

EMALAHLENI
MUNICIPALITY
ANNUAL REPORT
2006/2007

MAYOR'S OFFICE

MAYORS: FOREWORD

COUNCILLOR N. LALI

This Annual Report reflects the highlights of the activities and performance of the municipality for 2006/2007 financial year.

We emerged from local government elections held on the 01st March 2006, with a clear mandate derived from 2006 election manifesto. **“Make local government work better for the people”**. The key emphasis of the Theme was to speed up service delivery to communities, eradication of bucket system, as well as sanitation and provision of clean water to rural communities.

Our key challenge as elected representatives is to ensure that we give meaning and translate the manifesto into meaningful and implementable programmes. To give practical meaning on municipal programmes of transformation and plans the municipality had adopted both the IDP and Budget as well as the five year Strategic Plan for the Municipality.

The council views this strategic plan as a guiding tool of the municipality to fast track the service delivery with clear timeframes, monitoring and evaluation. A key focus at this stage is the question of improving the capacity of our municipality to deliver and implement these programmes and policies.

In an attempt to guide local municipalities the Department of Provincial and Local Government (DPLG) developed five key strategic priority areas such as the following:

- ✓ Municipal transformation and organisation development
- ✓ Provision of basic services and infrastructure.
- ✓ Local economic development
- ✓ Municipal financial viability and management
- ✓ Good governance and Public participation

It is suffice to report that the council has managed to align its plans to the above performance areas.

In a fight against the spread of HIV and Aids the municipality has forged relations with the Centre for Municipal research and Advice (CMRA) with clear programme of mainstreaming HIV and Aids within the municipality and also HIV and Aids mitigation to communities.

Central to developmental local government is a commitment to work with disadvantaged groups to find sustainable ways of meeting their social needs, economic and material needs and to improve the quality of their lives. To give meaning to the above we have managed to adopt the five-year Youth Strategic Plan as well as the establishment of forums for disabled people in 14 wards.

With regard to Public participation and accountability the council view community engagement in municipal programmes as one of the important tool. These engagements entail the following:

- Mayoral Imbizo
- Ward Committee meetings
- IDP and Budget public hearings
- Engagement of House of traditional Leaders and Rate payers.

In our endeavour to improve government programmes we committed ourselves to effective and efficient function of the Inter-governmental relations (IGR) within Emalahleni municipality.

Emalahleni Tourism Sector Plan highlights great potentials in the areas of Eco-Tourism in Dordrecht and around the Kloof, Adventure Tourism in and around the Xhonxa dam, Indwe, Koisian Paintings and Caves in Lady Frere, Agri-Tourism in the area between Dordrecht and Indwe as well as Cultural Tourism (Culture, Arts, Craft and Heritage) in Lady Frere. All of the above have the potential to provide job and income generating opportunities for the rural communities.

Agriculture continues to provide a strong basis for economic growth and development in the areas of sheep farming & wool production, beef farming as well as small grain processing and grain milling.

The livestock sale pens that have been built and the livestock marketing programmes are two of the facilities made available by the municipality to promote economic empowerment of rural farmers.

In respect to human development, councillors and officials have been trained on various capacity building programmes. With respect to Employment Equity, we have managed to appoint a woman manager into our senior management component.

Our financial resources still remain a challenge for the municipality, as we are only dependant on external funding sources to deliver on our developmental mandate. Regarding Free Basic Services, the Council had adopted the Indigent Policy which now has already been implemented.

In conclusion, let us all collectively declare war against HIV/AIDS, poverty and unemployment to improve the lives of our communities for the better.

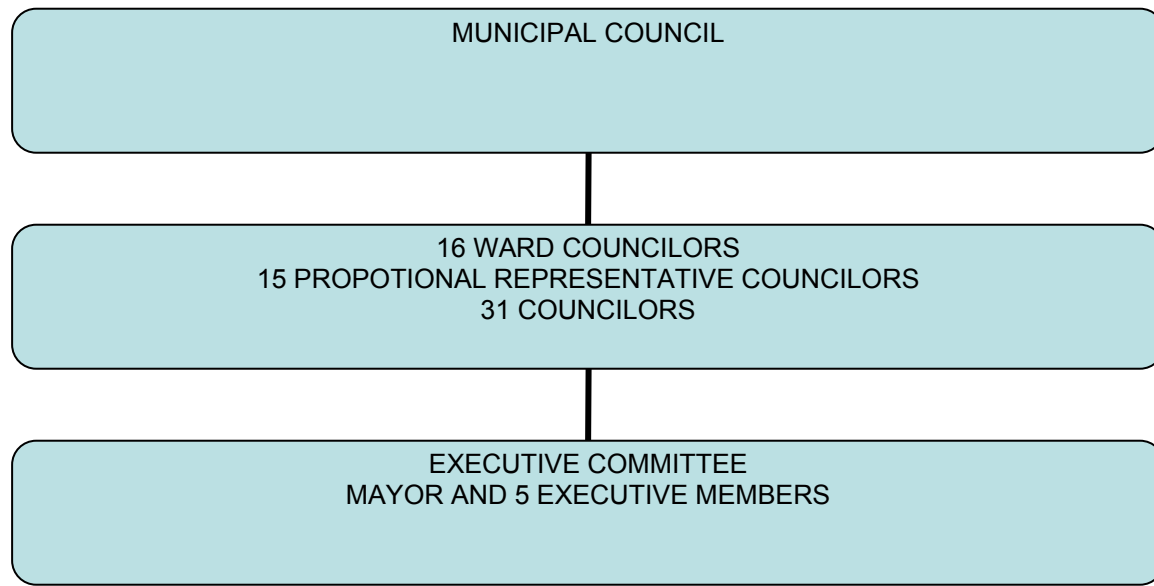
Thank you

N. LALI
MAYOR: EMALAHLENI MUNICIPALITY

OVERVIEW BY THE MUNICIPAL MANAGER

The beginning of the 2007/2008 financial year has been exciting for Emalahleni Municipality as it has come with organizational changes and challenges. The Municipality has moved from being a Plenary with Ward participatory system to Collection Executive with Ward Participatory System. This transition was necessitated by the increase on number of Councilors from twenty eight to thirty one Councilors and inclusion of some villages from Intsika Yethu Municipality.

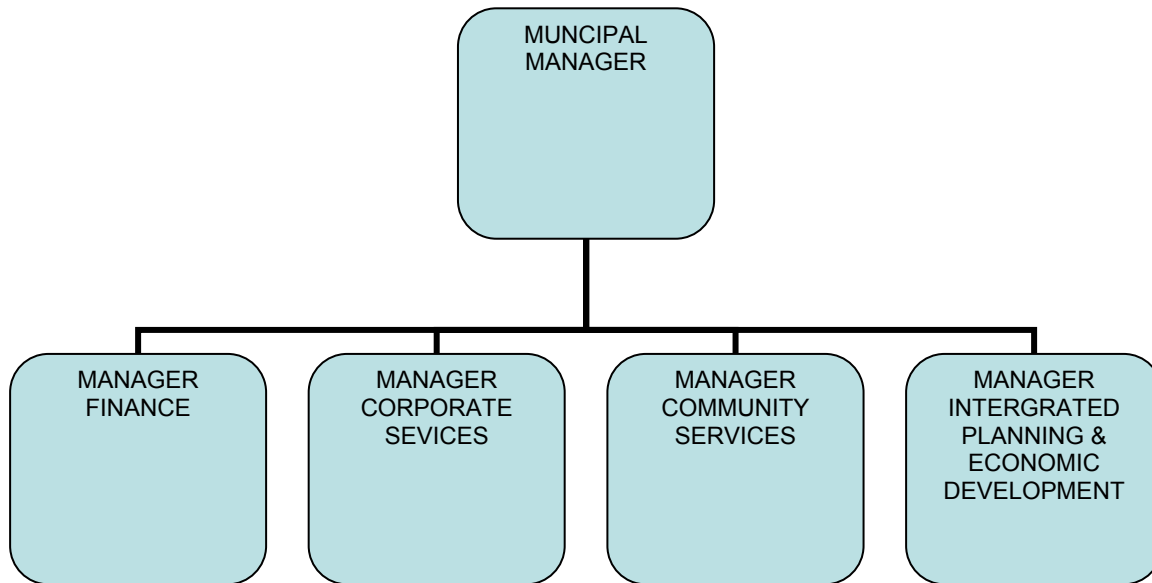
GOVERNANCE AND ORGANISATIONAL STRUCTURE



The Emalahleni Municipal Council is composed of thirty one Councilors which are sixteen Ward Councilors which are directly elected to Council by their respective Wards and fifteen professional representative Councilors which are elected by Political organization which are contesting the elections. Each of the sixteen Wards has a Ward Committee which is composed of ten residents of the Wards that serve to assist the Ward Councilors in executing their mandates.

The six Executive Committee members are elected by the Council from the thirty one Councilors. They serve as coordinating structure and can make decisions as per Council delegation. The Mayor serves as the Chairperson of the Executive Committee. Members of the Executive Committee serve as Chairpersons of various Standing Committee. Presently the Municipality has five Standing Committees which are: Finance, Corporate Services, Technical Services, Community Services and Integrated Planning and Economic Development.

ADMINISTRATIVE STRUCTURE



CHALLENGES

The Municipality is reviewing its organizational structure annually in order to align the present and future challenges. The recruitment panel is facing a huge task of interviewing candidates monthly as the staff turnover is high due to the rural nature of our Municipality. We are unable to retain staff as bigger Municipalities and Private Sector are offering lucrative salaries.

Our Municipal area is $\pm 60 \times 90 \text{ km}^2$ and is mostly rural and ninety percent of our total population resides in rural areas. Our roads are not in good conditions as we have few plant and equipment to maintain these roads. Another challenge is formation of the Audit Committee. We are busy negotiating with Chris Hani District Municipality in order to share this service.

Capacity building programs for both Staff and Councilors is ongoing and we have already noticed some positive changes and improvements on our operations since the introduction of these programs.

CONCLUSION

I would thank our Politicians from the Mayor, Executive Committee and all Councilors for the positive contributions which they have made by offering political guidance to the work that we are doing. The Provincial Department of Local Government, Housing and Traditional Affairs for their constant support both in financial and capacity building programmes. Chris Hani District Municipality for their regular upliftment programmes and interactions with Local Municipality; Sector Departments by sharing information and working together in delivering needed services to our Community. Last I would like to extend a word of gratitude to the whole staff of Emalahleni Municipality from Management, Middle Management and to general staff for showing full dedication to the services of Emalahleni Municipality.

Yours in Service

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NKOSINATHI KWEPILE
MUNICIPAL MANAGER

MAYOR'S OFFICE

1. MANDATE

To provide political direction and ensure effective and efficient public participation on municipal programmes.

2. OBJECTIVES

- Provide support to HIV/AIDS victims
- Ensure performance on IDP and budgets
- Provide support to vulnerable groups
- Ensure effective public participation and information dissemination
- Ensure effective functioning of Intergovernmental Forum
- Develop strategic partnerships that contribute to effective service delivery

3. KEY ACTIVITIES

- Special Programmes
- Communication
- Public Participation
- Intergovernmental Forum
- Traditional Leaders
- Multi-Purpose Community Centre
- International relations

4. SPECIAL PROGRAMMES UNIT

This unit has managed to conduct the following activities:

- Emalahleni Youth Council Launch
- Glen Grey Youth Garden
- Youth development Plan
- Local Aids Council Strategic Plan
- Door-to-door campaign at Gqebenya location

YOUTH COUNCIL LAUNCH

The Emalahleni Youth Council was launched in July 2006. The launch was preceded with the formation of Youth Ward Forums in all 16 wards. Since June 2006 – June 2007 the youth council has managed to convene 6 meetings.

Due to non attendance of meetings by members the meetings were inconsistent in implementing the programmes as mandated by the youth council.

Despite the above mentioned challenges the youth council has managed to prioritise the following programmes as part of youth initiative development programme such as youth Bed and Breakfast and Machubeni Small sand mining project.

They have also agreed that the amount of R500. 000 allocated for youth development which is in the coffers of the Chris Hani District municipality should be utilised for the B&B initiative programme.

Both programmes are still in the refinery stage as we also engage the services of SEDA and Kit plant hire who is the establish contraction company who is willing to offer social responsibility as part of their programme especially to disadvantaged communities in particular youth and women.

GLEN GREY YOUTH GARDEN

The youth Council initiated the Garden with an amount of R500 000 obtained from DPLG as part of youth development which is now in the coffers of Chris Hani District Municipality and sum of the amount were used as the stipends but the Youth council took as resolution that the funds should be diverted to the Bed and breakfast project.

The project was also allocated a sum R500 000 by Department of Social development which was deposited directly to the project account.

YOUTH DEVELOPMENT PLAN

The municipality in partnership with the Eastern Cape Youth Commission facilitated a youth development plan workshop attended by young people from all sixteen wards of the municipality.

The purpose of the youth development plan was to reach a consensus on issues concerning youth development. This was also about providing a platform for young people to craft their own plan for IDP integration.

The workshop also served as a platform for the municipality to share and show-case contribution and progress on youth development through the support they have already provided to young people.

The summit was facilitated under the following objectives:

- To bring together all relevant stakeholders involved in youth development to share experiences and ideas on the best practices around local youth development.

- Provides a platform for local state and local youth to begin a process of looking, tackling and develop a common approach to youth development.
- Create vehicle for local social partners to develop coherent and common strategies on youth development.
- To develop a holistic and comprehensive local youth development plan

The outcome was as follows:

- To build a commitment and role identification by local government, business, government departments, development agencies, civil society and other relevant social partners.
- To create a comprehensive and holistic local youth development plan ready to be integrated to the Integrated development plan (IDP).
- To create clear roles and responsibilities of local youth forum structures representing the needs of young people at a civil society level.

Amount budgeted: R30 000

As the municipality we spent R10 000 and R20 000 was contributed by the Chris Hani District Municipality as part of their commitment to contribute to the programme.

LOCAL AIDS COUNCIL STRATEGIC PLAN

The LAC had a strategic plan to integrate action plans of various stakeholders that form part LAC the workshop was held in Dordrecht in July 2007. This was a fruitful exercise in order to create a database. The meeting of the LAC are convened quarterly.

4.5 DOOR-TO-DOOR CAMPAIGN AT GQEBENYA LOCATION

The District Aids Council in conjunction with the Local Aids council embarked on a door-to-door campaign, where households and schools were visited with the purpose of ascertaining their government needs and knowledge about HIV/AIDS issues.

5. COMMUNICATION

Communications section has managed to be involved in the following programmes:

5.1 INFORMATION SESSIONS

In conjunction with GCIS, information sessions were organized in Tsembeyi, Dordrecht, Mtsheko and Ngqoko. These information sessions were aimed at informing the communities about different issues that impact on their lives.

These sessions ranged from economic opportunities workshops, Human rights etc. Sector departments as well as government agencies assisted by honouring invitations and making presentations at such sessions.

- **Media relations** – Relations with the media have been established in order to disseminate information to the public. Relations have been improved with The Rep newspaper and Vukani radio. These media have helped in sending messages the communities
- **Municipal Newsletter** – The municipality was in the planning of the municipal quarterly newsletter that will be used as a tool to communicate municipal programmes.
- **Radio talk-shows** – A number of radio talk-shows and interviews were done in Vukani FM in which different topics were addressed.
- **Adverts** – Adverts were placed in the Daily Dispatch, The Rep, Vukani FM and Umhlobo Wenene to promote events.
- **WEBSITE** – The website of Emalahleni municipality was developed and used in disseminating information about Emalahleni. The website was hosted by the province and templates were made for all municipalities and government departments in the province. In mid 2007 the province discontinued hosting the website for local municipalities. The municipality is now in the process of tendering for the service provider in developing the website.

6. PUBLIC PARTICIPATION

With regard to accountability and public consultation, the municipality views both the IDP and Budgeting processes as one important tool in ensuring that communities are involved in municipal programmes. Furthermore, the following are some of the activities that the municipality had embarked on in ensuring full community participation:

- Mayoral Imbizos
- Deputy president's outreach programmes
- Ward committee meetings
- Ministers, Premier and MECs' outreach programmes
- District IDP and Budget road –shows

6.1 MAYORAL IMBIZO'S

Towards the end of 2006 the municipality hold Mayoral Imbizo to all 16 wards and the report of the Imbizo was presented to the council and is available.

The achievements are the following:

- ✓ It has helped our municipality and communities to join hands and work together.
- ✓ Has helped our municipality to see which wards are in most in need in terms of service delivery.
- ✓ Has helped our municipality to see first hand what problems experienced by our communities.
- ✓ Through this Imbizo programme has managed to show our communities that the municipality is serious about listening to their problems and finding solutions.

6.2 WARD COMMITTEES

Ward Committees have been established in all 16 ward of the municipality. We have embarked on the following programmes with a view to capacitate ward committees:

- Ward Committee launch
- Induction programme

7. INTERGOVERNMENTAL FORUM

The IGF structure of Emalahleni was launched and is in operation. Nevertheless an itinerary of meetings was drawn and distributed to all departments and meetings were convened.

Challenges

The structure has a challenge of lack of commitment by some of the departments in particular 2007.

8. TRADITIONAL LEADERS

As part of the mandate of the office to create partnerships with various stakeholders. A meeting was convened in conjunction with the House of Traditional leaders with the purpose of strengthening relations.

Challenges

Although the legislation stipulates that Traditional Leaders should have a 20% representation in the Council, this has not yet been finalized. Although the municipality has good relations with Traditional leadership, more still needs to be done.

9. MULTI-PURPOSE COMMUNITY CENTRE

The under-utilized Youth Centre in Dordrecht has been converted into a Multi purpose Community Centre.

The Multipurpose Community Centre will help bring services closer to the communities. Services include government offices as well as private sector services which are in demand.

The Office of the Premier and GCIS play a leading role assisting municipalities to have Multipurpose Community Centres. In this regard, municipalities were requested to submit business plans.

Challenges

Although there is an existing building, it is dilapidated and needs to be renovated before it could be used. A budget in this regard should be set aside.

10. INTERNATIONAL RELATIONS

The municipality enjoys good working relations with Dordrecht Netherlands Municipality. The municipality reaffirms the twinning agreement with the Dordrecht Municipality within the context of coordinated management of IR that involves the Office of the Premier, DHLGTA IR division, SA Embassy in NL, NL Embassy in SA, CHDM IR and SALGA EC. Some of the activities Emalahleni Municipality is engaged in with Dordrecht Municipality include:

- Training of Officials and Councillors involved in housing delivery as well as provision of related technical support, funded through the VNG/SALGA LOGO SOUTH Programme.
- Exchange visits for learning and sharing of experiences
- Capacitation of Councillors and ward structures on communication, supported directly by Dordrecht – NL Municipality.

11. CONCLUSION

As the office we committed in making sure that through consultation with various external stakeholders we deliver effective and efficient services to our communities.

COMMUNITY SERVICES

COMMUNITY SERVICES

1. MANDATE

It is to consider and make recommendations to the Council on the following matters:

- ✓ The implementation of powers and functions imposed upon the Council by the Health Act of 1977 or any other relevant legislation or amendments thereof (primary health care and emergency medical services).
- ✓ All matters pertaining to offensive trades
- ✓ Cemeteries
- ✓ Community policing
- ✓ Paupers burials
- ✓ Disaster management
- ✓ Sports facilities and sporting events
- ✓ Management of public libraries
- ✓

2. OBJECTIVE

The objective of the department is to provide social services such as health and security in response to the local demand.

3. CEMETERIES

Cemeteries were fenced with our emerging contractors in all our three units and at the same time twenty two (22) casual workers were employed to clean them up as well.

An amount of hundred thousand rand (R100 000-00) was used to pay both contractors and fencing material.

Challenges

People do not want to report their deceased at municipal offices so that we can have updated report of the deceased. A question of fencing vandalism is a big issue.

4. POUNDS

Pounds were started afresh in terms of being fenced because they were totally vandalised, and again we made use of our local emerging contractors to carry such a job. Fifty thousand rand (R50 000-00) was spent for both paying the emerging contractor and fencing material.

Challenges

Again vandalism is quite a big challenge, and stray animals is a big nuisance which caused lot of accidents and fatalities.

5. DISASTERS

Awareness campaigns were made in almost all our wards to our people aware of various disasters at various seasons of the year.

Families at old Lady Frere location that were affected by hail storms were supported with roofing material to rebuild their houses. An amount of sixty thousand rand (R68 000-00) to buy the material

An International Strategy on Disaster Reduction (ISDR) was done successfully in conjunction with the department of Education. Sixteen schools attended the occasion. The main items were music, arts, poetry and praise singing.

An amount of seventy thousand rand (R70 000-00) was used for the occasion for catering and to hire the transport for learners to attend the occasion.

Challenges

The Department of Education to assist in terms of financial support as they are the key role players in the programme.

6. WASTE MANAGEMENT

Through the support of Chris Hani District Municipality with funding twenty two (22) casual workers for two (2) months in three (3) intervals were employed to collect waste and keep our towns clean.

Two hundred and fifty thousand rand (R250 000-00) which got support from CHDM was used to pay casual workers and buy material.

7. HIV AND AIDS

Local Aids Council was re-established with positive support of relevant stakeholders. A door to door campaign was carried out successfully at Gqebanya village with all the stakeholders. The following stakeholders are forming part of the LAC i.e.

- Social Development
- Department of Agriculture
- South African Police Services

- Department of Justice
- Department of Health
- Home Affairs
- Department of Education
- Traditional Leaders
- Faith Based Organisations
- Community Based Organisations
- Correctional Services

Challenges

Other sector departments seem not to have interest on HIV and AIDS issues because there no budget allocation made so as to mitigate the scourge.

8. LAPESI ERADICATOIN

With the support of Chris Hani District Municipality eight hundred and sixteen (816) casual workers were employed to clear out one thousand six hundred and twenty (1620) hectares infected with lapesi in 3 wards.

People were being paid on contract bases where one was paid one thousand rand (R1000-00) for two (2) hectares.

Challenges

The alien vegetation that we are busy cutting seems as if we pruning it, I think it is proper that in future we must make use of chemicals that are environmental friendly so that it can kill the vegetation so as to sustain the project.

Another challenge is that municipality does not stick to the recommendations made by the Department of Agriculture in terms of prioritizing densely populated areas since the whole of Emalahleni areas are heavily infested by lapesi.

9. TRANSPORT FORUM

Monthly forum meeting do sit with the participation of sector department NGO's FBO's and CBO's.

Challenges

Non-attendance and inconsistency of departments in the meetings.

10. CONCLUSION

As a department, I am confident that I am going to meet our key performance areas as indicate in Performance Management System, however beefing up of the department with human resource is a challenge at this point in time, which on the other hand can be a detrimental effect towards speeding up service delivery as per targeted time-frames.

TECHNICAL SERVICES

TECHNICAL SERVICES DEPARTMENT

1. MANDATE

The primary mandate of the technical department is to facilitate and create new infrastructure and maintain the existing infrastructure such as:

- Water and sanitation
- Roads and storm water
- Housing schemes (Top structure and infrastructure with)
- Electricity reticulation and distribution
- Processing building plans and quality monitoring
- Refuse removal and disposal

2. OBJECTIVES

- Facilitate the provision of water and sanitation infrastructure
- Operate and maintain urban water and sanitation infrastructure, both rural and urban access roads, electricity infrastructure,
- Facilitate the eradication of bucket system
- Promote the principles of Expanded Public Works Programme during implementation of capital projects

3. STANDARDS

- Infrastructure projects are monitored through site inspection visits and progress site meetings are held with Implementation Agents and project steering committees on a monthly basis.
- Progress reports on projects are presented monthly to the structures of council.
- Building plans are processed according to the National Building Regulations.
- Municipal services complaints are attended to as they are reported and noted

4. PROGRAMMES AND PROJECTS UNDERTAKEN

- Municipal Infrastructure Grant funded access roads implementation
- Upgrading of district roads in partnership with the Department of Roads
- Facilitate Bucket Eradication programme in partnership with the District Municipality
- Water and sanitation provision and maintenance
- Housing development
- Provision and maintenance of municipal office municipal buildings
- Electrification programme in partnership with Eskom and DME
- Solid waste management

SERVICES DELIVERY PROVISION

List of functions performed	Indicate who is the Service Authority and service provider, if not by the B or C who provides service		Baseline info up to or as at June 2006 Frequency	Created, provided or maintained in 2006/07 (if reduced)	Targets for 2007/08
by the municipality	Authority	Provider	Maintained DR ROADS Regravelling of DR085601= 19km Regravelling of DR2596 = 8 km	Under construction Construction of DR (Lunapasii)= 19km Construction of Bengu Access road = (assisted by DOT)	To be maintained Department of Roads and Transport to rollout Area wide routine maintenance for Emalahleni in 2007/2008
ROADS AND STORMWATER				Regravelling of DR2596 = 8 km	
Municipal Streets Maintenance-R value + construction or created	B	B	Minor maintenance Lady Frere, Dordrecht and Indwe towns as follows Bladding : R150 000	Under maintenance Lady Frere internal gravel streets = 4km Indwe internal gravel streets = 2.4km	To maintain Indwe internal streets Access road to Indwe resort Lady frere township streets Dordrecht internal streets Doordrecht township
			Regravel and compact :R300 000 Maintained Lady Frere internal streets Mavuya T/ship access road	Dordrecht internal gravel streets = 4 km	To create 700 units-Lady frere
Rural access roads : gravel	B	C & Dept of Roads & Transport (DOT)	Constructed (linked to ISRDP-CMIP Projects) Vaalbank access road Cumakala access road Tafileni and lapesini access road Constructed (CMIP Funded) Masakane access road Helushe, Boomplas access road Tshamazimba access road Percy access road Ward 6-Hala access roads MIG funded- Chris Hani DM Qoqodala access road (crossing not completed) Dubeni access road(crossing not completed)	Under construction MIG funded (linked to EPWP) Mackaysnek access road Mt Arthur access road	Completion of the MIG funded infrastructure- Access roads <ul style="list-style-type: none"> ➤ Mackaysnek Access Road ➤ Mt Arthur access road ➤ Qoqodala bridge ➤ Dubeni low level bridge



Challenges

- ◆ The process of the finalization and devolution on classification of roads is taking long.
- ◆ The clear role and functions in terms of the municipal roads together with a funding thereof.
- ◆ Lack of roads and storm water management sector plans and funding to start those be incorporated to the IDP.
- ◆ Very limited plant equipment to maintain municipal roads. (only available : 1 grader, 1 tipper truck , 1 water cart, 1TLB and 1 roller)
- ◆ Very limited budget and shortage of staff to maintain existing stormwater infrastructure
- ◆ Dilapidated road infrastructure and non existent of such in other areas.
- ◆ **Big challenge of bridges and other stormwater crossings**

Provision and Maintenance of Municipal Buildings					
Provision of office space and council chambers infrastructure	B	B	New office block has been constructed in Lady Frere - Phase 1	Submit application for funding to DBSA for Phase 2A and 2B	
Maintenance of municipal buildings	B	B	Dordrecht and Indwe offices have been maintenance		

Challenges

- ◆ The demand for the office space is bigger than funding resources e.g. Phase 2A & 2B
- ◆ The challenge of getting the approval from the Department of Land Affairs for the donation of Erf no 38 for the construction of council chambers and other offices.

<p>Water & Sanitation</p> <p>Serviced areas</p>	<p>C</p>	<p>C</p> <p><u>Urban Sewers</u> The three town center (portions of CBD & residential areas) areas of Lady frere, Dordrecht and Indwe are serviced in terms small bore system in sewers, septic tanks, bucket toilets, VIPs and informal pit toilets in Indwe and Lady Frere. There is still a bucket eradication backlog in all three towns and is currently to be addressed by Chris Hani DM to meet Dec 2007 target.</p> <p><u>Rural Sanitations</u></p> <p>The majority of the rural rural do not have acceptable standard sanitation facilities. Here is the list of projects done so far: <i>Qoqodala Sanitation</i></p> <p><u>Urban Water supply</u> All town areas have yard connections and communal standpipes in the township.</p> <p>Projects implemented: <i>Lady Frere water supply network</i> <i>700 units Lady</i></p>	<p><u>Rural schemes</u> Thembelihle Water Supply project (Ward 12) under construction</p>	<p><u>Target</u> Swartwater reticulation Nggoko water supply Zingqolweni water supply Ngcuka water supply Cacadu Villages Water supply to service about 38</p>
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No of households free basic services	C	B & C	<p>Here water supply network 500 units Indwe water network</p> <p><u>Rural Water supply schemes working</u> Here is the list of villages with completed water projects: Cavary water supply Mt Arthur water supply Luthuthu water supply Qaqeni water supply Jojweni water supply Cacadu purification plant Zwartwater bulk supply Hala water project Maqhashu W/s Ngonyama W/s Dubeni water supply Thembelihle water supply (ward 10)</p>	Nil	Villages.
Standpipes	C	B & C	4 403 erven (townships	4 403 erven (townships)	
Pit latrines	C	B & C	9 272 erven	9 272 erven	
* Buckets toilets	C	B & C	2 772 erven	2 772 erven <i>reference: eradication of bucket system feasibility report</i>	

Challenges

- ◆ Clear roles, functions, funding and handing over water and sanitation services provision in towns to Chris Hani District Municipality (section 78 assessment)
- ◆ Bucket eradication project slow delivery in Lady Frere town due to contractor's performance.
- ◆ Huge backlog on rural sanitation implementation

Electrification					
No. of prepaid meters	National Electricity Regulator	B B Eskom	No of houses with prepaid meters <u>Dordrecht</u> <ul style="list-style-type: none"> • 516 units in the town center electrified <u>Indwe</u> <ul style="list-style-type: none"> • 556 units in town center • townships electrified • 30 units on the pilot houses • 360 units at Manyano township • 760 units Mavuya township • 500units Mzamohle <u>Lady frere</u> <ul style="list-style-type: none"> • 211 town center electrified • 592 township electrified 		<u>Connections</u> 102 units for Indwe 488 units for Dordrecht
Maintenance R value	B	B		R250 000	

Challenges

- Electrification of Extension villages is delaying due funding constraints from DME via Eskom.

Housing development

No. of formal-not subsidized	DHLGTA	B	<p><u>Lady frere</u> 120 households</p> <p><u>Dordrecht</u> households</p> <p><u>Indwe</u> 487 households</p>	<p><u>Lady frere</u> 120 households</p> <p><u>Dordrecht</u> 490 Households</p> <p><u>Indwe</u> 487 households</p>	
No. of informal	DHLGTA	B	<p><u>Lady frere</u> 15 pilot houses not planned and surveyed</p> <p>About 350 units informal settlement between the Glen Grey hospital and the Town which have not yet been planned.</p> <p>15 units at old location township which have not been planned and Surveyed.</p>	<p><u>Lady Frere</u></p> <p>Business plan submitted for the formalization of informal settlement next to Glen Grey hospital and Lady Frere.</p> <p>Submission of application for the formalization of the areas.</p>	
No. of basic RDP low cost houses-individual	DHLGTA	B	<p><u>Indwe-</u> 513 units low cost houses under construction; top structure level.</p> <p><u>Indwe – Phase 1</u> 500 Units low costs houses under construction, top structure level</p> <p><u>Lady Frere</u> 700 units under construction ; at foundation level</p> <p><u>Dordrecht- Phase 1 & 2</u> 2000 units: Phase 1 and 2 under construction; top structure level.</p>	<p><u>Indwe- 513 units</u> 487 Houses completed in 2006/2007</p> <p><u>Indwe – Phase 1</u> 125 Houses completed in 2006/2007</p> <p><u>Lady Frere</u> 560 Houses completed in 2006/2007</p> <p><u>Dordrecht</u> 1920 Houses completed in 2006/2007</p>	
Rental stock owned by the municipality	DHLGTA	B	Nil	Nil	nil

Solid Waste Management					
State whether the management of the waste disposal site complies with Environmental Health and Water Affairs Regulations.	DEAT	B & C	Not in compliance	There are three unlicensed dumping sites located at Lady Frere, Indwe and Dordrecht admin units.	Target Integrated waste management is being prepared to address areas of waste management compliance
Solid waste removal in urban areas-formal and informal	B	B	Waste is collected once a week in residential areas Twice a week on the business areas	Waste is collected once a week in residential areas Twice in a week on the business areas	
State frequency of solid waste removal in rural areas	B	B	Nil	There is no waste collection at the rural areas.	

5. CONCLUSION

The challenges facing the technical department are as follows: inadequate funding to address the backlog on areas of water supply and mostly sanitation, shortage of plant equipment and staff.

Currently the District municipality as water services authority is making an effort to address water services backlog through Cacadu Villages – 4 cluster projects which are at planning stage for implementation. This project cluster seeks to supply water ultimately to 38 villages as continuation from previous years.

The bucket eradication projects in Lady Frere, Indwe and Dordrecht are at planning and design stage for implementation and all processes are made by district and local municipality to meet the national target, though the supply chain likely to be a delaying factor.

Overall rural sanitation still remains challenge and Emalahleni village sanitation projects are included within District Water Services Development Plan.

The role of the local municipality on the water services provision in the urban areas still remain unclarified , though in spite of that we are performing this function. With regard to rural areas the water services is rendered by the district through appointed service providers. There are community services providers in place from each ward, meeting on monthly basis to monitor and evaluate the progress made on the maintenance and refurbishment of schemes.

INTEGRATED
PLANNING &
ECONOMIC
DEVELOPMENT

INTEGRATED PLANNING & ECONOMIC DEVELOPMENT

1. INTRODUCTION

The Department of Integrated Planning and Economic Development (IPED) in Emalahleni Local Municipality (ELM) was established in 2005 to manage the function of development planning and promotion of economic development within the jurisdiction of the municipality. It has a staff complement of 3 officials namely the Head of Department, Livestock Marketing Officer & LED Officer SMME and Tourism. The position of Administrator – Livestock Marketing has been vacant since 2006.

2. OBJECTIVES

The IPED Department was established to coordinate the planning activities of the municipality, promote socio-economic development, development and implementation of strategies to attract investment and promotion of sustainable use of natural resources. IPED has also been entrusted with other activities such as the development of the Municipal Performance System, SDBIP and mentorship of the Community Development Workers (CDW's).

3. MAIN DEVELOPMENT INITIATIVES

- IDP Review
- Town Planning
- Tourism Promotion
- Agricultural Development
- Enterprise Promotion
- Coal Mining
- CDW Mentorship

IDP REVIEW

In terms of Chapter five of the Municipal Systems Act 32 of 2000, all municipalities are required to develop strategic plan consisting of municipality's development goals, objectives and strategies covering a period of five years renewable annually. The IDP Review Process was started in August 2006 with the development of the IDP/BUDGET Process Plan. Prioritisation process was done through ward committee meetings, IDP Rep Forum meetings and project development and strategy development was done through IDP Steering Committee meetings. All the deadlines for tabling and submission of the IDP was done within the timelines prescribed by law. Five IDP Rep Forum meetings and 3 IDP Steering Committee meetings were held in Lady Frere during the IDP Review process.

Challenges

The greatest challenge experience was late submission by most sector departments of their programmes and budgets to Emalahleni Municipality. At the time of tabling the Draft Reviewed IDP to council at the end of March 2006, more than 58% of sector departments had not submitted their programmes and budgets. The attendance by sector departments at IDP Rep Forum meetings was poor.

TOWN PLANNING

Emalahleni municipality developed a business plan to access funding from the Department of Housing, Local Government & Traditional Affairs (DHLG&T/A) for the development of Land Use and Zoning Plans for the three towns of Lady Frere, Dordrecht and Indwe. The business plans were submitted to DHLG&TA in February 2006 but the approval was done only in April 2007. The approval was made for the development of a Land Use Plan and a Zoning Plan for the town of Lady Frere. The funding for the business plans of Dordrecht and Indwe are expected in the 2008/09 financial year. The municipality within the same year approved six applications for subdivision in Lady Frere, 12 applications for sub-division and consolidation in Dordrecht and 4 applications for sub-divisions in Indwe. The Spatial Development Plan (SDF) could not be completed as the Service Provider (Kei Plan) and contact details were changed. About R100 000,00 of the total budget of R150 000,00 had already been spent at the time of the service provider's disappearance.

Challenges

The first challenge facing town planning is the absence of a Town Planner within the municipal establishment which often requires the municipality to assistance from the Chris Hani District Municipality (CHDM) The CHDM has in its establishment one Town Planner who is expected to provide support to eight local municipalities under the Chris Hani District Municipality. The other challenge faced by the municipality is the insufficiency of the funding provided by DHLG&T/A for the surveying of all the identified areas in Lady Frere. During implementation planning, it was clear that the funding provided would be sufficient to cater for Cacadu Extension and additional funding would be required to cover the rest of the town.

TOURISM PROMOTION

MZONTSUNDU CRAFT PROJECT

Emalahleni municipality developed and submitted a Business Plan to the Department of Sports, Arts and Culture (DSRAC) to fund the establishment of Mzontsundu Craft Enterprise in Indwe.

Emalahleni municipality wanted to facilitate the establishment of a centre that would be located along the R56 in order to promote the production and marketing of the local craft to sell to local residents and tourists. A 21 member project was established and structured in such a way that it produces leather belts, sandals, grass fabricated household goods, leather bags, wallets and do shoe repairs. DSRAC approved R550 000,00 to finance the purchasing of equipment and working capital. The Mzontsundu Craft Enterprise started production in April 2007 from a rented building in Indwe Town. The number of employment created by the project was 28 with women in majority. Project members were trained in leather works, shoe making, grasswork and production of handbags.

Challenges

The major challenge is the mismanagement of funds as a result of the management ignoring to utilize the accounting tools given to the project by Emalahleni municipality. Few months after the DSRAC funding was received, project members invited a woman who was formerly appointed by the Department of Labour (DoL) to provide technical skills to the project members to join the project. Upon joining the project, she imposed herself as a Project Manager in the place of the one who was trained by DSRAC to be a Manager. She immediately did away with all the accounting tools provided to the project by Emalahleni municipality and started using unconventional accounting practices that rendered the accounting function impossible. These practices resulted in the project spending the grant received without accounting for the income received from sales. By the end of 2007, the project had already started to struggle in meeting its financial obligations to the creditors and landlord.

BUSHMAN PAINTINGS

University of Witwatersrand sent students to conduct a research on the art and life of Bushmen that lived in Emalahleni area. The report that was compiled from the research consisted of proposals on how the identified sites could be exploited for tourism promotion. The information will later be used in the development of a Tourism Sector Plan for the municipal area.

AGRICULTURAL DEVELOPMENT

LIVESTOCK MARKETING

Emalahleni municipality held 5 Livestock sales at the Stock Sale Pens located in Ngonyama, Guba and Bengu. The municipality started the construction of Stock Sale Pens at Matyantya, Mtsheko and Mhlanga. The bulk of the employment created was self employment by the participating farmers and ten temporal positions. R2 405 000,00 was generated in sales during the 5 livestock sales.

CHALLENGES

The major challenge faced by the programme is a growing number of cattle whose owners have received certificates but have not branded their cattle. The backlog at the end of the financial year 2006/07 was 8800 cattle without branding. The reason for such a huge backlog is the continued inability by the Eastern Cape Department of Agriculture (ECDA) to provide skilled personnel to assist the Livestock Marketing Officer in conducting branding. Negotiations on ways to deal with the backlog have been initiated with the District Manager of ECDA.

ZANOKUHLE FARMING PROJECT (ZAKOPA)

Zonokuhle Farming Project is an initiative that was funded through funds received from the Department of Provincial and Local Government (DPLG) to provide facilities to generate income for ex-workers of a dairy farm that was closed down in Indwe and those workers who were retrenched from the mines in Welkom and Gauteng. In October 2006, 10 members were trained in Fort Cox College of Agriculture in livestock farming, crop production and mix farming in preparation for farm that was purchased for the project members in Indwe. More than a million rands is available with Emalahleni municipality to provide capital for the purchase of equipment and farm inputs.

The project implementation has been delayed by lack of cooperation within the project membership. The issue of project membership still need to be sorted out before any progress can be made.

ENTERPRISE PROMOTION

The Emalahleni Chamber of Commerce accepted affiliation to NAFCOG and was renamed NAFCOG Emalahleni Branch in February 2006. The members of the chamber began paying NAFCOG membership fees in March 2006. Emalahleni municipality facilitated the establishment of a

Business Consultation Forum made up of the Small Enterprise Development Agency (SEDA), ECDC, DEDEA and Khula Finance Ltd in May 2006. The TUSO MENTORSHIP Programme of Khula Finance Ltd started developing Business Plans for the local businesses to facilitate access to finance and provide mentorship in May 2006.

Challenges

The major challenge is that in Emalahleni Local Municipality there are still a number of businesses who have not taken membership with the chamber and are not attending meetings organised by the Business Consultation Forum. Those who are outside the above platforms always miss out on the opportunities and benefits of a wider network.

COAL MINING

In May 2006 the Elitheni Coal Pty. Ltd accompanied by the Department of Economic Affairs, Environment and Tourism (DEAET) visited Emalahleni Local Municipality to present Elitheni's intentions to explore coal deposits in the Guba Hoek area. Elitheni also announced that in June 2005, the Department of Minerals and Energy (DME) granted Elitheni a Prospecting licence over an area of 10 000 Ha. Emalahleni municipality was requested to coordinate stakeholders towards the implementation of the mining project. Elitheni also announced that the Guba Community Development Trust (GCDT) had been identified as a structure that would represent the local community interest in the mining venture. In August 2007, negotiations were commenced with DEAET to fund establishment of a representative community structure. DEAET committed to make a million rands available to Emalahleni municipality to enable the municipality to strengthen the community structure. A Social Facilitator appointed by Elitheni, Mazizi Msuthu and Associates was elected to provide secretarial services to the Multi-Stakeholder Forum.

Challenges

The first challenge that was encountered by the stakeholders was the discovery that the Guba Community Development Trust was not adequately representative of the communities that will be affected by the mining operations. The Multi-Stakeholder Forum took a decision that the community structure should be re-constituted.

CDW PROGRAMME

The IPED Department was nominated to provide mentorship services to all CDW's that are deployed by DHLG&T/A to Emalahleni municipality.

Monthly reports and quarterly reports from CDWS are assessed (verification) by the IPED Manager before submission to DHLG&T/A. By June 2007, 10 CDW's had been appointed and completed training for service in Emalahleni municipality.

Challenges

The major challenge with the CDW Programme was insufficient consultation by DHLG&T/A with municipalities before the programme was introduced. This factor resulted in suspicion and mistrust between CDW's, Ward Councillors and Ward Committee members. Although a formal launch of the programme at municipality level, Emalahleni municipality continued introducing CDW's at all community meeting.

The second challenge encountered was inavailability of budgets to the municipality in order to support the programme. When the CDW Programme was brought to local municipalities it was in the middle of the financial year 2006/07 and therefore Emalahleni municipality could not budget for expenditure incurred during transportation of CDW's to different engagements.

MACHUBENI CATCHMENT MANAGEMENT PROJECT

The Machubeni Community Based Natural Resource Management (CBNRM) Project is an initiative funded by the National Department of Environmental Affairs and Tourism (DEAT) to assist Emalahleni municipality in rehabilitating land that has been degraded in Machubeni and construct structures to prevent land degradation in the future. DEAT provided R6,7 M for the project and ATS-Ikhwezi Consulting was appointed as a Project Implementer. A Project Steering Committee was established out of village committees and 300 community members were employed during project implementation. A section 21 company has been proposed for the ownership and management of all assets purchased or created under the project.

3.9. MAQHASHU SORGHUM

A sorghum production project located in Maqhashu Admin area was assisted by the municipality to access funding from the National Development Agency (NDA). An amount of R840 000,00 was awarded to the project by the NDA to plant sorghum on a 160 Ha land. The project membership is 80 and each member contributed 2 Ha. Sorghum was harvested in 50kg bags and a third was taken to Siyakholwa Development Foundation for milling and packaged in 2kg plastic bags for the marketing.

Challenges

The biggest challenge encountered came after the crop was harvested and packaged which was a lack of markets and dropping sorghum prices. Before the project started mass producing sorghum, a price of a 50kg bag used to sell between R350,00 – R400,00 in the local market. The price of 50 kg bag dropped to R150,00 in the local market. Various options were explored to deal with the situation. The most popular option was the establishment of a milling plant in Lady Frere.

3.10 DORDRECHT KLOOF PROJECT

The Department of Environmental Affairs and Tourism (DEAT) approved an amount of R1000 000,00 towards the establishment of a Conservancy at the Kloof in Dordrecht. The Conservancy was to be established with chalets, picnic area, and ablution facilities.

3.11 INDWE RESORT

DEAT approved an amount of R4000 000,00 towards the construction of eight additional chalets, a palisade fence and a conference facility at the Indwe Resort. Emalahleni municipality was asked to budget R162 000,00 for furniture and appliances for the chalets.

Challenges

During the development of the business plan, it was discovered that the amount allocated would not be sufficient for the construction of a conference facility. It was proposed that additional funding for the construction of a conference facility would be sought from DEAT during the following financial year.

3.12 XONXA ACQUA-CULTURE PROJECT

DEAT approved an amount of R2000 000,00 towards the establishment of an Acqua-Culture village at the Xonxa as well as the establishment of a local fishery project. The funding was intended for use in the construction of three chalets, Caretakers' quarters, a cool room, fishing equipment and training of local fishermen. Emalahleni municipality was asked to budget for the appointment of a Caretaker or Manager.

3.13 SIYONQOBA SIMUNYE PROJECT

A Poverty Alleviation Project situated in Indwe received a funding of R100 000,00 from the Chris Hani District Municipality for the purchase of sewing equipments, inputs and a bakkie that would be used in Marketing and Distribution (deliveries).

The project was made up of 21 members three of whom were men. Fifteen people were employed in the project which operated efficiently until the Project Coordinator committed financial misconduct.

Challenges

The Project Coordinator false reported that the project was legally registered and that a project bank account opened. Upon investigation allegations of financial misconduct by the Project Coordinator, CHDM and Emalahleni municipality discovered that the project was never legally registered and that a bank account was never opened.

It was also discovered that the Project Coordinator pocketed all the proceeds from sales and was giving the other project members allowances from the income generated. The Log Book was properly kept in terms of a Memorandum of Agreement signed between the project and Emalahleni Municipality.

Upon the above discoveries, Emalahleni municipality closed the project down and recalled all the materials and equipments purchased for the project including the bakkie. The assets are currently kept and the municipality storage in Indwe awaiting registration of a new enterprise which would exclude the Project Coordinator.

3.14 DORDRECHT CHEESE FACTORY

Dordrecht Cheese Factory which started its operations in February 2006 continued operating with 37 shareholders from the emerging farmers and 10 from the commercial farmers. A new contract was received for the supply of cheese to Bloemfontein in the Free State Province and 20L Bottles of AMASI to Umtata and Butterworth. The product mix consists of cheese, amasi, yougurt and dairy juices. A Milking Palour was installed at Koffiefontein through funding received from the Department of Agriculture. Koffiefontein is a 800 Ha farm which was bought for the emerging farmers through LRAD is situated in Dordrecht.

Challenges

The biggest challenge has been the lack of capacity within the emerging farmers to run a dairy farm as well as the small number of dairy cattle owned by the emerging farmers. The quick cash flow enjoyed by the commercial farmers from the sale of milk to the factory has been very minimal. The old equipments which were purchased together with the farm made the planting of crops difficult. The irrigation equipment has been partially functional.

3.15 WESTERN TEMBULAND CULTURAL VILLAGE

The DEAT approved an amount of R4 500 000,00 for the establishment of a village that would be used to promote and expose the culture of the Tembu's to tourists. The site of the project identified to be in Gqebenya which is situated not far from Nonesi grave. A Western Tembuland Development Trust was established to own and manage the operations of the enterprise.

4. CONCLUSION

The biggest challenge facing the IPED Department is the inadequate staff complement both field and admin staff to deal with the implementation of departmental programmes efficiently. The organogram need to be restructured to reflect all the personnel required to adequately drive departmental programmes. There is a marked improvement in the implementation of Departmental Programmes when comparing with the financial year 2005/06 when IPED was established.

The other weaknesses that can be noted from the above report are institutional arrangements when projects are established. Two of the initiatives above have experienced serious management problems that are due to how they were established. DSRAC provided funding to a project in Indwe whose funding proposal was developed and submitted by Emalaheni municipality. When funding was approved, DSRAC relieved the municipality of the responsibility to monitor the implementation of the project and transferred funds directly to the project bank account without drawing up a Memorandum of Agreement detailing responsibilities of each role player. There is a strong need to strengthen Inter-Governmental Relations to avoid similar problems accruing.

CORPORATE SERVICES

CORPORATE SERVICES

1. MANDATE

The Corporate Services mandate is to give administrative support to all departments within Emalahleni Municipality, provide human capital resources in order to deliver services to the community.

The municipality must also develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration (Section 67 of the Municipal Systems Act, Act 32 of 2000).

2. OBJECTIVES

- Provide efficient and effective administrative support.
- Develop skills of staff through training interventions and aligning these with our IDP.
- Recruitment of staff in order to fulfill our mandate.
- Provide legal support.
- Maintain and manage municipal fleet.
- Promote sound labour relations.

3. ADMINISTRATIVE SUPPORT

3.1 COUNCIL SUPPORT

The Administration sub-section is responsible for compiling and distributing agendas of Council, Executive Council and Standing Committees, minute-taking, report-writing, booking venues for such meetings, and give other support required as the need arises. The agendas have to be distributed 7 days before the date of the meeting, this is sometimes met but still needs to be improved.

3.2 MUNICIPAL PROPERTIES

The Municipality has properties that are rented or leased out to people and businesses. We have about 18 properties. These properties are situated in Dordrecht and Indwe. There are two signed lease agreements with the occupiers of these properties.

Challenges

The properties that have no signed rental agreements and non-payment of rent by the occupiers.

3.3 FLEET MANAGEMENT

The Municipality has fleet of about 10 bakkies, 1 sedan and 1 Condor. Out of the 10 bakkies, 6 bakkies are emotional and 4 non-emotional, the sedan and the Condor are emotional and need high maintenance. These cars are used for transporting Councillors and staff to attend meetings, workshops, pick up stationery, cleaning products, water treatment and equipment. We have the following plant: 1 bell grader, 1 TLB, 1 tipper truck, 1 bell roller and 1 water cart, which are used for roads and stormwater. We have 2 refuse trucks, 7 tractors (used for sanitation and refuse) and 2 sanitation trucks.

We have a fleet management policy that has guidelines and rules on how to curb misuse of vehicles, steps to be taken when an employee has been found to have transgressed the rules.

Challenges

A tracking system should be installed in all our bakkies, sedan and Condor to curb misuse and tickets being issued out due to speeding and negligence.

3.4 HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

3.4.1 LABOUR RELATIONS

The Municipality Local Labour Forum has been established and is functional. This Forum serves as an interaction between the Employer and Labour where issues relating to day-to-day running of the municipality pertaining to staff are discussed at length in order to reach decisions.

3.4.2 JOB EVALUATION

Job descriptions and job analysis questionnaires have been submitted in 2006/07 financial year to the Job Evaluation Committee. There were some job descriptions which were not submitted due to the fact that they were vacant but were later submitted. A report with the results was forwarded to our municipality but it was not final as the job evaluation process has not been finalized.

3.4.3 ORGANOGRAM

Our organizational structure is reviewed yearly in order to align it to our IDP and fulfill our mandate.

MANAGEMENT

Under Management, we had 3 positions (Municipal Manager, Strategic Manager and Chief Financial Officer) that were vacant.

These positions were filled towards the end of 2006. The position of the Strategic Manager was a new post and was created to enhance service delivery and assist the Office of the Mayor.

MIDDLE MANAGEMENT

16 positions were filled.

OTHER

89 positions were filled.

The total of vacant positions is 116 including management.

Challenges

The budget that we have is not enough to employ staff needed to perform duties. Office space is another critical issue because even if we appoint staff, we cannot accommodate them.

3.4.4 ESSENTIAL SERVICES AGREEMENT

Our essential services agreement was signed by both Employer and Labour on 23 January 2007. It was sent to the SALGBC for ratification.

3.4.5 HUMAN RESOURCE DEVELOPMENT

In December 2006, we were fortunate that one of our Councillors was admitted into the Masters Programme in Public Management offered by University of Fort Hare.

In 2007, the Municipal Manager was admitted into the Executive Leadership Programme offered by Wits University.

The following training interventions have been done:

Computer training	38
Customer care	1
Basic archives and records management	1
Intermediate records management	2
Labour Law	3
Municipal Supply Chain Management	9

Discipline and dismissal	7
Presentation and Public speaking skills	2
Secretaries / PA's/ Receptionists	4
First Aid	20
Skills programme for Secretaries	3
Minute taking	3
Local Government Finance	3
ABET	38
Pipelaying and maintenance	3
Professional business communication skills	4
HIV/AIDS Care and Counselling	1
Creditors	2
Debtors	3
Payroll	1
Cashbook	1
Ledger	2
Certificate Programme in Management Development	1

Challenges

We have been functioning without the Training Committee but we utilized the Local Labour Forum.

3.4.6 EMPLOYMENT EQUITY

In 2006/2007, we had a draft of the Employment Equity Plan and have managed to achieve the following targets or goals:

	African		White	
	M	F	M	F
Management	5			1
Middle management	12	3	1	
Other	65	21	1	2

Challenges

It is not easy to attract other races e.g. Indians, because our municipality is largely rural therefore our population is mainly Africans.

The Employment Equity Committee was not formulated but we utilized the Local Labour Forum.

4. **POLICIES**

The following policies have been formulated and are due for reviewal:

- Skills Development / Training policy
- Disciplinary and grievance policy
- Recruitment and selection policy
- Subsistence and travelling policy
- Fleet Management policy
- Vehicle instalment subsidy policy
- Study bursary scheme policy
- Telephone policy
- Procurement policy
- Use and hiring out of plant policy

5. **CONCLUSION**

The Department has managed to implement training to employees and Councillors regardless of not having a Training Committee.

The Department will always strive to provide efficient and effective administrative support. It will also aim to achieve elements of corporate governance and developmental local government.

FINANCIAL SERVICES

FINANCE: TREASURY AND BUDGET

1. MANDATE

The Finance Department committed themselves to manage the financial resources of the Emalahleni Municipality in the most efficient, effective and professional manner, in order to provide support to all departments within the municipality, towards the enhancement of service delivery within these departments. We undertake to implement and uphold all legislation, policies and procedures as described by National Treasury.

2. OBJECTIVES

- Develop all policies, procedures and by-laws required by the Municipal Finance Act (MFMA)
- Implement all Regulations as issued by National Treasury
- Implement all policies and procedures as stipulated in the Municipal Finance Act (MFMA) and the Financial Regulations issued by National Treasury
- Give effect to all accounting principles as required by GAMAP/GRAP
- Ensure that a transparent, effective supply chain management system is implemented
- Ensure the effective, efficient and economic management of the monetary resources of the municipality
- Support all Departments of the Municipality to achieve their objectives specified in their 5 year departmental strategic plan
- Manage and safeguard the assets of the municipality in order to ensure effective and economic delivery of services.
- Maintain, support and upgrade the IT network and equipment of the municipality to ensure effective service delivery
- Implement the Municipal Finance management Act

3. KEY ACTIVITIES

The function of financial management within the municipality is administered by the Budget & Treasury Office and services are rendered to Council with a staff compliment of 18 individuals, who are grouped together in the following functional sections:

- ◆ Budget office
- ◆ Supply Chain management office
- ◆ Asset management
- ◆ Expenditure
- ◆ Revenue
- ◆ ICT
- ◆ Financial Interns

The functional services rendered include the following:

- ◆ Preparation and administration of the annual budget
- ◆ Preparation of financial statements
- ◆ Supply Chain Management
- ◆ Asset management
- ◆ Management of conditional grants
- ◆ Revenue collection
- ◆ Administration of investments and insurance portfolios of Council
- ◆ Maintenance of an effective system of expenditure control
- ◆ Provision of financial advice to Council and all other Council structures including the Executive and Portfolio Committees.
- ◆ Provision of relevant, accurate and reliable financial information to all users including Councillors, managers and rate payers to facilitate informed decision making.
- ◆ Provision, maintenance and implementation of sound financial management policies, controls and systems.
- ◆ Capacity building by way of training of Interns, Councillors and Officials.
- ◆ Service delivery through management of the ICT services that involves a number of management practices to ensure that the services are provided as expected by Council, management and users.
- ◆ Service support through implementation and support of hardware and software infrastructure

4. KEY ISSUES FOR 2006/2007

- ◆ A new Chief Financial Officer was appointed
- ◆ Established a Supply Chain management unit
- ◆ Produced the budget for 2007/2008 in the new Circular 28 format and within the specified deadlines.
- ◆ Upgraded the Conlog system used to sell electricity in Dordrecht and Indwe.
- ◆ Submitted the Financial statements on time

5. ANALYSIS OF FUNCTION

GRANTS RECEIVED AND SPENT

An analysis of grant received is contained in Appendix E of the Financial Statements.

REMUNERATION OF COUNCILLORS

An analysis of remuneration paid to Councillors is contained under note 13 in the Notes to the Financial Statements.

EMPLOYEE RELATED COSTS

An analysis of the remuneration paid to Section 57 managers, is contained under note 14 in the Notes to the Financial Statements.

RATES AND SERVICE CHARGES – AGING

Current	R913 126
30 days	R886 584
60 days	R894 796
> 90 days	R41 126 177

SUPPLY CHAIN MANAGEMENT

The functions that the Supply Chain unit is responsible for are:

- ◆ Demand management
- ◆ Acquisition management
- ◆ Logistics management
- ◆ Disposal management

A monitoring process takes place, undertaking a retrospective analysis to determine whether the desired objectives are achieved.

PROJECTS AWARDED

Total amount of tenders awarded	R6 465 475
Projects awarded in construction	R5 334 525
Percentage awarded to HDI's	77%

CHALLENGES

In an attempt to achieve the desired outcomes for each of the abovementioned targets, the following challenges were identified for each:

Revenue

- ◆ All policies relating to the accounting and collection of revenue needs to be revised and adopted by Council. A new Rates policy needs to be drafted to be in compliance with the Property Rates Act, No 6 of 2004.
- ◆ The implementation of Free Basic Service to Indigent Households needs immediate attention.
- ◆ Other sources of income must be investigated to supplement the income foregone by implementing the Indigent subsidy.
- ◆ A revenue collection strategy needs to be implemented to increase the current rate of revenue collection.

- ◆ Adequate provision for bad debts needs to be calculated and raised.
- ◆ Non-payment of services by sector departments
- ◆ Unidentifiable deposits on our bank accounts
- ◆ Non-existence of Service Level Agreements between Chris Hani District municipality and Emalahleni Municipality for the agency services of water and sanitation

Expenditure

- ◆ Payments must only be made on the presentation of supporting documents to the creditors department.
- ◆ Monthly reconciliations of creditor's accounts need to be done.
- ◆ Creditor's accounts to be paid within 30 days of date of statement.

Asset management

- ◆ An asset count needs to be done to verify the existence of all assets belonging to the municipality.
- ◆ Correct values need to be attached to all assets.
- ◆ Calculation of depreciation needs to be done.
- ◆ The asset register on the financial system needs to be updated with the correct location, lifespan and value of the assets.

Budgeting

- ◆ Preparation of the draft multi-year budget before 31 March
- ◆ Alignment of the multi year budget to the IDP
- ◆ Quarterly adjustment of the budget after revision of the SDBIP's
- ◆ The conversion of the Budget to be GAMAP/GRAP compliant and according to the GFS functions.

Accounting and reporting

- ◆ The maintenance of accurate accounting records and systems to provide reliable monthly management reports.
- ◆ The implementation of the new GAMAP/GRAP accounting principles
- ◆ The conversion of the ledger to be GAMAP/GRAP compliant.
- ◆ Establishment of a Budget Office.

ICT

- ◆ Establishment of a ICT section
- ◆ Lack of application knowledge by users.
- ◆ Upgrading of all hardware as necessary
- ◆ Installation of UPS's for all stations.
- ◆ Inadequate back-ups

- ◆ Installation of a back-up generator for all three towns
- ◆ IT policies need to be developed and implemented.
- ◆ Linking of the financial system between the three towns
- ◆ Integration of the financial system

SUPPLY CHAIN MANAGEMENT

- ◆ Adoption of draft Supply Chain management policy
- ◆ Appointment of three committees
- ◆ Increasing the percentage of tenders awarded to SMME's to meet the guidelines as set out in the municipality's Supply Chain management policy.
- ◆ Creation of data-base for Professional Service Providers and other Service Providers

6. CONCLUSION

The aim of the Budget and Treasury Office is to change the outcome of the Audit Report to a more acceptable level. Lots of efforts were put in during the past year to correct the mistakes of the past and to implement controls, policies and procedures.

A special word of appreciation must be extended to all staff members within the Budget & Treasury Office who contributed to the improvement of systems and procedures during the past financial year.

**REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL
LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE
INFORMATION OF THE EMALAHLENI MUNICIPALITY FOR THE YEAR ENDED 30
JUNE 2007**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Emalahleni Municipality which comprise the balance sheet as at 30 June 2007, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes and the accounting officer's report, as set out on pages 53 to 60.

Responsibility of the accounting officer for the financial statements

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

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit in accordance with the International Standards on Auditing. Because of the matters discussed in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis of accounting

4. The municipality's policy is to prepare financial statements on the entity specific basis of accounting as set out in accounting policy note 1.

Basis for disclaimer of opinion

Receivables

5. An amount of R27.2 million was disclosed in note 9 to the financial statements at 30 June 2007 as the provision for doubtful debts. In view of the fact that 94% of debtors disclosed were older than 90 days, this amount was understated.

As a result thereof, the provision of R27.2 million was inadequate to cover the level of irrecoverable debts at year end.

6. Furthermore, a vehicle loan to the former municipal manager amounting to R114 752 was still outstanding at year-end. The recoverability of this loan appeared to be doubtful.
7. In addition, due to the findings in paragraph 5 above, it was not possible to confirm the existence, completeness and valuation of consumer debtor balances of R43.8 million included in accounts receivable as disclosed in note 9 to the financial statements.
8. Other debtor balances totalling R5.7 million disclosed in note 9 of the financial statements includes "Capital Projects" amounting to R854 380. Due to the absence of supporting documents the validity, accuracy and completeness of the amount could not be verified.
9. The salary control account amounting to R363 348 disclosed in note 9 of the financial statements could not be substantiated with supporting documentation. As a result, the validity, accuracy and completeness of the amount could not be verified. In addition, the amount is overstated due to the underpayment of the PAYE payment to South African Revenue Services (SARS) for the month of February 2007 amounting to R260 313.

Fixed assets and capital projects

10. Assets to the value of R36.3 million were recognised as additions in the current year per the asset register and per the general ledger. However, the assets in question were measured at estimated values. Therefore it was not possible to determine the reasonability and completeness thereof and it was not possible to confirm that these additions to fixed assets were correctly measured and whether the municipality had adequate right and title to each asset. Furthermore, no mention of this process and the related adjustments to the municipal financial records was made in the report of the chief financial officer.
11. A Deeds search revealed that no land was registered in the name of the municipality or of its former constituent transitional local councils. Due to the lack of supporting documentation it was not possible to verify the validity, accuracy and completeness of land and buildings amounting to R4.6 million included in fixed assets in Appendix C of the financial statements.
12. In addition, fixed assets amounting to R276 460 were incorrectly expensed as repairs and maintenance instead of being capitalised resulting in an understatement of fixed assets and the corresponding understatement of accumulated surplus by the said amount.

Statutory, Reserves and Trust Funds

13. Unspent trust funds amounting to R14.2 million disclosed in Appendix A in the financial statements could not be verified for validity, accuracy and completeness due to a register of conditional grants not being maintained for the financial year under review.

No alternate procedures were possible to confirm whether expenditure transactions were in accordance with the conditions of each grant and transactions and balances relating to conditional grants had been correctly recognised and measured in the annual financial statements.

14. No interest was credited to statutory funds and trust funds for the year. All interest income was credited directly to the income statement. No appropriation was made to transfer interest received attributable to statutory funds and trust funds from the accumulated surplus to these funds at year-end. The balances for statutory funds, reserves and trust funds were therefore understated and the net surplus for the year was overstated by the same amount. It was not possible to quantify the effect of the misstatement.
15. Included in reserves is an amount of R712 560 disclosed as leave pay reserve in note 2 of the financial statements. The leave reserve was overstated due to the calculation that included leave accruals and leave taken transactions for the month of July 2007. The validity, accuracy and completeness of the reserve could not be verified.

Finance leases

16. Contrary to accounting policy 10, the municipality directly expensed monthly payments relating to a finance lease to the income statement instead of capitalising the underlying asset, recognising the underlying liability and expensing the applicable interest over the lease period. In the absence of a schedule of leased assets of the municipality, the effect on the financial statements could not be determined.

Inventory

17. The municipality did not maintain an inventory system for recording inventory transactions and balances. My attempt to observe the inventory count was fruitless due to there being no municipal officials available at the municipality on the day of the count, 29 June 2007. Alternative procedures proved unsuccessful in that an inventory listing of the inventory on hand at year end was not provided for audit purposes to verify the physical quantity of inventory on hand. I was therefore unable to confirm existence, completeness, valuation and rights relating to inventory of R82 180 disclosed in the balance sheet at 30 June 2007.

Appropriation account

18. Included in prior year adjustments totalling R17.1 million as disclosed in note 17 of the financial statements is a net adjustment of R7.1 million that was debited against the appropriation account in the current year. The majority of the components of this adjustment relate to the correction of prior period balances that could not be supported, that is, assets and liabilities for which existence, rights, obligations, completeness and correct valuation could not be established. Council approval for all the adjustments processed against the appropriation account, which also included an amount of R9.9 million representing an increase in the provision for doubtful debts, has not however been granted at the time of issuing this report.

Restoration of landfill sites

19. The municipality does not have a restoration plan for its landfill sites and as such is in breach of section 28 of the National Environment Management Act, No. 107 of 1998. No liability in respect of the obligation for restoring/ rehabilitating these landfill sites has been raised. The understatement of the liability could not be determined in the absence of management's assessment in this regard. Furthermore, no permits existed for landfill sites.

Accounts Payable

20. Included in accounts payable, is an amount of R267 719 in respect of employee back pay disclosed in note 11 to the financial statements. Supporting documentation could not be presented for audit purposes. As a result, the accuracy and completeness of this amount could not be verified.

Revenue

21. No rateable valuation reconciliation was prepared to support the amount of R1.7 million disclosed as assessment rates in appendix D to the financial statements. Furthermore, a detailed property register was not maintained for the financial year under review resulting in the inability to verify the validity, accuracy and completeness of this amount.

22. Included in R38.6 million income as disclosed in the income statement for the year ended 30 June 2007, is income of R4.3 million and R4.5 million for economic and trading services respectively. It was not possible to confirm the completeness, accuracy and correct classification of income from the abovementioned services due to the following factors:

- No record of registered meters was maintained;
- Differences were noted in my testing of consumption recorded per meter-reading records and the corresponding consumption billed to consumers;
- The completeness of the database of erven for which services were provided could not be relied upon as the valuation rolls were incomplete;
- Detailed schedules of units of water and electricity purchased and sold could not be presented for audit purposes. It was therefore not possible to assess distribution and reticulation losses, the reasons for such losses and the possible effect thereof on the completeness of income recognised from sale of water and electricity;
- No approved tariff policy was in operation; and
- Consumer debtor balances per the debtors control account in the general ledger were not reconciled to the balances per the subsidiary ledger on a monthly basis.

23. Controls over initiating and recording transactions for the various sources of sundry income were inadequate for the purpose of ensuring the validity, accuracy and completeness thereof. No registers were maintained to record and control transactions in respect of each source of direct income. Rental contracts related to rental income selected for testing could not be presented for audit purposes.

Consequently I was unable to perform an audit beyond those amounts that were actually recorded and receipted.

Expenditure

24. Documentation in support of amounts totalling R188 789 could not be presented for audit purposes. As a result, the validity, correct classification and accuracy of all expenditure items could not be verified.
25. In addition, documentation in support of payments totalling R137 486 in respect of the Mackay's Neck Access Road infrastructure project could not be presented for audit purposes. The validity of these payments could therefore not be verified.

Financial statements

26. The annual financial statements did not comply in all respects with the requirements of the standards laid down by the Institute of Municipal Finance Officers (IMFO) in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (January 1996, 2nd edition). In addition, there were a number of errors and discrepancies in the compilation of the annual financial statements.
27. The additional disclosures required in terms of sections 123, 124 and 125 of the MFMA were not made in the annual financial statements.
28. Capital commitments disclosed per the annual financial statements were not split between commitment as required:
 - approved and not yet contracted for; and
 - approved and contracted for.
29. No contingent liability details were disclosed in note 24 to the annual financial statements in respect of the ongoing legal matter between the municipality and the former municipal manager. Disclosure of contingent liabilities is a specific requirement of section 125(2)(c) of the MFMA.

Disclaimer of opinion

30. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have been unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of Emalahleni Municipality. Accordingly, I do not express an opinion on the financial statements.

OTHER MATTERS

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

Material non-compliance with applicable legislation

31. A number of instances of non compliance with applicable laws and regulations surfaced during the course of my audit. Instances noted include the following:

- Municipal Finance Management Act, 2003: Sections 11(4), 124(1), 125(1)(c), 125(2)(a),(d),(e), 52(d), 54(1), 56(1), 64(3), 66, 71(1), 74(1), 79, 82, 121, 122(1), 127(1) (2) (3), 129(1), 131, 133(1)
- Municipal Systems Act, 2000: Sections 5(1)(d), 5(1)(b), 55(1)(b), 55(1)(n), 57(2), 75(1) (2), 95, 96, 97, 98, 99, 16, 17, 96, 29, 55(1)(d), 68, 70(2)(b)
- Division of Revenue Act, 2005: Sections 22(1)(b), 22(4) and 27.
- Preferential Procurement Policy Framework Act, 2000: Section 21
- Housing Act, 1997: Section 10(4) (d) and (f)
- Property Rates Act,2004: Section 3(1)

Internal control

32. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies existed in more than one internal control component.

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Basis for disclaimer					
Receivables			<input type="checkbox"/>		
Fixed Assets			<input type="checkbox"/>		
Statutory, Reserves and Trust Funds			<input type="checkbox"/>		
Finance leases			<input type="checkbox"/>		
Inventory			<input type="checkbox"/>		
Appropriation account			<input type="checkbox"/>		
Restoration of landfill sites			<input type="checkbox"/>		
Accounts Payable			<input type="checkbox"/>		

Reporting item	Control environment	Assessment of risks	Control activities	Information and communication	Monitoring
Revenue			<input type="checkbox"/>		
Expenditure			<input type="checkbox"/>		
Financial statements			<input type="checkbox"/>		
Other matters					
Material non-compliance with applicable legislation			<input type="checkbox"/>		<input type="checkbox"/>

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

33. I was engaged to audit the performance information.

Responsibility of the accounting officer for the performance information

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

i. Responsibility of the Auditor-General

35. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 646 of 2007*, issued in *Government Gazette No. 646 of 25 May 2007* and section 45 of the MSA.

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

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

Audit findings (performance information)

Non-compliance with regulatory requirements

No reporting of performance information

38. The municipality did not have performance review policies and procedures in place and did not monitor performance through performance agreements.
39. No performance management system was in place as required in terms of the MSA and GNR. 796 of 24 August 2001: Local Government: Municipal Planning and Performance Management Regulations, 2001.

Performance information not received

40. I was not able to complete an evaluation of the quality of the reported performance information since the information was not received in time.

APPRECIATION

41. The assistance rendered by the staff of the Emalahleni Municipality during the audit is sincerely appreciated.

East London

30 November 2007

Auditor-General



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

MANAGEMENT RESPONSE ON AUDIT REPORTS

FINANCIAL YEAR 2006/2007

FINANCIAL STATEMENTS

BASIS FOR DISCLAIMER OF OPINION

5. The amount of R27,2 million disclosed as irrecoverable debts represents the outstanding amount of debt up to June 2005 which are being negotiated with the community of Emalahleni Municipality and the office of the MEC to be written off. Management did not provide for any further amount of bad debts for the period 1 July 2005 and June 2007, because Council have a undertaking from the rate payers to pay their outstanding debts from 1 July 2005. Management is also only starting to put processes in place to collect the outstanding debt from 1 July 2005 during this financial year. The provision for bad debts for the financial year 2007/2008 will be a more accurate representation of all outstanding debts.
6. After the court case against the former municipal manager was completed in June 2006, Management invoiced Mr Feliti for the balance outstanding on the vehicle loan. The invoice was sent via registered post to his home address, but we have received no response from him since. Management will seek legal advice on this issue, before writing off the amount.
8. The amount of R854 380 disclosed in note 9 of the financial statements will be investigated and proper supporting documents will be prepared. The comparative figures for 2007/2008 will be adjusted if necessary.
9. Monthly reconciliations of the salary control account was done and the amount of R363 348 was identified as the closing balance. The amount will be investigated in this financial year. The underpayment of SARS amounting to R260 313 was brought under our attention by SARS and was paid over to SARS in this financial year. The comparative figures for 2007/2008 will be adjusted if necessary.
10. A full asset count was performed by the municipality and all assets were recorded in the Asset register. During the asset count it was discovered that a large number of our assets never were recorded in the municipality's asset register. Some of these assets were purchased or developed many years ago, which made it difficult to determine the cost prices of these assets. Management costed these assets at the most realistic prices available at the time. Management will seek advice from the Auditor General on this matter and the comparative figures for the 2007/2008 financial statements will be adjusted if necessary.

13. A register of trust funds will be compiled in this financial year to show all expenditure relating to these trust funds for the previous and the current financial year and the interest due to the trust funds.
15. The amount disclosed as leave pay reserve will be investigated and the comparative figures for 2007/2008 financial statements will be adjusted if necessary.
16. All financial leases will be determined and the comparative figures be adjusted to disclose the values of the financial leases.
17. A stock count was performed by the stationary officer and the technical department of the stock on hand on 30 June 2007. This was the first time a stock count was performed. As the municipality purchases goods on the need to have basis, large numbers of stock are not kept by the municipality. Stock management needs a lot of attention and training to enable staff members and management to refine the process of stock keeping.
18. During a Council meeting held on November 2007 the adjustments totalling R17,1 million as disclosed in note 17 of the financial statements were approved.
19. Through the draft Integrated Waste Management Plan, the municipality intends to get Solid Waste Sites licensed and operating in a proper manner. The only outstanding issue is the funding commitments and business plans. Comparative figures will be adjusted to show the liability.
20. Supporting documentation to verify the amount of R267 719 shown as employee back pay will be made available to the auditors.
21. Management is aware of the shortcomings in the internal control regarding the collection of revenue and is putting in a lot of effort to rectify the situation. However, management does not agree that no rateable valuation reconciliation is performed between the valuation roll and the debtors system, also that no reconciliations between the debtors control account and the debtors sub ledger is performed. These reconciliations are indeed performed. The matters raised are attended to through a revenue enhancement strategy that was developed by management.
24. Payments are only made on presentation of supporting documentation to the creditors department and these documents are filed daily. The supporting documents mentioned were misplaced.
26. Non-compliance with applicable legislation will be addressed by management. The implementation of an internal audit unit

will assist management to attend to all compliance and lack of internal control issues.

- 29.** The court case between the municipality and Mr Feliti was completed before 30 June 2007. The amount owed to Mr Feliti was paid to him in July 2007 as we had to wait for a tax directive from SARS, which was received in July 2007 only. The amount was disclosed in the financial statements as a provision for creditor and not as a contingent liability.

- 33.** No performance report was included in the annual report as the municipality is a low capacity municipality and only need to issue an annual report for the 2006/2007 financial year. Performance contracts were developed for managers in the current financial year and the issue of performance policies and procedures will be addressed in this financial year.