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**We all have the power to prevent AIDS**

AIDS  
affects  
us all



A  
new  
struggle

**Prevention is the cure**

**AIDS  
HELPLINE**

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DEPARTMENT OF HEALTH

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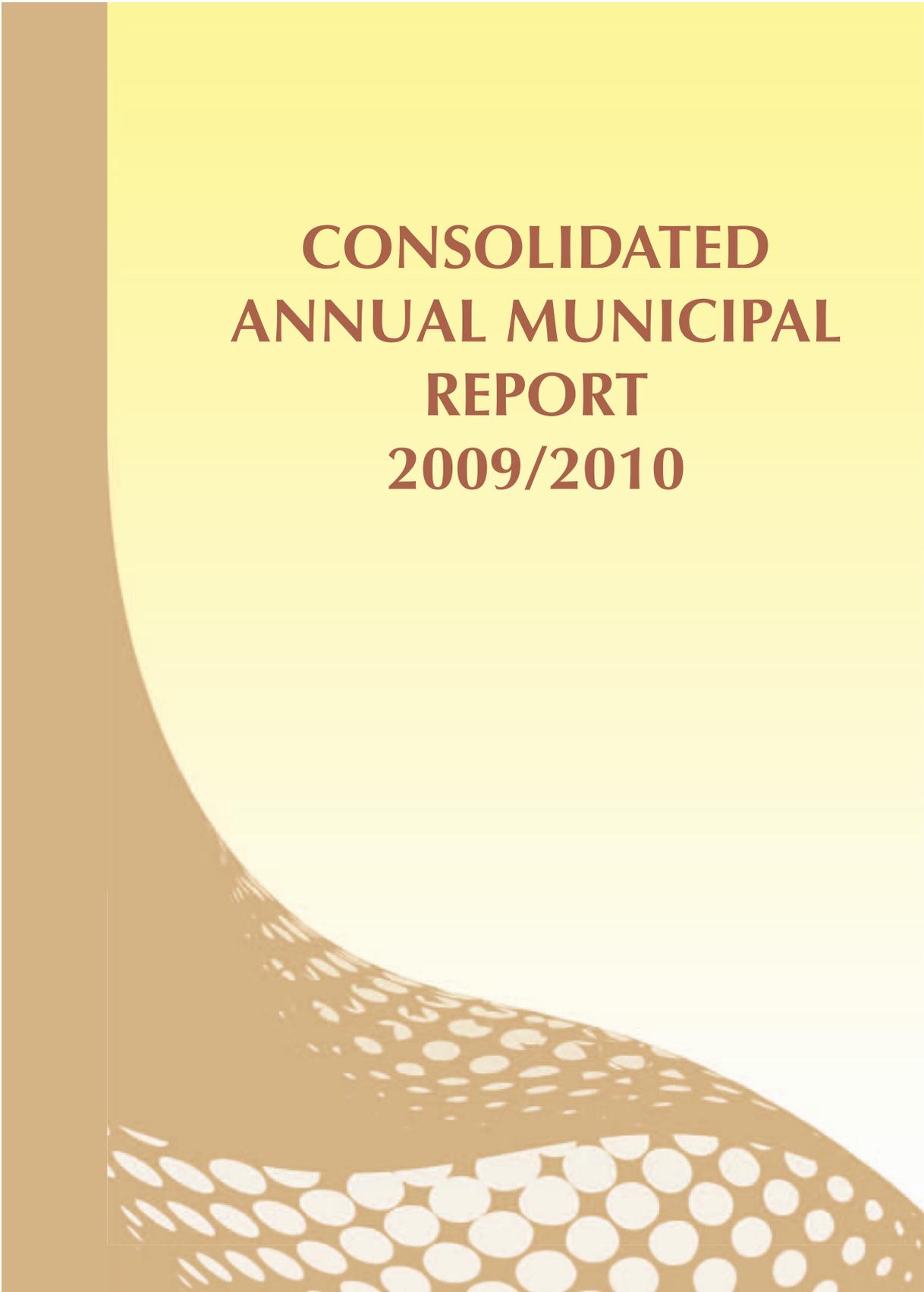
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## GENERAL NOTICE

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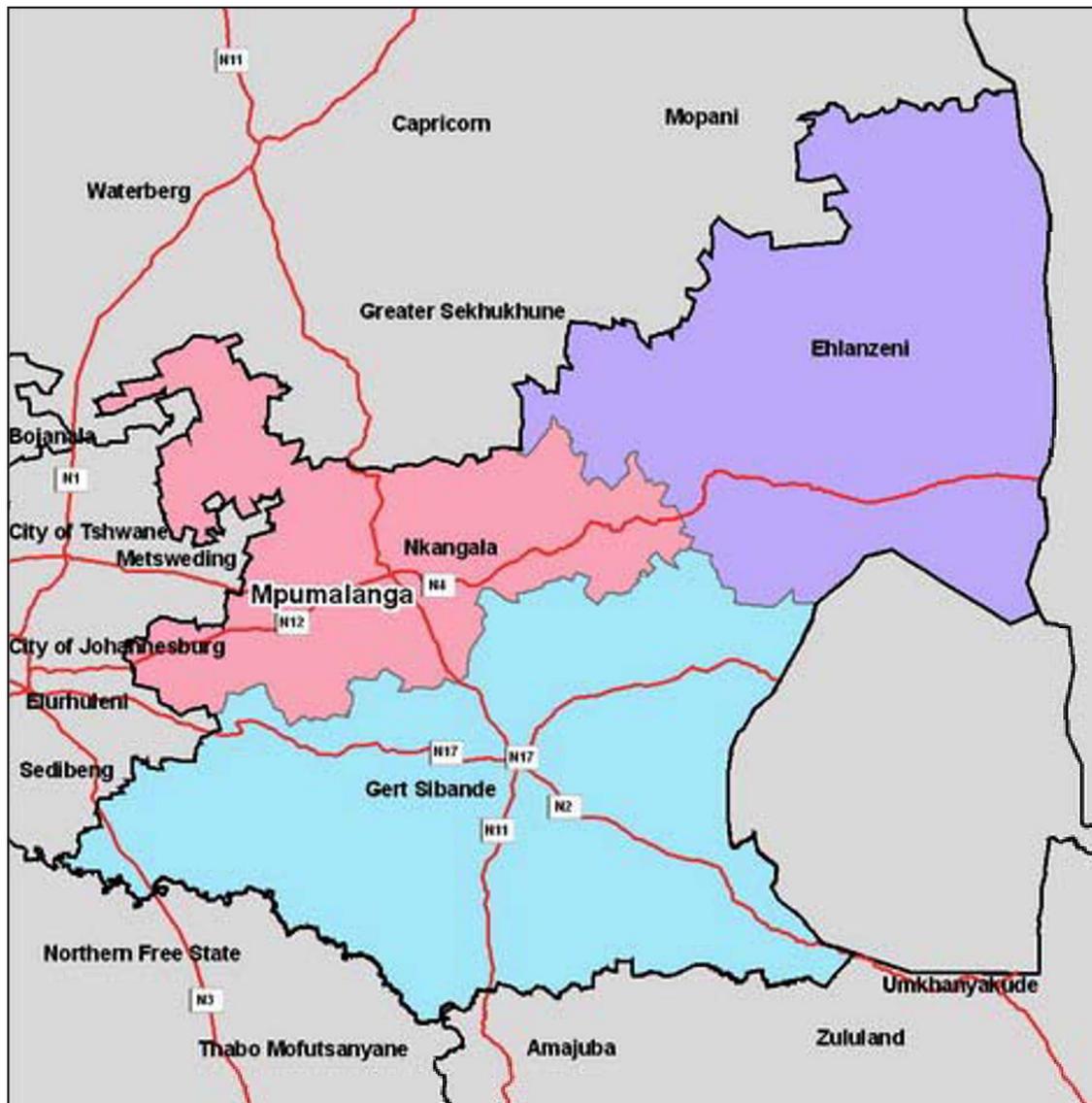


# CONSOLIDATED ANNUAL MUNICIPAL REPORT 2009/2010

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# THE MPUMALANGA PROVINCIAL MAP



Source: Demarcation Board Website

## FOREWORD BY MEC FOR COGTA



**Hon. MEC Madala Masuku (MPL)**

We have come a long way since our transition eight years ago to a new form of developmental local government with the introduction of integrated municipal planning. The Municipal Integrated Development Plan (IDP) and related performance management processes, which were introduced in 2000, serve as the pivotal tool in transforming local government.

We all know the great challenges which municipalities face in promoting human rights and meeting human needs, addressing past backlogs and problems caused by apartheid planning and planning for a sustainable future. Everything that a municipality does should be done to impact as much as possible on the social development of an area. In particular, municipalities must be serious about their responsibility to provide services that meet the basic needs of the poor in their communities in a cost-effective and affordable manner. The transformation to a developmental local government also requires municipalities to provide leadership to all those who have a role to play in achieving local prosperity.

One of the most important methods for achieving greater co-ordination and integration is through integrated development planning. It is for this reason that my Department is striving to provide improved local government support to all municipalities. This report therefore not only provides a snapshot of the status of performance of municipalities in the Province, but it also outlines critical areas within municipalities which need to be addressed by municipalities and through continued and renewed support from provincial and national government departments.

The report is structured to cover the following five key performance areas, which are also the key focus areas of the Five Year Local Government Strategic Agenda adopted by national government in 2006:

- Municipal transformation and organizational development
- Basic service delivery
- Local economic development
- Municipal financial viability and management
- Good governance and public participation
- Cross-cutting interventions

I hope that this Consolidated Municipal Annual Performance Report for 2006/2007 gives some insight into how far we as a province have moved towards achieving the vision and objects of a developmental state.

A handwritten signature in black ink, appearing to read 'M.B. Masuku', written over a horizontal line.

**MR M.B. MASUKU**

**MEC: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**

**26/03/2012**

**DATE**

## OVERVIEW

Section 46 of the Municipal Systems Act (Act No. 32 of 2000) requires a municipality to prepare for each financial year a performance report “reflecting–

- (a) the performance of the municipality and of each external service provider during that financial year;
- (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
- (c) measures taken to improve performance .

In addition, the Municipal Finance Management Act (Act No. 56 of 2003) requires that the municipality’s annual report (section 121 of MFMA) must include the Annual Performance Report (Section 46 Report).

It is implicit that although the Section 46 Report must form part of the Section 121 Annual Report it should be prepared as an independent report with its own clearly defined requirements and objectives. This would then enable COGTA to prepare and submit the Annual Consolidated Municipal Performance Report to the Provincial Legislature as required in terms of Section 47 of the MSA.

Very few municipalities prepared an annual performance report on this basis with most municipalities rather opting for an annual report which has elements of the requirements of Section 46 of the MSA scattered within the annual report. It is acknowledged however that although a Section 46 of the MSA Report is a statutory obligation, COGTA only developed and communicated a uniform format on which municipalities should prepare their annual Section 46 of the MSA Report late in the 2007/2008 financial year. This proved to be too late for municipalities to be in a position to report effectively.

On the basis of the reports which were received from municipalities the COGTA found it extremely difficult to deliver on its mandate to prepare a consolidated municipal performance report for the Provincial Legislature which meets the requirements of Section 47 of the MSA.

As a result it is proving challenging for Provincial Government to correctly target and channel various Departmental support programmes to municipalities as there will be no measured and consolidated base to work from.

COGTA is in the process of developing a detailed framework and guideline for municipalities to utilize in preparing their 2007/2008 Section 46 Report in order to standardize the approach from Government in information gathering and to establish baselines for measuring onward performance. The aim of the detailed framework will not only enable COGTA to report on at least the legislated Key Performance Indicators (as per Regulation 10 of the Municipal Planning and Performance Regulations - August 2001) but also enable a standardized approach from Government to information gathering and to establishing baselines for measuring onward performance. This approach is not merely geared to information gathering, but more towards information analysis in order to improve performance as well as provincial support programmes.

Whilst this Consolidated Municipal Annual Performance Report for 2006/2007 provides insight into the performance of municipalities and presents comparisons against set targets, the information provided by municipalities and key components within COGTA was not independently audited or verified.

# CHAPTER 1

## MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

### 1.1. Introduction

The information within this chapter is intended to illustrate the organizational structure, progress in the filling of senior management posts as well as policies and systems which have been developed throughout the 21 municipalities which make up the Mpumalanga province. The Province consists of three districts and the presented information will be demonstrated at a district level to reflect the perspective of the district and provide a provincial picture. The comparative information indicated between 2008/2009 and 2009/2010 financial years seeks to reflect the challenges and progress made within the three districts and the Mpumalanga province as a whole.

### 1.2. Progress

- All municipalities in the Province have approved organograms which are aligned to the allocated powers and functions.
- The executive structures are aligned with the administrative structures of municipalities.
- Municipal councils in the Province have established both section 79 and section 80 committees.
- 19 Municipalities in the Province have established Municipal Public Account Committees except for Steve Tswete and Thaba Chweu local municipalities.

#### 1.2.1 Filling of Section 57 posts

The current number of municipal senior manager posts within the Province is 124. Currently, 106 of these posts are filled with (18) vacant posts. In 2008/2009 the employment rate was:

<i>Comparative analyses of 2008/2009 and 2009/2010</i>					
<i>Municipality</i>	<i>Total No. of Senior Section 57 Managers</i>	<i>No. filled in 2008/2009</i>	<i>Percentage %</i>	<i>No. filled in 2009/2010</i>	<i>Percentage %</i>
<b>Gert Sibande District</b>	49	46/49	93.9%	43/49	87.8%
<b>Nkangala District</b>	37	31/37	83.8%	27/37	73%
<b>Ehlanzeni District</b>	38	37/38	97.4%	36/38	94.7%
<b>Total</b>	124	114/124	91.9%	106/124	85.5%

<i>Municipality</i>	<i>Municipal Manager</i>	<i>Chief Financial Manager</i>	<i>Manager Technical Services</i>	<i>Manager Corporate Services</i>	<i>Manager Public Safety / Social Services</i>	<i>Comment</i>
<b>GERT SIBANDE DISTRICT</b>						
Gert Sibande	✓	✓	✓	✓	✓	Of the 48 senior Section 57 manager posts, six are vacant. The vacant posts are in: Msukaligwa LM (Municipal Manager and Director: Corporate Services), Lekwa LM (Municipal Manager and CFO), Mkhondo LM (CFO), Pixley Ka Seme LM (Municipal Manager). All posts were advertised with placement still to be made.
Albert Luthuli	✓	✓	✓	✓	✓	
Msukaligwa	✗	✗	✓	✓	✓	
Mkhondo	✓	✗	✓	✓	✓	
Pixley ka Seme	✗	✓	✓	✓	✓	
Lekwa	✗	✗	✓	✓	✓	
Dipaleseng	✓	✓	✓	✓	✓	
Govan Mbeki	✓	✓	✓	✓	✓	
<b>NKANGALA DISTRICT</b>						
Nkangala	✓	✗	✓	✓	✗	Of the 37 senior Section 57 manager posts, ten are vacant. The vacant posts are in: Nkangala DM ( CFO and Manager: Social Services), Victor Khanye LM (Municipal Manager), Emalahleni LM (Director: Corporate Services, Director: Infrastructure and Basic Services and Public Safety ), Steve Tshwete LM (Manager: Corporate Services), Emakhazeni LM (CFO and Managers Corporate Services), Thembisile LM (CFO and PMU Manager) and Dr JS Moroka LM ( Manager: Community Services)
Victor Khanye	✗	✓	✓	✓	✓	
Emalahleni	✓	✓	✗	✗	✗	
Steve Tshwete	✓	✓	✓	✓	✓	
Emakhazeni	✓	✗	✓	✗	✓	
Thembisile Hani	✓	✗	✓	✓	✓	
Dr JS Moroka	✓	✓	✓	✓	✗	
<b>EHLANZENI DISTRICT</b>						
Ehlanzeni	✓	✓	✓	✓	✓	Of the 38 senior Section 57 manager posts, two are vacant. The vacant posts are in: Umjindi LM (Director: Community Services and Director: Corporate Services).
Thaba Chweu	✓	✓	✓	✓	✓	
Mbombela	✓	✓	✓	✓	✓	
Umjindi	✓	✓	✓	✗	✗	
Nkomazi	✓	✓	✓	✓	✓	
Bushbuckridge	✓	✓	✓	✓	✓	

The information received from municipalities within the three districts indicates that, there is increase in the vacancy rate of section 57 managers. This is as a result of suspensions, SDBIP not signed by Councils and some were still within the required timeframes as per the performance regulations, regulating performance of municipal managers and managers accountable to municipal managers.

### 1.2.2 Municipal Policies

<i>Municipality</i>	<i>Recruitment Policy</i>	<i>Employment Equity</i>	<i>Workplace Skills Plan</i>	<i>Performance Management System</i>	<i>Bank &amp; Investment Policy</i>
<b>GERT SIBANDE DISTRICT</b>					
Gert Sibande	✓	✓	✓	✓	✓
Albert Luthuli	✓	x	✓	x	✓
Msukaligwa	✓	✓	✓	x	✓
Mkhondo	✓	✓	✓	✓	✓
Pixley ka Seme	✓	✓	✓	✓	✓
Lekwa	✓	✓	✓	x	✓
Dipaleseng	✓	✓	✓	✓	✓
Govan Mbeki	✓	✓	✓	✓	✓
<b>NKANGALA DISTRICT</b>					
Nkangala	✓	✓	✓	✓	✓
Victor Khanye	✓	✓	✓	✓	✓
Emalahleni	✓	✓	✓	✓	✓
Steve Tshwete	✓	✓	✓	✓	✓
Emakhazeni	✓	✓	✓	✓	✓
Thembisile Hani	✓	x	✓	x	✓
Dr JS Moroka	✓	✓	✓	✓	✓
<b>EHLANZENI DISTRICT</b>					
Ehlanzeni	✓	✓	✓	✓	✓
Thaba Chweu	✓	x	✓	x	✓
Mbombela	✓	✓	✓	✓	✓
Umjindi	✓	✓	✓	✓	✓
Nkomazi	✓	✓	✓	✓	✓
Bushbuckridge	✓	✓	✓	✓	✓

### 1.2.3 Employment Equity

The total number of senior manager posts in the Province at municipal level is 124 of which 106 posts have been filled. Number of appointed females 28 (11 in Gert Sibande District, 7 in Nkangala District and 10 in Ehlanzeni District) and 78 males (32 in Gert Sibande District, 20 in Nkangala District and 26 in Ehlanzeni District). In terms of percentage, 23% of senior manager posts have been filled by females and 63% by males. The implementation of the Employment Equity Act is taking place at a slow pace since the number of posts occupied by females is only 28 whilst males occupy 78 of the filled posts. (Also to include the number of councillors and youth).

### 1.2.4 Municipal Budget spent on implementing workplace skills plan

All 21 municipalities are paying levies and receive rebates for the implementation of workplace skills plans. Municipalities have also made provision in their budgets for internal capacity building that is in line with their workplace skills plan although amounts budgeted vary from one municipality to the other. Verify whether there are 21 workplace skills plans (POEs) which municipalities that are not implementing.

### 1.2.5 Performance Management Systems

They are fourteen municipalities in the Province that have developed Performance Management Framework.

Out of 106 filled senior section 57 positions, 91 have signed performance agreements and 15 were not signed. This was as a result of suspensions in municipalities, unsigned Service Delivery and Budget Implementation Plans and others were still within the timeframe as stipulated within the performance regulations regulating municipal managers and managers accountable to municipal managers.

All 21 municipalities in the province use audit committees to audit their performance. Seven municipalities in Nkangala District were using shared committee, In Gert Sibande District all municipalities are also using a shared committee and in Ehlanzeni District all municipalities have their audit committees.

#### What is lacking:

- No mention of performance framework in municipalities
- Performance audit
- Are there audit committees in place
- Performance agreements and contracts
- Annual Reports
- IDPs and SDBIP

### 1.3 Challenges experienced in municipal transformation and organizational development

- Delay by municipalities in filling strategic vacant posts within the section 57 manager's level.
- Slow implementation of Employment Equity Plan by municipalities and that have impact on the Employment Equity Act.

### 1.4 Interventions by national and provincial government, SALGA and other government agencies

- The Province has instituted section 139(1) (b) of the Constitution to 5 municipalities (Thaba Chweu, Dr Pixley Ka Isaka Seme, Mkhondo, Lekwa and Thembisile Hani) in the Province to provide assist on their administrative capacity and on service delivery.
- The National Government has developed the Municipal Turn Around Strategy and all municipalities in the Province were visited and assisted with bottlenecks identified on their Institutional Transformation and Organisational Development.

# CHAPTER 2

## BASIC SERVICE DELIVERY

## 2.1 Introduction

The province has performed reasonable well in providing basic services to its citizens through municipal provincial district and municipal services. The report will cover progress made by municipalities to achieve some of the targets and also the challenges.

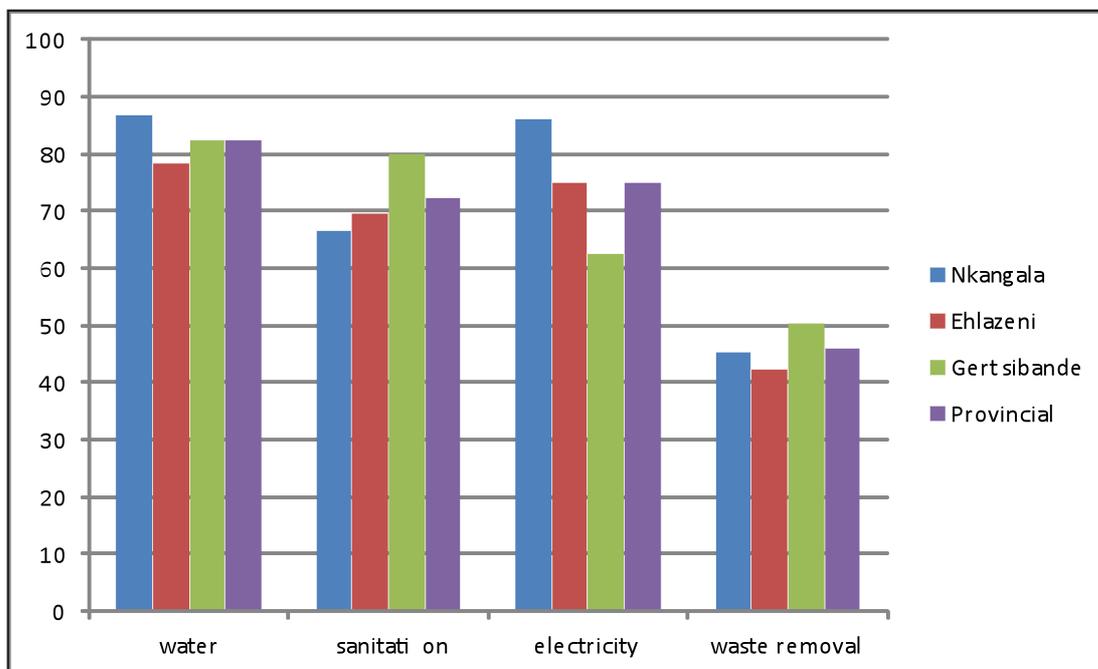
The achievements have been realised through the intensive involvement of sector department during the municipal IDP processes in the 2009/2010 financial year. It is evident that more municipality are have improved in grant spending and implementation of projects in their space, there is also an improvement in the provision of basic services and the number of indigents receiving free basic services.

It must be noted that whilst there is improvement in provision of services in municipalities there are challenges which have a negative effect on achieving some of the targets, these include amongst others the non-filling of vacant funded and critical posts, shortage of skills, poor projects management none availability of operation and maintenance plans for the sustainability of some critical services, insufficient funding etc.

The majority of households which constitute backlog in the province are in the rural areas and informal settlements which are not yet proclaimed, and in other areas there are extensions. The electrification in the rural areas has also slowed down caused by the shortage of bulk electrical infrastructure which requires a lot funding. This bulk is needed before the implementation of household connections

## 2.2 Progress

The report will reflect progress made by Local Municipalities at the district level which covers access to electricity, water, sanitation and refuse removal including FBS. Out of the 1 073 386 households the province is currently at 82.5% in access to water, 72,2% in access to sanitation, 75 % in access to electricity and 46% in access to refuse removal. The data below reflect the level of access to services at districts and local municipal level as informed by the assessment report of 2010/2011 IDPs



2010/2011 municipal IDP analysis figures

### 2.2.1 Access to water

Access to Basic Water: (82.5%) access

A total of 835 298 (78%) households out of a total of 1 073 386 have access to basic water supply in the Province. A total of 453 959 are served with free basic water supply which accounts for 89% of the total 510 414 approved indigents in the Province

There are a total of 22 118 households which have inadequate access to water services while there is a need for infrastructure upgrade, extension, operation and maintenance. About 3 254 of the households who do not have access to water, where there is still a need for housing. Gert Sibande district municipality have an estimated 284 834 household where 235 035 (82.5%) have access to water, Ehlanzeni district Municipality have 457 810 households with 358 653 of the household have access to water which constitute 78.3% and Nkangala District municipality have 330 742 number household where 286 711 (86.7%) have access to water.

#### NKANGALA DISTRICT MUNICIPALITY

Name of Municipality	Total No. of Households	Households with Access to water	Household with Access to water as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Victor Khanye	13 389	12 480	93.2%	909	6.8%
Emalahleni	105 594	95 878	90.8%	9 716	9.2%
Emakhazeni	12 128	11 305	93.2%	823	6.8%
Dr Js Moroka	57 811	52 725	91.2%	5 086	8.8%
Steve Tshwete	50 449	50 363	99.8%	86	0.2%
Thembisile Hani	91 371	63 960	70.0%	27 411	30.0%
<b>NKANGALA DISTRICT</b>	<b>330 742</b>	<b>286 711</b>	<b>86.7%</b>	<b>44 031</b>	<b>13.3%</b>

**EHLANZENI DISTRICT MUNICIPALITY**

Name of Municipality	Total No. of Households	Households with Access to water	Household with Access to water as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Bushbuckridge	120 000	65 000	54.2%	55 000	45.8%
Mbombela	184 727	146 909	79.5%	37 818	20.5%
Nkomazi	100 722	97 532	96.8%	3 190	3,2%
Thaba Chweu	33 593	31 006	92.3%	2 587	7.7%
Umjindi	18 768	18 206	97.0%	562	3.0%
<b>EHLANZENI DISTRICT</b>	<b>457 810</b>	<b>358 653</b>	<b>78.3%</b>	<b>99 157</b>	<b>21.7%</b>

**GERT SIBANDE DISTRICT MUNICIPALITY**

Name of Municipality	Total No. of Households	Households with Access to water	Household with Access to water as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Albert Luthuli	51947	42 959	83%	8 988	17%
Dipaleseng	12235	9 050	74%	3 185	26%
Govan Mbeki	86 954	64 735	74%	22 219	26%
Lekwa	32241	31 280	97%	961	3%
Mkhondo	34 881	24 410	70%	10 471	30%
Msukaligwa	43681	41 456	95%	2 225	5%
Pixley ka Seme	22895	21 145	92%	1 750	8%
<b>GERT SIBANDE DISTRICT</b>	<b>284 834</b>	<b>235 035</b>	<b>82.5%</b>	<b>49 799</b>	<b>17.5%</b>

**PROVINCIAL**

Name of Municipality	Total No. of Households	Households with Access to water	Household with Access to water as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
NKANGALA DISTRICT	330 742	286 711	86.7%	44 031	13.3%
EHLANZENI DISTRICT	457 810	358 653	78.3%	99 157	21.7%
GERT SIBANDE DISTRICT	284 834	235 035	82.5%	49 799	17.5%
<b>PROVINCIAL</b>	<b>1 073 386</b>	<b>880 399</b>	<b>82%</b>	<b>192 987</b>	<b>18%</b>

**2.3 Challenges**

- Lack of sufficient bulk connectivity
- Poor Water Conservation and demand management (water losses, uncounted for water/ illegal connections)
- Poor water quality
- Poor water infrastructure network, most infrastructure assets has exhausted its expected useful life span and needs extensive refurbishment.
- Shortage of water resources, distribution and management thereof, poor water quality which becomes evident in the persistence of water related diseases out breaks. Some infrastructure requires urgent refurbishment and some network suffer from extensive illegal connections.

**2.4 Recommendation**

Provincial bulk Infrastructure Network Assessments need to be conducted on Water services to identify challenges and to determine interventions required to alleviate water supply challenges and financial requirements.

Identification of Projects and skills needed to address the infrastructure backlogs especially on the edging infrastructure i.e. Treatment, Bulk, Storage and Reticulation.

The provincial department made funding allocation for the implementation of these projects.

Project Implementation Plans and municipal master plans are developed to assist on the multi year capital plans.

Large portion of EDM is dominated by rural areas and many people do not have full access to portable water.

Large propositions municipalities in the province are of the poverty pockets and underdeveloped, communities thus making it virtually impossible for accelerated economic growth without the necessary development infrastructure interventions.

Infrastructure Network Assessments need be conducted on Water services to identify challenges and to determine interventions required to alleviate water supply challenges and financial requirements

## 2.5 ACCESS TO SANITATION

### Access to basic sanitation: (72%) access

A total of 767 940 households in the Province have access to decent sanitation out of a total of 1 073 386. A further 348 961 households are served with free basic sanitation from a total of 416 133 approved indigents. That accounts for a 83,8%. As part of the progress by the province on sanitation was to eradicate the bucket system, which have been successfully completed during the 2009/2010 financial year. This was done through the provision of temporary/mobile sanitation units in the interim whilst bringing about a solution by building VIP Sanitation Units. The solutions on PIT Latrine were both the provision of temporary/mobile sanitation units in areas where the state of the PIT Latrines was deplorable and the provision of subsidised suction where the PIT Latrines are still functional whilst the construction of VIP Sanitation Units is underway. The solution on VIP Sanitation Units mainly focused on the maintenance of such systems, provision of VIP s for households using shared services and connection of certain VIP systems to the portable water system so as to make use of the flush.

### NKANGALA DISTRICT MUNICIPALITY

Name of Municipality	Total No. of Households	Households with Access to Sanitation	Household with Access to Sanitation as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Victor Khanye	13 389	12 480	93.2%	909	6.8%
Emalahlani	105 594	87 009	82.4%	18 585	17.6%
Emakhazeni	12 128	11 170	92.1%	958	7.9%
Dr Js Moroka	57 811	45 764	79.2%	12 047	20.8%
Steve Tshwete	50 449	49 489	98.1%	960	1.9%
Thembisile Hani	91 371	14 592	16.0%	76 779	84.0%
<b>NKANGALA DISTRICT</b>	<b>330 742</b>	<b>220 504</b>	<b>66.7%</b>	<b>110 238</b>	<b>33.3%</b>

**EHLANZENI DISTRICT MUNICIPALITY**

Name of Municipality	Total No. of Households	Households with Access to Sanitation	Household with Access to Sanitation as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Bushbuckridge	120 000	70 000	58.3%	50 000	41.7%
Mbombela	184 727	146 909	79.5%	37 818	20.5%
Nkomazi	100 722	59 321	58.9%	41 401	41.1%
Thaba Chweu	33 593	25 060	74.6%	8 533	25.4%
Umjindi	18 768	17 821	95.0%	947	5.0%
<b>EHLANZENI DISTRICT</b>	<b>457 810</b>	<b>319 111</b>	<b>69.7%</b>	<b>138 699</b>	<b>30.3%</b>

**GERT SIBANDE DISTRICT MUNICIPALITY**

Name of Municipality	Total No. of Households	Households with Access to Sanitation	Household with Access to Sanitation as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Albert Luthuli	51 947	35 323	68.0%	16 624	32.0%
Dipaleseng	12 235	9 050	74.0%	3 185	26.0%
Govan Mbeki	86 954	82 233	94.6%	4 721	5,5%
Lekwa	32241	30 838	95.6%	1 403	10.0%
Mkhondo	34 881	17 706	50.8%	17 175	49,3%
Msukaligwa	43 681	32 780	75.0%	10 901	29,5%
Pixley ka Seme	22 895	20 395	89.0%	2 500	11.0%
<b>GERT SIBANDE DISTRICT</b>	<b>284 834</b>	<b>228 325</b>	<b>80.2%</b>	<b>56 509</b>	<b>19.8%</b>

**PROVINCIAL**

Name of Municipality	Total No. of Households	Households with Access to Sanitation	Household with Access to Sanitation as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
NKANGALA DISTRICT	330 742	220 504	66.7%	110 238	33.3%
EHLANZENI DISTRICT	457 810	319 111	69.7%	138 699	30.3%
GERT SIBANDE DISTRICT	284 834	228 325	80.2%	56 509	19.8%
<b>PROVINCIAL</b>	<b>1 073 386</b>	<b>767 940</b>	<b>72%</b>	<b>305 446</b>	<b>28%</b>

**2.6 CHALLENGES**

- Lack of sufficient bulk connectivity
- Poor Water Conservation and demand management (water losses, uncounted for water/ illegal connections)
- Poor sewage infrastructure network, most infrastructure assets has exhausted its expected useful live span and needs extensive refurbishment
- Shortage of water resources, distribution and management thereof, which becomes evident from local municipalities which are failing to convert VIP and pit or long drop toilets to water born toilets.
- Some infrastructure require urgent refurbishment and upgrade as most of the bulk was designed for small towns and now are to cater for the previously marginalised and the current growth.

**2.7 RECOMMENDATION**

Provincial bulk Infrastructure Network Assessments need to be conducted on Sanitation services to identify challenges and to determine interventions required to alleviate Sanitation supply challenges and financial requirements

Identification of Projects and skills needed to address the infrastructure backlogs especially on the edging infrastructure i.e. Treatment, Bulk, Storage and Reticulation.

Project Implementation Plans and municipal master plans are developed to assist on the multi year capital plans.

A Large portion of EDM is dominated by rural areas and many people do not have full access to portable water.

Lack of bulk and reticulation infrastructure in these areas aggravates the situation.

Poor operation and maintenance by the relevant authorities is at the core of the poor situation.

Large propositions municipalities in the province are of the poverty pockets and underdeveloped, communities thus making it virtually impossible for accelerated economic growth without the necessary development infrastructure interventions.

## 2.8 ACCESS TO REFUSE REMOVAL

## NKANGALA DISTRICT MUNICIPALITY

Name of Municipality	Total No. of Households	Households with Access to Refuse removal	Household with Access to Refuse removal as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Victor Khanye	13389	11985	89.5%	1404	10.5%
Emalahlani	105594	66524	63.0%	39070	27.0%
Emakhazeni	12128	8613	71.0%	3515	29.0%
Dr JS Moroka	57811	5781	10.0%	52030	89.1%
Steve Tshwete	50449	47472	94.1%	2977	22.0%
Thembisile Hani	91371	10051	11.0%	81320	90.0%
<b>NKANGALA DISTRICT</b>	<b>330 742</b>	<b>150 426</b>	<b>45.5%</b>	<b>180 316</b>	<b>54.5%</b>

## EHLANZENI DISTRICT MUNICIPALITY

Name of Municipality	Total No. of Households	Households with Access to Refuse removal	Household with Access to Refuse removal as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Victor Khanye	13389	11985	89.5%	1404	10.5%
Emalahlani	105594	66524	63.0%	39070	27.0%
Emakhazeni	12128	8613	71.0%	3515	29.0%
Dr JS Moroka	57811	5781	10.0%	52030	89.1%
Steve Tshwete	50449	47472	94.1%	2977	22.0%
Thembisile Hani	91371	10051	11.0%	81320	90.0%
<b>NKANGALA DISTRICT</b>	<b>330 742</b>	<b>150 426</b>	<b>45.5%</b>	<b>180 316</b>	<b>54.5%</b>

**GERT SIBANDE DISTRICT**

Name of Municipality	Total No. of Households	Households with Access to water	Household with Access to water as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Albert Luthuli	51 947	7 056	13.6%	44 891	86.4%
Dipaleseng	12235	12 235	100.0%	0	48.0%
Govan Mbeki	86 954	60 123	69.1%	26 831	13.0%
Lekwa	32 241	18 636	57.8%	13 605	39.0%
Mkhondo	34 881	10 737	30.8%	24 144	17.0%
Msukaligwa	43 681	21 082	48.3%	22 599	17.0%
Pixley ka Seme	22 895	13 467	58.8%	9 428	41.2%
<b>GERT SIBANDE DISTRICT</b>	<b>284 834</b>	<b>143 336</b>	<b>50.3%</b>	<b>141 498</b>	<b>49.7%</b>

**GERT SIBANDE DISTRICT**

Name of Municipality	Total No. of Households	Households with Access to water	Household with Access to water as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
<b>NKANGALA DISTRICT</b>	330 742	150 426	45.5%	180 316	54.5%
<b>EHLANZENI DISTRICT</b>	457 810	193 635	42.3%	235 265	51.4%
<b>GERT SIBANDE DISTRICT</b>	284 834	143 336	50.3%	141 498	49.7%
<b>PROVINCIAL</b>	1 073 386	487 397	45%	557 079	52%

## 2.9 ACCESS TO ELECTRICITY

Out of 1 073 386 household in Mpumalanga province (807 539) 75 % have access to electricity and 25 % not accessing electricity, a total of 101 schools was electrified in 7/8, 47 schools were electrified in Eskom programme and 54 schools electrified in municipal programme . Whilst clinics in the province are receiving electricity. The province constitutes about 11 % of the national electrification backlog. A total of 10,499 indigent applicants on FBE (free basic electricity) 100% configure and a total of 81% collect the 60Kw unit from both Local Municipalities and Eskom area of supply.

### NKANGALA DISTRICT MUNICIPALITY

Name of Municipality	Total No. of Households	Households with Access to electricity	Household with Access to electricity as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Victor Khanye	13 389	11 985	89.5%	1 404	10.5%
Emalahlani	105 594	100 103	94.8%	5 491	5.2%
Emakhazeni	12 128	10 506	86.6%	1 622	13.4%
Dr Js Moroka	57 811	42 318	73.2%	15 493	26.8%
Steve Tshwete	50 449	37 836	75.0%	12 613	25.0%
Thembisile Hani	91 371	82 317	90.1%	9 054	9.9%
<b>Nkangala District</b>	<b>330 742</b>	<b>285 065</b>	<b>86.2%</b>	<b>45 677</b>	<b>13.8%</b>

### EHLANZENI DISTRICT MUNICIPALITY

Name of Municipality	Total No. of Households	Households with Access to electricity	Household with Access to electricity as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Mbombela	184 727	112 210	60.7%	72 517	39.3%
Nkomazi	100 722	90 852	90.2%	9 870	9.8%
Thaba Cheu	33 593	23 750	70.7%	9 843	29.3%
Umjindi	18 768	8 633	46.0%	10 135	54.0%
Bushbuckridge	120 000	108 360	90.3%	11 640	9.7%
<b>EHLANZENI DISTRICT</b>	<b>457 810</b>	<b>343 805</b>	<b>75%</b>	<b>114 005</b>	<b>0</b>

**GERT SIBANDE DISTRICT**

Name of Municipality	Total No. of Households	Households with Access to electricity	Household with Access to electricity as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Albert Luthuli	51 947	27 096	52.2%	24 851	47.8%
Dipaleseng	12 235	9 404	76.9%	2 831	23.1%
Govan Mbeki	86 954	68 070	78.3%	18 884	21.7%
Lekwa	32 241	7 712	23.9%	24 529	76.1%
Mkhondo	34 881	24 057	69.0%	10 824	31.0%
Msukaligwa	43 681	26 087	59.7%	17 594	40.3%
Pixley Ka Seme	22 895	16 243	70.9%	6 652	29.1%
<b>GERT SIBANDE DISTRICT</b>	<b>284 834</b>	<b>178 669</b>	<b>62.7%</b>	<b>106 165</b>	<b>37.3%</b>

**PROVINCIAL**

Name of Municipality	Total No. of Households	Households with Access to electricity	Household with Access to electricity as a Percentage	Household below basic level of service/ backlogs	Households below basic level of services / backlogs as a percentage
Nkangala District	330 742	285 065	86.2%	45 677	13.8%
EHLANZENI DISTRICT	457 810	343 805	75%	114 005	25%
GERT SIBANDE DISTRICT	284 834	178 669	62.7%	106 165	37.3%
<b>PROVINCIAL</b>	<b>1 073 386</b>	<b>807 539</b>	<b>75%</b>	<b>265 847</b>	<b>25%</b>

A total of 10,499 indigent applicants on FBE (free basic electricity) 100% configure and a total of 81% collect the 60Kw unit from both Local Municipalities and Eskom area of supply

## 2.10 Free Basic electricity (FBE)

Municipality	Submitted	Configured	Collected	FBE%
Chief Albert Luthuli	2,041	2,041	1,743	85.4
Msukaligwa	344	344	291	84.6
Mkhondo	945	945	737	78
Dr Pixley Ka Isaka Seme	1,500	1,438	1,083	75.3
Lekwa	1,500	1,500	1,141	76.1
Dipaleseng	476	476	394	82.8
Govan Mbeki	2,904	2,904	2,410	83
Victor Khanye	2,437	2,437	2,227	91.4
Steve Tshwete	148	148	139	93.9
Emakhazenl	80	80	70	87.5
Thembisile Hani	9,419	9,419	7,970	84.6
Dr J S Moroka	4,820	4,820	3,756	77.9
Mbombela	6,104	6,104	5,137	84.2
Thaba Chweu	1,372	1,372	1,133	82.6
Umjindi	4	4	4	100
Nkomazi	10,499	10,499	8,558	81.5
Bushbuckridge	52,766	52,766	38,879	73.7

## 2.10.1 Challenges

- Limited funding from Department of Energy (DoE) to address Electrification Backlog
- Local Municipalities struggling to recover monies owed by their customers to sustain services provided (none availability of Operation and maintenance)
- Growth on the number of Local Municipalities struggling to settle their Eskom accounts on time
- Huge increase on the number of illegal connections, which resulted on a number of deaths and compromising the quality of supply to legal customers
- Equipment thefts and vandalism of electric assets
- Municipalities not having enough money to fund their network upgrades to provide electricity in the province

Most municipalities in the province are facing almost common challenges this includes amongst others, poor planning, limited technical capacity to render the basic services specially the WSA local municipalities, lack of accuracy and integrity in information submitted from municipalities, none availability of sector Specific Master Plans and Universal Access Plans. The current bulk infrastructure which have long passed their life span, are negatively impacting on some of the initiatives of municipalities. The current development made by municipalities are also affected which may also lead to the none achievement of the millennium goals

### 2.10.2 Recommendations

- The consequences of the above situation have catastrophic results in the accelerating the eradication of the service backblocks for the poor. Most of the Local Municipalities that are assigned with the INEP programme implementation do not possess sufficient capability and capacity to implement.
- An all-inclusive Support Strategy is has to be developed in the Province to support Local Municipalities in the implementation of INEP programme
- An integrated approach in supporting municipalities by both provincial CoGTA and The Department of Energy with Eskom need to be developed this must include five year to ten year plan, Operation and Maintenance plans and capacity building programme in LMs for project management and project implementation this will assist the province on meeting its Universal Access to electricity by 2012
- Proper assessment on access to services needs to be done, which will assist the province when planning for basic services in municipalities.

# CHAPTER 3

## LOCAL ECONOMIC DEVELOPMENT

### 3.1 Introduction

Government has a decisive and unapologetic role to play in shaping the economic destiny of our country which is why Local Economic Development (KPA 3) is one of the five key performance areas in the local government system. There has been a realization from government that investment can only occur where the potential and competitive advantages of the various local economies are audited, known and exploited. Municipalities play a critical social lobbying role which entails harnessing diverse stakeholders, be it NGO's, Skills and Training Institutions, the Private Sector, and enterprise agencies such as SEDA and the DTI to foster a good investment climate.

In order for municipalities to be able to deliver on their LED mandate it is important that all municipalities develop a comprehensive, credible and implementable LED strategy which is both aligned to the IDP and which is properly recognized within the budget for funding purposes. The structures of each municipality should also reflect the importance of LED by providing LED with the strategic location, as one of the municipal KPAs. It is also recognized that municipalities should have properly constituted and functional LED Forums.

This chapter of the report endeavors to evaluate the performance of municipalities in the development and implementation of LED strategies and plans as well as in the development of structures required to meeting the challenges. It also reports on the capacity of municipalities to implement LED in their respective municipalities.

### 3.2 Progress

In the 2009/10 financial year, COGTA supported by GTZ conducted an LED Maturity assessment for all municipalities in the province. The maturity assessment indicated that municipalities are maturing.

#### 3.2.1 The Maturity Assessment Tool

The LED Maturity Assessment provides a rapid assessment of the readiness of a municipality to successfully undertake LED. The assessment is NOT an evaluation or audit, but instead aims to achieve an understanding of the status quo of LED in a locality with a specific focus on how LED is implemented.

The LED Maturity Assessment provides useful information into what is working, what has worked and what is not working within a municipality. The assessment identifies risks for future LED planning and identifies what improvements need to be made to enhance successful and sustainable LED.

The outcomes of the LED Maturity Assessment are presented in a way that facilitates intra- and inter-municipal learning.

The Assessment is:

- A management tool with which the municipality can measure its LED progress towards enhancing sound LED practice and implementation over successive years.
- A practical guide to sound LED practice that will assist LED, IDP and SDF planning and strategy formulation.
- A common principled approach to LED amongst local municipalities that can add value to creating a common approach to LED.

### 3.1.2 How does the LED Maturity assessment work?

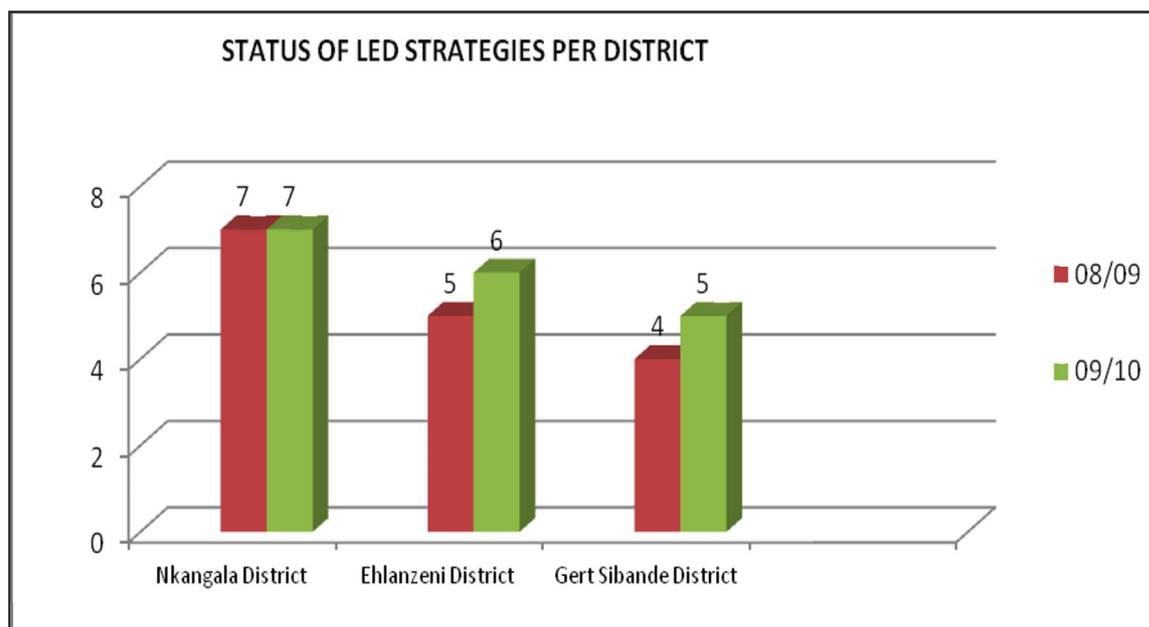
The assessment is structured around two key performance factors:

- Insight and strategy – describes the ability of the municipality to understand the local economy and make sound choices on pragmatic initiatives.
- Ability to execute – describes the ability to follow through on the choices made, from idea to implementation and measurement of impact.

### 3.2.1 Development and implementation of LED strategies and plans

There has been substantial improvement in the development and implementation of LED strategies and plans in the province. By the end of the 2009/2010 financial year sixteen out of twenty-one municipalities had developed LED strategies in the province. More than 80% of municipalities in the province now have an LED strategy.

**Table 1: Status of municipalities with LED strategies in the province per district**



**Table 1** above demonstrates that at least in all districts municipalities most municipalities had an LED strategy in place. The improvement in the number of municipalities with LED strategies has been enhanced by the effort of COGTA which has actively assisted with the development of LED strategies in a number of municipalities across the province.

The LED National Framework 2006-2011 requires that LED must be strategically located within the municipal organogram, as are all the other KPA's (institutional development and transformation, financial viability and management, good governance and public participation and municipal service delivery).

In order for municipalities to successfully implement LED it is recognized that the following functions should be undertaken by the municipality:

- Economic research
- Conducting feasibility studies
- Developing business or project concept papers for identified opportunities
- Developing business plans for certain projects
- LED planning, implementation and monitoring
- Investment and business promotions and summits
- SMME support and skills development
- Economic sector promotion through summits

Table 2: LED Location in municipalities

<i>Municipality</i>	<i>LED location within each municipality</i>	<i>Staff compliment</i>
<b>NKANGALA DISTRICT</b>		
Delmas	Municipal Managers office	1 LED Manager
Emakhazeni	Municipal Managers office	1 Vacant LED/IDP Manager 1 Secretary
Emalahleni	Municipal Managers office	1 LED Manager 1 LED Officer
Nkangala DM	Municipal Managers office	1 Chief Economist 1 Transport Economist 1 Researcher
Steve Tshwete	Municipal Managers office	1 LED Manager 1 Administrative Officer
Thembisile Hani	Municipal Managers office	1 LED Coordinator
Dr. JS. Moroka	Municipal Managers office	1 LED/IDP Manager 1 LED Coordinator 1 Tourism Officer
<b>EHLANZENI DISTRICT</b>		
Bushbuckridge	Municipal Managers office	1 Director Economic Development and Planning 1 LED Manager 1 LED Officer
Ehlanzeni DM	LED Unit	1 Deputy Director 3 LED Ass Directors 1 LED Officer 1 Admin Officer
Mbombela	Chief Operations office	1 LED Director 1 LED Manager 1 Tourism Officer
Nkomazi	Municipal Managers office	1 LED Officer 1 LED Director 1 LED Manager 1 LED officer 1 Tourism Officer
Thaba Chweu	Municipal Managers office	1 LED/IDP Manager
Umjindi	Municipal Managers office	1 LED/IDP Manager 1 LED Co-coordinator 1 LED Officer
<b>GERT SIBANDE DISTRICT</b>		
Albert Luthuli	Municipal Managers office	1 Director Economic Development and Planning 1 LED Coordinator
Dipaleseng	Municipal Managers office	1 LED Officer
Gert Sibande	Technical Services Dept	1 Director IDP/LED 1 LED Manager 1 LED Officer
Govan Mbeki	Municipal Managers office	1 LED Officer
Lekwa	Municipal Managers office	1 Acting LED Manager 1 Admin Officer
Mkhondo	Municipal Managers office	1 LED/IDP Manager
Msukaligwa	Corporate Services Department	1 Assistant Director LED 2 LED Officer
Pixley ka Seme	Corporate Services Directorate	1 Director Economic Development and Planning 1 LED Clerk

### 3.2.2 Portfolio Committees and LED Forums

Political leadership is very important in the implementation of LED in municipalities. Section 79 of the Municipal Structures Act 117 of 1998 allows municipalities to establish committees necessary for the effective performance of any of its functions or the exercise of its powers in this regard. A status quo analysis of the three districts was undertaken for the periods 2008/2009 and 2009/2010 financial years:

**Table 3: Status of LED Forums and portfolio Committees**

Municipality	LED Portfolio Committee		LED Forum	
	2008/2009	2009/2010	2008/2009	2009/2010
<b>NKANGALA MUNICIPALITIES</b>				
Delmas	✓	✓	✓	✓
Dr. J.S Moroka	✓	✓	X	X
Emakhazeni	✓	✓	✓	✓
Emalahleni	✓	✓	✓	✓
Nkangala DM	✓	✓	✓	✓
Steve Tshwete	✓	✓	✓	✓
Thembisile Hani	✓	✓	X	X
<b>EHLANZENI MUNICIPALITIES</b>				
Bushbuckridge	✓	✓	X	X
Ehlanzeni DM	✓	✓	X	X
Mbombela	✓	✓	✓	✓
Nkomazi	✓	✓	✓	✓
Thaba Chweu	✓	✓	✓	✓
Umjindi	✓	✓	✓	✓
<b>GERT SIBANDE MUNICIPALITIES</b>				
Albert Luthuli	✓	✓	✓	✓
Dipaleseng	✓	✓	X	X
Gert Sibande	✓	✓	X	✓
Govan Mbeki	✓	✓	✓	✓
Lekwa	✓	✓	✓	✓
Mkhondo	✓	✓	X	✓
Msukaligwa	✓	✓	✓	✓
Pixley ka Seme	✓	✓	✓	X

At the end of the 2008/2009 financial year, all 21 municipalities had an LED Portfolio Committee in place the status remained the same at the end of 2009/2010 financial year. However, some portfolio committees are still responsible for other portfolios other than LED.

A slight improvement was observed in the establishment of LED Forums within each municipality. By the end of the 2009/2010 financial year 15 municipalities had an LED Forum in place.

### 3.2.3 Structures for the engagement of LED stakeholders (LED Forums)

LED is a stakeholder driven process and requires the establishment of a platform to engage with stakeholders when implementing LED strategies and programmes. Therefore the establishment of an LED Forum within each municipality is the means to engaging with stakeholders. A status quo analysis of the three districts was undertaken for the periods 2009/10 financial year is reflected in the table above.

### 3.3 Job creation

During the financial year 2009/10 financial year a total of 4000 jobs were created through the Expanded Public Works Programme and Community Works Programme.

### 3.4 Challenges experienced with LED in the Province

LED is not strategically located within municipal organograms, as required by legislation (both the National Framework for LED 2006-2011 and the 5 year strategic agenda on local government). LED is predominantly located in the Municipal Manager's office or in the Corporate Services Unit.

There is a general misplacement of the LED unit within some municipalities with few municipalities having a dedicated LED unit (LED staff are generally placed within the Municipal Manager's office or within the Corporate Services unit). This impedes a municipality's ability to deliver on its LED mandate.

This challenge is due mainly to the following reasons:

- LED is generally not regarded as a KPA of a municipality, which warrants operationalization through a fully-fledged department.
- A misconception of the new LED paradigm at both political and administrative levels within the municipalities contributes to the misunderstanding of what LED stands for.
- There is a protracted debate on how LED processes, programmes and activities, including the structure, are funded and by whom.
- There is also a sense within municipalities that everything the municipality does is LED and therefore there is no need for a specialized unit.

The LED units created within municipalities are either grossly under-staffed or inappropriately staffed with personnel who are lacking an appropriate qualification and/or experience in LED:

- Within most municipalities LED is managed by one or two people.
- Some people in LED units have qualifications in Public Administration, disregarding the fact that LED is a specialized area which requires special skills in economics, business management, marketing and research. However, the skills development initiatives planned by COGTA will address this challenge.

LED units do not receive adequate budgets and other resources to perform critical LED functions such as:

- Economic research.
- Conducting feasibility studies.
- Developing business or project concept papers for identified opportunities.
- Developing business plans for certain projects.
- LED planning, implementation and monitoring.
- Investment and business promotions and summits.
- SMME support and skills development.
- Economic sector promotion through summits.

There is a complete detached relationship between local economic development and spatial planning (which determines land-use patterns) within the municipalities. This scenario is due mainly to the following reasons:

- There is a lack of understanding of the fundamental role of LED in spearheading economic development and how this should be linked to spatial planning and land use.
- The old LED paradigm greatly influences how LED is regarded as a 'non-important' KPA, unlike other KPAs such as:
  - Institutional development and transformation
  - Financial viability and management
  - Infrastructure development and basic service delivery
  - Good governance and public participation
  - Social development

Implementation of LED strategies by municipalities has not been overly successful. The reason for this failure can essentially be attributed to the fact that municipalities do not regard LED as an important KPA.

### **3.5 Interventions by national and provincial government, SALGA and other government agencies**

- COGTA supported by GTZ conducted the LED maturity assessment for all municipalities in the province to assess the level of maturity in municipalities with regard to the implementation of LED programmes.
- The department plans to provide an LED learnership at both level 4 and level 5 of the SAQA qualification framework.
- With the local government elections that will take place in 2011/12 financial year the LED directorate plans to have an induction project specifically designed for LED councilors.

# CHAPTER 4

## MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

#### 4.1 Introduction

The strengthening of local government finance is an objective that increasingly occupies centre stage in National and Provincial local policy discussions. The dialogue and concern with the state of municipal finances is reflected further in the societal concerns with the state of public infrastructure and the delivery of basic services. COGTA has set out the foundation for supportive interventions. COGTA seeks to develop strategies that could build sustainable municipal finance for developmental local governance.

Municipalities are not only central to the provision of basic services, but are increasingly the drivers of large scale infrastructure development. If the task of a developmental local government is to fight poverty and expand economic opportunities for the poor, then the budget of developmental local government must reflect this in every respect. The two main thrusts of the budget of a developmental local government must be how much municipalities spend in fighting poverty and how much of that country's resource go towards expanding the economic opportunities of all its citizens.

There are huge challenges that face municipal finances. These challenges range from governance of municipal finances, the mobilization and collection of revenue and capacities for management of the finances.

The management of revenue is governed by established policies that are directly related to revenue management and debt collection namely billing system and indigent policy. Some municipalities have problems with accurate billing. This results in consumers losing faith in the invoices they receive from the municipality and this definitely contributes to debt escalation. Some municipalities do not review their indigent policies on regular intervals. Some municipalities do not have capacity to administer the indigent policy.

Based on the AG reports, there is also a concern that the increasing level of debtors may undermine the liquidity of municipalities. The underlying cause of this may be the capacity to develop and implement viable cash collection and billing system.

The enactment of (MPRA) in 2005 has created challenges for municipalities in the Province. The challenges range from funds to develop a valuation roll and the scarcity of Professional or Associated Valuers. COGTA assists municipalities with the implementation of the Act.

There is a MOU signed between Provincial Treasury and COGTA regarding support to municipalities on the implementation of MFMA. There is a clear division and separation of roles and responsibilities in terms of functions assigned.

**PROGRESS****MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT****PERFORMANCE HIGHLIGHTS**

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

Mbombela LM-The financial viability in the municipality is sound, as evidenced by favorable long term credit rating of a stableA2.za, as issued by moody investor s services. Although the rating of A2.za has been maintained for the last three years.

The following municipalities have performed exceptionally well in revenue collection Steve Tshwete 100.6%, Emalahleni 88,78%,Nkomazi 94%

**OUTSTANDING DEBT**

Albert Luthuli											2009-2010	2008-2009
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	Total	Total
	0-30 Days		30-60 days		60-90 days		91-120 days		over 120days			
Property Rates	2 393 053	2 008 415	1 886 041	2 026 808	1 949 327	1 789 145	95 599 908	74 806 453			101 828 329	80 630 821
Water	148 434	202 880	119 771	170 715	96 301	101 485	4 038 545	3 744 830			4 403 051	4 219 910
Electricity	627 810	679 937	450 777	416 058	336 966	290 404	8 517 558	5 297 587			9 933 111	6 683 986
Other	1 154 764	979 580	877 966	881 640	879 813	827 270	51 464 171	42 913 672			54 376 714	45 602 162
<b>Total By Income Source</b>	<b>4 324 061</b>	<b>3 870 812</b>	<b>3 334 555</b>	<b>3 495 221</b>	<b>3 262 407</b>	<b>3 008 304</b>	<b>159 620 182</b>	<b>126 762 542</b>	<b>-</b>	<b>-</b>	<b>170 541 205</b>	<b>137 136 879</b>
<b>Dipaleseng</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Property Rates	<b>336 462</b>		<b>434 323</b>		<b>426 636</b>		<b>424 966</b>		<b>13 656 319</b>	<b>100 294 109</b>	<b>15 278 706</b>	<b>100 294 109</b>
electricity	425 766		298 476		272 030		228 902		6 040 407		7 265 581	-
Water	671 985		618 848		628 165		632 347		17 015 987		19 567 332	-
Sewerage	478 834		476 257		471 430		470 861		24 157 154		26 054 536	-
Refuse	267 090		263 548		261 263		259 853		14 843 001		15 894 755	
Housing Rental									8 585		8 585	
other	65 191		867 399		841 975		945 486		37 518 435		40 238 486	-
<b>Total by income source</b>		<b>-</b>				<b>-</b>	<b>2 537 449</b>	<b>-</b>	<b>99 583 569</b>	<b>100 294 109</b>	<b>102 121 018</b>	<b>100 294 109</b>

<b>Govan Mbeki</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Property Rates	9 291 217	12 801 500	2 185 233	1 710 307	1 202 975	1 293 398	890 281	1 049 531	27 850 295	19 624 241	41 420 001	36 478 977
Electricity	10 346 156	10 074 843	5 048 091	1 857 417	2 436 770	1 218 390	1 348 827	1 000 074	40 358 783	17 806 927	59 538 627	31 957 651
Water	9 421 964	10 179 508	5 259 608	3 797 757	4 008 753	3 102 214	3 360 205	2 990 231	109 746 685	72 535 745	131 797 215	92 605 455
Sewerage	3 515 306	3 631 160	2 172 989	1 597 382	1 954 527	1 409 230	1 489 069	1 397 860	59 599 181	47 545 141	68 731 072	55 580 773
Refuse	2 902 498	4 145 109	1 823 383	1 443 927	1 538 598	1 300 914	1 280 008	1 247 604	54 236 301	45 401 953	61 780 788	53 539 507
Loan instalments	715 669	550 389	1 448 616	327 645	433 316	293 275	356 268	364 548	10 077 008	9 124 362	13 030 877	10 660 219
other	285 046	780 857	577 430	575 644	571 053	551 753	483 238	543 060	52 388 308	51 617 493	54 305 075	54 068 807
<b>Total By Income Source</b>		<b>36 687 011</b>				<b>7 023 232</b>	<b>7 088 382</b>	<b>6 437 696</b>	<b>237 554 944</b>	<b>157 512 054</b>	<b>430 603 655</b>	<b>334 891 389</b>
<b>Lekwa</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Property rates	2 753 558	-	2 103 435	-	1 934 899	-	306 146	-			7 098 038	-
Electricity	5 558 890	-	1 326 178	-	947 426	-	284 931	-			8 117 425	-
Water	1 765 342	-	1 237 679	-	1 222 357	-	267 209	-			4 492 587	-
Sewerage	1 221 110	-	1 042 255	-	1 065 938	-	186 014	-			3 515 317	-
Refuse	739 636	-	622 225	-	568 772	-	109 189	-			2 039 822	-
Other	2 857 028	18 232 209	2 255 896	-	2 094 915	-	435 892	-			7 643 731	18 232 209
<b>Total By Income Source</b>	<b>14 895 564</b>	<b>18 232 209</b>	<b>8 587 668</b>	<b>-</b>	<b>7 834 307</b>	<b>-</b>	<b>1 589 381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32 906 920</b>	<b>18 232 209</b>
<b>Mkhondo</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Services debtors	6 651 963	5 293 663	3 981 098	2 448 381	4 137 667	1 832 398	2 419 474	1 648 247	60 628 042	54 245 833	77 818 244	65 468 522
<b>Total By Income Source</b>	<b>6 651 963</b>	<b>5 293 663</b>	<b>3 981 098</b>	<b>2 448 381</b>	<b>4 137 667</b>	<b>1 832 398</b>	<b>2 419 474</b>	<b>1 648 247</b>	<b>60 628 042</b>	<b>54 245 833</b>	<b>77 818 244</b>	<b>65 468 522</b>

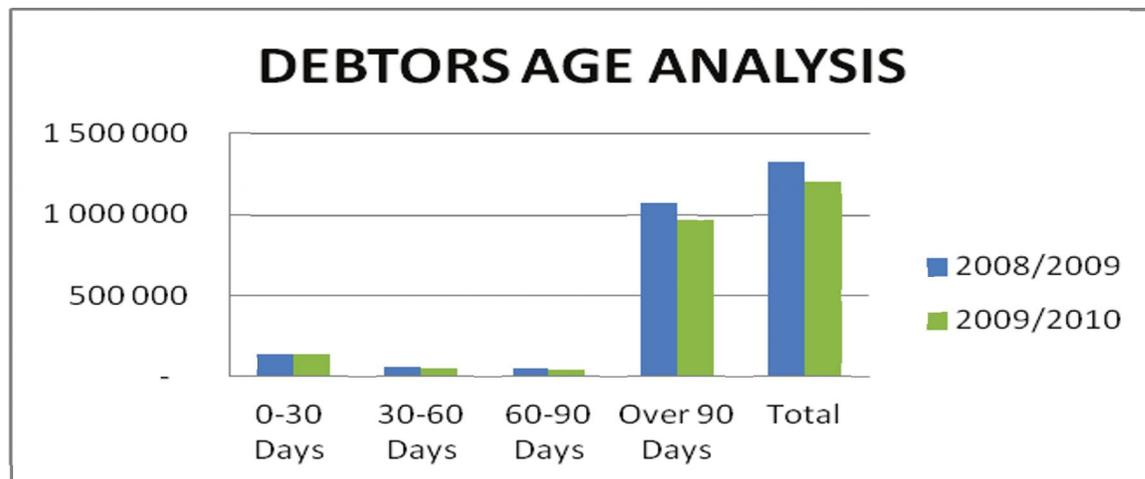
<b>Msakaligwa</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Rates and service Charges	4 936 472	5 743 367	2 172 213	2 066 687	1 712 172	2 457 757	86 830 530	73 689 065			95 651 387	83 956 876
Electricity	3 740 857	2 905 325	1 953 245	734 259	815 194	914 520	27 098 062	23 724 585			33 607 358	28 278 689
Water	2 047 638	1 337 950	1 218 785	728 849	656 169	909 904	29 750 601	25 197 239			33 673 193	28 173 942
<b>Total by income source</b>	<b>10 724 967</b>	<b>9 986 642</b>	<b>5 344 243</b>	<b>3 529 795</b>	<b>3 183 535</b>	<b>4 282 181</b>	<b>143 679 193</b>	<b>122 610 889</b>	-	-	<b>162 931 938</b>	<b>140 409 507</b>
<b>Pixley Ka Seme</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Property Rates	735 554	965 089	627 897	517 509	512 073	382 080	473 995	441 392	14 628 801	11 564 371	16 978 320	13 870 441
Services Debtors	10 609 248	3 532 604	2 574 570	1 778 305	2 735 354	1 409 502	2 105 424	1 335 006	32 233 228	27 296 900	50 257 824	35 352 317
Loan Debtors	63 324	61 708									63 324	61 708
Sundries	6 828 963	6 435 165									6 828 963	6 435 165
<b>Total by income source</b>	<b>18 237 089</b>	<b>10 994 566</b>	<b>3 202 467</b>	<b>2 295 814</b>	<b>3 247 427</b>	<b>1 791 582</b>	<b>2 579 419</b>	<b>1 776 398</b>	<b>46 862 029</b>	<b>38 861 271</b>	<b>74 128 431</b>	<b>55 719 631</b>
<b>NKANGALA DM</b>												
<b>Dr JS Moroka</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Property rates	6 636 522										6 636 522	-
Water	23 503 835										23 503 835	-
Sewerage	10 217 705										10 217 705	-
Refuse	10 750 374										10 750 374	-
Other	26 597 943										26 597 943	-
<b>Total By Income Source</b>	<b>77 706 379</b>		-	-	-	-	-	-	-	-	<b>77 706 379</b>	<b>-</b>
<b>Emakhazeni</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Other	3 202 783	2 871 932	2 048 510	1 515 359	1 657 880	933 763	1 432 022	934 268	52 785 912	43 987 340	61 127 107	50 242 662
<b>Total by income source</b>	<b>3 202 783</b>		<b>2 048 510</b>	<b>1 515 359</b>	<b>1 657 880</b>	<b>933 763</b>	<b>1 432 022</b>	<b>934 268</b>	<b>52 785 912</b>	<b>43 987 340</b>	<b>61 127 107</b>	<b>50 242 662</b>

<b>Emalahleni</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Property Rates	12 330 688	9 572 132	3 718 246	2 886 930	2 945 478	2 284 855	2 665 489	2 067 523	90 335 453	70 107 163	<b>111</b> <b>995</b> <b>354</b>	<b>86</b> <b>918</b> <b>603</b>
Services Debtors	50 828 577	34 155 725	19 485 437	11 680 926	15 457 643	9 277 701	12 875 919	7 843 694	410 571 065	337 865 274	<b>509</b> <b>218</b> <b>641</b>	<b>400</b> <b>823</b> <b>320</b>
<b>Total by income source</b>	<b>63</b> <b>159</b> <b>265</b>		<b>23</b> <b>203</b> <b>683</b>	<b>14</b> <b>567</b> <b>856</b>	<b>18</b> <b>403</b> <b>121</b>	<b>11</b> <b>562</b> <b>556</b>	<b>15</b> <b>541</b> <b>408</b>	<b>9</b> <b>911</b> <b>217</b>	<b>500</b> <b>906</b> <b>518</b>	<b>407</b> <b>972</b> <b>437</b>	<b>621</b> <b>213</b> <b>995</b>	<b>487</b> <b>741</b> <b>923</b>
<b>Steve Tshwete</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Services Debtors	17 742 579	15 561 498	1 280 095	871 723	749 311	1 255 847	329 211	323 412	3 698 801	3 247 406	<b>23</b> <b>799</b> <b>997</b>	<b>21</b> <b>259</b> <b>886</b>
Property Rates	9 361 138	8 462 558	1 178 552	1 839 152	1 035 754	2 344 957	678 497	661 750	11 800 748	7 562 889	<b>24</b> <b>054</b> <b>689</b>	<b>20</b> <b>871</b> <b>306</b>
Estates	-	-	39 059	34 314	7 481	24 888	5 658	13 950	114 184	312 707	<b>166</b> <b>382</b>	<b>385</b> <b>859</b>
Other	3 024 511	2 504 683	298 550	250 089	268 532	521 933	160 434	155 357	3 413 116	3 104 643	<b>7 165</b> <b>143</b>	<b>6 536</b> <b>705</b>
<b>Total by income source</b>	<b>30</b> <b>128</b> <b>228</b>	<b>26</b> <b>528</b> <b>739</b>	<b>2</b> <b>796</b> <b>256</b>	<b>2</b> <b>995</b> <b>278</b>	<b>2</b> <b>061</b> <b>078</b>	<b>4</b> <b>147</b> <b>625</b>	<b>1</b> <b>173</b> <b>800</b>	<b>1</b> <b>154</b> <b>469</b>	<b>19</b> <b>026</b> <b>849</b>	<b>14</b> <b>227</b> <b>645</b>	<b>55</b> <b>186</b> <b>211</b>	<b>49</b> <b>053</b> <b>756</b>
<b>Thembisile Hani</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Property Rates	312 058		309 290		389 215		301 059		12 695 017	70 261 681	<b>14</b> <b>006</b> <b>639</b>	<b>70</b> <b>261</b> <b>681</b>
Water	963 933		940 877		938 256		935 789		39 078 291	-9 947 547	<b>42</b> <b>857</b> <b>146</b>	<b>-9</b> <b>947</b> <b>547</b>
Sewerage	56 964		55 776		55 377		55 118		559 966		<b>783</b> <b>201</b>	<b>-</b>
Refuse	237 050		234 814		234 131		233 376		9 709 215		<b>10</b> <b>648</b> <b>586</b>	<b>-</b>
vat	172 555		172 656		172 169		171 742		7 016 653	23 729 165	<b>7 705</b> <b>775</b>	<b>23</b> <b>729</b> <b>165</b>
Other									18 944 934		<b>18</b> <b>944</b> <b>934</b>	<b>-</b>
<b>Total by income source</b>	<b>1</b> <b>742</b> <b>560</b>	<b>-</b>	<b>1</b> <b>713</b> <b>413</b>	<b>-</b>	<b>1</b> <b>789</b> <b>148</b>	<b>-</b>	<b>1</b> <b>697</b> <b>084</b>	<b>-</b>	<b>88</b> <b>004</b> <b>076</b>	<b>60</b> <b>314</b> <b>134</b>	<b>94</b> <b>946</b> <b>281</b>	<b>84</b> <b>043</b> <b>299</b>

<b>Victor Khanye</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Property Rates	2 881 139	1 463 271	787 140	856 603	727 174	819 947	20 921 190	16 192 889			25 316 643	18 656 579
Electricity	3 904 286	2 275 933	260 511	814 308	274 778	246 628	5 047 553	1 872 675			9 487 128	5 209 544
Water	8 453 051	2 493 119	1 404 221	2 248 037	1 056 675	1 801 144	60 998 396	58 124 582			71 912 343	64 666 882
Sewerage	634 111	340 213	165 931	207 856	158 031	166 856	11 412 363	10 807 199			12 370 436	11 522 124
Refuse	563 982	329 510	142 171	179 926	128 842	150 933	8 243 409	8 681 348			9 078 404	9 341 717
Other	3 241 639	1 700 100	1 217 440	1 563 095	1 212 440	1 452 861	79 105 158	76 153 685			84 776 677	80 869 741
<b>Total by income source</b>	<b>19 678 208</b>	<b>8 602 146</b>	<b>3 977 414</b>	<b>5 869 825</b>	<b>3 557 940</b>	<b>4 638 369</b>	<b>185 728 069</b>	<b>171 832 378</b>			<b>212 941 631</b>	<b>190 942 718</b>
<b>Ehlanzeni DM</b>												
<b>Bushbuckridge</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Consumer Debtors	7 474 905	2 121 181	2 640 383	2 138 889	1 932 694	1 641 395	2 252 131	1 754 356	128 209 573	111 569 013	142 509 686	119 744 036
Property Rates	636 020	368 601	883 399	44 370	76 934	44 370	72 468	27 645	44 312 833	49 597 777	45 981 654	50 082 763
Services Debtors	6 558 991	1 535 750	1 465 987	1 875 055	1 615 623	1 383 197	1 410 260	1 513 400	59 566 683	38 129 127	70 617 544	44 436 529
Other	279 894	216 830	290 997	219 464	240 137	213 828	769 403	213 311	24 330 057	23 842 109	25 910 488	24 705 542
<b>Total by income source</b>	<b>14 949 810</b>	<b>4 242 362</b>	<b>5 280 766</b>	<b>4 277 778</b>	<b>3 865 388</b>	<b>3 282 790</b>	<b>4 504 262</b>	<b>3 508 712</b>	<b>256 419 146</b>	<b>223 138 026</b>	<b>142 509 686</b>	<b>119 224 834</b>

<b>Mbombela</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Property Rates	12 402 331	10 567 996	4 683 224	3 279 739	3 678 329	3 462 369	66 985 760	54 567 818	-	-	87 749 644	65 993 150
Electricity	26 559 411	16 954 661	5 246 752	3 790 083	3 487 376	2 789 856	12 305 217	10 859 912	-	-	47 598 756	34 394 512
Water	1 412 789	3 005 245	868 705	2 092 952	722 293	3 730 147	17 934 589	33 893 282	-	-	20 938 376	42 721 626
Sewerage	917 693	1 071 482	401 619	491 715	372 307	313 913	7 682 837	7 247 822	-	-	9 374 456	9 124 932
Refuse	3 220 423	3 148 807	1 456 705	1 355 549	1 250 596	1 235 908	52 116 226	44 894 204	-	-	58 043 950	50 634 468
Interest	1 702 978	2 203 636	1 661 756	2 150 696	1 583 773	1 988 955	66 012 776	57 535 118	-	-	70 961 283	63 878 405
Other	2 031 008	1 479 150	1 193 085	650 589	596 644	743 027	32 664 456	27 809 343	-	-	36 485 193	30 682 109
<b>Total by income source</b>	<b>48 246 633</b>	<b>38 430 977</b>	<b>15 511 846</b>	<b>13 811 323</b>	<b>11 691 318</b>	<b>14 264 175</b>	<b>255 701 861</b>	<b>236 807 499</b>	-	-	<b>331 151 658</b>	<b>303 313 974</b>
<b>Nkomazi</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Services Debtors	3 143 976	5 377 783	2 430 786	1 562 838	1 139 757	1 147 840	1 069 512	970 223	13 934 107	10 210 705	21 718 138	19 269 389
Property Rates	11 611 325	421 943	115 305	345 427	110 926	266 385	97 460	59 229	3 263	2 136 018	11 938 279	3 229 002
Consumer Debtors	6 856 991	5 799 725	3 159 930	1 908 265	2 658 676	1 414 225	2 053 631				14 729 228	9 122 215
<b>Total By Income Source</b>	<b>21 612 292</b>	<b>11 599 451</b>	<b>5 706 021</b>	<b>3 816 530</b>	<b>3 909 359</b>	<b>2 828 450</b>	<b>3 220 603</b>	<b>1 029 452</b>	<b>13 937 370</b>	<b>12 346 723</b>	<b>48 385 645</b>	<b>31 620 606</b>
<b>THABA CHWEU</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>91-120 days</b>		<b>over 120days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Services Debtors	4 480 856	3 602 334	2 027 651	1 630 107	6 326 394	5 085 230	3 445 994	2 770 369	47 924 953	38 528 733	64 205 848	51 616 773
Property Rates	2 837 014	1 585 941	1 283 789	1 717 661	4 004 867	2 238 792	2 181 801	1 219 665	30 343 257	16 962 419	40 650 728	22 724 478
<b>Total By Income Source</b>	<b>7 317 870</b>	<b>5 188 275</b>	<b>3 311 440</b>	<b>2 347 768</b>	<b>10 331 261</b>	<b>7 324 022</b>	<b>5 627 795</b>	<b>3 990 034</b>	<b>78 268 210</b>	<b>55 491 152</b>	<b>104 856 576</b>	<b>74 341 251</b>

Umjindi	0-30 Days		30-60 days		60-90 days		91-120 days		over 120days		2009	2008
											-	-
Services Debtors	17	15	1	871	749	1	329	323	3	3	23	21
	742	561	280	723	311	255	211	412	698	247	799	259
	579	498	095			847			801	406	997	886
Property Rates	9	8 462	1	1 839	1 035	2	678	661	11	7	24	20
	361	558	178	152	754	344	497	750	800	562	054	871
	138		552			957			748	889	689	306
Estates	-	-	39	34	7 481	24	5	13	114	312	166	385
			059	314		888	658	950	184	707	382	859
Other	3	2 504	298	250	268	521	160	155	3	3	7	6
	024	683	550	089	532	933	434	357	413	104	165	536
	511								116	643	143	705
<b>Total By Income Source</b>	<b>30</b>	<b>26</b>	<b>2</b>	<b>2 995</b>	<b>2 061</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>19</b>	<b>14</b>	<b>55</b>	<b>49</b>
	<b>128</b>	<b>528</b>	<b>796</b>	<b>278</b>	<b>078</b>	<b>147</b>	<b>173</b>	<b>154</b>	<b>026</b>	<b>227</b>	<b>186</b>	<b>053</b>
	<b>228</b>	<b>739</b>	<b>256</b>			<b>625</b>	<b>800</b>	<b>469</b>	<b>849</b>	<b>645</b>	<b>211</b>	<b>756</b>



### SUMMARY PER DISTRICT

**Gert Sibande-** The total debt owed to municipalities in Gert Sibande district by various debtors type totaling to R1, 277 billion in 2010 and R1, 091 billion in 2009, which showed an increase in outstanding debts of R186Million or 15%.

**Dipaleseng-** The bulk of the outstanding debt falls within the over 120 days, accounting for 82 % ( 94m) of 114m outstanding. This is indicative of the unemployment and poverty that exists, as well as the culture of non-payment. The provision for bad debts has been adjusted accordingly. The usage of old financial management system has led to the data integrity being questioned and customers dissatisfied with their account balances and billings. The municipality has embarked on the turnaround strategy in this regard, comprising a drive to register indigents. Strictly applying the credit control policy, data cleansing, and a monitoring all distribution losses

**Mkhondo** – The total outstanding debts showed a bulk debt for water totaling to R24, 426,431 in 2010 and R0 in 2009. The other bulk debts is for electricity amounted to R23,719,274 in 2010 and 65,468,423 in 2009. The total amount of debtors amounted to R77, 818,244 in 2010 and R65, 468,522 has increase during the past financial year by 12,349,722 or16%.

**NKANGALA DISTRICT**

The analysis indicates the total debt owed to municipalities in Nkangala district by various debtors type amounted to R923Million in 2010 and R738Million in 2009. The total amount of debtors has increased by R184Million or 20% in 2010.

**Steve Tshwete-** that the council's total consumer debts amounts to R55, 186,209 which is 6,132,453 more than at 30 June 2009. The main increase according to the age analysis is current debtors which represents 54, 5% of outstanding debts. That provision of 21,5m was made for doubtful debts whilst a 0.7m bad debt was written off during the financial year. The bulk of outstanding debt pertains to property rates totaling 43, 5% in 2010

**Thembisile Hani-** the total outstanding debts showed a bulk debt for water totaling to R42, 857,146 in 2010 and negative balance of R9, 947,547 in 2009. The other bulk debts is for property rates amount- ed to R14,006,639 in 2010 and R70,261,681 in 2009. The total amount of debtors amounted to R94, 946,281 in 2010 and R84, 043,299 has increase during the past financial year by 10,902,982 or11%.

**EHLANZENI DISTRICT**

The total debt owed to municipalities for Ehlanzeni district amounted to R642Million in 2010 and R552Million in 2009. The debts showed an increase of R89Million or 14%.

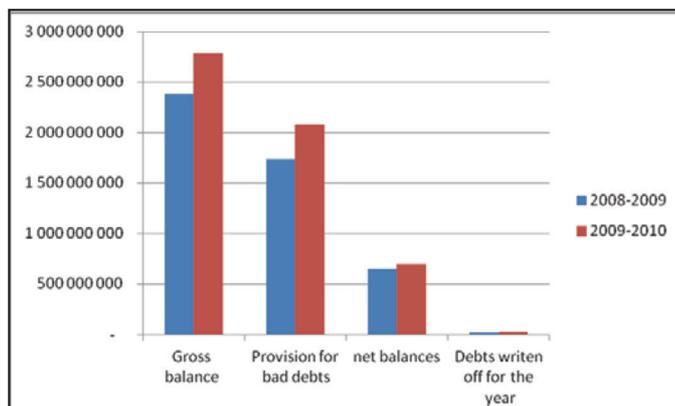
**Bushbuckridge-** The analysis indicates that the main increase in debts is the levying of rates. The total bulk outstanding debts pertain to national and provincial government amounted to R70 892 852 at (50%) in 2010 and R67 382 364 at (57%) (2009), followed by consumers at R65 863 811(2009-2010) and R47, 568,296 (2008-2009). The total amount of debtors has increased during the past financial year by 23,284,852 or16%. Generally there was no decrease in debtors for the year under review.

**Thaba Chweu-** the total outstanding debts showed a bulk debt for rates totaling to R40, 650,726 in 2010 and R22, 724,478 in 2009. The other bulk debts is for electricity amount- ed to R29,037,671 in 2010 and R20,490,847 in 2009. The total amount of debtors amounted to R104, 856,576 in 2010 and R74, 341,251 has increased during the past financial year by R30, 515,325 or 29%.The consumer debtors that are over 90 days are getting worse as indicated in the age analysis

**Debts written off**

-The highest contributor in total amount written off is Mbombela at R31M in 2010 and 21M in 2008/2009 followed by Steve Tshwete at R771 thousand .

**OUTSTANDING DEBT FOR THE PROVINCE**



Municipality	2008-2009			2009-2010			2009-2010		2008-2009	
	Gross balance	Provision for bad debts	net balances	Gross balance	Provision for bad debts	net balances	net balances	debts written off		
<b>Gert Sibande</b>										
Albert Luthuli	137 136 880	131 121 187	6 015 693	170 937 302	136 749 842	34 187 460				
Dipaleseng	109 200 308	64 187 501	45 012 807	114 385 845		114 385 845				
Govan Mbeki	334 891 390	277 220 109	57 671 281	430 603 655	389 527 544	41 076 111				
Lekwa	224 742 363	142 189 939	82 552 424	269 656 029	236 749 110	32 906 919				
Mkhondo	65 468 523	55 850 908	9 617 615	77 818 244	63 056 378	14 761 866				
Msakaligwa	162 931 938	110 839 783	52 092 155	140 409 509	95 850 211	44 559 298				
Pixley Ka Seme	56 814 229	35 172 183	21 642 046	74 128 567	16 616 777	57 511 790				
<b>SUB TOTAL</b>	<b>1 091 185 631</b>	<b>816 581 610</b>	<b>274 604 021</b>	<b>1 277 939 151</b>	<b>938 549 862</b>	<b>339 389 289</b>				
<b>Nkangala DM</b>										
Dr JS Moroka	60 511 063	56 462 122	4 048 941	77 706 379	74 663 597	3 042 782				
Emakhazeni	77 216 321	11 733 127	65 483 194	61 127 107	0	61 127 107				
Emalahleni	276 956 541	201 230 161	75 726 380	421 371 297	326 929 879	94 441 418				
Steve Tshwete	49 053 756	18 445 413	30 608 343	55 186 209	21 567 245	33 618 964	771 173			
Thembisile Hani	84 043 299	63 364 452	20 678 847	94 924 143	64 844 810	30 079 333				
Victor Khanye	190 942 719	138 638 116	52 304 603	212 941 633	178 004 498	34 937 135				
<b>SUB TOTAL</b>	<b>738 723 698</b>	<b>489 873 390</b>	<b>248 850 308</b>	<b>862 129 661</b>	<b>666 010 029</b>	<b>196 119 632</b>				
<b>Ehlanzeni DM</b>										
Bushbuckridge	119 224 833	100 000 000	19 224 833	142 509 687	130 550 000	11 959 687				
Mbombela	303 313 976	258 023 682	45 290 294	331 151 658	277 895 516	53 256 142	31 190 830	21 474 498		
Nkomazi	26 935 529	8 874 278	18 061 251	22 184 209	40 742	22 143 467				
Thaba Chweu	74 341 252	44 471 793	29 869 459	104 855 577	44 471 793	60 383 784				
Umjindi	29 111 779	20 768 658	8 343 121	41 696 453	28 004 517	13 691 936				
<b>SUB TOTAL</b>	<b>552 927 369</b>	<b>432 138 411</b>	<b>120 788 958</b>	<b>642 397 584</b>	<b>480 962 568</b>	<b>161 435 016</b>	<b>31 190 830</b>	<b>21 474 498</b>		
<b>TOTAL FOR ROVINCE</b>	<b>2 382 836 698</b>	<b>1 738 593 411</b>	<b>644 243 287</b>	<b>2 843 593 503</b>	<b>2 085 522 459</b>	<b>696 943 937</b>	<b>31 962 003</b>	<b>21 474 498</b>		

PLEASE NOTE THE SOURCE :THIS INFORMATION REPRESENT ACTUAL FIGURES AS AUDITED BY AG FROM AFS AND AS ATTACHED TO THE ANNUAL REPORTS

## PROVINCIAL SUMMARY

The total debt owed to municipalities in Mpumalanga province amounted to R2, 843, Billion in 2010 and R2, 382, billion in 2009. The total amount of debtors has increased during the past financial year by R297 Million or 12%.

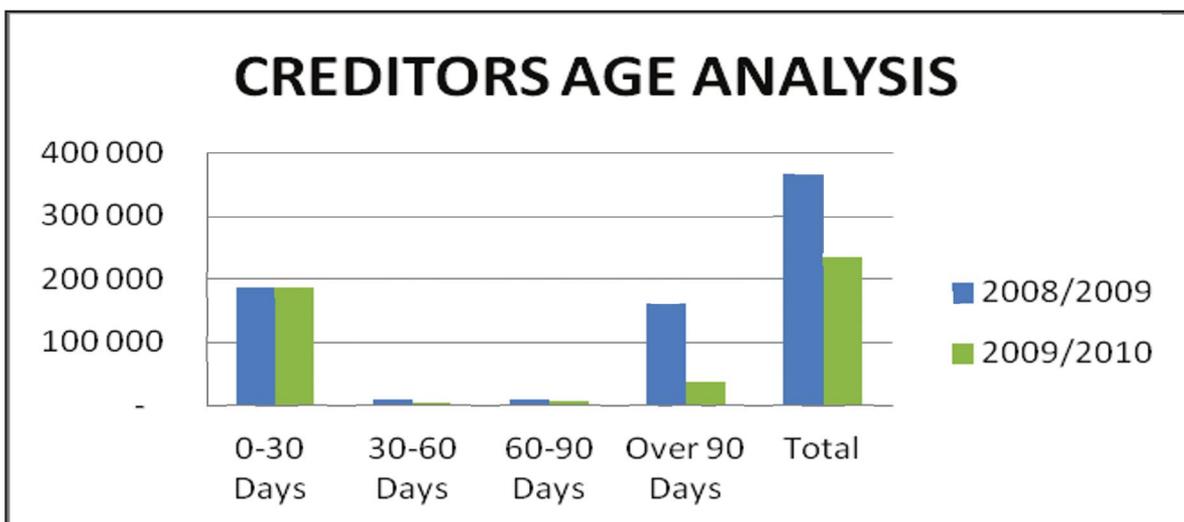
## OUTSTANDING DEBTS TO REVENUE

Municipality	2008-2009				2009-2010			
	Total debts	Revenue	Variance	%	Total debts	Revenue	Variance	%
<b>Gert Sibande</b>								
Albert Luthuli	137 136 880				170 937 302	226 551		
Dipaleseng	109 200 308	191 250 372	54 113 492	39%	114 385 845	803	R 55 614 501	33%
Govan Mbeki	334 891 390	93 357 785	-15 842 523	-15%	430 603 655.00	109 026	-R 5 359 036	-5%
Lekwa	224 742 363	733 167 392	398 276 002	119%	837	944 678	R 514 075 182	119%
Mkhondo	65 468 523	241 978 336	17 235 973	8%	269 656 029	161	R 46 128 132	17%
Msukaligwa	162 931 938	130 526 348	65 057 825	99%	77 818 244.00	291	R 113 481 047	146%
Dr Pixley ka isaka Seme	56 814 229	229 053 790	66 121 852	41%	140 409 509	224	R 150 038 715	107%
<b>TOTAL</b>	<b>1 091 185 631</b>	<b>1 718 561 123</b>	<b>627 375 492</b>	<b>57%</b>	<b>1 277 939 151.00</b>	<b>1 977 877 247</b>	<b>R 926 489 899</b>	<b>72%</b>
<b>Nkangala DM</b>								
Dr JS Moroka	60 511 063	198 988 249	138 477 186	229%	77 706 379	318	R 160 373 939	206%
Emalaheni	276 956 541	856 228 314	579 271 773	209%	421 371 297	845	R 587 116 548	139%
Emakhazeni	77 216 321	75 744 148	-152 960 469	-198%	61 127 671	841	R 27 742 170	45%
Thembisile	84 043 299	144 538 664	60 495 365	72%	94 924 143	514	R 151 844 371	160%
Victor Khanye	190 942 719	167 253 836	118 200 080	62%	212 941 633	095	R 11 613 462	5%
Steve Tshwete	49 053 756	649 059 628	600 005 872	1223%	55 186 209	092	R 611 476 883	1108%
<b>TOTAL</b>	<b>738 723 699</b>	<b>2 091 812 839</b>	<b>1 343 489 807</b>	<b>182%</b>	<b>923 257 332</b>	<b>2 473 424 705</b>	<b>R 1 550 167 373</b>	<b>168%</b>
<b>Ehlanzeni DM</b>								
Thaba Chweu	74 341 252	173 016 585	98 675 333	133%	104 855 577	951	R 94 442 374	90%
Mbombela	303 313 976	1 398 000 677	1 094 686 701	361%	331 151 658	349	R 1 279 887 691	386%
Umjindi	R 29 111 779	108 171 824	79 060 045	272%	R 41 696 453.00	914	R 103 521 461	248%
Nkomazi	26 935 529	356 327 032	329 391 503	1223%	22 184 209	665	R 336 608 456	1517%
Bushbuckridge	R 119 224 833	436 767 808	317 542 975	266%	R 142 509 687.00	132	R 428 176 445	300%
<b>TOTAL</b>	<b>552 927 369</b>	<b>2 472 283 926</b>	<b>1 919 356 557</b>	<b>2254%</b>	<b>642 397 584.00</b>	<b>2 885 034 011</b>	<b>R 2 242 636 427</b>	<b>2543%</b>
	2 382 836 699	6 282 657 888	3 890 221 856	0.62	2 843 594 067.00	7 336 335 963	R 4 719 293 699	0.64

**PROVINCIAL SUMMARY  
OUTSTANDING CREDITORS**

<b>Albert Luthuli</b>	<b>2009-2010</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2008-2009</b>
	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>over 90 days</b>		<b>total</b>	<b>total</b>
<b>trade creditors</b>	232 088.00	-	-	-	-	-	-	-	100%	-
<b>Dipaleseng</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>over 90 days</b>		<b>total</b>	<b>total</b>
bulk electricity	2 604 290	-	-	-	-	-	-	-	29.7%	-
pay deductions	223 955	-	-	-	-	-	-	-	3%	-
VAT	-257 100	-	-	-	-	-	-	-	-3%	-
Pension	464 840	-	-	-	-	-	-	-	5%	-
<b>trade creditors</b>	5 732 820	-	-	-	-	-	90 000	-	65%	-
<b>Total</b>	<b>8 768 805</b>	-	-	-	-	-	90 000	-	100%	-
<b>Emalaheni</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>over 90 days</b>		<b>2009-2010</b>	<b>2008-2009</b>
bulk water	14 393	0	0	0	0	0	0	0	0.03%	0
bulk electricity	383 495	0	0	0	0	0	0	0	0.7%	0
pay deductions	2 619 194	0	0	0	0	0	0	0	4.8%	0
VAT	-3 311 780	0	0	0	0	0	0	1	-6.0%	0
Pension	2 778 785	0	0	0	0	0	0	0	5.1%	0
Loan Repayment	12 514 231	0	0	0	0	0	0	0	22.7%	0
<b>Trade Creditors</b>	1 401 010	0	0	0	0	0	0	0	2.5%	0
AG	614 340	0	0	0	0	0	0	0	1.1%	0
<b>Total</b>	<b>55 013 668.00</b>	0	0	0	0	0	0	0	100%	0
<b>Gert Sibande</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>over 90 days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Other	37 325 917	-	-	-	-	-	-	-	100%	0
<b>Umjindi</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>over 90 days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Other	37 787	-	-	-	-	-	-	-	100%	0
<b>Thaba Chweu</b>	<b>0-30 Days</b>		<b>30-60 days</b>		<b>60-90 days</b>		<b>over 90 days</b>		<b>2009-2010</b>	<b>2008-2009</b>
Bulk Electricity	10 956 977	-	-	-	-	-	-	-	40%	0
Pay Deductions	1 275 019	-	-	-	-	-	-	-	5%	0
Pension	918 314	-	-	-	-	-	-	-	3%	0
Loan repayment	557 868	-	-	-	-	-	-	-	2%	0
trade creditors	13 058 545	-	-	-	-	-	-	-	47%	0
AG	829 404	-	-	-	-	-	-	-	3%	0
<b>Total</b>	<b>7 596 127</b>	-	-	-	-	-	-	-	100%	0

Nkomazi	0-30 Days		30-60 days		60-90 days		over 90 days		2009-2010	2008-2009
Bulk Water	5 031	-	-	-	-	-	-	-	0%	0
Bulk Electricity	3 417 609	-	-	-	-	-	-	-	12%	0
Pension	1 391 818	-	-	-	-	-	-	-	5%	0
Loan Repayment	374 918	-	-	-	-	-	-	-	1%	0
<b>Trade Creditors</b>	22 406 983	-	-	-	-	-	-	-	81%	0
<b>Total</b>	<b>27 596 359</b>	-	-	-	-	-	-	-	<b>100%</b>	<b>0</b>
Nkangala DC	0-30 Days		30-60 days		60-90 days		over 90 days		2009-2010	2008-2009
Other	5 965 511	-	-	-	-	-	-	-	100%	0
Steve Tshwete	0-30 Days		30-60 days		60-90 days		over 90 days		2009-2010	2008-2009
Bulk Water	320 541	-	-	-	-	-	-	-	0%	0
Bulk Electricity	11 729 428	-	-	-	-	-	-	-	16%	0
Pay Deductions	2 766 263	-	-	-	-	-	-	-	4%	0
Pension	2 482 594	-	-	-	-	-	-	-	3%	0
Loan Repayment	8 638 294	-	-	-	-	-	-	-	12%	0
<b>Trade Creditors</b>	45 114 228	-	-	-	-	-	-	-	62%	0
AG	467 744	-	-	-	-	-	-	-	1%	0
Other	1 479 843	-	-	-	-	-	-	-	2%	0
<b>Total</b>	<b>72 998 935</b>	-	-	-	-	-	-	-	<b>100%</b>	<b>0</b>
<b>SUB-TOTAL</b>	<b>235 535 197.00</b>									



The consolidated opening balances as at 30 June 2009 of outstanding creditors for all municipalities amounted to R365 023 000. The consolidated closing balances as at 30 June 2010 amounted to R235 535 000. The closing balances indicated a decrease in outstanding debtors for the financial year with an amount of R129 088 000 which is 55%.

The analysis further indicates that 11 LM and district have no outstanding creditors- Lekwa, Govan Mbeki, Mkhondo, Msukaligwa, Victor Khanye, Dr JS Moroka, Dr Pixley ka Isaka Seme, Thembisile Hani, Emakhazeni, Bushbuckridge, and Mbombela local municipalities and Ehlanzeni DC

## REVENUE ENHANCEMENT

### 4.2.1 Billing systems:

Most of the municipalities in the province do have proper billing systems. The data on the billing systems of some of the municipalities are not accurate or updated. The incorrect databases of those municipalities are therefore the biggest contributor to the increase of debtors. Municipalities are encouraged to pass by laws that give effect to credit control and debt collection policies.

**Thembisile Hani-** The municipality currently depends on grants; the municipality is exploring innovative ways of expanding income base. The department has plans to embark on the cleansing of the consumer database and bringing it into line with the information in the valuation roll. Alternative sources of funds will be investigated since a significant number of the community are poor households and are unable to pay for services

These efforts will ensure reduction of pressure on the grants. Part of the process will involve review of all revenue related policies and once data base is clean and outstanding balances are verified the policies will be enforced and collection targets will be set

Finance is planning to launch an enquiries desk and later a customer relations call centre to promote dialogue between the municipality and the community.

The municipality revenue base is very low due to poor collection rate and hence the municipality is fully reliant on conditional grant funding. The municipality faces a high risk of not being financially viable if grant funding is either decreased or not allocated, this turn poses a threat to the ability of the municipality to continuously deliver sustainability services in the future. The municipality collection rate averaged around three per cent (3%) of billed revenue.

**Steve Tshwete-** a collection calculated on the total levies for a period compare to a total payment received during the same period is used to measure revenue recovery. The implementation of the credit control policy and continuous strict actions taken in terms of this policy resulting in a collection rate of 99, 8% in 2009 and 100, 6% in 2010. The collection period amounted to a very healthy 27 days in 2010 and 29 days in 2009 with debtor's turnover rate of 7.5% in 2010 and 8.085 in 2009 which remain within the acceptable norms

**Bushbuckridge** – the management revenue is governed by policies that are directly aligned to revenue management and debt collection such as the billing system and indigent policy. Problems are experienced with regard to accurate billing. This to an extent results in consumers losing faith in the invoices received from the municipality and definitely contributes to debt escalation

Highlights have been achieved in terms of reviewing indigent policies on regular intervals and the capacity to administer them. The council has appointed a service provider to assist the municipality to accelerate the recovery of outstanding debts and also data cleansing to curb the accumulation. Council has undertaken to implement credit control and debt collection policy against the defaulters regarding payment and to update the indigent register

**GRANT DEPENDENCY**

Municipality	2008-2009			2009-2010		
	Grants and subsidies (000)	Own revenue (000)	Total revenue (000)	Grants and subsidies (000)	Own revenue (000)	Total revenue (000)
<b>NKANGALA DC</b>	R 249,254	R 44,571	R 293,825	R 9 100	R 124 466	R 133 566
	85%	15%	100%	7%	93%	100%
Victor Khanye	R 48,430	R 118,824	R 167,254	R 34 872	R 187 320	R 222 192
	29%	71%	100%	16%	84%	100%
Emalahleni	R 148,194	R 702,390	R 850,584	R 74 042	R 1 190 302	R 1 264 344
	17%	83%	100%	6%	94%	100%
Steve Tshwete	R 103,114	R 563,233	R 666,347	R 53 734	R 779 414	R 833 148
	15%	85%	100%	6%	94%	100%
Emakhazeni	R 19,729	R 53,955	R 73,683	R 13 269	R 57 842	R 71 111
	27%	73%	100%	19%	81%	100%
Thembisile Hani	R 107,776	R 36,763	R 144,539	R 102 992	R 19 231	R 122 223
	75%	25%	100%	84%	16%	100%
Dr Js Moroka	R 118,831	R 79,900	R 198,731	R 123 041	R 93 913	R 216 954
	60%	40%	100%	57%	43%	100%
<b>GERT SIBANDE</b>	R 205,617	R 29,351	R 234,968	R 9 828	R 286 710	R 296 538
	88%	12%	100%	3%	97%	100%
Chief Albert Luthuli	R 87,593	R 54,341	R 141,934	R 93 425	R 56 391	R 149 816
	62%	38%	100%	62%	38%	100%
Msukaligwa	R 93,907	R 174,166	R 268,073	R 37 428	R 93 218	R 130 646
	35%	65%	100%	29%	71%	100%
Mkhondo	R 71,704	R 51,972	R 123,676	R 51 215	R 59 399	R 110 614
	58%	42%	100%	46%	54%	100%
Dr Pixley ka Isaka Seme	R 46,921	R 41,473	R 88,394	R 46 984	R 62 214	R 109 198
	53%	47%	100%	43%	57%	100%
Lekwa	R 37,477	179,135	216,612	R 48 161	R 133 998	R 182 159
	17%	83%	100%	26%	74%	100%
Dipaleseng	R 23,046	R 48,096	R 71,141	R 17 626	R 85 008	R 102 634
	32%	68%	100%	17%	83%	100%
Govan Mbeki	186,355	560,843	747,198	R 80 788	R 529 617	R 610 405
	25%	75%	100%	13%	87%	100%
<b>EHLANZENI DC</b>	134,200	R 20,812	155,012	R 17 393	R 21 041	R 38 434
	87%	13%	100%	45%	55%	100%
Thaba Chweu	No Doc's Submitted			R 27 903	R 84 339	R 112 242
				25%	75%	100%
Mbombela	771,364	624,636	1,396,001	R 261 391	R 1 117 440	R 1 378 831
	55%	45%	100%	19%	81%	100%
Umjindi	R 32,055	R 76,117	R 108,172	R 29 828	R 53 586	R 83 414
	30%	70%	100%	36%	64%	100%
Nkomazi	R 260,780	R 70,904	R 331,684	R 135 860	R 70 756	R 206 615
	79%	21%	100%	66%	34%	100%
Bushbuckridge	R 432,541	R 87,500	R 520,041	R 302 566	R 82 491	R 385 057
	83%	17%	100%	79%	21%	100%

**Bushbuckridge**- the major income stream of the municipality can be disclosed as follows, giving a bird's eye view of total income and disclosing the dependency of the municipality on grants and subsidies from the state, as income from grants represents 88,6% of total income of the municipality. Own income generated from the sale of water, the raising of assessment rates and other income represent only 11% of the total income of the municipality. This percentage indicates a downward trend when compared to the previous years of 13% and is a matter of serious concern for the municipality.

**Thembisile Hani**- currently depends on grants, since a significant number of the community are poor households and are unable to pay for services.

## REVIEW OF AUDITOR GENERAL'S REPORTS

Section 126(1) of the Municipal Finance Management Act provides that the accounting officer of a municipality 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.

## AUDIT OUTCOMES

	2008-2009	2009-2010
MUNICIPALITY	AUDIT OUTCOME	AUDIT OUTCOME
Albert Luthuli	Qualified	Qualified
Msukaligwa	Unqualified	Unqualified
Mkhondo	Outstanding	Disclaimer
Pixley Ka Seme	Disclaimer	Disclaimer
Lekwa	Disclaimer	Unqualified
Dipaleseng	Disclaimer	Disclaimer
Govan Mbeki	Unqualified	Unqualified
<b>Gert Sibande</b>	Unqualified	Unqualified
Victor Khanye	Qualified	Unqualified
Emalahleni	Unqualified	Qualified
Steve Tshwete	Unqualified	Unqualified
Emakhazeni	Unqualified	Unqualified
Thembisile Hani	Disclaimer	Disclaimer
Dr J S Moroka	Qualified	Disclaimer
<b>Nkangala</b>	Unqualified	Unqualified
Mbombela	Qualified	Unqualified
Thaba Chweu	Disclaimer	Disclaimer
Umjindi	Qualified	Disclaimer
Nkomazi	Qualified	Qualified
Bushbuckridge	Unqualified	Qualified
<b>Ehlanzeni</b>	Unqualified	Unqualified

**SUMMARY OF AUDIT**

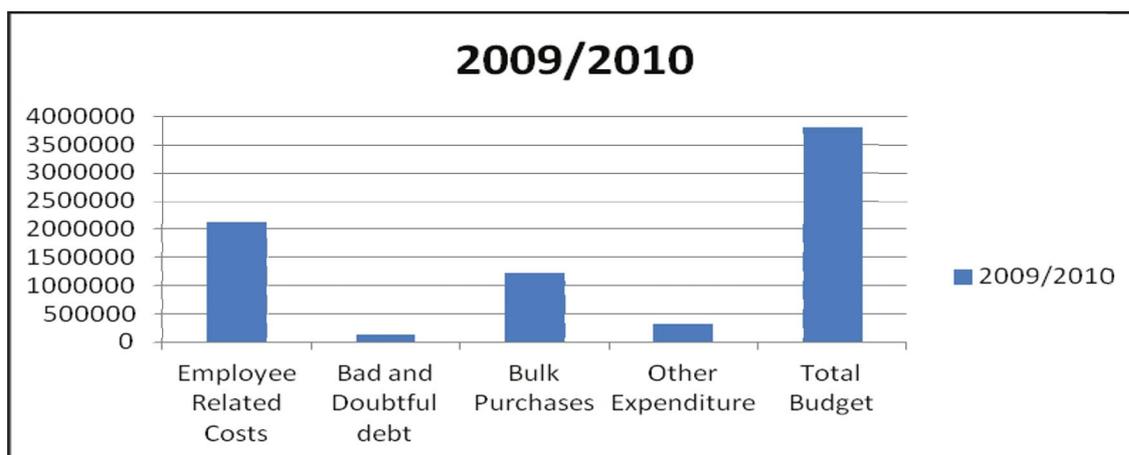
Type of audit opinion	2008-2009	2009-2010
	No.	No.
Adverse	0	0
Disclaimer	5	7
Qualified	6	3
Financially unqualified (with other matters)	9	7
Financially unqualified (with no other matters)	0	3
<b>Total Analysed</b>	<b>20</b>	<b>20</b>

- Of the 21 municipalities being reported on, two submitted late, Chief Albert Luthuli local municipality and Mkhondo local municipality;
- Of the 21 municipalities being reported on, five improved, three regressed, and thirteen remained unchanged;
- Most remarkably is the achievement of clean audit outcomes by three municipalities in the province being Ehlanzeni District municipality, Steve Tshwete local municipality and Victor Khanye local municipality. The improvements are as a result of leadership involvement and commitment in focusing mainly on the issues of key controls in financial management, compliance matters and predetermined objectives. These results bear testimony of what can be achieved if there is commitment, harmony and cooperation at all levels of the leadership – both administrative and political;
- The common denominator at the municipalities that regressed or remained disclaimed was the vacant chief financial officer (CFO) positions or the poor performance of existing CFOs and leadership not taking serious action against poor performance to remedy the situation in order to improve the financial performance and management of these municipalities. Municipal managers and CFOs generally do not adhere to key controls and mayors do not exercise effective oversight;
- Although there has been an improvement in general in the number of municipalities that obtained unqualified audit opinions, it should be noted that seven of the ten municipalities had their financial statements materially changed during the audit in order to achieve unqualified opinions;
- It is also worth noting that 15 of the municipalities used the services of consultants to prepare their financial statements with little or no evidence of skills being transferred;
- The main issues related to non-compliance with regulatory requirements as well as the reported information not being useful;
- Compliance with laws and regulations has proved to be an area of concern in municipalities, as indicated by the increased number of municipalities found to have contravened laws and legislation;

- The findings revolved around SCM, material corrections made to the financial statements, accounting officers' neglect of duties as well as ineffective audit committees and internal audit units. The key findings from the audits of SCM related mainly to awards to persons in the service of the state, including councillors, inadequate controls as well as limitations of scope. This resulted in substantial increase in the number of municipalities incurring unauthorised, irregular as well as fruitless and wasteful expenditure;
- General control weaknesses were reported in almost all instances where information system controls were tested. Municipalities in general had not made significant progress in addressing the 2008-09 findings, since the municipalities lacked information technology (IT) governance frameworks and capacity to manage their financial and performance information.
- There has been a very slight improvement from the prior year by way of a slight decrease on qualified opinions to unqualified opinions.
- The percentage of municipalities (34% ) having the worst audit opinions (adverse or disclaimer) remains high and there has been no improvement from the prior year.
- It is encouraging to note that four high capacity and three medium capacity municipalities have maintained their financially unqualified status. While the financially unqualified opinions for low capacity has increased to four the worst case opinions remains an area requiring focused attention.
- However, it is disappointing that one high capacity municipality moved from a qualified opinion to a disclaimer of opinion. This was mainly due to lack of leadership stability in general, but specifically within budget and treasury office and the unavailability of officials during the audit. This municipality has been placed under administration.

## OPERATING EXPENDITURE

**Note:** Due to the budget reform process, the OPEX could not be monitored against the previous financial year.



### **Ehlanzeni District**

The year to date operating expenditure for the Ehlanzeni district and its local municipalities has been recorded at R2, 479 billion out of an adjustment budget of 2,183 billion. However it should be noted that the aggregated expenditure for the period under review translated to 91 per cent.

It should be noted the cost key drivers were other expenses at R1, 287 billion or 52% and followed by employee related cost at 844 Million or 34% and bulk purchases at R343million respectively

### **Nkangala District**

The year to date operating expenditure for the Nkangala district and its local municipalities has been recorded at R2, 307 billion out of an adjustment budget of 2,911 billion. However it should be noted that the aggregated expenditure for the period under review translated to 79 per cent.

It should be noted the cost key drivers were other expenses at R907million or 39% and followed by employee related cost at 642 Million or 28%, bulk purchases at R507million or 22% and bad &doubtful debts at 250Million or 11% respectively

### **Gert Sibande District**

The year to date operating expenditure for the Nkangala district and its local municipalities has been recorded at R2, 308 billion out of an adjustment budget of 3,011 billion. However it should be noted that the aggregated expenditure for the period under review translated to 136 per cent.

It should be noted the cost key drivers were employee related cost at R1, 941billion or 64% and followed by other expenses at 685 Million or 23%, bulk purchases at R350million or 12% and bad &doubtful debts at 17Million or 1% respectively.

## **PROVINCIAL SUMMARY ON OPERATING EXPENDITURE**

The analysis indicates that all municipalities in the province have a total original/adjusted operating expenditure budget of R7, 838 billion in 2010. Municipalities have collectively spent R7, 798billion 99% for 2010 financial year.

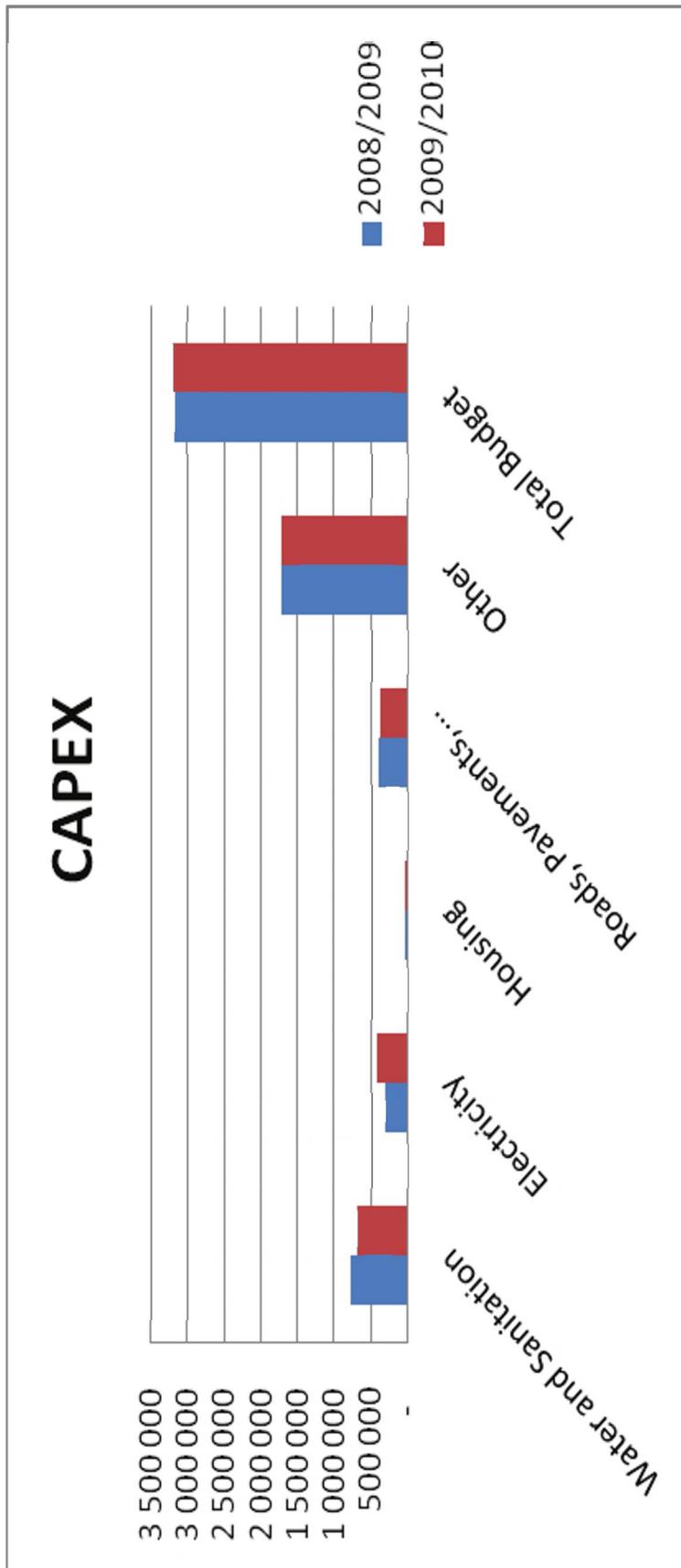
Gert Sibande District municipalities spent 136% followed by Ehlanzeni district municipalities spent 91% and Nkangala district at 79% in 2010. The spending for all the three districts have increase to 99%

The highest contributor for all three districts for operating expenditure is employee related cost at 44% followed by other expenditure at 37%, bulk purchases at 15% and bad and doubtful debt at 03% respectively.

## OPERATING EXPENDITURE (OPEX)

		2009-2010													
MUNICS		Adjustment Budget				Total Expenditure						2009-2010		2008-2009	
		Employee related cost	bad & doubtful debts	bulk purchases	other expenditure	Employee related cost	bad & doubtful debts	bulk purchases	other expenditure	total adjustment budget	Actual expenditure	total expenditure as % of adjusted budget	Actual expenditure	total expenditure as % of adjusted budget	
Cert Sibande DM		59 625 666	-	-	234 607 218	47 496 267,00	-	-	187 881 967	294 232 884	235 378 234	80%	84 457 293	93%	
Albert Luthuli		73 483 284	-	19 112 550	81 125 279	70 167 630	-	11 097	54 886 745	173 721 113	136 151 499	78%	31 041 123	76%	
Dipaleseng		30 873 004	-	18 250 000	45 612 355	16 756 075	-	11 410 145	18 307 010	94 735 359	46 473 230	49%	14 887 535	84%	
Govan Mbeki		302 642 300	30 704 100	210 832 300	261 593 550	294 421 869	17 856 078	213 903 899	267 990 113	805 772 250	794 173 959	99%	179 172 810	91%	
Lekwa		78 944 225	-	89 065 000	94 560 458	63 712 718	-	74 780 082	51 598 445	262 569 683	190 091 245	72%	49 753 328	89%	
Mkhondo		64 212 556	-	-	96 510 845	53 658 653	-	-	57 845 263	160 723 401	115 503 916	72%	14 185 962	61%	
Msakaligwa		108 172 610	-	62 198 300	101 305 740	80 393 440	-	50 755 923	45 066 365	271 676 650	176 215 728	65%	61 142 156	92%	
Pixley Ka Seme		46 221 309	-	-	98 559 252	1 315 202 658	-	-	2 292 854	144 780 561	1 317 495 512	910%	24 331 319	66%	
<b>SUB TOTAL</b>		<b>764 174 954</b>	<b>30 704 100</b>	<b>399 458 150</b>	<b>1 013 874 697</b>	<b>1 941 809 310</b>	<b>17 856 078</b>	<b>350 863 146</b>	<b>685 868 762</b>	<b>2 208 211 901</b>	<b>3 011 483 323</b>	<b>1425%</b>	<b>58 971 526</b>	<b>651%</b>	

Nkangala DM	73 446 524	110 000	-	397 445 930	35 556 625	8 543	-	188 232 612	471 002 454	223 797 780	48%	48 389 478	35%
Dr JS Moroka	94 595 964	-	-	196 134 768	55 729 724	-	-	84 744 393	290 730 732.00	140 474 117	48%	62 016 401	77%
Enakhezani	40 870 320	2 992 618	14 434 888	44 093 141	34 053 436	-	15 016 321	28 754 122	102 390 967	77 823 879	76%	5 930 650	28%
Enalahlani	287 024 572	56 865 320	325 541 276	290 203 543	285 267 539	51 825 300	313 937 543	224 552 097	959 634 711	875 582 479	91%	290 923 321	27%
Steve Tshwete	199 478 847	3 893 005	148 226 556	311 447 604	194 787 850	3 893 004	146 077 977	288 873 498	663 046 012	633 632 329	96%	115 508 516	91%
Thembisile Hani	58 013 518	-	44 000 000	167 648 275	2 840 055	-	-	3 157 883	269 661 793	5 997 938	0%	-	0%
Victor Khanye	31 533 704	18 000 001	38 063 000	67 063 064	33 859 421	194 910 046	32 149 814	89 272 290	154 659 769	174 772 531	19%	29 438 921	96%
<b>SUB TOTAL</b>	<b>784 963 449</b>	<b>81 860 944</b>	<b>570 265 720</b>	<b>1 474 036 325</b>	<b>642 094 650</b>	<b>250 636 893</b>	<b>507 181 655</b>	<b>907 586 895</b>	<b>2 911 126 438</b>	<b>2 132 081 053</b>	<b>79%</b>	<b>2 307 500 093</b>	<b>108%</b>
Ehlanzeni DM	66 172 636	-	-	93 507 377	64 899 161	-	-	50 997 581	159 680 013	115 896 742	8%	13 561 576	12%
Bushbuckridge	-	-	-	-	90 187 088	-	42 000 000	66 680 742	-	198 867 830	0%	108 644 045	116%
Mbombela	513 676 682	-	231 950 738	972 599 792	497 644 560	-	238 588 899	991 735 112	1 718 227 212	1 727 968 571	101%	222 812 968	91%
Nkomazi	133 926 442	-	39 100 000	121 776 234	132 841 191	-	21 672 027	91 591 430	294 802 676	246 104 648	24%	69 399 997	90%
Thaba Chweu	-	-	-	-	11 310 666	-	13 635 636	44 503 736	-	69 450 278	0%	34 661 907	102%
Umgjindfi	54 275 464	-	24 170 416	91 728 464	47 191 487	3 569 988	28 065 406	42 339 865	170 174 344	121 166 746	71%	29 102 708	91%
<b>SUB TOTAL</b>	<b>701 878 588</b>	<b>295 221 154</b>	<b>295 221 154</b>	<b>1 186 104 490</b>	<b>844 074 153</b>	<b>3 569 988</b>	<b>343 961 968</b>	<b>1 287 848 466</b>	<b>2 183 204 232</b>	<b>2 479 454 575</b>	<b>114%</b>	<b>478 183 201</b>	<b>19%</b>
<b>TOTALS</b>	<b>2 251 016 991</b>	<b>194 425 988</b>	<b>1 264 945 024</b>	<b>3 674 015 512</b>	<b>3 427 978 113</b>	<b>272 062 959</b>	<b>1 202 006 769</b>	<b>2 881 304 123</b>	<b>7 302 542 571</b>	<b>7 623 018 951</b>		<b>3 244 654 820</b>	<b>43%</b>



2009-2010															
Municipalities	Adjustment Budget				Total actual Expenditure							2009-2010		2008-2009	
	water & sanitation	electricity	housing	Roads, Pavements, Bridges & Storm Water	other	water & sanitation	electricity	housing	roads, pavements, bridges & storm water	other	total adjustment budget	Actual expenditure	total expenditure % of adjusted budget	Actual expenditure	total expenditure as % of adjusted budget
Gert Sibande	-	-	-	-	90 004 315	-	-	-	-	106 307 213	90 004 315	106 307 213	118%	29 613 506	81%
Albert Luthuli	-	-	-	1 500 000	65 503 378	-	-	-	-	-	67 003 378	-	0%	18 136 583	107%
Dipaleseng	19 049 043	1 657 200	-	12 737 000	5 081 477	5 501 475	1 221 830	-	2 645 920	38 524 720	108 670 335	9 369 225	24%	15 372 965	154%
Govan Mbeki	36 175 873	6 881 700	-	11 894 000	53 718 762	18 133 370	5 607 645	7 785 123	28 703 252	108 670 335	60 229 390	60 229 390	55%	24 475 464	70%
Lekwa	-	-	-	-	-	503 639	52 406	16 972 610	96 675	-	-	17 625 330	0%	-	47%
Mkhondo	32 314 915	8 120 000	1 700 000	4 000 000	24 813 198	1 565 148	2 917 395	-	38 725 315	70 948 113	43 207 858	43 207 858	61%	10 461 373	24%
Msulaligwa	18 357 430	4 900 000	1 000 000	10 630 000	14 410 970	5 457 099	1 127 897	5 022 321	4 177 769	49 298 400	15 785 086	15 785 086	32%	6 451 004	41%
Pitsoley Ka Seme	-	100 000	-	8 000 000	22 676 000	-	-	-	-	30 776 000	-	-	0%	1 879 179	24%
<b>SUB TOTAL</b>	<b>105 897 261</b>	<b>21 558 900</b>	<b>2 700 000</b>	<b>40 761 000</b>	<b>253 532 100</b>	<b>31 160 731</b>	<b>10 927 173</b>	<b>29 780 054</b>	<b>180 656 144</b>	<b>424 449 261</b>	<b>252 524 102</b>	<b>1</b>	<b>10390 074</b>	<b>55%</b>	

Nkangala DM	-	-	-	13 780 500	3 803 495	-	-	-	-	13 780 500	3 803 495	28%	147 986	46%
D/JS Moreka	52 795 000	8 000 000	-	17 900 000	14 416 254	7 865 321	-	35 069 187	12 632 264	117 795 000	69 983 026	59%	29 561 261	64%
Enakhezani	2 900 000	4 000 000	-	4 504 000	2 875 925	115 969	-	914 223	611 926	21 904 000	4 518 043	21%	421 742	0%
Enalaheni	129 621 402	41 001 572	2 500 000	76 933 626	29 051 378	9 231 899	-	23 949 054	13 333 878	328 378 019	75 566 209	23%	59 412 830	41%
Steve Tshwete	43 018 767	129 991 539	-	117 408 624	43 018 676	129 991 539	-	64 980 452	117 408 624	355 399 382	355 399 291	100%	62 131 459	49%
Thembisile Hani	-	-	-	-	-	-	-	-	-	-	-	0%	-	0%
Victor Khanye	15 323 000	3 760 000	-	16 529 978	2 481 719	2 184 421	-	-	481 387	-	-	-	-	53%
<b>SUB TOTAL</b>	<b>243 658 169</b>	<b>186 753 111</b>	<b>2 500 000</b>	<b>247 056 728</b>	<b>95 647 447</b>	<b>149 389 149</b>	<b>-</b>	<b>124 912 916</b>	<b>144 468 079</b>	<b>882 519 879</b>	<b>514 417 591</b>	<b>0%</b>	<b>151 675 278</b>	<b>29%</b>
Ehlanzeni DM	37 077 000	-	-	252 102 350	1 882 364	-	-	24 773 076	206 103 220	316 779 350	232 758 660	73%	-21 721 892	-9%
Bushbuckridge	-	-	-	-	-17 591 335	-	-92 430	-64 566	-13 363 802	-	-31 112 133	0%	78 689	75%
Mbombela	216 473 894	151 076 920	-	895 414 834	1 669 909 899	73 151 370	-	39 022 449	646 261 483	1 339 189 629	925 426 201	69%	251 642 806	27%
Nkomazi	67 000 000	37 198 500	3 85 000	46 563 156	32 736 367	15 145 858	821 198	2 618 822	18 764 128	161 646 656	70 076 373	43%	17 277 770	25%
Thaba Chweu	-	-	-	-	1 366 144	5 629 646	-	15 639 277	4 095 069	-	26 730 136	0%	2 085 493	45%
Umgindi	1 023 408	5 595 800	-	8 840 850	9 135 397	12 927 569	-	6 545 042	2 823 009	32 606 100	31 431 017	96%	2 587 293	77%
<b>SUB TOTAL</b>	<b>321 574 302</b>	<b>203 871 220</b>	<b>3 585 000</b>	<b>1 202 921 190</b>	<b>194 509 836</b>	<b>106 854 443</b>	<b>728 768</b>	<b>88 534 100</b>	<b>864 683 107</b>	<b>1 850 221 735</b>	<b>1 255 310 234</b>	<b>68%</b>	<b>251 950 159</b>	<b>20%</b>
<b>TOTAL</b>	<b>671 129 732</b>	<b>12 183 231</b>	<b>8 785 000</b>	<b>1 703 510 018</b>	<b>1 318 014</b>	<b>267 170 765</b>	<b>728 768</b>	<b>43 227 070</b>	<b>189 807 330</b>	<b>3157 190 875</b>	<b>2 22 251 947</b>	<b>64%</b>	<b>10 015 511</b>	

### Ehlanzeni District

The district and its local Municipalities recorded capital expenditure amounting to R1, 255 billion or per cent out of the capital expenditure adjusted budget of R1, 850 billion.

The highest contributor of capital expenditure items is other at R194M or 69%, followed by Water and sanitation at R194m or 15%, electricity R106M or 9% and roads and pavements at R88m or 7% respectively.

**Mbombela-** Capital expenditure has been a challenge with the hosting of the 2010 soccer world cup. The municipality as a host city focused mainly on the provision of the stadium infrastructure to host successfully event

### Nkangala District

The total original/adjusted budget for Nkangala district municipalities amounts to R882M in 2010. The district has spent R514M or 58%. The 58% spending of the District does not reflect the actual expenditure to outstanding capital expenditure figures for Thembisile Hani and Victor Khanye LM's

We could not establish the extent of the expenditure due to lack of budgeted figures and expenditure for Thembisile Hani and Victor Kanye LM's. But still capital expenditure is of concern as all municipalities except for Steve Tshwete spent less than the benchmark.

### Gert Sibande District

The total original/adjusted budget for Gert Sibande District municipalities amounts to R424M in 2010. The District has spent R252M or 59%. The spending of the district does not reflect the actual expenditure to outstanding capital figures for Dr Pixley Ka Isaka LM and budgeted figures for Lekwa LM's.

Capital expenditure is of concern as all municipalities in this district have much less than the benchmarks, except district over spend by 18%. for the period under review while Lekwa and for Dr Pixley Ka Isaka LM did not provide prescribed information.

The District has improved in terms of capital spending with 59% for the 2010 against 55% for the 2008/2009 financial year. This indicates that there is little improvement in terms of capital expenditure.

## PROVINCIAL SUMMARY

The analysis indicates that all municipalities in the province have a total original/adjusted capital budget of R3, 157 billion in 2010. Municipalities have collectively spent R2, 022 billion or 64% for 2010 financial year.

Ehlanzeni District Municipalities spent 68% followed by Gert Sibande District municipalities spent 59% and Nkangala District at 58% in 2010. The spending for all the three Districts is at 64%

The highest contributor for all three districts of capital expenditure is other expenditure at 59% followed water and sanitation at 16%, roads and pavements at 12% and housing at 0.04% respectively.

## UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS

Section 167 of MFMA has a major impact on the remuneration of political office bearers. It stipulates that political office-bearers may only be remunerated within the framework of the Remuneration of Public Office Bearers Act and Section 219 (4) of the Constitution.

The upper limit of salaries and allowances of the different members of municipal councils shall from time to time be determined by the minister for cooperative governance and traditional affairs, After consultation with the member of the executive council (MEC) responsible for local govt in each province, by notice in the Gazette after taking into consideration- The matters in paragraphs (a) to (i) of S7(1) of the act, determine the upper limits of the salaries, allowances and benefits of different members of municipal councils as set out in the schedule with effect from 1 July 2010 in respect of that municipal council

The salary and allowances of a member of a municipal council is determined by that municipal council by resolution of supporting vote of a majority of its members. In consultation with the member of executive council responsible for local government in the province concern, having regard to the upper limit as set out in the said notice, the financial year of municipal councils and the affordability of municipal councils to pay within the different levels of remuneration of councils from the budget of a municipality concerned.

The purpose of implementing the Government Notice, in consultation with means that municipalities will require the concurrence of the MEC responsible for local government in the province

MUNICIPALITY	GRADE	2008-2009 Government Notice R1319 Promulgated 8 Dec 2008	GRADE	2009-2010 Government Notice R1242 Promulgated 22 Dec 2009
Gert Sibande DM	4	Upper limits approved	5	Upper limits approved
Albert Luthuli	3	Upper limits approved	3	Upper limits approved
Msakaligwa	3	Upper limits approved	3	Upper limits approved
Lekwa	3	Upper limits approved	3	Upper limits approved
Dipaleseng	2	Upper limits approved	2	Upper limits approved
Mkhondo	3	Upper limits approved	3	Upper limits approved
Pixley ka Seme	3	Upper limits approved	3	Upper limits approved
Govan Mbeki	4	Upper limits approved	4	Upper limits approved
Nkangala DM	4	Upper limits approved	5	Upper limits approved
Delmas	3	Upper limits approved	3	Upper limits approved
Emalahleni	4	Upper limits approved	4	Upper limits approved
Steve Tshwete	4	Upper limits approved	4	Upper limits approved
Thembisile Hani	3	Upper limits approved	3	Upper limits approved
Emakhazeni	2	Upper limits approved	2	Upper limits approved
Dr JS Moroka	3	Upper limits approved	3	Upper limits approved
Ehlanzeni DM	4	Upper limits approved	4	Upper limits approved
Thaba Chweu	3	Upper limits approved	3	Upper limits approved
Mbombela	4	Upper limits approved	4	Upper limits approved
Bushbuckridge	3	Upper limits approved	3	Upper limits approved
Umjindi	3	Upper limits approved	3	Upper limits approved
Nkomazi	4	Upper limits approved	4	Upper limits approved

- The table above indicates that 21 municipalities (100%) in 2010 and 2009 received concurrence of upper limits of salaries, benefits and allowances of municipal councilors by the MEC in terms of Government Notice R1242 promulgated on 22 December 2009.
- The analysis indicates that the two Districts has improved in terms of the grading from grade 4 to grade 5

## MUNICIPAL SYSTEMS IMPROVEMENT GRANT

The Municipal Systems Improvement Grant (MSIG) is a conditional Grant directed to selected Local and District Municipalities. The purpose of the grant is to support municipalities in implementing new systems as provided in the Municipal Systems Act, Municipal Structures Act and other related local government policy and legislation so that they can carry mandated functions effectively.

Name Of Municipality	2009-2010			2008-2009		
	Allocation	Expenditure	%	Allocation	Expenditure	%
Gert Sibande	R 1 300 000	R 1 300 000	100%	R 735 000	R750 000	100%
Albert Luthuli	R 735 000	R 735 000	100%	R 735 000	R735 000	100%
Msukaligwa	R 735 000	R 735 000	100%	R 735 000	R735 000	100%
Mkhondo	R 735 000	R 0	0%	R 735 000	R735 000	100%
Pixley ka Seme	R 735 000	R 530 009	72%	R 735 000	R735 000	100%
Lekwa	R 735 000	R 735 000	100%	R 735 000	R735 000	100%
Dipaleseng	R 735 000	R 735 000	100%	R 735 000	R735 000	100%
Govan Mbeki	R 735 000	R 735 000	100%	R 735 000	R735 000	100%
<b>Total</b>	<b>R 6 445 000</b>	<b>R 5 256 767</b>	<b>82</b>	<b>R 5 880 000</b>	<b>R5 520 00</b>	<b>94%</b>
<b>Nkangala Dm</b>	R 735 000	R 735 000	100%	R 735 000	<b>735 000</b>	<b>100%</b>
Victor Khanye	R 1 300 000	R 1 300 000	100%	R 735 000	735 000	100%
Emalaheni	R 735 000	R 735 000	100%	R 735 000	735 000	107%
Steve Tshwete	R 735 000	R 622 057	85%	R 735 000	735 000	100%
Emakhazeni	R 735 000	R 718 898	98%	R 735 000	735 000	100%
Thembisile	R 735 000	R 735 000	100%	R 735 000	735 000	100%
Dr JS Moroka	R 500 000	R 500 000	100%	R 735 000	735 000	100%
<b>Total</b>	<b>R 5 475 000</b>	<b>R 5 183 256</b>	<b>95%</b>	<b>5 145 000</b>	<b>5 145 000</b>	<b>100%</b>
<b>Ehlanzeni District</b>	R 735 000	R 735 000	100%	<b>735 000</b>	<b>735 000</b>	<b>100%</b>
Thaba Chweu	R 735 000	R 195 979	27%	<b>735 000</b>	<b>735 000</b>	<b>100%</b>
Mbombela	R 1 300 000	R 1 300 000	100%	R 735 000	735 000	100%
Umjindi	R 735 000	R 735 000	100%	R 735 000	735 000	100%
Nkomazi	R 735 000	R 735 000	100%	R 735 000	735 000	100%
Bushbuckridge	R 735 000	R 200 000	27%	R 735 000	735 000	100%
<b>Total</b>	<b>R 4 975 000</b>	<b>R 3 900 979</b>	<b>78%</b>	<b>R 4 410 000</b>	<b>R4 410 000</b>	<b>100%</b>
<b>Sub-Total</b>	<b>16 895 000</b>	<b>R 14 341 001</b>	<b>85%</b>	<b>R15 435 000</b>	<b>15 435 000</b>	<b>100%</b>

- Steve Tshwete -The total unspent amount of R622 057 would be utilized towards the Erf master project during the 2010/2011 financial year, and for other remaining municipality's funds has been committed.
- Source: monthly report.

**ESTABLISHMENT OF INTERNAL AUDIT UNITS AND COMMITTEES**

S165 and S166 of the MFMA indicates that each municipality must have an internal audit unit and audit committee

MUNICIPALITY	AUDIT COMMITTEE	NUMBER OF MEMBERS	INTERNAL AUDIT UNIT
Gert Sibande	Shared service	3	Yes
Albert Luthuli	Yes	4	Yes
Mskaligwa	Shared service	3	Post advertised
Mkhondo	Shared service	3	Post advertised
Pixley ka Seme	Shared service	3	Yes
Lekwa	Shared service	3	Post advertised
Dipaleseng	Yes	3	Yes
Govan Mbeki	Yes	4	Yes
<b>NKANGALA</b>	Shared Service	4	Yes
Delmas	Shared Service	4	Yes
Emalaheni	Shared Service	4	Yes
Steve Tshwete	Shared Service	4	Yes
Emakhazeni	Shared Service	4	Yes
Thembisile	Shared Service	4	Yes
Dr JS Moroka	Shared Service	4	Yes
<b>EHLANZENI</b>	Yes	3	Yes
Thaba Chweu	Yes	3	Yes (suspended)
Mbombela	Yes	4	Yes
Umjindi	Yes	5	Yes
Nkomazi	Yes	4	Yes
Bushbuckridge	Yes	3	Yes

- All municipalities have functional Audit Committees except for Thaba Chweu Local Municipality whose Internal Auditor was suspended and there are therefore no audit reports for the committee to review. Meetings are held quarterly or as and when a need arises for all the other municipalities;
- Some of the municipalities who are sharing their audit committees with their districts as indicated above are unhappy about the situation as they feel that special attention is not given to the individual municipalities with a shared audit committee. They are in the process of appointing their own audit committees;
- Almost all the municipalities audit committees' are not reporting to council, but this will be addressed with the new councilors to be elected as well as the establishment of MPACs

### IMPLEMENTATION OF THE MUNICIPAL PROPERTY RATES ACT

1. Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
2. Section 4 (1) (c) of the Local Government: Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.
3. In terms of Section 62(1) (f) (ii) of the Local Government: Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.
4. The Local Government: Municipal Property Rates Act, 2004 (act no 6 of 2004) came into operation on 2 July 2005 and immediately replaces the old system of property valuation and rating based on the old provincial ordinances. In line with the act, municipalities have to implement a transparent and fair system of exemptions, reductions and rebates through rating policies and fair and equitable valuation methods of properties
5. The enactment of (MPRA) in 2005 has created challenges for municipalities in the Province. The challenges range from Cost of rural areas with little expectation of revenue, Undervalued properties are subsidized by properties correctly valued which affects the determination of tariffs, Late submissions of the draft roll resulted to lack of corrections to the roll, Lack of Compliance with S8 (categories), the usage of properties are incorrect: affects the rates revenue, incorrect deeds search, Lack compliance with Sec 49, Late upgrade of financial system, resulted to late issue of rates account, objections not addressed, extent of properties are incorrect, Street names are incorrect.

### VALUATION ROLLS

S32 of MPRA provides that a valuation roll takes effect from the financial year, and remains valid for that financial year or for one or more subsequent financial years as the municipality may decide, but in total not for more than four years

## VALUATION ROLLS SUMMARY

	2008-2009			2009-2010		
	Extension of validity of valuation rolls:	MPRA	% of LM's	Extension of validity of valuation rolls:	MPRA	% of LM's
Valuation rolls extended	12			0		
Never valued	4			0		
Late application	0			0		
Compiled Not implemented		16	84%			
Compiled and implemented		3	16%		19	100%
Expired	3			12		
<b>TOTAL ANALYSED</b>	<b>19</b>	<b>19</b>	<b>100%</b>	<b>19</b>	<b>19</b>	<b>100%</b>

A comparative analysis of the two periods indicates that three 3 LM's (16%) 2008/2009 and 16 LM's (84%) valuation roll expired and no further extension was granted in terms of a repealed law by MEC for Local Government after 1 July 2009.

A further analysis for the two periods indicates the following improvements in the compilation of a new municipal valuation rolls and the implementation of the act from 16% in 2008/2009 to 19 LM's (100%) in 2009/10 financial year.

A level analysis indicated that all 18 local municipalities and one district in the province have comply with the provision of the act and meet the MPRA deadline.

The analysis further indicates that 19 LM's (100%) did not fail to comply with provisions of this Act. An improvement in meeting the MPRA deadline has been achieved.

## MUNICIPAL PROPERTY RATES POLICY ITS APPROVAL BY COUNCIL

Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), requires a municipalities to develop and adopt a rates policy on the levying of rates on rateable property in the municipality

Subsection 2 further indicate that a rates policy adopted in terms of subsection 1 takes effect on the effective date of the first valuation roll prepared by the municipality in terms of this act, and must be accompany by the municipality's budget for the financial year concerned when the budget is tabled in the municipal council in terms of section 16(2) of the MFMA

MUNICIPALITY	2008-2009		2009-2010	
	Draft policy	Final policy	Draft policy	Final policy
Albert Luthuli	Approved policy	Final policy	Approved policy	Final policy
Bushbuckridge	Draft policy	None	Approved policy	Final policy
Delmas	Draft policy	None	Approved policy	Final policy
Dipaleseng	Draft policy	None	Approved policy	Final policy
Dr J S Moroka	Draft policy	None	Approved policy	Final policy
Emakhazeni	Draft policy	None	Approved policy	Final policy
Emalahleni	Draft policy	None	Approved policy	Final policy
Govan Mbeki	Approved policy	Final policy	Approved policy	Final policy
Lekwa	Draft policy	None	Approved policy	Final policy
Mbombela	Draft policy	None	Approved policy	Final policy
Mkhondo	Draft policy	None	Approved policy	Final policy
Msukaligwa	Approved policy	Final policy	Approved policy	Final policy
Nkomazi	Draft policy	None	Approved policy	Final policy
Pixley ka Seme	Draft policy	None	Approved policy	Final policy
Steve Tshwete	Draft policy	None	Approved policy	Final policy
Thaba Chweu	Draft policy	None	Approved policy	Final policy
Thembisile Hani	Draft policy	None	Approved policy	Final policy
Umjindi	Draft policy	None	Approved policy	Final policy
Ehlanzeni DC	None	None	Approved policy	Final policy

**SUMMARY: PROPERTY RATES POLICY**

MUNICIPALITY	2008-2009		2009-2010	
	NO.	%	NO.	%
<b>Final Policy</b>	3	16%	19	100%
<b>Draft rates policy</b>	16	84%	0	
	<b>19</b>	<b>100%</b>	<b>19</b>	<b>100%</b>

1. In 2008 16 or 84% of rates policies were developed as drafts by municipalities not ready for implementation and in 2010 no draft rates policies.
2. Three LM's 3 or (16%) in 2008/2009 developed the rates policy for implementation 1st July 2008. In 2010, 19 LM's or (100%) developed rates policy for implementation 1st July 2009.
3. The analysis indicates that all 18 local municipalities and one district have finally (100%) developed rates policies, approved by council for implementation 1st July 2009.

**MUNICIPAL RATES BY-LAWS**

S6 of MPRA requires that a municipality must adopt by-laws to give effect to the implementation of its rates policy

MUNICIPALITY	2008-2009		2009-2010	
	DRAFT BY-LAWS	FINAL BY-LAWS	DRAFT BY-LAWS	FINAL- BY-LAWS
Albert Luthuli	Approved by-laws	Final by laws	Approved by-laws	Final by laws
Bushbuckridge	Draft by-laws	None	Approved by-laws	Final by laws
Delmas	Draft by-laws	None	Approved by-laws	Final by laws
Dipaleseng	Draft by-laws	None	Approved by-laws	Final by laws
Dr J S Moroka	Draft by-laws	None	Approved by-laws	Final by laws
Emakhazeni	Draft by-laws	None	Approved by-laws	Final by laws
Emalahleni	Draft by-laws	None	Approved by-laws	Final by laws
Govan Mbeki	Approved by-laws	Final by-laws	Approved by-laws	Final by laws
Lekwa	Draft by-laws	None	Approved by-laws	Final by laws
Mbombela	Draft by-laws	None	Approved by-laws	Final by laws
Mkhondo	Draft by-laws	None	Approved by-laws	Final by laws
Msukaligwa	Approved by-laws	Final by-laws	Approved by-laws	Final by laws
Nkomazi	Draft by-laws	None	Approved by-laws	Final by laws
Pixley ka Seme	Draft by-laws	None	Approved by-laws	Final by laws
Steve Tshwete	Draft by-laws	None	Approved by-laws	Final by laws
Thaba Chweu	Draft by-laws	None	Approved by-laws	Final by laws
Thembisile Hani	Draft by-laws	None	Approved by-laws	Final by laws
Umjindi	Draft by-laws	None	Approved by-laws	Final by laws
Ehlanzeni DC	Draft by-laws	None	Approved by-laws	Final by laws

4. Three LM's (16%) in 2008/2009 developed the rates by-laws to give effect to the rates policies for implementation 1st July 2008. 19 LM's (100%) in 2009/10 developed the rates by-laws to give effect to the rates policies for implementation 1st July 2009.
5. The analysis indicates that all 18 local municipalities and one district have finally (100%) developed rates by-laws to give effect to the rates policies, approved by council for implementation 1st July 2009.

### ESTABLISHMENT OF VALUATION APPEAL BOARD

S56(1) states that the MEC for Local Government must, by notice in the provincial Gazette, establish as many valuation appeal board in the province as may be necessary, but not fewer than one in each district municipality and each metropolitan municipality

	2008-2009	2009-2010
VAB	Board members	Board members
GERT SIBANDE DC	Established	Established
NKANGALA DC	Not established	Established
EHLANZENI DC	Not established	Established

### SUMMARY OF VALUATION APPEAL BOARD

MUNICIPALITY	2007-2008		2008-2009	
	NO.	%.	NO.	%
<b>Established</b>	1	33	3	100
<b>Not established</b>	2	67	0	0
	<b>18</b>	<b>18</b>	<b>19</b>	<b>100%</b>
<b>NKANGALA DISTRICT</b>				
• Mr. David Sewela	Attorney -Chair Person			
• Mr. Herman Brandt	Professional Valuer - Member			
• Ms. Ella Prinsloo	Attorney-Member			
• Mr. Molefi Kubuzie	Professional Associated Valuer-Member			
• Mr. Glen Tweedie	Principal estate agent-Member			
<b>EHLANZENI DISTRICT</b>				
• Mr. MM Labe	Attorney -Chair Person			
• Mr. PJ De Beer	Attorney - Member			
• Mr. BR Makamo	Estate Agent - Member			
• Mr. H Van Coller	Professional Valuer -Member			
• Ms. L Visagie	Estate Agent - Member			

#### *The term of office of members of an appeal board is four years*

Two DC s (100%) Valuation Appeal Board for Nkangala and Ehlanzeni have been established by notice in the provincial gazette no. 10 candidates appointed for each districts to serve as board members by the MEC in accordance with sec 56 (1) of MPRA.

The five Valuation Appeal Board members for Nkangala and Ehlanzeni District are appointed to serve in the board for a period of four years (4), with effect from 01 July 2009 until 30 June 2013

The board is fully functioning; eleven meetings for valuation appeal board members were convened in three districts. The MPRA requirements have been achieved.

## CHALLENGES EXPERIENCED IN MUNICIPAL FINANCIAL VIABILITY

Challenges emanating from implementation of the MPRA

- Cost of rural areas with little expectation of revenue Undervalued properties
- Undervalued properties are subsidized by properties correctly valued : affects the determination of tariffs
- Overvalued properties subsidized undervalued properties
- Late submissions of the draft roll resulted to lack of corrections to the roll
- Lack of Compliance with S8 ( categories), the usage of properties are incorrect : affects the rates revenue e.g. churches are categorized as residential
- Incorrect deeds search e.g. some properties valued as single not subdivided in the roll
- Lack compliance with Sec 49
- Late upgrade of financial system, resulted to late issue of rates account
- Lack of compliance with S48, e.g. Street names are incorrect

## REVENUE MANAGEMENT

**Emalahleni-** effective cuff off actions, to change the credit control policy and by-laws to ensure credit control and debts collection procedures are in line with the national credit act as well as the magistrate court act, the restructuring of the credit control section to ensure efficient debts recovery ,Implementation of the national credit act e.g. correct legal procedures and to put measures in place to avoid reckless crediting of consumers, Debt management-Unmetered areas, Understanding of GRAP by staff.

**Emakhazeni-** 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 Municipality is still a growing concern.

**Bushbuckridge-** The main increase in debts is the levying of rates. In line with the AG reports, there is a concern that the increasing level of debtors may undermine the liquidity of the municipality. The underlying cause of this may be the capacity to aggressively develop and implement practicable cash collection and billing strategies.

**Nkomazi-** Lacks proper billing of all revenue potential villages. Larger population stays in the communal land where they don't have title deeds therefore there must be a speeding up of land tenure upgrade application for other areas that have potential of revenue collection so that property rates can be implemented in rural areas.

## CHALLENGES IN THE ADMINISTRATION OF THE GRANT

- Late submission of activity plans by municipalities
- Late and/or non submission of MSIG expenditure reports by municipalities resulting in Province not being able to ascertain whether the projects have been implemented or not.
- Municipalities not spending according to their activity plans.
- Projects starting late into the FY
- Poor reporting by municipalities

#### **4.2.2 Addressing financial challenges**

COGTA, through the Project Consolidate Initiative has managed to support municipalities in improving their billing systems.

#### **4.2.3 Phasing out of Regional Service Council levies (RSC)**

From the 2006/2007 financial year the RSC levies will be replaced by a national grant until such time that an appropriate replacement has been found. The main challenge however, is to ensure that the replacement source for RSC will be more or less equal or even more than the current and future RSC levy collections. Anything less will have adverse financial implications for municipalities, especially districts, given their limited fiscal base.

Within the intergovernmental fiscal relations system there are indications that there are a number of functions which can be described as unfunded mandates. Municipalities have raised their fiscal effects of free basic services. This function is funded through equitable share, but evidence from municipalities suggests that the funding is not adequate. The provision of new housing goes beyond the allocations resulting in unfunded mandates.

#### **4.2.4 Intergovernmental relations structures (IGR)**

There is a strong working relationship between SALGA and COGTA in the Province. The Forum meets regularly to assess municipal financial management and assists where necessary. The Forum managed to revive the CFO Fora in the three districts. This is where best practices are shared between municipalities.

### **4.3 Conclusion**

The AG's reports give a reliable indication of how municipal finances are being managed. The increasing level of outstanding debtors is an issue of concern. COGTA continues to assist municipalities in better revenue collection mechanisms and revenue enhancement programs. There is a need for a collective effort from both the COGTA and the municipalities in order to deal with the issues raised by the Auditor General over the last financial year. This may take time, but it is the only realistic way to change the situation.

Despite this, some municipalities have continued to perform well. This has been reflected by the awards won during the 2007 National Vuna Awards where Steve Tshwete municipality won both the Best Improved Project Consolidate Municipality Award as well as Best Performing Local Municipality under the Key Performance Area of Financial Viability and Good Governance. Nkangala District Municipality won the National Vuna Award as the Best Performing District Municipality under the KPA - Financial Viability.

# CHAPTER 5

## GOOD GOVERNANCE AND PUBLIC PARTICIPATION

## 5.1 Introduction

A key element of good governance is accountability to the community and other stakeholders as well as the Municipal Council's oversight function. For municipalities to be properly accountable to service users and relevant stakeholders they should have proper systems, procedures and processes in place to allow for maximum participation in setting both service priorities and in evaluating the level of services provided. Effective systems and controls must then also be in place to ensure proper and accountable use of public monies and other resources to deliver against those priorities. For this reason this Chapter covers the areas of:

- Ward committees and the deployment of CDW's
- Intergovernmental relations within the province
- Anti-corruption measures
- Presidential and Ministerial Izimbizo
- Standard operating procedures and delegations

## 5.2 Progress

### 5.2.1 Ward Committees and deployment of Community Development Workers

Ward Committees and CDWs represent an innovative and progressive approach to participatory Governance in Local Government. A Ward Committee is a structure created to assist democratically elected representative of a ward (the councilor) to carry out their mandate. Ward Committees are to:

- Ensure that local government works in partnership with communities for improved service delivery and sustainable development.
- Ensure that there is consensus between communities and local government on the needs and strategic interventions necessary for development.
- Ensure that communities know what is happening in a municipality at all times in line with the principle of transparency.
- Ensure that these communities have a platform to engage with municipalities and thereby hold them accountable for improved governance and service delivery.
- Facilitate public participation in the process of development, review and implementation of the IDP and LED of the municipality.
- Facilitate public participation in the process of development of the budget.
- Ensure that the democratic social contract is strengthened.
- Ensure that there is an organized voice for the poor.
- Ensure that Communities have access to service provided by Government.
- Ensure that the network between Government and Communities is improved.
- Ensure that service delivery blockages are identified and removed.
- Ensure that the community is kept up to date with regard to service provided by Government.

***All wards established ward committees within all municipalities in the Province.***

## CDWS ARE ALSO DEPLOYED IN THE WARDS OF EACH LOCAL MUNICIPALITY

DISTRICT	MUNICIPALITY	NUMBER OF WARDS	WARD COMMITTEES	CDW'S DEPLOYED	COMMENT
EHLANZENI	Bushbuckridge	34	34	44	A summit was held early in February 2010 to outline roles and responsibilities of ward committees, ward councilors and CDWs it was attended by 1003 people.
	Mbombela	36	36	46	
	Nkomazi	30	30	42	
	Thaba Chweu	12	12	15	
	Umjindi	7	7	7	
	<b>TOTAL</b>	<b>119</b>	<b>119</b>	<b>154</b>	
NKANGALA	Delmas	8	8	6	A public Participation summit was organized in March 2011 to outline roles and responsibilities of all stakeholders in Public Participation, Councilors, CDWs Ward Committees and Traditional Leaders.
	Dr J S Moroka	30	30	31	
	Emakhazeni	7	7	07	
	Emalaheni	32	32	25	
	Steve Tshwete	24	24	18	
	Thembisile Hani	30	30	32	
<b>TOTAL</b>	<b>131</b>	<b>131</b>	<b>119</b>		
GERT SIBANDE	Albert Luthuli	22	22	27	Gert Sibande District organized a Public Participation Summit in June 2010 to outline roles and responsibilities of ward councilors, CDWs and Ward Committees.
	Dipaleseng	6	6	5	
	Lekwa	14	14	12	
	Mkhondo	15	15	19	
	Msukaligwa	16	16	14	
	Pixley ka Seme	11	11	8	
	Govan Mbeki	31	31	28	
<b>TOTAL</b>	<b>115</b>	<b>115</b>	<b>113</b>		
<b>PROVINCIAL TOTAL</b>		<b>365</b>	<b>365</b>	<b>386</b>	

## 5.2.2 Intergovernmental relations

The Intergovernmental Relations (IGR) Unit in the Department of Co-operative Governance and Traditional Affairs (COGTA) as established continued to make sure that the gains made in the previous financial year are strengthened and consolidated to ensure that cooperative governance is enhanced and maintained. It should be noted that during the year in review, the country just came out of the elections and there has been a lot of euphoria and expectations by government from various spheres. At the point in time new cadres of leadership just came in and as normal a lot of capacity programme had to be followed.

IGR Structures were once again established, strengthened and continued to be monitored so that they can have effect and contribute to municipal governance

The District Mayor's Forum continued to be chaired by their respective District Mayors, the Department also strengthened and coordinated TPCF with the Premier's Office, as a Technical Committee chaired by the Director-General and attended by Municipal Managers and South African Local Government Association (Salga), MUNIMEC chaired by the MEC responsible for local government in the Province and attended by all Mayors, Salga and sector department as per the invitation of the MEC. It should also be noted that MUNIMEC for Local Government was later combined with the Department of Finance and Chaired by both the MECs.

During this period in review, it should be noted that the unit also assisted in the process of ward delimitation with Municipal Demarcation Board in the Province. The activity was completed in 2010, and the purpose was to prepare wards for the local government elections for 2011.

### 5.2.3 Anti-corruption

Ethics Management training for councilors and officials in conjunction with National COGTA and SAMDI was done at the following Mpumalanga municipalities:

- Mbombela;
- Delmas;
- Pixley Ka Seme;
- Mkhondo.

The following municipalities' Anti-corruption strategies were adopted by council:

- Steve Tshwete Local;
- Ehlanzeni District.

It was planned for the next financial year to support the 19 municipalities who did not have a council adopted Anti-corruption strategy. Meetings would be scheduled with the Municipal Manager and other Section 57 managers (Chief Financial Officers, Managers: Corporate Services, Head: Internal Audit, etc.). The municipalities would be provided with an example of an Anti-corruption strategy. They will then be requested to customise the strategy according to their circumstances and needs.

### 5.2.4 Traditional leadership

Traditional authorities were disestablished as per prescription of the Traditional Leadership and Governance Framework Act. Through the latter Act, traditional councils were established. Local Houses of Traditional Leaders were also established for each of the three Districts as per the requirements of the Provincial Houses and Local Houses Act.

Thirty three cultural functions were successfully held throughout the province so as to promote and safeguard the province's rich cultural heritage. Traditional leaders were workshopped on the Traditional Leadership and Governance Act, the Communal Land Rights Act as well as the Public Finance Management Act. Traditional leaders were also consulted on the Ingoma Bill and the Bill on the suppression of witchcraft.

Senior traditional leaders together with the two kings and Headmen were paid salaries throughout the year. An inauguration ceremony was also held for Kgoshigadi AS Mohlala of the Mohlala-Morudi traditional council.

### 5.2.5 Presidential and Ministerial Izimbizo

#### PLEASE INCLUDE 2009/10 INFORMATION NOT 2005/2006

Both the President and the Deputy President of South Africa visited Gert Sibande, Nkangala and Ehlanzeni District municipalities as part of the Presidential Imbizo in 2005/2006. A number of resolutions were taken at these imbizo s.

The President visited Gert Sibande District in 2005 where a list of 44 issues were raised. Out of the 44 issues raised nineteen were dealt with and closed. The Deputy President visited Nkangala District in 2005 and twelve issues were raised of which six were dealt with and closed. The Deputy President also visited Ehlanzeni District in 2006 where 49 issues were raised of which sixteen were dealt with and closed. The remaining issues in the three districts have not yet been addressed. COGTA has visited the Districts with the aim of identifying the responsible sectors that are not attending to the matters as raised. Progress is being made in resolving these issues. Continuous follow-ups are taking place with the relevant sector departments.

### 5.2.6 Standard operating procedures and delegations

- All admin delegations adopted
- MSA Section 59: delegation adopted
- Roles of committees and political bearers
- Meetings convened; Council, Executive Mayoral Committee, Municipal Management, IDP representatives
- Number of meetings where quorum was not achieved(Council, Executive Mayoral Committee
- Code of conduct adopted by Council and staff
- Code communicated to community
- Interests of Councillors and staff declared
- Councillors and staff members in areas with municipal accounts

***All municipalities have standard operating procedures and delegations in place.***

### 5.3 Challenges experienced in good governance and public participation

- Difficult working relationship between the offices of the Speaker and the Executive Mayors in most municipalities (which municipalities).
- Ward Committees not meeting as frequently as stated in their meeting schedules.
- Ward Committee chairpersons are not calling meetings of Ward Committees as per approved schedule of meetings.
- Ward committees are experiencing a range of problems. Some problems relate to:
  - Not being paid out of pocket expenses and meeting allowances
  - Ongoing accredited capacity building to enable them to fulfill responsibilities
  - Roles of Ward Councillors, CDWs and Ward Committees
- There have been no challenges in the establishment of IGR structures at a provincial and district municipal level. However, sector departments must be aware that they must take the process of alignment planning seriously in order to enhance service delivery.
- There was a lack of funds to support the reconstitution of traditional councils. Funds were requested from Provincial Treasury but these funds were insufficient resulting in the request for additional funds.
- Cultural events were extremely costly to COGTA.
- Salary adjustments for senior traditional leaders and kings are made late in the new financial year and this caused an over expenditure on salary bills.
- Consultation on the Witchcraft Suppression and Ingoma Bills had its challenges as traditional leaders sought for the Bills to be drafted by those who practice them.

- The inauguration of Kgoshigadi as Mohlala did not go without a challenge. Senior male members of the Mohlala-Morudi tribe wanted to stop the inauguration, stating that a female, according to their culture, cannot be the head of a tribe.

#### 5.4 Interventions by national and provincial government, SALGA and other government agencies

- Executive Mayors and Speakers have been encouraged to hold weekly meetings as a way of building the relationship between the two offices.
- The Municipal Speakers of all municipalities have been requested to engage with Ward Councilors to follow their meeting schedules.
- Speakers have been requested to encourage Ward Councilors to call meetings of ward committees interims of their meeting schedules and disciplinary action should be taken if they fail to call meetings.
- The Province has trained 105 trainers (municipal employees) to provide induction training to Ward Committee members across the Province.
- Meetings have been held with Speakers, Ward Councilors, CDWs and Ward Committees where their different roles within the community at ward level have been clarified.
- Local Government Sector Education and Training Authority is to accredit service providers to capacitate ward committee members on eight modules covering the following:
  - o Induction programme
  - o Community Based Planning
  - o Public Participation in Local Governance
  - o Core Municipal Processes and Ward Committees Role in (IDP, LED, and Service Delivery
  - o Project Management
  - o Communication, Facilitation, and Dealing with Conflict
  - o Community Diversity
  - o Meeting Procedures

***All training manuals for the eight modules have been developed.***

#### 5.5 Conclusion

The COGTA continues to assist local and district municipalities to strengthen their IGR structures.

# CHAPTER 6

## CROSS-CUTTING INTERVENTIONS

## 2.6 CROSS CUTTING INTERVENTIONS

### 2.6.1 integrated Development Planning (IDPS)

- **Introduction**

The IDP analysis for this District was done earlier than for the other two Districts within the Province. This was done due to the fact that this district adopts its IDPs end of March each year. In order to ensure that comments raised in the analysis could be addressed and incorporated to the IDPs prior to final approval at the end of March. The district, as its culture, adopts as part of its framework that, the month of March is the last month for consideration of any public comment or stakeholder participation and the final adoption of the IDP thereof.

The department of Local Government together with the National Department of Provincial and Local Government managed to mobilise stakeholders from both the National and Provincial Sector departments to embark on this process with the following clear objectives:

- Analyse the draft IDP 09/10
- Provide guidance in terms of improvement measures
- Confirm sector support where possible
- Provide the municipality and the various stakeholders with the opportunity to have a dialogue on the developmental matters of that specific municipal area

***The following key performance areas as per five year local government agenda were the focus for deliberation.***

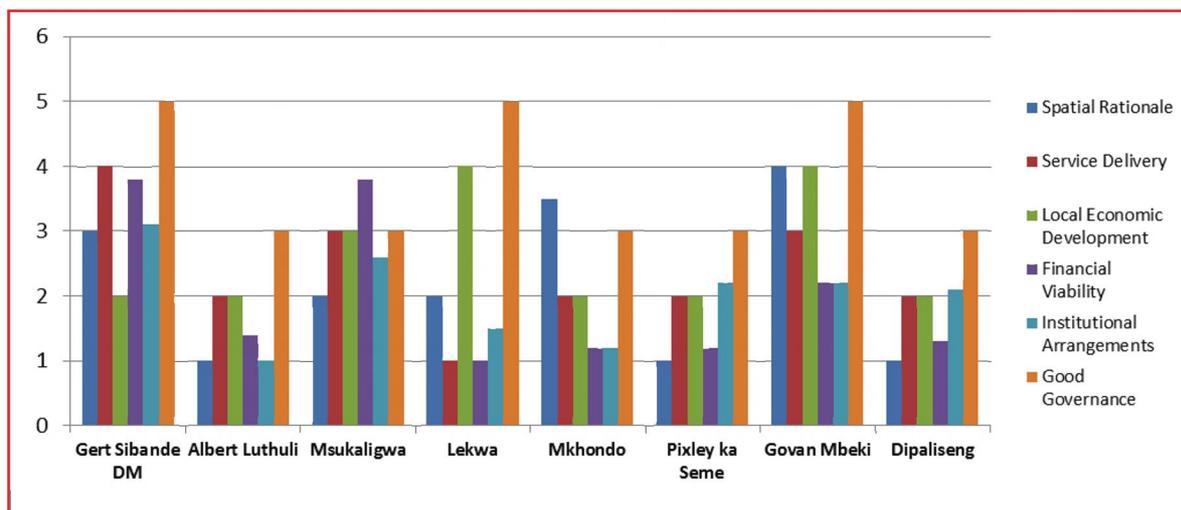
The second round of IDP Analysis in the province took place from the 11 – 15 May 2009 for Gert Sibande and Ehlanzeni Districts. The assessment for Gert Sibande District took place from the 11 – 13 May 2009 and on 14 -15 May 2009 for the Ehlanzeni District. The approach taken for the latter two districts was somewhat different to the one taken in Nkangala District. This change in approach can be attributed to inputs made by the DPLG based on experiences of IDP Analysis in other provinces. The KPA leaders were expected to report on the proceedings and findings of the analysis as it was in progress. A certain outline for reporting was prescribed and this report follows that outline. KPA Leaders were requested to do their reports in the following outline as far as possible:-

- An overview of strengths and weaknesses.
- Sector departments who did not take part in the analysis process
- A list of available sector plans/strategy, their year of development and current status as required according to the template
- Critical municipalities and proposed interventions/support measures
- List of Well- performing municipalities
- Generic comments/ overview of the assessment process.
- Comments on the Credibility Evaluation Framework.

### **IDP Capacity rankings in municipalities**

The summaries of how the province has performed in general are given below. Municipalities were given a score of between 1 and 5 where 1 represented Poor and 5 Excellent in all KPAs. An overall score or the credibility rating for each municipality was arrived at by adding up all the KPAs' scores for each municipality and getting an average. The ratings will be shown in tables per district first to show how each municipality in the district has performed in each KPA.

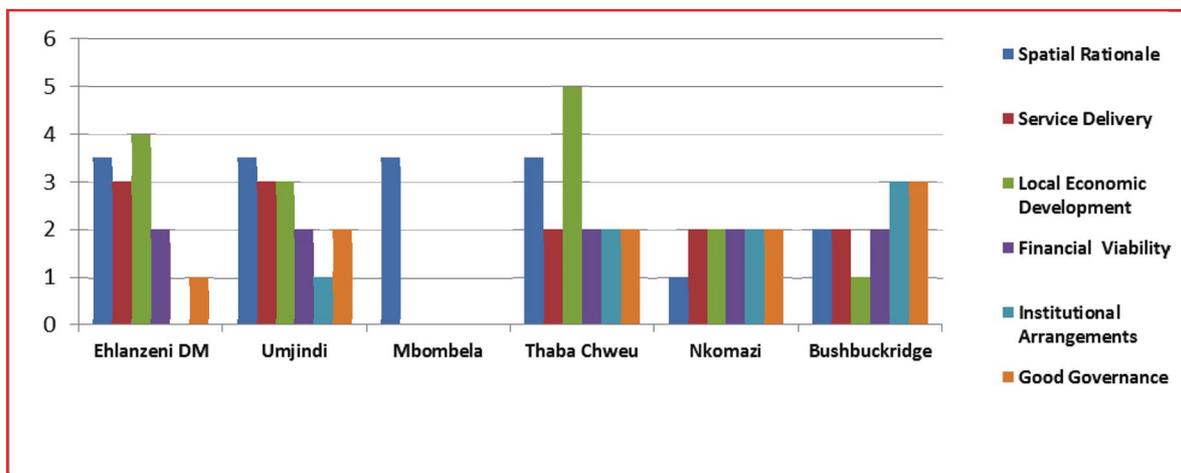
**GERT SIBANDE DISTRICT MUNICIPALITY RATINGS 2009**



From the table above it can be seen that the District as a whole is doing quite well in terms of Good Governance. Msukaligwa, Lekwa and Govan Mbeki are quite strong when it comes to Local Economic Development while Govan Mbeki, Gert Sibande District and Mkhondo municipalities display good Spatial Rationale.

**EDM RATINGS 2009**

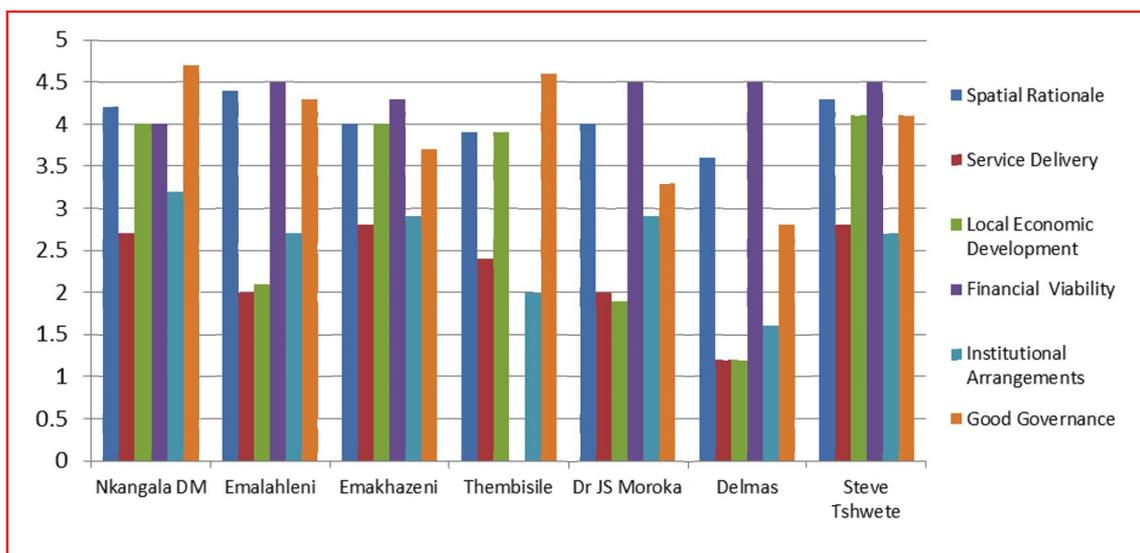
The picture depicted below shows a district in trouble. The district as a whole has a number of challenges in almost all KPAs. The results reveal that there is not a single municipality that is doing well in more than three KPAs. The scores in all KPAs are generally low, below the average of 3 with the exception of two KPAs – Spatial Rationale - (in Ehlanzeni, Umjindi, Mbombela and Thaba Chweu) where all the mentioned municipalities scored slightly above 3, and LED in Ehlanzeni and Thaba Chweu Municipalities where both municipalities scored 4 and 5 respectively. Mbombela municipality did not submit their IDP on time and as a result it was not assessed. The municipality only submitted their IDP after the date of assessment. The only team that managed to do analysis on the municipality was the Spatial Rationale Team, the assessment was based on the Spatial Development Framework only.



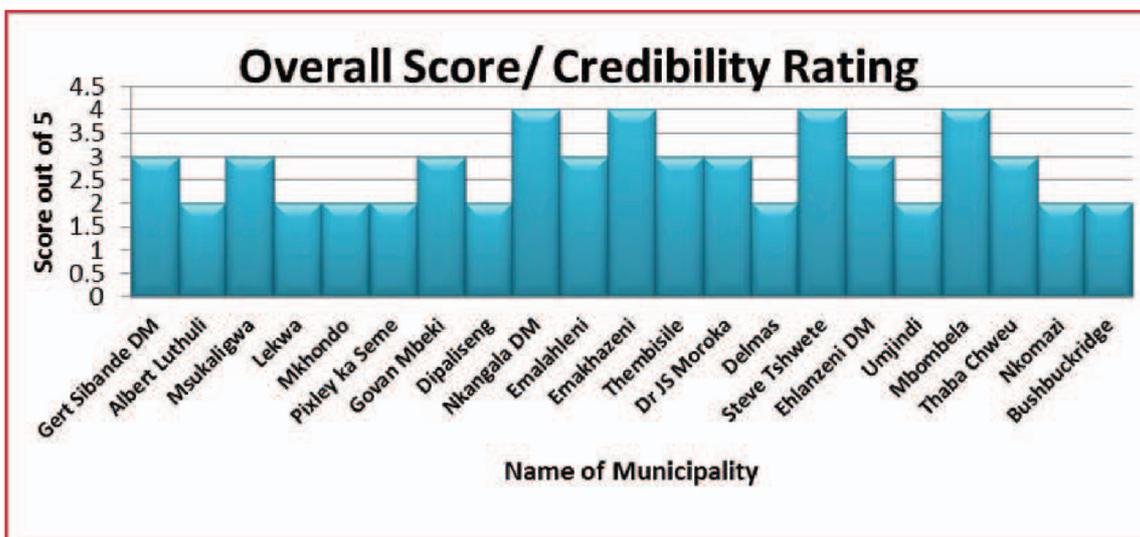
The results above indicate that this District needs urgent intervention by Province. The Province must avail resources to rescue the municipalities from further downfall.

### NKANGALA DISTRICT RATINGS 2009

From the table below it is quite evident that the District as a whole is doing well in almost all KPAs except for Service Delivery where all municipalities in the district score less than a 3. One will also note from the table that there are a couple of municipalities which had a low score on LED and it can also be noted that the institutional arrangements seem to be a challenge in all the municipalities except for in the District municipality itself.



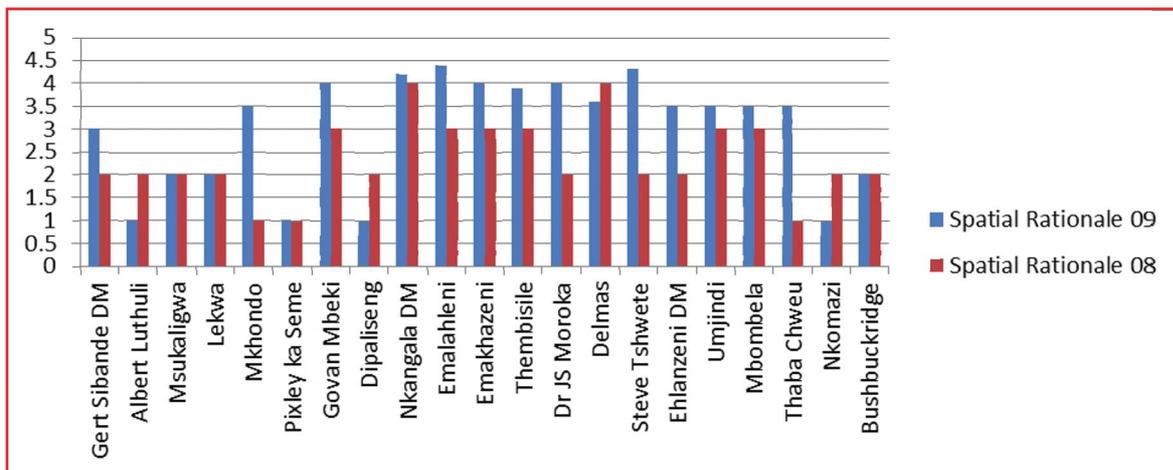
### OVERALL SCORES OF ALL MUNICIPALITIES



### COMPARISONS WITH 2008 RATINGS

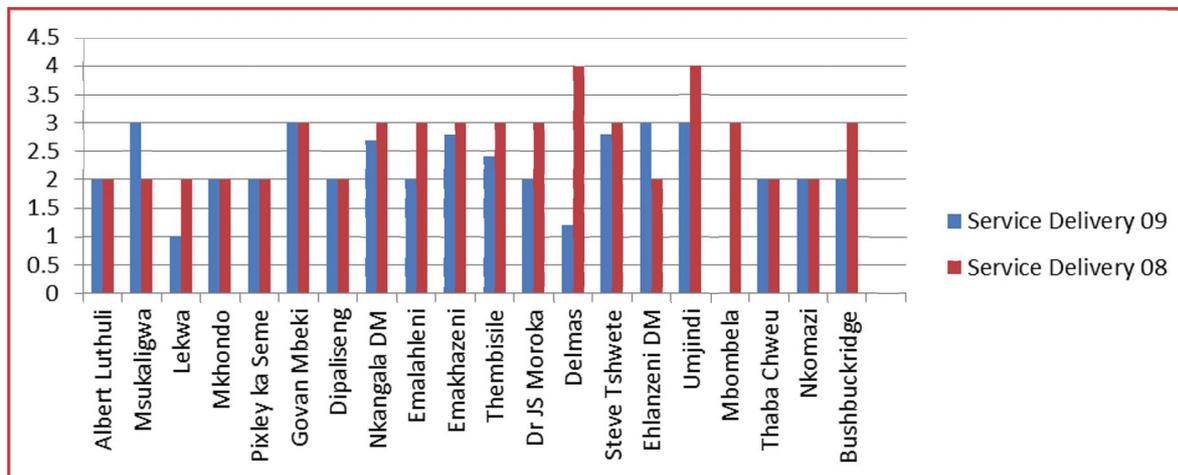
To get a sense of whether municipalities are making progress or not in terms of improving their credibility status, comparisons with last year's result will be reflected below. The comparison will be made first for each KPA and thereafter per overall score.

**SPATIAL RATIONALE**



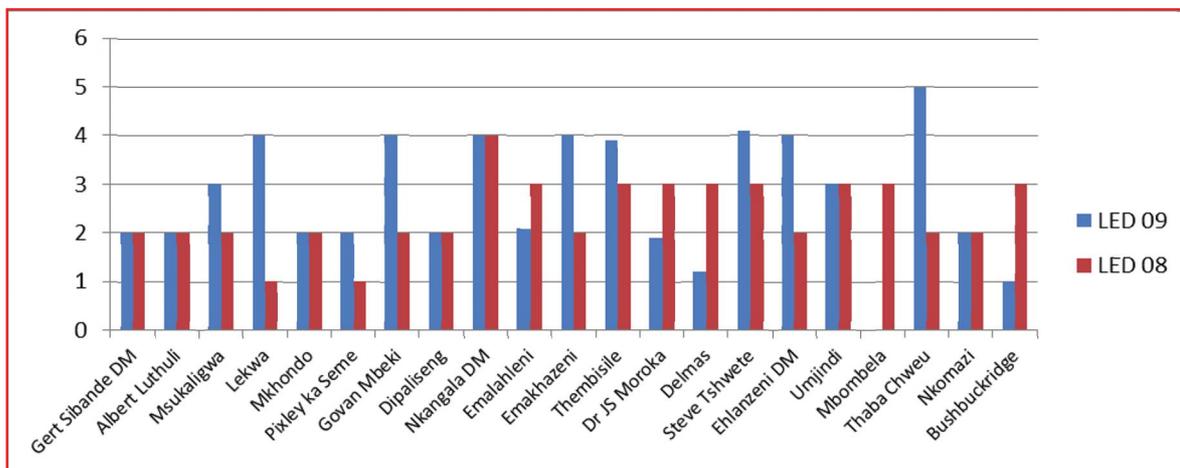
The observation from the graph above is that there has been progress or improvement in this KPA compared to last year. This can be attributed to the fact that the SDFs assessed this year were reviewed in the last financial year. If one looks at the scores it is evident that the scores of municipalities in this KPA have gone up a bit compared to last year, except for Delmas which has lost a few points this year compared to last year.

**SERVICE DELIVERY**



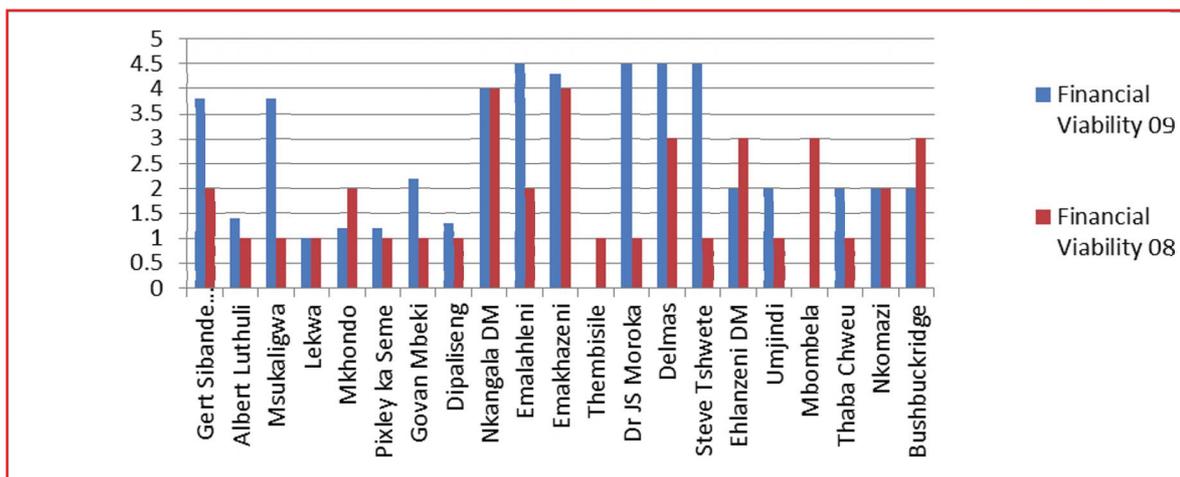
The general observation from the above comparison is that there seems to be a drop in standard in regard to service delivery. Most municipalities have kept the same score even in 2009 but the majority has declined. There are only two municipalities which have improved their score in 2009 viz:- Mskualigwa and Ehlanzeni District Municipality, the presence of the Technical Managers from these municipalities at the Analysis may have had a positive contribution because where assessors needed clarity on certain issues the representatives from the municipality could answer.

**LOCAL ECONOMIC DEVELOPMENT**

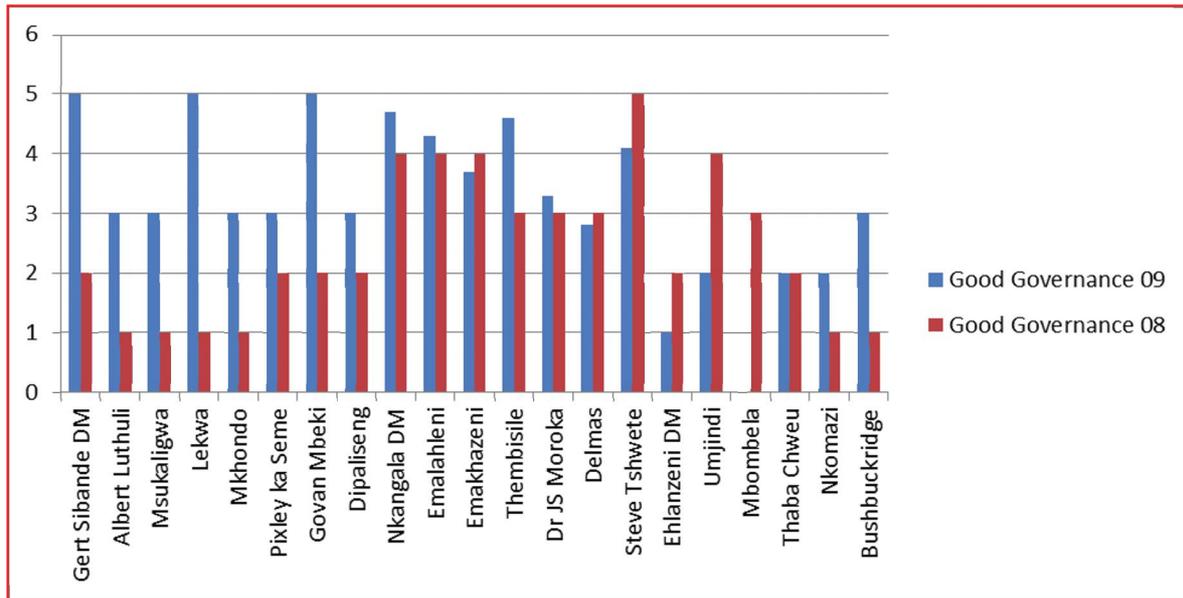


This KPA also shows improvement to a certain extent although some municipalities have kept the same status. The municipalities whose points have improved in 2009 have developed new LED strategies in the last year. Bushbuckridge and Delmas Municipalities are a cause for concern; both municipalities went from a score of 3 in 2008 to 1 in 2009. In the case of Bushbuckridge when the assessment was done last year, the municipality had just been incorporated to Mpumalanga province from Limpopo and the LED Strategy was good but aligned to Limpopo province. To this date the municipality has not revised its LED Strategy in line with the Mpumalanga provincial policies. With Delmas, the IDP document submitted for analysis was silent on LED issues and the document was in very early draft stages.

**FINANCIAL VIABILITY**

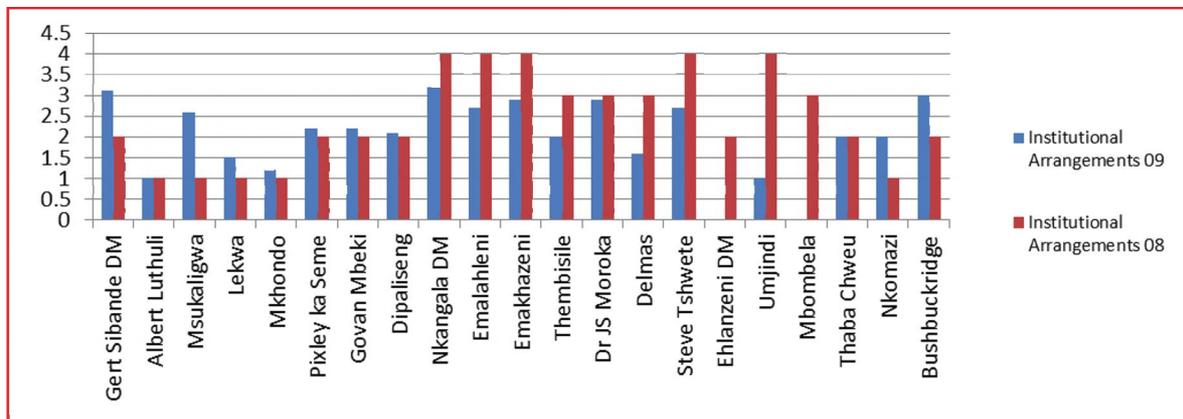


The Nkangala family of municipalities is leading in the province in terms of this KPA and it has managed to keep this status over the years. It is also notable that there has also been an improvement in most municipalities with regards to this KPA although the Ehlanzeni family has regressed in 2009.



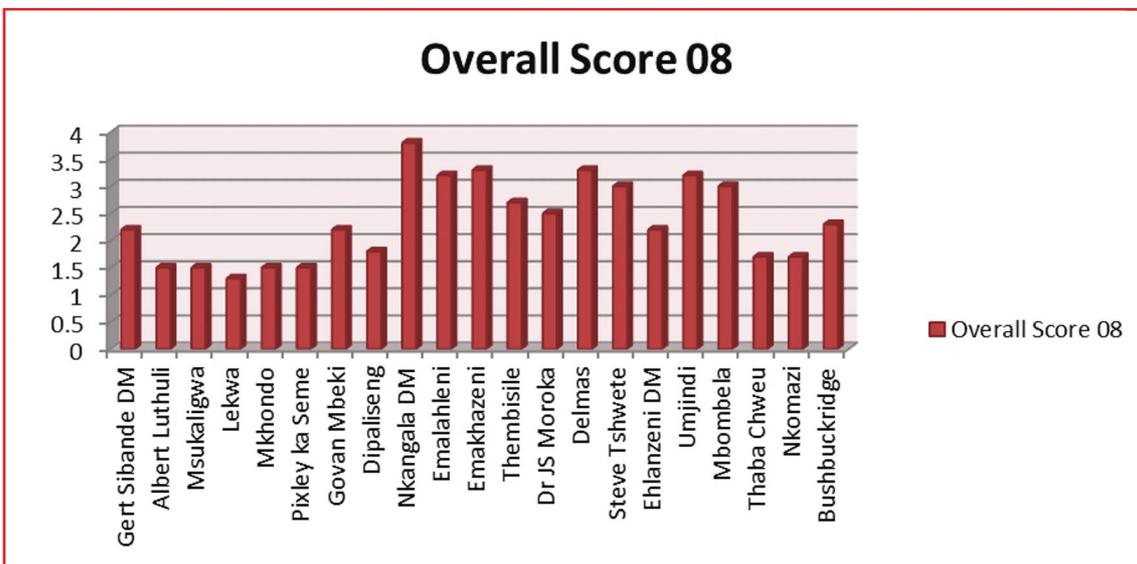
The Gert Sibande family of municipalities has shown a great improvement when it come to good governance issues. The Nkangala family only shows a slight improvement while the Ehlanzeni has drastically regressed this year. It is only Bushbuckridge in the whole family that has showed some improvement.

**INSTITUTIONAL ARRANGEMENTS**

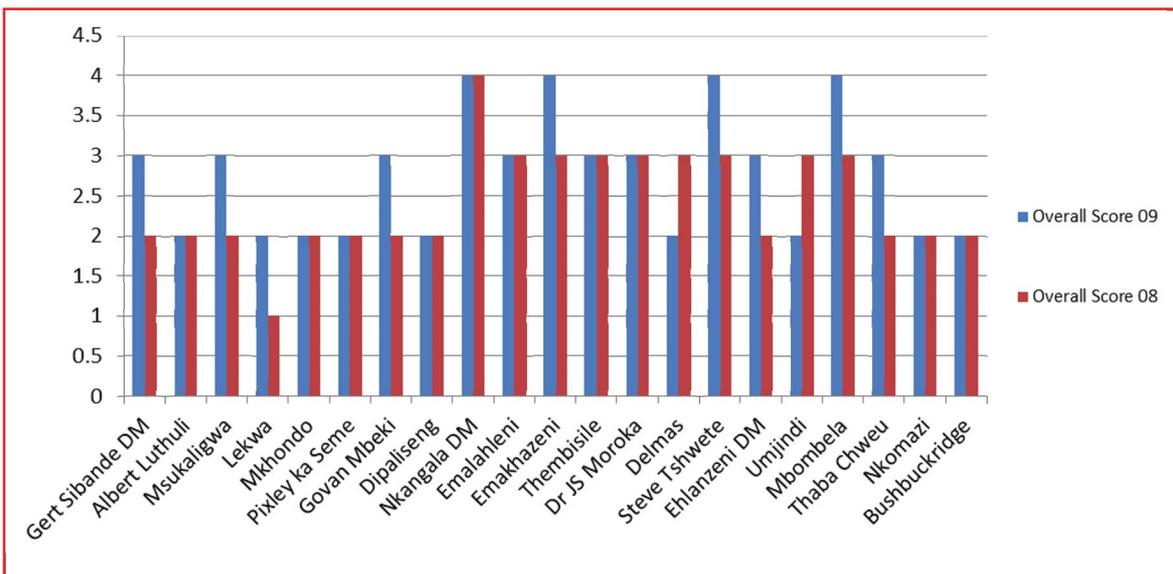


Same as in the Good Governance KPA, Gert Sibande district has shown an improvement in the Institutional Arrangements KPA. The Nkangala and Ehlanzeni district have regressed except for Bushbuckridge municipality which has shown some improvement in this current year.

OVERALL SCORE 2008



OVERALL SCORE / CREDIBILTY RATING 2008 & 2009



- Spatial Development Frameworks (SDF)
- Challenges experienced in developing and implementing IDP's

Key Performance Area	Identified gaps in the 2009-10 Draft IDPs
Sanitation)	<ul style="list-style-type: none"> <li>• to persuade and convince them to provide water to their</li> <li>• WWTW to which connection is considered are able to handle the additional demands.</li> <li>• is a major problem; Illegal and ad hoc dumping by communities.</li> <li>• <i>Licensing</i></li> <li>• The vast majority of waste disposal sites are not licensed.</li> </ul> <p>obvious that houses will be built years before associated infrastructure is build.</p> <p>A summary of the existing water and sanitation infrastructure backlogs within the various towns need to be included / incorporated more comprehensively under the Infrastructure Analysis Section of the IDP. A summary of the infrastructure backlogs highlighted in the Master Plans and WSDP to be incorporated.</p>
Basic Services and Infrastructure (Human Settlement)	<ol style="list-style-type: none"> <li>1. No linkages between housing and urban renewal.</li> <li>2. Housing backlogs and associated issues are not well reflected</li> <li>3. No integration between sector plans, such as WSMP, ITP, etc.</li> <li>4. Municipality priorities are not aligned to community priority needs</li> <li>5. MIG is not prioritized to serve the indigent</li> </ol>
Environmental Issues	<p>ants. On the same breath it can also be said that use of A better understanding of the environmental issues and particularly the priorities and risk aspects must be identified and spatial strategies developed to mitigate these risks</p> <ul style="list-style-type: none"> <li>•</li> </ul>
Human Resource and Institutional Arrangements	<ul style="list-style-type: none"> <li>• Objectives and strategies are not linked to action plans.</li> <li>• of urgency (e.g. IDP Manager and HR Manager).</li> <li>• Some Municipalities do not have OPMS framework.</li> <li>• DLG should assist municipalities in clarifying the roles and responsibilities of full time politicians and Administrators.</li> <li>• There was no proper consultation with communities and stakeholders due to political instability.(Pixley)</li> </ul>
LED	<ul style="list-style-type: none"> <li>▪ Lack clarity on the difference between an LED strategy, plan</li> <li>▪ strategies dating back from 2003.</li> <li>▪ informing spatial and economic investment choices</li> <li>▪ No functional LED Forums for inter-governmental dialogue</li> </ul> <p>Noevidence on IDPs and Lack of communication, collaboration</p> <ul style="list-style-type: none"> <li>▪</li> </ul>
Financial Viability	<ul style="list-style-type: none"> <li>• No room for sharing good practices between the Districts and its locals.</li> <li>• The Districts and its local municipalities' budgets are not aligned.</li> <li>• Majority of the municipalities do not indicate any evidence of strategies to deal with qualified audit reports and adverse comments from the Auditor General.</li> <li>• Essential information on the IDP document such as financial plans was missing.</li> <li>• National and Provincial allocations are not reflected and utilized properly by the municipalities.</li> <li>• Poor functioning of the IGR structures within the District i.e. CFO's forums etc.</li> <li>• The majority of the municipalities have no clear financial strategies.</li> </ul>
Good Governance and Public Participation	<p>of the IDP document (Table involvement The Municipalities to make use of the evaluation framework to add credibility of their IDPs (e.g. organogram, audit unit)</p>

**Status of the municipal sector plans**

**A LIST OF AVAILABLE SECTOR PLANS/STRATEGY**

MUNICIPALITIES	MUNICIPAL SECTOR PLANS						
	SDF & YEAR	LUMS & YEAR	WSDP	ITP	HOUSING	CIP	IWMP
Gert Sibande	Y, 2005	N	-	Y	Y	Y	N
Albert Luthuli	Y, 2005	N		N		N	N
Dipaleseng	Y, 2008	N		N		N	N
Govan Mbeki	Y, 2006	N	Y	N		N	Y
Lekwa	Y, 2009	N		N		N	N
Msukaligwa		N	Y	N		N	Y
Mkhondo		N		N	Y	N	N
Pixley Ka Seme		N		N		N	N
Nkangala District			-	Y			N
Emalaheni				N			
Steve Tshwete				N			
Emakhazeni				N			
Victor Khanye				N			
Dr JS Moroka				N			
Thembisile Hani				N			
Ehlanzeni District	Y, 2008		-	Y	Y	Y	Y
Mbombela	Y, 2007	Y Draft - to be finalized in 2009/2010	N	N	N	N	N
Umjindi	Y, 2009		Y	N	Y	Y	Y
Nkomazi	Y, 2003		Y	N	Y	Y	Y
Bushbuckridge	Y, 2005		Y	N	Y	Y	Y
Thaba Chweu	Y, 2009		Y	N	Y	Y	Y

- **National and provincial government support for improving municipal planning**

The department had developed a Provincial IDP framework guide (IDP Road Map) which was meant to provide guidance for planning in the province. Municipalities are currently following the guideline as agreed upon during the Development Planning forum of the Province.

**2.6.2 DISASTER MANAGEMENT**

**6.2.1 Introduction**

The aim of the Disaster Management Act 2002 (Act 57 of 2002) and the Disaster Management Framework of 2005 is to ensure a uniform approach to disaster risk management in all spheres of government. Managing disasters requires government and people working together in a coordinated way through a coherent disaster management system. Municipalities in particular have an important primary response role to disaster management capabilities in place. Disaster management plans must be included in municipal IDPs.

**In terms of the Disaster Management Act, District Municipalities are required to:**

1. Establish and implement a framework for disaster management in the municipality aimed at ensuring an integrated and uniform approach to disaster management in its area after consultation with the local municipalities in its area.
2. Establish a fully functional disaster management centre;
3. Appoint a head of the centre;
4. Establish disaster management advisory forums;
5. Conduct disaster risk assessment;
6. Develop disaster management plans.
7. Provide key performance indicators in respect of the various aspects of disaster management.
8. Application of co-operative governance on issues concerning disasters and disaster management among the spheres of government, and other related issues.

**6.2.2 Progress in the implementation of the Disaster Management Act**

- The provincial draft Disaster Management Framework is in place.
- The Provincial Disaster Management Centre is under construction and Ehlanzeni District Centre is completed. The other two districts centres will be accommodated in their new offices.
- Disaster Management Advisory forum established and functioning.
- Draft disaster management plan in place.
- Best practice of one of the key performance area i.e. KPA 3 Disaster Risk Reduction:

The Province had numerous training exercises and simulations (17) during this period which assisted with the preparation of disaster risk reduction plans and strengthened the readiness for the 2010 Football World Cup.

- Monitoring and evaluation tools were developed and used to track progress and preparedness for the 2010 projects (aligned with NDMF & international best practice).
- Capacitated and empowered Disaster Risk Management practitioners or representatives from municipalities and departments (Unisa accreditation).

Although there is a “Best practice model for the risk reduction” challenges were experienced, to mention a few:

- Not all role-players invited attended the training and simulations– effort was launched to strengthen buy-in and commitment by all role-players
- Not all learners performed their role due to other commitments – line management need to understand their accountability in terms of disaster management
- Data collection and the use of data are done on an ad hoc basis – integrated system approach need to be developed and implemented.

**PROVINCIAL DISASTER MANAGEMENT STATUS COMPARISON 2008/2009 vs 2009/2010**

MUNICIPALITY	FRAM EWO RK	FRAM EWOR K	D M CENTR E	D M CENTR E	HEAD OF CENTR E	HEAD OF CENTR E	FORMA L STRUCT URE	FORMA L STRUCT URE	ADVIS ORY FORU M	ADVIS ORY FORU M	DM PLA N	DM PLA N
	08/09	09/10	08/09	09/10	08/09	09/10	08/09	09/10	08/09	09/10	08/09	09/10
<b>Ehlanzeni District</b>	√	√	X	√	X	√	√	√	√	X	√	√
Mbombela	*	*	√	√	X	X	√	√	*	*	√	√
Umjindi	*	*	X	X	X	X	√	√	*	*	√	√
Nkomazi	*	*	√	√	X	X	√	√	*	*	√	√
ThabaChweu	*	*	√	√	X	X	√	√	*	*	√	√
Bushbuckridge	*	*	X	√	X	X	√	√	*	*	√	√
<b>Nkangala District</b>	X	X	X	X	X	X	X	X	X	X	√	√
Steve Tshwete	*	*	X	X	√	X	X	X	*	*	√	√
Emalahleni	*	*	X	X	X	X	X	X	*	*	√	√
Delmas	*	*	X	X	X	X	X	X	*	*	√	√
Thembisile	*	*	X	X	X	X	X	X	*	*	√	√
Dr JS Moroka	*	*	X	X	X	X	X	X	*	*	√	√
Emakhazeni	*	*	X	X	X	X	X	X	*	*	√	√
<b>Gert Sibande District</b>	X	X	X	X	X	X	X	X	X	X	√	√
Govan Mbeki	*	*	√	√	X	X	X	X	*	*	√	√
Lekwa	*	*	X	X	X	X	X	X	*	*	√	√
Dipaleseng	*	*	X	X	X	X	X	X	*	*	√	√
Msukaligwa	*	*	√	√	X	X	X	X	*	*	√	√
Pixley Ka Seme	*	*	√	√	X	X	X	X	*	*	√	√
Mkhondo	*	*	√	√	X	X	X	X	*	*	√	√
Albert Luthuli	*	*	X	X	X	X	X	X	*	*	√	√

**Legend:**     √ = in place  
                   X = not in place  
                   \* = not a statutory requirement

**6.2.3 Challenges experienced in the implementation of the Disaster Management Act**

These are some of the generic challenges:

- Funding: municipalities and departments not budgeting for disaster management, and those that do its not adequate.
- Institutional Arrangement: No designated disaster management officials in departments and municipalities. Most of the officials are either Traffic Officers, Fire men or EMS officials.
- Capacity: There is no capacity in municipalities e.g. skills, capabilities, insights and knowledge or experience.
- Information management: There is no comprehensive, easily accessible data base system.
- Reporting: The reporting time is not quick enough and in some instances conflicting information is received from different people within the same municipality.

**6.2.3 Support by the Department of Local Government and DPLG.**

- R 600 000 spent on simulations and training for 2010
- R 5 mil spent on fire equipment
- R 97,687,480-00 budgeted for the Provincial Disaster Management Centre

**2.6.4 Realigned municipalities**

No report will be provided in this area, since there was no new demarcation during this financial year.

**2.6.5 Urban and Rural Nodes**

No report will be provided in this area

**2.6.6 Municipal Performance Excellence (Vuna) awards**

No report will be provided in this area

# CHAPTER 7

## PERFORMANCE MONITORING, MONITORING & EVALUATION: OUTLOOK 2007 - 2011

## 7.1 Introduction

The Department had over the years made use of the IDP IGR structures as a platform to monitor municipal performance. These had led to poor monitoring of the Performance management systems processes within the municipalities. During the 2006/07 financial year the department had embarked on a process of developing provincial performance management framework which is aimed at supporting municipalities with the development of the performance management policies or plans which will guide the monitoring of municipal performance.

## 7.2 Addressing the key challenges per key performance area: Outlook for 2007 –2011

### 7.2.1 Introduction

The DLG continues to strive to strengthen the capacity of municipalities to enable them to fulfil their Constitutional and other legislative mandate.

### 7.2.2 KPA 1: Municipal Transformation and Organisational Development

The efficiency and effectiveness of municipalities to perform the functions of local government is dependent on, amongst other factors, a functional organizational structure being in place. This includes the filling of all posts, key policies and procedures being developed and adopted and overall capacity being developed. COGTA recognizes this and intends to augment existing efforts by introducing additional capacity building programmes and hands-on training for both councilors and officials. Leadership Development Programmes will be key and will be linked to the Accelerated Capacity Building Flagship Project in the Office of the Premier. In addition, COGTA will continue to improve its performance in monitoring the signing of municipal employment contracts and performance agreements by all senior managers employed by municipalities.

The system of monitoring the performance of local government is crucial in the process of implementing local government transformation. One of the major challenges that the majority of municipalities are faced with is the issue of developing and implementing organizational performance management systems. Many of the Province's municipalities are able to comply with the Municipal Performance Regulation of 1st August 2006, which requires all section 57 employees to sign employment contracts and performance contracts. What is disturbing though is that only twelve municipalities within the Province have adopted the Organizational Municipal Performance Management System whilst all the section 57 managers are able to sign performance contracts. This would seem to be a contradiction.

In light of the challenges encountered, COGTA's Performance Management System Unit intends to develop a Provincial Performance Management Framework, which could be applied across all municipalities in Mpumalanga. The framework will aim to serve as the guideline for municipalities and will assist municipalities to comply with the statutory requirements regarding the adoption of a PMS. The aim of the framework will also be to achieve a common approach to the implementation of a PMS in the Province. A prerequisite to this will be additional support to municipalities with the preparation of quarterly and annual performance reports.

As performance management is a legislative requirement for municipalities, it is imperative that municipalities begin to monitor report and submit their Annual Performance Report (Section 46 of the MSA) as part of their Municipal Annual Report. As a response, COGTA intends to build the capacity of all 21 municipalities within the Province, by way of a structured capacity building initiative, in order for each municipality to meet the legislative requirements.

The transformation of local government in meeting employment equity targets is progressing slowly. Municipalities within the Province have made particularly slow progress with the appointment of women in leadership and decision making positions (only 25% of senior manager posts). In this re-

gard the COGTA intends to continue to make concerted efforts to improve its monitoring and support to municipalities with the development of municipal employment equity plans and workplace skills plans.

Other Provincial interventions include the general assessment of current policies and by-laws, evaluation of the frequency of council meetings and their effectiveness, regular engagements with the general municipal staff who should always be kept informed, evaluation of municipal customer services and Batho Pele, general evaluation of powers and functions between Category B and C municipalities as assisted by the Municipal Demarcation Board and the assessments in terms of capacity to implement functions as provided in terms of section 78 of the MSA.

### 7.2.3 KPA 2: Basic Service Delivery

The low Municipal MIG expenditure, which stood at a rate of 53% by the end of March 2007, remains a challenge. Low MIG expenditure is due to a range of reasons which include the:

- Deficiencies regarding multi-year planning of MIG projects and poor technical capacity for project management
- Delays in the registration of business plans, the procurement of service providers and the implementation of projects

However, the future outlook remains positive. The deployment of a number of DBSA experts into municipalities, through the Siyenza Manje programme, and the appointment by COGTA of other consultants to assist municipalities with the development of project business plans, reports and hands-on technical and legal support will assist troubled municipalities with lower capacity levels to manage their own affairs and accelerate service delivery. This support will also extend to include areas of financial modeling, equitable share utilization, indigent policy implementation, indigent register development and maintenance and infrastructure development to ensure that poor households, particularly in previously neglected areas, receive the economic benefits of free basic water, sanitation, electricity and refuse removal. The capacity of all municipalities to roll out Free Basic Services will surely be boosted by this assistance.

In addition, COGTA plans to conduct workshops for municipalities on comprehensive infrastructure plans (CIP) and provide support to municipalities with the development of their CIPs. COGTA also aims to assist municipalities with the development and implementation of infrastructure asset management policies to comply with GAMAP.

Efforts to address basic services backlogs have begun to bear fruit, albeit at a slow pace. The Province's Water For All Flagship Project is aimed at accelerating the eradication of the water backlogs. The eradication of these backlogs, estimated to cost in the region of R4,2 billion across three financial years (funding secured through collective contributions from MIG sources, DWAF, and the Province), will be addressed by 2010. In order to achieve the 2010 goal, the Province intends to finalize the planning and prioritization of projects across all three district municipalities.

Part of the aims of the Flagship Project is to accelerate the eradication of the water infrastructure backlog of 171 586 households while ensuring that at least access to basic water provision is achieved by 2008. This will include the provision of communal standpipes in areas where there is no infrastructure and progressively target a higher level of service for household connection by 2010. In order to achieve this, the Province recognizes the need to secure the support of development partners such as the DBSA, DWAF, DPLG and financial institutions.

#### 7.2.4 KPA 3: Local Economic Development

An important building block for local economic development is a growth and development strategy. All three district municipalities hosted Growth and Development Summits during the 2006/2007 financial year in order to assist municipalities develop LED strategies. Whilst half the municipalities have taken the next step of developing an LED strategy, the remaining half still has to develop an implementable strategy that enables the municipality to exploit economic opportunities within their space. Further focused support will be provided by both district municipalities as well as COGTA, especially to the municipalities of the Gert Sibande District to ensure that all municipalities develop LED strategies.

Additional specialized support programs will also be provided to the four large municipalities of Emalahleni, Govan Mbeki, Mbombela and Steve Tshwete in order to stimulate the following:

- Local markets to benefit the poor
- Promote city competitiveness
- Integration of economic zones, district shared growth and investment initiatives

LED still remains a challenge for many officials and office bearers in terms of its definition and what it entails, hence the need to create a common understanding and build capacity amongst officials and politicians. The establishment of the NQF Level 7 Honours equivalent Development Management programme for LED officials and councilors within the Province will begin to address this challenge. The DLG intends to back this training programme up with workshops & seminars all aimed to building a common understanding of LED and develop an extensive capacity building plan.

#### **Other LED initiatives and support which are aimed to be undertaken over the next 2 – 3 years include:**

- The development of credible LED strategies which are aligned to the IDP
- Supporting district and local municipalities by prioritizing LED interventions in the Provincial Growth and Development Strategy.
- The rigorous implementation of the National LED Policy Framework in alignment with ASGISA in rural and urban municipalities.
- The strengthening of the Nodal Economic Development Program in collaboration with ISRDP and Business Trust, which will include the packaging of nodal investment opportunities.

#### 7.2.5 KPA 4: Municipal Financial Viability and Management

Municipal financial viability assessments revealed that debtors have been accumulating at a high rate and is currently totaling more than R1,5 billion owed to municipalities (May 2007). The high debt owed to municipalities is crippling the financial viability of municipalities. Focused assistance will be provided to municipalities to effectively recover outstanding debts from national and provincial sector departments including state owned enterprises as Phase I. This will be followed by a focus on providing assistance to municipalities with regard to the collection of outstanding consumer accounts (Phase II). Sound, credible and effective credit controls and debt management systems shall be introduced to all underperforming municipalities. The aim of this initiative is to improve the public confidence in the municipal billing system (which is often poor and inaccurate), improve the financial and economic viability of municipalities and to provide adequate control measures within the legal framework for debt recovery.

As a core function of COGTA and Provincial Treasury, efforts will be escalated to improving overall local government financial management, improving financial accountability of municipalities as well as strengthening transparency within municipalities and fighting corruption. Efforts will also be focused on ensuring that credit control policies are passed as by-laws by all municipalities as required by the MSA and that municipalities review their indigent policies. These efforts are over and above the continued support already given to municipalities to comply with the MFMA and assistance given in the refinement of the local government fiscal system.

These interventions will largely be informed through the status quo reports which are generated quarterly through the monitoring exercise and information from the Auditor-General reports. Clearly, interventions into those municipalities which receive qualified reports will be prioritized.

The Province does not hesitate to intervene in municipalities in terms of section 139 of the Constitution, if investigations of maladministration, fraud, corruption or poor service warrant such intervention. Mbombela municipality and Thaba Chweu municipality both saw such intervention. Intervention strategies, when required, will continue to be implemented.

Mskuligwa Municipality has commenced with the implementation of the MPRA (as at July 2007) and is serving as the pilot for the Province. Albert Luthuli, Govan Mbeki and Emakhazeni will implement by July 2008. The remaining municipalities will implement by 01 July 2009, but not before meeting a number of looming challenges to doing so. Thembisile Hani, Dr J S Moroka and Dipaleseng municipalities will be assisted with hands on support on the development of rates policies, by-laws that give effect to the rates policy and the rating aspects of the MPRA. DLA efforts are under way to appointing a Valuation Appeal Board in each of the three Districts.

#### **7.2.6 KPA 5: Good Governance and Public Participation**

The performance of some municipalities in the province remains a matter of great concern. Some municipalities continue to perform below the required threshold. Matters of governance continue to be affected by infighting and poor administration. Meetings were held with a number of municipalities where dissatisfaction was expressed at how matters of governance were compromised.

It is noted that 323 CDW's have been employed and successfully deployed in municipalities. This will be followed up by the employment of three CDW coordinators, one for each district. These coordinators will supervise and monitor the monthly programmes of the CDW's effectively. Training of CDW's will remain a priority moving into the next three years. Training will include a Learnership Programme, report writing skills, conflict management and community project management.

There is also an identified need to conduct workshops with Councillors and Ward Committees in all three districts to clarify roles and responsibilities of CDW's and cement good working relationships amongst all public participation agents.

The establishment of new IGR structures and the strengthening of established IGR structures will continue to be a high priority in the Province. Whilst there are a number of established structures it is the intention of COGTA to strengthen the alignment of planning between provincial government and municipalities and the better tracking and implementation of resolutions taken within the various IGR structures. The strengthening of municipal international relations (MIR) will be undertaken by the establishment of MIR "desks" within municipalities. In addition, COGTA intends to develop provincial guidelines on MIR.

Traditional leaders continue to play a very important role in the governance system. In line with the skills analysis programme of LGSETA, capacity building programmes for Institutions of Traditional Leadership will be developed and implemented. So too will a capacity building programme be developed to assist the Traditional Authorities to prudently and efficiently use their funds. In addition, workshops will be undertaken for the participation of Traditional Leaders in municipalities in terms of

Section 81 of the Municipal Structures Act. A challenge facing Traditional Authorities and which needs to be addressed is the disparities of office administration allowances between Traditional Authorities inherited from Limpopo and those in Mpumalanga.

## CONCLUSION

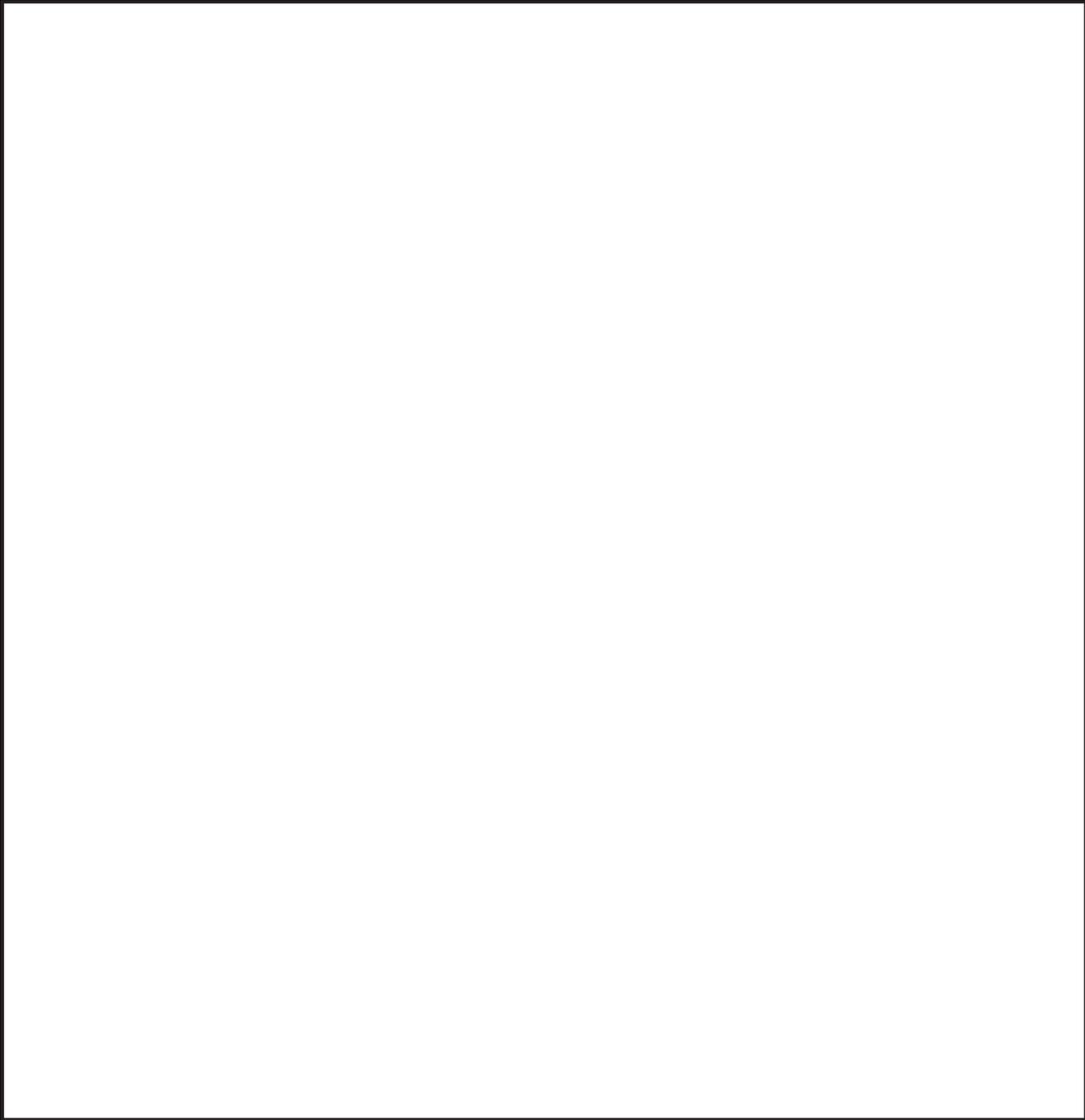
The purpose of the Section 47 Report is to enable the National Cabinet, the National Council of Provinces, the Mpumalanga Provincial Legislature, the various Provincial Government Departments and the people of the Province to evaluate progress made at local government level towards creating an environment which will foster sustainable development within the communities they serve. However the preparation of the Section 47 Report proved increasingly difficult due to the lack of reporting from the municipalities. Whilst some municipalities may have generally reported on their performance, very little of their Section 46 Report (for those that did submit one) or Annual Report (for the majority of municipalities) included any form of comparison of their performance against set targets and against their achievements of the previous financial year. Nor are the measures which were taken to improve their performance documented in these Reports. The absence of these reports in many cases is an indication of the lack of understanding of municipal reporting requirements.

It thus remains quite apparent that most municipalities in the Province still have a long way to go to establishing a functional organizational performance system which will enable municipalities to measure and report on at least the legally prescribed Key Performance Indicators as gazetted in the Municipal Planning and Performance Regulations (24 August 2001) by the Minister responsible for Local Government. This has revealed the extent to which further investment is needed in assisting municipalities to monitor and report on service delivery.

Despite this it is hoped that this report does justice to the situation on the ground and that it delivers in both identifying those municipalities which have underperformed during the year and reporting on the remedial action taken by national and provincial government, SALGA and other government agencies.

## GLOSSARY OF TERMS

AG	Auditor General
CDWs	Community Development Workers
DBSA	Development Bank of Southern Africa
COGTA	Co-operative Governance and Traditional Affairs
DM	District Municipality
DPLG	Department of Provincial and Local Government
DWAF	Department of Water Affairs and Forestry
EE	Employment Equity
HH	Households
IDP	Integrated Development Plan
IGR	Inter Governmental Relations
ISF	Integrated Spatial Framework
ITP	Integrated Transport Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LM	Local Municipality
LUMS	Land Use Management Systems
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MPRA	Municipal Property Rates Act
MSA	Municipal Systems Act
NSDP	National Spatial Development Perspective
PCC	Presidential Coordination Council
PCF	Premiers Coordinating Forum
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
RSC	Regional Service Council
SALGA	South Africa Local Government Association
SDF	Spatial Development Framework
Section 46 Report	Report required in terms of Section 46 of the MSA
Section 121	Report Report required in terms of Section 121 of the MFMA
WSDP	Water Services Development Plan



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