



EHLANZENI
DISTRICT MUNICIPALITY

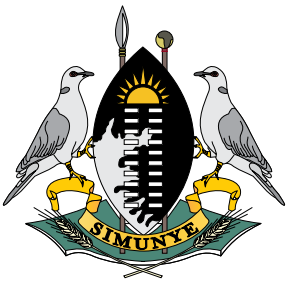


Annual Report

2008/09



Re-discover life



Vision, Mission and Core Values

Vision

The best performing district municipality of the 21st Century

Mission

Ehlanzeni District Municipality strives to excel in planning, co-ordination and support for our Local Municipalities in consultation with all stakeholders to ensure the best standard of living for all

Core Values

Ehlanzeni is guided by the following values in conducting its business:

- Transparency
- High quality service delivery
- Accountability
- Service communities with integrity
- Efficiency
- Professionalism





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Acronyms

- EDM:** Ehlanzeni District Municipality
EMP: Environmental Management Plan
IDP: Integrated Development Plan
LM: Local Municipality
MAM: Multi Agency Mechanism
MFMA: Municipal Finance Management Act, 2003 (Act 32 of 2003)
MSA: Local Government Municipal Systems Act, 2000 (Act 32 of 2000)
SDBIP: Service Delivery and Budget Implementation Plan
SLA: Service Level Agreement
SoER: State of the Environment Report



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Mayoral Committee



Executive Mayor
Cllr. CN Mkhonto



Speaker
Cllr. C Maluleke



Chief Whip
Cllr. J. Ndlovu



Executive Deputy Mayor
Cllr. SV Khumalo



MMC: Technical Services
Cllr. MJ Mnisi



**MMC: Finance & Supply Chain
Management**
Cllr. LM Mochekoane



MMC: LED & Tourism
Cllr. M Chembeni-Sahi



MMC: Community Services
Cllr. LN Shongwe



MMC: Corporate Services
Cllr. BS Mashego



**MMC: Transversal
Programmes**
Cllr. FS Timba

Municipal Administration



**Municipal Manager
Mr Hugh Mbatha**



**Manager in Office of the
Municipal Manager
Ms Fezeka Ntlemeza**



**Manager LED and Tourism
Ms Nontobeko Mahlalela**



**Manager Finance and
Supply Chain
Mr Gerhard Landman**



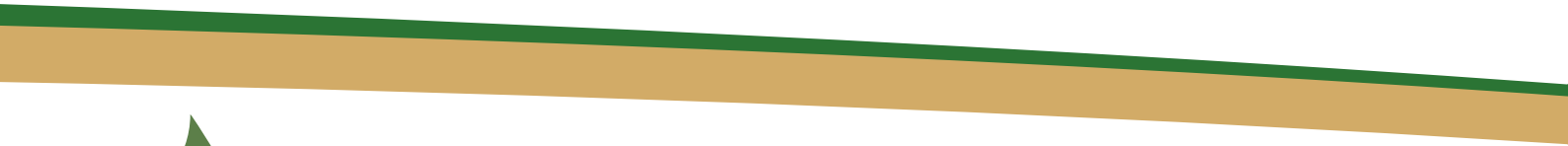
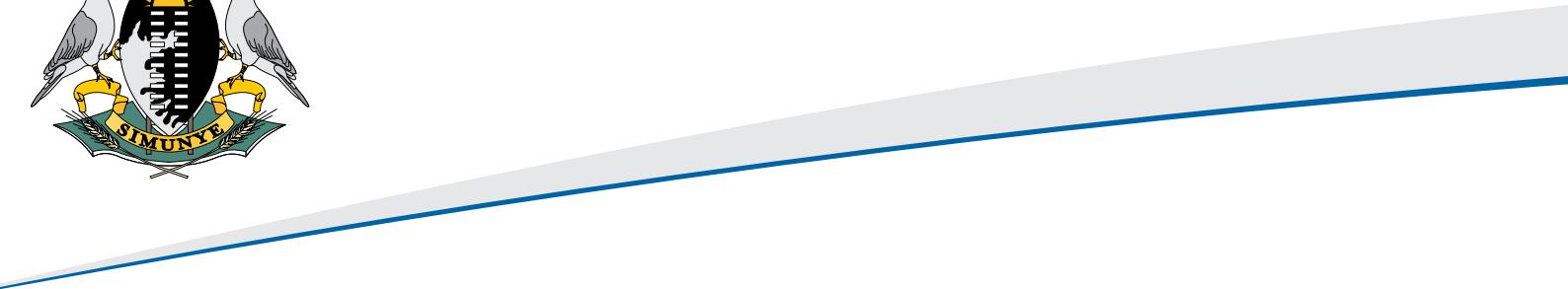
**Manager Technical Services
Mr Tebogo Kubheka**



**Manager Corporate Services
Mr Ernest Moukangwe**



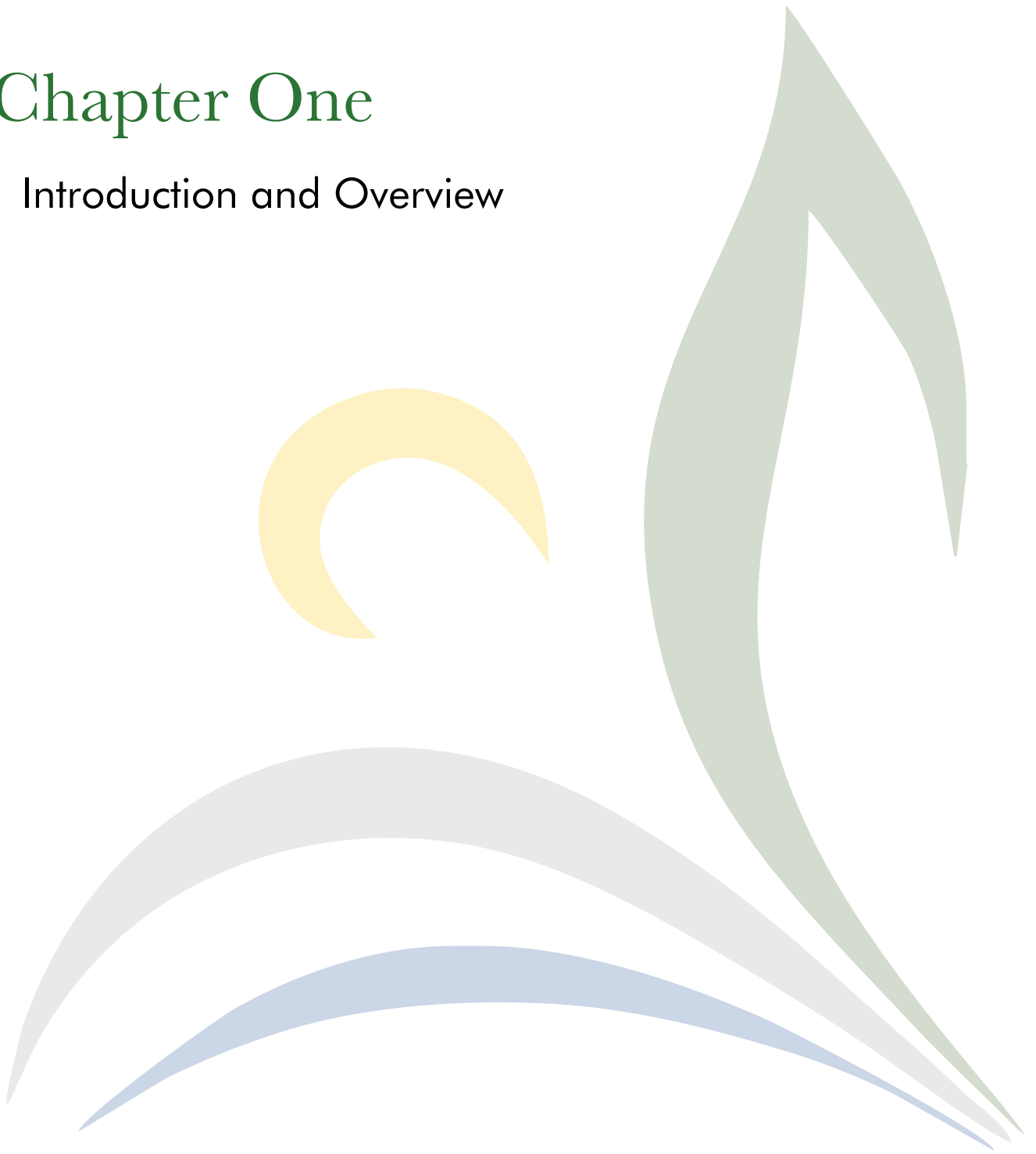
**Manager for Community
Services,
Mr Pat Msibi**





Chapter One

Introduction and Overview





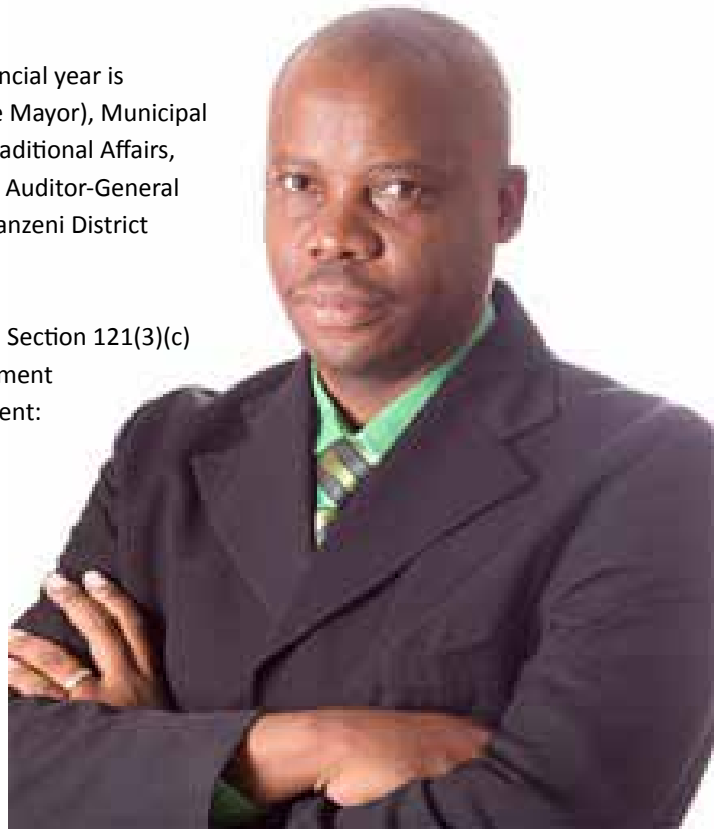
Municipal Manager's Report

Performance information

This Annual Performance Report for the 2008/09 financial year is intended to inform the Executive Authority (Executive Mayor), Municipal Council, the MEC for Co-operative Governance and Traditional Affairs, the Provincial Treasury, the Provincial Legislature, the Auditor-General and the Nation as a whole on the Performance of Ehlanzeni District Municipality, during the year under review.

The legislative authority for such reporting is found in Section 121(3)(c) of the Local Government: Municipal Finance Management Act, 2003, read with Section 46 of the Local Government: Municipal Systems Act, 2000.

As a Municipality, we acknowledge the indispensable role local government has to play in consolidating democracy and advancing service delivery and development. One further acknowledges that there has been significant progress in the Ehlanzeni District Municipal area of jurisdiction, but further acknowledges that there have been shortcomings in the way we operate, which shortcomings need to be collectively addressed.



It is further worth noting, as enunciated in Section 83, read with Section 84 of the Local Government: Municipal Structures Act, 1998, the generic roles and functions of district municipalities, being:

Municipal Manager's Report

Performance information

- ensuring integrated development planning for the district as a whole;
- promoting bulk infrastructural development and services for the district as a whole;
- building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking and;
- promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

It is, however, clear that the non-alignment of our local municipalities, IDP and budget will inadvertently result in the district municipalities' IDP/budget non-alignment, as the district municipality does not have its own space to implement the IDP.

Everything else from the budget, SDBIP, successful implementation of projects, performance measuring and monitoring and ultimately the value for money, only becomes a reality once the IDP processes have been fully complied with.

We have, therefore, taken an initiative of adopt a local municipality concept by the various departments at Ehlanzeni District Municipality. This concept not only seeks to give hands-on support to our local municipalities, but also seeks to assist our local municipalities with all their key deliverables as expected from them. The said concept will obviously address the overall challenges we had in the year under review.

We are also working on a cluster model for all our municipalities for purposes of sharing best practices amongst the 5 local municipalities, including the district. We hope with all the willingness and vigour shown by our municipalities and the management team of Ehlanzeni District Municipality, I can only look forward to good performance in the 2009/2010 financial year.



Foreword

Foreword from the Executive Mayor

Sections 121 and 127 of the Municipal Finance Management Act 56 of 2003 require municipalities to compile and submit annual report in terms of the guidelines and time-frames provided, therein.

The above requirement is, in our opinion, important and significant far more than in the obvious way of satisfying compliance. The annual report is basically an account by the municipality to the public and all other stakeholders regarding its activities and expenditure of resources during the financial year in question. Annual reports bring to life principles of transparency and accountability in a democratic setting.

Annual reports also ensure that municipalities work on the issues raised by the Auditor-General in the previous reporting year's financial statements. It gives the municipality an opportunity to report on how they have corrected any wrongs indicated to them by the Auditor-General.

Annual reports help municipalities to close in on the communication gaps left by the municipalities during the course of the year. In other words, those incidents and activities not covered in the local media will now be reported in for all stakeholders to take note of.

I am glad that Ehlanzeni District Municipality took into account all of the above in compiling the annual report of 2008/2009. I trust that after having thoroughly gone through the annual report, we will be able to engage the municipality constructively with a view to making it a better performing municipality.

Councillor C.N Mkhonto
Executive Mayor



Performance Overview

Planning is the single most important task of management and leadership. Strategic alignment of all key processes with the strategic plan is a further requirement for successful implementation thereof.

“Strategic alignment is a dynamic process whereby an organization’s strategy is calibrated with its culture, leadership and the organizational structure and governance”
Johan Hough, from “Crafting and Executing Strategy”

Ehlanzeni District Municipality undertook an Integrated Development Planning process, based on a Process Plan and Framework Plan approved by Council under item A126/2008 during an ordinary meeting held on 30 July 2008. This Integrated Development Plan (to be referred to as “the IDP”) was a review of the five year IDP for 2007/2008 to 2011/2012, which had been approved by Council under item A 150/2007 on 26 June 2007. The IDP-review for the Financial Year (to be referred to as FY) 2008/2009 was approved by Council under item A115/2008, during an Ordinary Meeting held on 28 May 2008.

Budget for 2008/2009 financial year

The budget process unfolded simultaneously with the IDP process. The budget was approved by Council under item A116/2008 during an Ordinary Meeting held on 28 May 2008.

Service Delivery and Budget Implementation Plan

“Excellent execution and alignment of an excellent strategy is the best test of managerial excellence – and the most reliable recipe for turning companies into standout performers”
Johan Hough, from “Crafting and Executing Strategy”

The Service Delivery and Budget Implementation Plan (SDBIP) is a key element in the process of service delivery, as it provides for the cascading of the strategic level Integrated Development Plan and the Budget to a level of implementation. It therefore provides the basis for measuring performance in service delivery and spending of the budget against specific targets.

The SDBIP is regarded as the contract between the administration, Council and the community expressing the goals and objectives set by Council as quantifiable outputs or deliverables which will be implemented by the administration over a twelve month period. It therefore provides a vital link between the Mayor, Council and the administration and facilitates a process for holding management accountable for its performance.

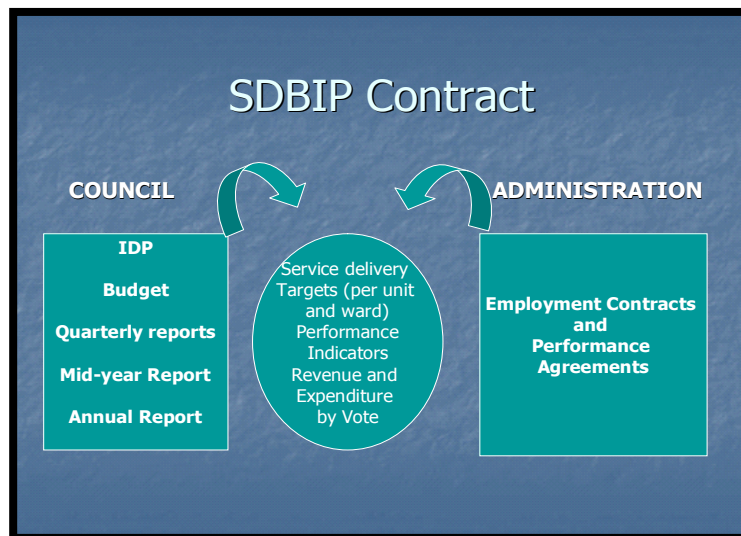


Performance Overview

This contract can be illustrated as follows:

It is a management, implementation and monitoring tool that will be of use to the Mayor, the Councillors, the Municipal Manager, all Managers, the staff complement and the community. It enables the Municipal Manager to monitor the performance of senior managers, the Mayor to monitor the performance of the Municipal Manager, and for the stakeholders to monitor the performance of the Municipality. The SDBIP should therefore determine (and be consistent with) the performance agreements between the Mayor and the Municipal Manager, as well as between the Municipal Manager and any Managers or members of staff determined by the start of every financial year, and be approved by the Mayor. The SDBIP must further be consistent with outsourced service delivery agreements such as municipal entities, public private partnerships, service contracts and the like.

A properly formulated SDBIP will ensure that appropriate information is circulated internally and externally for the purpose of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by Council.

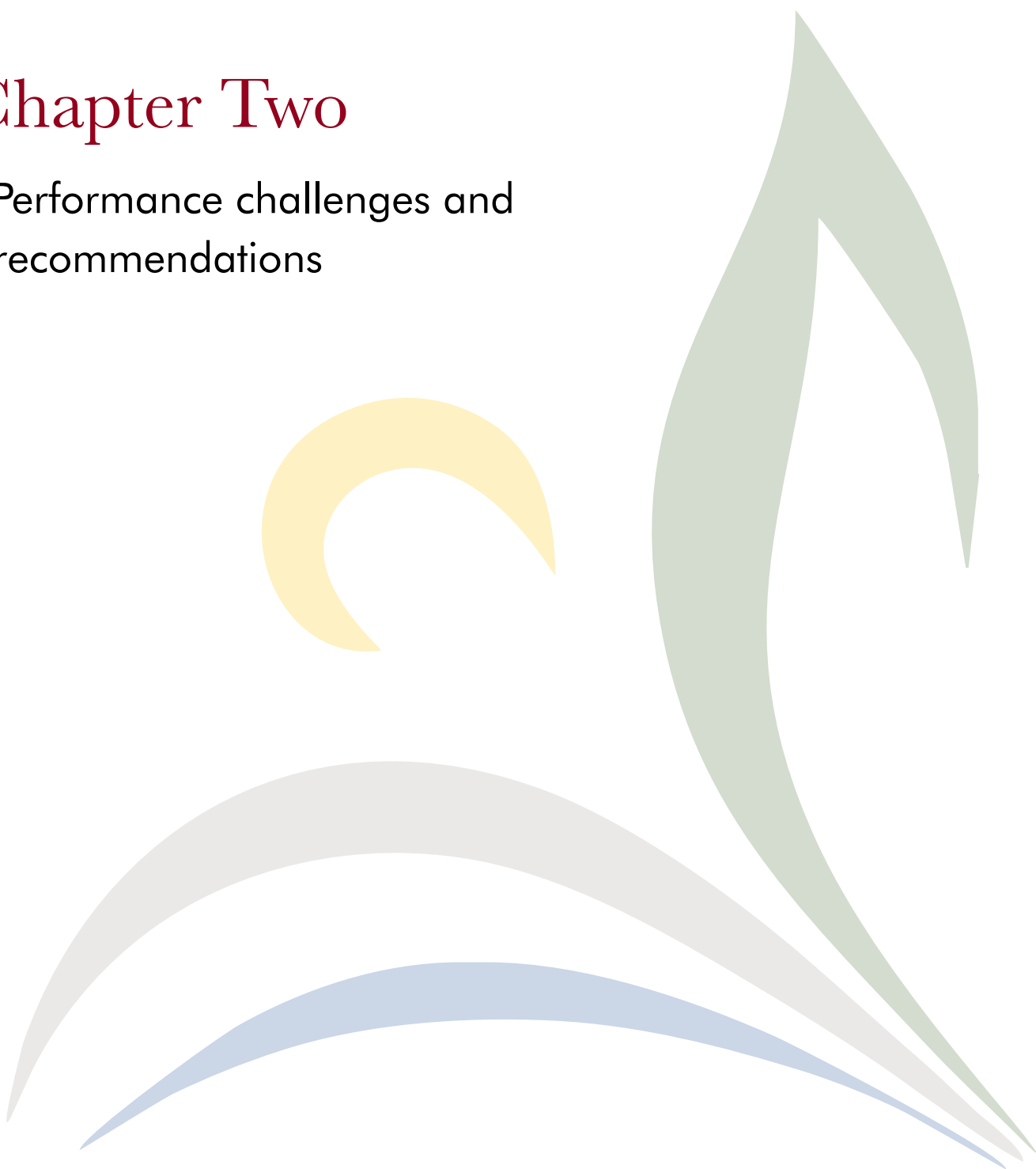


During the FY2008/2009 the format of the SDBIP has been improved to make provision for all components, as per the guidelines from National Treasury, reflecting the performance on the institution on various levels, namely a multi-year level, an annual level and an operational level indicating the targets in terms of both service delivery and budget expenditure for the four quarters. The multi-year and annual level has been included in the SDBIP to be approved by Council, whilst the operational level has been left to the departments to complete. A consolidated SDBIP for the district was compiled from the contribution of all Departments to guide the implementation of projects and the spending of funds. The 2008/2009 SDBIP was submitted to the Mayor and approved on 29 September 2008.



Chapter Two

Performance challenges and
recommendations





Performance challenges

Challenges identified during this process

Several challenges have been encountered during the process up to this point in time. These challenges have provided an opportunity for improvement of the future processes and will briefly be discussed:

- The Integrated Development Plan did not reflect all the key priority areas of all the departments, specifically the operational activities. The impression existed that it is only capital projects that needed to be reflected in the IDP.
- Although a huge improvement was made with regard to the format of the SDBIP, a challenge existed with regard to the drafting and the implementation thereof. Specific shortcomings identified were the following :

- A lack of understanding of the format by members of staff.
- A lack of knowledge on the drafting of key performance indicators which would measure what was supposed to be measured and the failure to determine annual performance targets which corresponded with the key performance indicators.
- A remaining focus on input indicators and output indicators rather than outcome, such as in the case of a summit being held, an overseas trip or an audit being undertaken. An indication that it had taken place, did not necessarily imply that it was successful in terms of results or outcome, which had to be measured.
- A poor planning process and effort, specifically on the detailed operational layer of the SDBIP. An example is the information with regard to the projected monthly expenditure which has not been used to inform the projected figures on the expenditure of the budget. Not all departments and units finalized their operational layers of the SDBIP for monthly monitoring and review purposes.
- Submissions on the review of the SDBIP, to be aligned with the adjustment budget, were delayed to such an extent that the review was not done during the financial year under review.

Performance challenges

- In terms of performance reporting through quarterly performance reports, the following shortcomings were identified:
 - A remaining tendency to reflect performance reporting in terms of service delivery only as a percentage of the budget expenditure, rather than actual output or deliverables and outcomes. This is problematic because the 100% spending of a budget does not always imply that the project has been implemented successfully.
 - Lack of measurement of performance of operational activities, such as supply chain processes and administrative functions, due to frameworks for such service standards and systems for measurement not being drafted as yet.
- The Balanced Scorecard model, which is the model implemented at Ehlanzeni District Municipality, is very intricate and the knowledge on the Model as well as on Performance management per se, is insufficient.
- In spite of resolutions taken at management meetings and undertakings of the Managers, only some departments submitted proof of regular performance reporting, monitoring and review within departments.
- The submission of quarterly performance reports by Managers were often delayed, which implied that the reports compiled are done with such urgency and tend to compromise compliance.
- A challenge exists in terms of the perception of planning, implementation, monitoring and evaluation being one continuous process. This continuity is still not visible from the planning documents and performance review reports.
- A concern exists regarding the planning processes of the institution in that numerous projects have been implemented which have not formed part of the Integrated Development Plan.
- The lack of an IT-system made it very difficult to monitor and assess performance, in that mostly budget expenditure was reflected. Performance is much more than spending and the other perspectives of the Balanced Scorecard may even be more strategic in terms of service delivery, such as the customer or stakeholder perspective – in view of our mandate as a District Municipality to coordinate, monitor and support, as well as the institutional development perspective.

This report will, however, endeavor to show the comparative target and progress made in terms of service delivery.



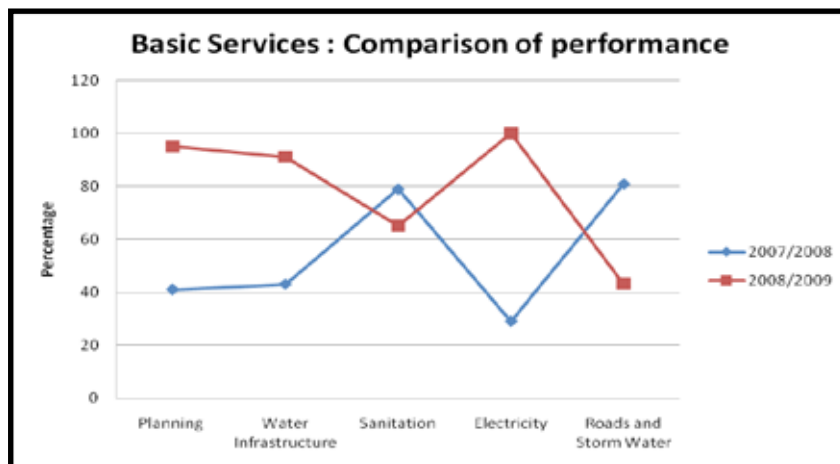
Performance Assessment

Table 1: Performance of Ehlanzeni District Municipality in terms of priority issues related to Service Delivery and Infrastructure Development for the FY2008/2009

Priority Issue	Number of projects	Percentage progress	Amount budgeted	Amount spent
Planning	5	95%	4,133,633.00	3,319,067.00
Water Infrastructure	11	90,72%	28,920,332.00	22,951,082
Sanitation	2	65%	12,536,904.00	4,475,002
Electricity	2	100%	5,421,895.00	5,187,525.00
Roads and Stormwater	9	43,33%	45,397,608.00	29,086,980
Office Building	1	86%	45,996,962	52,895,709
2010 and Sport Stadiums	3	68,3%	14,450,916	450,916
Retention	1	0%	3,658,431	0

The comparison between performance in terms of basic services and infrastructure development for the 2007/2008 and 2008/2009 financial year is reflected in Graph 1.

Graph 1: Performance in terms of basic services and infrastructure development for the 2007/2008 and 2008/2009 financial year



Performance Challenges

Integrated Development Planning

Integrated Development Planning is the single most important process in any municipality, but even more so in a District Municipality where the coordination of the planning and all the processes on a district level needs to be undertaken. The IDP-document is the strategy of the organisation and all service delivery initiatives need to have been identified in the document and participative process. In Ehlanzeni District Municipality the function is located in the Office of the Municipal Manager and the Unit consists of three members of staff. The Unit faced several challenges during the FY2008/2009. Not only did both the manager of the unit and the coordinator resign, but the newly appointed coordinator was involved in a serious vehicle accident and absent from office for several months.

The projects contained in the SDBIP related to the function of Integrated Development Planning are indicated in Table 2. Performance on these projects is an average of 33%.

Table 2: Performance on projects for the function of IDP for the FY2008/2009

Project	Project objective	KPI	Annual Target for service delivery	Actual Performance	Reason for Variance	Progress
In-depth studies for IDP	To provide updated information for input towards the IDP process and hence adequately review the district and LM IDPs	Completed Indepth studies in areas of need	Completed in-depth studies	None	Challenges in terms of staff vacancy and absence for long period; no studies or sector plans initiated by departments	0%
Development of Sector Plans	To provide updated information for input towards the IDP process and hence adequately review the district and LM IDPs	Completed reports for the development sector plans	Completed reports for development of sector plans	None		0%
Review of IDP	To review the District IDP for 09/10 and support the reviews of the LMs	Credible IDP for 09/12	Completed 2009/2010 IDP for the District	Reviewed IDP 2009/10		100%



Performance Challenges

Performance Management System

"Few factors are as important to the performance of an organization as measurement, and measurement is among the weakest areas of management today"
Peter Drucker, quoted by Hough

In as far as performance management is concerned, the following key milestones were achieved:

- (i) The Performance Management Policy Framework was approved under item A27/2008 at an Ordinary Meeting of Council held on 28 May 2008. Several consultative sessions were held with departments, prior to approval, whilst all local municipalities were provided the opportunity to comment on the draft thereof.
- (ii) Adoption of a District-wide Performance Management System Frame-work by Council on under item A 163/2007 during the meeting held on 25 July 2007. This document was drafted through the Ehlanzeni Performance Management/Monitoring and Evaluation Forum meeting, which structure involves all local municipalities.
- (iii) The Performance Agreements of the Section 57 Managers were signed by all Managers.
- (iv) The implementation of performance management had gradually being undertaken through a change management process. Individual engagement sessions were held with Section 57 Managers, as well as the Municipal Manager, whilst group sessions were scheduled with each and every directorate during which they were informed of the envisaged process of implementing the performance management system. These sessions were also utilized as an opportunity to engage directorates on their core business that they have to deliver to the stakeholders and customers of Ehlanzeni District Municipality, as well as any process or concern which is hampering effective and efficient service delivery and performance within the institution.
- (v) Regular reporting of performance at different levels within the organization had been made a requirement:

Performance Challenges

- a) A schedule for monthly meetings for performance reporting, for attendance by all officials of a department on the monthly departmental meetings. Managers were requested to provide the minutes of such meetings to the Office of the Municipal Manager, through the Performance Management unit.
 - b) Monthly performance assessment sessions have been scheduled by the Municipal Manager with the Section 57 Managers on an individual basis.
 - c) Quarterly Management Lekgotlas have been scheduled, specifically for performance reporting and review.
- (vi) Within the first half of the year under review, engagements with the departments were held in a process of drafting of departmental scorecards. The purpose was to improve the scorecards being used and building capacity amongst members of staff. This scorecard is based on the model of the Balanced Scorecard, the model accepted as model for the performance management system.

Organizational Development Process

“Good strategy execution requires a team effort. All managers have strategy execution responsibility in their areas of authority, and all employees are participants in the strategy execution process”
Johan Hough, from “Crafting and Executing Strategy”

A related process currently being undertaken, with the focus on improving the working environment to a more conducive environment for achieving performance excellence, is the Organizational Development Process. It commenced with a Climate and Culture Survey within the organization, which encompassed one-on-one interviews with all the members of staff and the Mayoral Committee of Ehlanzeni District Municipality. The intention of the Survey was to obtain sufficient information on the working environment as it is experienced and perceived, also focusing on business processes, systems, communication, management style, and so forth.



Recommendations

Recommendations for enhancement of performance of the district municipality

The following recommendations are made, in view of the contents of the Annual Performance Report for the FY2008/2009, to enhance performance of the District Municipality:

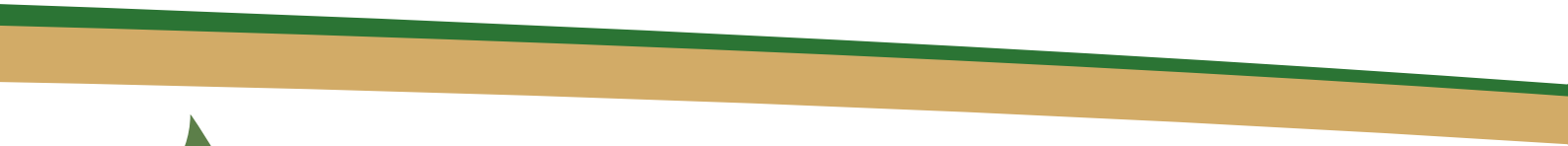
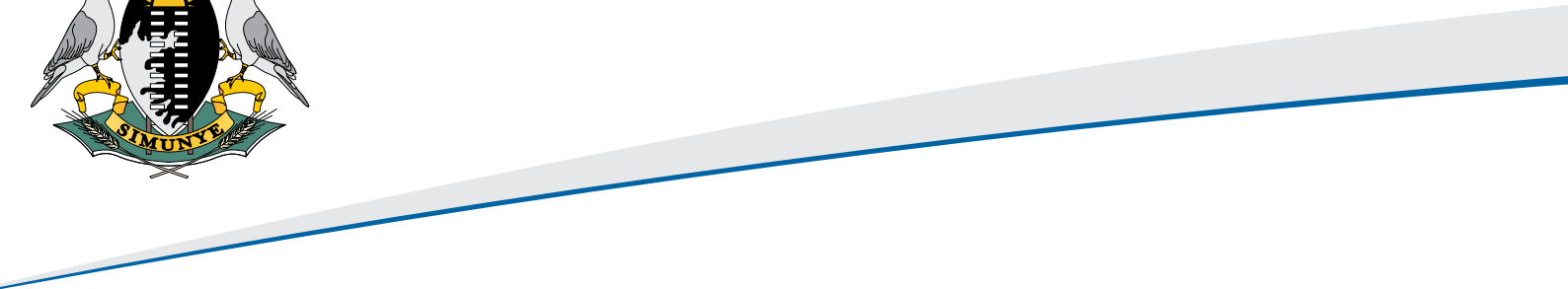
- 1) The planning and budgeting process be improved in the following regard:
 - All operational and capital programmes and projects be contained in the IDP;
 - Costing of projects be improved to avoid situations where projects cannot be implemented because of insufficient funds;
 - In the case of a budget adjustment, projects as initially identified in the strategic planning process be considered for implementation;
 - Improvement in the quality of information contained in the SDBIP, specifically the key performance indicators and targets, as well as the operational level of implementation.
- 2) Processes and systems indicated in the report as being the reason for poor performance be identified and improved, such as the SCM-processes, planning and costing processes, planning and integration processes to avoid duplication of budgeting, etcetera.
- 3) Performance monitoring and review be improved in the following regard:
 - The drafting of and implementation of systems or frameworks for service standards in terms of all operational functions be done without delay. These frameworks have to be forwarded to the Performance Management Unit and be implemented during the 2009/2010 financial year.
 - Monthly performance reporting and assessment sessions need to be held by each and every Section 57-Manager where his/her Deputy and Assistant Managers will be required to

Recommendations

report to him or her on their respective performance, based on their relative section of the SDBIP. Copies of the minutes of these sessions/meetings have to be forwarded to the Performance Management Unit, as well as the Office of the Municipal Manager. The dates of these monthly sessions have to be forwarded to the same offices. This information will feed into the Quarterly Performance reports from each department.

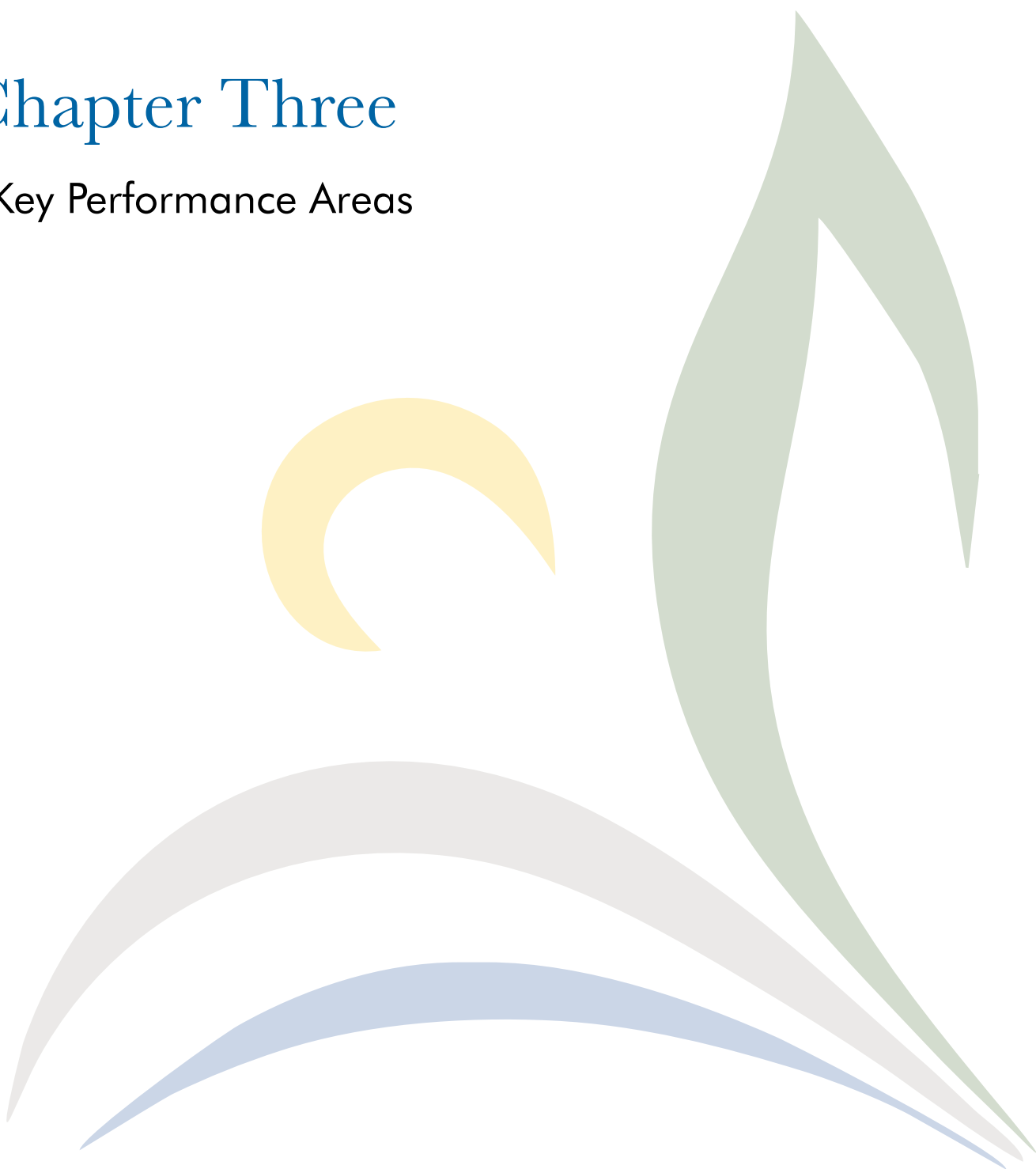
- Emphasis be put on the submission of regular quarterly performance reports. Quarterly performance reports must be submitted within 15 calendar days after the last day of the quarter, e.g. 15 October in respect of the first quarter to the Performance Management Unit, via the Office of the relevant manager. Supporting information on all performance reports has to accompany the quarterly performance reports for auditing purposes.
- Monthly performance assessment and review sessions be done by the Municipal Manager in respect of all Section 57-Managers. Copies of the Minutes of these sessions or meetings be forwarded to the Performance Management Unit for record purposes to be kept in the file of each department.
- Managers have to take responsibility of the financial management of their departments, from the time of request of the funds, the proper planning for implementation thereof, the spending thereof and the reporting on such expenditure.
- The focus in terms of performance management is to a large extent still on measuring input and output, rather than outcome. An example is a summit, an international visit, an audit or a meeting. The key performance indicator should focus on the eventual outcome, as well as the implementation of resolutions. The need for external assessment e.g. by our stakeholders becomes evident.

- 4) The pilot IT-system for performance management be implemented during the 2009/20010 financial year.



Chapter Three

Key Performance Areas





Key Performance Area

Integrated Development Planning

Integrated Development Planning is the single most important process in any municipality, but even more so in a District Municipality where the coordination of the planning and all the processes on a district level needs to be undertaken. The IDP-document is the strategy of the organisation and all service delivery initiatives need to have been identified in the document and participative process.

Local Economic Development

In terms of the Key Performance Area: Local Economic Development, the District Municipality is responding through initiatives by its Department : Local Economic Development and Tourism, as well as initiatives specifically focusing on the 2010 Tourism Promotion.

Local Economic Development and Tourism

Although the District Municipality is still focusing its resources on the implementation of the Ehlanzeni Strategy for Local Economic Development and the Strategy for Tourism Development during the FY2008/2009, a change in focus to initiatives related to the 2010 Tourism Promotion occurred during the financial year. The details of the projects implemented and the progress made are indicated in Table 10:

On the projects implemented, a performance of 80,5% was achieved. This is a huge improvement from the 51,4% of the previous financial year, which was calculated in terms of budget expenditure. However, some initial projects planned have not been implemented and several new ones were identified, which also raises a concern with regard to the effectiveness of the planning processes.

Special Programmes and Support

Apart from LED & Tourism as a function focusing on tourism and economic development in general, the 2010 Soccer World Cup event brings its unique economic development opportunities. The District Municipality has realized the importance of its role in terms of coordination and support of this event to bring economic opportunities to all the local municipalities in the District and has established a unit which deals with Special Programmes, currently prioritizing the 2010 Soccer World Cup.



Key Performance Area

The functions of the Unit are related to the following activities:

- Coordinate and implement 2010-activities in the District
- Liaising with relevant stakeholders
- Monitor and evaluate the implementation of the Provincial Master Plan on 2010-functionalities
- To review and align the Master Plan
- To communicate 2010 and mobilize communities around 2010
- Providing technical support on stadium infrastructure and training/practice venues
- Coordinate specific sectors : transport, tourism/hospitality, safety and security, disaster management
- Tourism branding and marketing
- Providing support to the Information & Communication Technology Nerve Centre
- Integration of municipal administration



Key Performance Area

Good Governance

Governance is essentially a function of leadership and direction within an organization or institution. It includes issues of strategies, policies, systems and business procedures that impact directly on organizational performance. The King II Report (2002), which is the world's most progressive inclusive model of corporate governance, defines governance as "the system by which companies or municipalities are directed and controlled" and distinguishes principles which are mandatory for any department of state or administration in national, provincial or local sphere of government, namely discipline, transparency, independence, responsibility, accountability, social responsibility and fairness.

The priority issues which have been addressed by Ehlaleni District Municipality in terms of the Key Performance Area: Democracy and Governance, are addressed in this section.

Effectiveness of Structures and Administration

An effective and efficient administrative system is a requirement for any effective and efficient institution.

In terms of Section 18(1)(2) of the Structures Act a Municipal Council has to have, at the least, quarterly meeting. The Ehlaleni District Council had eleven meetings during the FY2008/2009, which were informed by minutes of meetings of the structures as listed in Table 3. The Administration Unit of Corporate Services provides the necessary support to these structures in terms of logistical and administrative aspects.

Table 3: Meetings of Structures of Ehlaleni District Municipality during the FY2008/2009.

Structure	Number of meetings
Transversal Portfolio Committee	4
Technical Services Portfolio Committee	4
LED & Tourism Portfolio Committee	4
ISRDP Portfolio Committee	4
Finance Portfolio Committee	5
Corporate Services Portfolio Committee	6
Community Services Portfolio Committee	5
Mayoral Committee	10

Key Performance Area

Institutional Transformation and Development

This section intends to provide more information on the organizational structure, progress made in the filling of management and other positions, rating of performance in terms of employment equity as per the Employment Equity Plan, training and skills development as per the Workplace Skills Plan and organizational development.

Organisational structure

The structure of EDM has been aligned to the allocation of powers and functions of the organisation. This structure has been approved by Council under item A190/2006 during the meeting held on 29 November 2006. A total of 19 positions have been vacant as at 30 June 2009.

Employment Equity

In terms of employment equity, the District Municipality's performance is reflected in Table 4:

Table 4: Performance of EDM in terms of Employment Equity targets

Post level	Number of vacant positions	Number of filled	Target set	% Of target met
02	06	01	100% PDIs (and people with disabilities)	None
03	06	-	100% PDIs (and people with disabilities)	None
04	01	-	100% PDIs and people with disabilities	None
05	03	01	100% PDIs and people with disabilities	None
06	01	-	100% PDIs and people with disabilities	None
07	06	06	100% PDIs and people with disabilities	100% achievement
08	12	06	100% PDIs and people with disabilities	100% achievement
Section 57	01	01	100% PDIs and people with disabilities	100% achievement



Key Performance Area

The Municipality has achieved in terms of accommodating women in most of the positions filled, however the challenge of appointing people with disabilities still remains and needs to be addressed urgently. This implies that, in terms of recruiting and appointment of staff, focus needs to be put on inclusion of disabled people in the identification of suitable candidates.

Training and skills development

Striving to become a centre of excellence in order to effectively provide technical support to its Local Municipalities, Ehlalzeni District Municipality is continuously trying to develop its members of staff through training and skills development.

The Balanced Scorecard as a model for Performance Management refers to training and development, as reflected in the Learning and Development Perspective, as a key process impacting on performance excellence. In as far as this training and skills development is concerned, everything is not done from a central point through the Human Resource Section, although this section is the unit that deals with the Workplace Skills Development Plan. This makes coordination and reporting on training and skills development difficult.

The measure for training and skills development is the Workplace Skills Plan and a target has been set to fully implement the Plan during the Financial Year 2008/2009. In terms of implementation of planned initiatives for the FY2008/2009, the performance is 50%.

The Workplace Skills Plan and implementation thereof is reflected, in order of priority of the planned initiatives, in Table 5:

Table 5: The Workplace Skills Plan and implementation thereof during the FY2008/2009

Course name/ area	Planned for in WSP			Implemented in FY2008/2009			In accordance with WSP	Comments
	Planned	Number	Amount	Done	Number	Amount		
Computer literacy	Yes	29	40,000	Yes	40	64,000	Yes	
Financial	Yes	10	25,000	No				

Key Performance Area

Course name/ area	Planned for in WSP			Implemented in FY2008/2009			In accordance with WSP	Comments
	Planned	Number	Amount	Done	Number	Amount		
Municipal Leadership	Yes	8	15,000	Yes	30	857,500	No	Far exceeding target number and budget
Minute writing	Yes	15	20,000	No				
Training skills	Yes	64	300,000	No				
Coaching & Mentoring	Yes	5	15,000	Yes	31	90,117	No	Far exceeding target number
Assessor course	Yes	5	15,000	No				
Project Management	Yes	64	300,000	No				
Administration	Yes	10	30,000	Yes	30*	94,848*	Yes	Implemented together with "Advanced Secretarial"
Client service	Yes	29	30,000	Yes	108	101,861	No	Far exceeding target number – and budget
Advanced secretarial	Yes	20	350,000	Yes	See Administration		Yes	
Policy development	Yes	20	350,000	Yes	25	90,000	Yes	
Corporate & Legal Support	Yes	8	20,000	No				
Office effectiveness	No			Yes	12	27,086	No	

Staff discipline

Human Resources, in cooperation with Management, has a key role to play to ensure that good staff discipline is maintained in the organization. A total number of two disciplinary tribunals have been dealt with and have been finalized during the FY2008/2009. The verdict on one tribunal is still pending.



Key Performance Area

Legislative Compliance in terms of Municipal Policies

A municipality is operating within a legislative framework and needs to continuously assess and review its policies. An advisory service is provided by the Department of Corporate Services in this regard to ensure that the institution complies with the relevant legislation. Existing policies which have been reviewed during the FY2008/2009 financial year are all policies related to Human Resource and Financial Management. No policies are outstanding and Ehlhlanzeni District Municipality is fully compliant in this regard.

Communication and Marketing

The maintaining of a good corporate image is important for any organization, even more so for the District Municipality after a long period of negative publicity which caused a very low morale amongst its employees. The performance on these projects is calculated at 75%.

Events Management

The success with which events is being hosted is a direct reflection on the image and professionalism of EDM as an institution. The reflection of professionalism is often dependant on the service providers procured, through the SCM-process, to deliver services related to the event.

The target of the Events Management Section is to have all events successfully hosted. Factors that are being taken into consideration when the success is determined, are the attendance (50% minimum), correct identification of the target audience, expertise of speakers and facilitators on topics presented, suitability and quality of venue (all facilities required) and refreshments.

During the FY2008/2009 several events were hosted by the District Municipality, the major ones being the Municipal SALGA Games (Secunda), Mayoral Imbizo, Women Celebration Day (Crocodile Country Inn), Tourism Conference (Agricultural College), Water and Sanitation Summit (Crocodile Country Inn), Interfaith Prayer Day (Thulamahashe Stadium), Executive Mayor's Disability Awards, Girl Child Conference, SMMEs Excellence Awards, Disaster Management Summit, Youth Economic Empowerment Seminar, AIDS Conference, Child Jamboree, Cultural Festival and the Launch of the EDM Corporate Brand. All these events were hosted successfully.

Challenges that are faced with this function are the central managing of the events calendar and frequent change of the programme, service providers not providing a professional service (e.g. tent

Key Performance Area

being erected when the event is to commence, arrival of items very late) or service providers being appointed from another local municipality to provide a service in a different local municipality as this has led to confrontation in the past,

The following recommendations are made in this regard:

- That Management respects the dates as per the events calendar and plan in accordance with the calendar;
- that the events calendar be used by all to indicate events, meetings, workshops, etc, but the target audience also be indicated on the calendar;
- that the relevant official be made part of the SCM-process in time when service providers are used – service provider to be introduced to responsible official for direct and continuous contact;
- that the SCM-process allows for feedback on the service provided and that service providers that have failed the institution not be appointed in future;
- that the impact of the service provided on the image of the institution be kept in mind when service providers are appointed;
- that venues will only be utilized if they are permitted and legal – either by the local municipality or by Department of Agriculture, Rural Development and Land Administration;
- that Building, Health & Safety & Municipal Health be involved when events are being hosted to avoid unpleasant situations.



Key Performance Area

Improvement of Business Processes

Any successful organization strives to become and remain an organization continuously learning and improving on its business processes and value chain activities. The Balanced Scorecard Performance Management Model brings the issue of continuous improvement of business processes to the forefront in that it allows for assessment of the effectiveness and efficiency of such processes and activities.

Organizational development

Both public and private sector have realized that the softer issues – which are often overlooked by management - such as workplace culture, values of the organisation, work ethic, leadership, work satisfaction and morale of the members of staff, play a key role in terms of performance of an organisation. Due to many challenges experienced, a decision was taken by Management to embark on an organizational development programme to address these issues. For the FY2008/2009, a team building programme and the repetition of the Climate Survey was planned. Unfortunately none of these initiatives were implemented and a performance of 40% only was achieved in this regard.

Financial Viability and Management

Reporting on the Key Performance Area: Financial Management and Viability, requires reporting on the status of the financial management system and processes of the institution, as well as the financial expenditure for the financial year.

Financial Viability and Management

The overall strategic objective in terms of Financial Viability and Management has been to ensure a sound financial system and processes, measured in terms of the Municipal Financial Management Act. Performance on these projects is 76,7%.

In terms of this key performance area, the role of the District Municipality to provide technical support to the local municipalities within the District has been reflected in the Establishment of the Shared Service Centre. The gap analysis has been finalized and provision will be made on the 2009/2010 budget for the Centre to be established.

Key Performance Area

Expenditure in terms of the Service Delivery and Budget Implementation Plan:

Although financial expenditure is not the only measure or a reliable measure for performance assessment, the management and spending of the budget plays a role in terms of service delivery. The Balanced Scorecards for the respective departments, as well as the Performance Plans of the Section 57 Managers, contain Management and Spending of the Budget as a priority issue.

The figures for the 2008/2009 financial year are indicated in the tables below. Table 23 reflects the operating income by source. Table 6 indicates the budgeted and spent figures of the operational budgets, as well as the percentage expenditure whilst Table 7 shows the capital expenditure for the financial year 2008/2009.

Table 6: Operating income by source for FY2008/2009

OPERATING INCOME BY SOURCE				
Department	Budget for the year	Actual to date	% Received	Benchmark
RSC Levies	0	671,122		
Equitable Shares	135,543,793	134,200,323	99	100.00
Interest	9,000,000	18,402,277	204.46	100.00
Rental	480,000	615,751	-128.28	
Other Income	0	691,704	0	
Total	144,063,793	154,581,177	107.30	100.00



Key Performance Area

Table 7: Budget figures and expenditure for the FY2008/2009

OPERATING BUDGET BY VOTE				
Department	Budget for the year	Actual to date	% Spent	Benchmark
Office of the Executive Mayor	11,626,171	12,570,231	108.12	100.00
Office of the Speaker	4,367,770	4,055,610	92.85	100.00
Mayoral Committee	4,106,500	3,860,536	94.01	100.00
Office of the Municipal Manager	6,921,022	6,998,385	101.11	100.00
Finance & Supply Chain Management	10,352,612	12,738,388	123.05	100.00
Corporate Services	18,209,010	17,616,272	96.74	100.00
Technical Services	6,401,602	5,792,957	90.49	100.00
Community Services & Rural Development	29,307,866	23,650,658	80.69	100.00
Office of the Chief Whip	779,347	487,072	62.49	100.00
Council General Expenses	23,366,842	21,333,727	91.29	100.00
Internal Audit	958,619	876,088	91.39	100.00
Transversal Issues	7,721,002	7,700,187	99.73	100.00
LED & Tourism	4,268,184	3,873,208	90.74	100.00
Total	124,118,363	117,680,111	94.81	100.00

Table 8: Capital expenditure for 2008/2009 financial year

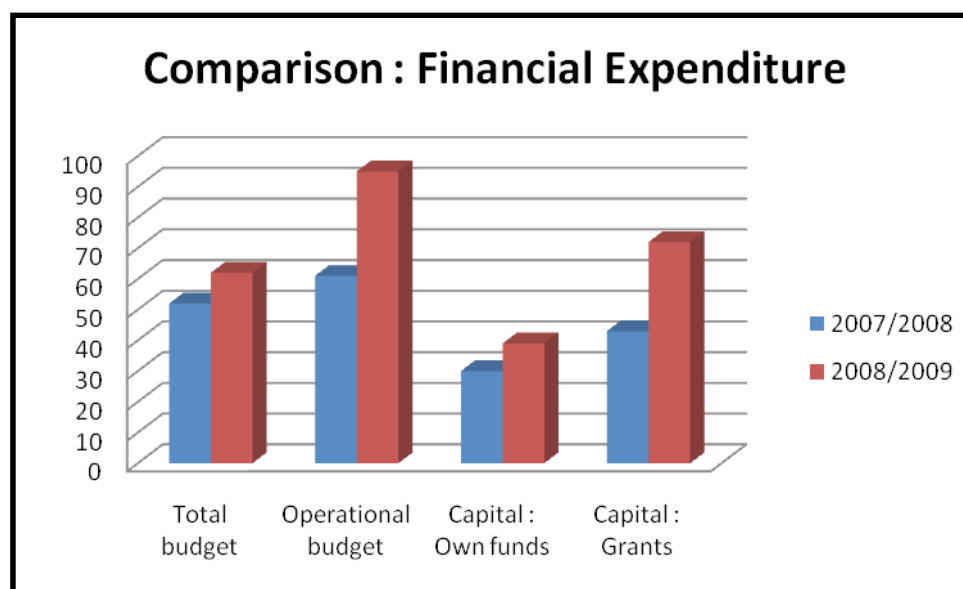
CAPITAL EXPENDITURE				
Department	Budget for the year	Actual to date	% Spent	Benchmark
EDM Funds	196,177,780	76,019,969	38.75	100.00
Grant Funding	33,423,891	23,982,129	71.75	100.00
Total	229,601,671	100,002,098	43.55	100.00

Key Performance Area

The total figure budgeted for the 2008/2009 financial year has been R353,720,034 of which an amount of R 217,682,209 has been spent. The total spending of the budget for the financial year amounts to 61.54%.

The comparative performance in terms of budget implementation for the FY2007/2008 and FY2008/2009 is reflected in Graph 2.

Graph 2: Comparative performance in terms of budget implementation





Key Performance Area

Intergovernmental and International Relations

The District Municipality has a strategic role to play in terms of addressing line functions of cooperative governance and adding value on the issue of good governance, as per Chapter 3 of the Constitution. Three areas can be identified in this regard:

- a) **Municipal relations**
 - Benchmarking through District Forums (IDP, HIV/AIDS, Technical etc)
 - Issues on agenda of these forums to Mayoral or Municipal Managers' Forum
 - Referral to Premier's Coordinating Forum and National Government

- b) **Intergovernmental relations**
 - Coordination of programmes of national government eg. Imbizo
 - Coordination of projects e.g. cenotaphs

- c) **International relations**
 - Protocol
 - Monitoring feedback and spin-offs

In terms of its strategic role, the District Municipality focused on the following aspects in terms of international and intergovernmental relations during FY2008/2009:

- Promote co-operative governance through municipal forums
- Liaise with sector departments
- Plan for international bi-laterals

Transversal Programmes

This function is performed within the Office of the Municipal Manager by a unit consisting of six members of staff. The focus is the mainstreaming of all issues related to women, children, the elderly, the disabled and HIV/AIDS.

Performance of 75% has been achieved on the projects implemented.

Key Performance Area

Municipal Health

The objective of the Municipal Health function and unit is to ensure a safe and healthy environment for the whole of Ehlanzeni district and all the inhabitants thereof. The function of Municipal Health is performed in terms of the National Health Act, 2003 (Act 61 of 2003).

The different aspects which the unit is dealing with are as follows:

1. Water quality monitoring, involving Local Municipalities as Water Service Authorities, in order to comply with specific standards. The Department of Water Affairs and Forestry is responsible for the monitoring and control of the natural resources.
2. Food monitoring - safety of food sources
3. Waste management - monitoring of the function through the whole of district.
4. Health surveillance of premises - all premises in terms of health and safety, also dealing with Certificates of Acceptability.
5. Surveillance and prevention of communicable diseases, excluding immunizations.
6. Vector control (which is also done by Local Municipalities). The approach is to be pro-active through the implementation of awareness programmes.
7. Environmental pollution control (air, noise, water, land) - educating and law enforcement. (New Air Quality Management Act to be implemented)
8. Disposal of the dead - control the compliance to set standards.
9. Chemical Safety - storage, transportation, control and awareness.

The District Municipality is to move towards reaching the target of 1:15000 people in terms of access to Municipal Health Services and 100% access of stakeholders to Municipal Health. The present staff complement finds it difficult to meet all municipal health challenges, to such an extent that some areas (rural areas) are under-serviced. However, there is significant progress to ensure that the staff responsible for Municipal Health in Department of Health and Social Services is devolved subsequent to ministerial authorization granting the District Municipality to perform the municipal health function. Although six new Environmental Health Officers have been appointed during the FY2008/2009, this target is far from being reached. The lack of finalization of the devolution of Municipal Health, due to a lack of resources, is a serious challenge.



Key Performance Area

In terms of stakeholder relations, the unit had several meetings with stakeholders, such as the MJOC meeting and meetings with Department of Health and Environmental Affairs. Municipal Health By-laws are currently being drafted, which will be implemented on finalization. The municipal workers strike action has unfortunately delayed this process.

Irrespective of these challenges, a performance of 83,1% has been achieved in terms of the project planned and implemented. The projects which have been implemented in terms of this function are reflected in Table 5.

Environmental Management

The District Municipality has identified the Drafting of the District Environment Framework, consisting of a State of Environment Report (to be referred to as "SoER") and an Environmental Management Plan (to be referred to as "EMP") to guide environmental issues, as a project for the FY2008/2009. This project has been put on hold and the funds budgeted has been earmarked to Urban Renewal.

Safety and Security

This unit has been established during the FY2007/2008 and is focusing on the effectiveness and efficiency of the Multi Agency Mechanism structures and the implementation of initiatives to lower crime in the District.

Performance on the five projects identified for implementation during the FY2008/2009 is an average of 64%, compared to the percentage of 70% during the previous financial year (based on budget implementation). The projects which have been implemented during the FY2008/2009 are reflected in Table 7.

Disaster Management

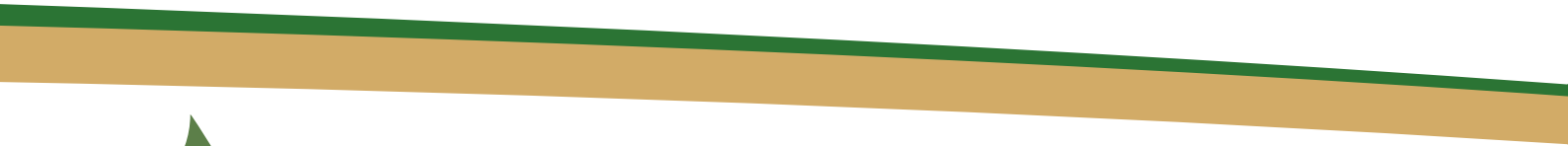
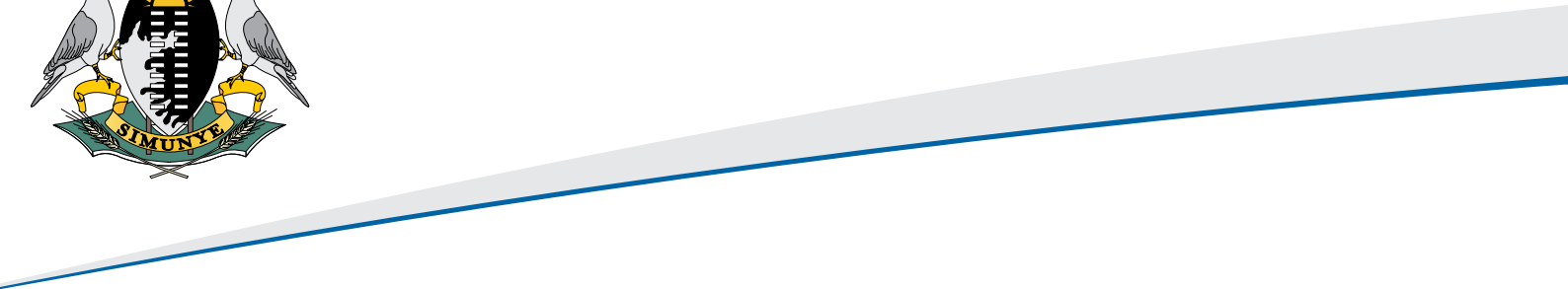
The strategic objective of the Disaster Management Unit is to ensure risk reduction through sustainable development. The functions of the unit are legislated by the Disaster Management Act (Act 57 of 2002) and the key performance areas of the unit are as follows:



Key Performance Area

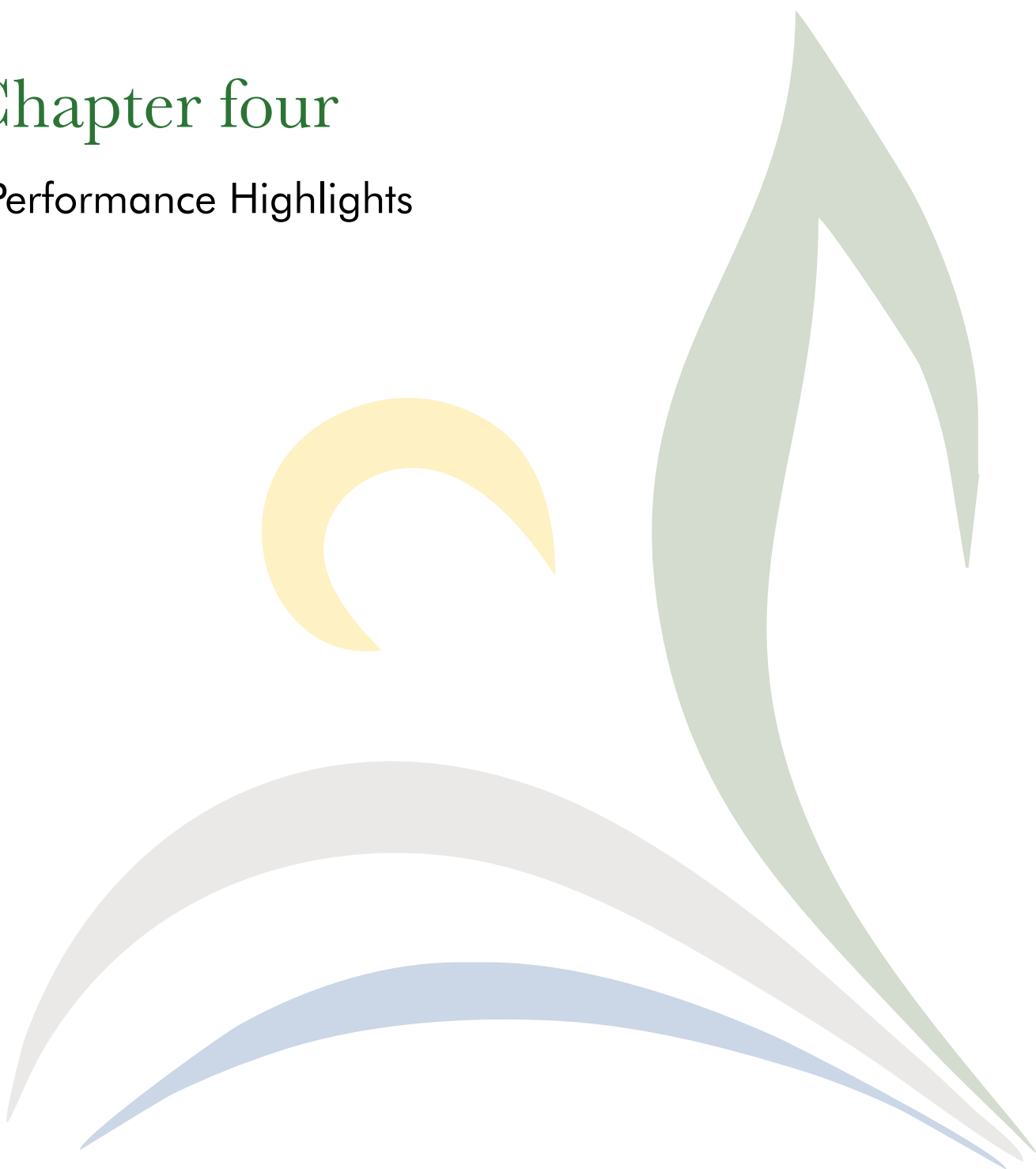
- Institutional arrangement and structure of DM Unit
- Risk reduction - mitigation and prevention
- Response and recovery
- Public awareness, education and research

Although the Department can plan pro-actively for implementation of certain projects, there is also a component of reactive response in terms of responding to disasters. A performance of 62% has been achieved on the projects implemented by the Unit.



Chapter four

Performance Highlights





Performance Highlights

Good Governance Survey

The Good Governance Survey of Ehlanzeni District Municipality took place on 24 of November 2008 at the Crocodile Country Inn.

The structure of presentation was Motivation for the Good Governance Survey Methodology for the survey.

The process for the survey was survey sampling framework scope of the survey. The purpose of the gathering was to share the District's wide results of the Good Governance Survey.



It was also pointed out that motivation for Good Governance Survey is that municipalities are required to plan for and report on the key performance areas as part of performance reporting.

On the report, it was also stated that the survey was not meant to be a policing tool to allow for naming and sharing. The report is a reflection of residents' perceptions.

On decision-making, enough meetings are well attended by councillors, by over 81%, and that no requirements due to lack of quorum, as well as low attendance by members of the public.

The best performance in Nkomazi by 55,4% and worst record in Umjindi of 15% against EDM with 38,7%. According to the Executive Mayor, Cllr CN Mkhonto, stressed that there is a responsibility of educating communities out there, although the process will take time, and the Community Development Workers should play a role in giving direction to the communities.

She also thanked Ms Marieta Diedericks, the PMS Manager at Ehlanzeni District Municipality for the excellent work done.

Performance Highlights

3rd AIDS conference resolutions outlined

It was acknowledged during 2008/2009 financial year at the close of the 3rd Aids Conference that there was a 36 percent HIV prevalence in the district, thus increasing the number of people with HIV and Aids who need care.

The conference also revealed that there were 20 700 people living with the virus and currently receiving ARV treatment. This has led to more than 13 000 orphaned and vulnerable children not accessing care and state support.



In the process, the conference revealed that there had been a shortage of health professionals and social workers within the district's communities which led to the current public health system and social services not meeting in the desired community-based care.

Not all households enjoy regular visits by health and social services officials. There are no support groups assisting communities and there are also no biomedical interventions and childcare forums, including trust funds for orphans.

As a result, there are no spheres of government, private sector, society and developments agencies that are not affected. "We can no longer ignore HIV and AIDS. The virus and disease are a major threat to health, economic and political gains and it can be prevented," read a statement.

It was observed that with a proper care, people living with the virus could live longer, a healthier and productive lives, thus HIV Aids should be managed and control. The conference also resolved that there was a defining link between a non-function Aids Council, the absence of the local political leadership and managers of sectors in Aids Council activities and non-responsive Aids programme and high HIV prevalence.

During the deliberations, it was discovered that the work-place had been ignored and they, too, had to be abandoned by the equity code as defined by the Department of Labour.



Performance Highlights

Aids Councils were urged to conduct impact assessment of all HIV and AIDS interventions. The religious sector, on the other hand, including liquor distributors and cellular networks, have been ignored in the fight against this scourge.

It was thus acknowledged that:

- 36% HIV prevalence in the District should be reduced by 50 per cent by 2011.
- The District Aids Council should improve HIV victims' access to care and support by 85% by 2011.
- The Council should improve the orphans and vulnerable children's access to care, services of children forums, and trust fund and state services by 85 per cent by 2011.



"If you fail to manage Aids, Aids will manage us," the statement further read. "The failure to collectively address the situation has dire consequences for the local economic development, as well as the public health of the people of Ehlanzeni and South Africa, in general.

"No one organization can manage the HIV/AIDS pandemic alone. Partnership-driven planning and interventions in the District by all spheres of government, private sector and civil society and development agencies must be enhanced and up-scaled.

"Local political leadership and managers of sectors have a critical role to play in Aids Councils and responsive programmes. Intervention inspections in work-places by the labour department will go a long way to assist in mitigating the impact of the Aids pandemic.

"If we fail to monitor and evaluate HIV/AIDS interventions as Aids Councils, interventions will fail. The religious sector, liquor distributors and cellular networks need to be involved in all the council activities," it further stated.

Performance Highlights

The resolutions taken were as follows:

- It must be compulsory for mayors to chair Aids Councils
- It must be compulsory for all sectors to be represented by the senior managers or decision-makers in Councils
- Influence of municipal by-laws
- It must be compulsory for all municipalities to appoint Aids and task team co-coordinators
- Minimum of R 1.5 million for coordinators at each municipality
- Establishment of Aids Units and support staff
- Comprehensive M&E system
- Assess the impact of the campaigns/programmes
- Periodical review of the programme (HIV prevention, care and support of orphans)
- Private sector and NGOs also to have workplace policies and programmes
- There should be uniformity among all departments, sectors and municipalities as employers
- Involvement of departments and labour organizations, labour and labour organizations, in line with the employment equity HIV code.
- Religious organization





Performance Highlights

- Moral regeneration
- Communication of prevention messages
- Religious congregations need to have Aids desks
- Establishment of childcare forums and trust forums
- Educate communities of foster care
- Reporting of abuse cases
- Foster care forum for parents
- OVC support groups
- Policies and ARV patients
- Treatment literacy must be compulsory to all who test HIV positive
- Advocating the change of policies regarding social grants for ARV patients
- Private sector mobilization
- Liquor distributors and retailers
- Cellular networks service providers to communicate prevention messages.



Cholera update dealt with effeciently

January 2009's cholera outbreak was a real cause for concern, but no sooner had the District picked it up, it got into action to tackle the deadly disease.

Performance Highlights

The first cause was picked up on January 4 around Matikwane Hospital, subsequently at Marite on January 14 and eventually spread to other parts of Bushbuckridge and Mbombela.

Ehlanzeni District Municipality, together with the Department of Health, has been on high alert. Various surveillance teams were activated in the Ehlanzeni District Municipality with the Department of Health and the local municipalities by meeting on a regular basis to monitor the outbreak. Similarly, the district MJC and the provincial M JOC were being activated.

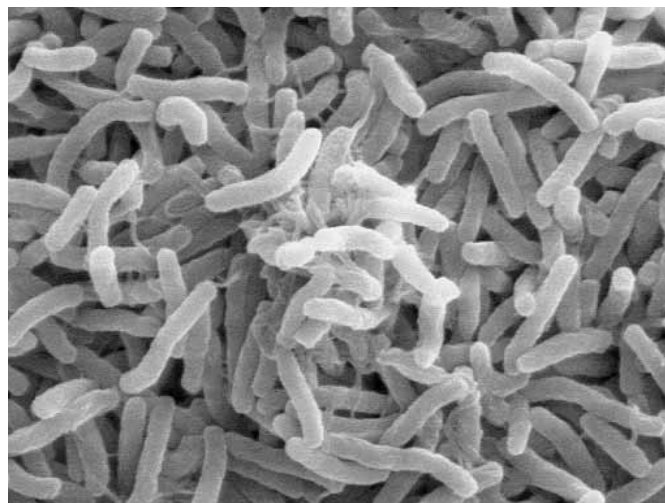
The statistics in February 2009 depicted that 93 new cases were reported and that the figures accumulated to 5 582 and the laboratory confirmed 344 positive cases.

“Admissions at Ehlanzeni District Municipality were 22 and 30 death cases. It was indeed a serious concern for EDM. The municipality activated an urgent intervention mechanism to fight the outbreak which included Bushbuckridge Local Municipality and the Department of Health,” said Mr Pat Msibi, the Manager for Community Services.

Preventative measures like the domestic cleaning of water, commissioning of eight water tankers to deliver treated water, chlorination of water treatment works, installing of Jojo tanks and the chlorination of 35 boreholes in Mkhuhlu took place.

In Bushbuckridge, two primary care facilities were opened 24 hours and the municipality appointed consultants to attend to leaking pipes at the sewer purification plant at Mkhuhlu and other villages around Bushbuckridge. Mbombela supplied 23 Jojo tanks and the communities were educated not to drink water that is untreated or swim in the rivers, which was a transported case from Nkomazi. Umjindi was not affected compared to Bushbuckridge and Mbombela.

Illegal mining was also the cause for concern at Shiba Siding in Louiseville. Illegal miners stay underground days without sanitation and water. Thaba Chweu was not seriously affected, but all stakeholders were on serious alert. All





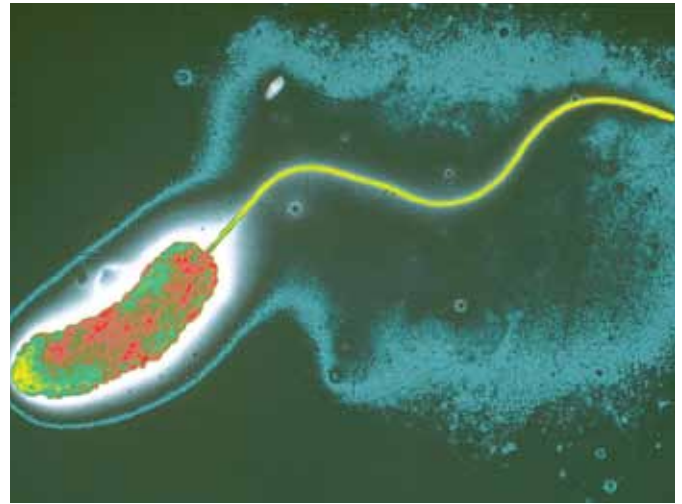
Performance Highlights

chlorination systems were checked and serviced.

Nkomazi local municipality was not that much affected, but the stakeholders were also on high alert. The Department of Health, including the District and Nkomazi were busy with campaigns to inform the community on safety measures. Jojo tanks and Chloro Flocc sachets were distributed in the communities.

The dominant contributory factor of the outbreak was the inadequacy of infrastructure in the communities, particularly in rural areas. They resort to streams and rivers because there is no water from the taps.

EDM has produced 2.5 million sachets of Chloro-Floc, which is distributed to various local municipalities.



Eight water tankers were also supplied and 45 Jojo tanks were ordered and delivered together with 16 chemical toilets, as immediate intervention measures. Also 500 000 1-litre containers were purchased.

The long-term intervention measure included taking over operations and maintenance of water and sanitation purification plants in the affected areas for the next three years.

Currently, the ground water protocol study has been commissioned in Bushbuckridge to enable the municipality's top plan for the construction of VIP toilets.

Clean water for all

Clean water was a top priority during this financial year and much emphasis was that everyone is entitled to it.

That became evident when Ehlanzeni District Municipality's hand-over ceremony during the Pilgrim's Rest Water Upgrade showcased that objective of the institution to deliver on its promises: to provide water for all.

Cllr Jimmy Mnisi, MMC for Municipal's Works urged the community not to vandalize the structure.

Performance Highlights

The Executive Deputy Mayor, Cllr Selby Khumalo said everyone was important to the government, regardless of them being a big or a small community. “We are responding to your need for water, of which, you have been complaining about since 2006. You may be short of everything, but water is a top priority.

“We are trying to make the lives of the people much easier,” said Cllr Khumalo. He informed them that when the time comes for the community to start paying rates, they should pay for services rendered.



EDM’s Water and Sanitation Summit a success

The ravaging water and sanitation problems within the Ehlanzeni District were tackled diligently during a summit that was attended by more than 300 delegates.

They dealt with problems head-on around severe water shortages and the establishment of sanitation mechanisms.

Simply dubbed: “Water is life, Sanitation is dignity,” the summit had invited stakeholders which included the Bushbuckridge Water Board, the Department of Health, the Department of Water Affairs and Forestry, Silulumanzi, Water Information Network, South Africa Win - SA, the Association for Water and Rural Development (Award) and the Inkomati Water Catchment.

EDM’s Executive Mayor, Cllr Khosi Mkhonto, said: “As a District, we decided to hold this event in order to enable all stakeholder participation and contribution towards the formulation of a joint action plan in an effort to deal with water and sanitation services.”

Cllr Mkhonto said there were 12 attributes for an effective water sector. These were adopted from Dr Heidi C Snyman, WISA President for the 2008/9 financial year.



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She said they included being proactive; putting first things first; beginning with the end in mind; shine and win; see first to understand, then be understood; synergizing and sharpening the saw; trust; ability to absorb knowledge; responsible communication; accepting individual responsibility and; adopting a mentor.

EDM's Municipal Manager, Adv Hugh Mbatha extended a challenge to the participants to take an active role in being signatories to the action plan that was eventually be adopted after the summit. The Director of Technical Services, Mr Tebogo Kubheka explained the status of the District in terms of water and sanitation. He pointed out that they, as EDM, had the responsibility to provide support to the five local municipalities, which are

Mbombela, Umjindi, Bushbuckridge, Thaba Chweu and Nkomazi, including the southern part of the Kruger National Park. It was thus that he revealed that their coverage area was 27 895.47 square metres.

"As a District, we have committed ourselves to the Mexico Declaration for Water for Growth and Development," said Kubheka.

During the summit, the stakeholders showcased the progress attained on water and sanitation delivery since 1994. They also shared lessons drawn from other institutions in addressing the District's problems.

Representatives from the Department of Health gave a talk on health promotion. The Bushbuckridge Water Board addressed the gathering on sustainable water services provision, while the Department of Water Affairs and Forestry shared their expertise on strategy for appropriate sanitation implementation. Inkomati Water Catchment Management Agency gave a talk on water allocation.

A point of emphasis during the summit was about skills needed by both councillors and the community.

"Illegal connection by the community must not be the problem of the SAPS, but them. They need to be educated that infrastructure is owned by them and they need to be responsible," said Mr Vusumuzi Dlamini, project manager for Water Security Programme.



Performance Highlights

As the delegates broke into their different commissions during the two-day summit, it was evident that workable solutions would be forthcoming for the District, to alleviate, once and for all, the scourging problem of water and sanitation.

The following declaration was adopted during the summit:

We, the representatives of the Ehlanzeni District Municipality, Department of Water Affairs & Forestry, Provincial and Local Government, Department of Health and Social Services, South African Local Government Association, Bushbuckridge Local Municipality, Mbombela Local Municipality, Nkomazi Local Municipality, Thaba Chweu Local Municipality, Umjindi Local Municipality, Inkomati Catchment Management Agency, Silulumanzi, Bushbuckridge Water Board, and the Provincial House of Traditional Leaders having met in NELSPRUIT on 2 & 3 October 2008; mindful of our Constitutional responsibilities and obligations in terms of Sections 24(a) and (b) and 27 hereby:



- Recognise that water is a life sustaining resource that has to be well managed and equitably distributed to ensure sustainable economic growth and social development;
- Note that more than 18 million people have been provided with adequate water supply and that more than 11 million people have been provided with safe sanitation facilities since 1994:
- Recognise that more than 7,2 million people in South Africa still lack access to safe, accessible water supplies and more than 12,4 million people lack access to a safe, private sanitation facility;
- Acknowledge that the delivery of these services requires adequate human and financial resources at all three spheres of government;
- Mindful that we have committed



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ourselves to achieve integrated basic services; i.e. water, sanitation, electricity and upgrade informal settlements to all people by 2014;

- Acknowledge the lack of implementation and exploration of alternative appropriate and cost effective dry and wet sanitation systems in addition to the provision of Ventilated Improved Pit latrines (VIPs) and conventional waterborne system.
- Reaffirm our commitment to the resolutions of the eThekweni Declaration made at AfricanSan Conference on 20 February 2008 and the subsequent South African Action Plan;
- Reaffirm our commitment to accelerate the implementation of the 5 Year Local Government Strategic Agenda (2006-2011) and the latest Implementation Plan (2008-2011);
- Acknowledge the great strides already made towards meeting these targets, including the bucket eradication programme and clinics water service programme;
- Note the particular constraints faced in terms of water resources and finances in many municipal areas which will remain stumbling blocks unless we find innovative approaches to water conservation, water demand management and alternative financing;
- Acknowledge the current shortcomings in terms of macro and implementation planning within many municipalities;
- Recognise that the effective operation and maintenance of water services infrastructure is critical for efficient and reliable service delivery;



Performance Highlights

- Acknowledge that ongoing skills development is key to the longer terms sustainability local government's ability to provide services;
- Recognise the need to effective regulate of the water sector so as to ensure compliance with minimum national norm and standards and good performance and efficient use of all resources; and.
- Note the role of the three spheres of Government in achieving the imperatives of the 5 year Local Government Strategic Agenda.



Therefore resolve that:

- We will take the necessary steps to address the water sector needs, in accordance with national targets and policies, and
- Call upon representatives of the three spheres of government to develop a Programme of Action as a key outcome of this EDM Water & Sanitation Indaba on the 2 & 3 October 2008.

The declaration was subsequently signed by representatives of all the stakeholders in attendance.

Disaster forum held its first meeting

The Ehlanzeni District Municipality's 1st District Disaster Management Advisory Forum took place at Ngwenyama Lodge from 13-14 May 2009.

The Manager for Community Services, Mr Pat Msibi said: "We are gathered here for the 1st District Disaster Management Advisory Forum and I want to congratulate everyone who has been able to heed the call to serve in



Performance Highlights

this forum. As the Disaster Management, we have to be practical in identifying risk areas and have strategies to prevent possible disasters.

“We have to prevent people from living in an area that can cite disasters. I regret that during the cholera outbreak, 30 people died. This will never happen again. Let us not fail for the benefit of the country and province. We are entrusted with the lives of the people,” said Msibi.

The Community Services Portfolio member, Cllr Jabu Sithole, mentioned that this advisory forum emanated from the Disaster Management Summit held on the 19-20 November 2008 at the Crocodile Inn.

“This forum has a huge task to fulfill, which is to advise a number of stakeholders where all five local municipalities should also be advised by the forum,” said Sithole.

He mentioned that the hospitals are well equipped for the 2010 World Cup and beyond. Msibi gave classical examples of disasters that are affecting people. On houses, he stated that they should not be built for shelter, but for safety.

Municipal Health was also urged to ensure safety in water and that regularly the bacterial and chemical content that we consume everyday is checked.

A lecture on the Disaster Management Act, 57 of 2002, the National and Provincial and District Disaster Management Frameworks and linkages between disaster risk management, integrated planning and sustainable development was conducted by Adv Andre Lindley on the first session.

Discussions were also held on roles and responsibilities in disaster risk management and the main Ehlaleni Disaster hazards like floods, epidemics, diseases, veld fires, storms, crime and illegal immigration.

Other topics that were discussed were Disaster Risk Management Structures, Technical Committees Volunteer Units and Local Committees. The establishment and functions of the District Advisory Forum on structure, functioning and actions.



Performance Highlights

The risk management requirements and actions in the Ehlanzeni District and the inputs required from the Advisory Forum were widely discussed by the forum.

Recapping on the way forward, it was mentioned that quarterly standing meetings within seven days after the provincial MDAF Meeting.

All media questions which are verbal and written should referred to the Disaster Management Centre officials and that in the Advisory Forum the following will be discussed:

- Reviewing the risk management
- Communication and awareness strategy
- Addressing of 2010 World Cup
- Contingency plans for priority risks
- Review policy framework and Disaster Management plan
- Further training to members
- Discuss identification of advisory forum members at incident scenes.
- Investigating research that needs to be taken.

In conclusion, MMC for Community Services, Cllr Letta Shongwe said, "Disaster is everywhere and we are also surrounded by disasters even in the mines, but we must be ready for now, 2010 and beyond. We must shelve those files, read, help our neighbors and lastly, together we can do more."





Performance Highlights

Ehlanzeni hosts Chinese in celebration of 10 years

In what can be termed as one of the best cultural celebrations of all time, Ehlanzeni District Municipality's Executive Mayor, Cllr CN Mkhonto celebrated South Africa's 10 years of diplomatic relations with the Republic of China, the South African way.

Much as the whole event, which took place at the Shangana Cultural Village, outside Hazyview, the entertainment line-up was outrightly South African, as it had both traditional performances from the black, white Afrikaner and Indians that belted out outstanding performances for the multitudes that attended the event on 12 February, 2009.

That was when the Vice Chairman of the Chongqing CPPCC in the Republic of China, led a five-man delegation to Mpumalanga Province, Ehlanzeni, in particular, to celebrate the 10 years of relations, and discussed further, ways and means the two can assist each other grow.

They were hosted by Chief Israel Ngobeni of the Shangane tribe. Cllr Mkhonto, when addressing the crowds that attended, revealed that numerous discussions had taken place between the South African and Chinese governments over the 10 years of relations, and said the talks had been very fruitful, indeed.

"I believe that Chongqing will make a big change in as far as culture and education are concerned in this District, and province as a whole. It is without a doubt that a sound and healthy relationship has already been established, and we should cherish that," said Cllr Mkhonto.

She went on to warn the youth to abstain from drinking alcohol and also adults should be responsible and drink only at their homes in order to enjoy the festive season without casualties.

Deputy Executive Mayor, Cllr Selby Khumalo said the marriage between South Africa and China "will always have an



Performance Highlights

anniversary each year. Ehlanzeni District Municipality will always be part of the marriage. He thanked the King for the co-operation and allowing the Chinese guests into his fold.

Cllr Mkhonto said she was excited that the Memorandum of Understanding (MOU) between Mpumalanga Province and the Chongqing Province will create opportunities for economic development and sustainability, and that it will fast-track development among women and the youth.

The guests were later treated to cultural music that was provided by Indian dancers, Afrikaner dancers, a marimba group from the village and internationally-renowned Matsamo Cultural Group mesmerized with their truly ethnic Swazi entertainment routines of music and dance. Dikwa Jazz Band added spice to the whole entertainment spectacle with a spice of Afro-jazz music.

Cllr Mkhonto led her guests for traditional dinner, a sumptuous variety of African foods, which the Chinese delegation enjoyed a lot, all the time. The food also had samp, dumpling, chicken stew and an assortment of meats.

Before the Chinese delegation departed, Municipal Manager, Adv Hugh Mbatha oversaw the performance of the symbolic moment when gifts were exchanged between the two delegations. Cllr Mkhonto even went to an extent of dressing them up in Swazi attire of emahiya to the three female in the Chinese delegation, including the males too.

As the evening grew older, the delegation departed for their residence and lo, the ancestors blessed the night with a light drizzle.

Entrepreneurs par excellence

The Ehlanzeni Entrepreneur Awards held on 5 December, 2008 turned out to be a tremendous success with a cross-section of small, medium and professional businesses pitting their strength against the other.





Performance Highlights

People in business and other stakeholders came together as guests, while veterans in the business world motivated the nominees on how to be successful in managing their different businesses.

The Executive Mayor of Ehlanzeni District Municipality, Cllr CN Mkhonto, pointed out that it was about time everyone should grow and prepare for the coming 2010 World Cup and even beyond.

Messages of support to the entrepreneurs were presented by sponsors Vodacom, Standard Bank, Fumani Ma-Africa group and First National Bank.



Executive Deputy Mayor of EDM, Cllr Selby Khumalo also delivered a message of support and the keynote address was delivered by the Executive Mayor, Cllr CN Mkhonto.

“As the EDM, we have passion for our entrepreneurs. Our aim is to see them growing from strength to strength. We are gathered here this evening to make it a point that they are encouraged in putting more effort into their endeavors,” said Cllr Mkhonto.

The MMC for LED and Tourism, Cllr Margerat Chembeni-Sahi welcomed the guests. The Ehlanzeni Municipal Manager, Adv Hugh Mbatha delivered a speech on the purpose of the gathering.

“These awards are meant to build a relationship between us, as EDM and the entrepreneurs and we want to see and encourage them to venture into big, recognized and professional empires,” said Adv Mbatha.

Winners could not hide their joy when they received their awards. The Programme Director, Metro FM’s Bob Mabena, kept the audience in stitches with his unending humour and interaction. Internationally-renowned musician Lira, kept the audience at the edge of their seats throughout her performance.

Vote of thanks came from the Speaker of EDM, Cllr Caswell Maluleke, who thanked the sponsors, the guests and the organizers of the event.

Performance Highlights

Keeping it clean and crime-free

Ehlanzeni District Municipality's organized troops armed themselves to the hilt in a war to eradicate crime on the streets of Nelspruit town's plaza and Ekukhanyeni centre with a slogan of "Blow the whistle, shaya impempe against crime before 2010 and beyond, siyoshaya impempe".

The launch of the clean up campaign was one of the resolutions taken two years ago during the District's crime-prevention summit. According to the municipality's research, the identified areas were declared the hottest crime spots in town.



Mr Coles Ngomane, the public and safety manager of the municipality, revealed thus: "As a District, we have embarked on a campaign to ensure that our streets are safe and clean for our visitors and residents towards 2010 and beyond."

The people, the community policing forum (CPF) and residents will embark on utilizing the provided whistles for crime alerts. "Adults and all members of the communities must take part in ensuring that the method is used effectively and not misused. By implementing it precisely, we will terminate criminal activities in our communities by blowing the whistle and working together," said Ngomane.

Currently, the municipality has secured 10 000 whistles, of which more than 500 have already been distributed to taxi owners and residents.

Its multi-agency mechanism (MAM) technique proved to have worked well in bringing all sectors together, involving Correctional Services officials, 20 prisoners, police services, employees of all five local municipalities, hawkers and other stakeholders in the region.

Mr Bush Saiyiya, a volunteer from Kanyamazane, saw it as a brilliant opportunity for all people to take responsibility for keeping the environment and streets free of drugs and criminal activity.

Hawkers operating businesses in the identified areas were provided with brooms to ensure premises were clean at all



Performance Highlights

times. Furthermore, overalls, refuse bags and jeyes fluid were distributed.

“We are going to hand out more of these resources to all local municipalities and each one will have to assume the responsibility for maintaining the set standards,” said Ngomane.

The Executive Mayor of the District, Cllr CN Mkhonto expressed her gratitude towards all stakeholders who participated in the campaign. “We must respect all municipalities, let us look forward to a clean, safe and crime free District,” she said.



It was announced that the next clean up campaign will be held at Bushbuckridge Local Municipality followed by the other local municipalities under the District’s wing.

Leroro scores a million

The Leroro community was the recipient of a multi-million rand water pump under the popular theme “Siya Deliver Manje”. Cllr Jimmy Mnisi, MMC for Technical Services at EDM revealed to the community that the machinery was one of the achievements made in the project to provide water for the community in the Thaba Chweu Local Municipality.

Two boreholes to supply the reservoir had been established previously, but one of them had broken down and the other one lacked electricity supply.

“Most of the budgeted funds were spent on the infrastructure, we then liaised with the local municipality to fix and provide electricity to the existing boreholes to make water available in the reservoir and the community. The pump station will be frequently monitored and it has been specifically established to ensure that water is accessible at all times,” said Cllr Mnisi.

Ward Councillor, Cllr Fanus Mpholwane, told the community that the pump had come after a long struggle for clean

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and safe water.

“We are happy because water has been one of our biggest challenges in the area. We are glad that it has come at a right time as there is an outbreak of water-borne diseases,” he revealed.

Mpholwane also ensured the community that the maintenance of the new water station would become one of the municipality’s priorities. Although taps will no longer run dry in the communities’ households, the currently pumped underground water is not sufficient to fill the reservoir.



“We are going to set aside another budget during the next financial year for another borehole that would pump up more water to provide to areas, including Matibidi. The ANC government has committed itself to making people’s lives better,” said Cllr Mnisi.

Let there be light for all

The hand-over of the electricity upgrade for Sabie, Lydenburg and Graskop drew a large crowd of community members to the Simile Community Hall.

Cllr Jimmy Mnisi, the MMC for Municipal Works at the Ehlanzeni District Municipality, assured the community that they would allocate municipal funds to the correct projects. “The beneficiaries should always be informed about the progress made. You should own these projects. They belong to you and if you don’t claim ownership, people will destroy them,” he warned.

The keynote speaker was the Deputy Executive Mayor, Cllr Selby Khumalo who explained that electricity in the area was installed 25 years ago, hence it had to be upgraded. “Cords are now installed in cables and generally, there is great improvement in electricity.

Our government is doing wonders in improving the lives of the people and for better and more service delivery, we



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should vote and to teach the community not to tamper with electricity,” he pointed out.

Cllr Joseph Pooe from Thaba Chweu said they were grateful for the delivery and promised that they would take good care of the project.

Cllr Malindi Matsane of Simile Ward 6 was overwhelmed with joy about the main electricity substations that were repaired in the area.

Contractor, Ms Lindiwe Sibane from Mandlakazi Electrical Technologies could not hide her joy as she said: “Before these distribution boxes were repaired, they had been completely destroyed. I am happy that as a contractor, I could manage to do the best for the people,” she said.



Older persons conference

The older persons conference took on a high note on October 31, 2008 at the Driekoppies Community Hall, whereby rights of the elderly were discussed, among other things.

The occasion was graced by the Executive Mayor of EDM, Cllr CN Mkhonto, MMC for Transversal Unit, Cllr FS Timba and Nkosi Tiganya Shongwe from Driekoppies.

Cllr FS Timba outlined the purpose of the conference thus: “As the Ehlanzeni District Municipality, we felt the need to invite the elderly and pamper them, in addition, address their concerns and spell out their rights. They are an important component of our community”.

Mr Eustace Khoza from the Department of Social Development delivered a presentation titled: “Rights of older persons”. There was also Mrs M Malapane who delivered a talk on Hypertension; Mrs M Mashele on Diabetes; Mrs N Nkosi on Hygiene.

Captain Pilusa from the South African Police Service (SAPS) pointed out that the elderly must be taken good care of as

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he said: “Elderly people are abused in so many ways in our communities. As law enforcers we will aggressively lay strict laws that will ensure the abuse eradication from our communities”.

“We will impose strict measures against those who continue to abuse the elderly. I am also appealing to the community to report such crimes to the police. The elderly have a right to live in this country without any interference,” Captain Pilusa explained.

Issues pertaining to poverty and nutrition were duly addressed by Mrs R Ngomane from the Department of Agriculture and Land Administration. She encouraged the elderly to embark on food gardens in order to fight poverty.

There was a moment of jubilation and surprises when both the Executive Mayor, Cllr CN Mkhonto and the MMC for Transversal Unit, Cllr FS Timba donated garden tools, seeds compost and fertilizers to community organizations in order for them to kick off with their food gardens.

“Our elderly should not abandon nor ignore our culture, they have their rights, too to protect them against abuse,” she explained.

Inkosi Tiganya Shongwe thanked the Ehlanzeni District Municipality for organizing such a worthy event. Entertainment was galore as was provided by the Lutsango Cultural Group.

Sabie waste water treatment works

Waste water treatment in some of the country’s municipalities is in dire straits.

The pollution in some of our rivers can be directly linked as a failure on our past as government, and there is no denying that some of these plants are in poor condition.

It was thus that the Ehlanzeni District Municipality extended additional support over and above the existing help.





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“Waste water must be purified or treated to some degree in order to protect both public and health and improve water quality,” said EDM’s Executive Mayor, Cllr CN Mkhonto.

Cllr Mkhonto was speaking during the official handover of a Sabie Waste Water Treatment Works Project to the residents of Sabie.

The ceremony commenced at Coromandel, where two projects, namely Coromandel Purification Plant and Coromandel Pump House and Sump were handed over to the residents of Coromandel and later continued at Sabie Sports Ground.



She said the first priority for our people is to have safe and reliable water supply and sanitation services, which is the better life that the Freedom Charter committed government to fight for.

“I must remind you that without water, there would be no economy, no services of any kind, indeed no life,” Cllr Mkhonto said.

Cllr Mkhonto concluded by reminding the community that the District was a dry place. “But because we manage water well, we sometimes forget that we are on the edge of what is internationally defined as “water scarcity” in terms of how little water that we have available per person. Because we are so short of water, we must ensure that we get as much benefit from its use as possible.

“Those who can pay municipal services must please pay. It’s no longer feasible for municipal services to be absorbed by unaffording communities. Those who can pay, and are not, should understand that they must pay. Apart from other strategies, we will keep on appealing to their human side,” she said.

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Safe crossing for Newscom pedestrians

The sod-turning ceremony for the community of Newscom in January 2009 changed people's lives forever.

EDM Executive Mayor, Cllr CN Mkhonto said: "The community could not move from one section to the other. This time around, they will be able to use the bridge at any time, especially during rainy days.

"I am, therefore, appealing to the community to co-operate and work more in harmony with the contractor," she said.

MMC for Municipal Works, Cllr Jimmy Mnisi commended Cllr Johana Milazi for her endless efforts. "She wrote a letter with photos of the problematic area. The only challenge we had in technical services was that this service was not listed in the IDP, but eventually it was included.

"Today our mayor is here to showcase to the community that the EDM cares for its people's needs. We also request our colleagues at Mbombela local municipality to maintain this project for a longer life-span," he appealed.

Cllr Mkhonto further warned the community that the contractor had come there to build a bridge that would be of benefit to the residents. "He is not here to open a factory that sells building material. The community should be part and parcel of this project to help build it to completion.

"You will be empowered because the expert engineers will be at hand to pioneer the project for completion by April 20," said Cllr Mkhonto.



Service delivery at Umjindi

The water reticulation that took place at the Verulam stadium during November 2008 was a tremendous success. The community turned out in large numbers when Ehlanzeni District Municipality handed over the water project to



Performance Highlights

the local municipality.

Umjindi's Executive Mayor, Cllr Richard Lukhele pointed out clearly that although there was service delivery, there were still people out there who were always critical. "We must deal with such forces, those who mislead others, in the correct way. Eventually they will realize that we are doing our best to improve the lives of our community," he said.

The Deputy Executive Mayor of Ehlanzeni, Cllr Selby Khumalo encouraged the community about the importance of being responsible citizens. He said he was proud of Umjindi, because under the leadership of Cllr Lukhele, it had raked in numerous awards, including the best performing municipality.



Among the crowd that gathered, was Gogo Elizabeth Hlophe who said, "I can see and proved today that when you said Siya Deliver Manje, it is really true.

"I have been a resident for many years and have experienced bitter fights of the people over water. Today, our problems have been resolved. We have water, Siyabonga Bantu Bakwamasipala. (We thank you as the municipality)," she ended.

Title deeds at last for Shatale residents

February 5, 2009 is a day that the community of Shatale will never forget. That was when Ehlanzeni District Municipality and Bushbuckridge Local Municipality made history when they handed out title deeds during an imbizo at the local community hall.

Officials from EDM, Bushbuckridge and Thabakgolo Traditional Authority were present to witness the joy of the people of Shatale. The process of presenting title deeds is ongoing as 3 000 community members will receive theirs within the next nine months.

Performance Highlights

30 title deeds were handed out to those living in the Old Shatale and 321 to those living in RDP houses. Some people passed away whilst waiting for their title deeds, but surviving family members received them. Those who attended were over the moon as this was the first time they'd owned property.

Executive Mayor Cllr CN Mkhonto delivered the keynote address thus: "The process was delayed by the demolition of Bohlabela Local Municipality in 2006 where tenders for the process were terminated. Bushbuckridge had to start from certifying the community. We commit ourselves to saving the people of Shatale."



Cllr Mkhonto revealed that those who were awarded the tender of the title deeds took advantage of the situation when they realized that Bohlabelo Local Municipality was being demolished.

"They came to us and said that they had completed with the title deeds and needed their money. Fortunately, we had all the documents from the municipality and were able to expose their corruptive ways," said Cllr Mkhonto.

Even though the community members were not pleased with the idea of waiting another nine months to receive their title deeds, Cllr Mkhonto promised them to report back quarterly to update them on progress.

Municipal Manager, Adv Hugh Mbatha said that it had been challenging to receive the title deeds, especially for those who resided in the township.

The Executive Mayor of Bushbuckridge, Cllr Milton Morema expressed his gratitude and said that he was hoping for better achievements for his community.

Water for all

Joy and jubilation was the domineering factor when the 73 households of Noordkaap informal settlement finally could open taps and enjoy clean and purified water for the very first time.



Performance Highlights

“Although this is not a formal settlement, as EDM, we felt our people must be cared for with respect and dignity. This project comprises of two boreholes with pumps, two pump houses, a water distribution system, 19 taps for the community and three elevated tanks.

“To the community of Noordkaap, we are here to deliver what we had promised,” said MMC for Municipal Works, Cllr Jimmy Mnisi.

According to Cllr Mnisi, a budget was set aside for the project and part of that money has created jobs for the community itself. A certain percentage managed to fight off poverty in the area through the jobs that were offered.



The MMC for Technical Services at Umjindi Local Municipality, Cllr Derrick Ndlovu said that the residents should take care of this worthy project. “Everyone has the right to have clean water, it will help to reduce and prevent cholera in the area. This is an asset that you would own and protect, as a community,” he said.

The community was further warned not to strictly do their laundry at the taps or leave unwanted clothes and papers by ward councilor, Cllr Meshack Ntsimbini. “This water is not for the council, it solely belongs to you. Always remember that water is life, and here there’s no life without water,” he said.

“It is our obligation as EDM, to take care of the needs of our five local municipalities. We will make sure that we will deliver in making the lives of the people better,” said Cllr Mnisi.

Two consultants, Mr Ray Noppe and Mr Derek Grobelaar, assured the community that the filtration system that was installed was one of the best and it was new in the market - it had only been 18 months in the South African market.

“It will be replaced or repaired every eight years. The filtration system will trap the dirt, while it continues to supply clean water to the community,” said Noppe.

Gogo Ngobeni, who resides next to the water tank, was delighted that at least after many years of suffering, they

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would now enjoy clean water from the taps. “There is generally a water problem in many other areas, but now I am confident that all areas will benefit like us here at Noordkaap, We are really thankful for this deed,” she said.

Women’s Council elected

In the spirit of “SIYA DELIVER MANJE,” jubilation and unity were the order of the day on November 5, 2008 when one of the most successful annual general meetings of the Ehlanzeni District Municipality’s Women’s Council was held at the Barberton Town Hall.



It drew all the women from all corners of EDM who filled the hall to its rafters as they gathered in song and dance to freedom songs. It was then that the MMC for Transversal Unit, Cllr FS Timba set the tone for the AGM in her opening remarks.

Cllr LC Dlamini, who retained her chairpersonship position in the Council, encouraged women to participate fully in building a better South Africa. Veteran businesswoman, Mrs Norah Fakude delivered a sterling presentation on best business practices as she said; “For me, to be where I am, I started very small with nothing. But through the mercy of God, I have achieved so much”.

Elections were held and new members of the Women’s Council were chosen as follows: Chairperson: Cllr Cathy Dlamini, Deputy Chairperson: Ms Thembi Mathebula,; Secretary: Ms Elizabeth Seeka; Deputy Secretary Ms Maria Mahlobo and; Treasurer: Ms Magdeline Ntimane (Umjindi), Ms Margaret Chembeni-Sahi (Nkomazi), Mrs Florence Makofane (Thaba Chweu), Ms Denies Mabunda (Bushbuckridge) and Ms Ice Mathonsi who represent all disabled women from Ehlanzeni.

The Council will serve a period of three years. Immediately Cllr Cathy Dlamini was re-elected as the chairperson, she pointed out that that women should play a role in their areas. “Thank you for having trust in me. This is not only a position, but the responsibility that goes with it, encompasses all local municipalities”.

Cllr Dlamini also immediately embarked on her duties as the chairperson as she, together with the MMC for



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Transversal Unit, Cllr FS Timba, handed out certificates to women who had been trained in bricklaying, plumbing, welding, beauty therapy and Basic Management Skills.

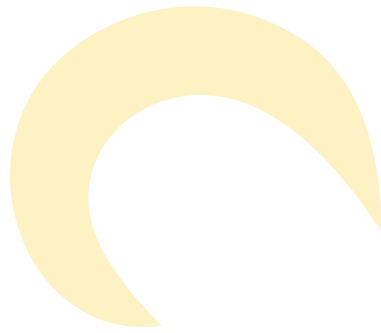
Entertainers, Samkela Stamper of La Femme Fetale and Andile had the women eating out of their hands with entertainment unending as the Women's Council begun their journey into "SIYA DELIVER MANJE".





Chapter Four

Financial Statements and Related Information





Report of the Audit Committee

We are pleased to present our report for the financial year ended 30 June 2009.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

In terms of section 166 of the Municipal Finance Management Act, 2003 and the Ehlalzeni District Municipality's Audit Committee Charter, the Audit Committee must consist of at least three persons with appropriate experience of whom the majority may not be in the employ of the municipality.

The Audit Committee consists of three external members as listed hereunder and met 2 times out of the at least 4 times per annum as per its approved terms of reference. During the year under review only two ordinary meetings were held.

Name of member	Number of meetings Attended
MR. V MAKHUBEDU	2
MR. AC KEYSER	2
Ms. R KALIDAAS	2

AUDIT COMMITTEE'S RESPONSIBILITY

The Audit Committee's responsibilities are outlined in Section 166(2) (b) of the MFMA. The Audit Committee has amongst other functions adopted appropriate formal Terms of Reference as its Audit Committee Charter, the Audit Committee further reports that having not sat for two of its scheduled four ordinary meetings due to the expiry of its term of appointment, renders it not having fully complied with its responsibilities arising from section 166 (2, 3, 4 and 5) of the MFMA.

However, the Audit Committee reports that it has revised and adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein the only exception is that it only sat for two of its scheduled meetings.



Report of the Audit Committee

THE EFFECTIVENESS OF INTERNAL CONTROL AND INTERNAL AUDIT

Internal financial controls:

Although the system of internal control was reviewed and reflected a significant improvement for the year under review, we would like to put emphasis to management to strengthen the compliance with prescribed policies and procedures where such was lacking in certain instances. From the various reports of the Internal Audit, minor control weaknesses were identified which requires improvement and management's attention in order to further strengthen the current internal control system and risk management processes.

Internal Audit:

- During the year under review, an audit plan was prepared based on the Annual Risk Assessment. The following is a list of projects undertaken by Internal Audit, arising from the risk assessment:
- Follow-up reviews on Auditor-General's report and management letter;
- Review the accuracy of Performance Management Reporting;
- Review the implementation of the Municipality's Strategic Plan;
- Review of the Human Resource Management Processes;
- Review of the efficiency and effectiveness of Project Management;
- Review the Municipality's Asset Management practices;
- Review the accuracy, comprehensiveness and consistency in the reporting of Performance Information (PMS)
- Co-ordinate the process of Organisational-Wide Risk Assessment and documenting of three year strategic plan and annual internal audit plan

The Audit Committee is satisfied with the performance of the Internal Audit Function and reports that 80% of the planned projects have been completed by the end of the financial year despite the challenge of minimal staff in the unit.

RISK MANAGEMENT

The committee has not received and reviewed risk management reports that should be tabled before it by a Risk Management Committee during the year under review, although the various internal audit reports that the committee has reviewed indicates that the management of risk is satisfactory, we would still wish to review reports from the risk management committee.



Report of the Audit Committee

THE ADEQUACY, RELIABILITY AND ACCURACY OF FINANCIAL REPORTING

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and management during the year under review.

PERFORMANCE MANAGEMENT

The quality of the quarterly performance management system reports submitted in terms of section 45 of the Municipal Systems Act and the Local Government Municipal Performance regulations of 2001 and 2006.

The committee has not received and reviewed certain performance management reports and is unable to comment on the content and quality of these reports. The committee noted with concern the inadequateness of Performance Reporting and the effect of this instance is reflected in the report of the external auditor for the period under review.

The audit committee is of the view that the content of the performance reports and SDBIP of the municipality is not improving, consequently serious improvement is required in the collecting, analyzing and reporting of performance information (PMS).

EVALUATION OF THE FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed and discussed the audited financial statements to be included in the annual report with the Auditor-General;
- Reviewed the Auditor-General's management letter and management's response thereto; and reviewed the significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements, congratulates the municipality for the unqualified audit opinion and is of the view that the audited financial statements be accepted and read together with the report of the Auditor-General.

VS Makhubedu

Chairperson of the Audit Committee

Ehlanzeni District Municipality

Date: 23 December 2009



Auditor-General's Report

Report on the financial statements

Report of the Auditor-General to the Mpumalanga Legislature and the council on the financial statements and performance information of the Ehlanzeni District Municipality for the year ended 30 June 2009.

Introduction

1. I have audited the accompanying financial statements of the Ehlanzeni District Municipality which comprise the statement of the of financial position as at 20 June 2009, and the statement of the financial performance, the statement of changes in net assets and the cash flow statements for the year ended, and a summary of significant accounting of policies and other explanatory notes , as set out.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the the preparation and fair presentation of these financial statements in accordance with the Statements of Generally Recognised Accounting Practice (Statements of GRAP) and in the manner required by the Local Government Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 with section 4 of the Public Audit Act , 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit



Auditor-General's Report

procedures that are appropriate in the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. Paragraph 11 et seq. of the Statements of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by Ehlaleni District Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Ehlaleni District Municipality as at 30 June 2009 and its financial performance and its cash flows for the year ended, in accordance with the Statements of GRAP and in the manner required by the MFMA.

Emphasis of matter

Without qualifying my opinion, I draw attention to the following matter:

Irregular expenditure

9. As disclosed in note 34 to the financial statements, irregular expenditure to the amount of R1 057 697 was incurred, as a proper tender process had not been followed.

Other matters

Without qualifying my opinion, I draw attention to the following that relate to my responsibilities in the audit of the financial statements.

Unaudited supplementary schedules

10. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 Presentation of Financial Statements. The supplementary budget information set

Auditor-General's Report

out on pages 84 to 129 does not form part of the financial statements and is presented as additional information. Accordingly I do not express an opinion thereon.

Governance framework

11. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

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

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	Y	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.	Y	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	Y	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 126 of the MFMA).	Y	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	Y	
Development of and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The municipality had an audit committee in operation throughout the financial year.		N
	• The audit committee operates in accordance with approved, written terms of reference.	Y	
	• The audit team substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		N
7.	Internal audit		



Auditor-General's Report

No.	Matter	Y	N
	• The municipality had an internal audit function in operation throughout the financial year.	Y	
	• The internal audit function operates in terms of an approved internal audit plan.	Y	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		N
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	Y	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	Y	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	Y	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.	Y	
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA	Y	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	Y	
14.	SCOPA resolutions have been substantially implemented.	N/A	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		N
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		N
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the municipality against its mandate, predetermined objectives, outputs, indicators and targets in terms of section 68 of the MFMA.	Y	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	Y	

13. Based on the assessment of the governance framework, the audit committee did not meet at least four times a year and therefore did not perform its functions. Furthermore, the internal audit unit needs more staff to execute its audit plan during the year and report to an audit committee.

Auditor-General's Report

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

14. I have reviewed the performance information as set out on pages 16 to 41.

The accounting officer's responsibility for the performance information

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

The Auditor-General's responsibility

16. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazzet No. 31057 of 15 May 2008 and section 45 of the MSA
17. In terms of the foregoing, my engagement included performing procedures of an audit review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
18. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings below.

Findings on performance information

Non-compliance with regulatory requirements

Lack of implementation of a performance management system

19. The municipality did not implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurements, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

Existence and functioning of a performance audit committee

20. The performance audit committee did not:
- meet at least twice during the financial year
 - review the quarterly reports of the internal auditors on their audits of the performance measurements of the municipality
 - review the municipality's performance management system and make recommendations in this regard to the council of the municipality.



Auditor-General's Report

Appreciation

21. The assistance rendered by the staff of the Ehlanzeni District Municipality during the audit is sincerely appreciated.

Auditor-General.

Nelspruit

30 November 2009



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Re-discover life

Annual Financial Statement

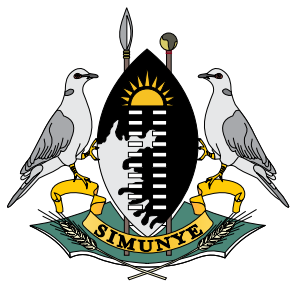
Approval of the Annual Financial Statements for the Year Ended 30 June 2009

I am responsible for the presentation of these annual financial statements, which are set out on pages 84 to 129 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 20 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance and Traditional Affairs determination in accordance with this Act.

Adv. H Mbatha
Municipal Manager

Date



Annual Financial Statement

Statement of Financial Position at 30 June 2009

	Note	2009	2008
ASSETS			
CURRENT ASSETS			
Cash and Cash equivalent	1	6,245,187	14,716,957
Trade and other receivables from exchange transactions	2	2,269,904	3,578,899
Inventories	3	274,860	216,732
Prepayments	4	-	348,876
Short – term fixed deposits	5	-	138,342,174
VAT Receivable	6	29,655,757	9,335,223
NON CURRENT ASSETS			
Non - Current receivables	7	58,808	193,970
Investments	8	42,277,458	40,276,305
Property, Plant and Equipment	9	19,455,434	19,381,809
Work – in - Progress	11	110,958,966	-
TOTAL ASSETS		211,196,374	226,390,945
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables from exchange transactions	10	13,098,255	13,512,730
Current Provisions	12	2,570,601	2,241,445
NON – CURRENT LIABILITIES			
Unspent Conditional Grant	14	19,748,420	37,362,710
Non – Current Borrowings	13	40,000,000	40,000,000
TOTAL LIABILITIES		75,417,276	93,116,885
RESERVES			
Capital Replacement Reserve		7,000,628	7,000,628
Revaluation Reserve		15,597,271	15,597,271
Disestablished Bohlabela Reserve		-	21,733,661
Accumulated Surplus / Deficit		113,181,199	88,942,500
TOTAL LIABILITIES AND RESERVES		211,196,374	226,390,945

Annual Financial Statement

Statement of Financial Performance for the Year Ended 30 June 2009

	Note	2009 R	2008 R
REVENUE			
Bad debts recovered - Regional Services Levies		671,122	3,026,432
Government Grants and Subsidies	15	145,191,505	112,757,373
Interest earned-External investments	16	18,346,113	17,880,008
Other Income		691,705	739,808
Dividends Received	18	56,163	53,298
Rent Facilities and equipment	17	615,750	647,370
TOTAL REVENUE		165,572,358	135,104,289
EXPENDITURE			
Employee related costs	19	46,860,442	39,318,054
Remuneration of Councilors'	20	6,742,824	6,570,334
Depreciation	21	2,258,726	1,458,604
Repairs and maintenance		535,871	146,086
General expenses – other	27	101,168,311	45,823,988
Finance costs	22	5,868,000	5,507,684
Contracted Services	23	367,869	330,460
Bad debts		701,714	982,695
Audit Fees	25	1,130,588	797,011
TOTAL EXPENDITURE		165,634,345	100,934,916
Gain / (Loss) on sale of Assets	24	430,849	(103,428)
Net surplus/(Deficit) for the year after adjustment		368,862	34,065,945



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Statement of Changes in Net Assets for the Year Ended 30 June 2009

	Revaluation Reserve	Disestablished Bohlabela Reserve	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
2008					
Balance 1 July 2007		26,873,995	7,000,628	53,484,353	87,358,976
Utilized during the year		(5,140,334)			(5,140,334)
Correction of prior period				1,392,202	1,392,202
Changes in accounting policy					
Restated Balance		21,733,661	7,000,628	54,876,555	83,610,844
Revaluation surplus	15,597,271				15,597,271
Surplus / deficit for the period				34,065,945	34,065,945
Balance 1 July 2008	15,597,271	21,733,661	7,000,628	88,942,500	133,274,060
Utilized during the year		(57,883)			(57,883)
Adjustment to prior year accumulated surplus				2,194,059	2,194,059
Net Surplus for the year				368,862	368,862
Transferred to Accumulated surplus		(21,675,778)		21,675,778	
Balance as at 30 June 2009	15,597,271	-	7,000,628	113,181,199	135,779,098



Annual Financial Statement

Cashflow Statement for the Year Ended 30 June 2009

	NOTE	2009 R	2008 R
CASHFLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Grants and Subsidies		145,191,505	112,757,373
Interest received		18,346,113	17,880,008
SARS VAT Receipt		1,973,645	-
Other receipts		2,034,740	3,593,518
		<u>167,546,003</u>	<u>134,230,899</u>
PAYMENTS			
Employees costs		52,972,157	45,247,420
Suppliers		119,069,177	47,097,545
Interest paid		5,868,000	5,507,687
Other payments		22,411,366	4,938,558
		<u>200,320,700</u>	<u>102,791,210</u>
Net cash from Operating Activities	28	<u>(32,774,697)</u>	<u>31,439,689</u>
CASHFLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of property, plant and Equipment		475,258	3,000
Purchase of property, plant and equipment		(2,278,643)	(2,111,759)
Increases in financial Instruments		(1,625,772)	(4,156,411)
Increase in short term deposits		138,342,174	(58,342,174)
Increase / decrease in prepayments		348,876	(348,876)
Decrease in long term debtors		-	7,222
Increase / decrease in Non – current Assets / WIP		(110,958,966)	-
Net cash from investing Activities		<u>24,302,927</u>	<u>(64,948,998)</u>
CASHFLOW FROM FINANCING ACTIVITIES			
Loans repaid		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		<u>(8,471,770)</u>	<u>(33,509,309)</u>
Cash and cash equivalents at the beginning of the year		14,716,957	48,226,266
Cash and cash equivalents at the end of the year	29	6,245,187	14,716,957



Annual Financial Statement

Accounting policies to the annual financial statements for the year ended 30 June 2009

The principal accounting policies adopted in the preparation of these financial statements are set out below.

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

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

These annual financial statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

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

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

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.



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1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

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

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset



Annual Financial Statement

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

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

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognized in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBSEQUENT MEASUREMENT - COST MODE

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

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

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the

Annual Financial Statement

estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Description	Years
Buildings	30
Vehicles	5
Office Equipment	3
Furniture and Fittings	10
Bins and Containers	5
Other items of plant and Equipments	5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

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



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3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

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

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

Intangible assets are initially recognized at cost.

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

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

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

3.3 AMORTISATION AND IMPAIRMENT

Amortization is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortization rates are based on the following estimated average asset lives:

Computer software	3
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The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

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

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

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

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

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



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4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION

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

5.2 SUBSEQUENT MEASUREMENT

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

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

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

Annual Financial Statement

6 INVENTORIES

6.1 INITIAL RECOGNITION

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

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

6.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realizable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognized in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realizable value or current replacement cost is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

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



Annual Financial Statement

7 FINANCIAL INSTRUMENTS

7.1 INITIAL RECOGNITION

Financial instruments are initially recognized at fair value.

7.2 SUBSEQUENT MEASUREMENT

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

7.3 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorized as either held-to-maturity where the criteria for that categorization are met, or as loans and receivables, and are measured at amortized cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognized as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

7.4 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorized as financial assets: loans and receivables and are initially recognized at fair value and subsequently carried at amortized cost. Amortized cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months

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from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognized in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

7.5 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorized as financial liabilities held at amortized cost, are initially recognized at fair value and subsequently measured at amortized cost which is the initial carrying amount, less repayments, plus interest.

7.6 CASH AND CASH EQUIVALENTS

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

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

8 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgment in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognizing the investment initially at cost, then adjusting for any change in



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the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

9 UNAUTHORISED EXPENDITURE

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

10 IRREGULAR EXPENDITURE

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



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11 FRUITLESS AND WASTEFUL EXPENDITURE

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

12 PROVISIONS

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

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

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

A provision for restructuring costs is recognized only when the following criteria over and above the recognition criteria of a provision have been met: (a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for terminating their services;

- the expenditures that will be undertaken; and when the plan will be implemented;



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and

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

13 LEASES

13.1 MUNICIPALITY AS LESSEE

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

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

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

13.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognizes the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality,

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discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease installments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

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

14 REVENUE

14.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

Interest revenue is recognised on a time proportion basis. Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement. Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer. Revenue arising out of situations where the municipality acts as an



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agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

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

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14.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

15 BORROWING COSTS

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

16 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.



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17 REVALUATION RESERVE

The surplus arising from the revaluation of land and building is created directly to a non-distributable reserve. The revaluation surplus is realized as revalued buildings are depreciated, through a transfer from the revaluation reserve to the Accumulated surplus / deficit. On disposal, the net revaluation surplus is transferred to the Accumulated surplus while gains and losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

18 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:



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- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

19 COMPARATIVE INFORMATION

19.1 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior year period comparative amounts are also reclassified.

19.2 Current year Budgets

Budgeted amounts have been included in the Annual Financial Statement for the current financial year only.



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

	2009	2008
	R	R
1. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	4,000	2,000
Cash at bank	6,241,187	14,714,957
	6,245,187	14,716,957
The Municipality has the following bank accounts:		
Current Account (Primary Bank Account)		
First National Bank- Nelspruit Branch: Account Number: 62 113 491 419	1,250,262	7,276,240
Cash book balance at beginning of year	7,276,240	39,894,324
Cash book balance at end of year	1,250,262	7,276,240
Bank statement balance at beginning of year	7,372,010	38,851,724
Bank statement balance at end of year	3,084,620	7,372,010
Current Account (Other Account)		
First National Bank - Nelspruit Branch: Acc 62 113 492 938	385,862	362,942
First National Bank - Nelspruit Branch: Acc 62 113 495 916	404,508	380,451
First National Bank - Nelspruit Branch: Acc 62 113 496 360	492,284	462,868
First National Bank - Nelspruit Branch: Acc 62 113 496 708	1,580,601	4,254,330
First National Bank - Nelspruit Branch: Acc 62 113 498 564	2,067,822	1,919,078
First National Bank - Nelspruit Branch: Acc 62 113 499 554	59,848	59,048



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

2. TRADE AND OTHER RECEIVABLES

	2009	2008
Other debtors	2,842,115	3,578,899
Levy debtors	-	5,945,642
Total Other Debtors	2,842,115	9,524,541
Less: Provision for Bad debts	-572,211	-5,945,642
Net Balance	2,269,904	3,578,899

Reconciliation	BAD DEBTS PROVISION
Opening 1 July 2008	-5,945,642
Contributions to provision (other debtors)	-572,211
Contributions to provision (Non- current – receivables) see note 7	-129,503
Expenditure incurred / Utilized during the year	5,945,642
Closing 30 June 2009	-701,814

3. INVENTORIES

	2009	2008
Opening balance	216,732	108,210
Additions	573,347	515,773
Issued (Expensed)	-515,219	-407,251
Closing balance	274,860	216,732

4. PREPAYMENTS

	2009	2008
Pre-paid expenses	-	348,876

5. SHORT TERM FIXED DEPOSITS

	2009	2008
Fixed deposits	-	138,342,174

6. VAT RECEIVABLE

	2009	2008
SARS VAT REFUNDABLE	29,655,757	9,335,223



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

7. NON - CURRENT RECEIVABLES

	2009	2008
Car Loans	129,503	129,503
Study loans	58,808	64,467
Housing selling scheme loans	-	-
Other non-current receivables	-	-
	188,311	193,970
Less: Provision for bad debts	(129,503)	-
Car loans	(129,503)	-
Staff loans	-	-
Other non-current receivables	-	-
NET BALANCE	58,808	193,970

8. INVESTMENTS

	2009	2008
Fixed Deposits	41,902,077	40,276,305
Listed Investments	375,381	-
Other Investments	-	-
	42,277,458	40,276,305

A fixed deposit amounting to R 41,902,077 has been pledged with INCA as security for the R 40 000 000 INCA loan. The market value of the listed investment at 30 June 2009 was R 990 317.



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

9. PROPERTY, PLANT AND EQUIPMENT

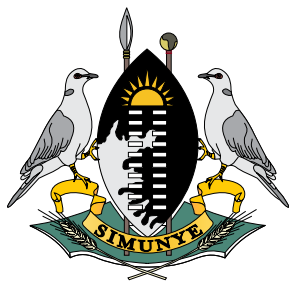
Reconciliation of carrying value	P,P & E R	Total R
Carrying values at 1 July 2008	19,381,809	19,381,809
Cost	26,774,604	26,774,604
Accumulated Depreciation	(7,392,795)	(7,392,795)
Acquisitions	2,278,644	2,278,644
Net Disposals	(25,004)	(25,004)
Depreciation	(2,258,726)	(2,258,726)
Revaluation	-	-
Correction of error	78,711	78,711
Carrying values at 30 June 2009	19,455,434	19,455,434
Cost	27,796,322	27,796,322
Accumulated Depreciation	(8,340,888)	(8,340,888)

Refer to Appendix B for more detail on property, plant and equipment

10. TRADE AND OTHER PAYABLES

	2009	2008
Trade creditors	4,274,087	3,332,272
Payments received in advance	-	1,671,355
Retentions	8,806,422	5,683,533
Guarantees	-	2,653,350
Sundry Creditors	17,746	17,746
Other creditors	-	154,474
Total creditors	13,098,255	13,512,730

The fair value of trade and other payables approximates their carrying amounts.



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

11. WORK IN PROGRESS

	2009	2008
Construction work in progress	110,958,966	-

12. CURRENT PROVISIONS

	2009	2008
Leave provisions	2,570,601	2,241,445

The movement in the current provision can be reconciled as follows

	Performance Bonus	Provision for leave
Opening 1 July 2008	-	2,241,445
Contributions to provision	-	631,108
Expenditure incurred	-	(301,952)
Closing 30 June 2009	-	2,570,601

13. NON - CURRENT BORROWINGS

	2009	2008
INCA Loan	40,000,000	40,000,000
Other Borrowings	-	-
Total Other Debtors	40,000,000	40,000,000

Less: Current portion transferred to current liabilities	-	-
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Total Borrowings	40,000,000	40,000,000
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Refer to Appendix A for more detail on borrowings.



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

14. UNSPENT CONDITIONAL GRANTS FROM SPHERES OF GOVERNMENT

	2009	2008
Dwaf Drought Relief	742,723	742,723
Dwaf	2,751,853	2,751,853
Ehlanzeni DM FMG	2,795,075	4,813,526
Ehlanzeni DM Pims	380,902	351,486
Dept of Sport and Recreation	2,766,595	4,096,165
Local Government	3,731,557	3,738,781
Nkomazi Lc Co-Funding	722,456	722,456
Umjindi Lc Co-Funding	10,602	10,602
Sanitation Pilot Projects	68,483	67,684
CBPWP: Rapid Delivery Projects	2,894,791	3,194,349
Department of Local Government and Housing	969,626	969,626
Municipal Systems Improvement Grant MSIG	668,175	864,341
Municipal Infrastructure Grant: MIG	787,099	14,658,576
National and Provincial Events	18,578	18,578
Seta	392,928	361,964
LED	22,920	-
Transitional Fund	24,057	-
Current portion of unspent conditional grants	19,748,420	37,362,710

15. GOVERNMENT GRANTS AND SUBSIDIES

	2009	2008
Equitable share	20,670,000	11,858,320
Levy Replacement Grant	113,530,323	100,899,053
MIG - Conditions met	10,656,182	-
MSIG - Conditions met	335,000	-
Total Government Grants and Subsidies	145,191,505	112,757,373

See note 26 below for the reconciliation of these grants

16. INTEREST EARNED

	2009	2008
Financial assets	18,346,113	17,880,008
Other	-	-
Total interest	18,346,113	17,880,008



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

17. RENTAL OF FACILITIES AND EQUIPMENT

	2009	2008
Rental of property	608,275	640,224
Other rentals	7,476	7,146
Total rentals earned	615,751	647,370

18. DIVIDENDS RECEIVED

	2009	2008
Dividends received - SANLAM	56,163	53,298
Other dividends	-	-
Total Dividends	56,163	53,298

19. EMPLOYEE RELATED COSTS

	2009	2008
Employee related costs - Salaries and wages	27,827,949	23,739,081
Employee related costs - Contributions for UIF, Pensions and Medical aids	7,969,395	6,622,904
Travel, motor car, accommodation, subsistence and other allowances	7,582,219	5,614,619
Housing benefits and allowances	550,964	368,784
Overtime payments	379,109	299,734
Bonuses	1,774,431	1,614,035
Other allowances	13,338	10,500
Bargaining Council	5,216	4,493
Redemption of leave	-	83,031
Leave accrual	631,109	640,986
Acting Allowances	126,712	319,905
Total Employee Related Costs	46,860,442	39,318,054



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

Remuneration of the Municipal Manager	2009	2008
Annual Remuneration	720,065	659,259
Performance- and other bonuses	-	-
Travel, motor car, allowances	120,000	120,000
Contributions to UIF, Medical and Pension Funds	195,972	137,040
Total	1,036,037	916,299

Remuneration of the Chief Finance Officer		
Annual Remuneration	590,070	572,984
Performance- and other bonuses	-	-
Travel, motor car, allowances	156,000	156,000
Contributions to UIF, Medical and Pension Funds	185,917	111,027
Total	931,987	840,011

Remuneration of the Manager: Office of the Municipal Manager (resigned: November 2008)		
Annual Remuneration	133,420	290,474
Salary Back pay / Annual bonuses	269,709	24,158
Travel, motor car, allowances	40,320	152,080
Contributions to UIF, Medical and Pension Funds	39,930	100,296
Total	483,379	567,008

Remuneration of the individual Managers - 2009	Community services	Technical services
Annual Remuneration	517,141	656,506
Performance- and other bonuses	-	-
Travel, motor car, allowances	156,000	156,000
Contributions to UIF, Medical and Pension Funds	233,905	144,752
Total	907,046	957,258

Remuneration of the individual Managers - 2009	Corporate Service	Led & Tourism
Annual Remuneration	504,016	508,127
Performance- and other bonuses	-	-
Travel, motor car, allowances	166,875	180,000
Contributions to UIF, Medical and Pension Funds	199,265	184,136
Total	870,156	872,264



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

20. REMUNERATION OF COUNCILLORS

	2009	2008
Executive Mayor	583,721	562,847
Deputy Executive Mayor	548,807	489,217
Speaker	532,752	467,845
Chief Whip	441,472	391,141
Councillors	4,098,146	4,075,628
Councillors Pension Fund Contribution	504,470	461,741
Councillors Other allowances	33,456	121,915
	6,742,824	6,570,334

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee are full-time. Each is provided with an office and secretarial support at the cost of Council. The Executive Mayor has use of a Council owned vehicle for official duties. The Executive Mayor has a full-time bodyguard, a full-time driver and full time security guard at her residence, at the cost of Council.



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

21. DEPRECIATION

	2009	2008
Property, plant and equipment	2,258,726	1,458,604
Intangible assets	-	-
Investment property carried at cost	-	-
Total Depreciation	2,258,726	1,458,604

22. FINANCE COSTS

	2009	2008
Borrowings	5,868,000	5,507,684
Consumer deposits	-	-
Bank overdrafts	-	-
Total Finance Costs	5,868,000	5,507,684

23. CONTRACTED SERVICES

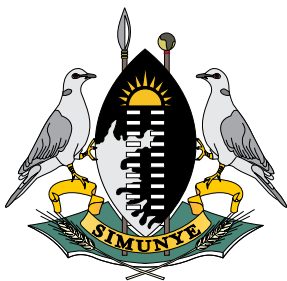
	2009	2008
Contracted services for:		
Cleaning services	206,400	204,267
Security Services	161,469	126,193
Total Contracted Services	367,869	330,460

24. GAIN OR (LOSS) ON SALE OF ASSETS

	2009	2008
Property, Plant and Equipment	430,849	(103,428)
Other Financial Assets	-	-
	430,849	(103,428)

25. AUDIT FEES

	2009	2008
Auditors remuneration	1,130,588	797,011
	1,130,588	797,011



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

26. RECONCILIATION OF GRANTS

26.1 EQUITABLE SHARE

	2009	2008
Balance unspent at beginning of year	-	-
Current year receipts	(134,200,323)	(112,757,373)
Conditions met - transferred to revenue	134,200,323	112,757,373
Conditions still to be met	-	-

In terms of the Constitution, this grant is used to subsidize the provision of basic and administrative services.

26.2 MUNICIPAL INFRASTRUCTURE GRANT

	2009	2008
Balance unspent at beginning of year	(14,658,576)	(16,121,801)
Current year receipts	(2,305,000)	(17,509,317)
Expenditure	5,520,295	18,972,542
Conditions met - transferred to revenue	10,656,182	-
Conditions still to be met	(787,099)	(14,658,576)

The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilized in providing basic services for the benefit of poor households. The grant was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.

26.3 MUNICIPAL SYSTEMS IMPROVEMENT GRANT

	2009	2008
Balance unspent at beginning of year	(864,341)	(1,836,545)
Current year receipts	(735,000)	-
Expenditure	596,166	972,204
Conditions met - transferred to revenue	335,000	-
Conditions still to be met	(668,175)	(864,341)

The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilize Institutional and governance systems as required in the Local Government Municipal Systems Act of 2000.



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Notes to the Annual Financial Statements for the Year Ended 30 June 2009

27. GENERAL EXPENSES

Included in general expenses are the following costs above R 100 000:

	2009	2008
Advertising	237,673	351,431
Annual Budget and Functions	833,820	672,151
Bursaries	129,895	132,434
Branding and Marketing	3,879,940	-
Computer Maintenance and Support	1,026,787	695,740
Computer systems - programmes and Training	10,204,938	-
Community outreach	371,493	531,641
Disease Management costs	6,718,620	417,210
Entertainment	313,293	212,474
Assistance to Local - Capital Projects	42,973,619	15,858,070
Fuel and oil	618,254	371,903
HIV / AIDS Awareness	2,473,084	1,463,410
Insurance	433,827	336,897
International / Municipal relations	2,041,026	-
Legal expenses	841,629	1,680,453
Membership fees - SALGA	219,298	187,153
Municipal Health Operational Costs	142,615	402,816
Moral regeneration / Public Participation	1,315,830	944,592
MAM Safety and Security	398,693	268,885
Media and Publicity	2,460,977	1,640,673
Printing and stationery	515,219	407,251
Professional fees	148,539	148,544
Programs and Campaign	3,060,823	1,415,002
Presidential imbizo	600,000	239,500
2010 Programs	5,436,393	922,149
Rental of buildings	6,493,310	4,216,263
Rental of office equipment	591,650	315,510
Skills development levies	602,679	570,589
Telephone cost	1,274,882	1,183,726
Training	1,871,478	1,326,599
Travel and subsistence	2,458,320	1,655,831
	100,688,604	38,568,897



Annual Financial Statement

Notes to the Annual Financial Statements for the Year Ended 30 June 2009

28. NETCASH GENERATED FROM OPERATING ACTIVITIES

	2009	2008
Surplus/(deficit) for the year	368,862	34,065,945
Adjustment for:-		
Depreciation and amortization	2,258,726	1,458,604
(Gain) / loss on sale of assets	(430,849)	103,428
Contribution to provisions - current	1,322,823	1,623,663
Payments - Disestablished Bohlabela	(57,883)	(5,140,334)
Previous year's operating transactions	(3,946,160)	(1,797,960)
Operating surplus before working capital changes:	(484,481)	30,313,346
(Increase)/decrease in inventories	(58,128)	(108,522)
(Increase)/decrease in trade receivables	1,308,995	(873,390)
(Increase)/decrease in other Creditors	4,479,060	4,325
(Increase)/decrease in VAT receivable	(20,320,534)	1,500,729
Increase/(decrease) in conditional grants and receipts	(17,614,290)	(502,018)
Increase/(decrease) in trade payables	(414,475)	464,251
Increase/(decrease) in Provisions	329,156	640,968
Net Cash generated by/(utilized in) operations	(32,774,697)	31,439,689

29. CASH AND CASH EQUIVALENTS

	2009	2008
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	6,245,187	14,716,957
Bank overdrafts	-	-
Net cash and cash equivalents (net of bank overdrafts)	6,245,187	14,716,957



Annual Financial Statement

Notes to the Annual Financial Statements for the Year Ended 30 June 2009

30. OPERATING LEASES

At the reporting date the municipality had outstanding commitments under operating leases which fall due as follows:

	2009	2008
Operating leases - lessee		
Within one year	6,418,856	5,562,306
In the second to fifth year inclusive	7,275,048	11,043,212
After five years	-	-
Total	11,693,904	16,605,518

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for its office space and office machines leases. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

31. CONTINGENT LIABILITY

Claim for damages - former Bohlabela District Municipality	7,000,000	-
--	-----------	---

The Municipality is being sued by a Contractor. The Contractor alleges that he has done work for the former Bohlabela District Municipality and is currently claiming payment from Ehlanzeni District Municipality. Council is contesting the claim based on legal advice. A court date has not yet been set. The contingent liability includes legal costs of R200 000.

32. CORRECTION OF ERROR

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality

31.1 Dis - established Reserve

	R	R
Error Corrections:-	2009	2008
Transferred from dis-established Bohlabela reserve	21,675,778	-
Transferred to Accumulated Surplus	(21,675,778)	-
	<u>-</u>	<u>-</u>



Annual Financial Statement

Notes to the Annual Financial Statements for the Year Ended 30 June 2009

	2009	2008
33. FRUITLESS AND WASTEFULL EXPENDITURE		
Reconciliation of fruitless and wasteful expenditure		R
Opening balance		60,682
Current year *		-60,682
Closing balance		-

Incident

Cancellation of interviews whilst in progress

Disciplinary steps/ criminal proceedings

Condoned by Municipal Manager

*None identified during the current year

34. IRREGULAR PAYMENTS

	2009	2008
Reconciliation of Irregular Payments		
Opening Balance	-	-
Irregular Payment - Current year	1,057,697	-
Approved by Council	(1,057,697)	-
Transfer to Recoveries / debtors	-	-
Closing Balance	-	-

In terms of section 36 of the Municipal Supply Chain Management Policy, any deviation from the Supply Chain Management Policy needs to be approved / condoned by Municipal Manager and Noted by Council. The expenses incurred as listed have been condoned by Council.



Annual Financial Statement

Notes to the Annual Financial Statements for the Year Ended 30 June 2009

Details of irregular expenditure

Activity / Incident	Amount R's	Status
Brazil Soccerex – International Trip	1,057,697	Condoned
Total amount condoned by Council	<u>1,057,697</u>	

35. UNAUTHORIZED EXPENDITURE

	2009	2008
Reconciliation of unauthorized expenditure		
Opening Balance	-	-
Unauthorized expenditure - Current year	11,761,691	-
Approved by Council	(11,761,691)	-
Transfer to Recoveries / debtors	-	-
Closing Balance	<u>-</u>	<u>-</u>

Details of unauthorized expenditure

Activity / Incident	Amount R's	Status
Water Borne Disease (Cholera outbreak) Ehlanzeni District	10,204,938	Condoned
Corporate Launch	1,556,753	Condoned
Total amount condoned by Council	<u>11,761,691</u>	

36. FINANCIAL RISK MANAGEMENT

INTEREST RATE RISK

Ehlanzeni District Municipality is not exposed to any interest rate risks on its financial liabilities. As at the end of the financial year (30 June 2009), Ehlanzeni District Municipality only had one interest bearing loan amounting to R 40 000 000 as reflected on APPENDIX A. Similarly, with Financial Assets, Ehlanzeni District Municipality invests its surplus funds / cash not immediately required in a fixed interest rate deposit with the A+ rated banks for fixed terms not exceeding one year.

LIQUIDITY RISKS

Ehlanzeni District Municipality manages its liquidity risks by effectively managing its working capital, capital expenditure, external borrowings (which has been kept at minimum for the past seven year at R 40 000 000) as well as the cash flows. Standby Credit facilities in the form of an of a R 20 000 000 bank overdraft facility is currently being negotiated with the main banker which will ultimately be



Annual Financial Statement

Notes to the Annual Financial Statements for the Year Ended 30 June 2009

tabled to Council for final approval. The overdraft facility will cater for unexpected temporary shortfall in operating funds.

CREDIT RISK

Ehlanzeni District Municipality manages its Credit Risk in its borrowing and investing activities by dealing with the A+ rated financial institutions, and by spreading its exposure over a wide range of financial institutions in accordance with the Approved Cash and Investment Policy as was approved by Council.

CURRENCY RISKS

Ehlanzeni District Municipality is not exposed to any Currency Risks as all transactions are undertaken in Rands, i.e. the local Currency. The municipality was not a party to any foreign exchange contracts at the reporting dates.

37. EVENTS AFTER REPORTING DATE

DBSA LOAN – R 227 000 000

Ehlanzeni District Municipality obtained financing to the value of R 227 000 000 for financing its New Office Complex and to finance part of the 2009/10 capital expenditure programmes (including targeted infrastructure projects to the value of R 22 000 000 in identified rural areas). The loan agreements between Ehlanzeni District Municipality and the Development Bank of Southern Africa were signed on the 8th of September 2009.

38. RELATED PARTIES

KEY MANAGEMENT PERSONNEL - REMUNERATION

See note 19 and 20 for the remuneration of key management personnel and Council.



Appendix

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

	Balance at 1-Jul-08	Received during period	Redeemed/ Written off during the Period	Balance At 30-Jun-09	Carrying Value of Property Plant and Equipment	Other costs in accordance With MFMA
ANNUITY LOANS						
*INCA	40,000,000	-	-	40,000,000	19,455,434	-
	<u>40,000,000</u>	<u>-</u>	<u>-</u>	<u>40,000,000</u>	<u>19,455,434</u>	<u>-</u>

*The loan will be redeemed on the 31 December 2011



Appendix

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	COST					ACCUMULATED DEPRECIATION						
	Opening Balance	Transfers in & out	*Revaluation Additions	Disposals	Closing Balance	Opening Balance	Transfers in & out	Current Depreciation	Additions	Disposal	Closing Balance	Carrying Amount
Community Assets												
LAND	-					-						
BUILDINGS	15,597,271	-	-	-	15,597,271	(519,389)		(519,389)	-	-	(1,038,778)	14,558,493
WATER												
Subtotal	15,597,271	-	-	-	15,597,271	(519,389)		(519,389)	-	-	(1,038,778)	14,558,493
Other Assets												
Furniture	1,805,515		58,330	-22,958	1,840,887	(1,569,763)	-	(28,818)	-	22,100	(1,576,481)	264,406
Office equipment	4,762,529	78,711	1,836,840	-31,423	6,646,656	(3,353,313)	-	(1,053,120)	-	7,278	(4,399,155)	2,247,501
Bins and Containers	12,359		8,289	-	20,648	(5,148)	-	(2,512)	-	-	(7,660)	12,988
Motor vehicles	3,664,475		358,576	-1,281,284	2,742,797	(1,858,301)	-	(475,989)	-	1,281,255	(1,053,035)	1,689,762
Plant and equipment	923,254		16,608	-	938,862	(86,881)	-	(178,898)	-	-	(265,779)	673,083
Other	9,201	-	-	-	9,201	-	-	-	-	-	-	9,201
Subtotal	11,177,333	78,711	2,278,643	1,335,665	12,199,051	(6,873,406)	-	(1,739,337)	-	1,310,633	(7,302,110)	4,896,941
TOTAL	26,774,604	78,711	2,278,643	1,335,665	27,796,322	(7,392,795)	-	(2,258,726)	-	1,310,633	(8,340,888)	19,455,434

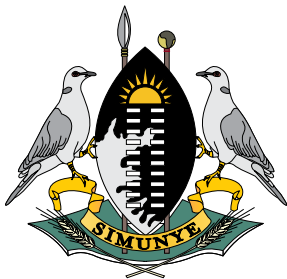


Appendix

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

	COST					ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Transfers in and Out	Disposal	Additions	Closing Balance	Opening Balance	Transfers in and out	Current	Disposal	Closing Balance	Carrying Value
Executive mayor	647,671	-5,442	-883	94,175	735,521	(403,310)	3,421	(107,459)	883	(506,645)	228,876
Corporate Services	19,741,611	-58,093	-1,290,464	620,031	19,013,086	(2,896,603)	59,145	(1,030,210)	1,284,580	(2,583,088)	16,429,997
Speaker	126,806	-15,643	-	125,530	236,693	(78,277)	14,143	(52,162)	-	(116,296)	120,396
Mayoral committee	94,189	4,827	-	30,633	129,648	(70,692)	3,817	(19,417)	-	(86,292)	43,356
Municipal manager	517,880	4,070	-20,165	675,219	1,177,005	(328,677)	3,438	(225,150)	-	(545,061)	631,943
Finance	3,087,010	188,510	-20,918	294,951	3,549,553	(2,652,303)	(180,284)	(233,989)	20,109	(3,046,468)	503,084
Municipal works	468,773	-8,651	-	154,537	614,659	(402,584)	7,850	(74,102)	-	(468,836)	145,823
Community services	1,856,476	-75,749	-3,206	148,365	1,925,886	(382,709)	52,047	(437,125)	(266)	(768,052)	1,157,834
LED & Tourism	147,728	68,467	-	60,102	276,297	(122,461)	16,170	(53,264)	-	(159,556)	116,742
Transversal Issues	48,328	-7,212	-	50,057	91,172	(26,927)	5,882	(18,201)	-	(39,246)	51,926
Chief Whip	38,132	-16,373	-	25,045	46,804	(28,252)	14,550	(7,647)	-	(21,348)	25,457
TOTAL	26,774,604	78,711	-1,335,636	2,278,645	27,796,322	(7,392,795)	179	(2,258,726)	1,310,633	8,340,888	19,455,434



Appendix

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income	2008 Actual Expenditure	2008 Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ Deficit (-)
135,104,289	101,038,344	34,065,945	GENERAL SERVICES	165,572,358	165,634,345	(61,987)
135,104,289	101,038,344	34,065,945	COMMUNITY SERVICES	165,572,358	165,634,345	(61,987)
	4,756,400	-4,756,400	Executive Mayor		12,582,543	-12,582,543
	2,278,821	-2,278,821	Speaker		4,055,610	-4,055,610
	3,886,624	-3,886,624	Mayoral Committee		3,860,536	-3,860,536
	7,797,886	-7,797,886	Municipal Manager		6,999,054	-6,999,054
135,104,289	25,528,010	109,576,279	Finance	165,572,358	55,834,857	109,737,501
	10,727,421	-10,727,421	Corporate Services		17,731,848	-17,731,848
	5,100,073	-5,100,073	Technical Services		5,792,957	-5,792,957
	7,516,653	-7,516,653	Community Services		23,776,304	-23,776,304
	25,847,986	-25,847,986	Council General Expenses		22,057,557	-22,057,557
	514,871	-514,871	Internal Audit		876,088	-876,088
	4,074,153	-4,074,153	Transversal Issues		7,706,710	-7,706,710
	2,438,194	-2,438,194	LED & Tourism		3,873,208	-3,873,208
	271,252	-271,252	Chief Whip		487,072	-487,072
132,804,320	101,038,344	34,065,945	TOTAL	165,572,358	165,634,345	(61,987)
			Gains / Losses on Sale of Assets	430,849	-	430,849
				166,003,207	165,634,345	368,862

Appendix

APPENDIX E (1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	ACTUAL 2008/2009 Surplus/ (Deficit) R	BUDGET 2008/2009 Surplus/ (Deficit) R	2009 Variance (R)	2009 Variance (%)
REVENUE				
Bad debts recovered – RSC Levies	671,122	-	671,122	100%
Government Grants and Subsidies	145,191,505	135,543,793	9,647,712	7%
Interest earned - External investments	18,346,113	9,000,000	9,346,113	51%
Other Income	691,705	140,000	551,705	80%
Dividend Received	56,163	-	56,163	100%
Rent Facilities and Equipment	615,750	480,000	135,750	22%
TOTAL REVENUE	165,572,358	145,163,793	20,408,565	12%
EXPENDITURE				
Employee related costs	46,860,442	46,806,952	53,490	0,001%
Remuneration of Councilors	6,742,824	8,106,926	1,364,102	-20%
Depreciation	2,258,726	2,258,726	-	-
Repairs and maintenance	535,871	839,000	303,129	-57%
Finance Charges	5,868,000	5,868,000	-	-
General expenses – other	101,168,311	88,,510,900	-12,657,411	13%
Contracted Services	367,869	590,000	-222,131	-60%
Bad debts	701,714	-	701,714	100%
Audit fees	1,130,588	900,000	-230,588	20.62%
TOTAL EXPENDITURE	165,634,345	145,163,778	20,470,567	11%
Net Surplus/(Deficit) for the year	(61,987)			
Gain / (loss) on sale of Assets	430,849			
Net surplus/(Deficit) for the year	368,862			

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009



Appendix

APPENDIX E (2)

	2009 Actual R	2009 under Construction R	2009 Total Additions R	Budget Additions R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 5% versus budget
Community Assets							
BUILDING							
LAND							
WATER							
Other Assets							
Office Furniture	58,330	-	58,330	70,000	11,670	-16.67%	Spent less than budgeted
Office equipment	1,836,840	-	1,836,840	2,100,000	263,160	-12.53%	Spent less than budgeted
Motor vehicles	358,576	-	358,576	400,000	41,424	-10.36%	Spent less than budgeted
Other	24,898	-	24,898	30,000	5,102	-17%	Spent less than budgeted
Total	2,278,644	-	2,278,644	2,600,000	321,356	12.36%	

Appendix

APPENDIX F

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

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed/withheld				
		July	Sept	Dec	March	June	Jul	Sept	Dec	March	June	July	Sept	Dec	March	June
Dwaf Drought Relief																
Dwaf																
EDM Finance Management	Treas/FNT	500,000							636,669	1,117,768	1,101,326					
EDM Pims																
Nsikazi Sport Field	National															
Local Government Dept. Roads and Transp	MP Local															
Nkomazi Lc Co-Funding	-															
Umjindi Lc Co-Funding	-															
Sanitation Pilot Projects																
CBPWP Rapid Delivery Projects																
Municipal Systems Improvement Grant MSIG	National	735,000							385,335	158,200	335,000					
Dept of Local Government and Housing	MP Local															
Municipal Infrastructure Grant MIG	National			2,305,000			480,156	2,091,186	4,490,332	5,721,985	3,392,818					
National and Provincial Events	-															
Seta	LGSeta															
TOTAL		1,235,000	-	2,305,000			480,156	2,091,186	5,512,336	6,997,953	4,829,144					