

# Emalahleni Municipality

## Annual Report



2008/2009

## **VISION**

“Working for a future in which the Emalahleni Municipality delivers appropriate, sustainable and affordable services towards socio-economic growth and development for the emancipation of its Community.”

## **MISSION**

“A commitment of resources to co-ordinate and support programmes through effective partnerships and active community participation.”

# Contents

Part 1		
Chapter 1	Introduction and Overview	4
	Mayors Foreword	5
	Municipal Managers Report	7
	Executive Summary	10
Part 2	<b>Achievement Reports</b>	17
Chapter 1	<b>Organizational Transformation And Institutional Development</b>	18
Chapter 2	Performance Highlights and Service Delivery Approach	35
Chapter 3	Municipal LED Framework Implementation	45
Chapter 4	Audited Statements and other Financial Information	
	AFS: Separate Annexure; Annexure A	<b>Annexure A</b>
	<b>Pages 1 to 51</b>	<b>Pages 1 to 51</b>
	Auditor Generals Report: Separate Annexure; Annexure B	<b>Annexure B</b>
	<b>Pages 1 to 11</b>	<b>Pages 1 to 11</b>
	Response to Auditor Generals Report	71
	Audit Committee Report (to be included)	
Chapter Five	Good Governance and Public Participation	74
Chapter Six	Functional Areas Service Delivery	92
	Corporate Service Department	93
	Budget & Treasury Department	98
	Community Services Department	106
	IPED Department	112
	Technical Services Department	115
	Oversight Report	120
	Closing Summary	127
	Glossary	128

# **Part 1**

## **Introduction and Overview**

<b>Forward by the Mayor</b>	
-------------------------------------	--

It is with great pride that I stand here before you to present the report for the 2008/2009 financial year. Just 16 years ago we celebrated the release of the first democratically elected president of South Africa (former president Nelson Rholihlahla Mandela). This serves to remind us of our goal and to report on the great strides that have been made to ensure that the lives of our people and communities are improved.

This report is aimed at doing justice to all the reasons as to why the struggle took place and to validate the reasons for the struggle – ensuring a better future and quality of life for all.

It is noted that the Department of Local Government and Traditional Affairs at the national level has made huge efforts to improve the relations between Councillors, Community Development Workers and the Ward Committees – in this manner facilitating the effective functioning within these areas. Great strides have been made and good working relations between the Councillors, Community Development Workers and Ward Committees have ensured the delivery of improved services to the communities.

Although we are proud to mention the successes of the public participation initiative we also have to note and acknowledge that there are wards where things still need require redirection. We need to continue working in a manner that guarantees involvement within communities and stakeholders for circumstances to improve.

To the Speaker and the Council specifically, you are reminded of the words of President Jacob Zuma, when delivering the State of the Nation address. Reference to the year 2010, is made as the “Year of Action”. This requires us to ensure that in our daily operations we reflect on what we have done to change people’s lives, and ensure our commitment to implement the DPLG’s 5 year Strategy Agenda for Local Government ensuring that this strategy informs the IDP and all budget planning for successful implementation.

Overall the 2008/2009 period has been a success and it is thanks to the efforts of the Executive Committee that we have been able to lay claim to the focus and success enjoyed around the projects within the municipal area.

During the course of the year the municipality was once more afforded an opportunity to host the Provincial 16 Days of Activism in No Violence and Abuse against Women, Children and People with Disability. This programme was honoured by the presence of the Minister of Social

Development, Edna Molewe. The main objective of this initiative was to obtain first hand information with regards to the state of the quality, employment status and challenges in respect of various projects.

Currently we face 2010, and with the 2010 FIFA World Cup upon us, we look forward to being part of a new history in South Africa and remain absolutely committed to ensuring that we contribute to making South Africa (and Emalahleni in particular) a better place for all.

Thank you to all parties who have contributed towards making this past year a successful one. May we move towards the 2010 – 2011 period with even greater strength and ability.

**NOLITHA LALI**  
**HONORABLE MAYOR OF EMALAHLENI**

<b>Municipal Manager's Report</b>	
---	--

It is with great pleasure and pride that I am able to present to you Emalahleni Municipalities Annual Report for 2008/2009.

This past year has seen much progress and in many ways the coming together of the community and the municipality, so as to ensure a more focused approach to meeting common goals and the objectives of the IDP (Integrated Development Plan).

It is required that the Annual Report be presented in terms of the S172(2) of the Municipal Finance Management Act, Act No. 56 of 2003 and this report is required to be formally approved by Council on 31 March 2010 (after input has been obtained from the communities).

It is further noted that during December 2009, officials from the Department of Local Government and Traditional Affairs in Bhisheo approached Emalahleni Municipality and provided a different format for the presentation of the Annual Report. While we must emphasize that this new reporting structure has not been legislated (and we are therefore not obligated to report fully within this format), we have incorporated aspects of this proposed template throughout this report, in the areas where we feel that these changes are appropriate or would add value.

Challenges and key objectives over this past year are reflected below and are indicative of the priorities set by the political and administrative management of the Municipality after broad consultation with all communities and stakeholders:

- Development and approval of an organogram that would ensure effective administration and management oversight has been instrumental in ensuring the management of performance and a more effective and operationally functional municipality.
- The Public Participation Framework Policy and the application thereof has promoted public participation and good governance and ensured that Ward Committees and Council have become agents of transformation (through appropriate training and sound working relations between Community Development Workers and Council).
- The recently approved Indigent Policy is being applied but it is acknowledged that this is in the infancy stage. All efforts are underway to ensure that free services (beginning with electricity) are being rolled out to all deserving households that have applied for this service.
- The alleviation of poverty initiatives have seen the Municipality developing partnerships with sector departments such as Social Development, the Department of Agriculture and other developmental agencies. Two successful programmes include the sorghum production and the improvement of livestock.

- In an effort to facilitate trade and market linkages for locally produced goods (efforts that began during 2007/2008), local farmers were formally connected with the market and with livestock in particular, big commercial farmers and abattoirs were encouraged to buy local farmers livestock using market related prices.
- The provision of reliable environmental and health services has certainly seen progress. The coordination of the Local District and Provincial District World Aids Day which is a week long programme, where all 8 municipalities, including the district gather in one municipality. Together they visit, educate and assist the residents with health and all service delivery matters.
- Upgrading and the provision of infrastructure such as electricity and telecommunications remain challenging. However, funding that was lobbied from the Department of Minerals and Energy was used to commission Eskom to provide electricity to Phase 8 of our programme. The District also assisted by accelerating plans of delivery of water and sanitation within our Municipality.
- In attempting to provide basic infrastructure to reach communities the Municipality Infrastructure Grant was used.
- One of our greatest challenges has remained the effective management of revenue and expenditure in order to meet the developmental objectives. A Revenue Enhancement Strategy is currently in draft form and needs to be popularized in order to ensure buy in from the stakeholders.
- In our efforts to finalize institutional transformation and development we were able to develop a strategy on how to transform our administration so that it can respond to the 5-year Strategic Agenda of Local Government. Accordingly all 557 managers were appointed and all critical posts in Finance were filled.

As indicated although challenges abound as the 3<sup>rd</sup> financial year for the current Council it is clear that great strides have been made towards achieving the many and varied key objectives for the organization.

This being said, it must be noted that during this period and for a large amount of this time, we were required to operate in the absence of the following 557 managers as their contracts reached conclusion and the appointment of new managers took time:

- Technical Services
- IPED
- Community Services

Our thanks and appreciation goes to the Strategic Manager, the Chief Financial Officer, Community Services Manager and the Municipal Manager who were required to perform and fulfill the functions of these 557 Managers.

To my staff and my Department Heads I wish to thank you for your commitment and dedication that has allowed us to grow so tremendously this past year.



To the Mayor, Speaker, the Executive Committee and Council, I thank you for your unwavering support.

I look forward to 2010/2011 with the knowledge and conviction that we will be able to achieve even greater successes.

**N.J. KWEPILE**

**MUNICIPAL MANAGER**

# Executive Summary

The Executive Summary will provide you with detail regarding the municipality's direction and focus and the anticipated impact that this will have on the community (positively planned).

The overall financial health of the organization will be detailed together with the overall challenges within the administrative environment.

In detailing this executive summary specific reference will be made to the local municipality 5 year Strategic Plan and effectively it's Integrated Development Plan (revised) as per the requirements of Chapter 5 of the Municipal Systems Act, Act 32 of 2000. Accordingly, it is the intention that this strategic tool will guide the municipality's efforts until 2011.

The 5 year strategic plan is intended to enhance the organizations Integrated Development Plan and will effectively detail the required objectives for each department in order to ensure that the municipality's vision and mission are achieved.

The Strategic Plan serves to give substance to the IDP implementation process. Departmental roles and responsibilities are highlighted together with the planned manner in which service delivery and performance targets are required to be met (based on existing challenges).

## **Key Performance Areas**

The following areas of focus have been highlighted by the Integrated Development Plan and reporting in greater detail will be reflected within the various sections of the report that follow:

- **GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

The Municipality was able to have a shared Internal Audit Committee, which was formed with the assistance of Chris Hani District Municipality. Chris Hani District Municipality in conjunction with the Office of The Premier, seconded to our Municipality an Internal Audit Intern. With his assistance we were then able to begin to provide an Internal Audit function. The Municipality was able to introduce various internal policies, which are key in managing various internal processes of the Municipality. One of our major challenges relates to by-laws, and our specific challenge is our lack of resources for the development and enforcement of by-laws. In order to overcome this challenge we will be appointing a Legal and Compliance Manager who will assist the Municipality in the development of by-laws and all legal compliance matters.

In the area of Public Participation we were able to develop a Public Participation Framework Policy, which seeks to guide the Municipality on how to engage our constituency. Also active in public participation as foot soldiers are Ward Committees and Community Development Workers who are situated within all 16 Wards. Our current challenge within public participation is the vastness of our Wards and the geographical area and distances and terrain, which makes it sometimes impossible to be covered by Ward Committees who have no means of transport.

- **IMPROVED SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT**

As a Category B Municipality we are responsible for all access roads, which are in our Municipality. The Municipality was able to build 80% of all our major access roads through the assistance that we received from the Department of Roads and Transport. Additionally we were able to spend 80% of the Municipal Infrastructure Grant that we had received from National Treasury. This grant was spent on roads and storm water projects, which are detailed as Mdantsane to Qwempe (Trust Access Road) and Mount Arthur Road (Stormwater project), and McKay's Neck (Phase 2 access road).

In terms of Electricity we were able to implement phase 3 of our Municipal Electrification Programme of which 2371 households were electrified. Again we were able to install and repair 35km of streetlights. We are also a water and sanitation services provider and we are serving all our towns. Our major challenge is the huge backlog that we are experiencing as we are a rural Municipality.

- **SUSTAINABLE ECONOMIC DEVELOPMENT**

One of our municipal key objectives is to facilitate economic growth and investment through small medium macro enterprises. We are able to create a conducive economic environment by facilitating training to all SMME's and cooperatives through the Small Enterprise Development Agency and the Eastern Cape Development Cooperation. Again a number of job opportunities have been created through the use of Expanded Public Works Programs whereby more than 500 jobs were created.

The Municipality was able to facilitate for the formation and support of the following structures; Business Forum. Local Cooperatives Forum, farmers union, local NAFSOC, Business Chamber, Transport Forum and Women Business Forum. We were again able to identify a Liberation Route, which will be part of the Chris Hani Heritage Route, which has a great potential for tourism development.

One of our major challenges is our extremely high unemployment rate, which has been created by massive retrenchments of our people from gold mines, which started in the late 1980s.

- **MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT**

Another key performance objective of our Municipality is to manage revenue and expenditure effectively. Key to this objective is to increase our revenue base. This in itself has been a major challenge as government departments are not servicing their debt timeously and this causes cash flow challenges. While it is true that the Office of the Premier has assisted us in engaging these departments, our collection targets could not be met as a result of nonpayment by departments and household consumers.

We have introduced an Indigent Policy, which seeks to assist indigent people that are unable to pay for their services. Presently 1700 households are receiving 50kw of electricity monthly.

High levels of staff turnover have been experienced especially within the Finance section, and this ultimately affects the performance of the Municipality (and specifically the impact on reporting as all required reports could not be produced on time). The market relatedness of salaries (due in part to the low grade of the organization) have certainly hindered efforts to combat staff movement and to reduce staff turnover.

- **TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

One of the key objectives of this developmental objective is to ensure functional administration, which is able to support the overall development of the Municipality. This means that the Municipality must be able to provide an administration, which marks the challenges of the Municipality. Key to this is the development of an organogram and its population. We were able to fill all section 57 posts and critical posts which are key to service delivery. In an unfortunate twist we lost our Manager of Community Services, when he sadly passed away after serving only a short while (one month) within this position.

We also developed a performance management system. This system serves as a barometer on how we are performing as an organization. Presently it is only the section 57 Managers' performance that is being measured and we are hoping to cascade this further to all levels in our organization by following a coordinated "phased-in" approach.

- **FINANCIAL HEALTH AND ADMINISTRATIVE CONSIDERATIONS**

These key aspects of performance will be addressed within various aspects of the report. In terms of financial health it must be noted that the report of the Auditor- General and the Audit Response have been included under Chapter 4 of this report. All issues raised by the Auditor-General's Report and as per the Audit Response will be dealt with in a committed and coordinated fashion.

Critical to the effective and efficient functioning of the municipality is the provision of a sound administrative function -- both politically and administratively. Tremendous successes have been enjoyed, not the least of which have included the appointment of S57 managers and critical posts, and the implementation of the performance management system which is planned to be cascaded throughout the organization (notwithstanding the initial difficulties associated with this system implementation which will be addressed later on in this report).

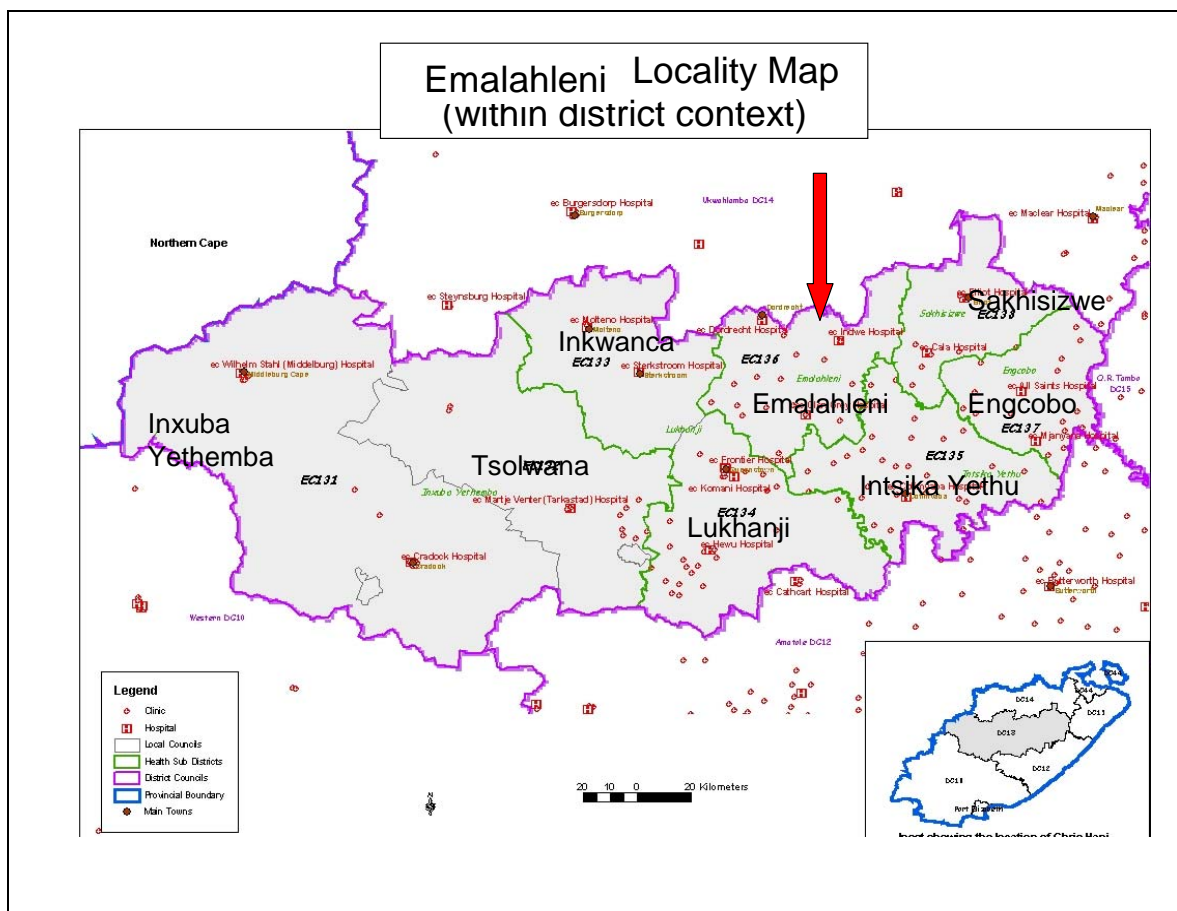
# Geographical Context

Emalahleni Municipality was established during 2000 as a result of the amalgamation of the following local authorities:

- Lady Frere
- Dordrecht
- Indwe

Emalahleni comprises an extensive rural component and these towns are surrounded by approximately 200 villages and a number of farms.

Emalahleni Municipality is situated within the North Eastern Region of the Eastern Cape Province and is one of the eight (8) municipalities that form the Chris Hani District Municipality.



## Population

According to recent statistics by the Municipal Demarcation Board (2005) and Global Insight (2005) the population of Emalahleni is estimated at 116 000 people and 26 000 households. This translates to an average household size of 4.46 people.

It would appear that the largest number of inhabitants are found within Lady Frere, followed by Nonese, Lumakala and Mhlontlo. Lower numbers of people are found in Lebitsa, Ekhothlo and Kwa-Ndungwana. Around 79 of the total 137 settlement areas have populations of less than 500 people each, with 115 settlements having less than 1 000 people.

### Growth Trends

It appears that Emalahleni’s population grew negatively by 7% over the past 10 years.

The population density of Emalahleni Municipality is approximately 37 people per kilometer squared. However, it is noted that much of the population resides in the southern lower altitude sector of the area where the majority of rural settlements occur.

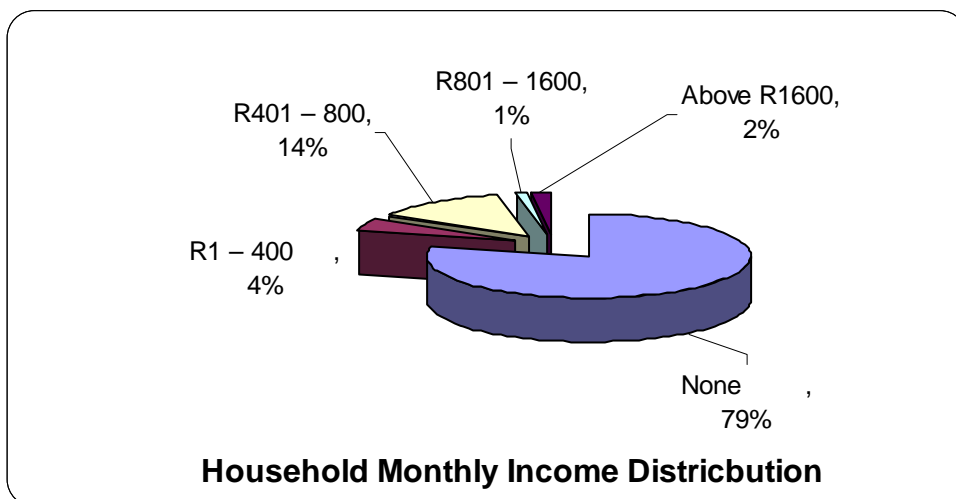
Living densities within these settlements range from between 5 000 – 9 000 people per square kilometer (e.g. Tyoksville, Manyano, Mavuya and Sinakho) to less than 20 people per square kilometer (e.g. Matyanlya, Glen Adelaide, Maqashu, Zwarwater and Buffelsoorns).

### **Income**

#### Income Distributions

Income distribution raises the following issues:

- 98% of the population do not have access to a regular income.
- 1% of the population receive a gross monthly income of between R800 and R1 600.
- 83% have incomes less than R800 per month and of these 79% are households that are recorded as not having formal income at all.



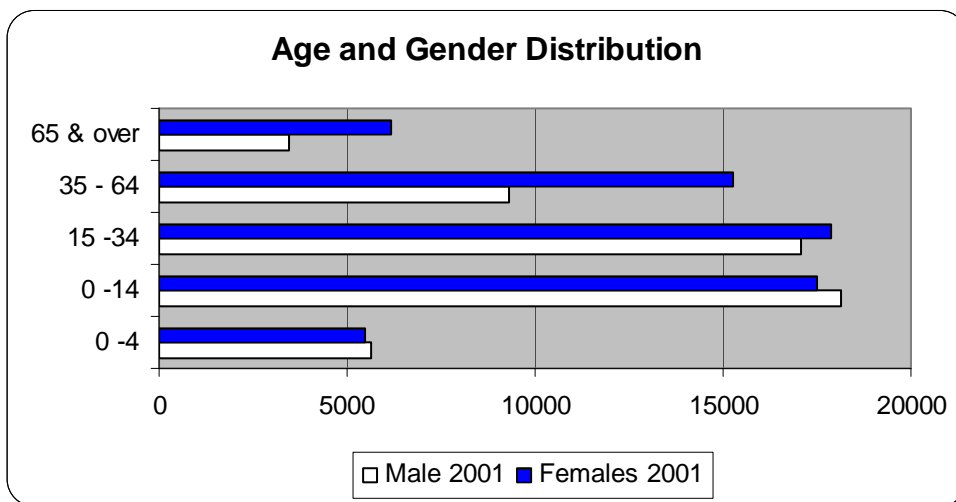
This figure details the monthly household incomes discussed and is based on the 2005 statistics by the Municipal Demarcation Board, citing the census 2001.

On the basis of these statistics it must be noted that almost the entire population of households can be regarded as indigents with either no income or incomes of less than R1 500 per month – and consequently these households would rely on state subsidies for housing or other services. The majority of these households depend on state pensions and grants and the situation depicted indicates that there are high levels of poverty experienced throughout the municipal area.

Reliance on approximately 2% of the household population to pay for services, will impede on any and all service delivery strategies that rely on residential cross subsidization. Effectively the municipality will be required to cross subsidize consumption of services, and this may prolong efforts to reduce any existing backlogs.

### **Age and Gender Distribution**

Based on the 2001 Census statistics the figure below provides an age-gender distribution analysis.



As the organization consists of 39% females and 61% males, and females form the greater portion of the economically active population in the 15-64 year bracket, it will be strategic of the municipality to focus on increasing these persons involvement in local economic development and local initiatives. While the early groups of 0 to 4 and 5 to 14 years old show a majority of males, these figures do not carry through at higher ages. It is widely accepted that this trend is caused by the tendency of many males to leave the municipal area in search of better schooling or employment opportunities in developed urban centres.

Stated differently by way of example:

Women account for 13% of the age group 35 – 64 years while males only account for 8% of the population in the same age group.

This phenomenon (as explained above) effectively robs the local labour market of its potential workforce.

In the elderly population age group (65 years and older) women dominate with 5%, as compared with 3% for males.



## **Part 2**

# **Achievement Reports**

# CHAPTER 1

## ORGANIZATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

### 1.1 Presentation of the organizational structure (approved organogram)

Analysis and comparison between the currently approved organogram and current staff complement would indicate the following information:

- A total of 254 positions for the organization were approved for the 2008/2009 year. As compared with 2007/2008 it is noted that a decline of 38 positions occurred. The primary reason for this decline is the acknowledgement of the need to curtail the human capital budget, while taking into account the operational needs of the organization. Accordingly this planned reduction has allowed the previous portion of allocated funding for human capital to be redirected towards much needed service delivery.
- The total number of approved but vacant positions as at 30 June 2009 was 79.
- During this financial year the 57 Managers reached the end of their 5-year contract periods. These contract positions proved extremely difficult to fill and the following positions were still vacant six months after the conclusion of their contract periods:
  - Municipal Manager
  - Corporate Services Manager
  - Chief Financial Officer
  - IPED Manager
  - Community Services Manager
  - Technical Services Manager

An additional blow to the organization was the untimely death of the Community Services Manager after just one month of having assumed this position. Accordingly, the required performance agreements and employment contracts for the Municipal Manager and managers directly accountable to the Municipal Manager were submitted to the Department of Housing, Local Government and Traditional Affairs **outside the prescribed timeframe.**

### 1.2 Staff development Initiatives during the Financial Year

The municipality compiled its Workplace Skills Plan for the 2008/2009 Financial Year and this was adopted as required by Council after having been signed by all the relevant parties (i.e. Employer and representatives of the Employees i.e. SAMWU and IMATU). Accordingly the following training and development programmes were planned and implemented and the total expenditure for 2008/2009 was R348, 281. 00. The entire allocated budget for training for 2008/2009 was spent on training, and details are reflected in the following table:

Target	No. of Trainees	Programme	Timeframes	Budget	Comments
1. Councillors	3 Councillors	Executive Leadership	1 Week	FMG	Attendance was regarded as successful
2. Councillors	6 Councillors	Project Management	1 Week	FMG	Successful
3. Councillors	1 Councillors	Municipal Finance Management Act	1 Week	FMG	Successful
4. Councillors	5 Councillors	Integrated Development Planning	1 Week	FMG	Successful
5. Councillors	7 Councillors	Community Participation for Ward Councillors	1 Week	FMG	Successful
6. Councillors & Officials	5 Officials 1 Councillor	Certificate Programme in Management	8 Months	ELM	Successful
7. Councillors	4 Councillors	Local governance Law and Administration	8 Months	ELM	Successful
8. Councillors	All Councillors	Executive Leadership covering (IPED), Community Participation, Finance, Infrastructure, Governance and Administration	1 year	ELM	Programme not completed 2008-2009 and due for completion 2009-2010. Councillors benefiting greatly from each module
9. Officials	4 Officials	Project Management	1 Week	FMG	Successful
10. Officials	1 Official	Municipal Finance Management Act	1 Week	FMG	Successful
11. Officials	2 Officials	Integrated Development Planning	1 Week	FMG	Successful
12. Officials	4 Officials	Minute Taking	1 Week	FMG	
13. Officials	1 Official (not complete)	Programme in Public Procurement and Supply Chain Management	1 Year	ELM	One official has enrolled for the course with UNISA
14. Officials	1 Employee (not complete)	Programme in Human Management	1 Year	ELM	One official has enrolled for the course with UNISA
15. Officials	1 Employee (note complete)	Programme in Practical Municipal Accounting	1 Year	ELM	One official has enrolled for the course
16. Officials	7 Officials	National Certificate in Municipal Governance	1 Year	ELM	7 Officials have enrolled for this course

### 1.3 Key Human Resources Statistics

#### 1.3.1 Full Time Staff Complement per Level

NUMBER OF STAFF	GENDER	LEVEL
1	African Female	Mayor
14	African Female	Councillors
16	African Male	Councillors
1	African Male	Top Management
3	African Male	Senior Management
1	African Female	Senior Management
1	White Female	Senior Management
3 0 0 0 0 0	African Male Coloured Male White Male African Females Coloured Female White Female	Professionally qualified, experienced specialists and mid-management
10 0 2 9 0 1	African Males Coloured Male White Male African Females Coloured Female White Female	Skilled technical, academically qualified and junior management
18 1 22 1 1 1	African Male Coloured Male African Females Coloured Female Indian Female White Female	Semi-skilled and discretionary decision making
33 5	African Males African Females	Unskilled and defined decision making
18 7	African Males African Females	Temporary employees
4 1 1	African Females African Males African females	Interns (Financial) HR and Admin HR and Internal Audit
<b>TOTAL STAFF COMPLEMENT: 175 STAFF</b>		

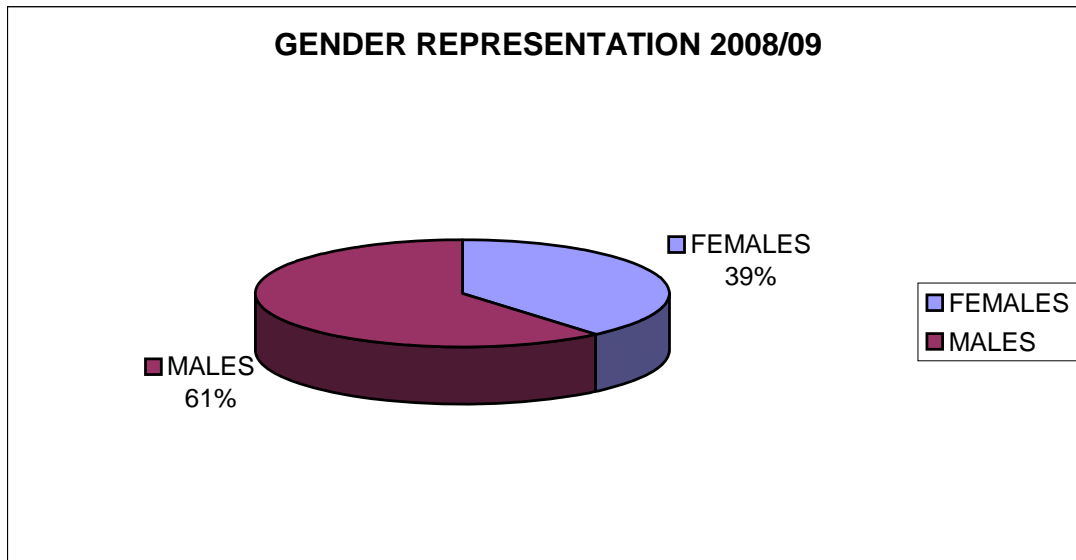
**Approved Posts on structure = 254 posts**

Filled posts: 175 and vacant posts: 79

**Gender Distribution (As reflected in the following table)**

Females: 68 (38.85%) – rounded up to 39%

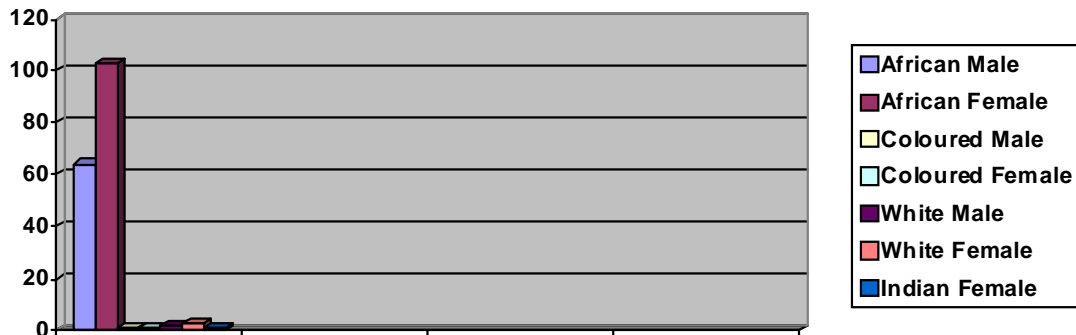
Males: 107 (61.14%) – rounded down to 61%



**RACIAL AND GENDER BREAKDOWN**

NUMBER OF STAFF	RACE	GENDER
64	African	Males
103	African	Females
2	White	Males
3	White	Females
1	Coloured	Male
1	Coloured	Female
1	Indian	Female

**As depicted: Organization's Gender and Racial Breakdown**



**Technical Department Staff registered with professional bodies**

Technical Services	Total Number of Technical Services Manager	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
	1	1	0	0

**1.3.2 Levels of Education and Skills (full staff complement)**

Total Number of Staff	Number of staff without Grade 12	Number of staff with Senior Certificate Only	Number of staff with Tertiary accredited professionals training
175	62	17	34

**1.3.3 Trends on Total Personnel Expenditure (Full Staff Complement)**

Financial Years	Total No. of Staff	Total approved Operating Budget	Personnel Expenditure (salary & salary-related)	Percentage of Expenditure
2006-2007	106	R20 448 572.00	R17 559 529.00	85.87%
2007-2008	121	R24 917 755.00	R19 594 792.00	78.64%
2008-2009	113	R30 915 556.16	R21 582 209.00	69.81%

#### 1.3.4 List of Pension and Medical Aids to Whom Employees Belong (Full Staff Complement)

Comments	Comments	Comments	Comments
Cape Joint	30	LA Health	5
Sala Pension	35	Bonitas	30
Samwu Provident Fund	43	Aosmed	12
		Key Health	1
		SAMWU MED	18
		Global Health	1
<b>TOTAL</b>	<b>108</b>		<b>67</b>

#### 1.4 Senior Officials wages and benefits (included in the financial statements);

Listed below is the total wages as well as the benefits of the senior managers for the 2008/2009 period.

Designation	Total Package
Municipal Manager	R702,867.00
Chief Financial Officer	R558,697.00
Strategic Manager	R558,697.00
Corporate Services Manager	R558,697.00
Technical Services Manager	R558,697.00
Integrated Planning and Economic Development Manager	R279,349.00
Community Services Manager	R93,116.00
<b>TOTAL</b>	<b>R3,310,120.00</b>

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

During 2006 Emalahleni Municipality adopted a Performance Management System for implementation, which began in the 2007/2008 financial year.

Emalahleni Municipality has adopted a performance management policy framework which will be used in the development of a Performance Management Policy, which in turn will be aligned to the Integrated Development Plan of the municipality and best suited to its circumstances (as prescribed within the Performance Management Regulations).

Taking this into account, and as per the Municipal Planning and Performance Management Regulations (2001), it is prescribed that a municipalities Performance Management must take into account the cycle and processes of performance planning; monitoring; measurement; reviews; the manner in which reporting will be conducted, organized and managed; together with the role of each role-player being defined.

This Performance Management Framework has been based on the following pieces of legislation:

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

It is recognized that the objectives of any Performance Management System are to :

- Facilitate increased accountability
- Facilitate learning and improvement
- Provide early warning signals
- Facilitate decision-making

At the organization level the 5-year IDP forms the basis for performance targets and management, whereas at the operational level, strategy is translated into the Service Delivery Budget and Implementation Plans, which are in turn translated into departmental objectives (scorecards) and cascaded down to the individual level.

Annually it is required that performance targets are developed into a scorecard (translated from the IDP and SDBIPs) and are cascaded to the level applicable in terms of the organization’s Performance Management roll-out plan. In Emalahleni the Performance Management System is only applicable to S57 Managers and is planned for “roll-out” in subsequent years.

Performance is required to be monitored at least quarterly in order to ascertain that performance targets will be met and to ensure that the appropriate remedial action can be taken (sooner rather than later). Monitoring is required during September and March and performance measurement and the final assessment is to be conducted during December and June respectively, for the annual period under review.

Practical realities dictate the following timeframes:

<b>Quarter</b>	<b>Period under Review</b>	<b>Month of Reporting</b>
1	July to September	October
2	October to end December	January
3	January to end March	April
4	April to end June	July

The review in January will coincide with the mid-year performance assessment as per S72 of the Municipal Finance Management Act, Act no. 56 of 2003. This section requires that the Accounting Officer must by 25 January of each year, assess the performance of the municipality and report to Council on the service delivery performance during the first half of each financial year and the service delivery targets and indicators as set out in the SDBIP.



### Annual Performance Reporting and Review

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

The following Performance Reporting is therefore required:

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

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

The internal audit system was outsourced in liaison with the Chris Hani District Municipality.

The municipality's internal auditors must submit quarterly reports on the audits undertaken to the Municipal Manager and the Audit Committee.

The Audit Committee was established in terms of the MFMA and the Municipal Planning and Performance Management Regulations. With a minimum of 3 members, the

majority of which are not employees of Council, and excluding Councillors. Additionally the Chairperson may not be an employee of Emalahleni Municipality.

This shared Audit Committee with Lukhanji Local Municipality will result in functions that require:

- A review of the quarterly reports submitted to the internal audit and;
- a review of the PMS system of the municipality with recommendations to Council; and
- the submission of an audit report to the municipal Council at least twice during the financial year.

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

### **Stakeholder Roles & Responsibilities**

STAKEHOLDER	ROLE
Council / ExCo	<ul style="list-style-type: none"> <li>➤ Adopt the PMS Framework &amp; PMS</li> <li>➤ Adopt the Municipal Scorecard</li> <li>➤ Conduct Annual Review</li> <li>➤ Commission Performance Audits</li> <li>➤ Report to the public and Province</li> </ul>
Management Team	<ul style="list-style-type: none"> <li>➤ Plan for PM</li> <li>➤ Adopt the PMS Framework &amp; PMS</li> <li>➤ Draft Scorecards</li> <li>➤ Approve Departmental Scorecards</li> <li>➤ Conduct Performance Measurements</li> <li>➤ Commission Performance Reviews</li> <li>➤ Produce PM Reports</li> <li>➤ Commission Performance Audits</li> </ul>
Audit Committee	Audit PM Reports & make recommendations
Internal Audit	Audit the results of Performance Measurements
IDP Steering Committee	Participate in PM Planning, Monitoring & Review
IDP Rep. Forum	
Ward Committees	

### **Performance Management at an Individual Level**

Currently the Performance Management System is extended to S57 Managers and following the cycle of performance contracting, performance review and performance assessment, the PMS system has been implemented at this level.

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

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

### Performance Assessments

Performance assessment is a process whereby the employees performance is assessed in terms of actual versus required performance and is aimed at concluding the

employee’s performance measurement and development against set objectives. It will happen during the fourth quarter of the financial year. For purposes of practicality, performance assessment will be executed similar to the Performance Review (explained above), save the following important variations:

- a) It will not be “stock take” but a “final evaluation” exercise for the financial year.
- b) The minimum composition requirements of the evaluation panels will be as follows:

EVALUATION OF THE MM	EVALUATION OF MANAGERS ACCOUNTABLE TO THE MM
Mayor	MM
Chairperson of the audit committee	Chairperson of the audit committee
Executive Committee member	Executive Committee member
Mayor or MM from another municipality	MM from another municipality
Ward committee member nominated by Mayor	HR Manager
HR Manager	

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

Performance Score	Performance Bonus
<b>150% +</b>	10% – 14%
<b>130% to 149%</b>	5% – 9%

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

**NOTE: The implementation of the PMS will required coordination at the organizational level and this will fall under the IPED Managers area of responsibility.**

Analysis of the Performance Management System currently in use has highlighted a number of challenges and concerns, which will be reflected on more specifically as follows;

- The system is currently only applicable to the S57 Managers, and should b phased in over time to the lower levels,
- The population of scorecards has not conformed with the National Indicators This is required to be addressed as the Key Performance Areas and Core Management Competencies are required to be structured into the National Key Performance Indicators and Core Management Competencies (CMC's)
- The CMC's are required to be made up of at least 3 compulsory and 2 or 3 other CMC's (a total of 5 or 6). It is noted that in the case of the s57 Managers, all have been utilized which makes it extremely difficult to manage and evaluate as certain of these CMC's are not even applicable to all.

Compulsory CMC's are:

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

- While the scorecards are aligned to the SDBIP, the SDBIP is not aligned to the National Indicators
- The Key Performance Areas are required to constitute 80% of the total scores and the Core Management Competencies would amount to the remaining 20%. In this application both the KPA's and CMC's were scored out of 100 and this has skewed the weighted requirements as the 80:20 split was not reflected in the total scores.
- The performance evaluation and assessment panel does not appear to have functioned effectively as no individual scores were reflected, and it is quite possible that attempts to gain a single acceptable score could result in a person or persons influencing others unfairly.
- Verification in terms of portfolios of evidence do not appear to have occurred and scores can therefore be manipulated.
- Personal Development Planning does not appear to have been completed correctly and does not take into account the future long-term plan.

Based on the issues highlighted it is recommended that:

- The PMS Policy developed is to be based on Performance Management Regulations and submitted for Council approval and implementation.
- Staff are workshopped re – practical application
- PMS phased in to lower levels over time

During 2007 the Performance Agreements were signed by all Managers and the Performance Management Framework was developed and adopted by Council. September 2008 brought with it the review of the Performance Management Framework and its adoption by Council.

Due to the difficulties experienced in appointing S57 staff (after the completion of 5-year terms for the previous managers) appointments only occurred in the latter half of 2008/2009 financial year and Performance Agreements for 2008/2009 were only signed in May/June 2008.

**1.6 Annual Performance as per Key Performance Indicators in Municipal Transformation and Organizational Development**

Indicator	Total No. of People (planned for) during year under review	Achievement Level during Year Under Review	Achievement Percentage during the Year	Comment on the Gap
1 Vacancy rate for all approved and budgeted posts	175	Low	57.65%	Caused by Resignations, Deaths and Pensions
2 Percentage of appointment in strategic positions (Municipal Manager and S57 Managers)	6	High	85.71%	All positions were filled
3 Percentage of S57 Managers, including Municipal Managers, who attend at least 1 skills development training course within this financial year	7	High	57.14%	Others were employed towards the end of the programme
4 Percentage of Managers in Technical Services with a professional qualification	1	High	100%	All Technical Managers have a professional qualification
5 Percentage of municipalities within the district area that have a fully functional performance management system (DM only)	N/A	N/A	N/A	N/A
8 Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5-year term	113	High	100%	There is a misconception about the skills audit (i.e. the intention to dismiss employees who do not possess qualifications)
9 Percentage of Councillors who attended skills development training within the current 5-year term	31	High	93.55%	
10 Percentage of staff complement with disability	2	Low	1.77%	Most people with disabilities do not apply to the municipality although this is encouraged in the advertisements.

11	Percentage of female employees		Low	39%	The greatest differences regarding equity occurs within the Technical Services Department as this department requires the majority of staff and the majority appear to be male
12	Percentage of employees that are:				
	Aged 35 or younger	33	Low	29.20%	The highest percentages caused by the former erstwhile white municipalities.

1.7 Major Challenges and Remedial Actions in regard to Human Resource and Organizational Management

Challenges and remedial action may be summarized as follows:

- Staff Retention Strategies;
- Scarce Skills in critical areas;
- Budget;
- Policy Development; and
- Performance management.



## **CHAPTER 2**

### **PERFORMANCE HIGHLIGHTS**

## 1. Office of the Municipal Manager: Strategic Focus and Achievements

The Office of the Municipal Manager is seen to incorporate a number of diverse and strategic posts and functions. Effectively the Municipal Manager is responsible for the following areas of functioning:

Risk Management and the Internal Audit, Legal and Compliance Issues, Free Basic Services, Financial Viability, Strategic Management, Technical Services, Community Services, Corporate Services and IPED functions and responsibilities.

It must be noted that the Strategic Manager's post is in fact housed within the Mayors Office, however the reporting relations are to the Municipal Manager and for this reason and its very strategic nature we have incorporated it and its related functions within this section.

The **Strategic Manager's** post is filled by **Mr. A. M Stemela** and this manager is responsible for Communications (a vacant post during the year under review), Public Participation, and Special Programmes. The Special Programmes Officer was for some time managing much of the work conducted within the Community Services Division (due to the vacancy of this position) and for this reason progress regarding Special Programmes and HIV/Aids mainstreaming has been incorporated within Community Services.

Within this office each area of functioning will be discussed in terms of its strategic functioning and the degree to which strategic issues are being met.

It must further be noted that the creation and appointment of the Strategic Manager within the political office and more specifically the office of the honorable Mayor has resulted in great emphasis being placed on communications, Public Participation, Special Programmes and continued emphasis on meeting the IDP objectives.

Each area will be examined further in the detail, which follows:

### a. Public Participation and Customer Relations

it is acknowledged that greater effort is required to be placed on public relations and improving the levels of communication both internally within the organization, but also between the municipality and the external stakeholders. Accordingly, the following activities were undertaken:

- Mayoral Imbizo's

As part of the Mayoral Outreach programme Mayoral Imbizo's were held in all 16 Wards. In this manner every effort is being made to engage the public and the community with the administrative structures.

Public Participation and consultation has been undertaken at many different levels in an attempt to engage the public, in an attempt to obtain required inputs, and to

ensure that they receive the necessary feedback regarding projects and the areas involving IDP projects.

Accordingly Mayoral Imbizo's and public hearings were held.

- Public Hearings

Public Hearings are throughout the year with various sector departments. Emphasis revolved around the municipal by-laws and also related to the amalgamation of the Umsobomvu Youth Fund and the Youth Commission.

- Customer Satisfaction Surveys

It is recognized that this area of functioning requires a level of understanding regarding the customers assessment of satisfaction regarding services rendered. Feedback will enable remedial action to be taken. It is noted that plans are underway to ensure that the public provide feedback while taking part in a customer satisfaction survey. This has not yet been undertaken, although the questionnaires have been drafted.

The approval of the Public Participation Framework Policy is central to the success of this process.

- b. IDP, Service Delivery and Budget Implementation Plans and Performance Management

Central to the strategic governance of the organizations in the Integrated Development Plan (a 5 year strategic plan which is formulated after assessment of the past, current and future requirements of this municipal area, while taking into account the strategic input, from all roleplayers (internal and external), and administrative needs of the organization so that plans can be undertaken to address these issues as part of a 5-year plan.

This 5-year plan is broken down into annual objectives, and through the development of appropriate Service Delivery and Budget Implementation Plans and Departmental and Individual Performance Scorecards (performance targets), it is ensured that appropriate and adequate preparation is made to ensure that through budget, administrative support and infrastructure requirements, these IDP objectives will be addressed over time.

It is recognized that reporting relationships and methods of reporting were required to improve so that adequate measurement, assessment and remedial action could be taken.

The Implementation of the Performance Management System has been applied to the S57 Managers at this point and while certain practical difficulties were

experienced in terms of aligning scorecards with national indicators and with methods of performance assessment, these are issues that will be addressed and in following years system implementation will be rolled out to designated levels, and with the provision of adequate training and support.

It is therefore noted that the management and integration of the IDP occurred as required; the IDP and related budget was approved; the SDBIPs were developed so as to ensure that service delivery targets were designated so as to ensure improvements in service delivery. It is also recognized that alignment of the SDBIPs to the national indicators did not occur as required and this is an area requiring continued focus.

The Performance Management System application will ensure that at least two formal assessments will take place annually (2<sup>nd</sup> and last quarter). Fourth quarter results will dictate whether staff (to whom the system is applicable, in terms of roll-out) will be eligible to achieve a performance bonus in terms of the system itself. First and third quarter reviews would identify performance and personal development needs would be identified and planned to be addressed at some time in the future.

c. Functionality of Governance and Communication Structures

It was noted that staff and management meetings were not occurring as required or as scheduled, and in other instances the lack of communication was causing stress between the various parties.

In terms of remedial action taken it must be noted that:

- Meetings are now taking place as provided;
- Protocols are being improved, and policies and procedures to this effect have been developed and are being applied.
- Communication between Councillors has been improved
- Staff are trained and have been workshopped regarding Council policies and procedures
- Ward Councillors and Party Representative Councillors have been trained in order to ensure that local government is clearly understood.
- SDBIP reporting and functioning is resulting in better communication flow.
- The link between the standing committee functioning and Council meeting is resulting in improved efficiency in decision-making (due to improved understanding of issues requiring a jurisdiction), and
- All recommendations of all the standing committees are being tabled at Exco.
- A draft Communication Strategy is available and is awaiting public comment so that it can be finalized.

Notwithstanding the clear improvements in this area, it is noted that ongoing effort is required to address these challenges in the long-term and this is an area that cannot be short-changed.

d. Intergovernmental Relations

Great strides have been made and the IGR forum is designated to provide the vehicle which will be used to promote and improve intergovernmental relations. The challenge of ensuring commitment to this process continues and efforts are underway to engage commitment with the assistance of the Office of the Premier.

The twinning of the Emalahleni Municipality and Dordrecht Netherlands Municipality is centered around capacity building of officials and in particular having housing as its area of strategic focus. Councillors training is also required and will begin in the new year. Project planning between these municipalities occurs annually.

e. Governance

It is noted that Emalahleni Municipality was able to utilize a shared internal Audit Committee with the assistance of Chris Hani District Municipality and an internal audit function was therefore able to be provided.

The development and application of by-laws and policies and legal compliance has long been a challenge but will be managed through the appointment of the Legal and Compliance Officer.

f. Sustainable Economic Development

Extensive training to all SMME's and cooperative have resulted in the creation many job opportunities through the use of the Expanded Public Works Programmes and more than 500 jobs were created.

The creation of business forums and support structure such as : Business Chamber, Women's Business Forum and the Local Cooperatives Forum has done wonders to ensure the sustainability for tourism development.

g. Transformation and Institutional Development

The newly established Organogram and its populating is central to ensuring intuitional development and sustainability.

Accordingly critical posts have been filled and every effort is underway to instill a culture of performance optimization.

Having received a disclaimer of opinion from the Auditor-General it is clear that many areas require attention in order to ensure the financial viability and health of the

organization. Detail regarding the issues and the tremendous improvements to service delivery and infrastructure development will be detailed within the remainder of this chapter relating to performance highlights.

## 2. **Basic Service Delivery Performance Highlights**

The Basic Service Delivery Performance Highlights will be examined under the following areas:

- Water Services
- Electricity Services
- Sanitation
- Roads Maintenance
- Waste Management
- Housing and Town Planning
- Spatial Planning
- Indigent Policy Implementation
- Overall Service Delivery Backlogs

### 2.1 **Water Services**

#### a. Water Services Delivery Strategy and Main Role-Players

Emalahleni Municipality is recognized and appointed by the Water Services Authority (Chris Hani District Municipality) as a Water Services Provider. As such it is responsible for supplying water and sanitation to the rural and urban areas – which effectively amounts to delivery to approximately 124 717 residents within the local municipality.

#### b. Levels and Standards in Water Services

It is acknowledged that those in the rural areas have low levels of access to water and in many instances, the water is of a low standard.

In terms of water connections and availability it is noted that amongst formal residents the following statistics are applicable;

- Urban Areas : 18 769 yard connections have been made in 3 towns
- Rural Areas : 105 948 residents are spread over about 200 villages. RDP standards requires that water is made available within 200m for all applicable residents.

#### c. Annual Performance as per Key Performance Indicators in Water Services

The table below provides the level of required and actual performance for required indicators within water services during the period under review.

Indicator		Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1	Percentage of households with access to potable water = 91%	29 352	2 962	1 200	1 200	100%
2	Percentage of indigent households with access to free basic potable water = 100%	5 165	3 465	1 700	1 700	100%

d. Major Challenges in Water Services and Remedial Actions

Extreme challenges have been experienced within the water services section and these have related primarily to sever drought and the deficiencies in electricity provisions from ESKOM.

The extreme drought has been seen to affect the majority of the villages, and we were forced to use water carts to deliver water to these villages.

In an attempt to manage water shortages, and the very real threat caused by the drying up of the Dordrecht Water Dam, residents were supplied with water on a two-day interval cycle. Clearly this resulted in many and extreme challenges for Hospitals, Clinics, Schools and Hostels and water carts were used to address these situations.

In order to deal more effectively with those water shortages, it is recognized that another water spruce is required in Dordrecht; back up water systems in villages are required; and plans are required in order to ensure that water tankers can be purchased rather than be hired.

Should the area be declared a disaster area, then the army water tankers from the army will be required to intervene.

Electricity outages appear to have increased and the ESKOM response time is not acceptable and is considered to be very slow. Efforts will be required to ensure

that Eskom regards this situation and the outages experienced as a matter of priority.

## 2.2 Electricity Services

### a. Electricity Services Delivery Strategy and Main Role-Players

Emalahleni Municipality is required to ensure electricity provision to the two towns of Indwe and Dordrecht.

The remaining areas (Lady Frere and surrounding villages) are required to be supplied by Eskom and the Municipality's role is to apply for supply implementation and monitoring.

The Municipal Manager, the Technical Services Manager, one senior electrician and two apprentices are responsible for this function.

### b. Level and Standards in Electricity Services

It is clear that by comparison, the electricity service is of a low standard in the villages as compared with a high standard in town. It is therefore required that electricity service provision be regarded as top priority by Eskom as these consumers have the same demand and right to service delivery as those residents living in the towns.

It will be noted that in terms of project planning, every effort is being made to ensure that these projects are catered for and factored into the Service Delivery and Budget Implementation Plans.

### c. Annual Performance as per Key Performance Indicators in Electricity Services

The measurement and performance achieved in terms of these indicators is reflected in the table below:

Indicator		Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1	Percentage of households with access to electricity services = 74%	31 197	30 160	20 880	20 880	100%



5	Percentage of indigent households with access to free basic electricity services	5 165	4 352	813	813	100%

d. Major Challenges in Electricity Services and Remedial Actions

It is noted that the following challenges currently exist:

- The overhead lines are easily damaged by the wind that causes trees to fall on the power lines
- Electricity is weak due to the damage caused by and the impact of the strong winds

In order to attempt to remedy these issues, it is intended to ensure that there is regular and routine cutting of trees and that power lines and power stations are upgraded regularly.

**2.3 Sanitation**

a. Sanitation Services Delivery Strategy and the Main Role-Players

As with the water situation it is noted that the Sanitation Service Authority is the Chris Hani District Municipality and Emalahleni Municipality is regarded as the service provider.

b. Level and Standard in Sanitation Services

The levels and standards in sanitation services differ dramatically between the various areas as follows:

- The 3 towns of Dordrecht, Lady Frere and Indwe enjoy a waterborne system; and
- In all villages (VIP toilets), a pit latrine system is used.

Of extreme concern is the level and standard at which the sanitation service is provided. It is worth noting that when the bucket eradication system was completed within the towns, no additional water supply was catered for and in Dordrecht there are not additional sewer ponds. Clearly these needed to be catered for in order to be able to supply an improved and sustainable service that relies very heavily on water supply. Additionally it would seem far more cost effective to purchase the equipment required rather than hiring this, as the cost of hiring the letting machines proves costly.

c. Annual Performance as per Key Performance Indicators in Sanitation Services

Progress in terms of the key performance indicators for sanitation are indicated in the table below;

Indicator		Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1	Percentage of households with access to sanitation services	31 195	17 785	5 400	5 100	100%
2	Percent of indigent households with access to free basic sanitation services	N/A	N/A	N/A	N/A	N/A

d. Major Challenges in Sanitation Services and Remedial Action

There are many challenges facing the sanitation services, not the least of which include:

- Blockages caused by the “flushing” of foreign objects down the toilets, which may include: newspapers, pads and cloths; and
- The vandalism of infrastructure (as with the fences around pumps and sewerage ponds).

In an effort to resolve these challenges every effort is being made to design and implement campaigns aimed at encouraging community members to look after these structures.

## 2.4 Roads Maintenance

### a. Road Maintenance Service Delivery strategy and Main Role-Players

It is required of Emalahleni Municipality to identify bad roads through community participation, and to then report this to the Department of Roads and Transport for appropriate action (project planning and resource allocation).

### b. Level and Standards in the roads Maintenance Service

It is noted that approximately 80% of Emalahleni's gravel roads have been bladed through the implementation of an area wide maintenance programme.

### c. Annual Performance as per Key Performance Indicators in Roads Maintenance Services

The overall annual performance of the roads maintenance services is indicated in the table below (as reflected against the performance indicators and targets):

Indicator		Total No. of Households/ Customers expected to benefit	Estimated backlogs (actual numbers)	Target Set for Financial Year under Review	No. of Households/ Customers reached during Financial Year	% Achieved during Financial Year
1	Percentage of households without access to gravel or graded roads	30 000	50%	14	15 436	51.4%
2	Percentage of road infrastructure requiring upgrade	90%	100%	14	15 436	54.4%
4	Percentage of planned new road infrastructure actually constructed	10%	5%	10		90%
5	Percentage of capital budget reserved for road upgrading and maintenance effectively used	120%	10%	10		90%

d. Major Challenges in road Maintenance Services and Remedial Actions

Budgetary constraints are a major challenge. In an ideal situation where budgetary constraints were not a concern, gravel roads should be clustered together with access roads and these roads should purchase their own maintenance equipment such as graders, rollers, water carts, tipper trucks and excavators. As this ideal situation does not exist every effort is made to engage in budgetary and operational planning to ensure that these issues are addressed over the next few years (planned formally annually)

## **CHAPTER 3**

# **MUNICIPAL LED FRAMEWORK IMPLEMENTATION**

### 3.1 **LOCAL ECONOMIC DEVELOPMENT**

#### a. **Status on the Development of the LED Strategy /Plan**

During the 2008/2009 financial year Emalahleni Municipality was not in possession of a Local Economic Development Strategy or Plan.

Up until the 2009/2010 period, no formal Local Economic Development division existed and all related activities were effectively performed within the Community Services Department. A lack of formal budgetary provision and the resultant financial constraints for LED were without a doubt contributing factors

The 2009/2010 period brings with it a budget of R300,000.00 for LED and specifically for the development of the Local Economic Development Strategy. At this point a service provider has been appointed to formulate this strategy, which is expected to be completed in March 2010.

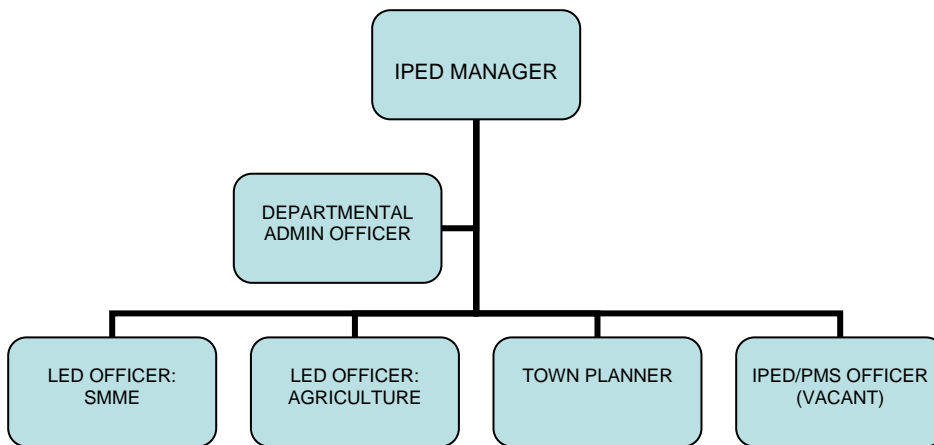
#### The Formation of the LED Unit

As per the organogram below it must be noted that the LED unit falls under the Integrated Planning and Economic Development Department (similar in structure to this department within the Chris Hani District Municipality).

#### Availability of LED Expertise

The LED unit represents a specialized unit requiring specialized skills, and it is acknowledged that this area is experiencing a shortage of these critical skills. Accordingly, this department is engaging in many efforts to capacitate staff by arranging for identified staff to attend identified and suitable programmes arranged by the training and development division.

## Organogram: LED Unit within IPED



### Local Economic Development (LED) Stakeholder Forum

While it is acknowledged that this forum used to exist in previous years it is currently not functional. In an effort to revive this forum the municipality has been focusing its efforts on attempting to establish related structures such as the Business Chamber, Farmers Association, and the Local Tourism Organization. Once these are all functioning effectively they will be used to input into the LED Stakeholder Forum.

### Funding Opportunities of LED Activities

The drive towards successful establishment of the LED division and related initiatives has been facilitated by the following funding opportunities that have become available for this period:

- DEAT – Indwe Resort (R2,9m); Dordrecht Kloof Conservancy (R1,8m); Xonxa Aqua Project (R3,9m); and the Western Tembuland Cultural Village (R4.4 m) for tourism promotion programmes.
- DEDEA: R4,6m for sorghum production; 200ha at Ndonga; 200ha at upper Ndonga (Ward 3); 200ha at Magushu (Ward 2); 100ha at Zwaart Water (Ward 9); 50 ha at Mgwalana(Ward 14); 50ha at Gubahoek (Ward 16).
- CHDM: R100,000 for soghum production.
- CHDM: Provision of 62 Nguni Bulls for large livestock improvement programme.
- Agricultural Research Council – where 3 stock sales pens were constructed at the following areas: Percy Village (Ward 4); Hala No. 2 (Ward 3) and Machubeni (Ward 13)
- Department of Agriculture: Arable land was fenced at Zingqolweni in Ward 3; at Mkhapus administrative area, Ngquanda administrative area, Mt. Arthur administrative area and De Hoop Village (Ward 12) with an amount of R4 million.

**NOTE: These represent aspects that will be included and contained within the Local Economic Development Strategy, which is in its development phase.**

### **3.2 PROGRESS TOWARDS ACHIEVING THE LED STRATEGY**

#### **a. Improve Public and Market Confidence**

- Attempts to develop a Spatial Development Framework for Emalahleni Municipality is currently underway with the assistance of the Department of Rural development and Land Reform. This is at the procurement phase and completion is expected around April 2010. It is planned that as soon as this framework is in place the organization will develop its own land use management system.
- Tremendous challenges are experienced as a result of the procurement procedures and administrative “red-tape” which appears at times to impede development.
- Donor and funding departments are not always timeous in making transfers and this is particularly challenging when crop production activities (which are time bound) are undertaken.
- Investment and trading by-laws are an area requiring focus and attention. The lack of by-laws to regulate investment is a challenge. Currently the by-laws that exist are those which regulate trading and implementation thereof is due in part to the fact that they were recently promulgated by the Provincial Department of Local Government and Traditional Affairs.
- In terms of the provision and maintenance of quality and reliable infrastructure, it is noted that the following activities have occurred:
  - Streets are being re-surfaced around the central business district of Lady Frere and the street to Indwe resort is being tarred;
  - Efforts are underway to use the MIG grant funding to provide financial support to erect Hawkers stalls in all 3 towns i.e. Lady Grey, Indwe and Dordrecht. This has led to R1,3 m approved by MIG however this is clearly insufficient as a mere 3 hawkers stalls of the correct quality for Lady Grey, Indwe, and Dordrecht amount to R24m.

#### **b. Intensify Enterprise Support and Business Development**

In an attempt to intensify and thereby increase enterprise support in business development within Emalahleni, the following achievements must be noted:

- SEDA (Small Enterprise Development Agency) is providing support and business development services to SMME’s in the Chris Hani District. This organization is based in Queenstown but as such is also accessible to SMME’s from Emalahleni Municipality. Additionally, and providing almost the same services is the ECDC (Eastern Cape Development Corporation) that is situated in Queenstown and is accessible in the same manner.
- A public and private partnership has been established between the Emalahleni Local Municipality and the Elitheni Local Mine. In this case the Elitheni Local Mine (Pty) Ltd



is a Port Elizabeth based company which is in the process of accessing the mining rights for coal mining reserves in the northern part of the Emalahleni area of jurisdiction.

Current successes with this PPP is that 7 local people have already been provided with employment and are working in the surface of this mine (after blastings and excavations were being conducted). It is accepted that additional benefits will be realized and enjoyed at the time when the mine becomes fully operational.

- A number of new formal SMME's have been established within the municipality and a total of 83 new SMME's have been registered to Emalahleni's database.
- A reflection of additional employment opportunities created through the Expanded Public Works Programmes (EPWP) and Public Private Partnerships as EPWP projects is reflected as follows:

Table: EPWP Projects and Employment Figures

Programme		No. of People Currently Employed
a	Lady Frere Main Street Paving	28
b	Tarring of 1.6 km street in Lady Frere	20
c	Stoney Croft Storm Water Control	85
d	Tarring of Indwe Resort Road (2 km)	10 (so far)
e	Tarring of Dordrecht – Sinako Road (4km)	103
f	Construction of community halls in Benqu, Ngqanda, Zwartwater and Tyoksville	117
g	Construction of Xonxa Aqua – Culture Tourism Facility	16

### Unemployment Database

Put into perspective it is worth noting that the current unemployment figures are reflected as follows:

Unemployed	Housewife	Unable to work due to disability or illness	Seasonal Workers not Presently Working	Could not Find Work	Total
11,614	5,016	3,563	504	6,680	27,377

### 3.3 Annual Performance as per Key Performance Indicators in LED

As per the key performance indicators in LED, the following achievements are noted:

Indicator Name		Target Set for the Year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities	100%	80%	80%
2	Number of LED Stakeholders Forum held	5	5	100%
3	Percentage of SMME's that have benefited from a SMME's support programme	20%	16 SMME's benefited	20%
4	Number of job opportunities created through EPWP	520	520	100%
5	Number of job opportunities created through PPP	7 (Employed by Elitheni Coal Mine)	7	100%

### 3.3 Challenges Regarding LED Strategy Implementation

Perhaps the greatest challenge experienced by Emalahleni Municipality relates to its rural nature. Accordingly, it cannot generate sufficient revenue in order to finance its own programmes and as a direct consequence, it remains dependent on other government institutions for LED funding to finance LED related initiatives.

Future planning to create own funding for required projects should be undertaken in a coordinated and planned manner allowing for appropriate budget planning.

**CHAPTER 4**

**AUDITED STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

#### 4.1 **Budget and Treasury Department Report**

The Budget and Treasury Department is established in terms of Section 80 of the Municipal Management Finance Act, within the Department of Finance, under the control of the Chief Financial Officer, Ms M Ludick.

**Emalahleni** Municipality is governed by a Council that continues to provide unwavering support and commitment towards sound financial management and the maintenance of a sound economic base.

#### 4.2 **Mission Statement**

“As the Finance department, we commit ourselves 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 in, towards the enhancement of service delivery within these departments. We undertake to implement and uphold all legislation, policies and procedures as prescribed by National Treasury”.

#### 4.3 **Staff Component**

The Budget and Treasury Department during the year under review were staffed as follows:

- X1 CFO: s57
- X1 Budget & Treasury Officer
- X1 Accountant: Expenditure
- X1 Accountant: Revenue
- X1 Senior Revenue Officer
- X2 Debtors Clerks
- X1 Credit Controller
- X1 Cashier/Natis Clerk :Indwe
- X1 Cashier: Dordrecht
- X1 Cashier: Lady Frere
- X1 Cashier/Natis Clerk
- X1 ITC Officer / practitioner
- X1 SCM Officer
- X Messenger /Cleaner
- X4 Financial Interns

Vacant positions: X3 Meter Readers and X1 Debtors Clerk

Meter Readers are appointed on an occasional basis as the posts remain vacant and the consumers meters read on a monthly basis.

Fourteen (14) positions are filled and four positions remain vacant in the Budget & Treasury Department. Skilled and experienced staff especially within senior positions remains a

challenge. This also has an impact on the operational functioning of the organization, as the organization requires technical capacity and competence in order to provide the required service delivery and sustainable development as highlighted within the IDP.

The Budget and Treasury Department is an area where staff capacity and retention strategies are critically important. Identified and experienced as a critical scarce skill it is noted that staff turnover can be high and the ability to attract suitable staff can be quite a challenge. This is directly influenced by the pay structures of surrounding municipalities that appeared to be far more competitive.

In terms of National Treasury competency structures, all senior managers are required to possess the required competency levels by 2013, To this end formal structures have been put in place in order to empower the staff in this department, and more specifically “on the job” mentorship and training programmes were arranged in order to expose staff to all spheres of the financial functions within this department. This proactive approach would result in a process, which would create a larger pool of required talent and would in this way facilitate the upward mobility (promotions) within this department.

#### 4.3.1 **Internship Programme**

With funding received from National Treasury four (4) interns were employed in the under the year in review, they are currently undergoing in-service training within the Department: Budget and Treasury Services.

The internship programme was introduced to alleviate the negative impact that skills shortages has had on the recruitment and the subsequent placement of suitably qualified persons. The programme is a process of empowering and capacitating future employable staff. Identified students/graduates from recognised institutions were engaged to work for the Budget & Treasury Department.

The internship programme is regarded as a means to balance the immediate shortages and the long run demand for employees, it is envisaged that both current and future personnel shortages can be minimized as the Municipality intends to absorb some of the already trained candidates.

#### 4.4 **Key Performance Indicators Target s and Focus areas**

The following focus areas have been set, achievable targets as set out below:

- Revenue and Collection / Income Generation 20%
- Expenditure and control: 20%
- Budgeting and IDP: 20%
- Accounting and Reporting: 20%
- Information Technology: 10%
- Asset Management: 10%

These will be examined under each subsection as follows :

- **Revenue Collection/Income Generation**

Within the Revenue Collection/Income Generation division it is required that the processing of monthly consumer accounts and the receipting of all revenue is undertaken of the Towns (Lady Frere, Dordrecht and Indwe) that fall within the jurisdiction of Emalahleni Municipality.

The functions are supervised; co – ordinated and serviced in each of the administrative units of Dordrecht; Lady Frere and Indwe. Meter readers service Indwe and Dordrecht; no meter reading are done in Lady Frere, as meters do exist in Lady Frere only basic service charge is raised for the consumers. Meter Reader are currently being installed in Lady Frere; which will result in revenue enhancement. The function is currently housed in the Finance Department but will move to Technical Service in the 2009/2010 Financial year.

- **Expenditure and Control**

This function is situated at the “seat” in Lady Frere and is supported by staff members who are responsible for the payment of creditors, ordering of goods, services and materials, processing the monthly salaries and allowances, compilation and control of budgets, controlling capital and other projects, processing of monthly and quarterly financial reports and the compilation of annual financial records and statements.

The Key Performance Indicators are:

- Monthly reconciliation & payment of all creditors.
- Interventions and strategies/turnaround plan to improve on expenditure (Levels and quality)
- Monthly controlling of purchases.
- Monthly processing of payroll.
- Annual updates & maintenance of Council’s insurance portfolio.
- Monthly updating & maintenance of Council’s investments.
- Updating & implementing financial policies and procedures:
- Supply Chain Management;
- Loans & Contractual Agreements;
- Asset Management & Insurance;
- Cash Management, Banking & Investments.
- Implementation of the Municipal Finance Management Act, No 56 of 2003 requirements relating to Expenditure.

- **Budgeting**

The CFO compiles the Council's operational and capital budget. It is also her responsibility to provide the necessary inputs during the annual review of Council's Integrated Development Plan (IDP). The Budget & Treasury (Finance) department is also responsible for the determination of tariffs and maintaining a cash budget.

Actual expenditure is monitored to date monthly against Council's approved budget and reports are submitted monthly to all other departments informing them of their expenditure to date.

The Key Performance Indicators are:

Compile & publish budget time schedule

- Establish & publish committees & consultation forums.
- Outreach programme established for all wards.
- Review & prepare:
  - Integrated Development Plan (IDP);
  - Service Delivery Agreements;
  - Delegations;
  - Budget Related Policies;
  - Operational & Capital Budget
- Determine Rates & Tariffs.
- Consult with established committees & forums
- Table budget & supporting documents.
- Approve budget & supporting documents
- Budget & Supporting documents submitted to:
  - National Treasury;
  - Provincial Treasury;
  - Publishing of the budget
- Service Delivery & Budget Implementation Plan (SDBIP) (departmental)

- **Accounting and Reporting**

- Daily & monthly updating of accounting records.
- MFMA required reporting to:
  - National Treasury;
  - Provincial Treasury;
  - Accounting Officer;
  - Executive Committee;
  - Municipal Council
- Monthly reconciliation of supporting registers:
  - Funds;
  - Loans;

- Assets;
- Banks;
- Investments;
- Debtors;
- Creditors; and
- Income & Expenditure.
- Compilation of annual financial statements.
- Compilation of annual report for Department: Budget & Treasury Service.
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Accounting and Reporting.

### **Information Technology**

Although not yet fully functional, this function is located in Lady Frere. All computer hard and software used at the three administrative units are supported and maintained at this point.

The Key Performance Indicators are:

- Maintain & upgrade of computer hard and software
- Secure computer hard and software services.
- Training for all staff in utilizing IT systems effectively.
- Development of Information Technology policies.
- Daily & monthly processing of records when required by other departments.
- Developed & maintained municipal Website.

### **Assets**

The municipality performed asset verification and the itemizing all infrastructure as at 30 June 2009. The municipality has assessed, as at 30 June 2009 whether items of property, plant and equipment are impaired.

The assets register is progressing to GRAP compliance and existing manual assets register as well as the inventory lists are being computerized by means of bar coding for all movable assets.

The Key Performance Indicators are:

- Recording & Marking (bar-coding) of all assets.
- Updating & maintaining a comprehensive assets register
- Compiling, updating & maintaining of inventories.
- Revaluing of fixed assets.



## 5. **The Budget**

Steps were taken to ensure that the requirements of the Municipal Finance Management Act, No 56 of 2003, especially Chapter 4 (section 15 to 33), as well as any MFMA Circulars from National Treasury, were met.

During October to November 2008 the Budget Steering committee, with assistance from ward councillors and ward committees engaged into an outreach program to assess the needs of the community in all 16 wards. All needs recorded were later prioritized and included in council's Integrated Development Plan.

The budget technical committee has in the addressed various issues required by the Municipal Finance Management Act:

- Reviewing the IDP objectives and strategies;
- Reviewing the Organisational structure;
- Reviewing the Delegation framework;
- Reviewing the 2008 / 2009 Service Delivery and Budget Implementation Plan (SDBIP);
- Reviewing existing and considering new Service Delivery Agreements;
- Considering the establishment of Entities;
- Reviewing existing and compiling new Budget-related policies;
- Considering the Macro and micro economic climate and budget guidelines, requirements and growth parameters;
- Planning the implementation of GFS classifications;
- Considered proposed tariff increases;
- Compile a draft operational and capital budget;
- Prioritise community needs in the IDP.

During January 2009 the draft budget and supporting documents were tabled to the budget committee for consideration, discussion and approval.

### **Budget Process Overview**

The MFMA Circulars 10, 13, 14, 19, 27, 28 and 41 issued by the National Treasury was used as a guidance mechanism during the 2008 / 09 budget processes. From this council has developed an IDP (Integrated Development Plan) and Budget policy.

The Schedule of Key Deadlines issued by National Treasury was also used as guideline for council to develop its own Schedule of Key Deadlines, which takes effect once council has approved it during August. A summarized version thereof is then advertised in the in locally circulated newspapers and on municipal notice boards. Interest groups and stakeholders are annually invited to register and from part of council's Local Budget Consultation Forum. Council's IDP and Budget policy provides guidelines as to how this

forum and the Sector Budget Consultation Forum should be established. Amongst others, has council ensured that at least two members of each of its sixteen ward committees are represented on the Local Budget Consultation Forum. All relevant national and provincial departments, as well as the district municipality – Chris Hani District municipality – forms part of the Sector Budget Consultation Forum. Council meets at least two times during the budget process and once after the draft budget has being tabled with these forums.

The Budget Steering committee, with the involvement of the ward councillors and ward committees, annually engage itself in an Outreach Programme during which community meetings are held in all seven wards. This where the community uses their opportunity to inform council of their needs. All needs / problems discussed, whether local, district, provincial or national are recorded, prioritized and summarized in a report for follow-up or inclusion into council's IDP. Non-local issues (national, provincial and district) raised are discussed at the Sector Budget Consultation Forum, whilst local issues are prioritized by the Local Budget Consultation Forum for inclusion in council's IDP.

Once the draft budget is tabled by the Mayor in March, the budget and required supporting documents are made available for representation and / or comments. It can either be viewed in hard copy at one of council's administrative units. The tabling and invitation to submit representation / comments are also advertised in locally circulated newspapers and on municipal notice boards.

The Budget committee keeps record and deals with all representations and comments received. Any adjustments resulting there from are done before the budget is submitted for approval towards the end of May.

## **6. Integrated Development Plan (IDP) – 2008 / 2009**

### **Review Process**

Outreach programme to all wards by the council of Emalahleni Municipality during the months of October and November 2008 to identify new priorities.

Local Consultation Forum meetings were held at Lady Frere Administrative Unit, Dordercht Administrative unit and at Indwe Administrative unit.

Review of the IDP strategic objectives and strategies by the Budget Steering Committee in December 2008.

Determination of projects to meet objectives and strategies.

Alignment with the CHDM District Municipality and Sector Departments in February 2009.

Public participation in February 2009.

IDP and Budget published for comment (April 2009).

Consultation with Sector Departments (February / March 2009).

Revise IDP and Budget if necessary (April 2009)

Public hearings and Council Debate on IDP and Budget (May 2009)

Amendments to IDP and Budget.

Final approval end June 2009.

IDP Document submitted to MEC of Department of Provincial and Local Government for comment.

A SDBIP plan was put into place and taken to Council (March 2009) The SDBIP in 2008/2009 had been a challenging period in respect of the SDBIP structure itself. A SDBIP had to be developed / populated from scratch (never existed in the past). While this report had been structured it was raised by the AG that the SDBIP was not of the desired quality and requires to include service delivery targets and performance indicators. Correct quarterly reporting in the manner prescribed remains a challenge, notwithstanding the progress to date.

Noted: the Auditor General has raised that no evidence could be provided to support that that deadlines dates /key schedules have been achieved

## 7. **Operational Expenditure**

The Budgeted operational expenditure was **R 114 543 204** and actual expenditure amounted to **R 44 417 300 -- variance of: R 70 125 904**

## 8. **Employee / Related Costs**

The employee cost were pitched at **20.99%** of the budget and although the need for additional staff in all departments are huge, council's greatest challenge is to try and operate and remain within the norm set by the National Treasury, Department of Provincial and Local Government and SALGA.

<b>EMPLOYEE RELATED COSTS</b>	<b>2009</b>	<b>2008</b>
Employee related costs – Salaries and Wages	9 771 468	8 331 126
Employee related costs - Bonus	689 502	913 524
Medical Aid	1 574 204	14 625 229
UIF	81 500	64 516
WCA	118 426	69 541
SDL	148 470	150 392
Leave Pay	130 201	581 748
Pension	1 376 672	1 085 083
Travel, motor car, accommodation & subsistence allowances	377 792	517 872

Overtime payments	490 205	442 938
Acting allowances	113 233	6 250
Transport Allowances	676 915	843 261
Housing Benefits and allowances	153 922	7 720
Industrial Council contributions	3 712	4 559
Telephone allowances	116 979	102 300
Standby allowance	3 903	-
<b>Total Employee Related Costs</b>	<b>15 827 104</b>	<b>27 745 969</b>

9. Repairs & Maintenance

Council's intention to maintain its infrastructure and assets is clear with the amount of **R 3 786 140** allocated to repairs and maintenance. However, **R 1 725 430** was spent on repairs and maintenance – variance of R2 060 710.

10. **District Municipality**

10.1 **CHDM Water Service Authority (WSA)**

During 2003 the ownership of the water and sanitation functions assets and liabilities were transferred to the Chris Hani District Municipality. The water and sanitation services are however still provided by Emalahleni Municipality. An agency account was therefore created wherein the income, expenses, assets and liabilities relating to the abovementioned services are recorded, accumulated and accounted for.

The agency account is not classified as a financial instrument due to the absence of any cash flows between the Chris Hani District Municipality and Emalahleni Municipality.

Amounts due:	2009	2008
Chris Hani District Municipality – agency account	R27 496 556	R24 322 616

**OPERATING AND CAPITAL BUDGET 2008/2009 FINANCIAL YEAR**

<b>OPERATING BUDGET</b>					
	<b>A BUDGET 2008/2009 R</b>	<b>B EXPECTED 2008/2009 R</b>	<b>C BUDGET 2009/2010 R</b>	<b>C/A INCREASE (DE- CREASE) %</b>	<b>BUDGET 2010/2011 R</b>
<b>EXPENDITURE:</b>					
Salaries, wages and allowances	31 116 931	0	35 679 364	14.67	36 330 885
<i>General expenditure -</i>				0.00	
Bulk purchases	4 207 435	0	5 379 487	27.86	6 946 593
Water bulk purchases				0.00	
Sewer payments		0			
Contributions to municipalities for functions & services				0.00	
Other	12 010 411	0	16 676 954	38.54	13 430 990
Repairs and maintenance	3 484 742	0	3 648 525	4.70	3 816 357
Depreciation	4 449 667		4 449 667	0.00	4 449 667
Government Grant Expense	14 948 412		4 836 964	(67.64)	5 027 899
<i>Capital Charges -</i>					
External interest	1 120 000	0	1 120 000	0.00	1 120 000
Redemption of external debt				0.00	
Internal interest and redemption				0.00	
Contributions to fixed assets				0.00	
Contributions to special funds				0.00	
Provisions for working capital	6 000 000		4 000 000	(66.67)	4 000 000
<b>Total Gross budgeted expenditure</b>	<b>77 337 598</b>	<b>0</b>	<b>69 708 890</b>		<b>75 122 391</b>
Less amounts reallocated					
<b>TOTAL: Net budgeted expenditure</b>	<b>77 337 598</b>	<b>0</b>	<b>69 708 890</b>	<b>(9.86)</b>	<b>75 122 391</b>

**OPERATING BUDGET**

	<b>A BUDGET 2008/2009 R</b>	<b>B EXPECTED 2008/2009 R</b>	<b>C BUDGET 2009/2010 R</b>	<b>C/A INCREASE (DE-CREASE) %</b>	<b>BUDGET 2010/2011 R</b>
<b>INCOME:</b>					
Regional levies				0.00	
Property rates	1 985 495	0	2 082 070		2 207 288
Services	9 086 461	0	10 705 788		12 153 491
Rent	545 032	0	567 305		593 409
Fines	45 812	0	47 965		50 171
Licenses & permits	15 011	0	15 717		16 440
Income for Agency Services	111 193		116 419		121 774
Surplus on Sale of Assets	55 596		58 209		60 887
Other	112 955	0	116 237		121 607
<b>Grants</b>					
<i>Interest and investment income:</i>					
External	2 234 975	0	2 340 019		2 447 660
Operating Grants	95 293 828		90 085 607		66 702 386
Outstanding Debtors	2 726 470		2 903 861	0.00	3 037 438
Less Income Foregone	-2 000 000		-2 487 900	0.00	3 135 863
Surplus funds appropriated					
<b>TOTAL</b>	110 212 828	0	106 551 297	3.32	84 376 688
Surplus/(Deficit)	32 875 230	0	36 842 407	12.07	

**11.1 2008 / 2009 Budget Report**

The requirements for Municipal Budgets are clearly set out in Chapter 4 (Section 15 to 33) of the MFMA and all steps were taken to ensure that the Municipality meets these requirements. The municipality has as far as possible compiled the 2008/2009 MTREF Budget in the format prescribed by National Treasury in terms of Circular 28 and the related regulations

**12. 2008 / 09 Financial Statements**

The Annual Financial Statements for the period ended 30 June 2009 was compiled and submitted to the Audit Committee and the Municipal Manager in August 2009, the statements were presented to, discussed and approved by the municipal council of Emalahleni Municipality. Signed approved copies were thereafter forwarded to the National Treasury, Provincial Treasury and Auditor-General.

A copy of these statements is attached hereto as a separate annexure; **Annexure A**.



**15. Trade and other Receivables**

An amount of **R8 686 190** was due to council as at 30 June 2009. This is an increase of **R7 517 794** from the previous year.

<b>Other receivables</b>	<b>2009</b>	<b>2008</b>
Trade Debtors	<b>30 688 080</b>	<b>25 974 910</b>
<b>Provision for Bad Debts</b>	<b>(22 200 315)</b>	<b>(25 007 657)</b>
Recoverable Fruitless and Wasteful Expenditure	<b>78 001</b>	<b>20 897</b>
Other Receivables	<b>110 424</b>	<b>170 246</b>
	<b>8 676 190</b>	<b>1 158 396</b>

**16. Consumer debtors**

Council's outstanding consumer debtors have increased from R25 974 910 to R30 688 080 to **(18.14%)**

Amounts receivable from consumer debtors relating to water and sanitation have been reallocated to the agency account.

As a result of the above, the prior year amounts have also been re-stated.

**17. Contingencies**

Various litigation matters are in the process and the municipality's lawyers are dealing with them on behalf of the Municipality. The following is a breakdown of the matters:

Emalahleni Municipality vs. MP Hoca. Amount involved is R81 892.

Emalahleni Municipality vs. AL van Heerden. No summons issued yet.

Emalahleni Municipality vs. Mthandazo Theo Mahola. Amount involved is R40 000.

Emalahleni Municipality vs. Ikamva Construction. Amount involved is R358 820.

**18. Loans to Managers and Employees**

The loans to Managers and employees consist of staff debt, study loans and car loans. Study loans bear no interest and are repayable within one year. Car loans are repayable over five years and bear interest at prime rate.

The following was the balance on loans to employees at the end of June 2009:

Balance at the beginning of the year	76 995
Advances	103 380
Repayments	(24 531)



Balance at the end of June 2009

161 844

**19. Consumer deposits**

An amount of R 38 401 is held as deposits on electricity services rendered to consumers.

**20. Operational Performance**

**Statement of Financial Performance for the year ended 30 June 2009**

	Note	2009	2008
REVENUE		R	R
Rates	22	1 961 120	2 243 685
Service charges	23	4 983 934	4 792 987
Rental of facilities and equipment		509 281	419 656
Interest Received –outstanding receivables		1 366 771	2 085 765
Interest earned – external investments	30	3 909 693	4 279 125
Government grants	24	49 175 066	41 943 353
Commissions received		185 733	150 273
Other income		251 643	117 762
Dividends received	30	9 830	
<b>Total Revenue</b>		<b>62 353 071</b>	<b>56 032 606</b>
EXPENDITURE			
Employee related costs	27	(15 827 104)	(27 745 969)
Remuneration of Councillors	28	(5 741 550)	(5 242 363)
Administration		(287 195)	163 110
Depreciation and amortisation	31		(2 547 077)
Finance costs	32	(1 452 527)	(51 759)
Debt impairment	29	2 785 442	(4 465 824)
Repairs and maintenance		(1 725 430)	(1 000 126)
Bulk Purchases	33	(4 174 752)	(3 028 793)
General Expenses	26	(7 639 942)	(6 144 495)
Other grant expenditure		(10 354 242)	(11 299 112)
<b>Total Expenditure</b>		<b>(44 417 300)</b>	<b>(61 362 408)</b>
Discounting of provision for landfill site rehabilitation		70 502	
Revenue		62 353 071	56 032 606
Expenditure		(44 417 300)	(61 362 408)
Other		70 502	
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>18 006 273</b>	<b>(5 329 802)</b>

## 21. CONCLUDING REMARKS

In concluding, it must be acknowledged that whilst a disclaimer audit opinion was obtained during the year under review (included in chapter 4 of the Annual Report), which is highly regrettable, it is of some comfort to acknowledge that the issues raised and highlighted above can and will, be resolved and remedied within the next financial year.

Formal commitment is provided to addressing these issues as a top priority and to prevent reoccurrences. An Audit Action Plan has been developed , which will be used to ensure that all issues are addressed in a coordinated manner. However the content of this plan is required t be addressed through discussions between the Auditor-General, the Municipality and the shared internal auditor.

## 22. CONCLUSION

The 2008/2009-year has yet again provided the Budget & Treasury department many challenges. Challenges are regarded as opportunities for growth and development, without which Emalahleni Municipality would not be able to meet the communities' needs and be given the opportunity to develop.

- Implementation of the Municipal Finance Management Act and it implementation has placed many requirements on the municipality. This had resulted in management, senior staff and all the Council Committee members being trained in terms of the requirements of the Act (now implemented).
- Early implementation of GRAP
- Budget has been prepared in the required GRAP format
- The implementation and conversion to GRAP is progressing toward compliance but has been our challenge and the department has to ensure ongoing training of senior financial staff in terms of implementation and to obtain assistance from external service providers should where deemed necessary.
- Training has been undertaken in respect of the challenges of the MFMA and new Supply Chain Management regulations, Performance Management and, IT.
- The Chief Financial Officer has functionalized the Budget & Treasury Department and has established functional divisions within the department i.e. an; SCM division; IT division, Budget Division
- The IDP (Integrated Development Plan) has been reviewed and the SDBIP's (Service Delivery Budget and Implementation Plans) have been developed and assessed as required on a quarterly basis, in order to target and manage performance within the organization. **The SDBIP will be reviewed and incorporate national indicators and service delivery targets**
- Infrastructure development has been a constant challenge from a financial and resource point of view but we remain remains focused, and development has occurred in many areas.

Our biggest challenge relates to the disclaimer audit opinion received. Based on the emphasis of matter (contained within this report), concerns and administrative and financial weaknesses were highlighted and are urgently required to be addressed. A Audit Action Plan, which will be used to ensure that all issues are addressed in a coordinated manner. However the content of this plan is required to be addressed through discussions between the Auditor-General, the Municipality and the shared internal auditor.

In conclusion, I wish to place on record my sincere thanks and appreciation to all the departmental heads and support staff in the Finance Department that have contributed and assisted this department in achieving our goals and objectives during 2008/2009.

I further wish to place on record my sincere thanks and appreciation:

- ◇ To the Municipal Manager and other Heads of Department, your support, encouragement and co-operation contributed to the successful results this department is able to table.
- ◇ To the honorable Mayor, Ms N Lali and councilors for their ongoing support and guidance, on behalf of the management team and Finance Department, herewith the annual report for the period ended 30 June 2009 of the Budget & Treasury Department of Emalahleni Municipality.

**M LUDICK**  
**CHIEF FINANCIAL OFFICER**

**Annexure A:  
Annual Financial Statements  
(Attached as a separate Annexure, page numbers will  
not run concurrently)  
Page numbers of attached annexure 1 To 51**

**Annexure B:  
Auditors-General's Report  
(Attached as a separate Annexure, page numbers will  
not run concurrently)  
Page numbers of attached annexure 1To 11**

## **Response to the Auditor General's Report**

### **Emalahleni Municipality's Response to the Auditor General's Report on Consolidated Financial Statements for the year ended 30 June 2009**

#### **Purpose**

In terms of the Public Audit Act No 25 of 2004 and s121(3)(g) of the Municipal Finance Management Act, Act No 56 of 2003, it is required that the particulars of any corrective action taken or to be taken in response to issues raised in the audit report, be included in the annual report of the Municipality.

This report will provide detail regarding the issues that are required to be addressed in terms of the Auditor-General's Report.

It is noted that Emalahleni Municipality received a disclaimer of opinion and on the comments made, it is recognized that the deficiencies raised are required to be addressed in a formal and coordinated fashion so as to ensure that these issues are resolved.

Accordingly, the response to the Auditor-General's Report may be summarized as follows:

- Every reasonable and practical effort will be made to address the issues raised within the Audit Report and commitment is made to regard this as a matter of priority.
- Efforts to address the deficiencies raised will be detailed through the development of an Audit Plan and these issues and proposed solutions will be discussed between the Auditor-General and the role-players within Emalahleni Municipality.

Detailed below are the more specific comments in response to the Auditor-General's Report, with specific reference to the numbering that appears within the Auditor-General's Report (detailing the appropriate action that has or will be taken).

#### **Basis for Disclaimer of Opinion**

##### **Comparatives**

4. Budget and time constraints require that only weaknesses identified within the current Auditor General's report will be addressed - although this is an issue that will be formally discussed with the Auditor-General's Office.

Opening balances are required to be processed to the current year's trial balance. It is noted that progress on this issue has not yet been made, and responsibility lies with Deloitte who have been tasked with assisting us.

## Revenue

5. The Valuation Roll has been completed and the reconciliations performed. No further action is required.
6. The Credit Control and Debt Collection Policy is to be applied consistently. Follow up is required in order to ensure that staff update the SEBATA system with the correct interest rates in terms of the policy and for any interest rate changes.

A review of the consumer debtors is to be performed in order to ensure that the Credit Control and Debt Collection Policy is consistently applied.

7. An attorney has been appointed in order to compile the required agreements between the tenants and the municipality. On completion of the agreements a completeness and accuracy test is to be performed.

A reconciliation is to be performed between the agreements and the rental revenue received per general ledger.

## Trade and other Receivables from Exchange Transactions

8. The results of the deed search have been obtained. A data cleansing exercise has to be conducted on all municipal debtors. Quotes from service providers are to be obtained.
9. The reasons for the break in sequence are to be investigated (receipting of money). Contact will be made with SEBATA to discuss these weaknesses.
10. This weakness will be addressed as part of the action plans as detailed above.

## Other Current Assets

11. A meeting with the Auditor-General is required in order to take this matter forward and to agree on appropriate action. Communication with the district municipality is critical.

A Service Level Agreement has been drawn up between Emalahleni Municipality and the District Municipality – terms and conditions to be verified, and appropriate signatures and tabling for Council. These documents are to be filed for record.

Weaknesses will be addressed as part of the entire action plan.

### Value Added Tax

12. Value added tax (VAT) training was provided to relevant staff during the 2008/2009 financial year. The Human Resources Department will conduct further assessments within the Finance Department in order to establish whether VAT training is needed.
13. Additionally, a staff member from C & B, (service provider) will be used to scrutinize the general ledger as part of a quality review in order to determine any obvious VAT errors.

### Expenditure

14. A staff member from C & B (service provider) will be used to perform a completeness check on supporting documentation required for all transactions to the general ledger. A download from SEBATA will be obtained in order to establish the latest figures for the general ledger and the trial balance.
15. VAT training was provided to staff within 2008/2009. The Human Resources Department will be responsible for assessing the needs of staff within the Finance Department and to determine if further training is required.  
  
A staff member from C & B (service provider) will be used to scrutinize the general ledger as part of a quality review in order to determine any obvious VAT errors.
16. This is a general weakness that will be addressed as part of all other weaknesses addressed in the action plan.

### Operating Grant Expenditure

17. A staff member from C & B (service provider) will be used to perform a completeness check on supporting documentation required for all transactions relating to operating grant expenditure. A download from SEBATA of the latest general ledger and Trial Balance will be obtained.

### Trade and Other Payables from Exchange Transactions

18. A leave audit was performed on 100% of the leave balances subsequent to the 2008/2009 financial year end.  
  
The verified leave balances will be loaded onto the SEBATA system and the necessary adjustments will be made to the current and opening balance for the accrual of the leave balances.



## Property, Plant and Equipment

19. These issues are to be discussed with the Auditor-General's office in order to consider appropriate and effective action
20. These issues are to be discussed with the Auditor-General's office in order to consider appropriate and effective action
21. These issues are to be discussed with the Auditor-General's office in order to consider appropriate and effective action
- 22 & 23 A physical asset verification will be performed prior to the year end and commencing on the 12 April 2010.

The FAR (Financial Assets Register) will be updated according to the results of the physical asset verification and where possible, the FAR will be reconciled to the general ledger.

Controls regarding the Assets Register represent a general weakness that will be addressed as part of all other weaknesses addressed in the action plan.

## Irregular Expenditure

24. In order to address irregular expenditure, a Purchasing Clerk has been appointed subsequent to the 2008/2009 financial year end.

A staff member from C & B (Service provider) will be used to compile a checklist that this Purchasing Clerk will be required to complete. The Chief Financial Officer will be required to authorize this expenditure prior to a purchase or payment being made.

## Emphasis of matters

### **Going Concern**

26. In an attempt to recover a higher percentage of consumer debtors a service provider will be appointed in order to perform a Debtors Data Cleansing exercise. It will be required that this process be put out to tender, and this has not yet been done.

### Basis of Accountancy

27. No response required.

## Other Matters

### Material Inconsistencies in Information included with Annual Report

28. A draft Annual Report will be submitted to the Auditor General by the end of November; the Annual Report will be submitted to Council by the end of January; and the final Annual Report will be available by 31 March. All staff will be notified regarding the deadline for submissions.

### Non-Compliance with Applicable Legislation

30. A staff member from C & B (service provider) will be used to perform a completeness check between the tender register and the relevant supporting tender documentation of contracts awarded during the year.

A tender file is to be kept of all supporting documentation for all contracts awarded during the year.

31. Management will be reminded of the nature of expenditure or causes that result in expenditure being classified as unauthorized, irregular, or fruitless and wasteful expenditure.

All unauthorized, irregular or fruitless and wasteful expenditure identified will be reported to the MEC for Local Government immediately.

Details of the above expenditure identified together with the proof of submission to the MEC will be filed for safe-keeping and for purposes of disclosure within the Annual Financial Statements at year end.

32. An Investment Policy has been developed and separate bank accounts have been opened at four (4) main financial institutions in order to ensure that fifty (50) percent of funds are invested with the financial institution with the highest interest rate and the remaining balance split between the other 3.

Quotations will be obtained from the financial institutions in terms of the Code of Investment Practice.

33. The returns will all be submitted via fax and filed by the Budget Officer and PMU Manager for MIG.

Follow-up will be made by the Budget Officer to ensure that National Treasury has received the fax and to request proof of receipt of this from National Treasury.

## Environmental Matters

34. The District Municipality has allocated funds in order to perform the required demarcation exercise. The municipality has approved R7 million for the rehabilitation of the existing land fill sites. Follow up on the demarcation exercise is to be conducted by the District Municipality.

## Governance Framework

35. It is accepted that internal controls are poor, and that there is a general weakness regarding key governance responsibilities. These are required to be addressed through implementation of the Action Plan.

## Internal Control Deficiencies

36. This is a general weakness that will be addressed as part of all other action plans. A quote will be obtained from service providers in order for a procedure manual to be developed. The Operating Risk Register will be populated with the Internal Controls for all departments. It is also intended to obtain a quote from the service provider for the development of a Procedure Manual.

## **Key Governance responsibilities**

37. The following MFMA responsibility issues are highlighted and will be addressed accordingly (refer to specific numbering on the table):

### Clear Trail of supporting documentation that is easily available and provided in a timeous manner

1. Information will in future be provided as required and timeously.

### Quality of Financial Statements and Related Management Information

2. The financial statements will be amended as per audit requirements.
3. The Annual Report must be submitted prior to the tabling of the Auditors Report.

### Availability of key officials during audit

5. Key officials will be made available, and this availability will be treated as a matter of extreme urgency.

## Development and Compliance with Risk Management , Effective Internal Control and Governance Practices

- a. The Audit Committee will be required to be fully operational, working strictly in compliance with their terms of reference, and meeting responsibilities as per s.166 (2) of the MFMA.
6. The audit functions as per s165 (2) of MFMA will be strictly monitored by the Municipal Manager and every effort will be made to ensure that the internal audit function is managed regarding its process and responsibilities. The Audit Committee will take responsibility for ensuring that the internal audit function occurs in the manner prescribed and this in turn is monitored by the Municipal Manager in order to ensure compliance.
- 7& 9. Every effort will be made to address design issues as they appear in the internal controls in order to minimize risk and non-compliance with principles of financial and risk management, and all applicable by-laws and regulations.

### Follow up of audit findings

13. The prior years audit findings will be suitably addressed where suitable action has not been taken, and this will be reported on.
14. Oversight Resolutions will be strictly addressed.

### Issues relating to the reporting of performance

15. **The information systems** (SDBIP reporting and Sebata) are being addressed (administratively) in order to ensure accuracy of reporting.
16. Control processes will be strictly applied and designed and implemented as required.

### Overall reflections/conclusions on the governance framework based on other key governance requirements

38. This is a general weakness that will be addressed as part of all other action plans;  
- in addition, a quote will be obtained from service providers in order for a Procedure Manual to be developed:  
-The Operating Risk Register will be populated with the Internal Controls for all departments
39. The weakness identified will be discussed at the next audit committee meeting.
- 40 & 41.this is a general weakness that will be addressed as part of all other action plans;

-in addition, a quote will be obtained from service providers in order for a Procedure Manual to be developed:

-The Operating Risk Register will be populated with the Internal Controls for all departments.

#### Report on other Legal and Regulatory Required Report on Performance Information

42. A service provider will be appointed in order to provide advice in this area.

#### Internal Auditing of Performance Measures

52. A service provider will be appointed in order to provide facilitation in this area.

#### Lack of Implementation of the Performance Management System

53. A service provider will be appointed to facilitate this process.

54. Quarterly performance reports will be prepared as required as per S41 of the Municipal Systems Act.

In conclusion it must be stated (as already indicated) that it is our intention to address the issues raised at our earliest opportunity. It is to be noted that the Audit Committee will be required to develop an Audit Plan, which will be used to ensure that all issues are addressed in a coordinated manner. However the content of this plan is required to be addressed through discussions between the Auditor-General, the Municipality and the shared internal auditor.

# CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

## 5.1 Overview of the Executive and Council Functions

### a. Political Structure

As per the Municipal Structures Act, Act No. 117 of 1998, Emalahleni Municipality has a Collective Executive System of functioning.

As a democratically elected Category B Municipality, the municipality is structured as follows:



In terms of this structure it must be noted that:

- 31 Councillors were sworn in to office in 2006 (after the Local Elections)
- The Mayor is the political head
- The Speaker coordinates all Council activities, including meetings
- The Chief Whip represents the majority party

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

## Executive Committee Structure

Chairperson: Mayor, Councillor N. Lali  
Councillor S. Doni  
Councillor P. Kwanini  
Councillor L. Ngcongca  
Councillor B. Twala  
Speaker: Councillor D. S. Kalolo  
Chief Whip: Councillor S. Liwani

## Emalahleni Municipality Councillors

N. Ziduli	Ward Councillor
K. Nkasela	Party Representative Councillor
H.C. Bobotyana	Ward Councillor
B. Mntuyedwa	Party Representative Councillor
S.K. Fudumele	Party Representative Councillor
K. Bontshi	Ward Councillor
P. Mapete	Party Representative Councillor / Exco
P. Matakata	Ward Councillor
V. Jordaan	Ward Councillor
N. Peter	Party Representative Councillor
P. Nobaza	Party Representative Councillor
L. Mooi	Ward Councillor
N. Nyukwana	Party Representative Councillor
L. Gatyeni	Ward Councillor
L. Ngcongca	Party Representative Councillor / Exco
N. Ndamane	Ward Councillor
B. Twala	Party Representative Councillor / Exco
A. Yawa	Ward Councillor
Z. Dyonase	Ward Councillor
F. Mthandeki	Ward Councillor
M. Godla	Ward Councillor
N. Dlikilili	Party Representative Councillor
M. Limba	Ward Councillor
S. Mnyuko	Party Representative Councillor
M. Mbili	Ward Councillor
N. Moyo	Party Representative Councillor

## **Standing Committees**

### Members of Standing Committees

<p style="text-align: center;"><b><u>Emalahleni Exco Members</u></b></p> <ol style="list-style-type: none"> <li>1. Honorable Mayor Lali (Chairperson)</li> <li>2. Cllr. S. Doni</li> <li>3. Cllr. P. Kwanini</li> <li>4. Cllr P. Mapete</li> <li>5. Cllr. B. Twala</li> <li>6. Cllr. L. Ngcongca</li> </ol>	<p style="text-align: center;"><b><u>Community Services Standing Committee</u></b></p> <ol style="list-style-type: none"> <li>1. Cllr. P. Mapete (Chairperson)</li> <li>2. Cllr. K. Nkasla</li> <li>3. Cllr. P. Nobaza</li> <li>4. Cllr. S. Liwani</li> <li>5. Cllr. K. Bontshi</li> <li>6. Cllr. F. Mthandeki</li> </ol>
<p style="text-align: center;"><b><u>Finance Standing Committee</u></b></p> <ol style="list-style-type: none"> <li>1. Cllr. S. Doni (Chairperson)</li> <li>2. Cllr. N. Nyukwana</li> <li>3. Cllr. S. Mnyuko</li> <li>4. Cllr A. Yawa</li> <li>5. Cllr. S. Fudumele</li> <li>6. Cllr. M. Godla</li> </ol>	<p style="text-align: center;"><b><u>Infrastructure Standing Committee</u></b></p> <ol style="list-style-type: none"> <li>1. Cllr. B. Twala (Chairperson)</li> <li>2. Cllr. N. Dlikilili</li> <li>3. Cllr. B. Mntuyedwa</li> <li>4. Cllr. N. Ziduli</li> <li>5. Cllr. L. Mooi</li> <li>6. Cllr. M. Limba</li> </ol>
<p style="text-align: center;"><b><u>IPED Standing Committee</u></b></p> <ol style="list-style-type: none"> <li>1. Cllr. L Ngcongca (Chairperson)</li> <li>2. Cllr. V. Jordaan</li> <li>3. Cllr. N. Moyo</li> <li>4. Cllr C. Bobotyana</li> <li>5. Cllr. N. Ndamane</li> <li>6. Cllr. M. Mbili</li> </ol>	<p style="text-align: center;"><b><u>Governance &amp; Administration Standing Committee</u></b></p> <ol style="list-style-type: none"> <li>1. Cllr. P. Waynini (Chairperson)</li> <li>2. Cllr. Z. Dyonase</li> <li>3. Cllr. P. Matakata</li> <li>4. Cllr. L. Gatyeni</li> <li>5. Cllr. N. Peter</li> </ol>

Standing Committees are held monthly and their aim is to engage with specific departments that they represent so that decisions regarding policy issues and operational issues affecting these departments can be made from a position of strength. Each standing committee will be examined further as follows:

- Finance Standing Committee

The Finance Standing Committee is required to manages the financial resources of the municipality in an efficient, effective and economic manner. Policies, procedures and by-laws as required by the Municipal Finance Management Act, Act No.56 of 2003 and the National Treasury Regulations, are developed by the Finance Department and the role of this department focuses on implementation support to all departments.



- Infrastructure Standing Committee

This Standing Committee relates primarily to the technical services department which deals mainly with the facilitation of infrastructure development (as with both external and internal responsibilities). In this regard infrastructure development (external to our powers and functions) is required to be facilitated; and existing infrastructure is required to be maintained and developed internally (from an administrative and technical aspect). Technical functions would include; water and sanitation, roads and stormwater, housing schemes, electricity reticulation and distribution, as well as processing of building plans and quality monitoring.

- Community Services Standing Committee

This Standing Committee is involved with services that are all community based and these services may include; the 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 equity programmes.

- Governance and Administration Standing Committee

This Standing Committee provides support relating to legal issues, administration, council support and communication. Additionally this department is required to provide human resource management and development, not to mention the establishment, development, monitoring and evaluation of the performance management system.

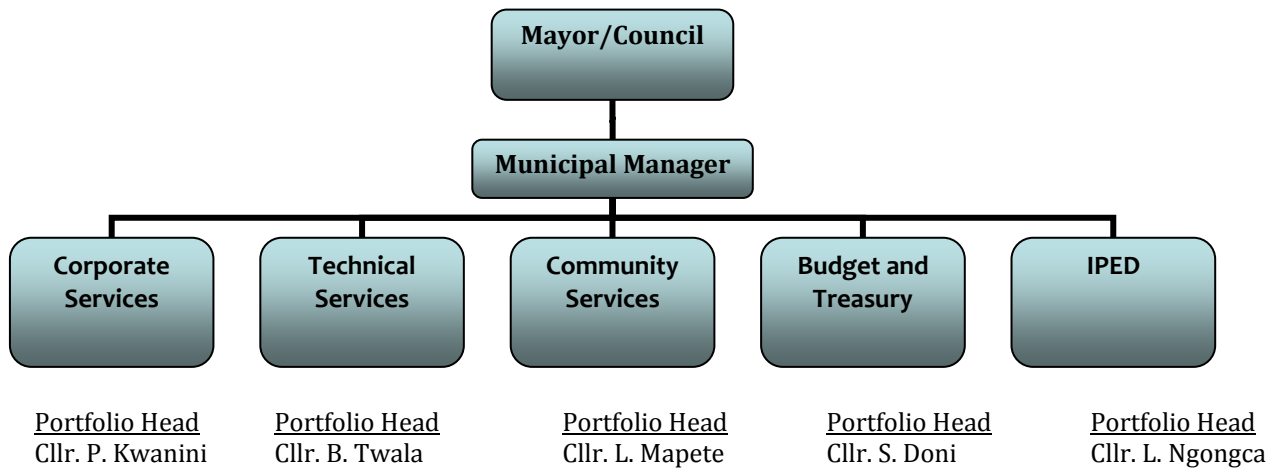
- IPED Standing Committee

The IPED portfolio is based on s152 of the Constitution of 1996, in which it is stated that local government is required to structure its administration in such a way that social and economic development is promoted. This requires that local government utilizes all its resources in such a way that jobs are created and poverty is reduced.

- Administration Standard Committee.

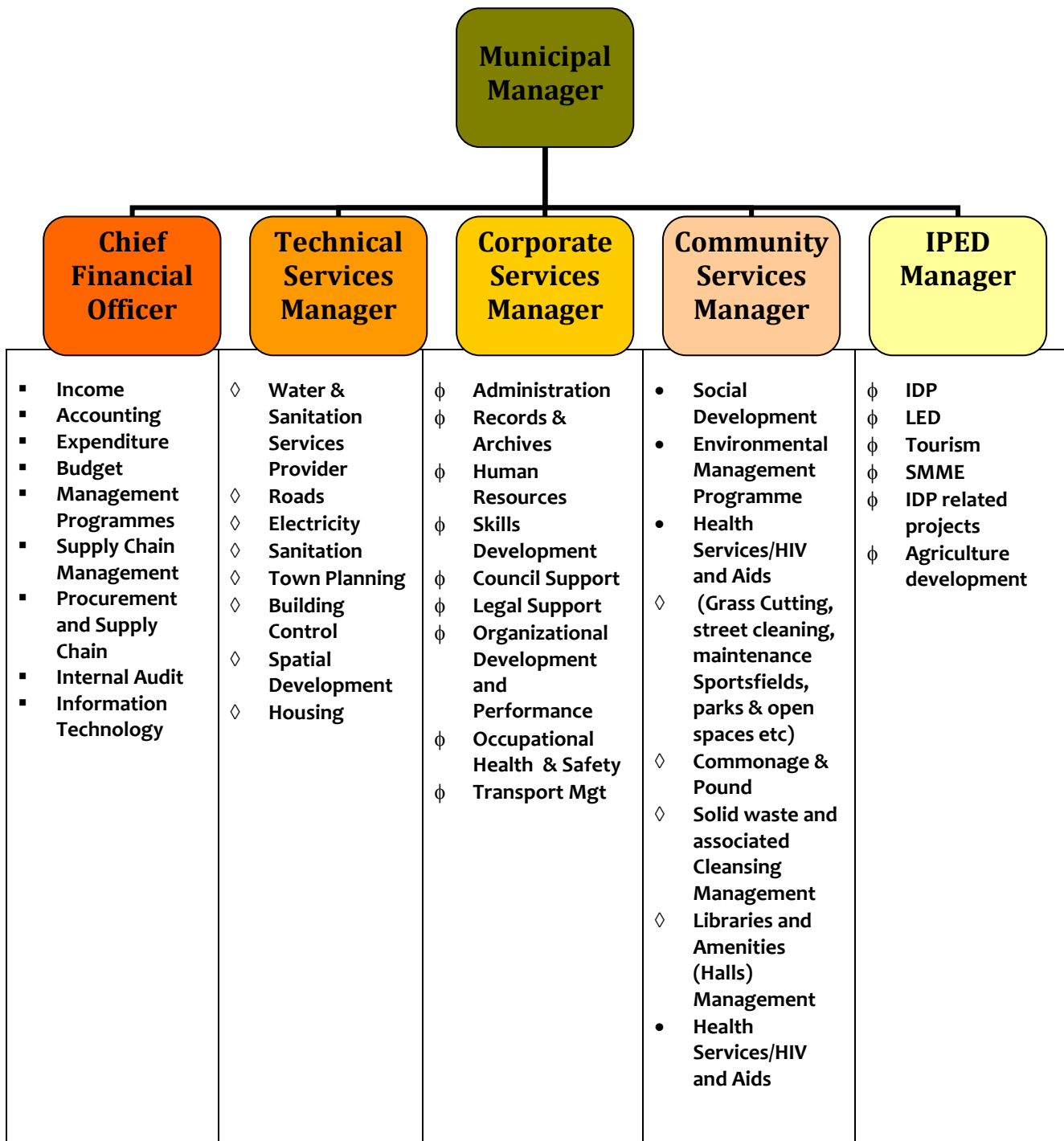
The administration function is tasked with the responsibility of supporting Council in exercising its powers and functions and is required to support the political structures in performing their functions. These would include: the Council itself, the Office of the Speaker, the Mayor and his/her Mayoral Committee and the Council Committees. It is also responsible for supporting the functioning of community participation structures, as required in Chapter 5 of the Municipal Systems Act, Act No. 32 of 2000. These include Ward Committees and Community Development Workers. It is also required to ensure that services that are incidental to the application of the powers and functions of Emalahleni Municipality are applied.

b. Organizational Functional Structure



Each department is responsible for developing annual strategic service delivery and budget implementation plans, which are formulated and developed from the IDP annual strategic objectives, which will ultimately ensure that the IDP objectives are met as required (through translation into performance targets of individuals).

It is the responsibility of this administrative team to ensure that the necessary administrative support and structures are provided in order to ensure that the organizational strategic objectives are met.



## 5.2 Public Participation and Consultation

Public Participation is required to be considered in terms of every and all efforts to engage with the public, and will therefore include the Mayoral Imbizo's, and public hearings.

- Mayoral Imbizo's

Within Emalahleni and as part of the Mayoral Outreach Programme, the municipality held Mayoral Imbizo's in all 16 Wards. It is the intention of these Imbizo's to provide the public with feedback on progress made in respect of the IDP and Budget.

All feedback received and issues raised were then forwarded to the relevant standing committees for attention and then later submitted to Council.

- Public Hearings

A number of public hearings were held during the course of the year with various sector departments, and the areas of focus included municipal by-laws and the amalgamation of Umsobomvu Youth Fund and the Youth Commission.

- Customer Satisfaction Surveys

The customer satisfaction survey in the form of a questionnaire survey (to be provided to all customers for completion) has been developed and is awaiting dissemination.

### 5.3 Ward Committees' Establishment and Functionality

Ward Committees have been put in place within all 16 Wards of the municipality. In order to capacitate the ward committees the following programmes were put into place:

- Members attendance to meetings

Monthly meetings are convened for ward committee members, and these are followed by general ward meetings.

- Availability of minutes of Ward Meetings

All ward minutes are required to be submitted to the Speakers Office and remain available from this point.

- Written Proof of Tabling Resolutions to Council

All resolutions taken by Council in respect of Ward Committees are required to remain on record.

- Availability of Minutes of Feedback Meetings with Communities

It was agreed that all minutes regarding ward committee engagements with communities would remain available.

- Availability of Ward Committee Activity Reports

Ward Committees are involved in a number of different activities and reports for these activities are required to remain available.

#### **5.4 Community Development Workers' Performance Monitoring**

16 Community Development workers have been deployed by the Department of Local Government and Traditional Affairs in order to engage within community development functions within all of these wards. Notwithstanding, it is noted that the municipality continues to experience difficulties with the monitoring and coordinating of the CDW's activities, as they are required to report directly to province, and this in turn results in these reports not being available and detailing the activities performed by these workers within the municipality.

#### **5.5 Communication Strategy**

##### Development of Strategy

Emalahleni is currently within the infancy stage of a communication strategy. A draft strategy has been made available and is awaiting public comment.

##### Adoption of Strategy

This strategy will be adopted by Council by March 2010.

##### Human Resources available to lead the communication activities

The municipality has a Communication Officer responsible to direct and facilitate all communication required activities.

##### Infrastructural Resources available for communication activities

Infrastructure in terms of administration, staff and procedures have been put into place in order to ensure appropriate and adequate communication strategies.

#### **5.6 Intergovernmental Relations**

In an effort to promote and to improve intergovernmental relations the dates for the IGR meeting were circulated to all sector departments during January 2009.

Whilst meetings are scheduled, the real challenge is to ensure adequate attendance by some departments within the IGR forum. Efforts are currently underway (through the

Office of the Premier) to facilitate the required commitment towards attending IGR activities and forums.

Emalahleni Municipality currently enjoys a sound working relationship with Dordrecht Netherlands Municipality. These relations resulted in the signing of a Memorandum of Understanding between these two municipalities which was sanctioned and supported by the Department of Local Government and Traditional Affairs.

The twinning agreement between these two municipalities has centered around the capacity building of Emalahleni Municipality officials on housing related programmes in particular. It has also had as its focus Councillor training which will commence in the new financial year. Annually project planning takes place in order to ensure that planned objectives are realized and in so doing clear activities with cross visits between these two municipalities takes place.

## **5.7 The Integrated Development Plan**

As per s34 of the Municipal Systems Act (Act no. 32 of 2000) together with Chapter 2 of the Local Government Municipal Planning and Performance Management Regulations No. 706/2001, Emalahleni Municipality completed its first Integrated Development Plan in 2002 which represented a 5-year strategic plan (reviewed annually).

Following the inauguration of the new Council elected into power in March 2006, the municipality embarked on a process of formulating its Integrated Development Plan, which would then act as a guide in terms of all its planning, budgeting, management and decision making. Once adopted by Council this would remain in effect for the next 5 years as per adjustment in terms of the annual review.

As per the provisions of the Municipal Systems Act, Act 32 of 2000 (s35) the municipality was required to initiate the review of the IDP during November/December 2008 and this was completed according to budget processes and according to the MFMA.

Within the municipality the IDP represents the tool which drive the organization in terms of the final delivery of a strategic plan and objectives. These plans and objectives form the primary basis for the establishment of an appropriate budget, and the planning and provision of required resources will in turn facilitate the achievement of stated strategic goals. Coupled with a performance management system and the appropriate Service Delivery and Budget Implementation Plans, the basic framework exists for the management, implementation and monitoring processes - facilitating the effective achievement and attainment of goals.

Use of these tools ensures that the budget is implemented, performance is monitored and Councils strategic objectives are met.

## The IDP Process within Emalahleni Municipality

The development of the IDP within Emalahleni Municipality has involved a number of very district processes and phases.

The development and subsequent review of the Integrated development Plan occurs within these critically determined stages, namely pre-planning (a process of meetings, gathering data and determining the areas of need); understanding current development challenges (while taking into account the demographic, service delivery and economic development profiles, together with an institutional and financial viability assessment and the determination of key performance areas (KPA's)

Finally the IDP document is then developed through forecasting (looking into the future) and determining: vision, mission and values; objectives and strategies; key programmes and package projects; integrating sector plans and alignment with the budget; and finally the process whereby the report and framework is produced for the SDBIPs.

The development of the Process Plan for the formulation of this IDP relied heavily on the following institutional arrangements:

- The Municipal Manager is the appointed IDP Manager, who in this case delegated this function and responsibility to Mr. N. Mntuyedwa.  
This role involves inter alia:
  - Preparing the process plan
  - Management and coordination of all IDP processes
  - Ensure IDP structures in place
  - Ensuring role player involvement
  - Chairing the IDP Steering Committee
  - Ensuring completion and submission of IDP document
  - Ensure that time frames are met and so too quality of outcomes.
  
- The IDP Steering Committee was set up in order to drive this process and was comprised of middle and senior management as well as Portfolio Heads, as depicted below:
  - Integrated Planning and Economic Development (Mr. N Mntuyedwa)
  - Finance (Ms. M Ludick)
  - Technical Services (Mr. W Mkuyana)
  - Corporate Services (Ms N Lungwengwe)
  - Community Services (Mr. S Jafta)
  - Office of the Municipal Manager (Mr. N Kwepile)
  - Portfolio Heads (Councillors)

Responsibilities of the IDP Steering Committee are inter alia, to assist with the following activities in the following manner:

- Provision of technical support to the IDP
- To conduct IDP planning to facilitate and manage implementation, under the approval of the manager.
- To commission many and varied business plans and feasibility studies for projects;
- To facilitate communication and comment of final and draft reports.

#### IDP Representative Forum

This forum was established in order to ensure the participation of all municipal stakeholders in the process of municipal planning and decision making that affect our day to day lives as per the requirements of Chapter 4 of the Municipal Systems Act, Act 32 of 2000. It will also be required to give input into the performance management process of the municipality.

These stakeholders, include inter alia;

- Ward Councillors
- Ward Committees
- Traditional Leaders
- Government Departments and parastatels
- Community Development organizations
- Non-governmental organizations
- Youth Council
- Community Policing Forums
- Local Business Chambers
- Unions
- Municipal Speaker
- The Mayor
- Disabled Structures and,
- Woman's Forum

#### Technical Support Teams

Technical support teams were created in-house to provide technical advice and guidance regarding the process of establishing a Performance Management System, formulating the IDP, its Budget, Financial Plan and the preparation of the Spatial Development Framework.

Appointed service providers would be managed by the relevant municipal department and the service provider would report directly to the relevant cluster. The cluster, in turn, would draw up the terms of reference for the various sector plans that would be undertaken in their area.



As can be seen, every effort is made to ensure that the IDP is formulated with input from all sectors and ensuring that buy-in and commitment towards achieving the IDP objectives, through their translation into annual organization objectives (incorporated into the SDBIPs and scorecards as per the Performance Management System).

The Council, IDP Coordinator, Heads of Departments, Senior Management; IMSS/IDT; Sector Department; National and Provincial Government and sport providers all have their role to play and through this and a Community Participation Strategy every effort is made to ensure that the required milestones are reached. These milestones may be depicted as: developing the budget and IDP Process Plan; Analysis of the Budget and Process Plan; the Strategies and Project and MFMA draft Budget Phase; and the Integration and the Multi-Year Budget Phase.

In this manner the organization is able as a “well – oiled machine” with synergy having been created between the process of strategic planning, setting of performance targets and performance plans, and the monitoring, assessment and the management of performance.

## **CHAPTER 6**

# **FUNCTIONAL AREA SERVICE DELIVERY REPORTING**

## 6.1 CORPORATE SERVICES DEPARTMENT



**Corporate Services Manager  
Ms N. Lungwengwe**

### Strategy Statement

As Corporate Services Department, we commit ourselves 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 fulfill the Municipal Mandate and to promote public participation through two-way communication for ownership.

#### Key Focus Areas and Objectives for 2008/2009

- Provide legal support (by-laws and policy development).
- Provide administrative support to Council and its structures.
- Provide administrative support for knowledge management.
- Provide Human Resource Development and Management support.
- Develop, implement, monitor and evaluate the Performance Management System.
- Provide Information and Communication Technology and Community Support Services.
- Co-ordinate and manage Employment Equity issues, skills development and training.

Each of these requires areas below will be examined in terms of key performance indicators for 2008/2009

## **Human Resources**

Human Resources comprises:

- Benefit Administration
- Recruitment & Selection
- Organizational Development and Structure
- Staff Provisioning
- Employment Equity
- Employee Assistance Programmes
- Policy Development

### **Objectives (2008/2009)**

- Development of Procedure Manuals and Policies.
- Skills Audit/needs analysis conducted.
- Annual updates on Skills Audit/needs analysis to be conducted.
- Workshop staff on policies.
- Effective and efficient implementation of recruitment and selection processes and procedures.
- Develop strategies to deal with scarcity of skills and retention of skilled employees.
- Reviewed organizational structure so that it is aligned to the IDP.
- Complete submission of job descriptions to the PJEC for evaluation.
- Updating procedures and policies and workshopping these to Council prior to adoption
- Report and submit approved Employment Equity Plan to Employment Equity Registry by 1 October 2009
- Workplace skills plan and bi - annual implementation report submitted to LGWSETA
- Implement electronic HR System and document management system. (specifically linked to payroll and leave administration).
- Implement electronic leave management system on SEBATA.

### **General Comments:**

- The Skills Audit has been completed and the needs analysis incorporated into the Workplace Skills Plan, which has been submitted to the SETA as required. Implementation plans are submitted timeously and as prescribed;
- The organizational structure is aligned to the IDP;
- Job Descriptions were submitted to the PJEC for evaluation and the Outcomes report was received.
- The Daily Dispatch cited Emalahleni Municipality as being one of 3 municipalities within the Eastern Cape that had failed to submit their Employment Equity Plan and cited that they had received a fine of R500 000.00 suspended for 5 years. Emalahleni Municipality is challenging these allegations as we have proof that our Employment Equity Plan was submitted timeously. Of even greater concern is the degree of damage that these negative statements will have on the organizational image and clearly this record must be set straight.

- Assistance provided to Corporate Services Department from Finance Department in terms of working with the SEBATA system;
- Assistance has been provided to the Corporate Services Department from Finance Department regarding the access on the on SEBATA system to administer and capture leave.

### **Labour / Employee Relations Objectives 2008/2009**

- Ensuring the implementation of Labour Relations Policy and practices in a manner, which is just and fair.
- Create understanding and facilitate employer-employee relationship to resolve disputes and to create a conducive environment.

### General comments and challenges

- Various litigation matters are currently in progress and the municipal lawyers are handling these as required 1 grievance case was held
- 2 Dismissal and 1 awaiting Conciliation and Arbitration Case
- Capacity of senior staff/Supervisory in implementing Policy is severely lacking
- Staff not following policy
- Capacitation is critically important in this area.

### Occupational Health and Safety

- Ensuring compliance with the Occupational Health and Safety Act, Act no. 85 Of 1993
- Monitoring the usage of safety equipment and assessment of risk areas.
  - Submission of compliance and assessment reports;
  - Health and Safety Committees occurring as scheduled.

### Challenges and General Comments

An ongoing challenge remains the endurance that safety compliance occurs and is implemented as required, with the limited resources available.

### **Skills Development and Employment Equity**

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

### Objectives 2008/2009

- Workplace Skills Plan 2008/2009
- Submission of Implementation Plan (June and September 2009)

- To implement internship and in-service programme and appoint Interns on an annual basis
- Implement ABET programme
- Implement planned Training programmes
- Employment Equity Plan developed
- Employment Equity report submitted (in required, legislated format)
- Create required infrastructure, support and understanding of Employment Equity
- The following Internal Training programmes were conducted:

Training Intervention	Number of beneficiaries
Finance	5
Supply Chain	3
Office Administration	1
Report Writing and minute taking	2
HR course	1
Councillors	13

Interventions	
Media essential tools	1
Certificate programme in management development	1
IDP	13

Interventions are ongoing and continued during 2008/2009

- SDF was appointed during the year under review and skills audit and needs analysis was conducted by appointed consultants.

### General Comments

- Challenges in ongoing commitment to ensure attendance of ABET classes
- 3 trainees were appointed (1 in internal audit and 2 corporate services)
- Training delivery well received
- Councillors continue to attend SALGA Workshops at various times – relevant to their portfolios
- Councillors trained and workshopped on financial policies.
- Emalahleni Municipality has an Employment Equity Plan in place and has complied with progress reporting. Employment Equity reports have been submitted to the Local Labour Forum, Management and Council and same was submitted to the Employment Equity Registry.

### Occupational Health & Safety

Ensuring compliance with the Occupational Health and Safety Act.

### Objectives 2008/2009

- Monitor usage of safety equipment
- Health & Safety Committee Meeting have not been sitting
- 

### Challenges

- Further training in all aspects of OHS
- Ensuring that safety compliance occurs e.g. wearing safety equipment
- Ensuring safety representatives perform monthly inspection and reports are issued
- Risk analysis

### **General Administration**

To ensure that the archives function is effectively and correctly managed.

### Objectives 2008/2009

- Application for disposal of outdated archives
- Obtain additional space to store security cabinets
- Submit reviewed filing system to Provincial Archives
- Improve efficiency and effectiveness of Council agendas and minute taking processes

### Challenges

- Records Management System not up to standard due to lack of storage space
- Electronic Document System has been installed - Corporate Service Function  
Capacitation of certain staff members on electronic records management. These may now be regarded as fully functional as achieved the required standard

### **Performance Management (Managed by the Municipal Manager's Office with assistance of Corporate Services)**

To ensure that a performance management system is applied at all designated areas and within service delivery mechanisms, as per legislative requirements.

### Objectives 2008/2009

- Performance Management System to be implemented effectively from top to middle management
- Implement PMS Policy to be approved and implemented.
- Introduction and implementation of Service Delivery and Budget Implementation Plans of desired quality.
- Establish an independent performance audit committee to assess performance of Managers

## Challenges and General Comments

- The regulated PMS Policy Framework system was introduced and piloted, and approved for 57 Managers. – further customization is required (scorecards and the like)
- Scorecards were aligned to Service Delivery and Implementation Plan and scorecards were aligned to national indicators.
- SDBIP structure requires review (formatted to include national indicators and performance service delivery targets so as to ensure that populated scorecards are aligned to same
- Capacity of and financial constraints remain a challenge.
- Review and further customization of the system.
- Phasing in of the system required
- PMS Policy developed, workshopped and approved – communication strategy and training required at all levels
- Annual PMS evaluations conducted
- Quarterly evaluations not conducted – PDP's in place
- Annual PMS Reporting complied with in relation to annual performance evaluations of 57 Managers - compliance issues require attention.

## Corporate Governance

Ensuring that governance issues are processed correctly internally.

### Objectives 2008/2009

- Review of By-Laws
- Fully functional Internal Audit Committee – established but shared with Lukhanji and Sakhisizwe
- Policies and By laws to be developed and approved
- Remuneration Policy – established
- Fraud Prevention Policy – not developed - Fraud Prevention Policy to be developed
- Establish Register of Interest – Developed
- Capacity and funding constraints

### General comments and challenges

- Satus quo remains - Twelve By-Laws reviewed and developed. Seven have been gazetted. Currently working on gazetting the remaining by-laws
- Ward Committee established and functioning received training
- CDW's in each Ward allocated and functional.



## 6.2 **BUDGET & TREASURY DEPARTMENT**



**CFO: DEPARTMENTAL MANAGER S57**

**M. LUDICK**

The Budget & Treasury Department is responsible for the following:

### Focus Areas:

- Revenue Collection/Income Generation
- Expenditure
- Budgeting
- Accounting and Reporting
- Information Technology
- Assets and Risks
- Motor Vehicle Licensing
- Supply Chain Management
- Budget & Treasury

Overall objectives are to improve and refine functioning within each of these areas.

### **Key Performance Indicators**

These will be examined under each subsection as follows:

## **REVENUE COLLECTION/INCOME GENERATION**

This section ensures that the processing of monthly consumer accounts and the receipting of all revenue is undertaken of the towns that fall within the jurisdiction of Emalahleni Municipality.

All these functions are supervised and supported from Lady Frere, from where meter readers servicing the water and electricity meters are controlled. The functions are supervised; co – ordinated and serviced in each of the administrative units of Dordrecht; Lady Frere and Indwe. Meter readers service Indwe and Dordrecht; no meter reading are done in Lady Frere, as meters do exist in Lady Frere only basic service charge is raised for the consumers. Meter Reader are currently being installed in Lady Frere; which will result in revenue enhancement. The function is currently housed in the Finance Department but will move to Technical Service in the 2009/2010 financial year.

The Key Performance Indicators are :

- Expand/enhance revenue base
- Implement revenue management strategies – collections
- Valuations and calculations of rates for all properties in the municipal area
- Data Cleansing - done valuations new rate new values more than 50% accurate
- Disconnect electricity and water in arrears
- Upgrade and extend pay points for services -- only at municipalities
- Set up customer queries and complaints procedure
- Annual reconciliation of assessment rates
- Annual billing of assessment rates
- Do survey of infrastructure & services on farms
- Monthly updating consumer database
- Implement Credit Control and Debt Collection Policy and maintain
- Maintain and implement financial policies and procedures
- Free basic services and indigence subsidy support
- Tariff
- Rates
- Credit Control and Debt Collection
- Update Indigent database

Challenges and general comments

- Revenue collection rates 38.85%
- Existence of a culture of non-payment – contributed high unemployment and poverty
- Data cleansing implemented
- Implement credit control procedures – cuts off's performed regularly
- Enhance / build community awareness
- Disconnections electricity and water to be implemented – done monthly

- Financial policy and procedure – achieved - reviewed annually
- Develop relevant By-Law
- Capacity of staff – dedicated to function
- Financial control – improved immensely but still requires attention
- Indigent database outdated – updated during 2008/2009 FY
- Meter reading done by Finance Department
- Outstanding debtors dealt with internally and Legal Advisors
- Implement annual valuations - complete additional account raised increase revenue
- The total investments for July 2009 amounted to R37 203 489.

## **EXPENDITURE AND CONTROL**

This function is situated in Elliot and is supported by three staff members who are responsible for the payment of creditors, ordering of goods, services and materials, processing the monthly salaries and allowances, compilation and control of budgets, controlling capital and other projects, processing of monthly and quarterly financial reports and compilation of annual financial records and statements.

The Key Performance Indicators are:

- Monthly reconciliation and payment of all creditors
- Monthly controlling of purchases
- Monthly processing of payroll
- Monthly maintaining and updating of:  
external DBSA loans; - water  
internal revolving fund loans / advances
- Annually update and maintain Council's Insurance Portfolio
- Monthly updating and maintaining Council's investments
- Update and implement financial policies and procedures
- Supply Chain Management
- Loans and contractual agreements
- Assets management and insurance
- Cash management, banking and investment
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Expenditure
- Payroll management and maintenance

Challenges and general comments

- Dedicated staff member for Payroll function appointed
- Capacity of staff
- Implement internal control – checks and balance
- Under- and over-payments - implement procedures
- Upgrade software and hardware -- Sebata - done
- Late/non payment creditors -- measures in place to deal with same
- Over-expenditure – no financial control

- Supply Chain Management Officer appointed
- Supply Chain Management Policy developed but SCM Process requires implementation - Supply chain Management policies and procedures are not appropriately applied and require compliance.
- Review, update and maintain Council's Insurance Policy. Ensure all assets are insured in terms of Insurance Portfolio -- done
- Cash management, banking and investment
- Monthly selling and control pre-paid electricity
- Monthly reading of water and electricity meters
- Accurate monthly billing of accounts
- Monthly delivery of consumer accounts
- Daily receipting of all revenue
- Daily banking of all revenue
- All revenue collected is secured
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Revenue collection – strategy to enhance revenue has been developed to be tabled that will provide an incentive every three months if consumers pay accounts 10% of debt will be written off (debt only until 2005 is included)
- Train and develop staff – staff have been workshopped and trained

## **BUDGETING**

The annual compilation of Council's operational and capital budget is the responsibility of this department. It also provides the necessary inputs during the annual review of Council's Integrated Development Plan (IDP).

This department is also responsible for the determination of tariffs and maintaining a cash budget. Actual expenditure to date is monitored monthly against Council's approved budget and reports are monthly submitted to all other departments informing them of their expenditure to date.

The Key Performance Indicators are :

- Compile and publish budget time schedule
- Establish and public committees and consultation forums
- Outreach programme to all wards
- Review and prepare :
  - Integrated Development Plan (IDP)
  - Service Delivery Agreements
  - Delegations
  - Budget-related Policies
  - Operational and capital budget
- Determine rates and tariffs
- Consult with established committees and forums
- Table budget and supporting documents
- Approve budget and supporting documents

- Budget and supporting documents to :
  - National Treasury
  - Provincial Treasury
  - Public
- Service Delivery and Budget Implementation Plan (SDBIP)

### Challenges and general comments

- No analysis of creditors – debtors annual income total annual debt
- Review tariff
- Participation in budget process – all 16 wards participated which represented an incredible improvement
- Senior Staff in the Budget & Treasury possess the required tertiary qualifications but lack practical ‘on the job’ experience
- Capacity issues and shortage of staff in the Budget & Treasury Department
- Financial constraints
- SDBIP Plans – linked to Budget/IDP –aligned –met during 2008/2009 financial year – SDBIP requires alignment with national indicators and aligned to service delivery targets
- Improved financial control
- Policies in place – policies developed and implemented in 2008/2009 financial year
- Service delivery agreements –x1 CHDM; Water, Department of Transport – eNaTIS and Department Arts sports and Recreation for Libraries.
- Legislative compliance MFMA - GRAP and assets - achieved
- Budget in new required GRAP format
- Annual Financial Statement done within required timeframes as legislated -- during 2008 /2009 financial year - was achieved with the assistance of the appointed service provider Delloitte
- Progressing towards achieving full Compliance (GRAP) assistance of the appointed service provider Delloitte
- Delegations not in place – to be addressed in 2008/2009
- Lack of interpretation/understanding budgets

Notwithstanding, having achieved the timeframes for submission of the financial statements for auditing, (prior to 31 August 2008 as per the MFMA), the Auditor-General awarded a disclaimer audit opinion; every effort is being made to ensure that these issues are correctly addressed.

### **ACCOUNTING AND REPORTING**

- Daily and monthly updating of accounting records
- MFMA required reporting to :
  - National Treasury
  - Provincial Treasury
  - Accounting Officer
  - Executive Committee

- Municipal Council
- Monthly reconciliation of supporting registers
- Funds
- Loans
- Assets
- Banks
- Investments
- Debtors
- Creditors and
- Income & Expenditure
- Compilation of annual financial statements
- Compilation of annual report for Department: Budget & Treasury Service
- Implement Municipal Finance Management Act, No 56 of 2003 requirements related to Accounting and Reporting

#### Challenges and general comments

- Updating of records and reporting done monthly
- Audit queries and Disclaimer received - Draft audit action Plan
- Reconciled registers and supporting documentation are maintained

### **INFORMATION TECHNOLOGY**

#### **Information Technology**

- Provision of information management and technological support. This function is not yet fully functional in the units. The units are not linked

#### The Key Performance Indicators set are :

- Establish Internet email facilities – secure login facilities
- Upgrade IT infrastructure
- Develop IT Policy
- Maintain and upgrade of computer hard-and software
- Secure computer hard- and software services
- Training to all staff in utilizing IT systems effectively
- Update ownership/Title Deed information
- Valuation information updated and additional accounts raised
- Daily and monthly processing of records when required by other departments
- Develop and maintain Municipal Website – launched during 2008/2009 FY – ongoing maintenance.

#### Challenges and General Comments

- Skilled IT staff

- Lack of access infrastructure
- IT policy in draft format – not implemented
- Funding constraints
- System fully integrated
- IT function fully functional - require support
- Upgrading of hardware and software - Achieved
- Capacity (staff have required tertiary qualifications but lack experience)
- Financial constraints
- Units fully linked
- Policy and control -- requires monitoring
- Valuation information updated and additional accounts raised
- Website not development completed
- Unreliable Network

### **ASSETS AND RISKS**

The existing manual assets register, as well as the inventory lists are now in the process of being computerized by means of bar-coding all moveable assets. The Key Performance Indicators set are :

- Develop asset management policy
- Ongoing Stock take of asset – acquisition and disposal of assets
- Recording and marking (bar-coding) of all assets
- Updating and maintaining a comprehensive assets register
- Compiling, updating and maintaining of inventories
- Revalue fixed assets
- Develop asset vote and asset management report
- Convert and transfer transactions from IMFO/GAMAP ledger to GRAP
- Comply with GRAP format immovable property
- Reconcile assets – capitalize on Sebata System

### **Challenges and general comments**

- Annual financial statements are compliant with legislation - during 2008/2009 financial service providers Delloitte were appointed to assist with conversion to GRAP and to compile annual financial statements done. All old balances were cleared and all accounts reconciled and annual financial statements were submitted as per legislated timeframe – 31 August 2009
- System weaknesses
- Movable assets and proper stock evaluations of assets to be done to achieve GRAP compliance
- Conversion and transfer transactions from IMFO/GAMAP ledger to GRAP
- Continued Compliance with GRAP format immovable property.

## 6.3 Community Services Department



### **Community Services Manager S57 Manager: Post Vacant**

#### **Strategy Statement**

The Community Services Department derives its mandate from the South African Constitution, Act 108 of 1996, S152(b) and (c) which is to ensure the provision of services to communities in a sustainable manner and to promote a safe and healthy environment.

The Community Services Department has as its mandate:

- Coordination and collaboration with other Health authorities in determining a health policy and rendering services
- Mainstreaming HIV/Aids
- All matters pertaining to offensive trades
- Matters pertaining to cleansing the Municipal areas
- Implementation of Acts and Ordinances relating to cemetery operation
- Security in Council premises
- Fire Fighting Services
- Child care facilities



- Facilitation of accommodation, care and burial of animals, pounds, disaster management and sports and sporting events; culture and cultural matters; management of libraries, halls and public spaces

## **Community and Social Services Section**

The functions of the provision of various Community and Social Services within Emalahleni Municipality will be examined under each Section as follows:

### Libraries

The overall objectives of this function are to provide reading and study material amongst the youth and for the community. Currently 2 libraries are being managed in Dordrecht and Indwe on behalf of the Department of Sports, Arts and Culture.

### Objectives

- Library infrastructure provision
- Purchase of library materials
- Sourcing books from the book fare
- Promotion and participation in the library week activities
- Promotion of libraries in rural areas

***Nature and extent of facilities provided:*** 2 Facilities and 530 users

### General Comments and Challenges

Currently two library assistants are performing this function. The challenge remains to obtain funding that will enable the purchase and supply of new library material and updated facilities, and the promotion of the library use in the rural areas especially. Negotiations are underway to establish a library in Uhmlanga at the Rietfonten community as well as Lady Frere.

### Community Halls and Recreational Facilities

Of extreme priority is the establishment of recreational facilities including public halls, parks and sports facilities.

### Strategic Objectives

- Determining sport codes based on communities needs within various Wards
- Acquiring appropriate land for development
- Negotiating funding for development from National, Provincial and CHDM;
- Developing business plans for appropriate development;
- Develop sustainability plans with community involvement

## Challenges and General Comments

Currently the Public Amenities Officers post remains vacant which places a certain amount of pressure on this Division.

## Cemeteries

The overall objectives of this function are to provide and control burials within the framework of the Health Act. Land for cemeteries was provided in the 3 towns of Dordrecht, Lady Frere and Indwe and these are required to be managed and maintained.

Emalahleni Municipality graves are numbered, registered to community as needed. New sites have been identified and the Environmental Impact Study done for Dordrecht and Indwe. Challenge remains to expedite process sooner rather than later.

## Strategic Objectives

- Development of Pauper Burial Policy and adoption by Council additional sites for cemeteries in all towns.
- Acquisition of land from the Department of Land Affairs
- Development of by-laws for Council resolution
- Promulgation of by-laws in the paper and over the radio
- Ensure adequate infrastructure

## Challenges and General Comments

The greatest challenge remains funding, and obtaining appropriate sites and staff capacitation.

## Parks and Recreation

The overall objectives of this function are to provide and maintain parks and open spaces creating a pleasant environment for the communities and to maintain sidewalks and pavements.

## Strategic Objectives

- The pruning of the trees along municipal streets within Emalahleni
- Regular cutting of grass on sidewalks and open spaces
- Tree cutting

## Facilities

Sporting facilities                      3              102 000 users

### General comments and Challenge

Funding was made available in the 2009/2010 budget for the development of 10 new sportsfields in rural areas.

### Commonages

The overall objectives of this function is to manage commonages and pounds within Emalahleni Municipality.

### Strategic Objectives

- To maintain and repair fencing on all commonages
- To procure farms and suitable lands for commonage users which is over grazed.
- To ensure the appointment of pound masters and rangers.

### Waste Management : Solid Waste Section

#### Strategic Objectives

- Regular refuse removal to all households once a week
- Regular refuse removal at commercial business twice a week
- Daily street cleaning
- Maintenance of vehicles and implements

Number of households receiving regular removal services and frequency and cost of service.

- Removed by Municipality at least once a week
- Removed by Municipality less often
- Clearing of illegal dumping in open spaces
- Own refuse dump

### General Comments and Challenges

An environmental impact assessment study was conducted by the Department of Environmental Affairs to establish the status and location of the current dumping sites in the municipal area. The outcome showed that none of the 3 sites were licensed. Provision in the Annual Financial Statements now exists to rehabilitate 3 dumping sites and funding from DM is available to compile business plans for waste management in the municipal area.

### Pounds

The municipality does not have pounds. Negotiations are currently underway with the Department of Transport to assist in funding to establish pounds.

Currently rangers are deployed by the Department of Transport to assist in the removal of animals along the main roads leading to and from Lady Frere and Dordrecht. Stray animals are transported to Lukhanje pound in vehicles by the Department of Transport and income received as a result is taken by Lukhanji Municipality.

### Health (Clinic) Section

This service is responsible for the provision of Clinic Services.

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

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

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

### Strategic Objectives

- Ensure optimal primary health for all citizens
- Investing in the training of staff in order to ensure development of skills thereby contributing to quality in-service delivery
- Regular HIV/Aids forum meetings
- Training of HIV/Aids peer educators
- Water quality monitoring programme by the Ukhahlamba District Municipality and they provide reports
- Inspection of business premises to ensure food preparation is done within health requirements. Done by Municipal Health District Municipality and provide reports.

### **HIV/Aids Mainstreaming**

The HIV/Aids Strategy has been tabled and approved by Council.

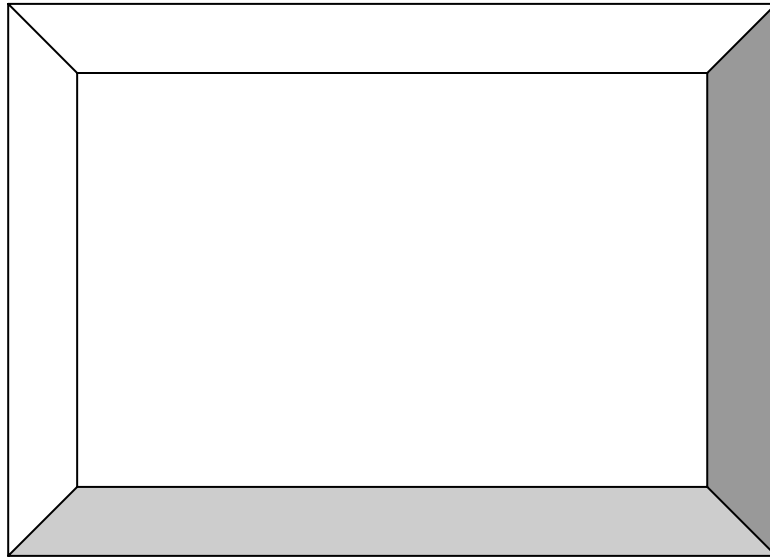
### **Disaster Management**

It is required that the Disaster Management Policy Framework and Plans for the District and the Local Municipality be approved. This process is currently underway.

Community Services: Statistics on Facilities

Facility	No of Facilities	No. of Users	No. of Employees	Cost R(000)
Library Services	2	530	2	330
Museums and Art Galleries	0	0	0	0
Other Community Halls /facilities	10	3000	10	803
Cemeteries and Crematoriums	6	102 000	4	280
Child-Care (including crèches)	178	5 000	0	0
Schools	119	17 850	0	0
Sporting Facilities	3	102 000	3	197
Parks	500	60 000	1	-

## 6.4 IPED Department



**IPED Manager**

**S57 Manager: N Mntyedwana**

### **Strategy Statement**

The IPED Department is based on the mandate given to local government by S152 Act 108 of 1996 (Constitution). In terms of this, local government is required to structure its administration in such a way that social and economic development is promoted. Local government is therefore responsible to ensure that resources (human, technological, environmental and financial) are organized in such a way that jobs are created and poverty is reduced.

### Key Focus Areas

The IPED Department is responsible for the following:

- Local Economic Development
- Implementation and facilitation of IDP Projects;
- Effective monitoring of IDP Projects;
- Tourism
- Town Planning
- SMME

The following Key Performance Areas and their related Key Performance indicators will be examined:

#### IDP Project

It is required that management of IDP projects occurs and as such it is required that all IDP and other agency-related projects are both managed and reported on.

#### Key Objectives

- Provision of input into the development of the annual review
- Public Participation
- The involvement of both external and internal role-players within the IDP process
- Coordinating of continuous improvement in respect of the IDP process – coordinate and integration; and
- Provision of monitoring, support and reporting on the implementation process.

#### General comments and Challenges

- Funding constraints continue to be a challenge as there is little budget provided for the reviewal of the IDP and related processes.
- Existing projects have continued as per the SDBIPs (i.e. as planned projects).

#### Local Economic Development, Tourism and Agriculture

The Local Economic Development Division is fairly new in terms of structure and up until 2008/2009, no formal unit existed. All related activities were performed by the Community Services Department.

A lack of formal budgetary provision and the resultant lack of financial resources for LED were definitely contributing factors.

The 2009/2010 period heralded the LED Strategy and a formal LED Unit.

Funding opportunities for LED activities were identified for this period:

- Indwe Resort (DEAT)
- Dordrecht Kloof Coservancy
- Xonxa Aqua Project and Tembuland Cultural Village for tourism promotion programmes;
- DEDEA for Sorghum Production (Ndonga, Upper Ndonga and Maushu)
- CHDM for Sorghum Production
- CHDM (Nguni Bulls for livestock improvement programme)
- Agricultural Research Council – where 3 stock sales pens were constructed;

- Department of Agriculture: Arable land fenced in Zingqolweni, Mkhapus, Ngquanda, Mt. Arthur and De Hoop.

### General Comments and Challenges

Many challenges in respect of LED were experienced, not the least of which included:

- Bureaucracy (red tape) re: Supply Chain issues;
- The finalization of the Spatial Development Framework
- Donor funding and the haphazard manner in which payments are made (not timeous)
- Investments and trading by-laws are not up to date and developed as required;
- It is noted that streets have been resurfaced and an effort is being made to improve infrastructure (erection of Hawkers Stalls and the like)
- In an effort to improve enterprise support and business development, two agencies (i.e. Small Business Enterprise Development Agency and East Cape Development Corporation) are being utilized to provide support to small businesses
- A Public Private Partnership has been established between Emalahleni Local Municipality and Elitheni Local Mine
- 83 new SMME's have been registered to the database and
- Additional employment opportunities have been created through the Expanded Public Works Programmes and the Public Private Partnership
- Perhaps the greatest challenges relate to its rural nature, the difficulties in appointing qualified staff and its dependency on other government institutions for LED funding to finance LED funded initiatives.



## 6.5 Technical Services Department



### **Technical Service Manager** **S57 Manager: Mr W Mkuyana**

#### Objective

To render affordable and sustainable basic services to the community and internal departments by enhancing community participation in collaboration with internal departments through partnership and consultation in order to achieve good results and instill ownership.

To establish and maintain good relations and partnership with other spheres of government, sector departments and funding institutions for better service delivery.

#### Areas of Focus

The areas of focus within the Technical Services Department are reflected as follows:

- Infrastructure planning, facilitation and maintenance
- Policy formulation
- Project management
- Processing building plans and quality
- Housing Schemes (top structure and monitoring infrastructure)

- Water and Sanitation
- Electricity and Street Lighting (Reticulation and distribution)
- Roads and Stormwater
- Water and Sanitation

### **Project management unit**

- Infrastructure planning is conducted according to the prioritized needs of the community;
- Implementation and monitoring of the capital projects;
- Capital projects and budget control;
- Management of local infrastructure projects, including:
  - Major Infrastructure Repairs and/or Rehabilitation Projects
  - New Infrastructure Projects
- Oversight on Chris Hani District Municipality & Housing (excluding Top-structure) implemented Infrastructure projects;

### **Water, Sanitation and Plant Management**

- Infrastructure (Roads & Storm-water Drainage Systems, Pumps both sewer and water, Bulk Water Storage facilities, Water treatment Plants & Water Line Network, Waste water treatment plants, Electricity Distribution Network and streetlights);
- Municipal Buildings (Building Control Officer is responsible for this section);
- Municipal Road Maintenance Plant and other Operating Plant & Vehicles (Plant management);
- Coordinates OHSA compliance in all Municipal Operation (Every sectional head's responsibility);
- Responsible for the operating budget control;

### **Housing**

Manages development and maintenance of human settlements, which includes:

- Coordination of settlement planning (new and existing settlements);
- Coordination of Housing Delivery undertaken by Private Developers and other special purpose vehicles);
- Manages People's Process Housing Development Projects where Municipality is the Support Organization or Implementing Agent (Rural Housing);
- Participates and promotes the setting aside of suitable land for housing within Land Reform Programme;
- Housing and facilities condition surveys, monitoring development of slum conditions in existing settlements;
- Assessment of housing needs (housing socio-economic surveys);
- Coordinates and provides support to the provision of Housing Advice Services in all our administrative centers;
- Responsible for the housing budget control;

## **Building control**

- Ensures responsible development of the local Built Environment, through:
- Public education, promoting compliance with National Building Regulations and Agreement Certificate (Rural Areas), as well as Housing Consumer Protection Measures Act (All houses are built by NHBRC registered Contractors;
- Development of Appropriate Building Technology suitable for areas where the national Building Regulations are not applicable;
- Quality control of House construction in Housing Projects;
- Municipal assets maintenance including municipal buildings, dipping tanks, disaster houses etc.;
- Quality Control of all other private and public building developments;
- Manages demolishing and building permit system through out Emalahleni;

Funding sources for the extensive projects required come from the following areas:

- Municipal Revenue from Rates and Taxes;
- Equitable share from National Treasury
- Chris Hani District Municipality, and Equitable Share
- Municipal Infrastructure Grant (MIG)
- Department of Housing, Local Government and Traditional Affairs
- Department of Minerals and Energy
- Department of Roads and Transport
- Development Bank of SA

MIG Grant funding received during 2008/2009 – R 8;015;800

Each functional area will be reported on more extensively as follows:

## **Electricity and Street Lighting**

Emalahleni Municipality is required to ensure electricity provision to the two towns of Indwe and Dordrecht. Remaining areas (Lady Frere and surrounding villages) are required to be supplied by Eskom and the departments role is to supply implementation and monitoring.

### General Comments and Challenges

- Infrastructure is old and severe winds cause damage to power lines when trees are blown on these, together with power outages and weakness due to the high winds.
- It remains a challenge to address the backlogs and to ensure that the standards of electricity provision and service are equally matched between urban and rural areas. The development of the SDBIP addresses this in a coordinated and planned manner over time.

- Planned cutting of trees is scheduled to assist in combating these challenges and power stations and power lines are upgraded regularly.
- Additional challenges include:
  - Lack of efficient electricity – impact on environment due to harvesting of unrenovable wood sources
  - Ageing network requires upgrade – currently too weak to cater for demands
  - ESKOM do not want to commit to projects in area
  - Availability of skilled staff
  - Adequate staff training is a significant challenge
  - Little control over electricity and copper theft
  - Electricity master plan needs to be updated. The compilation of a master plan that addresses future demand/capacity, backlog eradication and refurbishment
  - Allocation of funds for network maintenance
  - The move towards a preventative maintenance strategy rather than a reactive one, through additional staff and funding.

### **Road Maintenance**

As far as key objectives are concerned it is noted that Emalahleni Municipality is required to identify bad roads through various processes of community participation and this would then be required to be reported to the Department of Roads and Transport for appropriate action (project planning and resource allocation).

#### General Comments and Challenges

It is recognized that a more ideal situation (with appropriate funding) would involve the purchase of our own maintenance equipment (graders, rollers, water carts, tipper trucks and excavators), so this could be completed independently. Plans are underway to ensure appropriate budgetary provision.

### **Water Services**

It is acknowledged that CHDM (as the Water Services Authority) appointed Emalahleni Municipality as the Water Services Provider. Water and sanitation is therefore required to be provided to all rural and urban areas within this area.

While it is acknowledged that service delivery and availability is more accessible in the urban areas. (18 769 yard connections in 3 towns vs 200m applicability for 105 948 residents in over 200 villages.

#### General Comments and Challenges

- Undoubtedly, the greatest challenges have related to severe droughts and deficiencies in Electricity provision from ESKOM.
- Shortages in water have placed tremendous strain on the residents, and on hospitals, clinics, schools and hostels.

- Plans are required to ensure that an additional water spruce is obtained in Dordrecht and that back up water systems in villages are made available together with the purchasing of water tankers.
- Commitment from Eskom to deal with these challenges as a priority is also required.

### **Sanitation**

Emalahleni is regarded as the sanitation service provider and is required to service the towns of Dordrecht, Lady Frere and Indwe (who enjoy a waterborne system, and the VIP toilets and pit latrine systems in the villages).

### **General Comments and Challenges**

- Clearly improvements in levels of availability and standards need to be catered for while taking into account water challenges and infrastructure (requiring budgetary provision)
- SDBIPs and adherence to the IDP objectives, ensure that over time and with the necessary budgetary provision, these issues can be provided for.

## **OVERSIGHT REPORT 2008-2009**

## **Oversight Report for the Period 2008-2009**

### 1. Background

In terms of S129 of the Municipal Finance Management Act, Act 56 of 2003, it is required that Council consider its Annual report and based on the analysis and evaluation thereof, that it prepare and adopt an Oversight Report. The Oversight Report effectively provides comments and reflections on the content of the Annual Report and involves processes of consideration and reflection that result in the approval or non-approval of the Annual Report by Council itself. The intention of the Oversight Report is therefore to validate the content of the annual Report or to provide reservations regarding this. A full Council meeting is scheduled for 31 March 2010 at which time both the Oversight Report and the Annual Report will be presented for approval and adoption.

As required the Oversight Committee was established and was required to meet in order to consider and consult on the Annual Report provided by Council itself. Annual Report that emanated from this meeting did not provide an accurate account and analysis and Council did not approve the Annual Report in this format. After reconsidering all areas of concern this report will be re-submitted for assessment and approval.

### 2. Analysis of the 2008-2009 Annual Report

The information contained within the 2008-2009 Annual Report was duly examined, whilst taking cognizance of the Auditor-General's Annual Report. Following this discussion, the extent to which the strategic objectives of each department were met as against their limitations will be briefly discussed.

#### 2.1 Auditor-General's Report on Annual Financial Statements

As stated within the Auditor-General's Report for 2008-2—9 (item 25, pg. 4) "Because of the significance of the matters described in the Basis for Disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements."

The response to the Auditor-General's Report may be summarized as follows:

- Every reasonable and practical effort will be made to address the issues raised within the Audit Report and commitment is made to regard this as a matter of priority.
- Proposed methods to address the deficiencies raised will be extensively discussed with the Auditor-General and ultimately an Audit Plan detailing all activities will be developed and implement appropriately.

## 2.2 Analysis and Reflections on Departmental Reporting within the Annual Report (2008-2009)

Each departmental report as reflected within the Annual Report will be examined with due reference to the accuracy of reporting, and will capture reflections from the Oversight Committee. Departments will be examined and the data summarized in the following order:

- Municipal Manager's Office (incorporating the Strategic Manager)
- Technical Department
- Community Services Department
- Corporate Services Department
- IPED Department

### a. The Municipal Manager's Office

It is acknowledged that reporting within this department depicts to a large extent the successes and challenges contained within all other departments. It provides an overall summary of all pertinent issues, and specifically makes reference to the strategic Manager's functions which are all incorporated within this section

- Extensive efforts have been made to engage with communities through Mayoral Outreach Programmes and programmes relating to IDP and budget reviews (Mayoral Imbizo's Public Hearings, Customer Satisfaction Surveys)
- Approval of the Public Participation Framework Policy.
- The IDP has been successfully reviewed and all related Budget Policy, SDBIP alignment and reporting processes and mechanisms have been completed.
- Service Delivery has greatly improved and targets have generally been well achieved (as reflected per departments).
- The LED Strategy implementation has achieved many successes as reflected within LED report.
- Performance Management while implemented at the S57 level has not achieved great success and it is realized that this will require reworking and alignment to National Indicators.
- Councillors and staff have received training on governance and policy issues to improve effectiveness of functioning.
- Ward Councillors and Party Representatives have been trained to improve effectiveness of functioning within local government.
- Overall reporting structures including reporting re-SDBIP's, Standing Committees, Exco reports, and reporting generally has improved.
- Draft Communication Strategy is available and is awaiting public comment so it can be finalized.
- Efforts underway to improve IGR forum functioning
- Twinning of Emalahleni and Dordrecht Netherlands Municipality.
- Shared Internal Audit Committee (Chris Hani District Municipality)
- Appointment of Legal and Compliance Officer will assist by-laws and policy issue.



- Skills shortages and Retention Strategies remain a challenge.
- Compliance in terms of Employment Equity Reporting, the Workplace Skills Plan, appointments and procurement remain an ongoing focused area of priority.
- The organization continues to move towards full GRAP implementation and compliance and this remains an ongoing objective.
- Financial Policy requirements remain a challenge and area of continued focus.
- Baseline service delivery has been met in respect of free basic services and percentages achieved are reflected within service delivery reporting.

b. Local Economic Development

- While in its infancy, LED has experienced many challenges, many successes have been achieved not the least of which has been the availability of extensive training to all SMME's and Cooperatives; the creation of over 500 jobs through the Expanded Public Works Programme and tourism development through the creation of business forums and support structures.
- Spatial Development Framework is underway but completion is expected in the new financial year. This will influence the achievement of the LED Strategy.

c. Technical Services Department

On the technical services front it is noted that the report reflects not only on the shortcomings and difficulties relating to finance and infrastructure, but also on the many achievements. These will be elaborated on as follows:

Electricity

Emalahleni Municipality provides electricity to Indwe and Dordrecht. The remaining areas are supply by ESKOM and the municipality is responsible for electricity monitoring and supply implementation. Villages are of a low standard of provision compared with towns. Eskom is required to treat this with high priority. Ageing infrastructure, high winds and the damage caused by trees remain ongoing challenges. Tree cutting schedules are undertaken to attempt to address these issues.

Water

As the Water Services Authority Emalahleni is responsible for supplying water and sanitation to rural and urban areas. Severe drought has introduced major challenges and it is clear that back up water systems are to be planned and budgeted for.

Roads and Maintenance

It is required of Emalahleni to identify bad roads through community participation and to report this to the Department of Roads and Transport for appropriate allocation (project planning and resource allocation). In terms of budget planning it is noted that 90% of

planned projects were undertaken and 90% of the related capital budget spent on construction and maintenance.

### Sanitation

Emalahleni is the Sanitation Services Provider. 3 towns of Dordrecht, Lady Frere and Indwe enjoy a waterborne system. In all villages (VIP toilets), a pit latrine system is used.

Infrastructure and budget issues remain a concern. When bucket systems were eradicated no additional water supplies were catered for and this deficiency has far reaching implications for a service, which relies heavily on water.

#### d. Community Services Department

This department and the achievement of strategic objectives will be reflected on independently within subsections.

### Library Services

- Negotiations underway to establish a library in Uhmlanga at the Rietfontien community as well as Lady Frere.
- 2 Library facilities exist in Dordrecht and Indwe.

### Cemeteries

Local cemeteries are provided in Dordrecht, Indwe and Lady Frere and are managed and maintained successfully. Efforts and studies are currently underway to procure new sites in Dordrecht and Indwe.

### Community Halls and Facilities

Ten facilities are available and these service 3 000 users.

### Commonages

- To maintain and repair fences on all
- To procure farms and suitable lands which are over-grazed
- Negotiations underway with the Department of Transport to establish pounds. Currently assistance with pounds function provided by Lukhanje Municipality.

### Parks and Recreation

- Funding for 10 new sportsfields is being made available in the new financial year.
- Successful grass cutting and pruning of trees

## Waste Management

- Regular refuse removal to all households once a week
- Regular refuse removal of commercial business twice a week.
- Daily street cleaning
- Maintenance of vehicles and implements.
- Provision is made in the financial statements to rehabilitate 3 dumping sites and funding is available from the District Municipality.

## Health (Clinic) Section

- Agency relationship with Provincial Department of Health
- Monthly and quarterly reports provided to Province and Council
- Clinic Committee meetings held
- HIV/Aids mainstreaming

## HIV/Aids Mainstreaming

HIV/Aids Strategy tabled and approved by Council.

## Disaster Management

Disaster Management Policy Framework and plans for District Metro to be approved.

## Human Resources

- Training has been effectively achieved through the development of the WSP and implementation reported through Implementation Plans.
- Employment Equity Reports have been submitted timeously according to our records, but this is contended.
- Strategies are in progress to deal with scarcity of skills and staff shortages.
- The organogram has been reviewed although concerns have been expressed over functionality.
- A great number of policies have been reviewed and updated – require proper implementation.

## Labour Relations

- Labour Relations Training has occurred and staff are better equipped to handle these issues.

## Skills Development

- Workplace Skills Plan developed and implemented as per plan.
- Councillor training has been conducted.

### Occupational Health and Safety

- Whilst this remains a challenge due to lack of funding and ensuring compliance during 2008/2009, this is requiring focus.

### Performance Management

- Performance Management System effectively implemented for 57 staff, but not yet cascaded further.
- SDBIP's completed as required although the new format requires refinement and alignment with the National Indicators.

#### f. IPED

Many challenges within this new unit notwithstanding many achievements such as:

- PPP between Emalahleni and Elitheni Local Mine.
- 83 new SMME's have been registered to database
- Expanded Public Works Programme has created many job opportunities
- Challenges remain; the finalization of the Spatial Development Framework; funding and investment; improved infrastructure and their rural nature of this area.

### 3. CONCLUDING REMARKS

Having examined the degree to which the Annual Report reflects the organizations performance and reflects both highlights and challenges within all departments it is accepted and acknowledged that this report is a clear indication and considered to be an accurate representation of events and issues that occurred during 2008/2009 within Emalahleni Municipality. As such it is recommended that Council adopt this Annual Report.

### 4. RECOMMENDATIONS

It is recommended:

- 4.1. That Council, having fully considered the Annual Report for 2008 – 2009 and representations thereon adopts the draft Oversight Report.
- 4.2. That Council approves the Annual Report without reservations for Emalahleni Municipality for the period 2008 – 2009 as reflected in the Annual Report attached for this purpose

## **CLOSING SUMMARY**

From the detailed chapters in this Annual Report, Emalahleni Municipality has been able to report on all aspects of organisational performance, providing a true, honest and accurate account of Council priorities and goals and our ability as an organization to achieve these, notwithstanding the many highlighted challenges that prevail.

Within Part 1; Chapter 1 of this report, you were exposed to an overview of Emalahleni's geographic and demographic profile, as well as socio-economic factors that influence life within this region. The Mayors Foreword; Municipal Managers Report and the Executive summary.

Part 2 ; Chapter 2 has Performance highlights the key successes and challenges experienced by the more high profile service delivery departments. These have been examined by looking at the service delivery approach adopted, the performance measures and key successes, as well as the challenges and opportunities faced by service delivery currently.

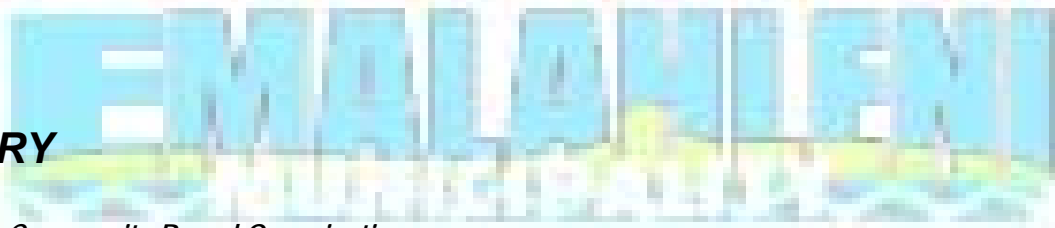
Chapter 3 provides insight into the organization LED Framework and Implementation

Chapter 4 represents an account of Emalahleni Municipality's financial health and wealth and includes all financial statements as public documents.

Chapter 5 provides insight into the Good Governance and Public Participation and the organization structure and changes required to ensure that Emalahleni Municipality is able to fulfill its developmental Local Government objectives, through compliance at every level.

Chapter 6 provides comprehensive information on the functional areas of Emalahleni Municipality, including overviews of functions and strategic objectives. All of these objectives are then tied directly back to the Integrated Development Plan and more technically into the Service Delivery Budget and Implementation Plans for each department.

Finally, it must be noted that the Annual Report for 2008/2009 provides a realistic and accurate account of the progress and extreme difficulties experienced by Emalahleni Municipality and reflects the impact that all of this has had on service delivery.



## **GLOSSARY**

<i>CBO</i>	<i>Community Based Organisation</i>
<i>DBSA</i>	<i>Development Bank of South Africa</i>
<i>DORA</i>	<i>Division of Revenue Act</i>
<i>DWAF</i>	<i>Department of Water Affairs and Forestry</i>
<i>GAMAP</i>	<i>Generally Accepted Municipal Accounting Practices</i>
<i>GDP</i>	<i>Gross Domestic Product</i>
<i>GRAP</i>	<i>Generally Recognized Accounting Practices</i>
<i>IDP</i>	<i>Integrated Development Plan</i>
<i>ILGM</i>	<i>Institute of Local Government Management of Southern Africa</i>
<i>IMPRO</i>	<i>Institute of Municipal Public Relations Officers</i>
<i>LED</i>	<i>Local Economic Development</i>
<i>LGSWETA</i>	<i>Local Government and Related Services SETA</i>
<i>MFMA</i>	<i>Municipal Finance Management Act</i>
<i>MIG</i>	<i>Municipal Infrastructure Grant</i>
<i>NEPAD</i>	<i>New Partnership for Africa's Development</i>
<i>NGO</i>	<i>Non-Government Organisation</i>
<i>SALGA</i>	<i>South African Local Government Association</i>
<i>SMME</i>	<i>Small, Medium and Micro Enterprises</i>
<i>TLC</i>	<i>Transitional Local Council</i>
<i>CHDM</i>	<i>Chris Hani District Municipality</i>

## **CREDITS**

**Emalahlani Municipality wishes to thank the following people for their contributions:**

- **The Mayor and Councillors**
- **Office of the Municipal Manager: Municipal Manager: Mr N J Kwepile**
- **Chief Financial Officer: L Ludick**
- **Inputs from: S57 Managers: -- Corporate Services Manager: Ms N Lungwengwe**
- **Technical Services Manager Mr W Mkuyana**
- **IPED Manager:: N Mntyedwana**
- **Special Mention: Charmaine Van Schalkwyk Consulting**