

EMADLANGENI LOCAL MUNICIPALITY

DRAFT 2009/2010 ANNUAL REPORT

CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1 FORWARD BY THE ACTING MAYOR CLLR. B.C. MABASO

Once again, it gives me pleasure to present this report after a difficult year 2009/2010. We experience a high staff turnover in the year under review. There was no Chief Financial Officer or Director Corporate Services for the better part of the year. Both Departments did not have deputies to keep them running. As we were completing the year, we lost our beloved councillor Anna Nene. Council was operating with only six out of seven councillors in view of the fact that councillor M.E. Khoza was ordered by the High Court to remain suspended until his appeal is being heard by the High Court. This case is still to be resolved.

In spite of all the difficulties, we were able to appoint the Chief Financial Officer and the Director Corporate Services. We prepared and submitted an audit plan to deal with the audit queries and the management committee dealt with the issues on monthly basis. Two progress reports were produced and submitted to the Department of Cooperative Governance and Traditional Affairs, Provincial Treasury and the Auditor General. This was an improvement when we compare it with the previous performance of the Municipality on the response to the audit queries.

The Municipality had set the following key performance areas for the year under review;

- a) Service delivery which includes the building control, cemetery, electricity, and waste removal and management.
- b) Municipal institutional transformation which deals with human resource, employment equity, legal services, Batho Pele and policies
- c) Local Economic Development in which we included the Game Farm, skill development, investments, employment and youth development.
- d) Municipal financial management includes the asset and liability management, the SDBIP, budget performance, financial statements and financial management.

- e) Demographic issue includes the service delivery, communication strategy, public safety, IDP, customer satisfaction, annual report and public participation.

We had set objectives to deal with our performance target as follows:

- To implement the road projects provided on the capital budget within the budget allocated and within the financial year;
- To provide and maintain proper road signs and markings as per relevant legislation;
- To ensure that each department has the necessary staff available with the required skills;
- To ensure that all agendas are distributed timeously as per Council's standing rules of orders;
- To create local tourism facilities and amenities;
- To develop local suppliers;
- To compile an updated register of all Council assets;
- Cash Management and investments;
- To keep personnel costs within reasonable limits;
- To effectively collect revenue;
- To send out timeously consumer accounts;
- To assist the community even during lunch times;
- Preparation of the IDP within the prescribed legal guidelines; and
- To facilitate public participation in all council activities.

Each municipal department was assigned with the objectives to perform and they were assessed with their progress on quarterly basis. These performances were supposed to be reported at the end of January to Council but the challenge was that the performance agreements of the heads of the various departments including the Municipal Manager was concluded at the end of the financial year because there were governance challenges in the Municipality.

The challenges faced by the Municipality are being sorted out and we are looking at a better term from now on. In the same spirit I wish to thank all councillors of the Municipality and the administration for their dedication to the work of our community of Emadlangeni in particular and the nation in general.

I thank you

CLLR. B.C. MABASO
ACTING MAYOR

1.2 OVERVIEW OF THE MUNICIPALITY

Background:

Emadlangeni Local Municipality had its name change from Utrecht Local Municipality to Emadlangeni Local Municipality in August 2006. The word "Emadlangeni" comes from a historical background of the area which was swamped by vultures that were eating carcasses of livestock that died in numbers in the area because of draught. Amadlanga is a Zulu name that means vultures. The Municipality is situated in the northern KwaZulu Natal at the border of Free State and Mpumalanga Provinces at the north east and north respectively. It is bordered by eDumbe Local Municipality, Abaqulusi Local Municipality, Endumeni Local Municipality, Dannhauser Local Municipality and Newcastle Local Municipality at the north east, east, and south, south west and west respectively. It is coded KZN 253 by the demarcation board.

Demographic Profile:

The Municipality has three (3) satellite towns, namely Groenvlei, Bloodriver and Kingsley. These areas are North West, east and south east of Utrecht town of Emadlangeni Local Municipality. The terrain of our Municipality is mountainous and communication is a great challenge because there are very few communication networks. Radio and television is difficult to use because the reception thereof is very bad. Cellular telephones do not work in certain areas because of the non-existence of the network. The Municipality covers three thousand five hundred and thirty four come seven one (3534.71km²) square kilometres of the six thousand nine hundred and ten (6910km²) square kilometres of Amajuba District Municipality which is 51.15%. We have a population of about thirty two thousand two hundred and seventy seven (32 377) people in terms of the National Census 2001 statistics. Twenty nine thousand two hundred and sixty five (29 265) people are Africans, two thousand three hundred and thirty eight (2 338) people are White; six hundred and two (602) people are Coloureds while seventy two (72) people are Indians. The majority of our population is young people in the ages of 15 - 34. The baseline study conducted by Amajuba District Municipality in 2005 indicated a population of thirty five thousand nine hundred and sixty two (35 962) people. This study came up with a different scenario regarding the majority of people in our area as older people in the ages 35 - 64.

Service Delivery:

Emadlangeni Local Municipality occupies the largest area in the District of Amajuba but it is predominantly the deep rural area with no infrastructure developments. The town (Utrecht), which has a good infrastructure developed over the years, occupies a tiny area. There are five land reform areas identified, all of which still need infrastructure. The following are the land reform areas;

- Amantungwa 600 families;
- Inkululeko Yomphakathi 104 families;

- Kingsley/Community Trust 300 families;
- Kwa Nzima 285 families;
- Mabaso 290 families;
- Shabalala 300 families.

Water Supply:

This is the function of Amajuba District Municipality who are the service authority. They had appointed UThukela Water (Pty) Ltd as the water service provider. There is a pressing need to provide clean water. There a large dam with our Municipal area, ZaaihoeK Dam, which supplies raw water to Amajuba Power Station at Seme Municipality in Mpumalanga area. The water supply backlog is 58% calculated from the community stand over 200 metres. The study conducted by the District Municipality of Amajuba in 2005 has indicated that water supply backlog has increased from 58% to 71%. This is as a result of the new land reform projects. (See the table below)

Households	2001	1996
Dwellings	1309	1049
Inside Yard	638	319
Community Stand	617	117
Community Stand over 200m	537	-
Boreholes	706	329
Spring	419	1555
Rain Tank	80	46
Dam/Pool/Stagnant water	389	-
River/Stream	1271	-
Water vendor	97	-
Other	124	50
% backlog	58.53%	57.09%

The results of the representative sample generated through Amajuba Baseline Data Study the following emerged;

Standards	Number of households	% distribution
Below basic level of services (backlog)	4287	75.7%
Basic level of service	413	7.3%
Above basic level of service	963	17.0%
Total	5663	100%

Sanitation:

This function falls within the District of Amajuba who is the service authority. In terms of the 2001 census statistics, our Municipality had a backlog for sanitation of 38.40% as indicated in the table below;

Households	2001	1996
Flush Toilets	1124	1160

Flush septic tank	572	-
Chemical toilet	103	-
VIP	275	-
Pit latrine	1755	679
Bucket latrine	33	36
None	2324	1594
% of backlog	38.40%	45.96%

The results of the representative sample generated through Amajuba Baseline Data Study the following emerged;

Standards	Number of households	% distribution
Below basic level of service (backlog)	4060	15.1%
Basic level of service	4060	71.1%
Above basic level of service	748	13.2%

The study illustrated a decrease on the sanitation baseline from 66.5% to 15%. There is still a need to install and provide waterborne sanitation and to upgrade the oxidation pond system.

Roads:

There is a need to have the following roads tarred; the road from Utrecht town to Groenvlei, a road from Utrecht through Kempslust to Vryheid and the road to Paulpietersburg. This development could allow trucks that transport timber from Mondi plants to Vryheid or Newcastle easier and it will contribute to the economic boost for the area. A study conducted by the District of Amajuba Municipality states that seventy five (75%) percent of the households have a basic level of road service and that only ten (10%) percent of the households travel about five (5 km) kilometre or more to the main road. This is illustrated in the table herein below;

Standards	Number of households	% distribution
Below basic level of service (backlog)	572	10.1%
Basic level of service	3998	70.6%
Above basic level of service	1093	19.3%
Total	5663	100%

Land Reform:

The programme of land reform is to ensure that a least thirty (30%) percent of all agricultural land is transferred over a period of fifteen (15) years. Land reform is implemented through three (3) programmes;

- and restitution which involves returning land otherwise compensating victims lost since 19 June 1913 because of racial discriminating laws;

- and redistribution makes it possible for the poor and disadvantage people to buy land with the help of a settlement/acquisition grant by Government; and L
- and Tenure Reform is the most complex area of land reform. It aims to bring together all people occupying the land under legally validated system of land holding. It provides alternatives for people who are displaced in the process. L

The District Municipality of Amajuba has embarked on a Land Reform Sector Plan and the following tables indicate the information contained thereon;

- (i) and Redistribution: L

Emadlangeni Local Municipality has the largest number of land reform projects taking place with the Municipality as a result a large portion of land is being transferred to rural communities.

Project Name	Beneficiaries	Area (Ha)
Menziwa	28	462
Amantungwa	600	5400
Mgundeni	290	1435
Ndlamlenze	285	3351
Thekwane	267	1382
Inkululeko Yomphakathi	104	974
Shabalala	300	1300
Nzima	285	3300
Kingsley	300	6000

- (ii) and Tenants Projects: L

A large number of projects have been registered by people living on individual farms which will have an impact on the provision of the infrastructure and social services. The following projects were identified as being in the development process as early as 2003 by Korsman & Van Wyk.

Project Name	Beneficiaries	Area (Ha)
Boschoek	90	313
Uitkoms	50	1223
Zandspruit	22	330
Rondavel eSenzangani	20	280
Rondavel Zondo	31	140
Rondavel van Niekerk	7	19
Geluk	9	50
Leeuw	23	510
Esmere	22	271

- (iii) estitution Projects: R

Korsman & Van Wyk had identified a total of thirty nine (39) restitution claim in 2003 for our area of jurisdiction. The project has not yielded results as we do not have much information on it. At least three claims were validated although one of them has been indicated as non-compliant while the other is under investigation.

Housing:

Census 2001 indicated that there were more households living in the informal and traditional houses in the rural areas as indicated in the table below;

Households	2001	1996
Formal	2836	1392
Informal	184	40
Traditional	2981	1908
Other	186	9
% of housing backlog	54.16%	58.43%

Amajuba District Baseline Data Study has different results as follows:

Households	2001	1996
Below basic level of service	4671	82.5%
Basic level of service	20	0.4%
Above basic level of service	972	17.1%
Total	5663	100%

The backlog in our Municipality has increased from 54.16% in 2001 to 82.5% in 2005. This figure could be different in the year under review. The majority of farm workers still live in mud houses. Formal houses are in the urban areas and the housing scheme is being earmarked for the same area, the urban area. The reason for this is the land reform scheme of the rural areas. There is a massive waiting list for houses in the Municipality. The Municipality had completed two low cost housing projects and two other low cost housing projects are planned;

- 50 unites at Goedehoop which was completed in (2000) 1
- 8 units in the Agri-village which was completed in (2006) 7
- 1 units planned in Khayaletu (31 new sites and 60 old mine houses) 9
- 30 units in Goedehoop extension 2. 3

Telephone:

A total of one thousand six hundred and thirty two (1632) households in the rural areas have no access to telephone at all. The majority of these households are at Inkosi Nzima's area. There is also no television or radio frequency in these areas. The service providers of cellular

telephones have started to build some of the network stations. SABC has not come to the party as yet. The following table illustrate our situation.

Households	2001	1996
Telephone and cellular phone in the dwellings	534	-
Telephone only in the dwellings	401	665
Cellular telephone	993	-
Neighbour	517	181
Public telephone	910	369
Other - nearby	520	188
Other - not nearby	679	470
No access	1632	1485
Total percentage of the households without access to telephone at all.	26.38%	14.22%

Electricity:

According to Census 2001 up to a total of 4 043 (65.35%) households are still using candles as a source of energy and lighting. A total of 1 801 (29.11%) people has electricity. The average people using candles had increased from 51.48% to 65.35%. Electricity and paraffin users have decreased from 32.35% to 29.11% and 15.48% to 4.23% respectively. There were no households using solar system in 1996 and in 2001 there were 12. There shall be changes in the figures of solar system users in the area in the coming Census statistics. The figures for electricity users shall change drastically in the next Census statistics because Eskom had reticulated the area of Inkosi Khumalo in 2007 and 2008 at Emxhakeni and Berouw respectively. The table below indicated the statistics.

Households	2001	1996
Electricity	1801	1122
Gas	30	10
Paraffin	262	537
Candles	4043	1788
Solar	12	-
Other	38	-

The results of Amajuba Baseline Data Study gave a different picture as follows;

Standard	Number of households	% distribution
Below basic level of service	4074	71.9%
Basic level of service	834	14.8%
Below basic level of service	755	13.3%
Total	5663	100%

Refuse Removal:

There has been no change in the previous report regarding refuse removal 1265 (20.44%) households do not have access to refuse removal service at all. 3 576 (57.79%) have their own dumping site. Only 1 171 (19%) households receives refuse removal service from the Municipality on a regular basis. The table below illustrate the point.

Households	2001	1996
Municipal weekly	1054	736
Municipal other	117	38
Communal dump	175	127
Own dump	3576	1584
No disposal	1265	954
% backlog	20.44%	27.47%

There is a shortage of vehicle to remove refuse in other traditional areas of the Municipality. A new vehicle was purchased to remove refuse within the urban area. The Municipality is still looking at the innovative ways of removing refuse like at the Kruger National Park because our town is within the Game Park.

Community Facilities:

Cemeteries; a new cemetery has been identified in Ward 2 and the registration is awaited. All the processes regarding the establishment and registration of the cemetery has been done. A District cemetery establishment has commenced. Window areas have been identified and prioritized. Six (6) window areas have been identified through the Municipal's integrated development plan representative forum (IDPRF) with Amakhosi of the area. This is due to the sprawling nature in which people have settled in farms and Land Reform areas to avoid extra transportation cost of the corpse. The District cemetery will assist the communities in farms.

Sports and Recreation Facilities; there is great difference between the sports facilities and community halls in whole Municipal area. The urban area enjoys a fair distribution of sports facilities and community halls. The District Municipality received funds from the Department of Sports and Recreation in the sum of one point three million (R1, 3m) rand to construct the sports field. The Municipality had identified Bendsdorp as the area to construct the sports field, because the area is densely populated. The sports field has been constructed and finished.

Social profile:

Education and Training; the level of literacy in our Municipality is high with up to 25% of the population who are over 20 year having not attended school. 11% of the population has completed Grade 12 and 4% has attended higher education in terms of the 2001 Census statistics. These figures have changed over time although there are no official figures. The table below indicate the trend in 2001.

Persons	2001	1996
No schooling	4500	3211

Some primary schooling	5225	3630
Completed Primary schooling	1238	894
Secondary schooling	4120	2407
Grade 12	1976	906
Higher Education	792	279

In terms of Amajuba Baseline Data Study, the illiteracy level has decreased from 25% of the population to 10% in 2005. See the table below.

Level	%
None/basic	9.5
Primary (at least grade 5)	53.7
Secondary (at least grade 12)	36.5
Tertiary (degree/certificate/diploma)	0.3
Total	100

There are forty nine (49) schools in our Municipal area. Nineteen (19) of them offer education up to Grade 7 (standard 5). The key issues in terms of the integrated development plan, additional classrooms are needed in all schools. There is a need for cottages for educators to avoid long distance travelling of educators to and from schools. The infrastructure of schools should be upgraded. Schools need water, sanitation and electricity in the rural areas. There is a need for the pre-school facilities and an upgrade of schools to off Grade 12 (matric) in rural areas. A lot of households are sending their children to relatives, friends and acquaintances for the sake of getting high school education. This disintegrates family life and subject female children to unwanted pregnancies and exposes them to drugs and the scourge of HIV/AIDS pandemic.

Health and HIV/AIDS; there is only one (1) hospital that services the whole of Emadlangeni Municipal area. The next hospital is in Madadeni and Newcastle which is forty nine (49) kilometres and fifty three (53) kilometres away respectively. Access to the hospital is reasonable although the majority of our people walk more than ten (10) kilometres to get to the facility. A new clinic has been built and completed in 2008 at Groenvlei and it is in use. There are thirty five (35) points in the whole area which is being visited by mobile clinic. There is a depot for the ambulances which are dispatched from Newcastle. The response is now improving. HIV/AIDS statistics in the District according to the Department of Health is forty (40%) percent in 2001 and this figure has declines to 38.5% in 2004. These figures are worrying because they affect planning of infrastructure and the households requiring services place a high demand on health care facilities and social services. The key issues for health services in terms of our integrated development plan (IDP) is a need for clinics in the rural areas, the upgrade of health facilities in our area, the relocation of the ambulance service to our Municipal area and the need for evaluation of the locality of mobile clinics.

Social Development; a major social development issue facing Emadlangeni Local Municipality is that pensioners are forced to travel long distances to get their pension pay-outs and social grants. Transport is a major challenge. There is scarcity of public transport to

transport pensioners. In areas, where there is some kind of transport, the transport operates once a day. The access to the pension pay-out points need to be improved for the physically challenged. The following is the list of poverty alleviation projects;

Environmental Profile of the Municipality:

The Municipality is made up of six (6) different bio-resources group;

- Eight (8) moist high sourveld;
- Nine (9) dry highland sourveld;
- Eleven (11) most transitional tall grassveld;
- Twelve (12) moist tall grassveld;
- One (1) dry tall grassveld; and
- Fourteen (14) sandveld

The majority of the area of our Municipality is made up of bio resource level group eight (8) and fourteen (14). There is severe frost in the mountainous area of our Municipality in winter. Forest patches appear on the slopes along with escarpments mainly in cooler and moist areas. Grass grows to approximately 0.5m high.

There are catchment areas of Pongola River, Buffalo River and Blood River as well as Slang River, Bivane River and Dorpspruit River. Water distribution in this area is generally poor, apart from Dorpspruit River, which flows into the Buffalo River. Dorpspruit River is fed by the tributary Wasbankspruit River and Sandspruit River. Boschoffsvlei is a very important wetland which is fed by Dorpspruit and Wasbankspruit rivers. It regulates stream flow and purifying water into Sandspruit and Buffalo River.

Issue	Details
Health	<ul style="list-style-type: none"> • Cholera -outbreak occur, and the provision of portable water, good sanitation and hygiene is required.
Pollution	<ul style="list-style-type: none"> • Poor solid waste is a problem for the town and holiday resorts of the area. • Proper sanitation is lacking for most homes within the Municipality; • High water tables that are easily contaminated occur; • Commercial agricultural pollution from fertilizers and pesticides is present, and will be a growing threat with the spread of commercial agriculture.
Hazards	<ul style="list-style-type: none"> • Potential for flooding occurs in low lying areas; • Uncontrolled settlements along roads are a growing hazard, for pedestrians, livestock and motorists.
Aesthetic	<ul style="list-style-type: none"> • Extensive areas of commercial agriculture have a negative impact on visual qualities and ecosystem; • Poor appearance of town from uncontrolled and poor development and litter create a depressing image; • There is a need to broaden, coordinate and extend environmental education in the area.
Resource	<ul style="list-style-type: none"> • The spread of intensive forms of commercial agriculture is

conservation issues	<p>threat, including small scale timber planting;</p> <ul style="list-style-type: none"> • Soil erosion and the loss of topsoil occur on steeper land in traditional authority areas; • Alien plant invasion, for example by <i>Chromolaena odorata</i>, is a widespread problem; • There is typically overstocking and overgrazing in traditional local authority areas.
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Spatial analysis:

The Municipality is comprised of two areas namely the urban and the rural areas. The urban area is the erstwhile Utrecht Transitional Local Municipality which is the town of Utrecht, Bendsdorp and White City. Utrecht town is fifty two (52) kilometres away from Newcastle and sixty five (65) kilometres away from Vryheid on R34 Provincial road leading from Gauteng to Richards Bay in the North Coast. The Municipal area of Emadlangeni Local Municipality is about three thousand five hundred and thirty eight (3538) square kilometres. The Utrecht Transitional Local Municipality was under UMzinyathi Regional Council before 2001 and when the Regional Councils were disbanded, Utrecht TLC became Utrecht Local Municipality. The Municipality was now under the new District Municipality known as Amajuba District Municipality. Utrecht Municipality changed the name to Emadlangeni Local Municipality in 2006 and the new name was gazetted and promulgated on the 31 August 2006 per Government Gazette No 1480 dated 31 August 2006. Amajuba District Municipality is linked by the national road N11 from Gauteng to Durban. The brief status quo of our Municipality is illustrated per the table herein under.

Settlement Hierarchy	Area
Town	Utrecht (urban)
Service Hub or Secondary node	Groenvlei
Service Satellite	Amantungwa Trust and Kingsley
Service sub-satellite	Nzima, Mabaso and Blue Mountain
Other settlements	Portion 9 (of 6) of the farm Groothoek Number 152 has been identified as a node for development.

Institutional Analysis:

There are seven councillors that constitute Emadlangeni Local Municipal Council. The Municipality is a plenary with ward committees. One (1) councillor was suspended and the other has passed on. There are five (5) remaining active councillors of the Municipality. There are three portfolio committees appointed by Council. These committees are aligning to the functions of various departments of the Municipality;

- Budget & Treasury Portfolio Committee : Chief Financial Officer
- Corporate Services Portfolio Committee : Director: Corporate Services

- Technical Portfolio Committee : Director: Technical Services

There are other forums/committees that are operational in the Municipality and those committees/forums are the following;

- Local Labour Forum;
- Integrated Development Plan Representative Forum;
- Housing Forum/Committee;
- Oversight Committee;
- Budget Committee.

A revised organisational structure has been adopted by Council. A revised selection, recruitment and appointment policy that seeks to address the imbalances in the employment profile of the Municipality has been adopted by Council. There are ninety seven (97) employees in the Municipality. Council has approved five (5) departments in the Municipality but currently there are four (4) departments and they are the following;

- Office of the Municipal Manager;
- Corporate Services;
- Technical Services and
- Budget and Treasury Office.

The new additional department shall be the Community Services Department.

The functions of these Departments are the following;

Department	Functions
Office of the Municipal Manager	Municipal Management Municipal Planning and Performance Management Municipal Finance Management.
Corporate Services	Administration: it is responsible for child care facilities; billboards and display of advertisements in public places; licensing of dogs; licensing and control of undertakings that sell liquor to the public; facilities of accommodation; municipal administration; security and cleaning services; libraries; human resource management; legal services; business licenses; information technology communication and council support services. Protection Services: it is responsible for fire fighting services; noise pollution; public places; street trading; traffic and parking; disaster management; control of public nuisances; municipal public transport; public safety; motor licensing; roadworthy testing; and municipal policing.
Budget and Treasury Office.	Income: it is responsible for Revenue Management; debt management and internal controls. Expenditure: it is responsible for expenditure management; procurement; materials; insurance; internal controls and properties management.
Technical	Community Services: it is responsible for building regulations, local

Services	<p>tourism, planning and land use management; promotion of local economic development and facilitation of housing development; refuse removal; refuse dump site and solid waste management.</p> <p>Electricity: it is responsible for electricity and gas reticulation and street lighting.</p> <p>Civil services: it is responsible for air pollution; municipal airports; municipal public works; storm water management; cemeteries; funeral parlours and crematoria; cleansing; fence and fences; burial of animals; local sports facilities; markets; municipal abattoirs; municipal parks and recreation; municipal roads</p>
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The functions of protection services division and the community services in the Corporate and Technical Services Department shall move to a new Community Services Department established by Council in June 2010.

Community Development Workers:

There were initially three (3) community development workers appointed by the then Department of Local Government and Traditional Affairs for our Municipality. Two of whom passed on and one (1) is now left. The aim of this project is to bring the government services closer to the people. This aim has limitations under the circumstances in our Municipal area because of the vastness of the area and the limited resources available to this project. The primary role of the community development workers (CDW) is the following;

- Detail analysis and ongoing update of the profile of the community;
- Facilitate local area planning at ward level;
- Linking communities with external institutions to access services and resources;
- Assist the communities in translating their plans into concrete actions;
- Working with both the service providers and the communities.

Ward Communities:

The Municipality was established in terms of Section 12 of Local Government: Municipal Structures Act, 117 of 1998 as amended as a plenary type of Municipality. Council took a decision in terms of Council Resolution No. A124/2005 to have a Ward Committee Participatory Municipality which resolution was affected and the MEC for Local Government and Traditional Affairs approved the application thereof. All Ward Committees were elected and launched on the 14 April 2007 and are working very well. The term of office is similar to councillors of Emadlangeni Local Municipal Council.

Key issues:

The key issues identified by the community of Emadlangeni Local Municipality to be addressed by the integrated development plan are the following and have not been reviewed as yet;

1. Inadequate living conditions of farm workers in terms of tenure security, the need for land access to basic physical and social infrastructure;
2. The development of economic through the stimulation of the tourism sector, training , funding and the development of marketing opportunities;
3. Lack of funding and vigorous awareness on the HIV/AIDS through the local CBOs dealing with pandemic;
4. The stimulation of agriculture and SMME sector through training funding and the creation of development opportunities;
5. The lack of social services and infrastructure in the area especially in the satellites or sub satellites together with the associated basic infrastructure such as water and sanitation;
6. Linking Highveld region economically and socially with the town through integrated transport system and road network;
7. The social and physical; impact of the lack of sound communication and communication systems such as telephone, radio and television;
8. The upgrading and provisions of infrastructure according to the needs created by the newly developed spatial strategy; and
9. The institutional and financial restructuring of the local municipality.

1.3 EXECUTIVE SUMMARY

The vision and mission of our Municipality as revised by Council stands as follows;

VISION

“Emadlangeni Local Municipality providing social and economic upliftment to all its communities”

MISSION

“We will focus on tourism development, game farming, agriculture, local economic development, job creation and skills development.”

Powers, function and duties of the Municipality:

In terms of Section 156 (1)(a), Chapter 7 of the Constitution of the Republic of South Africa, 1996 read with Section 83 (1), Chapter 5 of the Local Government: Municipal Structures Act (No. 117 of 1998), the Municipality has the following powers, functions and duties;

Schedule 4B of the Constitution of the Republic of South Africa, 1996.

1. Air pollution;
2. Building regulations;
3. Child care facilities;
4. Electricity reticulation;
5. Fire fighting;
6. Local tourism;
7. Municipal planning;
8. Municipal public transport;
9. Pontoons and ferries;
10. Storm water;
11. Trading regulations.

Schedule 5B of the Constitution of the Republic of South Africa, 1996

1. Amusement facilities;
2. Billboards and the display of advertisement in public places;
3. Cemeteries, funeral parlours and crematoria;
4. Cleansing;
5. Control of public nuisance;
6. Control of undertakings that sell liquor to the public;
7. Facilities for the accommodation, care and burial of animals;
8. Fencing and fences;
9. Licensing of dogs;
10. Licensing and control of undertakings that sell food to the public;
11. Local amenities and local sports facilities;
12. Markets;
13. Municipal abattoirs;
14. Municipal parks and recreation;
15. Municipal roads;
16. Noise pollution;
17. Pounds;
18. Public places;
19. Refuse removal, refuse dumps and solid waste disposal;
20. Street trading;
21. Street lighting;
22. Traffic and parking; and
23. Municipal public works.

Section 229, Chapter 13 of the Constitution of the Republic of South Africa, 1996 further states and deal with fiscal powers and functions of municipalities as follows;

“(1) Subject to subsections (2), (3) and (4), a municipality may impose-

- a) Rates on property and surcharges on fees for services provided by or on behalf of the municipality; and
 - b) If authorised by national legislation, other taxes, levies and duties appropriate to local government or to the category of local government into which that municipality falls, but no municipality may impose income tax, value-added tax, general tax or customs duty.
- (2) The power of a municipality to impose rates on property, surcharges on fees for services provided by or on behalf of the municipality, or other taxes, levies or duties-
- a) May not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and
 - b) May be regulated by national legislation.

- (3) When two municipalities have the same fiscal powers and functions with regard to the same area, an appropriate division of those powers and functions must be made in terms of national legislation. The division may be made only after taking into account at least the following criteria;
- a) The need to comply with sound principles of taxation;
 - b) The powers and functions performed by each municipality;
 - c) The fiscal capacity of each municipality;
 - d) The effectiveness and efficiency of raising taxes, levies and duties;
 - e) Equity.
- (4) Nothing in this section precludes the sharing of revenue raised in terms of this section between municipalities that have fiscal power and functions in the same area.
- (5) National legislation envisaged in this section may be enacted only after organised local government and the Financial and Fiscal Commission have been consulted, and any recommendation of the Commission has been considered."

Mandates

Specific mandates: mandate of Local Government and Municipalities in specific are the following;

- Local Government: Municipal Structures Act, 117 of 1998;
- Local Government: Municipal Systems Act, 32 of 2000;
- Local Government: Municipal Finance Management Act, 56 of 2003;
- Local Government: Municipal Planning and Performance Management Regulation, 2001;
- Local Government: Municipal Property Rates Act, 6 of 2004;
- Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, 2006;
- Local Government: Development Facilitation Act;
- Local Government: Municipal Demarcation Act, 27 of 2008;
- Disaster Management Act, 57 of 2002;
- Intergovernmental Relations Framework Act, 13 of 2005;
- Remuneration of Public Office Bearers Act, 20 of 1998;
- Organised Local Government Act, 52 of 1997;

Supporting mandates: those are mandates that make the mandates to be possible and they are following;

- The Constitution of the Republic of South Africa, 1996;
- White Paper on Transforming Public Service Delivery (Batho Pele), 1997
- White Paper on Service Delivery.

There were challenges in the governance of the Municipality in the period under review in that the office of the Mayor has been contested again in October 2009 when the MEC For

Cooperative Governance in the Province see it fit that election of an Acting Mayor be conducted to address the complaint raised by the ANC caucus in Council that the election of an acting Mayor/Speaker of the Municipality was done irregularly. Council was not sitting since March 2009, except when there is an outside chairperson to assist with the meeting. No performance plan or performance agreements were concluded in the period under review until in the beginning of June 2010 and therefore there

Were no significant performance recorded except the normal day to day work of the Municipality.

Revenue collection continued to pose a problem in view of the fact that the Municipality was running without the Chief Financial Officer for a long time and the acting officials were not taking the responsibility of their work. Bad debts continued to rise from about five million to seven million (R6m – R7m). The staff at the Budget and Treasury Office became demoralised as there were no leader of the Department. The Municipal Manager who was supposed to play that role was running between his office, the office of the Director of Corporate Services and Council because there was a huge turn over. Management Committee played a joint finance committee to work on the audit queries and two reports were generated over the period of a year and were handed over to Cooperative Governance and Traditional Affairs, KwaZulu Natal, Provincial Treasury and the Office of the Auditor General.

The Chief Financial Officer was eventually appointed on the 17 March 2010 and she tried to collect the outstanding debts in terms of electricity bills. There was already a challenge regarding the misappropriation of funds by a staff member who eventually resigned. This was discovered in October 2009 and the assistance of the Department of Cooperative Governance and Traditional Affairs was sought there and then but it took sometime before the matter was addressed properly. Disciplinary measures were taken against the supervisor. A forensic investigation was approved and Manase & Associate was appointed by the Cooperative Governance and Traditional Affairs MEC and introduced to the Municipality on the 12 May 2010. A criminal case was opened at the local SAPS as CAS 42/2/2010. This matter is being followed up by the Municipality because the public has an interest on what is happening on this matter. There was a protest march around this matter on the 17 May 2010.

The challenges around non-payment by our communities are as a result of unemployment and the indigent portfolio of our people. An indigent register was compiling by the Chief Financial Officer of the Municipality for Council to consider their fate. This shall relieve the Municipality from the high bad debt of our debtors. It will also relieve our communities from debt trap and avoid any future “service community strike”

CHAPTER 2: PERFORMANCE HIGHLIGHTS

As has been alluded to earlier on that there were governance issues in the Municipality and therefore there are no significant performances recorded more so that there were no strategic objectives set by the Municipality in the year under review. There was also a high turnover in the period. Key positions were vacant for a long time. There are no records about new houses that were electrified. Water and sanitation are the competency of the District Municipality and there has been no information from the District Municipality on this matter. The collection level of revenue due to the Municipality has been a challenge because there was no Chief Financial Officer appointed to look at that department and the staffs that was doing revenue collection was demoralised.

The financial constraint the Municipality finds itself in, has made it almost impossible to provide a 30Kwh of electricity per household per month to meet the minimum standard of service. This was also occasioned by the complication of the prepaid system the Municipality is offering to the public and residents. Eskom has reticulated electricity at Berouw, Mxhakeni and Vaalbank. Plans are in place to do other areas that does not have electricity.

The free 6KL of clean water is the mandate of the District Municipality who is a service authority. There are challenges regarding this matter in that the communities in the rural area are complaining about the water supply. The Municipality is doing a coordinating role to assist our communities with communication with the service provider, UThukela Water Limited. This is the company appointed by Amajuba District Municipality to provide water to the local municipal areas. Sanitation is also a function given to the District. A water forum has been requested with Amajuba District Municipality and UThukela Water Limited to deal with water and sanitation challenges in our Municipal area.

Refuse removal is only done in the town. There has been no request from our communities in the rural areas of the Municipality for the refuse removal to be done by the Municipality. This does not necessarily imply that the Municipality has the capacity to perform the function but it merely indicate that planning has not been done because there was no pressure from the communities nor Council to perform that function. The challenge that we have is that the Municipal has a dumping site which is reaching its life span. Planning is

underway to look for the new dumping site. The present dumping site will not accommodate the whole Municipal area.

Service Delivery Backlogs:

The following table is a format for providing information, per sector or functional area to address backlogs through infrastructure or the renewal of the infrastructure. The functional area that we are not performing shall not form part of this table. The information shall be of assistance to the residents and other users of the annual report to determine among other things the extent of service delivery challenges facing the Municipality and how it has performed in addressing those challenges;

Service Delivery Backlogs	30 June 2008			30 June 2009			30 June 2010			
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual	
Water backlogs (6kl) per month										
Backlog to be eliminated (No. of households not receiving minimum standard of service)	Resp. of the District	Resp. of the district	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District
Backlog to be eliminated (percentage -HH identified as backlogs/total HH in the Municipality)										
Spending on new infrastructure to eliminate backlog (Rand 000)										
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000).										
Total spending to eliminate backlogs (Rand 000)										
Spending on maintenance to ensure no new backlog created (Rand 000)										
Sanitation Backlogs										

Backlog to be eliminated (No. of households not receiving minimum standard of service)	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District
Backlog to be eliminated (percentage -HH identified as backlogs/total HH in the Municipality)										
Spending on new infrastructure to eliminate backlog (Rand 000)										
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000).										
Total spending to eliminate backlogs (Rand 000)										
Spending on maintenance to ensure no new backlog created (Rand 000)										
Refuse Removal Backlogs										
Backlog to be eliminated (No. of households not receiving minimum standard of service)	R6, 325 (1265 households) (20.44%)	Nil	Nil	R7, 325 (1265 households) (20.44%)	Nil	Nil	R8, 325 (1265 households) (20.44%)	Nil	Nil	Nil
Backlog to be eliminated (percentage -HH identified as backlogs/total HH in the Municipality)										
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000).										
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000).										
Spending on maintenance to ensure no new backlog created (Rand 000)										
Total spending to eliminate backlogs (Rand 000)										
Electricity Backlog (30KWH) per Household per Month										
Backlog to be eliminated (No. of households not receiving minimum standard of service)	R69,258	Nil	Nil	R74,795	R6,465 ESKOM	R6,465 ESKOM	R80,782	R3,163 ESKOM	R3,163 ESKOM	R3,163 ESKOM
Backlog to be eliminated (percentage -HH identified as backlogs/total HH in the Municipality)										
Spending on renewal of existing infrastructure to eliminate backlog (Rand										
Spending on renewal of existing infrastructure										

to eliminate backlog (Rand 000).									
Spending on maintenance to ensure no new backlog created (Rand 000)									
Total spending to eliminate backlogs (Rand 000)									
Roads Backlog									
Backlog to be eliminated (No. of households not receiving minimum standard of service)	R146,969	District was resp.	District was resp.	R155,720	R3,400 MIG	R3,400 MIG	R153,726	R6,297 MIG	R6,297 MIG
Backlog to be eliminated (percentage -HH identified as backlogs/total HH in the Municipality)									
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000)									
Spending on maintenance to ensure no new backlog created (Rand 000)									
Total spending to eliminate backlogs (Rand 000)									

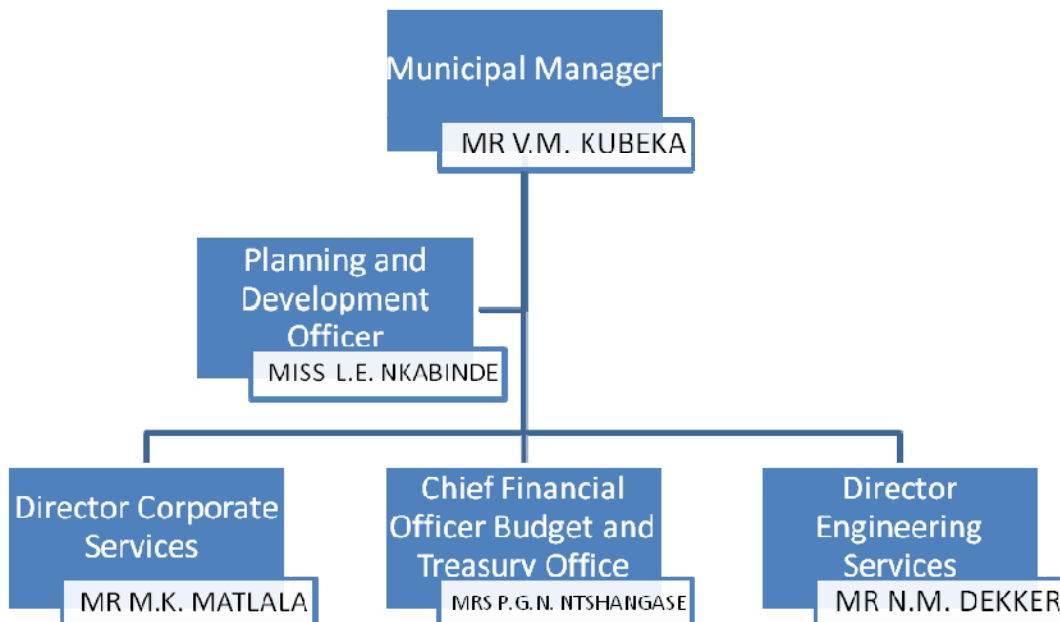
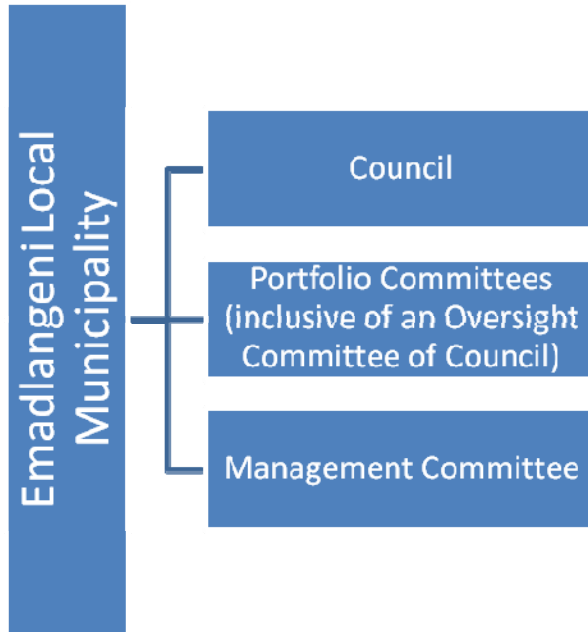
Building and zoning plans 2009/2010

Application outstand 1 July 2009	Category	Number of new applications received 2009/2010	Total value of applications received Rand	Applications outstanding 30 June 2010
0	Residential new	8	R2,377,000	0
0	Residential additions	11	R668,060	0
1	Commercial	1	R363,760	0
0	Industrial	0	0	0
0	Other	0	0	0

CHAPTER 3: HUMAN RESOURCE, LEADERSHIP AND MANAGEMENT

Institutional Framework

(a) Organogram



Emadlangeni Local Municipality has three departments and has appointed three (3) Section 56 and one Section 57 employees. The section 56 officials report direct to the Municipal

Manager while the Municipal Manager reports direct to the Council as this is a plenary type of the Municipal Council. There is not stand alone Speaker. The Mayor is also a Speaker. All councillors in our Municipality are part time councillors. There are seven (7) councillors for the Municipality, five (5) councillors are active in the Municipality, while one (1) councillor is suspended and the other one (1) has passed on in June 2010. Our Municipal Council is made up of three (3) councillors from the African National Congress (ANC), one (1) from the Democratic Alliance (DA) and three (3) from In Katha Freedom Party (IFP)

(b) Staff Component

The Municipality had a compliment of ninety two (92) staff members inclusive of four (4) Section 56 and Section 57 staff members as well as staff in the Caravan Park and Game Park. Twenty four (24) contract workers while sixty eight (68) staff members are permanent. Five financial intern staff members are not included in this statistics.

Department	No of staff
Office of the Municipal Manager	3
Budget and Treasury Office	5
Corporate Services (inclusive of the Protection Services)	16
Engineering Services (inclusive of Balele Game Park and Caravan Park)	72
Total	92

The departments have the following responsibility;

Office of the Municipal Manager	Budget & Treasury Office	Corporate Services	Engineering Services.
Strategic leadership; Strategic planning and monitoring; Responsible for organisation; Effective and efficient administration; Implementation of decisions of Council; Internal audit; Political office bears and structures advice; and Financial management.	Management of grants by Provincial and National Govt.; Revenue management; Debt management; Expenditure management; Financial reports; Budget control and monitoring; Procurement; Financial control ; and Budget formulation	Child care facilities; Billboards; Licensing of dogs; Licence of liquor; Facility for accommodation; Human Resource management; Security and cleaning; Libraries; Legal services; Business license; Information Technology; Communication; Fire fighting; Street trading; Council support; Traffic and policing; Disaster	Building Regulations; Local tourism; Planning and Land Use Management; Promotion of Local Economic Development; Housing Development Facilitation; Electricity and gas reticulation; Street lighting; Responsible for air pollution; Responsible for municipal public works; Responsible for storm water management; Responsible for cemeteries and crematoria; Responsible for cleansing; Responsible for fencing

		management; Municipal public transport; Motor licensing; Roadworthy testing; Municipal policing.	and fences; Responsible for burial of animals; Responsible for local sports facilities; Responsible for markets; Responsible for municipal abattoirs; Responsible for municipal parks and recreation; Responsible for municipal roads; Responsible for refuse removal, refuse dumping site and solid waste management.
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(c) Senior Management:

All three (3) senior managers have been appointed together with the Municipal Manager during the period under review.

Directorate	Director Responsible	Committee
Municipal Manager	V.M. Kubeka Mr (since 18 February 2002)	Council and Oversight Committee
Chief Financial Officer	G.P.N. Mhlongo -Ntshangase (17 March 2010)	Budget and Treasury Committee and Budget Committee.
Director Corporate Services	M.K. Matlala Mr (April 2010)	Corporate Services Committee.
Director Engineering Services	N.M. Dekker (Mr)	Engineering Services Committee.

(d) Employment Equity Development

The Municipality had developed and approved the employment equity plan for 2006/2007 and this plan is being reviewed from time to time. Mr N.M. Dekker was appointed the equity manager and he sits in all the recruitment, selection and appointments committee to give the report on the implementation of the plan in this regard. Annual reports are submitted to the Department of Labour on this matter. There has been no major improvement in this regard. (See the table below)

Employment Implementation	Equity Designation Group	Non-Designated Group	Women	Total
Top Management (HOD)	2	1	1	4
Middle Management (MANCO)	1	1	1	3
Professional Staff	6	1	3	10

Fifty (50%) percent of the total top management is made up of the designated group while non-designated group and women are twenty five (25%) percent. The middle management is one hundred (100%) percent women. Seventy five (75%) percent of the professional staff is made up of the designated group and twenty five (25%) percent is the women. This is a slight change from the previous year which is in the right direction. See the table below to illustrate figures;

Occupational level	Male				Female				TOTAL
	A	C	I	W	A	C	I	W	
Senior	2	Nil	Nil	1	1	Nil	Nil	0	4
Middle	1	Nil	Nil	2	1	Nil	Nil	1	5
Other Staff	53	2	Nil	4	16	3	Nil	4	82

Expenditure Management of Employee and Council

Section 66, Chapter 8 of Local Government: Municipal Finance Management Act, 2003, requires the Accounting Officer to report the expenditure of staff monthly to the National Treasury and to the Mayor of the Municipality who normally sends it to Council. A lot of strain is caused by staff expenditure to smaller Municipalities because of the revenue base is very smaller and very difficult to collect revenue from the residents of the Municipality. See the table below for staff expenditure

Financial Year	Audited Exp.	Budget	Percentage
2006/2007	R7, 726, 212	R7, 947, 822	97,21%
2007/2008	R9, 517, 243	R8, 969, 141	106,1%
2008/2009	R8, 605, 819	R9, 904, 000	87%

Councillor's salaries, as determined in terms of the Determination of Remuneration for Public Office Bearers Act, are as follows;

Financial Year	Audited Exp.	Budget	Percentage
2006/2007	R1, 173, 722	R1, 014, 262	115,72%
2007/2008	R1, 031, 513	R1, 137, 925	90,6%
2008/2009	R1, 280, 526	R1, 197, 000	107%

The variance of one hundred and seven (107%) percent is caused by the Determination of Office Bearers Remuneration and Benefits Acts which come out annually in December and making it impossible to budget for the office bearers' salaries.

Disclosures Concerning Councillors, Municipal Manager and Senior Officials for 1 July 2009 to 30 June 2010

This is summarised information regarding the payment made to Councillors, Municipal Manager and Senior Officials below;

Mayor	Salary	Act. Allowance	Leave encashment	Housing Allowance	Travelling	Cell phone Allowance	Total Earnings
B.C. Mabaso	125,025.94	98,722.55			45,544.48	10,026.32	279,319.29
Other Councillors	718,353.42				210,357.37	59,313.34	988,024.13
V.M. Kubeka (Municipal Manager)	385,013.44		105,184.80	11,348.01	236,144.73	21,600	759,290.98
Steve Keats (Act. CFO)	100,000.00						100,000
J Marais (Act. CFO)	30,000						30,000
GPN Ntshangase (CFO)	66,363.30	2,596.93		14,747.40	29,494.80	1890.00	115,092.43
Senior Officials	463,394.44		99,668.27	14,747.39	248,151.37	13230	839,191.47

Pension and medical aid funds statistics:

The table below illustrates contribution by the Municipality to pension funds and medical aids;

Pension Fund

Description	No of Members	Employees Contribution	Employers Contribution	Total
Natal joint Municipal Employees Provident Fund (5%)	30	R101,910.64	R197, 826.54	R299, 737.18
Employees Provident Fund (7%)	9	R45, 234.11	R87, 807.39	R133, 041.5
Employees Provident Fund (9.5%)	5	R36, 781.23	R71, 398.86	R108, 180.09
Superannuation Fund	4	R110, 632.55	R102, 455.27	R213, 087.82
Retirement Fund	3	R12, 423.73	R37, 271.2	R49, 694.93
Government Employee Pension Fund	Nil	Nil	Nil	Nil
Municipal Councillors Fund	7	R119, 495.56	Nil	R119, 495.56
Total	58	R426, 477.82	R496, 759.26	R923, 237.08

Medical Aids

Description	No of Members	Employees Contribution	Employers Contribution	Total
Global Health (G)	15	R166, 941.18	R247, 713.94	R414, 655.12
Global Health (P)	1	Nil	18, 725.56	R18,725.56
Global Health (S)	1	Nil	R17,167.24	R17, 167.24
Munimed	5	R15, 198.80	R22, 798.20	R37, 997.00
Bonitas	1	R49, 863.00	Nil	R49, 893.00
Samwumed	10	R58, 206.45	R100, 502.47	R158, 708.92
Total	33	R290, 209.43	R406, 907.41	R697, 116.84

The Municipality had developed a workplace skill development plan which was approved by Council.

CHAPTER 4: SERVICE DELIVERY REPORT

The Municipality had developed a performance management plan at the level of the heads of departments and an organisation score card was developed and signed later in the year because the Municipality had a governance challenge. Council could not set performance targets for the Section 56/57 employees because of challenges with governance issues and therefore there was no performance assessment done at the end of the financial year. In view of this position it is difficult to make comparison with previous the performance achieved thus far. In spite of the challenges, performance was recorded by municipal officials and it appears herein under in the tables below;

(a) Office of the Municipal Manager

Office of the Municipal Manager	
Performance Areas	Actual Performance
a) To manage Councils Human Resource and to compile and adopt appropriate policies.	Eighty (80%) percent of posts are filled and the Human Resource policies were adopted by Council on the 25 August 2010.
b) To implement the Employment Equity Plan of the Municipality	Seventy five (75%) percent achieved. Two (2) additional female members (Chief Financial Officer and IDP/PMS Officer) were appointed in the period under review.
c) To induct councillors and staff on the code of conduct.	All councillors and staff members have been work shopped and given a copy of the code. New staff members appointed are inducted and given a copy of the code of conduct.
d) To conduct staff meetings monthly.	Management Committee meetings are held regularly and the Heads Of Departments report on monthly staff meetings held in their respective departments.
e) To review delegation policy.	A reviewed delegation framework is in place.

f) To have the reporting template and recommendation approved	The recommendations and reporting template is in place.
g) To promote investments attraction.	Three IDPRF meetings where investment attractions are discussed had been held three times.
h) To facilitate the provision of seeds and fertilizers to subsistence farmers	Families were given seeds for the Premier's one garden one home initiative.
i) To establish partnership with LED institutions	Meetings were held with SEDA and DEDT to discuss training of local communities.
j) To develop and submit the Service Delivery Budget and Implementation Plan (SDBIP) and quarterly reports to Council.	The SDBIP was developed and submitted to the Acting Mayor but there were challenges with the implementation thereof as there were no regular Council meetings to consider strategies thereof.
k) To meet the MFMA budget process requirements.	Budget was approved before the end of the Financial Year and before the start of the new financial year.
l) To review the supply chain management policy and report to Council.	Regular reports were made to the Acting Mayor because there were regular meetings of Council as there was a political impasse.
m) Preparation of the IDP within the prescribed legal guidelines.	The IDP was approved legally on the 25 June 2009 and a provision was made in the Municipal System Improvement Grant (MSIG).
n) Preparation of the Annual Report.	The 2008/2009 Annual Report was prepared and adopted by Council on time.
o) To facilitate public participation meeting on various Council activities.	The Ward Committees had regular meetings. Minutes of all Council meetings were placed at the Library of the Municipality for communities to read through and submit comments were necessary.
p) To serve the communities even during lunch time.	The cashiers of the Municipality in the main building alternate to work during lunch time.

(b) Director: Corporate Services

Corporate Service Department	
Performance Areas	Actual Performance
a) To ensure that the Department has the necessary staff available with the required skills.	Five (5) staff members out of ninety five (95) members resigned in the period under review. Four (4) financial interns are being trained through Vulindlela Academy and all HODs and other staff members were trained through Wits Business School.
b) To develop policies and procedures for the Municipality.	Policies and procedure were developed and adopted by Council on the 25 August 2009.
c) To ensure that all agendas are	Agendas of Council are distributed timeously in

distributed timeously as per Councils' standing rules of orders.	terms of the Council's standing rules and orders.
d) To comply with all relevant national and provincial guidelines in dealing with all Council records.	There is a register at Registry to attest that we are complying with the guidelines.
e) To develop and implement the workplace skills plan by 2010.	This has been achieved because the Workplace Skills Plan is in place.
f) To maintain the alarm system.	The alarm system is in place and it is provided by
g) To strengthen relationships between Council and the administration.	New portfolio committees are aligned with the Departments available in the Municipality to forge relationships between administration and political office bears.
h) To keep personnel costs within the reasonable limits.	Council decided to freeze certain posts that were not essential in order to make a savings.

(c) Chief Financial Officer

Budget and Treasury Office	
Performance Areas	Actual Performance
a) To compile an updated register of all Council assets.	Assets were compiled and update in terms of GRAP conversion as at 30 June 2010.
b) To monitor financial viability of the Municipality.	The Municipality is still able to pay for its obligations. Vigorous ways and means have to explore to collect every money owed to the Municipality by debtors.
c) To monitor Municipal investment portfolio on a regular basis.	The Municipality has an investment register that is up to date.
d) To review financial delegations authority.	This has been achieved as there are financial delegations in place.
e) To send out consumer accounts on time and correctly.	There is a drastic improvement on this aspect.
f) To monitor the effective working of the statutory funds.	This is has been achieved.
g) To review the indigent policy	An indigent policy was reviewed and approved on the 25 August 2009.
h) To update the indigent policy annually.	The indigent register was compiled and submitted to Council for approval, but still awaiting the decision.

(d) Director : Engineering Services

Engineering Services Department	
Performance Areas	Actual Performance

a) To provide effective building control services	This is done. Nineteen (19) building plans were approved in the period. A building plan register is available for evidence.
b) To establish, conduct and control cemeteries and burials.	There are one thousand one hundred and twenty two (1122) available burial plots which are made up of the present cemetery and the new cemetery.
c) To maintain Council's vehicle fleet in a working condition.	Vehicles are maintained in terms of the maintenance plan of the Department although, a number of these vehicles have reached their life span.
d) To maintain the provision of a basic level of electricity to all households.	982 prepaid metres and 311 conventional metre are in place for each consumer of the municipality.
e) To supply electricity in our licence area within the law	Electricity is supplied in terms of NERSA approved tariff.
f) To implement road projects provided on the capital budget of the Municipality in that financial year.	9.2 kilometre road has been resurfaced.
g) To maintain the roads as per the maintenance budget of the Municipality.	6.3 kilometre road was gravelled.
h) To provide and maintain proper road signs and markings	A budget of R11, 000 was exhausted in terms of this project
i) To ensure client satisfaction/requests handed over to the relevant service provider.	44 complaints were recorded and sent to UThukela Water Supply for their attention. A complaint register is kept as evidence.
j) To create tourism facilities and amenities.	Six meetings and reports were presented to Council for consideration.
k) To ensure client satisfaction.	Forty four complaints were recorded and dealt with to the satisfaction of our clients. A complaint register is in place as evidence.

An internal audit function was conducted by KPMG in the period under review and the last period they were in the Municipality was in February 2010. They had raised a few issues which were dealt with on regular basis by management. Management also addressed a number of the previous Auditor General queries as follows;

➤ *Fixed asset.*

An assets register was updated by Ernest & Young who were engaged to do the GRAP/GAMAP conversion and the compilation of the 2009/2010 Annual Financial Statement (AFS). An inventory list is now hanging at the back of every door of the Municipal offices and the official occupying the office is responsible for monitoring the movement of assets within the respective office. A post of the Asset Officer has now been created and shall be filled before the end of December 2010.

- *Debtors.*
This matter was resolved in April 2010.
- *Revenue.*
A forensic investigator, Manase & Associate had been appointed in May 2010 and it has finished the investigation. The Municipality is waiting for the report from the Department of Cooperative Governance and Traditional Affairs who appointed them. A suspect resigned from the employment of the Municipality. A disciplinary enquiry with the supervisor of Income Section was conducted. A restructuring of the Department of Budget and Treasury was made to enable that the working be done properly. Procedure and processes for the collection of revenue has been enhanced and improved. A criminal case, CAS 42/02/2010 was opened at Utrecht SAPS on the 17 February 2010 and it is still under investigation. Follow up enquiries are being made with the SAPS. The matter is out of our hands.
- *Provisions.*
This has been finalised. A Human Resource Officer in office of the Corporate Services is monitoring leave balances for each official and this information is shared with the Heads of Departments on monthly basis in Management Committee meetings.
- *Corresponding Figures.*
This is a historical issue which could not be resolved but it will continue to change for the better in this financial year and the coming years.
- *Irregular Expenditure.*
All bids awarded had contracts concluded with the service providers, however there were challenges regarding the signing and keeping of the contracts. Measures have been put in place to ensure that all contracts are properly concluded and signed and kept in the registry for audit purposes. A report has been presented to Council on the 29 June 2010 and was approved.
- *No proper monitoring of electricity distribution.*
A new financial system need to be sourced out of the Municipal System Improvement Grant to deal with this problem. The Municipality is presently utilising Abakus financial system which is very old and lack personnel to use it. There is no support for this system as well.
- *No supply chain management unit.*
Council has revised the Municipal organogram and the position of the Supply Chain Management Unit was established. The position shall be filled before the end of December 2010.
- *Bids not advertised on the Municipal Website.*

A register of all bids advertised and placed on the Municipal website is available for inspection. The office of the Municipal Manager is now responsible for this register.

- *Invoices not paid within thirty (30) days in terms of Section 65 of the MFMA.*
The financial system of the Municipality has challenges. It makes it difficult to determine the age of the invoice or claim. This issue is being addressed.
- *Reconciliation of bank accounts.*
Bank reconciliation is up to date as at 30 June 2010.
- *Uncleared suspense account.*
The suspense account is being cleared on a monthly basis.
- *Noncompliance with Section 75 (1) of the MFMA information on the Municipal Website for public knowledge.*
A compliant register is now in place. This register is monitored by the office of the Municipal Manager who liaises with the information technology official at Amajuba District Municipality.
- *Credit policy not implemented.*
An indigent register is finalised however members of Council need to verify the information and recommend to Council for further attention before an approved list of the indigent is in place. A credit policy is being implemented. A committee is being set up to look at the revenue enhancement strategy.

Appointments of Consultants:

In the period under review, the Municipality has appointed the following consultants and service providers;

Consultants that were paid less than ten thousand (R10, 000) rand;

July 2009

No.	Consultant/Service Provider	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8, 758
2	Jenine Bierman	MIG Administration	R4, 974
3	Payday	Principle of Payday	R3, 749.46
4	Jenine Bierman	MIG Administration	R5, 842
5	HSK Simpson	Valuation Roll	R6, 400

August 2009

No.	Consultant/Service Provider	Type of Project	Contract Value
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1	P & N Environment Consultants	Management of the Game and Caravan Park	R8,758
2	HSK Simpson	Valuation Roll	R4,167
3	Roy Ramdow Inc.	Disciplinary Hearing	R7,984

September 2009

No.	Consultant/Service Provider	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Jenine Bierman	MIG Administration	R9,905
3	R Roux & Associate	Legal assistance	R4,104

October 2009

No.	Consultant/Service Provide.	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Jenine Berman	MIG Administration	R2,475
3	Jenine Berman	MIG Administration	R8,420
4	Jenine Berman	MIG Administration	R2,166.67

November 2009

No.	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Fijutsi	Abacus financial system upgrade	R5,089.82

December 2009

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Jenine Bierman	MIG Administration	R5,721.66

January 2010

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758

February 2010

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Jenine Bierman	MIG Administration	R5,738
3	Fijutsi	Abacus financial system upgrade	R8,016.21

March 2010

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	J. Marais	Financial Consultancy	R8,000

April 2010

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	HSK Simpson	Valuation Roll	R4,167

May 2010

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758

June 2010

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Lekwa Consultants	MIG Project Management	R4,791.01

Consultants that were paid more than ten thousand (R10, 000) rand but less than one hundred (R100, 000) rand.

July 2009

No.	Consultant	Type of Project	Contract Value
1	Payday	Payroll system	R17, 589.06
2	Iziko Capacity Building	Governance and Administration support	R78, 936.00
3	S'khona Consultants	Presentation	R89, 900.00
4	H S K Simpson	Valuation Roll	R100, 000.001
5	S. Keats	Financial Consultancy	R75, 000.00

August 2009

No.	Consultant	Type of Project	Contract Value
1	KPMG	Internal Audit function	R82, 173.76
2	Iziko Capacity Building	Governance and Administration support	R78, 936.00

September 2009

No.	Consultant	Type of Project	Contract Value
1	Iziko Capacity Building	Governance and Administration support	R78, 936.00

October 2009

No.	Consultant	Type of Project	Contract Value
1	Langa Maphitha Trading	Ward Committee Training	R92, 500.00
2	Zweli's Technologies	Employment Equity	R90, 000.00
3	S. Keats	Financial Consultancy	R75, 000.00
4	S. Keats	Financial Consultancy	R75, 000.00

November 2009

No.	Consultant	Type of Project	Contract Value
1	Lekwa Consultants	MIG Project Management	R99, 845.42

December 2009

No.	Consultant	Type of Project	Contract Value
1	Lekwa Consultants	MIG Project Management	R72. 193.46

2	Payday	Payday software supply	R20, 611.20
3	J. Marais	Financial Consultancy	R38, 000.00
4	Jeanine Bierman	MIG Administration	R21, 675.00
5	Madayeni Consulting	VAT Recovery	R11, 637.50

January 2010

No.	Consultant	Type of Project	Contract Value
1	Mawande Umusa Trading	Home based Care Training	R94, 000.00
2	Timba Consulting	Ward Committee Training	R95, 190.00

February 2010

No.	Consultant	Type of Project	Contract Value
1	Lekwa Consultants	MIG Project Management	R63, 430. 00
2	Lekwa Consultants	MIG Project Management	R49, 114.16
3	J. Marais	Financial Consultancy	R70, 000.00
4	Fijutsi	Abacus Financial System Management	R81, 255.81

March 2010

No.	Consultant	Type of Project	Contract Value
1	S. Keats	Financial Consultancy	R75, 000.00
2	J. Marais	Financial Consultancy	R37, 668.00
3	Lekwa Consultants	MIG Project Management	R80, 130.00
4	Jeanine Bierman	MIG Administration	R15, 880.00

April 2010

No.	Consultant	Type of Project	Contract Value
1	Ngiba Perspective Consultants	2010/2011 Budget Preparation	R45, 000.00

May 2010

No.	Consultant	Type of Project	Contract Value
1	Jeanine Bierman	MIG Administration	R15, 880.00
2	Jeanine Bierman	MIG Administration	R15, 880.00

June 2010

No.	Consultant	Type of Project	Contract Value
1	Ikusasa elihle	Printing of the Annual Report	R89, 980.00
2	Fijutsi	Abacus Financial System	R18, 827.29
3	Payday	Payroll system	

Consultants that were paid more than one hundred thousand (R100, 000) rand but less than one million (R1m) rand.

August 2009

No.	Consultant	Type of Project	Contract Value
1	Lekwa Consultants	MIG Project Management	R223, 355.64

September 2009

No.	Consultant	Type of Project	Contract Value
1	Lekwa Consultants	MIG Project Management	R145, 103.00

November 2009

No.	Consultant	Type of Project	Contract Value
1	Lekwa Consultants	MIG Project Management	R163, 786.31

May 2010

No.	Consultant	Type of Project	Contract Value
1	Ernest & Young	GRAP/GAMAP Conversion	R298, 716.00

June 2010

No.	Consultant	Type of Project	Contract Value
1	Auditech	IT Audit	R136, 753.72

Consultants that were paid more than one million (R1m) rand but less than ten million (R10m) rand.

No.	Consultant	Type of Project	Contract Value
	Nil	Nil	nil

CHAPTER 5: AUDITED FINANCIAL STATEMENT AND OTHER FINANCIAL MATTERS.

Income Received

Grants and Subsidies.

The following grants/subsidies were received during the year under review;

Grants/Subsidies	2008/2009	2009/2010
Local Government Financial Management Grant (FMG)	R500, 000	R1, 000, 000
Municipal Systems Improvement Grant (MSIG)	R735, 000	R750, 000
Municipal Infrastructure Grant (MIG)	R3, 776, 000	R6, 297, 000
Equitable Share Allocation	R6, 973, 000	R7, 051, 000
Local Government and Traditional Affairs	Nil	Nil
Cooperative Government and Traditional Affairs	Nil	R500, 000

Total Operating Income

Income	2008/2009 (Budget)	2008/2009 (Actual)	2009/2010 (Budget)	2009/2010 (Actual)
Property Rates	R2, 043, 000	R2, 551, 603	R8, 328, 766	R8, 917, 229
Electricity Sales	R4, 565, 216	R5, 450, 974	R7, 428, 045	R6, 772, 041
Refuse Removal		R886, 595	R840, 000	R1, 014, 551
Other	R6, 512, 368	R4, 349, 548	R895, 639	R493, 204

Expenditure:

The major expenditure of the Municipality is set out here in the table below.

Expenditure Item	2008/2009 (Budget)	2008/2009 (Actual)	2009/2010 (Budget)	2009/2010 (Actual)
Salaries, wages and allowances	R11, 219, 000	R8, 605, 819	R10, 160, 448	R10, 435, 457
General Expenses	R14, 018, 965	8, 048, 528	R7, 378, 487	R8, 013, 995
Repairs and Maintenance	R1, 154, 752	R821, 227	R1, 952	R1, 718
Capital charges	R899, 320	R1, 080, 587	Nil	Nil
Projects	R3, 776, 000	R3, 776, 00	R6, 297, 00	R6, 297, 000
Contribution to fixed assets.	Nil	Nil	Nil	R348, 500
Contribution to Special fund	Nil	Nil	R515, 170	Nil

Loans and losses:

There were no quantifiable losses experienced in the period under review except cases of electricity losses. We are weighing options to investigate the loss and decide on the best route to take in order to address it. The loan that we have with the Development Bank of Southern Africa (DBSA) was to assist with the building of the office building of the Municipality in 34 Voor Street. The initial loan taken in 2004/2005 financial year was one million two hundred thousand (R1, 2m) rand.

Loan	Type	Interest Rate	Balance 30/06/2009	Balance 30/06/2010
Development Bank of Southern Africa (DBSA)	Building loan	10.18%	R1, 098, 773	R1, 069, 038

Investment Analysis

Investment	2010	2009
Fixed deposit account	R322, 650	R308, 191
MSIG call account	R11, 492	R11, 405
Repair of 376 houses grant call account	R4, 456, 168	R4, 210, 673
FMG call account	R175, 293	R173, 300
Spatial planning grant call account	R64, 190	R62, 029
MSIG call account	R410, 188	R1, 653, 914
PMS call account	R111, 032	R130, 218
MAP 2007/2008 call account	R253, 356	R761, 181
LED call account	R1, 854	R1, 840
MFMS call account	R220, 532	R324, 332
MIG call account	R280, 925	R493, 592
MSIG call account	R274, 780	Nil
MAP 2009/2010 call account	R173, 760	Nil