

# EMALAHLENI LOCAL MUNICIPALITY



## PRESENTATION



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## 1. BACKGROUND INFORMATION

- The Emalahleni Local Municipality consists of eMalahleni, Ogies, Ga-Nala, Phola, Thubelihle & Rietspruit
- The Council has 64 Councillors in total, 7 which constitute the Mayoral Committee together with the Executive Mayor
- The office of the Whip has been created and its role and responsibilities have been approved by Council
- The administration is made up of five directorates, namely:
  - Administration Resource Management
  - Development Planning
  - Finance
  - Infrastructure & Basic Services
  - Public Safety



## 2. LEGISLATIVE REQUIREMENT

Section 152 (1) of the Constitution of the Republic of South Africa states that the objectives of local government are:

- a) to provide democratic and accountable government for local communities
- b) to ensure the provision of services to communities in a sustainable manner
- c) to promote social and economic development
- d) to promote a safe and healthy environment; and
- e) to encourage the involvement of communities and community organizations in the matters of government

Section 152(2) states that a municipality **must strive within its financial & administrative capacity to achieve the objectives mentioned above**



### 3. Municipal Overview

- Emalahleni Local Municipality is situated in the Mpumalanga Province
- It is one of six municipalities forming the Nkangala District Municipality
- It is situated in close proximity to the City of Johannesburg City of Tshwane and Ekurhuleni Municipality in Gauteng
- It is connected to this area by N4 and N12 freeways and railway lines
- The N4 extends to Nelspruit, the provincial capital and ultimately to Maputo & Mozambique



### 3. Municipal Overview (Cont.)

- According to census 2001, there were 276,412 people represented by 74,919 households compared to 1996 census which reflect 236,665 – this suggests a growth of 3,15% p.a.
- In terms of census 2007 the population increased to 435,217 a growth of 57,45% or an average of 9.58% p.a. over the past six years with 105,592 households
- Economy is dominated by electricity sector
- 1999 – 2002 was period of expansion in the local economy with an aggregate of 2,7%
- The key sectors that drove this expansion were:
  - Mining
  - Manufacturing
  - Transport
  - Finance



## 3.1 Spatial Background

- The eMalahleni Municipality can be described as an urban and rural area, consisting of large farms, dispersed urban settlements, coal mines and power stations. It comprises of eMalahleni City as the main urban centre in the municipality, with the other activity nodes/towns in the municipal area represented by:
  - Ogies and Phola;
  - Ga-Nala and Thubelihle;
  - Rietspruit;
  - Van Dyksdrift; and
  - Wilge.
- The development pattern of the municipal area can be described as fragmented, due to the previous dispensation of separate development based on race which separated disadvantaged communities of Lynnville, Kwa-Guqa and Pine Ridge from eMalahleni City to the east. The situation is exaggerated by the fact that large areas within the municipal area are undermined or have mining rights which resulted in the further physical separation of these areas. Natural features like floodplains and marshlands restrict the opportunities for the physical integration of these communities even further.



## 3.2 Socio Economic Profile (Census 2001)

- Approximately 45% of population is economically active, which is considerably higher than the Nkangala District of 34%
- Most people in the area are employed in the primary and secondary sectors
- Few people employed in tertiary sector (5.7% as professionals and 4.1% as legislators, senior officials and managers)
- The average monthly household income in the area amounted to approximately R3,721 in 2001 which was significantly higher than the average for the District (R2,531.27) and Mpumalanga Province (R2,286.61)



### 3.2 Socio Economic profile (Cont.)

- Employment of the population according to the major types of industry in the area is as follows:
  - 23% in mining and quarrying
  - 13.2% in community, social and personnel services
  - 13.1% in wholesale and retail trade
  - 10% in manufacturing
  - only 3.1% in agriculture, hunting, forestry and fishing
- In terms of 2001 population census the concentrations were as follows:

- eMalahleni City	69%
- Ogies & Phola	9%
- Ga-Nala & Thubelihle	6%
- Van Dyksdrift	2%
- Non-Urban	<u>11%</u>
	<u>100%</u>



### 4. The Budget related issues Municipal Budget

- The Council has appointed a permanent Municipal Manager
- Four of Five Section 57 Top Management vacancies were filled, in accordance with the Employment Equity Act.
- Performance Contracts entered into between the Municipality and Section 57 Managers have been signed.
- Development and implementation of an appropriate system of a Delegation framework





## 4. Budget Related Issues (cont.)

### TOTAL BUDGET 2007/2008

	R	%
Operational Budget	713,401,260	74,44%
Capital Budget	244,957,619	25,56%
<b>TOTAL</b>	<b>958,358,879</b>	<b>100%</b>



### 4.1 Analysis of Expenditure Budget 2007/2008

CATEGORIES	R000	% of Budget
Remuneration	224,991	31.54%
General Expenditure:		
Eskom – Bulk purchases	141,761	19.87%
Water – Bulk purchases	14,276	2.00%
External Interest	24,002	3.36%
Sundry	85,461	11.98%
Non Cash Flow	27,344	3.83%
<b>Total General</b>	<b>292,844</b>	<b>41.04%</b>
Repair and Maintenance	64,476	9.04%
Depreciation – Redemption & Loans	46,763	6.55%
Contribution: Sundry	8,363	1.17%
Bad Debt	25,346	3.55%
<b>Total Contributions</b>	<b>33,709</b>	<b>4.73%</b>
Income contribution to Capital	50,618	7.10%
<b>TOTAL</b>	<b>713,401</b>	<b>100.00%</b>



## 4.2 Capital Budget - Sources of Finance

- The capital expenditure for the 2007/2008 financial year amounts to R244,958 million which is financed as follows:



## 4.2 Capital Budget - Sources of Finance (cont.)

Capital Program.	R'000	% Increase on Budget
Nkangala District Municipality (NDM)	28,200	11%
Municipal Infrastructure Grant (MIG)	36,790	15%
Municipal Systems Improvement Grant	750	1%
Department of Mineral and Energy	1,500	1%
External Loans	124,550	50%
Contribution out of income	50,618	21%
Donations	2,550	1%
<b>TOTAL CAPITAL PROGRAM</b>	<b>244,958</b>	<b>100%</b>



### 4.3 Capital budget per service

	R'000	% of Budget
Water	75,246	31%
Sanitation	31,996	13%
Roads and Stormwater	63,430	26%
Vehicles	14,513	6%
Electricity	30,047	12%
Environment and Waste Management	5,247	2%
Other	24,479	10%
<b>TOTAL</b>	<b>244,958</b>	<b>100%</b>



### 5. MFMA Compliance

- The Municipality, in terms of Section 7(1) of the Municipal Finance Management Act, 56 of 2003 (MFMA), opened a bank account.
- The mentioned bank account is the primary bank account of the Municipality, in terms of Section 8(1).
- All municipal allocations is deposited into this account in terms of Section 8(2).
- Section 10(1) (a-c) indicates that the control of the municipal bank account rests with the Municipal Manager, who is the Accounting Officer (AO).





## 5. MFMA Compliance (Cont.)

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- Budget Management
  - Emalahleni Local Municipality implements a timetable and adopts its budget in terms of the MFMA.
  - A Budget & Treasury Office has been established.



## 5. MFMA Compliance (Cont.)

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- Revenue Management

The following policies were adopted:

- Credit Control and Debt Collection - Policy.
- Credit Control and Debt collection by -laws
- Tariff Policy
- Tariff by - laws
- Rates Policy
- Indigent Policy.



## 5. MFMA Compliance (Cont.)

### Expenditure Management

- Creditors payment within 30 days.
- Investment Policy
- Cash flow Management

### ■ Asset and Liability Management

- Asset Register / Policy

### ■ Supply Chain Management

- All supply chain management committees are established.
- SCM Policy is in line with the MFMA regulations.



## 5. MFMA Compliance (Cont.)

Emalahleni Local Municipality implements a timetable and adopts its budget in terms of the MFMA

- The financial statements submitted is in compliance with Section 126(1)(a) of the MFMA
- Unqualified Audit reports from 2001 – 2007
- Reporting:
  - Annual report – January
  - Annual budget – Submit to Provincial & National Treasury
  - Budget consultation – Imbizo's
  - Monthly budget statements – Executive Mayor, Municipal Manager and Council
  - Mid-year budget and performance assessment – January
  - Deviation of tender approval reported to the Auditor General, Provincial and National Treasury
  - The Municipality is utilizing the District Audit Committee.