

EMAKHAZENI LOCAL MUNICIPALITY

ANNUAL REPORT



2009/2010

"Vision"

A secure environment with sustainable development to promote service excellence, unity and community participation resulting in a caring society

"Mission"

Emakhazeni Local Municipality is a category B municipality and a tourist destination within the Nkangala District, existing to provide sustainable basic municipal services to the local community and the visitors, creating a conducive environment for socio – economic development, and promoting democracy, accountability and public participation in our affairs.

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CHAPTER 1: INTRODUCTION AND OVERVIEW

2009/2010 ANNUAL FINANCIAL STATEMENTS

1.1 EXECUTIVE MAYOR'S FOREWORD

The 2009/2010 financial year has been another turning point in the history of the Emakhazeni Local Municipality. The annual budget for the financial year was adopted by Council after following all the processes towards the adoption. Key amongst the processes is the public participation that we have conducted even under trying conditions.

The major challenge characterizing the 2009/2010 financial year is the Global economic meltdown. This municipality, like other municipalities of the same rural character, was affected by the global economic downturn, which originated from the macro economic imbalances at a scale that has never been so high before.

Amidst the above economic crisis, the municipality had, within its budget, to realize the five enduring National objectives as set out in the 2009 Budget Speech of the Finance Minister, Trevor Manuel, of

- Protecting the poor
- Sustainable employment growth and expanding training opportunities
- Building economic capacity and promoting investment
- Addressing the barriers of competitiveness

Finance Minister Manuel urged that in coming up with a strategy to protect the poor, municipalities must maintain a sustainable debt level so that our action today do not constrain our development tomorrow. Indeed, the municipality ensured that the adopted budget is realistic and, is in accordance with the Municipal Finance Management Act 56 of 2003 stipulations.

Further, the adopted budget was prepared according to the National Treasury Circular number 48, which provided further instructions, guidance and information on the eight key issues to be considered when framing a municipal budget during this time. The key issues mentioned are:

- The local response to the global economic crisis
- Headline inflation forecasts
- Revising rates, tariffs and other charges
- The Municipal Budget and Reporting Regulations
- Transfers to municipalities

- Guidance on specific issues
- National Treasury's special focus areas
- Budget process and submissions for the 2009/10 MTREF

What is important is the fact that, we had to respond to the issues raised by the communities which have been captured under 26 key issues of the 5 key performance areas in our 3rd revised Integrated Development Plan of 2009, adopted by Council in March of the same year. The issues in the main, centres around service delivery and infrastructure development, where issues of amongst others water, sanitation, electricity and infrastructure development are raised. It is for this reason that our expenditure has concentrated on satisfying the community needs on the above basis since their importance is in accordance with their elevation to the Millennium Development Goal targets. Further, our expenditure has considered the call by the community to come up with initiatives to grow our economy so as to develop our local economy in order to alleviate poverty and create jobs. Whilst doing that, concentrate mainly on the youth, women and disabled, as beneficiaries in such developments.

In conclusion, all the above was achieved due to the municipality's determination on good cooperative governance. We believe that it is through working together with all spheres of Government that we can achieve all the above. It is due to such good inter governmental relations the National Treasury was able to release part of the equitable share for the second quarter, that was withheld. We could not allow such a large amount meant for protecting the poor to return unused to National Treasury. We further pride ourselves in receiving accolades on being the ambassadors of clean audits in Mpumalanga. We strive to serve our community in a responsible, open and transparent manner, amidst the challenges caused by the economic crisis. Our motto still encourages us to work tirelessly to transform the lives of the poor. *Kumyama Kubomvu Siyanqoba.*

This 2009/2010 annual financial statements have been approved by Council on the 30 August 2010.

Clr. L. Mohlala

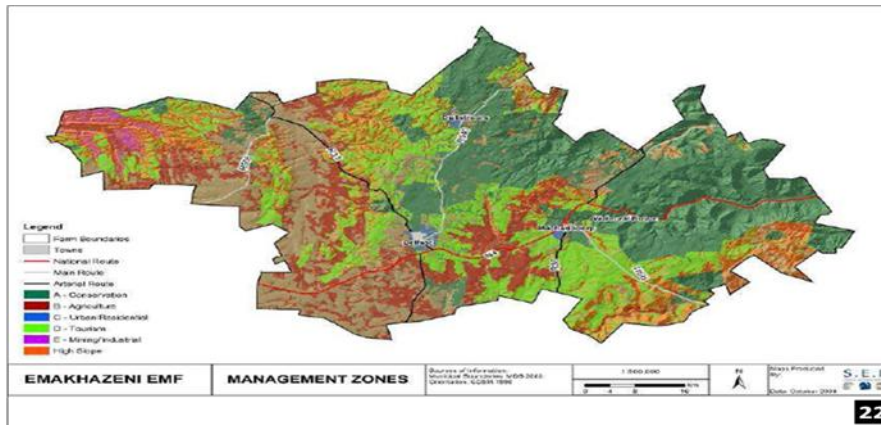
Date

Executive Mayor

31 August 2010

1.2 Overview

The Emakhazeni Municipality is situated between the Crocodile River in the north and the Komati River in the south. It stretches roughly from the Bothasberg area in the west to the Tullach-Mohr Nature Reserve (located west of Ngodwana) in the east. Refer to **Figure 1** depicting the Local Context.

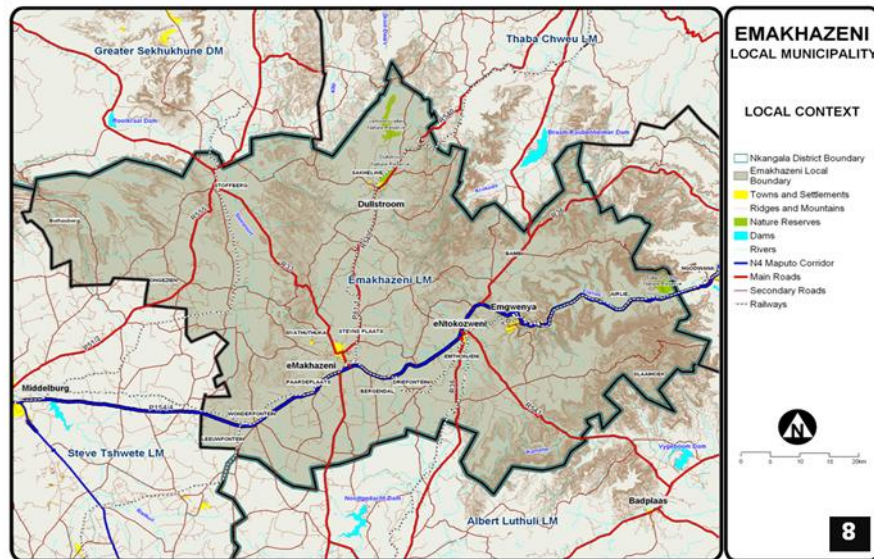


The Municipality consists of the following towns;

- eMakhazeni (Belfast) and Siyathuthuka, situated just north of the N4;
- Dullstroom and Sakhelwe, situated approximately 40 kilometres north of eMakhazeni along the P81-1 road;
- eNtokozweni (Machadodorp) and Emthonjeni, situated approximately 30 kilometres east of eMakhazeni, just south of the N4 Freeway;
- Emgwenya (Waterval Boven) and Waterval Onder, situated approximately 20 kilometres east of eNtokozweni, south of the N4 Freeway;
- Stoffberg, situated approximately 40 kilometres northwest of eMakhazeni. This is a small settlement that functions as a rural service centre.
- Wonderfontein situated approximately 20 kilometres southwest of eMakhazeni. This is another small settlement that functions as a rural service centre.

The remainder of the Emakhazeni Municipality consists mainly of farms and rural areas, with smaller rural settlements occurring throughout the area. The area is becoming increasingly popular as a tourist destination, Dullstroom being the main attraction.

FIGURE 1



1.2.1 Cultural Historic Background

The Emakhazeni Municipality is rich with cultural historic buildings and sites. Due to the presence of many rivers, good grazing, shelter and building materials such as wood and stone, the area has been inhabited by humans since the Middle Stone Age and is particularly known for its Iron Age settlements, notably Blaauwboschkraal and Kwa-Maza.

The area is traversed by the historic Pretoria-Maputo railway line, which played an important role during the Anglo-Boer War. There are a number of heritage sites associated with this railway line, such as the NZASM tunnel at Emgwenya (Waterval Boven). The municipal area contains some of the most important Anglo-Boer War battle and other sites in the country, such as Bergendal, Vlakfontein and Helvetia. The scenic Elands River Valley between Emgwenya and the eastern municipal border, together with the eMakhazeni-Dullstroom corridor, are probably the richest in heritage sites and current tourism attractions.

1.2.2 Land Use

Figure 2 depicts the land uses in the Emakhazeni Municipality. In terms of a regional perspective, the most prominent land use in the Emakhazeni area is agriculture. The most dominant activities in the area include field, horticultural, animal husbandry, forestry

and some fishing. Agriculture generates an inter-regional income and has a high multiplier effect in the local economy. eMakhazeni (Belfast), Dullstroom, eNtokozweni (Machadodorp) and Emgwenya (Waterval Boven) are service providers to the rural hinterland, providing social services as well as farming and household necessities to the farmers and farm workers in the region. Stoffberg in the west also plays a relatively important role in the farming community and farming activities of that area.

As mentioned, Emakhazeni is mainly a rural area with scattered rural settlements situated on farms. These settlements usually consist of the homestead, outbuildings, sheds and farm workers' accommodation. The number of farm workers' units range between one to twenty units per farm.

There are various mines located in the southern parts of the municipal area in the vicinity of eMakhazeni and eNtokozweni. These mines utilise the railways in the area and source their labourers from towns in the vicinity. There is pressure for more mines to develop south and north of eMakhazeni, as reflected on **Figure 3**.

The southern parts of the municipal area have several road links to Swaziland, which are important in terms of the regional movement of people and the growth of settlements.

Tourism occurs throughout the area, although Dullstroom has become a very popular tourist destination, due to its scenic qualities, proximity to Gauteng and unique character. This has stimulated the development of tourism facilities *en route* to Dullstroom, particularly along Road P81-1 between eMakhazeni (Belfast) and Dullstroom. The Lydenburg and Hoedspruit areas are also becoming increasingly popular tourist attractions, the latter specifically in terms of game lodges attracting international visitors. This results in increased traffic through Dullstroom, with positive spin-offs for economic development and the increasing development of hospitality and tourism uses along the P81-1 between Dullstroom and Lydenburg.

FIGURE 2

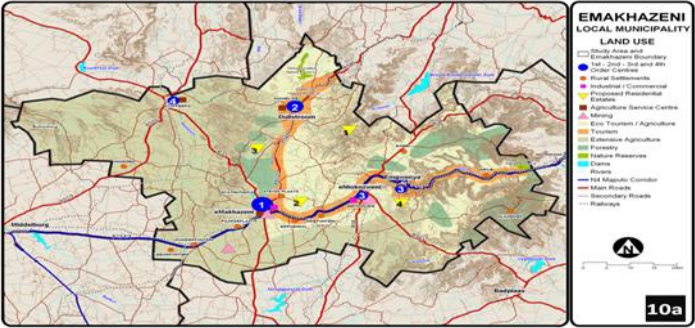
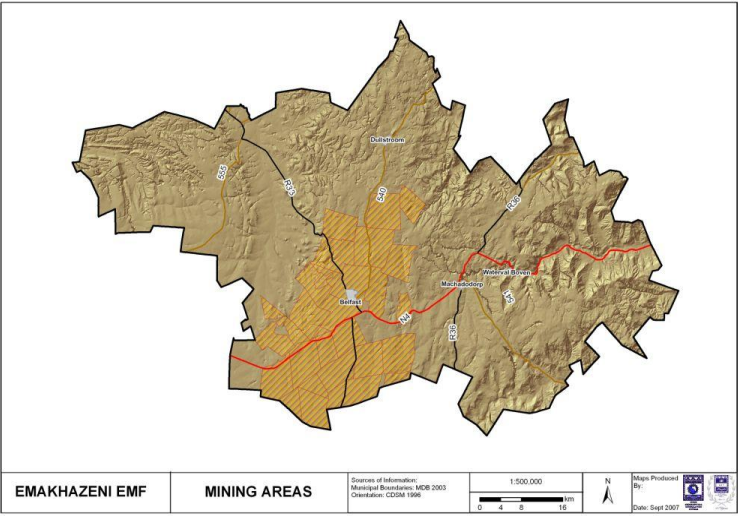


FIGURE 3



As part of the Maputo Corridor Project, an area referred to as the “Trout Triangle” of Mpumalanga was identified. This includes eMakhazeni (Belfast), Dullstroom, eNtokozweni (Machadodorp) and Emgwenya (Waterval Boven). These areas offer some of the finest and most scenic trout fishing venues in the country. Various dams have been developed in existing streams and stocked with trout for fly-fishing, which is becoming an increasingly popular form of recreation in the country. The project identified various existing facilities for upgrading and development as part of the Trout Triangle Initiative. The Dullstroom and eNtokozweni caravan parks have also already been upgraded. The Trout Triangle initiative has now been revived and could encourage the implementation of various tourism projects in the area.

Apart from the institutional initiatives, there are also various private development initiatives underway, namely;

- Emakhazeni (Highlands) Gate golf estate (500 erven);
- St Michaels situated near eMakhazeni (600 erven);
- Palma – a proposed development between eMakhazeni and Dullstroom (1 000 erven). The Emakhazeni Municipality however does not support this development, due to its location close to a watercourse in a sensitive area; and
- Elandskrans Resort development in Emgwenya – constitutes the redevelopment of the holiday resort as a tourism attraction. This resort is currently leased out until end 2012.

Apart from the above, there are various enquiries regarding estate developments, holiday resorts, guest houses and game farms in the municipal area. The impact of these on the environment and the problem of farm worker evictions as a result thereof is a challenge that needs addressing and necessitates regulation of this trend.

The following is a list of the towns and rural villages in the Emakhazeni area:

Table 1: Towns and Villages

TOWNS	VILLAGES AND RURAL SETTLEMENTS	
eMakhazeni (Belfast) and Siyathuthuka	Stoffberg	Bergendal
Dullstroom and Sakhelwe	Ongezien	Driefontein
eNtokozweni (Machadodorp) and Emthonjeni	Leeuwfontein	Slaaihoek
Emgwenya (Waterval Boven)	Paardeplaats	Bambi
	Wonderfontein	Airlie
	Steyns Plaats	

Natural Environment

1.2.3 Topography, Hydrology and Climate

The Emakhazeni Municipal area is situated on the Steenkampsberg Plateau and forms part of the Highveld region of Gauteng and Mpumalanga. From this plateau there is a substantial drop in altitude towards the escarpment, Lowveld and Mozambique coast.

The area is drained by a number of significant rivers, particularly the Olifants River and Steelpoort River in the west, Crocodile River in the north and the Elands River and Komati River in the south. Around 40% of Emakhazeni is located within the Crocodile sub-Water Management Area (WMA) and another 40% within the Middle Olifants sub-WMA. The remaining 20% is located within the Komati-West sub-WMA. Apart from the major dams located outside the boundaries of municipal area (reflected on **Figure 4**), there are various small dams throughout the area.

The Crocodile River yields approximately 6.8m^3 of water per second and the Steelpoort River yields 6.8m^3 of water per second, which is sufficient for irrigation purposes, farming and general use. Both these rivers eventually join the Olifants River, forming the principle drainage system leading towards the Indian Ocean.

Table 2 below provides a summary of the most significant rivers and dams in the area:

Table 2: Rivers and Dams

RIVERS AND STREAMS	
Steelpoort River	Witpoort River
Elands River	Klip River
Hartebees River	Lunsklip River
Crocodile River	Skilferlaagte Stream
Grootspuit	Waaikraalkop River
Leeubank Stream	Leeu Stream
Klein Komatie River	Rietvlei Stream
Wilgekraal Stream	Swartkoppies Stream
Kareekraal Stream	Draaikraal Stream
Lang Stream	Gemsbok Stream
DAMS*	
The Belfast Dam	Haartebeeshoek Dam
The dam in the Belfast State Forest	Dullstroom dam
Zoekap Dam	Wonderfontein

* These dams are not reflected on Figure 19 as the dams are too small to be shown at this scale.

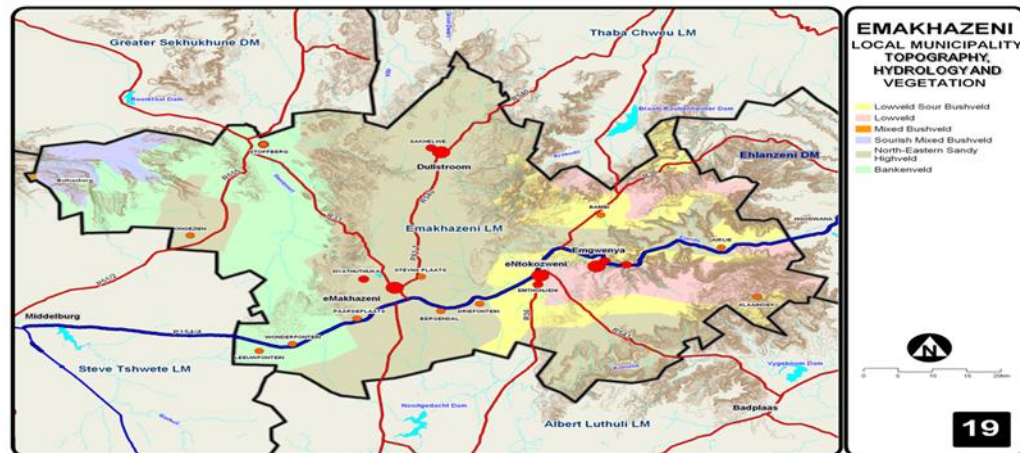
eMakhazeni (Belfast) has an undulating environment, with rolling hills. The town is located 1800m to 2100m above sea level. The town lies on ground gently sloping from south to north. The topography falls away from Belfast eastwards to the Elands River, rises into the ridge and then drops into the Lowveld.

eMakhazeni's drainage system forms part of the Olifant's River catchment system in the north and the Komati River catchment system in the south-west. eMakhazeni forms part of the Steelpoort sub-drainage system. The Steelpoort River has its source near eMakhazeni and flows northwards past Stoffberg through the Highveld. The town has an abundance of dams and water systems. The high altitude and water systems result in cold winters with very low temperatures in the valleys and depressions.

The **Dullstroom** region is situated towards the northern boundary of the Highveld at an altitude of 2 075m above sea level. The gradient of the area displays a steep decline from the P81-1 road towards the south-east away from the centre of the town. The topography

in the town is characterised by a small, but significant, koppie in the vicinity of the railway line. Some rocky outcrops occur around the town, with a marsh situated in town at Taute Street.

FIGURE 4



Dullstroom enjoys a sub-alpine climate with an average annual rainfall of 726,4mm, an average of 285 rain free days. The average summer temperature is 22° C and the average winter temperature is 11° C.

The **eNtokozweni (Machadodorp)** region is situated on the eastern boundary of the Highveld. The gradient of the municipal area displays a gradual decline from south to north and from west to east. The highest point in the south is 1645m above sea level and the lowest point is 1585m above sea level.

Drainage in the area occurs to the west and mainly the northwest of the area. The eastern periphery of eNtokozweni as well as Emthonjeni however drains towards the east, due to the occurrence of watersheds. The Elands River is a prominent river which runs through the town and ultimately forms part of the Crocodile River System.

Emgwenya (Waterval Boven) is located on a sloping Highveld Zone at the fringe of the escarpment formed by the Drakensberg Mountains. The Emgwenya area includes part of the catchment area of the Komati River and the Elands River. The latter provides the town with three well-stocked trout dams and kilometres of fishing area.

Wetlands in the Emakhazeni area and particularly in the vicinity of eMakhazeni, Dullstroom, eNtokozweni and Emgwenya are increasingly under threat, due to the

growing popularity of trout fishing and particularly the construction of dams. This threat was realised and resulted in the formulation of a report called *“An Environmental Plan for the Protection, Maintenance and Wise Use of Wetlands on the Steenkampsberg Plateau”*.

According to the MPGDS, global climate change will impact upon the province of Mpumalanga, specifically on agriculture, water resources, biodiversity, forestry and human health. At present, nearly 9% of the province’s ecosystems are endangered, some critically so. 9% of land in the province is degraded; 35.8% of land has been transformed, primarily within the grassland biome; and 33% of the provincial river types are critically endangered. Hence, responsible and sustainable development, as well as proper environmental management and conservation are paramount. This is especially important for Emakhazeni seeing as so much of the LM’s economy is dependent on the natural environment and hydrology system.

1.2.4 Vegetation

The field types occurring within the area can be divided into various categories, namely Tropical, Bush and Savannah Types (Bushveld). Refer to **Figure 4**. The largest section of the Emakhazeni area forms part of a pure veld type namely the North-Eastern Sandy Highveld. The North-Eastern Sandy Highveld is intruded by two bushveld types, namely the Lowveld Sour Bushveld and the Lowveld.

eMakhazeni forms part of the Grassveld Biome. This biome is the natural home of the Black Wildebeest and Bluebuck, it supports vast planes of grassland which respond to seasonal changes in rainfall, changing from green to yellow. Trees are sparse but bird life is plentiful; species include the Black Bustard and Blue Crane. Unfortunately, a mere 1.1% of the entire Grassveld biome is reflected in conservation areas. The entire maize triangle is contained within this biome where other crops such as sorghum, wheat, sunflowers and fruit are grown. The area surrounding eMakhazeni is located where the Highveld Turf (redgrass) gradually changes into the north-eastern sandy Highveld. This consists of treeless veld with sourgrass.

The **Dullstroom** region is rich in natural vegetation, with as many as 120 species of wild flowers to be found in the surrounding areas, as well as an abundance of natural veld grass. Temperatures and rainfall are optimal for growing beans, cabbage, potatoes and

onions. Dullstroom is situated in a sensitive natural environment with an abundance of environmental assets that need to be protected and properly managed.

The **eNtokozweni** region forms part of the Lowveld Sour Bushveld. This category is characterised by an open landscape with well-spaced trees in long grassveld or bushveld. Trees and shrubs typically found in the area are thorn trees (*Acacia Caffra*), *ficus* spp, and *Burkea Africa*. The grass in the area is tall, strong, polarised and sour, not rendering it ideal for grazing purposes. The possibility exists that veld fires and overgrazing resulted in the degradation and reduction of grass, especially grass of high quality such as Themeda.

Indigenous vegetation that occurs in the **Emgwenya** area can be termed Bushveld. However the impact of mankind's use of the environment has resulted in a mix of vegetation from cultivated forests, indigenous bushveld, and scrub thornveld to grasslands, with no significant wetlands to be found.

1.2.5 Geology and Mineral Potential

Figure 5 reflects the geology, minerals and soils found in the Emakhazeni area. In analysing geology, it is useful to investigate the area from a regional perspective. The oldest rock formation in the area belongs to the Barberton sequence. It is found in the eastern and northern areas as small outcrops of differentiated metamorphosed sediments, volcanic formations and intrusions of different ages. A large area in the east is covered with formations of the Transvaal system with an age of approximately 3100 million years.

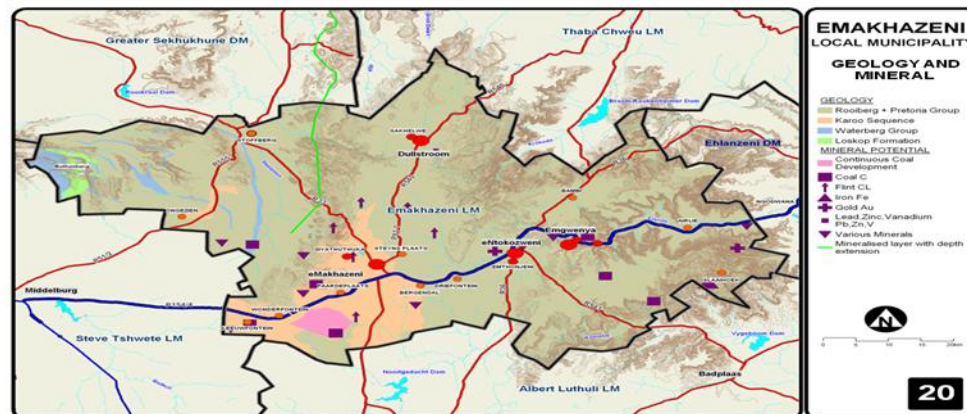
Several minerals can be found in the eMakhazeni and Dullstroom regions, including gold (associated with silver, copper and bismuth on the farms Marine 535-ST, and Slaaihoek). The "Black Granite" of eMakhazeni lies in a 44km strip, but extraction is concentrated on specific farms east of the town. The granite is exported and not processed locally.

The western region of the Nkangala District Municipality is known as the Energy Mecca of South Africa due to its rich deposits of coal reserves and power stations. However, there are indeed two coalmines in the vicinity of eMakhazeni, the Belfast and Glisa mines, operating as open quarry mines. These mines could benefit, should Eskom implement their plans to rejuvenate some 'mothballed' power stations to the west of the District.

Other minerals found in the area include;

- Copper, nickel, cobalt, arsenic, platinum, sink and silver north of eMakhazeni; and
- Flint clay at eMakhazeni.

FIGURE 5



The eNtokozweni region is mainly underlain by shale formation, with the eastern side of the town underlain with basalt. Several minerals can be found in the area, including gold (associated with silver, copper and bismuth). Iron carrying sandstone, with shale layers in between are reclaimed in the Emgwenya (Waternal-Boven) district. Chrome-iron extracted at Zeerust and Rustenburg are processed at the Assmag (previously Feralloys) Plant in eNtokozweni.

The undulating topography of Emgwenya made up of hillcrests, troughs and valleys is an expression of the underlying geology. The geology of the area comprises mainly of sedimentary rocks and igneous intrusions. The sedimentary rocks are principally quartzite (belonging to the Transvaal Sequence: Pretoria Group) and alluvial soils. The intrusive rocks are mainly diabase outcrops, which occur between the quartzite bands. Iron deposits have been found in the area.

1.2.6 Biodiversity, Conservation Areas and Nature Reserves

Emakhazeni Local Municipality hosts more “important” and “irreplaceable” biodiversity areas than any of the other local municipalities within the Nkangala District. Furthermore, the Emakhazeni LM has the least amount of transformed land, with 27.6% still in its natural state.

The Robust Golden Mole (confined to the area between eMakhazeni and Dullstroom) is endemic to the Emakhazeni LM. The continued existence and possible enlargement of Verloren Vallei Nature Reserve is critically important for the conservation of this species and the Oribi. Apart from these two species, Emakhazeni LM is also the only local municipality within the NDM that supports breeding populations of critically endangered bird species, namely Rudd's Lark (*Heteromirafr ruddi*), Wattled Crane (*Grus carunculatus*), and possibly White-winged Fluff Tails (*Sarothrura ayresii*). It is significant that all three species are confined to high altitude grasslands and marshes. Thus, considerable attention needs to be given to the conservation and proper management of this habitat within Emakhazeni LM.

Furthermore, forty-two fish species potentially occur within the various quaternary catchments of the river systems within NDM. Four threatened species occur (all of which are confined to the catchments of the Elands and Crocodile Rivers) within the Emakhazeni LM.

All in all, Emakhazeni Local Municipality provides a habitat for some 143 threatened species of flora and fauna, with the most critical areas being:

- The high altitude grasslands and wetlands of the Steenkampsberg Mountains between Verloren Vallei NR and eMakhazeni (flora, mammals, birds);
- The Mistbelt grasslands of the mountains between eNtokozweni and the southern boundary of the LM (flora, mammals, birds);
- The headwaters of the Elands and Crocodile Rivers (fishes); and
- The Montane grassland south-west of Stoffberg (butterflies).

1.2.6.1 Wetlands

Besides its importance to certain species of fauna and flora, the Steenkampsberg Plateau between eMakhazeni and De Berg should be seen as a priority area for wetland conservation initiatives. A fair number of pristine high-altitude wetlands still exist within this area.

1.2.6.2 Existing Nature Reserves and Conservancies

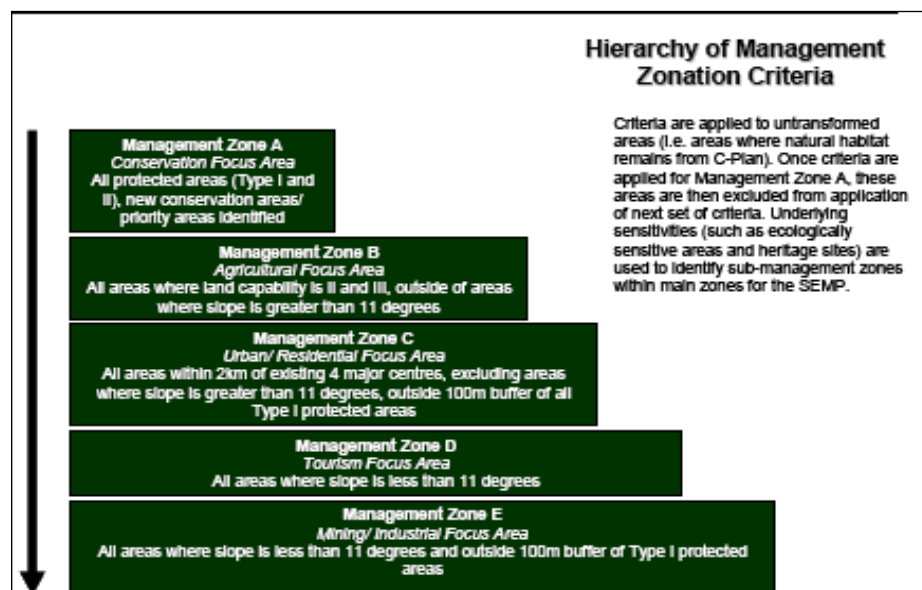
Apart from identified sensitive areas, official nature reserves in the Municipality include the Verloren Nature Reserve in the north of the LM, Dullstroom Nature Reserve, and the Tullach-Mohr Nature Reserve in the very east along the N4 national route.

1.2.7 Emakhazeni Environmental Management Framework Report (2009)

The Emakhazeni Environmental Management Framework Report (2009) identified several Management Zones in the municipal area. These are shown in **Figure 6**. On all areas, except those classified as "High" in terms of ecological sensitivity, various zonation parameters were run to identify preferred land use/ management zones. A hierarchy of management zone criteria was progressively applied to the study area.

Diagram 2 below summarises the Management Criteria for each of the five zones in the Municipality. For further details, please see the Emakhazeni EMF Report (2009).

Diagram 2: Hierarchy of Management Zonation Criteria



1.2.8 Socio-Economic Profile

The accompanying statistics, demographic information and economic status of the municipal area give a clear overview of the socio-economic profile of the area.

1.2.9.1 Population and number of households

Home ownership is one of the most important issues in establishing stability in a community. Housing development enhances economic and social stability and draws monetary power into a region, especially by means of methods such tenure upgrading, formalising of informal townships and related actions.

The concentrations of people in the area are as follows:

Emakhazeni/Siyathuthuka	:	9 911
Emgwenya	:	5 699
Entokozweni/Emthonjeni	:	5 589
Dullstroom/Sakhelwe	:	3 518
Rural area	:	18 290

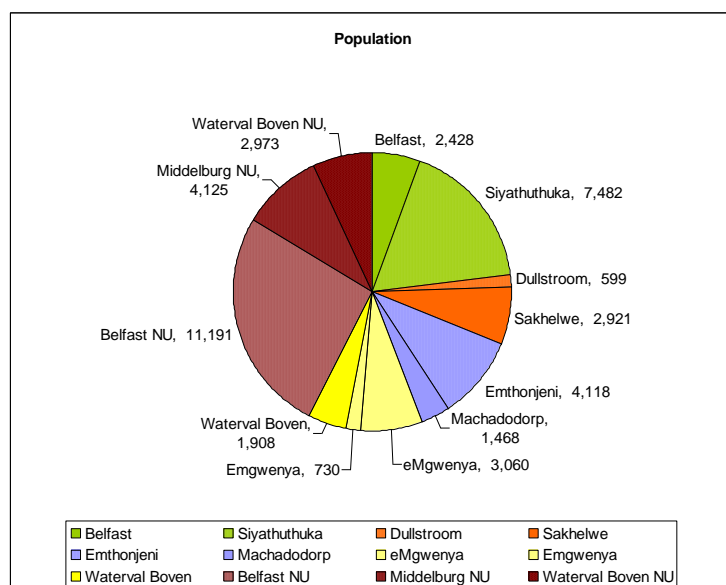


Figure 7: Population Share per Area

In terms of population groups, Census 2001 reported that 89% of the population was African, 9.5% White and 0.2% Indian/Asian.

The dominant home language was SiSwati (spoken by 33% of the population). Other languages of significance were IsiNdebele (23%) and IsiZulu (16%).

Due to the fact that the region is rural, females are usually the most affected as far as poverty is concerned, because of the lack of employment opportunities in the area. Census 2001 reported the male/female ratio as 49%:51%. The male/female ratio for Mpumalanga was 48% male and 52% female.

In terms of age and gender, Emakhazeni has a relatively mature population, as the percentage adult of (45%) which was relatively higher than the comparative percentage in Nkangala (43%) and that in Mpumalanga of (41%).

1.2.9.2 Education and Employment

The adult population of Emakhazeni was found to be relatively lower qualified compared to Mpumalanga, e.g. 16% had a Grade 12 qualification compared to 18%, while 5,6% had a tertiary qualification compared to 5,9%. This has implications in terms of the type of employment opportunities offered in the region, versus the education and skills levels.

The current (2001) attendance of individuals at educational institutions is presented in Table 3 below. This shows a large percentage of people not attending any educational institution (but this might be influenced by the fact that some are already beyond the school-going age, and did not choose to extend their training any further). However, the lack of such facility in our area might also influence this number.

Of concern is the fact that 30% of the young school going and student population (age 5-24) did not attend some form of educational institution. This could lead to exacerbated illiteracy and unemployment in future.

Diagram 3: Education Stats

Institution	Number	%
School	11,979	66.65%
None	5,442	30.28%
Pre-school	423	2.35%
College	58	0.32%
Technikon	26	0.14%
Yes: other	22	0.12%
University	18	0.10%
Adult education centre	6	0.03%
	17,974	

The current education profile for people of age 20+ is presented in Table 4 below, showing that only 22% have Grade 12 or higher qualifications. This provides some

opportunities with respect to FET development, especially in developing the large group with no or only primary education. Note that in the LED Plan it has been proposed to expand the tertiary education facilities: this should address this lack of opportunities, especially because we have an FET college within our Municipal boundary, though it is by default managed by Ehlanzeni District Municipality. This arrangement has not assisted us in the past, thus the low levels of qualifications.

Diagram 4: Educational Profile

Institution	Number	%
No schooling	6,553	27%
Some primary	4,022	16%
Complete primary	1,748	7%
Some secondary	6,925	28%
Std 10/Grade 12	4,056	16%
Higher	1,389	6%
	24,693	

The total number of individuals (age 20+) with higher education levels is shown in Table 5. Note that the total number (516) is 1.88% of the number of people of employable age. This is significantly lower than the national average of 3.24% with higher education levels. On the one hand this might impact on the skills levels in the municipality to create jobs, but could also point to the need to market this area as an ideal area for professionals who might want to explore new opportunities once their careers mature

Diagram 5: Profile of People with Higher Education

Qualification Types	Number	%
Certificate with less than grade 12	78	15%
Diploma with less than grade 12	54	10%
Bachelor's degree	191	37%

Bachelor's degree and diploma	104	20%
Honour's degree	38	7%
Higher degree (master's or doctorate)	51	10%
	516	

1.2.9.3 Employment

Approximately 39% of population was economically active, while the overall unemployment amounted to 30%. The per capita income of employed people (age 15-65) was approximately R1 700 per month. Approximately 54, 5% of the employed population earned less than R800 per month, which is considered as living below the poverty line. 21.4% earned between R801 and R1 600 per month, with 24, 1% of the population earning more than R1 600 per month. The relatively low income levels are indicative of poverty and a high reliance on social assistance, specifically housing subsidies and Free Basic Services (FBS).

The total number of individuals of working age (ages 15-65) by employment status is shown in Table 6. This table shows that only 43% of those individuals are working. The remainder are either unemployed, or choose not to work.

Diagram 6: Profile of Employment Status

Employed/Unemployed		
Employed	11,714	43%
Unemployed	5,021	18%
Not Economically Active	10,758	39%
	27,493	

Employment according to the major types of industry and/or economic sector in the area was as follows:

- 26% work in agriculture and forestry;
- 5% work in mines and quarries;

- 13% work in private households;
- 14% work in wholesale and retail; and
- 11% work in community; social and personal services

Employment by occupation is broken down as follows:

- 39% employed in elementary occupations;
- 9% as skilled agricultural workers;
- 11% in craft and related trades workers;
- 11% as plant and machine operators and assemblers;
- 9% as service workers; shop and market sales workers;
- 6% as clerks;
- 4% as technicians and associate professionals

From this breakdown it is clear that most people in the area are employed in the primary and secondary sectors, with very few people employed in the tertiary sector (only 2% as professionals and 3% as legislators; senior officials and managers).

1.2.9.4 Transport and Housing

In terms of mode of transport used, it is clear that there is limited public transport in the area, as most people, (39%) travelled on foot, 6% by car as a passenger, 4% by taxi, 3% by car as a driver and 3% by bus.

The majority of households resided in a house or brick structure type, that is (65%), followed by traditional structures (23%) and 9% in informal units. A third of houses were fully paid off (33%), whilst 29% of the houses are occupied by those who pay rent.

Home ownership is one of the most important issues in establishing stability in a community. It enhances economic and social stability and draws monetary power into a region, especially by means of methods like tenure upgrading and formalizing informal settlements. According to the Census 2001 results, Emakhazeni Local Municipality has 60% brick structures, whilst the remaining 40% consist of mainly traditional structures, as well as other informal and non-permanent structures, that pose a great developmental challenge.

According to the Department of Housing the following projects are currently active in the municipal area in which the said Department is involved:

Diagram 7: Housing Projects in Progress

AREA	DEVELOPER	UNITS
Sakhelwe	Private	265 outstanding
Sakhelwe	Private	500 outstanding
Emgwenya	Private	265 outstanding
Emthonjeni	Private	500 outstanding
Siyathuthuka x3	Council	200 outstanding
Siyathuthuka x3	Private	600 outstanding

In Entokozweni, Assmang Chrome, Feralloys is in the process of acquiring land to develop 40 townhouses and further, they have purchased 116 residential erven. Nkomati Mines expressed the need for 250 erven in the Municipality's area which could possibly be divided between the different urbanized areas in Entokozweni.

It must be noted that the municipality is receiving a lot of enquiries from private developers interested in building houses, shopping centres and private estates. Although a land audit is still to be undertaken, there are some strategic pieces of land that Council intends making available for the Breaking of New Ground initiative. These pieces of land are located in Dullstroom, measuring 28 hectors, and Emakhazeni measuring 11 hectors, donated by Mr. Weimer. Council has already entered into a partnership with Emakhazeni Property holdings for purposes of developing approximately eighty stands for the middle income groups. This project is aimed at providing accommodation for civil servants, artisans from the Assmang and Nkomati mine.

The average monthly household income in the area amounted to approximately R2 300. The average household size was 4, 4 persons per household, compared to 4, 3 in Mpumalanga. The majority of households have electrical appliances; 82% of households have a radio, 54% have a television, 53% possessed a refrigerator and 31% possessed a cell phone.

1.2.9.5 Access to basic services

The majority of households in Emakhazeni used coal for cooking purposes (37%), while 34% of households used electricity and 23% used wood. This corresponds with the type of fuel used for heating purposes. Approximately 37% of households used coal for heating purposes, 34% of households used electricity and 23% of households used wood.

In terms of fuel used for lighting purposes, approximately 72% of households used electricity. The provision of electricity for lighting purposes increased with 1 921 units, between the year 1996 and 2001. This is an indication that good progress was made with in the provision of electricity to all households in the area.

The majority of households (78%) had piped water inside their house and/or yard. The provision of water inside the house or on the stand increased with 1 133 units between 1996 and 2001. In terms of sanitation, the majority (69%) of households use flush toilets. The provision of flush/chemical toilets in houses increased with 1 811 units between 1996 and 2001. Approximately 61% of the households reported that the local authority removed refuse at least once a week. Access to basic services in the Emakhazeni area is therefore good and improvement is evident.

Approximately 87% of all households had access to a telephone or cell phone in the house or nearby. Only 10% of the households did not have access to a telephone, mainly in the rural areas.

The overall socio-economic picture of the Emakhazeni Municipality area reflects that the area is affected by low education and skills levels, with most people employed in the primary and secondary sectors. Approximately 42% of the population stays in rural areas. Low income levels, high unemployment and poverty are some of the most serious issues to be dealt with from a socio-economic perspective.

1.3 Executive Summary

Emakhazeni local municipality continued to grow with regards to its understanding of the mandate of local government as enshrined in the Constitution of the Republic of South Africa.

This growth in understanding was demonstrated by our continued compliance with the planning requirements as determined by the Municipal Systems Act and the Finance Management Act respectively.

In this regard, note must be taken that the municipality adopted its Integrated Plan Review for the implementation in July 2009 until June 2010, during the end of

March 2009. The adopted 3rd IDP Review had the key performance indicators and twenty six priority issues that the municipality was going to focus on.

By adopting the 3rd Review, Council further confirmed its municipal vision, mission and core values which communicate the strategic direction that the municipality is taking in so far as the development of the area is concerned.

The vision, mission and core values of the municipality can be summarised as follows:

VISION: "A secure environment with sustainable development to promote service excellence, unity and community participation resulting in a caring society."

MISSION: "Emakhazeni Local Municipality is a Category B municipality and a tourist destination within the Nkangala District, existing to provide sustainable basic municipal services to the local community and the visitors, creating a conducive environment for socio-economic development and promoting democracy, accountability and public participation in our affairs.

CORE VALUES: **1. CONSULTATION**

Emakhazeni Local Municipality must consult with all community stake holders by holding meetings with consumers as per chapter 4 of the Municipal Systems Act.

2. SERVICE STANDARDS

Emakhazeni Local Municipality must have service standards that are precise and measurable so that users can judge for themselves whether or not they are receiving what was promised.

3. ACCESS

All communities within Emakhazeni Local Municipality must have access to basic municipal service and information.

4. COURTESY

The staff of Emakhazeni Local Municipality must empathize with the citizens and treat them with as much consideration and respect as they would like themselves.

5. INFORMATION

Emakhazeni Local Municipality must make information available about municipal services, the organisation and other service delivery related matters at all points of delivery for all as people and fellow staff members.

6. TRANSPARENCY

The Emakhazeni Local Municipality Community should know more about the way the municipality operates, how well the municipality utilizes the resources they consume, and who is in charge.

7. REDRESS

The Emakhazeni Local Municipality must welcome complaints and identify quickly and accurately when municipal services are falling below the promised standard and have procedures in place to remedy the situation.

8. VALUE FOR MONEY

The Emakhazeni Local Municipality consumers are entitled to commensurate on even reasonably better service standards in relation to the value of the money they pay for the municipal services.

These strategic intent statements were then operationalised through the five Key Performance Areas and the 27 priority issues identified by the municipality through its public participation mechanisms and processes.

The KPA's remain the key areas of focus and are a cluster under which 27 priority issues are located. The five KPA's and 27 priority issues can be summarized as follows:

KPA 1: SERVICE DELIVERY AND INFRASTRUCTURAL DEVELOPMENT

- Priority Issue: 1: Water and Sanitation
- Priority Issue: 2: Electricity Supply
- Priority Issue: 3: Roads and Storm Water
- Priority Issue: 4: Spatial Restructuring
- Priority Issue: 5: Land Reform and Restitution
- Priority Issue: 6: Human Settlement and Property Development
- Priority Issue: 7: Culture, Sports and Recreation
- Priority Issue: 8: Health
- Priority Issue: 9: Emergency Services
- Priority Issue: 10: Traffic, Safety and Security
- Priority Issue: 11: Environmental and Waste Management
- Priority Issue: 12: Social Welfare
- Priority Issue: 13: Education

KPA 2: ECONOMIC GROWTH AND DEVELOPMENT

- Priority Issue 14: Local Economic Development
- Priority Issue 15: Poverty Alleviation and Job Creation
- Priority Issue 16: Tourism and Investment
- Priority Issue 17: Youth, Gender and Disabled

KPA 3: FINANCIAL MANAGEMENT

- Priority Issue 18: Financial Viability
- Priority Issue 19: Grant expenditure

Priority Issue 20: Procurement and Supply Chain Management

KPA 4: INSTITUTIONAL ARRANGEMENT AND TRANSFORMATION

Priority Issue 21: Powers, Duties and Functions

Priority Issue 22: Organisational Design

Priority Issue 23: Employment Equity

Priority Issue 24: Skills Development

Priority Issue 25: Performance Management

KPA 5: GOOD GOVERNANCE

Priority Issue 26: Corporate Governance

Priority Issue 27: Public Participation

The achievements and challenges on each KPA are dealt with in detail further on in the report. However, there are a few achievements under each KPA that are worth noting in this executive summary.

KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

The municipality began the 2009/2010 financial year knowing well that it was the financial year in which the promise made regarding water for all needed to be fulfilled. That is why the Emakhazeni Local Municipality was excited when the then Premier of the Mpumalanga Province announced in February 2009 that an amount of R6 million was going to be set aside for Emakhazeni Local Municipality for the water for all flagship.

Accordingly, the municipality put together an action plan with budget estimates needed for the eradication of all water back logs particularly in the rural areas. The total amount needed was approximately R17 million, so it was then agreed

with the representatives of the then water for all flagship office that the project was going to be rolled out over a three year period.

Sadly, the promised R6 million has not up to today been transferred to the Emakhazeni Local Municipality and yet the water backlogs remain unattended.

However, the municipality has continued to utilise its own funds and municipal infrastructure grant to improve the bulk water services in the urban areas of the municipality. Such investment has ensured the continued supply of clean water to the community.

KPA 2: LOCAL ECONOMIC DEVELOPMENT

In partnership with social partners such as NBC – Exxaro, Nkomati Mine and Assmang Chrome, the municipality continued to establish small and micro enterprises to stimulate local economic development and to create jobs.

To this end, the long awaited launch of the Siyathuthuka Coal Yard project happened in November 2009 which project currently employs about 10 young people from Siyathuthuka. This coal yard was done with the support of NBC – Exxaro.

With the continued support of Nkomat Mine, the municipality continued to sustain the bakery project in Entokozeni's Emthonjeni location and the strawberry project in Emthonjeni.

However, these projects need much greater support if they are to stand any chance of succeeding going forward.

KPA 3: FINANCIAL MANAGEMENT

Emakhazeni Local Municipality began the 2009/2010 financial year on the back of another unqualified audit report, which was the fourth consecutive unqualified audit opinion.

However, the municipality continued to face cash flow challenges throughout the year, emerging from the withholding of conditional and unconditional transfers due to the municipality, but also due to the global economic downturn.

But, the Emakhazeni Local Municipality is still a growing concern.

KPA 4: INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT

Unfortunately, the municipality began the 2009/2010 financial year having lost two of its Section 57 Managers, namely the Chief Financial Officer and the Manager Corporate Services and we wish them well in their future endeavours.

However, the municipality moved with speed to recruit equally good incumbents to fill the void left by the two managers.

Furthermore, the municipality complied with the submission date of the Employment Equity Plan and the Work Skills Plan.

KPA 5: PUBLIC PARTICIPATION AND GOOD GOVERNANCE

Although Emakhazeni Local Municipality continued to comply with its obligation regarding the consultation process including *inter alia* holding feedback meetings, a few ill informed hooligans incited some innocent members of the community, many of whom were children, to start copy cat unrests in the name of pseudo service delivery protests. These protests resulted in the destruction of property, intimidation and the loss of productive time.

Both the MEC for Local Government Affairs and the Council found that the Municipality was not in the wrong. It was doing all it could to ensure sustainable service delivery.

CONCLUSION

Although faced with many challenges, Emakhazeni Local Municipality still prides itself that it is doing the best that it can to comply with Section 122 of the Constitution of the Republic of South Africa.

O.N. NKOSI
MUNICIPAL MANAGER

CHAPTER 2: PERFORMANCE HIGHLIGHTS

Backlogs in Service Delivery

2008/2009

2009/2010

Water Backlogs

Backlogs to be eliminated
(No of households not receiving
Minimum Standard Services)

Spending on new Infrastructure to
eliminate Backlogs

Spending on renewal of
Existing Infrastructure to Eliminate Backlogs

Total Spending to Eliminate Backlogs

Spending on maintenance to ensure
There are no new backlogs created.

Sanitation Backlogs

Backlogs to be Eliminated (No of households not
receiving Minimum Standard Services)

Spending on new Infrastructure to eliminate
Backlogs

Spending on renewal of Existing Infrastructure to
Eliminate
Backlogs

Total Spending to Eliminate Backlogs

Spending on maintenance to ensure

There are no new backlogs created.

Refuse Removal Backlogs

Backlogs to be eliminated (No of households
not receiving Minimum Standard Services)

Spending on new Infrastructure to eliminate
Backlogs

Spending on renewal of existing Infrastructure to
Eliminate Backlogs

Total Spending to Eliminate Backlogs

Spending on maintenance to ensure
There are no new backlogs created.

Required	Budget	Actual	Required	Budget	Actual
510	218	108	402	R320 000	48
R24.4mil	7.3mil	R6.6mil	R 24.4 mil	R 12.5mil	R 12.5mil
R6.6mil	R7.3mil	R500 000	R 6.6mil	R0	R 0
	R7.3mil	R7.1mil		R 7.3mil	R 7.1mil
R4.5mil	R1.8mil	R1.8mil		-	-
				R12.5mil	R12.5mil
895	R3mil	R1.8mil	895	R270 000	R270 000
R10.7mil			R10.7mil	R 500 000	R500 000
R1.5mil			R 1.5mil	R 5mil	R 0
R12.2mil	R3.5mil	R2.1mil	R12.2mil	R 500 000	R 380 000
R3.5mil	R1mil	R1mil		R 6 000 000.00	R 880 000
1400	0	0	1400	0	0
500 000	-	-	R 3.5mil	-	-
R 3.5mil	R 2mil	0	R 3.5mil	R309 028.23	R 273 562.95
R 4mil	-	-	R 4mil	-	-
R300 000	-	-	R 300 000	-	-

Electricity Backlogs (per month)**2009/2010**

Backlogs to be eliminated (No of households not receiving Minimum Standard Services)

Spending on new Infrastructure to eliminate Backlogs

Spending on renewal of existing Infrastructure to Eliminate Backlogs

Total Spending to Eliminate Backlogs

Spending on maintenance to ensure there are no new backlogs created.

Roads Backlogs

Backlogs to be eliminated (No of households not receiving Minimum Standard Services)

Spending on new Infrastructure to eliminate Backlogs

Spending on renewal of Existing Infrastructure to Eliminate Backlogs

Total Spending to Eliminate Backlogs

Spending on maintenance to ensure there are no new backlogs created.

Required	Budget	Actual
330	R400 000	R400 000.00
R 6.9mil	R 0	R 0
	R 1.35mil	R 1.35mil
R 6.9 mil	R 1.35mil	R 1.35mil
R3mil	R3 268 658.00	R3 268 658.00
330	R5mil	R5mil
R 331mil	R 1mil	R 1mil
R331mil	R 0	R 0
R12mil	R 6.0 mil	R 6.0 mil
	R 430 000.00	R 430 000.00

BACKLOGS

1. 101 stands do not have water in Emgwenya
2. 245 households in rural area without water
3. 857 households in rural area without sanitation
4. 3.5 km of street need to be upgraded in rural areas.
5. 2.8 km of street in Sakhelwe needs to be upgraded.
6. Upgrading of waste water treatment works in Waterval Boven
7. Upgrading of 12.5 km gravel roads in Siyathuthuka to block paving.
8. Upgrading of 9 km of tar and gravel roads in Belfast.
9. Upgrading of 4.8km of roads from gravel to paving in Emthonjeni
10. Upgrading of 4km of gravel road to block paving in Emgwenya.
11. Construction of 374 houses in Emthonjeni.
12. Construction of 135 houses in Sakhelwe.
13. 1400 households in the rural areas do not have access to refuse removal services.
14. 295 stands in Emthonjeni (Enkanini) have a water stand pipe which is not adequate for the whole community.
15. Upgrading of waste water treatment works in Dullstroom.

PROGRESS ON MIG PROJECTS 2009/2010

Background of Grant

The municipality selected the 2009/2010 projects from the IDP which itself is a culmination of a consultative process. It outlines how the community basic service delivery needs can be met within the Millennium Development Goals which are;

- Provision of sanitation by 2010
- Provision of water by 2012
- Halving or eradicating poverty by 2014

The municipality requested MIG so as to move towards addressing the above mentioned goals. However due to the municipality's small size –and thus small revenue base- the primary funding for projects comes from MIG and the Nkangala District Municipality.

Project Management Unit

The municipality's project management unit is managed by the Deputy Manager assisted by the Technician Deployee from the DBSA and a Municipal Data Capturer. The filling of the vacant posts of administrator, project officer and four project managers (roads and storm water, water and sanitation, building and electricity) must be achieved. The acquisition of project management and engineering drawings software would go a long way to enhance the capacity of the PMU. Additional funding is thus required in this regard as a matter of urgency. Another capacity challenge has been in the Supply Chain Management Unit where additional manpower is required to expedite the procurement process.

ACHIEVEMENTS IN 2009/2010

MIG allocations & expenditure

The municipality has spent 100% of its 2009/2010 MIG allocation. The municipality had planned to have completed all road paving projects and the Emgwenya bulk water supply by end of fourth quarter, but the delay by National Treasury to

transfer the re-allocated R4.79M funds derailed those plans. Even under such challenges, the municipality has managed to achieve the benefits listed below:

Number of projects completed, beneficiaries and jobs created

Name Of The Project	Completion Date	Beneficiaries	Jobs Created
Provision of Engineering services at Emgwenya	01/06/2009	108 households	25 temporal jobs
Belfast Potable Water Storage	26/06/2009	469 households	34 temporal jobs
Upgrading of West Street Sewer Pump Station	05/02/2010	3376 households	16 temporal jobs
Paving of streets in Sakhelwe	18/08/2009	800 households	12 temporal jobs
Water Supply in Rural areas phase 3	27/08/2009	91boreholes/hand pumps	Nil
Engineering Services in Dullstroom/Sakhelwe phase 1	01/06/2009	76 households	11 temporal jobs
Emgwenya Bulk water supply	Not yet completed	Under implementation	40 temporal jobs

Number of households benefiting from new access to water within a 200m radius as per RDP guidelines.

Name Of The Project	Number Of Households Benefited
Provision of Engineering services at Emgwenya	108
Water Supply in Rural areas phase 3	91 boreholes/hand pumps
Engineering Services in Dullstroom/Sakhelwe	40

**Number of households benefiting from new access to sanitation
(according to DWAF standards)**

Name Of The Project	Number Of Households Benefited
Engineering Services in Dullstroom/Sakhelwe	36

Number households benefiting from new and improved bulk

Sanitation systems

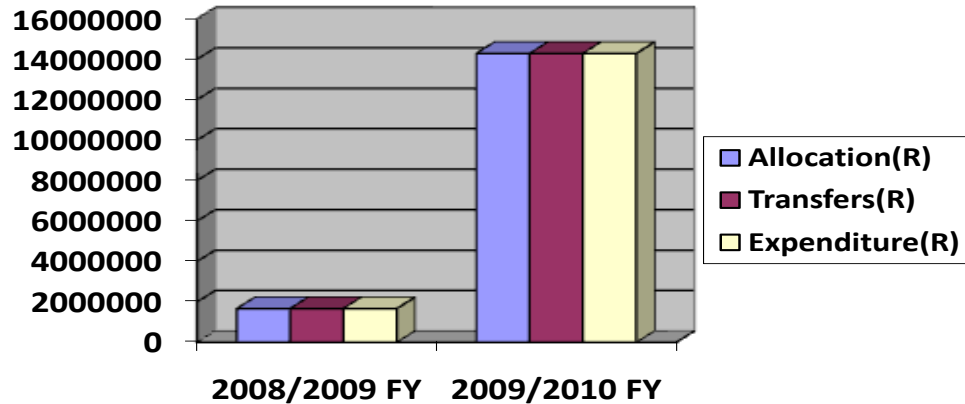
Name Of The Project	Number Of Households Benefited
Upgrading of West Street Sewer Pump Station	3376

Number of households benefiting from new or upgraded bulk

Water supply systems

Name Of The Project	Number Of Households Benefited
Belfast Potable Water Storage	469

Comparison of Allocations/transfers & expenditures of FYs 2008/2009 & 2009/2010



PROJECT PROGRESS REPORT 2009/2010

MIG allocations & expenditure

The municipality has spent 100% of its 2009/2010 MIG allocation. The municipality had planned to have completed all road paving projects and the Emgwenya bulk water supply by end of fourth quarter, but the delay by National Treasury to transfer the re-allocated R4.79M funds derailed those plans. Even under such challenges, the municipality has managed to achieve the benefits listed below:

Number of projects completed, beneficiaries and jobs created

Name Of The Project	Location	Budget	Milestone	Completion Date and Progress	Beneficiaries	Jobs Created
Provision of Engineering services at Emgwenya	Emgwenya	MIG = R 925, 236. 00 Own funds = R 129, 534. 08	The project is 100% complete and waiting for retention to be released during the 2010/2011 MIG financial year.	01/06/2009	108 households	25 temporal jobs
Belfast Potable Water Storage	Belfast	MIG = R 2, 695, 000. 00 Own funds = R 377, 300. 00	The project is 100% complete and waiting for retention to be released during the 2010/2011 MIG financial year.	26/06/2009	469 households	34 temporal jobs
Upgrading of West Street Sewer Pump Station	Belfast	MIG = R 1, 807, 000. 00 Own funds = R 252, 980. 00	The project is 100% complete and waiting for retention to be released during the 2010/2011 MIG financial year.	05/02/2010	3376 households	16 temporal jobs
Paving of streets in Sakhelwe	Sakhelwe	MIG = R 1, 100. 000. 00	The project is 100% complete and waiting for retention to be released during the 2011/2012 MIG financial year.	18/08/2009	800 households	12 temporal jobs
Water Supply in Rural areas phase 3	Rural areas	MIG = R 21, 561, 595. 20	The project is registered with DGTA phase 3 of the project at 100% and awaiting retention to be released during the 2010/2011 MIG financial year	27/08/2009	4 households/ hand pumps	Nil

Name Of The Project	Location	Budget	Milestone	Completion Date and Progress	Beneficiaries	Jobs Created
Engineering Services in Dullstroom/Sakhelwe phase 1	Dullstroom/ Sakhelwe	MIG = R 1, 054, 770. 08 Own funds = R 0. 00	The project is 100% complete and waiting for retention to be released during the 2011/2012 MIG financial year and payment of R43, 836. 76 to the consultant	01/06/2009	76 households	11 temporal jobs
Emgwenya Bulk water supply	Emgwenya	MIG = R 3, 410, 000. 00 Own funds = R 477, 400. 00	The project is 90% complete.	Not yet completed	Under implementation	40 temporal jobs
Paving of roads in Emgwenya Township	Emgwenya	MIG = R 945, 000. 00 Own funds = R 132, 000. 00	Registered with DCGTA. Contractor appointed. 50% completion.	Not yet completed	Under implementation	10 temporal jobs
Paving of roads at Emgwenya	Emgwenya	MIG = R 1, 000, 000. 00 Own funds = R 0. 00	The project is registered with DCGTA. The project is at tender and design stage.	Not yet completed	Under implementation	37 temporal jobs
Sakhelwe steel palisade fencing	Sakhelwe	MIG = R 1, 128, 600. 00 Own funds = R 0. 00	The project is 100% complete and waiting for retention to be released during the 2011/2012 MIG financial year.	20/04/2010	589 households	13 temporal jobs
Construction of volleyball and tennis courts in Emthonjeni township	Emthonjeni	MIG = R 407, 495. 11 Own funds = R 0. 00	The project is 100% complete and waiting for retention to be released during the 2010/2011 MIG financial	13/03/2009	931 households	Nil

PROVISION OF ENGINEERING SERVICES AT EMGWENYA

Objective

The objective of the project was to provide adequate water services to bring the level of service to the minimum acceptable RDP standard for the residents of Emgwenya.

Background

The existing water reticulation covers almost the entire townships except for some new developments which are outside the reticulated area. Most of the households have metered yard connections already installed. Metered yard connections are installed to households with no formal water connection to lessen the backlog.

BELFAST PORTABLE WATER STORAGE

Scope of works

Belfast is a formal community, and the administrative centre of Emakhazeni LM. Belfast did not have enough water storage capacity at previously. The construction of the new ground reservoir was meant to alleviate the inadequate storage capacity in Belfast. The new ground reservoir would bring the storage capacity of town to the required minimum. The scope of work was to construct a ground concrete reservoir within the vicinity of the existing underground reservoir to augment the existing facilities by approximately 2.0 mega liters.

Background

It is Emakhazeni Local Municipality's ultimate objective to give adequate water supply to its residents. To attain this objective, the need has arisen to construct an adequate water storage facility in town, in – order to bring sufficient level of services for the residents to the required level of service.

The business plan which serves as the proposal to support the ELM in achieving its goal of an effective provision of free basic water services to residents within the jurisdiction of the local municipality was formalized, submitted and approved by the Department of Water Affairs.



Completed 2 megalitre reservoir in Emakhazeni.

UPGRADING OF WEST STREET PUMP STATION

Project brief description and locality

The project comprised of the upgrading of the West Street Raw Sewerage Pump Station and rising main in Emakhazeni Local Municipality.

Main Components of the work

The project

Supply and construction of an approximately 1002m long 160mmO u PVC sewer pump line from West Street Pump Station to Du Plooy Street sewer line designated as phase 1, and the supply, construction and installation of mechanical and electrical equipment to the pump station itself, designated as phase 2, were the key indicators.

	<u>Dates</u>
Commencement date	31/05/2009
Site Handover	24/04/2009
Completion date	17/11/2009

The Works

Construction according to design of the sewer pump line, inclusive of a manhole housing an air release valve, and a connection to an existing 250mm gravity flow line.

The upgrading of the pump station, consisting of structural changes, as well as the installation of two suction pumps, together with the relevant supporting electrical equipment was key.

PAVING OF STREETS IN SAKHELWE

Scope of Works

The scope of Works is classified as rural, with several urban developments. Sakhelwe is a peri – urban settlement in Dullstroom town, which is serviced by E.L.M. Majority of the roads require upgrading to paved and accessible road.

Background

It is Emakhazeni Local Municipality's ultimate objective to provide effective service delivery, to create an effective and functional street network, and also try to create jobs in the process of construction within its area of jurisdiction. To attain this objective of providing surfaced roads, the need arose to surface 500m gravel roads in Sakhelwe Township to overcome the negative environmental impact which results in dust and noise pollution affecting the residents living in the vicinity of the road, the hazardous conditions that are currently experienced by motorists and the undue wear and tear on vehicles.



WATER SUPPLY IN RURAL AREAS PHASE 3

Introduction

In accordance with the Emakhazeni Local Municipality Water Services Development Plan investigation there is a backlog of approximately 3 726 rural households that must still be

provided with water. Currently approximately 132 boreholes are being provided at a distribution of approximately 4 household per borehole. The Local Municipality's policy is that rural areas with 5 or less households be provided with a hand pump and a storage tank (jojo of similar)

Locality

The Emakhazeni (Previously Highlands) Local Municipality (MP314) falls within the regional boundaries of the Nkangala District Municipality (DC31). The topography can best be described as rolling hills. In accordance with the borehole application priority list it is estimated that the proposed 421 boreholes must be drilled to deal with the backlog.



some of the borehole installed

ENGINEERING SERVICES IN DULLSTROOM / SAKHE LWE PHASE 1

Objective

The objective of the project was to provide water services adequate to bring the level of service to the minimum acceptable RDP standard for the residents of Sakhelwe.



the new reservoir in Emgwenya

PAVING OF ROADS IN EMGWENYA TOWNSHIP

Principle Objectives as follows:

- To explore methods of improving the current state Emgwenya road to an acceptable riding quality physically and visually.
- Determining the causes of the damages to the road surface, edges.
- Determining the capacity of the road layers (in some of the Road) to handle the design traffic loads and storm water runoff.
- To be fully acquainted with the environment in view of properly determining the remedial measures for the better exploitation and use of the road.
- Ensure all deficiencies (structural, on the pavement and various details relating to potholes be highlighted in our submission to enable us have the best required designs and efficient construction supervision).



Contractor showing the edges of the road to be paved in Emgwenya

PAVING OF ROADS IN EMGWENYA

The project entails the following:

- Construction and paving of 500m of the proposed road with 60mm concrete interlocking paving blocks.
- Appurtenant work such as accommodation of traffic, protection and/or relocation of services, road marking, and road signs etc.
- The maintenance of the works in accordance with the Contract Document.

Introduction

- Emakhazeni Local Municipality has determined the needs, and requirements for the paving of Roads at Emgwenya that fall under the Emakhazeni Local Municipality jurisdiction.

- Emakhazeni Local Municipality has then appointed Phala Consulting Engineers as the Consulting Engineers for the planning, design and preparation of tender documents and contract supervision for this project



paving of roads in Emgwenya at early stage

SAKHELWE STEEL PALISADE FENCING

Project objective and description

The main objective of this project is to fence the existing cemetery in Sakhelwe with a steel palisade fence in order to prevent stray animals from entering; unauthorized human access and vandalism of graves.

The project comprises of the following;

Installation of a 650m X 1.8meters high steel palisade perimeter fence around the existing cemetery with one pedestrian gate and one vehicle main gate.



THE FOLLOWING PROJECTS WERE FUNDED BY NKANGALA DISTRICT MUNICIPALITY DURING 2009/2010 FINANCIAL YEAR

PROJECT NAME	BUDGET	STATUS
Upgrading of the rising main in Belfast	R2 million	Complete
Construction of Bus route in Siyathuthuka	R2.3 million	Complete
Upgrading of water treatment works in Dullstroom	R2.5 million	Complete
Phasing out of sewer treatment works in Entokozweni	R5.7 million	Site handover on 25 August 2010
Replacement of sewer line to sewer treatment works in Belfast	R1.6 million	complete
Paving of Road complete with kerbs and stormwater drainage	R1.2 million	complete

SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT WATER SERVICES

SPECIAL PROJECTS INTRODUCED TO INCREASE ACCESS TO WATER SERVICES DURING 2008/2009

UPGRADING OF DULLSTROOM WATER TREATMENT PLANT

It was imperative that the water treatment plant in Dullstroom is upgraded during this financial year in order to meet SANS 241 standard. The extent of main works entailed the following;

- Improving the current water abstraction system to a variable level abstraction system.
- Repair and or replace certain pumps and motors.
- Revamp sand filter system.
- Re-Commission the chlorine dosing system
- Repairing and cleaning the existing clarifiers, dosing tanks, clear water sumps and the reservoirs.
- Revamp the whole instrumentation for the water supply system
- Electrical cabling and installation of one power feed control unit for the whole water treatment plant

MITIGATION

- Consideration is now being given to backwashing of the water when turbidity reaches 0.75 NTU. This will ensure that water leaving the plant falls within the 75% quartile of the SANS 241 requirements.
- It be noted that when the water level in the filters reaches approximately 100mm above the overflow weir then breakthrough of suspended solids through the filter media occurs. This is due to the sand media being coarser than what was originally installed and the water pressure above the media being sufficient to force the suspended solids through the media.

UPGRADING OF BELFAST/SIYATHUTHUKA RISING MAIN

Emakhazeni Local Municipality secured a budget of R2 million to supply enough water to the communities of both towns. The rising main will increase water flow per seconds in order to have the reservoirs timeously full in aftermath of breakdowns.

The Rising Main stretches from the Belfast Water Treatment Plant to the reservoirs.

WATER LINK-KRAAISPRUIT DAM TO BELFAST WATER TREATMENT PLANT PHASE 4

The Municipality owns a dam in Belfast which supplies drinking water to Siyathuthuka, Belfast and surrounding communities. This Dam does not have constantly flowing catchments, except for the stormwater channels and some wetlands that helps to keep the Dam at 60% to 90% during the rainy season.

There are times when the level of the Dam will go down to an unacceptable level in times of drought. This has prompted the Municipality to set aside a sum of R3, 2 million in consultation with the District Municipality to lay a pipeline from the Kraaispruit Dam to the Water Treatment Plant. This move will augment the storage capacity and make sure that during drought periods there is always water supply in the area.

DRILLING AND INSTALLATION OF BOREHOLES, HANDPUMPS AND OR WINDMILLS:

Through MIG funding of R3, 5 million, the Municipality was able to implement the project to address the water backlog on farms in favour of the farm community.

There were 58 boreholes drilled which process improved the lives of more than 232 people.

BOREHOLES



This is the bore hole with a broken hand pump at the farm **Schoongezigt 346 JT** and where they get water currently.



This is a borehole with a broken hand pump at **Ongezien 365 JS farm**

These are the rusted tanks which are leaking at **Hoedspruit**



This is the borehole which produces only 60 litres of water per day at **Hoedspruit farm**

ELECTRICITY

Special project introduced in the provision of electricity during 2009/2010 financial year.

Assmang Chrome, one of the social partners of the Municipality assisted with the replacement of all the streetlights in Entokozweni at a time of R1 million.

The Municipality secured a brand new cherry picker (Truck used to fix streetlights) which was valued at R680 000.00.

The Municipality has also received approval of R4 million to upgrade electricity network in Emthonjeni, Entokozweni and Emgwenya.

The Municipality continued to have the RDP houses in Siyathuthuka Ext 3 and Emthonjeni Ext.3 electrified.



Cherry picker used for streetlights

ELECTRIFICATION OF 35 HOUSES IN SIYATHUTHUKA OPPORTUNITIES

Emakhazeni Local Municipality has created good relationships with Big Business, thereby creating an environment wherein, the local mining corporation assisted with a sum of R117 000 to electrify the said houses.

The projects have also improved the lives of the families staying in Ext 3 Siyathuthuka



This is a stand with two different stand numbers and owners at Emgwenya (Boven)

CHALLENGES

Emakhazeni Local Municipality experienced cable theft around Belfast and Machadodorp, during this financial year. The Municipality lost almost R140 000 as a result of the theft.

ROADS

The Municipality has a backlog on road infrastructure, especially in Emakhazeni, Lower town, few roads in Dullstroom and Sakhelwe as well as in Emgwenya and Emthonjeni, in terms of the roads masterplan.

Due to limited budget allocation only a number of roads can be attended each financial year. In this particular financial year the following roads were attended;

- Construction of a bus route from gravel to block paving road at R2 million.
- Paving of a street complete with Kerbing and stormwater drainage system in Emthonjeni, at R1 million.
- Paving of a street complete with kerbing and stormwater drainage in Siyathuthuka at R500 000.00
- Widening of Bhekumuzi Masango drive in Emakhazeni at R4 million (project still under construction)

HOUSING

Housing delivery in the province has been faced with lot of challenges which led to some projects not completed on time and some contractors blacklisted as well as officials from the Department convicted of corruption.

That is why it is noticeable that some projects within Emakhazeni Local Municipality could also not completed on time as there is a serious challenge on time as there is a serious challenge on project monitoring and evaluation by the Department of Human Settlement.

Emakhazeni Local Municipality has got only two (2) Building Inspectors who must perform compliance and monitoring role throughout the Municipality. This illustrates the limited capacity that the Municipality also has in terms of the project management on housing infrastructure development.

The following housing delivery are currently underway at the Municipality;

- Construction of 60 houses in Sakhelwe by Big Five Construction Company.
- Construction of 200 units in Sakhelwe Ext.2
- Land has been bought by the Department of Human Settlement in Emgwenya for a future housing development
- The remaining 100 houses in Siyathuthuka were completed during August 2010.
- The housing delivery with most problems is the one in Emthonjeni Ext 3 where a total of 380 houses need to be completed, however, the scope of work for the current contractor to 125 so that all the slabs cast are fully developed into housing units



demolishing of Emgwenya hostels to pave way for family units

URBAN EFFICIENCY

Emakhazeni Local Municipality was able to purchase three portions of land for future development in line with the spatial planning.

The portions are:

- (a) Portion of the farm Wonderfontein
- (b) Portions of Geluk and Rietfontein in Entokozweni
- (c) Commonage site on the farm Mineral next to Emakhazeni

Residential	48
Residential additions	60
Commercial	2
Industrial	2
Other (school edition)	1
Farm Development	9

PROJECTS AND INITIATIVES IN THE PROVISION OF COMMUNITY SERVICES DURING THE 2009/10 FINANCIAL YEAR

ENVIRONMENTAL HEALTH SECTION (INCLUSIVE OF SOLID WASTE MANAGEMENT)

ENVIRONMENTAL AWARENESS IN EMAKHAZENI

Launch of the Environmental Management Framework – 6 August 2009

The Emakhazeni Local Municipality (ELM), with the assistance of the Mpumalanga Department of Agriculture and Land Administration (MDALA) and the National Department of Environmental Affairs and Tourism (DEAT), embarked on the compilation of an Environmental Management Framework (EMF) for the Municipality.

The ELM includes the following major centres: Dullstroom, Emakhazeni (Belfast), Entokozweni (Machadodorp) and Emgwenya (Waterval Boven).

An EMF is a decision support tool aimed at;

- Describing the environmental attributes of the study area;
- Assessing the attributes in terms of relative sensitivity to development; and
- Guiding environmental decision-making.

The EMF delineates geographic areas in terms of environmental attributes, such as water resources, cultural and heritage resources and agricultural potential; assess the current status quo against the vision or desired state for the ELM; and identify environmental control zones to guide land use planning and development in the ELM.

The Strategic Environmental Management Plan (SEMP) includes management guidelines for each environmental control zone together with an implementation plan. The EMF will, therefore, be used to proactively plan development in a sustainable manner within the Municipality and to guide decision-making by authorities on development applications, ultimately ensuring continued progress towards sustainability.

Strategic Environmental Focus (Pty) Ltd (SEF) was appointed as the independent environmental consultancy to compile the EMF for the Emakhazeni Local Municipality which was officially launched on 6 August 2009 at the Funda Community Hall in Emakhazeni.



Executive Mayor Clr. L. Mohlala addressing the audience during the EMF launch

Arbor Day Celebrations at Entokozweni

Arbor Week was celebrated by the Entokozweni Environmental Club on 8 September 2009 in Entokozweni. The Department of Economic Development, Environment and Tourism (DEDET) as well as the three local schools and Ward Councillor's participated in the tree planting events with great enthusiasm.

On the day, 5 indigenous trees were planted at each school. The schools included Dumezizweni Primary and Sikhulile Secondary Schools in Emthonjeni, as well as Machadodorp Laerskool. One tree at each school was given a name, which was the name of a child / educator in the school who was responsible for caring for the specific tree planted. The tree at Dumezizweni Primary has been named 'Surprise', while the tree at Sikhulile Secondary has affectionately been called Vuyo, and the tree at Machadodorp Laerskool's name is Mariaan, an educator. Furthermore, each of the grades at each of the schools is responsible for a tree, which they have to nurture so that future generations can enjoy its shade.



Dumizizweni Primary School



Sikhulile Secondary School

A demonstration was given at each school to the learners and educators on how to plant the trees and water them, using a method with a 2 litre plastic bottle. This method is used to save water.



Demonstration by DEDET at Machado Laerskool



Demonstration to water a tree and save water

The Department of Economic Development, Environment and Tourism (DEDET) donated approximately 5000 indigenous trees in two phases to Emakhazeni Municipality which were distributed by Community Based Educators who were trained by Food & Trees for Africa. These educators are also responsible to evaluate the tree's survival chances and maintain survival rate of the donated trees.

It is important that we all celebrate Arbor Week, as the planting of trees have a positive long term impact on the global environment.

Various Cleaning Campaigns Held Throughout Emakhazeni Local Municipality

The Emakhazeni Municipality has to undertake various cleanup campaigns on an annual basis to complement their vision of providing "A secure environment with sustainable development to promote service excellence, unity and community participation resulting in a caring society."

In view of this and to raise community awareness and participation, cleanup campaigns were arranged by the municipality together with participation of DEDET, Councillors, CDW's, community members, and in Entokozweni some school children and educators and the Entokozweni Environmental Club members.

The first cleaning campaign was held in Siyathuthuka on 1 October 2009. Although participation from community members were poor, the municipal employees, and DEDET employees cleaned the park / open spaces at the entrance of Siyathuthuka, Extension 3, and the illegal dumping sites and the bulk bins were also cleaned. DEDET distributed trees to community members.



Before cleaning.....



After cleaning



Cleaning of illegal dumping sites



Cleaning of park at entrance of Siyathuthuka



Trees distributed by DEDET



Collected litter in emptied bulk bin

The Municipality together with the Entokozweni Environmental Club arranged a cleaning campaign which was held on 30 November 2009.

The streets and sidewalks were cleaned from broken glass and other waste that was scattered in the streets. The help of Japie Trollop, a local recycler at the Machado dumping site, was also called for. Illegal dumping sites, bulk bins and the stadium grounds were also cleaned.



Municipal workers and a local recycler, cleaning the streets

An intensive cleaning campaign was held from 6-11 January 2010 in Belfast and Siyathuthuka.

Sidewalks and parks were cut and cleaned. Flowerbeds in the main roads were cleaned. All six cemeteries were cleaned. Scattered litter was picked up. The entrance to the dumping site was scraped. Illegal dumping sites were cleaned.

Contractors were hired to cut and clean the sidewalks of Extension 3, Siyathuthuka.



Road to old Belfast cemeteryBefore



Road to old Belfast cemeteryAfter

The area / park next to the public swimming pool was cleaned and the swimming pool grounds were cleaned with the help of some members of the public, the pool was emptied and the building was cleaned, toilets and windows repaired and the walls were painted.



Old Belfast Cemetery



Scattered litter along the road



Litter at the swimming pool



Cleaning of the swimming pool grounds

Employees of the Municipality from Dullstroom and Entokozweni came to assist with cutting of grass and picking up litter, which were scattered along the road to the dumping site.

On 17 March 2010 the Department of Water Affairs and the municipality arranged a cleaning campaign in Emgwenya with the main aim to clean the river banks. The area around the taxi rank and all illegal dumping sites were also cleaned.

Environmental Education and Awareness – Visit to the Cradle of Life Botanical Gardens

On 21 October 2009 some of the members of the Entokozweni Environmental Club visited the botanical gardens at the Cradle of Life in Badplaas. The visit was arranged subsequent to a visit by Assmang Chrome Management to the gardens and it was their vision that a

similar nursery project be implemented in Entokozweni. The plants will then be marketed and sold as part of a job creation project.

The delegation was highly impressed with the project and they are keen for it to be replicated in Entokozweni. Tentative sites in Entokozweni and Emthonjeni where the project can be located respectively are being investigated.



Entokozweni Environmental Club delegates visiting the Cradle of Life in Badplaas

Emakhazeni's Internal Departmental Recycling and Cultural Heritage Challenge

During the month of September 2009, the Community Services department put forward a challenge to all the municipal departments to promote environmental awareness and embrace the month of September being both Arbor and Heritage month.

The departments were tasked to be make displays out of recyclable materials and all departments took on the challenge with great enthusiasm. The day was filled with great fun and enjoyment as the employees adorned themselves in their traditional attires.



Display from Community Services



Emakhazeni employees displaying a variety of cultures

Department of Water Affairs 2009/2010 Blue Drop Assessment

The Department of Water Affairs first introduced Blue Drop Certification in September 2008. An incentive based regulation process whereby municipal water supply systems are evaluated according to stringent criteria set. Water supply systems that are doing excellent in the Drinking Water Quality Management (DWQM) are awarded with Blue Drop Status.

All Municipalities were expected to participate earnestly to the assessment process that led to the blue drop status report 2010. There was no punishment for not participating but it would be shameful for Municipalities not to participate. On the 22 January 2010, Emakhazeni Local Municipality was invited to participate in the 2010 Blue drop assessments, to which we enthusiastically attended.

Senior officials from both Technical Services and Community Services represented the municipality during the interview and assessment conducted by a panel of officials from the Department of Water Affairs in White River.

ELM was awarded fifth position in the province in terms of drinking water quality management. The Emakhazeni Local Municipality was also nominated as most improved in excellence for drinking water quality with a jump from a score of 58,5% achieved in 2009 report to 71,2% in the medium municipality category in the 2010 report.

Mpumalanga Province - Top 5 performers

Dr. J.S. Moroka Local Municipality

Steve Tshwete Local Municipality

Mbombela Local Municipality

Govan Mbheki Local Municipality

Emakhazeni Local Municipality

Status of Drinking Water Quality in Emakhazeni Local Municipality during the 2009/2010 Financial Year

Please note that the following tables have been accessed from the Department of Water Affairs web-site. www.dwaf.gov.za/bluedrop

12 month's @ **98.1%**

EMAKHAZENI LOCAL MUNICIPALITY

M Microbiological (Health)



EMAKHAZENI LOCAL MUNICIPALITY

C Chemical (Health)



EMAKHAZENI LOCAL MUNICIPALITY

P Physical, Organoleptic (Non Health)



EMAKHAZENI LOCAL MUNICIPALITY

O SANS 241 Operational Tests



CAPITAL PROJECTS OF THE ENVIRONMENTAL SECTION

PROCUREMENT OF EQUIPMENT

Delivery of three compactor trucks from the District Municipality

ELM unfortunately fell prey to the illegal public protests that erupted in October 2009. As a result of this the municipal office in Siyathuthuka was destroyed and along with the office, the library services that was housed within was also destroyed. The refuse collection vehicle also fell victim of this unforeseen incident.

Non-the-less, in order to ensure service delivery was still being rendered, the municipality embarked on hiring of equipment to assist with collection whilst awaiting delivery of the compactor refuse vehicles from the Nkangala District Municipality.

Three new Isuzu compactor vehicles were received from the district in May 2009.



Isuzu compactor trucks delivered in May 2010 by Nkangala District Municipality

Management of landfill sites

It is well known that, historically, many landfill sites in South Africa have been badly sited, designed and operated. Emakhazeni Local Municipality is no exception and has inherited 4 such landfill sites.

The Municipality has an obligation towards it's residents to ensure that they reside in a clean and healthy environment and therefore, the need for responsible waste management and environmental protection has been the main reason behind the decision to appoint service providers to assist with the management of the Emgwenya and Entokozweni landfill sites. A service provider was also appointed for the management of the Dullstroom landfill site towards the latter part of the financial year.

The immediate objective of these projects is to minimize the physical and visual impacts that these landfill sites have and to work towards the long-term objectives to manage the landfill sites according to the Minimum Requirements for Waste Disposal by Landfill.

Within the 2009/10 financial year, the municipality budgeted for service providers which were appointed for the maintenance of the Emgwenya and Entokozweni landfill sites, whilst the Emakhazeni and Dullstroom sites were maintained by the municipality. Towards the latter part of the financial year, a service provider was also appointed for the maintenance of the Dullstroom landfill site.



The Entokozweni landfill site before a contractor was appointed for the maintenance thereof



Current state of the Entokozweni landfill site appointed for the maintenance thereof



The Emgwenya landfill site before a contractor was



Current state of the Emgwenya landfill site appointed for the maintenance thereof

Pilot Project - Rehabilitation of Illegal Dumping Sites – Siyathuthuka Ext. 3

Illegal dumping areas are a major cause for concern! Not only are these areas an eyesore but it can also impact negatively on the health of the community that lives around these areas as well. Being in the twenty first century, it is very disturbing to note that illegal dumping continues to take place even though residents receive a weekly collection service.

To align with the vision of the ELM, the Municipality launched a pilot project in Siyathuthuka and acquired the services of a local SMME to assist with the maintenance of illegal dumping sites and bulk bins with the objective of permanently decreasing the number of illegal dumping sites by approximately 80 %.

Engagement with members of the public through structures is being conducted to encourage attitude change towards illegal dumping and to ensure sustainable cleanliness of the rehabilitated dumping areas.

This project proved to be a success with regards to the rehabilitation of these areas and will be rolled out to the other units in the 2010/2011 financial year.



Two of the illegal dumping sites in Siyathuthuka that has been permanently rehabilitated

SOCIAL DEVELOPMENT AND PUBLIC FACILITIES SECTION

SPORTS, ART AND CULTURE ACTIVITIES IN EMAKHAZENI 2009/2010

Youth Mayoral Cup Games

The youth mayoral cup games were held in July 2009 at Vusi Masina Stadium in Emgwenya. Three sporting codes namely; soccer, netball and volleyball with a total of approximately 200 youth participating. The purpose of the games were to encourage the spirit of self development amongst the youth.

Five Aside Soccer Tournaments

During September 2009, the municipality together with the Mpumalanga Sports Academy arranged street football which is known as five/six aside which was held at Emakhazeni Rugby field. Squads from all units including Wonderfontein were invited and approximately sixty (60) young people participated.

Coaching Clinics

The eMakhazeni Local Sports Council and the Government of Germany through the 2010 committee of the Provincial government arranged a coaching clinic for the under 19 football players on the 07 December 2009. A total of 150 players and coaches from all the units were skilled.

Art and Culture Festival

The department of Culture, Sports and Recreation (DCSR) in partnership with the Municipality organized a cultural festival on the 30 January 2010. A total of 90 individual artists and cultural dancers performed in this memorable event.



Cultural festival with DCSR

FIFA 2010 SOCCER WORLD CUP TOURNAMENT

In creating awareness of the FIFA 2010 Soccer World Cup tournament of which South Africa was the first host country in the African continent, four soccer events as listed below were initiated by the municipality;

- Ses'Fikile 2010 Are You Ready
- Mshika Tournament
- Football Friday
- Mayoral Cup Games

Local football clubs and schools were the major participants in these games which took place between the 20th of March and 10th of June 2010 with almost all spectators displaying the jersey colors of the national soccer team.

Further more local residents demonstrated their overwhelming support for this world spectacular event when they converged at the municipal Public Viewing Areas (PVA) for all Bafana Bafana matches and we wish to express our sincere thanks to Nkomati, EXXARO and Assmang chrome for their financial support towards the establishment of these PVA's.

Finally, many more thanks should go to local residents and the whole of South Africa who cherished and embraced this historic tournament thus making it a success.



Entokozweni team with Executive Mayor,
Speaker, Council Whip



Winners of Mshika and Mayoral Cup-
Emgwenya Squad

CAPITAL PROJECTS OF SOCIAL DEVELOPMENT & AMENITIES

SPORTS AND RECREATION

Access to sports and recreation has been limited by amongst other things shortage of sports facilities and undesirable condition of existing facilities.

Towards the end of 2009/10 financial year, the municipality has once again demonstrated its commitment to develop its sports and recreational infrastructure.

New facilities were put in place whilst the poor condition of existing facilities was refurbished in order to achieve the objective of promoting participation in sports and access to facilities.

Achievement of the above objective was done through implementation of the following capital projects

Siyathuthuka

Stadia

- Construction of change rooms
- Installation of new fence around soccer pitch
- Resurfacing of grand stands
- Tiling and painting of ablution facilities

Recreational Park

Installation of jungle gym equipment at Alfred Mahlangu park

Emthonjeni

Stadia

- Construction of tennis court
- Installation of fence around soccer pitch
- Planting of new grass
- Installation of jungle gym equipment

Sakhelwe

Stadia

Construction of volleyball and netball courts inside the stadium

An amount of R2, 4 million of which NDM are the funding agents has been invested towards these projects. The completion period of all projects is likely to be within the first quarter of 2010/11 financial year.



Alfred Mahlangu Park – Jungle Gym facilities



Ablution facilities at Siyathuthuka Stadium



Fencing around pitch – eMthonjeni



Construction phase of the tennis court

CEMETERIES

Poor management of livestock which is left to graze in areas which are not designated as grazing fields such as cemeteries has resulted in the damage of tombstones in most cemeteries.

To deal with this problem, the municipality has prioritized fencing of all cemeteries in its multi year budget. In giving effect to this priority the municipality contracted a private

service provider to install a 620 meter steel palisade fence around Sakhelwe cemetery at an amount of R557 403. This trend is expected to continue until all cemeteries are properly fenced off.



STANDARDISATION OF GEOGRAPHICAL FEATURES

A landmark event that affirmed and promoted the diverse culture in the municipality took place in October last year when the National Minister of Arts and Culture announced through a government gazette the changing of the following three town names

Belfast to eMakhazeni

Machadodorp to eNtokozweni

Waterval Boven to eMgwenya

These changes mark a very important transformation era not only in the municipality but for the whole of South Africa and should be embraced by everybody.

The municipality would therefore like to thank all stakeholders and communities that participated in this process by making sure that the transformation agenda of government is achieved.

ORGANIZATIONAL STRUCTURE

The Municipality consists of five departments as per the organizational structure that was approved by the Council on the 28th of October 2004. In the Strategic Planning section which was held on the 25th to 27th of February 2010 the organizational structure was reviewed and was also approved by the Council on the 31st of March 2010. The departments are structured as follows:

- Office of the Municipal Manager
- Financial Services Department
- Corporate Services Department
- Technical Services Department
- Community Services Department

OFFICE OF THE MUNICIPAL MANAGER

This office is manned by the three Deputy Managers namely, Deputy Manager: **Internal Audit**; Deputy Manager: **Information and Communication Technology**, Deputy Manager: **Local Economic Development, Integrated Development Plan and Tourism** and three Unit Managers for Entokozweni Unit , Dullstroom Unit and Emgwenya Unit.

Deputy Manager: Internal Audit is responsible for the Internal Audit of the municipality's departments, making sure that compliance is being honoured. In her performance she had popularised the Internal Audit Charter and Internal Audit Methodology. She is assisted by one Internal Auditor and one Internal Audit Intern.

Deputy Manager: ICT is ensuring that technological Intra-communication and Inter – communication of the municipality's departments are operational and the communication between Emakhazeni Local Municipality and local communities is optimally functional. He further developed Emakhazeni Local Municipality's websites in order that the Emakhazeni Local Municipality can reach the stakeholders and vice versa. He is currently working with two ICT Officers.

Deputy Manager IDP, LED & Tourism is making sure that through the LED section the communities receive projects to alleviate poverty and unemployment . Through his office the municipality got into partnership with Nkomati Mine, Exxaro NBC and Assmang Chrome to establish the following projects respectively:

- Josias Mathebula and vegetable garden in Waterval Boven
- Ekujabuleni Bakery and Mathuba farm in Emthonjeni
- Sizanani vegetable garden in Belfast
- Siyathuthuka Coal Yard project
- Phezukomkhono Brick making plant in Siyathuthuka
- Establishment of Brick making plant in Emthonjeni
- Vos Mazibuko Bakery in Emgwenya

The Deputy Manager further ensures that IDP is compiled and implemented. His office had also organised and IDP Indaba to ascertain that implementation take its fulfilled course. IDP consultation meetings were held in all the Wards between November 2009 and January 2010 .The IDP was adopted by the Council in January 2010 as a draft and was advertised for 21 days to invite the public comments .Budget consultation meetings were also conducted in all the Wards. Budget Indaba was also held on March 2010. Tourism activities in this office are conducted concurrently with the programmes of Emakhazeni Tourism.

The three Unit Managers who were appointed between January and March 2010 has brought remarkable improvements in services delivery for Entokozweni, Emgwenya and Dullstroom Units. This is perceived through the cleanliness of this units. The matters regarding personnel in these units receive a quick attention and response congruently with resources for the services delivery. Unit Managers are working with Supervisors and Foremen to achieve day to day production objectives of the employ.

FINANCIAL SERVICES DEPARTMENT

This department is manned by five Deputy Managers. Deputy Manager: **Financials** is responsible for the financial statements in order that the municipality comply with the MFMA and in order that the Department submit financials stat of the municipality to the National and Provincial Treasury.

Deputy Manager : **Supply Chain** is responsible for the processes of the supply chain management per the MFMA and per preferential procurement policies whenever there are tenders invited to perform projects in the municipality. He is assisted by one Senior Accountant and four clerks.

Deputy Manager : **Budget** is responsible to advise municipality on issues of budget and she effectively controls budget and budget assessment of the municipality. She is assisted by two Senior Accountants who deal with Bookkeeping and Budget Control respectively and one Senior Clerk for Budget Controls.

Deputy Manager : **Expenditure** is responsible for all the expenditure of the municipality and to advise on the compliance with the MFMA whenever payments are to be effected. She is assisted by one Senior Accountant Salaries and two clerks.

Deputy Manager: **Revenue and Income** is responsible for the collection of revenues for the municipality as they are one of the income sources. He is assisted by two Senior Accountants for: Rates and Valuation and Income, and six Senior Clerks in the respective Units responsible for income , one senior clerk for credit control, four credit control clerks, six cashiers and eight meter readers.

TECHNICAL SERVICES DEPARTMENT

This Department is key for the service delivery as it is on top of the list of the Key Performance Areas of the Municipality.

It is responsible for Water ; Sanitation ; Electricity ; Roads ; Housing ; Property Administration ; Building Inspections and General Public Works .

There are three Deputy Managers in this Department, namely Deputy Manager : **Urban and Rural** ; Deputy Manager : **Engineering** and Deputy Manager : **Project Management Unit** . Urban and Rural Development is being handled by the Deputy Manager mentioned , being assisted by one Building Inspector, one Assistant Building Inspector and one Builder . The Building Inspector and her assistant are doing inspections on the RDP houses while the Housing Administrator collects data on housing backlogs.

The Engineering Section which is responsible for Roads and Storm water ; Mechanical service ; Water and Sanitation and Electricity currently has got one Technician responsible for Electricity , one Senior Electrician , three Electricians and five Assistants to the Electricians .For Roads and Storm water: there are eight Supervisors , five operators , two plumbers, ten drivers and thirty labourers for respective Units of the Municipality .

For Mechanic Services : there are two Assistant Mechanics because the major mechanical services of the Municipality is carried externally and for Water and Sanitation : there are 30 labourers .

In the Project Management Unit the Deputy Manager is assisted by the Project Co-ordinator who also deals with the financials of the projects and the Data Capturer to keep project records .

COMMUNITY SERVICES DEPARTMENT

This Department seeks to address issues of safe environments for the Communities of this Municipality by conducting health check-ups through visits to clinics , businesses and schools .Among other duties is to engage disaster management as and when disasters occur within the Municipality .Social development is one of its key functions whereby the department promote sport and cultural activities , keeping libraries of the Municipality up to standard which is required by its users .Extra mile is also put when school libraries are also visited by Social Development Section .

Communities safety is a vital function of this department , Traffic Officers ensure the traffic safety and promote roadworthiness of the vehicles in our jurisdiction .

Community Services Development keep up with the demand of driving licences in our communities and further provide for vehicles testing ground .

Either surface or crown fire cannot destroy the Municipality's fields and buildings in our Municipality , this department has an effective fire controls measures .

The above responsibilities are carried by three Deputy Managers , that is :Deputy Manager : **Environmental Health** ; Deputy Manager : **Public Safety** and Deputy Manager : **Social Development and Amenities** .In order for the Deputy Manager responsible for health to efficiently carry her job descriptions , she is being assisted by one Senior Environmental

Practitioner , one Environmental Practitioner , two Supervisors , two Operators , eleven drivers and fifty refuse removal labourers for the respective Units .

Deputy Manager for public safety is assisted by one Chief Traffic Officer , one Examiner of vehicles , one Pit Assistant and ten Grade II Traffic Officers .

He is also assisted by one Chief Licencing Officer , one Examiner of licences and six Licencing Officers who also serve as Cashiers in the Community Services Department .

Deputy Manager for public safety is directly assisted by two Maintenance Labourers and one Traffic Clerk .

The third subordinate to this Deputy Manager is Chief Fire Officer who is working with three Fire and Rescue Officers and six Fire Interns .

Deputy Manager for Social Development and Amenities has the following team under his leadership :one Senior Librarian , one Senior Culture Sport and Arts Officer , five Librarians , five Drivers , eight Caretakers and twenty two Labourers .

CORPORATE SERVICES DEPARTMENT

This Department deals with the overall administration of the Municipality in terms of corporate issues .Human resource (Labour) needed to perform the daily activities of the Municipality is informed by this department as it also works hand in hand with all the Departments and the Units of the Municipality .

The human resource need to be taken care of by conforming to all the Acts that promote labour relations .Further more this department should also take care of Council businesses and to advise the Council and the Municipality about the legal matters which affects the latter.

Two Deputy Managers are making sure that responsibilities in this department are carried and objectives accomplished.

There's a Deputy Manager for **Human Resources and Logistics** who ensures the recruitment and selection is according to the needs of the Departments and the compliance of the HR policies. This exercise is finalised by the Accounting Officer who appoints on behalf of the Municipality.

The second Deputy Manager is responsible for **Legal Services and Labour Relations**. In his daily tasks he make sure that agreements made between the

Municipality and the Service providers or any stakeholders to any agreements made are put in written contracts .

The Deputy Manager HR is working with two Senior Administration Clerk , one is responsible for Administration and Logistics matters and she is assisted by five staff members who provide Secretariat Support Services to various department of the Municipality , one Administration Clerk , one Switchboard Operator and one Driver .The other is responsible for HR , she is assisted by one Personnel Clerk , eight Cleaners and one Messenger .

Deputy Manager Legal Services and Labour Relations is assisted by three Administration Clerks , they are responsible organizing Local Labour Forum meetings , establishment of Contracts and Service Level Agreements , scribe of Disciplinary Hearings , Skills Development of the Municipality , Occupational Health and Safety matters and compliance , organizing of OHS meetings .

Issues of Skills Development are carried well as there is this programme presented below for 2010/2011 trainings that will be implemented and the report of those trainings that were carried in 2009/2010.

PROGRAMMES – TRAININGS FOR MUNICIPAL EMPLOYEES IMPLEMENTED DURING THE YEAR ENDING 2009/2010

HONOURABLE COUNCILLORS

COURSE NAME OR QUALIFICATION TITILE	PROPOSED PROVIDER	TYPE OF INTERVENTION	STATUS	TOTAL NUMBER OF EMPLOYEES TRAINED	COST
Human Resource Management	UNISA	Legislators	IN PROGRESS	1	R4,400.00
Executive Leadership Municipal Development Program	University of Pretoria	Legislators	COMPLETED	2	R30 000.00 Accommodation 6,652.4
Executive Leadership Municipal Development Program	University of Pretoria	Legislators	IN PROGRESS	2	Accommodation R 6,297.6
Public Management Course	Regenesys Business School	Legislators	IN PROGRESS	1	R18,000.00Plus Accommodation 11,909.05

OFFICE OF THE HONOURABLE EXECUTIVE MAYOR, HONOURABLE SPEAKER AND MUNICIPAL MANAGER

COURSE NAME OR QUALIFICATION TITILE	PROPOSED PROVIDER	TYPE OF INTERVENTION	STATUS	TOTAL NUMBER OF EMPLOYEES TRAINED	ESTIMATED COST
Certificate in Municipal Governance	University of Johannesburg	Directors and Corporate Managers	In progress	1	Accommodation R3,432.9
Certificate in Municipal Governance	University of Johannesburg	Clerical &Administration	Completed	1`	R 13,300.00Plus Accommodation R3,308.00
Executive Leadership Municipal Development Program	University of Pretoria	Clerical Administration	In progress	1	Accommodation R3,148.8
Public Relations Course	UNISA	Clerical Administration	Completed	3	R 5,700.00
Public Administration and Managements course	UNISA	Clerical Administration	Completed	1	R 4,820.00
Certificate Programme for Municipal Development	Wits Business School	Directors and Corporate Managers	In progress	1	Accommodation R2,585.6

TECHNICAL SERVICES DEPARTMENT

COURSE NAME OR QUALIFICATION TITLE	PROPOSED PROVIDER	TYPE OF INTERVENTION	STATUS	TOTAL NUMBER OF EMPLOYEES TRAINED	COST
Certificate Programme for Municipal Development	Wits Business School	Directors and Corporate Managers	In progress	1	Accommodation R2,585.6
Construction Technology	Intec college	Professionals	In progress	1	R 12,074.00
Electrical Engineering	Colliery Training College	Labourers	Not completed	1	R5,654.40
Electrical Engineering	Intec college	Technicians & Trade workers	In progress	1	R 7,237.00
Executive Leadership Municipal Development Program	University of Pretoria	Directors and Corporate Managers	In Progress	1	Accommodation R3,148.8

CORPORATE SERVICES

COURSE NAME OR QUALIFICATION TITILE	PROPOSED PROVIDER	TYPE OF INTERVENTION	STATUS	TOTAL NUMBER OF EMPLOYEES TRAINED	COST
Occupational Health and Safety: SAMTRAC	NOSA	Clerical and Administrative workers	Completed	1	R 2,990.00Plus Accommodation R625.00
Certificate in Municipal Governance	University of Johannesburg	Clerical and Administrative workers	In progress	1	Accommodation R3,432.9

COMMUNITY SERVICES

COURSE NAME OR QUALIFICATION TITLE	PROPOSED PROVIDER	STATUS	TYPE OF INTERVENTION	STATUS	TOTAL NUMBER OF EMPLOYEES TRAINED	COST
Examiner of driving licences	Boekenhout kloof traffic college	Completed	Community & Personal Service Workers	Completed	2	R22,880.16 Plus Accommodation R30,000.00
Examiner of driving licences	Boekenhout kloof traffic college	Completed	Community & Personal Service Workers	Completed	2	Accommodation R20,000.00
Traffic Officers Course	Boekenhout kloof traffic college	Completed	Community & Personal Service Workers		3	R51,222.6
Certificate in Municipal Governance	University of Johannesburg	In progress	Community & Personal Service Workers	In progress	1	Accommodation R3,432.9
Integrated & Sustainable development skills programme	COGTA	In progress	Community & Personal Service Workers	In progress	1	Accommodation R3,021.00
eNatis	Roads & Transport	Completed	Community & Personal Service Workers	Completed	3	Accommodation R9,288.00
International Computer Driving License	Ellis Academy	In progress	Community & Personal Service Workers		2	R 12,900.00

FINANCIAL SERVICES DEPARTMENT

COURSE NAME OR QUALIFICATION TITLE	PROPOSED PROVIDER	TYPE OF INTERVENTION	STATUS	TOTAL NUMBER OF EMPLOYEES TRAINED	COST
Supply Chain Management Programme	Intec College	Clerical and Administrative workers	In progress	1	R 8,278.00
Supply Chain Management Programme	UNISA	Clerical and Administrative workers	In progress	1	R 3,480.00
Supply Chain Management Programme	Wits Business	Directors and Corporate Managers	Completed	1	R 9,600.00

PROPOSED PROGRAMMES – TRAININGS FOR MUNICIPAL EMPLOYEES DURING 2010/2011

HONOURABLE COUNCILLORS

COURSE NAME OR QUALIFICATION TITILE	PROPOSED PROVIDER	TYPE OF INTERVENTION	TOTAL NUMBER OF UNEEMPLOYED YOUTH TO BE TRAINED	TOTAL NUMBER TO BE TRAINED	ESTIMATED COST
Basic project Management & Advance	DBSA	Legislators	2	3	R20 000.00
Councillor Development Programme	DBSA	Legislators		12	R20 000.00
Executive Leadership Municipal Development Program	University of Pretoria	Legislators		3	R30 000.00

OFFICE OF THE HONOURABLE EXECUTIVE MAYOR, HONOURABLE SPEAKER AND MUNICIPAL MANAGER

COURSE NAME OR QUALIFICATION TITILE	PROPOSED PROVIDER	TYPE OF INTERVENTION	TOTAL NUMBER OF UNEmployed YOUTH TO BE TRAINED	TOTAL NUMBER TO BE TRAINED	ESTIMATED COST
Integrated Development Plan (IDP)	DBSA	Directors and Corporate Managers	1	3	R 8 000.00
Local Economic Development	DBSA	Professionals	1	3	R 8 000.00
Junior and Middle Management	SALGA	Professionals		3	R30 000.00
Internal Auditors Training	To be confirmed	Professionals		3	R30 000.00
National Certificate in Municipal Governance	University of Johannesburg	Directors and Corporate Managers	1	3	R20 000.00

TECHNICAL SERVICES DEPARTMENT

COURSE NAME OR QUALIFICATION TITILE	PROPOSED PROVIDER	TYPE OF INTERVENTION	TOTAL NUMBER OF UNEEMPLOYED YOUTH TO BE TRAINED	TOTAL NUMBER TO BE TRAINED	ESTIMATED COST
Water treatment and Waste water treatment	SALGA/DWARF	Machine operators and Drivers	4	6	R10 000.00
Electrical Training	To be confirmed	Technicians and Trade Workers		3	R30 000.00
Motor Mechanic	To be confirmed	Labourers		2	R20 000.00
Plumbing	MRTT	Labourers	1	3	R15 000.00
EPWP and Service Delivery Facilitators	SALGA	Professionals		2	R 3 842.00

COMMUNITY SERVICES

COURSE NAME OR QUALIFICATION TITILE	PROPOSED PROVIDER	TYPE OF INTERVENTION	TOTAL NUMBER OF UNEmployed YOUTH TO BE TRAINED	TOTAL NUMBER TO BE TRAINED	ESTIMATED COST
Examiner of driving licences Grade F-C	Boekenhout Kloof Traffic College	Community & Personal Service Workers		1	R12 000.00
Examiner of driving licences Grade F-L	Boekenhout Kloof Traffic College	Community & Personal Service Workers		1	R12 000.00
Examiner of Motor Vehicles	Boekenhout Kloof Traffic College	Community & Personal Service Workers		1	R12 000.00
Fire and Rescue Hazard Awareness Level 01 & 02	Impact Emergency Technologies	Community & Personal Service Workers		1	R 7 658.00
Disaster Management	SALGA	Community & Personal Service Workers		2	R10 000.00
Traffic Officers Course	Boekenhout Kloof Traffic College	Community & Personal Service Workers	3		R54 000.00
Environmental and Waste Management	To be confirmed	Community & Personal Service Workers		2	R15 000.00

CORPORATE SERVICES

COURSE NAME OR QUALIFICATION TITILE	PROPOSED PROVIDER	TYPE OF INTERVENTION	TOTAL NUMBER OF UNEmployed YOUTH TO BE TRAINED	TOTAL NUMBER TO BE TRAINED	ESTIMATED COST
Abel	To be confirmed	Labourers		30	R25 000.00
Occupational Health and Safety	NOSA	Labourers	2	8	R20 000.00
Computer Introduction and Advance Computer Skills	FET college/Ellis Academy	Clerical and Administrative workers		2	R12 000.00
Chairing internal disciplinary/appeal hearing	SALGA/Labour department	Directors and Corporate Managers		3	R 5 000.00
Certificate in Municipal Development Programme	Wits Business School	Directors and Corporate Managers		2	R20 000.00
Performance Management System	COGTA	Professionals		4	R25 000.00
Training the training Committee	LGSETA	Training skills		10	R10 000.00

FINANCIAL SERVICES DEPARTMENT

COURSE NAME OR QUALIFICATION TITILE	PROPOSED PROVIDER	TYPE OF INTERVENTION	TOTAL NUMBER OF UNEEMPLOYED YOUTH TO BE TRAINED	TOTAL NUMBER TO BE TRAINED	ESTIMATED COST
Municipal Finance Management Programme	DBSA	Professionals		3	R 8 000.00
Customer Service Excellence	DBSA	Clerical and Administrative workers	2	8	R10 000.00
GRAP System	DBSA	Clerical and Administrative workers		2	R 8 000.00
Financial Service Interns	ELM	Clerical and Administrative workers	3		

For the welfare of the employees there are the following list of pension funds in our Municipality for or employees to choose from;

- | | |
|---------------------------------------|----------------------------------|
| – MUNICIPALITY GRATUITY FUND | -No risks |
| – SALA PENSION | - No risks |
| – SAMWU NATIONAL PROVIDENT FUND | - The Fund has no Administration |
| – NATIONAL FUND FOR MUNICIPAL WORKERS | - No risks |
| – MUNICIPAL EMPLOYEES PENSION FUND | - No risks |
| – MUNICIPAL COUNCILLORS PENSION FUND | - No risks |

There are also the following Medical Aid Schemes of which employees has their own choice as well and they poise no risks.

- BONITAS
- KEY HEALTH
- SAMWUMED
- LA HEALTH (DISCOVERY)
- HOSMED

This item is prepared in terms of section 126 of the MFMA act 56 of 2003 which states:

Submission and auditing of annual financial statements

126. (1) The accounting officer of a municipality—

(a) must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing; and

(2) The accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the financial year to which those statements relate, submit the statements to—

(b) the Auditor-General, for auditing.

The Draft financial statements have already been submitted to the Joint Audit Committee and are currently in the process of review.

The financial statements are now in GRAP format and subject to audit.

The draft financial statements are hereby submitted to the Mayoral Committee for approval in order to submit the statements to the Auditor General as indicated by section 126 of the MFMA on or before the 31 August 2010.

OVERVIEW

Our financial statements for 2008/9 were awarded unqualified status as were the previous 3 years since 2005/2006. During the year 2009/10 we sustained the progress of the past years.

The year under review were a progression of the improvements of the past years achievements. We also persisted in our efforts during the year to achieve sustained prudent financial corporate governance and improving systems and internal controls to a more refined extent.

Through the approved and completely revised SDBIP governance structures had several system improvements authorised.

Our procedural and system control matters have been stabilized and this allowed us to attend to the academic and intellectual quality of our financial statements and status.

DRAFT

**AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA
LEGISLATURE AND THE COUNCIL ON THE EMAKHAZENI LOCAL MUNICIPALITY**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Emakhazeni Local Municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages xx to xx.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Emakhazeni Local Municipality as at 30 June 2010, and its financial performance and its cash flows for the year then ended, in accordance with the SA Standards of GRAP and in the manner required by the MFMA.

Additional matter

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

Unaudited supplementary schedules

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. As required by the PAA and in terms of *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*, I include below my findings on the report on predetermined objectives, compliance with the MFMA, and financial management (internal control).

Predetermined objectives

Non-compliance with regulatory and reporting requirements

Existence and functioning of a performance audit committee

10. The performance audit committee did not submit an auditor's report to the council of the municipality regarding the performance management system at least twice during the financial year.

No mid-year performance assessments

11. The accounting officer of the municipality did not by 25 January 2010 assess the performance of the municipality during the first half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan, as required by section 72 of the MFMA.

Compliance with laws and regulations

Expenditure was not paid within the parameters set by the MFMA

12. Expenditure was not paid within the required 30 days from the receipt of an invoice, as required in terms of section 65(2)(e) of the MFMA.

INTERNAL CONTROL

13. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the MFMA, but not for the purpose of expressing an opinion on the effectiveness of internal control.

14. The matters reported below are limited to the significant deficiencies regarding the findings on the report on predetermined objectives and compliance with laws and regulations.

Leadership

Oversight responsibility

15. The accounting officer did not exercise oversight responsibility over reporting, compliance with laws and regulations, and internal control.

Auditor-General

Nelspruit

30 November 2010



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence.

Emakhazeni Local Municipality
Annual Financial Statements for
the year ended 30 June 2010

Mayoral committee

Executive Mayor

Councillors

Ms L Mohlala (Chairperson Finance Portfolio - Ward 1))
Mr AM Mbethe (Chairperson Technical Services - Ward 7)
Ms C Motau (Chairperson Corporate Services - Ward 3)
Mr XS Ngwenya (Speaker - Ward 6)
Mr LS Meyer (Member - Ward 1)
Mr FG Sibanyoni (Member - Ward 1)
Ms AA Botha (Member - Ward 7)
Ms NA Mashele (Member - Ward 5)
Mr JM Mabila (Member - Ward 2)
Ms ES Radebe (Member - Ward 3)
Ms TI Soko (Member - Ward 4)
Mr MU Hadebe (Member - Ward 4)
Mr TE Mahlangu (Member - Ward 6)

Grading of local authority

Emakhazeni is a Grade Two Local Authority

Acting Chief Finance Officer (CFO)

Mr G Groenewald

Accounting Officer

Mr ON Nkosi

Registered office

Emakhazeni Local Municipality
Tel: (013) 253 1121
Fax: (013) 253 1889/2440

Business address

25 Scheepers Street
Belfast
1100

Postal address

P O Box 17
Belfast
1100

Auditors

The office of the Auditor-General: Nelspruit

Bankers

First National Bank
Branch Code: 270351
Account Number: 62028195510

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Abbreviations	
COID Compensation for Occupational Injuries and Diseases	
CRR Capital Replacement Reserve	
DBSA Development Bank of South Africa	
SA GAAP South African Statements of Generally Accepted Accounting Practice GRAP Generally	
Recognised Accounting Practice GAMAP Generally Accepted Municipal Accounting Practice	
HDF Housing Development Fund IAS International Accounting Standards IMFO Institute of	
Municipal Finance Officers IPSAS International Public Sector Accounting Standards MIG	
Municipal Infrastructure Grant (Previously CMIP) MEC Member of the Executive Council MFMA	
Municipal Finance Management Act	

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Chief Financial Officer's Report

The Chief Financial Officer submits his report for the year ended 30 June 2010.

BACKGROUND

This item is prepared in terms of section 126 of the MFMA act 56 of 2003 which states:

Submission and auditing of annual financial statements
126. (1) The accounting officer of a municipality—

- (a) must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing; and
(b) the Auditor-General, for auditing.

The Draft financial statements have already been submitted to the Joint Audit Committee and are currently in the process of review.

The financial statements are now in GRAP format and subject to audit.

The financial statements are hereby submitted to the Mayoral Committee for approval in order to submit the statements to the Auditor General as indicated by section 126 of the MFMA on or before the 31 August 2010.

OVERVIEW:

Our financial statements for 2008/9 were awarded unqualified status as were the previous 3 years since 2005/2006. During the year 2009/10 we sustained the progress of the past years.

The year under review were a progression of the improvements of the past years achievements. We also persisted in our efforts during the year to achieve sustained prudent financial corporate governance and improving systems and internal controls to a more refined extent.

Through the approved and completely revised SDBIP governance structures had several system improvements authorised.

Our procedural and system control matters have been stabilized and this allowed us to attend to the academic and intellectual quality of our financial statements and status.

SPECIAL PROJECTS

We have not waived from our previous procedures and projects, but have indeed solidly established the following projects and expanded on them. The projects are:

Project Name: Software systems Update and commissioning Project description: We have installed the Case Ware software program which will enable us from September 2010 to produce financial statements immediately upon request. The system is now finally tested during the compilation of the 2009/2010 financial statement and proves to be efficient, time saving and adequate. Status: Current and ongoing.

Project Name: Cash flow Project description: Yearly cash flow projection as well as quarterly, monthly, ad-hoc and daily were done and various issues of importance at the time of occurrence during 2009/2010 were effectively addressed at the time of occurrence of cash flow restrictions. Status: Current and ongoing.

Project Name: Revenue enhancement Project description:

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Chief Financial Officer's Report

This process is an ongoing process and the scope of the project has now been expanded to include various other methods of improving revenue raising capacity of the Municipality. Status: Current and ongoing.

Project Name: Ukhuba Phambili Project description: This process was deployed in the 4 months prior to the compilation of the financial statements and has proven once again to be a realistic procedure and management task master. Status: Current and ongoing.

Project Name: Quarterly section 71 reports Project description: The reports have been compiled and completed up to date. Status: Current and ongoing.

Project Name: Compilation of financial statements Project description: Completed in time and conversion to Grap completed and is now subject to audit. Status: Current and ongoing.

Project Name: Grap 17 Project description: The project is now completed as per directive 4 of the ASB. We have however progressed further than required and the process is ongoing. We are awaiting the final procurement process for Grap 17 assistance from NDM in order to take the process further. Status: Current and ongoing.

FINANCIAL STATEMENTS

The financial statements for the financial year 2009/2010 are attached hereto.

This is the first year of the conversion from IMFO standards to GRAP standards and therefore the following are now presented.

- The Statement of Financial Position 30 June 2010.
- The Statement of Financial Performance for the year ended 30 June 2010.
- The Statement of Changes in Net Assets for the year ended 30 June 2010.
- The Cash flow statement for the year ended 30 June 2010.
- The accounting policies used with the preparation of the 2009/10 Financial Statements.
- The Notes to the financial statements for 2009/2010

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

AUDITOR GENERAL'S REPORT

The financial statements are submitted on 31 August 2010. In this regard it warrants mentioning that an interim audit were conducted during April 2010 to July 2010 on our request and consent of the Auditor General and due to Project Ukhuba Phambili various audit matters regarding the financials were cleared out even before official submission to the Auditor General.

We express our appreciation to the Auditor General and his staff for the inter actions that occurred and sharing of information. In our opinion an inter-departmental relationship exists that is exemplary and conducive to minimum operational disruptions of the financial department.

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Chief Financial Officer's Report

The co-operative process was also demonstrated by the valuable exchange of information and AG requirements in respect of the GRAP conversion prior to the major audit.

OTHER MATTER CLARIFYING THE FINANCIAL STATEMENTS

It is perhaps prudent this year to indicate matters of operational importance in order to support the interpretation of the Financial Statements and thus portray a far clearer picture of the challenges facing our local Municipality.

We are indeed not unique and alone in facing these challenges but our persistent financial viability is secured by our constant management of prudent financial systems.

CASH FLOW OF THE MUNICIPALITY.

The cash flow of the municipality is under continuous pressure and only by persistent management thereof we are achieving

- The monthly spending commitments incurred by the municipality.
- The utilization of the revenue at the disposal of the municipality.
- And the minimization of risk and debt servicing costs.

From 1 July 2009 to June 2010 a deliberate attempt were done in order to catch up with the payment of creditors. We do succeed in the process.

The reasons for our cash flow restrictions are many of different varieties. However the main reason for the shortfall is a horizontal fiscal gap created where the municipality does not have the necessary revenue powers to meet the expenditure obligations placed on the municipality by the various acts and legal requirements.

A classic example is the requirement to comply with GRAP, as we now indeed attempt to do, and in specific enormous hidden costs incurred especially with compliance with GRAP 17. The spin off benefits are indeed appreciated and recognized by the municipality but we have to fund this from own revenue. This horizontal fiscal gap is not addressed by the Local Government Equitable Share (LES) formula as correctly indicated by the FFC Technical Report for the division of revenue 2011/2012 (Chapter 5).

We are now engaging with the FFC in a joint effort in order to do a thorough cost analysis of our service, administration and other expenditure responsibilities not addressed by the LES. This costing will give National Treasury an indication a basis to evaluate the funding pressures faced by our municipality and inform funding instruments such as the LES and other grant mechanisms. (As recommended by the FFC Technical Report for the division of revenue 2011/2012 Chapter 5. P 189)

It should also be mentioned that a post year event was the repayment of the Poltimore Loan amounting to a total cost of R1 941 659.51 repaid from existing cashflow which further placed a burden on cash reserves, however we are now satisfied that the scheduling of creditors is on time and within reasonable payment timing.

CORRECTIVE ACTIONS TAKEN IN RESPONSE TO ISSUES RAISED BY THE AUDITOR GENERAL ON THE 2008/9 FINANCIAL STATEMENTS.

All the matters and the findings during the interim audit have indeed been finalized and at the conclusion of the final audit this paragraph will be updated

CORRECTIVE ACTIONS TAKEN IN RESPONSE TO ISSUES RAISED BY THE JOINT AUDIT COMMITTEE.

The major issues discussed by the Audit Committee were in relation to the submission of financial statements prior to submission to the Auditor General. As mentioned in the previous Annual Report we have now indeed commissioned the CASEWARE software. This software speeded up the process of compiling our financial statements. The draft financial statements were submitted to the Joint Audit Committee on 24 August 2010 for review.

The annual financial statements set out on pages 3 to 29, which have been prepared on the going concern basis, were approved by the municipality's council on 30 August 2010 and were signed on its behalf by:

Mr ON Nkosi
Municipal Manager

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
Assets			
Current Assets Inventories Sundry Debtors Other receivables			
Consumer debtors Cash and cash equivalents		697,177	225,449
		241,288	182,788
		11,232,473	9,596,341
		61,127,107	50,242,66
	30.20 31.20 33.20		
	31.20 32.20	6 7 8 9	
		232,906	2 221,762
		73,530,951	60,469,00
			2
Non-Current Assets Investment property Property, plant and equipment Intangible assets			
			1
			18,460,23
			2
		1 22,106,830	
	21.20 20.20 23.22	3 4 5	
		1,156,132	1,080,178
		23,262,963	19,540,41
			1
Total Assets		96,793,914	80,009,41
			3
Liabilities			
Current Liabilities Finance lease obligation Trade and other payables from exchange transactions VAT payable Consumer deposits Unspent conditional grants and receipts Provisions Other liabilities Other net liabilities Bank overdraft			
		902,704	847,194
		10,137,926	4,897,876
		5,265,919	4,463,871
		1,307,188	1,143,635
		14,918,936	1,644,818
		1,835,633	2,086,978
	25.29 51.20 51.20	10 14 15	
	51.20 43.20 52.20	16 11 12	
	43.27 43.29 32.20	9	
		115,169	115,169
		177,367	391,517
		11,564,562	8,966,161
		46,225,404	24,557,21
			9
Non-Current Liabilities Finance lease obligation Loans			
		1,073,873	2,032,260
	25.29 43.28	10 13	
		1,936,990	1,735,351
		3,010,863	3,767,611
Total Liabilities		49,236,267	28,324,83
			0
Net Assets		47,557,647	51,684,58
			3
Net Assets Accumulated surplus	40.24	47,557,647	51,684,58
			3

Statement of Financial Performance

Figures in Rand Note(s) 2010 2009

Revenue

Property rates		11,428,180	9,261,991
Service charges			
Rental of facilities and equipment			
Income from agency services	18	40,607,282	32,316,975
Fines Licences and permits		619,502	577,773
Government grants & subsidies		1,743,597	1,495,175
Administration and management fees received		3,579,196	7,812,378
Commissions received		12,314	13,272
Other income	19	30,031,153	22,088,672
Interest received - investment		78,685	71,687
		4,034	2,697
		633,305	1,907,476
Total Revenue		88,869,841	75,744,148

Expenditure

Personnel Remuneration of councillors	22	(33,743,091)	(28,954,986)
Administration		(3,451,995)	(3,087,944)
Depreciation and amortisation		(68,377)	(203,722)
Finance costs		(2,141,288)	(1,745,440)
Debt impairment		(532,672)	(509,252)
Repairs and maintenance	24	(4,215,221)	(6,253,003)
Bulk purchases		(4,228,090)	(17,975,141)
Contracted services	23	(12,667,180)	(33,733)
General Expenses	26	(7,365)	(28,049,807)
Gain or loss on disposal of assets and liabilities	21	(27,325,017)	(565,000)
Total Expenditure		(92,814,107)	(82,944,217)
Deficit for the year		(3,944,266)	(7,200,069)

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Statement of Changes in Net Assets

Appropriation Figures in Rand	Account	Total net assets
Opening balance as previously reported	17,181,483	17,181,483
Adjustments		
Movement	15,832,963	15,832,963
Change in accounting policy	28,727,678	28,727,678
Prior year adjustments	(2,857,472)	(2,857,472)
Balance at 01 July 2008 as restated	58,884,652	58,884,652
Changes in net assets		
Surplus/(Deficit) for the year	(7,200,069)	(7,200,069)
Total changes	(7,200,069)	(7,200,069)
Opening balance as previously reported	52,420,079	52,420,079
Adjustments		
Movements	(770,368)	(770,368)
Prior year adjustments	(147,798)	(147,798)
Balance at 01 July 2009 as restated	51,501,913	51,501,913
Changes in net assets		
Surplus/(Deficit) for the year	(3,944,266)	(3,944,266)
Total changes	(3,944,266)	(3,944,266)
Balance at 30 June 2010	47,557,647	47,557,647

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Cash flow statement

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Receipts		88,737,248	75,548,096
Total Revenue		132,593	196,052
Interest income		(13,480,399)	(4,703,380)
Working capital changes		2,706,288	15,027,591
Adjustments		78,095,730	86,068,359
			(82,434,965)
		(92,281,435)	(509,252)
		(532,672)	6,950,885
Payments		19,479,766	(15,594,412)
Total Expenditure		(998,987)	
Finance costs			(91,587,744)
Working capital changes		(74,333,328)	4)
Adjustments		3,762,402	(5,519,385)
Net cash flows from operating activities	27		
Cash flows from investing activities			
Purchase of property, plant and equipment	4 4 5	(342,878)	(1,780,434)
Disposal of property, plant and equipment		616,500	-(168,310)
Purchase of other intangible assets		(243,009)	-
Work in progress		(5,894,478)	(1,948,744)
property, plant & equipment		(5,863,865)	
Net cash flows from investing activities			
Cash flows from financing activities			
Movement in loans		201,639	1,735,351 -
Movement in net other liability		215,444	(294,896)
Finance lease payments		(902,877)	1,440,455
Net cash flows from financing activities		(485,794)	
Net increase/(decrease) in cash and cash equivalents		(2,587,257)	(6,027,674)
Cash and cash equivalents at the beginning of the year		(8,744,399)	(2,716,726)
Cash and cash equivalents at the end of the year	9	(11,331,656)	(8,744,400)

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

The Standards comprise of the following:

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 4 The Effects of Changes in Foreign Exchange Rates

GRAP 5 Borrowing Cost

GRAP 6 Consolidated Financial Statements and Accounting for Controlled Entities

GRAP 7 Accounting for Investments in Associates

GRAP 8 Financial Reporting of Interests in Joint Ventures

GRAP 9 Revenue

GRAP 10 Financial Reporting of Interests in Joint Ventures

GRAP 11 Construction Contracts

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events after the Reporting Date

GRAP 16 Investment Property

GRAP 17 Property, Plant and Equipment

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 100 Non-current Assets held for Sale and Discontinued Operations

GRAP 101 Agriculture

GRAP 102 Intangible Assets

GRAP 4, 6, 7, 10, 11, 101 are not applicable on Emakhazeni Local Municipality.

Transitional Provisions in respect of GRAP 12, 13, 16, 17, 19 and 102 have been used in the compilation of Financial Statements as prescribed by Directive 4.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

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

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

Asset Management Policy Annual
Financial Statement Policy

1.1 Offsetting

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

1.2 Presentation of currency

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 Going concern assumption

These annual financial statements have been prepared on the going concern basis.

1.4 Comparative information

Change in accounting policy:

The adoption of GRAP Standards, it will be considered to be a change in accounting estimate and therefore all the comparative information will be restated as retrospective changes will be done. Change in accounting estimate: All changes in accounting estimates will be prospectively changed and therefore no restatement of comparative

information will be required Errors: All errors that are material will be corrected retrospectively and therefore all the comparative information will be restated,

while non material errors will be corrected prospectively and the comparative information is therefore not restated.

1.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in the Statement of Financial Performance.

1.6 Provisions and contingencies

Provisions are recognised when the municipality has a present obligation as a result of a past event;

- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

1.7 Retirement Benefits

Pension Funds

The municipality contributes towards retirement benefits of its employees and councilors to the undermentioned pension funds:

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.7 Retirement Benefits (continued)

- Municipal Councilors Pension Fund
- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund

Defined contribution plans

The funding of defined contribution plans is charged to the statement of financial performance in the same period as the related service is provided.

Post employment medical care benefits

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period.

Post employment medical care benefits are accounted for in accordance with the exemptions in terms of Gazette 30013 of 29 June 2007.

1.8 Investment property

Investment property shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for Statement of Financial Position.

Investment property shall be measured initially at cost and where investment property is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition to be determined by the Chief Financial Officer.

Investment property shall comprise land or buildings (or parts of buildings) or both held by the municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment property shall be recorded in the asset register in the same manner as other assets, but a separate section of the asset register shall be maintained.

Investment property shall be depreciated according to their annual depreciation rates based on the estimated useful life of the asset.

The estimated useful life of Investment Property is:

Buildings: 30 Years

Land: Not depreciated as it is regarded as having an infinite life

1.9 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits will flow to the municipality or the potential service delivery associated with the asset will occur and
- the cost of the asset can be measured reliably.

Property, plant and equipment is initially measured at cost and should the cost not be available then it will be measured at fair value.

The cost of an item of property, plant and equipment comprise:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, such as the costs of site preparation, initial delivery costs, handling costs, installation costs, and professional fees such as architects and engineers fees.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the

Where an asset is donated to the municipality, or an asset is acquired by means of an exchange of assets between the

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.9 Property, plant and equipment (continued) municipality and one or more other parties, the asset concerned shall be recorded in the asset register at its fair value, as determined by the Chief Financial Officer. The asset's fair value shall either be its market price or the amount the asset can be sold for in an arms length transaction between two knowledgeable willing parties.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over the assigned useful lives.

The useful lives of items of property, plant and equipment have been assessed as follows:

Assets	Useful lives (Years)
Land	Land is not depreciated as it is regarded as having an infinite life.
Buildings	30
Infrastructure Assets	<ul style="list-style-type: none">Roads, Pavements, Bridges & Storm Water 10 - 50Electricity Meters 10 - 20Electricity Reticulation 10 - 30Street Lighting 20 - 25Sewerage Reticulation & Purification 15 - 20Water Reservoirs & Reticulation 15 - 50Water Purification 15 - 50Water Meters 5 - 15Refuse sites/Dumping Sites 30Street, names and signs 5Parks and Grounds 10 - 30
Community Assets	

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.9 Property, plant and equipment (continued)

- Sport Fields 25 - 30
- Community centers and public entertainment buildings 25 - 30
- ⑩ Libraries 25 - 30
- ⑩ Hostels 25 - 30
- ⑩ Fire stations 25 - 30
- ⑩ Driver and vehicle testing centers 25 - 30
- ⑩ Taxi ranks 10 - 15
- ⑩ Cemeteries 25 - 30

Other Assets

- ⑩ Domestic and hostel furniture 2 - 15
- ⑩ Plant and Equipment 2 - 15
- ⑩ Specialized Vehicles 5 - 10

The municipality maintains and acquires assets to provide a social service to the community with no intention of disposing the assets for any economic gain and thus no residual values are determined.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

When Property, Plant and equipment is disposed of then the book values of the assets are written off and the difference between the net book value of assets and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

1.10 Heritage assets

In terms of this policy heritage assets are defined as any asset with a clearly definable intrinsic and remarkable heritage significance acknowledged by the South African Resources Agency in accordance with the National Heritage Resource Act, 1999 (Act No. 25 of 1999) or any other asset that has a cultural, environmental or historical significance. Examples are works of art, historical buildings, statues, conservation areas and nature reserves.

If the cost of the heritage asset is going to be recognized, the municipality shall apply GRAP 17. However, if a heritage asset is recognized in the asset register and its estimated useful life is indefinite, it must be reviewed for impairment on an annual basis..

Where an asset is donated to the municipality, or an asset is acquired by means of an exchange of assets between the municipality and one or more other parties, the asset concerned shall be recorded in the asset register at its fair value, as determined by the Chief Financial Officer.

Heritage assets are also not normally depreciated. The reason is that these assets have cultural significance and as such are likely to be preserved for the benefit of future generations. It should therefore be impossible to determine their useful lives.

1.11 Intangible assets

An intangible asset is defined as an identifiable non-monetary asset without physical substance. This asset can be held for any purpose, but must be controlled by the municipality and expected to provide future economic benefit to the municipality or to be used for service delivery.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, but are tested for impairment annually and impaired if necessary.

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.11 Intangible assets (continued)

Intangible assets are amortised on a straight line basis over its anticipated useful life.

The useful lives are as follow: Intangible assets 2 - 10

1.12 Impairment of assets

Impairment of assets is to be done in accordance with IAS 36 Impairment of Assets. It will be the responsibility of the Corporate Administration Business Unit: Asset Management Division to; at each reporting date consider whether there is an indication of a possibility of impairment for any asset.

If there is an indication that an asset is impaired the Corporate Administration Unit will be responsible to instruct the Department using the asset to perform an impairment test that will have to be reported to the Corporate Administration Business Unit: Asset Management Division for review.

If the Corporate Administration Business Unit: Asset Management Division is satisfied with the calculation, the Unit will refer the possible impairment to the Chief Financial Officer for approval.

1.13 Joint ventures

Emakhazeni and TMT (Traffic Management Technologies) has a Jointly controlled operations.

1.14 Financial instruments Classification Financial instruments include cash and bank balance, investments, trade receivables and borrowings. Financial instruments are accounted for in accordance with the exemptions in terms of Gazette 30013 of 29 June 2007.

Debtors

Debtors are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

Creditors

Creditors is stated at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks with original maturities of three months or less, and bank overdrafts.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdraft and borrowings

Bank overdrafts are recorded based on the facility utilized. Finance charges on bank overdraft are expensed as incurred.

Investment

Investments are held-to-maturity dates which are all short term investments.

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.15 Leases

Leases are classified as finance lease where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease are those leases that do not fall with in the scope of the above definition. Operating leases rentals are expensed as they become due.

Finance leases - lessee

The lease payments are apportioned between the finance charges and reduction of the outstanding liability. The finance charges are allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Finance lease payments are recognised according to the signed contract.

Operating leases - lessor

Revenue for leases is disclosed under revenue in statement of financial performance.

Operating lease payments are recognised as an expense according to the signed contract.

Operating leases - lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives from the lessor) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. Operating lease payments are recognised as an expense according to the signed contract.

1.16 Inventories

Inventories are assets in the form of:

- materials or supplies to be consumed in the production process
- materials or supplies to be consumed or distributed in the rendering of services
- material or supplies held for sale or distribution in the ordinary course of operations, or.

Cost is determined by the weighted-average method and comprises all costs of purchases, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at the lower of cost and current replacement cost. Current replacement cost represents the cost the municipality would incur to acquire the asset on the reporting date.

When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognized as an expense on the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when goods are distributed or related service is rendered.

The amount of any write-down of inventories and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in replacement value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

1.17 Revenue

1.18 Revenue from exchange transactions

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

Rendering of services

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.18 Revenue from exchange transactions (continued)

Service charges relating to electricity and water are based on consumption. Meter readings are made on a monthly basis and is recognized as revenue when the billing is done the subsequent monthly levy run and if there are any variances, it is then corrected by doing an adjustment to the affected account the month after it occurred.

Service charges relating to refuse removal are recognized on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per residential or business. Revenue from the sale of electricity pre-paid meter cards is recognized as electricity is consumed.

Revenue from the sale of goods is recognized when the risks and rewards of ownership are passed to the purchaser.

Revenue arising from the application of the approved tariff of charges is recognized when the relevant service is rendered by applying the relevant approved tariff.

Income from agency services is recognized on a monthly basis once the income collected on behalf of the principal has been quantified. Revenue from the sale of erven is recognized when all conditions associated with the deed of sale have been met.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:
• It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and

• The amount of the revenue can be measured reliably. Interest is recognised, in surplus or deficit, using the effective interest rate method. Royalties are recognised as they are earned in accordance with the substance of the relevant agreements. Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has

been established. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.19 Revenue from non-exchange transactions

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

Rates, including collection charges and penalties interest

Assessment rates income is recognized once a rates account has been issued to ratepayers. Collection charges are recognized when such amounts are legally enforceable. Assessment rates are levied on the land value of properties.

Fines

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Government grants

Government grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Government grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognized as revenue when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, if the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

Other grants and donations

Other grants and donations shall be recognized as revenue when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment when received.

Revenue from public contributions is recognized when all conditions have been met or where the contribution to property, plant and equipment is recognized when such items of property, plant and equipment received.

1.20 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Officer Bearers Act (Act No. 20 of 1998) or in contravention of the supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Fruitless and wasteful expenditure

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

1.23 Value added tax

The municipality accounts for Value added tax on the cash basis.

1.24 Taxation

The Emakhazeni Municipality are exempted from tax in terms of Section 10(1)cB(i)(ff) of the Income Tax Act.

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand 2010

2009

2. Changes in accounting policy

In 2009 the annual financial statements were compiled in accordance with the IMFO standards, but the annual financial statements for 2010 have been prepared in accordance with the Standards of Generally Recognised Accounting Practice. The 2009 annual financial statements were retrospectively adjusted to be consistent with the current year's standard. Therefore there was a change in accounting policy with the adoption of the Standards of Generally Recognised Accounting practice in the 2009/2010 financial year of Emakhazeni Local Municipality.

The Standards of Generally Recognised Accounting Practice is adopted with the Transitional Provision as set out in Directive 4.

Statement of financial position

Accumulated Surplus/Deficit -28,727,678

3. Investment property

	2010		2009	
	Cost / depreciation	Accumulated Carrying value Valuation	Cost / depreciation	Accumulated Carrying value Valuation
Investment property 1 -1 1				

Reconciliation of investment property - 2010

	Opening balance	Total
Investment property 1		

Reconciliation of investment property - 2009

	Opening balance	Total
Investment property 1		

4. Property, plant and equipment

	2010		2009	
	Cost / depreciation	Accumulated Carrying value Valuation	Cost / depreciation	Accumulated Carrying value Valuation
Land 1 -11 -1 Buildings 1 -11 -1 Infrastructure 10 -10 10 -10 Community 9 -99 -9 MIG Work in progress 5,894,478 - 5,894,478 --Heritage 1 -11 -1 Other property, plant and 20,069,457 (3,857,127) 16,212,330 20,411,605 (1,951,395) 18,460,210 equipment				

Total 25,963,957 (3,857,127) 22,106,830 20,411,627 (1,951,395) 18,460,232

Reconciliation of property, plant and equipment - 2010

Opening movements	Additions	Disposals	Other	Depreciation	Total balance changes,
Land 1-----1	Buildings 1 -----1				

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand 2010

2009

4. Property, plant and equipment (continued) Infrastructure 10 ----10 Community 9 ----9 MIG Work in progress ---5,894,478 - 5,894,478 Heritage 1----1 Other property, plant and 18,460,210 342,878 (616,500) (26) (1,974,232) 16,212,330 equipment

18,460,232 342,878 (616,500) 5,894,452 (1,974,232) 22,106,830

Reconciliation of property, plant and equipment - 2009

Opening Additions Depreciation Total balance

Land 1--1 Buildings 1 --1 Infrastructure 10 --10 Community 9 --9 Heritage 1 --1 Other property, plant and equipment
18,631,171 1,780,434 (1,951,395) 18,460,210

18,631,193 1,780,434 (1,951,395) 18,460,232

Pledged as security

The transitional provision were used with regard to the following assets: Land, Buildings, Infrastructure, Community, Investment property, Heritage and some other assets (Plant & Equipment, Photocopy Machines and Specialized Vehicles)

Doornhoek 344 portion 58 (470 hectares) and Grootswieterboschkop 124 portion 36 (35 hectares) which are situated at Elandskrans holiday resort and the caravan park in Dullstroom respectively was provided as security when obtaining a loan from Poltimore Trading with a council resolution.

5. Intangible assets

2010 2009

Cost / Accumulated Carrying value Cost / Accumulated Carrying value Valuation amortisation Valuation amortisation

Intangible assets 1,686,202 (530,070) 1,156,132 1,451,646 (371,468) 1,080,178

Reconciliation of intangible assets - 2010

Opening Additions Other Amortisation Total balance changes, movements

Intangible assets 1,080,178 234,556 8,454 (167,056) 1,156,132

Reconciliation of intangible assets - 2009

Opening Additions Amortisation Total balance

Intangible assets 1,283,336 168,310 (371,468) 1,080,178

6. Inventories

Inventory 697,177 225,449

7. Sundry Debtors

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand		2010	2009
7	Sundry Debtors (continued)		
.	Sundry Debtors	241,288	182,788
8	Consumer debtors		
.			
Gross balances			
Consumer Debtors		61,127,107	50,242,662
Net balance			
Consumer Debtors		61,127,107	50,242,662
Other (specify)			
	Current (0 -30 days)	3,202,783	2,871,932
	31 - 60 days	2,048,510	1,515,359
	61 - 90 days	1,657,880	933,763
	91 - 120 days	1,432,022	934,268
	121 - 365 days	1,400,184	1,169,385
	> 365 days	51,385,728	42,817,955
		61,127,107	50,242,662
9	Cash and cash equivalents		
.			
	Cash and cash equivalents consist of:		
	Cash on hand	13,976	8,011
	Short-term deposits	165,062	159,883
	Other cash and cash equivalents	53,868	53,868
	Bank overdraft	(11,564,562)	(8,966,161)
		(11,331,656)	(8,744,399)
	The municipality has the following bank accounts		
	Current assets	232,906	221,762
	Current liabilities	(11,564,562)	(8,966,161)
		(11,331,656)	(8,744,399)
Account number / description	Bank statement balances	Cash book balances	
	30 June 2010	30 June 2009	30 June 2008
FIRST NATIONAL BANK	693,671	1,360,608	262,576
CHEQUE ACC			(11,564,562)
			(8,966,161)
			(3,610,906)

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

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10. Finance lease obligation

Summary of Finance Leases

Opening balance 2,879,451 3,174,350 Adjustments (902,876) (294,899) Short term portion (902,701) (847,191)

1,073,874 2,032,260

Non-current liabilities 1,073,873 2,032,260 Current liabilities 902,704 847,194

1,976,577 2,879,454

The transitional provision were used with regard to the Current Liabilities for the lease agreement of Photocopy Machines

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

DME -58,133 DBSA 176 548,593 Housing Project 1,733,380 91,692 MIG 13,112,659 950,000 FMG 64,848 MSIG 7,873 (3,600)

14,918,936 1,644,818

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

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12. Provisions

Reconciliation of provisions - 2010

	Opening	Additions	Utilised	Reduction	Total	Balance during the year
Leave Pay	2,086,978	-(340,196)	(153,471)	1,593,311	Thlou Ya Thamane -242,320	--242,320
Landfill Site Rehabilitation	--2					
	2,086,978	242,322	(340,196)	(153,471)	1,835,633	

Reconciliation of provisions - 2009

	Opening	Additions	Utilised	Reversed	Total	Balance during the year
Provision Leave	1,815,109	358,266	(86,397)	-2,086,978	Other provisions	15,866,279 --(15,866,279)
	17,681,388	358,266	(86,397)	(15,866,279)	2,086,978	

The provision for leave pay ensure that a provision is made for employees when their leave should be paid to them when they resign, retrenchment or when the leave cycle ends. There is uncertainty toward the outflow of this provision as the timing is uncertain. The outflow will happen as and when it is needed.

A provision for Thlou Ya Thamane was made because the owner of Thlou Ya Thamane died during the year. The provision amount is for an invoice still to be paid to Thlou Ya Thamane for retention on a project. The expected time of the payment of this provision is the financial year 2010/2011 with a little amount of uncertainty due to the fact that the estate is in progress for approximately a year already.

The provision for the rehabilitation of the Landfill sites are done to ensure that when the Landfill sites need to be rehabilitated a provision is made within that regard. There is a small uncertainty towards the time frame of the rehabilitation but not too big as the rehabilitations are expected in the near future.

The transitional provision set out in directive 4 were used with regard to the Rehabilitation of Landfill sites.

13. Loans

A loan to the amount of R1 700 000 was taken out on 23 April 2009 from Poltimore Trading with an 11% interest rate and is repayable on 1 July 2010.

Opening balance at beginning of the year R1 735 351

Interest capitalized R 201 639

Closing balance at end of the year R1 936 990

14. Trade and other payables from exchange transactions

Trade payables 1,751,202 1,523,993 Unallocated receipts 8,268,420 2,926,249 Other (444,967) 195,691 Other creditors 30,256 53,451 Deferred Income 533,015 198,492

10,137,926 4,897,876

15. VAT payable

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand	2010	2009
15. VAT payable (continued)		
Net VAT Payable	5,265,919	4,463,871
VAT is payable on the cash basis.		
16. Consumer deposits		
Total deposits	1,307,188	1,143,635
17. Revenue		
Property rates	11,428,180	9,261,991
Service charges	40,607,282	32,316,975
Rental of facilities & equipment	619,502	577,773
Income from agency services	1,743,597	1,495,175
Fines	3,579,196	7,812,378
Licences and permits	12,314	13,272
Government grants & subsidies	30,031,153	22,088,672
	88,021,224	73,566,236
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	40,607,282	32,316,975
Rental of facilities & equipment	619,502	577,773
Income from agency services	1,743,597	1,495,175
Licences and permits	12,314	13,272
	42,982,695	34,403,195
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	11,428,180	9,261,991
Fines	3,579,196	7,812,378
Government grants & subsidies	30,031,153	22,088,672
	45,038,529	39,163,041
18. Service charges		
Sale of electricity	24,770,240	15,795,948
Sale of water	6,752,346	7,169,234
Sewerage and sanitation charges	4,827,977	4,705,239
Refuse removal	4,256,719	4,646,554
	40,607,282	32,316,975

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

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19. Government grants and subsidies

Equitable share	21,461,210	16,784,325
Equitable share (Councillors)	763,186	699,347
Financial Management	935,152	
Grant Municipal Systems Improvement	1,500,000	727,127
Grant MIG Conditional Portion DCSR	5,894,478	1,670,000
Libraries Grant	250,000	-700,000
DBSA Grant		
	30,031,153	22,088,672

Notes to Government grants

The Division of Revenue Act states the grants to be received as: Equitable Share R22 224 396 MSIG R 735 000

The income received was R735 000, as a conditional grant the income was stated at the stage of expenditure. The

expenditure was R727 127.42 and the roll over of R7 872.58 was allocated to Unspent Grants. FMG R 1 000 000 The income received was R1 000 000, as a conditional grant the income was stated at the stage of expenditure. The

expenditure was R935 152.48 and the roll over of R64 847.52 was allocated to Unspent Grants. MIG R14 286 000

(Amended DORA) The income received was R14 286 000, as a conditional grant the income was stated at the stage of expenditure. The expenditure was R5 894 448 and the roll over of R8 391 522 was allocate to Unspent Grants.

20. Other revenue

Administration and management fees received - third party 78,685 71,687 Commissions received 4,034 2,697 Other income 1 633,305 1,907,476

716,024 1,981,860

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

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21. General expenses

Advertising Auditors remuneration Bank charges Cleaning Consulting and professional fees Donations Entertainment Insurance Community development and training Conferences and seminars IT expenses Indigent Fund Rental expenses Committee expenses Levies Medical expenses Tollgate Fuel and oil Postage and courier Printing and stationery Protective clothing Project costs Royalties and license fees Security (Guarding of municipal property) Subscriptions and membership fees Telephone and fax Training Refuse Books & Ordinance Rental Expenditure Valuations Municipal Bylaws Material and Stock TMT Project expenditure Chemicals Other expenses	120,754 104,856 1,274,596 549,874 372,777 325,092 78,327 68,455 2,786,061 3,194,299 174,493 111,082 431,560 137,426 1,649,043 1,236,225 514,288 252,428 141,563 83,668 89,866 68,296 1,515,190 687,149 367,789 11,154 2,500 47,985 25,052 293,305 247,082 63,823 45,053 2,338,286 2,274,124 92,892 157,181 839,350 870,131 299,490 270,673 924,798 1,262,458 283,068 229,009 2,080,981 2,068,648 467,578 208,730 1,046,495 1,046,583 350,683 386,431 21,503 17,576 55,181 22,799 567,294 399,321 25,291 29,660 -355 82,349 34,874 1,710,823 4,037,803 1,418,220 1,097,795 5,512,951 5,772,329
	28,049,807 27,325,017

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

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2009

22. Employee related costs

Basic Bonus Medical aid - company contributions UIF Skills	20,422,451	18,176,159
Development Levy SALGBC Group & Provident Fund Post-	1,659,055	1,412,265
employment benefits - Pension - Defined contribution plan Travel,	1,303,600	945,527
motor car, accommodation, subsistence and other allowances	205,807	233,877
Overtime payments Acting allowances Car allowance Housing	14,129	12,008
benefits and allowances	19,301	4,193,021
	3,561,220	360,030
	2,817,782	1,936,777
	130,508	69,717
	2,065,773	68,360
	71,223	
	33,743,091	28,954,986

Remuneration of Municipal Manager

Annual Remuneration	285,434	273,626
Car Allowance	177,948	170,629
Performance Bonuses	-	52,034
Contributions to UIF, Medical and Pension Funds	87,697	83,694
SALGBC & Skills	45	1,268
Leave paid	26,171	-
Back Pay	-	17,411
	-	-

Remuneration of Chief Finance Officer

Annual Remuneration	-	231,999
Allowances Car & Medical	-	175,148
Contributions to UIF and Pension Funds	-	52,537
SALGBC & Skills	-	1,183
Back Pay	-	15,163
	-	-

Remuneration of Executive Mayor

Annual Remuneration	284,458	262,383
Allowances Car, Telephone & Housing	174,817	161,932
Contributions Medical and Pension Funds	60,214	56,637
Back pay	17,433	24,857
Skills	-	776
	-	-

Remuneration of Other Councillors

Annual Remuneration	1,582,112	1,464,393
Allowances Car, Telephone & Housing	819,754	759,357
Contributions Medical and Pension Funds	260,929	244,695
Back Pay	90,044	127,130
Skills	-	5,040

Remuneration of Other Sec 57 Managers

- -

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand 2010

2009

22. Employee related costs (continued)

Annual Remuneration 465,279 420,520 Car Allowance 255,617 189,671 Contributions to UIF, Medical and Pension Funds 127,224 101,528 Leave Pay/(Unpaid Leave) 27,207 (3,900) SALGBC & Skills 86 1,604 Back Pay -27,858

23. Debt impairment

Debt impairment -4,215,221

24. Finance costs

Other interest paid 532,672 509,252

25. Auditors' remuneration

Fees 1,274,596 549,874

26. Bulk purchases

Electricity 17,975,141 12,667,180

27. Cash generated from (used in) operations

Deficit	(3,944,266)	(7,200,069)
Adjustments for:		
Depreciation and amortisation Loss	2,141,288	1,745,440
on sale of assets and liabilities Debt	565,000	-4,215,221
impairment Movements in	(251,345)	(15,594,410)
provisions Movement Appropriation	(747,642)	9,066,930
Account		
Changes in working capital:		
Inventories Sundry Debtors Other receivables from	(471,728)	259,864 (58,500)
non-exchange transactions Consumer debtors Trade	(141,385)	(1,636,132)
and other payables from exchange transactions VAT	(6,247,143)	(10,884,445)
Unspent conditional grants and receipts Consumer	1,425,282	5,240,047
deposits Other net liabilities	2,967,794	802,048
	2,422,916	13,274,118
	1,451,763	163,553 108,412
	(429,594)	
	3,762,402	(5,519,385)

Emakhazeni Local Municipality

Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

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28. Commitments Commitments in respect of capital

expenditure Approved and contracted for

•	Property, plant and equipment	2,047,745	
•	Other	384,505	
			2,432,250

This expenditure will be financed from:

1.) Government Grants	R	870 517
2.) Own Resources	R 1 561 733	

2
9 Prior period errors

• In 2009 the Amotization on Intangibles were incorrectly stated as R20 305 instead of R161 695.

The expenditure for 2009 were understated with the amount of R6 407.55

The correction of the error(s) results in adjustments as follows:

Statement of financial position Accumualted Surplus or Deficit	(147,798)	(2,857,471)
Statement of financial performance Amortation expense		-(462,274)
Expenses Income Bad Debts		477,693
		(2,872,890)
	(141,390)	(6,408) --

3
0 Fruitless and wasteful expenditure

• The fruitless and wasteful expenditure for 2008/2009 were approved on 31 May 2010 by a council resolution.
Court orders - 226,749

APPENDIX A

Loan Number	Redeemable	Balance at 30 June 2009 Rand	Received/ Capitalized during year Rand	Redeemed written off during the period Rand	Balance at 30 June 2010 Rand
OTHER LOANS					
	1 July 2010	1,735,351	201,639	201,639	1,936,990
Poltimore Trading LEASE LIABILITY		1,735,351		--	1,936,990
	FI85084602193	10 June 2012			
	FI85084602179	10 June 2012			
Wesbank Leases Wesbank	FI85099440273	10 May 2012 3			303,156
Leases Wesbank Leases	FI85099440261	May 2012 3			303,672
Wesbank Leases Wesbank	FI85099440259	May 2012 3			320,975
Leases Wesbank Leases	FI85099440247	May 2012 2	433,522 434,259	(130,366) (130,587)	48,291 48,291
Wesbank Leases Wesbank	FI85099440235	May 2012 10	465,685 70,115	(144,710) (21,824)	80,081 80,054
Leases Wesbank Leases	FI85099439840	April 2012 10	70,115 116,204	(21,824) (36,123)	226,051
Wesbank Leases Wesbank	FI85099439838	April 2012 10	116,189 333,070	(36,135) (107,019)	226,051
Leases Wesbank Leases	FI85099439826	April 2012 10	333,070 250,462	(107,019) (80,486)	169,976
Wesbank Leases Wesbank	FI85099439472	April 2012	250,462	(80,486)	169,976
Leases		2,873,153	(896,579)	-----	1,976,574
				-	
TOTAL EXTERNAL LOANS					
OTHER LOANS LEASE LIABILITY		1,735,351			1,936,990
		2,873,153 -	201,639 (896,579) -	---	1,976,574 -
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		4,608,504	(694,940)	-	3,913,564

Emakhazeni Local Municipality APPENDIX B for the period ended 30 June 2010

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010 Cost/Revaluation Accumulated depreciation

Opening Balance Rand		Additions Rand	Disposals Rand	Other changes, movements Closing Balance Rand	Other changes, movements Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Other changes, movements Closing Balance Rand	Other changes, movements Closing Balance Rand	Carrying value Rand
Land and buildings											
Land (Separate for AFS purposes)	1 1	--	--	--	1 1	--	--	--	--	-	1 1
Buildings (Separate for AFS purposes)										-	
	2	-	-	-	2	-	-	-	-	-	2
Infrastructure											
Roads, Pavements, Bridges and Storm	1 1 1 1 1 1	-----	-----	-----	1 1 1 1 1 1 1 1 1 1	-----	-----	-----	-----	-	1 1 1 1 1 1 1 1
Water Electricity	1 1 1 1 -	--	----	5,894,478	5,894,478					-	1 1 5,894,478
Meters Street lighting										-	
Water Reservoirs & Reticulation										-	
Water purification										-	
Water Meter Electricity										-	
Reticulation										-	
Sewerage purification & Reticulation										-	
Landfill/Dumping Sites										-	
Street, names and signs										-	
Work in progress										-	
	10	-	-	5,894,478	5,894,488	122	-	-	-	-	5,894,488

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010
Cost/Revaluation Accumulated depreciation

Opening Balance Additions Disposals Other changes, Closing Balance Opening Balance Additions Disposals Other changes, Closing Carrying value movements
movements Balance Rand Rand Rand Rand Rand Rand Rand Rand Rand Rand Rand

Community Assets

Parks & grounds 1 ---1 ----1 Sportsfields 1 ---1 ----1 Community 1 ---1 ----1 centers Libraries 1 ---1 ----1 Hostels 1 ---1 ----1 Cemeteries 1 ---1 ----1 Fire sations 1 ---1 ----1
Driver and 1 ---1 ----1 vehicle Testing Taxi ranks 1 ---1 ----1

Motor vehicles 5,485,378 -(75,000) -5,410,378 (550,926) (541,039) 7,500 -(1,084,465) 4,325,913 Plant & 1---1 ----1 equipment IT Equipment 919,650 83,696 --1,003,346
(92,893) (94,669) --(187,562) 815,784 Cellphones 37 29 -(26) 40 ----40 Photocop 3 ---3 ----3 machines Office Furniture 2,994,662 199,522 --3,194,184 (301,471) (311,323) --
(612,794) 2,581,390 and Equipment Specialized 1 ---1 ----1 Vehicles Heavy Duty 10,063,702 -(610,000) -9,453,702 (927,366) (945,370) 61,000 -(1,811,736) 7,641,966 Vehicles

Emakhazeni Local Municipality

APPENDIX B for the period ended 30 June 2010

9---9 ----9

1---1 ----1

Other assets

War Cemeteries 1 ---1 ----1

Heritage assets

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

Cost/Revaluation

Accumulated depreciation

Opening Balance Rand	Additions Rand	Disposals Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Other changes, movements Rand	Closing Balance Rand	Carrying value Rand
Radio Equipment Trailers and Accessories Domestic and Hostel Furniture Other	4,500 280,000 478,071 185,600 20,411,605	--3,037 56,594	----	4,500 280,000 481,108 242,194 20,069,457	(643) (28,000) (31,535) (18,560) (1,951,394)	(643) (28,000) (31,986) (21,203) (1,974,233)	----	----	(1,286) (56,000) (63,521) (39,763) (3,857,127)	3,214 224,000 417,587 202,431 16,212,330
Total property plant and equipment		(685,000)	(26)				68,500	-		
Land and buildings Infrastructure Community Assets Heritage assets Other assets	2,109,912 20,411,605	-----342,878 (685,000)	-5,894,478 --(26)	2 5,894,488 891 20,069,457	---- (1,951,394)	---- (1,974,233)	----	----	----(3,857,127)	2 5,894,488 91 16,212,330
Intangible assets	20,411,627	342,878 (685,000)	5,894,452	25,963,957	(1,951,394)	(1,974,233)	68,500	-	(3,857,127)	22,106,830
Computers - software	1,451,646	234,556	----	1,686,202	(371,468)	(167,056)	-	8,454	(530,070)	1,156,132
Investment properties	1,451,646	234,556	-	1,686,202	(371,468)	(167,056)	-	8,454	(530,070)	1,156,132
Investment property Total	11	--	--	11	--	--	--	--	--	11
Land and buildings	2	-	-	2	-	-	-	-	-	2

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010
Cost/Revaluation Accumulated depreciation

Opening Balance Additions Disposals Other changes, Closing Balance Opening Balance Additions Disposals Other changes, Closing Carrying value movements
movements Balance Rand Rand Rand Rand Rand Rand Rand Rand Rand

Infrastructure 10 --5,894,478 5,894,488 -----5,894,488 Community 9 ---9 -----9 Assets Heritage assets 1 ---1 -----1 Other assets 20,411,605 342,878 (685,000) (26) 20,069,457
(1,951,394) (1,974,233) 68,500 -(3,857,127) 16,212,330 Intangible assets 1,451,646 234,556 --1,686,202 (371,468) (167,056) -8,454 (530,070) 1,156,132 Investment 1 ---1 -----1
properties

21,863,274 577,434 (685,000) 5,894,452 27,650,160 (2,322,862) (2,141,289) 68,500 8,454 (4,387,197) 23,262,963

Emakhazeni Local Municipality

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

Cost/Revaluation

Opening Balance		Additions	Disposals	Other changes, movements	Depreciatio n/ Amotization	Closing Balance	Opening Balance	Additions	Disposals	Other changes,	Depreciation/ Amotization	Closing Balance	Carrying value
											movements		
Rand		Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Municipality													
Council and General	159,555	-	-	5,894,478	-	6,054,033	(17,011)	-	-	-	(15,657)	(32,668)	6,021,365
Municipal Manager	187,670	33,658	-	-	-	221,328	(18,698)	-	-	-	(19,670)	(38,368)	182,960
Administration	446,501	89,062	-	(26)	-	535,537	(42,782)	-	-	-	(48,935)	(91,717)	443,820
Municipal Buildings	79,890	-	-	-	-	79,890	(7,898)	-	-	-	(7,898)	(15,796)	64,094
Treasurer Finance	2,531,900	398,121	-	-	-	2,930,021	(479,501)	-	-	8,454	(282,633)	(753,680)	2,176,341
Stores	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Works	4	-	-	-	-	4	-	-	-	-	-	-	4
Urban and Rural	79,650	-	-	-	-	79,650	(7,940)	-	-	-	(7,940)	(15,880)	63,770
Development													
Health General	49,820	56,594	-	-	-	106,414	(4,982)	-	-	-	(7,625)	(12,607)	93,807
Clinics	275,300	-	-	-	-	275,300	(26,675)	-	-	-	(26,675)	(53,350)	221,950
Cemetery	1	-	-	-	-	1	-	-	-	-	-	-	1
Library	209,751	-	-	-	-	209,751	(20,958)	-	-	-	(20,958)	(41,916)	167,835
Community Services	339,668	-	-	-	-	339,668	(32,155)	-	-	-	(31,575)	(63,730)	275,938
Fire Brigade	446,901	-	-	-	-	446,901	(44,690)	-	-	-	(44,690)	(89,380)	357,521
Parks & Grounds	2	-	-	-	-	2	-	-	-	-	-	-	2
Parks & Chalets	306,161	-	-	-	-	306,161	(20,411)	-	-	-	(20,411)	(40,822)	265,339
Swimming Pool	1,500	-	-	-	-	1,500	(100)	-	-	-	(100)	(200)	1,300
Cleansing	1	-	-	-	-	1	-	-	-	-	-	-	1
Sewerage Services	1	-	-	-	-	1	-	-	-	-	-	-	1
Sewerage Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic	893,022	-	-	-	-	893,022	(89,296)	-	-	-	(89,296)	(178,592)	714,430
Water	3	-	-	-	-	3	-	-	-	-	-	-	3
Electricity	2	-	-	-	-	2	-	-	-	-	-	-	2
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-
Workshop	15,855,971	-(685,000)	-	-	-	15,170,971	(1,509,765)	68,500	-	-	(1,517,227)	(2,958,492)	12,212,47

Emakhazeni Local Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year			Current Year		
Actual Income Rand	Actual Expenditur e Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditur e Rand	Surplus /(Deficit) Rand
Municipality					
31,585,332	16,736,201	14,849,131 Executive & Council (14,634,853)	41,379,365	13,292,645	28,086,72
1,446,946	16,081,799	Finance & Admin (4,348,402) Planning and	200,613 161,306	17,155,036	0
635,793 -	4,984,195	Development (1,472,234) Health (3,085,886)	-317,303 -78,640	7,248,585	(16,954,4
68,344 -	1,472,234	Community Services (343,790) Public Safety	4,257,044	1,198,454	23)
85,945	3,154,230	(2,449,924) Sport and Recreation 184,591	4,840,719	4,164,940	(7,087,27
4,646,847	343,790	Waste Management 1,316,433 Waste Water	5,321,666	894,719	9)
4,733,534	2,535,869	Management 1,860,026 Road Transport	6,761,709	2,761,092	(1,198,45
9,306,806	4,462,256	2,628,385 Water (1,489,306) Electricity	24,986,477 -	5,528,042	4)
7,241,874	3,417,101	(214,241) Other		4,398,826	(3,847,63
15,992,728 -	7,446,780			5,241,690	7)
	4,613,489			3,787,492	(894,719)
	17,482,034			26,146,150	(2,682,45
	214,241			431,434	2)
					(1,270,99
					8)
					441,893
					79,976
					2,974,217
					(1,159,67
					3)
					(431,434)
75,744,149	82,944,219	(7,200,070)	88,304,842	92,249,105	(3,944,26
					3)

Emakhazeni Local Municipality

Appendix E(1)

Annual Financial Statements for the year ended 30 June 2010

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

Current year 2009		Current year 2009		Variance		Explanation of Significant Variances greater than 10% versus Budget
Act. Bal.		Adjusted budget		Rand	Var	
Rand		Rand				
Property rates	11,428,180	13,774,424	(2,346,244)	(17.0)		Payment did not incur as projected
Service charges	40,607,283	46,767,771	(6,160,488)	(13.2)		Payment did not incur as projected
Rental of facilities and equipment	619,502	557,436	62,066		11.1	
Income from agency services	1,743,597	1,403,560	340,037		24.2	
Fines	3,579,196	336,500	3,242,696	963.7		
Licences and permits	12,314	13,696	(1,382)	(10.1)		Was budget for total income on licenses, according to GRAP only nett income to be allocated.
Government grants & subsidies	30,031,154	39,283,756	(9,252,602)	(23.6)		The difference is allocated to Rollover of MIG
Administration and management fees received	78,685	103,600	(24,915)	(24.0)		
Commissions received	4,034	3,000	1,034		34.5	
Other income 1	633,304	12,945,424	(12,312,120)	(95.1)		The income did not relise as projected as for example the sale of property etc
Interest received investment	132,593	180,200	(47,607)	(26.4)		Cashflow restrains led to use investments and therefore did not earn as mush interest
	88,869,842	115,369,367			(26,499,525)	(23.0)
Expenses						
Personnel Remuneration of councillors	(33,743,092) (3,451,995)	(38,166,213) (3,457,140)	5,145	4,423,121	(11.6)	Did not appoint all budgeted positions (0.1)
Administration	(68,377)	(100,000)	31,623		(31.6)	Cashflow restrains due to all income thatdid not relised
Depreciation	(1,974,232)	-	(1,974,232)		-	-Adopting GRAP, did not budget perviously
Amortisation	(167,056)	-	(167,056)		-	-Adopting GRAP, did not budget perviously
Finance costs	(532,672)	(532,871)	199		-	
Debt impairment	-	(2,992,618)	2,992,618	(100.0)		Did not write off any debtors this year
Repairs and maintenance - General	(6,253,002)	(8,310,831)	2,057,829		(24.8)	Cashflow restrains due to all income thatdid not realised
Bulk purchases	(17,975,141)	(18,274,888)		299,747	(1.6)	
Contracted Services	(33,733)	(87,354)	53,621		(61.4)	Appointment were made with regard to Fire Department were there was aways contractor used and therefore due to appointments no contractors were used that much
Grants and subsidies expenditure	-	(11,837,000)	11,837,000	(100.0)		The expenditure is budget as per grant received and some of the grant is conditional, therefore there is a difference. The MIG is also toward assets not expenditure, but is budgeted as expenditure.
General Expenses	(28,049,805)	(31,610,452)		3,560,647	(11.3)	Cashflow restrains due to all income that did not relised
Losses and other costs	(92,249,105)	(115,369,367)		23,120,262	(20.0)	

BUDGET ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

Appendix F: Disclosure of grants and subsidies in terms of the Municipal Finance Management Act
Additions Original Revised Variance Variance Explanation of significant variances from budget Budget Budget Rand Rand
Rand Rand %

Other assets

IT Equipment 83,696 --(83,696) -Only have total capital budget of R1,220,707. No exceed of budget, variance due to Cashflow restrains

Office Equipment 199,522 --(199,522) -Only have total capital budget of R1,220,707. No exceed of budget, variance due to Cashflow restrains

Domestic and Hostel Furniture 3,037 --(3,037) -Only have total capital budget of R1,220,707. No exceed of budget, variance due to Cashflow restrains

Cellphones 29 --(29) -Only have total capital budget of R1,220,707. No exceed of budget, variance due to Cashflow restrains

Other 56,594 --(56,594) -Only have total capital budget of R1,220,707. No exceed of budget, variance due to Cashflow restrains

342,878 --(342,878)

Intangible assets

Computers - software 234,556 ----Only have total capital budget of R1,220,707. No exceed of budget, variance due to Cashflow restrains

234,556---

Total

Other assets 342,878 --(342,878) -

Intangible assets 234,556-- -

577,434 --(342,878)

Emakhazeni Local Municipality Appendix F Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Quarterly Receipts				Quarterly Expenditure				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	
Equitable Share	9,260,165	7,408,132	5,556,099	-	9,260,165	7,408,132	5,556,099	-	Yes
Municipal Systems Improvement	735,000	-	-	-	40,464	509,795	10,353	166,516	Yes
Financial Management	1,000,000	-	-	-	156,062	-	154,392	624,699	Yes
Municipal Infrastructure	9,497,000	-	4,789,000	-	979,411	2,463,516	569,892	1,881,659	Yes
	-	-	-	-	-	-	-	-	
	20,492,165	7,408,132	10,345,099	-	10,436,102	10,381,443	6,290,736	2,672,874	

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

SPECIAL PROJECTS

We have not waived from our previous procedures and projects, but have indeed solidly established the following projects and expanded on them.

The projects are:

Project Name	Project description	Status
Software systems Update and commissioning.	We have installed the Case Ware software program which will enable us from September 2010 to produce financial statements immediately upon request. The system is now finally tested during the compilation of the 2009/2010 financial statement and proves to be efficient, time saving and adequate.	Current and ongoing.
Cash flow.	Yearly cash flow projection as well as quarterly, monthly, ad-hoc and daily were done and various issues of importance at the time of occurrence during 2009/2010 were effectively addressed at the time of occurrence of cash flow restrictions.	Current and ongoing.
Revenue enhancement	This process is an ongoing process and the scope of the project has now been expanded to include various other methods of improving revenue raising capacity of the Municipality.	Current and ongoing.
Ukhuba Phambili.	This process was deployed in the 4 months prior to the compilation of the financial statements and has proven once again to be a realistic procedure and management task master.	Current and ongoing.
Quarterly section 71 reports	The reports have been compiled and completed up to date.	Current and ongoing.
Compilation of financial statements.	Completed in time and conversion to Grap completed and is now subject to audit.	Current and ongoing.
Grap 17	The project is now completed as per directive 4 of the ASB. We have however progressed further than required and the process is ongoing. We are awaiting the final procurement process for Grap 17 assistance from NDM in order to take the process further.	Current and ongoing.

FINANCIAL STATEMENTS

The financial statements for the financial year 2009/2010 are attached hereto.

This is the first year of the conversion from IMFO standards to GRAP standards and therefore the following are now presented.

- The Statement of Financial Position 30 June 2010.
- The Statement of Financial Performance for the year ended 30 June 2010.
- The Statement of Changes in Net Assets for the year ended 30 June 2010.
- The Cash flow statement for the year ended 30 June 2010.
- The accounting policies used with the preparation of the 2009/10 Financial Statements.
- The Notes to the financial statements for 2009/2010

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The Standards comprise of the following:

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 5 Borrowing Cost
- GRAP 8 Financial Reporting of Interests in Joint Ventures
- GRAP 9 Revenue
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 14 Events after the Reporting Date
- GRAP 16 Investment Property
- GRAP 17 Property, Plant and Equipment
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- GRAP 100 Non- current Assets held for Sale and Discontinued Operations
- GRAP 102 Intangible Assets

Transitional Provisions in respect of GRAP 12, 13, 16, 17, 19 and 102 have been used in the compilation of Financial Statements as prescribed by Directive 4.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

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

AUDITOR GENERALS REPORT

The financial statements were submitted on 31 August 2010. In this regard it warrants mentioning that an interim audit were conducted during April 2010 to July 2010 on our request and consent of the Auditor General and due to Project Ukhuba Phambili various audit matters regarding the financials were cleared out even before official submission to the Auditor General.

We express our appreciation to the Auditor General and his staff for the inter actions that occurred and sharing of information. In our opinion an inter-departmental relationship exists that is exemplary and conducive to minimum operational disruptions of the financial department.

The cooperative process was also demonstrated by the valuable exchange of information and AG requirements in respect of the GRAP conversion prior to the major audit.

OTHER MATTER CLARIFYING THE FINANCIAL STATEMENTS.

It is perhaps prudent this year to indicate matters of operational importance in order to support the interpretation of the Financial Statements and thus portray a far clearer picture of the challenges facing our local Municipality.

We are indeed not unique and alone in facing these challenges but our persistent financial viability is secured by our constant management of prudent financial systems.

CASH FLOW OF THE MUNICIPALITY

The cash flow of the municipality is under continuous pressure and only by persistent management thereof we are achieving;

- The monthly spending commitments incurred by the municipality.
- The utilization of the revenue at the disposal of the municipality.
- And the minimization of risk and debt servicing costs.

From 1 July 2009 to June 2010 a deliberate attempt were done in order to catch up with the payment of creditors. We do succeed in the process.

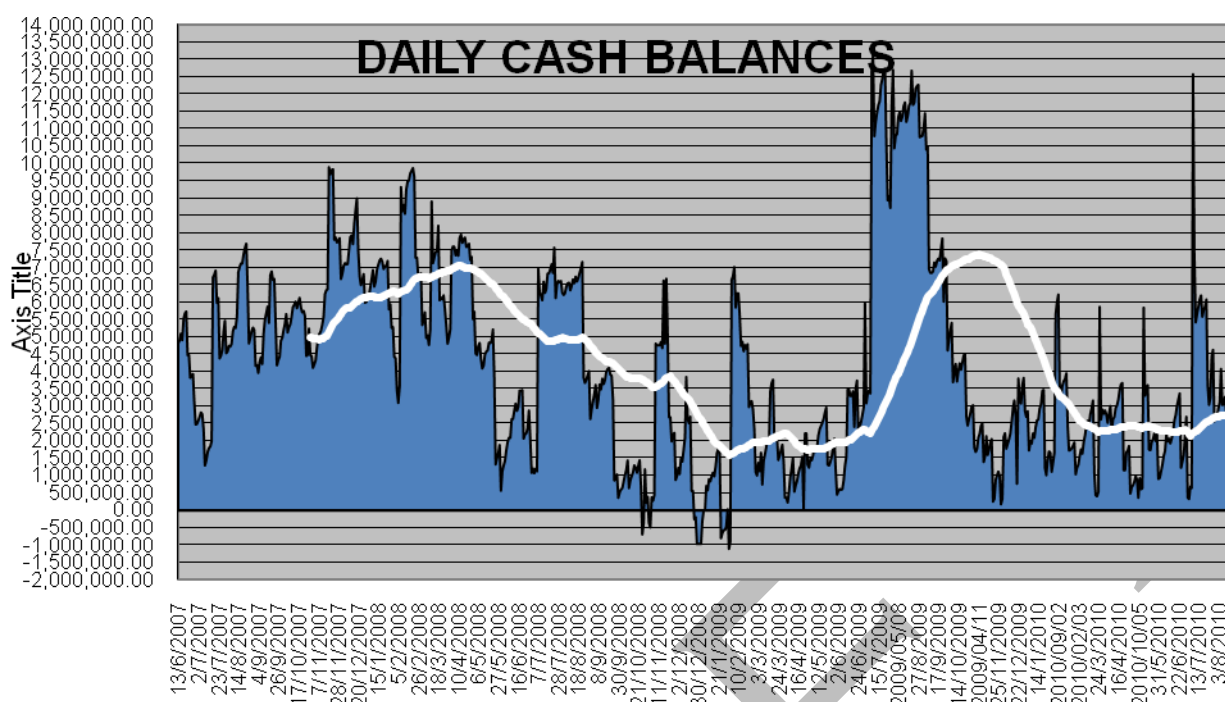
The reasons for our cash flow restrictions are many of different varieties. However the main reason for the shortfall is a horizontal fiscal gap created where the municipality does not have the necessary revenue powers to meet the expenditure obligations placed on the municipality by the various acts and legal requirements.

A classic example is the requirement to comply with GRAP, as we now indeed attempt to do, and in specific enormous hidden costs incurred especially with compliance with GRAP 17. The spin off benefits are indeed appreciated and recognized by the municipality but we have to fund this from own revenue. This horizontal fiscal gap is not addressed by the Local Government Equitable Share (LES) formula as correctly indicated by the FFC Technical Report for the division of revenue 2011/2012 (Chapter 5).

We are now engaging with the FFC in a joint effort in order to do a thorough cost analysis of our service, administration and other expenditure responsibilities not addressed by the LES. This costing will give National Treasury an indication a basis to evaluate the funding pressures faced by our municipality and inform funding instruments such as the LES and other grant mechanisms. (As recommended by the FFC Technical Report for the division of revenue 2011/2012 Chapter 5. P 189)

It should also be mentioned that a post year event was the repayment of the Poltimore Loan amounting to a total cost of R1 941 659.51 repaid from existing cashflow which further placed a burden on cash reserves, however we are now satisfied that the scheduling of creditors is on time and within reasonable payment timing.

The following graph is a clear indication of the trend of our cash flow since 2007.



Our 32 days moving average cash on hand were stabilised during the book year as indicated by the solid white line in the latter part of the graph. The high spikes are equitable share and other grants received. It is also clear that the 32 days current cash is slowly increasing in the latter part of the year and this is the result of the efforts to retain and build cash reserves as well as adherence to expenditure benchmarks.

The erratic behaviour prior to 2009 were simply due to expenditure of own internal funds on MIG projects which were once off corrected by the R 4.7 million received in arrears on 5 February 2010 which were then immediately deployed in payments to creditors. The details of this was reported last year.

ASSESSMENT ON THE ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES

In as far as the Corporate Governance a combined assurance model effectively coordinates the efforts of management, internal and external assurance providers, increases the collaboration and develops a shared and more holistic view of the organization's risk profile. A combined assurance model aims to be the antidote to 'assurance fatigue', which can result from an uncoordinated assurance approach.

A detailed draft investigation report was compiled that addressed the minor segments that were not noticed by many to the extent that material weaknesses in financial controls could have resulted in actual monetary loss. The approach will be to make this document available for perusal by community members at all units so as to ensure lifelong education amongst our communities and further accountability, integrity and service delivery from the municipality's side.

It is suffice to say that the response time on internal controls have now been sharpened up in order to generate independent early warning reports. Consumer debtors as at 30 June 2010 are stated at R61, 127, 107.07 and would show real progress as soon as council resolves on the write offs submitted to them as part of data cleansing (inactive accounts with balances) which amount to at least R6, 549, 075.58.

Type / Database Information	Quantity	Balance	Balance	Status
Debtors book balance as @ 30/06/2010			61,127,107.07	Current
Data cleansing			(21,787,228.61)	
Inactive with balances	1265	(6,549,075.58)		Current
Estimates in terms of the Valuation Roll	2808	(15,238,153.03)		Current
Closing balance (post valuation roll implementation) & cleansed data			39,339,878.46	Projected

Data cleansing regarding the valuation roll implementation is yet an estimate since findings are currently continuously made as we are busy comparing three different sets of data i.e. TGIS, the Valuation Roll and Munsoft debtors master, so as to end up with the most accurate, conclusive and final data that must be the one to be imported to our financial system for billing purposes going forward.

CORRECTIVE ACTIONS TAKEN IN RESPONSE TO ISSUES RAISED BY THE AUDITOR GENERAL ON THE 2008/9 FINANCIAL STATEMENTS.

All the matters and the findings during the interim audit have indeed been finalized and at the conclusion of the final audit this paragraph will be updated

CORRECTIVE ACTIONS TAKEN IN RESPONSE TO ISSUES RAISED BY THE JOINT AUDIT COMMITTEE

The major issues discussed by the Audit Committee were in relation to the submission of financial statements prior to submission to the Auditor General. As mentioned in the previous Annual Report we have now indeed commissioned the CASEWARE software. This software speeded up the process of compiling our financial statements. The draft financial statements were submitted to the Joint Audit Committee on 24 August 2010 for review.

ANALYSIS OF ADDITIONAL FINANCIAL INFORMATION

BUDGET VARIANCE REPORT FOR THE YEAR ENDED JUNE 2010

REVENUE PER SOURCE SUMMARY <i>DRAFT FROM DRAFT FINANCIALS</i>			
Item Description	Budget CR	Actual CR	Variance CR
GRANTS & SUBSIDIES	36,033,756.00	35,600,396.00	98.80%
PROPERTY RATES	13,774,424.37	11,428,180.39	82.97%
ELECTRICITY	29,889,241.74	24,574,138.56	82.22%
WATER	7,750,783.00	6,756,308.23	87.17%
SEWERAGE	4,920,115.00	4,828,102.08	98.13%
REFUSE	4,207,631.00	4,256,719.44	101.17%
OTHER	18,793,415.79	12,427,418.72	66.13%
TOTAL	115,369,366.90	99,871,263.42	86.57%

GRANTS & SUBSIDIES FOR THE YEAR ENDED JUNE 2010

FMG 2009/2010				
Date	Description	Amount Received	Amount Paid	Balance
01/07/2009	FMG Received	1,000,000.00		
	JULY		17,328.00	982,672.00
	AUG		175,642.64	807,029.36
	SEPT		19,580.64	787,448.72
	OCT		19,580.64	767,868.08
	NOV		19,580.64	748,287.44
	DEC		19,580.64	728,706.80
	JAN		19,580.64	709,126.16
	FEB		19,580.64	689,545.52
	MAR		240,762.00	448,783.52
	APR		28,000.00	420,783.52

	MAY		157,793.00	262,990.52
	JUNE		157,770.00	105,220.52
			40,373.00	64,847.52
		1,000,000.00	935,152.48	64,847.52

EQUITABLE SHARE 2009/2010				
01/07/2009	Equitable shares Received	22,224,396.00		
	councilors salaries		763,172.16	21,461,223.84
	other operational		16,463,015.84	4,998,208.00
	Refusal remove		543,111.00	4,455,097.00
	Sanitation		344,635.00	4,110,462.00
	Electricity		3,808,801.00	301,661.00
	water		301,661.00	0.00
		22,224,396.00	22,224,396.00	0.00

MIG 2009/2010				
01/07/2009	MIG Received	11,641,000.00		
	JULY		232,768.00	11,408,232.00
	AUG		497,809.00	10,910,423.00
	SEPT		875,626.00	10,034,797.00
	OCT		724,135.00	9,310,662.00
	NOV		1,288,222.00	8,022,440.00
	DEC		35,689.00	7,986,751.00
	JAN		420,860.00	7,565,891.00
	FEB		3,022,549.00	4,543,342.00
	MAR		427,527.00	4,115,815.00
	APR		283,101.00	3,832,714.00
	MAY		271,624.00	3,561,090.00
	JUNE		243,945.00	3,317,145.00
		11,641,000.00	8,323,855.00	3,317,145.00

MSIG 2009/2010				
01/07/2009	MSIG Received	735,000.00		
	JULY		7,300.00	727,700.00
	AUG		28,714.00	698,986.00
	SEPT		15,550.00	683,436.00
	OCT		148,389.47	535,046.53
	NOV		187,051.61	347,994.92
	DEC		163,254.23	184,740.69
	JAN		4,500.00	180,240.69
	FEB		5,852.92	174,387.77
	APR		158,288.59	16,099.18
	Committed		10,419.00	5,680.18
		735,000.00	729,319.82	5,680.18

TOTAL GRANTS & SUBSIDIES 35,600,396.00

Tender details

TENDER NAME	REFERENCE NO	DEPARTMENT	REWARD	AMOUNT
Maintenance of Waterval Boven Land site.	ELM/1/07/01/2009	Community Services	MP B Civil CC	R 154 025.00
Maintenance of Machadodorp Land site.	ELM/8/1/07/02/2009	Community Services	MP B Civil CC	R 176 425.00
Upgrading of Licensing office.	ELM/8/1/07/04/2009	Community Services	Gijagijima	R 6 498.00
Quotations: Supply and Installation of Carpets in the Licensing Office.	ELM/8/1/07/05/2009	Community Services	Tonnies Construction	R 24 500.00
Supply and Delivery of Office Furniture.	ELM/8/1/07/06/2009	Finance Department	Twain 2	R 117 902.22
The supply of water and sewer treatment chemicals.	ELM/8/1/08/08/2009	Technical Services	Bay City	R 932 710.40
Appointment of electrician for Emakhazeni.	ELM/8/1/09/10/2009	Technical Services	Rohile Trading	R 244 188.00
Supply of 5 TVsets, 5*304 home theatre and 1* digital Camera	ELM/8/1/10/16/2009	Community Services	Russels	R 8 235.08
Vos Mazibuko Bakery	ELM/8/1/10/19/2009	Municipal Manager	Mshika Security Services	Lease Agreement
Renovations of Library office in Belfast	ELM/8/1/10/22/2009	Community Services		R 29 070.00
Expression of interest in the Revamping of the Council	ELM8/1/10/23/2009	Municipal Manager	Twain2	R 399 204.0
Invitation for formal written quotations on cleaning of and maintaining of illegal dumping site: Siyathuthuka	ELM8/1/01/30/2010	Community Services	Zungu Zwane	R 105 000.00
Skills Audit	ELM8/1/02/31/2010	Municipal Manager	Sinethemba Management Consultants	R 420 000.00
Closure of the existing Belfast waste disposal site and commissioning of waste disposal site	ELM8/1/02/32/2010	Community Services	Bapedi Civils and Structural Consultants cc	R 500 000.00
Installation of 4 high mast lights at Emthonjeni	ELM8/1/02/34/2010	Technical Services	Utility Consulting Engineers	R 95 760.00
Installation of 10 High mast lights at Siyathuthuka	ELM8/1/02/35/2010	Technical Services	Utility Consulting Engineers	R 239 400.00

Integrated financial software	ELM8/1/03/37/2010	Financial Services	Caseware	R 162 850.00
Provision for security services	ELM8/1/06/44/2010	Community Services	Affirmative Action	R 1 376 398.20
Maintenance of Dullstroom & Belfast Landfill sites	ELM8/1/06/45/2010	Community Services	Oickers Transport	R 144 000.00

MIG PROJECTS IMPLEMENTED DURING THE 2009/2010 FINANCIAL YEAR.

Name of the Project	Location	Budget	Expenditure	Additional funding	Milestone	Completion date and progress
Provision of Engineering at Emgwenya Consultant: ZMC Contract:PELELE	Emgwenya	MIG = R 925 236.00 Own funds = R 129 534.08	R 342 409.22	R 0.00	The project is 100% complete and waiting for retention to be released during the 2010/2011 MIG financial year on August 2010 of R11,373.83.	01/06/2009
Belfast Potable water storage Consultant: Sigadi Contractor: Cristal Sparkle	Belfast	MIG =R2,695,000.000 Own funds=R 377 300.00	R3,707, 553.29	R523, 081.95	Project is 100% complete and waiting for additional funds to be approved	26/06/2009
Upgrading of west street sewer pump station Consultant: BTW Contractor: Nqondonqondo	Belfast	MIG=R 1 807 000.00 Own funds= R 252 980.00	R 1 342 146.42	R 0.00	The project is 100% complete and waiting for retention to be released during 2010/2011 MIG financial year on July 2011 of R 90 350.00	05/02/2010
Paving of street in Sakhelwe Consultant: ZMC Contractor: Bogholo	Sakhelwe	MIG= R 1 100 000.00	R 483 241.86	R 0.00	The project is 100% complete and waiting for retention to be released during 2009/2010MIG financial year on September 2010	18/08/2009

Water supply in rural areas phase 3 Consultant: ZMC Contractor: Tlou ya Thamana	Rural Areas	MIG = R 21 561 595.20	R 4 145 664.06	R 0.00	The project is registered with DGTA phase 3 of the project at 100% and are waiting retention to be release during 2010/2011 MIG financial year on September 2010 of R 125 435.49	27/08/2009
Engineering Services in Dullstroom/Sakhelwe phase 1 Consultant: ZMC Contractor: Peladi	Dullstroom/Sakhelwe	MIG=R 1 054 770.08 Own funds=R 0.00	R 538 463.22	R 0.00	The project is 100% complete and waiting for retention to be released during 2011/2012 MIG financial year on September 2010 of R 59 870.80	01/06/2009
Emgwenya Bulk Water supply Consultant: Express Engineer Contractor: Nqondonqondo	Emgwenya	MIG= R 3 410 000.00 Own funds= R477 400.00	R 3 760 603.59	R 682 000.00	The project is 90% complete	Not yet completed
Sakhelwe Steel Palisade Fencing Internal Contract: Emnothweni Bricks	Sakhelwe	MIG=R1 128 600.00 Own funds=R0.00	R 488 950.00	R 0.00	The project is 100% complete and waiting for the retention to be release during 2011/2012 MIG financial year on July 2011 of R 68 453.00	20/04/2010
Construction of volleyball and tennis courts in Emthonjeni Township Consultant: Express Engineers Contractor: Mgungwana	Emthonjeni	MIG=R 407 495.11 Own funds=R 0.00	R 407 495.11	R 0.00	The project is 100% complete	13/03/2009

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FUNCTION	SUB FUNCTION	PAGE
Executive and Council	Council and General	
Finance and Administration	Finance Finance Procurement Human Resources	
Community and Social Services	Cemeteries Libraries Social Development and Amenities Health	
Public Safety	Fire Services Traffic	
Waste Management	Cleansing Sewerage Services Sewerage Purification	
Water	Water	
Planning and Development	Public Works Urban and Rural Development Economic Development	
Electricity	Electricity	

<div> <div>EMAKHAZENI LOCAL MUNICIPALITY</div> <div>GENERAL INFORMATION</div> </div>
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Reporting Level	Detail	Total	
	REFER TO CHAPTER ONE		
	1.1. Mayor's foreword (Honourable Clr Linkie Mohlala)		
	1.2. Statistical information		
Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Target	Actual
	1.3. Executive Summary		

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SUBFUNCTION: Council and General			
REPORTING LEVEL	DETAIL	TARGET	ACTUAL
OVERVIEW			
DESCRIPTION OF ACTIVITY	<p>The activities of Council, Mayoral Committees, Section 79 Committees, Ward Committees and Management Committee can be summarized as follows;</p> <p>Council meeting are held once in two months to consider the work and recommendations of the Mayoral Committee. In turn, the Mayoral Committee meets twice per month to consider matters to be recommended to Council and also to monitor and evaluate performance of the institution.</p> <p>Section 79 Committees meet once per month to make recommendations to the Mayoral Committee.</p> <p>The Management Committee meets twice per month to deal with day to day activities of the municipality.</p> <p>Ward Committees meet once per month to deal with Ward based matters.</p> <p>The activities of the executive and Council within the Municipality include the following:</p> <p>Mayoral Committee</p> <p>Section 79 Committees</p> <p>Municipal Manager</p> <p>Speaker</p> <p>Mayoral Office</p> <p>Community Participation</p>		
ANALYSIS OF THE FUNCTION	<div><div>1</div><div>Councillor detail:</div><div><div>Total number of Councillors</div><div>Number of Councillors on Executive Committee</div></div></div> <div><div>2</div><div>Ward detail:</div></div>		

	Total number of Wards		13	
	Number of Ward Meetings held		3	
			7	
			53	77
KEY PERFORMANCE AREA	Council Meetings	Of the 6 planned meetings, 10 were held	10	6
	Mayoral Committee	Of the 22 planned meetings, 13 were held	22	22
	Section 79 Committee meetings	Finance Committee		
		Community and Technical Committee		
		Corporate services Committee		
			12	10
			12	10
			12	13

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REPORTING LEVEL	DETAIL	TARGET	ACTUAL
OVERVIEW	Includes all activities relating to the finance function of the municipality that are measured by the Auditor General whose final findings must be an unqualified opinion.	Unqualified financial statements 2009/2010	Unqualified financial statements 2009/2010
DESCRIPTION OF ACTIVITY	<p>The municipality has a mandate to:</p> <ul style="list-style-type: none"> • Provide access to quality affordable sustainable services • Professionally fulfil and sensitively address the needs of the whole community • Within this framework prudent financial management is required. <p>The strategic objectives of this financial function are to:</p> <ul style="list-style-type: none"> • Revenue: generate income for the Municipality to enable it to conduct its business in terms of service delivery • Expenditure: finance the pursuit of the expenditure goals in the corporate service structure • Assets: compile and maintain asset and inventory register to safeguard all Council's assets • Accounting: provide financial information to Council for informed decision making and planning and to comply with generally accepted audit and accounting standards. (GRAP) • Budget: compile a budget for the operations of Council for short, medium and long term in pursuit of its purpose • Supply Chain Management <p>In order to adhere to the above mentioned proviso's the function of finance within the municipality is administered in terms of the MFMA ACT 56 of 2003.</p> <p>This functionality and is now well established</p> <ul style="list-style-type: none"> • in an approved organogram • and division of main responsibilities • And are divided under 5 Deputy Managers headed by the CFO department. <p>Office of the CFO</p> <ul style="list-style-type: none"> • Manage inter alia the following MFMA requirements. <ul style="list-style-type: none"> ○ 62. General financial management functions ○ 63. Asset and liability management ○ 64. Revenue management ○ 65. Expenditure management ○ 66. Expenditure on staff benefits ○ 67. Funds transferred to organisations and bodies outside government ○ 68. Budget preparation ○ 69. Budget implementation ○ 70. Impending shortfalls, overspending and overdrafts ○ 77. Top management of municipalities ○ 78. Senior managers and other officials of municipalities ○ 79. Delegations ○ 93. Chief executive officer to be accounting officer ○ 94. Fiduciary duties of accounting officers ○ 95. General financial management functions of accounting officers <p>Department Income</p> <ul style="list-style-type: none"> • To generate income for the Council. • Manage inter alia the following MFMA requirements. <ul style="list-style-type: none"> ○ 97. Revenue management 		

	<ul style="list-style-type: none"> ○ 98. Monthly reconciliation of revenue and accounts <p>Department Procurement</p> <ul style="list-style-type: none"> • To ensure the supply of service delivery products as and when required at the correct price and in sustainable quantities. • Safeguarding of required stock. • Manage inter alia the following MFMA requirements. <ul style="list-style-type: none"> ○ 111. Supply chain management policy ○ 112. Supply chain management policy to comply with prescribed framework ○ 113. Unsolicited bids ○ 114. Approval of tenders not recommended ○ 115. Implementation of system ○ 116. Contracts and contract management ○ 14. Disposal of capital assets ○ Maintain assets and inventory to support the Council's operations <p>Department Expenditure</p> <ul style="list-style-type: none"> ○ 13. Cash management and investments <p>Department Financial Statements</p> <ul style="list-style-type: none"> • To provide financial management information on a monthly basis. • To annually compile financial statements. • To focus on budget benchmarks in order to determine future cash flow demands. • Manage inter alia the following MFMA requirements. <ul style="list-style-type: none"> ○ 126. Submission and auditing of annual financial statements <p>Department Budget</p> <ul style="list-style-type: none"> • To facilitate decision making and controlling the Council's annual budget • Manage inter alia the following MFMA requirements. <ul style="list-style-type: none"> ○ 15. Appropriation of funds for expenditure ○ 16. Annual budgets ○ 17. Contents of annual budgets and supporting documents ○ 18. Funding of expenditure ○ 19. Capital projects ○ 20. Matters to be prescribed ○ 21. Budget preparation process ○ 22. Publication of annual budgets ○ 23. Consultations on tabled budgets ○ 24. Approval of annual budgets ○ 25. Failure to approve budget before start of budget year ○ 26. Consequences of failure to approve budget before start of budget year ○ 27. Non-compliance with provisions of this Chapter ○ 28. Municipal adjustments budgets ○ 29. Unforeseen and unavoidable expenditure ○ 30. Unspent funds ○ 31. Shifting of funds between multi-year appropriations ○ 32. Unauthorised, irregular or fruitless and wasteful expenditure ○ 33. Contracts having future budgetary implications ○ 71. Monthly budget statements ○ 72. Mid-year budget and performance assessment ○ 73. Reports on failure to adopt or implement budget-related and other policies 		
ANALYSIS OF THE FUNCTION	<p>The attached financial statements have been compiled prepared in terms of section 126 of the MFMA act 56 of 2003 which states:</p> <p>Submission and auditing of annual financial statements</p> <p>126. (1) The accounting officer of a municipality—</p> <p>(a) must prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing; and</p> <p>(2) The accounting officer of a municipal entity must prepare the annual financial statements of the entity and, within two months after the end of the</p>		

	<p>financial year to which those statements relate, submit the statements to—</p> <p>(b) the Auditor-General, for auditing.</p> <p>The financial statements are now in GRAP format and subject to audit.</p> <p>The following matters prescribed by various GRAP compliance regulations are addressed in detail in the attached financial statements:</p> <p>1. Presentation of Annual Financial Statements</p> <p>1.1 Offsetting</p> <p>1.2 Presentation of currency</p> <p>1.3 Going concern assumption</p> <p>1.4 Comparative information</p> <p>1.5 Borrowing costs</p> <p>1.6 Provisions and contingencies</p> <p>1.7 Retirement Benefits</p> <p>1.7 Retirement Benefits (continued)</p> <p>1.8 Investment property</p> <p>1.9 Property, plant and equipment</p> <p>1.10 Heritage assets</p> <p>1.11 Intangible assets</p> <p>1.12 Impairment of assets</p> <p>1.13 Joint ventures</p> <p>1.14 Financial instruments</p> <ul style="list-style-type: none"> • Creditors • Cash and cash equivalents • Bank overdraft and borrowings • Investment <p>1.15 Leases</p> <ul style="list-style-type: none"> • Finance leases - lessee • Operating leases - lessor • Operating leases - lessee • Operating lease payments are recognised as an expense according to the signed contract. <p>1.16 Inventories</p> <p>1.17 Revenue</p> <p>1.18 Revenue from exchange transactions</p> <p>1.19 Revenue from non-exchange transactions.</p> <ul style="list-style-type: none"> • Rates, including collection charges and penalties interest • Fines • Government grants <p>1.20 Unauthorised expenditure</p> <p>1.21 Irregular expenditure</p> <p>1.22 Fruitless and wasteful expenditure</p>		
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1.23 Value added tax		
1.24 Taxation		
2. Changes in accounting policy		
3. Investment property		
4. Property, plant and equipment		
5. Intangible assets		
6. Inventories		
7. Sundry Debtors		
8. Consumer debtors		
9. Cash and cash equivalents		
10. Finance lease obligation		
11. Unspent conditional grants and receipts		
12. Provisions		
13. Loans		
13. Loans (continued)		
14. Trade and other payables from exchange transactions		
15. VAT payable		
16. Consumer deposits		
17. Revenue		
18. Service charges		
19. Government grants and subsidies		
20. Other revenue		
21. General expenses		
22. Employee related costs		
<ul style="list-style-type: none"> • Remuneration of Municipal Manager • Remuneration of Chief Finance Officer • Remuneration of Executive Mayor • Remuneration of Other Councillors • Remuneration of Other Sec 57 Managers 		
23. Debt impairment		
24. Finance costs		
25. Auditors' remuneration		
26. Bulk purchases		
27. Cash generated from (used in) operations		

FUNCTION: Finance and Administration			
SUBFUNCTION: Procurement			
REPORTING LEVEL	DETAIL	TARGET	ACTUAL
OVERVIEW	Includes all activities relating to overall procurement functions of the municipality including costs associated with orders, tenders, contract management etc		
DESCRIPTION OF ACTIVITY	<p>The function of procurement within the municipality is administered as follows and includes:</p> <p>Listing of each function: First the need must be identified by the different departments. Then the budget officer verifies the funds availability. Then the quotation and acquisition procedures are followed. The Municipality has a competitive bidding process</p> <p>The municipality has a mandate to: Ensure that section 217 of the Constitution is upheld and implemented in a fair ,equitable ,transparent ,competitive and cost effective manner and insuring that the Preferential Procurement Policy Framework Act is read in conjunction with the Internal Procurement Policy</p> <p>The strategic objectives of this function are to:</p> <p>Ensure that the community of Emakhazeni Area and the surrounding farm Areas fully participate into the main stream of the economy of Emakhazeni, by ensuring that the Historical disadvantage group is not marginalized by the systems put in place</p> <p>The key issues for 2009/2010 are:</p> <p>1.Ensure that the Historically disadvantage people participate in the economic activities of the Municipality2.Youth,women and local contractors are given preference.</p>		
ANALYSIS OF THE FUNCTION			
1	Details of tender / procurement activities:		
2	<ul style="list-style-type: none"> - Total number of times that tender committee met during year - Total number of tenders considered - Total number of tenders approved - Average time taken from tender advertisement to award of tender Details of tender committee:	10 53 20 2months	
	- Details of tender committee membership: Specification committee is appointed by the Accounting officer it is composed of officials from the Municipality. Bid Evaluation committee it is a cross-functional it includes supply chain practitioner and 4 Municipal		

	Managers		
	Note: List details of each member of the tender committee: Specification committee is an adhoc committee which changes every time it depends on the need per departments. Bid Evaluation Committee.		
KEY PERFORMANCE AREA	Achieve: We were able to give jobs to the value of 11 535 966.68 to the historically disadvantage group within our Municipality this included catering, transport and some tenders. For the 2008/2009 Financial Year the Municipality would like to give more attention	11 535 966.68	8 368 560

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FUNCTION: FINANCE AND ADMINISTRATION			
SUB-FUNCTION : ADMINISTRATION AND HUMAN RESOURCES			
REPORTING LEVEL	DETAIL	TARGET	ACTUAL
OVERVIEW	<p>Administration is based in the Corporate Services department where the following responsibilities are carried:</p> <p>Human Resources Management, Records Management, Skills Development, Performance Management Systems, Development of job descriptions, development of policies, development of contracts and organizing of all Council and Committee meetings.</p>		
DESCRIPTION OF ACTIVITY	The functioning of administrative matters is satisfactory as there are staff members responsible for that and if there are none we improvise the human resources for example, there is no staff for Records Management but the work is currently being done by staff members within.		
ANALYSIS OF THE FUNCTION	There are 366 employees in the municipality for the administration to work on their well being. After they are employed, they go for induction. During their employment they receive skills and training as per their capabilities. Medical checkups are done as per the Occupational Health and Safety Act.		
KEY PERFORMANCE AREA			
Recruitment and Selection	Adverts are properly publicized in all the Units, notice boards and in the newspaper where the post needs to attract expertise from other suitable candidates outside the jurisdiction of Emakhazeni Municipality. Adverts are issued as per the post that is in the organogram and that is also budgeted for.	37 vacant posts to be filled	36 posts filled
Organization of Council sittings in compliance with section 18(2) of the Municipal Systems Act	Agendas are developed and sent to Honourable Councillors on time	4 Meetings as per the calendar of events.	10 meetings held
Organization of Mayoral Committee meetings		11	13 meetings held
Organization of Portfolio Committee meetings		<p>Technical & Community Services Section 79 Committee – 11 meetings</p> <p>Corporate Services Section 79 Committee meetings – 11 meetings</p> <p>Finance & Economic Affairs Section 79 Committee meetings – 11 meetings</p>	<p>10 meetings held</p> <p>12 meetings held</p> <p>10 meetings held</p>
Organization of Management Committee meeting		23 meetings as per the calendar of events	27 meetings held
Workshop on Powers, duties and functions	The Delegation Framework of the municipality was never amended, it is workable.	2 workshops were scheduled for a Delegation Framework and for Performance Management Systems	1 workshop was held on Delegation Framework conducted by COGTA.
Employment Equity Plan	This document is submitted to the Department of Labour at the end of September concurrently with Employment Equity Report for the previous financial year. Figures on employment equity do show an improvement though not substantially.	Submit Employment Equity Report on or before the due date	Employment Equity Plan submitted on 30 September 2010
Employment Equity Report	This document is submitted to the Department of Labour at the end of September concurrently with Employment Equity Plan for the next ensuing financial year.	Submit Employment Equity Report on or before the due date	The Employment Equity Report was submitted on 30 September 2010.
Workplace Skills Plan	This plan tables all the trainings to be conducted in the municipality with its budget and number of employees to be trained	Submit the Workplace Skills Plan on the 30 th June 2010	The Workplace Skills Plan was submitted on the 30 June 2010
Annual Training Reports	This report entails al the trainings conducted in	Submit the Annual	The Annual Training

	2009/2010 financial year	Training Report by 30 th June 2010	Report was submitted on the 30 th June 2010.
Local Labour Forum	LLF meetings are convened monthly to build a good relationship with the organized labour	12 meetings as per the calendar of events	10 meetings held
Occupational Health Safety	These meetings seek to emphasize the compliance with the Occupational Health and Safety Act and to ensure a safe working and healthy working environment for the employees.	4 meetings as per the calendar of events	4 meetings held

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FUNCTION: Community and Social Services			
SUB-FUNCTION: Cemeteries			
REPORTING LEVEL	DETAIL	TOTAL	
OVERVIEW	This sub-function includes all activities with the provision of cemetery services. The municipality has a total of 17 graveyards.	Target	Actual
DESCRIPTION OF ACTIVITY	<p>The function of cemeteries performed by the municipality is a shared function and entails:</p> <ul style="list-style-type: none"> Planning and digging of graves which are done by the Technical Services department. The grave reservations, and income derived from this (burial fees, grave numbers and tombstones) function are managed by Finance department, and The general maintenance (grass cutting) services are rendered by the Community Services department. <p>Key strategic objectives of the cemetery function are:</p> <ul style="list-style-type: none"> Provide safety and accessibility within the municipal cemetery space in the municipal area and an on-going provision and maintenance of cemetery sites in the municipal area. To restore dignity on our graveyards through minimizing vandalism of tombstones, by further fencing old cemeteries. 	R 360.00 R 41 666.00 R80 000.00 R 4 482.00 R 80 000.00	R 210.35 R 40 751.26 R74 634.32 R 3 487.19 R 74 634.32
ANALYSIS OF THE FUNCTION	<p>The nature and extent of the function has a total of 17 graveyards. The spread of cemetery facilities are as follows:</p> <ul style="list-style-type: none"> eMakhazeni/Siyathuthuka = 10 facilities Entokozweni/Emthonjeni = 2 facilities Dullstroom/Sakhelwe = 2 facilities eMgwenya/ (Waterval Boven) = 3 facilities <p>Access to cemeteries in some areas is a challenge due to poor internal roads and some cemeteries are not properly fenced. There is also vandalism of tombstones due to roaming cattle accessing the facilities that are not fenced.</p> <p>There are a total of six employees linked to the function of cemetery maintenance.</p>		R 213 298.93
KEY PERFORMANCE AREA	PERFORMANCE DURING THE YEAR, PERFORMANCE TARGETS AGAINST ACTUAL ACHIEVED AND PLANS TO IMPROVE PERFORMANCE	TARGET	ACTUAL
	During the 2009/2010 financial year the municipality has budgeted for the fencing of the Sakhelwe cemetery through the MIG funding which has been completed. The approach will be to eventually ensure that all sites are fenced planning for the years ahead.		

FUNCTION: Community and Social Services			
SUB-FUNCTION: Libraries			
REPORTING LEVEL	DETAIL	TOTAL	
OVERVIEW	This sub-function includes all activities with the provision of library services. The municipality had a total of 5 municipal libraries.	Target	Actual
DESCRIPTION OF ACTIVITY	<p>The function of libraries performed by the municipality entails:</p> <ul style="list-style-type: none"> Making information available to the communities for either leisure or learning purposes by making books accessible. <p>Key strategic objectives of the library function are:</p> <ul style="list-style-type: none"> To promote the culture of learning and teaching in our municipality To ensure that library information services contribute to social and economic wellbeing of our communities. 		
ANALYSIS OF THE FUNCTION	<p>The nature and extent of the function has a total of 05 municipal libraries. The spread of cemetery facilities are as follows:</p> <ul style="list-style-type: none"> eMakhazeni/Siyathuthuka = 2 facilities Entokozweni/Emthonjeni = 1 facilities Dullstroom/Sakhelwe = 1 facilities eMgwenya/ (Waterval Boven) = 1 facilities <p>The challenge however, is that the facility in Siyathuthuka was destroyed due to fire in October 2009.</p> <p>There is also limited available information on current affairs in the facilities and as such it creates a challenge to attract more users.</p> <p>There are a total of six employees linked to the function of library services, one being designated by the provincial department.</p>		R 275 419.10
KEY PERFORMANCE AREA	PERFORMANCE DURING THE YEAR, PERFORMANCE TARGETS AGAINST ACTUAL ACHIEVED AND PLANS TO IMPROVE PERFORMANCE	TARGET	ACTUAL
	During the 2009/2010 financial year the Department of Culture, Sports and Recreation made a grant of R250 000.00 available to the municipality for performing the library services function. A total of 1360 users were estimated to have used the library services during the 2009/10 financial year. There is a slight decrease in usage due to the facility at Siyathuthuka being destroyed in October 2009.		

FUNCTION: Community and Social Services & Sports and Recreation			
SUB-FUNCTION: Social development & Amenities (Halls, Stadia, parks/grounds and chalets)			
REPORTING LEVEL	DETAIL	TOTAL	
OVERVIEW	This sub-function includes all activities with the support to the provision of social development and access to public amenities.	Target	Actual
DESCRIPTION OF ACTIVITY	<p>The function of social development and amenities performed by the municipality entails:</p> <ul style="list-style-type: none"> • Making culture, sports and recreation accessible to our communities in bridging the gaps created during the apartheid era. • Facilitate the naming and renaming of geographical features. • The maintenance of public amenities. <p>Key strategic objectives of the social development and amenities function are:</p> <ul style="list-style-type: none"> • To ensure that service delivery is enhanced in the previously disadvantaged areas and quality of sporting and recreational facilities is improved. • To create an environment within which individuals can easily participate in a sport of their choice. • To make sure that our geographical features reflect the diverse African cultures. • Safe guard municipal assets and staff. 		
ANALYSIS OF THE FUNCTION	<p>The nature and extent of the function is spread as follows:</p> <ul style="list-style-type: none"> • Community halls = 6 facilities • Parks/Grounds = 6 facilities • Sporting/recreational facilities = 23 facilities • Child care (including crèches) = 14 facilities • Schools = 35 facilities • Provision of municipal Security Services by external service provider <p>There are a total of five employees linked to the function of halls, parks and chalets maintenance.</p> <p>The total salary and wages for parks and grounds</p>		<p>R 83 447.66</p> <p>R 1, 432 727.14</p>
KEY PERFORMANCE AREA	<p>PERFORMANCE DURING THE YEAR, PERFORMANCE TARGETS AGAINST ACTUAL ACHIEVED AND PLANS TO IMPROVE PERFORMANCE</p> <p>During the 2009/2010 financial year the municipality had budgeted for the provision of security services an amount of R 2,2 million.</p> <p>Maintenance of public facilities showed improvement with the appointment of the caretakers.</p> <p>Performance in areas of sports and arts was a success with 10 sports events held.</p> <p>Approximately 800 bookings were done at the Belfast caravan park.</p> <p>An total amount of R2,4 million towards upgrading of stadia and park facilities in the municipality funded by the Nkangala district municipality.</p> <p>Name change of the following three towns has affirmed and promoted the diverse culture in the municipality:</p> <p>Belfast to eMakahzeni Machadodorp to eNtokozweni Waterval Boven to eMgwenya</p>	<p>TARGET</p> <p>Less than 3 cases of theft and robbery</p>	<p>ACTUAL</p> <p>One robbery occurred on the 06 June 2009 in Siyathuthuka.</p>

FUNCTION: Health			
SUB-FUNCTION: Health General			
REPORTING LEVEL	DETAIL	TOTAL	
OVERVIEW	This sub-function includes all activities with the provision of environmental health services. The municipality has a total of one full-time Environmental Health practitioner, the Senior Environmental Health practitioner is also Acting Deputy Manager Environmental Health since January 2010.	Target	Actual
DESCRIPTION OF ACTIVITY	<p>The function of Environmental health performed by the municipality entails:</p> <ul style="list-style-type: none"> • Environmental health quality control and monitoring • Water quality sampling • Milk and dairy farm inspections • Food premises inspections for health and hygiene compliance • Follow-up on nuisance complaints • Health education and awareness • Environmental initiatives • Cleansing/Solid waste management is also being rendered under the Health general section. <p>It be noted; that according to the National Health Act, the environmental health function is the competence of the District Municipality and Clinic services are the function of the Provincial Department of Health. Until such time that the Environmental service is transferred, ELM continues to perform this function for the health and safety of the community.</p> <p>Clinic Services have already been devolved to Province in the previous financial year. Key strategic objectives of the Environmental Health function are:</p> <ul style="list-style-type: none"> • Control and minimize environmental degradation • Ensure that the general environment is protected and promoted in a sustainable way. 		
ANALYSIS OF THE FUNCTION	<p>Cleansing section and water quality monitoring takes up majority of the personnel's time. The vastness of Emakhazeni makes access and more frequent visits to the rural communities a challenge. The units are being serviced on a monthly basis and there is definitely a need to have more Environmental health personnel appointed to Emakhazeni in future.</p> <p>The environmental health component is also confused with Environmental Management which is a function on its own and the section also finds itself having to deal with environmental management matters as well.</p> <p>Water quality monitoring was a major priority due to sewage spillages and in compliance with sampling programme for Blue Drop requirements.</p> <p>Total Salary for the Health General section</p>	R 350 000.00	R 336 281.08 R 487 887.83
KEY PERFORMANCE AREA	<p>PERFORMANCE DURING THE YEAR, PERFORMANCE TARGETS AGAINST ACTUAL ACHIEVED AND PLANS TO IMPROVE PERFORMANCE</p> <p>Increase in terms of the water sampling programme. The ELM was place number five in the province in terms of Blue Drop requirements with a 71, 2 % average.</p> <p>A total of 4 cleaning campaigns and 4 environmental initiatives were completed according to target.</p> <p>The launch of the Environmental Management Framework took place in August 2009.</p>	TARGET	ACTUAL
			R 336 281.08 R 10 976.46

FUNCTION: Public Safety			
SUB-FUNCTION: Fire Services			
REPORTING LEVEL	DETAIL	TOTAL	
OVERVIEW	This sub-function includes all activities with the provision of fire and rescue services. The municipality had a total of one full-time Chief Fire Officer, one fully trained Fire Officer in December 2009 and two additional fire personnel.	Target	Actual
DESCRIPTION OF ACTIVITY	<p>The function of Fire and rescue services performed by the municipality entails:</p> <ul style="list-style-type: none"> • Response to disaster management • Respond to fire and accident scenes • Performing fire inspections • Servicing of fire extinguishers in the municipality • Performing firebreaks during fire season <p>Key strategic objectives of the Fire and Rescue function are:</p> <ul style="list-style-type: none"> • To establish an effective, safe, prompt and responsive team that will assist in the prevention, mitigation and proper management during disasters. 		
ANALYSIS OF THE FUNCTION	<p>Emakhazeni Local Municipality is strategically located and very unique in characteristic which also accounts for a vast area of approximately 52 730 hectares.</p> <p>Response times are high due to the limited resources, condition of vehicles, lack of a 24 hour response service and that response is rendered from eMakhazeni (Belfast).</p> <p>ELM appointed temporary personnel to assist during fire season for the burning of firebreaks.</p> <p>The municipality being situated next to the busy N4 free-way, with other provincial roads to Badplaas, Carolina, Dullstroom and Stofberg, has seen our resources stretched to the limit, especially when responding to accidents.</p> <p>Salary cost of fire and rescue services personnel</p>		<p>R 33 732.98</p> <p>R 459 358.16</p>
KEY PERFORMANCE AREA	<p>PERFORMANCE DURING THE YEAR, PERFORMANCE TARGETS AGAINST ACTUAL ACHIEVED AND PLANS TO IMPROVE PERFORMANCE</p> <p>Fire breaks were done with the assistance of temporary personnel. No claims were received against the municipality in terms of run away fires.</p> <p>Fire extinguishers were serviced as per annual service schedule.</p> <p>Fire house in Dullstroom has been erected; funding for the fencing and equipping of the fire house will assist with improving response times in that area.</p> <p>Not much clarity was provided in terms of the service delivery budget implementation plans around fire services which must be better quantified in the 2010/2011 in order to improve on reporting on this particular function.</p>	TARGET	ACTUAL
			R 29 601.30

FUNCTION: Road Transport (Public Safety)			
SUB-FUNCTION: Traffic			
REPORTING LEVEL	DETAIL	TOTAL	
OVERVIEW	This sub-function includes all activities with the provision of traffic and licensing services.	Target	Actual
DESCRIPTION OF ACTIVITY	<p>The function of traffic and licensing performed by the municipality entails:</p> <ul style="list-style-type: none"> • Traffic law enforcement • Management of the TMT project • Conduct learners license tests • Conduct drivers license tests • Renewals of card licenses • Perform PrPD licenses • Undertake Road-worthy certificate tests • Maintenance of road signs and road markings <p>Key strategic objectives of the traffic function are:</p> <ul style="list-style-type: none"> • To create a secure and safe environment in the municipal areas • To enlarge the capacity of the Emakhazeni testing ground • To increase the visibility of the traffic officers 		
ANALYSIS OF THE FUNCTION	<p>Shortage of traffic officials taking into consideration the vastness of the municipality, leads to the law enforcement by ELM traffic personnel as a challenge in that visibility of traffic officials in Emgwenya, Entokozweni and Dullstroom is not taking place at a satisfactory rate.</p> <ul style="list-style-type: none"> • The municipality has ten traffic officers of which one is the Chief Traffic Officer. • One examiner for motor vehicles and one pit assistant. • The Licensing section has the Chief Licensing Officer, one licensing clerk and three admin assistants. • One personnel on the maintenance team 		<p>R1, 693 170.69</p> <p>(Salary & wages expenditure under traffic vote all inclusive)</p>
KEY PERFORMANCE AREA	PERFORMANCE DURING THE YEAR, PERFORMANCE TARGETS AGAINST ACTUAL ACHIEVED AND PLANS TO IMPROVE PERFORMANCE	TARGET	ACTUAL
	<ul style="list-style-type: none"> • Traffic law enforcement 	R 335 000.00	R 342 200.00
	<ul style="list-style-type: none"> • Management of the TMT project • Conduct learners license tests 	R 2, 000 000.00	R 3, 235,294.31
	<ul style="list-style-type: none"> • Conduct drivers license tests 	R 209 000.00	R249 927.90
	<ul style="list-style-type: none"> • Renewals of card licenses 	R173 200.00	R232 305.00
	<ul style="list-style-type: none"> • Perform PrPD licenses 		
	<ul style="list-style-type: none"> • Undertake Road-worthy certificate tests 	R239 950.00	R192 495.35
	<ul style="list-style-type: none"> • Maintenance of road signs and road markings 	R23 160.00	R29 827.80
	<p>The poor conditions of the roads make road maintenance in terms of road markings a challenge to achieve.</p>	R58 250.00	R44 699.44
	<p>More personnel needed to ensure visibility in areas that are experiencing challenges. Being unable to attract qualified traffic personnel due to the grading of the municipality, the route of appointing locals as interns and sending them on training is the other viable option being explored in the municipality.</p>	R190 000.00	R106 421.22

FUNCTION: Waste Management			
SUB-FUNCTION: Cleansing			
REPORTING LEVEL	DETAIL	TOTAL	
OVERVIEW	This sub-function includes all activities with the provision of refuse removal services, solid waste disposal facilities (landfill sites), street cleaning and illegal dumping.	Target	Actual
DESCRIPTION OF ACTIVITY	<p>The function of cleansing performed by the municipality entails:</p> <ul style="list-style-type: none"> • Rendering of solid waste removal by a pre-determined schedule within the formal areas. • Kerb side collection is being implemented in majority of the areas and in some areas municipal employees are taking out the refuse at the gates within the premises. • Municipality inherited 4 landfill sites that contributes to bulk of the challenge in the cleansing function due to limited resources (human and capital) • Street cleaning services being done regularly in the CBD areas. • Cleaning of bulk bins and illegal dumping areas. <p>Key strategic objectives of the cleansing function are:</p> <ul style="list-style-type: none"> • Provide a safe, effective and economical waste management and refuse disposal service through ongoing management, maintenance and provision of appropriate landfill disposal sites. 		
ANALYSIS OF THE FUNCTION	<p>Extending the service to rural areas is a daunting task taking into consideration the resources available.</p> <ol style="list-style-type: none"> 1. Number and salary cost of all permanent personnel associated with refuse removal; include two refuse team supervisors and 58 labourers. 2. Contract for the cleaning and maintenance of landfill and illegal dumping sites 3. Temporary hiring and transport of equipment 4. 11 392 households receive a weekly service by the municipality and approximately 1400 households currently are not serviced. 5. Approximately 16315m³ tonnages of domestic/commercial waste projected. 6. The total operating cost of solid waste management function 	<p>R678 400.00 (inclusive for temporary hiring and transport of equipment)</p>	<p>R2,807 781.55</p> <p>R539 020.00</p> <p>R108 523.61</p> <p>R 4, 256 719.44</p> <p>R5, 528 042.37</p>
KEY PERFORMANCE AREA	PERFORMANCE DURING THE YEAR, PERFORMANCE TARGETS AGAINST ACTUAL ACHIEVED AND PLANS TO IMPROVE PERFORMANCE	TARGET	ACTUAL
	<p>Purchase of refuse bags for street cleaning and cleaning campaigns</p> <p>Three compactor trucks were received from Nkangala District municipality in May 2010 which is used in Emgwenya, Dullstroom and Siyathuthuka.</p> <p>Contractors appointed in Entokozweni, Emgwenya and Dullstroom for maintenance of landfill sites.</p> <p>Contractor appointed in Siyathuthuka to clean and rehabilitate illegal dumping sites as a pilot project.</p>	R26 000.00	R21 503.13

FUNCTION: Waste Water Management			
SUBFUNCTION: Sewerage Services			
REPORTING LEVEL	DETAIL	TARGET	ACTUAL
OVERVIEW	This subfunction deals with the opening of the blocked sewerages and repairs on reticulation networks.		
DESCRIPTION OF ACTIVITY	<p>Connect sewerlines to erven once an application has been received from household.</p> <p>After reports received on blocked sewerages the personnel deal with the unblocking.</p> <p>The mainholes are also opened when blocked.</p> <p>Honeysucker is ordered by the community to empty the sceptic tanks periodically.</p> <p>Repair sewer lines and revamp the reticulation network.</p>		
ANALYSIS OF THE FUNCTION	<p>The function should extend to the farm community who must also receive VIP toilets.</p> <p>Large number of rural community does not have sewerage services due to vastness of the rural areas.</p> <p>The urban areas have sewerage services covering 95% of the developed areas.</p> <p>Areas such as Entokozweni Dullstroom and Emakhazeni still have sceptic tanks in certain areas, this has led to suction of this pits using honeysucker.</p> <p>Sewer unblocked</p> <p>Sewer sevicees in total</p> <p>There are 21 employees in this sub-function</p> <p>Cost to employer for this subfunction</p>	<p>R20 000.00</p> <p>R4 920 115.00</p>	<p>R12 624.97</p> <p>R4 827 977</p>

		R752 682	R751 777
KEY PERFORMANCE AREA	Performance during the year, performance targets against actual achieved and plans to improve performance.		
	<p>The section did not perform very well as land restitution is still a problem.</p> <p>The land use management applications are already done via Nkangala District Municipality. The assessment of building plans were done, however, very few homeowners submitted applications due to recession.</p>		

FUNCTION: Waste Water Management			
SUBFUNCTION: Sewerage Purification			
REPORTING LEVEL	DETAIL	TARGET	ACTUAL
OVERVIEW	This subfunction involves the sewerage treatment works in all the units. The purification works classify the raw sewer into debris and effluent.		
DESCRIPTION OF ACTIVITY	<p>The system receives raw sewerage.</p> <p>The plant uses materials such as chlorine and HTH to neutralise bacterial leaving the works as final effluent.</p> <p>There are process controllers who monitor the flow of the raw sewer into the flow of the raw sewer into the system.</p> <p>Final effluent is tested at the lab by Community services to determine whether the national standard is attained.</p>		
ANALYSIS OF THE FUNCTION	<p>There are five sewerage purification plants at Emakhazeni.</p> <p>The fifth purification plant in Entokozweni will be decommissioned.</p> <p>There are no purification works at the rural community.</p>	R2 640 000	R239 700.00
	<p>In order to have the purification works. 100% functional there must be a budget equal to the task.</p> <p>There are 20 process controllers who monitor the raw sewerage influx.</p>	R1 054 072.00	R1 053 569.14
KEY PERFORMANCE AREAS	Performance during the year, performance targets against actual achieved and plans to improve the plans.		
SEWARAGE PURIFICATION	The sub-function is performing to the fullest where the process controllers managed to have the effluent		

	<p>manageable.</p> <p>There are slight challenges with regard to malfunctioning of some components of the purification works due to budgetary constraints.</p> <p>To get it right there should be a budget that will be able to deal with operation and maintenance of the plants which should be minimum of R5.2 million for all four plants.</p>		
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	<ul style="list-style-type: none"> dwelling ○ Boreholes <p>Free basic service provision.</p> <ul style="list-style-type: none"> ○ Number of households affected 	<p>R118 600.00</p> <p>9204</p> <p>1954</p> <p>271</p> <p>58</p> <p>1500</p> <p>300</p> <p>11158</p>	<p>R68 484.00</p> <p>R13 million</p> <p>R10.5 million</p> <p>R18 million</p> <p>R302 000.00</p>
ANALYSIS OF THE FUNCTION	Performance during the year performance targets against actual achieved and plans to improve performance.		
KEY PERFORMANCE AREAS	Performance during the year, performance targets against actual achieved and plans to improve the plans.		
WATER	<p>The function experienced lot of challenges on water distribution especially the failure of pumping equipments. This happened as a result of less maintenance work done on the infrastructure due to limited budget.</p> <p>The Municipality, however, is standing at 71% in terms of the Blue Drop assessment and in order to keep the momentum and even to budget of up to R55 000 per megalitre plant must be attained by the Municipality.</p>		

FUNCTION: Planning and Development			
SUBFUNCTION: Public Works			
REPORTING LEVEL	DETAIL	TARGET	ACTUAL
OVERVIEW	Includes road maintenance, stormwater monitoring and general maintenance of access roads.		
DESCRIPTION OF ACTIVITY	Maintains the road infrastructure by patching the roads and levelling of gravel roads.	180 km gravel 2000 m ² potholes 400 times for catchpits 400 times for trenches	51 km 1960m ² 375 times 347 times
ANALYSIS OF THE FUNCTION	<p>Clear runoff paths.</p> <p>Patch the potholes.</p> <p>Levelling the gravel roads.</p> <p>Open the catchpits and remove any blockages.</p> <p>Design new roads.</p> <p>The road infrastructure in the urban area was originally designed for the low volume traffic.</p> <p>Over the past ten years the traffic volumes have tripled with trucks dominating.</p> <p>The uneven heating and cooling of tar makes it loose and prepares it to be an agent to be easily eroded by snow, water and wind.</p>		
KEY PERFORMANCE AREA	Performance during the year performance targets against actual achieved and plans to improve performance.		
ROADS AND STORMWATER	Only 1960m ² of potholes were patched against the 2000m ² target. There was a limited budget of R755 000 which could only do little. Capital budget from Nkangala		

	District should include the resealing of roads in Emakhazeni as planning for the future due to limited internal budget.		
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FUNCTION: Planning and development			
SUBFUNCTION: Urban and Rural			
REPORTING LEVEL	DETAIL	TARGET	ACTUAL
OVERVIEW	The section deals with matters pertaining to Spatial restructuring, land reform and restitution	R102.184.00	R731 799.00 R4 4191.00
DESCRIPTION OF ACTIVITY	<p>Provision of systematic development control.</p> <p>Give guidance to development in the municipal area of jurisdiction.</p> <p>Review spatial development patterns.</p> <p>Making sure that the principles of development facilitation act are met.</p> <p>Control and assess building plans submitted for approval.</p> <p>Extend service to the farm community and fast-track restitution process.</p>		
ANALYSIS OF THE FUNCTION	<p>Though land use management is currently done by Nkangala District Municipality the input into the principles and modus operandi relating to applications is done by Emakhazeni.</p> <p>There are fair personnel under this subfunction.</p> <p>Number and cost to employer of all personnel associated with land use management.</p> <p>Few building plans were assessed.</p>	4	R731 799.00

		R102 184.00	R4 4191.00
KEY PERFORMANCE AREA	<p>Performance during the year targets against actual achieved and plans to improve.</p> <p>Not much was done at the farm community relating to sanitation.</p> <p>Less than 200 toilets were installed in rural areas.</p> <p>Dullstroom drastically need sewerage services to be linked to water borne.</p> <p>Lower part of Entokozweni need to eradicate sceptic tanks.</p> <p>Lower part of Emkhazeni need to eradicate sceptic tanks.</p> <p>Only R2 million has been budgeted for the installation of VIP toilets in rural areas in 2010/2011.</p>	<p>954</p> <p>R3 million</p> <p>R2 million</p> <p>R8 million</p> <p>R9 540 000</p>	<p>115</p> <p>0</p> <p>0</p> <p>0</p> <p>R2 million</p>

FUNCTION: Planning and Development			
SUBFUNCTION: Economic Development			
REPORTING LEVEL	DETAIL	TARGET	ACTUAL
OVERVIEW			
DESCRIPTION OF ACTIVITY	<p>The function of economic planning / development within the municipality is administered as follows and includes:</p> <p>promote the development and marketing of SMME's in the greater Emakhazeni region, to corporate with provincial government and other regional, national and international organizations, secure sustain</p> <p>secure sustainable development, to propagate and promote courtesy, friendliness, unity, and helpfulness and fighting poverty.</p> <p>create a strategic partnership with the private sector and foster a community base developmental approach</p> <p>The strategic objectives of this function are to:</p> <p>overseeing the implementation of LED projects, manage the socio-economic development programmes deliverable to LED and provide proposals, facilitation of SLP and community development forums in consultation with the private and public sector, legal compliance</p> <p>establishment of all outstanding LED projects within the municipality and develop a credible IDP for 2009/10 financial year.</p>		
ANALYSIS OF THE FUNCTION			
KEY PERFORMANCE AREA	<p>The planning function the three Municipalities i.e, Emakhazeni, Dr. J.S Moroka and Thembisile Hani is done by Nkangala district Municipality. The long term planning is that of capacity building to the municipalities.</p>		

DATA BASE OF CURRENT LED PROJECTS AT EMAKHAZENI LOCAL MUNICIPAL AREA

NAME OF PROJECT	TYPE /NATURE OF PROJECT	CURRENT STATUS & FUNDING	NAME OF PROJECT LEADER	CONTACT NUMBERS	No of jobs created by the project
Phezukomkhono Brick Making plant	Brick making plant	Running effective	Paulina Madonsela	082 9368041	5
Vos Mazibuko Bakery	Bakery	Opened on the 29 July 2010	Themkosi Maseko	0837283 819	10
Sizanani Vegetable Garden	Vegetable Garden	Running effective	Betty Ngwenya	083765 0537	6
Siyathuthuka Coal Yard	Coal Yard	Opened on the 21 February 2010	Goodstaff Lukhele	0726209773	7
Piggery Farm	Piggery Project	Running and funded by	Lucky Madonsela	0828378 221	8
Ekujabuleni Bakery & eating house	Bakery & eating house	Running very effective and has been extended into a eating house funded by Nkomati Mine.	Elijah	076 2497732	8
Josias Mathebula Farm	Agricultural Project	Running effective and funded by Nkomati Mine	Gedion Mashilo	08357 12 988	9
Mathuba Farm	Vegetable Garden	Running and funded by Assmang Chrome	Ian		
Emthonjeni Brick Making Plant	Brick Plant	Running effective and funded by Assmang Chrome	William Nkosi	079 256 5286	7 permanent employees and 15 students that are being trained in basic technical skills for a period of three months starting from July 2010 to September 2010
Emthonjeni Water heating Project	Water heating	Running and funded by Assmang Chrome	William Nkosi	079 256 5286	
Siyathuthuka Clinic Vegetable Garden	Vegetable Garden	Running	Magareth Mabuza	073 8762809	4
Sakhelwe Vegetable Garden	Vegetable Garden	Running	Berendina Mtsweni	076 764 3815	3
Emgwenya Internet Café	Internet Café	The municipality allocated land for the project and it is funded by Nkomati Mine	Zakhele Ntimane	073 2535965	Interviews conducted with entrepreneurs who will run the project
Emthonjeni Internet Café	Internet Café	The municipality allocated land for the project and it is funded by Nkomati Mine	Zakhele Ntimane	073 253 5965	Interviews conducted with entrepreneurs who will run the project

FUNCTION: Electricity			
SUBFUNCTION: Electricity			
REPORTING LEVEL	DETAIL	TARGET	ACTUAL
OVERVIEW	General maintenance of the High Tension and Low Tension linds together with the transformers and mini-substation to supply consistant energy to the clients.		
DESCRIPTION OF ACTIVITY	Purchase electricity from Eskom and distribute at cost to the community.	R16 564 813	R13 288 900
	The municipality employed three electricians, one Senior Electrician and a Technician, with six assistants to electricians.	R556 248	R525 193
	The municipality uses Pro-Eng as its professional engineers on electricity in terms of OHS Act since 2004.		
	The municipality provides pre-paid metered electricity to approximately 6738 households.		
	The municipality provides conventional electricity to approximately 4418 households.	1	360 000
	Five Rural Community household in Wonderfontein receives pre-paid electricity.		
		11156	6738
		0	4418

		1087	5
ANALYSIS OF THE FUNCTION	<p>Total quantity and cost of Bulk electricity purchases in Kilowatt hours and rand by category of consumer.</p> <ul style="list-style-type: none"> ○ Electrified areas ○ Eskom area <p>Number and cost of new connections.</p> <p>planned</p>	<p>11156</p> <p>1200</p> <p>34</p> <p>4</p>	<p>R20 540 368</p> <p>R20 540 368</p> <p>R176 204</p> <p>R44 million</p>
KEY PERFORMANCE AREAS	Performance during the year, performance targets against actual achieved and plans to improve the plans.		
ELECTRICITY	<p>There are serious challenges on infrastructure network and maintenance programme.</p> <p>Some switch gears and protective units are not 100% functional therefore lot of maintenance work is needed.</p> <p>The HT lines, especially in Belfast need to be replaced with bundle conductor.</p> <p>The engineer of the Municipality together with the professional Engineer will finalise the scope of work for the switching over to the bundle conductor approach in due course.</p>		

- It can therefore be deduced that the municipality has reached and in some cases exceeded expected performance in spite of challenges faced with regards to staff shortage and other capacity challenges.