

EMADLANGENI LOCAL MUNICIPALITY

2010/2011 ANNUAL REPORT



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LEGISLATIVE REQUIREMENT

Section 121 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that:

1. Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter. The council of the municipality must within nine months after the end of a financial year compile an annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.
2. The purpose of an annual report is-
 - a. To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates
 - b. To provide a report on the performance against the budget of the municipality or municipal entity for that financial year
 - c. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity
3. The annual report of a municipality must include-
 - a. The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated financial statements, as submitted to the Auditor General for audit in terms of section 126 (1)
 - b. The Auditor General's report in terms of section 126 (3) on those financial statements
 - c. The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act
 - d. The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act
 - e. An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges
 - f. An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year
 - g. Particulars of any corrective measures taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d)
 - h. Any explanation that maybe necessary to clarify issues in connection with the financial statements
 - i. Any information as determined by the municipality
 - j. Any recommendations of the municipality's audit committee

k. Any other information as may be prescribed.

CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1 FORWARD BY THE MAYOR CLLR. G.J. ZIKHALI



Section 127 (2) of the Local Government: Municipal Finance Management Act, 56 of 2004 (MFMA), the Mayor of a Municipality must, within seven months after the end of the financial year, table in the Municipal Council the Annual Report of the Municipality and of any Municipal Entity under the Municipality's sole or shared control.

It therefore gives me pleasure to present this Annual Report of Emadlangeni Local Municipality for the period of 2010/2011 to Council, our community, the Provincial Treasury, the Local Government in our Province of KwaZulu Natal, Amajuba District Municipality and the Auditor General and other stakeholders.

We derive our mandate as the Municipality from the Constitutional of the Republic of South Africa, which spells out the objectives and the mandate of Municipalities. We also understand as a Municipality the cornerstone for the success of this country in the democracy is the participation and consultation of our communities.

The Municipality is serving a population of more than thirty two thousand (+-32000) people in four (4) Wards. The extent of the area is enormous with uneven topography. Governance was a challenge because we had three Mayors in the period under review. The needs of our people in our area far exceed the resources of the Municipality. We also experienced high turnover of staff. In spite of all these challenges the Municipality continued to perform its best under the circumstances.

It is pleasing to present to all the stakeholders that the Municipality received an unqualified Audit opinion after a qualified audit opinion of 2009/2010 financial year. The Municipal Manager and his team has put in a great effort to move from a qualified audit opinion to the desirable unqualified audit opinion. The Municipality has continued to manage finance with great care and zeal. Oversight structures are all in place to ensure that nothing goes wrong unnoticed and therefore our community can rest assured that their financial contributions to this Municipality are well managed.

I wish to express my sincere heartfelt gratitude to the community of Emadlangeni Local Municipality for their consistent support and cooperation. I further thank the Municipal Manager and his team for their service to the Council and our community. It is worth noting and also thanks members of Council for their diligent efforts and commitment which is evident in the way Council is operating. The contribution made by the then members of Council did not go unnoticed.

Thank you

CLLR G.J.ZIKHALI
MAYOR

1.2 ASSESSMENT OF ANY ARREAS ON MUNICIPAL TAXES AND SERVICE CHARGES BY THE MUNICIPAL MANAGER - MR V. M KUBEKA



Payment of municipal accounts by our customer had dropped significantly because of the lack of trust between the municipality and our customers for various reasons. Some of the reasons were that the criminal cases opened by the municipality were not resolved for a long time and the customer and the community cannot understand the reasons thereof. The other reason was the governance issues.

Indigent register was not sorted out. Members of the community had applied for indigent and council had ordered for a verification to be done by officials assisted by members of Council and this has delayed causing our debt books to accumulate debtors even more. The deceased customer's estates are not properly wound up to allow properties to be legally transferred to the new owners with the Registrar of Deeds office in the Province.

The electricity supply in the Municipality is being supplied by the Municipality and Eskom in Ward 2 which is predominantly the urban area and there are areas where Eskom supply electricity in the rural areas. The Municipality collects revenue for the urban area only on our mandate to supply electricity and not the Eskom supply. This arrangement makes it difficult to have collect revenue in all our customers in terms of the debt and credit policy of the Municipality. There are monthly electricity terminations where customers owe the Municipality but this does not work well in areas where Eskom is the electricity supply. The other challenge is the electricity supply losses which are experienced through a combination of factors caused by our customers and the electricity staff. This is receiving investigations. Our municipal accounts consist of mainly electricity supply, rates, refuse removal and other revenue. Water supply and sanitation is the function of the District Municipality and therefore we don't get any revenue thereof, instead we are obliged to pay for that service. Communities still do not understand the difference thereof because they still believe that the District Municipality and the Municipality are one and the same entities. The municipality is playing a facilitation role for our customers and communities to get the services.

To illustrate our point in the slow collection rate our Municipality finds itself, see the billing sample of a month of June;

Refuse collection billing for June 2011	
Billing	R11, 093
Collection	R 96, 197
Net-effect	R 14, 896
Overall	87%

Rates collection billing for June	
Billing	R504, 454
Collection	R269, 646
Net- effect	R234, 808
Overall	53%

Conventional electricity billing for the month of June	
Billing	R 527, 371
Collection	R 609, 472
Net - effect	R (R82, 106)
Overall	116%

Receivables/Debtors	
Electricity	R1, 380, 935.56
Property Rates	R5, 035, 204.17
Refuse Removal	R1, 352, 856.02
Housing Rental	R 519, 811.66
other	R 551, 620.83
Total debt	R8, 840, 428.24

Debt escalation needs to be controlled to a great extent. We are canvassing the support of the new Council in this matter. The Debt Collection Policy, the Credit Control and Customer Care Policy need to be updated. Council has to look at new ways of doing this such as the Finance Committee to address the debt escalation problem. A portion of the payment arrangements available to our customers should be enhanced to include an instance where emolument deductions and attachment orders as well as the writs of execution could be implemented. A process has started with the review of financial policies of the Municipality and we are hoping to see positive change in our debtor's book.

1.3 OVERVIEW OF THE MUNICIPALITY

Background:

The Municipality is situated in the northern KwaZulu Natal at the border of Free State and Mpumalanga Provinces at the north east and north respectively. It is bordered by eDumbe Local Municipality, Abaqulusi Local Municipality, Endumeni Local Municipality, Dannhauser Local Municipality and Newcastle Local Municipality at the north east, east, and south, south west and west respectively. It is coded KZN 253 by the demarcation board.

Demographic Profile:

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

Service Delivery:

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

- Amantungwa 600 families;
- Inkululeko Yomphakathi 104 families;
- Kingsley/Community Trust 300 families;
- Kwa Nzima 285 families;
- Mabaso 290 families;
- Shabalala 300 families.

Water Supply:

This is the function of Amajuba District Municipality who are the service authority. They had appointed UThukela Water (Pty) Ltd as the water service provider. There is a pressing need to provide clean water. There is a large dam within our Municipal area, ZaaioehK Dam, which supplies raw water to Amajuba Power Station at Seme Municipality in Mpumalanga area. The water supply backlog is 58% calculated from the community stand over 200 metres. The study conducted by the District Municipality of Amajuba in 2005 has indicated that water supply backlog has increased from 58% to 76%. This is as a result of the new land reform projects. (See the table below)

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

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

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

Sanitation:

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

Households	2001	1996
Flush Toilets	1124	1160
Flush septic tank	572	-
Chemical toilet	103	-
VIP	275	-
Pit latrine	1755	679
Bucket latrine	33	36
None	2324	1594

% of backlog	38.40%	45.96%
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The results of the representative sample generated through Amajuba Baseline Data Study the following emerged;

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

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

The Amajuba Internal backlog monitoring database of 2010 indicates that the following has emerged in terms of access to water and sanitation within the Emadlangeni area.

WARD	TOTAL NUMBER OF HOUSE HOLDS	WATER BACKLOG		SANITATION BACKLOG	
		No of HH	Percentage	No of HH	Percentage
1	1861	1557	84%	1707	92%
2	1303	349	27%	400	31%
3	1340	1256	94%	1286	96%
4	2299	2032	88%	2232	97%
Total HH	6803	5194	76%	5625	83%
Total Backlogs					

(Source: Amajuba Internal Monitoring Database, 2010)

DISTRIBUTION	
STANDARDS	PERCENTAGE
Below basic level of services (backlog)	76%
Basic level of service	7%
Above basic level of service	17%
Total	100%

(Source: Amajuba Internal Monitoring Database, 2010)

The figures for the Emadlangeni Municipality have largely remained unchanged over the past year. The situation will however, improve with the construction of the Emadlangeni bulk pipe line.

In terms of the findings of the Baseline Data Study, Emadlangeni is currently the most challenged municipality with a water backlog of 76%

Roads:

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

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

Land Reform:

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

- Land restitution which involves returning land otherwise compensating victims lost since 19 June 1913 because of racial discriminating laws;
- Land redistribution makes it possible for the poor and disadvantage people to buy land with the help of a settlement/acquisition grant by Government; and
- Land Tenure Reform is the most complex area of land reform. It aims to bring together all people occupying the land under legally validated system of land holding. It provides alternatives for people who are displaced in the process.

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

(i) Land Redistribution:

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

Project Name	Beneficiaries	Area (Ha)
Menziwa	28	462
Amantungwa	600	5400
Mgundeni	290	1435
Ndlamlenze	285	3351
Thekwane	267	1382
Inkululeko Yomphakathi	104	974

Shabalala	300	1300
Nzima	285	3300
Kingsley	300	6000

(ii) Land Tenants Projects:

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

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

(iii) Restitution Projects:

At least three claims were validated although one of them has been indicated as non-compliant while the other is under investigation.

Housing:

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

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

Amajuba District Baseline Data Study has different results as follows:

Households	No of HH	1996
Below basic level of service	4671	82.5%
Basic level of service	20	0.4%
Above basic level of service	972	17.1%
Total	5663	100%

The majority of farm workers still live in mud houses. Formal houses are in the urban areas and the housing scheme is being earmarked for the same area, the urban area. The reason for

this is the land reform scheme of the rural areas. There is a massive waiting list for houses in the Municipality. The Municipality had completed two low cost housing projects and two other low cost housing projects are planned;

- 150 unites at Goedehoop which was completed in (2000)
- 78 units in the Agri-village which was completed in (2006)
- 91 units planned in Khayaletu (31 new sites and 60 old mine houses)
- 598 units were constructed in Goedehoop extension 2.

Telephone:

A total of one thousand six hundred and thirty two (1632) households in the rural areas have no access to telephone at all. The majority of these households are at Inkosi Nzima's area. There is also no television or radio frequency in these areas. The service providers of cellular telephones have started to build some of the network stations. SABC has not come to the party as yet. The following table illustrate our situation.

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

Electricity:

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

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

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

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

Refuse Removal:

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

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

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

Community Facilities:

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

Sports and Recreation Facilities:

There is great difference between the sports facilities and community halls in whole Municipal area. The urban area enjoys a fair distribution of sports facilities and community halls.

Social profile:

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

Persons	2001	1996
No schooling	4500	3211
Some primary schooling	5225	3630
Completed Primary schooling	1238	894
Secondary schooling	4120	2407
Grade 12	1976	906
Higher Education	792	279

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

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

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

Health and HIV/AIDS:

There is only one (1) hospital that services the whole of Emadlangeni Municipal area. The next hospital is in Madadeni and Newcastle which is forty nine (49) kilometres and fifty three (53) kilometres away respectively. Access to the hospital is reasonable although the majority of our people walk more than ten (10) kilometres to get to the facility. A new clinic has been built and completed in 2008 at Groenvlei and it is in use. There are thirty five (35)

points in the whole area which is being visited by mobile clinic. There is a depot for the ambulances which are dispatched from Newcastle. The response is now improving. HIV/AIDS statistics in the District according to the Department of Health is forty (40%) percent in 2001 and this figure has declines to 38.5% in 2004. These figures are worrying because they affect planning of infrastructure and the households requiring services place a high demand on health care facilities and social services. The key issues for health services in terms of our integrated development plan (IDP) is a need for clinics in the rural areas, the upgrade of health facilities in our area, the relocation of the ambulance service to our Municipal area and the need for evaluation of the locality of mobile clinics.

Social Development; a major social development issue facing Emadlangeni Local Municipality is that pensioners are forced to travel long distances to get their pension pay-outs and social grants. Transport is a major challenge. There is scarcity of public transport to transport pensioners. In areas, where there is some kind of transport, the transport operates once a day. The access to the pension pay-out points need to be improved for the physically challenged. The following is the list of poverty alleviation projects;

Environmental Profile of the Municipality:

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

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

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

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

Issue	Details
Health	<ul style="list-style-type: none"> • Cholera –outbreak occur, and the provision of portable water, good sanitation and hygiene is required.
Pollution	<ul style="list-style-type: none"> • Poor solid waste is a problem for the town and holiday resorts of the area. • Proper sanitation is lacking for most homes within the Municipality;

	<ul style="list-style-type: none"> • High water tables that are easily contaminated occur; • Commercial agricultural pollution from fertilizers and pesticides is present, and will be a growing threat with the spread of commercial agriculture.
Hazards	<ul style="list-style-type: none"> • Potential for flooding occurs in low lying areas; • Uncontrolled settlements along roads are a growing hazard, for pedestrians, livestock and motorists.
Aesthetic	<ul style="list-style-type: none"> • Extensive areas of commercial agriculture have a negative impact on visual qualities and ecosystem; • Poor appearance of town from uncontrolled and poor development and litter create a depressing image; • There is a need to broaden, coordinate and extend environmental education in the area.
Resource conservation issues	<ul style="list-style-type: none"> • The spread of intensive forms of commercial agriculture is threat, including small scale timber planting; • Soil erosion and the loss of topsoil occur on steeper land in traditional authority areas; • Alien plant invasion, for example by <i>Chromolaena odorata</i>, is a widespread problem; • There is typically overstocking and overgrazing in traditional local authority areas.

Spatial analysis:

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

Settlement Hierarchy	Area
Town	Utrecht (urban)
Service Hub or Secondary node	Groenvlei
Service Satellite	Amantungwa Trust and Kingsley
Service sub-satellite	Nzima, Mabaso and Blue Mountain

Other settlements	Portion 9 (of 6) of the farm Groothoek Number 152 has been identified as a node for development.
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Institutional Analysis:

There are seven councillors that constitute Emadlangeni Local Municipal Council. The Municipality is a plenary with ward committees. One (1) councillor was suspended for the rest of the term and the other has passed on. The councillor who passed on was subsequently replaced by her political party. There are four portfolio committees appointed by Council. These committees are aligning to the functions of various departments of the Municipality;

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

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

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

A revised organisational structure has been adopted by Council. A revised selection, recruitment and appointment policy that seeks to address the imbalances in the employment profile of the Municipality has been adopted by Council. There are ninety seven (99) employees in the Municipality. Council approved five (5) departments in the Municipality the departments are as follows:

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

The functions of these Departments are the following;

Department	Functions
Office of the Municipal Manager	Municipal Management Municipal Planning and Performance Management Municipal Finance Management.
Corporate Services	Administration: it is responsible for child care facilities; billboards and display of advertisements in public places; licensing of dogs; licensing and control of undertakings that sell liquor to the public; facilities of accommodation; municipal administration; security and cleaning services; libraries; human resource management; legal services; business licenses; information technology communication and council support services.
Budget and Treasury Office.	Income: it is responsible for Revenue Management; debt management and internal controls. Expenditure: it is responsible for expenditure management; procurement; materials; insurance; internal controls and properties management.
Technical Services	Electricity: it is responsible for electricity and gas reticulation and street lighting. Civil services: it is responsible for air pollution; municipal airports; municipal public works; storm water management; cemeteries; funeral parlours and crematoria; cleansing; fence and fences; burial of animals; local sports facilities; markets; municipal abattoirs; municipal parks and recreation; municipal roads
Community Services	Community Services: it is responsible for building regulations, local tourism, planning and land use management; promotion of local economic development and facilitation of housing development; refuse removal; refuse dump site and solid waste management. Protection Services: it is responsible for fire fighting services; noise pollution; public places; street trading; traffic and parking; disaster management; control of public nuisances; municipal public transport; public safety; motor licensing; roadworthy testing; and municipal policing.

Community Development Workers:

There were initially three (3) community development workers appointed by the then Department of Local Government and Traditional Affairs for our Municipality. Two of

whom passed on in 2007 and one (1) is now left. There are discussions with CoGTA to get a replacement of the community development workers.

The aim of Community Development Workers is to bring the government services closer to the people. This aim has limitations under the circumstances in our Municipal area because of the vastness of the area and the limited resources available to this project. The primary role of the community development workers (CDW) is the following;

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

Ward Communities:

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

Key issues:

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

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

8. The upgrading and provisions of infrastructure according to the needs created by the newly developed spatial strategy; and
9. The institutional and financial restructuring of the local municipality.

1.4 VISION

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

VISION

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

MISSION

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

MUNICIPAL OBJECTIVES

The municipality set out to achieve the following objectives for the 2010/11 financial year. The objectives are clustered per National Key Performance Area.

NATIONAL KEY PERFORMANCE OBJECTIVES AREAS	
Basic Service Delivery	<ul style="list-style-type: none"> ▪ To provide efficient and effective building control services ▪ To establish, conduct and control cemeteries and burials ▪ To maintain Council’s vehicle fleet in working condition ▪ To maintain the provision of basic level of electricity to all households ▪ To supply electricity in our license area within laws and regulations ▪ To maintain all Council buildings within budget provided

	<ul style="list-style-type: none"> ▪ To maintain Council sidewalks, parks and open spaces ▪ To implement the roads projects provided on the capital budget within the budget allocated within the financial year ▪ To maintain the roads as per the maintenance budget within the financial year ▪ To provide and maintain proper road signs and markings as per relevant legislation ▪ To maintain streetlights in a good working order ▪ To promote and maintain a clean and healthy environment ▪ To ensure client satisfaction ▪ To protect property and life against fire damage ▪ To promote road safety and accommodation ▪ To provide, manage and maintain Council facilities and halls ▪ To deliver effective, efficient and sustainable library services in accordance with the needs of the community ▪ To facilitate museum services in accordance with the needs of the community
<p>Institutional Development and Transformation</p>	<ul style="list-style-type: none"> ▪ To ensure that the department has the necessary staff available with the required skills ▪ To implement the Employment Equity Plan of the municipality ▪ To enforce Council bylaws ▪ To promulgate our draft bylaws ▪ To ensure that all agendas are distributed timeously as per Council Standing Rules and Orders ▪ To comply with all relevant National and Provincial guidelines in dealing with Council records ▪ To source funding to upgrade the server room as per specification ▪ To develop policies and procedures for the municipality ▪ To implement the Employment Equity Plan of the municipality ▪ To develop and implement the

	<p>Workplace Skills Plan by 2010</p> <ul style="list-style-type: none"> ▪ To develop the Batho Pele Policy ▪ To induct councillors and staff on the code of conduct ▪ To conduct monthly staff meetings ▪ To review the Delegation Policy ▪ To strengthen the relationship between administration and Council and committees ▪ To have the recommended action and reporting template approved
Local Economic Development	<ul style="list-style-type: none"> ▪ To create local tourism facilities and amenities ▪ To regulate and facilitate development in a harmonious manner ▪ To develop local suppliers ▪ To promote investment attraction ▪ To facilitate the provision of seeds and fertilizers to subsistence farmers ▪ To establish partnerships with LED institutions ▪ To facilitate the approval of Youth Development Strategy
Municipal Financial Viability and Management	<ul style="list-style-type: none"> ▪ To compile an updated register for Council assets ▪ To submit the SDBIP and quarterly reports to Council ▪ To meet MFMA budget process requirements ▪ To keep personnel costs within reasonable limits ▪ To monitor financial viability of the Emadlangeni Municipality ▪ To pay creditors within 30-60 days ▪ To pay salaries and returns related thereto timeously ▪ To meet MFMA requirements for financial statements ▪ To facilitate the approval of Cost Cutting Strategy ▪ To review the Financial Delegation Authority ▪ To review the Supply Chain Policy and report to Council monthly ▪ To meet all legal financial reporting requirements ▪ To effectively collect revenue ▪ To manage the implementation of the Property Rates Act

	<ul style="list-style-type: none"> ▪ To monitor and manage the growth in debtors ▪ To monitor the extent of bad debt ▪ To refrain the financial viability of the municipality ▪ To send out consumer accounts timeously ▪ To monitor the effective working of statutory funds ▪ To ensure that all vehicles are licensed ▪ To test and issue licences
Good Governance and Public Participation	<ul style="list-style-type: none"> ▪ To prepare the IDP within the prescribed legal guidelines ▪ To ensure client satisfaction ▪ To prepare an Annual Report ▪ To encourage public participation in all council activities ▪ To keep the general public informed of Council activities and initiatives ▪ To review the municipal Communication Policy and Plan ▪ To approve the recognition system for best performers ▪ To assist the community even during lunch time ▪ To improve service delivery ▪ To ensure that all employees and councillors wear name badges as per approved budget ▪ To develop an HIV/AIDS Strategy ▪ To review the Indigent Policy

Powers, function and duties of the Municipality:

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

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

1. Air pollution;
2. Building regulations;
3. Child care facilities;
4. Electricity reticulation;
5. Fire fighting;
6. Local tourism;
7. Municipal planning;
8. Municipal public transport;

9. Pontoons and ferries;
10. Storm water;
11. Trading regulations.

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

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

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

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

- a) Rates on property and surcharges on fees for services provided by or on behalf of the municipality; and
- b) If authorised by national legislation, other taxes, levies and duties appropriate to local government or to the category of local government into which that municipality falls, but no municipality may impose income tax, value-added tax, general tax or customs duty.

(2) The power of a municipality to impose rates on property, surcharges on fees for services provided by or on behalf of the municipality, or other taxes, levies or duties-

- a) May not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and
 - b) May be regulated by national legislation.
- (3) When two municipalities have the same fiscal powers and functions with regard to the same area, an appropriate division of those powers and functions must be made in terms of national legislation. The division may be made only after taking into account at least the following criteria;
- a) The need to comply with sound principles of taxation;
 - b) The powers and functions performed by each municipality;
 - c) The fiscal capacity of each municipality;
 - d) The effectiveness and efficiency of raising taxes, levies and duties;
 - e) Equity.
- (4) Nothing in this section precludes the sharing of revenue raised in terms of this section between municipalities that have fiscal power and functions in the same area.
- (5) National legislation envisaged in this section may be enacted only after organised local government and the Financial and Fiscal Commission have been consulted, and any recommendation of the Commission has been considered."

Mandates

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

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

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

- The Constitution of the Republic of South Africa, 1996;

- White Paper on Transforming Public Service Delivery (Batho Pele), 1997
- White Paper on Service Delivery.

CHAPTER 2: PERFORMANCE HIGHLIGHTS

The purpose of performance management is to provide the means by which the implementation of the IDP can be measured, reported and evaluated. To this end the performance of the municipality as a whole and also the departments and business units within it need to be monitored, as does the performance of individual employees.

Chapter 6 of the Municipal Systems Act provides briefly that a municipality must:

- Develop a performance management system.
- Promote a performance culture.
- Administer its affairs in an economical, effective, efficient and accountable manner.
- Set Key Performance Indicators (KPI's) as a yardstick for measuring performance.
- Set targets and monitor and review the performance of the municipality based on indicators linked to their IDP.
- Monitor, measure and review performance at least once per year.
- Take steps to improve performance.
- Report on performance to relevant stakeholders.
- Publish an annual performance report on performance of the municipality forming part of its annual report as per the Local Government: Municipal Finance Management Act, 2003.
- Incorporate and report on a set of general (sometimes also referred to as national) indicators prescribed by the Minister responsible for local government.
- Conduct on a continuous basis an internal audit of all performance measures.
- Have their annual performance report audited by the Auditor-General.
- Involve the community in setting indicators and targets and reviewing municipal performance.

Emadlangeni Municipality adopted the Key Performance Area Model Scorecard for measuring performance on developmental areas that are relevant to municipal service delivery and the public sector. This municipal scorecard model groups indicators together under the 5 Year Local Government Strategic Agenda Key Performance Areas. There are five KPA's that municipalities are required to align their strategic planning to and these cut across every functional area of a municipality. The municipal scorecard measures a municipality's performance through grouping the municipal indicators under these perspectives:

- The Municipal Development Area
- The Service Delivery Area
- The Institutional Development Area
- The Financial Management Area
- Governance Process Area

Objectives, indicators and targets were set for each Key Performance Area and directorate. The municipality was to report on progress made towards the achievement of the predetermined objectives on a quarterly basis as per the requirements of Chapter 6 of the Municipal Systems Act.

The table hereunder sets out the performance highlights per directorate for the 2010/11 financial year end:

Directorate	Objective/Goal	Actual Performance
Office of the Municipal Manager	To have one complaints management system in place.	A complaints register is in place and in use.
	To encourage strong public presence at Council meetings.	Members of the public do get agendas at the library and therefore attend Council meetings.
	To review the Delegation Policy.	The Delegation Policy is in place and all Heads of Departments were given the policy.
	To institute regular meetings (2) of party whips in order to have a fully functional council.	Two meetings were held.
	To establish a Traditional Leadership Forum.	The forum was established.
Budget and Treasury Office	To develop a local suppliers database.	The database was developed and finalised.
	To promote investment attraction.	Chinese potential investor made a presentation and

		submitted plans.
	To compile an updated register for all council assets.	The asset register was updated and completed in June 2011.
	To finalise the review of the indigent register.	A reviewed indigent register was approved by council.
	To clear 2009/10 issues and extended Manco to work on the management letter.	All outstanding queries raised in the management letter were resolved.
	To develop a credible form to ensure compliance into a database that is compliant for 2010/11 financial year.	A credible database form was developed.
Technical Services	To maintain roads (20km) as per the maintenance budget within the financial year.	35 kilometres were maintained.
	To build crèches in Siphintuthuko and Magdalena.	Both crèches were built and handed over to the respective communities.
	To construct a road at Kwamagidela in Ward 1.	The road was constructed and completed within the intended period.
	To promote and maintain a clean and healthy environment in Utrecht.	Waste removal in Utrecht is on-going as per the municipal waste removal plan.
Corporate Services	To develop a Ward Committee Policy.	The Ward Committee Policy is in place.
	To develop a Ward Committee Database.	The Ward Committee Database was developed and is in place.
	To do a skills audit on Ward Committees.	A skills audit on Ward Committees was conducted.
	To include Ward Committee Plans in the IDP.	Ward Committee Plans were included in the 2010/11 IDP.
	To pay Ward Committee travel reimbursement per meeting.	The office of the CFO reimburses Ward Committee members per meeting attended.
	To review delegation of powers and policies and publish bylaws for public comments.	Bylaws were publicised on 10 February 2011.
	To review and submit the WSP to LGSETA for 2010/11 and verify budget for training to align with WSP.	WSP submitted to LGSETA on 25 June 2010.
	To ensure adequate record management regime.	A filing plan is in place.

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

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

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

Backlogs in Service Delivery

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

Service Delivery Backlogs	30 June 2009			30 June 2010			30 June 2011		
	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Water backlogs (6kl) per month									
Backlog to be eliminated (No. of households not receiving minimum standard of service)	Resp. of the District	Resp. of the district	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District
Backlog to be eliminated (percentage -HH identified as backlogs/total HH in the Municipality)									
Spending on new									

infrastructure to eliminate backlog (Rand 000)										
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000).										
Total spending to eliminate backlogs (Rand 000)										
Spending on maintenance to ensure no new backlog created (Rand 000)										
Sanitation Backlogs										
Backlog to be eliminated (No. of households not receiving minimum standard of service)	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District	Resp. of the District
Backlog to be eliminated (percentage -HH identified as backlogs/total HH in the Municipality)										
Spending on new infrastructure to eliminate backlog (Rand 000)										
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000).										
Total spending to eliminate backlogs (Rand 000)										
Spending on maintenance to ensure no new backlog created (Rand 000)										
Refuse Removal Backlogs										
Backlog to be eliminated (No. of households not receiving minimum standard of service)	R7, 325 (1265 households) (20.44%)	Nil	Nil	R8, 325 (1265 households) (20.44%)	Nil	Nil	R9, 325 (1265 households) (20.44%)	Nil	Nil	Nil
Backlog to be eliminated (percentage -HH identified as backlogs/total HH in the Municipality)										
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000).	None	None	None	None	None	None	R331 000			
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000).							None			
Spending on maintenance to ensure no new backlog created (Rand 000)							R96 163			
Total spending to eliminate backlogs (Rand 000)							R427,163			
Electricity Backlog (30KWH) per Household per Month										
Backlog to be	R69,258	Nil	Nil	R74,795	R6,465	R6,465	R80,782	R3,163	R3,163	

eliminated (No. of households not receiving minimum standard of service)					ESKOM	ESKOM		ESKOM	ESKOM
Backlog to be eliminated (percentage -HH identified as backlogs/total HH in the Municipality)									
Spending on renewal of existing infrastructure to eliminate backlog (Rand							R200,000		
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000).									
Spending on maintenance to ensure no new backlog created (Rand 000)							R200,000		
Total spending to eliminate backlogs (Rand 000)							R400,000		
Roads Backlog									
Backlog to be eliminated (No. of households not receiving minimum standard of service)	R146,969	District was resp.	District was resp.	R155,720	R3,400 MIG	R3,400 MIG	R153,726	R6,297 MIG	R6,297 MIG
Backlog to be eliminated (percentage -HH identified as backlogs/total HH in the Municipality)									
Spending on renewal of existing infrastructure to eliminate backlog (Rand 000)							R5,000,000		
Spending on maintenance to ensure no new backlog created (Rand 000)							R380,000		
Total spending to eliminate backlogs (Rand 000)							R5,380,000		

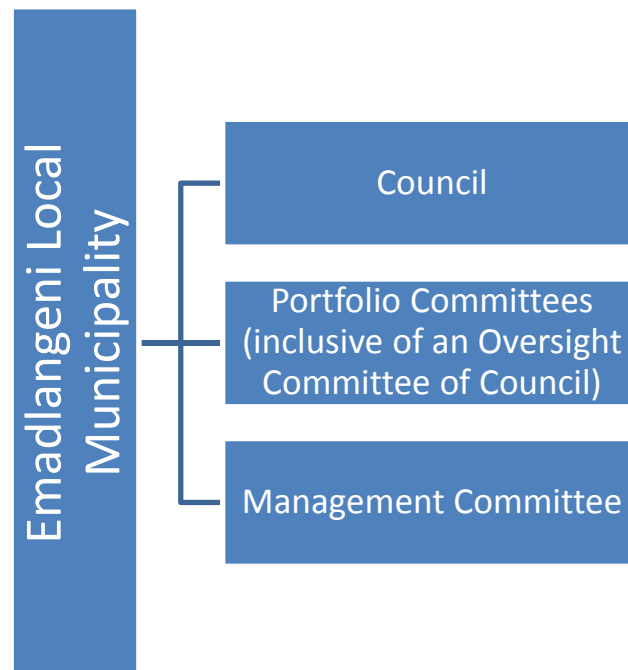
Building and zoning plans 2010/2011

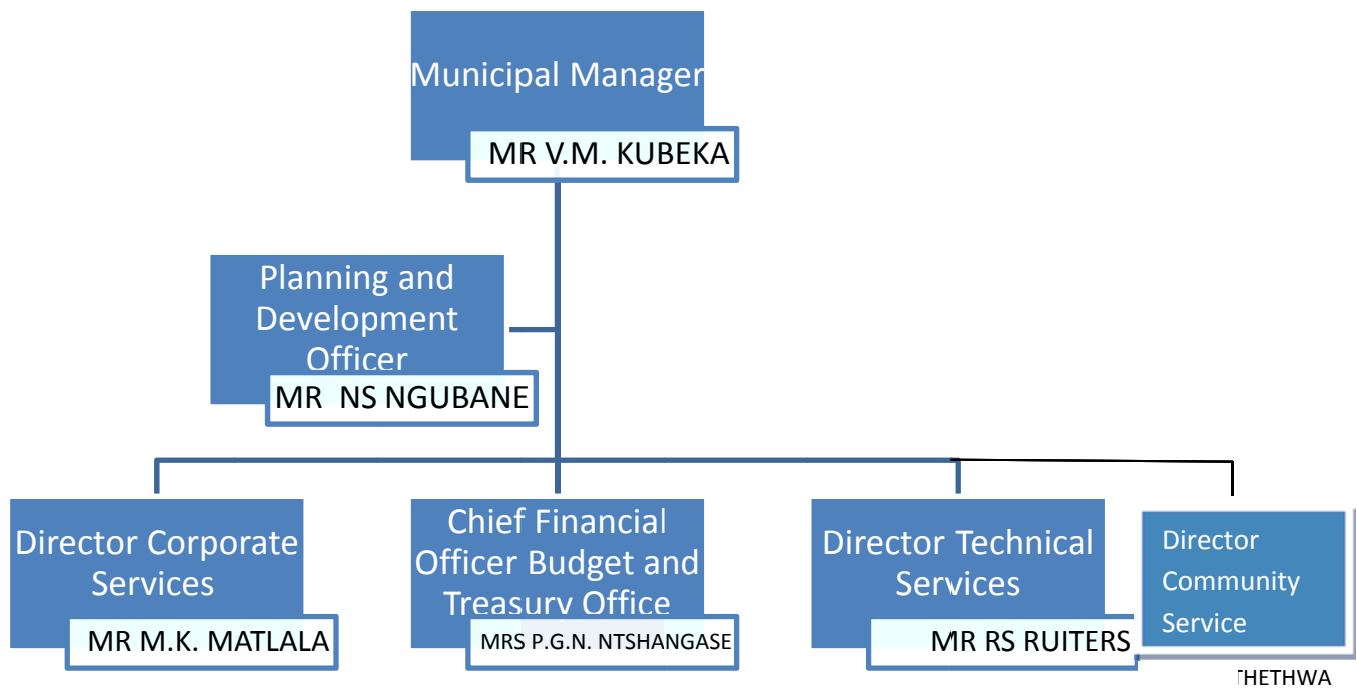
Application outstanding 1 July 2010	Category	Number of new applications received 2010/2011	Total value of applications received Rand	Applications outstanding 30 June 2011
0	Residential new	6	R1,901,500	0
0	Residential additions	2	R122,250	0
1	Commercial	1	R847,500	0
0	Industrial	0	0	0
0	Other	0	0	0

CHAPTER 3: HUMAN RESOURCE, LEADERSHIP AND MANAGEMENT

Institutional Framework

(a) Organogram





Emadlangeni Local Municipality has four departments and has appointed three (4) Section 56 and one Section 57 employees. The section 56 officials report directly to the Municipal Manager while the Municipal Manager reports directly to the Council as this is a plenary type of the Municipal Council. There is no stand-alone Speaker. The Mayor is also a Speaker. All councillors in our Municipality are part time councillors. There are seven (7) councillors of the Municipality; all seven (7) councillors are active in the Municipality. Our Municipal Council is made up of three (4) councillors from the African National Congress (ANC), one (1) from the Democratic Alliance (DA) , (1) from InKatha Freedom Party (IFP) and one from National Freedom Party (NFP)

(a) Staff Component

The Municipality had a compliment of ninety nine (99) staff members inclusive of four (4) Section 56 and Section 57 staff members as well as staff in the Caravan Park and Game Park, five financial intern staff members included in this statistics, excluding 3 casual workers.

Department	No of staff
Office of the Municipal Manager	4
Budget and Treasury Office	14
Corporate Services	9
Technical Services	21
Community Service(inclusive of Balele Game Park and Caravan Park)	51
Total	99

The departments have the following responsibility;

Office of the Municipal Manager	Budget & Treasury Office	Corporate Services	Technical Services.	Community Service
<p>Strategic leadership; Strategic planning and monitoring; Responsible for organisation; Effective and efficient administration; Implementation of decisions of Council; Internal audit; Political office bears and structures advice; and Financial management.</p>	<p>Management of grants by Provincial and National Govt.; Revenue management; Debt management; Expenditure management; Financial reports; Budget control and monitoring; Procurement; Financial control ; and Budget formulation Facility for accommodation</p>	<p>Facility for accommodation; Human Resource management; Security and cleaning; Legal services; Information Technology; Communication; Fire fighting; Council support; Disaster management;</p>	<p>Building Regulations; Planning and Land Use Management; Housing Development Facilitation; Electricity and gas reticulation; Street lighting; Responsible for air pollution; Responsible for municipal public works; Responsible for storm water management; Responsible for cleansing; Responsible for fencing and fences; Responsible for municipal roads;</p>	<p>Licensing of dogs; Licence of liquor Libraries; Billboards; Street trading; Traffic and policing; Motor licensing; Roadworthy testing; Local tourism; Promotion of Local Economic Development; Responsible for cemeteries and crematoria; Responsible for burial of animals; Responsible for local sports facilities; Responsible for markets; Responsible for municipal abattoirs; Responsible for municipal parks and recreation; Responsible for refuse removal, refuse dumping site and solid</p>

				waste management.
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(b) Senior Management:

All three (4) senior managers (Heads of Departments) have been appointed together with the Municipal Manager during the period under review.

Directorate	Director Responsible	Committee
Municipal Manager	V.M. Kubeka Mr (since 18 February 2002)	Council and Oversight Committee
Chief Financial Officer	G.P.N. Mhlongo -Ntshangase (17 March 2010)	Budget and Treasury Committee and Budget Committee.
Director Corporate Services	M.K. Matlala Mr (April 2010)	Corporate Services Committee.
Director Technical Services	RS Ruiters, Mr (09 May 2011)	Technical Services Committee.
Director Community Service	TO Mthethwa (Mr.) (03 May 2011)	Community Service Committee

(c) Employment Equity Development

The Municipality had developed and approved the employment equity plan for 2011/2012 and this plan is being reviewed from time to time. Mr TO Mthethwa was appointed the equity manager and he sits in all the recruitment, selection and appointments committee to give the report on the implementation of the plan in this regard. Annual reports are submitted to the Department of Labour on this matter. There has been no major improvement in this regard. (See the table below)

Employment Implementation	Equity Designation Group	Non-Designated Group	Women	Total
Top Management (HOD)	4	0	1	5
Middle Management (MANCO)	7	0	1	8
Professional Staff	6	1	3	10

Hundred (100%) percent of the total top management is made up of the designated group while non-designated group is zero (0%) percent. The middle management is one hundred (100%) percent designated group. Seventy five (75%) percent of the professional staff is made up of the designated group and twenty five (25%) percent is the women. This is a slight change from the previous year which is in the right direction. See the table below to illustrate figures;

Occupational level	Male				Female				TOTAL
	A	C	I	W	A	C	I	W	
Senior	4	Nil	Nil	Nil	1	Nil	Nil	Nil	5
Middle	7	Nil	Nil	Nil	1	Nil	Nil	Nil	8
Other Staff	55	2	Nil	5	16	3	Nil	6	87
Total Staff	65	2	Nil	5	18	3	Nil	6	99

Expenditure Management of Employee and Council

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

Financial Year	Audited Exp.	Budget	Percentage
2008/2009	R8, 605, 819	R10, 160, 000	85%
2009/2010	R10 435 457	R9, 904, 000	105%
2010/2011	R12 579 968	R13 999 000	90%

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

Financial Year	Audited Exp.	Budget	Percentage
2008/2009	R1, 280, 526	R1, 197, 000	107%
2009/2010	R1, 290, 789	R1, 197, 000	108%
2010/2011	R1, 183, 036	R1, 323, 000	89%

The variance of eleven (11%) percent is attributed to the fact that during the period under review the full complement of councillors was not always available due to various reasons.

Disclosures Concerning Councillors, Municipal Manager and Senior Officials for 1 July 2010 to 30 June 2011

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

Mayor	Salary	Act. Allowance	Leave encashment	Housing Allowance	Travelling & Other	Cell phone Allowance	Total Earnings
BC Mabaso	R71, 810	R52,424.75	0	0		R6,756.64	R130,991.39
JC Msibi	R102,310	R24,832.7	0	0	R42,175.92	R10,488.6	R179,807.2

		4				4	5
Other Councillors	R651,028.49	R	0	0	R172,566.28	R48,642.59	R872,237.36
V.M. Kubeka (Municipal Manager)	R487,841	0	0	0	R271 776	0	R759,617
GPN Ntshangase (CFO)	R334,237		0		R175,172	0	R509,408
Senior Officials-Other	R596,295		0		R442,200	0	R1,038,495

Pension and medical aid funds statistics:

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

Pension Fund

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

Medical Aids

Description	No of Members	Employees Contribution	Employers Contribution	Total
Key Health	13	140,400.00	290,685.42	431,085.42
Hosmed	1	3,189.06	4,622.04	7,812
Bonitas	2	71,051.04	24,838.56	95,889.05
Samwumed	9	47,697.06	71,546.04	119,244
Total	25	262,337.16	391,692.42	654,030.47

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

CHAPTER 4: SERVICE DELIVERY REPORT

The Municipality developed a performance management plan at the level of the heads of departments and an organisation score card was developed. Performance was recorded by municipal officials and it appears in the tables below;

DEPARTMENTAL SCORECARD FOR THE MUNICIPAL MANAGER 1 JULY 2010 – 30 JUNE 2011

Ref No.	LEGISLATIVE KPA	MUNICIPAL KPA	DEPARTMENTAL KEY PERFORMANCE INDICATOR	PROJECT OR PROGRAMMERS DESCRIPTION	MID-YEAR TARGET	ANNUAL TARGET	FREQUENCY / TIMELINE	MID YEAR REPORT	ANNUAL REPORT (FINAL)
MM1	Municipal transformation and Institutional Development	Institutional Development	Delegation policy	To review the Delegation Policy	Delegation policy in place.	Delegation policy in place.	Annually	A delegation policy is in place and all Heads of Departments have been given a policy.	A delegation policy is in place and all HODs and Councillors has a policy.
MM2	Municipal Transformation and Institutional Development	Transformation	Internal relations	To strengthen relationships between administration and council and its committees	Council resolution adopted.	1 process plan	Annually	A process plan was approved by Council to address the internal relations	A process plan was approved by Council and it addresses internal relations.
MM4	Municipal Transformation and Institutional Development	Good Governance	Number of SCOPA reviewed	To review the effectiveness of SCOPA	SCOPA in place	To review the effectiveness of SCOPA by June 2011	Quarterly	A SCOPA meeting shall sit on the 10 March 2011.	A SCOPA meeting was held on the 10 March 2011 which is the only meeting scheduled for the year.

MM5	Municipal Transformation and Institutional Development	Municipal Transformation	Number of templates developed and approved	To have the recommendation and reporting template approved	Departmental reporting template.	An approved reporting template by December 2010	Annually	This was not done however this shall be presented at the next Council meeting.	This was not achieved although implemented.
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Ref No.	LEGISLATIVE KPA	MUNICIPAL KPA	DEPARTMENTAL KEY PERFORMANCE INDICATOR	PROJECT OR PROGRAMME DESCRIPTION	MID-YEAR TARGET	ANNUAL TARGET	FREQUENCY / TIMELINE	MID YEAR REPORT	ANNUAL REPORT (FINAL)
MM6	Good Governance and Public Participation	Social facilitation	To facilitate public participation in all council activities	Public meetings.	8 meetings	16Public meetings per year	Quarterly	No meeting was held in the period under review.	Four (4) meetings were held in the period.
MM7	Good Governance and Public Participation	Public Participation	Council to adopt a Public communication strategy	Communication strategy developed.	Draft communication Strategy	Communication strategy by June 2011	Annually	A communication strategy is being developed and shall be presented before the end of the year, June 2011.	A communication strategy is developed but waiting for a workshop of Council.
MM8	Good Governance and Public Participation	Complaints Management System	To have one Complaints management system in place	One Complaints register.	Target achieved	1 Complaints register by June 2011	ongoing	A complaint register is in place and in use	A complaint register is in place and in use.
MM9	Good	Traditional	To establish a	Minutes of	2 meetings	Four	Quarterly	Agreements	Traditional leadership was of the view

	Governance	Leadership Forum	Traditional leadership Forum which will meet quarterly	joint meetings.		meetings		were reached with administrator at the office of the Traditional leaders in Newcastle that joint meetings be held.	that a meeting be held with the new Council.
MM10	Municipal transformation and Institutional Development	Council	To institute regular meetings of party whips in order to have fully functional council.	Four parties' whips meetings held minutes.	2 meetings	Four party whips meetings	Quarterly	One meeting was held by December 2010.	Two (2) meetings of the Chief Whips were held.

Ref No.	LEGISLATIVE KPA	MUNICIPAL KPA	DEPARTMENTAL KEY PERFORMANCE INDICATOR	PROJECT OR PROGRAMME DESCRIPTION	MID-YEAR TARGET	ANNUAL TARGET	FREQUENCY / TIMELINE	MID YEAR REPORT	ANNUAL REPORT (FINAL)
MM11	Good Governance and Public Participation	Public Participation	To encourage strong public presence at Council meetings	Access register records	Placed all Council agendas at the library	Placed all Council agendas at the library	Quarterly	Members of the public do get agendas at the library and therefore attends Council meetings.	Agendas of Council are placed in the library for the public to get hold of them.

Ref No.	NATIONAL KEY PERFORMANCE AREA	MUNICIPAL KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	MID-YEAR TARGET	FREQUENCY TIMELINE	MID YEAR REPORT	FINAL ANNUAL REPORT	ANNUAL TARGET
CFO1	Municipal Financial Viability and Management	Credible database	To develop local suppliers database	Credible database forms in place	Monthly	Credible data base has been created it is 70% complete	The database was developed	1 Suppliers database by June 2011
CFO2	Local Economic Development	External Investments	To promote Investment attraction	At least one potential investor should have made a presentation to one of the Council portfolio committees	Monthly	One potential investor has shown interest and a presentation is scheduled for the next council in March 2011. A presentation has been done by the Chinese for the development of an industrial centre, together with the development of a small scale shopping mall.	1 presentation was made by a potential investors	To have one investment finalised by 30 June 2011.
CFO3	Local Economic Development	Local Economic Development	To establish partnership with LED institutions	Contact with LED should have been established.	Quarterly	Still in the process of establishing partnership with LED.	Due to the vacant position of the IDP officer not filled prior the financial year end the performance target is delayed.	1 LED forum to be held by June 2011
CFO4	Financial Viability and Management	Asset register	To compile an updated register of all council assets	An asset register should be updated by 31 January 2011.	Quarterly	The municipality does have an asset register, it is currently being updated to accommodate new assets that have been acquired for 2010/2011 it is%	Asset register completed	1 Asset register completed by the 30 June 2011

						100 updated		
CFO5	Good Governance and Public Participation	Ward committees	To pay ward committee travel reimbursement per meeting	At least three (3) Ward Committees should be satisfactory paid travelling fees on time.	Monthly	Ward committees are paid on a regular basis. Ward 1,3,4 are paid immediately after their monthly meeting. There is still a challenge with ward 2. Claims are not submitted on time to the BTO office which result in delays when it comes to the paying of their claims.	Ward Committees were paid	R100 per seating
CFO6	Financial Viability and Management	Revenue	MANCO to review the revenue enhancement strategy document	A draft enhancement strategic document work shopped at a policy workshop to be arranged	Quarterly	The Revenues enhancement strategy has not yet been work shopped, the plan is to workshop the document together with the draft budget and IDP before the approval of the Final IDP and Budget.	Revenue enhancement strategy was reviewed	1 Revenue enhancement strategy
CFO7	Financial Viability and Management	Indigent Register	To finalize the review of indigent register	The indigent Register has been reviewed and presented to council for approval	Annually	The Indigent register has been finalised and approved by the Previous Council Municipality needs to align the indigent policy with the rates policy then source funds to write off the debt.	The indigent register was reviewed	1 Indigent register by June 2011

CFO8	Financial Viability and Management	Procurement	To develop a credible form to ensure compliance into a database that is compliant for 2010/11 financial year.	A credible database form would be in place and used for the 2010/2011 financial year.	Annually	A credible database form has been developed and is currently in use.	The credible database form was developed	1 credible form by June
CFO9	Financial Viability and Management	Clean Audit	To clear the 2009/10 issues and extended Manco to work on the management letter.	Five (5) Management Committee meetings should be held by December 2010 to look at the audit queries.	Monthly	We have had about 2 Management committee meetings to look at audit queries due to capacity problems it was not possible to meet as regular. The dash board audit was also conducted looking at how previous queries have been resolve.	90% of issues on the dash board report were cleared	85% of the outstanding audit queries should be resolved
CFO10	Financial Viability and Management	Debtors Management	To do major data cleansing on the current debtor's book, be able to classify debtors according to their different categories e.g. Indigent, pensioners	50% of the work should have been started by this time	Monthly	The process of data cleansing to be incorporated during the implementation of the new financial system where records should be screened prior being loaded on to the new system	Implementation of the new system still in progress. Debtor's module still to be implemented.	Implementation of the new system still in progress. Debtor's module still to be implemented.

Ref No.	NATIONAL KEY PERFORMANCE AREA	MUNICIPAL KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATORS	MID-YEAR TARGET	ANNUAL TARGET	FREQUENCY/TIME LINE	MID YEAR REPORT	ANNUAL REPORT (FINAL)
CORP1	Good Governance and Public Participation	Ward Committee Policy	To develop a ward committee policy	One policy developed	1 ward committee policy	yearly	Policy attached	The policy was developed and completed
CORP 2	Good Governance and Public Participation	Ward Committee	To develop a ward committee database	One policy developed	1 ward committee database	Quarterly	Database attached	The database was and completed developed
CORP 3	Good Governance and Public Participation	Ward Committee	To do a skills audit on ward committees	One Skills Audit Report	1 skills audit	Quarterly	Skills report part of Ward Committee database (attached)	A skills audit was completed and report done
Corp 4	Good Governance and Public Participation	Integrated Development Plan (IDP)	To include ward committee plans in the IDP	2 ward plans by December 2011	4 ward plans by June 2011	Quarterly	Ward Committee plans included in the IDP year planner. Attached	The year planner was been developed
CORP 5	Good Governance and Public participation	Ward committee	To establish ward committee sub structures	2 ward committee sub structures	4 ward committee sub structures	Quarterly	Substructure to be constituted by June 2011 amongst new ward committee members	Ward Committee Members were drawn from community structures
CORP 6	Good Governance and Public Participation	Ward Committee	To have ward committee monitoring mechanism in place	Minutes of meeting held kept in the department	A monitoring mechanism in place by June 2011	Quarterly	Monitoring system includes signing of out of pocket claims by councillors and DCS, minutes of meetings submitted for filing.	Minutes from ward 1 and ward 2 were captured
CORP 7	Municipal Transformation and institutional Development	Skills profiling of Sec 57 Managers and line managers	To audit skills, evaluate and grade posts.	All Sec 57 Managers profiled.	The rest of line managers and staff profiled.	Quarterly	Sec 57 profiles contained in gap skills profile of COGTA.	The MDB report was compiled
CORP 8	Municipal Transformation and institutional Development	Review of all policies and By-Laws of the Municipality	To review delegation of powers and policies and publish bylaws for public	Fifteen (15) policies and seven (7) bylaws reviewed and publicised for public comments	All policies of Council and by laws reviewed and publicised.	Quarterly	Bylaws published on 10 February 2011. Municipal Policy Reviews in process to be	The By-laws were reviewed using the Provincial Standard By-laws

			comments				concluded 30 June 2011.	
CORP 9	Municipal Transformation and institutional Development	Development and implementation on WSP for 2010/2011	To review and submit WSP to LGSETA for 2010/2011. Verify budget for training and align it with WSP.	MISG used for training in line with the WSP	WSP reviewed and submitted to LGSETA.	Quarterly	WSP submitted to LGSETA on 25 June 2011.	WSP was developed and training was aligned to it
CORP 10	Municipal Transformation and institutional Development	Review of the organisational structure	To streamline similar functional areas to formulate new organisational job descriptions	Local Labour Forum discussed and the new organisational structure	New organisational structure	Quarterly	Approved organogram attached	The organogram was reviewed and aligned to the IDP objectives
CORP 11	Municipal Transformation and institutional Development	Corporate Image	To refurbish the walls, name tags for offices, name tags of staff.	All staff members should have and wear name tags during office hours.	All offices and staff should have name tags and the walls should be refurbished	Quarterly	One workshop per department is held before 30 June 2011	Name tags were purchased and used
CORP 12	Municipal Transformation and institutional development	Batho-Pele	To induct new and current staff members on Batho-Pele and to develop service delivery charter.	All new staff members should be inducted by the second month of their appointment	New and existing staff members should be inducted by June 2011.	Quarterly	All office staff, offices and vehicles tagged.	Batho Pele Service Charter was developed and policies were reviewed
CORP 13	Municipal Transformation and institutional development	Council support functions.	To appoint Council Secretary.	Proposal to create post of council secretary sent to council with motivation	Council Secretary should be appointed by June 2011.	Quarterly	Report to be brought to Council for approval of Council Secretary post converted to fix term period.	The proposal was withdrawn by council. The post of committee officer was kept
CORP 14	Local Economic Development	Employ staff	To advertise and employ staff of the Municipality.	All Sect 55 vacancies and advertised should be filled by December 2010.	All vacancies advertised shall be filled.	Quarterly	Staff employment is ongoing. Staff turnover is at 90%.	Staff recruitment policy was reviewed
CORP 15	Municipal Finance Viability and Management	Develop job descriptions	To do job descriptions and role clarification by communicating to all employees.	All current staff members shall have a job description that is approved and signed by all parties.	Job description of all staff members should be in place by June 2011.	Quarterly	<ul style="list-style-type: none"> • Traffic office in existence • Two staff member to be sent for Training • Additional examiner to be employed 	Job descriptions were developed

CORP 16	Municipal Finance Viability and Management	Develop communication unit and strategy	To appoint a spokesperson in the office of the Mayor and produce newsletters on quarterly basis.	Newsletter should be produced by December 2011	A person in the office of the Mayor shall be appointed by June 2011	Quarterly	All Council meetings are recorded	The Communication Strategy was developed
CORP 17	Municipal Finance viability and Management	Establish traffic section	To advertise and appoint a traffic officer	Traffic section should be established by December 2010	Traffic section and the traffic officer should be established and appointed respectively	Quarterly	S Ndlovu was employed	A traffic officer was employed
CORP 18	Good Governance and Public Participation	Development of an electronic record system	To ensure adequate record management regime	All council committees to have a record of their meetings	Council and other committees should have recorded minutes.	Quarterly	Staff induction process done within 10 days of appointment	Digidata is in use
CORP 19	Good Governance and Public Participation	Reduction in sick leave	To progressively develop and implement strategic policies	Reduction of sick leave by five (5%) percent	Reduction of sick leave by ten (10%) percent	Quarterly	Policies reviewed and approved annually.	Yearly sick leave standards are at 4%
CORP 20	Good Governance and Public Participation	Reduction of accumulated leave outside cycle.	To ensure that each official has a maximum of forty eight (48) days leave available.	At least seventy five (75%) percent of the staff has a credit of forty eight (48) days leave	All staff members should have a maximum of forty eight days leave credit	Quarterly	Career pathing, notch increases, promotion of staff are some of the retention strategies used.	Annual leave capped at 48 days
CORP 21	Good Governance and Public Participation	% of staff induced within 14 days of joining and commencing employment with the Municipality	To progressively develop and implement strategic policies.	To progressively develop and implement strategic policies	All employees are introduced and informed about the culture of the organisation and their details are captured	Quarterly	All employees induced on the first day on duty and their particulars recorded	All employees are introduced and informed about the culture of the organisation and their details are captured
CORP 22	Good Governance and Public Participation	% availability of departmental staff on any given time.	To progressively develop and implement strategic policies.	Leave varied to ensure operational efficiency at all times	Employees go on leave on different dates to avoid inefficiency	Quarterly	Sufficient staff available	Sufficient staff is always available
CORP 23	Good Governance and Public Participation	% development of the retention strategy.	To progressively develop and implement strategic policies.	Human Resources Policy includes Placement and Promotion Policies	Employees placed and promoted on an on-going basis	Quarterly	Some Caravan Park staff is placed in permanent posts	Staff benefits e.g overtime are paid on monthly basis. Staff promoted regularly. Staff placed in permanent posts
CORP 24	Good Governance and Public Participation	% development and submission of a 5 year Employment Equity Plan (EEP)	To progressively develop and implement strategic policies.	Employment Equity report submitted to the department of labour	Council noted and commented on the report	Quarterly	Departmental budget Implementation and Accountability	Employment Equity report compiled

							processes observed at all times.	
CORP 25	Good Governance and Public Participation	% Implementation of the Employee Wellness Plan (including the HIV/AIDS in the workplace policy)	To progressively develop and implement strategic policies.	HR Policies that include employee wellness adopted	Employees referred to experts when need arises	Quarterly	Bylaws reviewed annually	Employees referred to experts when need arises
CORP 26	Good Governance and Public Participation	% cascading of the Performance Management Policy and System to all none Section 57 Managers.	To progressively develop and implement strategic policies.	IT, Records and HR reports to form part of portfolio reports	All portfolio meetings include line function reports	Quarterly	Line function reports included in the portfolio and monthly reports	Portfolio report compiled
CORP 27	Good Governance and Public Participation	% referral to Council generated services delivery queries	To ensure adequate support to Council and other Council Committees and provide legal services thereto.	All bid documents to be fully filled and legally compliant	All bid documents legally compliant	Quarterly	Protection Services, Caravan Park, Game Part to submit annual tentative overtime schedule to minimise budget orientated/pushed overtime.	Contracts developed for all projects through bid documents
CORP 28	Good Governance and Public Participation	% implementation of the plan to address in the management letter (Departmental)	To ensure effective fiscal discipline through continuous monitoring and reporting	Present and update on the dashboard report in Manco meetings	Reduction in Dashboard queries	Quarterly	90% of issues raised in the dashboard report addressed	Dash board was a standing item in Manco meetings
CORP 29	Good Governance and Public Participation	% revision and updating of Municipal by laws	To guide the promotion of adherence to Municipality by laws	To customise Provincial Standard By-laws	By-laws	Quarterly	10 Standard By-laws prepared and awaiting approval	Standard Provincial By-laws were sourced

Actions taken to be taken to address Auditor General's queries

The Internal Auditor was appointed during the year. An internal audit review was conducted for the first half of the year. A number of issues were raised concerning the alignment of Institutional PMS, IDP and SDBIP. These issues have been addressed by management prospectively. The second half of the year was not reviewed since there was no IDP Officer and most of the queries were addressed in the 2011/12 financial year. Management also addressed a number of the previous Auditor General queries (as per sec 121 (3) (g) as follows;

- *Electricity losses.*
This issue has been addressed by the Municipality.

- *Fruitless and wasteful expenditure.*
The matter was presented at Council and was condoned by Council Resolution No. A172/2011 dated 26 April 2011.

- *Inadequate content of the integrated development plan.*
The 2011/2012 IDP contains an updated Performance Management System including key performance Indicators and targets.

- *Internal auditing of performance measurements.*
The internal auditor of the municipality has audited the performance management measurement and reported her findings to the financial and performance audit committee.

- *Mid-year budget and performance assessment.*
A mid-year budget and performance assessment was done and reported to Council who accepted the report in terms of Council Resolution No. A170/2011 dated 26 April 2011. Going forward the Municipality will ensure that a mid-year budget assessment will be conducted.

- *Performance management system not adopted by the council.*
Performance management system scorecards for the 2011/2012 financial year have been prepared and are aligned to the IDP.

- *No mechanism to detect early indicators of under-performance.*
This has now been implemented in terms of the performance management plan assessment, which is performed on regular basis.
An assessment of performance by various Directors and the Municipal Manager was performed and submitted to Council on the 26 April 2011.

- *Functioning of the performance audit committee.*
The audit committee has subsequently held regular meetings since the last Auditor General's report.
- *Usefulness of reported performance information.*
The performance management plan and scorecards have been developed; the targets meet the requirements of being "SMART" i.e. Specific, Measurable, Attainable, Realistic and Time bound.
- *Expenditure was not paid within the parameters set by the applicable legislation.*
The expenditure incurred was condoned by Council in terms of Council Resolution No. A172/2011 dated 26 April 2011. This issue is being addressed.
- *Suspense accounts and bank accounts were reconciled on a monthly basis.*
Bank reconciliation is performed monthly. The suspense accounts are reconciled monthly on an on-going basis.
- *Monthly reports to the Mayor and statutory bodies.*
Section 71 financial reports are prepared monthly and the Mayor is informed through letters and meetings of the Finance Portfolio Committee. The reports are also submitted to Provincial Treasury monthly.
- *The municipality did not align its SCM policy with Municipal Supply Chain Management Regulations.*
An aligned Supply Chain Management Policy with the Supply Chain Management Regulations has been adopted by Council per Council Resolution No. A108/2011 dated 31 March 2011. A copy thereof has been submitted to Provincial Treasury for their review and comments. The Municipality is currently addressing comments raised by Provincial Treasury.
- *The audit committee and internal audit was not functioning properly.*
The audit committee has held regular meetings since the last Auditor General's report. The internal auditor was appointed in November 2010 and has been functioning from that date onwards.
- *The municipality did not prepare the annual financial statements in accordance with applicable legislation.*
This was resolved before the audit report was issued by Auditor General in December 2010.
- *A Supply Chain Management unit had not been established by the municipality.*
The supply chain management unit has been established and two employees were appointed.

- *The municipality did not publish bid results on its website or newspapers.*
Bid results are now being published on the website of the Municipality.
- *Leadership: Documented policies and procedures relating to performance management system were not adopted and implemented as no council resolutions were taken to approve these documents.*
The performance management policy had been adopted by Council Resolution No. A134/2005 dated 19 May 2005 and therefore it is available.
- *Financial and Performance Management: Reliable, complete and accurate monthly and quarterly management information and reports on predetermined objectives were not prepared and reviewed. Adequate systems were not in place whether manual or computerised to record information required for accurate and complete reporting on financial and performance information. Staff members did not understand applicable financial reporting framework and performance information reporting requirements. As a result the financial statements were subjected to material adjustments.*
 - The Municipality has been operating on an old ABAKUS financial system for many years but we are migrating to Pastel Financial Management System. We should be seeing better results on that system.
 - A consultant was appointed by the Municipality to assist with the implementation of performance management system.
 - The Senior Manager Budget and Treasury Office has been appointed to assist with Financial Management.
- *Governance: Audit committee did not review effectiveness of internal control system and the internal audit function. In addition the internal audit did not review the report on predetermined objects.*

This has been corrected as there have been regular meetings of the Audit Committee. The Internal Auditor has conducted a review on performance management system.
- *Investigations: Department of Cooperative Governance and Traditional Affairs instituted investigation on the matter that was reported on in the previous year audit report where revenue to the amount of R653, 000 was not accounted for. The outcome of this investigation is still unknown at the date of this report.*
This matter is currently with the SAPS a case was opened (case 42/2/2010), the investigation is at an advanced stage.

Appointments of Consultants:

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

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

July 2010

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

August 2010

No.	Consultant/Service Provider	Type of Project	Contract Value
1	Payday	Payroll system training	R6,087.6
2	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758

September 2010

No.	Consultant/Service Provider	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Syntell Networks	Prepaid electricity vending machines	R7,443.36

October 2010

No.	Consultant/Service Provide.	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Syntell Networks	Prepaid Electricity Vending Machine	R3,851.93

November 2010

No.	Consultant/Service Provide	Type of Project	Contract Value
1	Syntell Networks	Prepaid Electricity Vending Machine	R3,970.04

December 2010

No	Consultant/Service Provide	Type of Project	Contract Value
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1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Syntell Networks	Prepaid Electricity Vending Machine	R3,851.93

January 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Syntell Networks	Electricity Prepaid Vending Machine	R3,851.93

February 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Syntell Networks	Prepaid Electricity Vending Machines	R3,851.93

March 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	Fujitsu	Support and Monthly charges	0

April 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	HSK Simpson	Valuation Roll	R9,166.64
3	Payday	Payroll system	R9,587.40
4	Syntell Networks	Prepaid Electricity Vending Machines	R7,703.86

May 2011

No	Consultant/Service Provide	Type of Project	Contract Value
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1	P & N Environmental Consultants	Management of the Game and Caravan Park	R8,758
2	Syntell Networks	Prepaid Electricity Vending Machine	R3,851.93
3	HSK Simpson	Valuation Roll	R9,166.64
4	Pay Day	Payroll system	R6,537.9

June 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	E Madamalala	Game park consulting	R8,218.83
2	Blueprint	Draft LED Strategy & IDP	R65,208

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

September 2010

No.	Consultant/Service Provider	Type of Project	Contract Value
1	Kee-Wave	Records Management System	R48,372.14
2	Fujitsu	Financial System Support	R41,952.44

October 2010

No.	Consultant/Service Provide.	Type of Project	Contract Value
1	Fujitsu	Financial System Support	R41,453

December 2010

No	Consultant/Service Provide	Type of Project	Contract Value
1	Fujitsu	Support Services	R13,238.09
2	Payday	Payroll system	R25,144.28

January 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	Fujitsu	Financial system support	R46,560.87

February 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	Lekwa Consultants	Projects	R20,901.90
2	HSK Simpson & Partners	Valuation Roll	R17,737.42
3	Fujitsu	Financial System Support	R52,073.58

March 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	Fujitsu	Support and Monthly charges	R54,706.41
2	Lekwa Consultants	Professional fees	R96,588.48

April 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	Fujitsu	Financial system support	R13,699.22

May 2011

No	Consultant/Service Provide	Type of Project	Contract Value
2	Fujitsu	Support & License fees	R36,153.09
3	CQS Business Integrity	Financial Statements Software	R78,565.38
4	Lekwa Consultants	Professional fees	R49,159.03

June 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	P & N Environmental Consultants	Management of the Game and Caravan Park	R26,274.
2	Bluepoint	Draft LED Strategy & IDP	R65,208
3	CQS Business Integrity	Financial Statements Software	R19,926.06
4	P & N Environmental Consultants	Management of the Game and Caravan Park	R26,274

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

September 2010

No.	Consultant/Service Provider	Type of Project	Contract Value
1	Ernst and Young	GRAP conversion	R351,800

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April 2011

No	Consultant/Service Provide	Type of Project	Contract Value
1	Lekwa Consultants	Professional fees	R398,778.09

June 2011

No	Consultant/Service Provide	Type of Project	Contract Value
2	Lekwa Consultants	MIG Project Management	R139,626.36

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

No.	Consultant	Type of Project	Contract Value
	Nil	Nil	nil

CHAPTER 5: AUDITED FINANCIAL STATEMENT AND OTHER FINANCIAL MATTERS.

Income Received

Grants and Subsidies.

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

Grants/Subsidies	2010/2011	2009/2010
Local Government Financial Management Grant (FMG)	R1,250,000	R1, 000, 000
Municipal Systems Improvement Grant (MSIG)	R750, 000	R735, 000
Municipal Infrastructure Grant (MIG)	R7, 154, 821	R6, 297, 000

Equitable Share Allocation	R9,621,617	R7,833,099
Small Town Rehabilitation Grant	R2,550,000	Nil
Cooperative Government and Traditional Affairs	Nil	R500, 000

Total Operating Income

Income	2010/2011 (Budget)	2010/2011 (Actual)	2009/2010 (Budget)	2009/2010 (Actual)
Property Rates	R12,985,185	R5,968, 483	R8, 328, 766	R8, 917, 229
Electricity Sales	R9,249, 269	R8, 798,350	R7, 428, 045	R6, 772, 041
Refuse Removal	R786,169.00	R794,169.00	R840, 000	R1, 014, 551
Other	R5, 548, 181	R4, 074,404	R895, 639	R493, 204

Expenditure:

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

Expenditure Item	2010/2011 (Budget)	2010/2011 (Actual)	2009/2010 (Budget)	2009/2010 (Actual)
Salaries, wages and allowances	R12,579,967	R13,181,851	R10, 160, 448	R10, 435, 457
General Expenses	R5,519,122	R2,969,873	R7, 378, 487	R8, 013, 995
Repairs and Maintenance	R1, 330,249	R1,250,843	R1, 952	R1, 718
Bulk purchases	R6,195,400	R6,143, 247	Nil	Nil
Grant Expenditure-Operational	R2,089, 444	R7, 116, 035	R3,388,168	R3, 388,168
Capital Expenditure	R8,678,246	R5,508,596	R9,438,660	R9,438,660

Loans and losses:

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

Loan	Type	Interest Rate	Balance 01/07/2010	Balance 30/06/2011
Development Bank of Southern Africa (DBSA)	Building loan	10.18%	R1, 069, 038	R1, 036 003

Investment Analysis

Investment	2011	2010
Fixed deposit account	-	R322, 650

MSIG call account	R10	R11, 492
Repair of 376 houses grant call account	R4,662,884	R4, 456, 168
FMG call account	R40,210	R175, 293
Spatial planning grant call account	R25,224	R64, 190
MSIG call account	R154,617	R410, 188
PMS call account	R11	R111, 032
MAP 2007/2008 call account	R43,229	R253, 356
LED call account	R2	R1, 854
MFMS call account	R982	R220, 532
MIG call account	R2,438,211	R280, 925
MSIG call account	R392,499	R274, 780
MAP 2009/2010 call account	R148,987	R173, 760
Fixed Deposit 2	R1,039,342	-
Small Town Rehabilitation grant	R2,494,358	-
FMG1 Grant	R372,915	-
MSIG4 Grant	R502,438	-
Housing Operating Account	R394,381	-

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