

ANNUAL REPORT 2007/08

EMALAHLENI LOCAL MUNICIPALITY

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## **FOREWORD BY THE MAYOR: HONOURABLE COUNCILLOR NOLITHA LALI**

Once more we present this Annual Report for 2008/09 financial year, which reflects on progress with regard to our performance and work of the Municipality.

We indeed have gone through a demanding period. Apart from having to assert ourselves through the implementation of our programmes, we have had to confront a myriad of challenges emanating from the legacy of apartheid and colonialism in a context of justified impatience from our people who have for generations endured vast suffering and deprivation.

As we grapple with these challenges, our adversaries seek to seize any available opportunity to distort and exaggerate our challenges and undermine the programme we embark upon to address these.

As the Municipality we are committed to intensify our efforts to provide services and opportunities to our communities. We have already developed and implemented a system that continues to monitor and review the performance and work of the municipality, through Performance Management System. The municipality is committed to ensuring an effective and efficient Inter Governmental Relations Forum.

In promoting participation by the community in Government programmes, several outreach programmes and engagements have been undertaken. Furthermore, the municipality has developed the Community Participation and Empowerment Policy Framework that guides the municipality with regard to public participation matters. This policy framework is part of the Municipality's effort to reinforce national imperatives on Community Participation. The municipality has also started to distribute a quarterly newsletter which seeks to enlighten communities broadly on the work of government and how they can take part.

During the course of the report, the Municipality was afforded a rare opportunity to host the National Council of Provinces' parliamentary outreach programme which was held on 3-7 November 2008.

As much as we are committed to provide quality services and infrastructure to our communities, the municipality is still battling to generate sufficient revenue due to the rural nature of our municipality.

The provision of Free Basic Services such as water and electricity to indigent households has already been rolled out. As far as Bucket Eradication programme, meaningful strides have been made despite challenges that continue to hinder the progress.

This report is presented at a time when various political organizations are engaged in robust electioneering programmes. We shall as citizens go out to elect both provincial and national government on 22 April 2009. For the forth time as free South Africans, we

shall cast our votes as equal, confirming our freedom and giving it meaning. The change that happened 15 years ago was a result of a struggle and sacrifice led by the ruling party, the African National Congress. It was a change that created an opportunity to chart our future together.

In light of the resilience displayed, it is fitting that we should salute all the Councillors, officials and members of the community on remaining committed and united behind the vision of the municipality.

Thank you

**N LALI**  
**MAYOR : EMALAHLENI MUNICIPALITY**

## **OVERVIEW**

### **INTRODUCTION AND BACKGROUND**

Noting that the **Vision** of the Emalahleni Municipality is to archive a future in which appropriate, sustainable and affordable services towards socio-economic growth and development for the emancipation of its community is delivered.

And whereas our **Mission** is to commit resources in the co-ordination and support programmes, through effective partnership and active community participation.

Whereas there is a need to set out the core principles, mechanisms and processes that give measuring to developmental local government and to empower the municipality to move progressively towards the social and economic upliftment of communities and the provision of basic services to all our people and specifically the poor and disadvantaged.

Whereas there is a need to develop a strong system for the municipality capable of exercising the functions and powers assigned to it, and whereas there is a need to create a harmonious relationship between the council, administration and communities through the acknowledgement of reciprocal rights and duties, the human resource department remains central in the ability of the Emalahleni Municipality in discharging its constitutional mandate in an effective, efficient and robust manner.

### **GEOGRAPHIC LOCATION OF EMALAHLENI MUNICIPALITY**

Emalahleni Local Municipality is situated in the in the North-Eastern region of the Eastern Cape Province. It is one of the eight Local municipalities that form Chris Hani District Municipality. The municipality is comprised of three small towns, Lady Frere, Dordrecht and Indwe with the seat being Lady Frere.

### **POPULATION AND ITS BREAKDOWN**

According to Census 2001 has a total population of 115,941 people with 26000 households. This translates to an average household size of 4, 5 people. The rural population constitutes 78, 3%, while the urban counterparts constitute 21.7%. Moreover, women are a dominant sexual category, constituting 53.7% of the total population. The largest number of inhabitants can be found within Lady Frere, followed by Nonesi, Cumakala and Mhlontlo. Lower numbers of people can be observed in Lebitsa, Ekhhohlo and Kwa-Ndungwana. Some 79 of the total 137 settlement areas have populations of less than 500 people each, with 115 settlements having less than 1000 people.

The population density of Emalahleni is approximately 37 people / km<sup>2</sup>. However, much of the population resides in the southern lower altitude sector of the area where the bulk of rural settlements occur. Living densities within these settlements range from between 5000 - 9000 people per square kilometre (e.g. Tyoksville, Manyano, Mavuya

and Sinakho) to less than 20 people per square kilometre (e.g. Matyantya, Glen Adelaide, Maqashu, Zwartwater and Buffelsdoorns).

## **SOCIO ECONOMIC TRENDS**

Analysis of income distributions among the Emalahleni households shows that the majority (98%) of population do not have access to regular monthly incomes. A further 1% of households only receive a gross monthly income of between R800 and R1600. About 83% have incomes of less than R800 per month. Off the latter group, 79% are households that are recorded as not having formal income at all.

The main challenge facing the organization is the fact that almost the entire population of households can be regarded as indigents with access to either no income or incomes of less than R1500 per month and would therefore not be able to afford housing or other services and rely on state subsidies. The total number of the Economically Active Population is 17,063 and only 5,449 is employed while 11,614 is unemployed.

## **COMMUNITY FACILITIES**

Community Halls:	10
Sport Fields:	2
Crèches (Grade R):	137
Crèches (Pre-Grade R):	33

## **COUNCIL STRUCTURE**

Emalahleni Municipality has 31 Councillors that were sworn in 2006 after the Local Elections. The Mayor is the leader of the Council. There are 16 ward Councillors and 15 PR Councillors. Of the 31 Councillors, 15 are female while there are 16 males. The Council is headed by the Speaker who coordinates all council activities including meetings. The majority party is also represented by the Chief Whip.

## **EXCO**

Emalahleni Municipality has the Executive Committee (EXCO) which has the mandate to recommend and resolve municipal matters. The EXCO is chaired by the Mayor and sits monthly. Members of EXCO also serve as Portfolio Heads for various Standing Committees.

## **STANDING COMMITTEES**

The Council is segmented into diverse Standing Committees which support the Council by synthesizing issues and make recommendations to the full Council. With the exception of the Mayor and Speaker, all Councillors serve in Standing Committees.

## **Finance**

Finance department manages financial resources of the municipality in an efficient, effective and economical manner. It also supports all municipal departments in order to enhance service delivery. Finance department also develops and implements policies, procedures and by-laws required by the Municipal Finance Management Act and regulations issued by the Nation Treasury.

## **Infrastructure**

The primary mandate of the technical department are to facilitate infrastructural development where it is not within our power and functions, to create new infrastructure within our competence, and to maintain the existing infrastructure such as: Water and sanitation, roads and storm water, housing schemes, electricity reticulation and distribution as well as processing building plans and quality monitoring.

## **Community Services**

The Community Services department has a variety of responsibilities which are community based. Among others, these responsibilities are: Reduction of HIV/Aids, control of traffic, disaster management, environmental management, community policing, air and noise pollution, pauper burials, child care facilities as well as gender and equality programmes.

## **Governance and Administration**

Governance department provides support such as legal, administration, council support and communication. The department has a mandate to provide human resource management and development. Furthermore, Governance section coordinates the establishment, development, monitoring and evaluation of a performance management system.

## **IPED**

The IPED portfolio is based on the mandate given to local government by section 152, act 108 of 1996 (Constitution), wherein local government is required to structure its administration in such a way that social and economic development is promoted. This places a responsibility on local government to ensure that resources (human, technological, environmental and financial) are organized in such a way that jobs are created and poverty is reduced.

## **ADMINISTRATION**

The administration, as appropriately delegated, has a responsibility to support the Council in exercising its powers and functions. It has to support the political structures in performing their functions. These include the Council itself, the offices of the Speaker, the Mayors and his/ her Mayoral Committee and Council Committees. It also has a responsibility to support the functioning of community participation structures as

required in Chapter 5 of the Municipal Systems Act. These include ward committees and Community Development Workers. Lastly, it has to ensure that services that are incidental to the exercise of the municipality's powers and functions are delivered. Emalahleni municipality has five functional departments which are headed by portfolio councilors.

DEPARTMENT	PORTFOLIO HEAD
Corporate Services	Councillor P Kwanini
Technical Services	Councillor B Twala
Community Services	Councillor L Mapete
Finance	Councillor S Doni
IPED	Councillor L Ngcongca

### **HOW WE PERFORMED IN 2007 / 2008**

This is the summary of the basic services delivery and Performance Management System of Emalahleni Municipality.

#### **FREE BASIC SERVICES**

Emalahleni Municipality has started with rolling out of free basic services to the needy communities. For the financial year under review, 2007/08 we have given 50kw of electricity monthly to over 1700 households.

Whereas we have not reached our target of giving free basic energy to every household, strides have been done as all the households which have electricity have been captured in our database. About 16% of the Emalahleni Municipal area is electrified.

#### **WATER**

100 % of urban areas of Emalahleni Municipality have access to the first free 6kl of water a month. The Municipality is offering another free 2kl to households which have an HIV positive member of the family. Presently 5,165 households are receiving this service.

In the rural areas about 68% of our villages have an access for an RDP standard of water.

#### **SANITATION**

Our Municipality is embarking on a campaign of eradicating the bucket system. This has not been easy as the two towns, Indwe and Dordrecht which had bucket systems are situated in rocky areas. The contractors which are employed to undertake the tasks were struggling to reach the National target of December 2007. Presently they are



targeting end May 2009 as the date on which the full waterborne system will be operational.

In our villages 65% of all our villages have VIP system and our District is constantly prioritizing more villages so that Millennium goals could be achieved.

## **PERFORMANCE MANAGEMENT**

For the first time, our Municipality has developed and adopted a Performance Management System. As prescribed by the regulations which were issued by the Minister of Provincial and Local Government Emalahleni Municipality has complied. A report on Performance of the organization has been compiled. Section 57 Managers have signed performance contracts and have been evaluated. A report on these has been sent to both the Minister and MEC of Local Government in December 2008.

Emalahleni Municipality has also started a process of alignment and gap identification in our Integrated Development Plan, Budget and Service Delivery Budget Implementation Plan. This process resulted into a journey that the Municipality should embark upon which will have eight focus areas which are:

- Re-engineering Internal Business Processes and Systems.
- Financial Prudence
- Investment in people
- Joined up government
- Targeted support for farming, agriculture and environmental preservation
- Restoration of Infrastructure stock
- Customer and service first
- Citizen responsibility

All the above identified critical areas seek to address the gaps which have been identified.

**NJ KWEPILE**

**MUNICIPAL MANAGER**

## **2.1 KPA 1: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT**

### **2.1.1 INTRODUCTION**

Fundamentally, the Human Resource department is supposed to provide a framework for support, monitoring and standard setting to other departments in order to progressively build the municipality into an efficient, frontline development agency capable of intergrating the activities of all spheres of government for the overall social and economic upliftment of communities in harmony within their natural environment.

Notwithstanding the above, it is my earnest submission that the report hereunder seeks to critically portray the reality on the ground. The analysis is rather introspectry and is designed or intended to interrogate the status quo and progressively look for solutions.

The Corporate Services mandate to provide human resources in order to support all departments within Emalahleni Municipality. We undertake to capacitate Councillors and Administrative staff to deliver improved and sustainable services in order to fulfil the Municipal Mandate, and to promote public participation through two-way communication for ownership.”

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

### **2.1.2 PROGRESS**

#### **FILLING OF SECTION 57 POSTS**

Under Management, we had a position of Corporate Services Manager which was vacant. The position of Corporate Services Manager was filled in September 2007. The contracts of the following Managers: Community Services, Technical Services and Integrated Planning & Economic Development expired in March 2008. These positions were advertised and appointments have been done in 2008/09 financial year.

It must also be noted that appointments have been done in other levels of the organizational structure.

#### **CHALLENGES**

We have experiencing a high number of staff turnover in the Finance Department from September 2006 to July 2007. When analyzing reasons for leaving, it was evident that of the reasons might be that they left to look for greener pastures and that our municipality is largely rural, therefore salaries paid would not be the same as in the urban areas.

A Skills Development Facilitator needs to be appointed as a matter of extreme urgency as it is a requirement in terms of Skills Development Act to have a person with undivided attention who will solely attend skills development and capacity building of Councillors and employees. By so doing, we will have well trained personnel who will assist the municipality in delivering its mandate.

Appointments in other departments should be fast tracked for purposes of taking the municipality to a higher level.

#### ESSENTIAL SERVICES AGREEMENT

Our Essential Services Agreement was signed by both Employer and Labour on the 23 January 2007 and was sent to the South African Local Government Bargaining Council (SALGBC) for ratification.

The Essential Services Agreement was ratified by the SALGBC.

#### HUMAN RESOURCE DEVELOPMENT

In the Skills Development Act, Act 97 of 1998, one of the purposes is to encourage workers to participate in learnerships and other training programmes.

In fulfilling that, we have sent Councillors and employees to different training programmes with accredited training institutions.

#### COUNCILLOR TRAINING

<b>INTERVENTION</b>	<b>BENEFICIARIES</b>
Infrastructure	10
Community Participation	10
Finance	18
IDP	16
Governance	11
Project Management	7
Certificate Programme in Management Development for Municipal Finance	1

#### EMPLOYEE TRAINING

The following training programmes have been implemented:

<b>INTERVENTION</b>	<b>BENEFICIARIES</b>
Computer Training	20
Advance records management	4
Intermediate records management	2
Adult Basic Education and Training	32
Payroll	1
Leave	1
Cashbook	2
Ledger	5
Certificate Programme in Management Development for Municipal Finance	4
Municipal Finance Management	1
Project Management	1
Supply Chain Management	4

## CHALLENGES

Since the inception of the Training Committee, the Committee has never been trained, though we have tried to organize training, it could not have materialized due to other Council commitments. The Labour Forum has been functioning as the Training Committee.

## EMPLOYMENT EQUITY

The purpose of the Employment Equity Act, Act 55 of 1998, Section 2 (a)(b) is to achieve equity in the workplace by :- promoting equal opportunity and fair treatment in employment through elimination of unfair discrimination; and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups in order to ensure their equitable representation in all occupational categories and levels in the workforce.

In addressing that, the Municipality developed an Employment Equity Plan which was adopted by Council. We have managed to achieve the following targets during 2007/2008 in the following occupational categories:

	<b>AFRICAN</b>		<b>WHITE</b>		<b>COLOURED</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>

Legislators, senior officials and managers		1				
Professionals	2	2				
Clerks	1	8				
Craft and related trades	1					
Plant and machine operators and assemblers	6					

## CHALLENGES

Our municipality is more rural in nature, it is this reason that we are having more African employees than other Ethnic groups. It is a challenge for us as an institution to go all out and encourage these groups to apply.

The Employment Equity Committee was also established and it was not trained so it is defunct, it a challenge as well to make sure that this structure is revived as we are utilizing the Labour Forum to perform its functions.

## PERFORMANCE MANAGEMENT

Municipal Performance Regulation for Municipal Managers and Managers directly accountable to Municipal Manager came into effect in August 2006. The regulations seek to set out how the performance of municipal managers will be uniformly directed, monitored and improved.

The municipality developed a performance management framework to ensure smooth implementation of a municipal PMS. The main goal of the document was to provide the Emalahleni Local Municipality with a written framework that will serve as a guide in terms of the key processes, procedures and mechanisms to be followed when implementing performance planning, measurement, review, reporting and auditing.

The framework document also outlined timeframes as to when (in the cycle of municipal planning) should the processes of *performance planning, measurement, monitoring, review, reporting and auditing as well as review of the PMS itself* unfold. Further, the framework outlined the PMS model to be followed in implementing performance management in the municipality.

This subject has been dealt with by the Office of Municipal Manager.

### 2.1.3 POLICIES

The following policies were reviewed and adopted in 2008:

- Skills Development / Training policy
- Disciplinary and Grievance policy
- Recruitment and Selection policy
- Subsistence and traveling policy
- Fleet Management policy
- Study bursary scheme policy
- Telephone policy
- HIV AIDS policy
- Substance and Drug Abuse policy
- Condition of services policy
- Housing policy
- Induction policy
- Exit Interview procedures
- Sexual Harassment policy
- Working Hours, Overtime and Attendance Records policy
- Whistle Blowing policy
- Demotion, Promotion and Transfer policy
- Acting Allowance policy
- Experiential Training policy
- Learnership policy

### 2.1.3 SUCCESSION PLANNING AND CAREER PATHING POLICY

#### OBJECTIVES

- To provide legal support (by-law and policy development);
- Provide administration support for knowledge management;
- Provide Administrative support to Council and its structures;
- Provide Human Resource Development and Management support;
- Develop, implement, monitor and evaluation Performance Management System; and
- Provide Information & Communication Technology and Communication support services.

### 2.1.4 ADMINISTRATIVE SUPPORT

#### COUNCIL SUPPORT

The Administration Sub-section is responsible for compiling and distributing agendas to Council, Executive Committee and Standing Committees, minute-taking. They are also responsible for report-writing, booking venues for meetings, and give other administrative support as and when required. The agendas have to be distributed within period of seven days prior the date of the meeting. This is sometimes met but we still

need to work on mechanisms to improve as we are sometimes hindered by technical problems on equipment used to produce such agendas.

## ARCHIVES, RECORDS AND REGISTRY

In July 2007, the municipality submitted its file plan to the Department of Sport, Recreation, Arts and Culture under the section of Archives and Records Services and it was approved. In order to effectively utilize the system, we have embarked on training relevant staff members on electronic records management and this training will also benefit the municipality as it aiming to implement electronic records management system during 2008/09 and 2009/10 financial years.

## MUNICIPAL PROPERTIES

The Municipality has properties that are rented or leased out to people and businesses. We have about sixteen (16) properties. These properties are situated in Dordrecht and Indwe. Four (4) of these properties have signed lease agreements and the others are without lease agreements.

## CHALLENGES

There are properties that are being occupied with no formal written lease agreements. The municipality need to follow a process in which it will formalize agreements with the occupants as this might bear bad consequences. These assets need to be accounted for.

## FLEET MANAGEMENT

The municipality has fleet of about 12 bakkies, 1 sedan and 1 Toyota Condor. Out of the 12 bakkies, 6 are motional and 6 no- motional. The sedan and the Condor are also emotional and need high maintenance. Out of the 6 emotional bakkies, 1 is still new. These cars are used to transport Councillors and staff when attending meetings and trainings and workshops, pick-up stationery, cleaning products, water treatment equipment and electrical equipment.

We have the following plant: 1 Bell grader, 1 TLB, 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 removal), 2 sanitation trucks and 1Crane truck used for the maintenance of electricity.

We have a Fleet management policy which regulates the use of all these municipal vehicles and plant. Its purpose is to guard against misuse and also provides provisions for steps to be taken if any of the employees transgress the said rules.

## CHALLENGES

A tracking device system (GPS) needs to be installed in all our fleet. Drivers should be taken to an advance driving course to curb misuse and negligence. There is a great need for all the non emotional vehicles to be depreciated as they open for vandalism in terms of being stripped off some of the parts and they are a burden to storekeeping.

## 2.1.5 HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

### LABOUR RELATIONS

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

### JOB EVALUATION

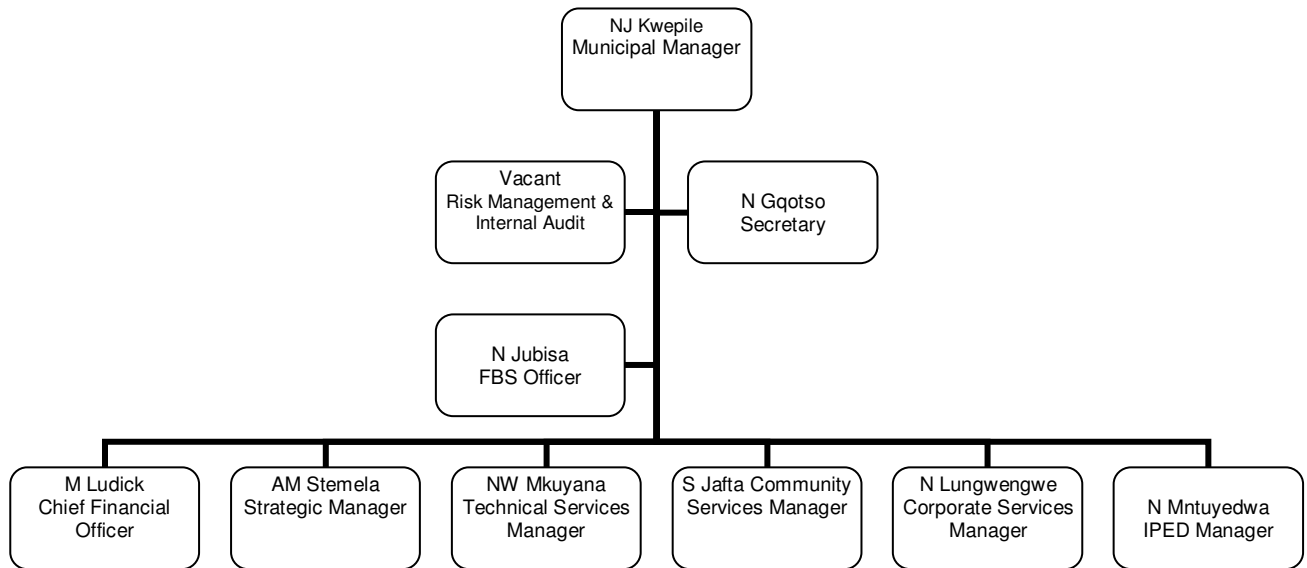
Job descriptions and job analysis questionnaires were submitted in 2006/2007 financial year to the Job Evaluation Committee. There were some which were outstanding due to the fact that they were vacant but were later submitted. A final outcomes report with the results was received from the Job Evaluation Committee though the job evaluation process has not been finalized because some municipalities did not submit their job descriptions and analysis questionnaires. We are still waiting to hear from South African Local Government Association as to when will the implementation date be.

### ORGANIZATIONAL STRUCTURE

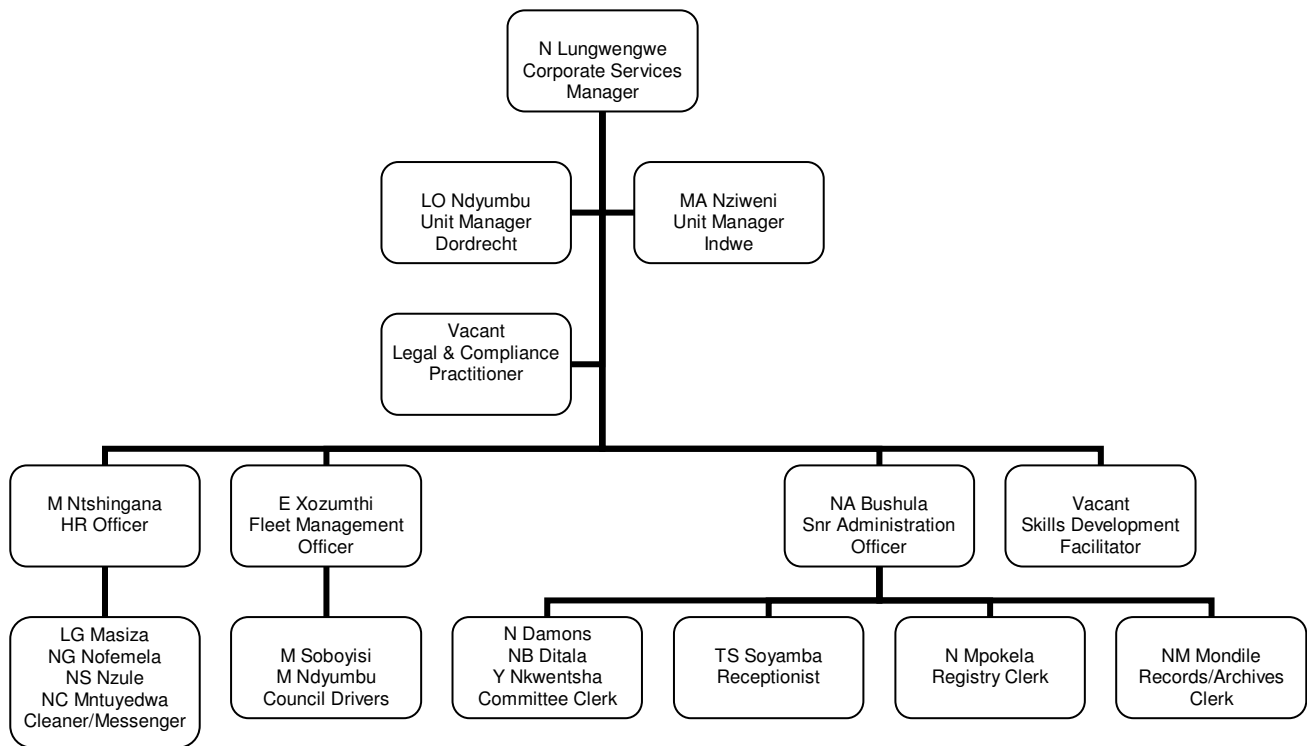
Our organizational structure was tabled as part of our Strategic Planning document to the Council and was approved with the new positions that were added by the respective departments. The organizational structure is reviewed yearly in order to align it to our IDP and fulfill our mandate.



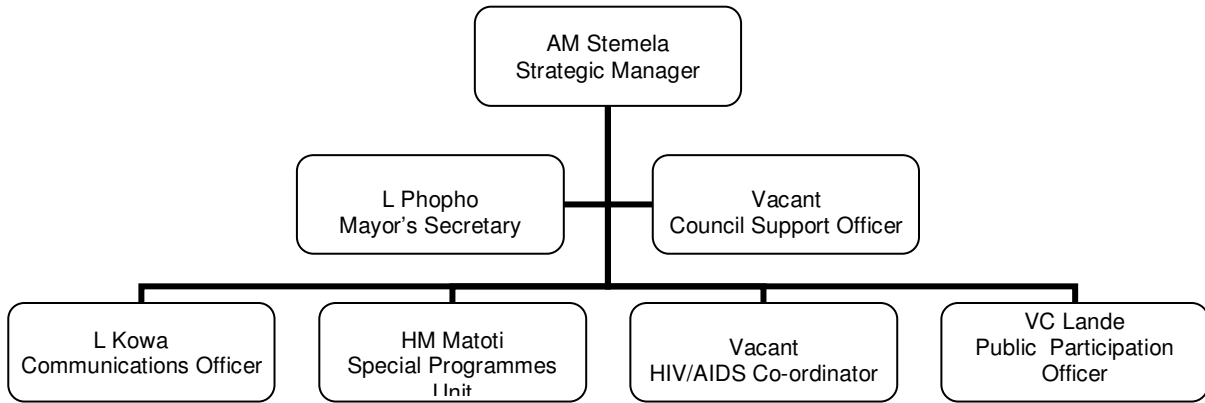
# MANAGEMENT



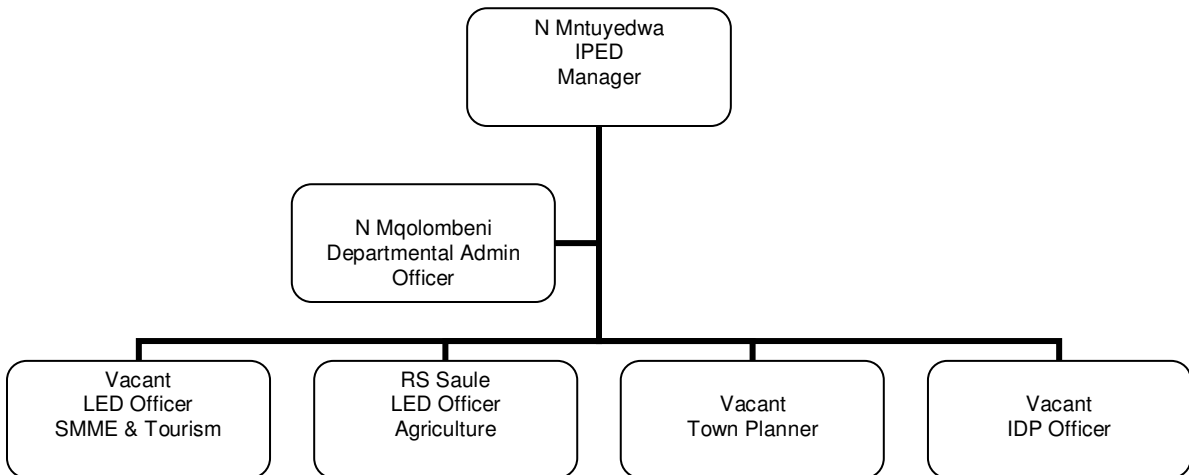
# CORPORATE SERVICES



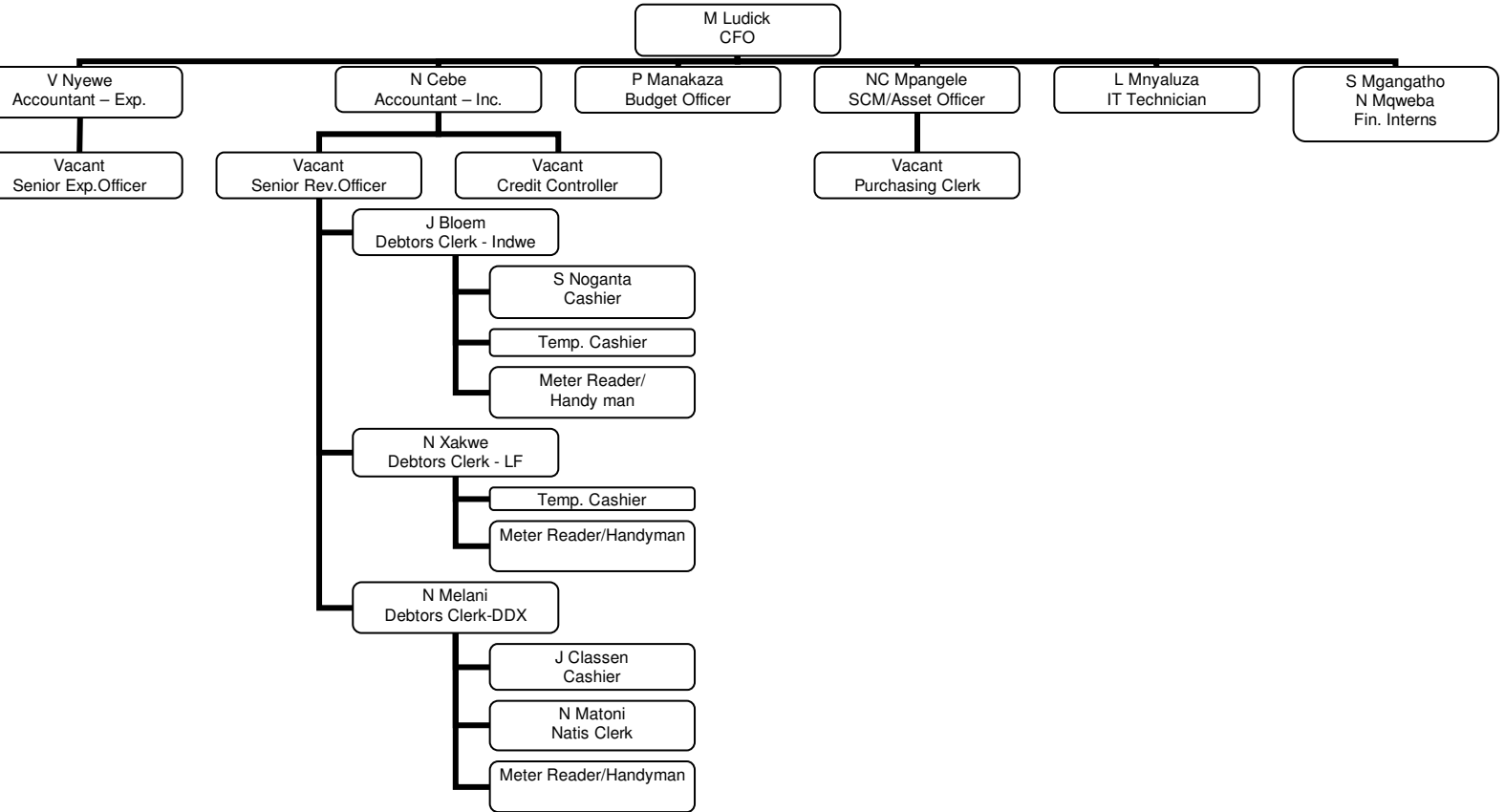
## MAYOR'S OFFICE



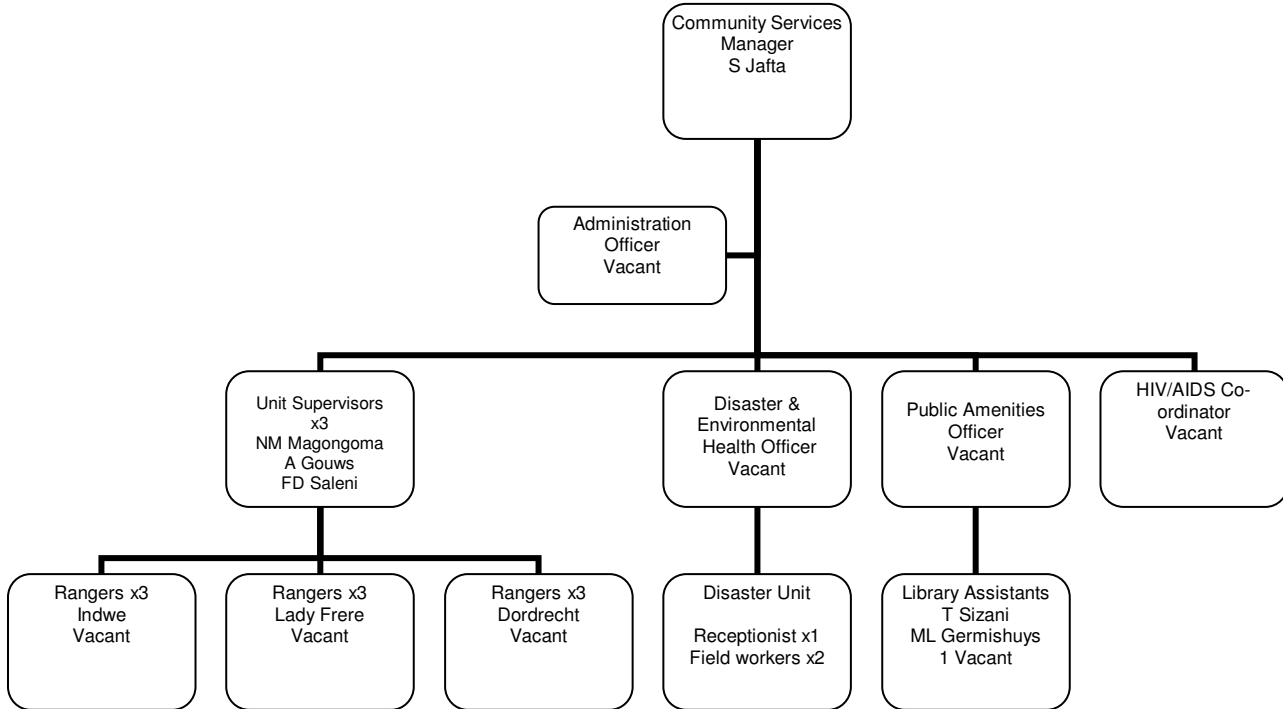
## INTERGRATED PLANNING AND ECONOMIC DEVELOPMENT



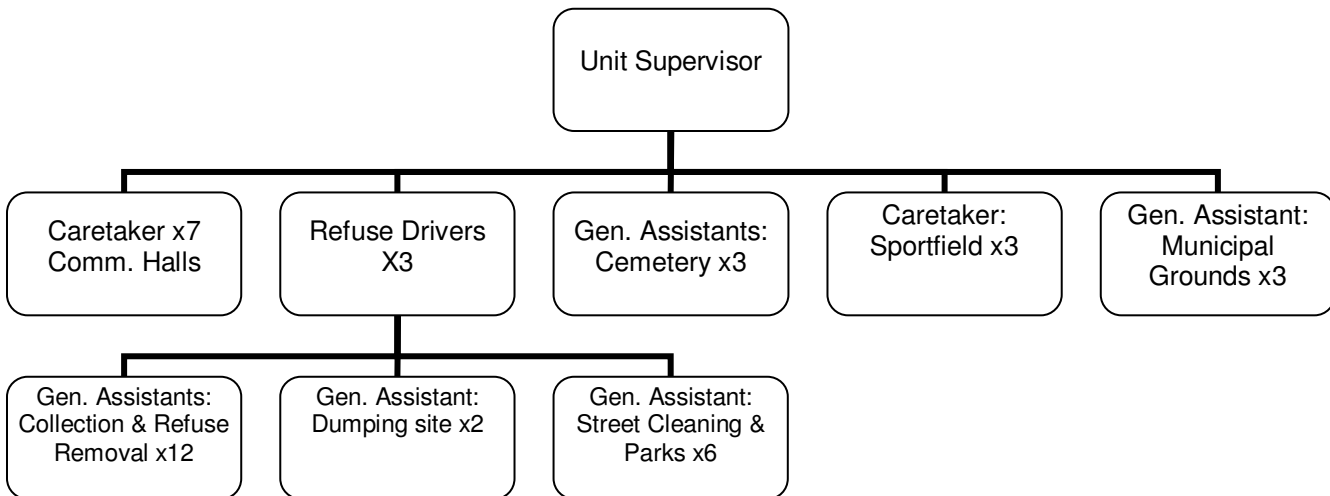
# FINANCE



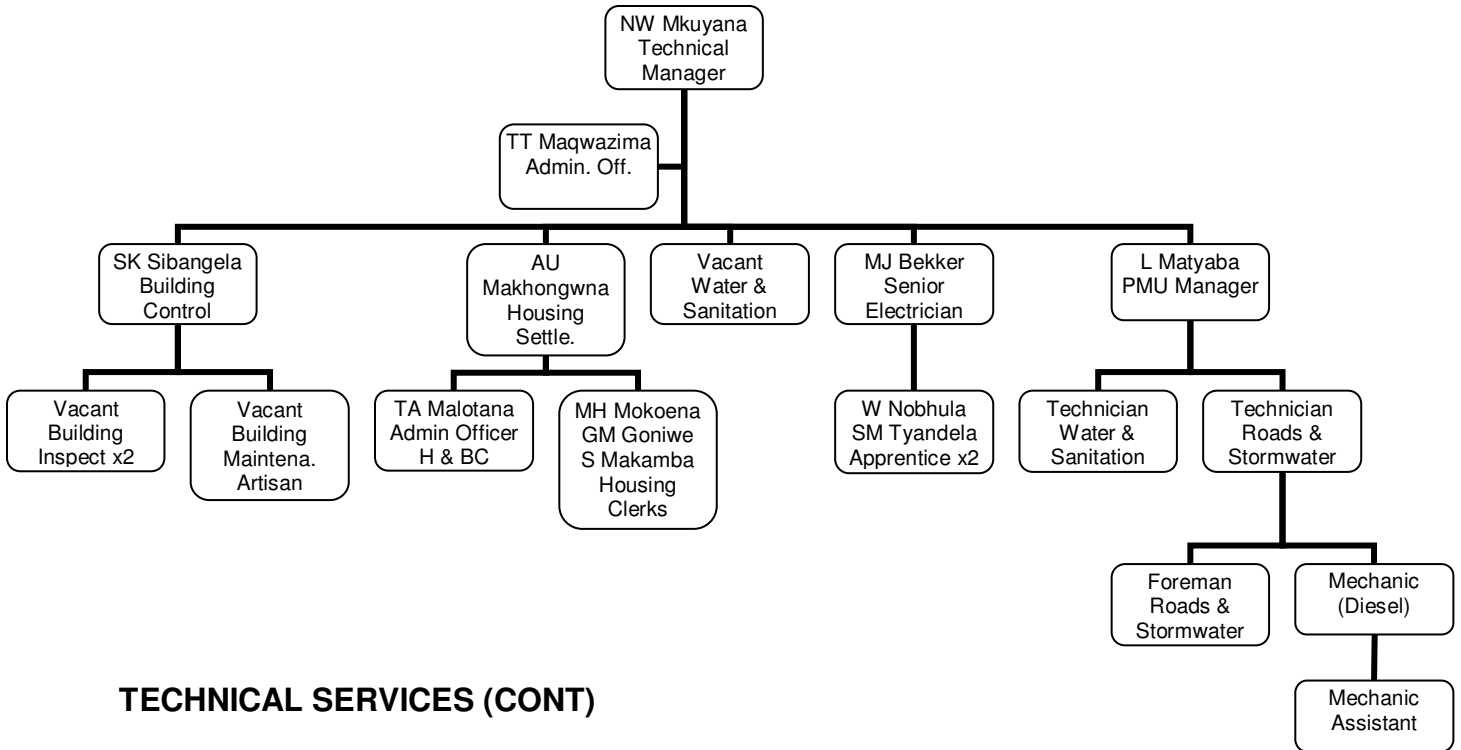
## COMMUNITY SERVICES



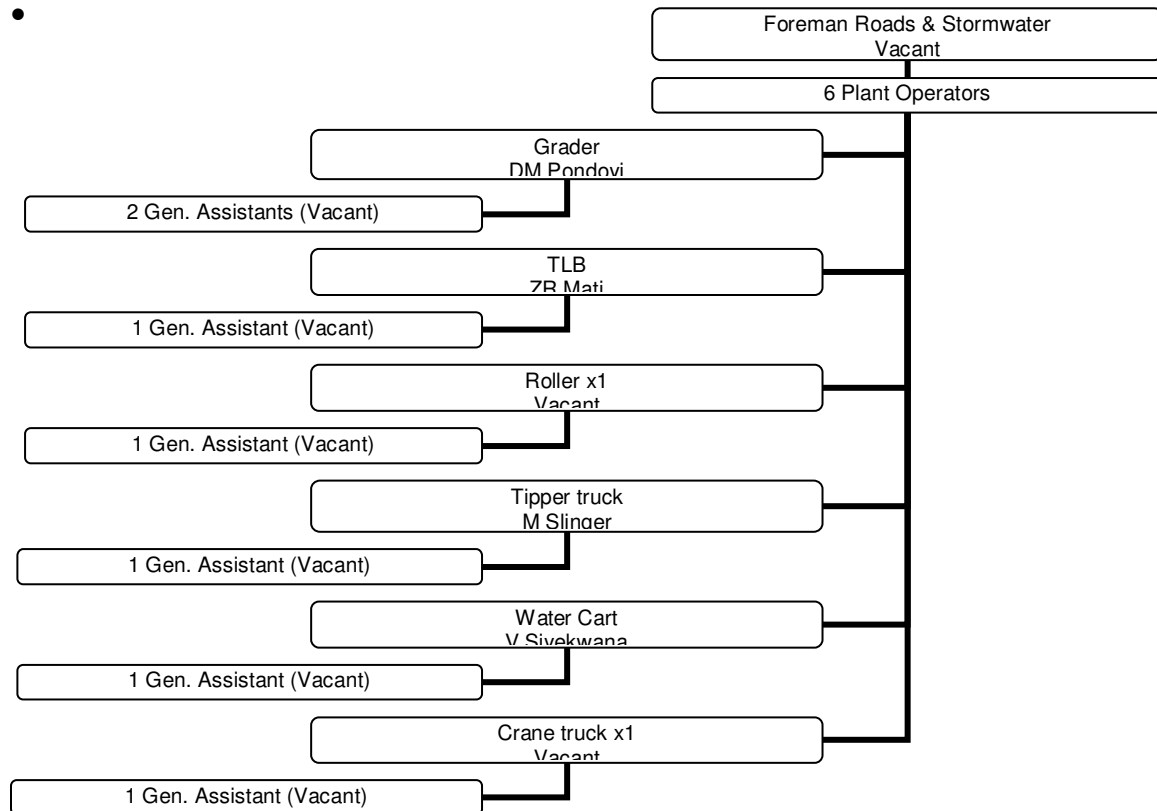
## COMMUNITY SERVICES (INDWE AND DORDRECHT UNITS)

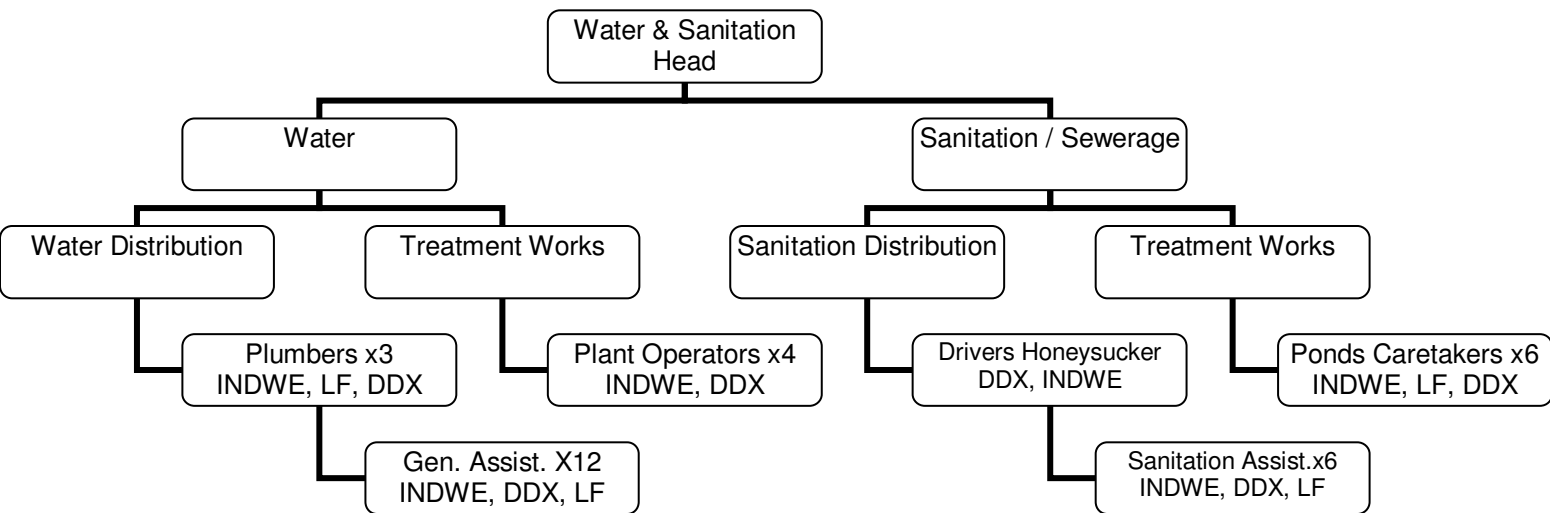


# TECHNICAL SERVICES



# TECHNICAL SERVICES (CONT)





## 2.1.6 STAFF MOVEMENTS

### RESIGNATIONS

We were also faced by a challenge of employees who came in as new recruits but again left within a short period of time.

<b>DEPARTMENT</b>	<b>NUMBER OF EMPLOYEES WHO RESIGNED</b>
Finance	5
Technical Services	1
Corporate Services	1

### RETIREMENTS AND DEATHS

Due to age few employees retired and few passed away. They were working in the Technical Services department.

<b>RETIREMENTS</b>	<b>DEATHS</b>
3	2

### EMPLOYMENT CONTRACTS EXPIRED

Three (3) senior managers' contracts expired in 2008. They were employed in Community Services, Technical Services and Integrated Planning & Economic Development departments.

### CONCLUSION

As the mandate of the institution is to deliver services to the community, I feel it also imperative that capacity building of staff is given priority to enable the rendering of quality services to our community in an effective and efficient way.

## **2.2 KPA 2: BASIC SERVICE DELIVERY**

### **2.2.1 INTRODUCTION**

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

### **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

### **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

### **2.2.2 PROGRESS**

- 1.Maintenance of internal streets and stormwater management.
- 2.Municipal Infrastructure Grant (MIG) funded four Multi purpose centres at ward 2,9,11 & 12.
- 3.Municipal Infrastructure Grant (MIG) funded three market square centres at ward 4,14,& 16.
- 4.Upgrading of district roads in partnership with the Department of Roads
- 5.Facilitate Bucket Eradication programme in partnership with the District Municipality
- 6.Water and sanitation provision and maintenance



## **PROGRAMME 1 : MAINTENANCE OF INTERNAL STREETS AND SOTORMWATER MANAGEMENT.**

### **Expenditure trends**

**Expenditure for the Maintenance & Stormwater Management over 2007-2008 is as follows:**

- 7.Housing development
- 8.Provision and maintenance of municipal office municipal buildings
- 9.Electrification programme in partnership with Eskom and DME
- 10.Solid waste management

**PROGRAMME 1. MAINTENANCE OF INTERNAL STREETS and  
STORMWATER MANAGEMENT.**

The municipality is responsible for the maintenance and upgrading of Internal Streets and AStormwater Management.

<b><u>Subprogramme</u></b>	<b><u>Output</u></b>	<b><u>Measure/Indicator.</u></b>	<b><u>Target.</u></b>	<b><u>ARCHIVEMENTS.</u></b>
Municipal streets & Stormwater Management.	<b>To provide accessible streets and Effective Stormwater channels.</b>	No of Kilometers gravelled and bladed with rehabilitated stormwater channells in Lady Frere,& Dordrecht towns and Locations is as follows Bladding : R150 000 Regravel and compact :R300 000  <b><u>To create Streets and Stormwater in 700 units/Bongolwethu Low cost houses.</u></b>	<b><u>8.5 km Streets maintainedUnder maintenance</u></b> Lady Frere internal streets gravelling and blading = 3.5km Dordrecht internal gravel streets = 5 km in <u>Lady Frere.</u>	<b><u>Maintained streets &amp;Stormwater rehabilitated.</u></b> Lady frere township & Internal streets in town5km.Dodrecht& Tyoksville3.5km.  <b><u>Design finished for:</u></b> 700 units/Bongolwethu- Internal Streets & Stormwater plans .

**PROGRAMME 2,3, 4,5,6,7,8 & 9 . (2): MUNICIPAL INFRASTRUCTURE GRANT (MIG)FUNDED MULTIPURPOSE CENTRES AT WARD 2,9,11&12. (3) THREE MARKET SQUARES WARD 4,14 & 16. (4)SURFACE ROADS INDWE LADY FRERE &DODRECHT.(5)ACCESS ROADS MDANTSANE TO QWEMPE,TRUST ACESS ROADS & STORMWATER.(6) QHOBOSHANE BRIDGE.(7).MACKAYSNECK ACCESS ROAD.(8)MCHEWULA ACCESS ROAD.(9)MOUNT AURTHUR ACESS ROAD.**

<p>(2) Multipurpose Halls in ward 2,9,11&amp;12.</p>	<p>B To provide Halls for the Community</p>	<p>B <b>Number of Multipurpose centers planned.</b></p>	<p><u>Applications for funding appointment of consultants for preparation of plan designs &amp; preparation of tenders.</u> Four community centers designed with tenders.</p>	<p><b><u>Applications approved, plan designs finished now at tendering stage.</u></b></p>
<p>(3) Marketplaces at Ward 4,14&amp;16.</p>	<p>To provide a marketplace for hawkers.</p>	<p><b>No of marketplaces planned.</b></p>	<p><u>Application for funding, appointment of consultants for preparation of plan designs and tenders.</u></p>	<p><b><u>Applications approved, plans designs finished now at tendering stage.</u></b></p>
<p>(4) Surface Roads In Lady Frere, Indwe &amp; Dodrecht</p>	<p>Provision of Surface Roads in Towns and Location Main Streets.</p>	<p><b>No of roads and Km planned.</b></p>	<p><u>Application for funding, appointment of consultants for preparation of plans designs and tenders.</u></p>	<p><b><u>Applications approved designs finished waiting for approval.</u></b></p>
<p>(5) Access roads &amp; Bridge Mdantsane to Qwempe..</p>	<p>Erection of access road &amp; stormwater management for better service to the community.</p>	<p><b>No of km and size of bridge to be erected.</b></p>	<p><u>Application for funding appointment of consultants</u></p>	<p><b><u>Application approved designs finished now at tendering stage.</u></b></p>

<p>(6) Erection of Qhoboshane bridge</p>	<p>Erection &amp; construction of bridge at Ward 13 for access to clinic, paypoint, shearing shed and schools and surrounding villages.</p>	<p><b>A two way bridge constructed.</b></p>	<p><u>Application for funding appointment of consultants for plan designs and preparation of tenders .</u></p>	<p><b><u>Funding application approved designs finished EIA finished Pilling tests finished now the contractor is doing site establishment.</u></b></p>
<p>(7) Construction of Mackaysneck access road</p>	<p>Construction of access road &amp; bridge for access to shops, schools and villages.</p>	<p><b>Inaccessible road constructed &amp; a bridge erected.</b></p>	<p><u>Application for funding appointment of consultants for a management labour intensive project.</u></p>	<p><b><u>Funding application approved designs finished &amp; construction started now at finishing stage.</u></b></p>
<p>(8) Construction of Mchewula access road.</p>	<p>Construction of access road.</p>	<p><b>Inaccessible road constructed.</b></p>	<p><u>Application for funding appointment of consultants, designs of plans and preparation of tenders and monitoring of construction.</u></p>	<p><b><u>Funding approved construction and design finished the project is handed over.</u></b></p>
<p>(9) Construction of Mount Author road and Bridge.</p>	<p>Construction of access road &amp; construction of bridge for access to schools, clinic and villages.</p>	<p><b>Inaccessible road constructed &amp; a bridge erected.</b></p>	<p><u>Application for funding appointment of consultants, designs of plans and tenders.</u></p>	<p><b><u>Funding approved construction finished and handed over.</u></b></p>

PROGRAMME:5	UPGRADING OF	DISTRICT ROADS IN	PARTNERSHIP	WITH DEPARTMENT OF RADS & TRANSPORT
<p>Rural roads maintenance;-</p> <p>(1) Expanded Public Works Programme</p> <p>(2) Expanded public works programme.</p> <p>(3). EPWP programme.</p>	<p>Construction of access road &amp; job creation.</p> <p>Inaccessible road construction, job creation &amp; SMME's formation.</p> <p>Inaccessible road construction and</p>	<p>Construction of 8,7 km gravel access road and training of Grade 12 unemployed youth under 35 years.</p> <p>Construction of 15 km gravell road and training of Grade 12 unemployed youth under 35 years .</p> <p>Construction of 13 km road Ntlanjeni to Qhoboshane .</p>	<p><u>Construction of inaccessible Nqcala Soyi road with rehabilitation of washed away causeway and stormwater drainage according to rural road maintenance plan &amp; EPWP standard.</u></p> <p><u>Construction of inaccessible road Nggoko Village and training of 12 unemployed youth for SMME's formation.</u></p> <p><u>Construction of inaccessible</u></p>	<p><b><u>The road is under construction And training of 12 trainees is going on.</u></b></p> <p><b><u>Design and tendering done waiting for new budget..</u></b></p> <p><b><u>Construction and training is in progress.</u></b></p>

<p>(4)EPWP Sakhisis we House Hold Contractors</p> <p>(5)Area Wide Road Routine Maintenance programme</p>	<p>SMME's formation.</p> <p>Job creation for unemployed and formation of SMME's.</p> <p>Accessible DR Roads at Emalahleni Local Municipality.</p>	<p>Road maintenance in DR roads with no of jobs created.</p> <p>Construction &amp; Refurbishment of DR roads to improve the maintenance programme.</p>	<p><u>road and training of unemployed 12 Youth under 35 with grade12.</u></p> <p><u>Transfere of skills and creation of SMME's.</u></p> <p><u>Accesible roads for Schola and Public Transport to villages and Towns.</u></p>	<p><b><u>No of Jobs created.</u></b></p> <p><b><u>The programme is on its second year as it is planned for two years.</u></b></p>
<p><b>FACILITATION OF</b></p>	<p><b>BUCKET</b></p>	<p><b>ERADICATION</b></p>	<p><b>PROGRAMME</b></p>	<p><b><u>WITH CHRIS HANI DISTRICT MUNICIPALITY</u></b></p>
<p>(1)Bucket Eradication.</p>	<p>Dignified healthy sewer system in all our towns and townships.</p>	<p>All residential and Bussiness sites to be connected to sewer reticulation.</p>	<p><u>By 2007 all areas to be frère of bucket system.</u></p>	<p><b><u>All areas are connected to sewer reticulation.</u></b></p>

<b>WATER &amp;</b>	<b>SANITATION</b>	<b>MAINTENANCE</b>	<b>PROVISION AND</b>	
(1)Water & Sanitation backlog	To provide access to healthy water and sanitation	Water and Sanitation service plan.	<b>Accessibilty to clean water and Dignified Sanitation by 2014.</b>	Backlog study withWater Servise Plan and Sanitation programme is in place and implemented.
(2)Water Project	Contruccion & erection of water infrastructure at Ward 13.	Construction of taps upto RDP standard.	<b>Ward 13 community to have access to clean water.</b>	Construction is in progress.
(3) Cacadu Water Scheme.	Construction of infrastructure in Ward 4&5.	Construction of taps up to RDP Standard.	<b>Ward 4&amp;5 community to have access to clean water.</b>	Construction is in progress.
(4) Ward 3 sanitation.	Erection of VIP structures in rural areas.	Construction of Substructure and Supers tructures	<b>New Ward 4,5&amp;7 community to have access to dignified toilet system.</b>	Substructuers are finnished

## CHALLENGES

- ◆ The process of the finalization and devolution on classification of roads is taking long.
- ◆ Challenge in applying for EIA at the Department of Minerals and Energy
- ◆ 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	Proposed Council Chambers.	Submission of revised estimate to DBSA.	
Maintenance of municipal buildings	B	B	Lady Frere Finance & Townhall.	Complete renovations as per maintenance plan.	

## 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.





## 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

**PROGRAMME:9 ELECTRIFICATION OF TOWNS AND VILLAGES.**

No. of prepaid meters	National Electricity Regulator	B  B  Eskom	<b>No of houses with prepaid meters</b>  <u><b>Dordrecht</b></u> <ul style="list-style-type: none"> <li>• 516 units in the town center electrified</li> </ul> <u><b>Indwe</b></u> <ul style="list-style-type: none"> <li>• 556 units in town center</li> <li>• townships electrified</li> <li>• 30 units on the pilot houses</li> <li>• 360 units at Manyano township</li> <li>• 760 units Mavuya township</li> <li>• 500units Mzamohle</li> </ul> <u><b>Lady frere</b></u> <ul style="list-style-type: none"> <li>• 700 houses at Bongolwethu electrified</li> </ul>	<u><b>Connections</b></u> 102 units for Indwe 488 units for Dordrecht
Electrification of Villages.	Provision of better life to village communities.	Electrification of Villages under Phase three Electrification programme.	No of houses connected on this programme	Electrification and connection of houses is in progress.

## Challenges

- Electrification of Extension villages is delaying due funding constraints from DME via Eskom.
- Funding from DME for Phase 8A & 8B the last phase for Emalahleni is taking too long and response from Eskom and DME is unsatisfactory.

**PROGRAMME : 10 HOUSING DEVELOPMENT**

(1) Lady Frere low cost houses 700 units.	Building of houses for the 700 beneficiaries.	To erect 700 houses by 2007/2008.	700 Houses	700 Houses finished.
(2) Lady Frere 592.	Building of houses 592 beneficiatiaries	To erect 592 houses by 2008/2009	592 Houses.	136 Slabs & 46 Gasbles.
(3) Indwe low cost houses 513.	Erection of 513 structures for beneficiaries.	Erection of 513 houses by 2007/2008.	513 Houses.	513 houses built.
(4) Indwe Mavuya 500 units.	Building of 500 housesfor beneficiaries.	Erection of 500 houses by 2007/2008..	500 Houses.	460 Houses built.
(5) Dodrecht Phase 1- 1000 units	Building of 1000 houses for beneficiaries.	Erection of 1000 houses by 2007/2008.	1000 Houses.	985 Houses built.
(6) Dodrecht Phase 2 -1000 units.	Building of 1000 houses for 1000 beneficiaries.	Erection of 1000 houses by 20007/2008.	1000 Houses	996 Houses built.

No. of informal	DHLGTA	B	<p><b><u>Lady frere</u></b> 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><b><u>Lady Frere</u></b> 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>	
Rental stock owned by the municipality	DHLGTA	B	Nil	Nil	nil

<b>PROGRAMME :11 SOLID WASTW MANAGEMENT</b>					
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.	

### 2.2.3 SERVICE DELIVERY BACKLOG REPORT

CHALLENGE	STATUS QUO	PLAN
Water	In the rural areas about 68% of our villages have an access for an RDP standard of water. 100% of Urban communities have access to clean basic water.	Municipality to source funds to for water projects.
Sanitation	Our Municipality is embarking on a campaign of eradicating the bucket system at Indwe and Dordrecht towns. 65% of all our villages have VIP system.	District Municipality assisting the municipality to ensure that all people have access to sanitation
Housing	Housing in the rural sector is still to commence. In the urban areas about 80% RDP standard housing has been completed	The housing project in Zwartwater will be piloted.
Roads	About 45% of access roads in the municipality are still not constructed and in bad state.	Municipality to access funds from the Municipal Infrastructure Grant
Electrification	About 75% of rural areas are not electrified	The last phase is scheduled to commence in June 2009

### CONCLUSION

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.

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

The new approach is at the proposal stage from Chris Hani District Municipality where both municipalities are planning to merge the former Dwarf staff with Emalaheni staff to form a team that will be responsible for after services as the contract of Amatole will be expire ring by June 2009.

## **2.3 KPA 3:LOCAL ECONOMIC DEVELOPMENT**

### **2.3.1 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 & IPED Administrator. The position of LED Officer –SMME & Tourism Development has been vacant since January 2009. The Position of Town Planner is being budgeted for in this financial year

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 and SDBIP

### **2.3.2 PROGRESS**

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

#### **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 IDP Steering Committee meetings were held in Lady Frere during the IDP Review process. There was another process that was undertaken which is the Verification of Top Five Priorities this was done by conducting workshops with Ward Committees across the Emalahleni area of jurisdiction. Objective, Strategy Development and Projects phases were already done now we in process of drafting the IDP

#### **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 2008, many government Department have not yet submitted their projects with committed budget attached to those projects . 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

### EMALAHLENI ART AND CRAFT CENTRE

Emalahleni Local Municipality facilitated a construction of Art and Craft Centre in Lady Frere along R410 Road which connecting Cape Town and Durban via Queenstown Lady Frere to Umtata. The of establishing this centre is to market local craft indigenous work to local people and outside world . It has been realized that Craft and Beadwork is

also having a potential to grow if it can be given an adequate support. Department of Environmental Affairs and Tourism has funded the construction of this Centre but this facility has not operating because it is still under construction

## Challenges

Challenges that are facing this project is that Contractor who was appointed by DEAT is struggling to complete the project and that posing a challenge to crafters who will be the recipient of this structure now municipality is waiting for DEAT to sort out this issue of construction . Another challenge is that Crafters here at Emalahleni are Not yet organized in manner that they have an umbrella body of crafters at Emalahleni area of Jurisdiction.

## 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. There are other new two stocksales pens that have been built at Machubeni and Percy Village

### LIVESTOCK IMPROVEMENT

Chris Hani District Municipality is providing Nguni Bulls to Largestock Owners of Emalahleni Local Municipality. This is being done in order to improve the quality of our large Livestock in the area of Emalahleni Municipality and also to a stock that will withstand with climatic condition of this area. In doing this Chris Hani District Municipality is in partnership with University of Fort Hare. So far 70 Nguni Bulls have been delivered to Emalahleni Local Municipality Eight out sixteen wards benefitted.

## CHALLENGES

Our grazing areas are not in good condition, Fencing of camps is still a bigger challenge.

These bulls need a strong veterinary services which are being provided by Department of Agriculture and up to so far Department of Agriculture is not attending to these bulls although it promises to take care of these bulls.

## 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 NAFCOC and was renamed NAFCOC Emalahleni Branch in February 2006. The members of the chamber began paying NAFCOC 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. Chris Hani District Municipality and its eight municipalities are engaged in a program of having a forum that will combine black and white businesses so that when municipality is engaging business community all of them should be accommodated and their interests considered . It will also be a platform where business community across the racial lines will encouraged to be part of IDP Processes

## 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 to 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, negotiation 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. In August 2008 first bursting have started that means mine had started up now we are informed that 60 people have been employed so far. On top of that procurement for transportation of coal to area where it will be processed had been done and we are also informed that Local Service provider won that tender. Another developments that took place is that area that will be mined has been stretching to areas like Machubeni, Mhlanga Village up to Dordrecht Farms.

## 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. This structure now should include the villages which are also affected. Emalahleni Local Municipality has appointed a Service Provider to facilitate the Establishment Emalahleni Coal Mining Community Trust. This is being done to ensure that Emalahleni Community does benefit in this mining in all possible ways. This Service Provider Has started its work we as municipality we are going to get a report about progress at relevant time

## 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. This Sorghum production Program stretched to the area of Ndonga, Ngqanda and Zwartwater where 850 hectares have been ploughed throughout Emalahleni Area of jurisdiction. This sorghum production program has been funded with an amount R4,5 Million Rand by different Departments such as NDA, Chris Hani District Municipality and Department of Agriculture

### 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.

### 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. This project is at completion phases, it is just left with last touch-ups

### 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. This project also is about to be completed.

### 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.

### 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.

#### 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.

#### 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. This project is also about to be finished and soon after that it will be handed over to Western Tembuland Development Agency as it is an Owning Agency.

### 2.3.3 SERVICE DELIVERY BACKLOG

CHALLENGE	STATUS QUO	PLAN
Land use Management	No Spatial Development Framework currently	Municipality in conjunction with DPLG in the process of developing Spatial Development Framework
Tourism	Currently Emalahleni is not a renowned tourist destination. There are no places for accommodation.	The Tourism Sector Plan in the finalization stage
SMME	SMME are not well capacitated and subsequently government funded projects and cooperatives cannot deal with market dynamics are not sustainable	Municipality in the process of developing LED strategy which will deal with such matters
Grain production	Massive production, but not enough marketing	Municipality investigating ways of getting milling plant
Livestock improvement	Stock not in condition to be marketable	Partnership with CHDM and Fort Hare university to bring Nguni sheep as well as wool producing sheep. Shearing Sheds built.

### 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 Emalahleni 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.

## **2.4 KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT**

### **2.4.1 INTRODUCTION**

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.

#### **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

### **2.4 PROGRESS**

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 16 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.

#### KEY ISSUES FOR 2007/2008

- ◆ Produced the budget for 2007/2008 in the new Circular 28 format and within the specified deadlines.
- ◆ Upgraded the Financial system to a fully integrated system, including the linking of the three towns Dordrecht, Indwe and Lady Frere via a dedicated Telkom line. The linking enables consumers to pay their account in any of the three towns.
- ◆ Submission of our first GAMAP/GRAP compliant set of financial statements.
- ◆ Established a budget office as per the requirements of the MFMA.
- ◆ Established an ICT unit.
- ◆ The appointment of a service provider to perform the valuation of all properties in the municipal area to enable the municipality to implement the new Property Rates Act, 2004 on 1 July 2009.

#### **ANALYSIS OF FUNCTION**

#### GRANTS RECEIVED AND SPENT

An analysis of grants 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

<b>Current</b>	<b>R 983 455</b>
<b>30 days</b>	<b>R 844 662</b>
<b>60 days</b>	<b>R 1 064 334</b>
<b>&gt; 90 days</b>	<b>R45 028 636</b>

#### 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	R2 261 949
Projects awarded in construction	R1 130 000

#### 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.
- ◆ 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
- ◆ Adoption of the final budget by 31 May

#### 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 an 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

## 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.

## ACCOUNTING POLICY

### Summary of significant accounting policies for the year ended 30 June 2008

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies applied in the previous year was based on the standards laid down by the Institute of Municipal Financial Officers in the Code of Practice (1997) and Report of Published Annual Financial Statements (2nd edition), January 1996.

A reconciliation for the change in the accounting policies is listed in Note 29.

#### ○ **Basis of preparation**

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

- ◆ *General Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005; and*
- ◆ *General Notice 992 of 2005, issued in Government Gazette no. 28095 of 7 December 2005; and*

The Standard comprise of the following:

<b>GRAP 1</b> - Presentation of Financial Statements
<b>GRAP 2</b> - Cash Flow Statements
<b>GRAP 3</b> - Accounting Policies, Changes in Accounting Estimates and Errors
<b>GAMAP 4</b> - The Effects of Changes in Foreign Exchange Rates
<b>GAMAP 6</b> - Consolidated Financial Statements and Accounting for Controlled Entities
<b>GAMAP 7</b> - Accounting for Investments in Associates
<b>GAMAP 8</b> - Financial Reporting of Interests in Joint Ventures
<b>GAMAP 9</b> – Revenue
<b>GAMAP 12</b> – Inventories
<b>GAMAP17</b> - Property, Plant and Equipment
<b>GAMAP 19</b> - Provisions, Contingent Liabilities and Contingent Asset

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7.11 and 12 of GRAP 3. These accounting policies and the applicable

disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided elsewhere in the accounting policies or in the notes to the annual statements.

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

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):*

- ◆ *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):*

- ◆ *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.*

Comparative figures have been restated as far as is practical to take cognisance of changes in Accounting Standards.

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

- **Presentation currency**

These annual financial statements are presented in South African Rand.

- **Going concern assumption**

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

- **Segmental reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segments).*

- **Foreign currency transactions**

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

- **Reserves**

- **Capital Replacement Reserve ( CRR)**

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR). The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- ◆ The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality. The investment may be combined with other investments and need not be invested separately.
- ◆ Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance.
- ◆ The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- ◆ The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.

- **Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the

Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

## ○ **Financial Instruments**

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). Disclosure is therefore applied in terms of the former AC 125. For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133].*

## ○ **Leases**

### ■ **Lessee Accounting**

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the



liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51 and SAICA circular 12/06 paragraphs 8 – 11)*

#### ■ **Lessor Accounting**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

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

#### ○ **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

#### ○ **Provisions**

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that

an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

## ○ **Employee Benefits**

### ◆ ***Pension obligations***

The Municipality operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the accounting period in which it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

◆ **Post Retirement Medical obligations**

The Municipality provides post-retirement healthcare benefits to its retirees. 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 expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries.

○ **Financial Instruments**

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

**Financial Assets**

A financial asset is any asset that is a cash equivalent or contractual right to receive cash. The municipality has the following types of financial assets as reflected in the Statement of Financial Position or in the notes thereto:

- ◆ Unlisted Investments
- ◆ Investment in Fixed Deposits
- ◆ Long-term Receivables
- ◆ Consumer Debtors
- ◆ Other Debtors
- ◆ Short term Investment Deposits
- ◆ Bank Balances and Cash
- ◆ Operating lease assets

The Financial Assets of the municipality are presently classified as follows into three categories:

<b>Type of Financial Asset</b>	<b>Classification in terms of IAS 39.09</b>
Listed Investments	Held at fair value through profit or loss
Unlisted Investments	Held at fair value through profit or loss
Investments in Fixed Deposits	Held to maturity
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables

Other Debtors	Loans and receivables
Short-term Investment Deposits	Held to maturity
Bank Balances and Cash	Held to maturity

### ***Financial Liabilities***

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

- ◆ Long-term Liabilities
- ◆ Provisions
- ◆ Trade and other payables
- ◆ Bank Overdraft
- ◆ Current Portion of Long-term Liabilities
- ◆ Consumer Deposits
- ◆ VAT

There are two main categories of Financial Liabilities, based on how they are measured. Financial liabilities may be measured at:

- ◆ Fair value through profit or loss; or
- ◆ Not at fair value through profit or loss (“other financial liabilities”).

### ***Trade Payables***

Trade payables and other receivables are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method

### ***Accrued Leave Pay***

Liability for annual leave is recognised as it accrues to employees. Provision is based on the total accrued leave days at year-end.

### ***Unspent Conditional Grants***

Unspent conditional grants are reflected on the Statement of Financial Position as a creditor – Unspent conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- ◆ The cash which backs up the creditor is invested until it is utilised. The investment can be part of the other investments of the municipality.
- ◆ 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.

- ◆ Whenever an asset is purchased out of the unspent conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unspent Conditional Grant into the Statement of Financial Performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unspent Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unspent Conditional Grants.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):*

- ◆ *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

### **Measurement**

#### **Financial Assets:**

Held-to-maturity investments and loans and receivables are initially measured at fair value, and subsequently measured at amortised cost. Financial assets are measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

#### **Financial Liabilities:**

Financial liabilities are measured at amortised cost using the effective interest rate method where applicable.

The requirement that financial assets and liabilities (previously instruments) should initially be measured at fair value has been exempted in terms of General notice 552 of 2007.

#### **Impairment of Financial Assets:**

Annually an assessment is made as to whether there is any impairment of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

**Consumer Debtors** are stated at cost less a provision for bad debts. The provision is made by assessing the recoverability of consumer debtors collectively

after grouping the debtors in financial asset groups with similar credit risk characteristics.

**Loans and Receivables** are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less a provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

#### ◆ **Value Added Tax**

The Council accounts for Value Added Tax on the cash basis.

#### ◆ **Property Plant and Equipment**

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their historical cost, less any subsequent accumulated depreciation, in the case of buildings, and subsequent accumulated impairment losses. Land is not depreciated.

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

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
		Specialised plant and equipment	10-15
<b><u>Community</u></b>		Other plant and equipment	2-5
Improvements	30	Landfill sites	15
Recreational Facilities	20-30		
Security	5		

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance.

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

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment) for the municipality:*

- ◆ *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*

- ◆ *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- ◆ *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- ◆ *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

#### ◆ **Investment Property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every four years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Properties) for the municipality:*

- ◆ The entire standard to the extent that the property is accounted for in terms of GAMAP 17. The municipality applied this exemption in that it accounts for Investment Properties as part of Property, Plant and Equipment in terms of GAMAP 17.
- ◆ Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard (IAS 40.79(e)(i) – (iii))

#### ◆ **Intangible Assets**

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 129 (Intangible Assets) for the municipality:*

- ◆ *The entire standard except for the recognition, measurement and disclosure of computer software and website costs (AC 432) and all other costs were expensed. The municipality does not have any intangible assets for software and website costs.*



*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.*

#### ◆ **Impairment of Tangible and Intangible Assets**

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.*

#### ◆ **Inventories**

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):*

- ◆ *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*
- ◆ *The entire standard to the extent that it relates to water stock that was not purchased by the municipality.*

#### ◆ **Trade and other Receivables**

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (based on payment percentage history) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. 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. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]*

#### ◆ **Cash and Cash Equivalentents**

Cash and cash equivalentents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

## ◆ Revenue Recognition

Service charges relating to electricity and water are based on consumption. 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 are recognised at the point of sale.

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

Service charges from sewerage and sanitation are split between business and residential rates. The business tariff is based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly. Residential properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

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

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- ◆ Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- ◆ The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.

- ◆ The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- ◆ The amount of revenue can be measured reliably.
- ◆ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- ◆ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions 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 is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

### **Revenue from non-exchange transactions**

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

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

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):*

- ◆ *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

### **Conditional Grants and Receipts**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

*The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):*

- ◆ *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9*

### ◆ **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. 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.

### ◆ **Unauthorised Expenditure**

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

### ◆ **Irregular Expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

◆ **Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

◆ **Rounding**

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

◆ **Other Exemptions Taken not Elsewhere Disclosed in This Policy**

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):*

- ◆ *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

*The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.*

## **2.5 KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

### **2.5.1 INTRODUCTION**

The Mayors office seeks to provide political direction and ensure effective and efficient public participation on municipal programmes.

#### **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

#### **Focus areas**

- Special Programmes
- Communication
- Public Participation
- IGR
- Traditional Leaders
- Thusong Centre
- International relations
- 

### **2.5.1 PROGRESS**

#### **Special Programmes**

This unit has managed to conduct the following activities:

- Children and Elderly day
- Women Forum Launch
- Emalaheni Youth Council Annual General Meeting
- District World Aids Day

The municipality had allocated an amount of R50 000 for the designated groups through establishment of the structures

**Children and Elderly day** As one of the mandate of the office of the Mayor to recognise and assist previously disadvantaged groups. In this regard the Mayor hosted an event to honour Senior citizens and children.

**Women Forum Launch** – The Emalahleni Municipality Women Forum was launched in August 2008. One of the primary tasks of the forum is to coordinate women programmes and projects within Emalahleni jurisdiction.

**Emalahleni Youth Council Annual General Meeting** – So far we have managed to launch 5 Youth Ward forums. The proposed date for the Annual General Meeting for the Emalahleni Youth Council will be the 13 March 2009.

**District World Aids Day** – The Emalahleni Municipality was identified by the Chris Hani District to host the Build up programmes on door to door campaign which took place in November 2007 this was a build towards the

## COMMUNICATION

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

- **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** – A newsletter to communicate and disseminate information for the public was developed, launched and distributed. This publication is written quarterly and distributed at strategic areas in all 16 wards.
- **Radio talk-shows** – A number of radio talk-shows and interviews were done in Vukani FM and Umhlobo Wenene in which different topics were addressed. Both paid-for and unpaid-for airtimes were utilized in these radio stations.
- **Adverts** – Adverts are continuously placed in the Daily Dispatch, The Rep, Vukani FM and Umhlobo Wenene to promote events.
- **WEBSITE** – The Municipality is in the process of developing its own website. Training will be provided by PNC for all municipalities in the Eastern Cape early in 2009.
- **Promotion** – Promotion activities were undertaken for all events. Such activities included: Community meetings, radio talkshows, erection of posters, Loud hailing and distribution of promotional material.
- **Corporate Identity** – To promote Emalahleni Municipality brand, marketing material was developed to serve the purpose of marketing the municipality. Boards with municipal emblem to indicate the boundaries of the municipality



were erected in main roads. Boards were also erected at the entrance the town with the logo of the municipality.

- **Thusong Service Centre** – Processes to renovate the Thusong Service Centre in Dordrecht are underway with the budget of R4 000 000 sourced from the Premier's Office and R500 000 set aside by the municipality.

## **PUBLIC PARTICIPATION**

With regard to accountability and public consultation, the municipality views both the IDP and Budgeting processes as one important tools 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: As guided by Chapter 4 the Municipal Systems Act and Structures Act, the following programmes were undertaken.

- Community Development Workers
- National Council of Provinces
- Mayoral Imbizos
- Ward committee meetings
- Ministers, Premier and MECs' outreach programmes
- District IDP and Budget road –shows

## **COMMUNITY DEVELOPMENT WORKERS**

The Department of Housing Local Government has increased the number of Community Development Workers from 10 to 16. In essence it means therefore that each ward has a Community Development Worker.

One of the challenges that has been identified is the coordination of CDW activities. In terms of the CDW Policy framework, they are supposed to account to the Mayor's Office and Provincial Manager. The CDW Policy will be implemented to ensure smooth and effective coordination of CDWs. The Municipality will formulate a policy to guide and regulate CDW functioning.

## **NATIONAL COUNCIL OF PROVINCES**

As from 3 to 7 November 2008 the municipality was afforded an opportunity to host a week long parliamentary in Lady Frere. The sitting was well organized and well attended, with more than five thousand members of the public in attendance daily. This programme laid a platform for public representatives in all spheres of government to engage directly with communities.

## **DEMARCATION**

The municipality has been affected by re-determination of municipal boundaries which resulted in the transfer of Mceula (Ward 15) and Lupapasi (Ward 16) Villages to Sakhisizwe Municipality. Emalahleni Municipality, at the request of the MEC for Housing, Local Government and Traditional affairs, and with Sakhisizwe Municipality consulted Mceula Community. Lupapasi Community was not part of the proposed re-determination and was therefore not consulted. Council had resolved not to support the re-determination, a position supported by the Chris Hani District Municipality and Mceula Community. The Municipal Demarcation Board, at the advice of the MEC for Housing, Local Government and Traditional affairs, re-determined the boundaries against confirmed wishes of the people.

## **MAYORAL IMBIZOS**

As part of the Mayoral Outreach Program, the municipality held Mayoral Imbizos in all 16 wards in October 2008. It served the purpose of giving reports to the public on progress made in terms of the IDP and Budget.

### **LESSONS LEARNT DURING IMBIZOS**

- ✓ 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.

## **WARD COMMITTEES**

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

- Training of Ward Committee Secretaries
- Training of Ward committees by Walter Sisulu University
- 

### **FUNCTIONALITY OF WARD COMMITTEES**

Ward meetings are held monthly followed by quarterly Ward Committee meetings convened by the Office of the Speaker. The municipality has issued out-of-pocket expenses to all Ward Committees. The term of office for Ward Committees is two and a half years with ends in June 2009.

## **6. INTERGOVERNMENTAL FORUM**

This Forum is confronted with the challenge of lack of commitment by government departments.

## **TRADITIONAL LEADERS**

The Municipality enjoys good working relations with Traditional Leaders.

**INTERNATIONAL RELATIONS** – The municipality enjoys good working relations with Dordrecht Netherlands Municipality. The municipality is in the process of facilitating the formulation of a community foundation that will represent the people of Dordrecht.

## **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.

## **2.6 CROSS-CUTTING INTERVENTIONS**

The community service Department derives its mandate from South African Constitution Act 108 of 1996, 152 (b) and (c) which is to ensure provision of services to communities in a sustainable manner and to promote safe and healthy environment. The Community Service Department also draws its mandate from some of the functions mentioned schedule 4 part B and schedule 5 part B of the same constitution.

In Emalahleni Strategic plan 2007-2011 the Community Services Department mandate is even more specific, namely

- (i) The co-ordination and collaboration with other health authorities in the determination of health policy and rendering services.
- (ii) HIV/AIDS
- (iii) All matters pertaining to offensive trades;
- (iv) Matters pertaining to cleansing in the Municipal areas;
- (v) Implementation of Acts and Ordinances relating to the operations of the cemeteries;
- (vi) Paupers burials;
- (vii) Community policing;
- (viii) Traffic control;
- (ix) Licensing and control over dogs;
- (x) Security in Council owned premises
- (xi) Fire fighting services
- (xii) Child care facilities
- (xiii) Facilitating of the accommodation, care and burial of animals
- (xiv) Pounds
- (xv) Disaster Management
- (xvi) Sports facilities and sporting events
- (xvii) Culture and cultural matters including festivities
- (xviii) Arts and the promotion of Arts
- (xix) Management of Public libraries, Halls and public places (including leases)

### **WASTE MANAGEMENT**

The Chris Hani District Municipality allocated an amount of R250 000 for Waste Management clean up which was a project of with the cycle of 6 months. The clean up project started in October 2007 and ended on March 2008. 18 temporary workers were employed for three months and another 18 temporary workers were employed for the remainder of the period.

The Municipality is still challenged by the dumping sites that are not yet fully licensed, which are also not fenced.

### **HIV/AIDS**

The Department spearheaded the review of HIV/AIDS mainstream plans in August 2007. All Departments in the Municipality review their plan and had already started

implementing some of the plans, namely Corporate Services ensure that in the Municipal newsletter there are articles on HIV/AIDS. Technical Services that water is purified and tested, Community Services ensure Awareness Campaign in ward about HIV/AIDS, Finance have indigent policy and is implementing it.

There was a door-to-door campaign on HIV/AIDS which took place from 12-16 November 2007. The program was the District program in our Municipality and was a great success. Almost all wards were visited. The program was further extended where 5 volunteers each ward were identified, trained and given stipend to door –to-door in April-June 2008.

The Dutch Embassy through our partnership with Center for Municipal Research and Advice (CMRA) donated a vehicle to be used to support initiatives to seek to annihilate HIV/AIDS within Emalahleni Municipality jurisdiction. The vehicle is having 2 program monthly of visiting 8 villages co-ordinators were identified, workshopped and are getting stipend to assist when the mobile Unit has visited their village.

Ward Aids Councils were established in 5 wards in April 2008, namely, ward 1,2,5,7 and 16.

As the Municipality we hosted a Provincial Aids day on the 01<sup>st</sup> of December 2007.

## **DISASTER MANAGEMENT**

As Disaster Management does not merely respond to Disaster that has occurred but involved prevention and educating about Disaster in August 2007 an amount of R100 000 was spent for Integrated Strategy for Disaster Reduction (ISDR). In this program 32 schools took part. In May 2008 Africon was commissioned by Chris Hani District Municipality to gather information with regards to history to determine what the hazards are and to do hazard mopping. In the very same month there was ISDR Seminar for teachers within Emalahleni Municipality. The Seminar was not merely limited to teachers but also to Hospitals employees such as nurses. Their Seminar took place at Indwe in June 2008.

## **CEMETERIES**

The Municipality was still unfolding a process of purchasing the land that is suitable for cemeteries. Sites have been identified and an Environmental Impact Assessment (EIA) has been done for both Indwe and Dordrecht. The challenge is to expedite the process as both Town have seriously run out of space for cemeteries.

## **PUBLIC AMENITIES**

### **(i) LIBRARIES**

In March 2008 our library in Dordrecht conducted library week which is an annual event focusing on reading, story telling, Drama and poetry. Three Primary schools and one high school took part in the event. The Municipality contributed with an amount of R1000 in a program that program was a great success. The challenge that is confronting the event is to include other schools within Emalahleni Municipal jurisdiction.

**(ii) PARKS AND SPORT FIELDS**

We have parks in Dordrecht and Indwe. The park is well mentioned and the Dordrecht was not in good shape. The challenge of the Municipality is to re-identify a site in Lady Frere which is suitable for the park. The sport field at Indwe, Dordrecht and Lady Frere are being used for different events such as Mayoral Cup, school sports, super Gold Festival, etc. the challenge is the sport fields that are in villages which are not maintained at all.

**(iii) TOWN & COMMUNITY HALLS**

Our municipality is utilizing its town and community halls effectively as it is part of generating revenue. There are a number of different events such as church services, funerals, meetings, workshops, weddings that use our facilities both in town and community halls. There are community halls that are at a design stage that will be built in Ward 2,9,11 and 12.

**LAPESI LANDCARE MANAGEMENT PROJECT CONCEPT**

The Department of Agriculture in Collaboration with Chris Hani DM has identified three municipalities which amongst them is Emalahleni Municipality. Three wards benefit each time the project is coming and in this period in question Ward 6, 7 and 10 was identified. The challenge with the program is the delay in its implementation despite the availability of resources. The budget is funded at a time of R 1 000 000.

**POUNDS**

No much work has been done regarding the pounds. Challenges are growing and relating to vandalism of the pounds and shortage of staff to run the section.

**SERVICE DELIVERY BACKLOG REPORT**

<b>CHALLENGE</b>	<b>STATUS QUO</b>	<b>PLAN</b>
Pounds and Corridors	Only one pound at Indwe town and is not up to the accepted standard. Lady Frere to Queenstown road is not fenced and some parts in the Dordrecht to Queenstown roads are not fenced	Municipality to source funding. Department of Roads and Transport has a plan
Cemeteries	No land available for Cemeteries in Dordrecht and Indwe towns.	Municipality in the process of purchasing a farm near

		Indwe to be used as a cemetery.
Waste Management	No modern machinery in place to collect waste effectively. Integrated waste management plan in place. Unlicensed dump sites.	Budget set aside by Municipality for the purchasing of a truck.
Sports Fields	No sports fields at ward level, only two Sports Fields in Dordrecht and Lady Frere Town	
Libraries	No library at Lady Frere town	Department of Sports, Arts and Culture to erect temporary structures to be used as libraries in their 2009/2010 financial year