

EHLANZENI  
DISTRICT MUNICIPALITY

# ANNUAL REPORT

## 2010/2011



Re-discover life



# List of tables and acronyms

Table	Page
Strategy Map reflecting the Strategy of Ehlanzeni District Municipality FY2010/2011	8
Scores obtained by the Municipalities in Ehlanzeni District	62
The Performance Management Process	63
The Achievements with regard to specific activities	65
Functionality of IGR Structures for FY2010/11	72
Laboratory services	79
Performance Targets against Actual Performance Achieved	84
Number of Projects on water and sanitation EDM assisted LMs	85
Project details and Beneficiaries	88
Local Labour Employed	88

## Acronyms

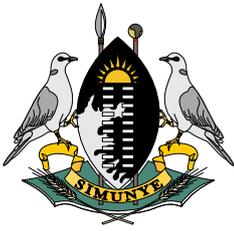
<b>EDM:</b>	Ehlanzeni District Municipality	<b>SDBIP:</b>	Service Delivery and Budget Implementation Plan
<b>EMP:</b>	Environmental Management Plan	<b>SLA:</b>	Service Level Agreement
<b>IDP:</b>	Integrated Development Plan	<b>SoER:</b>	State of the Environment Report
<b>LM:</b>	Local Municipality	<b>MDG:</b>	Millennium Development Goals
<b>MAM:</b>	Multi Agency Mechanism	<b>DAC:</b>	District AIDS Council
<b>MFMA:</b>	Municipal Finance Management Act, 2003 (Act 56 of 2003)		
<b>MSA:</b>	Local Government Municipal Systems Act, 2000 (Act 32 of 2000)		





# Contents

<b>Chapter 1 - Introduction and Overview</b> _____	4
Vision, Mission, Core Values and Legislative Mandate_____	6
Executive Mayor's Foreword_____	9
Municipal Manager's Foreword_____	11
Mayoral Committee: Outgoing_____	13
: Incoming_____	14
Performance Overview_____	15
<b>Chapter 2 - Performance Highlights</b> _____	17
Performance Challenges and Recommendations_____	55
<b>Chapter 3 - Human Resources and other Organisational Management</b> _____	57
Department of Corporate Services_____	57
Department of Planning, Municipal Health and Environmental Management_____	60
Department of LED and Tourism_____	81
<b>Chapter 4 - Functional Area Service Delivery Reporting</b> _____	85
Performance of the Technical Services Units_____	85
<b>Chapter 5 - EDM Oversight Committee Report on 2010/2011 Annual Report</b> _____	91
Oversight Committee Report_____	91
<b>Chapter 6 - Audited Statements and Related Financial Information</b> _____	95
Report of Audit Committee_____	95
Auditor General's Report_____	97
Accounting Officer's Responsibilities and Approval_____	100
Annual Financial Statements_____	101
Appendix_____	142



# Chapter One

## Introduction and Overview

All systems were in place for South Africans who were registered to vote in the Local Government Elections on Wednesday 18 May, 2011 to participate in another peaceful, free and fair election in 10 years of democratic Local Government that citizens have enjoyed since the year 2000.

Acting Minister of Co-operative Governance and Traditional Affairs, Mr Nathi Mthethwa, on 7 March, 2011, published the proclamation announcing 18 May 2011 as the election date and effectively handed all elections-related processes to the Independent Electoral Commission (IEC) to run with its elections programme.

However, the government's Inter-Ministerial Committee (IMC) on elections, which he chaired, still remained responsible for the overall co-ordination and monitoring of all support activities from government to ensure that the IEC is enabled to conduct a peaceful, free and fair 2011 Local Government election.

Ehlanzeni District Municipality was no exception, and complied fully.

“All the Ministers represented in the IMC lead portfolios which are key to a peaceful, free and fair election, they have all confirmed their state of readiness in ensuring that registered South Africans of voting age exercise this basic democratic right on the 18<sup>th</sup> in an environment that is conducive to a successful election,” Minister Mthethwa said.

The IMC consists of Co-operative Governance and Traditional Affairs(CoGTA) and the Departments of Home Affairs, Police Services, Defence and Military Veterans, State Security as well as the Presidency, the Municipal Demarcation Board (MDB), South African Local Government Association (SALGA) and the IEC and was set up by the Minister to prepare for the upcoming Local Government elections.

All the key stakeholders in the IMC and related institutions, reported readiness in all provinces to ensure proper processes and systems before, during and after the elections on the Wednesday.

All provincial governments also reported readiness in complying with all legislative requirements in





preparation for the election and to continue supporting municipalities in ensuring readiness.

The term of office of the then current municipal councils commenced on 1 March 2006, and expired on 2 March 2011.

As a result of the re-determination of municipal boundaries and the delimitation of wards by the Municipal Demarcation Board (MDB), the post 18 May Local Government landscape ushered in a total number of 278 municipalities (previously 283) and the number of wards increasing from 3895 to 4277.

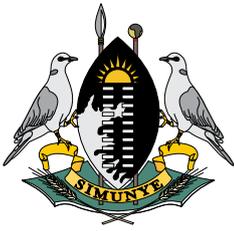
To ensure that an opportunity is given to each and every citizen of voting age to exercise this right, the Local Government: Municipal Electoral Amendment Act, 2010 ensured a special vote in the elections which enabled the disabled, elderly, sickly to cast their vote two days before the 18<sup>th</sup> subject to application being approved by the IEC.

At the time of the said proclamation of the Local Government elections by the Minister, Ehlanzeni District Municipality had, by then, an outgoing Political leadership under the leadership of Her Excellency, the Executive Mayor, Cllr CN Mkhonto that had reigned from 1 March, 2006 and their term of office expired on 2 March, 2011.

This took place during the 2010/2011 financial year, for which they had exactly 120 days left before they completed their annual task before the new Political Leadership under Her Excellency, the Executive Mayor, Cllr L Shongwe, took over the reigns and thus completed the aforementioned financial year.

It is in that vein that both Political Leaderships are featured in this 2010/2011 Annual Report.

---



## 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

Ehlanzeni District Municipality is one of the three District municipalities located in the North-Eastern part of Mpumalanga Province. It is bordered by Mozambique and Swaziland in the east, Gert Sibande District in the south, Mopani and Sekhukhune Districts of Limpopo in the north and Nkangala District Municipality in the west.

Ehlanzeni District Municipality comprises of five Local Municipalities namely: Thaba Chweu, Mbombela, Umjindi, Nkomazi, Bushbuckridge and the District Management Area (DMA). With the incorporation of Bushbuckridge into Ehlanzeni, the total area coverage of the District is approximately 27,895.47 km<sup>2</sup>.

## Legislative mandate

The Constitution of the Republic of South Africa, Section 151(1) states that a municipality has a right





to govern, on its own initiative, local governance affairs of its community, subject to national and provincial legislation, as provided for in the Constitution. The governance of municipalities is also guided by the following pieces of legislations:

- White Paper on Local Government Act - 1998
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)
- Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
- Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004)

These prescripts of legislation guide municipalities in terms of powers and functions which must be carried out by municipalities in delivering and executing their Local Government mandates. The paramount importance to this annual report compilation is the Circular 11 of the Municipal Finance Management Act (56 of 2003) which provides the guidelines to be adhered to when an annual report is compiled.

The strategy of the District Municipality as reviewed during the Integrated Development Planning process, is reflected in the strategy map indicated in Figure 1. The strategic objectives are aligned to the key performance areas of national government, as well as the national priorities.

The building blocks which need to be in place are reflected in the strategic objectives in the lower block of the diagram, and include strategies relating to aspects such as the following:

- The performance management system, which is key for monitoring the implementation of the strategy;
- Staff morale, which is directly linked to organizational climate which impacts on the performance of the municipality;
- Staff training and development, in order to capacitate our staff to achieve performance excellence and also provide the necessary support to the Local Municipalities in the District;
- Internal communications and internal relations;
- Maximizing customer care; and
- Creating and awareness of the strategy of the Municipality amongst its employees and stakeholders.

Certain processes are critical for the municipality to perform its functions. These processes have been made part of the strategy and are reflected in the third block of the diagram. Included within

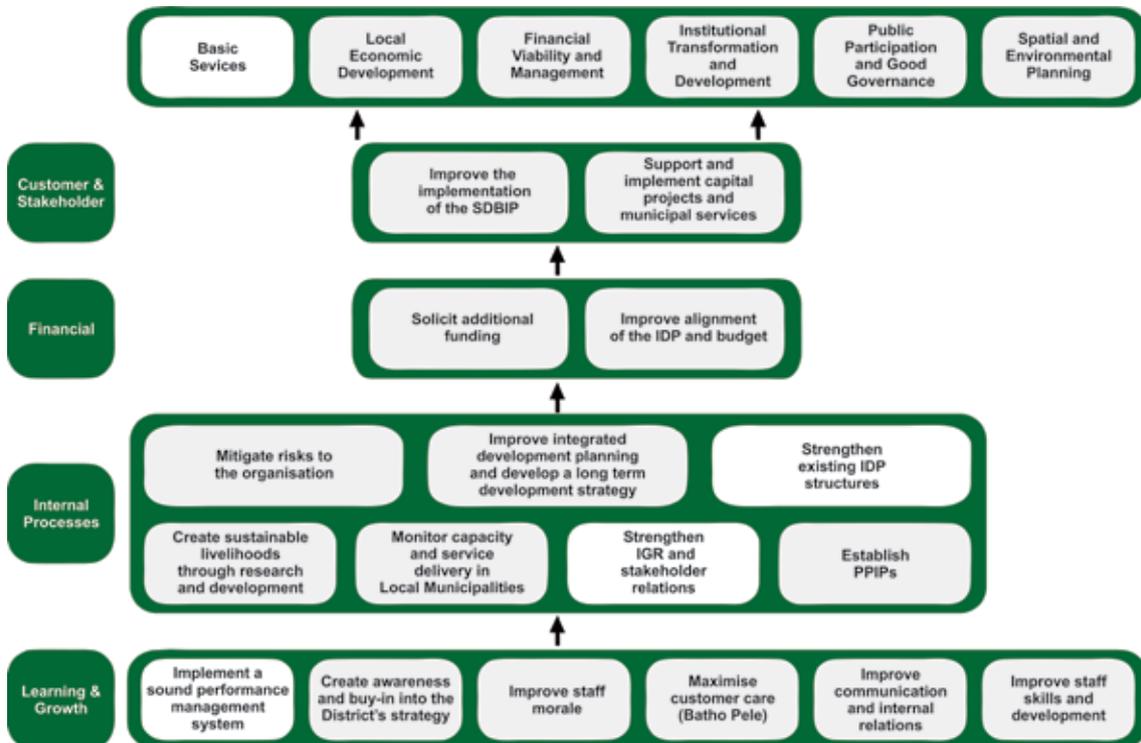


these processes, are risk management, integrated development planning and the strengthening of the structures involved therein, research and development to encourage innovation, the monitoring of capacity and service delivery in Local Municipalities and the strengthening of intergovernmental and stakeholder relations.

In terms of financial resources required to implement the strategy, the strategic objectives are to solicit additional funding to address the challenges in service delivery, as well as improving the alignment between the IDP and the budget, as no strategy will be able to be implemented without the proper financial resources.

Working towards achieving these strategic objectives, will imply that the Municipality will generate value to its stakeholders by improving the implementation of all projects and programmes contained in the Service Delivery and Budget Implementation Plan, and further to support and implement capital projects and municipal services across the District, also including projects and services of the Local Municipalities.

**Figure 1: Strategy Map reflecting the Strategy of Ehlanzeni District Municipality FY2010/2011**





# Executive Mayor's Foreword



The Financial year 2010/2011 has been an eventful year for Ehlanzeni District Municipality. It marked the ending of the second democratic municipal term and the beginning of a third one.

We began the financial year under review on a high note after having successfully hosted the 2010 World Cup as a country and a District. The first African experience in the history of the game. Ehlanzeni District Municipality is happy that it left lasting legacies in terms of public viewing sites, renovated stadiums in Kanyamazane and Kabokweni as well as the construction of the Bergylam Public Fan Park. Both stadiums continue to be used by local clubs for the official games.

At the beginning of the calendar 2011 we were rudely awaked from our festive hangover (4 January 2011 to be specific) with the shocking news of the killing of one of our eminent colleagues, a bright young leader, the Chief Whip of the district council, Cllr Johan Ndlovu. His memory and legacy will be with us for as long as Ehlanzeni District Municipality is here. I want to dedicate all the positive achievements of the year under report to his memory.

The year 2010/2011, also saw Ehlanzeni District Municipality achieving a clean audit. The District municipality became one out of 7 municipalities in the country to achieve this feat, an exercise which is an object of envy and pride for the country as a whole.

Towards the end of the term, the country successfully held Local Government elections which resulted in the coming into office of a council of which I am the Executive Mayor.

I wish to thank the previous political leadership for the strong foundation they laid for us to continue building on.

As is now known, the Annual Report is one mechanism of ensuring transparency by laying open the achievements, challenges and expenditure of funds that were entrusted to the municipality during the year under report. Ehlanzeni District Municipality took all the foregoing in to account when compiling



this report and I hope that after having thoroughly gone through it, we will be able to engage the District municipality constructively with a view to making it perform even better,

Thank you

A handwritten signature in black ink, appearing to read 'Letta Shongwe'.

**Executive Mayor  
Cllr Letta Shongwe**





# Municipal Manager's Foreword



As Accounting Officer of Ehlanzeni District Municipality I have great pleasure to once again report on the achievements, challenges and the general performance of the District municipality in line with Section 121 and 127 of the Municipal Finance Management Act (MFMA) 56 of 2003. The year 2010/2011 was a mixed-bag as well as a remarkable one, both politically as well as administratively.

The year ushered in a third political term for all municipalities in the country that were put in office in March/April 2006. The ending term was the second one since the inception of the new Local Government dispensation in January 2001.

Fortunately, the hustle and bustle that goes with the term-end did not in any way disturb the municipal business which continued as usual.

During the year under report, the District was among the seven municipalities in the country that achieved a clean audit. The congratulatory compliments went as high as the National Parliament and we were all overwhelmed with pride for this achievement.

In the year under report, the District municipality also scooped ten of the South African Local Government Association (SALGA) Excellence Awards in all areas of our key business. This further demonstrated the high capacity that the municipality possesses, as well as the harmonious and symbiotic relations that the administration has with their political shepherds.

The District municipality carried out its legislative support mandate, vis-à-vis, the Local Municipalities, by meaningfully intervening at Thabachweu Local Municipality, as well as assisting Mbombela Local Municipality in implementing some key projects during 2010/2011.

The District municipality managed to spend 100% of its MIG funds and assisted the Local Municipalities with regard to maintenance and remedial work to their Water Treatment Works Projects.

Lastly, the transition from the second to the political term was flawless, thanks to the Independent Electoral Commission (IEC) and the peace-loving people of South Africa and Ehlanzeni District



Municipality, in particular. The foundation they have laid is strong enough for us all to build on and to continue to work towards improving the lives of all the people of the District.

Thank you

**Municipal Manager**  
**Adv Hugh Mbatha**





# Mayoral Committee

Outgoing political leadership led by Cllr Khosi Mkhonto



**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



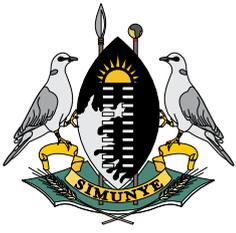
**MMC: Community Services**  
Cllr. LN Shongwe



**MMC: Corporate Services**  
Cllr. BS Mashego



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



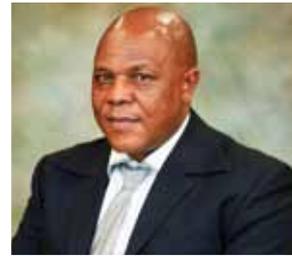
## Incoming political leadership led by Cllr Letta Shongwe



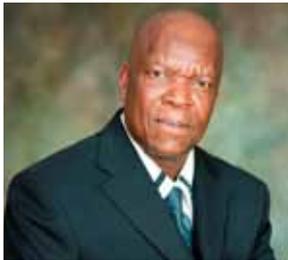
**Executive Mayor**  
Cllr. Letta Shongwe



**Speaker**  
Cllr Milton Morema



**Chief Whip**  
Cllr Terrence Shabangu



**MMC for Rural Development**  
Cllr Phenius Monareng



**MMC for Technical Services**  
Cllr Jimmy Mnisi



**MMC for Finance and Supply  
Management**  
Cllr Thoko Mdluli



**MMC for Social Services and  
Transversal Programmes**  
Cllr Cynthia Hlophe



**MMC for LED & Tourism**  
Cllr Johan Mavuso



**MMC for Municipal Health and  
Environmental Management**  
Cllr Tiny Mabuza



**MMC for Disaster Management  
and Public Safety**  
Cllr LC Mkhathshwa



**MMC for Corporate Services**  
Cllr Bright Mdakane





## Performance Overview

Most IDPs in the District were completed and adopted by various councils within the framework plan. However, there were municipalities such as Mbombela Local Municipality, Thaba Chweu Local Municipality, as well as Bushbuckridge Local Municipality that deviated from their own process plans, although the deviations were still within the jurisdiction of the District Framework Plan.

These deviations were caused by service delivery challenges which include, but were not limited to water shortages, bad state of roads, unemployment, disaster management and waste management experienced in some of the localities. The above-mentioned municipalities had to refine their process plans in order to attend to the contingency of these communities.

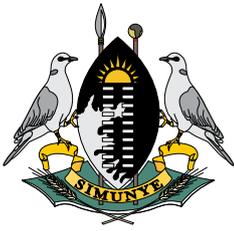
Whilst significant service delivery objectives were achieved by most of the Local Municipalities in terms of the reviewed IDP (planned projects), the performance reflections indicate that, in some instances, municipalities are not able to deliver based on their limitations on human resource capacity, financial resources and viability, as most of them cannot recover capital budget spent on the infrastructure development.

This is so, as most of the areas in the District, are rural areas, most of the area falls under the state land and has not been surveyed, therefore, communities receive services without paying, as opposed to the urban bound settlements. The non-payment for services leads to deteriorating and collapsing infrastructure, as municipalities are stretched to provide reticulation, whilst at the same time, must cope with the demands of bulk water supply.

What came very strong from the year under review, is that municipalities need to ring-fence a portion for executing Operation and Maintenance (O&M) in their Municipal Infrastructure Grant (MIG) and Bulk Infrastructure Fund (BIF) budget allocations.

The key highlights for the financial year 2010/11 are:

- Completion of the Disaster Satellite Centres in the Four Local Municipalities (Thaba Chweu, Umjindi, Nkomazi and Bushbuckridge);
- Rehabilitation of the waste water treatment works for all the Local Municipalities, though some of the projects were carried over to the year 2011/12 due to the multi-year nature;
- An ongoing support to all five (5) Local Municipalities, but in the main, Thaba Chweu was our main focal point;



The year ended with an election of the new council, as the term of office for the old council had come to an end after the Independent Electoral Commission had pronounced the Local Government election date.

In line with the five (National Priorities), the performance review for the second generation of IDPs reveals that, jobs were created in most of the municipal initiatives (projects), more especially on the Infrastructure Services, Local Economic Development and Community Services and these were accounted for in the Supply Chain Management Reports, as per institutional policies.

The 2010/11 financial year marked a significant milestone in the existence of the Auditor General's Office in South Africa. This was a centennial celebration of the Office which of course, had to be celebrated in style after the completion their assessment of the state of municipalities. Ehlanzeni District Municipality became one of the three municipalities in Mpumalanga along-side Steve Tshwete, Victor Khanye Local Municipalities, that achieved a clean audit.

There been significant improvement in Mbombela and Bushbuckridge Local Municipalities, who received unqualified audit opinions with matters of emphasis. More work still needs to be done in supporting Nkomazi, Umjindi and Thaba Chweu Local Municipalities.

---





# Chapter Two

## Performance Highlights, Challenges and Recommendations

### Social needs cluster for the people

Ehlanzeni District Municipality saw a need to call a gathering on 1<sup>st</sup> Social Needs Cluster meeting where stakeholders could raise the priorities of the communities.

Cllr Flomina Timba from the Transversal Programmes Unit, welcomed the guests.” It is about time that we take these meetings seriously. People out there need to be taken care of, especially when it comes to service delivery. This platform will play an important role in addressing their needs,” said Cllr Timba.



Deputy Executive Mayor, Cllr Selby Khumalo addressed the purpose of the social needs clusters as a forum of all the concerned stakeholders in uplifting the standard of living for the communities they are serving.

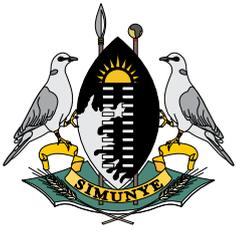
The importance of

the Social Needs Cluster, the link with IDP was outlined by Mr Siphon Tibane, Deputy Manager IDP thus: “The IDP alignment with clusters is to ensure vertical and horizontal alignment with all spheres of government and stakeholders, and the effective use of scarce resources. It also helps to speed up service delivery, to attract additional funds, strengthens democracy, promotes co-ordination between local, provincial and national government,” said Tibane. An example was cited that if the Department of Health plans to build a clinic in an area, it has to check with that the municipality can provide services like water and sanitation for the effective functioning of the clinic.

The Social Needs Cluster was also explained as a Service Delivery Forum for Municipalities and Sector Departments, making technical decisions and inputs on service delivery issues and long-term planning. The forum will also serve as an Advisory Forum to the IDP Representative meetings and in all the IDP development or review phases.

From the Transversal Programmes Unit, Ms Ndazo Mdluli, Deputy Manager HIV/AIDS, outlined the status quo analysis of all social issues. The Millenium Development Goals were to eradicate extreme poverty and hunger by 2015; achieve universal primary education; promote





gender equality and empowerment; reduce child mortality; improve maternal death; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability and develop a global partnership for development.

The MDG's has committed the international community to an expanded vision of development, one that vigorously promotes human development as the key in sustaining social and economic progress in all countries, and recognizes the importance of creating a global partnership for development. These goals have been commonly accepted as a framework for measuring development progress.

A developmental governance was outlined as a community or nation that develops socially and economically, is the one that has a system of governance, including communities where all marginalized groups participate in decision-making, have equal access to basic service delivery, have space to recreate and tour freely and safely, enjoy a pollution free and safe environment, nation that is not discriminated against, protected from abuse and exploitation, their best interest considered and have the right to life, survival and development.

Other topics that were dealt with were the Demographics, Income and Employment, Household Services, Social Development Issues, Challenges, Education, New Schools, Women and Children, Youth, People with disabilities, the Elderly, Health, Disaster Management, Safety and Security, Environmental Health and Management, Social Services, and People living with HIV.

Deputy Executive Mayor, Cllr Selby Khumalo, thanked everyone for the positive contributions. "We must all go out to our communities and implement what has been discussed, for the people out there to develop in a correct manner.

Networking is very important and it eases the burden of operating in silos. The mandate of the government of the day is to bring the best service delivery to the people, hence we have the well outlined Batho Pele Principles. The Social Priority Issues were named as the following: Municipal Health, HIV/AIDS, Transversal Disaster Management and Fire fighting, Primary Health Care, Safety, Health and Environment, Education and Social Issues.

Under Social Cluster Integration, it was explained as the following mainstreaming of programmes is critical, institutionalization of programmes, special programme strategic plan, i.e. ( HIV/AIDS, Senior Citizens, Rights of a child, Youth, People living with disabilities and women). Analysis which are visits, consultation and research, strategy, projects, integration, approval which is adoption of Strategy by Council.

The Key role players in the process is the Municipality that guides the development plans of the Local Municipality, and the councilors given an opportunity by IDP to make decisions based on the needs and aspirations of their constituencies. The IDP is based on community needs and priorities.

Communities have the chance to participate in identifying their most important needs. The IDP





process encourages all stakeholders who resides and conduct business within a municipal area to participate in the preparation and implementation of the development plan. National and Provincial Sector Departments deliver services at local level like police stations, clinics, and schools.

Municipalities must take into account the programmes and policies of these departments. The departments should participate in the IDP process so they can be guided how to use their resources to address local needs.

---



## The 5<sup>th</sup> District child care jamboree

The 5<sup>th</sup> District Child Care Jamboree was held at Thaba Chweu Local Municipality on 11-12 March 2011.

The target areas were Sabie, Matibidi, Leroro, and surrounding areas of Pilgrim's Rest.

The venue was Dintjie Primary School Sports field in Leroro. On the second day, the jamboree was held at Mashishing Community Sports Ground and at the hall, under the theme: "Child protection is everybody's business".

The objective of the Child Care initiative was to create a platform for massive intervention to assist more than 1 500 orphans and vulnerable children to get identity documents, birth certificates and social grants, thus increasing by 85% the number of orphans and vulnerable children accessing care and state grants, and support the attainment of the Millennium Development Goals to stop



poverty by 2015.

The above-mentioned children do not access state service grants, and they do not have birth certificates and identity documents which are necessary in accessing state services and grants.

The jamboree created a platform, wherein, all government services were brought closer to the children and assisted in accessing the services they needed.

The jamboree also incorporated an outreach programme to assist those children that are in need of immediate assistance, which came in the form of food parcels, blankets, school uniforms and stationery.

Donations also came from Xstrata Alloys and Timber Consulting Engineers, while the Department of Education and the Department of Social Development, supported with transport for the buses.

Children and community members came in large numbers to apply for their documents and children were accompanied by their teachers as most of them are orphans.

Among those who benefitted was a resident in Majubane, who lives with her four grand-children. Two of the children are orphans both nine years old. "I was trying to apply for their child care grant since 2009, but at least today I was assisted. My grandchildren will be able to have money to cater for their growing demands as they grow. They have also received blankets and food parcels. Thanks to the government they really care for the





needs of the people” said the resident. Eva Mohlala, a grade two pupil from Marefane primary, looked neat and tidy, in her school uniform as she was standing next to her foster parent, Ms Selina Malapane. They were both grateful for the best services they received by successfully applying for a social grant. The groceries and the blanket were a bonus.

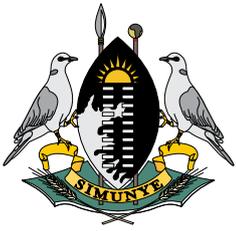
Many stakeholders like the representative from the Water Board, addressed the people on how to use water sparingly, and many other ways of securing clean water. DVD’s were also distributed and pamphlets.

Childline were also on site educating people about

Children’s Rights and Responsibilities. They were playing games to keep the children busy. Other topics that were touched by Childline were Child Abuse, Physical Abuse, Emotional Abuse, Neglect Sexual Abuse and Child Trafficking.

Other stakeholders who provided services were South African Social Services Association, Independent Electoral Commission, Thaba Chweu Local Municipality, Social Development, Love Life, New Start, South African Police Services, Treatment Action Campaign and the Acts Clinic for counseling and testing.

Children also enjoyed lunch and goodies to mark the day.



## Council fights HIV/AIDS

When the 7th AIDS District Council met on 28 October at the Ehlanzeni Disaster Management Centre, it was announced that the HIV prevalence statistics show that Thaba Chweu is still leading with 47.1% Dr J.S. Moroka with the lowest percentage of 20.8.

During the meeting, the chairperson reported on the Reviewed District AIDS Strategy, the Status Quo of Local AIDS Councils, upcoming events for 2010/2011 and the Jamboree that has to take place on 27-28 November 2010. Serious issues raised at the meeting were that of selling and stealing of ARV's to be used as drugs. The other problem addressed was of patience, not adhering to the scheduled routine was discussed. It was also discovered that most of the people who don't follow the schedule, lack support.

At the meeting, the April 13, 2010 Multi-sectoral HIV/AIDS was adopted by the house, but it is yet to be adopted by the DAC chaired by then Executive Mayor of EDM, Cllr CN Mkhonto.



Issues like municipal situation analysis that includes population, demographic, geographic, education profiles and gender economics.

It has four priorities, which are Prevention, Education, Awareness, and Condom distribution where it is their goal to intensify prevention, education and awareness programmes targeting all sections of our communities with specific focus on the youth for the next three years. To also ensure that all wards conduct at least one HIV and AIDS campaign led by the local leadership.

Priority area 2: I Care and Support for people living with HIV and AIDS – The goal for this focus area is identified as that of creation of an environment where individuals living with HIV/AIDS and their families have access to treatment, care and support and live a healthy reproductive life style, with communities and families playing a critical role in mitigating the impact of the pandemic.

Priority Area 3: Care and Support for orphans and vulnerable children – it will ensure mobilization and empowerment of local communities and structures to provide care and support to orphaned and vulnerable children by addressing their challenges and ensure that they are provided with all necessary services and guidance they require to lead productive and independent lives.

Priority area 4: Coordination of an effective Multi – Sectoral response which is to secure an effective coordination mechanism through strengthening the multi-sectoral approach by the AIDS Councils. To ensure the realization of this





goal, the following set of specific were identified which were: To mobilize all Sectors, for improved and active participation of in the AIDS Council activities by April 2011, and to review the Multi-sectoral Strategy of the AIDS Council programme by April 2011.

It was also raised in a meeting that in the field of development, institutions are still experiencing an increase in the demand for care, and for both children and the elderly. All five Local Municipalities have AIDS Councils except Thaba Chweu who does not have the council coordinator, due to lack of funds.

Another Local Municipality that is faced with a high rate of teenage pregnancy is Umjindi.

There are also new incidents of HIV among the youth, and an escalating number of child-headed households. From EDM, Deputy Manager - HIV/AIDS, Ms Ndazo Mdluli reported on the status quo of the local AIDS council. "There are amendments to be made after this meeting and they will be tabled at the DAC for adoption."

Ms Lizzy Maluleke from the Department of Health gave a provincial AIDS council update. In closing, the Deputy Executive Mayor of EDM, Cllr Selby Khumalo thanked everyone who participated and warned everyone in the meeting that we should be responsible citizens who will stand and fight for HIV/AIDS not to destroy the nation.



## National Strategy Plan for HIV/AIDS

Stakeholders gathered at EDM's Disaster Management Centre on 18-19 March 2011 for the 2007/2011 National Strategic Plan.

The main stakeholders present were from the Treatment Action Campaign (TAC), Ehlanzeni District Municipality, Department of Health and Social Services, the Congress of South African Trade Union (COSATU) who gave presentations of implementations of plans during the past five years.

The overview of the Provincial Strategic Plan (PSP) and its supporting structures was presented by the panel from the provincial chair from Mpumalanga AIDS Council, Provincial Department of Health, Treatment Action Campaign, Ehlanzeni District AIDS Council and from the Congress of South African Trade Union.

Commissions got underway and the commission



guidelines were on Strengthening of South African National AIDS Council (SANAC) and its supporting structures, inclusive of the Provincial AIDS Council's (PAC); Universal access to treatment; Global funding effects and Prevention of HIV Counselling and Testing (HCT); Access to justice and human rights and; Social Mobilisation for the TAC sector.

Comrade Fidel from Cosatu commended the outstanding job done by the Executive Mayor of Nkomazi Local Municipality, Cllr Johan Mavuso for playing a pivotal role in supporting AIDS programmes in the Nkomazi area.

Every Mayor is obliged to sit in every District AIDS Council. Cosatu appreciates the professional relationship between TAC and this province. On February 9, 2011, Cosatu and TAC agreed on working together during campaigns.

During the May Day celebrations TAC will distribute pamphlets and on the next Provincial Executive Committee (PEC) for Cosatu," said Fidel.

Discussions took place where people were motivated to take care of one another and to assist people infected and affected by HIV/AIDS.





## Bid to fight poverty

On 30 October 2010, Deputy President, Kgalema Motlanthe and politicians visited households at Ntunda Village in a bid to fight poverty. Ntunda is situated 30km South East of the Malelane Tribal Authority headquarters, which is about 35km South East of Malalane town.

The Executive Mayor of EDM, Cllr CN Mkhonto was deployed with Deputy Minister of Public Works, Ms Henrietta Bogopane-Zulu from Public Works, MEC for Finance, Ms YN Phosa, Director-General on War and Poverty Mr M Mbongwa, Councillors, respective Director-Generals and Heads of Departments.

Households visited were that of Mandla Gumede, 43, living with his wife who does not have an identity document. The wife is an illegal immigrant, and the husband a South African citizen. Together they have a three-year-old child born in Swaziland. Their needs are employment, housing, free basic services and food parcels. The South African Social Services promised to provide



food parcels to the household. The municipality will register the household in the indigent database. The Department of Home Affairs was to obtain a birth certificate for the child, and the Department of Water Affairs was to assist with a Jojo tank.

“Try to do something like starting a vegetable garden. Gutters will also be provided for you to harvest water during the rainy season. The Department of Labour will register the head of the family on the database for job seekers,” said Mkhonto.

Another home visited was the Ngomane family where the grandmother, Sarah Sibozza lives with her four grandchildren. One of the children is wheelchair bound, and in grade seven. “We are desperately in need of food parcels, better housing and free basic services, but our major need is that of a toilet for it is difficult for Bongive as she is disabled,” said Sibozza.

From Public Works, Ms Bogopane-Zulu advised that the present two-roomed home should be extended with two other big rooms and a toilet that will suit the size of a wheelchair. The grandmother is assisted by a volunteer, Linkie Sibozza who is also an orphan. The children receive free school uniforms.

The Ntabase family was also visited. An elderly is living with her sister’s children. Gogo Ntabase is also on a wheelchair, and no one is employed as they depend on the old lady’s pension. Members of the family were advised to do something for a living like breeding chicken.



The household of Maria Ngwenya was visited. She arrived in the country in 1988 from Mozambique, and got married to Mr Thobela who has passed on. Together they had five children who are independent. Gogo is living with his grandchild who is 17 years old who was abandoned by his parents while he was an infant.

The stand is not in Gogo's name. She and the grandchild don't have legal documents like identity documents, and they live on handouts from neighbours. The Community Development Workers promised that they will arrange affidavits for them to obtain necessary documents.

The last person visited was Kenneth Mabuza who lives alone in his mother's home. "My mother left for Thembisa to take care of other orphans while I was 16 years old. Today I am 26 years old. I cannot do anything for myself as I was injured." He was to be assisted with the letter from the doctor to receive a disability grant, and to be assisted in receiving skills training course from the FET College.

The day ended with an interactive session with the community, replies by ministers, MEC's and Mayors. The Deputy President also addressed the community.





## Community empowered in business skills

Hundreds of community members benefited out of a business initiative to create better entrepreneurs.

This was thanks to Ehlanzeni District Municipality's LED and Tourism Unit who officially launched the SMMEs Handbook that was widely distributed during the day-long event.

The handbook, which is EDM's strategy for creating better entrepreneurs, contains information such as how to start a business; how to fund it; what business linkages to your own exist and; contact details of all business-related organisations.

As it had been hosted by Nkomazi Local Municipality's executive mayor, Cllr Johan Mavuso, said: "I have witnessed the fruits of democracy blossom, especially for those who have stood up and done things for themselves.



"The government does not build industries, but comes up with policies for the community to enhance and life becomes easier for growth in business," he said.

EDM's MMC for LED and Tourism, Cllr Margaret Chembeni-Sahi told the gathering that according to the manifesto of the ruling party, Local Government's task is to promote growth among the communities.

"It is based on that I urge you to fully utilize this handbook for you to be able to be part and parcel of the mainstream economy," she said.

Beneficiary of this initiative, community member, Ms Julia Shungube from Siphandlane General Trading, a small company that manufactures oil used for hair growth shared her experience with the rest as she said:

"My thanks go to EDM and Nkomazi who came up with this programme which saw me rise from the ranks of being a security guard, and now I am an entrepreneur through listening to an announcement they made through Ligwalagwala FM.

"That changed my life for the better as they stated they wanted people who wanted to start businesses, I took up the challenge and have received advice and training.

"The rest is history as my chief also gave me 10 hectares of land to start my business, here I am," she recounted.



Shungube, who was on the verge of fencing her site was very fortunate to win the female farmer of the year and also was an awardee during the Premier's Excellence Awards where she obtained the second position.

“With my prize-money I bought a printer and computer and have been a delegate on a trip to

China organised by the Department of Trade and Industry and came back with valuable experience,” she said.

Her contribution on the day was to motivate among her peers, to persevere and making use of institutions that are of assistance to them.

---





## Children's rights considered

It is mentioned that community dialogues are aimed at dealing with the underlying causes of HIV and AIDS, be they power relations, children's rights, gender issues, stigma or discrimination.

The Social Services and Transversal programmes of Ehlanzeni District Municipality, initiated the hosting of the "Community Dialogue" on children's rights on 24 June 2011 at the Chochocho community hall.

The aim of the dialogue was to capacitate communities to take charge of issues affecting children and promote collaboration and to strengthen the capacity of Non-Governmental Organizations (NGO's) and Community Based Organizations, to develop.

Again, this aims to give communities the power to find their own solutions to problems that they themselves have identified. Community dialogue focussed heavily on interactive dialogue on the



epidemics, deeper causes and through a facilitated process, community decision-making and action.

The purpose of the day was delivered by Mr Howiso Mkhize from (AFSA), who pointed out that everyone needed to have an input during the proceedings. "We just cannot keep quiet and do nothing about saving our communities. We must also fight the epidemic of HIV and AIDS that is destroying families," said Mkhize.

He also mentioned that in South Africa, there are human rights, and that we have to look into the rights of the children. "These are tomorrow's leaders and tomorrow's parents. They must be protected by every responsible citizen. Let us all engage ourselves in making a better life for our future citizens," concluded Mkhize.

The community dialogue discussion was led by the Masoyi Home Based Care's learner, Angel Nkosi who said that: Children should be vocal and not hide anything that makes them uncomfortable.

Fikile Monareng was impressed because there is a community hall for the community of Masoyi, where community issues can be addressed.

Other learners mentioned that clinics, schools, feeding schemes are available where orphans are assisted.

It was also mentioned that the community appreciates the fact that there are home-based care centres available in their area. "People walk to the clinics and get immediate help. There are local programmes in place, whereby, people are



educated on self-help programmes. The youth is also taken care of and issues pertaining to HIV and AIDS are addressed, said Zola Siyongane.

Another issue addressed was xenophobia, which was agreed upon that it should be discouraged. The community respects their cultural values and orphans are well cared for. There are problems facing the community like foster parents who abuse the foster care grant they receive for the children they are supposed to take care of. Child slavery is said to be rife.

The community was advised to report all cases of abuse. Children should be given a right to express themselves. Another concern was that of disabled people, especially children. "They are undermined and badly treated in schools, families and their communities. Youth is too exposed to drugs and alcohol. They lack respect for their elders. Children are also abused without any intervention. I would like to appeal to Social Workers to concentrate on their case work, in order for children to be protected, and parents should organize wills for their children to avoid conflicts among children and relatives when the parents have passed on," appealed Tryphina Mbuyane.

When asked if there is any intervention in helping the children, the response was that there is help. Children can access child grants as Social Development offices are everywhere. There is free education for the needy, and that needy children receive free medication from the clinics.

It was also mentioned that the youth are not assisted after passing matric, career exhibitions are

not organized. There is an outcry of the youth not obtaining bursaries. Institutions like the National Youth Development Agency, are needed in the area to help the youth in reaching certain goals.

The keynote address was delivered by Honourable Executive Mayor, Cllr Letta Shongwe thus: "Today's programme is "Asikhulume," out of which a lot of good has been discussed by the community, especially those contributions that came from our children. As the government, we will never be able to know your problems if such gatherings are not organized.

Nontobeko Mlambo from Childline, who said that "As children, always try to find yourself on the right side. Be positive in life. Copy the right things and always address yourselves with manners.

This government came up with the Rights of the Children, because it was discovered that there are children who are abused and helpless.

"They are expected to do heavy duty work instead of studying or playing. I will urge the youth to respect their rights, and not take advantage of them. You must always remember that these rights go hand in glove with respect. Stop taking drugs and alcohol, respect and care for one another," said Cllr Shongwe.

Feedback and comments were delivered by Ms Nontobeko Mlambo from Childline, who said that the government should emphasize on activities in communities, Home Based Care Organizations should be involved. Children have a right to say "NO" to abuse.





She also said during the next gathering, the South African Police Services should be engaged so that the future citizens can be rightfully protected.

The occasion was graced by Cllr Johan Mavuso as the programme facilitator who emphasized to the house that “knowledge is power,” Cllr C Hlophe MMC for Social Development and Transversal at EDM, Cllr L Maseko, Ward Councillor at Mbombela Local Municipality, Cllr B Mdluli, MMC Transversal programmes at Mbombela

Local Municipality and Bukhosi Babe Sanderson.

Cllr Maseko thanked the Executive Mayor for honouring the event and the MMCs and Ubukhosi Babe Mdluli. “I hope that we will meet again at such an occasion. Spread these messages to the community and invite others to be part of each programme,” said Babe Sanderson.

Learners rendered some poetry recitals on “Our Rights” and on “Children’s Rights.”



## Ehlanzeni epidemic at a glance 2006-2010

### Ehlanzeni Issues are:

- High HIV prevalence above 30%, HIV prevention a priority;
- Mature phase of the epidemic: Increasing AIDS deaths, AIDS-related illnesses, Orphaned and vulnerable children
- Care and support: infected, home based care, palliative care, access to treatment, support groups, orphan care
- A partnership Against AIDS (National directive)
- Local Government response to the AIDS pandemic
- MDG declaration
- 43% maternal deaths due to AIDS, High TB rate

### HIV & AIDS today:

- Invisible tomorrow Visible
- Private tomorrow Public
- 1 individual tomorrow whole community



- More land for development tomorrow  
more land for burials

### HIV & AIDS has no respect for:

- Disability
- Age
- Gender
- Position
- Educational level
- Race
- Wealth
- Plans /strategies/systems/mandates

### District at a glance:

- District HIV prevalence: decrease 36% - 33.8%
- PLWHA on ARV's (public facilities): +38 000
- Orphans: Out of 670 schools , each school has > 100 Orphans
- 90% earn below poverty line
- Social grant dependent : Liability vs asset to the state
- Youth & adult HIV prevalence: High (1 of 6 age group 15-29, 1 of 3 women age group 25-29)
- 1700 pp infected daily

### AIDS impact on Ehlanzeni:

- Reduce the projected number of people
- Reduce life expectancy (+60 to -40yrs)
- Increase infant mortality due to mother to child transmission
- Greatly increase the need for health care
- Greatly increase the need for poverty assistance
- Exacerbate inequalities (rich-poor divide)





- Dramatic Increase in the number of orphans and vulnerable children
- Result in large number of aged who need care

**AIDS Impact on Ehlanzeni**

- Affect income and expenditure patterns
- Reduce economic growth as there will be less income for spending
- Reduce the ability of households to pay for services, rents and rates –need for indigent policies
- Threaten productivity due to increased absenteeism, higher recruitment, training and employment benefits and loss of skills
- Increase the number of people with bad debts
- Reverse years of investment in training and education
- Expenditure meant for development diverted to Health and welfare

**Determinants of the AIDS epidemic:**

- Geographical location
  - Provincial borders
  - International borders
  - Child/human trafficking
- Socio-economic factor
  - Youth, Transactional sex, HIV, abuse of alcohol, Sex
  - Crimes, Assault (GBH)
  - Limited access to treatment & non compliance
  - Poverty & unemployment (rich-poor divide)
- Socio-cultural factors
  - Gender

- Stigma, denial, exclusion & discrimination
- Fear factor, non-disclosure, not testing for HIV
- Moral regeneration, social consciousness, sense of family
- Cultural attitudes and practices
- Patriarchal society

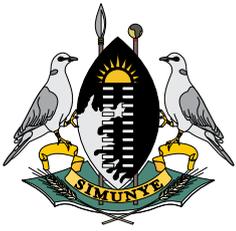
International community millennium declaration/pledge binds us at Ehlanzeni to:

“Spare no effort to free our fellowmen, women and children from the abject and dehumanizing conditions of extreme poverty. With an overarching goal that we can put an end to poverty. This requires an unswerving, collective, long-term effort.” - By Ban ki-Moon Secretary General , UN.

**Millenium Development Goals:**

- GOAL 1: Eradicate extreme poverty and hunger by 2015
- GOAL 2: Achieve universal primary education
- GOAL 3: Promote gender equality and empowerment
- GOAL 4: Reduce child mortality
- GOAL 5: Improve maternal death
- GOAL 6: Combat HIV/AIDS, malaria and other diseases
- GOAL 7: Ensure environmental sustainability
- GOAL 8: Develop a global partnership for development





### **Commitment:**

- MDGs commit the international community to:
  - An expanded vision of development.
  - One that vigorously promotes human development as the key in sustaining social and economic progress in all countries.
  - And recognises the importance of creating a global partnership for development.
- The MDG's have been commonly accepted as a framework for measuring development progress.

### **As Local Government:**

- The international trend of "thinking globally and acting locally" has resulted in the creation of this sphere of government and important developmental mandates
- The IDP therefore becomes the Executive and legislative requirement for the municipalities to fulfill their developmental mandate
- The IDP empowers municipalities (incl. all role players) to move progressively towards social and economic upliftment of communities and provision of basic services to all people especially the poor and disadvantaged
- Local Government is the level of Government closest to the people. (in touch with the realities)

### **AIDS responses that work in any organization/formation:**

- The realisation that the success of any

Plan / Strategy/ Unit / policy or programme is in its management.

- The management (political & administrative) can make or break the AIDS response
- Commitment of the leadership: Availability, visibility, budget allocation, Staff allocation (competent staff), decision making, AIDS as top of the agenda.

### **Challenges**

Development of 6 AIDS strategies (Nkomazi, Umjindi, Mbombela, Thaba Chweu, Bushbuckridge and Ehlanzeni strategies)

All municipalities have an AIDS strategy which is reviewed annually and must form part of the IDP.

Facilitators: ETU, EDM & gtz-mrdp  
Municipalities who do not budget sufficiently cannot review strategies namely Bushbuckridge, Thaba Chweu and Umjindi

Launch 6 AIDS Councils  
Nkomazi, Umjindi, Mbombela, Thaba Chweu, Bushbuckridge and Ehlanzeni AIDS Councils.

All municipalities have established and launched AIDS Councils. These structures had an induction program.

Facilitators: ETU, EDM & gtz-mrdp  
Most need capacity building and resources so that they can fully function. Currently due to a limited budget the functioning of the structure is compromised.

Response, achievements and challenges:





Conduct 6 HIV & AIDS Sensitisation workshops for portfolio committees responsible for the AIDS programme.

6 HIV & AIDS Sensitisation workshops were conducted for all 6 municipalities in Ehlanzeni (Portfolio committees responsible for the AIDS programme).

Facilitators: ETU, EDM & gtz-mrdp  
Sensitisation needs to reach all PR Councillors and CDW's to promote a uniform approach to the issue.

Appoint 6 Municipal AIDS Co-ordinators as programme managers. 1 for each Municipality in Ehlanzeni. 4 out of 6 municipalities in Ehlanzeni have appointed AIDS Co-ordinators as Programme Managers, namely: Ehlanzeni, Nkomazi, Umjindi and Mbombela.

Facilitators: ETU, EDM & gtz-mrdp  
2 Municipalities have not yet appointed an AIDS Co-ordinator namely: Thaba Chweu and Bushbuckridge

6 Municipalities to budget for the AIDS programme to the tune of R 1,500,000 as resolved by all AIDS Councils. 5 out of 6 municipalities budget for the AIDS programme though less than the R 1,500,000 agreed upon. Nkomazi: R600 000, Umjindi: R250 000, Mbombela: R280 500, Bushbuckridge: R250 000, Ehlanzeni: R1,000,000.

Facilitators: ETU, EDM & gtz-mrdp  
Thaba Chweu Local Municipality has no budget for the AIDS programme. All the other 5

municipalities need to adhere to the AIDS council resolution of allocating R 1,500,000. AIDS still treated as a health thing, not a governmental and developmental issue.

Considered as a soft issue, yet people are dying and orphans increasing.  
5 District AIDS Conferences  
3 District AIDS Conferences held in Mbombela, Nkomazi, and Umjindi.

Facilitators: ETU, EDM & gtz-mrdp  
To continue to host the District Conferences in Thaba Chweu and Bushbuckridge as planned.

5 District Child Care Jamborees  
4 out of 5 District Child Care Jamborees held in namely: Mbombela, Bushbuckridge, Nkomazi and Umjindi.

Facilitators: ETU, EDM & gtz-mrdp  
The next Jamboree was held in Thaba Chweu as planned.

Skills development for all 6 AIDS Co-ordinators in the District conducted by the University of Pretoria. All 6 AIDS Co-ordinators trained on managing the AIDS programme and AIDS Councils.

Bushbuckridge and Thaba Chweu officials trained are not AIDS Coordinators.

Co-funding the TCE (Humana) door-to-door HIV & AIDS intervention programme to benefit all 5 municipalities in Ehlanzeni. Funding to operate in Bushbuckridge and Nkomazi.



Funding not sufficient to move to other municipalities namely: Umjindi, Thaba Chweu and Mbombela. Promote HCT (VCT). All events of the District AIDS Council and municipalities HCT services are provided.

Commemorate 5 District World AIDS Day events  
Have commemorated 2 out of 5 District World AIDS Day events in Mbombela and Nkomazi. To continue as planned to move to Umjindi, Thaba Chweu and BBR. Will promote RED Ribbon & candle lighting.

At all events of the District AIDS Council, and municipalities, the red ribbon is promoted and candle-lighting conducted.

Commemorate 5 Human Rights day and the Child protection week events.

Have commemorated 2 out of 5 District Human Rights Day and Child protection week. Events in Nkomazi, Umjindi and Thaba Chweu. To continue as planned to move to Mbombela and BBR.

Support Provincial and National AIDS Councils  
Supported the launch of both the Provincial and National AIDS Councils as both were hosted in Ehlanzeni.

5 HIV & AIDS sensitisation sessions for stakeholders and portfolios, annually. Conducted all 5 HIV & AIDS.

Alignment of responses with Global, Regional,

National, Provincial, District, Local developments:

- 3rd District AIDS Conference, Feb 2008
- 2008 May 27-28 SALGA Social development seminar
- Provincial AIDS Council Lekgotla October 2008
- Serve provincial AIDS Council Steering Committee – Achievements to date (PSP, M&E) 2007.

#### To Date

- International, Regional & National AIDS Conference - Resolutions
- Prevention (Reducing the vulnerability, & the further spread of HIV, HIV Testing)
- Treatment, care & support (minimising the impact),
- OVC – Care & support, increasing access to services
  - Resource Mobilisation
  - Lobbying and advocacy
  - Research, Monitoring and surveillance
  - Human rights & justice
  - Coordination –AIDS Councils

“Let all of us who love their people and their country now say; for these freedoms we shall fight, side by side.” by Martin Luther King.





## Ehlanzeni District Public Service Standards Roll-out Plan

Ehlanzeni District Municipality has been part of the three-day training programme on the development of Public Service Standards.

The training programme was conducted by the Office of the Premier and was held on July 13-15 at the Casa do Sol Hotel in Hazyview.

The objective of the workshop was to caution municipalities in the Ehlanzeni District area on the implications of the Public Service Transformation Act of 1995 and the subsequent Public Service Delivery Improvement Plans of 1997.

Parts 111 C1 and C2 of the Public Service Regulation, require for all institutions of government, municipalities included, to set out their own service standards which will be



supported by the Institutional Service Delivery Improvement Plans.

The workshop was well supported with almost all the Local Municipalities in the Ehlanzeni District being represented. This is, however, with an exception of Thaba Chweu Local Municipality which did not have a representative throughout the workshop.

“We are actually doing something which we should have done a long time ago, as this particular programme has policy implications,” said Ms Susan Malope on the first day of the workshop as she was outlining the implications of the White Paper on Public Service Transformation of 1995 and the Service Delivery Improvement Act of 1997.

The two facilitators, Ms Susan Malope and Mr Louis van der Walt, managed to put together an easy step by step method on the implementation of the Public Service Standards by municipalities using the Principles of Batho Pele as a practical case study.

Municipalities eg: Bushbuckridge were commended for having taken the lead in institutionalizing the programme. It is, however, still a challenge if municipal programmes are not co-ordinated from a central point which ends up defeating the objectives of the Monitoring and Evaluation, hence the need for the District to play a co-ordinating role.

All participants were urged to go back to work in their respective municipalities and



start implementing the programme in order to enhance Good Governance and stimulate public participation.

A proposed Roll-Out Plan was shared and adopted by all municipalities. It clearly outlines practical programmes that the municipality can implement with a standardized reporting format

to the Province and to the National Department of Public Services.

Watch this space, as we will constantly be reporting to our communities on the developments in the Implementation of the Public Service Standards in Ehlanzeni as Siya Deliver Manje!

---





## Ehlanzeni District Municipality's IDP Forum serving the people

Ehlanzeni District Municipality's IDP Forum held on 12 October 2010, was well represented by vigorous stakeholders who vowed to work endlessly for the benefit of the people.

Ms Fezeka Ntlemeza, Manager in the office of the municipal manager thanked everyone present mentioning that the meeting plays a role in looking and taking care of the needs of the people.

The District Development plan was outlined by Mr Siphon Tibane, and the IDP Review Process. He delved on IDP legal requirements which are Municipal System Act, 2000, Constitution, 1996, Municipal Finance Management Act, 2003, White paper on Local Government, Green Paper on Spatial Development Plan, National Spatial Development Perspective (NSDP) Provincial



Growth and Development Strategy (PGDS) and others.

The vision was explained as “The best performing District municipality of the 21<sup>st</sup> Century”, and the Mission “Ehlanzeni District Municipality shall strive 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”.

IDP definition was explained to the house as Intergrated Development Planning in an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long – term development.

“An integrated Development Plan, is a super plan for an area that gives an overall framework for development. It also aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all people living in the area. It should take into account the existing conditions and problems and resources available for development. The plan should look at economic and social development of the areas, as a whole, and set a framework for how land should be used, what infrastructure and services are needed and how the environment should be protected,” said Serite.

The key role players in the process is the municipality which guides the development plans of the municipality, the councillors are given an opportunity by IDP to make decisions based on the needs and aspirations of their constituencies. Traditional Leaders' role is to give inputs and



advice on how development can be implemented and give strategic directions.

Communities and other stakeholders, i.e. the youth, pensioners, women and so on. IDP is based to cater for their needs and priorities.

Communities have the chance to participate in identifying their most important needs. The IDP process encourages all stakeholders who reside and conduct business within a municipal area to participate in the preparation and implementation plan.

Mr Ronny Dobbelsteijn, GIS Advisor, gave a background on new municipality demarcation. “On September 1, 2010, the Municipal Demarcation Board handed over Municipal ward for the 2011 Government Elections. The term of office for present Municipal Council ends on March 2, 2011. Within 90 days of this date new elections must be held. Number of wards is dependent on registered voters in each municipality,” said Dobbelsteijn.

He also mentioned that the MMCs for Local

Government are determined with a Minister Gazetted formula the number of councillors for each municipality. The Demarcation Board divided the number of councillors for each municipality. An uneven number resulted in one or more wards, for example, 21 councillors = 11 wards. Number of registered voters in each ward may not vary more than 15% from the norm.

From the Office of the Premier Mr Captain came up with Outcome Based Approach. Clusters introduced were Introduction of Clusters by Mr R. Makwakwa Deputy Manager IGR & International Relations, Economic Infrastructure by Mr S Mohlala, Social by Ms Ndazo Mdluli Deputy Manager HIV/AIDS, Good Governance & Administration by Mr L Nxoko.

Other stakeholders present were Mr Nokoyana from Information communication Technology, Mr M Khapola from the Department of Agriculture. On closure the Deputy Mayor Cllr Selby Khumalo said that it was encouraging to see stakeholders dedicating their time in making it possible for the communities to benefit in a positive way.

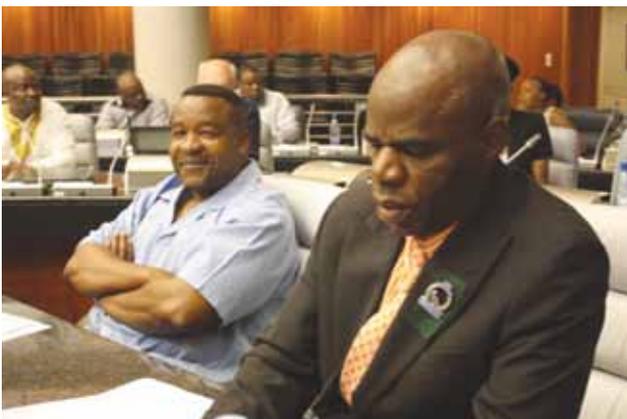




## Integrated Development Planning – Budget Representative Forum

Ehlanzeni District Municipality, in complying with Section 34 of the Local Government: Municipal Systems Act, No. 32 of 2000 and Section 16 of the Municipal Finance Management Act, No. 56 of 2003, respectively, arranged this forum to ensure that stakeholders are allowed an opportunity to interact with the documents prior their adoption by Council.

In his opening remarks, the District Municipal Manager, Adv. Hugh Mbatha outlined the purpose of the forum as to deliberate and engage one another on the final stages of the upcoming 5 years' IDP. Besides mentioning how critical it was to protect the freedom through promoting better and quality service delivery, the Municipal Manager highlighted the principal objectives of the forum as highlighted below:



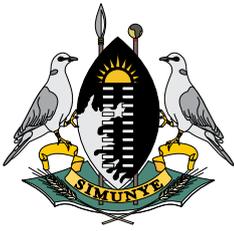
### Present Ehlanzeni District family of municipalities' Drafts 2011/12 Integrated Development Plans & Budgets

- Provide feedback on the commitments made by stakeholders during the IDP Analysis and progress on how they respond to issues raised.
- Allow sector departments to share information on what has been planned and budgeted to support the municipality for the 2011/12 IDP.
- Provide a platform for stakeholders to input on the Drafts IDPs before the final adoption by Council.
- Provide an avenue for all stakeholders to advance improved, integrated, intergovernmental planning, implementation and reporting.
- Share how COGTA & SALGA plan to support.
- Municipalities for the upcoming financial year 2012/13.
- Share best practices and lessons learnt from KZN-based Durban Metropolitan Municipality.

Municipalities presented their draft IDPs/Budget for the upcoming five years which, in the main, focused on a number of service delivery projects aimed at addressing backlogs and shortcomings identified during the past five-year IDP cycle.

Some of the projects just like the State of the Nation and that of Mpumalanga Province Addresses cited a need to reposition our efforts to the following challenges and basic needs:

- Improve level access of basic services in



the form of water, housing, electricity, sanitation and roads and transport facilities;

- The need to combat underdevelopment and fighting poverty remains the biggest obstacle of development;
- Capacitating and strengthening our institutional arrangements, especially with regard to structures of Local Government, the functioning and competency of ward committees, CDWs, community structures and forums. How to attract and retain scarce skills will need to be elevated to provincial decision-making structures;
- Security of tenure (Tenure upgrade) remains a central tool to unlock development and strengthen financial viabilities of the locals;
- The findings of the forum was that the municipality lacks capacity for self sustenance;
- A need to invite stakeholders to revisit mining beneficiation and Social Labour Plans;
- Assisting Local Municipalities with the spending of Municipal Infrastructure Grant [MIG] and sharing of best practices within the District;
- The need to improve on intergovernmental planning and relations and how to strengthen the operation of the District Clusters [Social Needs, Economic Growth and Infrastructure Development & Good Governance Clusters];
- On the area of sourcing funds, a special attention was put on external funding such

as European Union, World Bank and German Based Funders, etc which we must canvass for as some of the challenges of the region will need more funds,

- A need to ensure that Environmental Management Plans and dolomite investigation studies are undertaken to ensure that planning and projects identified for our LMs are informed and adequate.

The Finance MMC, Cllr Mary Mochekoane warned that the District should prioritize as yesterday the development of strategies that will seek to address the lack of financial viabilities in terms of generating revenue. To this end, a need to forge partnerships with potential funders such as overseas bound countries and bodies such as the European Union was emphasized.

She highlighted also, the value and impact which service delivery civic education may have on communities and a need also to consider how well earning people living in rural areas may be incorporated in paying for some services rendered by municipalities for purposes of infrastructure and broadening of revenue base.

In terms of the Circular 54 of the MFMA, Act 56 of 2003, Municipalities had to comply with either option 1 or 2 in terms of preparing and adopting the draft budget and IDP. However National Minister gave a ruling that all LMs in the country should adopt option 1 to necessitate that most risks associated with municipal elections do not affect the smooth running of Local Government system.





The circular implied that the District framework plan and municipal process plans had to be

amended accordingly in terms of the Chapter of the LG municipal systems Act, 32 of 2000.

---



## Ehlanzeni says yes to promote water and sanitation

The Water and Sanitation task team visited Netherlands on August 27 to September 4, 2010, to fine-tune the concepts of and prepare an orientation programme for the working group of participants within the Local Municipalities in South Africa.

The proposed orientation programme was scheduled for the week of 18-22 October 2010 in South Africa. The officials in charge of Water, Sanitation and Human Resources attended the training. The purpose of the orientation programme was to lay the foundation for the long term training of operators which will be held at the end of the year.

The Netherlands team of experts who came to South Africa were Keimpe Sinnema of Groot Salland Waterschap responsible for International



Affairs as a project leader, Marck IJssink of Groot Salland Waterschap senior expert in waste water treatment, Mark Heideveld of Zwolle municipality, Henk Borgmeier of Zwolle municipality an asset manager, Harrie Uneken, of the Bureau voor Ideeën Adviezen Uneken an expert in drinking water, Jan Kamphuis of the Bureau Voor Ideel Adviezen Uneken, also an expert in drinking water and Michiel van Willigen of Groot Salland Waterschap International Affairs as the project facilitator.

Also present the IT and engineering students from the Netherlands who are in the country on a student exchange programme to assist the Nkomazi community by initiating social upliftment projects like building toilets in schools.

The working group comprised of officials from the five Local Municipalities, including the Kruger National Park, Bushbuckridge Water and Silulumanzi, the main objective of the orientation programme was to equip mostly newly appointed managers in the water industry, their counterparts in various support departments with the basic knowledge of understanding how the water industry is to be managed.

The scope of the programme covered the following key topics.

- Human Resource Management aspects,
- Asset Infrastructure Management,
- The importance of keeping drawings,
- Asset Infrastructure Register,
- Replacement Program,
- As Built Drawing,





- Preventative Maintenance Plan,
- Daily Analyses,
- Plant Optimisation,
- Health Optimization,
- Health and Safety Issues.

Jan Kamphuis and Harrie Uneken delved on the topics of Drinking Water, Distribution Pumps in Drinking Water Systems and on Treatment Plants. Tips on management, budget control and human relations skills were part of the training. The deputy director of infrastructure development and sanitation, Mr Norman Shabangu said that the cost of providing water services is too expensive, and also mentioned that at one stage it used to cost the municipality millions per month to keep up the service.

The co-ordinator of the training Mr Moses Makhweyane, perceived the workshop as a

stepping stone to improve water and sanitation problems. “I am happy that we are talking the same language of water and sanitation. The experts are here to advise us with good skills and I am convinced that after this training we will go back to our respective areas and impart the knowledge with others for the best service delivery,” said Makweyane.

An excursion was also undertaken on 21 October 2010 where the Mhlatikop Water Treatment Plant, the Komatipoort Water Treatment Plant and Komati Oxidation Points.

On the last day of the programme all the participants were handed certificates by the Executive Mayor Cllrs CN Mkhonto and Jimmy Mnisi. On closure Cllr Mkhonto thanked the experts for their endeavours in making the training a success.



## Water institute for Mpumalanga

The launch of Water Institute of South Africa, Mpumalanga Branch took place at Ehlanzeni District Municipality on 7-8 June 2011.

The Water Institute of Southern Africa (WISA) was formed in 1987 when the Southern African branch of the Institute Water Pollution Control, originally founded in 1937, was disbanded.

At the beginning of 2000 WISA was incorporated under section 21 of the Company's Act of 1973 as an association not for gain, with the objectives of the Institute are the promotion of and application of scientific and engineering knowledge and management skills in the planning, design, construction, operation, maintenance, investigation, research and education in connection with the natural and controlled water cycle. This will include but will not be limited to the application of scientific, engineering and management skills to all or any hydrology, water



resources, river management and flood alleviation, recreation, water supply and distribution, sewerage, sewage and industrial waste treatment, disposal and water pollution control. The activities of the institute shall be directed to the furtherance of such activities.

Furthermore it was explained that the mandate of the institution will be to encourage communication and a better understanding among scientists for Engineering design, construction, operation, engineers, managers, administrators and communities engaged in the search for and implementation of solutions for water related projects, and to encourage and facilitate the exchange of information relating to research and technology for:

- Engineering design, construction, operation, control and management of all water and waste treatment systems including mining and industrial applications.
- Water quality management in the aquatic environment.
- Social, educational and managerial development.

The objectives of the branch will be to advance the theory and practice of the management of water-related institutions. Seminars will be offered, conferences, workshops and to disseminate knowledge and information on all matters related to management of water related institutions and organizations in South Africa, and collaborate with other professional and technical societies and other bodies having similar objectives. To also





publish papers, pamphlets, books and information on the subject.

The aim of WISA is to build expertise, share knowledge and to improve quality of life by providing platforms in Southern Africa, for the promotion, integration and application of scientific, engineering and management knowledge and skills in the water-sector through its publications, workshops, conferences and websites in all areas, including:

- The provisioning of water and treatment of effluent;
- The management of water infrastructure;
- The conservation of water;
- The development of skills.

Presentation on the management of complex Wastewater discharges, the use of Municipal Assistance System to improve operation, maintenance and compliance, insight into the application of advanced oxidative method for biosorbent modification in waste water treatment application.

Companies exhibited their products at the exhibition hall. ZMG-WATECH company

explained their services as offering training, consulting, maintenance, dosing systems, chlorination systems, chemical treatment application, new technology trial, Run and appraal, laboratory services, water quality test equipment and water treatment plant. They also have chemical products, which are chlorine gas used as the most important disinfectant agent in water treatment, preventing the spread of water-borne diseases.

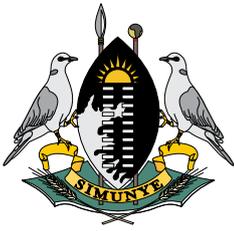
Flawplants are used in a diverse range of solid separation processes across the water treatment industry.

Lime is used in drinking and process water preparation, lime is mainly used for PH adjustment or water purification.

The HTH products are for the disinfection of drinking water and swimming pools.

Physical products exhibited were Jar stirrer, Turbidity TDS/PH Meter, Chlorinators and laboratory services.

Many companies displayed their products while networking took place.



## Confluence of water meeting got underway

Ehlanzeni District Municipality held its quarterly Water Sector Support Group meeting at the Mbombela Local Municipality's Council chamber.

The group's meeting was dubbed: "the confluence of the water industry".

The purpose of the District water sector support group was to bring together water and sanitation stakeholders under one roof to discuss issues affecting them in the management of the water industry.

Issues discussed range from daily operation and maintenance matters right up to management and training of process controllers.

The meeting is usually attended by all role-players in the industry and its main members are the Local Municipalities under the District, namely



Bushbuckridge, Thaba Chweu, Mbombela, Umjindi and Nkomazi Local Municipalities, as well as the various sector departments providing support in the water industry.

Mr Moses Makhweyane, the District water sector support manager, said that the water industry is everybody's business and it should be a universal obligation to make sure water services are supplied.

When asked about the key concern in the industry nowadays, Makhweyane responded by saying that "water quality monitoring as well as daily operations and maintenance of the water supply and waste water discharge systems are still areas that need a great deal of improvement".

Reports were tabled by the key role players which cover the following key topics: water quality management, water conservation and demand management, asset management, water service development plans, water service provider arrangements, municipal infrastructure grants and development and implementation of policies within municipalities with delicate hopes to avoid similar inconveniences like that occurred at Pienaar.

Representatives from the Local Municipalities were expected to table reports under the above named topics. In the tabling of the reports they were required to indicate areas where they experience challenges, need for additional support and whether they were going to require financial assistance to improve operation.





Makhweyane said in his closing remarks, “The water industry as a whole is riddled by the problems of skills attraction and retention and we should strive to improve because what one should

have done always seems clearer in retrospect than it was at the time, unfortunately life can only be understood backwards, but must be lived forward”.

---



## Right timing for border post awareness campaign

The Border Post Campaign held at Lebombo border a day before Good Friday benefited hundreds of tourists and visitors, alike.

The team from Ehlanzeni District Municipality Tourism Unit was ready to educate people on do's and don'ts when travelling from the first gate, one's attention is drawn by the broad and colourful branding on billboards.

Pedestrians from buses, taxis, vehicles and trucks crowded the stand that was packed with pamphlets containing information for the travelers, promotional material and condoms that were distributed to everyone, except children.

A tourist, Pedro Miguel commended the good work of promoting at the border post. "This is the second time I have seen this action taking place as this border. I am really impressed and personally I have gained knowledge on what is

expected of us as tourists at the border post.

"Last year I was lucky to receive a hat and a T-shirt, today I have received this beautiful umbrella. Keep it up Ehlanzeni District Municipality for the good work. Next year I will make it a point that I travel from Cape Town to Maputo during this time. Keep it up," said Miguel.

Truckers received condoms in boxes, while umbrellas, pamphlets and T-shirts were distributed to the people. Generally travelers suggested that this campaign must take place at least twice a year.

"This event keeps us informed on all information on tourism. Look, the border is beautifully branded and there is an activity that is taking place. We are also educated on safe travelling," said Ms Anthony Preshkov from Maputo.





## People empowered through tourism

Ehlanzeni Tourism Kruger Day kick-started on a high note on 3-4 June 2011 at the Kruger National Park in Skukuza. The event was divided into three categories, that is, Golf Day, Gala Dinner and Sports Day.

### Golf day

We started the day by placing branding from the different stakeholders present, which were the National Youth Development Agency (NYDA), South African Breweries (SAB), Vodacom, Comair Limited, SEDA, Absa Bank, SARS, Acts, National Development Agency (NDA) and Nkomazi Local Municipality's HIV and AIDS Unit.

At 07:00, the golfers were already on the course playing, for two hours. The golf clinic also took place where up and coming golfers were given tips on how to handle the golf clubs and many kinds of swinging.



Mr Roy Makwakwa from Ehlanzeni District Municipality who showed great interest in learning skills, was among those who participated in the golf clinic.

The golfers received beautiful umbrellas, caps and T-shirts during the game. The scoring took place later in the day.

### Gala dinner

Ehlanzeni District Municipality's Mr Mduduzi Nkosi was the programme director during the gala dinner held at Skukuza's new hall. The keynote address was delivered by the Executive Mayor of EDM, Cllr Letta Shongwe who condemned the poaching of rhinos in the park.

She also commended the good work of partnership between Ehlanzeni District Municipality and the Kruger National Park. "As the District, it is our mandate and responsibility to see to it that people are empowered. Let us all do our best in working hard for the development of our people. Lastly, let us see to it that we also protect our conservation and fight crimes around poaching," said Cllr Shongwe.

From the Kruger National Park, the message of support came from Ms Lucy Nhlapho, who mentioned that they boast about their new conference centre that is in the middle of the bush. "I respect the presence of the Executive Mayors from the District and Local Municipalities. Tourism is booming at the Kruger National Park.

"I was very impressed when I saw an article in Mpumalanga News, they wrote about tourism.



I am proud to be a South African, tourism puts food on my table. It also brings tourists to this country and we are pleased to see our colleagues, leaders and people who have a passion for tourism.

“The mandate of tourism is responsible tourism in the form of empowerment recognizing communities, hoping that with the effect of Ehlanzeni District Municipality, we will be able to achieve better in tourism. During September month, the Kruger National Park allows free of charge entry to visitors. Lastly, we need to work harder in this country to support tourism,” concluded Ms Nhlapho.

Mr Mottoia from Small Enterprise Development Agency (SEDA) mentioned that SEDA is the central player in small business management. “Our partnership with Ehlanzeni District Municipality is not just usual business, we cannot do things alone, that is where the importance of

partnership is,” said Mr Mottoia.

The prize giving ceremony which was for the golfers was conducted by EDM, KNP and SEDA. Entertainment came from the Marimba Cultural Group and a comedian.

Day Two was the sports day and the sporting codes were soccer, volleyball, table tennis and netball. Games were played at the Kruger National Park sports ground. The first soccer team was EDM versus Bushbuckridge, netball was EDM versus KNP, table tennis was Bushbuckridge versus EDM and volleyball was KNP versus Bushbuckridge. The overall winner in all the sporting codes was the Kruger National Park.

The Chief Whip of EDM, Cllr Terrence Shabangu handed over the medals to the teams that participated.





## Certificates handed to informal accommodation owners

Informal accommodation owners got accolades and rewards after a successful 2010 FIFA World Cup in and around the District.

They were duly rewarded during a certificates handover ceremony held at the EDM Disaster Management Centre on 31 August 2010 presided over by the Executive Mayor, Cllr CN Mkhonto who pointed out that in every business, property is an investment.

“It cannot be true that property used for tourists during the World Cup, cannot be utilised for business. It is disturbing that people are complaining that during the tournament they were promised business. We must stand firm in order to be future entrepreneurs. We have to be creative and innovative,” said Cllr Mkhonto.

She further said that tourism has not transformed, as 70% of Ehlanzeni is rural and that very few



people live in semi or urban areas. She said if only the needs of the rural people were addressed, then it would change the situation for the better.

Cllr Mkhonto pointed out that in order for one to be successful within the tourism industry, one should also be a tourist at heart, in order to gain better experience and insight. Being competitive is also of utmost importance, too.

From Tourism Development, Mr Doctor Mdluli said that recipients played a major role in hosting tourists during the tournament. “As a province, we fully support EDM for this worthy programme. I urge all of you, to use your knowledge wisely,” said Mdluli.

The recipients were encouraged to assist one another by using tourist information centres, and that more effort should be put on marketing, as it is still lacking. It was mentioned that the first step has been successfully achieved which is property.

“Our LED & Tourism Unit has a mandate to see to it that you grow and are organised in a professional manner,” she said.

Certificates were handed over and the MMC for LED & Tourism, Cllr Margaret Chembeni-Sahi echoed that one of the greatest things that makes everyone proud in this province, is that God has provided us with natural environment. “Ehlanzeni is beautiful and it is our mandate to work on our tourism,” said Cllr Chembeni-Sahi.

One of the recipients, Ms Baxolile Ngomane, said that she was so honoured to be receiving a



certificate. “God is great. We did not pay a dime to obtain this certificate, but professionalism. Today we are professionals and I promise that I will render the best service to tourists. Siyabonga

EDM, keep on doing the good job,” she said.

It is true “SIYA DELIVER MANJE”.





## Performance Challenges and Recommendations

A number of challenges were identified, which contributed to poor performance and development challenges in the District Municipality and they were as follows:

- The segmented approach, in terms of powers and functions of the District versus the local municipalities;
- Inconsistent and ineffective participation in IDP processes;
- Planning processes, specifically long term development framework for the District Municipality;
- Poor financial planning practices and management practices in Local Municipalities;
- Lack of effective monitoring and evaluation systems and processes, also leading to underreporting on EPWP;
- Non-financial viability and non-sustainability of the Local Municipalities in the District;
- Poor spending of the MIG funds by the Local Municipalities in the District, which impacts on service delivery;
- Formless expansion, which includes land invasion and mushrooming of informal settlements;
- Lack of maintenance and refurbishment of infrastructure; and
- Illegal connections of water and electricity contributing to the loss of revenue generated by municipalities.

Recommendations made to address these challenges are as follows:

- A differentiated approach has to be applied with regard to powers and functions and Mbombela Local Municipality will be supported in the application to obtain Metro status;
- IDP Co-ordinators have to be identified and capacitated by sector departments;
- Long-term development planning needs to be encouraged;

In terms of financial management, the recommendations made are threefold:

- Training and capacity-building of staff within the municipalities;
- Support to be provided by the District Municipality and Provincial Treasury;
- Oversight responsibility to be exercised by Audit Committees and MPAC.

Monitoring and evaluation needs to be integrated into performance management systems. Current revenue strategies need to be revised, tenure upgrade projects need to be fast-tracked and the annual review of indigent policies needs to be done.





The Rapid Response Unit needs to intervene within the District. In terms of preventing land invasion and mushrooming of informal settlements; it is necessary that land use management systems be updated, law enforcement be done and education and awareness be provided.

The lack of maintenance and the refurbishment of infrastructure and services, will require that the portion for maintenance of MIG be ring-fenced and asset infrastructure management plans be compiled. Loss of revenue through illegal service connections has to be addressed through door-to-door investigations (audits), law enforcement and education and awareness.

---





# Chapter Three

## Human Resources and other Organisational Management

### Department of Corporate Services

The Department of Corporate Services has the following Key Performance Areas (KPA's)

- (i) Administration
- (ii) Communications, Marketing and Events Coordination
- (iii) Human Resources
- (iv) IT

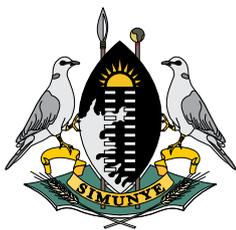
#### Administration

The Administration Unit gave support to all internal departments, as well as Council successfully for the year under review.

Regarding ensuring meetings took place and putting logistical arrangements in place, the Unit performed above compliance levels. It ensured that the following meetings took place:

#### Portfolio Committees

Technical Services	6 meetings
Transversal Programmes	3 meetings
Community Services	4 meetings
LED and Tourism	4 meetings
ISRDP	4 meetings
FSCM	5 meetings
Corporate Services	3 meetings



## Other

Management	4 meetings
The Audit Committee	4 meetings
The Local Labour Forum	3 meetings
The Mayoral Committee	9 meetings
Council	12 meetings

## Communications, Marketing and Branding

The Unit managed to produce all 4 quarterly newsletters namely Siya Deliver Manje during the year 2010/2011.

The Unit also produced all 12 monthly internal newsletters as per their Year Plan.

The Unit struck a rapport with the media and ensured that the municipality received a positive coverage in the local print and electronic media.

All events of the municipality included IDP Representative Forum meetings, as well as outreach programmes and all other projects were adequately covered by the Unit.

## Human Resources

The Unit received a total of 16 applications for financial assistance in terms of bursaries from internal personnel.

Of the 16 applications, 9 were approved and they were for the following courses:

B Tech: Public Management, Advanced Labour Law, BSC (Hons), B Admin (Hons), BA Admin (Hons), Diploma in Public Management, Project Management, B Comm (Tourism) and BA Admin

Personnel from the Finance Department were sent for training on the implementation of GRAP standards and 2 employees were enrolled for a NQF 5 level course on IDP.

The verification of qualifications for job applicants was standardized and all personnel were issued with job descriptions.





The leave audit for all personnel in the District was carried out.

The Workplace Skills Plan was submitted in time. In fact the District was the first to do so in the Province.

The District received a refund to the tune of R174 525,42 for submitting their Workplace Skills Plan in time and according to the proper format.

### **Organisation Structure**

The approved organisational structure for the year under review provided for the following departments which were all established to support in the implementation of the institutional 5-year Integrated Development Plan (IDP):

(i)	Office of the Executive Mayor	:	13 employees
(ii)	Office of the Municipal Manager	:	29 employees
(iii)	Corporate Services	:	30 employees
(iv)	Community Services	:	22 employees
(v)	Technical Services	:	8 employees
(vi)	Finance and Supply Chain	:	33 employees
(vii)	LED and Tourism	:	9 employees

### **Pension Fund**

The employees of Ehlanzeni District Municipality belonged to the following three pension funds:

Municipal Gratuity Fund	:	119 (including 10 interns)
Municipal Employees Pension Fund	:	22
National Fund for Municipal Workers	:	3

### **Monies owed to Ehlanzeni District Municipality**

Two employees who had been awarded study bursaries failed to submit/provide their result. The combined amount owed by them to Ehlanzeni District Municipality is R11 750.00.



## Employment Equity

The Employment Equity Statistics for the year under review were as follows:

	Male	Female
Section 57 to Assistant Manager	23	13
Rest of staff	30	78

Professional employees	:	16
Skilled	:	122
Unskilled	:	6
Artisans	:	None

## Department of Planning, Municipal Health and Environmental Management

The year 2010/2011 marked the end of a 5-year term that started in 2006. In 2006 the ruling party in government committed itself to plan to make Local Government work better.

The year 2010/11 marked a period where, as the District Municipality, there was a need to reflect on the past achievement and challenges. The purpose of this report, therefore, is to reflect on two departments, namely – Municipal Health and Planning; and in so doing, highlight developmental challenges and areas for improvement. There, each unit in the Planning section would be appraised in isolation; and the same with Municipal Health.

### Planning

An Integrated Development Plan (IDP) is a five-year strategic tool of the municipality aimed at solely ensuring that the local developmental agenda is co-ordinated and monitored. The prerogative rests with each council of a municipality to resource the strategy for the realization of goals envisaged.

While IDPs are five years in nature, they are equally used as the base for the long-term scenarios and as a critical decision making tool for monitoring efficient and effective service delivery. The participative nature of the IDP implies the community inclusivity which, to an extent, is constituted by different role players ranging from government sector base, Non Profit Organisations (NPO), State Owned agencies and ordinary citizens.

The Local Government: Municipal Systems Act, 32 of 2000; Section 23 (1) states that a municipality





must undertake a developmentally planning oriented approach so as to ensure that it:

- Strives to achieve the objects of Local Government set out in Section 152 of the Constitution;
- Gives effect to its developmental duties as required by Section 153 of the Constitution; and together with other organs of State;
- Contribute to the progressive realisation of the fundamental rights contained in Sections 24,25,26,27 and 29 of the Constitution.

Taking from 2009/10 IDP review which had more focus on delivering a spectacular 2010 FIFA World Cup by constructing major soccer infrastructure in the form of Mbombela Stadium, a Bergvlam Fan Park and two practice venues (Kabokweni and KaNyamazane), 2010/11 review concentrated on the close up report for the Second IDP generation. During this period, the term of Council came to an end and subsequently the newly-elected Council had to either develop a new IDP and or adopt the IDP of their predecessor.

Prior to the end of the financial year (2010/11), National Treasury issued a Circular 54 of the Municipal Finance Management Act (MFMA), which sought to accommodate the Local Government elections without disturbing the provisions of Local Government Municipal Systems Act, 32 of 2000 and the Local Government Municipal Finance Management Act, 56 of 2003, respectively, on the development and processes of budget framework and IDPs.

This Integrated Development Plan was a review of the last review of the 2006/7 IDP, which had been approved by Council under Item A 150/2007 on 26 June 2007. The 2010/11 was approved by Council under item A119/2010 during an Ordinary Council meeting held on 23 June 2010.

### **IDP Assessment Rankings for 2010/11**

The Department of Co-operative Governance and Traditional Affairs (COGTA) ran an annual assessment exercise within which they sought to beef up municipal IDPs prior to their adoption by various Municipal Councils. The exercise led to dashboard results indicating the scores obtained by the municipalities on the proposed (KPAs).



Table below demonstrates the scores obtained by the municipalities under Ehlanzeni District.

**Scores obtained by the Municipalities in Ehlanzeni District**

Municipality	Spatial Planning & Environmental Issues		Service delivery and infrastructure			Disaster Management	Institutional Dev.	Good governance and public participation	Financial Viability	Local Economic Development	Research and Demographic	Average Score
	SP	ENV	RT	WS	HS							
16 Ehlanzeni District	3	3	3	2	2	3	3	3	2	3	2	88%
17 Mbombela	3	3	2	2	2	1	3	3	2	2	2	76%
18 Umjindi	3	2	2	3	2	2	3	3	2	2	1	76%
19 Thaba Chweu	2	2	2	1+	2	1	2	1	1	1	1	48%
20 Bushbuckridge	3	2	2	2+	3	3	3	2	2	2	2	79%
21 Nkomazi	2	3	2	2	2	2	3	2	2	2	1	70%

These results show that the District outperformed its Local Municipalities in IDPs rankings. This remarkable performance marks a significant turnaround in the performance of Ehlanzeni District and local member municipalities when it comes to planning and development.

## Performance Management

Performance Management is a legislative requirement for Local Government institutions, specifically in terms of the Local Government Municipal Systems Act, 2003 (Act 32 of 2003). There is a direct relationship between service delivery and an effective monitoring and evaluation system and processes. The trends of under-performance and the contributing factors, thereto, are identified through well structured performance reports and mechanisms, are identified to address such.

An Organisational Performance Management System has to be implemented to assist the Municipality in terms of the effective monitoring and evaluation of the implementation of its strategy, as well as to ensure the alignment of the complete organisation with the strategy.

In summary, the process of performance management starts with the IDP, as many of the building





blocks are contained in the IDP, such as the strategic objectives and related programmes, performance indicators, baselines and targets on an organizational level.

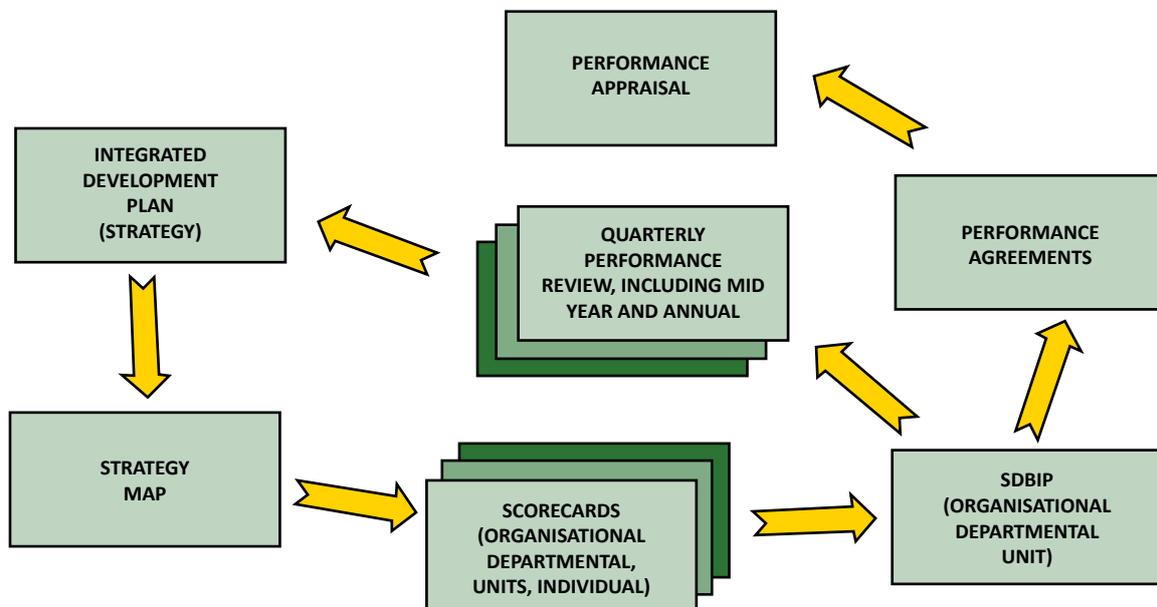
The strategy of the organization, portrayed in the Strategy Map shown elsewhere in the document, is cascaded to all departments and business units in the organisation through a scorecard process. These scorecards inform the performance agreements of the Section 56 Managers, as they form the Individual Performance Plans of the Municipal Manager and the Section 56 Managers.

The Service Delivery and Budget Implementation Plan contains the implementation plans with annual targets on a strategic level and quarterly targets on project level, which are reported on in the quarterly performance reports.

The information contained in these reports assists management to take decisions which will assist the organization to achieve its vision: to become the “Best Performing District Municipality of the 21st Century”.

Performance Agreements signed by the Municipal Manager and the Section 56 Managers, as well as the appraisal of their performance in relation to these agreements, ensures accountability and concludes the process.

The Performance Management Process can schematically be illustrated as follows:





## Shortcomings identified within the Performance Management System

Although the District Municipality has achieved the minimum compliance in terms of performance management, there is a continuous strive to improve the performance management system and related processes. Shortcomings have been identified which will be focused on during the coming financial year.

These shortcomings are as follows:

- The information generated from the reports is not yet influencing decision-making on management level to maximize processes and systems. The Performance Management System has to become a strategic management system for the organisation, which will require that information be submitted timely.
- Insufficient verification and validation of data is still a challenge. Portfolios of evidence have to be compiled and processes have to be implemented for the verification and validation of data.

Up to this point in time, the information generated in performance reports for the purpose of monitoring and evaluation does not include data on impact made, such as stakeholder satisfaction survey results, and so on. Such processes have to be undertaken.

The lack of alignment between the SDBIP and the financial system is a shortcoming which complicates the manipulation and interpretation of data. Engagements between the Financial Department and the Performance Management Unit are in process to align the two systems.

The system is still lacking in terms of ensuring accountability of the staff on lower levels. The organisation is in the process of implementing detail operational planning to ensure the accountability of lower level staff.

The information coming from the Integrated Development Plan which forms the basis of the performance management system, is still problematic – also for the Local Municipalities. Monitoring and evaluation is about numbers and space and a paradigm shift has to be made by the planners in government institutions.

The Performance Management System is not yet “visible”. The system has to start to acknowledge team or unit successes and performance, which will also strengthen group cohesion and teamwork.

A process is also underway to prepare the organisation for the auditing of non-financial data,





specifically service delivery data. In this regard, the standardisation of concepts and terminology are also considered.

The role of the senior management team is emphasised. Performance management is leadership driven, and it is only the senior management which can improve the shortcomings of the system, which also includes the timeliness of information.

The lack of an automated system makes it very difficult to monitor and evaluate performance, in that the processing of data is still done with spreadsheet software, which takes time. Timely information is required if strategic decisions are to be influenced by performance data.

## Achievements

The achievements of the Organisational Performance Management System can be indicated in accordance with the specific activities undertaken within key performance indicators, as well as in the broader context of the benefit of the PMS to the organisation.

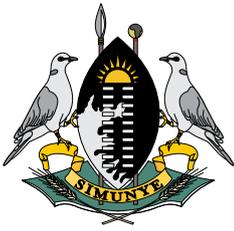
The achievements with regard to specific activities are as follows:

Project	Indicator	Target	Performance
Drafting of Scorecards	Number of scorecards drafted	31 Scorecards (Organisational, Departmental and Business Unit)	31 Scorecards developed
Drafting of Service Delivery and Budget Implementation Plan	SDBIP to be approved by Executive Mayor within legislated time frame	SDBIP approved within 28 days after the approval of the budget	SDBIP approved by Executive Mayor only in January 2011
Signing of Performance Agreements by Municipal Manager and Section 56 Managers	Performance agreements of the MM and all Section 56 Managers signed within legislated time frame	Municipal Manager and all Section 56 Managers to sign performance agreements by 31 July 2011	Performance Agreements signed by all specified employees but not within the legislated time frame
Quarterly Performance Reviews	Number of quarterly reviews with-in time frames, where relevant	Four quarterly reviews under-taken within time frames	Four quarterly reviews done within time frames
Performance appraisal (FY2010/12) of Municipal Manager and Section 56 Managers	Annual performance appraisal of the Municipal Manager and Section 56 Managers	Appraisals of the Municipal Manager and all Section 56 Managers	Appraisals of Municipal Manager and all Section 56 Managers undertaken.

Benefit to the organisation through the performance management system methodology and models followed, are as follows:

- i) Service delivery addressing the needs of the stakeholders

The processes followed with the alignment of the complete organisation to the strategic



objectives of the Municipality ensures that all programmes and projects budgeted for and implemented are addressing the needs of the stakeholders as identified in the Integrated Development Planning Process.

- ii) Improved service delivery due to ownership, the continuous awareness of and focus on the strategy:

The drafting of the organisational strategic objectives, the departmental objectives and the project specific objectives in collective group and team sessions ensures that each and every department, business unit and even individual employee knows what should be contributed in order for the Municipality to achieve its objectives. Furthermore, the performance review sessions also involves collective groups in terms of sharing of information and identifying solutions to address the challenges to performance.

- iii) Effective system for Monitoring and Evaluation of the implementation of the strategy

The Performance Management System provides for regular performance reporting, which implies that relevant information in terms of performance, is generated to guide strategic communication and effective decision-making by Management. Reporting and monitoring is done on business unit level, departmental level and organisational level and submitted to the structures of Council, the Internal Audit Unit and the Audit Committee.

- iv) Change in attitude of management and the broader organisation:

With the implementation of the system, the change in attitude of the involved parties has been observed. Performance management has initially been regarded as a stick to punish underperformance, whilst the importance of the system to contribute to the bigger picture in terms of planning and strategic management, has now been realised.

- v) Promotion of teamwork and group cohesion, vertically and horizontally:

The sharing of information and strategic engagement within different groups or teams, promote group cohesion, both vertically and horizontally, even across departments. The “working in silo” mentality is replaced with a culture and understanding that everybody has a contribution to make towards the realisation of the respective strategic objectives.





- vi) Rewarding of performance in terms of strategy and excellence

The strategic alignment process ensures that Managers are rewarded for performance in terms of performance excellence with regard to the implementation of the strategy.

- vii) A holistic approach with regard to planning of strategy and indicators

The use of the Balanced Scorecard Model has brought about a holistic and comprehensive approach with regard to the planning of strategy and the identification of indicators. The model emphasises various perspectives, namely the financial perspective, stakeholder needs, business processes and the underlying enablers (training and skills development, internal IT-systems and employee satisfaction).

- viii) Risk Management done on the basis of the key documents generated through the PMS

The strategic risk management processes of the Municipality are based on the organisational scorecard, whilst the risk management processes in departments and on operational level are done on the SDBIP.

## Water Quality Monitoring

The situation is improving with some municipalities falling back in terms of adhering to the legal requirements of water quality monitoring. The Department of Water Affairs is keeping a very close eye on this and in certain instances directives have been issued to municipalities who are found to be transgressing the rules.

It has been continually noted that maintaining the Regulatory Performance Measurement Systems (RPMS) and the Blue/Green Drop Systems is still a challenge with most of the Local Municipalities within the District.

The Department of Water Affairs is assisting in this regard, courses and refresher courses have been undertaken to assist authorities to perform in this regard. However, the problem is aggravated by lack of sufficient personnel.

Nkomazi has been reportedly experiencing problems in operation and maintenance of their Komatipoort Waste Water Treatment Works in the past financial year. The situation is, however, improving but requires ongoing monitoring and support.



Thaba Chweu Local Municipality per se, has its own fair share of problems linked to general operation and maintenance of all water and sanitation systems largely due to financial difficulties being experienced there.

### **Water Conservation and Demand Management (WCDM)**

Accounting for water use in most of the rural municipalities remained in the past financial year, a major challenge. There are no metering systems and where they exist, they are not adequately maintained and no reading is taking place to ensure that water used is accounted for and that water losses are minimised.

### **Asset Management**

The picture is slowly improving, especially in the urban municipalities namely Mbombela and Umjindi, respectively. There is a need to prioritise asset management by ensuring that authorities budget annually for this as it is an integral part of asset maintenance.

### **Water Service Development Plans (WSDP)**

The Department of Water of Affairs has since started with the conversion of WSDP into electronic format for all local authorities and as a result, this situation has been moving from its initial stages, taking into consideration two municipalities in the District with the intention to complete the entire District by end of the current financial year.

Completion of the new WSDP format will signal an era of uniform WSDP documents for all local authorities with detailed information from water services right through to service levels per local authority.

### **Development Planning**

During the past financial year, July 2010 to June 2011, a number of projects and following tasks were done by this unit, as part of the planning unit.





## **IDP and SDF**

This section worked closely with the IDP-section and helped with the compilation of some of the chapters like the Spatial Analysis and the integration of the SDF with the IDP.

This section also took part in the evaluation of the IDP and the SDF by COGTA and DBSA, and represented Ehlanzeni District Municipality at a number of Provincial SDF Task Team meetings and Representative Forums. Presentations with regard to the SDF were done to various forums and meetings.

## **Tenure Upgrading Projects**

During the past number of years Ehlanzeni District Municipality, and specifically this section, was involved with, and working on a number of tenure upgrading projects.

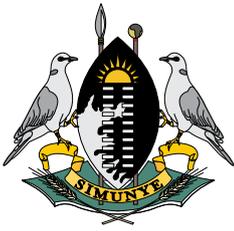
The aim of these projects is the formalisation of informal towns/settlements so that the residents/inhabitants can get their own title deeds to their property.

These projects are a number of villages/settlements in the Bushbuckridge area and these are the Shatale A, B and C; Thulamahashe; Dwarsloop; Mkhuhlu C towns. The service provider for the tenure upgrading projects is the firm Spatial Dynamics.

The projects are managed by both Bushbuckridge Local Municipality and Ehlanzeni District Municipality. The original projects were scheduled to be completed by December 2010, but due to factors like the bottle necks at provincial and national level with the disposal of state land via the State Land Disposal Committee, all these projects were delayed. The latest target dates are for the first towns/title deeds to be delivered is December 2011.

These were the two other tenure-upgrading processes, namely:

- Sheba Siding Township Establishment  
This project has now been completed to 85%, and has now been approved by the MEC as a township in terms of the less Formal Township Establishment Act, as Sheba Siding Extension 1, and Sheba Siding Extension 2.



The final proclamation and the approval of the general plan have been kept back by the following:

- The community asked for an additional 200 erven to be included;
  - A trade of 2 private properties to be included in the township for a piece of “useless” state land: this process has now been sent to the State Land Disposal Committee (National).
  - Furthermore, no more funding is available at Ehlanzeni District Municipality, and three provincial departments have been asked to provide the shortfall of R1,2 million (which includes the conveyancing, as well as the inclusion of the new, extra 200 stands). The funds have been promised, but nothing has been received yet.
- Township Establishment: Verulam

This township is now in the final process of the erven being transferred.

There were/(and still are) a number of hold ups that delayed the project, like the lack of registration of the original form in the name of Umjindi Local Municipality which kept the approval of the general plan and registration back. However, all is resolved and the final conveyancing of title deeds are being finalised.

There is a shortage of funds of ± R600 000.00 and requests for funding to various Provincial Departments have been lodged in the past year. This matter is still outstanding.

### **Update of Tenure Upgrade Policy**

This section, together with IDP, appointed a service provider to update Ehlanzeni District Municipality's: tenure upgrading policy.

This upgrade has been completed in December 2010. During the update, it has been found that a major obstacle in all tenure upgrading projects, was the bottleneck/backlog at the State Land Disposal Committee in Pretoria, with backlogs of up to 10 years in some cases.

It was also found that the whole issue of land claims was a big obstacle in all projects.





## Tenure Upgrading Projects in Nkomazi Area

During December 2010 the firm, Sisonke Development Planners, was appointed by Ehlanzeni District Municipality and Nkomazi Local Municipality as a joint project, to finalise outstanding tenure upgrading in 5 towns. These towns are:

- Mzinti
- Phosaville
- Boschfontein
- Driekoppies
- Langelooop

This project started in December 2010 and is ongoing.

### Detail Planning: Rural CBD's in Nkomazi Area

The original plan was to go ahead with the next 5 CBD-areas with detail planning, after the first five were done in 2009.

However, due to lack of funds, only R500 000.00 was available for the whole year. After requests were received from councillors for additional information and issues in the original 5 CBD's, it was decided to postpone the new areas to the next financial year, and then to do a detailed update of the original CBD's plans.

This update was finalised in June 2011 and is in the process of being submitted to Council. This updated Rural CBD-plan study was also used to do presentations to DARDLA and DEDET for funding, for some of the projects identified as part of the government's rural development policy.

### Urban Renewal Plans

During 2009/2010 Ehlanzeni District Municipality co-funded an Urban Renewal Plan-study in Mbombela as part of a Neighborhood Development Grant Project. These plans were finalized in July 2010, and then used for a large amount of presentations to various instances. It was also used as inset in various business plans for requesting funding/grants and so on.

A number of grant funding requests, based on the Urban Renewal Plans, were submitted to National Departments and for job creation purposes. Mbombela also use these plans for their budgets and IDP.





## Intergovernmental and International Relations

### Legislative Background

The Ehlanzeni District Municipal Intergovernmental Relations Framework is derived from the IGRFRA, Act No. 13 of 2005 which seeks to enhance an integrated and a co-operative approach in the delivery of government programmes as prescribed in Chapter 3 of the Constitution of the Republic of South Africa. Section 40 (1) of the Act outlines the composition of Government in the Republic of South Africa as National, Provincial and Local Spheres which are distinctive, interdependent and interrelated.

The IGRFA further makes provision for sound relations among all spheres of government through the horizontal and vertical co-ordination of programmes. In Ehlanzeni District Municipality, we have joined this programme with the International Relations Programme which is in line with the National and Provincial International Relations Policy Framework.

In delivering to the above stated mandate, we have centralized the co-ordination of all IGR and Planning programmes and the results, thereof are displayed in the improved IDP rankings, the clean audit report and the best practice awards for Municipal Excellence received from various Institutions in the financial period under review.

### Functionality of our IGR Structures for FY 2010/11

The following table displays the functionality of the IGR Structures in Ehlanzeni District Municipality for the financial period of 2010/11:

Structure	Composition	Functionality 10/11
Mayors' Forum	Chaired by the District Mayor. Attended by all Mayors in the region and any other resource person who might add value to the meeting.	0/4
Speakers' Forum	Chaired by the District Speaker. Attended by all Council Speakers in the District and any other person who might be of value adding to the meeting.	0/4
Traditional Leaders' Forum	Chaired by the District Chairperson of the House of Traditional Leaders. Joint attendance with Mayors and Speakers and any resource person.	1/4
IDP Rep Forum	Chaired by the District Mayor. It is a broad stakeholder consultative Forum including all the spheres of government, private sector and NGOs.	4/4
MMs' Forum	Chaired by the District MM. Attended by all MMs in the region and any other person who might be deemed necessary to attend.	6/10
CFO's Forum	Chaired by the District CFO. Attended by all Municipal CFOs in the region and any other support practitioner in the Municipal Finance Management Sector.	2/4





Structure	Composition	Functionality 10/11
IDP Tech Forum	Chaired by the District IDP Manager. Attended by all Planners, M & E Officers and strategists at all levels of government.	10/10
Water Sector Collaboration	Chaired by the District Water Sector Support Manager. Attended by all stakeholders in the Water and Sanitation business at all levels.	2/4
Communicators' Forum	Chaired by the District Communications Manager. Attended by all government communicators in the region.	4/4
District Energy Forum	Chaired by the District PMU. Attended by all planners in the energy sector from all levels.	2/4

## Municipal International Relations Programme

Ehlanzeni District Municipality has had a number of engagements with international stakeholders in the 2010/11 financial period. These engagements range from Cross-Border Relations to Municipal Exchange Programmes which can be summarized as follows:

### The Cross-Boarder Engagement with Moamba District Municipality in Mozambique

This programme is in line with the International Relations that exist between South Africa and Mozambique, Mpumalanga and Maputo Province in particular. Ehlanzeni District Municipality visited Moamba in October 2010 with the aim of strengthening these relations.

The meeting was among other things, aimed at revitalising the history long relations and identifying key areas of co-operation which will be supported by an implementation plan. A detailed report on the engagement is contained in the Council Report A169/2010.

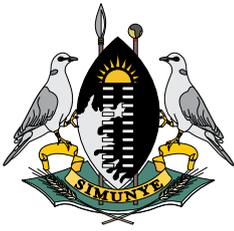
## Other Governance Programmes

### Public Service Programme (Batho Pele)

The District Municipality has successfully managed to institutionalise the Batho Pele Programme. A Batho Pele Task Team which comprises of Departmental representatives has been established. The Team has been mandated to implement and monitor the Roll-Out Plan of Batho Pele Programme in the District.

Some of its programmes are, although not limited to, the co-ordination of the District Batho Pele Forum, Customer Satisfaction Surveys and the Change Engagement Management Programme to mention but a few.





## **Mandela Day Celebrations**

The District hosted a successful Mandela Day celebration in the implementation of the “67 Minutes” of Community work Campaign. Considering the vastness of the District area, the Leadership deployed Departmental Officials to volunteer their services to all the five Local Municipalities in the region.

The programme needed thorough review as it seeks to make a difference in communities and helps in bringing government services closer to the people. The District Leadership committed to maximise next year’s programme.

## **Municipal Excellence and Best Practices**

Ehlanzeni District Municipality participated in a number of Service Excellence Programmes with an aim of benchmarking and sharing of expertise with other Municipalities in the country and abroad. These will include the Municipal Clean Audit Award 2010/11. Ehlanzeni District Municipality was among the seven Municipalities in the country who managed to produce a clean audit outcome.

We have successfully participated in the 2010/11 SALGA Municipal Excellence Awards wherein, we were crowned the overall winners in the category “c” of Municipalities in the Province by scooping 10 of the 13 awards at stake.

Ehlanzeni District Municipality has also entered for the CPSI competition which is an international benchmarking programme for Sector Innovations. We have successfully passed the assessment stage and have been entered as potential finalists on the programme. All these achievements happen through a highly coordinated integrated manner through our IGR programme.

## **Performance Highlights**

### **Land Use Transportation System**

#### **Background**

Mbombela received the neighborhood Development Grant from National Treasury for various development planning projects with the condition that Mbombela must secure co-funding for some of the projects of which the Land Use Transportation System (LUTS) were one. EDM assisted by co-funding the project and also played the co-ordinated role for the duration of the project. The project and planning was done by a consortium of Service Providers appointed by Mbombela.





## Transportation Interventions

- Inefficient public transport system, driven by lack of financial sustainability;
- Lack of quality and infrastructure inter alia ranks, amenities, foot paths, non-motorised transport facilities and security facilities;
- Lack of rail transport due to inadequate levels of demand and a lack of interest in pursuing rail transport as a possible future mass transit solution;
- Lack of integration of ranks and termini countering efficient multi nodal systems;
- Lack of affordable basic access, driven by long walking and travel distances, and low incomes;
- Safety issues at ranks and termini;
- Lack of integrated transport/land use planning, driven by past land use patterns, and
- Imbalances in the distribution of major residential nodes and primary centres of employment resulting in the poor needing to travel very long distances to their places of work.

## Results Overview

An overview of the results presented above indicates the following:

Failure to implement any road-and public transport improvements (i.e. maintain status quo) will result in individual delays per user during peak hours of more than one hour in 2020 and more than eight hours in 2030.

This is comparable to the world's traffic congestion experienced in overpopulated cities such as Lagos and Manila, where it is not uncommon to spend an entire day in traffic when trying to travel from the city outskirts to the central business district.

By implementing the proposed intervention projects, delays can be slashed to eight minutes (2020) and 35 minutes (2030). Current delays are approximately five minutes and, therefore, by 2030 conditions similar to that currently experienced in Gauteng can be expected.

Where it currently takes less than one hour to travel from Hazyview to Nelspruit, by 2030 it can take up to 90 minutes if the intervention projects are implemented. Travel time between White River and Nelspruit will increase from 20 minutes to about 40 minutes.

However, it can be observed that the road improvements in the east will result in similar travel times (in comparison to current travel times) between Nsikazi and Nelspruit where in 2030 it will take about 40



minutes to travel from Kabokweni/Msogwaba to Nelspruit and just under 30 minutes to travel from KaNyamazane to Nelspruit.

The economical impact of congestion can be measured by looking at the impact of total network delay when seen in terms of productive time lost. Even with the implementation of the intervention projects, total delay during the peak hours is in excess of 45,000 hours, which is nearly 20 times that which is currently observed.

Improved transit share can bring this figure down to 6,000 hours and the delays to nine minutes per vehicle, which is very similar to current conditions. This just reinforces the importance of public transport in the future of Mbombela's transport systems.

## **Conclusions**

Given the information presented in the transportation study, the following conclusions can be drawn with regards to the Strategic Transportation as part of LUTS:

Given the projected population growth and anticipated changes in land use, employment and car ownership in Mbombela, a relatively high annual growth rate of 6% per annum is predicted in Mbombela's vehicular traffic during peak hours over the next 20 years.

The anticipated growth rate in vehicular traffic implies that by 2020 Mbombela's vehicular traffic will have doubled and by 2030 it will have nearly quadrupled. This may seem improbable, but is not necessarily unrealistic given Mbombela's economic growth potential.

Failure to act in terms of upgrading the area's transportation systems with appropriate interventions will result in Mbombela virtually grinding to a standstill by 2020. This is entirely plausible when viewed in context of currently observed levels of congestion and delays.

Transportation intervention projects in Mbombela should aim to establish a hub-and-spoke model or urban settlement and transportation infrastructure development in order to achieve the objectives highlighted earlier.





## **Municipal Health Services Summary of Activities for 2010/11**

### **Introduction**

The 2010/11 financial year began during a period when Municipal Health Services was faced with the tremendous task of ensuring that the FIFA soccer world cup and the festivities linked to it took place in a safe a environment that is not detrimental to the health of the people both residents as well as the visitors. In terms of legislation, Municipal Health Services is rendered by District and Metropolitan Municipalities who are required to perform the following nine functions:

### **Food Control**

This refers to ensuring food safety in respect of acceptable microbiological and chemical standards and quality of all food for human consumption from point of production to where the food is consumed.

### **Water Quality**

This function includes the monitoring of water quality and water safety also the accessibility of water to Communities and the health surveillance of water supplies.

### **Waste Management**

Municipal Health Services monitors the collection, storage, handling and disposal of waste. Investigations and inspections of any activity relating to the waste stream or any product resulting from processing of waste.

### **Health Surveillance of Premises**

This includes assessment of development projects as they impact on health and also the assessment of any unsatisfactory condition in any residential, commercial, industrial or other premises where such activity can lead to detrimental effects to the health or well being of the people.

### **Surveillance and Prevention of Communicable Diseases excluding Immunisations**

This entails the promotion of health and hygiene promotion aimed at prevention of environmentally induced diseases and related communicable diseases. Also the development of measures that aim to prevent and manage epidemics or spread of diseases.





## **Vector Control**

This refers to the prevention, control and removal of conditions resulting in or favoring the presence of rodents, insects or pests through providing advice and awareness to the general public.

## **Environmental Pollution Control**

Includes ensuring hygienic working, living and recreational environments and the identification of polluting agents and their sources.

## **Disposal of the Dead**

Through control, restriction or prohibition, regulating and monitoring of the business premises of undertakers, embalmers mortuaries and other facilities used for the storage of the dead.

## **Chemical Safety**

Through facilitating pesticides and chemical safety advice through education and awareness

## **Special Programmes and Activities that Municipal Health Services has embarked on through the year**

### **Air Quality Management**

As District Municipalities had been granted the responsibility to render the licensing function for managing the license process for all listed processes in terms of the NEMASA Air Quality Act, engagements with DEDET in providing support with regard to rendering the function were finalized in the form of a Service Level Agreement.

Processes for future planning on the management of Air Quality led to the development of a Business Plan and teams of reference for the Air Quality Management Project were developed.

Provision was made on the organogram for Air Quality Management within the organogram of the Municipal Health Services Unit. This is aimed at building capacity for rendering the Air Quality Licensing Function.





## Waste Management Plan

A comprehensive desktop study which aimed to look at a situational analysis on the status quo of waste management in all Local Municipalities of the District. This was done in order to set the tone for future developments with waste management by first determining the broader situation within the Local Municipalities.

## Laboratory Services

The Municipal Health Services laboratory based at Ehlanzeni has made a significant impact in the analysis of water quality and food hygiene monitoring. An overall amount of 3467 samples were analysed to assess water quality and food safety during the year.

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Food Samples	137	86	46	103
Water Samples	1187	776	749	383
Total	1324	862	795	486

## Events Management

Municipal Health Services have been provided at public events and gatherings to ensure safety and health of the public in terms of food safety where food is served to the public and also ensuring a healthy environment through waste management, sanitation facilities and adequate water provision at public events.

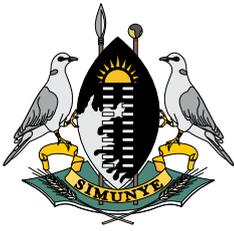
## Department of Disaster Management

This report seeks to outline the unit's overview of the 2010/2011 financial year. The report focuses on the four key performance areas, namely institutional capacity, risk assessment, risk reduction, response; recovery and rehabilitation. Ehlanzeni District Municipality is legislatively mandated by the Disaster Management Act No 57 Of 2002 to perform disaster management function.

## Achievements

Five satellite centers were established in all five Local Municipalities, of which each has a disaster





co-ordinator and the District is in the process of training them in the use of the systems. 200 volunteers were evenly deployed in each municipality and are being trained on issues of Disaster Management.

Disaster Advisory Forum held its quarterly meetings during the financial year under review and was able to provide valuable advice on matters of disaster management.

### **Risk Assessment and Disaster Management Plans for Local Municipalities**

Terms of reference for conducting the District risk assessment and development of Disaster Management Plans for the District and Local Municipalities were completed and the procurement of the service provider is in the process.

The assessment will assist in providing vital information during planning processes.

### **Risk Reduction**

In conjunction with Thaba Chweu Local Municipality, the unit conducted a Disaster Management awareness campaign at the Mashishing Community Park. Sector departments and private sector participated in the event. The awareness was conducted during the fire season and resulted in the reduction of shack fires and minimal forest fires.

### **Response, Recovery and Rehabilitation**

The severe weather pattern had a devastating effect in the planning and budget of the District Municipality. The National Disaster Management Center declared the District as disaster area along with Nkangala in the province. The two Districts were mostly affected by hailstorms. Significant damages were mostly on houses, schools and roads. Most areas that were affected were in Nkomazi, Bushbuckridge and partly Mbombela Local Municipalities.

### **Major Incidents**

#### **Bushbuckridge**

Hailstorm affected a number of houses in the Songeni, Mbumba, New Forest and Dingledale A&B. One person died as results of the storm and most injuries reported were minor.

#### **Nkomazi**

Hhoyi, Mangweni, and Khombaso were the villages that were mostly affected. Houses were completely





damaged and access roads were eroded due to lack of storm water drainage. Three schools were also damaged. No fatalities were reported

### **Mbombela**

Matsafeni, and Pienaar villages were affected. Houses were flooded and windows broken.

### **Interventions**

The three municipalities were declared disaster areas in the District. The National Disaster Management Center did the assessment and the following departments intervened:

- Ehlanzeni District Municipality provided blankets and temporary shelter;
- Social Development supplied food parcels;
- Rural Development and Land Administration provided emergency houses;
- Human Settlement had started by the time of the process of constructing RDP houses;
- Home Affairs registered the affected families for new ID and Birth Certificates;
- Education supplied new books to affected school children;
- Public Works repaired all government buildings that were affected.

### **Challenges**

- Some Local Municipalities did not budget for Disaster Management while some had insufficient budget.
- Lack of personnel in Local Municipalities affected the optimal usage of the ICT in the satellite centers and the main center.
- Poor maintenance of critical infrastructure has a bearing in planning for disasters that may occur.
- Insufficient critical facilities to be utilized during disasters.
- Local Municipalities did not have Disaster Management Plans.

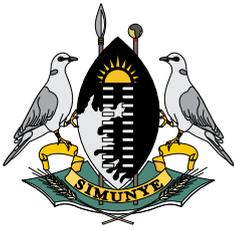
## **Department of LED and Tourism**

### **Key Performance Areas**

The Department of LED and Tourism is responsible for the following key performance areas:

- Tourism Development and Promotion;
- Economic Development;





The department is guided by the following strategic objectives:

- To promote and enhance economic development opportunities through local and foreign investment;
- To facilitate programmes that will promote business retention and expansion;
- To ensure tourism product development and promotion in the District through partnership;
- To lobby for and support the development of scarce skills that are critical for sustaining the District economic growth;
- To facilitate programmes and initiatives that enable communities to start their own businesses;
- To develop SMMEs through consistent, continuous support and capacity building; and
- To create a conducive business environment through planning and investment promotion strategies.

### **Service Delivery Model**

The Department has realized the need to engage the private sector in consultation with its social partners on development issues. The private sector participates in CPPP to roll out the implementation of the LED strategy and support regional economic growth. 10 projects were packaged and marketed through websites to showcase investment opportunities in the District.

The District partnered with its neighbouring states to collaborate on strategic development programmes. A tourism development programme that supports tour operators in Ehlanzeni, Maputo and Gaza provinces was implemented in collaboration with the Mpumalanga Tourism and Parks Authority, Lowveld Chamber of Business and Tourism together with Natural, formerly Futur in Mozambique.

An Economic Growth and Infrastructure Development Cluster have been established to ensure integrated development planning and optimal meager resource distribution.

### **Communication, Marketing and Community Empowerment**

The department published and distributed a tourism information booklet and a guide book for SMMEs. These booklets are meant to create awareness about government and private sector programmes available to support SMME Development.





To communicate further with the public, the department collaborated with social and business partners to host entrepreneurship days for communities.

As a measure to market and brand the District, Tourism Campaigns were held at the Lebombo Border Post, Mananga Border Post and Matsamo Border Post to educate our travellers about required documentation before you cross the border and promote tourism products within the District.

The municipality participated in the annual Tourism Indaba in Durban to market Ehlanzeni as a preferred tourism destination.

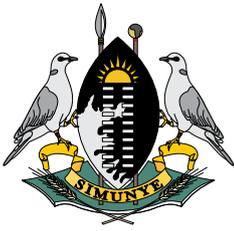
### **Support to Local Municipalities**

The District municipality deployed officials to assist Local Municipalities who report on their service delivery progress and challenges. Progress in Local Municipalities is assessed on a regular basis to ensure the District-wide expected progress.

The District renders technical and intermittent financial support to Local Municipalities to optimize their poverty relief efforts. For Thaba Chweu Local Municipality, an official was deployed to assist the municipality with its LED and Tourism needs. The Department also organized a Business Day for Nkomazi Local Municipality during the same period which took place at KaMhlushwa.

A tourist information centre was constructed for Bushbuckridge Local Municipality to stimulate tourism growth in that area, which contributed to the EPWP programme, 26 jobs were created so far, and further jobs will be created through the employment of new staff and possible increase in tourism activities.

To align tourism activities with municipal boundaries, the Department arranged engagement meetings within all 5 LMs to review existing local tourism organizations to be in line with Local Municipalities.



### Performance during the Year: Performance Targets against Actual Performance Achieved

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance
1. IGR & Stakeholder Relationships	Performance Targets: Stakeholder Satisfaction Rating Surveys Actual Performance Achieved: Conducted Stakeholder Satisfaction Rating Surveys to improve relations in service delivery activities
	Performance Targets: Establishment of a Regional Economic Advisory Council Actual Performance Achieved: Established the Regional Economic Advisory Council to advise council on issues of economic development
	Performance Targets: Tourism Development and Promotion Actual Performance Achieved: Signed an MOU with Kruger National Park for joint tourism development and promotion activities
2. LED & Tourism Strategy Implementation	Performance Targets: Investment Attraction and Promotion Actual Performance Achieved: Packaged 10 investment projects and marketed them on the Trade invest website to attract possible investors
3. Tourism Development	Performance Target: Tourism Development Actual Performance Achieved: 1. Hosted the Ehlanzeni Kruger Tourism Day to market local tourism products to stimulate tourism growth 2. Hosted the Tourism Border Post Campaigns to stimulate tourism activities with Mozambique & Swaziland 3. Constructed Bushbuckridge Tourist Information Centre
4. Entrepreneurship Development	Performance Target: Developing entrepreneurs and instilling the culture of entrepreneurship Actual Performance Achieved: Hosted Business Days for communities from the 5 Local Municipalities to disseminate information of support services available for SMME development
5. Local Municipal Support & Capacity Building	Performance Target: Support and capacity building to Local Municipalities Actual Performance Achieved: 1. Facilitated the developments of LED Strategies for Nkomazi, Thaba Chweu and Bushbuckridge Local Municipalities 2. Co-ordinated the stimulation of tourism activities at Umjindi & Bushbuckridge Local Municipalities 3. Evaluated Local Municipal By-laws and their effect on business development and investment to improve the environment for business development





# Chapter Four

## Functional Area Service Delivery Reporting

### Performance of the Technical Services Units

#### Water and Sanitation

The main focus of the Water and Sanitation Unit for the 2010/11 financial year was the continuation of the assistance given to Local Municipalities in the refurbishment of certain water and sewer treatment plants and the maintenance assistance on bulk water and waste water infrastructure in the Local Municipalities. There was also, a completion to the one multi-year Bulk Water Pipe line project in the District Management Area (Kruger National Park).

#### Operation and Maintenance

This three-year refurbishment and maintenance assistance program, started in the 2009/10 financial year. It aims at identifying the most critical refurbishment and maintenance requirements of the water and waste water treatments works in Local Municipalities. The program is highly effective in assisting the Local Municipalities in emergency repairs and long-overdue repair work.

The areas identified for 2010/11 were in Bushbuckridge, Thaba Chweu and Umjindi Local Municipalities.

The table shown below indicates the number of projects in both water and sanitation EDM assisted the Local Municipalities in performing.

Project Name & ID	Approved Budget 2010/11	Actual Expenditure	Funds Carried Over to 2011/12	Comments
Remedial work WTW's (Nkomazi)	8,428,236	6,634,185	1,794,051	100%, last payments in 2011/12
Malelane WTW - Sand filters	3,000,000	2,798,557	201,443	100%, Funds moved from Leroro project to Malalane WTW
Remedial work WTW's (Thaba Chweu)	1,500,000	1,295,658	204,342	100%, last payments in 2011/12
Water & San : maintenance assistance (Thaba Chweu)	2,750,000	2,547,864	202,136	100%, last payments in 2011/12



Project Name & ID	Approved Budget 2010/11	Actual Expenditure	Funds Carried Over to 2011/12	Comments
Water & San : maintenance assistance (Umjindi)	1,500,000	1,499,974	26	100%
Remedial work WTW Rimers Creek	1,500,000	143,980	1,356,020	100%, last payments in 2011/12
Barberton WWTW inlet structure	3,445,000	1,496,950	1,948,050	40% progress on phase 2
Water & San : maintenance assistance (Bushbuckridge)	2,550,000	2,078,855	471,145	100%, last payments in 2011/12
Phabeni to Pretoriuskop Bulk Water Supply Pipeline	945,105	612,453	332,652	100%, last payments in 2011/12
Balule to Satara Bulk Water Supply Pipeline	3,065,105	2,878,885	186,220	100%, last payments in 2011/12

### Balule/Satara Bulk Water Supply Pipeline

The project commenced during the 2009/10 financial year. The project was a three-year Multi-project.

Ehlanzeni District Municipality completed the multi-year project on 21 October 2010. The Bulk Water Supply Pipeline runs from Balule to Satara in the Kruger National Park. This is a 38km old and corroded steel pipes conveying water from the Olifant Treatment Works to Satara Rest Camp was replaced with uPVC pipe. The old pipe line was causing constant leakages resulting in a huge loss of water in the Kruger National Park. This was affecting the local community, including the tourism business industries.

The new pipe line constructed is 38km of 200mm uPVC class 12 pipes. This material was selected because of its superior strength, which allows greater resistance to internal hydrostatic pressure, and high flow capacity with less friction during operation causing lesser pressure losses. The new line installed, was pressure tested at 0.8 to 1km intervals to 15 bars.

### Roads and Transport

#### Objective

- To ensure continued communication among all role players;
- To identify and eliminate all forms of unfair and unsafe practices that may lead to conflict and inefficiency in the transport industry;
- To facilitate the planning/implementation and monitoring of an effective and co-ordinated transport system.





## **District Transport Forum**

Two District foras were held on 20 July 2010 & 20 October 2010 and a capacity building workshop on 17 March 2011. The District Transport Forum is the body that was formed to bring together all affected and interested bodies in the public transport industry.

## **Achievements**

The district managed to revive all the municipalities local transport fora; to have a training workshop with all municipalities; to consult with all municipalities to ensure that transport issues are prioritized and the national legislation is implemented.

## **Thaba Chweu Double Bus/Mini Bus Shelter**

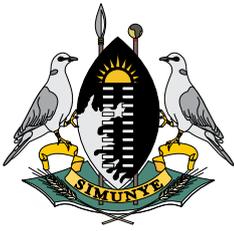
During the development of the Comprehensive Integrated Transport Plan (CITP) in 2008, surveys were conducted and a need for the construction of bus shelters along public transport routes was identified. The purpose of these bus shelters was to provide the community with shelter on public routes and protect them from bad weather conditions while waiting to commute by public transport.

The National Department of Roads and Transport allocated an amount of R2,000,000.00 from the Rural Transport Infrastructure Grant to assist EDM in addressing the transport infrastructure challenges faced in its jurisdiction. After considerable consultation with affected stakeholders, Thaba Chweu was identified as the Local Municipality with extensive backlogs and challenges and, therefore, could benefit from this fund in the 2011/2012 financial year.

## **Project Details and Beneficiaries**

The availability of the grant enabled EDM and Thaba Chweu Local Municipality to utilize the grant for one of the prioritized projects identified in the Comprehensive Integrated Transport Plan (CITP) study that was conducted by EDM on April 2008. The study indicated the need for bus shelters to shield commuters from the sun and rain. Due to limit of funding 20 Double Bus/Mini Bus Shelter were prioritized for the six villages listed below. The total population of 47,587 benefits from this project.





Village	Population	No. of Bus Shelter Erected
Brondal and Hendriksdal	4,389	6
Sabie	9,348	2
Moremela	13,990	3
Leroro	8,210	3
Matibidi A and B	11,450	6
<b>TOTAL</b>	<b>47,587</b>	<b>20</b>

### Local Labour Employed

25 laborers were employed for this project. Reports were submitted to the Department of Labour on job opportunities created. The demographic is as follows:

	No. of People
Male	17
Female	8
Disabled people	1
Youth	18
Adult	9
<b>TOTAL</b>	<b>25</b>

### Training Provided

15 people received 5 days training on brick-laying and paving. These skills acquired will assist the person to get employment from contractors and private persons.

### Scope of the Project

The labour component of the construction of the shelters involved the following:

- Clearing and grubbing of site to remove all vegetation and topsoil;
- Backfill with suitable G6 materials and compact to 95% MODASHTTO in 150mm layers;
- Cast 25Mpa Reinforced Concrete slab as base for the Precast Shelters;
- Supply and position shelters on the reinforced concrete slab;
- Build 230mm single leaf brick wall cover in shelter bond.





## **Social Impact**

The project has yielded positive impact in the community. The community utilizes the shelters in various ways such as social gatherings and the shelters are well taken care of.

## **Achievements**

The project is a success because it created employment and training for the laborers that were sourced from within the community where the shelters were built. Six villages were covered. 20 bus/mini bus shelters were built to completion and are currently being used by the community, especially commuters.

## **Inspection of Umjindi Local Municipality Sewage Works**

Officials from the Technical Department visited the area with an aim on assessing the situation within the sewerage works and inlet pipes and it was found that few pipes that transport the sewerage from the town to the sewerage works, are leaking due to the grid being stolen.

This posed a severe threat to the lives of the Umjindi Community; hence the pipe passes through a stream that flows towards the water source of the municipal area

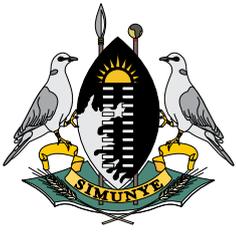
## **Energy Forum**

### **Objectives**

- Co-ordinate all reports submitted by Local Municipalities;
- Attend to operation and capacity issues and other matters affecting the District;
- Consolidate all District inputs for presentation at the Mpumalanga Provincial Energy Forum (MPEF).

## **Establishment of Ehlanzeni District Energy Forum**

Ehlanzeni District Municipality attended a Provincial Energy Forum co-ordinated by the Provincial Department of Co-operative Governance and Traditional Affairs on 14 May 2010 where Ehlanzeni District Municipality proposed to establish a District Energy Forum. This was included in the resolutions of the MPEF.



## Alignment To The Provincial Energy Forums

Ehlanzeni District Energy Forum (EDEF) co-ordinates all energy related activities of the Local Municipality in its area of jurisdiction. Consolidated reports are then presented to the MPEF.

---





# Chapter Five

## Ehlanzeni District Municipality Oversight Committee Report on 2010/2011 Annual Report

Ehlanzeni District Municipality oversight committee was established during the Special Council Meeting of Ehlanzeni Municipal Council on the 29th June 2011, during its sitting at the Ehlanzeni District Municipality Chamber.

The following are members of the committee:

- Cllr TP Maphanga;
- Cllr LL Hadebe;
- Cllr MW Nkatha;
- Cllr VN Mzimba;
- Cllr RG Herbst;
- Cllr M Charles;
- Cllr R Makhubela;
- Cllr G Mogiba; and
- Cllr BR Ncube.

### **The Annual Report**

The oversight committee held its meeting on the 09th February 2012, at Ehlanzeni District Municipal Offices. The following members were present during the meeting:

- Cllr TP Maphanga;
- Cllr MW Nkatha;
- Cllr VN Mzimba;
- Cllr RG Herbst;
- Cllr TM Charles; and
- Cllr BR Ncube.

The said meeting was arranged after the 2010/211 Ehlanzeni District Municipal Council noted the Annual Report as tabled to Council during its special meeting of the 25th January 2012, at Mbombela municipal hall in White River, of which report was referred to the oversight committee for its consideration.





Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states as follows:

**“121 Preparation and adoption of annual reports**

(1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control in accordance with section 129.

Section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) on the other hand, states as follows:

**“129 Oversight reports on annual reports**

(1) The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality’s sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council’s comments on the annual report, which must include a statement whether the council l-

- (a) has approved the annual report with or without reservations;
- (b) has rejected the annual report; or
- (c) has referred the annual report back for revision of those components that can be revised.

An annual report is designed to encourage continuous improvement in the standard of reporting by municipalities and to promote accountability to stakeholders. It further seeks to provide a record of the activities of the municipality, a report on the performance in service delivery and budget implementation plan (SDBIP) as well as to promote accountability to the community.

It must be noted that the MFMA now requires municipalities to report on all aspects of performance providing a true, honest and accurate account of the goals set by council and the success or otherwise in achieving these goals. The annual report is a key performance report to the community and other stakeholders.

It is without doubt, bearing the aforementioned in mind, that the annual report requires the collection and consolidation of a range of financial and non financial information about the municipality. It provides a record of the activities and performance of the municipality for each financial year.





In terms of Section 121 (3) of the MFMA, the annual report must include the following:

- The annual financial statements;
- The AG's report on the financial statements;
- Any explanations that may be necessary to clarify issues connected with the financial statements;
- An assessment by the accounting officer on any arrears on municipal taxes and service charges;
- Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports;
- Any information as determined by the municipality;
- Any recommendations of the audit committee; and
- Any other information as may be prescribed.

It is confirmed that the municipality complied with the disclosure of the information indicated above, save for the fact that the AG's report was unsigned. Before the report is tabled to Council for approval, the AG's signed report must be included.

Some salient assessments on the annual report which are not material are with regard to the manner in which the format of the report was organised.

MFMA circular No. 11 provides a guideline regarding the format of the annual report. The said format is provided as follows-

### **Chapter 1: Introduction and Overview**

The following should be covered in this chapter:

Mayor's foreword

A general summary of the municipality's and any municipal service provider's performance during the year, and its priorities for service delivery with established performance targets and measures taken or to be taken to improve performance.

Overview of the municipality

A short description of the municipality as a whole, providing summary of the municipality's geographic and demographic profile and changes both internal and external over the financial year.

Executive Summary

A statement of the overall goals and priorities, and mission and vision for the municipality and how it impacts on the community, with a short statement of the municipality's relative health and important administrative considerations.



## **Chapter 2: Performance Highlights**

It should provide a brief narrative of all the services provided by the municipality and the performance highlights for the year.

## **Chapter 3: Human Resources and other Organisation Management**

The municipality should comment on its organisational structure, how that structure relates to each function, various initiatives as they relate to employment issues and their relative success. This may include programmes designed to improve employment equity and skills development, and highlight significant human resource management policies and practices that may build capacity of personnel. This should also cover performance, governance, municipal transformation and institutional development.

## **Chapter 4: Functional Area Service Delivery Reporting**

The chapter is intended to provide comprehensive information on each functional area provided by the municipality. It should include an overview, description and detailed analysis of each function.

## **Chapter 5: Oversight Committee's Assessment**

In spite of the overlapping in the formatting of the report itself, which matter has been brought to the attention of the management, and believing some will be corrected in line with MFMA Circular No. 11, the oversight committee is in a position to adopt the 2010/2011, Ehlanzeni District Municipality Annual Report without reservations, and recommend that Council should also adopt it on or before the end of March 2012.

## **Chapter 6: Audited Statements and Related Financial Information**

The chapter should contain the audited financial statements of the municipality, the audit report of the Auditor General for each financial statement and other disclosures required by legislation, either through direct reporting or notes to the accounts.

Cllr TP Maphanga  
Chairperson





# Chapter Six

## Audited Statements and Related Financial Information

### Report of the Audit Committee

We are pleased to present our report for the financial year ended 30 June 2011 in terms of Section 166 of the Municipal Finance Management Act 56 of 2003.

### Committee Membership and Attendance

The Audit Committee, which serves as an advisory body of Council, comprising of 3 external members listed hereunder, have met 4 times during the year under review to execute their oversight role on governance matters.

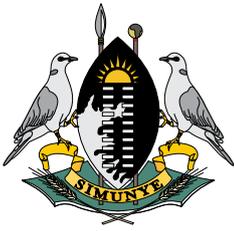
Name of member	Number of meetings attended
MR. V MAKHUBEDU	4
MR. AC KEYSER	4
Ms. C NKUNA	4

### Audit Committee's Responsibility

The Audit Committee reports that it has performed its responsibilities arising from Section 166 (2) (b) of the MFMA. The Audit Committee has adopted appropriate formal Terms of Reference as its Audit Committee Charter, regulated its affairs in compliance with this charter and has discharged all its responsibilities contained therein. Having sat for all its scheduled ordinary meetings, the Audit Committee is confident that it has effectively carried out its mandate.

### The Effectiveness of Internal Control and Internal Audit

The Audit Committee appreciates the fact that the system of internal control was reviewed by Internal Audit throughout the year and it reflected a significant improvement. We would, however, like to put emphasis to management, to strengthen compliance with prescribed policies and procedures in instances where such was lacking. Management has accepted the Internal Audit reports and implemented the committees' recommendations intended to enhance the identified control weaknesses. Therefore, we can report accordingly, that the system of internal control and risk management for the



period under review, was effective and efficient.

### **Performance Management**

The committee has reviewed the performance management reports for the year under review and despite delays in reporting, the committee is pleased with the improvement on the content and quality of these reports.

### **Evaluation of the Financial Statements**

The Audit Committee has:

- Reviewed and discussed the audited financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and management's response thereto; and

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

Chairperson of the Audit Committee  
Ehlanzeni District Municipality  
Date: **08 December 2011**





## Auditor General's Report

### Report of the Auditor-General to the Mpumalanga legislature and the council on the Ehlanzeni District Municipality

#### Report on the financial statements

##### Introduction

1. I have audited the accompanying financial statements of the Ehlanzeni District Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 100-149.

##### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor-General's responsibility

3. As required by Section 188 of the Constitution of South Africa, 1996 (Act No.108 of 1996) and section 4 of the Public Audit Act of South Africa, 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 International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ehlalzeni District Municipality as at 30 June 2011, and its financial performance and its cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements by the MFMA.

#### **Additional matter**

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Unaudited supplementary schedules**

9. The supplementary information set out on pages 90 - 139 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

#### **Report on other legal and regulatory requirements**

##### **Predetermined objectives**

10. There are no material findings on the annual performance report

##### **Compliance with laws and regulations**

11. There are no findings concerning material non-compliance with laws and regulations applicable to the municipality.

##### **Internal control**

12. In accordance with the PAA and in terms of *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. There are no significant deficiencies in internal control that resulted in a qualification of the auditor's opinion on the financial statements, findings on predetermined objectives or material non-compliance with laws and regulations.





## Other reports

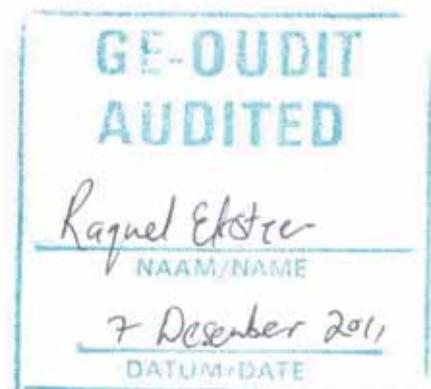
### Investigation

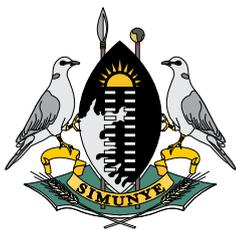
13. An investigation is being conducted based on allegations of fraud and other irregularities in respect of the procurement process. The investigation had not been finalised at the reporting date.

*Auditor - General*

### Nelspruit

29 November 2011





# Approval of the Annual Financial Statements for the Year Ended 30 June 2011

## Accounting Officer's Responsibilities and Approval

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the presentation of these annual financial statements, which are set out on pages 100-149 in terms of Section 126(1) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) 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 Cooperative Governance and Traditional Affairs determination in accordance with this Act.

Adv. H Mbatha  
Municipal Manager

31 August 2011

Date





# Annual Financial Statement

## Statement of Financial Position at 30 June 2011

Figures in Rands	Note(s)	2011	2010
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	3	251,226	264 713
Trade and other receivables from exchange transactions	2	39 755 935	1 221 509
VAT Receivable	6	10,322,716	30 082 194
Cash and cash equivalents	1	4 676 392	15 693 048
		<b>55 006,269</b>	<b>47 261 464</b>
<b>Non - Current Assets</b>			
Capitalized pre-paid expense	4	1 345 643	-
Property, plant and equipment	9	276 310 170	22 903 988
Investments	8	375 380	375 380
Other financial assets	7	158 657	167,544
Work in progress	11	14 730 551	315 519 681
		<b>292 920 401</b>	<b>338 966 594</b>
<b>Total Assets</b>		<b>347,926,670</b>	<b>386 228 058</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short term portion of long term debt	13	8,753,095	7 828 913
Trade and other payables from exchange transactions	10	29, 580,556	25 853 601
Current portion Finance lease liability	14	3,005 960	-
Consumer deposits		6 000	-
Unspent conditional grants and receipts	15	3 681 759	17 676 789
Provisions	12	11 590 893	3 822 099
		<b>53,612,303</b>	<b>55 181 401</b>
<b>None – Current Liabilities</b>			
Other financial liabilities	13	207,249,415	216 147 010
Non-Current finance lease liability	14	11,949,391	
<b>Total liabilities</b>		<b>272,811,109</b>	<b>271 328 411</b>
<b>Net Assets</b>		<b>75,115,561</b>	<b>114 899 647</b>
<b>Net Assets</b>			
<b>Reserves</b>			
Revaluation reserve		15 ,077,882	15 597 271
Capital Replacement Reserve		-	7 000 628
Accumulated surplus		60,037,679	92 301 750
<b>Total Net Assets</b>		<b>75,115,561</b>	<b>114 899 647</b>



## Statement of Financial Performance for the Year Ended 30 June 2011

Figures in Rands	Note(s)	2011	2010
<b>Revenue</b>			
Property rates	28	69,968,161	36,778,433
Levies		33	6 818
Rental of facilities and equipment	18	2 482 685	657 418
Government grants and subsidies	16	166 259 751	166 279 215
Revenue from non – exchange transactions		6 481 083	-
Other income		4 529 223	35 561 756
Interest received – investment	17	7,146,681	16,348,485
Dividends received	19	65 907	59 602
<b>Total Revenue</b>		<b>256 933 524</b>	<b>255 691 727</b>
<b>Expenditure</b>			
Personnel	20	(61 257 920)	(54 182 183)
Remuneration of councilors	21	(9 996 539)	(8 360 035)
Audit fees	26	(2 487 384)	(1 011 150)
Depreciation and amortization	22	(18 226 815)	(2 718 407)
Finance costs	23	(24,775,718)	(10 431 206)
Debt impairment		(37 415 199)	(43 318 892)
Repairs and maintenance		(175 047)	(541 333)
Contracted services	24	(3 865 013)	(2 055 767)
General Expenses	29	(51,409,068)	(101 852 008)
<b>Total Expenditure</b>		<b>(209,608,703)</b>	<b>(224 470 980)</b>
Loss on disposal of assets	25	(157 123)	132 905
Actuarial loss	25	(952 000)	-
<b>Surplus for the year</b>		<b>46,215,698</b>	<b>31 353 652</b>





## Statement of Changes in Net Assets for the Year Ended 30 June 2011

Figures in Rand	Revaluation Reserve	Capital Replacement reserve	Accumulated Surplus	Total net assets
Balance at 01 July 2009	15 597 271	7 000 628	113 181 199	135 779 098
Changes in net assets				
Prior year errors and adjustments	-	-	(45 431 597)	(45 431 597)
Transferred to accumulated surplus	-	-	(6 801 506)	-
Net income (losses) recognized directly in net assets	-	-	(52 233 103)	(45 431 597)
Surplus for the year	-	-	31 353 654	31 353 652
Total recognized income and expenses for the year	-	-	(20 879 449)	(14 077 945)
Total changes	-	-	(20 879 449)	(14 077 945)
<b>Balance at 01 July 2010</b>	<b>15 597 271</b>	<b>7 000 628</b>	<b>92 301 750</b>	<b>114 899 649</b>
Changes in net assets				
Surplus for the year	-	-	46,215,698	46,215,698
Transferred from / to Accumulated surplus			(81,044,038)	(81,044,038)
Movements in Reserves	(519,389)	(7,000,628)	7,520,018	-
Change in Estimates and net assets			(4,955,749)	(4,955,749)
<b>Balance at 30 June 2011</b>	<b>15 ,077,882</b>	<b>-</b>	<b>60,037,679</b>	<b>75,115,561</b>



## Cashflow Statement for the Year Ended 30 June 2011

Figures in Rands	Note(s)	2011	2010
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants and Subsidies		166 259 751	166 279 214
Interest received		777 682	9 808 026
SARS VAT Refunds		33 384 263	46 158 656
Dividends received		65 907	59 602
Other receipts		11 644 649	36 225 994
		<b>212 132 252</b>	<b>258 531 492</b>
<b>Payments</b>			
Employee costs		(71 254 459)	(62 542 218)
Suppliers		(141,232,994)	(123 277 222)
Interest paid		(24,775,718)	(10 431 206)
Other cash payments		(3 926 487)	(74 146 699)
		<b>(241,189,658)</b>	<b>(270 397 345)</b>
<b>Net cash flows from operating activities</b>	<b>29</b>	<b>29,057,406</b>	<b>(11 865 853)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(264,487,527)	420 906
Proceeds from sale of property, plant and equipment		5 000	(3 448 555)
Proceeds from sale of financial assets		-	41 902 078
Increase / Decrease in Non current Assets - WIP		300 789 130	(204 560 715)
<b>Net cash flows from investing activities</b>		<b>(36,306,602)</b>	<b>(165 686 286)</b>
<b>Cash flows from financing activities</b>			
Repayment of loans		(18,265,852)	(40 000 000)
Loans raised			227 000 000
<b>Net cash flows from financing activities</b>		<b>182 656 862</b>	<b>187 000 000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(11 016 656)</b>	<b>9 447 861</b>
Cash and cash equivalents at the beginning of the year		15 693 048	6 245 187
<b>Cash and cash equivalents at the end of the year</b>	<b>30</b>	<b>4 676 392</b>	<b>15 693 048</b>





# Accounting policies to the annual financial statements for the year ended 30 June 2011

## 1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

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

These accounting policies are consistent with the previous period, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

### 1.1 Presentation of currency

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

### 1.2 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.

### 1.3 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any



impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

An increase in an asset's carrying amount, as a result of a revaluation, is recognized in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are carried at less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognized in surplus or deficit to the extent that it reserves a revaluation decrease of the same asset previously recognized in surplus or deficit.

## Accounting Policies

### 1.4 Property, plant and equipment (continued)

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognized in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

#### 1.4.1 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 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.

#### 1.4.2 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 of any credit that it reverses a revaluation decrease of the same asset previously recognized in surplus or deficit.



#### 1.4.3 Subsequent measurement – cost model

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.

#### 1.4.4 Depreciation and impairment

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:

Item	Average useful life
Buildings	50
Furniture and fixtures	10-15
Motor vehicles	5-10
Office equipment	3-5
Other items of plant and equipments	5-10
Bins and containers	5-10

#### 1.4 Property, plant and equipment (continued)

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 determined as the difference between the sales proceeds and the carrying value and is recognized in the Statement of Financial Performance.





#### 1.4.5 Derecognition

Items of property, plant and equipment are derecognized when the asset is disposed 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.

### 1.5 Intangible assets

#### 1.5.1 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:

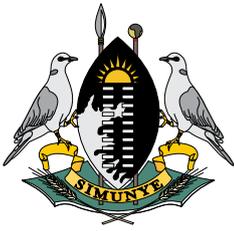
- The municipality intends to complete the intangible asset for use or sale;
- It is technically feasible to complete the intangible asset;
- The municipality has the resources to complete the project; and
- It is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognized at cost.

Where an intangible asset is acquired 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.

#### 1.5.2 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 life is finite. Where the useful life is indefinite, the asset is not amortized but is subject to an annual impairment test.



### 1.5.3 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

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.

### 1.5.4 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.

## 1.6 Investment property

### 1.6.1 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.

#### 1.6.2 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.

#### 1.6.3 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.

### 1.7 Non-current assets held for sale and disposal groups

#### 1.7.1 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.

#### 1.7.2 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.

### 1.8 Inventories

#### 1.8.1 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.

#### 1.8.2 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.

## 1.9 Financial instruments

### Initial recognition and measurement

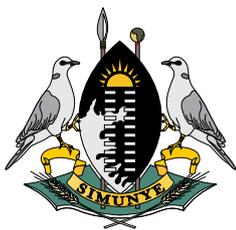
Financial instruments are initially recognized at fair value.

### 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.

### 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.

#### 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 from the reporting date are classified as current.

#### Trade and other payables

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.

#### 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 overdraft and borrowings

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.

#### Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealized gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognized in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit – held for trading.

#### Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.



#### 1.10 Investments in association

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 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.

#### 1.11 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.

#### 1.12 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), and 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.

#### 1.13 Fruitless and wasteful expenditure

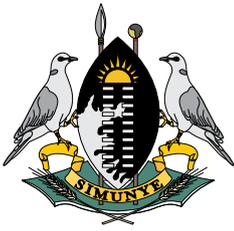
Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as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

#### 1.14 Provisions and contingencies

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; 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.

#### 1.15 Leases

##### Financial leases – 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, 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.

##### Finance leases – 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 - lessor

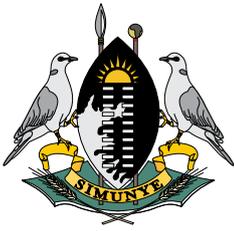
Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

#### 1.16 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 are passed to the consumer.

Revenue arising out of situations where the municipality acts as an 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.

#### 1.17 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.

#### Other grants 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.

#### 1.18 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.



#### 1.19 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.

#### 1.20 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.

#### 1.21 Impairment of cash-generating 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:

- 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.

## 1.22 Comparative information

### 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.

### Current year budgets

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

## 1.23 Contingent Liability

A contingent liability is:

- (a) A possible obligations that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events no wholly within the control of the entity; or
- (b) A present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits or services potential will be required to settle the obligation.
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

## 1.24 Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

## 2. New standards and interpretations

### Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will





be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated or particular objectives achieved, by an entity within a particular region.

This standard has been approved by the Board but its effective date has not yet been determined by the Minister of finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provision for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is for years beginning on or after 1 April 2013.

The municipality expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.



## Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 1 April 2010.

The Municipality has adopted the standard for the first time in 2011 annual financial statements.





# Notes to the Annual Financial Statements for the Year Ended 30 June 2011

## 1. CASH AND CASH EQUIVALENTS

	2011 R	2010 R
Cash and cash equivalents consist of the following:		
Cash on hand	4,000	4,000
Cash at bank	4,672,392	15,689,048
	<b>4,676,392</b>	<b>15,693,048</b>

The Municipality has the following bank accounts:

### Current Account (Primary Bank Account)

FNB Nelspruit Branch: Account Number Acc 62 113 491 419	1,327,579	12,297,403
Cash book balance at beginning of year	12,297,403	1,250,262
Cash book balance at end of year	1,327,579	12,297,403
Bank statement balance at beginning of year	12,297,403	3,084,620
Bank statement balance at end of year	1,327,579	12,297,403

### Current Account (Other Account)

First National Bank - Nelspruit Branch: Acc 62 113 492 938	203,690	204,258
First National Bank - Nelspruit Branch: Acc 62 113 495 916	413,582	410,965
First National Bank - Nelspruit Branch: Acc 62 113 496 360	411,056	408,460
First National Bank - Nelspruit Branch: Acc 62 113 496 708	947,348	1,025,994
First National Bank - Nelspruit Branch: Acc 62 113 498 564	1,310,832	1,282,805
First National Bank - Nelspruit Branch: Acc 62 113 499 554	58,303	59,163





## 2. TRADE AND OTHER RECEIVABLES

	2011	2010
Other debtors	209,999	1,895,848
Sundry debtors	89,232	-
Levy debtors	119,475,060	43,318,892
<b>Total Other Debtors</b>	<b>119,774,291</b>	<b>45,214,740</b>
Less: Provision for Bad debts	(80,018,356)	(43,993,231)
<b>Net Balance</b>	<b>39,755,935</b>	<b>1,221,509</b>

Reconciliation	BAD DEBTS PROVISION
Opening 1 July 2010	(43,993,231)
Contributions to provision (other debtors)	(37,415,199)
Expenditure incurred / Utilized during the year	1,390,074
<b>Closing 30 June 2011</b>	<b>(80,018,356)</b>

Provision for Doubtful Debts 2011	Gross Balances		R	R
	Net Balance			
Property Rates	119,475,060	(80,018,356)		39,456,704
Other	299,231	-		299,231
<b>Total</b>	<b>119,774,291</b>	<b>(80,018,356)</b>		<b>39,755,935</b>
Trade receivable: Ageing			2011	2010
Current (0 – 30 days)			0	3,607,396
31 - 60 Days			4,189,234	3,607,396
61 - 90 Days			7,214,793	7,214,792
91 - 120 Days			7,333,028	10,688,188
121 - 365 Days			55,822,496	18,201,120
+ 365 Days			45,214,740	1,895,848
<b>Total</b>			<b>119,774,291</b>	<b>45,214,740</b>

Provision for bad debts – ageing of impaired receivables	2011	2010
Current (0-30 days)	-	2,385,887
31-60 days	-	3,607,396
61-90 days	-	7,214,792
91-120 days	-	10,688,188
121-365 days	36,025,125	18,201,120
+365 days	43,993,231	1,895,848
<b>Total</b>	<b>80,018,356</b>	<b>43,993,231</b>





<b>Trade receivables past due but not impaired</b>	<b>2011</b>	<b>2010</b>
Current (0-30 days)	-	-
31-60 days	4,189,234	-
61-90 days	7,214,793	1,221,509
91-120 days	7,333,028	-
121-365 days	21,018,880	-
+365 days		
<b>Total</b>	<b>39,755,935</b>	<b>1,221,509</b>

### 3. INVENTORIES

	<b>2011</b>	<b>2010</b>
Opening balance	264,713	274,860
Additions	549,133	859,276
Issued (Expensed)	(562,620)	(869,423)
<b>Closing balance</b>	<b>251,226</b>	<b>264,713</b>

Inventories comprises of office stationery

### 4. CAPITALISED PREPAYMENTS

	<b>2011</b>	<b>2010</b>
Capitalized Pre-paid expenses	1,345,643	-

### 5. SHORT TERM FIXED DEPOSITS

	<b>2011</b>	<b>2010</b>
Fixed deposits	-	-

### 6. VAT RECEIVABLE

	<b>2011</b>	<b>2010</b>
SARS VAT REFUNDABLE	10,324,341	30,082,194

### 7. NON - CURRENT RECEIVABLES

	<b>2011</b>	<b>2010</b>
Car Loans	102,130	111,018
Study loans	56,527	56,526
Housing selling scheme loans	-	-
Other non-current receivables	-	-
	<b>158,657</b>	<b>167,544</b>
Less : Provision for bad debts	-	-
Car loans	-	-
Staff loans	-	-
Other non-current receivables	-	-

<b>NET BALANCE</b>	<b>158,657</b>	<b>167,544</b>
--------------------	----------------	----------------





## 8. INVESTMENTS

	2011	2010
Fixed Deposits	-	-
Listed Investments	375,380	375,380
Other Investments	-	-
	<b>375,380</b>	<b>375,380</b>

The market value of the listed investment at 30 June 2011 was R 1,404,716.

## 9. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying value	P,P & E R	Total R
<b>Carrying values at 1 July 2010</b>	22,903,989	22,903,989
Cost	32,025,146	32,025,146
Accumulated Depreciation	(9,121,157)	(9,121,157)
Acquisitions	270,968,611	270,968,611
Net Disposals	(624,866)	(624,866)
Depreciation	(18,226,815)	(18,226,815)
Revaluation	-	-
Correction of error	1,289,251	1,289,251
<b>Carrying values at 30 June 2011</b>	276,310,170	276,310,170
Cost	300,726,029	300,726,029
Accumulated Depreciation	(24,415,859)	(24,415,859)

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

## 10. TRADE AND OTHER PAYABLES

	2011	2010
Trade creditors	20,006,650	14,680,468
Payments received in advance	-	-
Retentions	9,573,906	11,173,133
Guarantees	-	-
Sundry Creditors	-	-
Other creditors	-	-
<b>Total creditors</b>	<b>29,580,556</b>	<b>25,853,601</b>

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

## 11. WORK IN PROGRESS

	2011	2010
Construction work in progress	14,730,551	315,519,681





## 12. CURRENT PROVISIONS

	2011	2010
Leave provisions	11,590,893	3,822,099

The movement in the current provision can be reconciled as follows

	Post Retirement benefits	Provision for leave	TOTAL
Opening 1 July 2010	6,245,000	3,822,099	10,067,099
Contributions to provision	2,142,000	317,559	2,459,559
Expenditure incurred	-	(935,765)	(935,765)
<b>Closing 30 June 2011</b>	<b>8,387,000</b>	<b>3 203 893</b>	<b>11,590,893</b>

The amounts recognised in the statement of financial position are as follows:

CARRYING VALUE	R
Present Value of the defined benefit obligation:	8,387,000
Net actuarial Gain not recognized	-
<b>Net Liability</b>	<b>8,387,000</b>
Changes in the present value of the defined benefit obligation are:	
Opening Balance	6,245,000
Benefits paid	(52,000)
Net expense recognised in the statement of financial performance	2,194,000
<b>Closing Balance</b>	<b>8,387,000</b>

Net expenses recognised in the statement of financial performance are:

Current Service Costs	667,000
Interest costs	575,000
Actuarial Gain / losses	952,000
<b>Net expenses</b>	<b>2,194,000</b>

### Calculation of Actuarial Gains and Losses

Key Assumptions used at reporting date are:

Discount rate used	8.75%
Health Care cost inflation rate	7.75%
Salary inflation	6.75%
Expected Retirement age	65 years
Membership discontinued at retirement	0%

## 13. NON - CURRENT BORROWINGS

	2011	2010
DBSA Loans	216,002,510	223,975,922
<b>Total Borrowings</b>	<b>216,002,510</b>	<b>223,975,922</b>
Less: Current portion transferred to current liabilities	8,753,095	7,828,912
<b>Total Borrowings</b>	<b>207,249,415</b>	<b>216,147,010</b>

Refer to Appendix A for more detail on borrowings.





#### 14. FINANCIAL LEASE LIABILITY

	2011	2010
<b>Minimum lease payments due</b>		
within one year	3,274,896	-
in second to fifth year inclusive	9,278,872	-
	12,553,768	-
less: future finance charges	(604,377)	-
<b>Present value of minimum lease payments</b>	<b>11,949,391</b>	-
Present value of minimum lease payments due		
within one year	3,005,966	-
in second to fifth year inclusive	8,943,425	-
	<b>11,949,391</b>	-

The municipality entered into an agreement with DOHA Supply Systems cc for the design, development and provision of infrastructure, operating, maintenance, training and transfer of the disaster management centre to the municipality at the end of the lease term. The agreement is for the period of 58 months entered into on the 1st of July 2010.

#### 15. UNSPENT CONDITIONAL GRANTS FROM SPHERES OF GOVERNMENT

	2011	2010
Dwaf Drought Relief	-	742,723
Dwaf	-	2,751,853
Ehlanzeni DM FMG	217,786	823,397
Ehlanzeni DM Pims	-	297,078
Dept of Sport and Recreation	-	2,766,595
Local Government	2,000,000	3,087,022
Nkomazi Lc Co-Funding	-	722,456
Umjindi Lc Co-Funding	-	10,602
Sanitation Pilot Projects	-	67,799
CBPWP: Rapid Delivery Projects	-	2,109,775
Department of Local Government and Housing	-	969,626
Municipal Systems Improvement Grant MSIG	1,463,973	1,158,986
Municipal Infrastructure Grant: MIG	-	1,575,145
National and Provincial Events	-	18,578
SETA	-	544,638
Transitional Fund	-	30,514
<b>Current portion of unspent conditional grants</b>	<b>3,681,759</b>	<b>17,676,787</b>

#### 16. GOVERNMENT GRANTS AND SUBSIDIES

	2011	2010
Equitable share	34,938,017	26,141,042
Levy Replacement Grant	131,321,734	127,366,625
MIG - Conditions met	-	9,476,952
FMG - Conditions met	-	1,731,155
Volunteer 2010 Grant	-	1,563,440
<b>Total Government Grants and Subsidies</b>	<b>166,259,751</b>	<b>166,279,214</b>

See note 26 below for the reconciliation of these grants





#### 17. INTEREST EARNED

	2011	2010
Financial assets	777,682	9,808,026
Other	6,368,999	6,540,459
<b>Total interest</b>	<b>7,146,681</b>	<b>16,348,485</b>

#### 18. RENTAL OF FACILITIES AND EQUIPMENT

	2011	2010
Rental of property	2,482,685	655,050
Other rentals	-	2,368
<b>Total rentals earned</b>	<b>2,482,685</b>	<b>657,418</b>

#### 19. DIVIDENDS RECEIVED

	2011	2010
Dividends received - SANLAM	65,907	59,602
Other dividends	-	-
<b>Total Dividends</b>	<b>65,907</b>	<b>59,602</b>

#### 20. EMPLOYEE RELATED COSTS

	2011	2010
Employee related costs - Salaries and wages	37,340,322	32,393,660
Employee related costs - Contributions for UIF, Pensions and Medical AIDS	10,362,207	9,477,005
Travel, motor car, accommodation, subsistence and other allowances	9,697,992	8,836,811
Housing benefits and allowances	562,421	558,266
Overtime payments	621,931	515,087
Bonuses	2,454,730	2,197,378
Other allowances	4,000	7200
Bargaining Council	6,869	6,043
Redemption of leave	-	45,000
Acting Allowances	207,448	145,733
<b>Total Employee Related Costs</b>	<b>61,257,920</b>	<b>54,182,183</b>

Remuneration of the Municipal Manager	2011	2010
Annual Remuneration	849,969	815,832
Performance- and other bonuses	148,740	-
Travel, motor car, allowances	156,000	156,000
Contributions to UIF, Medical and Pension Funds	388,693	215,187
<b>Total</b>	<b>1,543,402</b>	<b>1,187,019</b>

Remuneration of the Chief Finance Officer (resigned 30 April 2011)	2011	2010
Annual Remuneration	585,645	679,584
Performance- and other bonuses	-	-
Travel, motor car, allowances	218,218	180,000
Contributions to UIF, Medical and Pension Funds	184,545	151,006
<b>Total</b>	<b>988,408</b>	<b>1,010,590</b>





#### Remuneration of the Manager: Office of the Municipal Manager

Annual Remuneration	682,072	650,652
Salary Back pay / Annual bonuses	-	-
Travel, motor car, allowances	170,076	156,000
Contributions to UIF, Medical and Pension Funds	1,497	1,497
<b>Total</b>	<b>853,645</b>	<b>808,039</b>

#### Remuneration of the individual Managers - 2011

	Community Services	Technical services
Annual Remuneration	648,075	788,685
Performance- and other bonuses	71,466	-
Travel, motor car, allowances	207,487	192,014
Contributions to UIF, Medical and Pension Funds	238,015	179,874
<b>Total</b>	<b>1,165,043</b>	<b>1,160,573</b>

#### Remuneration of the individual Managers - 2011

	Corporate Service	LED & TOURISMS
Annual Remuneration	615,162	611,318
Performance- and other bonuses	-	70,628
Travel, motor car, allowances	209,919	211,092
Contributions to UIF, Medical and Pension Funds	235,549	179,874
<b>Total</b>	<b>1,060,630</b>	<b>1,072,912</b>

#### 21. REMUNERATION OF COUNCILLORS (Old Councillors paid until 20 May 2011 and New Councillors from 02 June 2011 until 30 June 2011)

	2011	2010
Executive Mayor	726,719	593,375
Deputy Executive Mayor	511,464	478,120
Speaker	557,961	478,120
Chief Whip	270,451	449,315
Councillors	7,055,711	5,706,391
Councillors Pension Fund Contribution	643,859	519,930
Councillors Other allowances	230,374	134,784
	<b>9,996,539</b>	<b>8,360,035</b>

#### 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.

#### 22. DEPRECIATION

	2011	2010
Property, plant and equipment	18,226,815	2,718,407
Intangible assets	-	-
Investment property carried at cost	-	-
<b>Total Depreciation</b>	<b>18,226,815</b>	<b>2,718,407</b>





### 23. FINANCE COSTS

	2011	2010
Borrowings	24,775,718	10,431,206
Other	-	-
Bank overdrafts	-	-
<b>Total Finance Costs</b>	<b>24,775,718</b>	<b>10,431,206</b>

### 24. CONTRACTED SERVICES

	2011	2010
Contracted services for:		
Cleaning services	-	190,346
Security Services – cash collection	68,006	228,270
Other contracted services	3,797,007	1,637,150
	<b>3,865,013</b>	<b>2,055,766</b>

### 25. GAIN OR (LOSS) ON SALE OF ASSETS

	2011	2010
Property, Plant and Equipment	157,123	132,905
Other Financial Assets	952,000	-
	<b>1,109,123</b>	<b>132,905</b>

### 26. AUDIT FEES

	2011	2010
Auditors remuneration	2,487,384	1,011,150
	<b>2,487,384</b>	<b>1,011,150</b>

### 27. RECONCILIATION OF GRANTS

#### 27.1 EQUITABLE SHARE

	2011	2010
Balance unspent at beginning of year		-
Current year receipts	(166,259,751)	(153,507,668)
Conditions met - transferred to revenue	166,259,751	153,507,668
<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>

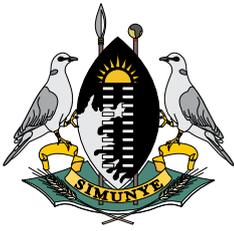
In terms of the Constitution, this grant is used to subsidize the provision of basic and administrative services.

#### 27.2 MUNICIPAL INFRASTRUCTURE GRANT

	2011	2010
Balance unspent at beginning of year	(1,575,147)	(787,099)
Current year receipts	-	(10,265,000)
Expenditure	-	-
Conditions met - transferred to revenue	(1,575,147)	9,476,952
<b>Conditions still to be met</b>	<b>-</b>	<b>(1,575,147)</b>

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.





### 27.3 MUNICIPAL SYSTEMS IMPROVEMENT GRANT

	2011	2010
Balance unspent at beginning of year	(1,158,985)	(668,175)
Current year receipts	(750,000)	(735,000)
Expenditure	445,012	-
Conditions met - transferred to revenue	-	244,189
<b>Conditions still to be met</b>	<b>(1,463,973)</b>	<b>(1,158,986)</b>

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.

### 28. PROPERTY RATES

PROPERTY RATES	2011
ACTUAL BILLING	R
Residential	1,304,538
Game Farming	149,513,682
Other	95,265
Commercial	22,901,637
Public Service Infrastructure	21,673
<b>TOTAL PROPERTY RATES</b>	<b>173,836,795</b>
Property rates – Phase in Rebate	97,499,635
<b>PROPERTY RATES BILLED</b>	<b>76,337,160</b>
Fair value adjustment - year end	6,368,999
<b>NET PROPERTY RATES</b>	<b>69,968,161</b>

VALUATIONS	
Residential	304,858,567
Game Farming	10,299,735,936
Commercial	1,577,656,949
Public Service Infrastructure	14,993,306
Other	65,635,461
<b>TOTAL PROPERTY VALUATIONS</b>	<b>12,262,880,219</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations.





## 29. GENERAL EXPENSES

Included in general expenses are the following costs above R 100 000:-	2011	2010
Advertising	352,549	255,354
Annual Budget and Functions	-	-
Bursaries	-	181,347
Branding and Marketing	-	-
Computer Maintenance and Support	1,739,110	1,229,704
Computer systems - Programmes and Training	-	-
Community outreach	446,586	446,586
Disaster Management costs – Centre	1,926,278	4,154,269
Disaster Management Operational Cost	-	1,552,812
Entertainment	308,058	347,884
Assistance to Local - Capital Projects	17,735,238	60,079,339
Fuel and oil	700,743	578,094
Grading Informal Accommodation	-	779,904
GIS Operational Costs	119,140	227,719
HIV / AIDS Awareness	439,199	439,199
IDP Review	-	337,355
Insurance	596,157	523,181
Water and electricity	1,942,797	-
Legal expenses	905,953	2,798,347
Membership fees – SALGA	459,553	371,934
Municipal Health Operational Costs	197,896	321,387
Long term development strategy	150,000	-
Marketing and publicity	834,401	-
LED, Tourism Development	1,885,377	-
Printing and stationery	562,620	869,425
Professional fees	199,261	263,484
Programs and Campaign	487,527	-
Presidential imbizo	-	-
2010 Programs	-	2,858,423
Rental of buildings	4,943,486	7,315,396
Rental of office equipment	485,532	640,252
Skills development levies	539,917	419,490
Telephone cost	1,427,627	1,421,687
Training	456,308	1,901,452
Travel and subsistence	1,922,305	2,509,800
Tourism and Tour guides 2010	-	6,255,606
Trade Zones	-	381,455
Valuation Roll – Compilation	-	882,105
Volunteer Program 2010	-	671,826
	<b>41,763,618</b>	<b>101,014,816</b>



### 30. NETCASH GENERATED FROM OPERATING ACTIVITIES

	2011	2010
Surplus/(deficit) for the year	46,215,698	31,353,652
Adjustment for:-		
Depreciation and amortization	18,226,815	2,718,407
Actuarial losses	952,000	-
(Gain) / loss on sale of assets / Actuarial losses	157,123	(132,905)
Debt impairment	37,415,199	43,318,892
Revenue from non-exchange transaction	(6,481,083)	-
Investment Income	(7,146,681)	(16,348,485)
Previous year's operating transactions	(105,770,567)	(43,104,904)
Finance Charges	24,775,718	10,431,206
<b>Operating surplus before working capital changes:</b>	<b>8,344,222</b>	<b>28,235,863</b>
(Increase)/decrease in inventories	13,487	10,417
(Increase)/decrease in trade receivables	(38,534,426)	(42,270,497)
(Increase)/decrease in other Creditors	(3,726,955)	12,485,346
(Increase)/decrease in VAT receivable	19,759,478	(426,437)
Increase/(decrease) in conditional grants and receipts	(13,995,030)	(2,071,633)
Increase/(decrease) in Current Portion of Long term debt	(924,182)	(7,828,912)
Increase/(decrease) in Consumer deposits	6000	-
<b>Net Cash generated by/(utilized in) operations</b>	<b>(29,057,406)</b>	<b>(11,865,853)</b>

### 31. CASH AND CASH EQUIVALENTS

	2011	2010
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	4,676,392	15,693,048
Bank overdrafts	-	-
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>4,676,392</b>	<b>15,693,048</b>

### 32. COMMITMENTS

#### OPERATING LEASE COMMITMENTS

	2011	2010
At the reporting date the municipality had outstanding commitments under operating leases which fall due as follows:		
Within one year	299,082	6,334,005
In the second to fifth year inclusive	-	299,082
After five years	-	-
<b>Total</b>	<b>299,082</b>	<b>6,633,087</b>

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for office machines leased. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years.





### 33. CONTINGENT LIABILITIES

#### CONTRACTUAL DISPUTES

<b>Contractual disputes- former Bohlabela District Municipality</b>	<b>3,896,529</b>	<b>1,731,418</b>
---	------------------	------------------

Various contractual claims by contractors/employees are currently in dispute, and are being addressed through mediation. The maximum unforeseen liability is estimated at R 3,896,529 (2010: R 1,731,418).

### 34. CHANGE IN ACCOUNTING ESTIMATES

The change in accounting estimate arose as a result of the change in the expected pattern of consumption of economic benefits or service potential of a depreciable assets.

The useful lives of the following classes of property, plant and equipment were changed to reflect the correct estimated remaining life.

Category	Original useful life	Revised useful life	Effect of the change
Computer equipment	3	5	(1,070,796)
Furniture	10	13	(24,991)
Vehicles	5	8	(193,464)
			<b>(1,289,251)</b>

#### Impact on future periods

Depreciation will be less by R 1,289,252

### 35. FIRST TIME ADOPTION OF GRAP 25

The municipality has adopted GRAP 25 for the first time in the current year. This standard has been applied prospectively. The date of transition was 1 July 2011 and the effect of the transition was as follows.

Accumulated Surplus	2011	2010
	R	R
First time adoption:		
Transferred from Accumulated surplus	6,245,000	-
Provision for Post Retirement Benefits	(6,245,000)	-
<b>Net effect on statement of position</b>	<b>-</b>	<b>-</b>

### 36. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure	R
Opening balance	-
Current year *	-
<b>Closing balance</b>	<b>-</b>

\* None identified during the current year



### 37. IRREGULAR PAYMENTS

	2011	2010
Reconciliation of Irregular Payments		
Opening Balance	-	-
Irregular Payment - Current year	4,739,099	4,154,269
Approved by Council	(4,739,099)	(4,154,269)
Transfer to Recoveries / debtors	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

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 expenditure incurred as listed below have been condoned by Council.

Nature of the expenditure	Amount	Status at 30 June 2011 (Year- end)
Emergency and urgent installation of IP Telephony – new office complex	R 884,010	Condoned by Council – resolution A153/2010
Emergency supply of water through water tankers	R 98,000	Condoned by Council – resolution A 25/2011
Remedial works at Malelane Water Waster Treatment Works	R2,987,318	Condoned by Council – resolution A26/2011
Design, Layout and Printing of Annual report	R379,771	Condoned by Council – resolution A 24/2011
Supply and delivery of three hundred thousand chloro floc sachets for cholera prevention	R390,000	Condoned by Council – resolution A 73/2011

### 38. UNAUTHORIZED EXPENDITURE

	2011	2010
Reconciliation of unauthorized expenditure		
Opening Balance	415,541	-
Unauthorized expenditure - Current year	209,999	656,659
Approved by Council	(415,541)	(241,118)
Transfer to Recoveries / debtors	(209,999)	-
<b>Closing Balance</b>	<b>-</b>	<b>415,541</b>

Details of unauthorized expenditure

Activity / Incident	Amount R's	Status
Unauthorized Trip to Mexico – November 2010	209,999	Transferred to Debtors
	<b>209,999</b>	

### FINANCIAL RISK MANAGEMENT

Exposure to Interest rate, Liquidity and Credit risks arises in the normal course of the Municipality's operations. The municipality has established a risk management committee, which is responsible for developing and monitoring the municipality's risk management policies. The risk management policies are established to identify and analyse the risks faced by the municipality, to set up risk limits and controls and to monitor risks and adherence to limits. Risk management policies are to be reviewed regularly to reflect changes in the Municipalities activities.

### 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 2010), Ehlanzeni District Municipality only had only three fixed interest bearing loans with the Development Bank of Southern Africa (DBSA) as reflected on APPENDIX A. It should be noted that the interest in these three loans is fixed until maturity. 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. Standby Credit facilities in the form of an of a R 20 000 000 bank overdraft facility has been negotiated with the main banker and provisionally approved. The overdraft facility will cater for any 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.

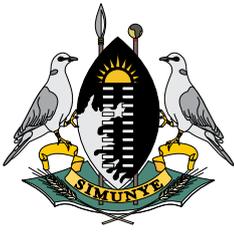
#### **RELATED PARTIES**

During the year, in the ordinary course of business, transactions between the Ehlanzeni District Municipality and the Provincial Department of Transport have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

Transactions for the year not at arms length:	2011	2010
Rental received: Provincial Department of Transport	<b>1,960,800</b>	655,050

#### **KEY MANAGEMENT PERSONNEL - REMUNERATION**

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



# Appendix

## APPENDIX A

### SCHEDULE OF EXTERNAL LOANS

		Balance at 1-Jul-10	Received during period	Redeemed/ Written off during period	Balance at 30-Jun-11	Carrying Value of Property Plant and Equipment	Other costs in accordance With MFMA
<b>ANNUITY LOANS</b>							
Finance	Lease	-					
*DBSA -	103347/1	33,283,996	-	(3,696,010)	29,587,986		
** DBSA -	103347/2	168,691,926	-	(2,673,824)	166,018,102	276,310,170	-
***DBSA -	103347/3	22,000,000	-	(1,603,578)	20,396,422		
		<b>223,975,922</b>	<b>-</b>	<b>(7,973,412)</b>	<b>216,002,510</b>	<b>276,310,170</b>	<b>-</b>

\*: date of maturity 31/12/2016 (interest calculated at 11,43%)

\*\* : date of maturity 31/12/2029 (interest calculated at 11,12%)

\*\*\*: date of maturity 30/06/2020 (interest calculated at 6.75,%)





APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	COST				ACCUMULATED DEPRECIATION						
	Opening Balance	Additions/Transfer in	Disposal/transfer out	Reevaluations	Closing Balance	Opening Balance	Current Depreciation	Transfer in	Disposal/transfer out	Closing Balance	Carrying amount
<b>Community Assets</b>											
LAND	-	7,165,083	-	-	<b>7,165,083</b>	-	-	-	-	-	7,165,083
BUILDINGS	<b>15,597,271</b>	230,517,637	-	-	<b>246,114,908</b>	<b>(1,558,167)</b>	(5,958,741)	-	-	(7,516,909)	238,597,999
WATER											
<b>Subtotal</b>	<b>15,597,271</b>	237,682,720	-	-	<b>253,279,991</b>	<b>(1,558,167)</b>	<b>(5,958,741)</b>	-	-	(7,516,909)	245,763,082
<b>Other Assets</b>											
Furniture	<b>2,749,764</b>	6,604,992	(5,217)	-	<b>9,349,538</b>	<b>(156,231)</b>	(958,410)	24,990	4,572	<b>(1,085,078)</b>	<b>8,264,460</b>
Office equipment	<b>7,390,880</b>	25,408,772	(1,347,414)	-	<b>31,452,238</b>	<b>(5,370,525)</b>	(10,036,099)	1,070,796	1,230,405	<b>(13,105,423)</b>	<b>18,346,815</b>
Bins and Containers	<b>15,581</b>	-	(11,291)	-	<b>4,290</b>	<b>(7,222)</b>	(2,240)	690	5,739	<b>(3,032)</b>	<b>1,258</b>
Motor vehicles	<b>4,379,968</b>	-	-	-	<b>4,379,968</b>	<b>(1,580,640)</b>	(837,438)	192,775	-	(2,225,303)	2,154,665
Plant and equipment	<b>1,891,682</b>	1,272,127	(903,805)	-	<b>2,260,004</b>	<b>(448,372)</b>	(433,887)	-	402,145	<b>(480,114)</b>	<b>1,779,890</b>
Other	-										
<b>Subtotal</b>	<b>16,427,875</b>	33,285,891	(2,267,727)	-	47,446,038	(7,562,990)	<b>(12,268,074)</b>	1,289,251	<b>1,642,861</b>	(16,898,950)	30,547,088
<b>TOTAL</b>	<b>32,025,146</b>	270,968,611	(2,267,727)	-	300,726,029	(9,121,157)	<b>(18,226,815)</b>	1,289,251	<b>1,642,861</b>	<b>(24,415,859)</b>	<b>276,310,170</b>





APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	COST				ACCUMULATED DEPRECIATION						
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Current	Disposal	Transfer in/out	Correction of error	Closing Balance	Carrying Value
Executive mayor	1,358,120	422,093	(138,751)	1,641,462	(430,596)	(267,453)	78,940	8,691	27,012	(583,406)	1,058,056
Corporate Services	19,346,909	243,295,407	2,165,442	264,807,758	(3,211,646)	(8,712,770)	859,540	(2,256,490)	774,321	(12,547,045)	252,260,713
Speaker	249,325	240,448	(54,667)	435,106	(138,033)	(86,148)	31,630	23,936	10,669	(157,946)	277,160
Mayoral committee	121,414	-	(121,414)	-	(90,239)	-	-	90,239	-	-	-
Municipal manager	1,512,228	737,517	(313,383)	1,936,362	(644,195)	(399,083)	40,675	104,414	71,138	(826,751)	1,109,611
Finance	3,924,847	1,179,976	(2,510,481)	2,594,341	(2,743,965)	(453,590)	133,917	1,932,869	132,168	(998,601)	1,595,740
Municipal works	1,080,710	531,684	(521,730)	1,090,664	(451,970)	(178,904)	38,620	211,194	53,930	(327,130)	763,534
Community services	3,790,339	23,895,927	(892,261)	26,757,005	(1,174,797)	(7,895,501)	433,623	(11,615)	122,740	(8,525,489)	18,231,516
LED & Tourism	323,027	424,503	151,910	899,440	(156,695)	(140,150)	1,778	(11,556)	53,123	(253,500)	645,940
Transversal Issues	140,302	221,005	63,938	425,245	(52,475)	(72,545)	22,916	(83,435)	34,162	(151,377)	273,868
Chief Whip	177,925	57,052	(96,330)	138,646	(26,546)	(20,671)	862	(8,247)	9,987	(44,615)	94,031
<b>TOTAL</b>	32,025,146	(270,968,611)	(2,267,728)	300,726,029	(9,121,157)	(18,226,815)	1,642,861	-	1,289,251	(24,415,859)	276,310,170





APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)		2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ Deficit (-)
256,933,524	209,792,512*	47,141,012	<b>GENERAL SERVICES</b>	255,824,633	224,470,979	31,353,654
256,933,524	209,792,512*	47,141,012		255,824,633	224,470,979	31,353,654
	3,382,002	-3,382,002	<b>Executive Mayor</b>	-	4,766,954	-4,766,954
	2,941,600	-2,941,600	<b>Speaker</b>	-	3,089,965	-3,089,965
	4,586,927	-4,586,927	<b>Mayoral Committee</b>	-	4,272,226	-4,272,226
	6,344,803	-6,344,803	<b>Municipal Manager</b>	-	10,295,221	-10,295,221
256,933,524	98,122,569	158,810,955	<b>Finance</b>	255,824,633	118,118,568	137,706,065
	13,798,313	-13,798,313	<b>Corporate Services</b>	-	14,808,758	-14,808,758
	5,576,430	-5,576,430	<b>Technical Services</b>	-	6,201,826	-6,201,826
	12,646,902	-12,646,902	<b>Community Services</b>	-	15,038,776	-15,038,776
	45,791,689	-45,791,689	<b>Council General Expenses</b>	-	28,915,492	-28,915,492
	1,176,698	-1,176,698	<b>Internal Audit</b>	-	1,012,284	-1,012,284
	3,344,489	-3,344,489	<b>Transversal Issues</b>	-	2,510,875	-2,510,875
	6,640,807	-6,640,807	<b>LED &amp; Tourism</b>	-	14,884,360	-14,884,360
	839,769	-839,769	<b>Deputy Executive Mayor</b>	-	-	-
	644,378	-644,378	<b>Chief Whip</b>	-	755,673	-755,673
	4,880,449	-4,880,449	<b>Planning and Development</b>	-	-	-
<b>256,933,524</b>	<b>210,717,826*</b>	<b>46,215,698</b>	<b>TOTAL</b>	<b>255,824,633</b>	<b>224,470,979</b>	<b>31,353,654</b>

\* includes gains and losses on disposal of assets and actuarial valuation (R 1,109,123)



## APPENDIX E (1)

### ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

	ACTUAL 2010/2011 Surplus/ (Deficit) R	BUDGET 2010/2011 Surplus/ (Deficit) R	2011 Variance ( R )	2011 Variance (%)
<b>REVENUE</b>				
Bad debts recovered – RSC Levies	33	-	-	
Government Grants and Subsidies	166,259,751	167,230,000	970,249	0.58%
Interest earned - External investments	777,682	2,598,440	1,820,758	70.1%
Other Income	4,529,223	3,927,194	602,029	15.3%
Dividend Received	65,907	-	(62,907)	-100%
Property Rates	76,337,160	76,337,160	-	-
Rent Facilities and Equipment	2,482,685	4,418,684	1,935,999	43.8%
Revenue from non exchange	6,481,083	6,481,083	-	-
<b>TOTAL REVENUE</b>	<b>256,933,524</b>	<b>260,992,561</b>	<b>4,059,037</b>	<b>1.41%</b>
<b>Expenditure</b>				
Employee related costs	61,257,920	71,677,999	10,420,079	14.53%
Remuneration of Councilors	9,996,539	10,035,438	38,899	0.38%
Depreciation	18,226,815	18,226,815	-	-
Repairs and maintenance	175,047	248,705	73,658	29.61%
Finance Charges	24,775,718	32,161,245	7,385,527	23.63%
General expenses – other	51,409,068	53 802 600	2,393,532	4.53%
Contracted Services	3,865,013	3,875,000	10,000	0.025%
Contributions to Provisions	37,415,199	37,415,199	-	-
Audit fees	2,487,384	2,500,000	12,616	0.5%
<b>TOTAL EXPENDITURE</b>	<b>209,608,703</b>	<b>229,943,001</b>	<b>20,334,298</b>	<b>8.28%</b>
Actuarial losses	952,000			
Gain / (loss) on sale of Assets	157,123			
<b>Net surplus/(Deficit) for the year</b>	<b>46,215,698</b>			





APPENDIX E (2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

	2011 Actual R	2011 under Construction R	2011 Total Additions R	Budget R	2011 Variance R	2011 Variance %	Explanation of Significant Variances greater than 5% versus budget
<b>Community Assets</b>							
BUILDING	230,517,637	-	230,517,637	242 000 000	11,482,363	4.7%	Multiyear project budgeted over 3 years since 2008; the variance was used to fund furniture and equipments as shown below.
LAND	7,165,083	-	7,165,083	-	-	-	Donated by Mbombela Local Municipality (Revenue from non exchange) Only R680 000 was paid to ABSA the remainder was a donation from MLM
<b>Other Assets</b>							
Office Furniture	6,604,992	-	6,604,992	-			Was part of the multiyear office complex building budget
Office equipment	25,408,772	-	25,408,772	22,000,000	3,408,772	15.5%	The R22 000 000 was budgeted for the acquisition of the disaster Equipments whilst the variance relates to equipment for the offices Budget on the building budget
Motor vehicles		-	-				
Plant and equipment	1,272,127	-	1,272,127	-			Was part of the multiyear office complex building budget
<b>Total</b>	<b>270,968,611</b>	<b>-</b>	<b>270,968,611</b>	<b>264,000,000</b>			



**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					
		July	Sept	Dec	March	June	Jul	Sept	Dec	March	June	
Dwaf Drought Relief Dwaf												
EDM Finance Management	Treas/FNT	1,000,000						250,000	250,000	250,000	250,000	
EDM Pims												
Nsikazi Sport Field	National											
Local Government	MP Local											
Dept. Roads and Transp												
Nkomazi Lc Co-Funding	-											
Umjindi Lc Co-Funding	-											
Sanitation Pilot Projects												
CBPWP Rapid Delivery Projects												
Municipal Systems Improvement Grant	National	750,000					154,751	267,303			22,958	
MSIG												
Dept of Local Government and Housing	MP Local			2,000,000								
Municipal Infrastructure Grant	National											
MIG												
National and Provincial Events	-											
Seta	LGSeta	15,183				106,097						
<b>TOTAL</b>		<b>1,765,183</b>		<b>2,000,000</b>		<b>106,097</b>	<b>404,751</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>272,958</b>	





	Grants and Subsidies delayed/withheld					Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
	July	Sept	Dec	March	June			







