 1996 to approximately 110 223 in 2001. This figure will further increase due to the number of houses being built in the area.

Age and Gender

Approximately 53.13% of the municipal population fall in the 15-65 age category, which can be regarded as the economically active sector of the population, with 41% of the population below the age of 15. This suggests continued population growth in the area with a need for education facilities and a focus on education and skills training.

The table below details the gender split, with 46.85% of the population being male and 53.15% female (Census 2001)

2001	
FEMALE	MALE
71 834	63 310

This split may be attributed to migrant and commuter labour which have resulted in many households having a woman as the head of the household, and the chief breadwinner living away from the home. This gender split will also likely impact on the type of development that may occur, especially in regard to manual labour-type employment.

Employment and Income

Employment

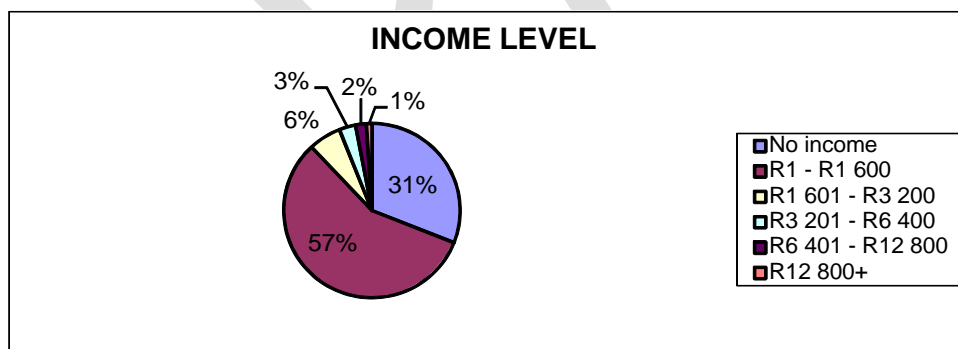
Senqu Municipality's three (3) key economic sectors are Agriculture, Services, and the Tourism sectors, with the latter (Tourism), having the potential to grow.

According to Census 2001, the average unemployment rate of Senqu Municipality is 32%. This figure only includes those individuals that are actively seeking employment. A total 85% of Senqu's total workforce is inactive. It is therefore imperative that there are strategies in place to stimulate Local Economic Development.

About 8.28% (about 11 350) of the population is formally employed; about 10.15% (about 13 913) is actively seeking employment, and approximately 38.3% (about 52 500) of the households earn nothing (i.e. are unable to report a constant source of income). Approximately 88% of households earn less than R1 500 per month, which is below the Household Subsistence Level of the Province.

Income Level

The data from the Census 2001 revealed that 88% of the households in Senqu Municipality earn below R1 500 per month. This has implications with regard to affordability of services and the sustainability of these services. Many people are dependent on social grants.



Employment Sectors

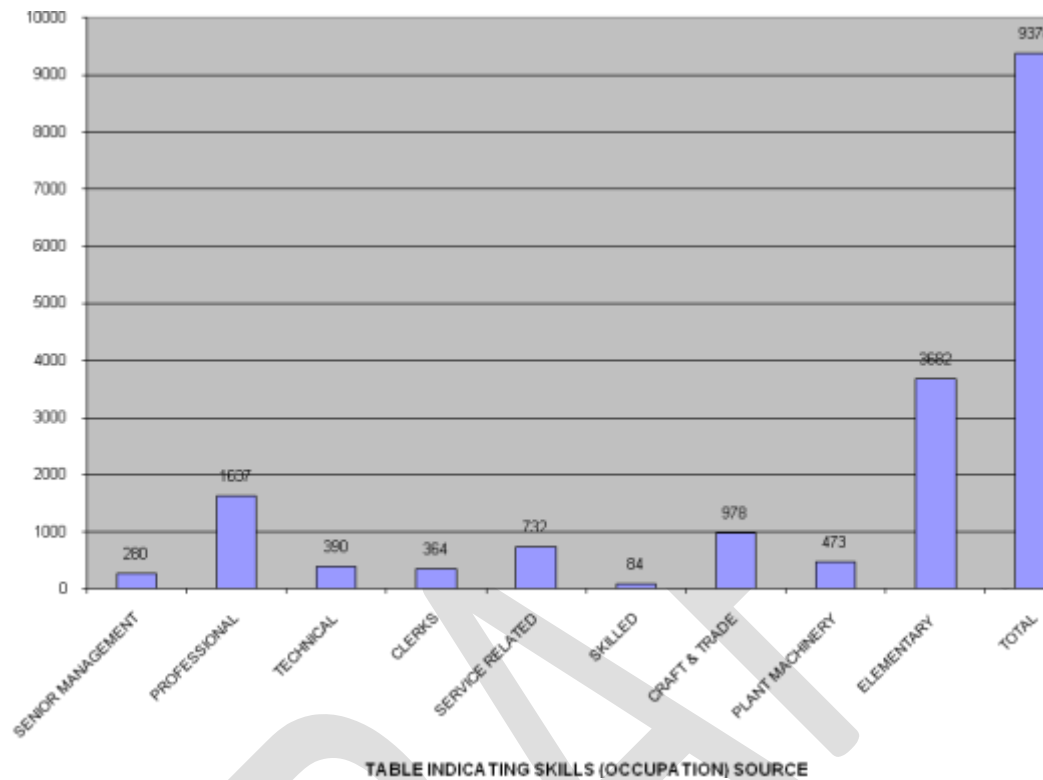
In general, skills levels are low throughout the district, with the majority of residents reliant on government/community services for employment or primary economic activities such as Agriculture. These two (2) sectors employ 69% of the formal workforce.

Occupational Skills Levels

About 39% of Senqu Municipality's workforce is made up of elementary or unskilled workers, and this represents the largest percentage in the District. Senqu Municipality has low levels of senior management and technical staff, and these are reflected as 3% and 4%

respectively. This corresponds with low levels of educational facilities in that area, and indicates a need for skills development and education programmes.

Table indicating Skills (Occupation) Source



Employment

It is estimated that:

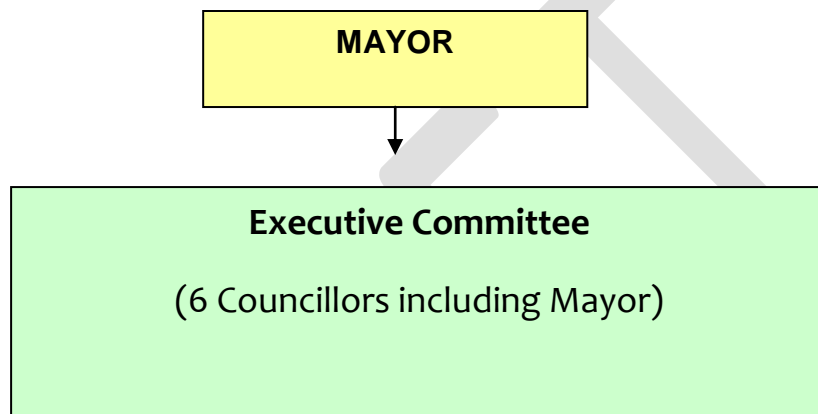
- 13% of population formally employed
- 18% actively seeking employment
- 17% households have no steady income
- 83% of remaining households earn less than R1 600 per month

Note: This figure is below the Household Subsistence Level for the Province.

1.5. GOVERNANCE AND ADMINISTRATION STRUCTURE

1.5(a) Political Structure

As per the Municipal Structures Act 1988, Senqu Municipality has a Collective Executive System. As a democratically elected Category B Municipality, Senqu Municipality's Council is comprised of elected Ward Councillors and Proportional Representation Councillors. Senqu Municipality was established as a Collective Executive Type.



Chairperson :	Mayor, Cllr I Dumzela
	Cllr C C Mbulawa
	Cllr P August
	Cllr G N Mbonyana
	Cllr M M Mafilika
	Cllr N Kuse
Speaker :	Cllr S Tindleni
Chief Whip	Cllr Mafilika

Ward Committees

Ward committees' establishment and functionality

The term of office of the Ward Committees elected in 2007 in terms of the Local Government: Municipal Structures Act, Section 72 – 78 came to an end during July / August 2009. This then necessitated the need for the establishment of the new Ward Committees in terms of the abovementioned Act.

During October/November 2009 new Ward Committees (with 10 members per ward) were then elected. When new Ward Committees are elected the Municipality arranges for the appropriate training in order that Councillors may be capacitated regarding their roles and responsibilities in respect of the execution of their duties.

The functioning of Ward Committee falls under the guidance of the Speaker, and Ward Committees (comprising the respective Ward Councillor, who is also the Chair of the ward meeting); hold quarterly ward meetings where community members are briefed about the development in their ward and the developments within the municipality at large. The Municipality also allocates a budget for the functioning of Ward Committees.

Between the scheduled quarterly ward meetings, the Ward Councillors and the Ward Committees sit to discuss issues relating to and affecting their wards. Reports are then provided to the Speaker in order to enable the Speaker to access the functionality of the Ward Committees and intervene where necessary.

16 Ward Committees have been established as a result of s72 – 78 of the Municipal Structures Act. Each Committee is chaired by its respective Ward Councillor.

Ward Committees exist in order to provide a legitimately recognized forum, and submissions to Council are made via the respective Ward Councillor. In this manner a consultative community structure is created and maintained.

SENQU MUNICIPALITY COUNCIL



YEAR 2006 TO 2011



CLLR A. Kwirana



CLLR A. Sobhama



CLLR AM Matlasi



CLLR B. Jujo



CLLR G. Mhonyana (EXCO-Head Community Services)



CLLR GN Mnyuswa



CLLR GN Parkies



CLLR I. Eha



CLLR J. Constable



CLLR JJ Lantane



CLLR L. Boo



CLLR LM Nkhomo-Tokwe



CLLR M. Mphahle



CLLR M. Sturdy



CLLR MG Moeletsi



CLLR MG Ncise



CLLR MM Mafika (Chief Whip)



CLLR MN Ngendane



CLLR MP Bingwa



CLLR N. Kase (EXCO Member)



CLLR N. Kwirana



CLLR N. Nombula



CLLR NA Mkhontwana



CLLR NC Majo



CLLR NE Mhobo



CLLR NG Beje



CLLR P. August (EXCO-Head Technical Services)



CLLR S.S Ndzingana



CLLR V. Mbulawa (EXCO-Head Corporate and Support Services)



CLLR X. Garandana



Mayor Z.I Dlamini



Speaker S.S Tindleni

Standing Committees

Standing Committees have been created in accordance with s79 and s80 of the Municipal Structures Act (Act 32 of 2000) and s160 of the Constitution.

Standing Committees have been created in order to assist the Mayor and Council in making better and more informed decisions through the provision and access to additional information.

Through the establishment of Ward Committees, Standing Committee Councillors become more involved and knowledgeable about specific issues affecting the departments/sections that they represent within these Ward Committees. This process then enables these Councillors to gain additional insight into the challenges, functions, and processes faced by these sections, and this then ensures that Council is able to make informed decisions within these areas.

The following Standing Committees have been established:

- Strategic Planning and Development
- Budget & Treasury Office
- Corporate and Support Services
- Community and Social Services
- Technical Services

Standing Committees are chaired by Mayoral Committee members and include members from political parties.

Members of Standing Committees:

Strategic Planning and Development

Chairperson: Cllr Mafilika

Councillors : Cllr M Mpelwane
Cllr L Tokwe
Cllr Beje
Cllr M Moeletsi

Budget & Treasury Office

Chairperson : Cllr Kuse

Councillors : Cllr M Stanley
Cllr J Constable
Cllr Senoamali
Cllr N Kwinana

Corporate & Support Services

Chairperson : Cllr V Mbulawa
Councillors : Cllr I Elia
Cllr L Booie
Cllr N Nombula
Cllr M Ncise
Cllr V Mkhontwana

Community and Social Services

Chairperson : Cllr G Mbonyana
Councillors Cllr A Kwinana
Cllr M Ngendane
Cllr M Bingwa
Cllr B Juju

Technical Services

Chairperson : Cllr August
Councillors Cllr G Parkies
Cllr S Ndzongana
Cllr G Mvunyiswa
Cllr A Mbobo
Cllr J Lamani

There are 32 Councillors in total. These are made up of 16 Ward Councillors and 16 Party Representatives.

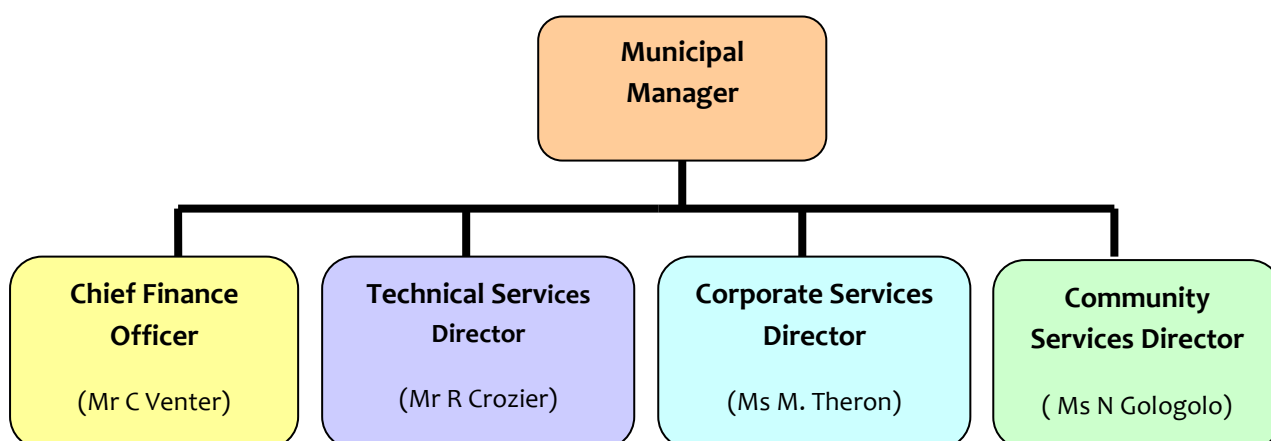
LIST OF COUNCILLORS

WARD	COUNCILLOR
1	Ms E N Mbobo
2	Ms N Nombula
3	Ms N C Mraji
4	Ms N M Kwinana
5	Mr J Lamani
6	Mr S S Ndzongana
7	Ms N A Mkhontwana
8	Mr M G Moeletsi
9	Ms A Kwinana

LIST OF COUNCILLORS (Cont.)

WARD	COUNCILLOR
10	Ms G N Parkies
11	Mr V V Mbulawa
12	Mr M P Bingwa
13	Ms L M Tokwe
14	Mr L Booï
15	Mr M G Ncise
16	Mr M Mafilika
Proportional	Mr Z I Dumzela
Proportional	Ms M C E Stanley
Proportional	Ms G Mvuyiswa
Proportional	Mr M W Mpelwane
Proportional	Mr J Konstabel
Proportional	Ms I Elia
Proportional	Mr X M Ganamfana
Proportional	Ms G Mbonzana
Proportional	Ms P August
Proportional	Ms A H Sobhuza
Proportional	Ms N Kuse
Proportional	Ms Juju
Proportional	Ms M N Ngendane
Proportional	Ms N G Beje
Proportional	Mr A Mateisi
Proportional	Mr S S Tindleni

1.5(b) ADMINISTRATIVE STRUCTURE



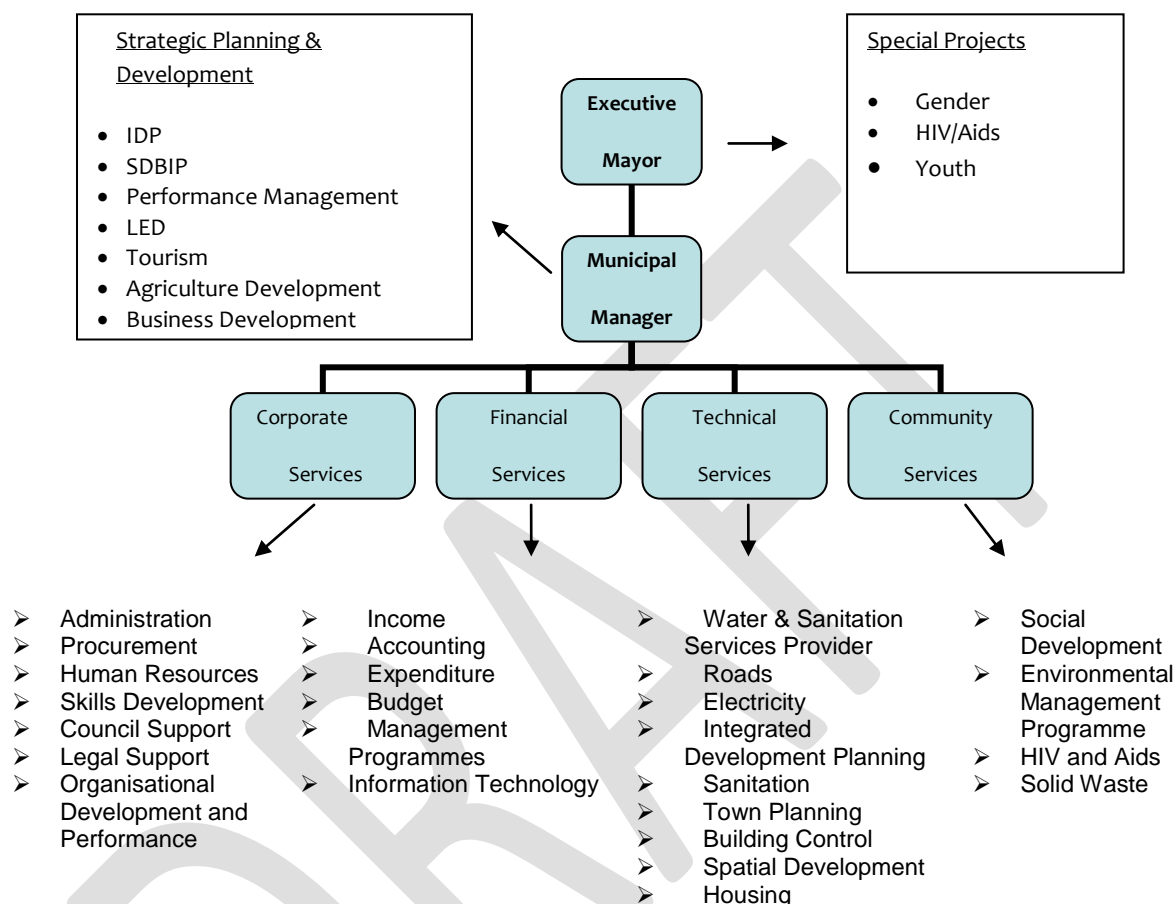
Four Departmental Heads report to the Municipal Manager as indicated above.

Each department develops annual strategic service delivery and budget implementation plans, which are based on annual objectives to ensure that IDP objectives are met as required.

It is the task of this administrative team and its support staff to ensure that they provide the necessary administrative support and structure in order to ensure that the organisational strategic objectives are met

FUNCTIONAL STRUCTURE

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1.5(b) Implementation of the Performance Management System (PMS)

As per the Municipal Planning and Performance Management Regulations of 2001, municipalities were required to utilize and adopt Performance Management policies that were commensurate with their resources and best suited to their circumstances.

Accordingly Senqu Municipality adopted a performance management framework that would be utilized to develop a Performance Management Policy, which would be appropriate for Senqu Municipality. Application of this policy and the population of the performance targets were also required to ensure alignment to the organizations Integrated Development Plan (Strategic Goals and Objectives) and it's annual budget for the year in question.

The Performance Management framework was based on the following pieces of legislation:

- Local Government Municipal Systems Act, Act no. 32 of 2000;
- Municipal Planning and Performance Regulations (2001) and (2006); and
- Municipal Finance Management Act, Act no. 56 of 2003.

In order to fulfill the performance management cycle, and processes of performance planning, monitoring, measurement, and review, the process of reporting was clearly defined within this framework.

Accordingly and in simple terms the following principles would apply:

- The 5-year IDP provides the strategic direction for the municipality, although this is broken down into annual IDP objectives.
- These objectives are translated into departmental objectives and these in turn are translated into the Service Delivery and Budget Implementation Plans for each department. As operational plans, these are required to be aligned to the budget and to depict annual performance targets, which are broken down into quarterly targets.
- In terms of the process of Performance Management institutionally the SDBIP's would be further broken into individual performance objectives (as depicted within scorecards) and as these would cascade from the top to the bottom (throughout the organization) and these targets would be required to become more operational in nature.

To date the roll-out of the Performance Management System within Senqu Municipality **has not been successful** and has only been applicable to s57 Managers (and as indicated has not been effectively applied). Further refinement and work on the framework and policy itself is required in order to remedy these shortcomings and it is only after this has been achieved successfully that the roll-out will be planned and implemented for subsequent years.

Notwithstanding these practical shortcomings the monitoring and assessment of performance is required to occur regularly as follows:

Quarter	Period	Month of Reporting	Type of Monitoring
1	July – September	October	Coaching and Review
2	October – December	January	Assessment
3	January – March	April	Coaching and Review
4	April – June	July	Final Assessment

The review in January will coincide with the mid-year performance assessment as per s72 of the Municipal Finance Management Act, Act no. 56 of 2003. This section requires that the Accounting Officer must by 25 January of each year, assess the performance of the municipality and report to Council on the service delivery performance during the first half of each financial year and the service delivery targets and indicators as set out in the SDBIP.

Annual Performance Reporting and Review

Annually it is required that a comprehensive report on the performance of the Municipality is compiled as per the prescriptions of Chapter 12 of the Municipal Finance Management Act, Act no. 56 of 2003.

The following Performance Reporting is therefore required:

REPORT	FREQUENCY	SUBMITTED FOR CONSIDERATION AND/OR REVIEW	REMARKS
1. SDBIPs	Quarterly	Exco	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)	See Sections 71 and 54 of the MFMA
3. Organizational Scorecard	Quarterly	Exco	This PMS framework (see section 8.5.1 above)
4. SDBIP mid-year budget and performance assessment	Annually during January of each year	Mayor (in consultation with Exco)	See Sections 71 and 54 of the MFMA
5. Performance Report	Annually	Council	See Section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report
6. Annual Report	Annually	Council	See Chapter 12 of the MFMA

The MFMA requires that an internal audit function is utilized in order to audit and verify the accurateness and correctness of the performance management function and reporting requirements (i.e. assessment of the functionality of the performance management system)

The Audit Committee was established in terms of the MFMA and the Municipal Planning and Performance Management Regulations and is comprised of a minimum of 3 members, the majority of which are not employees of Council, and must exclude Councillors. Additionally the Chairperson may not be an employee of Senqu Municipality.

The Audit Committee is required to:

- Review the quarterly reports submitted to the internal audit;
- Review the PMS System of the municipality with recommendations to Council; and
- Submit the Audit Report to the Municipal Council at least twice during the financial year.

The table below highlights the key roles and responsibilities of all role-players.

Stakeholder Roles & Responsibilities

STAKEHOLDER	ROLE
Council / ExCo	<ul style="list-style-type: none"> • Adopt the PMS Framework & PMS • Adopt the Municipal Scorecard • Conduct Annual Review • Commission Performance Audits • Report to the public and Province
Management Team	<ul style="list-style-type: none"> • Plan for PM • Adopt the PMS Framework & PMS • Draft Scorecards • Approve Departmental Scorecards • Conduct Performance Measurements • Commission Performance Reviews • Produce PM Reports

	<ul style="list-style-type: none"> Commission Performance Audits
Audit Committee	Audit PM Reports & make recommendations
Internal Audit	Audit the results of Performance Measurements
IDP Steering Committee	Participate in PM Planning, Monitoring & Review
IDP Rep. Forum	
Ward Committees	

DRAFT

Performance is assessed quarterly and the rating calculator used is to determine the scores for each KPA measured. A rating scale of 1 to 5 is used as indicated below.

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the employee has achieved above the fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.					
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.					
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review / assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.					

The Process of Performance Assessments

Performance assessment is a process whereby the employees performance is assessed in terms of actual versus required performance and is aimed at concluding the employee's performance measurement and development against set objectives. It will happen during the fourth quarter of the financial year. For purposes of practicality, performance assessments will be executed in a similar manner to the Performance Review (explained above), save the following important variations:

- a) It will not be a "stock take", but will constitute a "final evaluation" exercise for the financial year, and any bonus wards (as detailed within the framework and /or policy) will be applied as appropriate.
- b) The minimum composition requirements of the evaluation panels will be as follows:

EVALUATION OF THE MUNICIPAL MANAGER	EVALUATION OF MANAGERS ACCOUNTABLE TO THE MUNICIPAL MANAGER
Mayor	MM
Chairperson of the audit committee	Chairperson of the audit committee
Executive Committee member	Executive Committee member
Mayor or MM from another municipality	MM from another municipality
Ward committee member nominated by Mayor	PMS Facilitator
PMS Facilitator	

- c) Performance assessment will form the basis of rewarding outstanding performance and correcting unacceptable performance.
- d) Using the rating calculator, the range of performance bonus will be allocated as follows, as a percentage of the all-inclusive remuneration package:

Performance Score	Performance Bonus
150% +	10% – 14%
130% to 149%	5% – 9%

- e) Unacceptable performance will be handled through the provision of remedial support to improve the employee's performance for an agreed timeframe (with the employer). If such structured attempts prove to be unsuccessful, the employer should take steps to terminate the contract on grounds of being unfit or in terms of incapacity. In that case, there should be adherence to the provisions of the Labour Relations Act.
- f) Within 14 days of concluding the assessment of the MM's performance, the results thereof will be submitted to the MEC for Eastern Cape local government and the national Minister for local government

Application of Performance Management during 2009/2010

In order to comply with the National Indicators and to aid reporting and required measurement that is required from most other reports (Mid year reports, s46 reports, Annual Report, SDBIP reporting and the like), it was found to be beneficial to rework and to change the existing format of the various scorecards in order to ensure that they are aligned to the National Indicators and so too the IDP.

The following Key Performance Areas were identified and reflected within each Departmental /s57 Manager's scorecard as follows:

- Basic Service Delivery
- Good Governance and Public Participation
- Municipal Institutional Development and Transformation
- Municipal Financial Viability and Management
- Local Economic Development

- Within each Key Performance Area (KPA), applicable performance indicators would be provided. Here it must be noted that KPA's amounted to 80% of the value of Performance Targets. The remaining 20% come from Core Management Competencies (CMC's) which are required to be made up of 3 compulsory CMC's and two elective CMC's.

Compulsory CMC's are as follows:

- Financial Management
- People Management & Empowerment
- Client Orientation and Customer Focus

Assessment of Performance

Formal and final assessments occurred as required for the s57 managers in terms of the PMS assessment cycle although it is acknowledged that these assessments and performance assessments generally will become more effective over time as familiarity with this process and a culture of performance optimization is instilled throughout the organization.

At an individual level, the assessment of performance occurs, as an evaluation of actual performance as against the performance target. Each official who is assessed is required to develop /compile a Portfolio of Evidence and to present this to a Performance Management Assessment Committee. This portfolio will contain measurable and verifiable proof that performance occurred at a particular level. Failure to produce appropriate evidence will result in performance claims being called into question as they are not able to be verified.

Each member of the assessment panel scores each indicator individually and a PMS Coordinator collates all the scores and presents a consolidated report which will produce a final rating that is required to be ratified by Council before being accepted.

Based on the final score (out of 200 points), a bonus award may be applicable based on a sliding scale of 5-14% as provided by the Regulations. This bonus (if applicable) is required to be approved by Council and any bonus can only be awarded after the Annual Report is approved by Council and has in this manner been

verified and approved by the Auditor General's office. It is a misconception, that if an organization receives a qualified audit report that no bonuses are allowed to be paid. It is noted that the assessment of performance for every s57 Manager will be specifically based on his/her KPA's and CMC's. Based on these results (not the organization), the performance bonus will either be found to be applicable or not.

In this regard it is fair to say that great strides have been made and although the Performance Framework and Policy are to be reworked in order to improve efficiency at both an individual and at an institutional level, progress in applying PMS has been made. Similarly at the organizational level in respect of refined and more aligned SDBIP's (to IDP and National Indicators).

As always improvements are always required as we learn from year to year and experience the practical realities. Of particular emphasis moving forward will be:

- The setting of performance targets;
- Ensuring alignment at every level;
- Following all reporting within the performance cycle;
- Ensuring that municipal backlogs and related infrastructure needs not only meet these services but are sustained ongoing, and are measured and reported on regularly.

If compliance is reached within these areas, performance functioning and reporting will be greatly facilitated and will ensure that Senqu Municipality establishes itself as a high performing municipality.

1.5(c) THE INTEGRATED DEVELOPMENT PLAN IDP

In accordance with Section 34 of the Municipal Systems Act (Act No 32 of 2000), together with Chapter 2 of the Local Government: Municipal Planning and Performance Management Regulations, No R796/2001 Senqu Municipality completed its first IDP in 2002 – and then again in May 2006, thereafter it was reviewed annually.

As per the provisions of the Municipal Systems Act 32 of 2000 (s34) the Municipality was required to initiate the review of the IDP during October/November 2009 and this was completed as per the budget process, as is required by the new Municipal Finance Management Act.

THE PROCESS FOLLOWED

The IDP and Budget development was undertaken in an integrated and consistent way,

According to the approved Process Plan, through the strategic processes detailed below:

- The 1st IDP & Budget Steering Committee was held on the 29th September 2009;
- The 1st District IDP Progress meeting was held in Aliwal North on the 27th and 28th October 2009;
- The IDP Lekgotla was held on the 3rd and 4th November 2009;
- Community-Based Planning was done in all our wards from the 26th to the 29th of January 2010;
- Training of all Ward Committees was done from the 2nd to the 5th of March 2010;
- The 1st Strategic Planning Session was held from the 7th to the 9th of September 2009 at Gariep Dam;
- The 2nd Strategic Planning Session was held from the 28th to the 30th of September 2009 at Alicedale;
- The 1st District IDP Rep Forum was held at Barkly East on 29 September 2009;
- The 2nd District IDP Rep Forum was held on 27 November 2009;
- The 2nd District IDP Progress meeting was held in Lady Grey on the 9th and 10th February 2010;
- The 3rd District IDP Rep Forum was held on 04 March 2010;
- The IDP Rep Forum was held on the 24th of March 2010;
- The District IDP Progress meeting was held from the 29th to 30th March 2010

COMMUNITY ISSUES

From the 26th to the 29th January 2010 the Community-Based Programme was rolled out to all our sixteen (16) Wards where communities had an opportunity of developing their ward plans and raising their needs. The objectives of the CBP were, among other things, to:

- To increase community action and reduce dependency;
- To improve the communities control over development;
- To improve the quality of services (Communities are given a chance to provide inputs and comments on the levels of existing services utilizing some tools as provided by community based planning manual);
- To improve the quality of plans (plans become more inclusive).

The expected outputs for the CBP are Ward Plans which:

- Are prepared by local people for their wards
- Are owned by the community and the people who will assist in the

implementation

- ensure that people will be actively involved in the implementation
- provide useful information for Integrated Development Planning.

IDP INFORMANTS

The drafting of an IDP was undertaken within the framework of National, Provincial and District legislation and policy. Some of the key informants for the drafting of this document include, among others:

- Joe Gqabi District Municipality's Rep Forum
- Senqu's Mayoral Political Outreach Programme
- Report from the National IDP hearing;
- Comments from the Auditor-General;
- ANC's January 8 Statement;
- ANC's Election Manifesto 2009;
- Government's State of the Nation Address;
- Comments from the MEC;
- Senqu Municipality's sector plans and other surveys
- National and Provincial Objectives and Targets;
- Millennium Development Goals;
- An Assessment of IDP Implementation;
- Changing internal and external circumstances;
- National Spatial Development Framework;
- Provincial Growth and Development Plan;
- District Growth and Development Summit

IDP KEY OBJECTIVES

Through the processes detailed above, the key issues were distilled and objectives were set. They are detailed as follows with their responsive key objectives:

Key Issue	Objective
Senqu lacks a clear defined long-term development strategy and this negatively impacts on the ability of the Municipality and its stakeholders to work towards the achievement of the Municipality' vision	Senqu has a clear defined long-term development strategy, enabling Senqu Municipality to achieve its vision.
The sustainability of Senqu Municipality is dependent on expanding its revenue in relation to costs and its financial viability, whilst implementing its mandate	Effective, efficient, co-ordinated financial management and increased revenue - enabling Senqu Municipality to deliver its mandate.
Inefficiencies exist within the institution, which compromise Senqu to deliver services.	Senqu's institution is capacitated and structured to enable effective, effective and sustainable service delivery.
Low economic growth, high unemployment, low skills level, high levels of poverty and high inequality exist within Senqu Municipality	Senqu creates an enabling environment for an economy that is growing, diversifying, generating increasing number of sustainable employment opportunities and contributing to increased incomes and equality.
Whilst Senqu delivers basic services (water, sanitation, waste removal & electricity) to about 75% of households, many households still lack adequate transport, social services, economic opportunities and an enriching environment.	Senqu is well structured, efficient and supports sustainable human settlements, thus enabling residents to meet their physical, social, developmental, environmental, cultural and psychological needs (live, work & play).
Lack of sustainable development and inappropriate use of resources has a harmful impact on the health and well-being of present and future generations of Senqu Municipality.	Senqu is a safe, healthy & sustainable environment protected for the benefit of present and future generations through securing ecologically sustainable development and use of natural resources, whilst promoting justifiable social and economic development.

CHAPTER 2

PERFORMANCE HIGHLIGHTS & SERVICE DELIVERY APPROACH

DRAFT

TECHNICAL SERVICES

Objective

The overall objective of the Technical Services Department is to supply efficient, effective and economical services to the community which it serves.

Vision

Service delivery to the community in line with the powers and functions allocated to the Senqu Municipality, in accordance with the Integrated Development Plan.

Mission Statement

The Technical Services Department will improve the quality of life of the Senqu community through a sustainable maintenance and service delivery programme conducted within all applicable legislation

Key Performance Areas

The Senqu Municipality has the following powers and functions in respect to Key Performance Areas of technical services to the community:

- 1) Electricity distribution – licensed areas only.
- 2) Street Lighting
- 3) Roads construction and maintenance – Municipal and access roads
- 4) Storm water and pavement construction
- 5) Town Planning –Building Control, zonings, consolidations, sub divisions, spatial development.
- 6) Water Provision – Bulk, treatment and reticulation
- 7) Sanitation – Sewerage removal and treatment
- 8) Housing-Administration & Construction

The provision of water and sanitation services is in the urban areas only, as a Water Services Provider appointed until 31 January 2009 by the Joe Gqabi District Municipality, who are the Water Services Authority. The final Water Services Provider contract is still under finalization but the services for water and sanitation are still being rendered on an informal basis.

Senqu is licensed by the National Energy Regulator of South Africa to supply electricity in the towns of Sterkspruit, Lady Grey and Barkly East.

The department is responsible for the ongoing operation and maintenance of the above services as well as capital projects undertaken under “own powers & functions”. It should, however, be noted that water and sanitation capital projects fall under the Ukhahlamba District Municipality.

All aspects of the housing programme, administration to construction, of the projects that Senqu Municipality is the developer, are implemented by the Technical Services Department. In the case of all new projects, the Department of Housing is the developing agent, assisted by Senqu.

FUNDING

The operation and maintenance costs are funded through the municipalities internal funding, which is derived from service charges, equitable share allocation under the Division of Revenue Act and Rates and Taxes. Capital Projects are undertaken with internal resources and Municipal Infrastructure Grants (MIG conditional grants) and allocations from the Department of Housing.

SERVICE DELIVERY PERFORMANCE INFORMATION

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
ELECTRICITY & STREET LIGHTING Budget:- Electricity Distribution: Personnel Expenditure: R 3,664,944 General Expenditure: R 14,637,249 (Incl. Eskom purchases of R 10,942,040 and depreciation of R 214, 235) Repairs & Maintenance: R 333,000 Capital Exp. of R 5, 253,500 Street Lighting Operation & Maintenance= R 826,915 (Includes depreciation of R 147,595) Capital: R 0	<ul style="list-style-type: none"> • Provide electricity to 1 766 residential and commercial consumers • Provide public lighting to Sterkspruit, Lady Grey & Barkly East & Herschel • New connections done on request in licensed areas • Ongoing maintenance of existing networks (59 transformer sections) • The rural areas of Senqu Municipality are within the licensed area of ESKOM and will remain so in the foreseeable future • Maintenance of existing public lighting (1152 street lights) • Extension of public lighting systems • Maintenance and renewal of public buildings electrical installations, when required • Reduction of electricity losses (critical) 	<ul style="list-style-type: none"> • 36 new connections done on request as there is currently no backlog in licensed areas • 244 Electricity faults reported and dealt with. • Conventional electricity meters serviced/replaced - 74 • Service Level Agreements are in place with ESKOM • 485 street lights repaired • Ongoing Operation and maintenance • Electricity purchased from ESKOM- 23.8 MW • Total Kwh billed – 14.07 MW • 12 x monthly reports submitted • 12,080 rural households receive Free Basic Electricity. • Electrical training centre established in Lady Grey • Pilot project utilizing energy efficient light globes in street lighting proved 	<ul style="list-style-type: none"> • Electricity losses – 9.3 MW (due to theft ,poor metering, poor networks and incorrect accounts) • Percentage losses: Average 40% Technical loss 10% Total; loss 30% • Sterkspruit loss: 41.7% Lady Grey Loss: 43.36% Barkly East loss: 35.96% • A R 5 million loan was taken up from DBSA, in order to upgrade electricity metering systems in order to reduce losses. • Council also committed a further R 9 million rand over the next 3 years towards rehabilitation of electrical networks in order to reduce losses and ensure a consistent electrical supply. • Ageing infrastructure • No / insufficient capital funding for

Total: R24,715,607 (Electricity & Street Lighting)		successful. (cost savings)	network extensions • Insufficient maintenance
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SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
ELECTRICITY (Cont.)			<ul style="list-style-type: none"> • funding • Electricity backlogs in the rural areas (Eskom) - specifically non-grid areas) being addressed too slowly • Supply Chain Management impractical • Adhoc maintenance is being achieved despite challenges. • Insufficient funds to obtain full staff complement • Lack of performance management system • CAD software required

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>ROADS</p> <p><u>Budget</u></p> <p>Personnel: R 2,262,923</p> <p>General Expenditure: R 5,754,344 (Includes depreciation of R 4,538,090)</p> <p>Capital (R): R 38,808,370</p> <p>Repairs & Maintenance: R 597,827</p> <p>Total: R47,423,463</p>	<ul style="list-style-type: none"> • The maintenance and reconstruction of gravel and surfaced roads • Maintenance of road furniture • Planning and implementation of new projects 	<ul style="list-style-type: none"> • Completion of construction of paving in Barkly East • Construction of roads in Wards 1,2 & 3 (Ph 1)– 15 km – MIG • Surfacing of Mokhesi Bus/Taxi route – 3.7 km - MIG • Construction of roads in Wards 7,8,9 & 12 – 20km - MIG • Construction & rehabilitation of roads in Wards 4,5,6,10,11 & 13 – 23.8 Km – Senqu Internal Roads Team • Surfacing of roads in Sterkspruit 3.9 km), Barkly East (1.9 km) and Lady Grey (1.8 km) – Senqu Funded • 256 temporary jobs created – Senqu Team • 478 temporary jobs created – MIG Projects • Ongoing general • Operation & Maintenance • Potholes repaired- 660 • Cost estimates on various future projects done • Submission of Business Plans to the DRPW. 	<ul style="list-style-type: none"> • Insufficient funds for reducing the access road backlog (MIG) • Resurfacing of Dept. of Transport roads within towns • Supply Chain Management impractical • The roads classification system needs to be completed • Insufficient plant/operators • Gravel shortage in rural areas require alternative construction methods • Distances to borrow pits becoming excessive. • Access roads need to be sealed (should alternatives not be available) with lined storm water channels. • Tribal and community problems around borrow pits. • Borrow pits need to be formalized, in conjunction with all other users, in order to meet all required criteria. • Road plant needs to be replaced urgently • More plant is required. • Incompetent consultants and contractor (SCM)

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
ROADS (Cont.)		<ul style="list-style-type: none"> Signed Service level agreement with the DRPW achieved for the surfacing of : <ol style="list-style-type: none"> Musong Road Mlamli Hospital Road Holo Hlhatsi Dam road Senqu Project Management 	
<p>STORM WATER</p> <p><u>Budget</u></p> <p>Personnel expense- R 0 (Within the Roads budget)</p> <p>General Expenditure- R 429,990 (Depreciation only)</p> <p>Repair & Maintenance – R 500,000</p> <p>Capital – R 7,002,365</p> <p>Total- R 7,932,355</p>	<ul style="list-style-type: none"> The construction and maintenance of storm water systems The construction of bridges and river crossings Planning and implementation of new projects 	<ul style="list-style-type: none"> The Kwezi Naledi Storm Water Project (Ph 3) reached 75% completion (Poor performance: consultant & contractor –SCM)) Paving in Barkly East was completed. 86.4 m of new storm water crossings installed in rural areas Dish Drains constructed – 88m 	<ul style="list-style-type: none"> Urban renewal needs to be done to encourage LED (paving) Staff need to be employed as the Senqu area is too large Plant & equipment need to be purchased A storm water master plan for the entire Senqu area needs to be developed Kwezi Naledi still has a huge internal storm water problem requiring large amounts of funding. Nkululeko requires storm water upgrade as does Fairview. Sterkspruit requires storm water upgrade in the lower residential areas. Lady Grey has a large storm water challenge. Supply Chain Management impractical

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>WATER</p> <p><u>Budget</u> Personnel- R 3,33,573</p> <p>General Expenditure- R 3,145,227</p> <p>Repairs & Maintenance: R 176,850</p> <p>Capital: R 0</p> <p>Total: R 6,658,650</p>	<ul style="list-style-type: none"> Water purification undertaken at Lady Grey, Barkly East & Rhodes Bulk water is supplied to Lady Grey, Barkly East, Rhodes and Rossouw Sterkspruit water is treated and supplied by Amatola Water but reticulated by Senqu within the town Potable water is reticulated to approximately H/Hs Within the Senqu area of jurisdiction New connections are done upon application Infrastructure and capital is the responsibility of the Water Services Authority Rural areas fall under Amatola Water who were appointed by the Ukhahlamba District Municipality Maintenance of purification works and reticulation systems in the appointed area. 	<ul style="list-style-type: none"> Water purified was 723 869 Kl Water faults reported and attended to - 751 Water meters replaced/serviced were 55. New water connections were 26 Ongoing maintenance Senqu Municipality was officially appointed Water Services Provider by the Water Services Authority (Joe Gqabi District Municipality) until end of January 2009, although Senqu is still currently providing the service, to date. Two LDV's received from the District Municipality 	<ul style="list-style-type: none"> Permanent water Treatment Works in Barkly East Upgrade of Lady Grey WTW Implementation of the Lady Grey bulk water supply as a matter of urgency Capacitating staff No Superintendent in Barkly East Water backlogs in the rural area Rehabilitation of the Barkly East & Rhodes reticulation networks Damage to the Lady Grey dam led to a water crisis in Lady Grey. Supply Chain Management impractical Installation of section & bulk metering metering for water balance Insufficient vehicles Bulk supply to be established for Rossouw, serious water shortage. Bulk supply to be rehabilitated for Rhodes Lady Grey dam silt weir and extraction line to be repaired and replaced Installation of sufficient fire hydrants (all towns)

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
WATER (Cont.)			<ul style="list-style-type: none"> • Pressure & storage problems in Lady Grey • No movement on the Orange River Macro Water Scheme project • Installation and upgrade of telemetry • Pressure problems in Rhodes • No capital funding for network extensions • Dam safety inspections not done • Training & safety equipment • No capital funding for spares purchases such as pumps, motors etc. • Fencing of dams and water source protection • Land problem in Sterkspruit with regard to reservoir construction encroachment • WSP/WSA contract needs to be finalized • Organogram to be revised and staffed with competent operators • Insufficient communication between WSA and WSP • Purchase of test equipment

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>SANITATION <u>Budget:</u></p> <p>Personnel expenditure: R 4,401,018</p> <p>General expenditure: R 2,386,640</p> <p>Operation & Maintenance: R 143,140</p> <p>Loan Charges: R 181,041</p> <p>Capital: R 0</p> <p>Total: R 7,111,839</p>	<ul style="list-style-type: none"> • The rural areas fall directly under the Water Services Authority • Infrastructure projects are the responsibility of the Water Services Authority • New connections are done upon request as there is no real backlog in the delegated area although a large percentage are below RDP standards • Maintenance of ponds, conservancy tanks and reticulation systems • Waterborne households served estimated at 2345 • Buckets and below RDP standard estimated at 2 013 • Conservancy tanks - 189 • Urban VIP's -257 • The urban communities are insisting on waterborne sanitation removal and are not prepared to accept other methods • A political decision has been taken for waterborne sanitation in urban areas and VIP's in rural areas 	<ul style="list-style-type: none"> • Ongoing Operation and Maintenance • Complaints reported and attended to were 1225 • Sewer blockages were 293 • New connections: 46 • Bacterial inoculant purchased • The Senqu Municipality has been appointed as Water Services Provider by the Water Services Authority(Ukhahlamba District Municipality) until January 2009 in the delegated areas of Sterkspruit, Lady Grey, Barkly East and Sterkspruit 	<ul style="list-style-type: none"> • Rural sanitation backlogs • Bucket eradication in un-formalized areas • Sanitation ponds needed in rural areas • Tractor replacement URGENTLY required • LDV,s for maintenance required • Waterborne sanitation in Kwezi Naledi • Supply Chain Management impractical • Old ponds in Barkly East need upgrading • Old ponds in Lady Grey need upgrading • Urgent upgrade of the disposal works in Sterkspruit • No measuring flumes installed • Bacteriological inoculant used in VIPs and oxidation ponds • Supervisor required in Barkly East (as in Water) • Organogram needs to be reviewed & staffed with competent operators • No funding for network extensions

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
			<ul style="list-style-type: none"> • Upgrade of last pond in Barkly East (leaking) • Obtain sufficient ground for irrigation of effluent in Sterkspruit. • No capital available for purchase of spares i.e. pumps etc. • WSP/WSA contract needs to be finalized • Safety & security upgrade at all WWTW
TOWN PLANNING & BUILDING CONTROL (Part of Technical Administrative budget – no line item)	<ul style="list-style-type: none"> • Application of legislative issues • Control of land use • Building safety • Environmental protection • Spatial development enforcement 	<ul style="list-style-type: none"> • Building plans received & approved:11 • Rezoning applications received and approved:0 • Subdivision applications received and approved:3 • Consolidation applications received and approved:0 • 	<ul style="list-style-type: none"> • Separate budget for town planning and building control required • Zoning maps needed for Herschel, Rhodes and Rossouw • Existing zoning needs to be updated • Community land issues need to be legally solved • More land for development required in Sterkspruit • Government departments not liaising with the municipality before developments are implemented • No building control officer resulting in un-controlled building & land occupation • Land invasion

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
<p>HOUSING</p> <p>Budget:</p> <p>Personnel expense: R 518,184</p> <p>General expense: R 283,090</p> <p>Capital expense: R 21,687,455</p> <p>Total: R 22,488,729</p>	<ul style="list-style-type: none"> • Senqu LM is the developer for the following housing projects:- <ul style="list-style-type: none"> ➢ Herschel 700 units ➢ Hillside 600 units(Ph2) ➢ Lady Grey 1000 units • Other projects:- <ul style="list-style-type: none"> ➢ Town Register / Title Deeds ➢ Land Audit- Sterkspruit ➢ Survey-Voyizana (Ph 3) 	<ul style="list-style-type: none"> • 802 units in Barkly East are under construction for services by Department of Human Settlement (as the developers) • Lady Grey 1000 houses completed • Voyizans survey (Ph 3) completed • 86 houses constructed in Hillside. • The town registers are a work in progress due to legal processes • Land in Rossouw was transferred to the municipality by the Ukhahlamba DM • 814 Title Deeds are still at the lawyer because of late township registration. • 316 Title Deeds have been transferred • A housing award was received from the Department of Housing, to Senqu LM, for Service Delivery Excellence, in housing. • 505 units completed in Herschel (land invasion preventing construction of 195 units) 	<ul style="list-style-type: none"> • No repairs & maintenance budget for vehicle • Poor performance of service providers, especially legal (title deed transfers) • Land invasion (Sterkspruit & Herschel) • Delay in court cases (legal processes) • No approved Housing Sector Plan or funding therefore. • Cannot invite developers for 76 middle-income erven in Sterkspruit due to insufficient bulk services. • The Department of Housing needs to support the housing unit financially (a possible % of the total value as is done by MIG) • Problems are caused on the SDBIP by putting on title deed transfers before town registers are complete, leading to various delays regarding legal processes. • Supply Chain Regulations impractical

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
		<ul style="list-style-type: none"> • Sterkspruit Land Audit – 90% complete • Application made for 100 houses at Rhodes • Application done for a Housing sector Plan 	<ul style="list-style-type: none"> • Late funding approvals by the Department of Housing • The Senqu LM now has to rely on the Department of Housing in order to facilitate new housing projects as they are now the official developers leading to un-necessary delays. • Delays are un-avoidable in order to meet personally with beneficiaries and land owners in order for documentation to be completed correctly. • Title deeds for transfer are long legal processes thereby causing long delays. (Sterkspruit deeds submitted but no response) • Poor roads in rural area making it difficult to deliver materials. • In-consistent water supply making it difficult to construct units in rural areas.

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES & KEY SUCCESSES	CHALLENGES & OPPORTUNITIES
		<ul style="list-style-type: none"> • Monthly reports submitted to MIG on expenditure • 2 x LDV's purchased • Annual stock take and asset verification done in conjunction with finance department • Annual report submitted for the 2008/2009 year. • Business plans were submitted for a Public Viewing Area for the FIFA World Cup. • The PVA was allocated to Senqu (Lady Grey) and with a lot of innovation, the power supply was energized with a day to spare. 	<ul style="list-style-type: none"> • No movement on the Orange River Project due to lack of funding and interest. • Supply Chain Regulations are impractical. • Staff incentives for performance need to be considered. • The Performance Management System needs to be cascaded to all staff urgently. • Escalation needs to be added to project costs on the MTEF capital programme.

**PROJECT MEDIUM TERM EXPENDITURE FRAMEWORK – 2009 – 2012 –
OPERATIONAL & CAPITAL**

Funder	Project Name	Status	2009/2010 Financial Year
SENQU	Town Registers and title deed transfers	Ongoing	404,875
SENQU	Sterkspruit Land Audit	Complete	30,340
National Government	Survey at Voyizana (Ph 1 & 2 & 3)	Complete	550,650
Dept. Housing	Herschel 700 units	72%	6,578,610
Dept. Housing	Lady Grey 1000 units	Complete	2,122,980
Dept. Housing	Hillside 1000 units	58%	12,000,000
SENQU	Rehabilitation/Construction of roads/storm water in wards 1-14 -Ongoing	100%+	8,615,094
MIG	Construction of access roads - Wards 7,8,9 & 12 (Phase 3)Multi Year	Complete	8,744,185
	Construction of access roads – Wards 7,8,9 & 12 (Phase 3 - continued)	MTEF	8,931,610
MIG	Construction of access roads - Wards 4,5 & 6	MTEF	7,500,000
DRPW	Design & Construct Holo Hlahatsi dam road	MTEF	28,000,000
DPRW	Design & Construct Mlamli hospital road	MTEF	40,000,000
DRPW	Design & Construct Musong Road	MTEF	28,961,774
MIG	Construction of access roads - Wards 7,8,9 & 12 (Phase 4) Multi Year	MTEF	16,000,000
MIG	Construction of access roads-Wards 1, 2 & 3 (Phase 1)Multi Year	Complete	7,564,185
MIG	Construction of access roads-Wards 1, 2 & 3 (Phase 1)Continued	MTEF	8,801,980

Funder	Project Name	Status	2009/2010 Financial Year
SENQU	Tools & equipment Purchases	Complete	500,000
SENQU	Surfaced roads: Sterkspruit, Lady grey & Barkly East	95%	14,916,975
MIG	Mokhesi Taxi/Bus route surfacing	Complete	4,083,025
MIG	Barkly East Paving	Complete	1,894,735
MIG	Increase height & width of Transwilger Bridge	MTEF	2,500,000
SENQU	Storm water in Kwezi Naledi - Lady Grey (Ph 3)	MTEF	5,700,000
SENQU	Storm water in Kwezi Naledi - Lady Grey (Ph 2)	95%	5,000,000
MIG	Sterkspruit Taxi Rank	22%	3,889,875
MIG	Solid Waste Site-Sterkspruit (Blocked - EIA Issue)	13%	2,736,000
MIG	Upgrading of Sport Facilities in Sterkspruit	MTEF	3,568,656
MIG	Upgrading Kwezi Naledi sport facility	MTEF	3,500,000
MIG	Upgrading of Sport Facilities in Barkly East	MTEF	3,500,000
N T	Neighbourhood Development Grant Programme	Ongoing	
Dedea	Senqu Plastics Industry	Ongoing	3,686,030
National Government	Free Basic Electricity to 12, 080 households (Eskom figures)	Ongoing	2,664,000
SENQU / DBSA	Upgrade of electricity metering & networks, purchase of plant & equipment (Ongoing)	MTEF	9,000,000
SENQU / DBSA	Upgrade of electricity metering & networks, purchase of plant & equipment (Ongoing)	16%	5,000,000
MIG	Construction of 4 Community Halls	MTEF	4,000,000
SENQU	Surfacing of roads in Sterkspruit	MTEF	4,000,000
MIG	Cemeteries (Ph 2)	MTEF	5,000,000

Funder	Project Name	Status	2009/2010 Financial Year
MIG	Construction of Solid Waste Sites (Rhodes, Rossouw & Herschel)	MTEF	5,795,760
MIG	Project Management Unit	Ongoing	828,770
DM	Call Centre (Multi Year)	Ongoing	210,385
SENQU	Job Creation	MTEF	3,500,000
SENQU	Extension of Municipal Offices	Ongoing	10,654,320
	Ongoing multiyear projects		
	Future MTEF projects		
	Projects with complications		
	Completed projects		
	Project over exceeded		

It should however be noted that the above is evaluated yearly and may change dependent on circumstances. Some community services projects appear on the above list due to the fact that they are funded by the Municipal Infrastructure Grant (MIG). Projects will need to be re-evaluated with regards to costing due to escalation.

Conclusion

As the head of the Technical Services Departments, I would like to express my thanks and appreciation to all the staff in all the various departments, within my mandate, for their hard work and support throughout the year in order to ensure services to the community we serve. Thanks and appreciation are also given to the Mayor, Speaker, Political Portfolio Head, Technical Standing Committee councilors and members, all councilors, the Municipal Manager and all the various managers and their staff for all the support to this department throughout the year (All protocol observed). As the old saying goes "You can only keep some people happy some of the time, but, not all people happy all the same time....". This is so true to the delivery of all forms of technical services as I have firsthand experience in dealing with the public, as do a large percentage of my staff. The public are advised that as a department, we do not yet have the capacity or resources to keep all happy. There are still huge challenges within all the departments with regard to resources such as human and

funding. Supply Chain Management Regulations complicate matters even further due to time, insufficient suppliers, distance, non-registration by suppliers etc. which all lead to service delivery delays or prevent essential critical works being done that always results in no productivity or at times, endangers health. The regulations are impractical in small municipalities such as Senqu and result in lack of Local Economic Development due to financial resources leaving the area. Further complications are the division of Powers and Functions within various levels of government, especially with water and sewerage. Capital projects are decided on by the Water Services Authority, which in turn may lead to poor water quality or lack of supply, due to poor infrastructure, or collapse of infrastructure.

R. Crozier

Manager: Technical Services

STRATEGIC PLANNING AND DEVELOPMENT

The unit objective is to ensure the creation of a conducive environment for economic development to take place and that the municipality is managed strategically through its Integrated Development Plan.

The Key Performance Area (KPA) of the unit includes, Integrated Development Plan, Local Economic Development (LED), Tourism, Poverty Alleviation, Enterprise Development and Communication, Special Programmes Unit.

In pursuance of the objects of the National Local Economic Development Framework of creating a benign environment for local economy to develop, the Senqu municipality has established systems that facilitate participation of investors and community members at large in its businesses.

This is set within the LED strategy developed in 2007, despite its weakness, it allows the establishment and participation of forum and the collective decisions made finds space in the development of the integrated Development Plan. One of the major challenges is that the LED strategy lacks coherency and strategic thrust to ensure effective implementation of programmes articulated in the document.

The focus now is an attempt to review the strategy to address the weakness identified.

The LED unit is woefully understaffed with low capacities in terms of knowledge and experience. The LED stakeholder forum is established and functional and met on quarterly basis, including as and when required.

Funding for LED projects has proven to be difficult and depend on the municipal coffers for especially SMME development. Applications for financial assistance to sector departments are usually not successful except DEDEA and to a limited extent the District municipality.

The performance highlights within the unit has been emphasis on the manufacturing sector like the Senqu Plastic Project, which requires about R55M. This project if the necessary funding is secured can create approximately 200 jobs to address the high level of unemployment of the area.

As part of the cleaning campaign, a project in recycling has evolved where a central point of collection has been established. This has assisted the municipality in creating a well-managed environment which won provincial award, while creating about 50 jobs.

The tourism potential remains high with the highlights around Holo-Hlasti Dam holiday resort and the Tiffindell ski resort which attract huge participants and observers in winter season during the snow fall. This creates natural conditions for ski diving one of its kind in South Africa.

The department is responsible for the crafting of the IDP which guides council in its decision making. This document was developed and met all the legislative requirements with respect to community participation, approval and submission to the relevant bodies and sector departments.

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SERVICE DELIVERY AND PERFORMANCE CHALLENGES

PROJECT NAME/PROGRAM ME	DONOR	AMOUNT	ACTIVITIES	%	CHALLENGES
Holo-Hlahatsi	District	R50 000.00	Terms of Reference were done, an advert was placed to seek for a private investor to form partnership with Magwiji Community and Tender processes were followed.	100%	<ul style="list-style-type: none"> • The land is under Land claim. • Magwiji Community has not been compensated
Heritage Management Plan	Thina Sinako	R229 911.50	All activities were transferred to be done by the District		Funds could not be allocated anywhere in the Municipality as funds that come through the Municipality have to comply with Supply Chain Management Policy

PROJECT NAME/ PROGRAMME	DONOR	AMOUNT	ACTIVITIES	%	CHALLENGES
MARKETING <ul style="list-style-type: none"> • District Indaba • International Indaba Exhibition Show • Cape Town Outdoor Show • Coco-Cola Expo • Marketing 	District/Senqu	R250 000.00	Market the District as a destination and launching of the Eastern Cape Highlands	100%	
	District		Market Senqu to local and International tourists by issuing brochures and having one on one meetings with the visitor.		
	District		Market Senqu to local tourists by issuing out brochures about our area.		
	Senqu	R17791.00	Development of brochures for marketing purposes for all towns within Senqu Municipality		
Community Tourism Organisation	Senqu		Duathlon held in Barkly East	100%	
	Senqu	R4500.00	Assisted Ikaneng Pottery with the launch Supported with advertisement on National Newspaper for Passion Play		

PROJECT NAME/ PROGRAMME	DONOR	AMOUNT	ACTIVITIES	%	CHALLENGES
TRAINING <ul style="list-style-type: none"> Financial Management Responsible Tourism 	Senqu Senqu	R24 000.00 R27 620.00	This was to assist SMMEs' to have knowledge on how to manage their finances. To transfer knowledge to the people involved in the Tourism Industry and to be able to practice responsible tourism	100%	Not everyone that was invited attended the trainings
Schools Competition	District and all Municipalities within Joe Gqabi District Municipality	R10 000.00	It was a Tourism awareness programme for learners.	100%	There are budget constraints and the outcome of the school participations were not as expected.
Tena Head	Department of Environmental Affairs and Tourism	R1,2 million	To build a Craft Centre	80%	The project requires more funding for fencing, paving, plumbing and electricity.
Vukani Mangwa	Department of Agriculture	R350 000.00	Revival of the Project Steering Committee and Tender was placed	90%	Requires more funding for fencing.

PROJECT NAME/ PROGRAMME	DONOR	AMOUNT	ACTIVITIES	%	CHALLENGES
Lady Grey Commonages	Senqu	R60 000.	Lease Agreement was done between Senqu and project members of fodder production. Planting of Lucerne and harbour and fencing was done	100%	There is drought and there is no irrigation system.
Commonage	Senqu		Formation on Commonage structure. Commonage Plan was drafted and presented to Lady Grey farmers	100%	Farmers are not willing to engage to the Plan.
LED forum	Senqu	R30 000.00	Forums were formed, comprising of (Tourism, Poverty Alleviation, Agricultural and Enterprise Development forum and there is drafts of Terms of References for different forums.	100%	Members of the forum require to be reimbursed for attending meetings and it is not budgeted for.
Expanded Public Works Programme	Public Works		1000 people from Sterkspruit and 400 people from Lady Grey were employed to clean schools , cemeteries and streets through this EPWP programme.	100%	Money for the salaries is always delayed and most of the employees do not have bank accounts.

PROJECT NAME/PROGRAMME	DONOR	AMOUNT	ACTIVITIES	%	CHALLENGES
Rossouw Agriculture Project	Department of Agriculture	R350 000.00	Fencing was done and Diesel was bought, planting of sorghum and potatoes and those crops are harvested. They have sold their stock to decrease the number of stock in grazing area to avoid over grazing. 53 Cattle were sold in different sizes and ages. The average price per kg is R14 and the total amount collected is R 155 000.00	80%	The Advertisement for Auction is not enough and funds for fencing are still required.
Masithembane Poultry Project	Social Development	R500 000.00	There are 450 laying hens. Department of Agriculture has assisted the project members by training them on financial management and booking keeping.	80%	Laying hens are scarce and feed price are expensive.
Senqu Plastic Industry	Department of Economic Development and Environmental Affairs	R 1,300 000.00	Buying of equipment and producing of pipe	90%	Insufficient funds and procurement becomes a challenge as there are not many suppliers for these specific machineries.

PROJECT NAME/PROGRAMME	DONOR	AMOUNT	ACTIVITIES	%	CHALLENGES
Co-operatives	Joe Gqabi District Municipality		Finalisation of Co-ops Strategy	90%	Insufficient funds and there is a need for trainings.
LED Strategy	Department of Local Government and Traditional Affairs And Senqu Municipality	R150 000.00	Reviewal of the LED Strategy and terms of Reference done	30%	Advert is being delayed.
LRAD farmers	Department of Agriculture and the University of Fort-hare		15 Cattle and 1 bull were donated	100%	

Community Services: Performance Highlights

Senqu Municipality is required to provide a wide range of services to its community.

In certain instances this is done independently, and in other sit s done together with other organisations, spheres of government; businesses; and/or non-governmental organisations.

This chapter of the report will highlight the services provided by the various departments of Senqu Municipality and will discuss these within the following table:

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Library Services R462 350	<ul style="list-style-type: none">• Provide reading and study material to communities and to promote the culture of reading amongst the youth	<ul style="list-style-type: none">• Library material purchased	<ul style="list-style-type: none">• Book fares arranged by departments of Sports, Arts and Culture for purchasing of books• Visits done to rural areas to distribute books, but lack of vehicle in library poses as a challenge• Books not circulating between libraries. These become ole and stagnant• Funding not received from department of Sports, Arts and Culture
Community Halls and Facilities R3 338 485	<ul style="list-style-type: none">• Provision of new facilities in rural areas and maintenance of existing facilities	<ul style="list-style-type: none">• Renovation of Nkululeko Hall at Barkly East	<ul style="list-style-type: none">• Funds not sufficient to complete renovation

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Sports Fields R242 502	<ul style="list-style-type: none"> • To provide basic sports and recreation facilities within the whole of Senqu • To upgrade existing sportsfields 	<ul style="list-style-type: none"> • Repairs and maintenance of sportsfields ongoing • Preparing the Kwezi-Naledi sports field for the 2010 world cup in partnership with the district and provincial departments 	<ul style="list-style-type: none"> • Vandalism of Patrick Shibane sports complex at Sterkspruit • Vandalism at the Barkly East sports field • Sports field in Barkly East affected by storms • Equipment not available for maintenance of sports field • Budget insufficient
Cemeteries R104 898	<ul style="list-style-type: none"> • Cleaning of cemeteries • Effective records of burials • Pauper funerals • Establishment of new cemetery at Barkly East 	<ul style="list-style-type: none"> • Cemeteries cleaned as per schedule • Development of electronic register • An EIA done and an application to MIG for funding 	<ul style="list-style-type: none"> • No dedicated staff to cemeteries • No funds available to develop the register • Funds approved by MIG but not available for this financial year.
Waste Management R14 085 336	<ul style="list-style-type: none"> • Maintenance of solid waste sites • Development of waste management delivery plan • Developing waste minimisation projects 	<ul style="list-style-type: none"> • Record keeping of waste delivered to waste disposal sites • Plan developed adopted by Council • Link projects to LED 	<ul style="list-style-type: none"> • No weigh bridges to measure the waste to waste site • Integrated waste management plan requires review • Waste recycling projects not adequately regulated

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Health R573 497	<ul style="list-style-type: none"> • Providing effective Primary Health Care • Effective HIV/Aids Programme • Prevention of mother to child transmission • Training of health care workers 	<ul style="list-style-type: none"> • Monthly and quarterly • Clinic committee meetings • Clinic has been identified as an ARV site • Dubbed as the best performing clinic at Senqu 	<ul style="list-style-type: none"> • Clinic committee not functioning adequately • Inadequate funding from Province • Inadequate staff
Public Safety R41 925	<ul style="list-style-type: none"> • Animal control • Development of pounds 	<ul style="list-style-type: none"> • Removal of stray animal from public roads • Impounding of animals 	<ul style="list-style-type: none"> • Pound developed in Sterkspruit not being utilized because of staff shortages • Stray animals sometimes causing accidents on public roads
Commonages R60 000	<ul style="list-style-type: none"> • Commonage management 	<ul style="list-style-type: none"> • Repairs of fence in commonages • Agreements drawn with leasers of commonages 	<ul style="list-style-type: none"> • Communities not sticking to agreed management of commonage resulting in overgrazing • Assisted by department of Agriculture to manage commonage • Fence being stolen by residents of RDP houses

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
Public and Open Spaces (See Waste Management)	<ul style="list-style-type: none"> • Maintenance of public and open spaces • Cutting of grass on side walks 	<ul style="list-style-type: none"> • Discouraging illegal dumping in open spaces • 105 645m² of grass cut • Community awareness in maintaining surroundings • Pruning of trees on sidewalks and open spaces 	<ul style="list-style-type: none"> • Tendency to dump at open spaces still rife in townships • Awareness programmes started in Barkly East

CORPORATE SERVICES DEPARTMENT

SERVICE DELIVERY AND PERFORMANCE CHALLENGES

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
ADMINISTRATION & COUNCIL SUPPORT	<ul style="list-style-type: none">• Provision and logistical support to Council• Training of ward committees• By-laws• Document Management System• Human Resource Filing System	<ul style="list-style-type: none">• Various by-laws developed and gazetted• A procedure to guide public liability claims has been completed and implemented• File plan was developed and approved by Provincial Archives and Council approval.• Provincial Archives introduced new filing system for Human Resources and this was fully implemented during the year under review.	<ul style="list-style-type: none">• Training implemented• Developed• Monitor implementation• No capacity to implement by-laws effectively.• The greatest challenge is setting up a functional Electronic Document Management System that will ensure effective and efficient communication• New HR filing system is fully functional. Less Audit queries on the Personnel Files.

	<ul style="list-style-type: none"> • Telephone System 	<ul style="list-style-type: none"> • A new telephone system was acquired through Supply Chain Management. 	<ul style="list-style-type: none"> • An effective & efficient communication infrastructure remains a challenge to management in order to facilitate business objectives.
	<ul style="list-style-type: none"> • Skills Development 	<ul style="list-style-type: none"> • Skills Development Plan for 2010/2011 was developed and submitted on the 30 May 2009, together with Skills Development Report for 2009/2010. • Skills monitoring reports was submitted to Seta on a quarterly basis and also monthly skills reports submitted to Corporate Standing Committee and Executive Committee. • Training Committee Meetings took place every quarter as scheduled. • All meetings took place as scheduled. 	<ul style="list-style-type: none"> • Abuse of telephone system by staff is still a challenge. Monthly deductions are done on private calls by Corporate Services through the payroll system. • Submitted on time. • Reports submitted on a quarterly basis. • The availability of Speaker and

	<ul style="list-style-type: none"> Occupational Health and Safety Committee Meetings 	<p>One per quarter.</p> <ul style="list-style-type: none"> Terms of Reference for OHS Committee was reviewed and approved by Council. Monthly reports were done to Corporate Standing and Executive Committees. Department of Labour is invited by the Municipality to do compliance checks as required by Health & Safety Act. Labour Forum Meetings took place as per schedule. There is a good relationship between management and labour which makes management easy. Management works together with Labour to minimise Disciplinary Enquiries by keeping staff informed. Shop stewards are trained on relevant issues like disciplinary enquiry training. Regular labour general meetings are held with staff. Monthly labour forum reports are submitted to Corporate Standing and Executive 	<p>Councillors for meetings to sit on scheduled dates was a challenge.</p> <ul style="list-style-type: none"> Meetings did not always take place as per scheduled dates due to unavailability of senior staff and management. No budget for signs as required by Department of Labour. There are still non-compliance issues in the municipality which poses a great challenge and might subject the municipality to fines.
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	<ul style="list-style-type: none"> Labour Forum Meetings 	<p>Committees.</p> <ul style="list-style-type: none"> This has not been done during this financial year. Equity Report was submitted on 01 October 2009. Service Provider was appointed to review a few policies in this financial year. This is done during the annual review of the IDP to ensure alignment between IDP and Organogram. Only one property was transferred from Ukhahlamba DM to Senqu Municipality due to the elaborate procedure by Deeds Office. Existing Title Deeds are listed and filed in Security File. Most of the government properties belong to Public Works, but the land belong to Senqu Municipality. This resulting in the Municipality no being able to 	<ul style="list-style-type: none"> Less Disciplinary Hearings. Shop Stewards are well informed. Labour keeps staff informed, therefore minimising strikes. No capacity to implement Performance Agreements. Process in ongoing.
	<ul style="list-style-type: none"> Performance Agreements for Line Managers Update of Equity Report Review of Human Resources Policies Review of Organogram 		

	<ul style="list-style-type: none"> • Transfer of properties from Ukhahlamba DM to Senqu Municipality and Title Deeds of all Municipal Properties. • Transfer of Government Properties in Barkly East, Lady Grey, Sterkspruit and Rhodes. • List of Assets Verified • Implementation of HR System • Clocking System • Departmental Annual Report 2008/2009 	<p>charge these institutions rates and taxes, which is a loss to the municipality.</p> <ul style="list-style-type: none"> • During the year under review, efforts were made to verify and list all assets which belong to the municipality. • This has not been achieved yet due to budget constraints. HR System will be implemented on the existing financial system (Sebata) in the next financial year. • This has not been achieved yet due inefficient budget. Will be acquired in the next financial year. • Annual report was submitted timeously. 	<p>Transfer of properties still remain a challenge</p>
	<ul style="list-style-type: none"> • 		

SERVICE	DEVELOPMENT AND SERVICE DELIVERY PRIORITIES	PERFORMANCE MEASURES AND KEY SUCCESSES	CHALLENGES AND OPPORTUNITIES
ADMINISTRATIVE & COUNCIL SUPPORT	<p><u>Schedule of Council meetings</u></p> <ul style="list-style-type: none"> • Standing Committee • Executive Committee • Council • Organized system of Council Support required • Required equipment in place – electronically manage • Exco Committee agendas and minutes in an effort to reduce quantity of paper used • Upgrade printing equipment to reduce down time and increase output 	<ul style="list-style-type: none"> • Council approved schedules of meetings, including deadlines for submission of reports, rotation of meetings and deadlines for distribution of agendas/notices. • Equipment acquired. • Fully installed and functional/ operational printing and recording equipment. • Equipment acquired. 	<ul style="list-style-type: none"> • Achieved • Equipment not very efficient. <p>New printer was acquired.</p> <ul style="list-style-type: none"> • In place

CHAPTER 3

HUMAN RESOURCES AND OTHER ORGANIZATIONAL MANAGEMENT

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3. **EXISTING AND NEW DELIVERY MECHANISMS**

Senqu Municipality was established during December 2000 and this resulted in the amalgamation of a number of local authorities and towns, namely:

- Lady Grey (including Transwilger and Kwezi Naledi);
- Barkly East (including Nkululeko, Fairview and Lulama Hlanjwa);
- Sterkspruit; and portions of Wodehouse (Dordrecht) and Indwe
- Rhodes (including Zakhele); and
- Rossouw

Included in this area are the farms and villages of the magisterial district of Barkly East; Lady Grey, Herschel, Rossouw, Sterkspruit Herschel, Rhodes and portions of Wodehouse (Dordrecht) and Indwe.

Every effort has been made to engage in a formal and directed change management programme in order to ensure that changed processes, procedures, and practices are understood by all, and are lived as day-to-day ideals and values within the organization. In the areas of:

- Governance;
- Institutional development;
- Transformation: and
- Change Management,

every effort and focus is being made to ensure that delivery mechanisms support the required change at every level. Ongoing and critical analysis and evaluation takes place in order to ensure that Senqu Municipality takes the correct steps towards achieving excellence in human resource and other organizational management.

3.1. **Institutional Development**

- 3.1(a) Senqu Municipality has an overall staff complement of 219 employees, which are broken down as follows:

Trends on total personnel expenditure

FINANCIAL YEARS	TOTAL APPROVED OPERATING BUDGET	PERSONNEL EXPENDITURE (SALARY AND SALARY RELATED)	PERCENTAGE OF EXPENDITURE
2006-2007	52 589 227	18 008 309	34%
2007-2008	71 589 227	20 168 753	28%
2008 - 2009	76 525 928	25 909 676	34%
2009 - 2010	88 602 942	29 794 492	34%

REMUNERATION OF KEY MANAGEMENT PERSONNEL

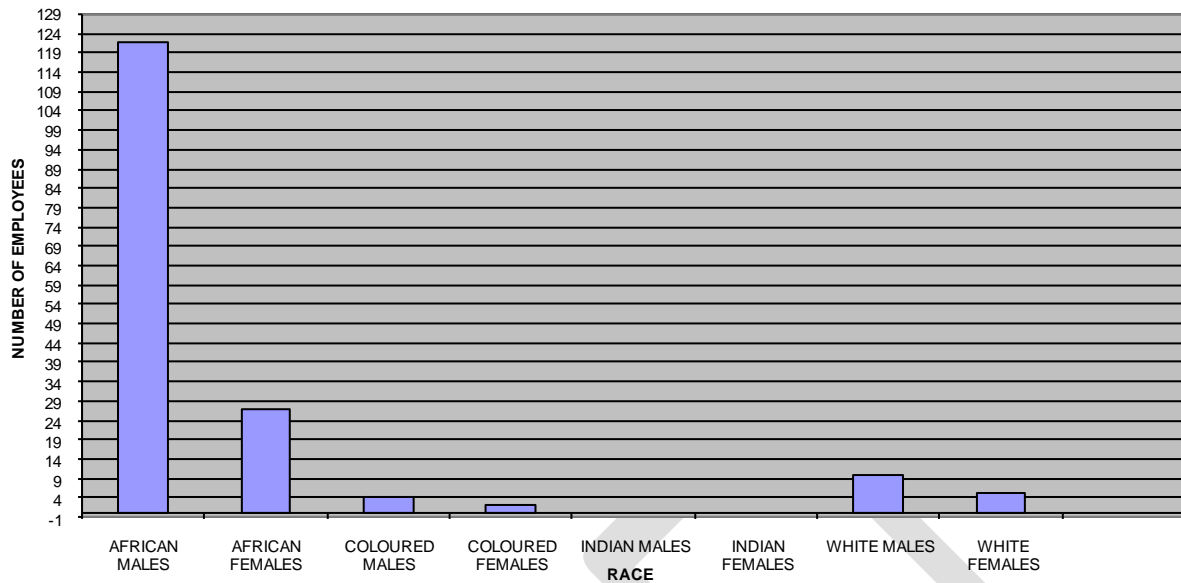
	2010	2009
REMUNERATION OF KEY MANAGEMENT PERSONNEL	R	R
Remuneration of the Municipal Manager		
Annual Remuneration	896 465	908 411
Performance Bonuses	168 883	165 255
Car Allowance	82 800	82 800
Telephone allowance	18 000	-
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	1 167 645	1 157 963
Remuneration of the Director Technical Services		
Annual Remuneration	790 827	762 952
Performance Bonuses	102 288	130 182
Car Allowance	93 600	93 832
Telephone allowance	12 000	-
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	1 000 212	988 463
Remuneration of Director Community and Social Services		
Annual Remuneration	626 009	580 024
Performance Bonuses	27 850	29 137
Car Allowance	48 000	48 000
Telephone allowance	12 000	-
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	715 356	658 658
Remuneration of the Director Financial Services		
Annual Remuneration	898 978	839 308
Performance Bonuses	154 572	149 466
Telephone allowance	12 000	-
Contributions to UIF, Medical and Pension Funds	1 497	1 497
Total	1 067 047	990 271
Remuneration of Director Corporate and Support Services		
Annual Remuneration	674 009	524 398
Performance Bonuses	-	14 943
Telephone allowance	12 000	-
Restructuring agreement	-	600 000
Contributions to UIF, Medical and Pension Funds	1 497	1 123
Total	687 506	1 140 464

	2010	2009
REMUNERATION OF KEY MANAGEMENT PERSONNEL	R	R
REMUNERATION OF COUNCILLORS		
Mayor	569 842	520 677
Speaker	459 285	305 814
Executive Committee Members	1 193 310	1 069 918
Councillors	4 407 036	3 939 122
Other Councillors' contributions and allowances	177 390	403 182
Total Councillors' Remuneration	6 806 863	6 238 713

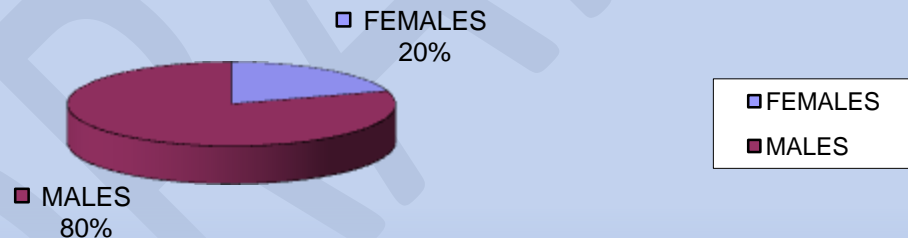
GENDER / RACE ANALYSIS OF FILLED POSTS

Department / Function	Black Male	Coloured Male	White Male	Black Female	Coloured Female	White Female	TOTAL
<i>Council & Executive</i>	13	1		17		1	32
<i>Corporate & Support Service</i>	4			5	1		10
<i>Budget & Treasury Service</i>	6	2	1	13	1	1	24
<i>Community & Social Service</i>	60	0	0	15			75
<i>Technical & Engineering Service</i>	56	2	7	1	0	1	67
Strategic and Municipal Manager's Office	4			7			11
Total	143	5	8	58	2	3	219
Percentage	66.99%	2.39%	3.83%	22.97%	1.91%	1.91%	100.00%

RACIAL BREAKDOWN OF STAFF WITHIN SENQU MUNICIPALITY



GENDER REPRESENTATION 2006/07



Organization Structure

The Organogram for Senqu Municipality is in place and to date 62% of the posts are occupied. The municipality has an overall staff complement of 442 posts of which 104 relate to the Water Services Authority (WSA) functions that will be transferred to the Ukhahlamba District Municipality once required agreements have been finalized. An analysis of post during the year under review is broken down as follows:

Department / Function	Posts Filled	Posts Funded but vacant	Posts Unfunded	Total Number of Posts
<i>Council and Executive</i>	6	1	7	14
<i>Corporate & Support Service</i>	14	5	22	41
<i>Budget & Treasury Service</i>	18	2	9	29
<i>Community & Social Service</i>	58	13	84	155
<i>Technical & Engineering Service</i>	74	6	123	203
Total	170	27	245	442
Percentage	38.46%	6.11%	55.43%	100.00%

The Organogram is reviewed annually during the budget process and all members of the budget Technical Committee participate in this process. Reviewing the Organogram annually ensure that the Municipality takes into account the demands placed on it by the IDP.

3.1 (c) Job Evaluations

Job evaluation has on a national scale, placed huge demands on staff and organizations alike. Whilst the results of the job evaluation exercise have been made available through the presentation of the Final Outcomes Report (presented to us by the Provincial Job Evaluation), implementation awaits the National Wage Curve from SALGBC and the process of appeal. In respect of the wage curve, we have raised concerns on the benchmarking of municipalities, in order to determine the wage curves for different municipalities. These issues are currently under discussions with the parties of the SALGBC.

3.2. GOVERNANCE

3.2(a) The Municipality has submitted a reviewed file management plan to Provincial Archives, which was approved and also approved by Council. Plans are in place to introduce an Electronic document management system, which will result in less paper being used in the municipality. The Provincial Archives has advised us to keep to paper based filing system in place as back-up in case of electronic challenges, which is very possible. As we have been using a filing system that was not approved by Provincial Archives, all the current files will have to be closed and re-opened on the new approved filing system. The records management function currently conforms to the Standards set by the Archives Act.

The administration of Council and Executive Committee meetings has shown tremendous improvement, with Council agendas and minutes being provided accurately and correctly. This facilitates Council decision-making and it is worth mentioning that this process has not been queried by the Auditor-General in respect of the quality of decision-making and the signing of minutes by both the Mayor and the Speaker.

With the establishment of the Internal Audit Committee, its role cannot be over-emphasized.

The Annual Audit Report supports the notion that positive work is being done in respect of the operations of the Municipality and the fact that within this area we are operating within clear policies and procedures and in accordance and compliance with prescriptive legislation.

A Remuneration Committee has been elected by Council and constitutes:

- **Mayor (Mr. Z Dumzela)**
- **Cllr Kuse**
- **Cllr Mafilika**

Purpose of Committee: To ensure that payment of salaries for Managers occurs in terms of Council resolutions, after negotiations are concluded between Managers and Council. This committee has also been very effective during the performance management reviews for section 57 managers. The audit committee should also form part of the Performance Reviews Committee.

3.2(b) Reviewed Policies Adopted

The under mentioned policies are required to be reviewed and adopted by council on an annual basis.

- Free Basic Services and Indigent Subsidy Support Policy
- Integrated Development Plan and Budget Policy;
- Free Basic Service and Indigent Subsidy Support Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy; and Rates Policy.

Human Resource Policies – an advert was placed during the year under review for the under mentioned policies to be reviewed. This process was cancelled due to the intervention of the Provincial Department of Local Government and Housing by introducing a Turn Around Program to all municipalities in the Eastern Cape to enhance services delivery. This program started well initially, but was then halted by the Department due to inconsistencies in the Supply Chain process within the Department. This resulted in the policies not being reviewed.

The policies that were to be reviewed were the following:

- Recruitment and Selection Policy
- Subsistence and Travelling Policy
- Telephone usage policy
- Remuneration Policy

3.2(c) Internal Audit

The function has assisted in ensuring that the organization operates within legal bounds and considerations.

3.2(d) Register of Interest

This register was formally adopted by Council and both Councillors and officials are required to declare their interests in order to avoid any conflict that may arise as a result of doing Council business. This process is co-ordinated by the Internal Auditor.

3.2(e) Human Resources

Procedures were developed and formal training provided to relevant staff members. The implementation phase requires being monitored by management.

3.3. TRANSFORMATION AND CHANGE MANAGEMENT

3.3(a) Performance Management

The Performance Management System has been effected for top management (s57's). During 2005/2006 it was introduced to middle management, this has not as yet been implemented due to capacity and financial constraints. The roll out of individual Performance Management is being planned and will be done in a systematic manner. It was agreed to rollout in phases and as such the process has been put out to tender during 2006/2007 financial year.

This performance management system (implemented at s57 Manager level) has ensured that service delivery was implemented based on targeted dates that were approved by Council.

This Performance Management System was linked to the Service Delivery and Budget Implementation Plans (introduced by the Municipal Finance Management Act, 2003), which were developed in line with budget and operational plans, in order to ensure that the IDP objectives were met.

Individual performance assessments for s57 managers have been completed by an independent Committee, which was constituted by executive committee members and independent consultants

Whilst this process has been considered to be objective, we are still required to formally establish an independent performance audit committee (in order to comply with the spirit of Corporate Governance and regulation 14(1)(a). The performance reviews of the s57 managers are being performed annually and not quarterly as intended. The Municipality is currently not complying with regulation 28(1) as detailed in the Audit Report of the Auditor General.

The reports are submitted to Council to assist Council to evaluate performance and to make the necessary interventions when these are identified.

3.3(b) Skills Development

The Skills Committee meets monthly and this committee is comprised of officials, Councillors and Labour Union representation.

In addition to skills development Senqu Municipality have introduced an internship programme in order to alleviate the negative impact that skills shortages have on the recruitment and the subsequent placement of suitably qualified persons. This also has an impact on the operational functioning of the organisation, as the organization requires technical capacity and competence in order to provide the required service delivery and sustainable development as highlighted in the IDP.

The internship programme is a process of empowering and capacitating future employed staff. Identified students/ graduates from recognised institutions, were engaged to work for the Budget & Treasury Department, for a set term of three months.

The internship programme is regarded as a means to balance the immediate shortages and the long run demand for employees, it is envisaged that both current and future personnel shortages can be minimised.

3.3(c) Occupational Health & Safety

This Committee meets consistently and monthly reports are submitted in respect of injuries on duty and any other pertinent issues. Safety Inspectors perform their work with due diligence, but it is our challenge as an organization to fully enforce the Health and Safety Act through recognized mechanisms.

Community Services

Senqu Municipality renders a regular waste management in its primary form of collection, transportation and disposal. Waste is collected in an uncompressed mode and taken to the disposal sites where it is either burnt in an incinerator (Lady Grey , Barkly East) or burnt in an open space (Sterkspruit, Rossouw) in Rhodes. No scale (weigh bridge) is available in any of the waste sites to establish the exact amount of waste generated, this poses a problem as estimates are used. Council has adopted the Waste Management Plan.

b. Level and standards in waste management services

Lady Grey

The 76 businesses and 2242 residential premises receive weekly waste removal. There is however an area called Top location where residents were moved to new houses but the empty houses were illegally occupied. It is awkward for municipal vehicles to go there and the area only gets cleaned occasionally. The Steve Tshwete area is not regularly attended to as we had problems with extra personnel and equipment, the equipment has since been purchased, but the personnel has not been added, we have to resort to cleaning over weekends sometimes.

Barkly East

The 93 businesses and 3458 households receive weekly waste collection. There are 802 houses under construction. Next to the township of Nkululeko there are informal settlements which also receive the service although it is not always easy for municipal vehicle to move around the streets.

Herschel

This is an un-serviced small settlement about 12km north of Lady Grey and consists of 774 houses. We however have 5 people removing refuse on volunteer basis, and the municipality collects the waste to the solid waste site (Lady Grey). There is also a planned waste disposal site at Herschel.

Sterkspruit

Sterkspruit consists of 122 formal businesses and 266 households. There are a number of street vendors who are uncontrollable and cause the waste collection programme almost impossible

Waste is collected daily in the commercial businesses but the way the town is built makes it almost impossible to keep it clean.

Rossouw

This is a small 40 household settlement; there are no municipal employees to deal with waste only 4 people collect waste on monthly rotational method. There is a planned waste site. The national department of environmental affairs had suggested a transfer station, but due to the distance from the nearest solid waste site council approved a fully-fledged waste site.

Rhodes

This is a holiday town with only 3 businesses and 80 households. Refuse removal is managed well but there is no formalized solid waste site. Council has approved establishment and an Environmental Impact Assessment is to be conducted soon.

d. Major challenges in waste management services and remedial actions

Both Lady Grey and Barkly East have old waste sites which were rehabilitated when the new sites were established, however we have challenges of people continuing to dump at the rehabilitated sites. The rehabilitated sites need to be fenced and we need 24hour presence at the solid waste sites gates and the fence at the old sites need to be continuously maintained to prevent residents (mostly scavengers) from gaining unauthorized entry.

The organizational structure does not talk to the increasing households and volumes of waste as a result the waste personnel are not coping with work despite attempts to ease the workload by appointing temporary workers to clean the streets.

The level of education of most of the general workers is very low and it makes it difficult to put them through a training programme, the skills development facilitator has however started a process of ABET training to improve on this.

Other challenges in waste management include:

- Lack of compliance with legislation, water, air and aesthetic pollution which is not good for both economic and social development;
- Cost effectiveness of current services is poor mainly due to a history of lack of investment in the service in terms of equipment, staff, and planning;
- Lack of community awareness resulting in illegal dumping; and
- Lack of sanitary landfill sites.

1. Community and social services function's performance

Function:	Community and Social Services
Sub Function:	All inclusive

Reporting Level	Detail	Total	
Overview:	To ensure that basic services and other services are provided effectively and efficiently to the communities in a sustainable manner. Part of these basic services includes provision of primary health care services, recreation including library services.		
Description of the Activity:	<p>Community Services overseas the offering and management of the following services:</p> <p>Provision of Libraries - To promote culture of reading amongst the youth and DSRAC provide study material. DSRAC renovated Barkly East Library Senqu Local Municipality is constituted of five (5) libraries. DSRAC seconded one of the Librarians at Lady Grey.</p> <ul style="list-style-type: none"> ▪ Primary Health Care Comprehensive Primary Health Care services are rendered on an agency basis through the Health Department as outlined in the national norms and standards for Primary Health care, which include: children primary health care services, Adult curative PHC, women's productive health, immunizations, adolescence and youth health, STD and infection controls, HIV Primary Health Care, TB, Chronic diseases and geriatrics care, mental health, substance abuse, and other health related illnesses. <p>The department of Health has provided medical equipment to Robert Mjobo clinic to ensure effective and efficient delivery of medical services.</p> <ul style="list-style-type: none"> ▪ Community Halls To provide new facilities in the rural areas and to maintain existing facilities. <ul style="list-style-type: none"> - Nkululeko Hall at Barkly East is renovated. ▪ Cemeteries To provide and control burials within the framework of the Health Act <ul style="list-style-type: none"> - Control and maintenance of cemeteries ▪ Sport and Recreation Facilities 		

Function:	Community and Social Services
Sub Function:	All inclusive

Reporting Level	Detail	Total	
Analysis of the Function:	1 Nature and extent of facilities provided: <ul style="list-style-type: none"> - Library Services - Primary Health Care - Other Community Halls/Facilities - Cemeteries - Sport & Recreation Facilities Note: the facilities figure should agree with the assets register	<i>no of facilities:</i> 5 1 7 3	<i>no of users:</i> <number>
	2 Number and cost to employer of all personnel associated with each community services function: <ul style="list-style-type: none"> - Library Services - Primary Health Care - Other Community Halls/Facilities - Cemeteries - Sport & Recreation Facilities 	<total>	<i>R(000s)</i> <cost>
		<total>	<cost>

1. Waste management function's performance

Function: Waste Management

Reporting Level	Detail	Total	
Overview:	Senqu Municipality renders a regular waste management in its primary form of collection, transportation and disposal. Waste is collected in an uncompressed mode and taken to the disposal sites where it is either burnt in an incinerator (Lady Grey , Barkly East) or burnt in an open space (Sterkspruit, Rossouw) in Rhodes.		
Description of the Activity:	The refuse collection functions of the municipality are administered as follows and include:		
	<ul style="list-style-type: none"> ▪ Refuse Removal <ul style="list-style-type: none"> - Regular refuse removal to all households once a week - Regular refuse removal at commercial businesses twice a week. - Maintenance of the solid waste disposal sites - Daily street cleaning - Maintenance of vehicles and implements 		

CHAPTER 4

BUDGET & TREASURY REPORT AND RELATED INFORMATION INCLUDING THE AFS

DRAFT

BUDGET & TREASURY

Function:	Finance and Administration
Sub Function:	Finance

Reporting Level	Detail	Total	
Overview:	Includes all activities relating to the finance function of the municipality. Note: grants information should appear in Chapter 4 on <i>Financial Statements and Related Financial Information</i> .		
Description of the Activity:	<p>The function of finance within the municipality is administered as follows and includes: The Budget and Treasury Department, established in terms of Section 80 of the Municipal Finance Management Act, within the Department of Finance, under the control of the Chief Financial Officer, Mr. C. Venter.</p> <p>Senqu Municipality is governed by a Council that continues to provide unwavering support and commitment towards sound financial management and the maintenance of a sound economic base.</p> <p>Mr. Christo Venter is the Chief Financial Officer who heads up the Budget and Treasury Office. Throughout this financial year the Finance team have displayed very sound administrative and financial management skills as evidenced within the Auditor General's Report</p> <p><i><List administration of each function here: this should detail what is offered, and how it is offered to the community></i></p> <p>These services extend to include <i><function/area></i>, but do not take account of <i><function/area></i> which resides within the jurisdiction of <i><national/provincial/other private sector></i> government. The municipality has a mandate to:</p> <p><i><List here></i></p> <p>The overall Strategic objective of the Budget and Treasury Department is the provision of Management Support and guidance to staff and Councilors; the management and safeguarding of assets; the management of the budget; planning reforms, implementation, monitoring, and reporting on the budget; and management of revenue; and collection of debtors</p> <p><i><List here></i></p>		

Function: Finance and Administration Sub Function: Finance			
Reporting Level	Detail	Total	
	<p>The key issues for 2009/10 are:</p> <ul style="list-style-type: none"> ▪ Revenue and Collection / Income generation • Expenditure and control: • Budgeting and IDP: • Accounting and Reporting: • Information Technology: • Assets and Stores: • Motor Vehicle Licensing: <p><List here></p>		

Budget to actual comparison

ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010 GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<u>REVENUE</u>					
Property Rates	3 937 597	3 379 180	558 417	16.53%	New General Valuation Roll
Government Grants and Subsidies - Capital	34 378 128	38 351 550	(3 973 422)	-10.36%	
Government Grants and Subsidies - Operating	60 284 382	73 596 735	(13 312 353)	-18.09%	Funding for delayed housing projects not received
Fines	53 517	15 000	38 517	256.78%	Difficult to estimate. Function performed by Department of Transport
Service Charges	12 036 262	20 851 844	(8 815 582)	-42.28%	Free Basic Services provided
Water Services Authority Contribution	6 760 616	7 748 120	(987 504)	-12.75%	WSA Budget virements
Rental of Facilities and Equipment	541 542	180 000	361 542	200.86%	Improved Control over facilities
Interest Earned - External Investments	5 087 335	4 500 000	587 335	13.05%	Improved Cash Management
Interest Earned - Outstanding Debtors	919 207	640 000	279 207	43.63%	Increase in outstanding consumer debtors
Licences and Permits	1 165 950	1 221 400	(55 450)	-4.54%	
Agency Services	517 585	547 844	(30 259)	-5.52%	
Other Revenue	361 125	276 615	84 510	30.55%	
Total Revenue	126 043 248	151 308 288	(25 265 040)		
<u>EXPENDITURE</u>					
Executive & Council	(12 269 114)	(12 359 431)	90 317	-0.73%	
Planning & Development	(4 516 426)	(8 956 716)	4 440 290	-49.57%	Assets purchased from LED funding are disclosed under capital expenditure
Corporate Services	(6 838 685)	(7 614 350)	775 665	-10.19%	
Housing	(14 252 733)	(22 488 729)	8 235 996	-36.62%	Housing Project delayed because of land invasion.
Public Safety	(1 001)	(8 310)	7 309	-87.96%	Amount (R 7 309) immaterial
Budget & Treasury	(4 761 449)	(8 002 700)	3 241 251	-40.50%	Vacant posts were not filled due to lack of office space
Road Transport	(8 519 833)	(13 353 226)	4 833 393	-36.20%	Project undertaken on behalf of Department of Transport has not commenced
Waste Water Management	(4 959 830)	(8 041 829)	3 081 999	-38.32%	Different accounting treatment of depreciation and free basic services
Water	(4 322 237)	(6 658 650)	2 336 413	-35.09%	Different accounting treatment of depreciation and free basic services
Electricity	(16 834 571)	(19 462 107)	2 627 536	-13.50%	Different accounting treatment of depreciation and free basic services

	2010	2010	2010	2010	Explanation of Significant Variances
	Actual (R)	Budget (R)	Variance (R)	Variance (%)	greater than 10% versus Budget
Community & Social Services	(1 690 950)	(4 061 801)	2 370 851	-58.37%	Librarian posts were not filled.
Health	(547 840)	(547 844)	4	0.00%	
Sport & Recreation	(44 348)	(422 024)	377 676	-89.49%	Rural Sport fields were not maintained
Waste Management	(5 818 234)	(8 502 013)	2 683 779	-31.57%	Different accounting treatment of depreciation and free basic services
Total Expenditure	(85 377 249)	(120 479 730)	35 102 481		
SURPLUS / (DEFICIT) FOR THE YEAR	40 665 998	30 828 558	9 837 440	-	

Grants and transfers' spending

SENQU MUNICIPALITY

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

Grant Description	Balance 1 JULY 2009	Transfers	Restated balance 01-Jul-09	Contributions during the year	Interest on Investment	Other Income	Operating Expenditure Transferred to Revenue	Capital Expenditure Transferred to Revenue	Balance 30 JUNE 2010
CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS									
	R	R	R	R	R	R	R	R	R
Performance Agreements	41 330	-	41 330	-	-		41 330	-	-
Equitable Share	-	-	-	54 621 205	-		54 621 205	-	-
Peach & Vegetable Processing	8 302	-	8 302	-	-		-	-	8 302
Holo Hlahatsi Agricultural Project	370 734	-	370 734	-	-		266 218	-	104 517
Commonage Management Plan	60 126	-	60 126	-	-		345	-	59 781
Surveying / Land Audit	580 994	(30 344)	550 650	-	-		550 650	-	-
Heritage Management	229 912	-	229 912	-	-		-	-	229 912
DEAT Brickmaking	(24 238)	-	(24 238)	24 238	-		-	-	-
Co-op's Development	2 993	-	2 993	-	-		-	-	993
LED (Lady Grey)	1 941	-	1 941	-	-		1 941	-	-
Prov Gov - Housing (Lady Grey)	1 544 981	-	1 544 981	577 157	-		-	137 720	1 984 417
Prov Gov - Housing (Hillside)	(167 243)	-	(167 243)	13 202 824	-			12 588 808	446 773
Municipal Finance Management	324 328	-	324 328	1 000 000	-		890 491	-	433 836

CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS									
	R	R	R	R	R	R	R	R	R
Municipal Support Programme	249 321	-	249 321	-	-		165 671	-	83 650
Disabled Project BE	4 483	-	4 483	-	-		4 483	-	-
Prov Gov - Valuation Roll	(11 219)	11 219	-	-	-		-	-	-
Municipal Infrastructure Grant	3 080 821	-	3 080 821	17 647 000	-			20 729 642	(1 821)
Implementation Ownership	404 878	-	404 878	-	-		171 332	-	233 546
Traffic Test Station (Sterkspruit)	104 879	-	104 879	-	-		-	-	104 879
Tourism	-	-	-	200 000	-		200 000	-	-
Rossouw Agricultural Project	223 578	-	223 578	-	-		130 767	-	92 811
Municipal Systems Improvement	322 670	(11 219)	311 451	237 330	-		585 101	-	(36 320)
Herschel People's Housing	6 578 613	-	6 578 613		365 580		-	169 632	6 774 561
Internet/Communication Systems	84 131	-	84 131	-	-		-	-	84 131
Health Subsidy	-	-	-	547 840	-		547 840	-	-
Plastic Products	2 319 298	-	2 319 298	1 366 735	-		2 275 986	-	1 410 047
Joe Gqabi DM - District Call Centre	210 388	-	210 388	-	-		123 004	-	87 383
Joe Gqabi DM - Community Participation	-	-	-	226 000	-		226 000	-	-
Sterkspruit Land Audit	-	30 344	30 344		-		30 344	-	-
Ward Committees	-	-	-	204 000	-		204 000	-	-
Total	16 546 000	-	16 546 000	89 854 329	365 580	-	61 036 709	33 625 802	12 103 399

Meeting of Donors' requirements in respect of conditional grants

GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants	54 621 205	40 290 326
	54 621 205	40 290 326
Conditional Grants	40 041 306	25 614 429
National: Municipal Infrastructure Grant (MIG)	20 729 642	12 136 664
National: Municipal Finance Management (MFMA)	890 491	633 204.00
National: Municipal Systems Improvement Grant	585 101	77 330
Performance Agreements	41 330	44 665
Peach & Vegetable Processing	-	147 406
Holo Hlahatsi Agricultural Project	266 218	-
Surveying / Land Audit	580 994	342 697
Heritage Management	-	-
DEAT Brickmaking	-	93 682
Co-op's Development	-	131 194
LED (Lady Grey)	1 941	114 275
Prov Gov - Housing (Lady Grey)	137 720	2 444 418
Prov Gov - Housing (Hillside)	12 588 808	6 077 829
Disabled Project BE	4 483	97 895
Drought Relief Water	-	409 100
Prov Gov - Valuation Roll	-	547 378
Implementation Ownership	171 332	93 415
Traffic Test Station (Sterkspruit)	-	-
Rossouw Agricultural Project	130 767	37 046
Herschel People's Housing	169 632	212 040
Internet/Communication Systems	-	20 402
Health Subsidy	547 840	512 005
I.E.C - Elections	-	180 598
Plastic Products	2 275 986	680 702
Commonage Management Plan	345	1 670
Municipal Support Programme	165 671	-
Joe Gqabi DM - District Call Centre	123 004	354 613
Joe Gqabi DM - Community Participation	226 000	-
Spatial Development Framework	-	174 200
Joe Gqabi DM - IDP	-	50 000
Tourism	200 000	-
Ward Committees	204 000	-

GOVERNMENT GRANTS AND SUBSIDIES		
Total Government Grants and Subsidies	94 662 511	65 904 756
Government Grants and Subsidies - Capital	34 378 128	21 307 063
Government Grants and Subsidies - Operating	60 284 382	44 597 693
	94 662 511	65 904 756
<i>The municipality does not expect any significant changes to the level of grants. No grants had been withheld.</i>		
	2010	2009
	R	R
Equitable share	54 621 205	40 290 326
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
National: Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	3 080 821	495 485
Current year receipts	17 647 000	14 722 000
Conditions met - transferred to revenue	(20 729 642)	(12 136 664)
Conditions met - balance transferred to current (assets)/liabilities	(1 821)	3 080 821
Municipal Infrastructure grant was used to construct roads, pavement, community centres and stormwater channels in Senqu.		
National: Municipal Finance Management (MFMA)		
Balance unspent at beginning of year	324 328	457 532
Current year receipts	1 000 000	500 000
Conditions met - transferred to revenue	(890 491)	(633 204)
Conditions met - balance transferred to current liabilities	433 837	324 328
Municipal Finance Management grant was used to implement the reforms of the MFMA.		

**GOVERNMENT GRANTS AND
SUBSIDIES*****National: Municipal Systems
Improvement Grant***

Balance unspent at beginning of year	311 451	-
Transfer from Valuation Roll - Note 22.16	-	(11 219)
Current year receipts	237 330	400 000
Conditions met - transferred to revenue	(585 101)	(77 330)
Conditions met - balance transferred to current (assets)/liabilities	(36 320)	311 451

The MSIG was used to improve municipal systems in terms of ward committees and create a functional asset register.

Performance Agreements

Balance unspent at beginning of year	41 330	85 995
Conditions met - transferred to revenue	(41 330)	(44 665)
Conditions met - balance transferred to current liabilities	-	41 330

The grant was used for the drafting of performance agreements for Section 57 and Middle Managers.

Peach & Vegetable Processing

Balance unspent at beginning of year	8 301	155 707
Current year receipts	-	-
Conditions met - transferred to revenue	-	(147 406)
Conditions met - balance transferred to current liabilities	8 301	8 301

Local Economic Development project for Peach and Vegetable processing.

Holo Hlahatsi Agricultural Project

Balance unspent at beginning of year	370 735	370 735
Current year receipts	-	-
Conditions met - transferred to revenue	(266 218)	-
Conditions met - balance transferred to current liabilities	104 517	370 735

Local Economic Development project for Holo Hlahatsi Agricultural project.

GOVERNMENT GRANTS AND SUBSIDIES		
<i>Surveying / Land Audit and Sterkspruit Land Audit</i>		
Balance unspent at beginning of year	580 994	923 692
Current year receipts	-	-
Conditions met - transferred to revenue	(580 994)	-342 697
Conditions met - balance transferred to current liabilities	-	580 995
The grant was used to conduct a land audit to establish the suitability for the proposed housing projects.		
<i>Heritage Management</i>		
Balance unspent at beginning of year	229 912	229 912
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions met - balance transferred to current liabilities	229 912	229 912
Local Economic Development project for Heritage management.		
<i>DEAT Brickmaking</i>		
Balance unspent at beginning of year	(24 238)	69 445
Current year receipts	24 238	-
Conditions met - transferred to revenue	-	(93 682)
Conditions met - balance transferred to current assets	-	(24 237)
Local Economic Development project for DEAT Brickmaking.		
<i>Co-op's Development</i>		
Balance unspent at beginning of year	2 992	134 186
Current year receipts	-	-
Conditions met - transferred to revenue	-	(131 194)
Conditions met - balance transferred to current liabilities	2 992	2 992
Local Economic Development project for Co-op's development.		
<i>LED (Lady Grey)</i>		
Balance unspent at beginning of year	1 941	116 216
Current year receipts	-	-
Conditions met - transferred to revenue	(1 941)	(114 275)
Conditions met - balance transferred to current liabilities	-	1 941
Local Economic Development project in Lady Grey.		

GOVERNMENT GRANTS AND SUBSIDIES		
<i>Prov Gov - Housing (Lady Grey)</i>		
Balance unspent at beginning of year	1 544 981	666 449
Current year receipts	577 157	3 322 950
Conditions met - transferred to revenue	(137 720)	(2 444 418)
Conditions met - balance transferred to current liabilities	1 984 418	1 544 981
Grant received from Provincial Government for housing projects.		
<i>Prov Gov - Housing (Hillside)</i>		
Balance unspent at beginning of year	(167 243)	140 372
Current year receipts	13 202 824	5 770 214
Conditions met - transferred to revenue	(12 588 808)	(6 077 829)
Conditions met - balance transferred to current liabilities/(assets)	446 773	(167 243)
Grant received from Provincial Government for housing projects.		
<i>Disabled Project BE</i>		
Balance unspent at beginning of year	4 483	102 378
Current year receipts	-	-
Conditions met - transferred to revenue	(4 483)	(97 895)
Conditions met - balance transferred to current liabilities	-	4 483
Local Economic Development project for disabled project in Barkly-East.		
<i>Drought Relief Water</i>		
Balance unspent at beginning of year	-	409 100
Current year receipts	-	-
Conditions met - transferred to revenue	-	(409 100)
Conditions met - balance transferred to current liabilities	-	-
Grant was used to alleviate drought.		
<i>Prov Gov - Valuation Roll</i>		
	R	R
Balance unspent at beginning of year	-	136 159
Transfer to MSIG - Note 22.04	-	11 219
Current year receipts	-	400 000
Conditions met - transferred to revenue	-	(547 378)
Conditions met - balance transferred to current liabilities	-	-
Grant was used to conduct a general valuation.		

GOVERNMENT GRANTS AND SUBSIDIES**Implementation Ownership**

Balance unspent at beginning of year	404 878	498 293
Current year receipts	-	-
Conditions met - transferred to revenue	(171 332)	(93 415)
Conditions met - balance transferred to current liabilities	233 546	404 878
Grant was used to transfer ownership from council to owners. (Registering of title deeds.)		

Traffic Test Station (Sterkspruit)

Balance unspent at beginning of year	104 879	104 879
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions met - balance transferred to current liabilities	104 879	104 879
Grant was used to establish a traffic station in Sterkspruit.		

Rossouw Agricultural Project

Balance unspent at beginning of year	223 578	260 624
Current year receipts	-	-
Conditions met - transferred to revenue	(130 767)	(37 046)
Conditions met - balance transferred to current liabilities	92 811	223 578
Local Economic Development project for Rossouw Agricultural Project.		

Herschel People's Housing

Balance unspent at beginning of year	6 578 613	6 343 952
Current year receipts	365 580	446 701
Conditions met - transferred to revenue	(169 632)	(212 040)
Conditions met - balance transferred to current liabilities	6 774 561	6 578 613
Grant received from Provincial Government for housing projects.		

Internet/Communication Systems

Balance unspent at beginning of year	84 131	104 533
Current year receipts	-	-
Conditions met - transferred to revenue	-	(20 402)
Conditions met - balance transferred to current liabilities	84 131	84 131
Establish to comply with the MFMA with regards to all information technology requirements mentioned in the act.		

GOVERNMENT GRANTS AND SUBSIDIES		
<i>I.E.C - Elections</i>		
Balance unspent at beginning of year	-	-
Current year receipts		180 598
Conditions met - transferred to revenue	-	(180 598)
Conditions met - balance transferred to current liabilities	-	-
Grant was used for I.E.C elections.		
<i>Health Subsidy</i>		
Balance unspent at beginning of year	-	-
Current year receipts	547 840	512 005
Conditions met - transferred to revenue	(547 840)	(512 005)
Conditions met - balance transferred to current liabilities	-	-
Subsidy received for clinic operations/services.		
<i>Plastic Products</i>	R	R
Balance unspent at beginning of year	2 319 298	-
Current year receipts	1 366 735	3 000 000
Conditions met - transferred to revenue	(2 275 986)	(680 702)
Conditions met - balance transferred to current liabilities	1 410 047	2 319 298
Local Economic Development project for plastic products.		
<i>Commonage Management Plan</i>		
Balance unspent at beginning of year	60 126	61 796
Current year receipts	-	-
Conditions met - transferred to revenue	(345)	(1 670)
Conditions met - balance transferred to current liabilities	59 781	60 126
Local Economic Development project for Commonage Management Plan.		
<i>Municipal Support Programme</i>		
Balance unspent at beginning of year	249 321	249 322
Current year receipts	-	-
Conditions met - transferred to revenue	(165 671)	-
Conditions met - balance transferred to current liabilities	83 650	249 322
Grant was used to improve internal controls in the municipality.		

**GOVERNMENT GRANTS AND
SUBSIDIES****Joe Gqabi DM - District Call Centre**

Balance unspent at beginning of year	210 388	-
Current year receipts	-	565 000
Conditions met - transferred to revenue	(123 004)	(354 613)
Conditions met - balance transferred to current liabilities	87 383	210 388
Grant received from District Municipality for a call centre for Senqu.		

Joe Gqabi DM - Community Participation

Balance unspent at beginning of year	-	-
Current year receipts	226 000	-
Conditions met - transferred to revenue	(226 000)	-
Conditions met - balance transferred to current liabilities	-	-
Local Economic Development project for Community Participation.		

Spatial Development Framework

Balance unspent at beginning of year	-	174 200
Current year receipts	-	-
Conditions met - transferred to revenue		(174 200)
Conditions met - balance transferred to current liabilities	-	-
Grant received from District Municipality for Spatial Development.		

Joe Gqabi DM - IDP

Balance unspent at beginning of year	-	-
Current year receipts		50 000
Conditions met - transferred to revenue		(50 000)
Conditions met - balance transferred to current liabilities	-	-
Grant received from District Municipality to assist with compilation of IDP.		

Tourism

Balance unspent at beginning of year	-	-
Current year receipts	200 000	-
Conditions met - transferred to revenue	(200 000)	-
Conditions met - balance transferred to current liabilities	-	-
Local Economic Development project for Tourism.		

**GOVERNMENT GRANTS AND
SUBSIDIES**

Ward Committees	R	R
Balance unspent at beginning of year	-	-
Current year receipts	204 000	-
Conditions met - transferred to revenue	(204 000)	-
Conditions met - balance transferred to current liabilities	-	-
Ward Committees grant is part of the MSIG.		

No long term Contracts where entered into by the Municipality

Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	R 62 259 990	R 44 213 674	71%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	R 38 166 442	R 36 601 355	95%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Total actual trade creditors as a percentage of total actual revenue	R 31 469 039	R 12 348 444	39%
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	R 39 360 003	R 31 380 737	25%
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction			
6	Percentage of MIG budget appropriately spent	R 20 727 821	R 20 729 624	100.01%
7	Percentage of MSIG budget appropriately spent	R 548 781	R 585 101	106.6%

Arrears in property rates and service charges

Debtors Age Analysis - 30 June 2010

Service	Sum of Current	Sum of 30 Days	Sum of 60 Days	Sum of 90 Days	Sum of 120 Days	Sum of 150 Days +	Sum of Total	Credits	TOTAL
Rates - 20	61 261	165 709	208 847	215 803	138 357	3 621 458	4 411 435	-269 690	4 141 745
Rentals - 35	23 758	29 134	22 188	94 048	1 981	181 181	352 288	-45 104	307 184
Electricity - 40	1 239 631	466 202	361 110	284 881	242 601	827 322	3 421 746	-184 898	3 236 848
Water - 41	187 841	70 866	67 796	87 390	83 743	1 194 496	1 692 133	-73 209	1 618 924
Sewerage - 60	66 832	45 738	40 867	35 720	30 709	1 273 567	1 493 433	-17 531	1 475 902
Refuse - 70	152 827	91 902	74 160	65 823	58 232	1 656 391	2 099 336	-34 819	2 064 517
Grand Total	1 732 150	869 551	774 968	783 665	555 622	8 754 415	13 470 371	-625 250	12 845 120

BUDGET & TREASURY

Function: Finance and Administration			
Sub Function: Finance			
Analysis of the Function:		<Provide statistical information on (as a minimum):>	
	1	Debtor billings: number and value of monthly billings:	R (000s)
		Function - <list function here eg: water, electricity etc>	<total>
		See table at bottom of document - Number and amount billed each month across debtors by function (eg: water, electricity etc) and by category: Government, Business, Residents and Indigents Note: create a suitable table to reflect monthly billed and received (against billed) across debtors by function (eg: water, electricity etc) and by category	<number> <value>
	2	Debtor collections: value of amount received and interest:	R (000s)
		Function - <list function here eg: water, electricity etc>	<total>
		See table at bottom of document - Value received from monthly billings each month and interest from the previous month across debtors by function (eg: water, electricity etc) and by category: Government, Business, Residents and Indigents Note: create a suitable table to reflect amount received from that month's billings plus interest from the previous month across debtors by function and by category	<received> <interest>
	3	Debtor analysis: amount outstanding over 30, 60, 90 and 120 plus days:	R (000s)
		See table at bottom of document	
		Function - <list function here eg: water, electricity etc>	
		- Total debts outstanding over 30, 60, 90 and 120 plus days across debtors by function (eg: water, electricity etc) and category	<total>
		Note: create a suitable table to reflect debts outstanding over 30, 60, 90 and 120 plus days across debtors by function and category	

Function:		Finance and Administration	
Sub Function:		Finance	
Reporting Level	Detail	Total	
4	Write off of debts: number and value of debts written off: No debts were written off during Financial Year. - Total debts written off each month across debtors by function (eg: water, electricity etc) and category Note: create a suitable table to reflect write offs each month across debtors by function and category		R (000s)
		<number>	<value>
5	Property rates (Residential): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year		R (000s)
		<6134>	<R 264 394 000>
		<0r>	<0e>
		<6134>	<R 852 247>
			<R1 441 429>
Reporting Level	Detail	Total	
6	Property rates (Commercial): - Number and value of properties rated - Number and value of properties not rated - Number and value of rate exemptions - Rates collectible for the current year		R (000s)
		<166>	<R 101 849 500>
		<0>	<0>
		<0>	<0>
			<R 672 207>
8	Property valuation: - Year of last valuation - Regularity of valuation	<2008/07/01r>	
		<Four Years plus yearly supplementary Roll>	
9	Indigent Policy: - Quantity (number of households affected) - Quantum (total value across municipality)	<2300>	
		<R 9 189 115>	
10	Creditor Payments: See table at bottom of document <List creditors here> Note: create a suitable table to reflect the five largest creditors individually, with the amount outstanding over 30, 60, 90 and 120 plus days	R (000s)	
		<value>	<age>
11	Credit Rating: <List credit rating details here> List here whether your Council has a credit rating, what it is, from whom it was provided and when it was last updated	R (000s)	
		<value>	<date>
12	External Loans: See table at bottom of document - Total loans received and paid during the year Note: Create a suitable table to reflect the balance of each external loan at the beginning of the year, new loans raised during the year and loans repaid during the year as well as the balance at the end of the year. Interest rates payable on each loan, together with the date of repayment should be also disclosed in the table.	R (000s)	R (000s)
		<received>	<paid>

Function:		Finance and Administration	
Sub Function:		Finance	
Reporting Level	Detail	Total	
13	<p>Delayed and Default Payments:</p> <p><List delayed and default payments here></p> <p>No payments on loan or any statutory payments were delayed.</p> <p>List here whether Council has delayed payment on any loan, statutory payments or any other default of a material nature</p> <p>Note: This information need not be reported here if reported as notes to the accounts.</p>	<value>	<date>

Debtors per category

Values									
Row Labels	Sum of Current	Sum of 30 Days	Sum of 60 Days	Sum of 90 Days	Sum of 120 Days	Sum of 150 Days +	Sum of Total	Sum of Provision	Sum of Past Due Not Impaired Calc
District Municipality	37 598	33 991	8 128	3 225	5 488	57 517	145 947		108 349
EC Province Electoral Commission	7 913	7 961	7 882	49 671	6 753	650 046	730 226		722 313
Hospitals	742	657	657	657	687	77 671	81 071		80 329
National Depts.	200 182	44 244	59 355	46 224	38 905	324 348	713 258		513 076
Police	57 331	48 874	94 543	34 334	57 368	404 538	696 988		639 657
Private and Business	24 094	15 100	17 323	36 367	6 372	13	99 268		75 174
Schools	1 365 635	698 024	573 461	606 197	434 546	7 118 578	10 796 441	9 799 442	197 062
Post Office	15 487	14 132	9 796	4 105	3 950	97 693	145 162		129 675
Senqu Municipality	2 902	3 827	1 936	1 036	-	0	9 701		6 799
Grand Total	20 267	2 741	1 887	1 849	1 553	24 012	52 308		32 042
	1 732 150	869 551	774 968	783 665	555 622	8 754 415	13 470 371	9 799 442	2 504 477

TOTAL DEBTORS

	Opening							Closing
Month	Balance	Cash	Instalment	Interest	Consumption	Journals	Subsidy	Balance
Jul-09	8 999 227	-967 864	2 241 841	69 071	1 129 632	-4 400	-562 726	10 904 782
Aug-09	10 904 782	-1 327 981	1 079 710	6 254	1 370 139	-6 231	-562 494	11 464 179
Sep-09	11 464 179	-1 260 771	1 015 478	73 408	1 043 958	-12 497	-493 124	11 830 632
Oct-09	11 830 632	-1 367 720	978 411	76 486	920 395	-5 185	-494 852	11 938 168
Nov-09	11 938 168	-1 379 632	1 039 124	82 174	1 257 303	-14 535	-494 973	12 427 630
Dec-09	12 427 630	-1 311 356	945 382	87 692	991 140	-92 867	-494 534	12 553 087
Jan-10	12 553 087	-1 556 295	1 065 010	8 441	1 166 283	3 379	-494 510	12 745 395
Feb-10	12 745 395	-2 461 620	1 038 460	87 757	1 334 945	-83 900	-493 644	12 167 393
Mar-10	12 167 393	-1 488 192	1 107 973	85 458	967 342	-63 324	-492 705	12 283 946
Apr-10	12 283 946	-1 331 878	1 116 823	88 610	1 855 329	-42 800	-490 513	13 479 516
May-10	13 479 516	-1 689 497	1 031 085	90 535	1 066 744	-668 111	-490 489	12 819 783
Jun-10	12 819 783	-1 465 893	638 759	90 533	1 232 061	89 367	-559 490	12 845 120
Totals		-17 608 698	13 298 056	846 420	14 335 272	-901 104	-6 124 054	12 845 120

Debtors Age Analysis - 30 June 2010

Service	Sum of Current	Sum of 30 Days	Sum of 60 Days	Sum of 90 Days	Sum of 120 Days	Sum of 150 Days +	Sum of Total	Credits	TOTAL
Rates - 20	61 261	165 709	208 847	215 803	138 357	3 621 458	4 411 435	-269 690	4 141 745
Rentals - 35	23 758	29 134	22 188	94 048	1 981	181 181	352 288	-45 104	307 184
Electricity - 40	1 239 631	466 202	361 110	284 881	242 601	827 322	3 421 746	-184 898	3 236 848
Water - 41	187 841	70 866	67 796	87 390	83 743	1 194 496	1 692 133	-73 209	1 618 924
Sewerage - 60	66 832	45 738	40 867	35 720	30 709	1 273 567	1 493 433	-17 531	1 475 902
Refuse - 70	152 827	91 902	74 160	65 823	58 232	1 656 391	2 099 336	-34 819	2 064 517
Grand Total	1 732 150	869 551	774 968	783 665	555 622	8 754 415	13 470 371	-625 250	12 845 120

Loan Register						
	Project File No.	Projects	Agreement signed	Loan Amount	Loan Period	Interest Rate
DBSA and Senqu Municipality	EC 103126	Administrative Building	Mar-10	12 000 000.00	20 years	floating
	EC 103126.2	Electricity meters	Mar-10	5 000 000.00	20 years	6.75%

<u>Creditors Aging</u>	<u>Top 5 Creditors</u>	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days</u>	<u>120 Days</u>	<u>150+ Days</u>
Gaza Construction	8 964 398	-	-	-	-	-
Ngelethu Construction	8 190 610	-	-	-	-	-
Eskom	7 960 636	-	-	-	-	-
W D R Earthwoving	6 427 686	-	-	-	-	-
B/C Masakhane Joint Venture	5 967 641	-	-	-	-	-

B: ANNEXURE

The annexure is made up of the following documents arranged in the sequence below:

1. Full AG reports;
2. Plan of action of the municipality to address findings of the AG report;
3. Audit committee report
4. Approved Municipal Structure (Staff establishment);
5. Council resolutions adopting the Annual Report



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2010

SENQU MUNICIPALITY

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SENQU MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010
GENERAL INFORMATION

NATURE OF BUSINESS

Senqu Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Senqu Municipality includes the following areas:

Lady Grey
Barkly East
Sterkspruit
Rhodes
Herschel
Rossouw

MEMBERS OF THE EXECUTIVE COMMITTEE

Mayor

Chairperson: Housing & Estate Services

Chairperson: Corporate & Support Services

Chairperson: Budget & Treasury Services

Chairperson: Community & Social Services

Chairperson: Technical & Engineering Services

Mr Z I Dumzela
Mr M M Mafilika
Mr V VMbulawa
Ms N Kuse
Ms G N
Mbonyana
Ms P August

MUNICIPAL MANAGER

M M Yawa

CHIEF FINANCIAL OFFICER

C R Venter

REGISTERED OFFICE

P.O. Box 18
Lady Grey
9755

AUDITORS

Auditor-General
P O Box 13252
East London

PRINCIPLE BANKERS

Standard Bank

ATTORNEYS

Douglas & Botha

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

SENQU MUNICIPALITY

MEMBERS OF THE SENQU MUNICIPALITY

WARD

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COUNCILLOR

Ms E N Mbobo
Ms N Nombula
Ms N C Mraji
Ms N M Kwinana
Mr J Lamani
Mr S S
Ndzongana
Ms N A
Mkhontwana
Mr M G Moeletsi
Ms A Kwinana
Ms G N Parkies
Mr V V Mbulawa
Mr M P Bingwa
Ms L M Tokwe
Mr L
Booi
Mr M G Ncise
Mr M Mafilika
Mr Z I Dumzela
Ms M C E Stanley
Ms G Mvuyiswa
Mr M W Mpelwane
Mr J Konstabel
Ms I
Elia
Mr X M
Ganamfana
Ms G Mbonyana
Ms P August
Ms A H Sobhuza
Ms N Kuse
Ms Juju
Ms M N
Ngendane
Ms N G Beje
Mr A Mateisi
Mr S S Tindleni

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 61 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

**M M Yawa
Municipal
Manager**

Date

DRAFT

ACCOUNTING PRINCIPLES AND POLICIES NOTES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 “Determining the GRAP Reporting Framework”, issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IFRS 7 (AC144)	Financial Instruments: Disclosure

IAS 12 (AC102)	Income Taxes
IAS 19 (AC116)	Employee Benefits
IAS 32 (AC125)	Financial Instruments: Presentation
IAS 39 (AC133)	Financial Instruments: Recognition and Measurement
SIC – 20 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

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

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted

the transitional provisions for the following GRAP Standards (Refer to correction of error note as transitions was not utilised in the prior year):

GRAP 12 – Inventories

GRAP 16 – Investment Property

GRAP 17 – Property, Plant and Equipment

GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets

GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations

GRAP 102 – Intangible Assets

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

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

1.4. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Principles of GRAP 23 were applied in formulating the accounting treatment of non-exchange revenue, where the application of only GAMAP 9, as required by GRAP 9 until GRAP 23 is effective, is insufficient.

1.6. RESERVES

1.6.1 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. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

1.7. LEASES

1.7.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.7.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.8. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested separately or as part of the municipality's Cash and Cash Equivalents until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.9. PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.

- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

1.10. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with IAS 19 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The unrecognised liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) *Long Service awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

(c) *Accrued Leave Pay*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.11. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.12. PROPERTY, PLANT AND EQUIPMENT

1.12.1 *Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.12.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.12.3 Depreciation and Impairment

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of property, plant and equipment. In terms of this directive the Auditor General in the Eastern Cape determined that no provisional amounts for depreciation can be measured.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.12.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13. INTANGIBLE ASSETS

1.13.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

1.13.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.13.3 Amortisation and Impairment

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of intangible assets. In terms of this directive the Auditor General in the Eastern Cape determined that no provisional amounts for amortisation can be measured.

1.13.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14. INVESTMENT PROPERTY

1.14.1 Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.14.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.14.3 Depreciation and Impairment

The municipality opted to take advantage of the transitional provisions in Directive 4 for the measurement of intangible assets. In terms of this directive the Auditor General in the Eastern Cape determined that no provisional amounts for amortisation can be measured.

1.14.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15. NON-CURRENT ASSETS HELD FOR SALE

1.15.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.15.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.16. IMPAIRMENT OF NON-FINANCIAL ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

1.17. INVENTORIES

1.17.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.17.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they

are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.18. FINANCIAL INSTRUMENTS

Financial instruments recognized on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

1.18.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.18.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.18.2.1 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial

difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.18.2.2 Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.18.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.18.3 De-recognition of Financial Instruments

1.18.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.18.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the

respective carrying amounts is recognised in the Statement of Financial Performance.

1.18.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.19. REVENUE

1.19.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.19.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sewerage are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property.

Interest revenue is recognized using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

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

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.19.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A

corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised. To qualify as a conditional grant, the conditions of the grant must be clearly stipulated including:

- 1) The required outputs and outcomes; and
- 2) That any unspent portion must be repaid to the grantor.

1.20. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.21. 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 a 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.

1.22. 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 200), the Public Office Bearers Act, and (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.

1.23. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could 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.

1.24. CONTINGENT LIABILITIES

All known contingent liabilities are reflected in the financial statements.

1.25. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – the Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 1.19.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.19.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the

recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation note 1.19 above), specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, or whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.26. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

1.27. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

SENQU MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Notes	2010 R	2009 R
NET ASSETS AND LIABILITIES			
Net Assets		216 128 830	175 462 832
Capital Replacement Reserve	2	39 964 908	45 850 902
Accumulated Surplus/(Deficit)		176 163 923	129 611 930
Non-Current Liabilities		16 798 687	7 132 244
Long-term Liabilities	3	8 162 581	-
Employee benefits	4	8 636 106	7 132 244
Non-Current Provisions	5	-	-
Current Liabilities		18 466 684	21 631 571
Consumer Deposits	6	362 978	379 158
Current Employee benefits	7	4 702 861	3 859 404
Trade and other payables	8	1 077 649	645 639
Unspent Conditional Government Grants and Receipts	9	12 141 540	16 737 481
Operating Lease Liability	19.1	7 658	9 889
Current Portion of Long-term Liabilities	3	173 998	-
Total Net Assets and Liabilities		251 394 202	204 226 648

ASSETS

Non-Current Assets		164 892 717	123 550 602
Property, Plant and Equipment	11	164 353 040	121 295 656
Non-Current Assets Held for Sale	12	24 720	1 844 498
Investment Property	13	-	-
Intangible Assets	14	501 262	380 081
Long-Term Receivables	15	13 695	30 367
Current Assets		86 501 484	80 676 045
Inventory	16	-	-
Trade Receivables from exchange transactions	17	9 920 076	8 036 858
Other Receivables from non-exchange transactions	18	1 042 119	729 249
Unpaid Conditional Government Grants and Receipts	9	38 141	191 481
Operating Lease Asset	19.2	50 429	42 453
Taxes	10	9 162 052	2 553 974
Current Portion of Long-term Receivables	15	16 740	15 221
Cash and Cash Equivalents	20	66 271 927	69 106 810
Total Assets		251 394 202	204 226 648

SENQU MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 Restated - Note 34 R	2009 Previously Reported R
REVENUE				
Revenue from Non-exchange Transactions		98 653 624	69 360 631	69 360 631
Taxation Revenue		3 937 597	3 146 669	3 146 669
Property taxes	21	3 937 597	3 146 669	3 146 669
Transfer Revenue		94 662 511	65 904 756	65 904 756
Government Grants and Subsidies - Capital	22	34 378 128	21 307 063.20	21 307 063
Government Grants and Subsidies - Operating	22	60 284 382	44 597 692.91	44 597 693
Other Revenue		53 517	309 206	309 206
Actuarial Gains		-	222 758	222 758
Fines		53 517	86 448	86 448
Revenue from Exchange Transactions		27 389 623	18 081 721	18 081 721

Service Charges	23	12 036 262	6 595 493	6 595 493
Water Services Authority Contribution	24	6 760 616	-	-
Rental of Facilities and Equipment		541 542	301 361	301 361
Interest Earned - external investments		5 087 335	7 732 615	7 732 615
Interest Earned - outstanding debtors		919 207	555 897	555 897
Licences and Permits		1 165 950	1 614 250	1 614 250
Agency Services		517 585	389 897	389 897
Other Income	25	361 125	892 208	892 208
		<hr/>	<hr/>	<hr/>
Total Revenue		126 043 248	87 442 353	87 442 353
		<hr/>	<hr/>	<hr/>
EXPENDITURE				
Employee related costs	26	29 794 492	19 726 900	19 726 900
Remuneration of Councillors	27	6 806 863	6 238 713	6 238 713
Debt Impairment	28	2 331 971	2 308 504	2 308 504
Asset Impairment	29	-	7 999	7 999
Repairs and Maintenance		2 710 301	1 818 923	1 818 923
Actuarial losses	4	428 520	-	-
Finance Charges	30	28 865	-	-
Bulk Purchases	31	10 327 738	7 362 124	7 362 124
Grants and Subsidies Paid	32	397 058	560 337	560 337
Other Operating Grant Expenditure		17 753 299	14 397 383	14 397 383
General Expenses	33	12 348 444	11 217 181	11 269 154
		<hr/>	<hr/>	<hr/>
Total Expenditure		82 927 551	63 638 064	63 690 038
		<hr/>	<hr/>	<hr/>
Operating Surplus for the Year		43 115 697	23 804 289	23 752 315
		<hr/>	<hr/>	<hr/>
Loss on disposal of PPE/Investment Property		2 449 699	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		40 665 998	23 804 289	23 752 315

SENQU MUNICIPALITY**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010**

	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 1 JULY 2008	50 000 000	101 992 400	151 992 400
Net Surplus/(Deficit) for the year	-	23 804 289	23 804 289
Transfer from CRR	(4 149 098)	4 149 098	-
Balance at 30 JUNE 2009	45 850 902	129 945 786	175 796 689
Correction of error - See Note 34.07	-	(333 856)	(333 856)
Restated Balance at 1 JULY 2009	45 850 902	129 611 930	175 462 832
Net Surplus/(Deficit) for the year	-	40 665 998	40 665 998
Property, Plant and Equipment purchased	(5 885 995)	5 885 995	-
Balance at 30 JUNE 2010	39 964 908	176 163 923	216 128 830

SENQU MUNICIPALITY**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		107 707 766	71 102 287
Cash paid to suppliers and employees		(80 128 186)	(53 789 026)
Cash generated/(absorbed) by operations	35	27 579 581	17 313 261
Interest Received		5 087 335	7 732 615
Interest Paid		(28 865)	-
Net Cash from Operating Activities		32 638 051	25 045 876
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(44 090 826)	(19 077 767)
Proceeds on Disposal of Fixed Assets		405 188	-
Purchase of Intangible Assets		(122 848)	(197 485)
Decrease in Long-term Receivables		15 153	13 717
Net Cash from Investing Activities		(43 793 333)	(19 261 536)

CASH FLOW FROM FINANCING ACTIVITIES

New loans raised		8 336 579	-
Increase/(Decrease) in Consumer Deposits		(16 180)	9 300
		<hr/>	<hr/>
Net Cash from Financing Activities		8 320 399	9 300
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2 834 883)	5 793 640
		<hr/>	<hr/>
Cash and Cash Equivalents at the beginning of the year		69 106 810	63 313 170
Cash and Cash Equivalents at the end of the year	36	66 271 927	69 106 810
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2 834 883)	5 793 640
		<hr/>	<hr/>

CHAPTER 5

FUNCTIONAL AREA SERVICE

DELIVERY REPORTING

DRAFT

5.1. **CORPORATE SERVICES DEPARTMENT**

M.L. THERON
CORPORATE SERVICES MANAGER

OBJECTIVE

The overall objective of the Corporate Services Department is to provide effective & efficient Human Resources support, Administrative and Logistical support and to Manage and co – ordinate Employment Equity and Skills Development.

VISION STATEMENT

To promote a service-oriented culture that focuses on providing professional support services across the various municipal business units/departments.

MISSION

To be a dynamic, professional, effective, efficient and results-oriented department that through integrated efforts continually contributes significantly to the successful attainment of Senqu Municipality's vision.

ROLE AND FUNCTION: KEY FOCUS AREAS

- To provide Human Resources support and maintain sound labour relations.
- To provide Administrative and Council Support
- To provide legal support, contract and property management services
- To co-ordinate and manage Employment Equity issues, skills development and training
- To provide and maintain a safe working environment by conforming to efficient, effective Occupational Health and Safety practices

Human Resources

Human Resources: Benefit Administration
 Recruitment & Selection
 Organisational Development and structure
 Staff Provisioning
 Employee Assistance Programme
 Policy Development

Objectives (2009/2010)

- φ Effective and efficient implementation of recruitment and selection processes and procedures to enhance optimal recruitment
Develop & implement HR Strategic Plan
- φ Develop strategies to deal with scarcity of skills and reducing staff turnover
- φ Annually review organisational structure to enhance organizational efficiency to enable Senqu Municipality to achieve its strategic objectives
- φ To finalize submission of any new, revised, uncompleted job descriptions to SALGA.
- φ Educate all unit supervisors as to the Employee Assistance Programme
- φ Strengthening of internal campaign to educate employees re HIV/AIDS
- φ Management and maintenance of policies and research, providing management support

Employment Profile

The following table project the number of new recruits who were employed during the year under review.

Employment Category	Race								Age Category			
	A		C		I		W		21- 30		31-40	
	M	F	M	F	M	F	M	F	M	F	M	F
Legislators		1										1
Directors				1								1
Professionals	2										2	
Technicians & Trade Workers												
Community and Personal Service Workers												
Clerical and Admin Workers	1	5							1	2	1	2
Machine Operators and Drivers												
Labourers	1										1	
Apprentices												

The table below project number of employees who belong to medical aid and pension funds.

Names of Pension Funds	Number of Members	Names of Medical Aids	Number of Members
Cape Joint	130	Bonitas	69
SALA	29	Samwu Med	34
SAMWU Provident Fund	6	LA Health	
		Munimed	1
		Keyhealth	1

Medical Aid Continued Membership

Senqu Municipality has five Continued Members on different Medical Aids for whom the municipality still pays a contribution. They are as follows:

- | | | |
|------------------|---|---------------------------|
| • Mr Ramsay | - | Barkly East TLC |
| • Mr Du Toit | - | Lady Grey TLC and Senqu |
| • Mr Botha | - | Barkly East TLC and Senqu |
| • Mr Theron; and | - | Barkly East TLC and Senqu |
| • Mrs Cloete | - | Barkly East TLC |

Labour/Employee Relations

Strategy 2009/2010

Ensuring the implementation of Labour Relations Policy and practices in a manner which is just and fair.

- Focus on developing and growing the capacity of staff and management
- Capacity building in Chairing/Presiding in handling of disciplinary matters – prosecuting, formulating changes for disciplinary enquiries, conciliation and arbitration matters.

Setting Up of Legal Units

The Municipality does not have a legal unit, but is currently utilising the services of Legal Personnel from the Ukhahlamba District Municipality for assistance in Disciplinary and Legal issues. External service providers are used for more complex legal issues e.g. for land disputes and legal opinions on service delivery issues – Messrs Douglas and Botha in Aliwal North are used. For transfers and title deeds Greyvenstein and Spence in Barkly East as well as Douglas & Botha in Aliwal North.

Management of Litigation

Litigation cases during the year under review was the Herschel Land Dispute – Senqu Municipality vs. Herschel Tribal Authority was in dispute over land ownership. The case is still ongoing. Dispute between Senqu Municipality and Parkies for land, which the municipality bought for the purposes of a Taxi Rank in Sterkspruit. The municipality has won the case in the High Court, Umtata.

Kirschmann's Attorneys are used for legal opinions relating to Human Resource disputes within the municipality. For the year under review there were no cases handled by them.

The following staff members were disciplined during the year under review. They were all employed at the Barkly Licensing Division. They were charged for irregularities at the Driving License Testing Station.

Mr J. Colyn	-	Chief Traffic Officer
Mr S. Yalezo	-	Natis Cashier
Ms N. Dada	-	Traffic Officer
Ms K. Mabizela	-	Traffic Officer

They were all dismissed, but Mr Yalezo, Ms Dada and Ms Mabizela applied for conciliation, but failed and thereafter applied for arbitration, which is currently still ongoing.

Skills Development

This function ensures the planning and execution of skills development by ensuring that the Workplace Skills Plan is implemented.

Total Training budget R718 000.00 Levies paid R11,458,920.55 to LGWSETA, reimbursed R89 000.00. Mandatory grant funds that were received during the year under review was R9,017,717.00. Total spent on training for year under review is R9,735,717.00.

Objectives 2009/2010

- Train and develop staff and Councillors
- Workplace Skills Plan 2009/2010
- Implement Learnership/Internships/In-Service programmes
- Develop skills base and develop capacity building programmes
- Submission of Implementation Plan (June and September 2009)
- Implement further training implementation GAMAP (further grant received from LGWSETA)
- Progress with ABET programme and establish accessible ABET Centres (numeracy and basic communication in English)
- To implement learning programmes that will further enable employees to acquire skills and qualifications to enhance their performance, whilst optimising Senqu's functioning.
- Capacity of senior staff to manage Labour Relation (handling of disciplinary enquiries, conciliation and arbitration)
- Training delivery well received.
- Training on OHS Compliance

The municipality concentrated on training interns given structured work experience during the year end 30 June 2008.

Training was structured as follows:

Corporate Services	-	Core Admin	
		HR and Training	2
		IT	
Financial Services	-	Client Services	4
Municipal Planning	-	LED/IDP/Urban Planning	1

Unemployed People given structured work experience

Municipal Planning	-	Land use management	9
		(2 male and 7 female)	
Technical Services	-	Water supply and waste	
		water	5
		(5 male)	
Electricity	-	(4 male and 3 female)	

Beneficiaries of ABET Programme

There were no ABET beneficiaries for the year under review due to:

- Challenges in ongoing commitment to ensure attendance of ABET classes.
- Access to accessible ABET facilities/centres.
- The municipality did not find suitable facilitators to educate the learners.

The municipality used the under mentioned Training Providers to provide training to our staff during the financial year under review. We have quality assurance and each training provider must provide us with an Accreditation Number before they are approved. The table below projects the training providers and skills areas under which our staff members were trained.

Name of provider	ETQA	Accreditation number	Skills area
Executive Education	Higher Education	N/A	Project Management and Planning
Walter Sisulu University	Higher Education	N/A	Economic Development & Planning
Fort Hare University	Higher Education	N/A	Project Management Planning
Fort Hare University	Higher Education	N/A	Project Management Planning
Nelson Mandela M University	Higher Education	N/A	Corporate, Legal and Support
HDPSA	Higher Education	N/A	Administration
Fort Hare University	Higher Education	N/A	Policy Development
Fort Hare University	Higher Education	N/A	Management & Leadership
Fort Hare University	Higher Education	N/A	Corporate, legal & support
Fort Hare University	Higher Education	N/A	Management/ Leadership
UNISA	Higher Education	N/A	Management/Leadership
Wits University	Higher Education	N/A	CPLD
Naledi Holdings	Higher Education	N/A	Ward Committee Training
E.Degree Institution	Higher Education	N/A	Training Skills
Silicon	Higher Education	N/A	Management/Leadership
Silicon	Higher Education	N/A	Training Skills
GAAT	Higher Education	N/A	Financial
Mosaaic Marketers	Higher Education	N/A	Administration

The following table project training that was done for Unemployed Learners as well as Employed Learners in the different categories. This program is funded by the Seta's. Ninety one unemployed learners and one hundred and eight employed learners were trained during the year under review.

Title	Name of Provider	Number of Unemployed learners	Number of Employed Learners
Certificate in Water Reticulation	Africon		
Certificate in Water Process	Africon		
Certificate in Animal Production	Umnga Farmers		
Certificate in Plant Production	Umnga Farmers		
Certificate in Mixed Farming	Umnga Farmers		
	Global Skills Acadamy		

Employment Equity

All Employment Equity reports have been submitted in accordance with prescribed legislation.

Employment Equity is considered to be moving in the right direction. Middle management is fairly represented in respect of designated groups and women.

At senior management level, the designated group dominates 60% of the positions: 1 African male – 2 African Females – 2 White males.

The Employment Equity report continues to show progress towards meeting the overall goals as highlighted within the Employment Equity Plan. The municipality still lacks where the employment of Disabled people are concerned and this needs to be addressed as soon as possible.

Objectives 2009/2010

- φ Employment Equity Plan and Report for 2009/2010.
- φ Analysis report of gaps in plan
- φ Review/Assess Employment Policies, Practices and Procedures.

Occupational Health & Safety

Ensuring compliance with the Occupational Health and Safety Act.

During 2009/10, no occupational injuries were reported.

Objectives 2009/2010

- φ Monitor usage of safety equipment and assessment of risk areas
- φ Health & Safety Committee Meeting as scheduled
- φ Compliance/assessment reports are submitted

Challenges

Ensuring that safety compliance occurs and same is implemented.

5.2 COMMUNITY SERVICES DEPARTMENT

Objective

To ensure and effective services to the community.

Vision

To provide social services, promote social development thus creating a better lifestyle for the people of Senqu.

Mission Statement

The community and social services department promotes social development by providing primary health services, community services and facilitates development of local economic development.

This department is responsible for the following functions:

- Library Services
- Community Halls and facilities
- Cemeteries
- Sport and Recreation facilities
- Parks and public open spaces
- Health Robert Mjobo Clinic
- Public Safety
- Commonages

5.2.1 Community and Social Services Section

The functions of the provision of various community and social services within the Senqu Municipality is administered as follows and key issues are identified within each function below:

5.2.1.1 Libraries

The overall objectives of this function are to provide reading and study material and to promote reading amongst youth.

Section Objectives

- The supply of library material
- Selection of books from the book fare
- Promotion and participation in the library week activities
- Promotion of library in rural areas

Nature and Extent of Facilities Provided

Library Services

Library	No. of facilities	Users	Circulation of Books
Rhodes	1	55	3984
Rossouw	1		Library
Barkly East	1	808	9708
Lady Grey	1	890	5227
Sterkspruit	1	110	4120

5.2.1.2 Community Halls

The overall objectives of this function are to provide new facilities in the rural areas and to maintain existing facilities.

Strategic Objectives

Renovation of the Nkululeko Hall at Barkly East. Maintenance of existing facilities.

Nature and extent of facilities provided

Community Halls/ Facilities

5.2.1.3 Cemeteries

The overall objectives of this function are to provide and control burials within the framework of the Health Act.

Strategic Objectives

- The development of multiple cemeteries within Senqu Municipality
- Control and maintenance of cemeteries

Nature and extent of facilities provided

Cemeteries

Barkly East	-	3 facilities
Lady Grey	-	3 facilities
Sterkspruit (urban)	-	1 facility
Rhodes	-	2 facilities

5.2.1.4 Sport and Recreation Facilities

The overall objectives of this function are to provide basic sport and recreation facilities within the whole of Senqu Municipality.

Strategic Objectives

- Repairs and maintenance to existing building at sportfields within Senqu Municipality.
- Levelling and planting and cutting of grass in Lady Grey
- Upgrading of rural sports fields.

Nature and Extent of Facilities Provided

Sport and Recreation facilities

Barkly East	-	2 facilities
Lady Grey	-	3 facilities
Sterkspruit (urban)	-	1 facility
Rhodes	-	2 facilities (tennis courts and soccer field)
Sterkspruit (rural)	-	46 facilities

5.2.1.5 Parks and Public Open Spaces

The overall objective of this function is to provide and maintain parks and open spaces creating a pleasant environment for the communities.

Strategic Objectives

- The pruning of the trees along municipal streets within Senqu
- Regular cutting of grass on sidewalks

5.2.1.6 Commonages

The overall objective of this function is to manage commonages within Senqu Municipality.

Strategic Objectives

- To maintain and repair fencing on commonages at Barkly East and Lady Grey
- To try and get farms for Barkly East commonage users which is over grazed
- Enter into agreements with people leasing commonages

5.2.2 Waste Management : Solid Waste Section

Strategic Objectives

- Regular refuse removal to all households once a week
- Regular refuse removal at commercial businesses twice a week
- Daily street cleaning
- Maintenance of vehicles and implements
- Maintenance of the solid waste disposal sites.

Nature and extent of facilities provided: Number of households receiving regular removal services and frequency and cost of service:

- Remove by Municipality at least once a week (business sites) or when requested over and above the weekly removal
- Remove by Municipality once a week on residential sites
- Clearing of illegal dumping in open spaces
- Own refuse dump: 5

Total number, capacity and life expectancy of refuse disposal sites

	Capacity	Lifespan
Domestic/Commercial (5)	8000m ²	20 years
Garden (5)		20 years
Only two sites are legal sites		

Anticipated expansion of refuse removal services

	Capacity	
Domestic/Commercial (1000 new households)	1000	20 years

Free Basic Service Provision

Capacity		
Quantity (number of households affected)	2609	R85.50 pm
Quantum (Value to each household)		

Performance Indicators

- Regular refuse removal to all households once a week
All households provided with regular removals once a week in urban areas.
- Regular refuse removals at commercial businesses twice a week
- Daily removal during the December holidays in commercial businesses particularly Sterkspruit
- Daily Street Cleaning
Streets being cleaned daily with the assistance of volunteers
- Maintenance of vehicles and implements
Vehicles and implements are maintained in good order
- Establish one registered solid waste site in Sterkspruit
Future planned action

5.2.3 Health (Clinic) Section

Background

The service is responsible for the provision of Clinic Services at the Robert Mjobo Clinic in Lady Grey.

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

- Agency relationships with the Provincial Department of Health in the Eastern Cape
- Unit Management including in-service training of staff.
- Reporting daily activities
- Monthly reports/statistics
- Quarterly reports

The overall objectives of this function is to ensure a health environment and to ensure that primary health services and facilities are available.

Strategic Objectives

- Ensure optimal primary health for all citizens
- Investing in the training of staff in order to ensure development of skills, thereby contributing to quality in-service delivery

- Regular HIV/AIDS Forum meetings
- Training of HIV/AIDS peer educators
- Water quality monitoring programme by the district municipal health and they provide reports.
- Inspection of business premises to ensure food preparation is done within health requirements. Done by Municipal Health – District Municipality and they provide reports.
- Promoting the development of existing strategic sites within the Municipality by marketing them to developers.
- Formulating an informal trading policy and promoting trading facilities.

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DISCLAIMER:

This report has been prepared from data believed to be reliable. No representation is made as to the accuracy or completeness.

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