

NGWATHE LOCAL MUNICIPALITY

ANNUAL REPORT 2009-10

Ngwathe
MUNICIPALITY



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Vision, Mission and Core Values

Municipal Vision

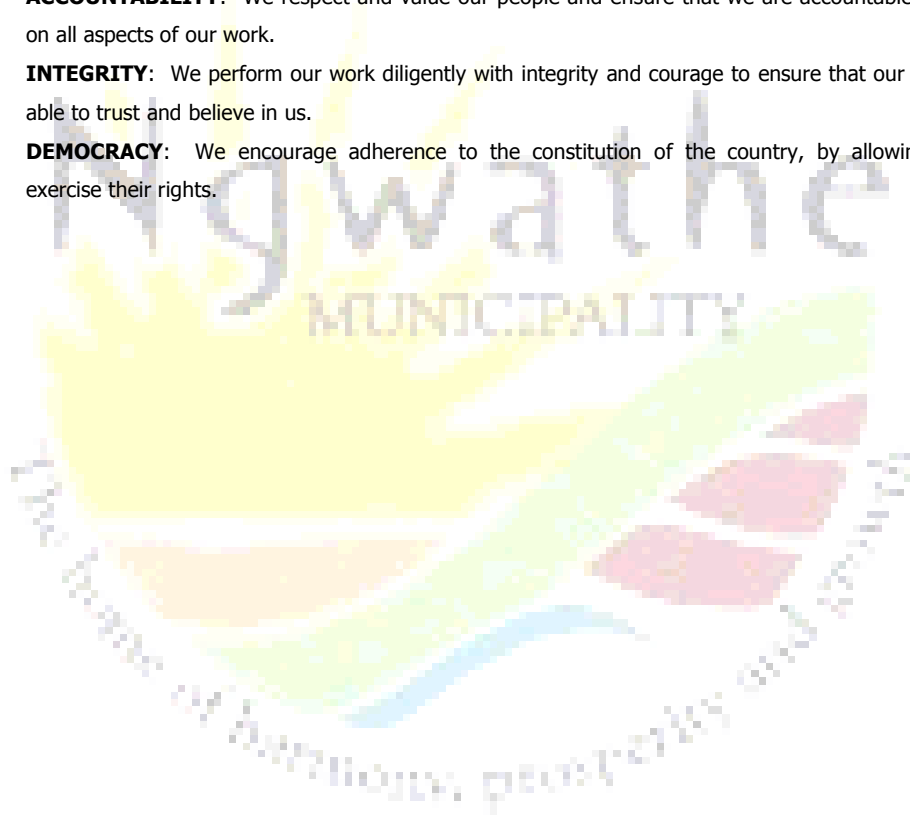
- To be a world class municipality that promotes economic development and excellent service delivery.

Mission

- To provide quality and sustainable services in an efficient, effective & economic manner to all communities through the promotion of community participation, good governance & improved intergovernmental values.

Core Values

- **TRANSPERANCY:** We practice good corporate governance, openness and strive to understand the needs of our community at all times.
- **COMMITMENT:** We are dedicated to the services we render to the community. We are committed to realize the objective of local government in South Africa.
- **ACCOUNTABILITY:** We respect and value our people and ensure that we are accountable and responsible on all aspects of our work.
- **INTEGRITY:** We perform our work diligently with integrity and courage to ensure that our communities are able to trust and believe in us.
- **DEMOCRACY:** We encourage adherence to the constitution of the country, by allowing everybody to exercise their rights.



Foreword by the Mayor



I hereby present the Annual Report for the financial year 2009–10. The report will serve to provide the framework of all the activities performed within the year under review.

This reporting period was mainly characterized by global economic meltdown that heavily impacted not only on the International arena but sharply felt at the local government level, this having been the case, did not however defocus nor derail Ngwathe local municipality in its quest of delivering acceptable basic services to our communities.

The report will reflect on our overall performance, with special attention on the actual work done, challenges, achievements and state of our finances.

Significant inroads were made in advancing the constitutional mandate entrusted upon our institution, some noteworthy initiatives were: those of Operation Hlasela completed in partnership with Provincial departments lead of course by the honorable Premier of the Province Ntate Sekgobelo Elias Magashule, creation of more than 300 jobs, the roads paving projects in all our towns.

Under the banner of **"WORKING TOGETHER WE CAN DO MORE"**, further significant achievements were made with regard to the relationships we have forged with our stakeholders especially with regard to IDP public participation process. Not only did we conduct them per ward but we went further to involve other stakeholders such as the taxi associations, Ministers' fraternal, youth formations and business communities. The intention was to bring government closer to its constituency, because we believe in one of the clauses of the Freedom Charter which is a fundamental document of the ruling party, The African National Congress, which says **"THE PEOPLE SHALL GOVERN"**

Ngwathe hosting the National Freedom day Celebration in Koppies was a major success whereby the event was graced by both the Premier and the former Minister of Sports and Recreation, Ntate Makhenkesi Stofile. That event was able to afford economic opportunities to small business community within that particular area.

As a responsive government we were able to provide leadership during the tough times when both the Municipal Manger and the Chief Financial Officer resigned, one immediately after the other, We resorted to internal pool of personnel and Mr NN Selai and Me N Molikoe were appointed acting Municipal Manager and Chief Financial Officer respectively.

The floods in Koppies and Heilbron in November/December 2009 nearly left our people destitute, however we were able to mobilize resources and ensure our people received assistance.

The municipality was faced with the challenges of irresponsible and incidents of cable theft in Koppies and untimely power and water outages. We are working hard to bring perpetrators of such ill-discipline acts to book.

Ngwathe Local Municipality also participated in the historic FIFA soccer world cup event by mobilizing communities to attend the games and the public viewing areas that were set-up in partnership with the Department of Sports, Arts and Culture and Thabang Society.

The State of the Nation Address by **His Excellency JG Zuma**, President of the Republic of South Africa, on the 11th February 2010, the same date when the entire country was celebrating 20 years since President Nelson Rolihlahla Mandela walked out of prison; he mentioned that government is committed to five pillars of development namely: - Education, Health, Rural Development and Land Reform, Creation of decent work and Fighting crime. I am convinced that Ngwathe Municipality's Annual Report for the financial year 2009-10 has managed to address all five pillars of development within its mandate.

MP Moshodi
Mayor

Executive Summary by the Acting Municipal Manager



Introduction

It is indeed a pleasure for me to present the Ngwathe Local Municipality's Annual Report for the 2009-10 financial years to the Honorable Mayor Cnr. Moeketsi Moshodi and other interested parties. Despite the many challenges such as economic recession, high unemployment rate with adverse effects on our revenue, that we faced, Ngwathe continued to provide services as prescribed in various pieces of legislation governing local government.

Compliance Issues

The Local Municipal Systems Act 2000 (Act No. 32 of 2000) obliges Ngwathe Local Municipality to develop and implement a performance management system (PMS). The PMS is a framework that is intended to describe and represent how, Ngwathe's cycle and processes of planning; measuring, monitoring, reviewing, reporting and improving its performance will be conducted.

As pointed out in the audit report of the period under review, it has been a challenge to implement the PMS in the Municipality. Another matter of concern is that we have once more failed to deliver a clean audit report. This situation persisted since 2006. It is therefore incumbent upon me that something must be done and done in a hurry to correct this situation in the years to come.

Service Delivery Backlogs

Over and above the financial constraints that we are facing as a municipality, we found ourselves stared at by the following service delivery backlogs during the reporting period.

Services	Number of households	Challenges faced
Water	3014	Lack of adequate funding and low capacity of the Parys Water Purification Plant. Edenville bulk water supply that is waning due to drying boreholes.
Sanitation	2690 (excluding VIP an Septic tanks)	287 households still using septic tanks and 1657 VIP. Parys and Heilbron plants running beyond capacity
Electricity	1792	Low bulk supply capacity in Heilbron and ageing electrical network infrastructure, meter tempering and Koppies cable theft.
Roads	Awaiting the roads master plan	Most of our roads have reached their lifespan with serious potholes.
Housing	13239	Non-availability of land in Koppies. Slow progress of township establishments in Vredefort, Heilbron, Edenville and Parys
Refuse Removal	1680	Ageing refuse handling equipment

Financial Viability

Ngwathe Local Municipality operates its financial management within the framework of Municipal Finance Management Act (MFMA) Act No. 56 of 2003 and the Annual Division of Revenue Act (DoRA). Financial analysis conducted during the period under review has revealed that the municipality is unable to meet its financial commitments as they become due, with a result that we have faced a number of lawsuits for non-payments.

It is further of grave concern that the consumers are not willing to pay for the services provided by the municipality as revealed by the unacceptable outstanding service debtors to revenue ratio of more than 338 days, with serious negative impact on provision of services.

Spending in relation to budget

Acknowledgements

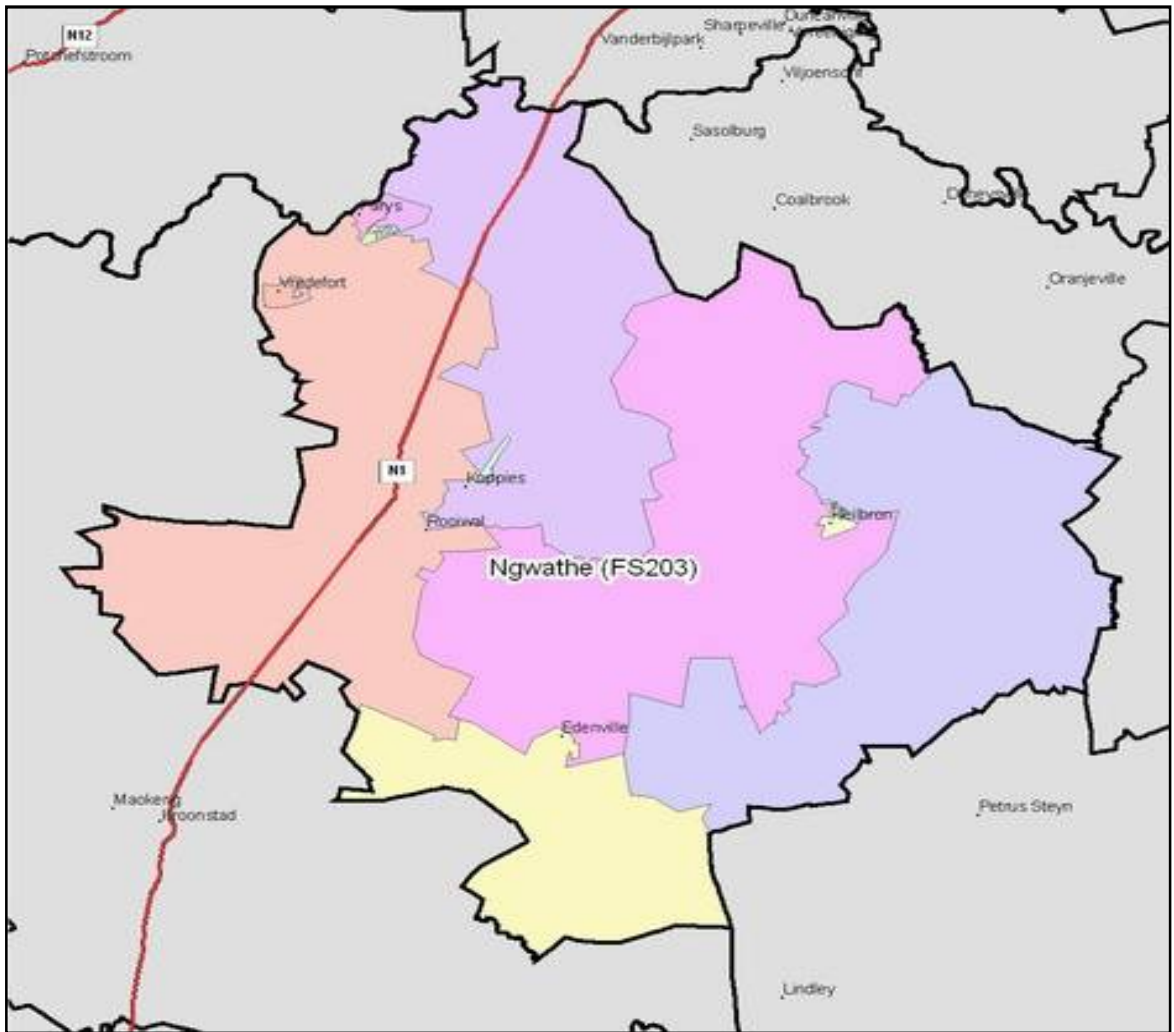
I wish to extend my word of appreciation to the Political leadership of the municipality, my colleagues who made it possible, amid the challenges we faced, that we provide the level of services as herein reported.

NN Selai

Acting Municipal Manager



Area map



Geographic Profile

The area of jurisdiction of the Ngwathe Local Municipality is situated in the northern part of the Fezile Dabi District Municipality. The former Parys, Vredefort, Heilbron, Koppies and Edenville Transitional Local Councils and section of the former Koepel, Kroonkop and Vaal Dam Transitional Rural Councils are included in the Ngwathe Local Municipality. The total estimated residents in Ngwathe Local Municipality, according to Council preferred data, is 133 771. The general tendency of migration from rural to urban areas is also occurring in the area, as it is the case in the rest of the Free State Province. The majority of the rural population is active within the agricultural sector. Regarding the population distribution (see Table 1), the area is largely urbanised (82% urban and 18% rural).

The Parys town area is situated approximately 38km west of Sasolburg and 60km south of Gauteng Metropolitan Area. The town is located next to the Vaal River that serves as the border between the Free State and the North West Province. The unique nature and environmental assets of Parys present an exceptional tourism potential. The ideal location of Parys in a regional context, regarding the close proximity to the Gauteng Metropolitan Area and North West Province, further contributes to this fact.

The Vredefort town area is located approximately 50km west of Sasolburg, 72km south of the Gauteng Metropolitan Area and 76km from Kroonstad. The former N1 (R720) primary access route between Kroonstad and Parys extends through Vredefort. The Heilbron urban area is located approximately 53km south of Sasolburg and 320km north-east of Bloemfontein. Other larger centres such as Vereeniging, Vanderbijlpark and Kroonstad are all within 100km from Heilbron. The primary access route between Sasolburg and the Eastern Free State stretches adjacent to Heilbron. The Bethlehem/Vereeniging railway line additionally links the industries of Heilbron to the Gauteng area.

The communities of Koppies and Kwakwatsi are situated approximately 70km south of Sasolburg, 61km north of Kroonstad and 280km north of Bloemfontein. Other larger towns such as Vereeniging and Vanderbijlpark are all within 90km from Koppies. The strategic national railway line from the Cape Provinces to the Gauteng Province stretches through Koppies. A large number of the inhabitants of Kwakwatsi are also employed in the Sasolburg area. Kwakwatsi can thus be labelled as a satellite residential town to the surrounding industrial areas. Edenville is situated approximately 42km north-east of Kroonstad and 40km south-west of Heilbron. Other towns like Steynsrus, Lindley, Koppies and Petrus Steyn are all within the radius of 50km from Edenville.

The Vaal River forms the northern boundary of the area, which also serves as the boundary between the Free State and Gauteng and North West Province. Other prominent topographical features include the Vredefort Dome, a fascinating exposure of ancient granites emerging from the thick cover of the later Karoo sediments. The form of the dome consists of a central cone of granite surrounded by concentric ridges of quartzite belonging to the Witwatersrand System.

Ngwathe Local Municipality relies solely on the Vaal and Renoster rivers as the water catchment areas

Overview of towns making Ngwathe Local Municipality

Parys

The town was established in 1876 and has been growing from strength to strength, especially since the discovery of The Vredefort Dome World Heritage Site. Parys is situated along the banks of the famous Vaal river and in a close proximity of one of the longest National roads, the N1 with its toll gate, Vaal toll Plaza.

Parys is predominantly an agricultural area with the following agricultural products on offer; corn, sorghum and livestock such as cattle, sheep etc. with a potential to become one of the biggest tobacco producing areas. The town has grown into a week-end breakaway destination because of the uniqueness of the shopping experience.

Vredefort

The town was established in 1876 it is a link to Viljoenskroon, Kroonstad and the North West Province.

Vredefort is situated South West of Parys and houses the famous Vredefort Dome World Heritage Site. It is essentially a small farming town with the following agricultural products on offer: cattle, peanuts, sorghum, sunflower, maize etc.

Heilbron

Heilbron was established in 1872 and has and still is a predominantly agricultural town with the following products: maize, wheat, cattle, dairy, sunflowers, sheep, sorghum, beef cattle farms etc.

It is situated North East of the district as well as the Free State province as a whole and strategically placed as a window into the Free State, the mountain Kingdom of Lesotho and Gauteng.

Koppies

The town Koppies is situated on the banks of the Renoster River; it is in a very close proximity of the N1 highway and its one stop service station. Koppies were established in 1924. Like other towns it is also a major agricultural town area with products such as maize, wheat, sorghum, cattle, beef cattle farming etc.

Edenville

The town is situated in between Heilbron, Kroonstad, Petrus Steyn, Lindley and Steynsrus and the R34 passes through Edenville.

It was established in 1912 and is also predominantly agricultural with the following products on offer maize, wheat, sheep, cattle etc.

Governance and Management Structure

Political Management

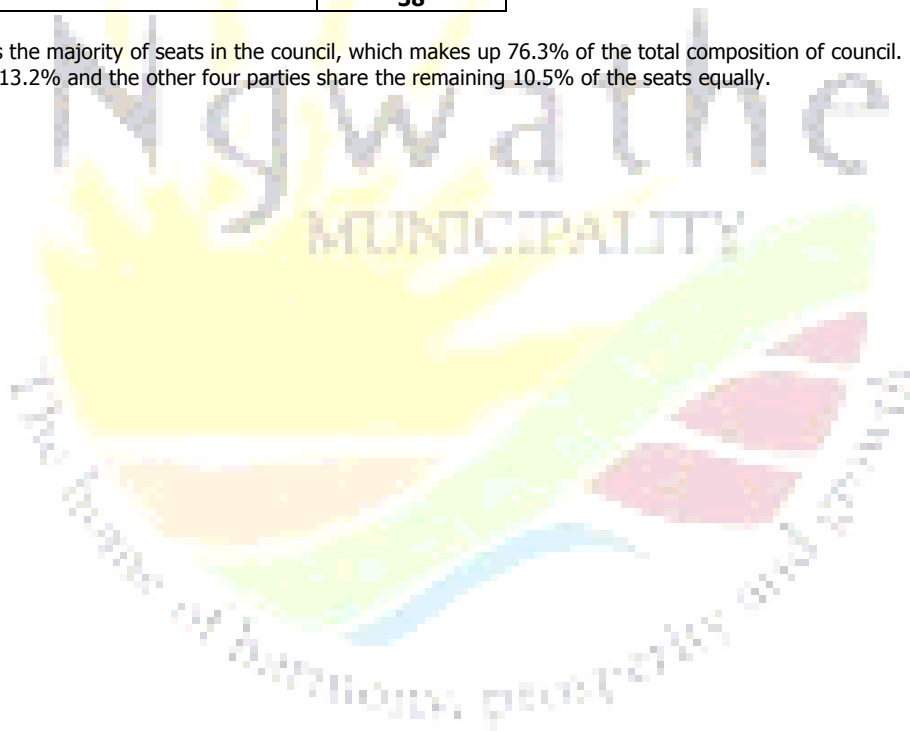
The Ngwatho Municipality has an Executive Type System of governance. This is a system where the decision making powers are vested in the Municipal Council. The council can in turn delegate some of the powers to the Mayor working together with the Executive Committee decided by the Council.

The Municipal Council

The council consists of 38 (thirty eight) elected councilors representing different political parties as follows:

Party	No of councilors
African National Congress (ANC)	29
Democratic Alliance (DA)	5
African People's Convention (APC)	1
Pan African Congress (PAC)	1
Freedom Front Plus (FFP+)	1
Rate Payers Association	1
TOTAL	38

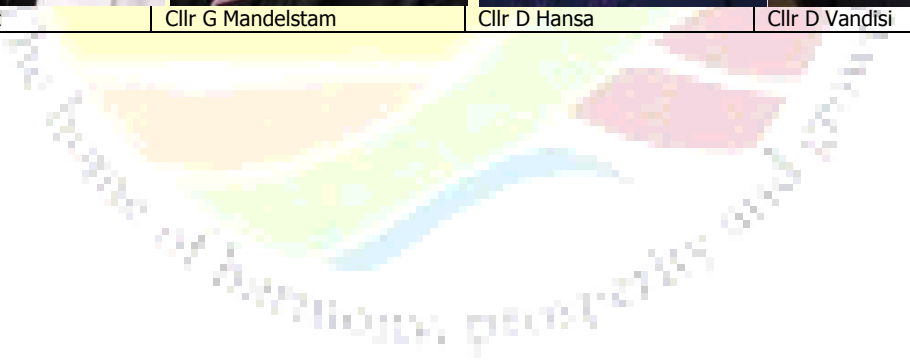
The ANC has the majority of seats in the council, which makes up 76.3% of the total composition of council. It is followed by the DA with 13.2% and the other four parties share the remaining 10.5% of the seats equally.



Executive Committee

Ngwathe Local municipality has an executive type of governance; it is the type in which decisions are mainly vested in the council.

It is composed of the following eight members with their respective responsibilities.



SECTION 80 COMMITTEES

Municipal demarcation board

The municipality facilitated the process and finally all the political parties reached consensus and the MDB 3 form was submitted and the maps were approved and proclaimed

Executive support to Council

Council, EXCO and section 80 committee meetings

Council

The council consisted of 15 female Councillors whomake up a proportion of 39% of total council seats and 23 male Councillors and their respective names and designated capacities are presented here under

Mayor	Speaker	EXCO Members	Part-time councillors
Mr MP Moshodi	Mr ME Magashule	Mr G Nketu Mr D Vandisi Mr DD Hansa Me AM Olifant Me M Serathi Mr NMN Khumalo Mr G Mandelstam	Mr J Hlatswayo Mr DS Lehman Me SM Vermaak Me MN Phathi Mr DB Nel Me PL Moeketsi Mr A Schoonwinkel Me L Mvulane Me NP Mopedi Me ME Direko Mr M Mbele Me MA Sephiri Mr AC Nteo Mr S Choni Me NJ Hlungu Mr EC Sothoane Me EM Sefako Mr J de Jager Me BE Sothoane Mr SLS Sekete Mr N Makhobotloane Me NA Ndlovu Mr AF Kgotlagomang Mr PP van der Merwe Mr AJ Rantsieng Mr P Ndayi Me RA Majoe Mr LD Jaers Mr SH Marumo

The following portfolio section 80 committees of the council, established in terms of Municipal Structures Act, were in place and fully functional during the period under review and performed such duties and functions as were delegated to it by council.

Portfolio Committee	Chairperson	No of Members	Meetings held
EXCO	Cllr MP Moshodi	8	8
Finance and Budget	Cllr. G. Nketu	6	3
Corporate Services	Cllr. A. Oliphant	6	4
Infrastructure and Local Economic Development	Cllr. D. Hansa	6	2
Social and Community Services	Cllr. K. Serathi	6	2
Urban, Rural Planning and Housing	Cllr. D. Vandisi	6	1
Public Safety and Transport	Cllr. N. Khumalo	6	1
Other committees			

Local Labour Forum	Cllr A Oliphant	22	6
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Schedule of Council Meetings

Planned date	Actual Date	Type of meeting
27 th August 2009	27 th August 2009	Ordinary
29 th October 2009	06 th October 2009	Extra ordinary
04 th December 2009	21 st December 2009	Ordinary
25 th February 2010	24 th February 2010	Ordinary
	21 st May 2010	Ordinary
	03 rd February 2010	Extra ordinary
	30 th March 2010	Extra ordinary
	28 th May 2010	Extra ordinary



Management Structure (to insert the organogram – S57)

**Senior Management Team
Remuneration**

			
Mr. NN Selai Acting Municipal Manager/ Director Corporate Services	Mr. PS Moroe Director Community Services	Me. N Molikoe Acting Chief Financial Officer	Mr. MJ Toona Director Technical Services

The Senior Management team comprised of the following five posts and respective incumbents:

(Are we not supposed to include the personnel that resigned since they resigned in Feb and March 2010 that is 3 months towards the financial year end?)

1. Acting Municipal Manager : Mr. NN Selai
2. Acting Chief Financial officer: Me. N Molikoe
3. Director Technical services: Mr. MJ Toona
4. Director Corporate Services: Mr. NN Selai
5. Director Community Services: Mr. PS Moroe

The Municipal Manager and the Chief Financial Officer resigned in January and March 2010 respectively and Mr. NN Selai was appointed to act as the Municipal Manager while Me N Molikoe was subsequently appointed to act as the Chief Financial Officer.

Performance Review

Performance review of the municipality will be undertaken in relation to the following prescribed key performance areas:

- Service Delivery and Infrastructure
- Local Economic Development
- Good Governance and Public Participation
- Financial Viability
- Transformation and Institutional Development.

Service Delivery and Infrastructure

Key Performance Indicators

- Infrastructure projects for the provision of basic services completed on time and within budget.
- To provide continuous maintenance and upgrading of all tar, gravel and unsurfaced roads storm water networks to keep them in a trafficable condition and to accommodate heavy vehicle transport where required in all urban and rural areas.
- To ensure the maintenance and upgrading of all provincial, rural and main through roads by the Provincial Government according to minimum national standards.
- To ensure that all towns within the municipality comply with the basic requirements to accommodate the disabled disadvantaged groups and pedestrians on roads and sidewalks.
- To ensure that all urban areas are provided with trafficable streets and storm water systems.
- To ensure that all urban areas are provided with adequate collector, access and public transport routes
- To ensure sustainable provision of bulk electricity through an effective internal network that will be able to supply quality electricity according to consumer demand.
- To eradicate all unacceptable sanitation systems and ensure that all households are provided with an acceptable sanitation system by 2010.
- To provide water connections to all urban households in current and future extensions and to ensure the provision of water to all rural households.

Challenges

- Major water shortages in Parys and Edenville
- Electrical outages in Koppies due to capacity problems and cable thefts
- Sewerage spillages in Koppies and Parys due to non-functioning pump stations
- Non-existence of Operational and Maintenance Plans for all our conventional treatment plants
- Capacity of the sewer treatment plant at Heilbron and Parys problematic.

Performance Highlights

- Completed the installation of bigger pumps and new electrical panel board from reservoir no.4 to reservoir no.2 doubling the original water supply to Sisulu in Parys.
- Built sewer outfall line in Heilbron
- Started construction of a new sludge sewerage plant in Heilbron to increase the capacity of the plant
- Constructed the following sewer transfer pump stations: Tokoloho, Schonkenville and Tambo
- Built new feeder electrical line from Eskom sub-station to Kwakwatsi and that project was about R 3m
- Electrified 567 houses in Tumahole and 87 in Vredefort and started to electrify 267 houses in Heilbron, a project that will overlap to the 2010/11 financial year.
- Started with the implementation of a multi-year project of roads paving in all towns. Progress as at the end of the period under review was as follows;
 1. Koppies: 800 meters completed
 2. Parys: 3 kilometers completed
 3. Heilbron: 1.5 kilometers completed
 4. Vredefort: 1 kilometer completed
 5. Edenville: 1 kilometer completed

INFRASTRUCTURE PROJECTS 2009/2010

PROJECT DESCRIPTION	TOWN	PROJECT VALUE	Amount Spent as at end June 2010
Edenville Water Project Phase 1	Edenville	R 5 639 701.00	R 4 901 591.66
Edenville water Project Phase 2	Edenville	R 7 186 536.06	R 2 765 392.58
Development of O& M	Heilbron, Edenville, Vredefort, Parys & Koppies	R 1 656 974.16	R 724 725.36
Edenville Library	Edenville	R 8678 660.58	R 4 119 055.16
Fencing at Vredefort library and repairs of fencing at Heilbron Library	Vredefort & Heilbron	R 180 000.00	R 180 000
Fezile Dabi Stadium	Parys	R 99 000 000.00	R 62 125 252.31
Upgrading of Koppies Sewer Purification Plant	Koppies	R 5 301 000.01	R 4 222 345
Parys: Upgrading of Sewer Treatment Plant	Parys	R 85 000 000.00	R 3 949 985.14
Heilbron bucket Eradication Phase 2	Heilbron	R 18 698 192.00	R 4 648 478.23
Vredefort :Replacement of old Asbestos sewer pipes	Vredefort	R 855 000.00	R 700 000
Parys Pumps, pipeline and Reservoirs phase 1	Parys	R 3 000 000.00	R 2 209 538.32
Heilbron outfall Sewer Line	Heilbron	R 10 000 000.00	R 8 524 116.35
EIA for the licensing of Vredefort Waste water Plant	Vredefort	R 398 500.00	R 103 211.50
Vredefort: provision of paved Access Road and storm water	Vredefort	R 8,482,740.00	R 7 563 996.91
Parys :provision of paved Access Road and storm water	Parys	R 32,000,000.00	R 25 498 163.58
Edenville: provision of paved Access Road and storm water	Edenville	R 8,482,740.00	R 7 864 750.25
Koppies: provision of paved Access Road and storm water	Koppies	R 8,482,740.00	R 5 937 947.71
Heilbron: provision of paved Access Road and storm water	Heilbron	R 16,000,000.00	R 11 849 917.94
Electricity Project (Parys, Heilbron and Vredefort)	Parys(567 stands), Heilbron (267 stands), and Vredefort (87 stands)	R 6 370 000.00	R 5 793 107.65

Planning and Housing Development

Housing

The municipal housing backlog based on the number of informal houses per town as at the beginning of the 2009/10 financial year stood at 13239 broken down as follows:-

Parys 5637
 Heilbron 3036
 Koppies 1918
 Vredefort 1633
 Edenville 1003

During the year under review the backlog was only reduced by 100 units of which only 59 units were built through the township revitalisation programme under Operation Hlasela. A total of 2300 subsidy allocations were withdrawn by the Provincial Department of Human settlements hence the houses could not be built during the reporting period.

Strategic objectives of the unit

- To eradicate current housing backlog and informal settlements through provision of acceptable safe and quality housing.
- To set systems up for effective and efficient housing delivery.
- To ensure sustainable land use management and development
- To ensure compliance with the National Building Standards Regulations.

Key Performance Indicators

- Accelerated completion of township establishments in all towns
- Acquired land for housing development
- Developed a comprehensive housing demand database for the municipality
- Reviewed municipal Housing Sector Plan
- Reviewed municipal Spatial Development Framework
- Developed and implemented a uniform Land Use management Plan (LUMS) for the municipality.
- Number of approved building plans consistent with the provisions of the National Building Standards Regulations.
- Completion of incomplete houses in Parys, Heilbron and Edenville
- Completion of 51 Township Revitalisation Programme houses.

Challenges

- High rate of urban migration resulting in, sporadic mushrooming of informal settlements in Parys, Vredefort, Heilbron and Edenville.
- Incapacity of the Parys waste water treatment plant.
- Slow progress in proclamation of townships in Parys, Heilbron, Vredefort and Edenville.
- Unavailability of land for housing development in Koppies.
- Absence of Land Invasion by-laws.

Performance Highlights

Personnel

Two (2) Building Control Supervisors positions were filled in the year under review with the sole aim of ensuring that all developments within the municipality are compliant to the National Building Standards Regulations.

Completion of incomplete houses

Of a total of 359 houses that were left incomplete and 50 approved but not built from 2006, 276 were completed in Parys during the year under review. The Provincial Department of Human Settlement has committed to finalise completion of the remaining houses in the coming financial year.

Township establishments

The following are township establishments that were initiated as multi- year projects and were still in progress with the following milestones reached during the period under review.

Area	Town	Progress	Challenges
Extension 9 (680 sites)	Phiritona(Airport)	GP approved and awaiting opening of the township register	None and we expect that the registration will be finalised in the 2010/11 financial year.
Extension 6 (720 sites)	Tumahole (Winnie and Zuma)	GP approved and awaiting opening of the township register	Parys waste water purification plant capacity questioned and this may delay the process.

Extension 4 (200 sites)	Ngwathe	General Plan submitted for approval	None
Extension 4 (500 sites)	Mokwallo	GP approved awaiting opening of the township register.	None.
Extension 10 (922 sites)	Phiritona (2 nd phase Airport)	EIA conducted and record of decision (RoD) awaiting MEC's signature.	None

Purchase of land

No land was purchased during the year under review; however a grant of R1, 5 million was acquired from the Department of Human Settlements towards purchasing of site 1014 Kopjes Settlements in Koppies. The said piece of land is earmarked for a new township establishment.

Community and Social Services

As previously indicated, Community and Social Services sub-directorate is comprised of the following departments: Solid waste management, Library Services, Sport Art, Culture and Recreation including Parks and Cemeteries which will be reported upon individually.

Solid Waste Management

Strategic objectives

- To improve door to door waste collection/removal service in the municipality
- To effectively manage municipal landfill sites
- To reduce illegal dumping and ensuring a clean environment
- To ensure sustainable waste collection service to all municipal residents on formal and semi-formal sites.

Key Performance Indicators

- Licensing of the Vredefort, Edenville and Heilbron landfill sites
- Operating municipal landfill sites in compliance with the National Environment Management Act (NEMA and Department of Water Affairs standards.)
- Reduced illegal dumping sites.
- Number of awareness and cleaning campaigns conducted.
- Waste removed at least once per week and twice weekly from households and businesses respectively.

Challenges

- Ageing refuse handling equipment
- Inadequately managed landfill sites
- Unlicensed landfill sites at Edenville, Heilbron and Vredefort
- Non-compliant landfill sites.
- Irresponsible littering and dumping by community members
- Expired landfill sites management contract without replacement.
- Lack of adequate equipment and skill to manage landfill sites internally
- 1680 households in semi-formal sites not being provided with refuse removal services due to unavailability of refuse bins.

Performance Highlights

Given the challenges of ageing equipment as mentioned above, the municipality was faced with a situation where waste could not be removed as required during the year under review. To curb recurrence of this unwanted situation we rented private compact trucks that were circulated throughout the municipality according to need. This move improved our performance considerably as we managed to meet our weekly waste collection obligations.

Cleaning Campaigns

- The municipality in conjunction with DETEEA conducted at least one cleaning campaign per town in Edenville, Vredefort and Koppies during the period under review.
- Tumahole on the other hand managed to convert 7 (2x Schonkenville, 3x Tokoloho, 1x Mbeki and 1x Mandela) traditionally known illegal dumping sites into parks hence bringing wasted sites to better use for the community.
- Despite the challenges of illegal dumping by communities, all towns within the municipality managed to clean illegal dumping sites on a regular basis.
- 6000 refuse bins will be purchased during the next financial year so as to enable us to provide the service to all deserving households.

Library Services

The municipality continued to manage and operated the following libraries during the reporting period:-

- Parys
- Thusong
- Schonkenville
- Vredefort
- Vredeshoop
- Heilbron
- Phiritona
- Sandersville
- Edenville
- Koppies and;
- Kwakwatsi.

Edenville library was housed in an old municipal building during the reporting period. Construction of a new library building due to be completed in 2010/11 financial year, started on 25/05/2009. The said project is funded by Department of Sports, Art and Culture to the value of R8 678 660.58.

Strategic Objectives

- To promote the usage of libraries and information services through marketing
- To promote the culture of reading and lifelong learning
- To promote free, equitable and accessible library and information services

Key Performance Indicators

- Increased number of user visits to our libraries per town
- Increased number of books circulation in township libraries
- Internet access to all library users

Challenges

- Unavailability of municipal pool vehicle to be used for marketing purposes.

Performance Highlights

The following library projects were completed during the financial year under review:-

Programme	Partnered with	Area
1. Celebration of former President Mandela birthday	Epilepsy South Africa	Thutong library
2. Winter school programme for the Grades 9, 10 and 11 (Career Guidance) Grade 7 (Environment Education)	Flavius Mareka FET	Thutong Library

3.	"Be your own employer" Life skills programme	N/A	Vredefort Library
4.	Campaign to collect Mills and Boon books where 80 books were donated to the municipality	Community	Heilbron library
5.	Celebration of Heritage Day	N/A	All libraries
6.	Storytelling to four crèches' children	N/A	Kwakwatsi library
7.	Cleaning campaign with youth	Local schools	Schonkenville library
8.	Library services extended to old age homes	N/A	Parys and Heilbron libraries
9.	Human Rights Day Celebration	N/A	All libraries

The number of library users increased from 7573 to 8020 translating to the growth rate of 6% during the period under review.

Regarding the internet access to the communities the last three libraries namely:- Sandersville, Vredefort and Schonkenville were connected during the reporting period.

Parks, Cemeteries and Resorts

Parks and resorts

The municipality was operating two resorts namely Mimosa and Unifees dam in both Parys and Heilbron respectively including a number of neighbourhood parks during the year under review.

Strategic Objectives

- To protect soil quality, natural habitat and resources in line with national legislation and policies for sustainable development.
- To develop green areas through tree planting, programmes and protection of the flora of the region.
- To promote the use of municipal resorts for tourism and recreation purposes

Key Performance Indicators

- Number of community involved cleaning campaigns
- Number of newly developed neighbourhood parks
- Number of maintained parks
- Number of greening projects per town
- Increased number of visitors in our parks and resorts.

Challenges

- Inadequate equipment for maintenance of neighbourhood parks.
- Inadequate maintenance of municipal resorts
- Inadequate marketing of resorts
- Poor management of municipal resorts
- Dysfunctional facilities such as the super tube, swimming pool at Mimosa
- Low revenue generation capacity of the municipal resorts.

Performance Highlights

To develop green areas within the municipality, we, in partnership with the Department of the Premier Free State launched and implemented a township greening programme wherein 5000 trees were donated and planted as follows throughout the municipality. This initiative created 100 jobs as detailed here below.

Town	No. of trees	Jobs created
Parys	2471	48
Heilbron	1357	23
Koppies	227	7
Vredefort	600	12

Edenville	345	10
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All tree ambassadors engaged in the abovementioned projects were trained by the Department of Water Affairs (Free State) in the fields of plant propagation and tree maintenance during the year under review. Seven (7) new neighbourhood parks were established hence reducing illegal dumping areas.

Garden services unit was established at Mimosa and this initiative is further supported by the Department of Correctional Services which dispatches inmates at regular intervals to help maintain the resort's garden and premises.

Cemeteries

There are a total of twenty (21) cemeteries throughout the municipality of which 13 were fully operational during the year under review. The remaining 8 were used mainly for reopening or reserved graves.

Strategic Objectives

- To ensure availability of adequate burial sites at all times
- To upgrade and maintain municipal cemeteries, to be aesthetically attractive.

Key Performance Indicators

- Clean cemeteries and their facilities
- Availability of graves on demand

Challenges

- Unavailability of ablution facilities in our cemeteries
- Reliance on private service providers for grave digging
- Unsuitable soil conditions at the new Phiritona Cemetery

Performance Highlights

As indicated here above, the municipality was operating 13 cemeteries full time during the year under review. These cemeteries are evenly distributed as follows to ensure accessibility and adequacy:-

Town	Area	Number of cemeteries
Parys	Parys town	2
	Tumahole	1
	Schonkenville	1
Heilbron	Heilbron town	1
	Phiritona	1
	Sandersville	1
Koppies	Koppies town	1
	Kwakwatsi	1
Vredefort	Vredefort town	1
	Mokwallo	1
Edenville	Edenville town	1
	Ngwathe	1

Despite the high mortality rate in our communities the municipality was able to provide graves upon demand at all times during the period under review.

Sports, Art, Culture and Recreation

The department operates in the areas of sport, arts, recreation and culture. Culture on the other hand includes initiation schools that are marred with deaths of initiates from time to time.

Strategic Objectives

- To upgrade and maintain all existing sport and recreational facilities.
- Recreational facilities to be accessible to all users and to be optimally used.
- To supply new recreational facilities where inadequate facilities exist.
- To promote and encourage community participation in sports, arts and culture.

Key Performance Indicators

- Number of sports facilities maintained or upgraded.
- Number of recreational facilities supplied.
- Number of Sport, Arts and culture councils established.
- Promote cultural and heritage sites amongst communities in the municipality.

Challenges

- Inadequate personnel and financial resources
- Inadequate equipment for maintenance of facilities
- Number of deaths in initiation schools

Performance Highlights

- With regard to the cleaning and maintenance of sporting facilities in the municipality has been able to clean the facilities from time to time though not adequately so due to shortage of equipment.
- To encourage the community participation in sports arts and culture we managed to establish 1 x Art Council representative of all towns of Ngwathe and 5 x Sports Councils (one per town).
- Sourced R70 000 (R30000 from Sasol Mining and R40000 from office of the Premier) for Hupenyu Arts Development Projects, to take part in the Grahamstown Arts festival. Hupenyu is a Tumahole based youth group performing in plays like Tumahole Heroes.
- Council approved and accepted a donation of R1 000 000 from ENM Construction towards development of a sporting facility in Phiritona Heilbron.

The Department further took part in organising the following events within Ngwathe.

Event	Description	Period	Town
Tumahole Month Celebrations	The event covered, gospel festival, anti-crime campaigns including various sporting codes such as fun run, soccer, netball and ladies soccer,	June 2009	Tumahole/Parys
OR Tambo Games	Soccer tournament	October 2009	Welkom
Powerboat SA Championships	10 children from the municipality took part in the event as powerboat pilots.	September 2009	Parys
Ward 14 Soccer and netball tournament	Tournament held to celebrate June 16.	June 2009	Parys
Hupenyu Tours Ngwathe	Hupenyu conducted auditions in search of acting talent within the municipality. All 5 towns were visited	March 2010	All towns
FIFA World Cup (2010)	Hanging of world cup flags, organised and operated a public viewing area where the following matches were viewed live; South Africa v/s Mexico,	June 2010	Parys/Tumahole

	<p>South Africa v/s Uruguay and South Africa v/s France including all the tournament's semi final and final matches. Thabang Society sponsored the event while the Department of Sport, Arts and Culture sponsored the first match of the tournament.</p>		
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Public safety and Transport

As indicated here above the Public Safety and Transport sub-directorate, is made up of two departments namely Fire and Rescue and Traffic.

Fire and Rescue

The total staff complement of this department was twenty one (21) during the reporting period. As at the close of the said period the municipality had as critical positions to be filled; 2x Station officers and 4 fire fighters. The impact of not filling these positions was on high overtime rate.

Strategic Objectives

- To deliver timeous fire brigade services where needed
- To maintain a state of preparedness for disasters at all times.

Key Performance Indicators

- Response time to all calls.
- Number of business premises inspected for fire safety.
- Number of fire hydrants inspections conducted.
- Disaster Management Plan developed and implemented.
- Number of fire inspections/demonstrations conducted.
- Number of comments provided on building plans.

Challenges

- Increasing number of informal settlements and informal housing that are prone to fire incidents.
- Inadequate personnel and fire fighting equipment.
- Absence of fire fighting equipment in municipal smaller towns like Edenville, Vredefort and Koppies.
- Absence of Disaster Management Plans

Performance Highlights

Given the inadequacy of the municipal fire fighting equipment and personnel, the department improvised by targeting fire prone areas such as farms, municipal farm lands and constructed fire breaks to reduce the number of fire calls that they need to respond to. These fire breaks were constructed as follows;

- 4x Heilbron
- 8x Parys and;
- 1x Koppies.

During the period under review, the department attended to the following incidents;

- 72x grass fires spread throughout the municipality
- 110x rescue cases
- 115x motor vehicle accidents
- 38x Houses on fire
- 18x vehicles on fire.

Towards maintenance of the state of preparedness for disasters, the department conducted 80 fire inspections on business premises and evaluated 42 plans for fire safety compliance and 28 fire demonstrations conducted with personnel.

Traffic

Ngwathe Local Municipality is operating a traffic department with two traffic stations in Parys and Heilbron. Vredefort traffic was monitored from Parys, while Koppies and Edenville traffic were monitored in Heilbron.

Strategic Objectives

The departmental strategic objectives for the period under review were as follows:

- To regulate and enforce the Road Traffic Act and other relevant legislation such as Municipal By-laws
- Contribute positively towards transport efficiency and safety through erection or removal of traffic signs, road markings and traffic signs wherever necessary.

Key Performance Indicators

- Number of summonses issued and served.
- Visible road signage in all towns.

Challenges

- Non-existence of municipal revenue collections unit with the result that summonses are not served on time.
- Number of cases that are being withdrawn by the courts.
- Lack of adequate transport for traffic officers.
- Non-existence of municipal traffic engineering team
- Lack of adequate funds to fund departmental programmes

Performance Highlights

In pursuing the above objectives the department performed as follows;

- A total of 1058 cases with a rand value of R1 069 700 booked and only R368 900 recovered as paid fines.
- Painted a total of 25 km in Parys using Operation Hlasela team for the purpose, though traffic signs were not replaced as planned.

Local Economic Development

Strategic objectives of the unit

The following were the strategic objectives of the LED unit during the year under review:-

- To create an enabling environment that stimulates economic growth.
- To maximise the tourism potential of the municipality.

Key Performance Indicators

- Establishment of a functional LED Unit.
- Development of local SMME database
- SMME promotion and support
- Development and implementation of a functional LED Strategy
- Tourism and LED Forums established
- Feasibility study identifying the municipal tourism potential conducted
- Municipal Marketing Plan developed and implemented.

Challenges

- High unemployment rate.
- Projects such as tourism and LED forums, determination of municipal tourism potential and marketing plans could not be implemented due to lack of funds.
- Inadequate human capital to roll out the entire LED programmes planned for the year under review.
- Absence of investment retention and attraction scheme.

Performance Highlights

The following are performance highlights for the period under review.

- Prior the year under review the Local Economic Development unit in the municipality was dysfunctional and without personnel attached to it except for the Director. In this financial year we managed to employ the LED Manager and deployed one officer as Acting LED Officer so as to establish a functional LED unit.
- An LED Strategy aligned with ASGISA, Provincial Growth and Development Strategy, Fezile Dabi District Municipality Integrated Development Plan and Ngwathe Integrated Development, was developed and approved by Council.

The following Local Economic Development projects were completed during the reporting period:-

PROJECT	LOCATION	PROJECT DESCRIPTION AND DETAILS	BUDGET	JOBS CREATED
3X Car Washes	Parys, Koppies, and Vredefort	For each town one (1) car wash was built and funded by both the municipality and the Provincial Department of Social Development	R400 000	24
2x Printing Plants (B3 and Bokamoso Printers)	Parys and Edenville	The Edenville plant was internally funded while the Parys plant is funded by Sasol Mining to the value of R1 100 000.	R7 000 000	26
Juice Factory (Dairy Pamado Juice)	Parys	Project funded by the Provincial Department of Social Development	R1 000 000	8

Jobs Created and projects budget

The abovementioned projects created 58 jobs from a total budget of R8 400 000 contributed from various sources.

Projects in progress

The following projects were initiated during the year under review and are still in progress:-

PROJECT	LOCATION	PROJECT DESCRIPTION AND DETAILS	BUDGET	JOBS TO BE CREATED
Phehellang Bakery	Edenville	Construction of the bakery building in progress and funded by the municipality. The R500, 000 is funded by the Department of Social Development for machinery and equipment.	R500 000	5
2x Car Wash	Edenville and Heilbron	Construction of Car washes was delayed and currently in progress.	R95 000	16
Food Processing Plant	Edenville	Funding of plant and equipment acquired from Sasol Mining.	R700 000	10
Brick Manufacturing Plant	To be determined by the feasibility study.	Project is funded by De Beers (Voorspoed Mine). Service Provider appointed to conduct a feasibility study during 2009/10.	R3,500 000	To be determined by the feasibility study.

Support to SMME's

In partnership with SEDA, Provincial Department of Tourism, Environmental and Economic Affairs and Chemcity respectively, the following workshops were conducted for the local SMME's

SMME Development workshop for a total of 209 SMME's (Parys 71, Vredefort 35, Koppies 33, Heilbron 42 and Edenville 31) and workshops were run per town.

10 youth (4x Parys, 4x Vredefort, 1x Koppies 1x Heilbron) attended a tour guide training and workshop.

B3 Printers beneficiaries were trained by both SEDA and CHEMCITY in Basic Business Principles and Business Management respectively.

Dairy Pamado Juice factory was assisted with the development of its business plan, registration as a close corporation, opening of a bank account and registration as a tax payer by the municipality in conjunction with SEDA.

Good Governance and Public Participation

Strategic Objectives

- Poverty Alleviation
- Promote youth development
- Introduce special and targeted measures to improve living conditions of the poor
- Promote public participation in municipal governance processes
- Investigation and provision of transport and offices for ward committees, councilors and Community Development Workers
- To promote public participation in municipal government processes.
- Investigation and provision of transport and offices for Ward Committees, Councillors, CDW's and NGO's

Key Performance Indicators

- Poverty alleviation projects
- Youth development projects and programmes

- Mayoral special projects
- Effective functioning of Ward committees

Challenges

- Ineffective HIV/AIDS council
- Non-compliance to legislation
- Complaints register not in place
- The Roads safety councils are to be established in other towns.
- The Netcare forum structure is still to be established in other units (Edenville, Heilbron and Vredefort)
- Non-payment of stipend to ward committees
- Some Child Care Forum members who were trained left the organization due to better offers and learnerships elsewhere
- Identification of beneficiaries for poverty alleviation project was initially a problem but in was resolved.

Performance Highlights

- Celebration of the Mandela day
- Four youth groups were successfully assisted to record their music compact discs as a means to developing young talent
- Partnered with DeBeers mining for providing assistance to Maths and Science Saturday classes to the grade 12 learners throughout the municipality
- Launching of Operation Hlasela in endeavour to alleviate poverty and service delivery
- Hosting the career and skills exhibition for the grade 11 and 12 learners
- Providing support to Ya Rona Kwanda youth project in Koppies
- Annual mayoral christmas event for the orphans
- Launched a back to school campaign throughout the municipality
- Strengthening public, private partnerships relationships by meeting with mining houses within the municipality to participate in the municipal Local Economic Development and poverty alleviation projects
- IDP and Budget, ward based, public participation campaigns were conducted successfully
- Strengthening inter-governmental relations with other government institutions
- Awarded financial support to 50 students in higher learning institutions
- Establishment of Child Care Forum and the signing of MOU with Save the Children organization.
- Managed to address the problem of xenophobia.
- Organized ID campaigns and more than 2000 ID and 2500 birth certificates.
- Distribution of title deeds to more than 700 residents.
- Establishment of local road safety council in Koppies
- Recognition and commemoration of national days including Tumahole day.
- Establishment of Net care forum with the involvement of NGO's in Parys and Koppies
- Establishment of Ngwathe Religious Forum.
- Participated in HCT (HIV-counselling and testing) campaign which was successful.
- Three intensive trainings were conducted for Ward Committees on their roles in the community, legislative issues and valued citizenship.
- Training of child care forum members on counselling of orphaned and vulnerable children.
- Training of ministers of religion on moral regeneration
- Participated in the cleanest town campaign and facilitated temporary employment of hundred people
- Established food and clothing banks for orphans and destitute families. More than 3000 children and adults benefitted from the project.

Financial Viability and Financial Management

The Key Performance Area on Financial Viability has a special focus on the financial well-being of the Municipality. In particular, a focus is derived around the following:

- Sound financial management systems
- Development of annual and medium term strategies on improvement of revenue collections and expenditure patterns
- Reduced dependency on grants transfers and overdrafts
- Timely and accurate accounting of public resources and effective anti-corruption measures

The Municipality's financial viability focuses on the following key areas



Key Performance Indicators

- Budget management : Manage and control the budgeting process so that the strategic direction of the Municipality is reflected in the budget and the budget is adhered to
- Revenue Management : To ensure monies due to the municipality are effectively collected
- Expenditure Management: To ensure that we reduce the rate of our operating expenditure considering the liquidity situation of the municipality. This will give us the edge to manage our creditors with a view of paying within 30 days from date of statement
- Financial Management : To ensure systems are effectively and efficiently utilised
- Financial Reporting : To ensure financial reporting to all relevant stakeholders is accurate and timeously submitted

Challenges

- Unfavourable audit reports – Disclaimer Audit opinion
- Financial losses due to illegal electricity connections and meter tampering
- Inability to replace faulty electrical meters
- Lack of bulk meters (Electricity and Water) which results to inability to verify invoices for bulk services provided by external service providers
- Data Purification not performed in the last five years, which results in incorrect billing
- Lack of effective debt collection
- Law suits from suppliers due to non-payment
- Inefficient record management system
- Budget control is not exercised on a monthly basis
- Fragmented financial management systems, structures, policies and processes

Performance Highlights

- Successful implementation of the 5 year valuation roll for the whole of the municipal area
- We managed to settle our short-term debt (Bank overdraft) before the end of the financial year.
- Budget and the related policies approved by council timeously
- Developed common tax/tariff structures for the whole of the municipal area
- Developed a common billing system for the whole of the municipal area
- Developed the fixed assets register for movable assets

- The municipality has also introduced various measures to reform the budget system. Effective public participation in the budget process.
- Two additional pay points were established

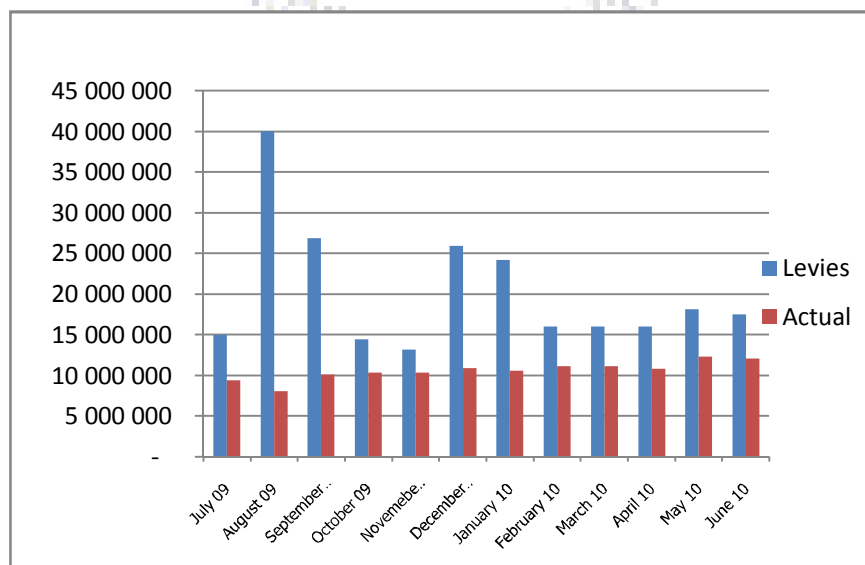
Revenue Management

Billing

BILLING SYSTEM				
AREA	Accounts distributed monthly	Total households billed monthly	Total business billed monthly	Other
Edenville	2 514	1 519	55	940
Heilbron	11 069	9 604	251	1 214
Vredefort	4 512	4 166	140	206
Parys	18 381	16 023	591	1 767
Koppies	6 275	3 821	174	2 280

Levies raised versus actual income received

Month	Levies	Actual	% Collected
July 09	15 011 312	9 410 072	63%
August 09	40 051 950	8 140 823	20%
September 09	26 866 598	10 176 549	38%
October 09	14 444 757	10 394 661	72%
November 09	13 252 031	10 399 709	78%
December 09	25 963 394	10 946 188	42%
January 10	24 215 979	10 624 980	44%
February 10	16 047 656	11 138 510	69%
March 10	16 047 656	11 194 822	70%
April 10	16 047 656	10 854 781	68%
May 10	18 154 731	12 364 787	68%
June 10	17 524 265	12 097 973	69%
	243 627 985	127 743 854	52%



Financial Analysis

Debt Coverage Ratio

The debt coverage ratio indicates the Municipality's ability to generate sufficient revenues to pay interest and redemption (i.e. debt service / finance charges) on loans (long term debt). A low debt coverage ratio (i.e. < 1) indicates that the Municipality might encounter difficulties meeting debt service/finance charge obligations from own operating revenue. A high ratio (i.e. > 1) indicates relatively low expenses and good financial position.

Debt Coverage ratio is determined by using the following formula:

$$\text{Debt Coverage ratio} = \frac{\text{Total revenue received} - \text{Operating grants}}{\text{Debt service payments}}$$

The municipal ratio for the year under review is standing at 0.18 (2009-10) as opposed to 0.30 (2008-09) of the previous year. This means that the municipality did not generate sufficient revenue to pay interest and redemption on loans.

Outstanding service debtors to revenue ratio

The outstanding service debtors to revenue ratio indicates the average number of days debtors (property rates, water sales, electricity sales, sewage and refuse removal) are outstanding. An acceptable norm is 56 days.

The municipality ratio in this instance is 134 days while during the previous year it was standing at 338 days. By definition the reduced ratio of 134 days means that the municipality's performance regarding revenue collection has improved. This situation is however not the case because of improved rate of revenue collection but due to a higher provision for bad debts that are standing at R 132,659,767.00 (2008-09: R 5,633,832).

The ultimate analysis is that our situation in this regard has worsened from the previous year.

Cost coverage ratio

The coverage ratio indicates the cash flow situation of the Municipality, i.e. whether it has the cash available to cover its expenses during a specified period. If the result of the equation is >1 it means that the Municipality has sufficient cash to cover one month's expenses. If the result is >3 it means that the Municipality should have sufficient cash to cover three month's expenses.

Cost Coverage ratio is determined by using the following formula:

$$\text{Cost Coverage} = \frac{\text{All available cash \& Investments}}{\text{Monthly fixed operating expenditure}}$$

The ratio for the municipality is 1.65. The municipality should however work towards increasing its ratio to 2 in the forthcoming financial year.

Liquidity ratio

Liquidity ratio indicates whether the Municipality will be able to meet its short term obligations and is expressed by the following formula. If the result of the equation is 1 or more, the Municipality would be able to meet its short-term obligations.

$$\text{Liquidity} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

Currently the Municipality's ratio is 0.72 i.e. the municipality will not be able to meet its short-term obligations. In the previous financial year the ratio was 1.37 which is 1:1. These results mean that the financial position of the municipality has worsened during the year under review.

From the calculations and discussions above it is important to note that the liquidity of the municipality is at risk, as a result of among others, low collection rate coupled with unwillingness of customers to pay for the services. This fact is revealed by the outstanding service debtors to revenue ratio of more than 338 days.

The above analysis, therefore suggests that the municipality needs to put a concerted effort on revenue collection including creation of awareness to customers to pay their accounts.

Unaudited Debtors Age Analysis as at 30 June 2010

Debtors per source	0 - 30 Days	30 - 60 Days	60 - 90 Days	90 - 120 Days	Total -
Water Tariffs	3 064 209	2 462 247	2 307 819	51 813 845	59 648 120
Electricity Tariffs	4 125 412	2 797 994	1 258 656	22 832 092	31 014 154
Rates (Property Rates)	3 499 844	1 306 584	1 076 505	30 062 103	35 945 036
Sewerage / Sanitation Tariffs	2 402 945	1 576 763	1 457 295	25 337 757	30 774 760
Refuse Removal Tariffs	1 761 768	1 348 943	1 254 089	26 946 106	31 310 906
Other	2 670 087	1 375 875	1 183 159	18 070 607	23 299 728
Total By Income Source	17 524 265	10 868 406	8 537 523	175 062 510	211 992 704

Supply Chain Management

- Supply Chain Management policy is currently implemented.
- Threshold values contained in the SCM Policy aligned with the values stipulated in regulation
- Records are kept for the following;
 - Written or verbal quotations received and awards made.
 - Tenders and all other bids received and awards made.

Petty Cash purchases

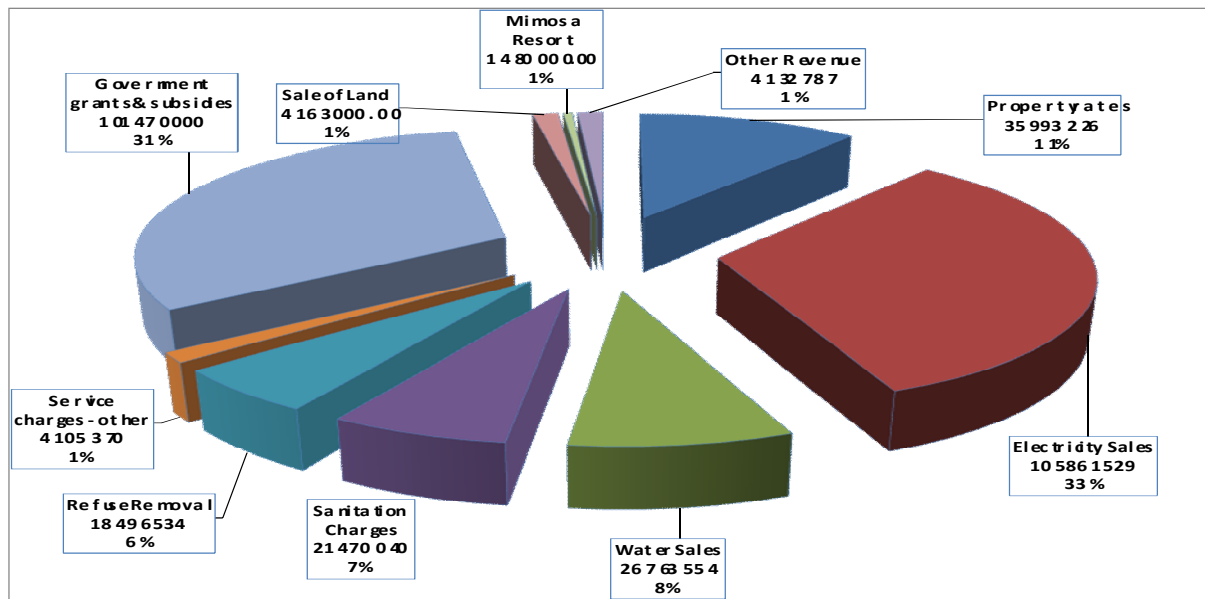
- Implementation of SCM Performance Management and reporting in line with SCM policy
- Funding required for purchasing SCM software to ensure compliance and to speed up procurement of goods and services.

Financial Management and Compliance Budget Implementation

Operating Revenue

Operational budget is funded by operating revenue proposed for 2009-10 is estimated at R324, 6 million (R264 million in 2008-09), an increase of approximately 23%.

Operating Revenue by Source	2008-09 BUDGET	2009-10 BUDGET	INCREASE	%
Property rates	32 121 108	35 993 226	3 872 118	12%
Service charges - electricity revenue from tariff billings	79 001 141	105 861 529	26 860 388	34%
Service charges - water revenue from tariff billings	24 792 463	26 763 554	1 971 091	8%
Service charges - sanitation revenue from tariff billings	20 386 649	21 470 040	1 083 391	5%
Service charges - refuse removal from tariff billings	17 449 560	18 496 534	1 046 974	6%
Service charges - other	1 612 235	2 206 461	594 226	37%
Rental of facilities and equipment	376 329	398 909	22 580	6%
Interest earned - external investments	1 083 310	700 000	-383 310	-35%
Interest earned - outstanding debtors	2 921 266	3 236 763	315 497	11%
Fines	656 626	696 024	39 398	6%
Government grants & subsidies	79 227 680	101 470 000	22 242 320	28%
Other Grants	1 541 623	1 576 160	34 537	2%
Gain on disposal of property plant and equipment	663 000	4 163 000	3 500 000	528%
Mimosa Resort	1 200 000	1 480 000	280 000	23%
Total Revenue By Source	263 032 990	324 512 200	61 479 210	23%



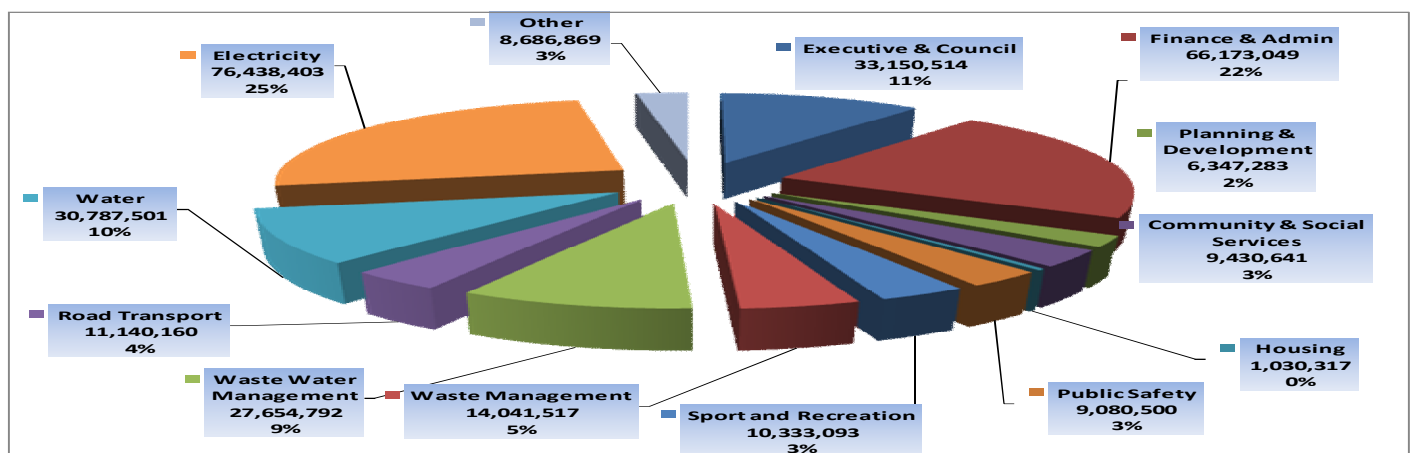
Operating Expenditure

Total Operating expenditure budget for 2009-10 was estimated at R304.2 million, excluding a surplus of R19,8 million which was to be utilized to finance capital projects.

- Salaries and allowances (including filling of vacant critical positions) : R 97 million (R84,3 million in 2008-09) an increase of 13%
- Electricity purchases : R 62,7 million (R46.8 million in 2008-09) an increase of 34% (a saving of 5% was expected on electricity consumption and due to development in Parys additional consumption was also expected)
- Water purchases : R 6,5 million (R5,8 million in 2008-09) an increase of 12%
- Chemicals : R 3,3 million (R2,9 million in 2008-09) an increase of 14%
- Indigent Subsidies : R 39,3 million (R30,7 million in 2008-09) an increase of 28% (this was mainly due to global economic crisis, we were expecting an increase in unemployment)
- Repairs and Maintenance : R19 million (R14,4 million in 2008-09) an increase of 32% (this can be attributed to challenges regarding backlog in maintenance of roads, sewerage networks, water purification)
- Interest on loans : R5,5 million (R4,7 million in 2008-09) an increase of 17%
- Fuel & Oil : R6,2 million (R5,6 million in 2008-09) an increase of 10%
- Poverty Alleviation : R1,7 million (R1,6 million in 2008-09) an increase of 6%
- LED Projects : R1,7 million (R800 000 in 2008-09)

Mayoral Projects

- Heritage Day : R 200 000
- HIV/ AIDS Awareness Campaign : R 200 000
- OR Tambo Games : R 200 000
- Sports and Recreation Programmes : R 200 000
- Vuka Music Festival : R 200 000
- Mayoral Projects – other : R 300 000

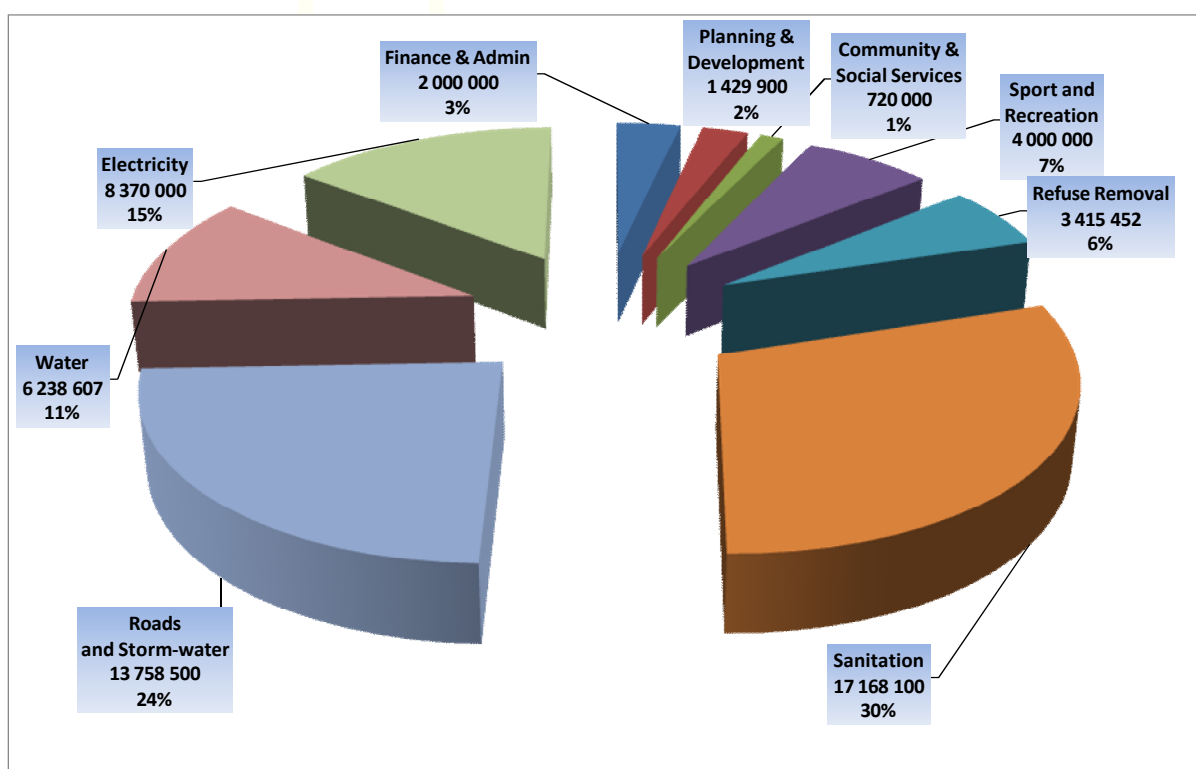


Capital Budget per Cost Centre

Total **Capital Budget** for **2009-10** amounted to **R57,1 million (R39 million in 2008-09)** , an increase of 46% and was made up as follows;

- Sports & Recreation : R 3 million (R 2 million in 2008-09)
- Water : R 6,2 million (R 14 million in 2008-09)
- Sanitation : R 17 million (R 12 million in 2008-09)
- Roads : R 13,7 million (R 4 million in 2008-09)
- Electricity : R 8,3 million (R 1.3 million in 2008-09)
- Refuse Removal : R 3,4 million
- Parks : R 1 million
- Community Hall : R300 000
- Institutional development and PMU : R 3,4 million (R 5 million in 2008-09)

Capital Budget per Vote



Expenditure Budget versus Actual spending

OPERATING EXPENDITURE BY VOTE	Budget	Actual	Difference
AIRPORT	101 714	-30 735	70 979
BOARD GENERAL	20 552 779	67 973 468	-47 420 689
CEMETERY	2 667 412	-1 659 873	1 007 539
CIVIL DEFENCE	6 462	-72 154	-65 692
CLEANSING	14 041 517	-11 451 978	2 589 539
COMMUNITY SERVICES ADMINISTRATION	3 148 769	-3 717 109	-568 340
COMPUTER CENTRE	819 708	-662 534	157 174
CORPORATE SERVICES ADMINISTRATION	18 057 020	36 150 642	-18 093 622

ELECTRICITY	76 438 403	-36 855 600	39 582 803
FINANCIAL SERVICES ADMINISTRATION	46 754 538	-192 254 712	-145 500 174
FIRE BRIGADE	4 189 082	-3 210 479	978 603
HOLIDAY RESORTS	347 944	626 454	-278 510
HOSTELS	21 073	1	21 072
HOUSING	1 030 317	-1 511 452	-481 135
IRRIGATION	1 620 301	-1 460 197	160 104
LIBRARY	3 143 730	-3 099 317	44 413
MUNICIPAL MANAGER ADMINISTRATION	12 597 734	-11 872 346	725 388
PARKS	8 252 733	-9 686 674	-1 433 941
ROADS AND STORM WATER	11 140 160	-8 908 351	2 231 809
SEWERAGE NETWORK	24 206 551	-7 077 187	17 129 364
SEWERAGE PURIFICATION	3 448 241	-2 081 623	1 366 618
SPORT FACILITIES	1 828 876	-702 066	1 126 810
STORES	541 784.00	-31 490 021	-30 948 237
SWIMMING POOL	251 484	-30 143	221 341
TECHNICAL SERVICES ADMINISTRATION	5 074 082	-9 750 422	-4 676 340
TOWN HALL & OFFICES	4 975 840	-3 687 966	1 287 874
TOWN LANDS	593 647	-112 338	481 309
TOWN PLANNING / BUILD. INSPECTIONS	1 177 797	-397 971	779 826
TRAFFIC	4 884 957	-3 365 426	1 519 531
WATER NETWORK	23 124 335	-12 857 156	10 267 179
WATER PURIFICATION	7 663 166	-6 271 168	1 391 998
WORKSHOP	1 992 486	-776 397	1 216 089
TOTALS	304 694 641	-260 302 830	-165 109 319

GRAP implementation

- Consultants were appointed for implementing GRAP standards for 2009-10 annual financial statements and were submitted by 31 August in line with the relevant legislation.
- The 2009-10 audit was conducted by KPMG and was concluded in November 2010
- An action plan to address all the queries (findings) raised in the 2008-09 report by the Auditor General was prepared. Reports were sent to council on regular basis

Unaudited Creditors as at 30 June 2010

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	Total -
Bulk Electricity	10 721 413	8 174 275	1 432 633	14 383 407	-	-	34 711 728
Bulk Water	680 691	640 076	609 302	641 840	158 327	-	2 730 236
PAYE deductions	853 071	909 416	755 633	940 762	94 502	-	3 553 384
VAT (output less input)	-	-	-	-	-	-	-
Pensions / Retirement deductions	1 181 749	1 186 759	1 195 858	1 191 681	935 858	-	5 691 905
Loan repayments	-	-	-	-	-	-	-
Trade Creditors	9 767 679	790 278	353 899	642 561	1 468 075	875 879	13 898 371
Other	3 383 837	252 070	-	-	-	-	3 635 907
Total	26 588 440	11 952 874	4 347 325	17 800 251	2 656 762	875 879	64 221 531

Risk Management and Fraud Prevention

Internal audit reports

- All responses to Internal Audit reports were submitted for 2008-09 financial year.

Asset Management

- The fixed asset register for movable assets was completed
- Funding for the compilation of the infrastructure fixed assets register could not be obtained

Insurance of assets

- There are number of insurance claims that were submitted to the insurer, however most of them were declined due to late reporting or were not covered by the policy.
- The municipality advertised for the new short-term insurance service provider. However, due to non-availability of infrastructure asset register (inclusion of critical assets), the tender was put on hold. The municipality will re-issue the tender in the 2010-11 financial year

Transformation and Institutional Development

Overview of the Directorate

The Corporate Services Department's objective is to support the following strategic focus areas of the municipality:

- Compliance with relevant institutional Human Resource legislation and promoting sound Labour Relations,
- Training and Development
- Administration and Legal services,
- Records Management
- Executive support to Council

Human Resources

Key priorities

- Revise the organizational structure;
- Develop outstanding Human Resource policies and develop a policy manual;
- Ensure that all the critical posts are filled and that the Workplace Skills Plan is developed and implemented.
- Develop and implement outstanding Human Resource controls and systems;
- Ensure that the Employment Equity Plan is developed and implemented; and
- Improve executive support to Council.

Key Performance Indicators

- Organisational structure reviewed and approved by Council;
- Outstanding Human Resource policies developed and approved by Council;
- Approved posts filled and capacity building;
- Organisational systems and controls in place;
- Employment Equity Plan developed and implemented; and
- Visible improvements in executive services to Council.

Staff Compliment

The municipality operated with a total number of 654 human resources.

Non Sec 57 posts

The following posts were filled:

LED Manager
Learning and Development Manager
2 X Senior building Control Officers

The following posts were vacant: Regional Managers; Koppies, Edenville, IT Manager and Legal and Administration Manager.

Recruitment of other employees

- 8 temporary employees from Edenville Unit were appointed permanently
- Appointment of temporary road workers who were on road learner ship to focus on the potholes in Parys.

Job descriptions

- Job descriptions were submitted to the National Moderation Commission and complied with their stipulations; the municipality only awaits the results

Head count

- A comprehensive head count was conducted to ensure that all employees paid by the municipality do exist and in fact work for the municipality

Employment Equity Report

- It was compiled and submitted as legislated.

Municipal Buildings

- The town hall and the forum building were maintenance
- The offices at Vredefort were fenced
- The community hall at Kwakwatsi and the municipal offices in Koppies were renovated

Other support services

Personnel Administration

Category	Type	Number
Total number of working days		249
Total number of leave days taken	Sick	1427
	Annual	6396
	Maternity	192
	Family Responsibility	265
	Study leave	59
	Unpaid leave	177
Number of terminations	Males	34
	Females	05
	Death	19
	Resignation	05
	Retirement	13
	Ill Health	03
Number of employees who became members of	Pension fund	149
	Medical Aid	64
	Group insurance	71
	Union Insurances	41
	New appointments	138

Labour Relations

Industrial actions

The municipality managed to control the SAMWU national strike that started on the 12 – 21 April and all the strike deductions were effected at the end of April 2010.

Disciplinary Cases and Outcomes

The following disciplinary status obtained for the year under review

Number of cases	Resolved	Unresolved
12	07	05

Learning and Development

Skills development

- Training committee was established and it consisted of Councilors, Managers and Union members.
- Skills audit was conducted.
- The Workplace Skills Plan (WSP) was compiled and submitted to LGSETA as legislated.

Category	Number
Employees attended training and skills development courses	154
Councilors attended training and skills development courses	56

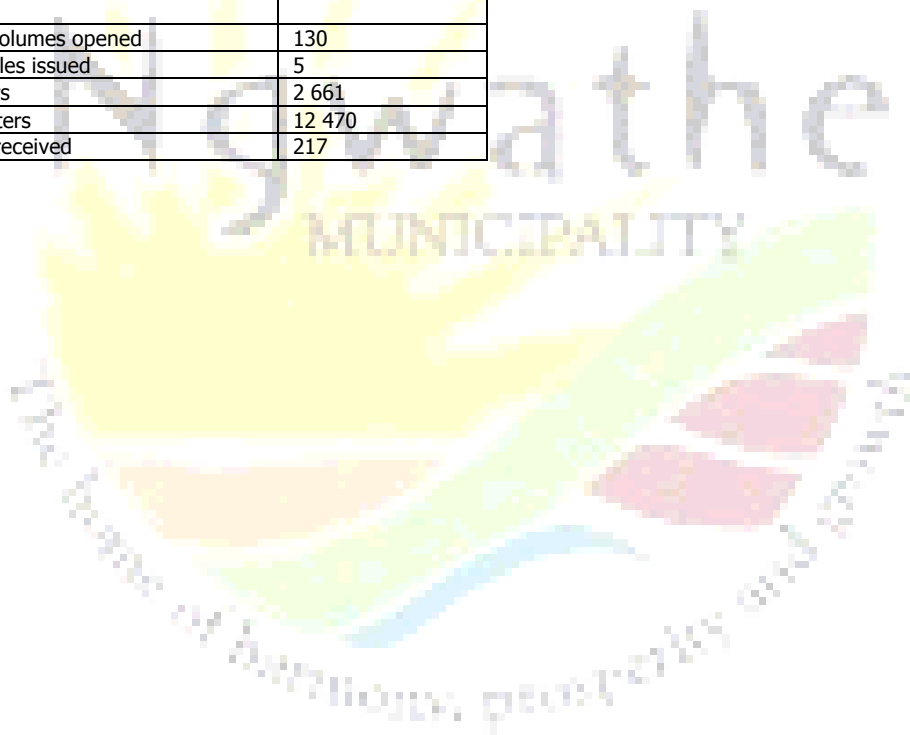
Skills development (Unemployed Youths)

Program	Name	Number of beneficiaries
Learnerships	End user computing	100
Internship	Finance	07
Apprenticeship	Electricity	02
Experiential Training	IT	02
	HR	03
	Fire	06
	Water	01

Records management

The information below is an annual illustration of the movement of correspondence and files in and outside the municipality:

Description	Quantities
Number of volumes opened	130
Number of files issued	5
Posted letters	2 661
Received letters	12 470
Hand posts received	217



Audited Financial Statements and Auditor General Report

Refer to Appendix

Acknowledgements

This annual report is published by Ngwathe Local Municipality. It reviews all activities of the municipality for the period July 2009 to June 2010. Every effort has been made to ensure that the facts are correct.

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