

DRAFT ADOPTED

Integrated Development Plan 2009 – 2010

CHRIS HANI
DISTRICT MUNICIPALITY



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GLOSSARY OF TERMS

| | |
|----------|---|
| ABET | Adult Based Education and Training |
| ABSA | Amalgamated Banks of South Africa |
| AG | Auditor-General |
| AIDS | Acquired Immune Deficiency Syndrome |
| CBO | Community Based Organization |
| CMIP | Consolidated Municipal Infrastructure Programme |
| CPF | Community Policing Forum |
| CSIR | Council for Scientific and Industrial Research |
| DBSA | Development Bank of South Africa |
| DEAT | Department of Tourism, Environment and Economic Affairs |
| DFA | Development Facilitation Act No 67 of 1995 |
| DHS | District Health System |
| DLA | Department of Land Affairs |
| DLGH& TA | Department of Local Government, Housing & Traditional Affairs |
| DM | District Municipality |
| DME | Department of Mineral and Energy |
| DoA | Department of Agriculture |
| DoE | Department of Education |
| DoH | Department of Health |
| DoSD | Department of Social Development |
| DoT | Department of Transport |
| DPLG | Department of Provincial and Local Government |
| DPSS | Department of Public Safety and Security |
| DPWRT | Department of Public Works, Roads and Transport |
| DSAC | Department of Sport, Arts and Culture |
| DWAF | Department of Water Affairs and Forestry |
| ECA | Environmental Conservation Act |
| EIA | Environmental Impact Assessment |
| ES | Equitable Share (grant) |
| FBO | Faith Based Organizations |
| ECDC | Eastern Cape Development Corporation |
| ECPGDS | Eastern Cape Provincial Growth & Development Strategy |
| GCIS | Government Communication and Information Systems |
| GGP | Gross Geographic Product |
| GIS | Geographical Information System |

| | |
|-------|--|
| GTZ | German Technical Cooperation |
| GVA | Gross Value Added |
| HDI | Human Development Index |
| HIV | Human Immune Deficiency Virus |
| HR | Human Resource |
| IDC | Independent Development Corporation |
| IDP | Integrated Development Plan |
| IDT | Independent Development Trust |
| ICT | Information Communication Technology |
| ITP | Integrated Transportation Plan |
| IWMP | Integrated Waste Management Plan |
| JOC | Joint Operational Centre |
| LDO | Land Development Objectives |
| LED | Local Economic Development |
| LSA | Local Service Area (Primary Health) |
| MAYCO | Mayoral Committee |
| MEC | Member of the Executive Committee |
| MIG | Municipal Infrastructure Grant |
| MFMA | Municipal Finance Management Act |
| MSIG | Municipal Support & Institutional Grant |
| MSyA | Municipal Systems Act, 2000 |
| MStA | Municipal Structures Act, 1998 |
| NDC | National Development Corporation |
| NEMA | National Environmental Management Act |
| NER | National Electrification Regulator |
| NGO | Non Governmental Organizations |
| NSS | National Sanitation Strategy |
| PATA | Promotion of Administrative Justice Act |
| PIMS | Planning and Implementation Management Support |
| PMS | Performance Management System |
| PPP | Public Private Partnership |
| RDP | Reconstruction and Development Programme |
| REDS | Regional Electricity Distributors |
| SADC | Southern African Development Community |
| SALGA | South African Local Government Association |
| SANDF | South African National Defense Force |
| SAPS | South African Police Service |

| | |
|--------|--|
| SGB | School Governing Body |
| SMME | Small, Medium and Micro Enterprises |
| STDs | Sexual Transmitted Diseases |
| TB | Tuberculosis |
| TLC | Transitional Local Council |
| TRC | Transitional Rural Council |
| USAID | United States Agency for International Development |
| UYF | Umsobomvu Youth Fund |
| VAT | Value Added Tax |
| VIP | Ventilated Improved Pit (dry sanitation facility) |
| WSDP | Water Services Development Plan |
| ASGISA | Accelerated and Shared Growth Initiative of South Africa |
| BDS | Business Development Services |
| CASP | Comprehensive Agriculture Support Programme |
| CHARTO | Chris Hani Regional Tourism Organisation |
| CHDM | Chris Hani District Municipality |
| RTP | Responsible Tourism Planning |
| SLA | Service Level Agreement |
| SMME | Small Medium and Micron Enterprises |
| SOE | State Owned Enterprises |
| SoR | State of Environment Report |

SECTION A1: EXECUTIVE SUMMARY

1.1 INTRODUCTION

This document represents the reviewed integrated development plan 2009/10 for the Chris Hani District Municipality. It has been formulated in line with the requirements of the Local Government Municipal Systems Act (MSA) 32 of 2000 which prescribes for the review of municipal integrated development plan. The review focuses on the following areas:

- Complying with legislation + policy framework requirements
- Updating of information
 - Where new and updated information exists such as statistics for understanding backlogs and scale of problems
 - Incorporating internal sector plans that were adopted after the IDP adoption
- Responding to MEC comments
 - MEC made a number of comments on our current IDP which necessitated amendments. For example, SDF incorporation and proof of public participation
- Responding to Auditor General's comments
 - The AG issued a number of comments on the annual financial statement 07/08 which included IDP and PMS process issues. The review attends to these matters
- Ensuring a credible and compliant IDP utilizing the **DPLG** GUIDE for CREDIBLE IDP.
 - The structure of the document has been amended according to the GUIDE to ensure easy reporting and alignment with other spheres of government. For, example, drafting the report along the lines of the 5 KPA's of government

1.2 DEMOGRAPHIC PROFILE

The population of CHDM has grown slightly from approximately 810 000 in 2001 to approximately 810 353 in 2007 according to Global insight statistics. There are 206 029 H/holds with an average household size of 4 persons per home.

CHDM is a predominantly rural district with over 70% of its households residing in rural areas but living in villages. Focus has to therefore be given to developing and designing interventions to empower rural areas.

The majority of the population is female (53%) and (54.4%) is under the age of 20. This suggests a need for educational facilities, skills and training as well as youth specific programmes and projects

1.3 ECONOMIC DEVELOPMENT

LED is the first priority in 2009/10 and should be seen in each project and programme that is undertaken by the District Municipality. A LED strategy is in place to ensure that directorates understand the importance of their contribution to LED. The main role of the District Municipality in LED is to play a leveraging role in which its limited resources are utilised to create the space for investment attraction and participation by private and other sectors.

The CHDM GDP has grown by over one and a half times from 2,6 billion rands in 2006 to approximately 7,3 billion in 2008, in contrast to the national GDP growth of between 3% and 5%. In spite of this growth, high levels of unemployment (57%) and poverty persist.

1.4 ENVIRONMENTAL MANAGEMENT

The District has an adopted integrated environmental management plan (EMP) to guide its interventions and functions with regard to the environment and conservation. However due to the numerous challenges in this area especially financial constraints, implementation is limited. DEAT and DEDEA as legal

custodians of the environment need to play a greater role regarding enforcement and financing.

The effects of climate change on our district have been numerous and include:

- **Massive rainfall and hail downfalls due to thunderstorms creating the potential risk of disasters.** The district experiences an annual summer rainfall of up to 700 -800mm in areas like Cofimvaba whilst in the more arid western areas, the average annual precipitation is between 200mm and 300mm.
- **Evaporation levels tend to be high and negatively affect water balance.** The arid western area loses about 2 146 mm per annum, whereas it is approximately 1 700 mm per annum in the Lady Frere and Cofimvaba areas.
- **Extremes in temperature conditions that contribute to common sickness:** summer months can have maximum temperatures often exceeding 40°C in the lower lying areas in the western (arid) section of the district while minimum temperatures in the winter months in the high lying areas are often well below zero and frost is a common occurrence throughout the district.

1.5 SERVICE DELIVERY PROFILE

Water & Sanitation: Backlogs are 24% for water and 45% for sanitation. Water backlog estimated at R718 million & Sanitation backlog estimated at R448 million. Highest concentration of backlog for water and sanitation infrastructure is in Engcobo, Intsika Yethu, Lukhanji & Emalahleni.

Roads & Stormwater: The road network in the rural areas is underdeveloped and generally in a poor condition with many low level bridges needing replacement. Many villages are still inaccessible by road in wet conditions. This is due to limited funds and capacity which contributes to the lack of maintenance. The District Municipality is currently not responsible for any roads and works on an agency basis. The main tarred roads are in need of maintenance (apart from the N6) and in some cases, resurfacing such as the

R61. The Departments of PW, R&T, SANRA need to be lobbied to increase their support, creation and maintenance of the Provincial + National network

Housing: Not a function of DM. The DM's only function is to support and co-ordinate the facilitation of planning and implementation by LMs

Disaster Management, Fire Fighting & Emergency Services: The District is busy finalizing its Disaster Management sector plan. Fire fighting services are the function of the District in certain municipalities. The clarification of roles and SLAs for firefighting is required. The EMRS services are not a district function but service delivery is hampered by the lack of emergency vehicles (5 service the entire DM areas)

Community Facilities: The District builds and maintains certain of these facilities through grants received from relevant departments. However more grants are required and the relevant authorities require more lobbying for funds e.g. DSRAC for libraries and sportsfields

Municipal and Environmental Health Services: There is generally poor attention paid to environmental health services at most LMs due to lack of capacity (Sakhisizwe, Inkwanca, Engcobo, Intsika Yethu, Tsolwana & Emalahleni). DM needs to continue supporting these activities across all LMs and the devolution of MHS will be a vehicle to address the equity in delivering MHS with the CHDM. This emanates from the clear definition of Municipal Health Service by the National Health Act 61 of 2003 that defines the function as the function of the district municipality and the metro. This therefore advocates the transferring of all the EHP'S that are currently appointed by the department of Health to the district municipalities.

Education: This is the competency of the DoE. The DM's role is to ensure the supply of water and sanitation infrastructure to educational facilities and co-ordinate initiatives with other departments to ensure that learners are equipped with the necessary skills demanded by the economy.

Safety & Security: Although this is the competency of the SAPS and the Departments of Justice and Safety and Security, the DM co-operates in crime prevention programmes with other departments. In addition the DM implements measures to prevent corruption.

Primary Health Care Services: Need to conclude SLA with DoH regarding our clinic and support District Health Office to implement their infrastructure upgrading + maintenance commitments in 09/10. It must be noted that Primary Health Care Services are rendered on an agency basis for the department of Health. The funding arrangement that is being implemented is 80:20 with no funds given for the infrastructure and for replacing of the dilapidating mobile clinics. Shortage of staff is a great challenge with the introduction of OSD and rural allowance that is not allocated to local government employees. The state of the roads within our district is a challenge as it even destroying the current mobile clinics.

In terms of National Benchmark of 1 clinic for every 10 000hh and 1 hospital for every 5 0000hh for infrastructure provision, Chris Hani areas are doing very well in terms of health provision. However challenges still exist with the accessibility of health facilities, quality of the service and the staffing and retention of staff in rural areas. The table below gives a summary.

| LSA | Fixed Clinic | CHC | Mobile clinics | Others (satellite) | District hospitals | Reg/Spec hospitals | | ARV | Baby friendly |
|--------------------|-------------------------|-----|----------------|--------------------|--------------------|--------------------|---|------------|---------------|
| Lukhanji | 30 , 5 LA 25 Prov | 2 | 3 4 LA | 1 | 2 PAH 1 Pri.run | 2 | 1 | Frontier | Molteno |
| Engcobo | 21 | 2 | 7 | 0 | 2 | 0 | 0 | All saints | |
| Emalahleni | 18 , 3 LA 15 Prov | | 03 | 2 | 1 2 PAH | 0 | 0 | Glen Grey | |
| Intsika Yethu | 35 | 1 | 1 3 LA | 0 | 1 | 0 | 0 | | |
| Inxuba Yethemba | 21 , 13 LA 8 Prov | 1 | 1 6 LA | 0 | 2 1 PAH | 0 | 0 | Cradock | Wilhem Stahl |

| LSA | Fixed Clinic | CHC | Mobile clinics | Others (satellite) | District hospitals | Reg/Spec hospitals | | ARV | Baby friendly |
|------------|---------------------|-----|----------------|--------------------|--------------------|--------------------|---|------|---------------|
| Sakhisizwe | 10 , 3 LA 7 Prov | 0 | 3 | 0 | 2 | 0 | 0 | Cala | |
| Total | 135 | 6 | 31 | 3 | 14 | 2 | 1 | 5 | 2 |

1.6 INSTITUTIONAL DEVELOPMENT, TRANSFORMATION & FINANCIAL VIABILITY

The document incorporate a detailed BUDGET for 2009/10 - 2011/12. Challenges for financial viability include among others

- Inadequate financial management and reporting systems which has led to a recurring problem of not achieving a CLEAN AUDIT. The IDP document highlights Financial Management as a key result area in order to focus financial viability interventions, improve systems (AFS + ASSET Register, risk management, internal controls) to be compliant with the MFMA, DORA and LG Prop Rates Act
- As part of addressing the AG comments relating to IDP / PMS the document will incorporate key templates that will ensure alignment of IDP / BUDGET / PMS & SDBIP
- The document also highlights the challenges faced in filling the critical post of CFO. The post has been advertised three times without success as the candidates with the necessary skills are scarce.

1.7 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The DM is committed to increasing good governance and public participation practices in order to ensure a culture of accountability and anti-corruption free. The main issues of focus for 2009/10 are to:

- Promote good governance
- Fight against corruption
- Promotion of effective public participation through dedicated programmes to empower ward committees, CDWs and implementation of our communication strategy

- Setting relevant institutional mechanisms for effective customer care relations
- Promoting inter-sphere government cooperation by participating in the IGR structures
- Continuous improvement and building of internal capacity to PLAN, IMPLEMENT and EVALUATE our plans effectively (IDP / LED / PMS / SDBIP)
- Reduction of unfunded mandates through creative engagement of relevant authorities and lobbying for sustainable SLAs

1.8 PRIORITIES FOR 2009/10

1. LOCAL ECONOMIC DEVELOPMENT

- Agriculture, Forestry, Tourism, Manufacturing, Construction and Trade

2. SERVICE DELIVERY + INFRASTRUCTURE

- Water and Sanitation, Roads, Housing, Municipal Public Works, Health (Primary + Public), Municipal Health, Environmental Management, Waste Management , Disaster Management, Fire fighting, Community Facilities, Safety and Security, Education, Social and Community needs development, Town and Regional Planning, HIV and AIDS

3. FINANCIAL VIABILITY

- Clean Audit Statements, Budget + Expenditure, Reporting, Supply Chain Management, Risk Management Revenue + Billing, ICT

4. INSTITUTIONAL DEVELOPMENT + TRANSFORMATION

- Powers and Functions, Organizational Development, WSP, EEP, HIV/Aids Plan, Special Programmes

5. GOOD GOVERNANCE

- Public participation, Municipal Planning (IDP, PMS, SDF etc), IGR , Anti-Corruption, Customer Care Relations + Communication, Internal audit, Archiving, Meeting minutes, ICT, HIV and AIDS, Contract Management, CDW's

SECTION A2: PLANNING PROCESS

1. INTRODUCTION

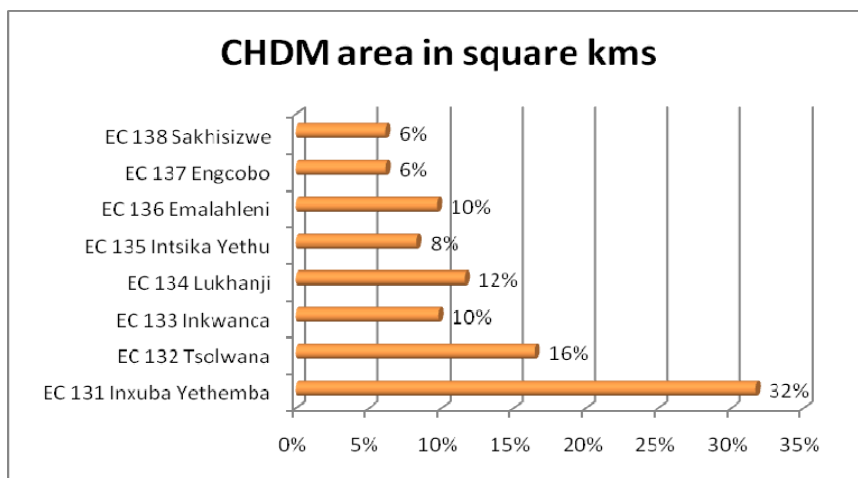
In line with the provision of the Local Government Municipal Systems Act (MSA) 32 of 2000 which prescribes for the review of municipal integrated development plan (IDP) this document represents Chris Hani District Draft Review IDP for implementation in 2009/10.

This revised IDP must be read and understood within the context of a rolling 5 year development vision beginning at the inauguration of the current council (2006) until its tenure end in 2011.

2. LOCALITY CONTEXT

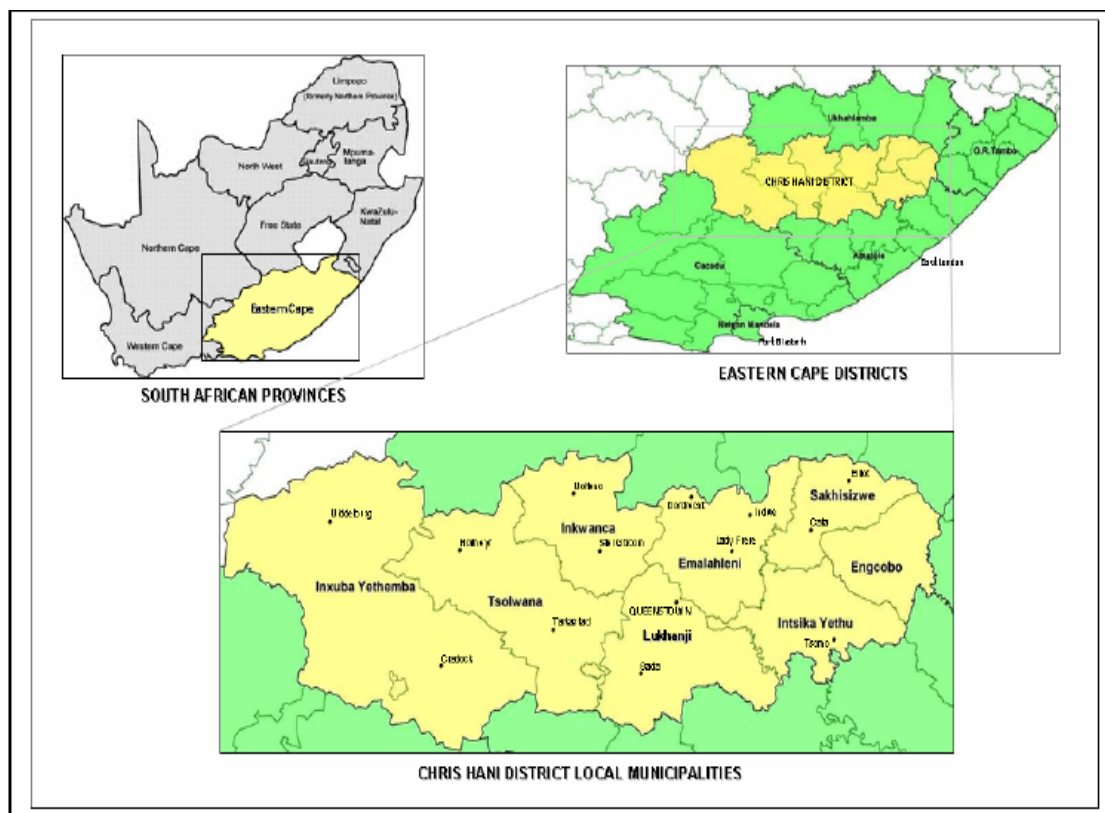
Chris Hani District Municipality is located within the centre of the Province of the Eastern Cape. It is made up of the following eight local municipalities and 1 DMA:

- Inxuba Yethemba
- Tsolwana
- Inkwanca
- Lukhanji
- Intsika Yethu
- Emalahleni
- Engcobo
- Sakhisizwe
- Mt Zebra National Park (DMA)



Chris Hani covers an area of 36, 561 square kilometres in extent. The above figure shows the distribution of areas by local municipal jurisdiction. It shows that Inxuba Yethemba is the largest single municipality (32%) in the district, followed by Tsolwana (16%). Sakhisizwe and Engcobo are the smallest in terms of size (6% each).

The figure below from the ITP shows the eight municipalities that constitute the district of Chris Hani Municipality.



3. WHY ARE WE REVIEWING?

This review is based on the outcome of the assessment of the current IDP document which highlighted the following areas for review and amendment.

- Complying with legislation + policy framework requirements
- Updating of information
 - Where there is new and better information as well statistics for understanding backlogs and scale of problems
 - Incorporating the revised community needs into our situation analysis
 - Incorporating internal sector plans that were adopted after the IDP adoption
- Responding to MEC comments
 - MEC made a number of comments on our current IDP which necessitated amendments. For example, SDF incorporation + proof of public participation
- Responding to AG comment
 - AG issued a number of queries to our annual statement 07/08 which included PROCESS issues relating to IDP & PMS. The review attends to these matters
- Ensuring a credible and compliant IDP with **dplg** GUIDE for CREDIBLE IDP.
 - We are amending the structure of the document to meet the GUIDE and ensure easy reporting and alignment with other spheres of government. For, example, drafting the report along the lines of the 5 KPA of government.

4. THE PROCESS PLAN

As required by the Local Government Systems Act, the municipality developed and adopted a Process Plan

4.1. Institutional Arrangements

The review process provides for establishment of three critical structures to aid the process. These include:

4.2. IDP Steering Committee

The IDP Steering committee comprising of internal senior management and will be tasked to:

- Coordinate the process of IDP formulation being led by the IDP Manager and delegated to the IPED Director
- Provide technical and advisory support to the IDP Manager
- Perform daily planning activities including the preparation and facilitation of events; documentation of outputs and making recommendation to the IDP Manager and the Municipal Council

The Steering committee will meet as scheduled and required by the IDP Manager to process planning information and ensure documentation of outputs into the IDP review document.

4.3. IDP Representative Forum

The IDP Representative Forum will be chaired by the Executive Mayor and will be composed of representatives from the following institutions or interest groups:

- Secretariat and members of IDP steering committee
- Mayoral Committee members
- Ward Committee members
- Traditional leaders
- Chamber of businesses
- Youth groups
- Rate payers
- Agricultural Union
- Farmers Association
- Members of women associations
- HIV and AIDS council
- NGO's and CBOs
- Community development workers

- Sector departments
 - Agriculture
 - Public Works
 - Roads & Transport
 - Education
 - Health
 - Social Development & SASSA
 - S.A.P.S
 - Land Affairs
 - Water Affairs & Forestry
 - Correctional Services
 - Home Affairs
 - Economic Affairs, Environment & Tourism
 - Sport , Recreation, Arts & Culture
 - Labour

The main purpose and task of the representative forum shall be to:

- Represent the interest of various constituencies in the IDP planning process
- Provide an organizational platform and mechanism for discussion, negotiation and decision making between stakeholders
- Provide a communication mechanism for the exchange of ideas and opinions among the various stakeholder interest groups
- Participate in the setting up of key performance indicators including the monitoring thereof in line with the Performance Management Framework
- Monitor the performance of the planning and implementation process

4.4. Roles and responsibilities of stakeholders

The IDP planning process includes a wide range of role-players with certain key responsibilities. To enable smooth implementation of the IDP Review action plan the following roles and responsibilities have been allocated in the following manner.

|

| ACTORS | ROLES AND RESPONSIBILITIES |
|---|---|
| 1. Council | <ul style="list-style-type: none"> ▪ Consider and adopt reviewed IDP ▪ Consider and adopt Framework plan ▪ Encourage public participation ▪ Keep public informed about the contents of the IDP |
| 2. IDP Manager | <ul style="list-style-type: none"> ▪ Ensure that the Process Plan, Framework plan and reviewed IDP are adopted by the Council ▪ Manage the IDP by ensuring that all daily planning activities are performed within an efficient and effective consideration of available time; financial and human resources; ▪ Encourage an inclusive participatory planning process and compliance with action programme ▪ Facilitate the horizontal and vertical alignment of the district IDP ▪ Ensure that the planning process outcomes are properly documented ▪ Manage service providers to the district or local municipal IDP ▪ The IDP Manager will coordinate with various government departments and ensure that all the projects, strategies and objectives of the local municipality are shared and distributed amongst government departments so that they might incorporate them in their planning process and vice versa |
| 3. Heads of Departments & Senior Management | <ul style="list-style-type: none"> ▪ Provide technical and advisory support to the IDP Manager ▪ Perform daily planning activities including the preparation and facilitation of events; documentation of outputs and making recommendation to the IDP Manager and the Municipal Council ▪ Interact with the relevant cluster regarding the prioritization of their individual departments projects and programmes for the following years ▪ Provide clear terms of reference to service providers |
| 4. Sector Departments | <ul style="list-style-type: none"> • Ensure the participation of Senior personnel in the IDP review process • Horizontal alignment of programmes and strategic plans within the clusters • Provide technical support and information to the planning process • Contribute relevant information to support the review process within the clusters • Incorporate district and local municipal projects into departments planning within the clusters |
| 5. National & | <ul style="list-style-type: none"> • Monitor and evaluate the preparation and implementation |

| ACTORS | ROLES AND RESPONSIBILITIES |
|------------------------|--|
| provincial governments | process <ul style="list-style-type: none"> • Provide training and capacity building support to the local municipality • Coordinate support programmes so that overlapping does not occur • Provide technical guidance and monitor compliance with provincial policy and legal framework • Provide financial support to the IDP planning and implementation process |
| 6. Support providers | <ul style="list-style-type: none"> • Provide methodological and technical guidance • Conduct in depth studies when commissioned by the Steering Committee • Ensure delivery of a product that is user friendly and tailor made for each municipality |

4.5. Mechanisms and procedures for public participation

Community participation is pivotal to the sustainability of the entire IDP review and implementation process and will occur in the following manner as outlined in the table below:

| PARTICIPATION MECHANISMS |
|--|
| <ul style="list-style-type: none"> ▪ Use of IDP Representative Forum to verify data & add additional data ▪ Use of IDP representative forum to ensure that community priorities are adequately reflected in the IDP. ▪ Use of Councillors to call meetings to keep communities informed on the IDP progress ▪ Publish Annual reports on municipal progress ▪ Newspaper advertisements to inform communities of the process ▪ Pamphlets/summaries on IDP's ▪ Making the IDP available for public comment ▪ Making the IDP document accessible to all members of the public ▪ IDP roadshows in all Local Municipalities |

4.6. Mechanisms and Procedures for Alignment

The IDP Manager will be responsible for ensuring smooth coordination of the municipal IDP development and its alignment with the district IDP review through the use of workshops and bilateral discussions with affected sector departments. Inter-departmental Forum will be utilized as a mechanism for alignment of programmes and projects.

| INTEGRATION AND ALIGNMENT STRATEGY FOR THIS IDP | | |
|--|--|---|
| | PROGRAMMES & GUIDELINES | MUNICIPAL RESPONSES |
| National | Legislation & Policies | Process Plan recognizes the list that informs our IDP approach |
| | National Spatial Development Perspective | Currently revising our SDF and that process will take into consideration our role in advancing the objectives of EC SDF and National SDP |
| | Millennium Development Goals | Have incorporated the targets into our objectives and strategies |
| | National LED Framework | Been considered in determining economic development objectives and strategies as well as informed our LED strategy |
| Province | EC- Growth & Development Strategy | Have identified key strategic localized projects in response to the EC Provincial 24 PRIORITIES |
| | Spatial Development Framework | Have adopted the hierarchy principle in determination of nodal areas |
| Sector Departments | Operational Plans and Programmes | Have acknowledged all key projects that are budgeted and conformed for implementation in 2009/10 within our areas. |
| | | Formal letters of confirmation of commitments to be issued by Mayor as part of lobbying departments to act on their commitments - 2009/10 |
| | | Will cooperate with sector departments in implementing their commitments via direct engagements with our relevant |

| | | |
|-----|---------------|--|
| | | line function departments and IGF |
| LMS | IDP summaries | Will align the DM IDP review with LMs by ensuring that their IDPs are summarized and considered in determining final District IDP commitments and PROJECT list |

4.7. Binding legislation

The Municipality's IDP formulation and implementation processes will be bound by the following set of legislations (the inventory in the table below is not inclusive of other applicable legislation that may be omitted for lack of information or other reason):

| NATIONAL LEGISLATION | SUMMARY/SCOPE OF LEGISLATION |
|---|--|
| GENERAL MANAGEMENT | |
| Constitution of the Republic of South Africa 1996 | To introduce a new constitution for the Republic of South Africa and to provide for matters incidental thereto |
| Local Government: Municipal Systems Act, 2000 | To give effect to "developmental local government" To set principles, mechanisms and processes to promote social and economic upliftment of communities and to ensure access to affordable services for all To set a framework for planning, performance management, resource mobilisation and organisational change and community participation |
| Local Government: Municipal Structures Act, 1998 as amended | To provide for the establishment of municipalities in accordance with the requirements relating to the categories and types of municipality, the division of functions and powers between municipalities and appropriate electoral systems |

| NATIONAL LEGISLATION | SUMMARY/SCOPE OF LEGISLATION |
|--|---|
| | To regulate internal systems, structures and office-bearers |
| Consumer Affairs (Unfair Business Practices) Act, 1996 | To provide for the investigation, prohibition and control of unfair business practices in the interest of consumers |
| Local Government: Municipal Demarcation Act, 1998 | To provide for the demarcation of boundaries of municipalities for the establishment of new municipalities |
| Municipal Electoral Act, 2000 | To regulate municipal elections To amend certain laws and to provide for matters connected therewith |
| Organized Local Government Act, 1997 | To provide for the recognition of national and provincial organizations representing the different categories of municipalities and the designation of representatives to participate in the National Council of Provinces etc, |
| Promotion of Local Government Affairs Act, 1983 | To provide for the co-ordination of functions of general interest to local authorities and of those functions of local authorities which should in the national interest be co-ordinated |
| Local Government Transition Act, 1993 | To provide for matters relating to municipalities in the interim phase, powers and functions of municipalities and actions of officials and councilors |
| Occupational Health and Safety Act, 1993 | To provide for occupational health and safety in the work place and the protection of persons outside the work place against hazards to health and safety arising from activities of persons at the work place |
| Promotion of Access to Information Act, 2000 | To control and regulate the right of all persons to access to information |
| Promotion of Fair Administrative Justice Act, 2000 | To give effect to the right to administrative action that is lawful, reasonable, and procedurally fair in terms of the Constitution of the Republic of South |

| NATIONAL LEGISLATION | SUMMARY/SCOPE OF LEGISLATION |
|---|--|
| | Africa 1996 |
| Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 | <p>To give effect to section 9 read with item 23(1) of Schedule 6 to the Constitution of the Republic of South Africa, 1996, to prevent and prohibit unfair discrimination and harassment</p> <p>To promote equality and to eliminate unfair discrimination and to prevent and prohibit hate speech and to provide for matters connected therewith</p> |
| FINANCE | |
| Appropriation of Revenue Act, 2000 | To provide for a fair division of revenue to be collected nationally between national, provincial and local government spheres for the 2000/2001 financial year and for matters connected therewith |
| Businesses Act, 1991 | <p>To repeal certain laws regarding the licensing of businesses</p> <p>To provide for the licensing and operation of certain businesses, shop hours and related matters</p> |
| Debt Collectors Act, 1998 | To provide for controlled debt collecting |
| Income Tax Act, 1962 | To provide for the payment of taxes on incomes of persons and taxes on donations |
| Insolvency Act, 1936 | To consolidate and amend the law relating to insolvent persons and their estates |
| <p>Local Authorities Capital Development Fund Ordinance, 1978</p> <p>READ WITH</p> <p>Local Government Affairs Second Amendment Act, 1993</p> | To provide for the establishment and management of a Capital Development Fund and for matters incidental thereto |
| Municipal Accountants' Act, | To provide for the establishment of a Board for |

| NATIONAL LEGISLATION | SUMMARY/SCOPE OF LEGISLATION |
|---|---|
| 1988 | Municipal Accountants and for the registration of Municipal Accountants and the control of their profession |
| Municipal Consolidated Loans Fund Ordinance, 1952 READ WITH Local Government Affairs Second Amendment Act, 1993 | To provide for the establishment and management of a Consolidated Loans Fund as approved by the Premier |
| Local Government Municipal Finance Management Act, 2003 | To regulate financial management in the local sphere of government to require that all revenue, expenditure assets and liabilities of municipalities and municipal entities are managed efficiently and effectively, to determine responsibilities of persons entrusted with local sphere financial management and to determine certain conditions and to provide for matters connected therewith |
| Pension Benefits for Councilors of Local Authorities Act, 1987 | To provide for pension benefits for councilors |
| Public Finance Management Act, 1999 | To regulate financial management in the national and provincial governments and, inter alia, provincial public entities |
| Prescribed Rate Of Interest Act, 1975 | To prescribe and regulate the levying of interest from debtors |
| Reporting by Public Entities Act, 1992 | To provide for the reporting to Parliament by public entities |
| Value-added Tax Act, 1991 | To provide for the taxation in respect of the supply of goods and services |
| Local Government: Property Rates Bill 2000 | To regulate general property valuation |
| ADMINISTRATION / CORPORATE AND LEGAL SERVICES | |
| Electoral Act, 1998 | To manage and regulate elections on national, provincial and local government level |

| NATIONAL LEGISLATION | SUMMARY/SCOPE OF LEGISLATION |
|---|--|
| Expropriation Act, 1975 | To provide for the expropriation of land and other property for public and certain other purposes and matters connected thereto |
| Housing Arrangements Act, 1993 | To provide for the establishment of a National and Regional Housing Board(s) and the abolition of certain existing boards. |
| Rental Housing Act, 1999 | To define the responsibility of Government in respect of rental housing |
| Residential Landlord and Tenant Act, 1997 | To provide for the regulation of landlord-tenant relations in order to promote stability in the residential rental sector in the province. |
| TOWN PLANNING AND SPATIAL DEVELOPMENT | |
| Advertising on Roads & Ribbon Development Act, 1940 | To control advertising on national and regional roads |
| Ordinance 113 and LUPO (land use planning ordinance) | To control the land use rights within the former black areas |
| Development Facilitation Act, 1995 | To provide for Integrated Development Plans, reflecting current planning and to institutionalise development tribunals for evaluating applications |
| Physical Planning Act, 1991 | To provide guidelines for the drafting of urban development Plans |
| Regulations on Advertisements on or Visible from National Roads, 1998 | To control all advertising on national and regional roads |
| Subdivision of Agricultural Land Act, 1970 | To control the subdivision of farm land and agricultural holdings |
| Land Use Management Bill, 2002 | To establish a uniform land use management system. |
| Planning Professions Act, 2002 | To provide for the training and registration of professional Planners |
| ENVIRONMENT | |

| NATIONAL LEGISLATION | SUMMARY/SCOPE OF LEGISLATION |
|---|---|
| Environmental Conservation Act, 1982 | To provide for environmental impact assessments and exemptions, noise control areas etc |
| Environment Conservation Act, 1989 | To provide for the effective protection and controlled utilisation of the environment and for matters incidental thereto |
| National Environmental Management Act, 1998 | To provide for co-operative environmental governance by establishing principles for decision making on matters affecting the environment and to provide for matters connected therewith |
| ENGINEERING / TECHNICAL SERVICES | |
| Advertising on Roads & Ribbon Development Act, 1940 | To control advertising on national and regional roads |
| Regulations on Advertisements on or Visible from National Roads, 1998 | To control all advertising on national and regional roads |
| National Building Regulations and Building Standards Act, 1977 | To provide for the promotion of uniformity in the law relating to the erection of buildings in the areas of jurisdiction of local authorities and for the prescribing of building standards |
| National Water Act, 1998 | To provide for fundamental reform of the laws relating to water resources |
| Water Services Act, 1997 | To provide for the rights of access to basic water supply and sanitation, national standards and norms for tariffs and services development plans |
| SAFETY AND SECURITY | |
| Criminal Procedure Act, 1977 | To consolidate and regulate procedure and evidence in criminal proceedings |
| Disaster Management Act, 2002 | To provide for an integrated, co-ordinated and common approach to disaster management by all spheres of government and related matters |
| Fire Brigade Services Act, | To provide for the rendering of fire brigade |

| NATIONAL LEGISLATION | SUMMARY/SCOPE OF LEGISLATION |
|--|--|
| 1987 | services and certain conditions to the rendering of the service |
| Gatherings and Demonstration Act, 1993 | To control public gatherings and procession of marches |
| Hazardous Substances Act, 1973 | To control matters relating to gas, petrol and liquids |
| National Land Transport Bill, 1999 | |
| National Land Transport Interim Arrangements Act, 1998 | To make arrangements relevant to transport planning and public road transport services |
| Urban Transport Act, 1977, as amended 1992 | To promote the planning and provision of adequate urban transport facilities |
| National Road Traffic Act, 1996 | To regulate traffic on public roads, the registration and licensing of motor vehicles and drivers, including fitness requirements and incidental matters |
| Road Traffic Management Corporation Act, 1999 | To provide in the public interest for co-operative and co-ordinated strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters and to provide for matters connected therewith |
| Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998 | To provide for the eviction of unlawful occupants of land and the protection of the rights of such occupants under certain conditions |
| Regulation of Gatherings Act, 1993 | To control public gatherings and procession of marches |
| South African Police Service Act, 1995 | To provide, inter alia, for a municipal (city) police |
| HEALTH AND WELFARE | |
| Hazardous Substances Act, 1973 | To control matters relating to gas, petrol and liquids |
| Health Act, 1977 National Health Act no 61 of 2003 Food staff, cosmetics and disinfectants act | To provide for the promotion of the health of the inhabitants of the Republic, for the rendering of health services, to define the duties, powers and |

| NATIONAL LEGISLATION | SUMMARY/SCOPE OF LEGISLATION |
|--|--|
| Meat and Safety act Air Quality Management Act National Strategy Plan for HIV&AIDS Multi Sectoral Plan (MSP) | responsibilities of certain authorities which render such services and for the co-ordination of the services |
| National Policy For Health Act, 1990 | To provide for control measures to promote the health of the inhabitants of the republic and for matters connected thereto |
| HUMAN RESOURCES | |
| Employment Equity Act, 1998 | To promote the constitutional right of equality and the exercise of true democracy To eliminate unfair discrimination in employment To redress the effect of unfair discrimination in the work place to achieve a workforce representative of the population |
| Basic Conditions of Employment Act, 1997 | To give effect to the right to fair labour practice To provide for the regulation of basic conditions of employment |
| Compensation of Occupational Injuries and Diseases Act, 1993 | To regulate the categories of persons entitled to compensation for occupational injuries and diseases, and to determine the degree of disabled employees |
| Labour Relations Act, 1995 | To regulate the organisational rights of trade unions, the right to strike and lock-outs To promote and facilitate collective bargaining and employee participation in decision making To provide simple procedures for labour disputes |
| Skills Development Act, 1998 | To provide for the implementation of strategies to develop and improve the skills of the South African workforce, to provide for Learnerships, the regulation of employment services and the financing of skills development |

| NATIONAL LEGISLATION | SUMMARY/SCOPE OF LEGISLATION |
|--|---|
| Skills Development Levies Act, 1999 | To provide for the imposition of a skills development levy and for matters connected therewith |
| South African Qualifications Authority Act, 1995 | To provide for the establishment of a National Qualifications Framework and the registration of National Standards Bodies and Standards Generating Bodies and the financing thereof |
| Unemployment Insurance Act, 1966 | To provide for the payment of benefits to certain persons and the dependants of certain deceased persons and to provide for the combating of unemployment |
| ELECTRICITY | |
| Electricity Act, 1987 | To provide for and regulate the supply of electricity and matters connected thereto |

Provincial Policy Planning Framework

- Eastern Cape Provincial Growth & Development Plan (PGDP)
- Eastern Cape Spatial Development Plan
- DPLG Credible IDP guide 2009
- LED Framework

5. THE FRAMEWORK PLAN

5.1. Introduction

In terms of the Municipal Systems Act, Chapter 5, Part 3, a Municipal Council must review its integrated development plan annually in accordance with its performance measurements in section 41; and to the extent that changing circumstances so demand and may amend its integrated development plan in accordance with a prescribed process. In accordance with the philosophy behind the Municipal structures Act, 1998, Section 84 (1) that states: A district municipality has the following functions and powers:

- a) Integrated development planning for the district municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district municipality, the Chris Hani

District Municipality has drafted a framework plan to assist and coordinate the IDP Review process.

The district municipality is adopting a cluster approach in order to gather and verify the necessary information for strategic decision making processes and to ensure that integrated planning and project development occurs between itself, local municipalities and sector departments within the Chris Hani municipal area.

5.2. Organizational Arrangement

The following arrangements have been set in place to institutionalise community/ stakeholder participation and also to enable the municipality to manage the drafting of the output. Further, these organisational arrangements will provide an organised platform for the accessing of the decision making process by all the affected and interested stakeholders in the IDP-Review process. This process is explained in Diagram 1. The organisational structures are divided into Municipal Processes and Intergovernmental Processes, for ease of discussion. It should be noted, however, that these are integrated with one another.

5.2.1. Council

The Council is chaired by the Speaker.

The Council shall:

- Oversee the Review of the IDP
- Adopt the Reviewed IDP

5.2.2. IDP Manager

The Municipal Manager, Mr. Mpilo Mbambisa will manage the Chris Hani District Municipal IDP. In the local municipalities the Municipal Managers will act as the IDP Managers. This position has been delegated to the Director IPED, Mr.D.Agyemang

The IDP Manager shall, in accordance with the provisions of the IDP legislation framework:

- Ensure that the District Framework is drafted and adopted by the District Municipal Council;
- Ensure that the IDP and budget review process plan is drafted and adopted by Council
- Manage the IDP by ensuring that all daily planning activities are performed within an efficient and effective consideration of available time; financial and human resources;
- Encourage an inclusive participatory planning process and compliance with action programme
- Facilitate the horizontal and vertical alignment of the various IDP's
- Ensure that the planning process outcomes are properly documented
- Manage service providers for the IDP
- Chair the IDP Steering Committee
- Co-ordinate with various government departments and other IDP Managers to ensure that all the projects, strategies and objectives of the local municipalities and those of the district are shared and distributed amongst government departments so that they might incorporate them in their planning process and vice versa.

5.2.3. IDP Steering Committee

The IDP Steering Committee will consist of:

- Municipal Manager
- Section 57 Managers
- Management

IDP SC will provide technical and advisory support to the IDP Manager

- Perform daily planning activities including the preparation and facilitation of events; documentation of outputs and making recommendation to the IDP Manager and the municipal Council
- Commission feasibility studies and business plans for projects
- Commission in depth studies
- Interact with the district steering committee members regarding district projects
- Prepare, facilitate and document meetings

- Act as the secretariat for the Representative Forum

Meeting Schedule

The IDP Steering Committee will meet as per the meeting schedule.

5.2.4. IDP Representative Forum

The IDP Representative Forum will be chaired by the Municipal Executive Mayor.

The IDP Representative Forum shall:

- Represent the interest of various constituencies in the IDP planning process
- Provide an organizational platform and mechanism for discussion, negotiation and decision making between stakeholders including the district municipality
- Provide a communication mechanism for the exchange of ideas and opinions among the various stakeholder interest groups
- Participate in the setting up of key performance indicators including the monitoring thereof in line with the adopted Performance Management System
- Monitor the performance of the planning and implementation process

5.3. Intergovernmental Processes

5.3.1. The District Intergovernmental Forum i.e. Mayors' Forum

Members:

- CHDM Mayor
- Category B Municipality Mayors

Task:

- Information sharing
- Consultation on political issues affecting delivery
- Alignment of policies

- Coordination of actions derived from the Alignment Committee
- Overseeing function of IDP implementation progress
- Discuss matters arising in the PCF and other national intergovernmental forums
- Consult on matters of common concern
- Provide a mechanism for monitoring the implementation of national, provincial and municipal policies

5.3.2. Alignment Committee i.e. District Managers' forum

Members:

- CHDM Municipal Manager
- Category B Municipal Managers
- Sector Departmental Heads
- CEO's of Public entities

Task:

- Information sharing
- Consolidation of quarterly progress report on IDP implementation for IGF derived from clusters
- Forwarding of political issues affecting delivery to IGF
- Promote integrated rural and urban development through programmes such as ISRDP and URP
- Enhance co-ordination of actions and programmes between the organs of government across local, provincial and national lines
- Facilitate communication between government and communities
- Make inputs/ contributions to the IDP
- Act as a monitoring and evaluation tool on IDP implementation
- Facilitate the coordination of strategic planning in the district – aligning provincial and municipal strategic planning

The Municipal Manager and the Executive Mayor as Chairperson's of their respective Forum's forward issues to the Premiers Co-ordinating Forum, TSG and Muni-Mec. The Municipal Manager forwards issues requiring political

intervention to the Mayors' Forum. The Alignment Committee will report to the IGF through the CHDM Municipal Manager.

5.3.3. Chris Hani Clusters

CHDM will consist of 3 clusters known as Social Development, Economic and Infrastructure Development and Governance and Fiscal.

Economic and Infrastructure Development Cluster

- consists of the CHDM performance clusters of Economic Development and Infrastructure
- headed by IPED Portfolio Councillor

This Cluster will consist of six sub clusters:

- Manufacturing and construction headed by CHDM PMU Manager
- Agriculture headed by the CHDM Agricultural Development Officer
- Forestry headed by CHDM Forestry Development Officer
- Tourism headed by CHDM Tourism development Officer
- Trade and Services headed by CHDM SMME development Officer
- Mining headed by Emalahleni IPED Director
- Skills and training headed by CHDM HR Manager

Task of the broader Economic and infrastructure development Cluster

- Promote integrated rural and urban development
- Promote infrastructure development as a gateway to economic development
- Enhance co-ordination between the organs of government across local, provincial and national lines
- Advise CHDM on livelihoods and economic development in certain sectors
- Make inputs/ contributions to the IDP
- Act as a monitoring and evaluation tool on IDP implementation

Social Development Cluster

- consists of the CHDM performance clusters of Social Development
- headed by Health & Community Portfolio Councillor

Task

- Make inputs/ contributions to the IDP
- Act as a monitoring and evaluation tool on IDP implementation
- Discuss issues pertinent to Health, Sports, Education and Safety and Security

Governance & Fiscal Cluster

- consists of the CHDM performance clusters of Governance & Democracy and Financial Management
- headed by Finance Portfolio Councillor

Task

- Promote implementation of integrated development programmes
- Promote transparent, effective and efficient governance
- Promote and implement sound labour practises
- Promote good financial management
- Enhance and develop integrated capacity building initiatives
- Promote, advocate and implement performance management systems
- Make inputs/ contributions to the IDP
- Act as a monitoring and evaluation tool on IDP implementation

Meetings:

These clusters will meet at least on a quarterly basis.

SECTION B: SITUATION ANALYSIS

1. DEMOGRAPHIC PROFILE

1.1. Population

The population of CHDM has slightly increased from about 810 000 in 2001 to approximately 927 400 people & 203000 households (Global Insight 2006) in 2008. This translates to an average household size of just over 4 persons per home in the district. However on the whole the population growth rate is declining as can be seen in the table below:

Annual Population growth rate

| Race group | Annual Population growth rate |
|------------|-------------------------------|
| Black | -0.2 |
| White | -1.6 |
| Coloured | 0.3 |
| Asian | -0.9 |

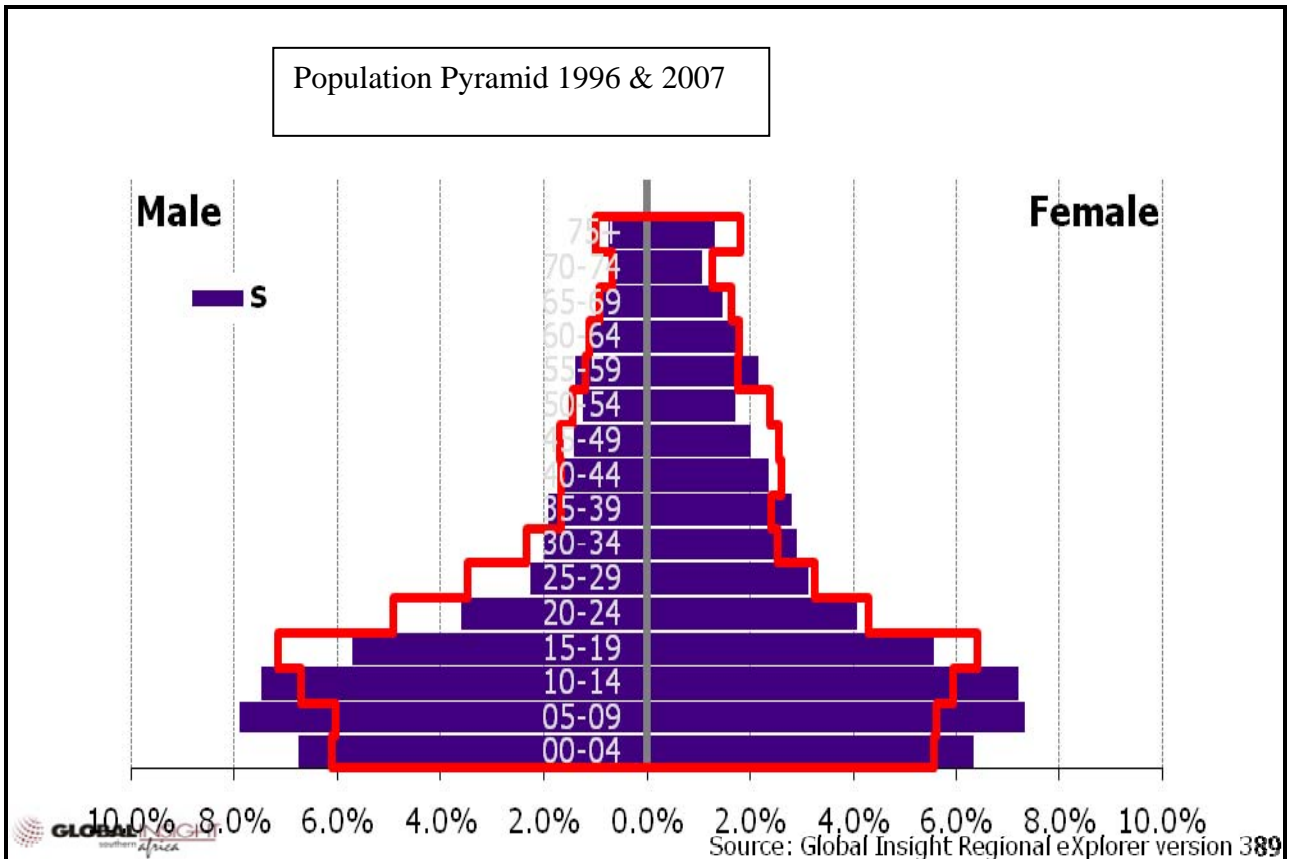
Global Insight 1996-2007

The average population growth rate calculated using Global insight figures from 1996 to 2007 is – 1.92 %. This means that our population is experiencing a negative population growth. There are several factors which contribute to this but the most important are increase in education level and urbanisation. The impact of this on planning is that we will have more and smaller households in the future.

The decrease in annual population growth rate is in line with the situation at national level which shows a significant decline in the Asian, white and black

population. However the increase in the Coloured population growth rate is not mirrored on a national scale.

The population pyramid below shows the 1996 population in red versus the 2007 population in blue. It shows a significant decline in male and female aged 15 – 19 and a decline in males 25 – 29. One of the factors for this could be due to out migration for employment and schooling. The decrease in females 44 to 54 is worrying as this is the stage when women are still looking after their teenage children.



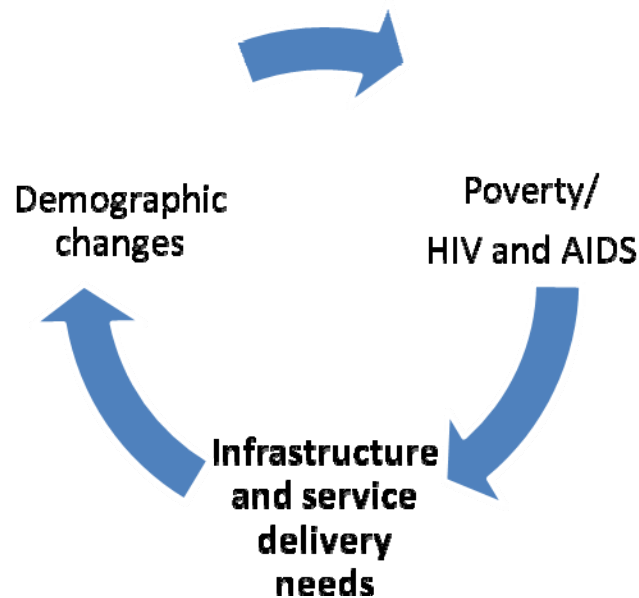
The majority of the population are young people of the ages 5 to 20 (54.4%). These are largely children who are of school going ages and therefore, it is necessary for the district to lobby for improved access to schooling infrastructure and resources in their engagement with the department of Education.

The following key attributes are noted:

- Approximately 71% of the population resides in rural areas in villages.
- The largest populations occur in the Intsika Yethu, Lukhanji, Engcobo and Emalahleni municipalities.
- Just more than half of the Chris Hani Municipal population is female (53.76%), which implies that the District and Local Municipalities need to ensure that women's issues remain high on the political and developmental agenda.
- The elderly population is relatively small (7.3%) in relation to the potentially economically active population (53.9%), which suggests that the economically active sector of the population (15yrs-65yrs) should be able to support the elderly population. However, due to the high unemployment rate, the reality is that many of the potentially economically active population are economically dependent on pensioners and grant-earners within the household.

1.2. The impact of HIV and AIDS within the District

HIV and AIDS affect local economic development as well as health and all other infrastructure and service delivery. HIV and AIDS affects all community members through illness and death associated with the disease. Key community members become ill or spend time in caring for others resulting in the household composition changes with women, youth and elderly assuming even greater burdens. The District may provide infrastructure that will be of no use in years to come because of HIV and AIDS. Below is a circle that illustrate the linkages between the demography (age and gender), poverty and environmental degradation



Apart from the physical impact the demographic impact results in increased numbers of orphans, child headed households and a decline in the population aged 15 to 35 (traditionally the economically active) more elders. This has a devastating economic impact on the community which results in increased poverty and more dependency on social grant income thereby effectively increasing the number of indigents and reducing the municipal tax base.

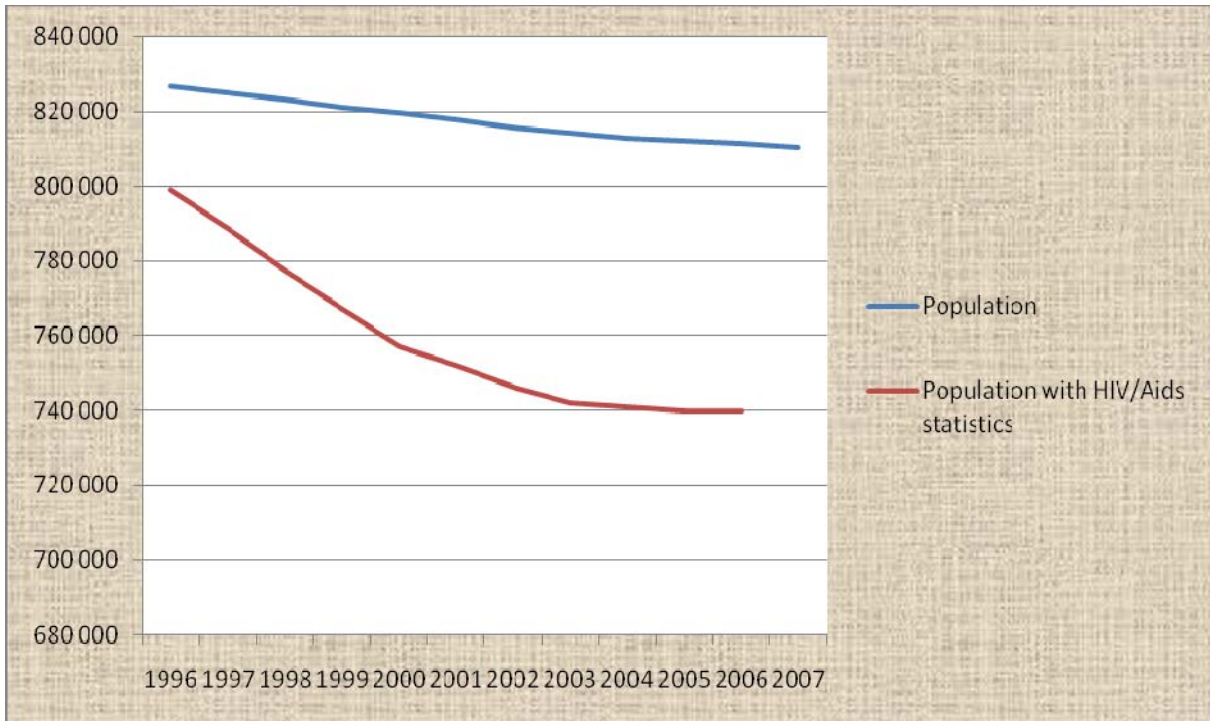
Economic productivity suffers as ill health prevents workers from attending to their jobs leading to food shortage within households, non payments of school fees (increasing illiteracy) and increased non-attendance of schools as children care for siblings and parents. The increase in mortality results in valuable skills loss and redundant infrastructure.

Therefore, if HIV and AIDS are not dealt with in all municipal programmes and services, its effects on the population will further result in poverty which may lead again in an increase of infected and affected people.

Recent studies undertaken in the District Municipality show that HIV and AIDS infection rates have declined and the anticipated mortality rates are not as high as was anticipated in the graph below. This due to many factors but the most

important of these is increased access to health facilities, increase in education and lastly an increase in nutrition. The food parcels and gardens planted by many departments in various programmes have ensured that people have more access to proper nutrition. In addition people have greater knowledge of safe reproductive practices and thereby STI's are greatly reduced.

Population growth 1996 to 2007 with and without HIV and AIDS



STATS: Global Insight 2007

2. ECONOMIC DEVELOPMENT PROFILE

2.1. Introduction

The White Paper on Local Government¹ (1998) introduces the concept of “developmental local government” which is defined as: “Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives.” However the same document makes it clear that:

“Local Government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities.”

Thus, local economic development is about creating a platform and environment to engage stakeholders in implementing strategies and programmes. The White Paper goes on to state that:

- *“The powers and functions of local government should be exercised in a way that has a maximum impact on the social development of communities – in particular meeting the basic needs of the poor – and on the growth of the local economy.”*

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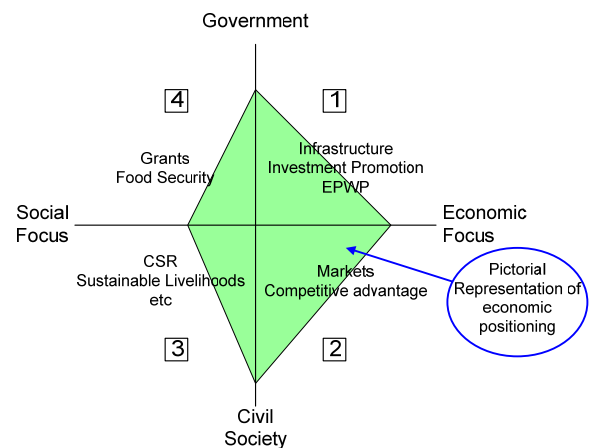
The **National Framework for LED** then sets out a clear framework and **specific objectives** to guide Local Economic Development:

- ✓ To shift towards a more strategic approach to the development of local economies and overcome challenges and failures in respect of instances where municipalities themselves try to manage a litany of non-viable projects or start-ups.
- ✓ To support local economies in realising their optimal potentials and making local communities active participants in the economy of the country.
- ✓ To elevate the importance and centrality of effectively functioning local economies in growing the national economy.
- ✓ To wage the national fight against poverty more effectively through local level debates, strategies and actions.
- ✓ To improve community access to economic initiatives, support programmes and information.
- ✓ To improve the coordination of economic development planning and implementation across government and between government and non-governmental actors.

- ✓ To build greater awareness about the importance and role of localities and regions which globally are playing an increasingly significant role as points of investment facilitated by supportive national policies

2.2. Economic Development Principles

There are various different approaches to local economic development. One approach favours a social public sector driven philosophy and the other a more private sector competitiveness economic grounding. To put them in perspective it is convenient to organising the two alternatives of social development and economic development (competitiveness) in a matrix. One axis is defined by who takes the lead, namely government or somebody else. The other axis is defined by the focus i.e. either social or economic.



- ✓ Infrastructure development is one if not the most important core activities of government within the context of economic development. It includes not only generic (roads, electricity sewerage) but also quite specific activities, such as industrial parks, dry ports, dams or high speed data networks.
- ✓ Non-governmental actors, such as business associations, can develop specific activities to build a competitive advantage, such as forming an export consortium or establish a joint tourism branding initiative. With respect to excluded communities, NGOs can develop interventions that aim at upgrading the productive potential so that a given community can be connected to an existing value chain.
- ✓ Private sponsoring and welfare activities can play an important role in improving the livelihood of marginalised communities.
- ✓ Government has to play a role in terms of providing basic services and opportunities to generate an income for marginalised communities.

LED is the process by which public, business and NGO sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all
World Bank Definition

Note:

The position taken by the Chris Hani Regional Economic Development Strategy is that all four approaches are interdependent and important and ideally they can and should complement each other. However, it is also recognised that the government, unless it expands the public service, does not create jobs and that government's primary responsibility is to:-

- ✓ *Improve the socio-economic support to prepare people to take up economic opportunities;*
- ✓ *continuously improve the enabling environment by minimising red tape and the transaction cost of doing business, and*
- ✓ *Create an enabling environment for new investment as well as the retention and expansion of existing business.*

2.3. Drivers of economic growth in our province

The NSDP (National Spatial Development Perspective) advocates the following expenditure principles:

- focus economic growth and employment creation in areas where this is most effective and sustainable as economic growth is a prerequisite for the achievement of other policy objectives, key among which would be poverty alleviation
- foster development on the basis of local potential by ensuring that government spending on fixed investment, beyond the constitutional obligation to provide basic services to all citizens (such as water, electricity as well as health and educational facilities) is focused on localities of economic growth and/or economic potential in order to attract private-sector investment, stimulate sustainable economic activities and/or create long-term employment opportunities.
- address past and current social inequalities by focusing on people not places so that in localities where there are high levels of poverty and development potential capital investment expands beyond basic service provision to exploit the potential. In localities with low development potential, government spending, beyond basic services, should focus on providing social transfers, human resource development and labour market intelligence to enable people to become more mobile and migrate, if they choose to, to localities that are more likely to provide sustainable employment or other economic opportunities.
- overcome the spatial distortions of apartheid by channeling future settlement and economic development opportunities into activity corridors and nodes that are adjacent to or link the main growth centres to create regional gateways to the global economy.

The NSDP categorization gives Chris Hani District Municipality low to medium resource potential, low human need and low economic activity thereby implying that the District should focus on the provision of basic infrastructure but increase expenditure on social infrastructure and particularly on human resource development.

The Provincial Growth and Development Plan (PGDP) advocates the “Systematic eradication of poverty through a holistic, integrated and multi-dimensional approach to

- pro-poor programming.
- Agrarian transformation and strengthening of household food security.
- Consolidation, development and diversification of the manufacturing base and tourism potential”.

These objectives are realised through the support of the three foundation objectives of infrastructure development, human resource development and public sector and institutional transformation. The PGDP goes further to highlight areas of potential developmental activity in the Eastern Cape Provincial Spatial Development Plan (PSDP) which in the Chris Hani District Municipality are the:

- Friendly N6 and Maluti routes
- Conservation of forests in Engcobo Local Municipality
- Potential for coal mining at Indwe, Emalahleni Local Municipality
- Industrial potential of Queenstown
- Karoo heartland i.e. Cradock and Middelburg
- Potential for agriculture

The Province has since identified the following High Impact Priority Projects (HIPPs).

Economic growth and Infrastructure cluster.

- Infrastructure development
- Umzimvubu Catchment Basin
- Agricultural beneficiation & forestry

Social Needs Cluster.

- 2010 FIFA World Cup – Intensifying Role-player & Stakeholder Support and promoting cultural Industries
- Scaling-up Prevention and Treatment of HIV/AIDS
- Community Mobilisation Against Crime

Governance and administration Cluster

- Strategic skills Project (NSF)
- Financial Viability for local government
- Planning , monitoring and evaluation

2.4. Regional Economic Development strategy in the Chris Hani District Municipality

The Chris Hani District Municipality (CHDM) Regional Economic Development Strategy (REDS) has been developed through an intensive consultative process with the participation of key stakeholders from the public and private sectors and civil society. These consultations were directed and informed by current agreements, District, Provincial and National policy positions and plans, and relevant legislation. Particular emphasis has been placed in the 2006 Growth and Development Summit (GDS) agreement in the formulation of this strategy.

The strategy aims to provide stakeholders and role-players with a clearly focused direction or “road-map” for the economic development of the District as a whole, and, a set of strategic areas of interventions to enable creation of jobs, promotion of livelihood opportunities and the stimulation of the district / local economy as a whole. The strategy provides focused areas around which resources can be leveraged and mobilised in order to contribute to the broad overall objective of ensuring that ***all people in the district are able to benefit from the economy.***

2.4.1. Prioritisation of the sector with most potential

The achievement of sustained economic growth and development and the creation of a competitive advantage for the District rely absolutely on the prioritisation of interventions which will have the greatest impact both socially and economically. All evidence points to the broadly defined agricultural sector as the one with the most potential to contribute to job creation, promoting of livelihoods opportunities and contributing to sustained social and economic growth and development.

The prioritisation of a particular sector implies:

- ***Dedicated allocation of resources***

For maximum social and economic impact funds need to be “ring-fenced’ for prioritised catalytic interventions within the sector.

- ***Strategic decisions on the distribution of limited resources and funds***

No district municipality is able to address all the economic development demand / needs in their entirety (given the amount of funds made available through the annual Division of Revenue Act and the statutory demands linked to the allocation). Strategic decisions need to be made on which interventions will result in the most return on investments, whilst at the same time reserving a portion of the funds for political imperatives. (Do one thing really well and reap the benefits or attempt to be everything to everyone and see little if any real impact). It is important to note that high returns in investment are necessary but not sufficient. High returns will invite robust competition. Initial returns are less important than long-term potential and building a position that will be difficult to copy. This is why investing in the primary rebuilding the forests and livestock herds are the preferred option.

- ***Clear publicly stated focus***

A clear publicly stated focus allows resource providers to clearly see the strategic direction chosen by the District, and thus provides the District with the opportunity to leverage / mobilise resources from different sources in a holistic, comprehensive and strategic manner. The District is able to offer a package or a menu to different resource providers, from which they can select their area to support with clear understanding of how they are contributing to a focused and measurable objective.

- ***Spin off benefits for other sectors***

The links between the prioritisation of one sector and the development of other sectors has to be made clear to all stakeholders. A strong and competitively positioned strategically differentiated sector will result in spin-offs for other sectors including manufacturing (e.g. agro-processing, packaging, process machinery etc.); transport, logistics and business services; construction of the necessary economic infrastructure; and both business and leisure tourism (e.g. creating of agro-tourism).

A strong and competitively positioned sector is the foundation of value chain integration and diversification. There is also evidence (e.g. Italy - Apparel, Spain - Ceramics etc.) that the more intense the focus the greater the overall impact.

- ***Prioritisation within the sector***

In order for the strategy to have maximum impact, it is necessary to prioritise sub-sectors and interventions within the broadly defined Agriculture sector as well. This allows for a specific focus and targeted interventions which will, in the medium and long-term benefit other sub-sectors and sectors through the development of economic infrastructure, value adding activities and the increase in the market share of the prioritised sectors.

The two sub-sectors within the broadly defined Agriculture sector that have the strongest comparative advantage and which are best positioned to result in job creation and improvement in livelihood opportunities are:

- Timber production and processing
- Livestock production and processing

A focus on the timber and livestock sectors will provide a ***strategic differentiation*** for the District i.e. what makes the District different or sets it apart from other Districts, makes it unique and contributes the most significantly to the economic growth and development of the District.

Whilst crop production and agro-processing sector remain important areas of intervention within the District, the present cost of transport to high volume markets will most likely render local production uncompetitive until substantial economies of scale and consistent quality can be achieved. Furthermore, the current business model of irrigations schemes needs to be reviewed in order to ensure the establishment of professional management, encouragement of entrepreneurship, and inclusion of integrated business development support. This sector is of political significance and has the potential to contribute to regional food security, service local markets and social development. This remains an important

strategic area of focus for the CHDM and requires a detailed and specific intervention.

The **timber and livestock production** and processing sub-sectors are **already positioned** to significantly contribute to the economic growth and development of the District and, in doing so, contribute to the development of other sectors and sub-sectors. These two sub-sectors **require “special” attention** and are to become the focus of a special purpose vehicle or a **regional economic development agency**.

2.4.2. Corridors, value chain integration and cluster development

The CHDM REDS has adopted a specific approach which is integral to its regional economic development. The first component of this approach is that of corridor development, which includes a focus on small town regeneration. The second component is that of value chain integration, and the third that of cluster development. It is important to recognise how these approaches differ and how these relate to one another.

- Corridor development

CHDM has already committed to a corridor development approach for the District. Integral to this approach is a focus on geographic and spatial initiatives and interventions, which link the node towns and small towns surrounding these nodes in an integrated economic development process. Small town regeneration initiatives are central to this approach.

One of the main objectives of the corridor development approach is to ensure integration and alignment of economic development plans with spatial development plans, land use plans, infrastructure development plans and other relevant sector plans. This will entail close cooperation between the various Local Municipalities within the corridor and the CHDM. Decisions on where a local municipality spends allocated resources (e.g. infrastructure grants) should be defined within the corridor approach to avoid duplication of public good investments and to develop a rational approach to development of the spatial area as a whole (e.g. two abattoirs being in close proximity to each other and both remaining under-utilised).

The corridor approach allows the CHDM to implement a wide range of generic and routine LED initiatives, whilst simultaneously focusing on the defined area of strategic differentiation and the concept of value chain integration. The role of the Corridor Project manager will include facilitating the strategic areas of focus of the CHDM, whilst simultaneously working in close cooperation with the Economic Development Agency to promote value chain integration and cluster development within the strategic differentiated sub-sectors.

- **Value chain integration**

Value chain integration implies looking at all the components of a particular sector and subsector and identifying what can be done or put in place to add value to what already exists, and in doing so, promote job creation and provide more livelihood opportunities.

Value chains are seldom confined to a single location or a specific corridor and in the case of CHDM and the prioritised sub-sectors these value chains will cut across the defined corridors.

The timber production value chain is predominantly located within the North Eastern Corridor and the North West Corridor. Timber value adding activities are predominantly located in Queenstown, with potential for early gaps in the value chain (e.g. sawmills, treatment, processing of waste, etc) to be strengthened and/or established within towns along the two defined corridors.

The livestock value chain extends across all corridors in the District, with particular points of focus around the strengthening / establishment of strategically located public goods investments (e.g. abattoirs, tanneries and other value adding facilities).

Value chain analysis can be used to identify “gaps” in a locality or along a corridor in order to make strategic decisions about what interventions to implement (or what not to implement). Large investments into infrastructure, for example, in a value chain which has many gaps, will not necessarily result in the desired outcome if there is little potential of the gaps being filled in the near future. The

past approach to the rehabilitation of the irrigation schemes may be used as a case in point. Without all the necessary components of the value chain being in place (e.g. suppliers, transport, markets, support agencies and institutions, technical expertise, etc.), the massive investments of human resources and funds into the rehabilitation processes do not have the desired impact.

The CHDM will engage with local municipalities (in a participatory fashion) to allow stakeholders within that locality the opportunity to identify the assets and or competencies that exist within that town or its surrounds that can be developed to contribute to the overall success of the value chains, and, to identify quick wins and catalytic projects that can be acted upon.

The value chain integration approach is particularly important in the development of a competitive advantage for the district and in the understanding of the need to make strategic decisions to allow the district to competitively position itself nationally and globally. Choices then arise as to whether to focus on trying to develop all the components of all the value chains or to focus on part of those value chains where one has a comparative advantage with the most potential to be converted into a competitive advantage.

- **Cluster development**

In order to build a regionally or globally competitive position it is necessary to determine in which part of each value chain one can compete and then relentlessly **cluster in** all the resources, competencies and technology that will be demanded. It also demands careful and participatory planning to identify and prioritise the actions that will be needed as a catalyst to irrevocably launch each value chain cluster. Having decided on a course of action commitment, patience and, most of all, collaboration and networking will be demanded from everyone who can add value or influence moving forward to achieving the **strategic intent**.

The cluster development approach, within strategically determined priority sectors (i.e. timber and livestock) allows for focused development which will enable and encourage SMEs to begin to take the opportunities presented to fill the gaps in the strategically focussed value chain integration process. As the cluster becomes strengthened and positioned more competitively jobs are created and opportunities for improved livelihood opportunities are presented. Furthermore, the

cluster approach to develop focussed and strategically located value chains may well provide the momentum needed to begin the rebuilding and rejuvenating of small towns within these municipalities.

2.4.3. CHDM regional economic development strategic areas of focus

The overall responsibility for the facilitation of economic development lies with the District Municipality. Strategic areas of focus (as identified through the consultative process) include:

i. Building on sector specific comparative advantages

- Identification and implementation of catalytic interventions in the sectors identified as having some assets on which to build. These sectors include manufacturing, mining, business and leisure tourism, retail and services, and certain agricultural sub-sectors. The strategic focus here should be on providing support to the sectors as part of a business retention and expansion tactic.
- Encouraging private sector investment in the identified catalytic interventions within these sectors
- Ensuring that the values and principles embedded in the strategy are realised

ii. Creation of an enabling environment

- Ensuring that “red tape” is reduced to decrease the cost of doing business, remove barriers to entry (particularly for SMEs and historically marginalised) and to improve efficiency;
- Promoting local business environment reforms
- Encouraging stakeholder participation and collaboration, with particular emphasis on the establishment of partnership and the promotion of private sector investment
- Providing the critical economic and social infrastructure and services
- Addressing policy and legislative issues such as access to land, land tenure, land planning and land use management

iii. Corridor development

- Defining catalytic interventions for corridor development based on assets in the area
- Implementing small town development initiatives
- Fostering close collaboration with local municipalities to align local municipalities' local economic development plans, spatial development and other relevant sector plans with the CHDM strategy (with particular reference to the prioritised sector)

iv. Regular, mandatory and opportune economic development functions

- Ensuring integration of economic development initiatives into the integrated development plans (IDPs) of the District and Local Municipalities
- Fostering relationships across the District with support institutions (e.g. education institutions, small enterprises development and support agencies, resource providers etc)
- Responding rapidly to presented opportunities (e.g. ASIGSA programmes and initiatives)

2.4.4. CHDM Regional Economic Development Agency

The current position of the Industrial Development Corporation (IDC) who has supported the creation of economic development agencies is that these agencies generally do not achieve the required objectives unless there is a particular focus which can only be achieved after the specific strategic objectives have been defined. An economic development agency cannot be responsible for mandatory and others functions of the District Municipality's economic development unit. For an economic development agency to be effective it requires a specific focus in line with the overall strategic objectives of the District Municipality and in respect of prioritised areas of intervention

The primary focus of the Economic Development Agency will be:

- *Targeted resource mobilisation and the management of ring-fenced funds*

The Economic Development Agency to be positioned and enabled to mobilise additional resources for catalytic interventions within the two sub-sectors and facilitate strategic public and private sector investment into the

sub-sectors in line with the overall strategy and the IDPs of the District Municipality and the local municipalities.

The Economic Development Agency is to manage ring-fenced funds allocated from the annual budget and mobilised from other sources for provision of public good investment with the sub-sectors and the focussed interventions for the further development of the sub-sectors.

- ***Access to financing***

The Agency will promote and support the ability of the new entrants and existing enterprises to access finance within a focussed and strategic institutional framework and clearly defined strategy. Providers of finance are more likely to be willing to 'lend' if the investment is likely to succeed. A focussed cluster development approach (which has ring-fenced state and other funds for the provision of the necessary infrastructure development and other public good investments) offers "institutional" guarantees to providers of finance. Financers are more likely to provide funds with a focussed and long-term strategic direction.

- ***Sub-sector value chains and clusters development***

A specific and important competency of the Economic Development Agency is to promote sub-sector value chain integration and cluster development – within the timber and livestock subsector - with the overall aim of strengthening the competitive advantage of the sub-sector and in so doing create jobs and promote livelihood opportunities. In order to achieve maximum impact, the development agency should focus on the strategic differentiated sub-sectors and their value chains. The development of the other value chains remains as distinct function of the CHDM LED unit.

The Economic Development Agency is to provide information to the CHDM and key stakeholders to make strategic decision (to be included in planning frameworks) on what aspect of the value chains have the most potential to contribute to the overall strategic objectives. Based on this information, the CHDM and other resource providers will be in the position to make strategic decisions on clustering in of the necessary resources, competencies and technology, as well as to inform its corridor development initiatives. It is important to note that the Economic Development Agency should be

given ultimate responsibility for the mobilisation of resources, and, identification and implementation of cluster development initiatives for the two prioritised sub-sectors.

Part of the promotion of value chain and cluster development includes the facilitation of the establishment of innovation hubs and market research capacity. The promotion of innovation hubs is intended to focus specifically on research and development requirements. This will include research and development into technological innovations and well as technology transfer to SME. The role of the Agency will also include establishing linkages with research institutions and facilitating a specialised research capacity and extensive body of knowledge around the prioritised sub-sectors.

- ***Targeted skills development***

The Economic Development Agency is to take responsibility for the identification of skills and capacity requirements in order to develop and grow the sub-sectors, including the facilitation of mentoring and coaching interventions. The Economic Development Agency is to provide the necessary information to enable the District Municipality to engage with education and training institutions to adequately respond to labour market needs and skills requirements within the sub-sectors. The Agency will be responsible for the establishment of formal arrangements with education and training institutions, and coaches and mentors, within the prioritised sub-sectors.

- ***Institutional framework for formal collaboration***

The Economic Development Agency will provide an institutional framework for formal collaboration and partnerships between the public and private sector, and between the District and other public institutions and entities. The Economic Development Agency will have the institutional authority to enter into partnerships with private sector players and other resource providers for the two prioritised sub-sectors.

- ***Commercialisation of underutilised public assets***

In most localities there are assets that are owned by or under the management of local or provincial government. In many cases these assets are underutilised and

could be better deployed if these are put into co-operative or public private partnership and used for public good economic development.

In the context of this strategy an example of such an asset would be existing plantations that can be harvested in a planned manner with the cash flow that is generated being used to reinvest in the expansion of the plantations to the point of commercial sustainability while at the same time pay wages to the people who are working.

- ***Holding strategic interest on behalf of future beneficiaries***

One of the key constraints to economic transformation, especially in competitive sector businesses, is the availability of capital to fund BEE deals. In many cases the BEE consortia that are earmarked for the allocation or purchase of equity in a company do not have the money to pay for the shares nor do they have the collateral to borrow.

An alternative business model where equity that is designated for BEE transformation can be notionally held in trust by an institution that is both capable and competent to represent their interests and that can provide both security and institutional structure will undoubtedly be a catalyst for greater and more successful economic empowerment.

The essential element of the CHDM REDS strategy are summarised in the graphic on the following page.

The essential element of the CHDM REDS Strategy

CHDM Economic Development Vision
 The District grows and develops through social partnerships so that all people benefit from the economy and have

Regional Economic Strategic Intent
 Maximise the economic value and job creation potential of the District through a focus on the strengthening of the comparative advantages of priority sectors

Strategic Differentiation
 Prioritisation of timber and livestock sectors and the allocation of dedicated funds and resources to create a distinctive competitive advantage or strategic differentiation for the District

- Principles and values**
- People centred development
 - Inclusive economic growth
 - Local partnership
 - Balance enterprise development
 - SME / cooperative development
 - Targeted skills development
 - Local procurement
 - Environmental sustainability
 - Innovation and flexibility
 - Rural economic development
 - Enabling environment
 - Focus on building competitive advantage

Strategic Focus Areas – CHDM Economic Development Unit

- Building the comparative advantage of priority sectors (e.g. tourism, manufacturing, service, retail and logistics, agricultural sub sectors)
- Creating an enabling environment
- Promoting local business environment reform
- Developing corridors and small towns
- Integrating strategy and responding to economic development opportunities

- Allocation of dedicated resources →
- Focussed infrastructure development →
- Alignment of IDPs →
- Reduction of red tape →
- Promotion of investment climate →

Strategic Focus Areas – Regional Economic Development Agency

- Mobilising and managing ring-fenced resources for timber and livestock, and access to finances
- Sub-sector value chain and cluster development and promotion of innovations
- Targeted skills and capacity development
- Establishment of the institutional framework for formal collaboration
- Commercialisation of underutilised public assets as a basis for agency sustainability
- Holding strategic interests on behalf of future beneficiaries

- ← Focussed partnership and collaboration
- ← Informing IDP development
- ← Innovation and research networks
- ← Spin-off initiatives benefiting other sectors, corridors and small towns

2.4.5. Strategic intent and specific objectives for the CHDM LED Unit

Regional Economic Strategic Intent

Maximise the economic value and job creation potential of the District through a focus on the strengthening of the comparative advantages of priority sectors and creating a distinctive competitive advantage in the timber and livestock production and processing sectors

Objective 1: The comparative advantages of the main sectors in the CHDM are optimised

- 1.1. Tourism: CHDM is recognised as a tourist destination locally nationally and internationally
- 1.2. Manufacturing: Manufacturing capacity of the district is strengthened
- 1.3. Mining: The mining potential of the District is exploited (with particular reference to Molteno coal fields and brick making)
- 1.4. Agriculture sub-sectors: Sector contributes to improving food security and livelihoods
- 1.5. Private sector investment is made in priority sectors
- 1.6. Values and principles embedded in the strategy are realised

Objective 2: Red tape is reduced and enabling environment is created

- 2.1. Stakeholder participation is encouraged and partnerships promoted
- 2.2. Critical social and economic infrastructure is in place
- 2.3. Policy issues and processes preventing growth and development and entry into the economy are addressed

Objective 3: Economic corridors are developed and strengthened

- 3.1. Catalytic interventions for each of the economic corridors are implemented
- 3.2. Small towns are developed
- 3.3. Local municipalities include corridor and small town development initiatives in their IDPs

Objective 4: CHDM carries out its generic LED functions effectively and efficiently

- 4.1. Information and communication technology is available
- 4.2. Human resource issues are addressed and capacity within the CHDM strengthened
- 4.3. Focused skills development plan is implemented

- 4.4. Initiative to address and mitigate HIV/AIDS are mainstreamed
- 4.5. IDPs are aligned to the regional strategic intent of the economic development strategy

2.4.6. Alignment of the specific objectives with the GDS Agreement

Objective 1: The comparative advantages of the main sectors in the CHDM are optimised

Specific objective 1.1

Tourism: CHDM is recognised as a tourist destination locally nationally and internationally

| Main initiatives as per the GDS | Strategic interventions: CHDM LED Unit |
|--|---|
| <ul style="list-style-type: none"> - Develop a tourist master plan for the District - Promote the Great Karroo Gateway Biosphere - Strengthen the Liberation / Heritage route by linking to existing tourist initiatives - Establish and strengthen tourist information centres (particularly in Queenstown) | <ul style="list-style-type: none"> - Ensure necessary infrastructure and services are in place - Allocate resources on the basis of a District wide master plan - Ensure quality standards - Ensure inclusion on integrated tourism development plans in IDPs of local municipalities |

Specific objective 1.2

Manufacturing: Manufacturing capacity of the district is strengthened

| Main initiatives as per the GDS | Strategic interventions: CHDM LED Unit |
|---|--|
| <ul style="list-style-type: none"> - Lobby for funds to consolidate and expand industrial sites Queenstown and Cradock (Queendustria and Rosemead) - Improve small industry incubation centres in strategic locations in district | <ul style="list-style-type: none"> - Develop the timber and livestock processing capacity in the industrial sites and support services - Implement a SME / cooperative development programme for key value adding activities as determined by the value chain analysis and cluster development initiatives of the timber and livestock sectors |

Specific objective 1.3

Mining: The mining potential of the district is exploited (with particular reference to Molteno coal fields and brick making)

| Main initiatives as per the GDS | Strategic interventions: CHDM LED Unit |
|--|---|
| <ul style="list-style-type: none"> - Facilitate the issuing of licences for small brick makers - Create enabling conditions for small brick makers to supply established construction sector - Strengthen beneficiation model at Elitheni coal mining project (Indwe) | <ul style="list-style-type: none"> - Adopt a policy position to ensure local procurement of goods and services in the targeted development of infrastructure to strengthen the strategic differentiation of the District |

Specific objective 1.4

Agriculture sub-sectors: Sector contributes to improving food security and livelihoods

| Main initiatives as per the GDS | Strategic interventions: CHDM LED Unit |
|---|--|
| <ul style="list-style-type: none"> - Refurbish the irrigation schemes - Improve the sustainability of the massive food programme (with local beneficiation and processing) - Improve implementation and access to Comprehensive Agricultural Support Programme - Build agri-processing plants (Qamata, Cradock, Lady Frere, Dortrecht) – biodiesel, sorghum, maize, vegetables, milk and cheese - Develop bio-fuels industry - Accelerate pace of land redistribution and restitution | <ul style="list-style-type: none"> - Develop a creative business model for the irrigation schemes to ensure sustained productivity and increased contribution to economic growth and development - Conduct a land availability, use and tenure audit; develop a strategic land use plan and ensure release / tenure for strategic interventions within the strategic differentiation |

Specific objective 1.5

Private sector investment is made in priority sectors

| Main initiatives as per the GDS | Strategic interventions: CHDM LED Unit |
|---|---|
| <ul style="list-style-type: none"> - Advocate a policy for re-investment of capital and profits in CHDM - Promote investment and trade in the District - Prepare and support local economic development initiatives - Establish a mentoring scheme for emerging SMEs in priority sectors - Work closely with development finance agencies (ECDC, SEDA, Ntsika, IDC, Khula) in order to direct and influence investment and promote business - Engage in public private partnerships in capital infrastructure projects and programmes (e.g. EPWP and the construction sector roads, telecommunication, electricity, water and sanitation) | <ul style="list-style-type: none"> - Establish a Development Agency for the leveraging of private sector funds, ring-fencing of state allocated and other funds for timber and livestock, with the institutional framework to mobilise and manage funds - Determine mentoring plans and facilitate implementation based on corridor approach and value chain analysis. (The Agency to determine these interventions for the cluster development plans within the strategically differentiated sector) - Develop a directed and targeted plan for co-operation with Development Finance agencies in line with value chain and cluster development plans for timber and livestock - Identify critical interventions with the differentiated sector which will benefit from PPPs |

Specific objective 1.6

Values and principles embedded in the strategy are realised

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|--|--|
| <ul style="list-style-type: none"> - Commit to developing an implementation plan for the Expanded Public Works Programme in rolling out all priority projects and programmes - Municipalities and Eastern Cape Youth Commission commits to establishing at least 2 National Youth Services programme sites in District | <ul style="list-style-type: none"> - Use the focus on timber and livestock to develop criteria, (checklist), policies and processes that ensure values and principle are included in all interventions / initiatives were possible. |

| | |
|--|--|
| <ul style="list-style-type: none"> - Commit to procuring goods and services from local suppliers whenever possible (develop a supply chain management and procurement policy) - Encourage SEDA to establishment of Enterprise information Centres in every town - Establish a collateral pool scheme with Umviba for the CHDM to invest funds to be used as collateral to for SMEs to access finance - Establish youth enterprise centres - Implement interventions according to the national LED guidelines - Craft a cooperative development and support strategy and promote cooperative establishment and procure from cooperatives - Commit to nationals BBBEE targets | |
|--|--|

Objective 2: Red tape is reduced and enabling environment is created

Specific objective 2.1

Stakeholder participation is encouraged and partnerships promoted

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|--|---|
| <ul style="list-style-type: none"> - Convene quarterly meetings with all partners to promote dialogue, mutual cooperation and partnerships (including bilateral meetings) - Regularly monitor implementation progress - Make budget available - Ensure the LED Forum leads implementation - Facilitate LED training | <ul style="list-style-type: none"> - Actively seek to further the GDS agreement - Build relationship with all state owned enterprises to mobilise financial and technical resources |

Specific objective 2.2

Critical social and economic infrastructure is in place

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|---|---|
| <ul style="list-style-type: none"> - Build, maintain and rehabilitate roads as per clauses 2.2.2.1 to clause 2.2.2.7 of the GDS agreement - Receive the ± infrastructure investment from Provincial Public Works Department | <ul style="list-style-type: none"> - Align local municipalities' infrastructure plans to ensure public good investments respond to the needs as per the strategic differentiation - Ring fence infrastructure development funds for priority interventions within the differentiated sector |

Specific objective 2.3

Policy issues and processes preventing growth and development and entry into the economy are addressed

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|--|---|
| <ul style="list-style-type: none"> - Accelerate the pace of land redistribution and restitution | <ul style="list-style-type: none"> - Release and make identified land available for development of strategically differentiated sector and in line with established criteria on values and principles - Review all processes and procedures to reduce the cost of doing business and to remove barriers to entry (particularly for SMEs) - Initiate a Local Business Environment Reform process (including a business climate review, regulatory impact assessment and investment climate survey) and act on results - Establish and implement an Investment Climate Improvement plan |

Objective 3: Economic corridors are developed and strengthened

Specific objective 3.1

Catalytic interventions for each of the economic corridors are implemented

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|---|---|
| <ul style="list-style-type: none"> - <i>See various references to specific interventions for different towns along the corridors in the GDS agreement (as captured in the Specific Objectives in this table)</i> | <ul style="list-style-type: none"> - Formulate corridor specific development plans with a focus on catalytic interventions for participation in strategically differentiated sectors value chains - Identify projects as per the IDPs of the local municipalities which allow these corridors to participate in the development value chain strategic differentiated sector and ensure/support implementation |

Specific objective 3.2

Small towns are developed

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|---|---|
| <ul style="list-style-type: none"> - <i>See various references to specific interventions for different towns on the GDS agreement (as captured in the Specific Objectives in this table)</i> | <ul style="list-style-type: none"> - Identify and prioritise small towns along the economic corridors that have the potential to participate actively in the value chain of the differentiated sector and implement small town development initiatives |

Specific objective 3.3

Local municipalities include corridor and small town development initiatives in their IDPs

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|---------------------------------|---|
| | <ul style="list-style-type: none"> - CHDM collaborates closely with local municipalities to include small town and corridor development initiative |

| | |
|--|--|
| | in IDPs in line with prioritised strategic interventions |
|--|--|

Objective 4: CHDM carries out its generic LED functions effectively and efficiently

Specific objective 4.1

Information and communication technology is available

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|---|---|
| <ul style="list-style-type: none"> - Increase the number of Multi Purpose Community Centres in the district - Engage with role players to establish an ICT centre - Commit to accelerating the pace of knowledge and technology transfer, particularly ICT and targeted research | <ul style="list-style-type: none"> - Resource the establishment of an invocation, research and technology network around differentiated sectors (which will result in spin-offs for other sectors) |

Specific objective 4.2

Human resource issues are addressed and capacity within the CHDM strengthened

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|---|--|
| <ul style="list-style-type: none"> - Fill vacant posts - Review organograms - Develop and implement workplace skills plans - Facilitate LED training for stakeholders | <ul style="list-style-type: none"> - Allocate dedicated staff to the Economy Development Agency to focus on strategic differentiation |

Specific objective 4.3

Focused skills development plan is implemented

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|---|--|
| <ul style="list-style-type: none"> - Determine skills needs - Finalise a district skills development plan - Establish a District Skills Development Co-coordinating Forum - Facilitate learnerships - Increase investment within the public and private sector in apprenticeships, internships and skills programmes - Commit to PGDP education and training targets - Engage with education and training institutions to align programmes to skills needs, conduct relevant and appropriate research, and increase access - Implement projects identified in Provincial Skills Development Plan and National Skills Funds - Ensure improvement in quality | <ul style="list-style-type: none"> - Identify skills needs in relation to the development of the value chain and clusters within the differentiate sector - Engage with education and training institutions to align their teaching and research programmes to meet the skills requirements - Develop detailed mentoring and coaching plans for new entrants into the differentiated sector |

Specific objective 4.4

Initiative to address and mitigate HIV/AIDS are mainstreamed

| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|--|---|
| | |

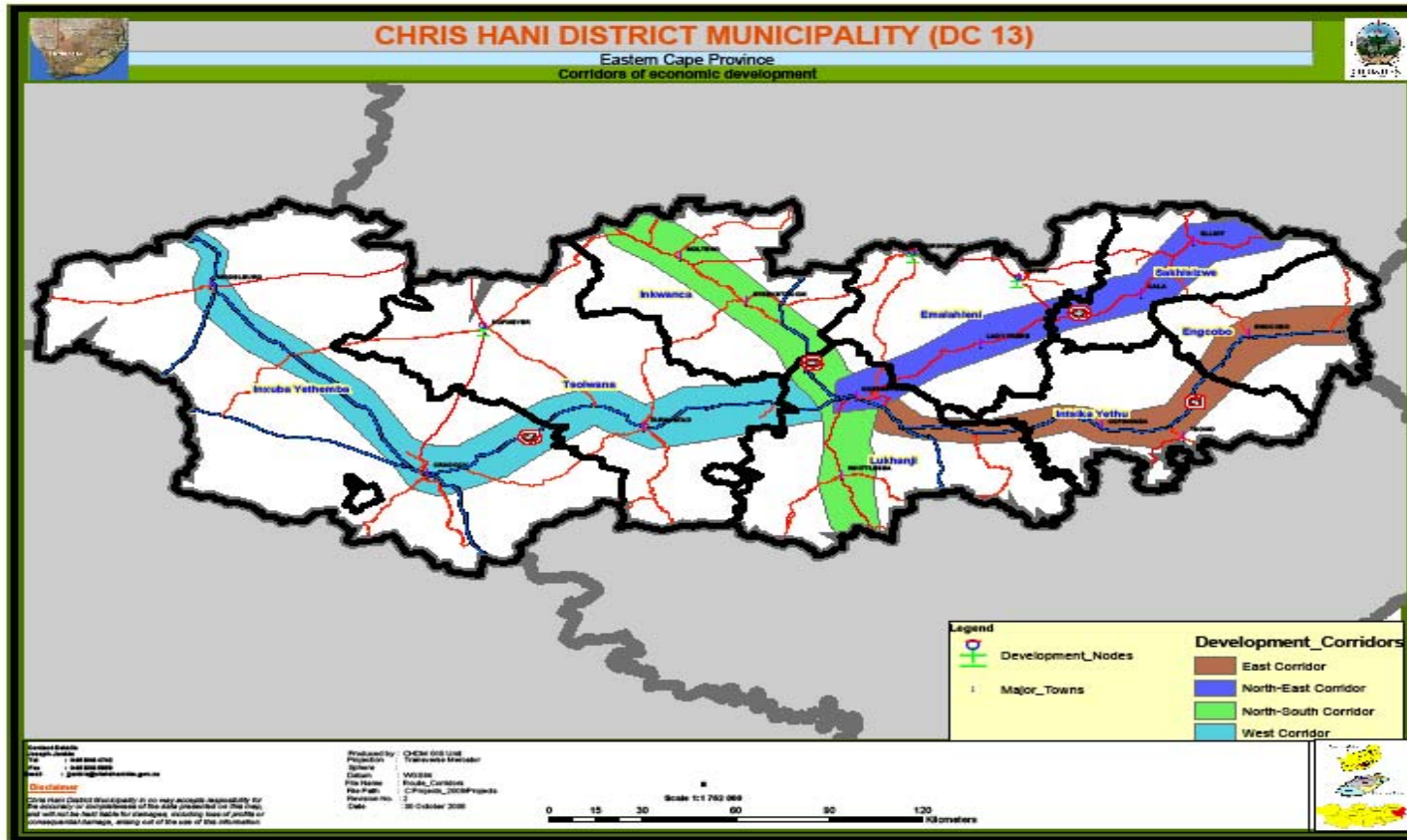
| | |
|---|---|
| <ul style="list-style-type: none"> - Integrate and mainstreaming HIV/ AIDS - Develop District Multi-sectoral HIV/AIDS plans - Implement workplace programmes and extend these into the communities | - |
|---|---|

Specific objective 4.5

IDPs are aligned to the regional strategic intent of the economic development strategy

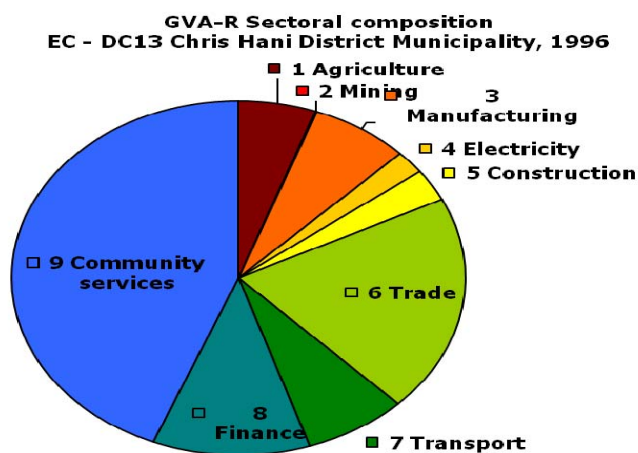
| Main initiatives as per the GDS | Strategic interventions of the CHDM LED Unit |
|---|---|
| <ul style="list-style-type: none"> - Strengthen of District and Local Municipalities' IDPs - Participation in IDP review process - Provision of information to plan programmes and projects (with an emphasis on engaging in meaningful IDR structures) - Take programmes of all spheres of government into account | <ul style="list-style-type: none"> - Information and support is provided to Local Municipalities to allow for inclusion of projects in line with the strategic differentiation of the District |

2.4.7. CHDM DEVELOPMENT CORRIDOR MAP

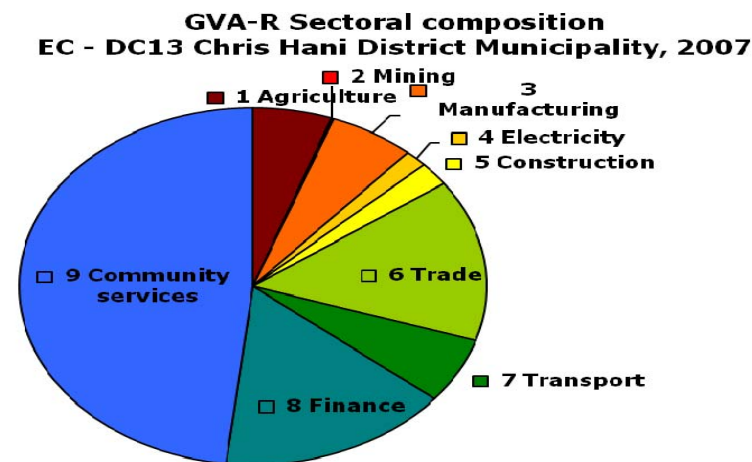


2.5. Economic Overview

The Chris Hani District economy is heavily reliant on community services. In other words In Chris Hani District without the employment opportunities offered by government, the economy would be in decline. This is born out below in the two pie graphs showing the gross value added per sector in 1996 and 2007 utilising global insight data. From this it is clear that the slice of each sector in the economy has hardly grown apart from the community services sector.



Source: Global Insight Regional eXplorer version 389



Source: Global Insight Regional eXplorer version 389

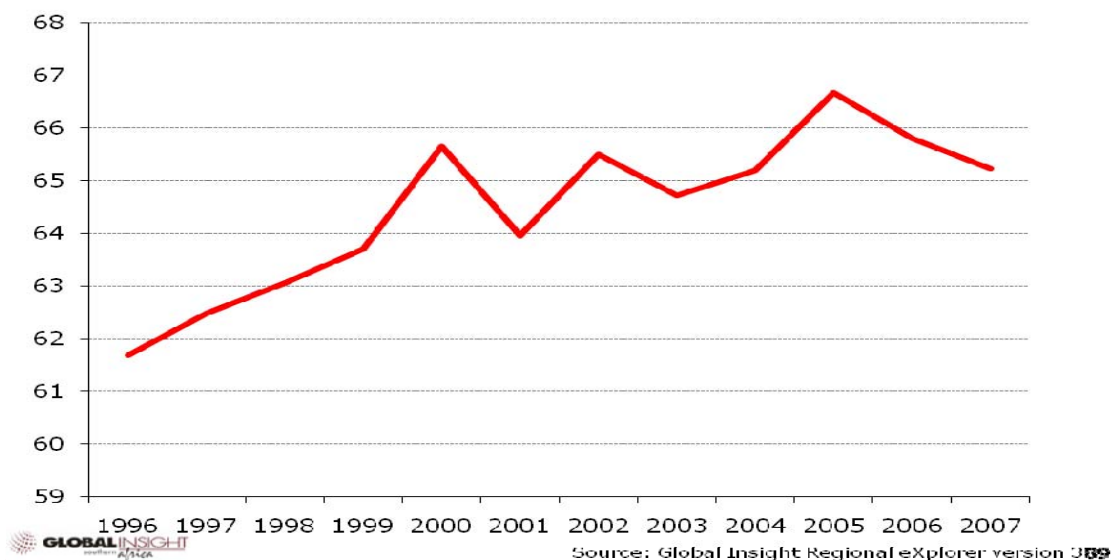
This conclusion is born out by analyzing the gross value added percentage growth per sector from 1996 to 2007 as shown in the table below. It indicates that many sectors are in decline whilst some have hardly grown at all. In fact the GDP only grew by 1.8 % as opposed to the national average of 5 to 6 % per year.

| Chris Hani District municipality (Global insight data) | |
|--|------|
| Gross Value added average annual growth (% Constant 2000 prices) 1996-2007 | |
| Agriculture and hunting | 0.4% |
| Forestry and logging | 0.4% |
| | - |
| Mining of metal ores | 3.6% |
| | - |
| Other mining and quarrying | 1.3% |
| | - |
| Food, beverages and tobacco products | 0.5% |
| | - |
| Textiles, clothing and leather goods | 2.0% |
| Wood and wood products | 0.2% |
| Fuel, petroleum, chemical and rubber products | 2.1% |
| | - |
| Other non-metallic mineral products | 2.1% |
| Metal products, machinery and household appliances | 0.2% |
| Electrical machinery and apparatus | 1.5% |
| | - |
| Electronic, sound/vision, medical & other appliances | 2.4% |
| Transport equipment | 1.2% |
| Furniture and other items NEC and recycling | 0.8% |
| | - |
| Collection, purification and distribution of water | 1.7% |
| | - |
| Electricity, gas, steam and hot water supply | 3.4% |
| Construction | 5.2% |
| Wholesale and commission trade | 0.0% |
| Retail trade and repairs of goods | 2.0% |
| Sale and repairs of motor vehicles, sale of fuel | 2.4% |
| | - |
| Hotels and restaurants | 1.1% |
| Land and Water transport | 0.5% |
| | - |
| Air transport and transport supporting activities | 0.6% |
| Post and telecommunication | 4.6% |
| Finance and Insurance | 3.9% |
| Real estate activities | 3.6% |
| Other business activities | 2.4% |
| Public administration and defence activities | 2.5% |

| | |
|--------------------------------------|------|
| Education | 0.9% |
| Health and social work | 4.2% |
| Other service activities | 1.1% |
| Total Industries | 1.9% |
| Taxes less Subsidies on products | 1.0% |
| Total (Gross Domestic Product - GDP) | 1.8% |

This information in conjunction with the tress index shown below shows a non diverse, stagnant and declining economy. As a result this economy is at risk from any fluctuations in the global economy especially at this time of recession. Attempts have to be made to ensure that the economy becomes less reliant on government employment and is more diversified. This will enable it to become more efficient and resistant.

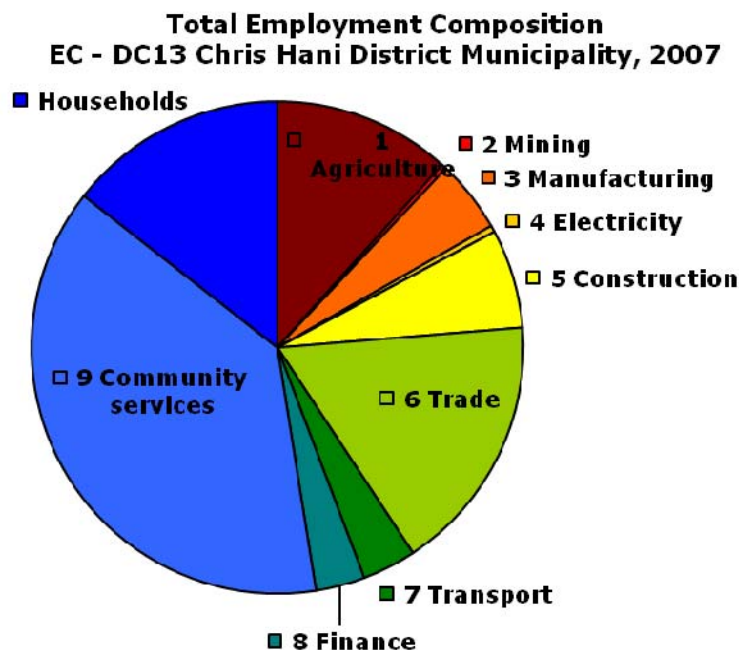
Tress index
EC - DC13 Chris Hani District Municipality



The district has a comparative advantage in agriculture (including forestry) and services (construction, retail trade services and community services) which must be maximized. This must be strengthened as well as the finance, manufacturing and transport sectors.

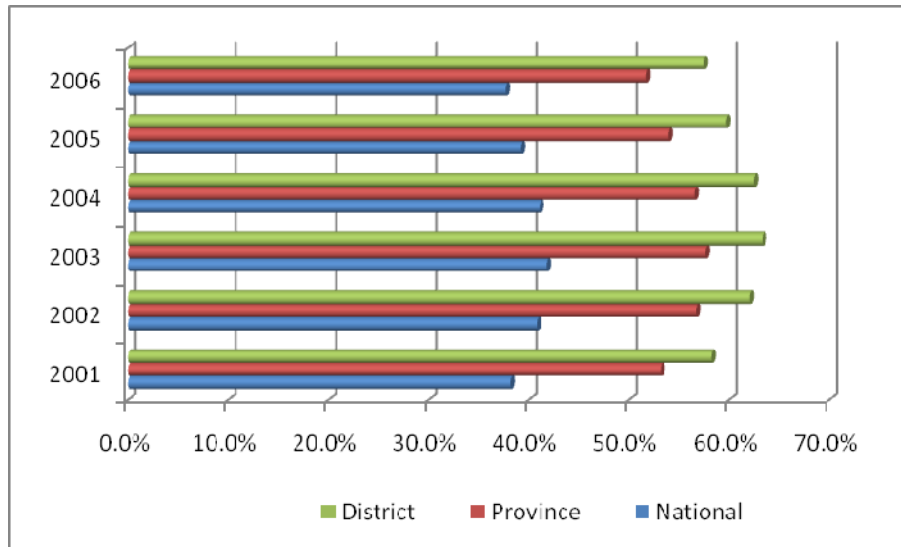
2.6. Employment and Unemployment

The majority of persons in CHDM are employed in the community services as previously stated with trade as the next biggest employer as shown in the pie graph below.



It is interesting to note the percentage of persons employed in households. This can be both as domestic or self employed. The high percentage employed in agriculture, households and trade shows that the economy is still relatively underdeveloped. A more developed economy should show higher percentages employed in the manufacturing, electricity, finance and construction industries. The reason for the high employment in trade and agriculture could be due to the fact that these industries are reliant on unskilled labour of which the large majority of the labour force is unskilled.

Unemployment is a major challenge in our economy. It is estimated to be about 57% and currently higher than that of the country at 37% and that of the EC Province at 51%. The figure below shows a comparative perspective of our unemployment challenge. The figure below compares the CHDM rate of unemployment with that of the EC province and country based on Global Insight statistics which uses the expanded definition.



Due to high rates of unemployment there is generally high dependence on grants and remittance (monies sent home by sons and daughters working in urban centres) as the main sources of household incomes in especially the poor areas in our district. In general most people get their money from social grants especially in Emalahleni. Many especially in municipalities like Tsolwana and Engcobo depend on remittances whilst close to half in Inxuba Yethemba and Sakhisizwe get their income from wages (FIVIMS Report).

In the above figure, it is also shown that while the unemployment rate went even higher than 60% at the beginning of 2002, our various interventions (EPWP, Agric scheme revitalization and others) have started to show some results as the trends reflect a declining rate since about 2005.

2.7. Poverty Alleviation and food security

The CHDM has a very high malnutrition and hunger index. It has the second highest level of chronic malnutrition amongst the ISRDP nodes. The municipalities of Engcobo, Sakhisizwe and Intsika Yethu are the worst affected according to FIVIMS Report as shown in the table below.

| Municipality | Chronic Malnutrition | Underweight Children | Acute Malnutrition |
|--------------|----------------------|----------------------|--------------------|
| | | | |

| | | | |
|-----------------|------|------|------|
| Inxuba Yethemba | 1.09 | 0.69 | 0.0 |
| Inkwanca | 1.16 | 0.68 | 0.04 |
| Lukhanji | 1.20 | 0.77 | 0.06 |
| Emalahleni | 1.24 | 0.78 | 0.08 |
| Intsika Yethu | 1.30 | 0.88 | 0.11 |
| Sakhisizwe | 1.29 | 0.81 | 0.10 |
| Engcobo | 1.36 | 0.96 | 0.14 |
| Tsolwana | 1.16 | 0.72 | 0.04 |

In addition CHDM has the second highest concentration of people going hungry. Intsika Yethu is the worst affected municipality. In fact Intsika Yethu is one of the identified 11 poorest municipalities in the Eastern Cape.

| Municipality | H/holds experiencing chronic hunger |
|---------------------|--|
| Engcobo | 11357 |
| Inkwanca | 603 |
| Intsika Yethu | 25043 |
| Inxuba Yethemba | 1869 |
| Lukhanji | 7135 |
| Sakhisizwe | 5969 |
| Tsolwana | 848 |

With acute concentration of hunger poor households are forced to spend the greatest percentage of their income on food. People in five out of eight municipalities spend more than half of their income on food. This happens even in municipalities with high cultivation rates which suggesting that farming is not a major source of food. The relatively high spending on housing and transport suggests that food costs are high due to the distance from the markets (FIVIMS Report). However a recent study undertaken by the Department of social development suggests that these figures might be inflated due to a poor understanding of how the rural economy operates. The study indicates that in

the ISRDP nodes of which the DM is one there has been a decrease in the inability of households to feed children due to the child support grant. However not enough people are taking advantage of the grant and instead rely more on the old age pension grant.

2.8. Small, Medium and Micro Enterprises (SMME sector)

2.8.1. Small Businesses in the Eastern Cape

A Stats SA Survey (March 2001) found that about 9% (209 000) of all businesses in SA, mostly black or PDI are in the Eastern Cape. Their total turnover was R143 million in February 2001, or 7% of the national total. For the purposes of the survey, Stats SA defined small businesses as those enterprises with a turnover under R300, 000 per annum – and are therefore not required to register for VAT (this not being consistent with the SMME definition of the National Small Business Act, 1996). The survey further uncovered that women entrepreneurs in the EC outnumbered men by almost three to one in the province – a figure well above the national average. The survey's findings also confirmed that of the 209 000 small businesses, 126 000 were based in rural areas of the Eastern Cape (Programme of Support for LED in the Eastern Cape, 2004).

| Business Category | % Employment Contribution | % GGP Contribution |
|--------------------------|----------------------------------|---------------------------|
| Micro | 17 | 6 |
| Small | 16 | 14 |
| Medium | 21 | 15 |
| Large | 45 | 65 |
| Total | 100 | 100 |

Source: ECDC, 2003

Small and medium enterprises have a significant contribution (collectively 29%) to the provincial economy as opposed to informal and micro businesses (collectively 6%) in the Eastern Cape. The same scenario prevails in terms of employment contribution by both the small and medium-sized enterprises (collectively 37%).

Given that there is no broad consensus on the exact size of the small business sector in Eastern Cape, numerous statistics have been quoted. One specific

example appears in the Chris Hani District Municipal Micro Finance Survey conducted by Vulindlela Business Consultants (2003) and is contained in the table below:

| Estimated SME figures for the Eastern Cape | | | | | |
|---|-------------------|------------------------------|--------------------------------|-----------------|---------------------------|
| District Council | Population | Expected no of SMME's | Business Coverage ratio | Area KM2 | Population Density |
| Chris Hani | 822 891 | 33 574 | 20,4% | 37 111 | 22 |
| Western | 363 585 | 14 834 | 20,4% | 58 242 | 6 |
| Amathole | 1 657 373 | 67 621 | 20,4% | 23 675 | 78 |
| Ukhahlamba | 327 868 | 13 377 | 20,4% | 25 553 | 14 |
| O R Tambo | 1 504 411 | 48 141 | 16% | 15 535 | 90 |
| Alfred Nzo | 544 107 | 13 059 | 12% | 7 913 | 72 |
| Nelson Mandela Metro | 969 771 | 23 275 | 12% | 1 952 | 714 |
| Eastern Cape Province | 6 190 006 | 213 880 | 17,3% | 169 373 | 37 |

Projected SMME Figures in the Eastern Cape [Source: CHDM Micro Finance Survey, 2003]

The projected or expected number of SMMEs is calculated on the basis of the total population density as well as the measure of the business coverage ratio of 20, 4% per 78/ square km.

The fundamental principle is that small business (including the informal or second economy) is a strong sector in the economy of the Eastern Cape. This is further supported by the fact that two thirds of the spatial and population distribution of the province is rural.

The exact size of the SMME sector within the District area is not known. Estimates suggest that there could well be more than 30 000 small business operators. The majority of businesses are owner-managed or sole proprietors with few business partnerships particularly in the rural areas (ECMAC Database 2005). However, there has been an increase in the number of cooperatives being established as part of government's drive to promote the cooperatives movement.

More than 50% of the small businesses have been in existence for more than 5 years which demonstrates resilience by local enterprises. Only 9% to 16% of local enterprises are in their start-up phase (less than one-year). This suggests that for every 100 adults, 9 -16 persons will form their own business against the national average of 5 out of every 100 people.

More than half of the enterprises are in the trade sector, followed by community, social and personal services sector businesses. Catering and accommodation represents a third sector with a relatively high level of commercial activity in terms of district entrepreneurship.

| Common Agricultural Businesses | Common Services Businesses | Common Retail Businesses | Common Manufacturing Businesses |
|---------------------------------------|--|---------------------------------|--|
| Chicken farming | Taverns | Spaza Shops | Bricks and blocks |
| Vegetables | Phone Shops | Street Vendor | Wood-related |
| Stock farming | Shoe Repairs | General Dealer | Clothing / dressmaking |
| Milk production | Hair Salon | Catering | Bread-making /bakery |
| Crop farming | Motor Mechanic, Panel Beaters & Tyre Repairs | Bottle Stores | Welding / steel-related |
| | Taxi and bus operators | | |

Common businesses in CHDM Source: SMME strategy

Few enterprises are involved in commercial agriculture despite the numerous agriculturally based poverty alleviation projects being supported by the ISRDP programme. The majority of businesses fall within the micro and small business categories in terms of turnover levels and employ an average of 7.5% employees (Local Business Enabling Environment Study 2007).37% of business owners are between the age group of 30 – 39 years with those under 30-years only making 13% of local businesses (Local Business Enabling Environment Study 2007).

2.8.2. The SMME business environment within Chris Hani

Emalahleni has very little in terms of business support services. Business people travel to Queenstown to access business support services. There is no dedicated local institutional capacity to provide support services to local businesses. The LED Unit of the municipality, despite its efforts to assist local entrepreneurs, lacks both the technical and financial resources to provide meaningful support to local entrepreneurs. There is a however, a move to facilitate interventions by relevant government departments to support improvements in local skills base.

Engcobo municipality is characterized by a non-existent business support system. Local enterprises have to travel outside the municipal area to access basic business support-services such as business advice, information, training and access to financial support. Although there are some non-profit organizations, these are largely targeted at poverty alleviation projects.

Inkwanca business environment is one of the far less developed environments in the Chris Hani district. There are no dedicated support programmes and accredited small business support institutions.

Like most rural municipalities in the district, Intsika Yethu is facing challenges relating to infrastructure and provision of basic services unlike Inxuba Yethemba which resembles a relatively well developed business environment. The area boasts a number of business support services, relatively good business infrastructure and strategic positioning in terms of land and rail transportation. The extent of development, however, varies strongly as one move away from the main town of Cradock to the peri-urban and rural areas of the municipality. It is hoped that the process of LED Strategy review being underway will provide guidance as to the suitable institutional arrangements to deliver LED mandate.

Lukhanji has the most developed business environment. The area is the main urban centre of the district and its primary economic node. It is a home to both the Lukhanji and district municipality, thus strategically positioning Lukhanji as both a primary economic and administrative centre of the district. The area is well serviced in terms of business infrastructure. Interactions with local business people have revealed a lack of an appropriate business environment in Sakhisizwe.

Poor infrastructure and lack of it in some areas e.g. telecommunications, lack of policy planning, poor relationship with the local authority all signal the need to change the current situation. Tsolwana also represents one of the least developed environments in terms of business support factors. The area does not have any business support system as a result local entrepreneurs rely on Queenstown and Cradock for assistance.

2.8.3. General Economic Challenges

- Access to markets for agricultural and other products;
- High transportation costs
- Inadequate telecommunications structure: no internet access, telephone coverage limited;
- Limited local consumer spending capabilities as a result of unemployment;
- Lack of appropriate business skills;
- Under resourced and under capacitated municipal LED units to support business
- Lack of appropriate by-laws and policy regulating and supporting businesses;
- Difficult access to land for commercial purposes;
- Local business not represented by a common structure.
- Police protection – slow response and high crime in some areas;
- Insufficient fire protection;
- Inadequate and irregular electricity supply.
- Insufficient and deteriorating municipal infrastructure e.g. roads, electricity, sanitation and water;

- Insufficient business development services;
- Municipal irresponsiveness, slow processes and poor communication;
- Economic leakages resulting from outflow of local resources
- Lack of trading infrastructure e.g. business accommodation
- Untapped financial assistance for start-ups and existing businesses
- High municipal service rates
- Limited Access to appropriate finance and stereotypes in major banks
- Lack of mentorship programmes
- Limited entrepreneurial culture
- Lack of appropriate capacity building programmes;

2.9. Agricultural Sector

Agriculture forms one of the key potential growth sectors in the CHDM. The Agricultural strategy has prioritised the following sectors for investment:

- Agro – processing e.g. cheese production
- livestock farming particularly goats and cattle
- high value crop production e.g. hydroponics and bio-fuels

Livestock farming is an important source of income for both commercial and communal farming. The following has been identified as potential for the municipalities.

| MUNICIPALITY | LIVESTOCK POTENTIAL |
|-----------------|--|
| Inxuba Yethemba | Angora goats, Dohne Merino |
| Tsolwana | Boer goats, Angora goats, Dohne Merino |
| Inkwanca | Beef cattle, Dohne merino |
| Lukhanji | Boer goats, beef cattle, Dohne merino |
| Intsika Yethu | Boer goats, beef cattle, Dohne Merino |
| Emalahleni | Beef cattle, Dohne merino |
| Engcobo | Beef cattle, Dohne merino |
| Sakhisizwe | Beef cattle |

Source: CHDM Agriculture Strategy

The western part of the region is increasingly turning to game farming especially in the areas around Queenstown, Cradock, Tarkastad and Molteno. The District Municipality has engaged in partnerships with National Wool Growers Association (NWGA) to improve the quality of wool sheep, develop wool growers associations, train farmers on livestock and veld management and build appropriate infrastructure such as shearing sheds and fences. Further partnerships with the Department of Agriculture (DoA) and University of Fort Hare have resulted in the promotion of higher quality goats and Nguni cattle.

The greatest challenge to livestock production remains low skills level, access to land, poor veld and livestock management, limited access to market, limited access to financial and credit access by emerging farmers due in part to insecure land tenure, limited mentoring and information from DoA and dilapidated and insufficient infrastructure such as roads, fencing, stock dams and dipping tanks.

Dryland cropping is only feasible in small parts of CHDM within the Intsika Yethu, Sakhisizwe and Engcobo municipalities. DoA have prioritised these areas under the Massive Food Programme. The Siyazondla homestead food production programme assists with improving household food security. There is presently 8000 ha under irrigation with CHDM containing two of the largest irrigation schemes in the Eastern Cape i.e. Ncora and Qamata. A further 7600 ha could be placed under irrigation if the large Gariep Transfer Project were to be implemented. In addition to these schemes there are several large scale commercial farming enterprises.

This future development must consider the recommendations from the District's WSDP (Water Services Development Plan) that CHDM should not consider developing any more irrigation schemes apart from the already established schemes and must look at other methods of irrigation schemes such as drip irrigation which ensure that water evaporation is minimised. In spite of this scenario there are vast areas of underutilised land within the existing schemes such as Shiloh where only 40% of the scheme is currently utilised.

CHDM and DoA have prioritised these irrigation schemes under their respective revitalisation and resuscitation programmes. Their collaborative efforts are focussed towards attracting investors to run the schemes under private, public partnerships. It is for this reason that high value crop options and production methods such as hydroponics and bio-fuels are being investigated. In addition funding has been provided for setting up the correct institutions to run the schemes, building of lay dams, centre pivots and irrigation systems, upgrading of office facilities, seed, planting and harvesting operations as well as equipment such as tractors, ploughs and trailers. However due to the complex community structures residing within the schemes, the effort of the District and its partners has not yet resulted in independent and financially sustainable irrigation schemes although considerable progress has occurred.

| Local Municipality | Present Activities | Potential Crops | Potential Fruit |
|---------------------------|---|---|------------------------|
| Lukhanji | Maize, beans, wheat, peas, sorghum, pumpkins, water melon and vegetables under irrigation | Maize, beans, wheat, peas, sorghum, pumpkins, water melon and vegetables under irrigation | Peach |
| Emalaheni | Maize and sorghum | Sugarcane, nuts, wheat and sorghum and vegetables | - |
| Sakhisizwe | Maize, beans, pumpkins and sorghum | Maize, sorghum, wheat, oats, barley, pumpkins, beans, sunflower and vegetables | Peach, Apple |
| Engcobo | Maize, sorghum, sunflower, Lucerne, potatoes, soya beans, walnuts and vegetables | Maize, sorghum, sunflower, Lucerne, potatoes, soya beans, walnuts and vegetables | Apple |
| Intsika Yethu | Maize, wheat, potatoes, , beans, peas, sunflower, Lucerne and other | Sunflower, peanuts, paprika, rice, hemp and asparagus | Peach |

| Local Municipality | Present Activities | Potential Crops | Potential Fruit |
|--------------------|---|---|-----------------|
| | fodder crops | | |
| Inxuba Yethemba | Wheat, Lucerne, potatoes, walnuts and vegetables | Wheat, Lucerne, potatoes, walnuts and vegetables | Apple |
| Tsolwana | Maize, wheat, Lucerne, potatoes, walnuts and vegetables | Maize, wheat, Lucerne, potatoes, walnuts and vegetables | - |
| Inkwanca | Lucerne, potatoes, turnip, barley, oats and maize | Lucerne, turnip and winter cereals and fruit such as apricot do well under irrigation | Apricot |

Source: CHDM Agriculture Strategy

2.10. Forestry, Timber and Wood Products

The Chris Hani District Municipality is richly endowed with a number of forest plantation resources. Most of these forest plantations are found in Intsika Yethu and Engcobo Local Municipalities and are owned by the Dept. of Water Affairs and Forestry. There are also some woodlots and few hectares of category A plantations (Pine stands) in Sakisizwe Municipality.

The situational analysis of the forest plantations and woodlots in Chris Hani District Municipality revealed that their management is poor. The operational costs of the forest plantations and woodlots far outweigh the income generated by these plantations. This, in other words means that these forests are operated at a loss. The quality that is produced is not good. In order to address these issues, the strategy with the following components was proposed:

- Proper management of forest plantations
- Value adding processes.
- Investment promotion
- Meaningful empowerment of communities
- Continued monitoring and evaluation of the process to address the problem areas.
- Capacitation of the existing small sawmillers

Despite the existence of raw material, land for afforestation and market opportunities, the forestry sector in Chris Hani District Municipality remained uninspiring, with very little significance to and impact on the economy of the region. In order to address this and to take advantage of a number of opportunities that the sector presents, specifically in relation to SMME promotion and community empowerment, Chris Hani Municipality and the Local Municipalities have prioritized forestry as one of the sectors that they are key to economic development of the region. The Wood Cluster programme was then developed out of this with the following **ANCHOR PROJECTS**:

- Sawmill project
- Furniture factory
- Pole treatment plant
- Charcoal production
- Tree nursery project
- Afforestation programme

2.11. Construction and Coal mining

The District has a high development profile in terms of the ISRDP nodal status. Its high infrastructure budget allocation presents opportunities for the establishment of a local construction industry and may enhance competitiveness by addressing critical shortcomings in economic infrastructure. The strong growth and development in public housing and construction comes with a huge demand for construction material such as clay and cement bricks. At present illegal brick making activities are prevalent throughout the district mainly to fulfill the demand of private construction needs. Due to low quality and illegal operations, these bricks cannot be used for public sector construction.

The PGDP has identified coal mining at Indwe and Molteno as a HIPPS project. The exploitation of the Molteno/Indwe coalfields is currently being investigated to access their viability. A public private partnership company has been established with Elitheni. Prospective rights for the Indwe coal mines have begun and the results look promising.

2.12. Manufacturing

Manufacturing represents a significant proportion of the CHDM economy at 8 % GGP and 5 % employment. Lukhanji municipality especially Queenstown has a small furniture, dairy processing and wood products industry and operates as the prime manufacturing centre of the District. Middelburg and Cradock have food processing activities. Manufacturing mainly takes place in Queenstown and the major activities are furniture making, food processing and pressed metal. The three biggest employers in Queenstown are manufacturers' viz. Seating, Twizza, Crickley Dairy and Stateline Pressed Metal. Other manufacturing industries are biltong processing, cheese making, Ouma rusks, leather processing and bone meal production.

2.13. Agro-processing

While the districts' agricultural potential is obvious, primary agricultural projects have had a minimal impact on unemployment. This situation necessitates strategies to increase value-added production by exploiting opportunities that exist along the various crop and livestock value chains. Particular advantages lie in food-processing based on resource and crop availability, existing factory infrastructure, as well as relatively well developed road infrastructure when compared to other rural districts.

The bulk of the districts' farm output goes for processing outside the district e.g. milk, beef, fruit etc which regulates the district to the bottom of the value chain. Opportunities exist in food-processing especially in the areas on convenience food, specialty foods and organic foods. Beside food –processing the District can promote high value crops such as cotton as well as bio-diesel. Bio-diesel initiatives present huge opportunities especially around the existing sugar-beet project ear Cradock where Sugarbeet SA, Central energy Funds and the IDC have entered into a partnership that will see 6000ha of sugarbeet planted, construction of ethanol production plant and buying of the ethanol by PetroSA to blend into their stock. This investment is estimated to reach R 1,5bn with the construction of the ethanol plant due to start before the end of 2007 and the first product from the plant due to roll out by the end of 2009. It is estimated that this

project will create up to 2000 temporary jobs and 500 permanent jobs only in the ethanol plant construction phase.

2.14. Trade and Services

Trade and services contributes in total between 16 % to the District GGP in 2000 and 22 % employment in 2004. The majority of SMME's are found in the retail and service sector (73%). It is the predominant form of economic activity in CHDM.

2.15. Tourism

The district has a rich history and natural resources that can promote tourism development in the region. These resources are untapped and are not adequately budgeted for within the District and local municipalities. The District has access to a number of major routes, the friendly N6 and the N10 which link the District with East London, Bloemfontein and Port Elizabeth and the R61 linking Queenstown with Mthatha and the Wild Coast.

The region's emergence as a malaria free game farming and nature reserve location has contributed to tourism revenue, a trend that looks set to continue. The growth of this sector may crowd in private sector investment and support the emergence of supporting industry and services.

The District has one national park (Mountain Zebra National Park), 2 nature reserves in Lukhanji & Tsolwana, 2 game reserves (Tsolwana, Lawrence De Lange) and private game reserves and game farms. There are also new establishments that include the promotion of heritage sites.

The friendly N6 provides an opportunity for tourism development as it links the wild coast and sunshine coast to the hinterland. In addition to this opportunity there are many Anglo-Boer War memorials, places related to struggle heroes and Bushmen paintings. The District is currently focusing its tourism activities on branding and marketing the various activities available. In addition cultural and heritage sites are being marketed through the Great Karoo biosphere

concept and creating linkages to the Madiba heritage route through the development of a Chris Hani Liberation Heritage route. A tourism centre will also be developed in Queenstown. These plans will be expressed in the local municipal tourism sector plans and the District tourism plan.

3. ENVIRONMENTAL CHALLENGES

Government and the District Municipality have long neglected environmental protection. This has led to many environmental disasters in the past, which could have been avoided if environmental policies had been in place and enforced. Lack of clean and unpolluted water is a major environmental problem in Tsolwana in particular Thornhill area. Limited access to clean water affects mainly Emalahleni, Intsika Yethu, Sakhisizwe, Engcobo and Lukhanji. Inkwanca and Inxuba Yethemba suffer from lack of a guaranteed water supply, which should be rectified in the near future. Limited access to water impacts upon the ability of people to practice good personal and food hygiene. The old and people with disabilities are particularly affected as they have difficulty in gaining access to water. The growing of crops is limited as there is no water to spare for the crops, which creates many nutritional problems. Stock farming may also be limited due to insufficient water being available that has a notable impact upon people's livelihoods.

Limited and poor sanitation creates numerous environmental problems, such as water pollution due to the waste being washed into the rivers by rain. Such water pollution is often directly attributable to a variety of diseases which children playing in these contaminated areas pick up. The smell from improper sanitation also affects quality of life for residents.

3.1. Environmental Management Plan (EMP)

The plan highlights areas of the environment which should be conserved and protected. Animal and vegetation species and cover are mapped and identified. In addition present and future environmental problems are identified per local municipality as well as all renewable resources. It recommends that:

- The DM appoint dedicated environmental staff
- The DM develop an integrated environmental management system
- The DM implement pollution control measures such as air pollution monitoring stations
- The DM assist to develop the capacity of its LM's to deal with environmental issues
- The DM undertake environmental impact assessments (EIA's) for all of its current and future project

3.2. Climate

The climate varies from arid to very cold high veld and falls mainly into 2 climatic zones according to the "Agricultural Development Programme for the Eastern Cape" – 1986, namely:- Arid and semi-arid moderate midlands, and Arid and semi-arid cold high lying land.

3.3. Rainfall

The rainfall varies dramatically over the area depending mostly on altitude and distance from the coast. In the western arid areas, the average annual precipitation is between 200mm and 300mm whereas in the eastern high lying areas of Cofimvaba it is 700-800 mm. The greater part of the area is, however, arid to semi-arid and receives less than 400mm per annum.

Rainfall distribution is poor and dry spells are a frequent occurrence. In his study, J.H van Wyk comes to the conclusion that the rainfall of the former Transkei shows little variation and can therefore be classified as reliable. He points out, however, that the variation of rainfall during the early summer months makes early planting of agronomic crops risky. (*Wood & van Schoor, 1976*).

It is a summer rainfall area with 70% - 80% of the precipitation occurring during the summer months in the form of thunderstorms. These storms are often of high intensity and are sometimes accompanied by hail. Only 20 - 30% of the rainfall occurs during the winter month, which usually results in snowfalls on the

Chris Hani District Municipality plateau and the high lying mountainous areas of the Compassberg and Winterberg.

The further west, the poorer the rainfall distribution, with severe droughts occurring fairly frequently. The rainfall in the eastern area (Cofimvaba and Ngcobo) is more evenly spread, except for the early summer months when “dry” spells can be expected, which makes the early planting of agronomic crops risky (*Wood & van Schoor, 1976*).

3.4. Evaporation

Evaporation in the District is much higher than the average annual rainfall. The area thus experiences a negative water balance. The evaporation in the arid western area is 2 146 mm per annum, whereas it is approximately 1 700 mm per annum in the Lady Frere and Cofimvaba Districts. This phenomenon complicates crop production as it requires moisture conservation for dry land cropping and sophisticated irrigation management.

3.5. Temperatures

The temperature is characterised by extremes. During the summer months, the maximum temperature often exceeds 40°C in the lower lying areas in the western (arid) section of the study area. Minimum temperatures in the winter months in the high lying areas are often well below zero and frost is a common occurrence throughout the area.

The average commencing date for frost in most of the area is the 20th April and the average last date for frost is the 10th October. Frost can, however, occur at any time of the year in the Molteno District. This area experiences the largest inter-diurnal variation (change from one day to the next) in temperature. (*A.J. Roets & Associates, 1999*). The temperature in the eastern part of the District is a bit more moderate with frost occurring from 21st May to 10th September.

3.6. Prevailing winds

During the summer months, the prevalent wind direction in the study area is north-westerly (berg winds) whereas south-easterly to south-westerly winds prevail during the winter months. Wind, however, is not regarded as a limiting factor in the study area.

3.7. Geology

The District consists mainly of Beaufort sediments intruded by dolerite. These comprise shale, mudstone and sandstone.

3.7.1. Soils

The soils in the District area are mainly from the Beaufort and Molteno series of the Karoo sequence. As a result, the soils are poorly developed, shallow or duplex (rocky), which are mostly not suitable for crop production. In the valleys, however, deeper soils do occur. In the Fish River Valley as an example, there are 15 soil forms of which the Hutton, Clovelly and Oakleaf forms (Binomial Classification) are dominant.

Soil salinity is, however, a major problem in the irrigation areas in the Cradock, Hofmeyer and Tarkastad Districts. The soils of the more arid areas of the study area are generally shallow and consist mainly of the Mispah, Glenrosa and Swartland forms. In the flood plains, watercourses and plains, deeper soils of the Oakleaf, Dundee and Valsrivier form are more common.

3.7.2. Topography, drainage and vegetation

The District is part of what is described as gradual “step” topography. The “steps” are formed by the Winterberg mountain range in the south and the Stormberg range north of Sterkstroom.

The Stormberg Mountain range runs from east to west dividing the area into the high lying Stormberg plateau in the north and the generally lower altitude area in the south. The Winterberg range with an altitude of 2 370 m above sea level extends into the southernmost section of the area. The altitude of the Compassberg to the west of the Stormberg range is 2 502 m, whereas the Stormberg plateau is \pm 1 800 m above sea level. The altitude of the lower lying

area in the Cofimvaba District is ± 600 m above sea level. The greater part of the area, however, lies between 500 m and 1000 m above sea level.

The main drainage systems are the tributaries of the Great Fish, Great Kei Rivers and Mbashe river systems, which drain into the Indian Ocean. The western section of Chris Hani District Municipality consists mostly of mixed nama Karoo veld whilst the eastern section consists mostly of moist upland grassland. What is important from a conservation aspect is the valley thicket occurring along the Kei and Mbashe River systems and the pockets of afro-montane forest occurring north of Ngcobo.

3.8. Conservation Areas

The known conservation areas in the Chris Hani District Municipality are listed in the table below. Only two of these conservation areas are under the direct control of the municipality, namely Lawrence de Lange and Longhill (Lukhanji). In addition, a National Park (Mountain Zebra National Park), a number of private nature reserves (i.e. Blanco) and three natural heritage areas (i.e. Benghoil & Bushy Park, Carnarvon and Mhoge) are located, at least in part, within the Municipality.

PROTECTED AREAS

| |
|------------------------------|
| Conservation Area |
| National Parks |
| Mountain Zebra National Park |
| Provincial Nature Reserves |
| Commandodrift, Tsohwana |
| Municipal Nature Reserves |
| Lawrence de Lange, Longhills |
| Private |
| Blanco, Stirling |
| Natural Heritage Areas |
| Benghoil and Bushy Park |
| Carnarvon |
| Mhoge |

The formal protected area network is relatively extensive with the Mountain Zebra National Park (SANP) and the Commando Drift and Tsolwana provincial reserves. The early selection of protected reserves in the CHDM was based on ad hoc decisions to protect specific mammals rather than an objective criteria based on biodiversity mapping. Control of all indigenous forests in the Eastern Cape including the CHDM, was handed over to the Directorate of Nature Conservation of the Eastern Cape Province authorities in 1996, and management plans for all forests are still in preparation. Formally protected water sources include a number of large water catchments, including the dams: Grassridge, Lake Arthur, Commando Drift, Xonxa , Lubisi and Ncora.

3.9. Water Resources

SURFACE WATER

The CHDM falls within four river systems:

- The Great Fish River draining the central / western area southwards;
- The Kei River draining the central / eastern area southwards;
- The Mbashe River draining the eastern area southwards;
- The Orange River draining to the North.

Of these the Fish and Kei Rivers are the most significant rivers in terms of the catchment areas in the CHDM. The total surface water available in the district has been estimated from the Eastern Cape Water Resources Assessment as follows:

- Potential maximum yield (including dams and transfers) = 1013.5 Mm³ / annum
- Probable total consumption and losses = 775.8 Mm³ / annum
- Available surface water resource = 237.7 Mm³ / annum

It is clear that across the whole district, there is a positive surface water balance and that approximately 23,4% of the potential yield is still available for use. It is however worth noting that the resource is concentrated at the major dams and rivers and as would be expected is not readily or cheaply accessible to all potential users located a distance from these resources.

DAMS

Chris Hani is characterized by a number of major dams, which serve the towns and the various irrigation schemes. The major dams in Chris Hani are:

- The Grassridge Dam between Cradock and Middelburg used as a balancing dam
- The Lake Arthur and Commandodrift Dams near Cradock used for irrigation
- The Xonxa, Lubisi and Ncora Dams between Lady Frere and Engcobo used for irrigation.

WETLANDS

(a) Riparian Wetlands

Riparian wetlands refer to rivers and their marginal zones, such as floodplains. These wetlands are likely to cover the greatest area in the district. A list of some of these wetlands are given in the table below. Most of the wetlands occur in the Inxuba Yethemba municipality followed by the Emalahleni and Tsolwana municipalities (4 each). The Engcobo, Inkwanca and Lukanji municipalities only have one listed wetland. Wetlands occur in the catchments above the Commando Drift, Elands drift, Grassridge, Lake Arthur and Xonxa Dams.

A number of wetlands are located upstream of the dam immediately west of Dordrecht and above what appears to be the Thrift Dam on the Black Kei, although not marked as such on the topographical map (3226BC). All the riparian wetlands are located within Eastern Mixed Nama Karoo vegetation, with the exception of three found within Moist Upland Grassland (Lemoenfontein, Qumanco and Snowdale-Success) and four within South-eastern Mountain Grassland (Clarke's Siding, Dordrecht Town, Driefontein 188 and Geluksvlei).

Wetlands, which occur within the catchments of significant dams

| Dam / Weir | Wetland(s) | Dependant Supply Scheme | Water Dependant Towns |
|----------------|--|--|-------------------------------|
| Commando Drift | Bestersleegte, Kaffersleegte & Klipfontein | Tarka River Government Water Scheme Elandsdrift Weir | |
| Elandsdrift | Gannahoekrivier | Lower Fish River Scheme Lower Sundays River Scheme | Grahamstown Port Elizabeth |

| | | | |
|-------------|--|-----------------------------------|-----------|
| Grassridge | Mount Melsetter, Soutkuil, De Keur, Beaconsfield | Elandsdrift Weir | Cradock |
| Lake Arthur | Gunstelingstroom | Elandsdrift Weir | |
| Xonxa | Lemoenfontein | Xonxa Irrigation Scheme | |
| Thrift | Snowdale-Success | Nthabathemba Irrigation Scheme | |
| Town Dam | Driefontein 188, Clarke's Siding, Dordrecht Town | Dordrecht | Dordrecht |

Source: CHDM Environmental Management Plan

(b) Springs

Springs are an important source of water in the district. They are also used for recreational purposes such as at the Cradock Spa.

(c) Endorheic pans

Endorheic pans are usually associated with isolated inland drainage systems. A number of these wetlands occur in the district, two each in the Inkwanca (Coldstream pan, Die Pan wetland complex) and Inxuba Yethemba (Helderwater pan, Rooikop) municipalities and one in the Tsolwana municipality (Rotterdam wetland complex). The Helderwater pan, Rooikop wetland and Rotterdam wetland complex are located within Eastern Mixed Nama Karoo, whereas the Coldstream pan and Die Pan wetland complex are found within South-eastern Mountain Grassland.

(d) Artificial Wetlands

Artificial Wetlands in the form of dams, excavations, solar salt extraction works and wastewater treatment works occur to varying extents throughout the district. Solar salt extraction works have the most restricted distribution, being limited to an area west of Hofmeyr. They are all therefore located within the Tsolwana municipality. All these salt works are located within Eastern Mixed Nama Karoo. Although they have been classified here as artificial wetlands they are largely based on existing features, namely Landpan, Middelpa and Soutpan.

3.10. Heritage Sites

One hundred and two sites were identified in the Chris Hani District Municipal area, categorized according to their nature, namely whether they are human generated structures or natural artifacts. Out of these, the Chris Hani Liberation heritage route has identified iconic sites and a booklet has been printed containing these sites.

Number of sites in each category.

| Category | Number of sites |
|----------------------------------|-----------------|
| Human Generated Artifacts | |
| Historical buildings | 25 |
| Monuments and memorials | 6 |
| Museums | 9 |
| Graves | 5 |
| Rock Art | 6 |
| Living Heritage | 7 |
| Open Land | 7 |

4. SERVICES DELIVERY & INFRASTRUCTURE

4.1. Water & Sanitation

The Section 78 Assessment concluded that, given its constitutional obligation to provide access to basic water services, local government should ideally also retain responsibility for water service provision.

Chris Hani District Municipality is the designated Water Services Authority therefore, for reasons of accountability and the goal of linking water and other basic service provision, it is recommended that the natural long-term “home” of the water service provision function should be the local, rather than district, municipality. However many of the local municipalities in Chris Hani District currently lack sufficient capacity to adequately fulfil the WSP role.

The assessment report proposed that, currently, the most appropriate water service provision arrangement is a combination of internal and external mechanisms:

- The four western local municipalities of Inkwanca, Inxuba Yethemba, Lukhanji and Tsolwana should, in principle, be appointed as Water Service Providers for their areas of jurisdiction.
- The four eastern municipalities of Emalahleni, Intsika Yethu, Engcobo and Sakhisizwe currently lack sufficient capacity for this role, therefore the District Municipality should retain the Water Service Provider function in these areas in the short to medium term. However this should be viewed as an interim solution and every effort should be made by the District Municipality to build the capacity of these local municipalities, so that they too can eventually be contracted as full Water Service Providers.

4.1.1. Water Services Development Plan (WSDP)

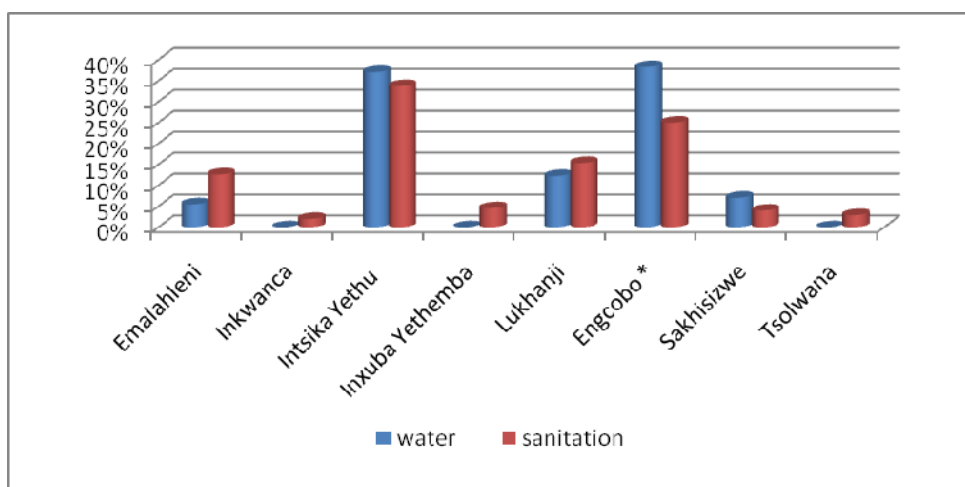
The plan highlights the following issues affecting water and sanitation provision:

- Although 71% of the population is rural they are effectively urbanised in small villages
- The backlog in water infrastructure is estimated at R 718 million
- The backlog in sanitation infrastructure is estimated at R 448 million
- The largest backlog in water and sanitation infrastructure is in Lukhanji, Emalahleni, Intsika Yethu and Engcobo
- Water and sanitation water provision do not form part of an integrated infrastructure development programme with the result the water schemes are built without access to roads and electricity
- Housing development programmes are not linked to water supply and provision needs
- An effective groundwater monitoring system needs to be implemented
- Minimal pollution contingency measures need to be developed to prevent pollution of existing water supplies
- A comprehensive water conservation and demand management programme needs to be developed

- A policy for providing water for farm workers on commercial farmland needs to be developed
- The DM needs to increase its ability to deal with the administrative side of water provision i.e. billing
- The DM needs to develop a uniform indigent policy across all LM's
- The DM needs to revisit the affordability of services as development scenarios indicate a drop in household income
- The DM should not consider developing any more irrigation schemes apart from the already established schemes
- The DM must look at other methods of irrigation schemes which ensure that water evaporation is minimised such as drip irrigation.

4.1.2. Water and Sanitation Service Backlogs

It is estimated that currently 76% of the total population of Chris Hani District Municipality (CHDM) is served with water services, whilst 55% is served with sanitation services. A detailed breakdown is given below:



Water and Sanitation Services Delivery Profile

| Municipality | Population | Population Served | | Population Not Served | |
|-----------------|------------|-------------------|------------|-----------------------|------------|
| | | Water | Sanitation | Water | Sanitation |
| Emalahleni | 116 662 | 104 487 | 69 636 | 12 135 | 46 986 |
| Inkwanca | 20 244 | 20 244 | 12 893 | - | 7 351 |
| Intsika Yethu | 194 533 | 112 490 | 68 566 | 82 043 | 125 967 |
| Inxuba Yethemba | 60 405 | 60 405 | 43 439 | - | 16 966 |

| | | | | | |
|------------|---------|---------|---------|---------|---------|
| Lukhanji | 196 036 | 168 985 | 138 676 | 27 051 | 57 360 |
| Engcobo | 148 993 | 64 217 | 55 651 | 84 776 | 93 342 |
| Sakhisizwe | 54 351 | 38 791 | 39 538 | 15 560 | 14 813 |
| Tsolwana | 32 674 | 32 674 | 21 966 | - | 10 708 |
| | 823 588 | 602 293 | 450 365 | 221 555 | 373 493 |
| AVERAGE % | | 73% | 55% | 27% | 45% |

Source: CHDM Water Services Development Plan: 2007

A summary of the total funding required to eliminate the water and sanitation infrastructure backlogs in Chris Hani District Municipality is estimated as follows:

| Local Municipality | Water Backlog (R) | Sanitation Backlog (R) | Total Backlog (R) |
|--------------------|--------------------|------------------------|----------------------|
| Emalahleni | 35,191,500 | 63,612,161 | 98,803,661 |
| Inkwanca | 1,000,000 | 25,122,158 | 26,122,158 |
| Intsika Yethu | 237,924,700 | 117,520,539 | 355,445,239 |
| Inxuba Yethemba | 14,400,000 | 12,280,295 | 26,680,295 |
| Lukhanji | 128,898,015 | 58,618,788 | 187,516,803 |
| Ngcobo | 245,850,400 | 117,999,732 | 363,850,132 |
| Sakhisizwe | 45,124,000 | 15,835,347 | 60,959,347 |
| Tsolwana | 8,942,879 | 36,605,143 | 45,548,022 |
| TOTAL CHDM | 717,331,494 | 447,594,163 | 1,164,925,657 |

SOURCE: WSDP 2007

The major challenge is meeting the backlog targets as set out by the national government due to the insufficient capital funds (i.e. MIG allocations). The collapsing infrastructure in towns is not included in the backlog.

The CHDM has identified and quantified all villages with water and sanitation backlogs within their area of jurisdiction. Consultants have been appointed for all identified projects in order to start preparing designs and documents up to the tender stage. This will help to eliminate delays when the MIG funds are made available.

The District Municipality could not meet the target of eradicating buckets by the end of December 2007 due to financial and capacity constraints.

The DM has committed itself in ensuring that it provides free basic services to its communities. Due to the powers and functions the provision of basic level of services is limited to water and sanitation. Backlogs have made it difficult to provide these services in areas which do not have infrastructure especially in the former Ciskei and Transkei areas. The funding with respect to MIG falls short in eradicating the backlog.

4.1.3. Funding required for backlog eradication

The WSDP presents a number of possible developmental scenarios. Given the available and potential resources and capacity, the most viable scenario envisages increasing resources so that the backlogs are addressed by 2014.

Chris Hani DM has also developed a water services backlog eradication strategy, whereby all areas with backlogs have been identified and quantified up to the village level. The affected villages have been grouped into nine clusters (i.e regional schemes).

The following table presents this funding requirement to address the backlog this scenario as included in the WSDP:

Funding requirement to Address Water and Sanitation Backlog

| | 07 / 08 FY | 08 / 09 FY | 09 /10 FY |
|----------------------|----------------|--------------|--------------|
| Current MTEF Funding | R207,000,000 | R165,000,000 | R185,000,000 |
| Funding Requirements | R1 164 925 657 | R957 925 657 | R792 925 657 |
| Short Fall | R957 925 657 | R792 925 657 | R607 925 657 |

It is noted that there is a need to find alternate sources of funding if we are to increase our rate of delivery. However, to date such funding has not been sourced; therefore this needs to be a priority for 2006 – 2011.

More investment is required in utilising surface water resources. In addition the monitoring of the usage of groundwater requires improvement. A worrying challenge is the minimal pollution contingency measures in place in the district as well as the limited capacity of the four eastern local municipalities to become water service providers and the need for the District as a WSA to increase its current capacity. In addition far more attention has to be paid towards ensuring and implementing water conservation and demand management.

4.2. Roads and Stormwater

The road network in the Chris Hani District consists of a hierarchy of national, provincial and municipal roads. Two national routes pass through the Chris Hani District in a north-south direction. The National Route N10 passes through Cradock and Middelburg and links Port Elizabeth with the central parts of the country and with Cape Town to the south and Gauteng to the north. The second route, the N6, passes Queenstown, and links East London to the Free State, Gauteng and other parts of the country. The local Trunk and Main roads link the larger towns and villages and mostly run in an east-west direction. The best example is the R61, which runs from Cradock in the west through Queenstown to Mthatha in the east. The total length of the provincial road network amounts to approximately 43 465km. This is made up of approximately 5 102 km (12%) of surfaced roads and 38 363km (88%) of gravel roads. Only 707 km of the total network of nearly 8 900 km in Chris Hani is surfaced.

The overall condition of the road network in the Province and in the Chris Hani District has not improved, mainly due to insufficient funds for maintenance and inherited backlogs. Gravel roads require regular maintenance especially with heavy rains and high traffic volumes. From an economic point of view, gravel roads suppress economic development since they lead to high vehicle operating costs and often lead to the damage of crops transported.

The ECDRT recently released a list of inaccessible roads, which need to receive priority funding. The roads located in the Chris Hani District Municipality are summarised Table 22.

Table 22: Inaccessible/Impassable Roads

| PROJECT DESCRIPTION | LM | COST ALLOCATION 2008/09 |
|--|----------|----------------------------|
| From Ntabethemba to R61 through Zola Village to main road of Tsoiwana Game Reserve | Tsoiwana | |
| Road from Thornhill Village through Mr. Ganja's Shop to graveyard | Tsoiwana | |
| Road from Zola bridge to the Community Hall | Tsoiwana | |

*Integrated Transport Plan for Chris Hani District Municipality
July 2008*

| PROJECT DESCRIPTION | LM | COST ALLOCATION 2008/09 |
|--|----------|----------------------------|
| Tar road (between Queenstown & Whittlesea) to Kamastone | Lukhanji | |
| Merino Walk to Who-Can-Tell | Lukhanji | |
| Tar road (between Queenstown & Whittlesea) to Slovo Trust Farm | Lukhanji | |
| Shirwood Farm to Slovo trust Farm | Lukhanji | |
| Dongwe to Mtha | Lukhanji | |
| Mtha to Ngobokeni | Lukhanji | |
| Mtha to Mabheleni | Lukhanji | |
| Road to Tstisikamma Clinic | Lukhanji | |
| Road to Romanslaagte School | Lukhanji | |
| Moeulato Kamastone to Upper Zangqokwe | Lukhanji | |
| Mcbriedeto Moeula to Didimane | Lukhanji | |
| Bulhoek to Kamastone to Moela to Whittlesea | Lukhanji | |
| Kamastone to Didimane | Lukhanji | |
| Road to Lesseyton High & Primary school | Lukhanji | |
| Road to Mzomhle Primary school | Lukhanji | |
| Road to Nkonkobe Junior school | Lukhanji | |
| Road to Lesseyton clinic | Lukhanji | |
| Oxton to Mbekweni clinic | Lukhanji | |
| Yonda to Chibini | Lukhanji | |
| Zweledinga to Hekenito Muswa | Lukhanji | |
| Mandebe Access Road | Engcoobo | |
| Nikwenkwane Access Road | Engcoobo | |
| Ntlalukana Access Road | Engcoobo | |
| Benuka via Dabulingwe | Engcoobo | |
| Mazizini to Zwellhle | Engcoobo | |
| Hoekwini Access Road | Engcoobo | |
| TOTAL | | R3 200 000 |

The District is responsible for maintaining identified roads in the Inxuba Yethemba area on an agency basis if the Department of Roads and Transport. The issue of roads classification is currently under discussion and there is a possibility that some classes of roads may be devolved to district and local municipalities.

4.3. Education

Education levels are low throughout the District, as indicated in the Table below. The majority of Chris Hani residents are functionally illiterate. The resulting high number of undereducated people entering the workforce places significant

demand on the unskilled job pool. This lack of educated persons entering the working economy means that there will be a large demand for unskilled work. A number of reasons may be attributed to the low levels of education, including:

- Parents lack the money to send children to school
- Limited number of school facilities, and a significant number of poorly constructed and maintained schools without water, sanitation and electricity
- Lack of adequately trained and motivated educators
- Lack of pre-primary, secondary and tertiary institutions in the region
- Lack of educational equipment
- Lack of adult literacy programmes
- High rate of teenage pregnancy

The Department of Education, in conjunction with local municipalities and the District Municipality, must, therefore, concentrate on a two pronged approach: (1) whereby learners have access to well equipped and maintained school buildings, crèches and pre-primary facilities, and (2) the necessary funds being made available to encourage learners to complete their high school education.

| Municipalities | No schooling | Some primary | Complete primary | Some secondary | Grade 12 | Higher |
|----------------------------|----------------|---------------|------------------|----------------|---------------|---------------|
| EC131: Inxuba Yethemba | 5 786 | 9 068 | 3 152 | 10 023 | 4 886 | 2 099 |
| EC132: Tsolwana | 4 841 | 4 148 | 1 181 | 3 645 | 1 749 | 747 |
| EC133: Inkwanca | 2 641 | 3 251 | 943 | 2 511 | 1 044 | 590 |
| EC134: Lukhanji | 18 018 | 20 186 | 7 689 | 30 033 | 14 744 | 8 238 |
| EC135: Intsika Yethu | 30 798 | 20 167 | 6 206 | 18 992 | 4 521 | 3 217 |
| EC136: Emalahleni | 20 436 | 12 018 | 3 197 | 10 997 | 2 963 | 2 384 |
| EC137: Engcobo | 25 974 | 13 660 | 3 556 | 12 997 | 3 499 | 2 267 |
| EC138: Sakhisizwe | 5 824 | 6 575 | 1 794 | 7 048 | 2 507 | 1 640 |
| DC 13 Chris Hani DM | 114 318 | 89 073 | 27 718 | 96 246 | 35 913 | 21 182 |

Source: STATSSA 2001

4.4. Libraries

There is a significant lack of libraries within the District, resulting in school children and other learners being unable to access information they require for

their studies. It is noted, however, that some progress is being made in this regard.

4.5. Sports & Recreation Facilities

The provision of sports and recreational facilities has been directly associated with the development of a healthy society. However, there is a significant lack of sports and recreational facilities within the District, especially in the former homeland areas.

This may be directly attributed to the policies of the former government, which did not take into cognisance the health and welfare of people living in the then homelands. In many instances, youth who become involved in gangsterism and crime do so out of boredom. Furthermore, the development of healthy and well-developed children depends upon their being able to play. A lack of playing may result in children with underdeveloped motor skills and co-ordination. In adults and children, alike, participation in sports is considered to promote healthy bodies – a lack of exercise and unhealthy eating habits lead to obesity.

4.6. Community Halls

Community halls provide multiple opportunities, including a place for people to gather for meetings, a place from which information may be disseminated, and a place from which services (such as pension payouts) may be provided. The lack of community halls means that local communities have no place to gather, partake in recreational and educational activities, and receive pensions or pertinent community information

4.7. Housing

The provision of formal housing for low and middle income residents is a core function of local municipalities acting as service providers for the province. The District Municipality serves to co-ordinate and facilitate the process but does not undertake housing delivery. Housing sector plans were undertaken for all LM's by the Department in 2007/8 but no overall plan for the District.

Within the urban areas, housing development is generally occurring, however, within the rural or communal areas, the provision of housing is only beginning to be addressed.

The primary constraint with regards to the provision of housing in rural areas relates to issues around land ownership and registration of title. The current housing regulations also fail to make provision for adequate land for making food gardens that these poor households need for survival. Furthermore, housing needs in rural areas are often not known as rural people generally ask for land instead of houses.

4.8. Telecommunication

Telkom is currently expanding its public phone infrastructure in the rural homeland areas with the result that the majority of Chris Hani residents do have access to some sort of telephones.

Cellular phones cannot be used in all areas of the District due to the mountainous terrain, which disrupts television, radio and cell phone reception. The investment into telecommunications infrastructure is further hindered by vandalism and theft. Cellular and television providers should be lobbied to increase their network coverage in these areas so that consumers can experience a more satisfactory service.

There is still very limited access to fax and computer / internet facilities. GCIS has recently completed a survey whereby they wish to install a multi-purpose facility that will give community members access to all tele-communication facilities in each municipality. The only existing facilities of this nature are currently located at the Qamata Great Place in the Intsika Yethu Local Municipal area, Thusong Centres and at Ngcobob town.

4.9. Transport (Source: Integrated transport Plan July 2008)

When considered from a transport perspective, the Chris Hani District is of importance not only to the local socio-economic climate, but also to the country as a whole. There are two national roads passing through the district in a north-south direction as well as two rail lines. National Route N10 passes through Cradock and Middelburg and provides a link between Port Elizabeth and the

interior, while the N6 passes through Queenstown and Aliwal North, linking East London with the rest of the country. The two rail routes links Port Elizabeth and East London to the interior. The main east-west road corridors are along the R61 from Cradock, through Queenstown and beyond, the R359 from Queenstown through Lady Frere and Cala to Elliot and the R56 from Queenstown through Sterkstroom, Molteno and Steynsburg to Middelburg.

4.9.1. Taxi services

There are 21 registered taxi associations operating in the 16 towns situated within the Chris Hani District. According to the Registrar there are approximately 1 600 active members in the different associations. This figure excludes operators who are using sedans and bakkies/LDV. It is evident that there are some differences between the Registrar and Taxi Associations due to the frequency of the update of the Registrar's database.

From the records of the Registrar, there are currently 304 registered taxi routes in the Chris Hani District. Bakkie taxis comprise a significant percentage on the routes i.e. +/- 60 % and are dominant in Engcobo, Cofimvaba, Cala and Tsomo. The sedan operation is largest within the Lukhanji Municipality and particularly Queenstown.

Due to the large number of passengers using taxis in the District, as well as the flexibility of the taxi industry, taxis are the most prominent form of local public transport. The type of vehicles operating in the field varies from the typical minibus, to light delivery vehicles (LDVs) and sedan or passenger cars.

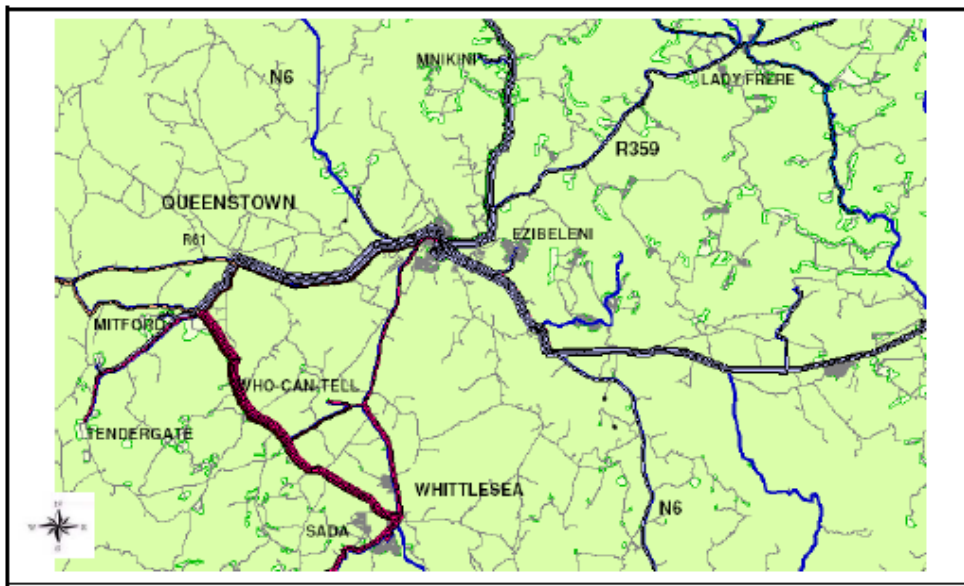
The type of vehicle that is used depends on the passenger demand as well as the operating conditions:

- Government approved minibuses have seating capacities ranging from 12 to 16. These vehicles are used in urban areas and on paved roads or gravel roads that are in a good condition. These roads include the main national and regional routes running through the district (e.g. N10, N6 and R61), as well as roads linking secondary towns to main centres.

- The majority of LDVs that are used as taxis are single cab pick-ups with canopies over the loading bay. Narrow wooden benches are retrofitted along the sides of the loading bay, providing nominal seating for eight passengers, with a further two passengers in the cab. Due to the more rugged construction of these vehicles, they are used on roads that cannot be traversed by minibuses. This type of vehicle is also used where passenger demand is lower, e.g. the rural areas or where the operator cannot afford a government approved vehicle. Government is currently investigating a regulatory framework to include LDVs as recognised public transport vehicles where the operating conditions warrant their use. However, the vehicle will have to comply with specific safety requirements.
- Passenger cars employed as taxis come in a range of shapes, sizes, ages and conditions. These include sedans, station wagons and Multi Purpose Vehicles (MPV's, e.g. Toyota Condor/Avanza) with typical seating capacities for five to seven people. Passenger cars are used where demand is low, when the operator cannot afford an approved vehicle or illegally by private drivers carrying passengers for reward. Operators rent out Sedan passenger vehicles, typically to a person needing to transport a bulky load that cannot be transported by minibus or for occasional trips to destinations not served by public transport.

There are also many more routes between settlements than there are within settlements. This can be explained by the fact that most of the settlements in Chris Hani are small and thus there is not a great demand for motorised travel within the settlement boundaries. Most daily activities can be accomplished on foot since the distance to be travelled is relatively small in comparison to the greater distances between settlements.

In the case of larger cities like Queenstown, the route descriptions approved for the intra-town routes have very broad route descriptions, meaning that taxis can



Existing taxi routes around Queenstown (commuter) Source: ITP 2008

4.9.1. Bus services

There are currently 31 bus operators in CHDM according to the local ECDRT office but only 11 of these have operating permits and the buses only operate in four of the eight district municipalities. The buses operate on 49 routes of which nine are subsidised. Operations on the subsidised routes were suspended due to feasibility and/or un-roadworthy vehicles.

.According to the ECDRT, all the existing subsidised services will be suspended towards the third quarter of 2008. The bus operations are currently managed on an individual multiple entity contract bases. During the third quarter of 2008, the phasing in the Africa's Best 350 scheme is anticipated when 16 new buses are due to become operational in CHDM.

4.9.2. Long distance travel

There are marked increases in the number of long distance journeys undertaken during holiday periods such as Christmas (December-January) and Easter (April school holidays), whereas during out-of season times there may be no services on those routes, depending on the mode. Long distance routes include a number of important destinations and include both road and rail based

services. An example would be between Chris Hani and Johannesburg, where routes typically include Queenstown, Aliwal North, Bloemfontein, Klerksdorp and Carletonville and services are offered by long distance rail and taxi. There is a close relationship between local and long distance public transport services – passengers from outlying areas would be transported on a local service to reach a main settlement and from there transfer onto a long distance service.

Even though long distance travel in Chris Hani resembles a corridor and feeder system, there is little coordination between and within the schedules and frequencies of modes and equally little consolidated information available on long distance travel. There is also very little information on service frequencies. The following factors might explain this situation:

- Few long distance services operate on a regular basis. Demand for long distance travel in Chris Hani is concentrated around school or religious holiday periods, which would not necessarily have overlapped with the single 12-hour counting period of the CPTR.
- Taxi associations report that demand for long distance travel is very low during out-of-season periods. In order to maximise their efficiency during these periods operators wait for their vehicles to fill up with passengers, and delay departures by more than 24 hours. Passengers are not forewarned in such cases and must make their own arrangements for food and accommodation until departure.
- Long distance services originating in the smaller settlements in Chris Hani have been discontinued due to a lack of demand. Passengers wishing to travel from such places must first travel by local service to their nearest main centre to access long distance services.

4.9.3. Freight Transport

In Chris Hani, the main freight movement corridors are mainly along the national routes. Cargo is transported nationally through the district from/to the coastal towns of East London and Port Elizabeth primarily to/from Gauteng. The freight is moved by either road or rail. There are no major freight generators within the Chris Hani District other than the typical economic activities in the larger urban area, such as Queenstown.

The National Road Traffic Act (Act No 93 of 1996), sections 54 and 55 and regulations 273-282 as well as SABS specifications that are prescribed as part of the legislation, govern the movement of dangerous freight particularly through urban areas. Though the pertinent legislation was implemented in August 2003, there is still widespread ignorance about its effect and implementations. The movement of hazardous material cultivates varying responsibilities for the District. Like in many other Municipal Authorities in the country, there are no by-laws or enforcement measures in place to regulate the movement of dangerous freight. The Provincial Fire and Emergency Services Department should embark in the process of formulating by-laws in relation to the movement of dangerous freight that will guide the Districts. This is specifically relevant to towns located on the national roads where vehicles carrying hazardous materials travel through the town such as Cradock and Queenstown. Specific plans for these towns to deal with hazardous freight and emergency situations should be in place to deal with any incidents.

The Chris Hani District Municipality has not formulated plans for routes along which abnormal loads should be transported. These plans should typically specify issues such as the existence of height and width restrictions exist. Abnormal loads are typically accommodated along the national routes. The N6 through Queenstown and the N10 through Cradock and Middelburg are the only alternatives available for such consideration.

The movement of freight has become more and more road based in the past few decades. This is due to the basic ability of the road transport industry to move a variety of cargos door-to-door quickly, efficiently and economically. Rail transport can provide economy of scale savings on long haul routes and for bulk cargo, but the savings are often offset and overpowered by the time, security and monetary costs of transferring the cargoes to/from a road based transport for collection and delivery.

The busiest route being the N10 carries more than 100 long/large heavy vehicles per day. This amount to approximately 10 interlinks per hour along the route.

4.9.3.1. Rail freight

There are two primary railway lines passing through the Chris Hani District in a north-south direction. They are the East London – Bethulie route (passing through Queenstown, Sterkstroom and Molteno) and the Port Elizabeth – Cradock – Carlton route. There were also a number of other lines in the district but these are not in use or the lines have been lifted.

4.9.4. Rail Services

The Shosholozha Meyl operated by Transnet Freight Rail operates along two north-south routes through the municipality. The two routes are the following:

- Johannesburg – Bloemfontein – Cradock – Port Elizabeth
- Johannesburg – Bloemfontein – Cradock – Port Elizabeth
- Johannesburg – Bloemfontein – Molteno – Sterkstroom – Queenstown –
- Cape Town – Colesberg – Molteno - Sterkstroom – Queenstown – East London

The area is served well with rail services, people can travel from Cradock to both Johannesburg and Port Elizabeth and can travel from Queenstown, Molteno and Sterkstroom to Johannesburg, Cape Town and East London. These services are mostly passenger services but carry limited freight.

4.9.5. Air Services

There are not scheduled air services to and from any airports/airfields in the Chris Hani District. There are several airstrips near the larger towns. All the airstrips are unsurfaced, except the Queenstown airfield, which has one surfaced runway. There are a total of 10 airfields/airstrips located in Chris Hani. The airfields are mostly used for recreational and tourism activities.

4.9.6. Non-motorised Transport

Planning for non-motorised transport (NMT) has historically been neglected even though it is an important method of transport, particularly for persons who cannot afford other modes of transport. The main issues witnessed during the assessment process were the unavailability of safe pedestrian facilities, such as walkways and shelters, and accommodation for people with disabilities. This is especially evident between Townships and Old Town Areas located within walking distance and where daily workers walk to and from work.

In its endeavour to promote non-motorised transport, the ECDRT undertook initiatives in directing and addressing the need for overall land use and transport planning processes to redress the imbalance in the provision of facilities for users of non-motorised transport. The ECDRT invited all Eastern Cape transport planning authorities to submit proposed cycle routes, which will be incorporated in the provincial planning as part of the promotion of the non-motorised transport. These routes should be identified on a continuous basis and be included in the Chris Hani District Pedestrian or Non-Motorised Plan for future planning.

Walking is a major mode of transport in the CBD areas. Pedestrians often use the road surface for walking (especially after rains) and this poses serious traffic safety problems especially at night. The surveys indicated that the highest numbers of pedestrians are found in the CBD's of Queenstown, Cofimvaba, Engcobo, Lady Frere and in Cradock and Middelburg. Pedestrians face many problems due to the limited availability of pedestrian facilities e.g. surfaced walkways, pedestrian crossings and hawker stalls that block pavements/sidewalks and hamper pedestrian flow, lack of street lighting and vehicles using pavements for dropping passengers and loading zones.

Mitigating these conditions require a formalised environment where users of the system abide by the law and local bylaws and transgressors by fined and prosecuted regularly. An NMT initiative already under way in the Eastern Cape Province is the Shova Kalula bicycle distribution programme. Approximately 800

bicycles have already been issued to five districts in the area. The difficulties experienced as part of programme is as follows:

- The maintenance of bicycles is problematic. Bicycles are issued without a maintenance support system.
- Funding for maintenance is not made available
- The specifications of the bicycles were wrong, especially in the rural areas where some of the bicycles cannot traverse the difficult rural terrain.
- There is no security for bicycles at schools.
- There is a lack of infrastructure for bicycles.

The Eastern Cape has now budgeted funds for the establishment of bicycle maintenance containers, as well as for bicycle accessories and bicycle parts. This is an important initiative and should be continued.

4.9.7. Scholar Transport

The importance of intervention in a scholar transport system has its roots in the fact that education levels are low throughout the District, with a literacy rate of 47.1%. It has been found that one of the reasons that contribute to the low levels of education is the lack of convenient access to schools resulting in long travel times, mostly by walking to school. The National Household Travel Survey (*NDOT, 2003*) reported that in South Africa 76 percent of scholars walk to school and almost 3 million scholars spend more than one hour a day walking to and from school. The Department of Education, in conjunction with local municipalities and the Chris Hani District Municipality are pursuing a two-pronged approach: (1) whereby learners access well-equipped and maintained school buildings, crèches and pre-primary facilities, and (2) the necessary funds are made available to encourage learners to complete their high school education

4.9.8. Challenges

The issues that the Chris Hani District faces with respect to public transport are the following:

- Multiple small taxi operators that are tied to geographical locations are inflexible and are difficult to coordinate and integrate in a larger system
- Buying power of individual taxi operators is very low.
- Vehicle capacities are not necessarily suited to the demand and this leads to operational inefficiencies
- Many vehicles are not attractive to use and will not attract choice users
- Rail and subsidised buses operated at regional level and are not integrated into local planning
- Operator and regulatory fixation with vehicle type and layout discriminates against passenger volumes / needs and does not provide operational flexibility which is contrary to policy
- The overloading of heavy vehicles is a major contributor to the premature failure of road pavements in many areas in the country.
- Gravel roads often become impassable in wet weather, isolating settlements that can only be reached by such means. Poor roads also affected the reliability, roadworthiness and cost of maintenance of vehicles, especially due to the high incidence of potholes in paved roads and ruts, bumps and loose stones on gravel roads.
- The large number of stray livestock on roads that cause accidents or unsafe driving. The cause of this was not necessarily a lack of fencing.
- Poor management and supply of transfer facilities and includes improper siting, unfinished or delayed construction, unclear maintenance and ownership responsibilities, poor vehicle and passenger accommodation and amenity provision.
- Derelict passenger rail lines and stations on the following lines:
 - Bowker's Park – Tarkastad (52 km)
 - Molteno – Jamestown (68 km)
 - Graaff Reinet – Rosmead (146 km)
 - Sterkstroom – Maclear (278 km)
 - Scoombee – Hofmeyr (50 km)
- Insufficient vehicle testing and licensing facilities
- Unavailability of public transport facilities (including for the disabled)
- Lack of cooperation between Public Transport Operators and the Municipal Authorities

- Lack of Institutional capacity at Local and District level to manage transport planning and implementation.
 - Insufficient supply of taxi related information, especially bakkie and sedan operations.
 - Outdated information at the Taxi Registrar
 - Lack of pedestrian and non-motorised transport facilities
 - Lack of accident database for the Chris Hani District
 - Lack of District Road Maintenance Programme
 - Inadequate pedestrian signs and markings and off loading areas especially within CBD areas
 - Limited traffic calming measures within areas of high accidents
 - Low visibility of traffic officials and law enforcement
 - Insufficient supply of taxi related infrastructure
-
- Public transport in the rural areas is reliant on bakkies
 - By-laws limiting the operation of hawkers on side-walks are not implemented or proclaimed.

Recommendations

- Public transport should provide connectivity where private transport is unfeasible
- Each settlement condition requires a particular development and transport approach
- Strong land use management should be accompanied by integrated transport provision to achieve more compact, efficient settlements and transport services
- Tourism potential should not be ruined by uncontrolled settlement growth or insensitive transport connections

4.10. Health Care

Epidemiological analysis reflects that Gastrointestinal diseases are the most prevalent diseases for which adult patients are admitted to hospital, making up

some 20% of the cases, followed by respiratory conditions, which contribute 18%. In the Paediatric Wards diarrhoea is the most prevalent disorder (27%), followed by acute respiratory infections (23%).

4.10.1. Health Care Capacity

According to national norms of one clinic per 10 000 people, the Chris Hani District Municipality has far more clinics than are needed. However, the rural distribution of the population and the spread of health facilities to meet the needs of these communities justifies this situation.

The distribution of human resources at health facilities across the District Municipality is however, biased in favour of the larger centres. The national average figure for nurses per 100 000 people, is 12 nurses. CHDM seems to be under resourced showing figures like 2.7 nurses per 100 000 people for Intsika Yethu and 2.5 for Emalahleni.

Mobile services seem to be used extensively in some sub-districts. Some mobile services assist farms while others assist large sectors of the population at village points. Having classified the Chris Hani District Municipality as a rural district, the accessibility and quality of mobile services needs particular attention in the future. Bed occupancy rate has increased from 68 to 72 %

4.10.2. Clinics and Hospitals

According to national norms, the ideal Level 1 hospital /population ratio is 1:750. This indicates that Chris Hani District hospitals are reasonably well resourced in terms of Level 1 hospitals, with the exception of two sub-districts, namely Inxuba Yethemba (1:4003), Intsika Yethu (1:1482). Analysing available beds per 1000 population, Chris Hani District Municipality – with 2.2 beds per 1000 population is within the national average of 2.5. However, in some areas the available beds per 1000 population are well below the national average (e.g. Intsika Yethu (1:1482), Inxuba Yethemba (1:692) and Lukhanji (1:791)). Based on available data, the Bed Occupancy Rate is about 68% - well below the national norm of 80%. This lower occupancy rate might be linked to inaccessibility to the hospital or lack of trust in the services provided.

4.10.3. Clinical Support & Paramedical Services

Laboratory services seem to be impeded by serious road and transport problems. The turn around time of TB sputum in many instances is still 7 or more days. Radiography services seem to be fairly distributed. There are x-ray machines in all sub-districts. Interestingly, where there is no radiographer, technician or assistant radiographer, trained nurses are performing this task.

Rehabilitation services seem to be seriously under-resourced where most of the professionals are hospital-based and very few community rehabilitation services are available. Public sector oral services are also very scarce, coupled, in some cases, to infrequent and unreliable sessions. In Inxuba Yethemba, only Middleburg has a dentist.

Nutrition is an obvious gap in the District. In particular, the high levels of underweight children and malnutrition rates need to be addressed.

4.11. Municipal Health Services (MHS)

There is an uneven distribution of environmental health services in the District. To illustrate, Lukhanji has ten Environmental Health Officers (EHO's) in total, Inxuba Yethemba has 4 in Cradock and 2 in Middleburg, while the other sub-districts have roughly one or two for the entire sub-district. This situation will be rectified when the power and function of municipal health becomes a district power and function(the situation will be address once the process of MHS devolution processes has been finalised which means the transfer of provincially employed EHP to the CHDM as articulated in the section 78.) . However the issue of adequate funding for this function needs to be resolved after the finalisation of devolution processes. Section 78 assessments has been conducted and finalised in December 2004 in giving to effect as to how MHS will be rendered within CHDM area of jurisdiction.

4.11.1. Waste Management

Solid waste disposal sites occur in all municipalities apart from Engcobo and Intsika Yethu. The only registered site occurs in Elliot (CHDM EMP 2004). Most of these sites are in a bad state, poorly managed and inappropriately positioned close to water sources. In general the problems can be summarised as follows:

- Limited if any staff training
- Infrequent covering of waste

- Burning of waste
- Close proximity to water courses
- Uncontrolled access
- Limited formal recycling or waste minimisation
- Disposal of medical and industrial waste in some Municipal Waste sites
- Uncontrolled storm water
- Inadequate staffing
- Inadequate budget allocation and equipment
- Lack of provincial government support in registering other landfill sites

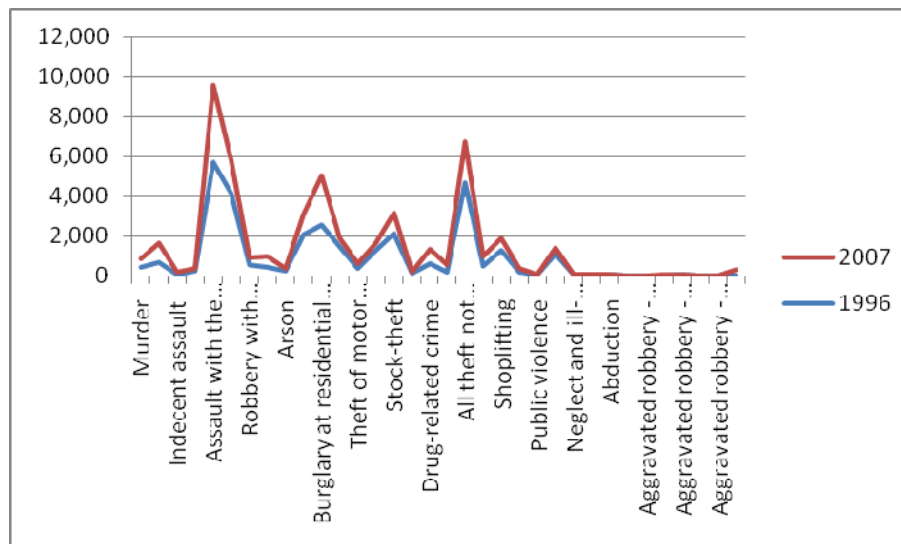
In order to address these issues the Integrated Waste Management Plan (IWMP) gives the following recommendations:

- The development and implementation of a integrated waste management system/plan
- The capacity building of all LM's regarding waste management sites. This is due to the fact that the majority of LM solid waste sites do not comply with legislation, are poorly managed and unlicensed
- Waste management sites must be identified and co-ordinated
- Local Municipalities must be capacitated to see waste management as a potential revenue source for the municipality
- Greater allocation of resources and budgeting by LM's for waste management
- Immediate licensing and correct management of waste management sites
- DM to ensure that LM's understand its role as a facilitator and co-ordinator

4.12. Safety and Security

Whilst crime remains a serious issue within the District, the South African Police Services (SAPS) are undertaking numerous strategies through which to combat crime. SAPS records the incidence of crime on a daily basis, and utilises this information to manage the crime situation in the region. The most significant rises in crime as indicated by the chart below are in indecent assault, residential burglary and theft not covered in other categories. A study done by the department of Social development have indicated that there is a rise in the

gender based violence index from 0.16 in 2006 to 0.29 which is worrying and can be linked to the rise in assaults on women.



Some of the key challenges faced by SAPS in addressing crime relate to the poor quality of some roads which lead to police stations. This is most notable in rural areas. The result is such that it is difficult for the residents of the area to access police stations. In addition, infrastructure capacity – particularly with regards to the holding cells is an issue. There is currently insufficient jail accommodation in the area. As a result, many convicted prisoners are kept in holding cells.

It is noteworthy that the SAPS boundaries and those of the Local and District Municipalities do not coincide. As a result, the coordination of activities is often a challenge.

4.13. Disaster Management

The Disaster management centre has been built in Queenstown and has satellite centres in some of the municipality. The main aim of the centre is to increase awareness and train communities and local authorities on how to prevent disasters and what to do in the event of a disaster. As part of a disaster response, the District Disaster Management Awareness Forum (DDMAF) has been formed consisting of all actors who are required to respond to a disaster. A disaster risk assessment has been undertaken of the district and has

identified areas susceptible to environmental and meteorological hazards such as drought, snow, severe storms, lightning, tornadoes and strong winds. A draft disaster management plan has been formulated which indicates what action should be taken in the event of a disaster.

Awareness campaigns are held on an annual basis and ISDR day is celebrated.

4.14. Fire Fighting Services

Fire fighting services are located in the Disaster management centre. There are currently a chief fire fighter and 8 firefighters. The district is at great risk from both naturally occurring and man made veld fires. The unit therefore spends a great deal of time educating communities about the risks of fire and fire prevention. In the urban areas, particularly the former homeland towns, fire hydrants are scarce or non existent. As a result fire fighting efforts are unsuccessful or limited.

4.15. HIV and Aids

The issue of HIV&AIDS Coordination needs to be clearly articulated as contained in the DPLG framework and SALGA country plan of HIV&AIDS within the local government environment.

4.16. Land issues

4.16.1 Land Tenure and Ownership

The Chris Hani District Municipality comprises parts of the former Transkei and Ciskei homelands and CPA areas. The most common form of tenure in the former Transkei areas is the communal land tenure system. Ownership of land in the urban areas and former CPA areas is held by Free-hold Title Deeds. A considerable amount of land in the area of the former Transkei is still state – owned. This situation results in difficulty in obtaining land for developmental purposes. There have been calls communities in the rural areas in the former

Transkei areas to be given title to their land on an individual basis. This will ensure tenure security and also safeguard them against future claims from others or loss through potential reorganization of village land at a later stage. It is envisaged that the Communal Land Rights Act (Act No. 11 of 2004) also known as ClaRA will inform proposals for short term actions even though the Municipality will not be able to rely on its provisions until the Act comes into effect (Emalahleni Housing sector plan).

14.6.2. Land restitution and redistribution

The Department of Land affairs have been working very hard on the issues of redistribution and have recently completed an area based plan. This plan highlights how much land needs to be redistributed and where in each municipality, in order to meet the land redistribution target. In addition it has developed innovative methods of ensuring that redistributed farming operations do not fail and suggests that land affairs fund a land administrator and land committees at each LM.

Several land restitution programmes have happened at the district under the land claims commission such as the Guba farms and Ezebeleni.

4.16.3 Land Administration Concerns

There is much concern about land administration in terms of land allocation, the recording of issued land rights, the management of land use processes in rural settlement areas, in the former Ciskei and Transkei area. This results from the breakdown of formal system in the communal land areas which has resulted in informalisation of practices whereby various role-players like, traditional Authorities, Department of Agriculture, ward councillors, allocate land and record such allocations. The problem of land administration has repercussion on land management because it results in conflict between land uses in the rural areas.

4.16.4. Development issues

All the land for development in the urban areas is owned by the Municipality and private individuals whilst the State owns the rural land in the former Transkei and Ciskei. Whilst land is available for development, it is not quantified, ownership issues are unclear and zoning schemes and spatial development frameworks are outdated and inadequate in providing direction for future and current development needs.

Land tenure issues whereby ownership of land in the urban areas and former CPA areas is held by free-hold Title Deeds but in the rural areas is generally communal is creating tension and delays in development projects. This current fragmented land tenure system and the different planning legislation aligned to it creates difficulty in:

- accessing of land for development, primarily for housing, grazing or farming
- more effective utilization of existing land, addressing land rights, provision of title deeds and management and rights on the municipal commonage.
- Developing an effective land administration system

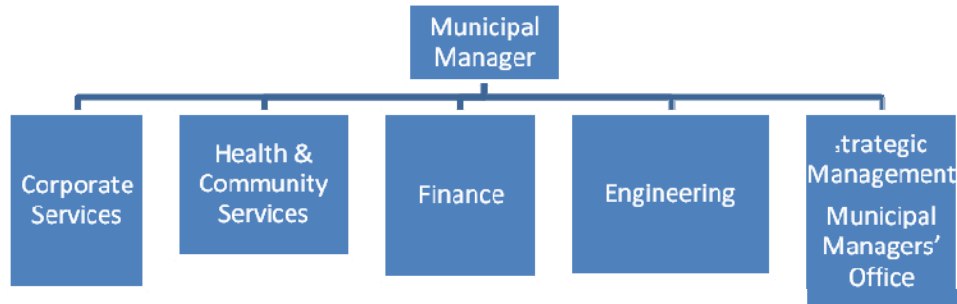
5. INSTITUTIONAL DEVELOPMENT & TRANSFORMATION

CHDM is a Category C District Municipality as envisaged in Section 155(1) (c) of the Constitution of the Republic of South Africa, 1996 and in terms of Section 10 of the Local Government: Municipal Structures Act, No. 117 of 1998.

Within its area of jurisdiction there are eight local or Category B municipalities as envisaged in Section 155(1) (b) of the Constitution and Section 9 of the Structures Act. The original organisational structure was developed at a time when certain powers and functions had not been finally allocated, and when legislation prevailed that has, in the mean time either been updated or supplemented.

5.1. Current Situation

Chris Hani District Municipality is made up of six functional Directorates as portrayed in the structure below,



The IPED (Integrated Planning & Economic Development) Directorate consists of IDP, Organisational PMS, LED, GIS and Town and Regional Planning. Corporate Services has two facets, i.e. administrative and legal and human resources. Health and Community Services consists of Primary Health, Municipal Health and HIV and Aids. The Finance Directorate has a budget and treasury office, expenditure and income and financial systems. Engineering Directorate has roads, transport, planning project management unit and water services. Strategic Management has no current units but acts as a Manager of the sections which fall under the Municipal Managers office. These are disaster management, fire fighting internal audit, supply chain management, SPU, ICT and Communication. Each Directorate is headed by a section 57 employee. The organograms of each Directorate are contained in Annexure C.

5.2. Human Resources Challenges

- Training
- HR Audit & HR Strategy;
- Targeted Interview Skills Training;
- Employee Perception Study;
- Employee Retention Strategy;
- Integrated Wellness Strategy;
- Job Description Writing;

- Job Competency Profiling; and
- Organisational Work-study.

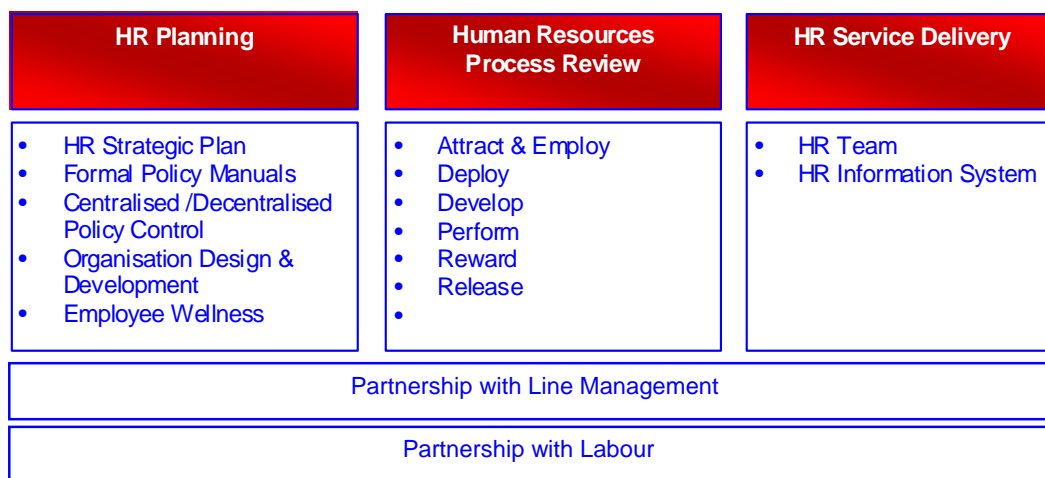
This raises questions regarding the human resources capability, human resources architecture, human resource planning, human resources systems and human resources processes. The core question relates to the capability entailing whether the Human Resources Unit has critical capacity to perform as per expected standards. Is the Unit, thereof, sufficiently and correctly resourced to fulfil its mandate of institutional support and capacity building? Are the processes and system well documented and deeply entrenched in order for every human resource practitioner within the District Municipality to understand his/ her job competencies, as per job description?

5.3. Human Resources Architecture

Our analysis of challenges facing the Chris Hani District Municipality Human Resources as well as the department’s strategic response will be based on a process - based HR Architecture as depicted in the following diagram.

The diagram depicts five key and interconnected process components of HR architecture taking into account the management of Human Capital from Attraction to Release as well as the management of the key relationships with line management and labour.

Figure 1: Process Components of HR Architecture



5.3.1. HR Planning

The development of the Human Resources Strategic Plan is important in ensuring that the department has a comprehensive road-map to partner with the District Municipality's directorates in their mandate of service delivery.

The District Municipality needs to complete the review of all its Human Resources Policies and Procedures. The remaining two challenges are that of ensuring that these are communicated throughout the organisation and that they continue to be reviewed as appropriate.

From an Organisation Design and Development (OD&D) perspective, the major challenge is the completion of all the Job profiles for the new organisation structure. This will create a solid basis for all the other HR processes such as Recruitment and Training and Development (T&D).

5.3.2. Human Resources Processes

Attract & Employ

The most important challenge facing Chris Hani District Municipality in this regard is whether there is correct skills match aligned to the job profile. Other important challenges include the following

- Succession Planning;
- Retention is key skills in a competitive labour market;
- Population of the new organisation structure;
- Communication of the new Policies and Procedures (manage risks with labour);
- Streamlining the recruitment process;
- Change of focus in Employment Equity – Females at Executive and Senior. Manager levels;
- Completion Job Profiles (as per Corporate Directorate's SDBIP); and
- Implementation of robust assessment tools.

Deploy

In the Deploy process the major challenge is the implementation of a Performance Based culture throughout the organisation. There is also a need to

put in place a comprehensive Induction Programme to ensure that new recruits are productive as soon as possible upon joining the organisation.

Develop

Some of the key challenges for the Develop process include the following:

- Conducting a Skills Audit to assess the gap between the current skills within the District Municipality (as per Corporate Directorate's SDBIP);
- Ensuring the existence of a Succession Plan;
- Understanding the resourcing requirements of the Chris Hani District Municipality; and
- Completing Job Profiles in order for this information to serve as input into the development of a Skills Matrix for the organisation (as per Corporate Directorate's SDBIP).

Perform

The most important challenge in this regard is the development and implementation of a performance based corporate culture throughout the organisation that is in line with the new strategic plan.

Reward

This means that the Human Resources of the Chris Hani District Municipality will have to ensure that its remuneration is also competitive so as to enable the attraction and retention of talent. Therefore it is important that the Remuneration Policy is included in the organisation's Policies and Procedures. The other imperative is the development of an Incentive policy.

Release

The implementation of an effective staff retention strategy means that the organisation should ensure that it harnesses the information on why people are leaving the organisation. It is also important that all those who leave have a positive impression of the organisation.

Human Resources Service Delivery

The two critical issues here are to ensure that Human Resources Department has the personnel with all the requisite skills and knowledge to partner with other business unit and directorates on Human Capital optimisation as well as ensuring that the HR implementation delivers a cutting edge HR information system.

Partnering with Line management

The Human Resources department and line management are partners in the optimal management of human capital within Chris Hani District Municipality. The department needs to cultivate the status of a “trusted advisor” without taking over the management of human resources from line management. It is also important the department and line management form a strong united front in fostering a mutually beneficial relationship with labour.

HR Strategic Response

Human Resources Department/ Unit of the Chris Hani District Municipality will play a lead role in all the strategies designed to obtain the full potential from all staff members and assist with staff matters and issues as they arrive during the course of the implementation of all other strategic initiatives. Key to this role will be the assessment of competence and potential, supervisory and management development of skills for the district.

Specific strategic initiatives that will be undertaken by the Human Resources department are listed below.

HR Planning

- Communication of policies and Procedures;
- Completion of the detail of the new organisation structure;
- Completion Job Profiles (as per Corporate Directorate’s SDBIP);
- Change management; and

- Implementation of a comprehensive employee Wellness programme.

Human Resources Processes

Attract & Employ

- Succession Planning;
- Retention of key skills in a competitive labour market;
- Population of the new organisation structure;
- Streamlining the recruitment process to one month turnaround time;
- Change of focus in Employment Equity – Females at Executive and Senior. Manager levels; and
- Training every manager on “Targeted Selection”.

Deploy

- Implementation of a robust Induction Programme.

Develop

- Skills Audit to assess the gap between the current skills within the Chris Hani District Municipality compared to those required for the future; and
- Training Plan based on the resourcing requirements of the Chris Hani District Municipality.

Perform

- Performance Management System implementation.

Reward

- Remuneration Strategy

Release

- Retention Strategy.

Human Resources Service Delivery

- Skilled Human Resources team

Partnering with Line management

- Service Level Agreements (SLAs) with line management; and
- Training of line management on employee relations matters.

5.4. Organizational review analysis

This section will determine the organizational capacity of the Municipality to meet its service delivery obligations, by assessing whether:

1. the powers and functions that have been allocated to it in terms of legislation;
2. the extent to which the organizational design at Lukhanji Local Municipality is responding to the allocated powers and functions; and
3. to examine the gaps that are apparent through this analysis.

5.5. Constitutionally Allocated Functions

The table below illustrates the powers and functions that have been allocated to local government in terms of Part B of Schedules 4 and 5 of the Constitution.

| Part B of Schedule 4 | Part B of Schedule 5 |
|--|---|
| <ol style="list-style-type: none"> 1. Air pollution 2. Building regulations 3. Child care facilities 4. Electricity and gas reticulation 5. Fire-fighting services 6. Local tourism 7. Municipal airport 8. Municipal planning 9. Municipal health services 10. Municipal public transport 11. Pontoons, fairies, settees, piers and harbours excluding the | <ol style="list-style-type: none"> 16. Beaches and amusement facilities 17. Billboards and display advertisement in public places 18. Cemeteries, funeral parlors and crematoria 19. Cleansing 20. Control of public nuisance 21. Control of undertakings that sell liquor to the public 22. Facilities for the accommodation care and burial of animals |

| Part B of Schedule 4 | Part B of Schedule 5 |
|---|--|
| <p>regulations of international and national shipping</p> <p>12. Municipal public works only in respect of the needs of the municipalities</p> <p>13. Storm water management system</p> <p>14. Trading regulations</p> <p>15. Water and sanitation services (limited to potable water supply system, domestic waste water and sewerage disposal system)</p> | <p>23. Fencing and fences</p> <p>24. Licensing and controlling of undertakings that sell food to the public</p> <p>25. Local amenities</p> <p>26. Local sport facilities</p> <p>27. Markets</p> <p>28. Municipal abattoirs</p> <p>29. Municipal parks and recreation</p> <p>30. Municipal roads</p> <p>31. Noise pollution</p> <p>32. Pounds</p> <p>33. Public places</p> <p>34. Refuse removals, refuse dumps and solid waste disposals</p> <p>35. Street trading</p> <p>36. Street lighting</p> <p>37. Traffic and parking</p> |

5.6. Organisational restructuring

The District Municipality is in the process of restructuring its organograms to meet the newly delegated powers and functions. As a result the following problem areas have been highlighted and require discussion.

- The placement of the various units within the Municipal Managers' office which currently prevents the Municipal Manager from managing more important macro issues.
- The role of the Strategic Manager within the Municipal Managers Office and the overlapping functions with IPED

- Changing the name and function of the Strategic Manager to the Director: Institutional Support Services, in charge of a Municipal support Unit.
- Sharing the responsibility of SDBIP between IPED and Finance
- Changing the name of IPED to Strategic Management directorate
- The placement of Housing and Fleet Management

6. FINANCIAL VIABILITY

The Chris Hani District Municipality failed to receive a clean audit for the financial year 2008. This was due to the following factors:

- No specific disclosure of the entity's exposure to credit risk
- No process to identify and disclose related parties and any details of transactions with these parties
- No evidence for the opening balance in government grants in the prior year
- Certain Journal entries for credits and debits were processed with no supporting documents
- Outstanding debtor balance with insufficient provision for bad debts
- Unidentified deposits
- No documented process to identify contingent liabilities or application of alternative procedures
- Poor leave record management
- Poor asset management particularly regarding operating leases
- Unauthorised expenditure on MIG projects not mentioned in the IDP
- No adopted fraud prevention policy
- Weakness in internal audit
- No linkage between PMS and IDP
- No linkage between Budget and IDP
- Budget not in the prescribed format

However an audit action plan has been developed and implemented in order to address these shortcomings.

The draft budget has been drafted to allow increases parameters of 5.4 %,5.1 % and 4.6 % as determined by National Treasury circular no.48 dated 02 March 2009. Salary budgets has been revised by 10 % in anticipation of the Bargaining Council negotiation outcomes, approved organogram changes and Councillor increases. The operational budget consists of all Directorate input.

Provisional allocations have not yet been confirmed. Normally provision is made for the Primary Health care services based on the premise that council will contribute 20 % of operational expenditure but at this stage the provincial subsidy is only 71 % of estimated expenditure, Provision has been made for the salary component of the Roads section in the operating budget and the rest of the expenditure included as a project funded from provincial grants.

Where no outer year allocations were confirmed by the provisional departments beyond 2008/9, no allocations were included. This information will be corrected in the final 2009/10 budget.

6.1. Anticipated revenue and expenditure schemes

Table: Operating income

| | Revision | Draft | % Change |
|----------------------|----------------------|----------------------|-------------|
| Regional Levies | 0 | 0 | 0% |
| Grants and subsidies | 167 018 173 | 246 127 673 | 47 |
| Agency income | 20 558 833 | 21 119 920 | 1 |
| Investment income | 3 311 224 | 1 512 000 | (54) |
| Other income | 222 000 | 222 000 | 0 |
| TOTAL | R 191 110 230 | R 268 981 593 | 41 % |

Table Capital Income

| | Revision | Draft | % Change |
|-----------------------|-------------|--------------|----------|
| MIG | 176 196 099 | 255 959 099 | 45 |
| Equitable share | 38 594 000 | 0 | (100) |
| MSIG | 735 000 | 735 00 | 0 |
| Other national grants | 5 900 000 | 14 291 000 | 142 |
| Provincial grants | 40 934 525 | 30 544 438 | (25) |
| Investment Income | 6 500 000 | 6 500 000 | 0 |
| Other income | 1 300 000 | 0 | 100 |
| | 270 160 124 | 1308 029 537 | 14 |

Table Operating expenditure

| | Revision | Draft | % Change |
|-----------------------|------------|-------------|----------|
| Salaries & Allowances | 71 680 887 | 85 639 939 | 19 |
| Remuneration of Cllrs | 5 277 771 | 5 562 771 | 5 |
| Collection Costs | 572 209 | 545 480 | (5) |
| Depreciation | 3 084 800 | 3 084 800 | 0 |
| Repair & Maintenance | 18 223 973 | 19 055 314 | 5 |
| Contracted services | 135 569 | 135 718 | 1 |
| Grants & Subsidies | 252 200 | 252 200 | 0 |
| Gen expenses | 81 351 521 | 148 337 969 | 82 |

| | Revision | Draft | % Change |
|---------------------------|--------------------|--------------------|-----------|
| other | | | |
| Contribution – reserve | 10 531 300 | 6 367 402 | (40) |
| TOTAL | 191 110 230 | 268 981 593 | 41 |

The salaries budget increased by 19 % due to approved vacant positions not filled on targeted dates in 2008/9 FY and transfers from provincial departments (devolution of health workers) that did not take effect as anticipated

General expenses have increased by 82 % against most expense items that were increased by 5 %; the reason for the major increase is the introduction of ring fencing of much of the equitable share allocation to water and sanitation.

6.2. Capital projects

No material adjustments were made to MIG projects except to align projects with available funding as per DORA, the adjusted MIG bulk infrastructure allocation and the allowable PMU operating expenses funding. The Equitable share funded projects in the IDP were not provided for due to the ring fencing which left no funding available. The Asset Finance reserve in the operating budget has decreased substantially but is expected to change on the final budget when the water and sanitation budget is finalised after extensive consultation with local municipalities in response to ring fencing. Funding expected from Provincial departments has not been confirmed as originally budgeted for in certain cases and additional funds/ transfers were also made available resulting in the 25.5 decrease.

Table Capital expenditure

| | Revision | Draft | % Change |
|--------------|-------------|-------------|----------|
| MIG Projects | 176 196 099 | 255 959 099 | 454 |

| | | | |
|---------------------|------------|------------|-------|
| Equitable share | 38 594 500 | 0 | (100) |
| MSIG | 735 000 | 735 000 | 0 |
| Other Nat projects | 5 900 000 | 14 291 000 | 142 |
| Roads section | 17 648 525 | 13 087 438 | (26) |
| Other prov projects | 23 286 000 | 17 457 000 | (25) |
| Other projects | 7 800 000 | 6 500 000 | (17)) |
| TOTAL | | | 14 |

The shortfall in the budget means that sections outside water and sanitation have to find project from external sources.

7. GOOD GOVERNANCE PROFILE

The CHDM prioritizes good governance. Focus issues identified for attention in 2009/10 to promote good governance include among others:

- Fight against corruption
- Effective functioning of the audit committee, performance audit committee and council committees
- Promotion of effective public participation through dedicated programmes and plans such as the communication strategy to empower ward committees, CDWs and implementation of our communication strategy
- Setting relevant institutional mechanisms for effective customer care relations
- Promoting inter-sphere government cooperation by participating in the IGR structures
- Continuous improvement and building of internal capacity to PLAN and EVALUATE our plans effectively (IDP / LED / PMS / SDBIP)
- Reduction of unfunded mandates through creative engagement of relevant authorities and lobbying for sustainable SLAs

A recent study by the Department of social development has indicated that residents in ISRDP nodes rate their local authorities higher than other spheres of government but cynicism is beginning to increase. There is a growing perception that all spheres are not doing anything to improve the lives of residents. . In addition there is a growing sense of alienation i.e. that a person has no influence on their surrounds or community. In addition there was a growing lack of apathy towards attending community participation programmes like the IDP. It is therefore even more important that CHDM increases its public participation and feedback mechanisms.

8. KEY PRIORITIES (KPAs) FOR 2009/2010

The consultative forum for IDP engagement agreed to review our priorities for 2009/10 in order to provide guidance for resource allocation, promote emphasis on our assigned powers and functions first and also enhance alignment with provincial and national government development priorities. Hence, the resolution to prioritize as follows:

1. LOCAL ECONOMIC DEVELOPMENT

- Agriculture, Forestry, Tourism, Manufacturing, Construction and Trade

2. SERVICE DELIVERY + INFRASTRUCTURE

- Water and Sanitation, Roads, Housing, Municipal Public Works, Health (Primary + Public), Municipal Health, Environmental Management, Waste Management , Disaster Management, Fire fighting, Community Facilities, Safety and Security, Education, Social and Community needs development, Town and Regional Planning, HIV and AIDS

3. FINANCIAL VIABILITY

- Clean Audit Statements, Budget + Expenditure, Reporting, Supply Chain Management, Risk Management Revenue + Billing, ICT

4. INSTITUTIONAL DEVELOPMENT + TRANSFORMATION

- Powers and Functions, Organisational Development, WSP, EEP, HIV/Aids Plan, Special Programmes

5. GOOD GOVERNANCE

- Public participation, Municipal Planning (IDP, PMS, SDF etc), IGR , Anti-Corruption, Customer Care Relations + Communication, Internal audit, Archiving, Meeting minutes, ICT, HIV and AIDS, Contract Management, CDW's

SECTION C: DEVELOPMENTAL STRATEGIES

VISION

“a well capacitated Municipality, characterised by a good quality of life and a vibrant, self- sufficient economy driven by skilled communities living in a safe and healthy environment”

MISSION

“To provide affordable quality services, alleviate poverty and facilitate social and economic development of the area, through integrated development planning, co-operative governance, skills development and the sustainable utilisation of resources” reflects the vision

OBJECTIVES AND STRATEGIES FOR 2009/10

| Key Priority Area (KPA) | Weighting (80%) | Functional Result Areas | Objective | Supporting Strategies |
|-------------------------|-----------------|---|--|--|
| Service Delivery | 35 | Water + Sanitation | To ensure that 30% of the MIG Budget is utilized for EPWP | By prioritizing projects that meet MIG conditions and implementing EPWP |
| | | | | Capacitate PMU and O & M officials up to LIC 7 to coordinate the programme |
| | | | | Train 10 Emerging Construction Companies by 2008 |
| | | | To provide free basic water supply | By implementing WSDP programmes and utilizing ES to fund Indigent support |
| | | | To provide free basic sanitation service | By implementing WSDP programmes and utilizing ES to fund Indigent support |
| | | To ensure water resource protection and conservation | By conducting feasibility studies and supporting initiatives for conservation and resource protection | |
| Roads + Stormwater | | To create and maintain access road infrastructure and network | By utilizing MIG and lobbying departments PW and R&T to mobilize resources for road infrastructure upgrade and development | |

| Key Priority Area (KPA) | Weighting (80%) | Functional Result Areas | Objective | Supporting Strategies |
|-------------------------|-----------------|-------------------------------------|---|--|
| | | | To create and maintain bridges and related infrastructure | By utilizing MIG and lobbying departments PW and R&T to mobilize resources for road infrastructure upgrade and development |
| | | Land & Housing | To facilitate provision of sound planning for housing development + support LMs in delivering their commitments | by supporting municipalities to develop and implement housing sector plans |
| | | | | By implementing district land and settlement plan and also facilitate initiatives by dlgh and land affairs |
| | | Disaster management | To provide for effective management of disasters and response to risk + emergencies | By implementing DMP |
| | | Waste Management | To provide waste management service to all our areas + support municipalities | By implementing IWMP |
| | | | Reduce all waste by 50% by 2015 | By implementing IWMP |
| | | Health PRIMARY HEALTH CARE SERVICES | To ensure household access to good, affordable and sustainable health care services and infrastructure | By facilitating delivery of Comprehensive Primary Health Care Services health services and infrastructure through the department of health & NGOs |
| | | | Reduce the prevalence of HIV & Aids(AIDS) in CHDM by 1% per annum. | By coordinating activities of role players via(through District AIDS Council By creating an enabling environment for HIV testing within the workplace(through the development of internal HIV&AIDS workplace programs) |
| | | Municipal Health | to provide effective environmental health service (Municipal Health Services) and support municipal public health activities(I don't understand this) | by providing support to LMs for environmental health, inspections of food selling outlets + animal control |
| | | | | by conducting awareness workshops |

| Key Priority Area (KPA) | Weighting (80%) | Functional Result Areas | Objective | Supporting Strategies |
|-------------------------|-----------------|-------------------------|--|--|
| | | | Build the capacity of LM's to deal with their own Environmental management issues by July 2010 | by implementing agreed internal operational interventions |
| | | | Develop and implement a plan to reduce risk and strengthen at risk communities with regards to the prevention of environmental disasters by July 2010 | Developing the plan and implementing accordingly |
| | | | Introduce alternative technologies so to impact and contribute to sound environmental principals by July 2009 | By supporting investigations for alternative technologies |
| | | | Develop a strategy regarding the minimization of waste within the district as well as the application of appropriate technologies regarding waste management | By developing the strategy and implementing it |
| | | | Ensure compliance of 80 % of all food samples on an annual basis | Development of sampling programme Issuing of Certificate of Acceptability |

| Key Priority Area (KPA) | Weighting (80%) | Functional Result Areas | Objective | Supporting Strategies |
|--|-----------------|-------------------------|---|---|
| | | | Ensure compliance of 95 % of all water samples taken by Environmental Health Practitioners on an annual basis | Development of sampling programme |
| | | | Ensure 100% compliance of all Funeral undertaker businesses registered in the CHDM area by 2009. | Issuing of Certificates of competency |
| | | Air quality control | Develop Air Quality Monitoring plans and awareness programmes by June 2010 | Establish air quality monitoring stations within CHDM |
| | | Education | To ensure household access to education services and infrastructure | By facilitating delivery of education services and infrastructure through the department of education & NGOs |
| | | Community facilities | to provide and maintain community facilities | by mobilizing DSRAC to provide libraries, halls, sports, recreation and cultural facilities and support and leveraging existing initiatives |
| | | Cemeteries | to provide support for cemetery services in all needy areas of our district | by working closely with LMs and providing funding and planning resources by conducting investigations for suitable land to be used in expanding cemeteries |
| Institutional development + transformation | 20 | ICT | To provide a reporting tool that integrates to other systems in the organization | By automating PMS |
| | | | Ensuring that the activities of the ICT | By installing functional IT systems |

| Key Priority Area (KPA) | Weighting (80%) | Functional Result Areas | Objective | Supporting Strategies |
|-------------------------|-----------------|-------------------------|--|---|
| | | | unit are always informed by the ID | |
| | | HR Development | to review organogram in line with our powers and functions + fill urgent critical vacant positions | By revising existing organogram and implementing it |
| | | | To ensure that the District Municipality's information assets are archived according to relevant legislation | By improving our records and archiving management |
| | | | To continuously build capacity and skill of our workforce and political leaders | By setting aside budget for training and capacity building programmes within our OPEX |
| Good Governance | 10 | By-laws and policies | To ensure compliance with all relevant legislation | By identifying by-laws and policies that need review and revise accordingly |
| | | | To review existing policies and by-laws | By identifying by-laws and policies that need review and revise accordingly |
| | | Municipal Planning | To ensure effective and sound planning in the district | By developing and implementing a credible IDP |
| | | | | By revising and cascading PMS to lower levels |
| | | | | By reviewing performance and reporting regularly on SDBIP & PM scorecards |
| | | Supply Chain Management | To have a supplier database and update our SCM policy. | By inviting new registration and updating our database |
| | | Anti-Corruption | To provide institutional mechanism for discouraging corruption in our ranks | by providing an anonymous platform for reporting of alleged corruption activities |

| Key Priority Area (KPA) | Weighting (80%) | Functional Result Areas | Objective | Supporting Strategies |
|-------------------------|-----------------|--|--|--|
| | | Public Participation & Customer care relations | Dissemination of Information, Highlighting achievements and IDP priorities, Communication of Programmes and Plans of the CHDM, Better imaging of CHDM. | By regularly updating our newsletter and website |
| | | | To provide for smooth relations and communication between the DM and its customers | by utilizing our newsletter and billing statements |
| | | Marketing | Popularize and brand the DM and better understanding by all. | by encouraging promotions and support |
| | | SPU | To empower and integrate disabled people into the mainstream of the local economy | by implementing SPU programmes |
| | | | To achieve social cohesion, develop and share knowledge and skills, to address moral issues | by implementing SPU programmes |
| | | | To empower and integrate marginalized groups into the mainstream of the local economy | by implementing SPU programmes |
| | | Internal Audit | Provide continuous support to LM to | By supporting LMs with internal audit |

| Key Priority Area (KPA) | Weighting (80%) | Functional Result Areas | Objective | Supporting Strategies |
|--------------------------------|------------------------|--------------------------------|--|---|
| | | | ensure effectiveness of the established internal audit units | |
| Financial Viability | 10 | Budget + Expenditure | To prepare compliant budget and ensure expenditure compliance by departments | By preparing and adopting FINAL budget with IDP review |
| | | | To achieve clean audit statement by 2010/11 | By converting our asset register, financial reporting and management systems to fully meet GRAP |
| Local Economic Development | 25 | LED | To grow district economy and contribute to job creation and fight against poverty and unemployment | By implementing LED strategy |

SECTION D: Spatial Development Framework

A summary of the SDF is appended.

SECTION F: PROJECTS

THREE YEAR PROJECT LIST AND BUDGET

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|--|----------------------|----------------------|----------------------|
| Disaster management | | | |
| Scientific risk assessment | R 500,000 | | |
| Control room equipment | R 1,500,000 | R 0 | R 0 |
| Extension of the Disaster risk management centre | R 0 | R 2,000,000 | R 2,000,000 |
| One 4x4 double cab response vehicle for a satellite centre | R 400,000 | R 1,280,000 | R 968,000 |
| Specialized vehicles for Education & awareness programs & JOC | R 0 | R 1,500,000 | R 1,575,000 |
| | | | |
| Fire and emergency services | | | |
| Major pump with 464 ladder | | | |
| One standard 4x4 bakkies | R 425,000 | R 975,000 | |
| Rescue vehicle | R 0 | R 600,000 | R 600,000 |
| Hazmat vehicle | R 0 | R 500,000 | R 500,000 |
| Total : Fire and emergency services | R 425,000 | R 2,075,000 | R 1,100,000 |
| | | | |
| Communications | | | |
| Marketing & Branding | R 500,000 | R 1,000,000 | R 1,210,000 |
| Marketing strategy | | R 500,000 | |
| Dev & implementation of Public Participation strategy | R 0 | R 1,050,000 | R 600,000 |
| Dev & production of Publications in-house | | R 400,000 | R 550,000 |
| Production of Annual Report | R 200,000 | R 200,000 | R 200,000 |
| Review of Promotion to information Act manual & implementation | R 0 | R 12,000 | R 13,200 |
| Explore establishment of Customer care centre | R 300,000 | R 550,000 | R 600,000 |
| Communication strategy | | R 10,000 | |
| talk shows | | R 1,000,000 | |

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|--|------------------------------|------------------------------|------------------------------|
| Website maintenance | | R 50,000 | |
| Advertorials | | R 300,000 | |
| | | | |
| Internal Audit | | | |
| Municipal Support & Shared Internal Audit Service | R 0 | R 1,000,000 | |
| Provision of continuous support to local municipalities | R 1,000,000 | R 500,000 | R 550,000 |
| Development of a Risk management framework & policy | R 250,000 | R 500,000 | |
| Quality assurance review of the Internal audit unit | R 100,000 | | |
| Procurement of a Computer assisted audit software (CAAS) | R 0 | R 50,000 | R 0 |
| | | | |
| Information computer technology (ICT) | | | |
| Usage of SharePoint portal to enable outside CHDM intranet | R 300,000 | R 0 | R 0 |
| Dev of a District information management system (DIMS) | R 0 | R 1,000,000 | |
| Review of Master systems plan | R 75,000 | | |
| ICT audit | R 300,000 | | R 300,000 |
| Dev of Electronic document management system (EDMS) | R 0 | R 2,000,000 | |
| Internal hosting of the website | R 0 | R 100,000 | |
| Undertake Business process re-engineering project | R 0 | | R 500,000 |
| | | | |
| Supply chain management | | | |
| Database to ensure supplier rotation & equitable opportunities | R 0 | R 0 | R 0 |
| Dev of relevant policies | R 32,000 | R 35,000 | R 40,000 |
| Formulate a disposal strategy | R 50,000 | R 10,000 | R 15,000 |
| SCM Performance audit / monitoring | R 78,000 | R 82,000 | R 85,000 |
| | | | |
| Special programmes unit (SPU) | | | |
| Dev of relevant policies | R 0 | R 100,000 | R 100,000 |

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|--|------------------------------|------------------------------|------------------------------|
| Stakeholder management | R 200,000 | R 300,000 | R 300,000 |
| Capacity building | R 200,000 | R 300,000 | R 300,000 |
| Facilitate participation | R 100,000 | R 200,000 | R 200,000 |
| Water & sanitation | R 100,000 | R 0 | R 0 |
| Mayoral cup | R 300,000 | R 0 | R 0 |
| Monitoring & evaluation | R 50,000 | R 50,000 | R 50,000 |
| Campaigns | R 100,000 | R 100,000 | R 100,000 |
| | | | |
| Management & admin | | | |
| Various Projects | R 2,000,000 | R 0 | R 2,000,000 |
| Policy & By-law booklet | R 0 | R 125,000 | R 125,000 |
| Electronic doc management system | R 0 | R 2,000,000 | R 2,000,000 |
| Implementation of Filing Plan | R 0 | R 75,000 | R 75,000 |
| | | | |
| Fleet management | | | |
| Vehicle management system | R 0 | R 0 | R 0 |
| Replacement of vehicles & trackers | R 0 | R 1,700,000 | R 1,700,000 |
| Car ports | R 0 | R 170,000 | R 170,000 |
| | | | |
| Human resource management | | | |
| Organizational re-alignment | | R 0 | |
| Municipal human resource development | R 0 | R 0 | R 0 |
| Org plus software | | R 200,000 | |
| Implementation of Retention Strategy | | R 400,000 | |
| Implementation of Perception Survey | | R 400,000 | |
| Employment equity plan | | R 250,000 | |
| Pre employment medical examinations | | R 250,000 | |
| Implementation of Integrated wellness strategy | | R 600,000 | |
| Implementation of targeted recruitment and selection | | R 200,000 | |
| HR Audit and System | | R 350,000 | |
| | | | |
| Budget Control | | | |

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|---|------------------------------|------------------------------|------------------------------|
| DBSA-Loan repayment | R 446,000 | R 466,070 | R 487,043 |
| Comprehensive Asset Identification & Registration | R 300,000 | R 313,500 | R 327,608 |
| | | | |
| System Administration | | | |
| e-Venus Accounting System Roll-out | R 2,000,000 | R 2,090,000 | R 2,184,050 |
| | | | |
| MHS & Environmental management | | | |
| School Greening project | R 600,000 | R 600,000 | R 600,000 |
| Establishment of Health and Education unit | R 200,000 | R 150,000 | R 150,000 |
| Observation of Environmental related days | R 400,000 | R 450,000 | R 450,000 |
| Community gardens | R 200,000 | R 220,000 | R 250,000 |
| Food premises competition / Infrastructure | R 250,000 | R 420,000 | R 450,000 |
| Waste Management | R 2,500,000 | R 4,500,000 | R 5,500,000 |
| Land care programme (alien plant eradication) | R 3,000,000 | R 6,000,000 | R 6,500,000 |
| One 4x4 long wheel base bakkie | R 0 | R 400,000 | R 450,000 |
| Sanitation resource centre | R 550,000 | R 0 | R 0 |
| Air pollution quality monitoring | | R 600,000 | R 500,000 |
| | | | |
| Primary health care services | | | |
| Purchase of mobile clinics | R 1,000,000 | R 1,200,000 | R 1,400,000 |
| Upgrading of pharmacy rooms | R 100,000 | R 100,000 | R 0 |
| Upgrading of Eluxolweni clinic (Hofmeyer) | R 750,000 | R 0 | R 0 |
| Additions to Zola & Masakhane clinics | R 0 | R 850,000 | R 760,000 |
| Upgrading of Tarkastad town clinic | R 70,000 | R 0 | R 0 |
| | | | |
| HIV / AIDS Programmes | | | |
| HIV / AIDS policy implementation | R 490,000 | R 519,490 | R 550,654 |
| VCT Site establishment | R 310,000 | R 328,600 | R 348,346 |
| Psychosocial support | R 0 | R 53,000 | R 53,000 |
| HIV / AIDS Mainstreaming | R 50,000 | R 53,000 | |

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|---|------------------------------|------------------------------|------------------------------|
| Technical support to local municipalities | R 60,000 | R 63,600 | R 67,446 |
| Communication & Marketing of HIV / AIDS | R 100,000 | R 348,000 | R 337,080 |
| DAC & LAC Functioning | R 100,000 | R 106,000 | R 112,360 |
| National calendar observation | R 307,400 | R 325,844 | R 346,394 |
| HIV / AIDS Research programmes | R 221,350 | R234 631 | R 248,709 |
| Capacity building (door to door campaigns) | R 524,750 | R 1,240,376 | R 847,148 |
| Co ordination of DAC and LAC plans | R 50,000 | R 53,000 | R 56,180 |
| LAC's & WAC's support | R 480,000 | R 643,000 | R 1,167,094 |
| Establishment of ward AIDS Council | R 0 | R 406,000 | R 112,360 |
| Baseline survey for 3 wards in sakhisizwe LM | R 0 | | |
| Establishment of ARV site | R 0 | R 1,000,000 | |
| Implementation of outcomes of the baseline survey | R 0 | R 519,490 | |
| Create an enabling environment for affected and infected staff | R 0 | R 328,600 | |
| Observation of HIV&AIDS days internally | R 0 | R 200,000 | |
| Communication Strategy for the unit | R 0 | R 318,000 | |
| Observation of HIV&AIDS days | R 0 | R 325 844 | |
| Capacity building | R 0 | R1,240,375 | |
| Planning and program development of all DAC stakeholders' activities. | R 0 | R 63 000 | |
| LAC and WACs support | R 0 | R 643 000 | |
| Best Practice benchmarking | R 0 | R 106 000 | |
| | | | |
| Zoning map | R 2,000,000 | R 500,000 | R 0 |
| land registration booklet | R 100,000 | R 0 | R 0 |
| Revision of zoning scheme | R 1,000,000 | R 0 | R 0 |
| PMS Roll out scheme to sectional heads | R 0 | R 0 | R 0 |
| District Monitoring and evaluation system | R 1,000,000 | R 250,000 | R 250,000 |
| Animal Production / Improvement | | | |
| Nguni Programme | R 2,500,000 | R 1,500,000 | R 1,000,000 |

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|---|------------------------------|------------------------------|------------------------------|
| Live Stock marketing | R 2,000,000 | R 1,000,000 | R 0 |
| Wood Cluster | | | |
| Kwa- Jo Nursery project | 2000 000 | 1000 000 | R 0 |
| Pole treatment plant | 1000 000 | 5000 000 | R 0 |
| Sakhisizwe charcoal manufacturing project | 2000 000 | 5000 000 | R 0 |
| Engcobo Charcoal Manufacturers project | 1000 000 | R 0 | R 0 |
| Irrigation Schemes | R 6,000,000 | R 6,000,000 | R 6,000,000 |
| Goat Project | R 500,000 | R 500,000 | R 500,000 |
| Wool Production | R 1,700,000 | R 1,700,000 | R 1,700,000 |
| Crop Production | | | |
| Work with Depart of Agric to co fund | R 0 | R 0 | R 0 |
| Massive food production | R 4,000,000 | R 5,000,000 | R 5,500,000 |
| High value crop | R 500,000 | R 500,000 | R 200,000 |
| Post settlement support programme (LRAD FARMS) | R 2,500,000 | R 2,000,000 | R 2,000,000 |
| Tourism | | | |
| SMME development | R 500,000 | R 500,000 | R 2,000,000 |
| Destination Management and Marketing | R 1,500,000 | R 2,000,000 | R 2,000,000 |
| Tourism institutional framework | R 1,500,000 | R 2,000,000 | R 3,000,000 |
| Tourism planning | R 500,000 | R 500,000 | R 500,000 |
| Chris Hani Liberation Route | R 5,000,000 | R 10,000,000 | R 15,000,000 |
| Signage for CHDM tourism Attractions | R 200,000 | R 400,000 | R 0 |
| Tourism planning | R 500,000 | R 500,000 | R 0 |
| SMME Development | | | |
| Seminars and business sessions | | | |
| Business support | R 500,000 | R 500,000 | R 0 |
| Research & information | R 700,000 | R 800,000 | R 0 |
| Cooperatives support | R 1,500,000 | R 5,000,000 | R 0 |
| Information sharing through Expo's. | R 1,500,000 | R 500,000 | R 500,000 |
| Business support | R 2,000,000 | R 1,500,000 | R 1,500,000 |
| Research & information | R 1,000,000 | R 1,000,000 | R 1,000,000 |
| Local Economic development strategy | | | |

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|--|------------------------------|------------------------------|------------------------------|
| Strategy & Planning | R 1,500,000 | R 500,000 | R 0 |
| Capacity building | R 300,000 | R 0 | R 0 |
| Led Support Fund | R 2,500,000 | R 2,500,000 | R 2,500,000 |
| SEDA | | | R 600,000 |
| Call centers | R 0 | R 0 | R 0 |
| Development agency | R 7,000,000 | R 5,000,000 | R 5,000,000 |
| Project facilitation | R 500,000 | R 500,000 | R 500,000 |
| Chris Hani Business Women's Association | R 300,000 | R 200,000 | R 100,000 |
| Building Bridges Project/Chris Hani Business Forum | R 900,000 | R 900,000 | R 900,000 |
| Business Linkage Center | R 2,000,000 | R 1,500,000 | R 1,500,000 |
| Document Management System | R 1,000,000 | R 100,000 | R 100,000 |
| | | | |
| INFRASTRUCTURE PROJECTS | | | |
| Molteno Roads and Stormwater - Phase 1 | 1,500,000.00 | R 0 | R 0 |
| Sterkstroom Roads and Stormwater - Phase 1 | 3,000,000.00 | R 0 | R 0 |
| Molteno Low level bridge | 1,000,000.00 | R 0 | R 0 |
| Molteno Oxidation Ponds | 1,500,000.00 | R 0 | R 0 |
| Molteno Sport Complex | 1,000,000.00 | R 0 | R 0 |
| | | R 0 | R 0 |
| RA 60 Hewu Bulk Water Supply | R 0 | R 0 | R 0 |
| Augment Queenstown water supply(Xonxa) | R 2,000,000 | R 0 | R 0 |
| Zingquthu sanitation | R 576,437 | R 0 | R 0 |
| Sada Sewer | R 2,000,000 | R 0 | R 0 |
| Whittlesea Extension 2 | R 500,000 | R 0 | R 0 |
| Rathswick Water and Sanitation | R 0 | R 0 | R 0 |
| Zingquthu Water Supply | R 2,000,000 | R 0 | R 0 |
| Lessyton Water Supply | R 500,000 | R 0 | R 0 |
| Tylden Water Supply | R 2,000,000 | R 0 | R 0 |
| | | R 0 | R 0 |
| Gwatyu Water Supply | R 2,000,000 | R 0 | R 0 |
| | | R 0 | R 0 |
| Rosmead Rural Water | R 3,500,000 | R 0 | R 0 |

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|--|------------------------------|------------------------------|------------------------------|
| Lingelihle - Rehab gravel street and access roads (Phase 2) | R 1,000,000 | R 0 | R 0 |
| Cradock Water reservoir | R 1,000,000 | R 0 | R 0 |
| Middleburg Water Provision | 4,400,000.00 | R 0 | R 0 |
| | | R 0 | R 0 |
| Tarkastad Bucket eradication | R 0 | R 0 | R 0 |
| Hofmeyer Water Supply | R 9,000,000 | R 0 | R 0 |
| Rocklands Water Project | R 0 | R 0 | R 0 |
| Ward 2 sanitation | R 3,000,000 | R 0 | R 0 |
| ward 3 sanitation | R 2,500,000 | R 0 | R 0 |
| Tsolwana Access Roads | R 0 | R 0 | R 0 |
| | | R 0 | R 0 |
| Emalahleni Ward 3 Sanitation | 1,984,659 | R 0 | R 0 |
| Indwe Rehabilitation of Rds &S/water Phase 2 | R 1,351,447 | R 0 | R 0 |
| Emalahleni ward 2 & 10 Sanitation | R 1,000,000 | R 0 | R 0 |
| Cacadu Villages Water | R 3,500,000 | R 0 | R 0 |
| Mackay's Nek Sanitation | 1,000,000 | R 0 | R 0 |
| Vukani Bulk Services water | 1,900,000 | R 0 | R 0 |
| Qoqodala Access Road | 1,000,000 | R 0 | R 0 |
| Dubeni Access Road | 2,500,000 | R 0 | R 0 |
| Percy Village Sanitation (Cluster) | 1,000,000 | R 0 | R 0 |
| Vukani Guba Sanitation | R 1,000,000 | R 0 | R 0 |
| Cluster 1(Part Lukhanji Water Backlog) | R 2,200,000 | R 0 | R 0 |
| Ward 6 Water Scheme (Xonxa) | R 1,000,000 | R 0 | R 0 |
| Cluster 2 (Part Intsika Yethu Water Backlog) | R 2,600,000 | R 0 | R 0 |
| Ward 1 Sanitation | R 500,000 | R 0 | R 0 |
| Ward 2 sanitation | R 500,000 | R 0 | R 0 |
| Ward 3 sanitation | R 500,000 | R 0 | R 0 |
| Ward 4 sanitation | R 500,000 | R 0 | R 0 |
| Ward 5 sanitation | R 500,000 | R 0 | R 0 |
| Ward 6 sanitation | R 500,000 | R 0 | R 0 |
| Ward 7 sanitation | R 500,000 | R 0 | R 0 |
| Ward 8 sanitation | R 500,000 | R 0 | R 0 |

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|--|------------------------------|------------------------------|------------------------------|
| Ward 9 sanitation | R 500,000 | R 0 | R 0 |
| Ward 10 sanitation | R 500,000 | R 0 | R 0 |
| Ward 11 sanitation | R 500,000 | R 0 | R 0 |
| Ward 12 sanitation | R 500,000 | R 0 | R 0 |
| Ward 13 sanitation | R 500,000 | R 0 | R 0 |
| Ward 14 sanitation | R 500,000 | R 0 | R 0 |
| Ward 15 sanitation | R 500,000 | R 0 | R 0 |
| Ward 16 sanitation | R 500,000 | R 0 | R 0 |
| Swartwater Internal Reticulation | R 600,000 | R 0 | R 0 |
| Indwe Bucket Eradication | R 2,000,000 | R 0 | R 0 |
| Lady Frere Taxi Rank | | R 0 | R 0 |
| Dordrecht Bucket Eradication | R 2,000,000 | R 0 | R 0 |
| Lady Frere Sewer | R 1,000,000 | R 0 | R 0 |
| Lady Frere Taxi Rank | R 100,000 | R 0 | R 0 |
| | | R 0 | R 0 |
| Cofimvaba Sewer (Bulk line and treatmworks) | R 3,000,000 | R 0 | R 0 |
| Tsomo RDP 2 Water supply | R 4,000,000 | R 0 | R 0 |
| Tsomo RDP 3 2005/1 | R 3,394,881 | R 0 | R 0 |
| Tsomo - Shweni & Ndungunya Village water supply(476) | R 40,000 | R 0 | R 0 |
| Cofimvaba Ward 15 - Water Reticulation Phase 2 | R 3,000,000 | R 0 | R 0 |
| Cofimvaba Ward 11 & 13 - Water Reticulation Phase 2 | R 200,000 | R 0 | R 0 |
| Cofimvaba - Roads in Wards 7, 9, 12, 14(528) | R 2,040,000 | R 0 | R 0 |
| Cofimvaba ward 16 sanitation | R 1,000,000 | R 0 | R 0 |
| Mphutulo Rwantšana Water supply | R 2,800,000 | R 0 | R 0 |
| Luthuli water supply | R 2,000,000 | R 0 | R 0 |
| Ward 8 Sanitation | 0 | R 0 | R 0 |
| Ward 3 Sanitation | R 0 | R 0 | R 0 |
| Nqumakaqla & Mtshanyana Bulk Water Supply | R 500,000 | R 0 | R 0 |
| Qamata water Project(877) | R 4,900,000 | R 0 | R 0 |
| Upper tsojana sanitation | R 500,000 | R 0 | R 0 |

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|--|------------------------------|------------------------------|------------------------------|
| Intsika Yethu Sanitation - Makhetha | R 500,000 | R 0 | R 0 |
| Intsika Yethu Sanitation - Amanzabantu | R 500,000 | R 0 | R 0 |
| Cofimvaba water reticulation | R 1,000,000 | R 0 | R 0 |
| Ward 1(Old) Water Supply | R 1,000,000 | R 0 | R 0 |
| Ward 6,9,12 Phase 2(Old) | R 1,000,000 | R 0 | R 0 |
| Hoyana Water Supply | R 1,000,000 | R 0 | R 0 |
| Bolotwa Water Supply | R 1,500,000 | R 0 | R 0 |
| Gcina Ward 8 Water Supply (Old) | R 1,000,000 | R 0 | R 0 |
| Cluster 8 | R 2,500,000 | R 0 | R 0 |
| Cluster 9 | R 2,500,000 | R 0 | R 0 |
| | | R 0 | R 0 |
| Engcobo Sanitation - EU (604) | R 1,000,000 | R 0 | R 0 |
| Chris Hani Area Sanitation (Engcobo)Ward 5 (634) | R 1,000,000 | R 0 | R 0 |
| Nkondlo/Gqobonco water supply (Bulk supply) | R 6,000,000 | R 0 | R 0 |
| Lower Gqaga water supply | R 50,000 | R 0 | R 0 |
| Bojane Skobeni Water Supply | R 3,000,000 | R 0 | R 0 |
| Engcobo treatment works | R 7,700,000 | R 0 | R 0 |
| Nkondlo sportsfield phase 2 | R 157,194 | R 0 | R 0 |
| Goboti Sangeni Sanitation | R 1,900,000 | R 0 | R 0 |
| Ward 2 Water Supply | R 1,000,000 | R 0 | R 0 |
| Cluster 6 | R 11,900,000 | R 0 | R 0 |
| Cluster 7 | R 5,400,000 | R 0 | R 0 |
| Cluster 5 | R 4,900,000 | R 0 | R 0 |
| Ward 13 Water Supply | R 3,000,000 | R 0 | R 0 |
| Ward 12 Sanitation | 500,000.00 | R 0 | R 0 |
| Ward 15 Sanitation | 500,000.00 | R 0 | R 0 |
| | | R 0 | R 0 |
| Cala ext 13, 14 & 15- Roads, Stormwater & water | R 250,000 | R 0 | R 0 |
| Elliot Waste Water Treatment Works | 484,819.00 | R 0 | R 0 |
| Taleni Sanitation (Backlog) | 250,000.00 | R 0 | R 0 |
| Cluster 4 Water scheme (Part Intsika Yethu) | 5,150,000.00 | R 0 | R 0 |
| Ward 3 Sanitation | 200,000.00 | R 0 | R 0 |

| PROJECTS | TOTAL 2008 / 2009 | TOTAL 2009 / 2010 | TOTAL 2010 / 2011 |
|-----------------------------|----------------------|----------------------|----------------------|
| Ward 4 Sanitation | 150,000.00 | R 0 | R 0 |
| Ward 7 Sanitation | 300,000.00 | R 0 | R 0 |
| Nyalasa Sanitation | | R 0 | R 0 |
| Xalanga Ward 4 Water Supply | 250,000.00 | R 0 | R 0 |
| Mahlungulu Water Supply | | R 0 | R 0 |
| Nyalasa Sanitation | 250,000.00 | R 0 | R 0 |
| Mahlungulu Water Supply | 250,000.00 | R 0 | R 0 |

CONTRIBUTIONS BY SECTOR DEPARTMENTS

This Section includes programmes and commitments by sector departments. Some information received after the draft was completed is being incorporated and will be included in the DRAFT that will go for comments.

| | DEPARTMENT OF AGRICULTURE | | | | |
|--------------------|---------------------------|--------------|--------------|--------------------|-----------------|
| | SIYAZONDLA | CASP | LAND CARE | INFRASTRUC TURE | BUDGET 09-10 |
| Chris Hani DM | | | | Fencing | 8,206,760.00 |
| | | | | Stock water | 2,448,840.00 |
| | | | | Irrigation | 528,400.00 |
| | | | | Shearing shed | 1,950,000.00 |
| | | | | Storage shed | 630,000.00 |
| Intsika Yethu | 417,558.70 | 650,000.00 | | | |
| Lukhanji | 802,997.50 | 3,000,060.00 | | | |
| Engcobo | 680,941.88 | 2,250,000.00 | 1,045,000.00 | | |
| Emalahleni | 436832 .20 | 736,760.00 | 1,045,000.00 | | |
| Inxuba Yethemba | 154,175.52 | 200,000.00 | | | |

| | | | | | |
|---------------|--|--------------|------------|--|--|
| Sakhisizwe | 289,079.10 | 2,320,000.00 | 205,000.00 | | |
| Tsolwana | 134,903.58 | 650,000.00 | | | |
| Inkwanca | 83,511.74 | 2,580,000.00 | | | |
| | DEAT | | | | |
| Chris Hani DM | Water conservation+ Demand Management | 500,000.00 | | | |
| | Water quality monitoring + reporting | 500,000.00 | | | |
| | Water treatment monitoring + reporting | 500,000.00 | | | |
| | Solid Waste | 300,000.00 | | | |
| | Commonage management | 500,000.00 | | | |
| | Air quality management | 500,000.00 | | | |
| | Environmental awareness | 300,000.00 | | | |
| | Alien eradication | 300,000.00 | | | |
| | Biomass to energy opportunity assessment | 300,000.00 | | | |
| | Safety | | | | |
| Chris Hani DM | | | | | |
| | Sustainable livelihoods | 12750000 | | | |
| | Women development | 4500000 | | | |

| | | | | | |
|--|--------------------------|--------|--|--|--|
| | Imbumba Yamakhosikazi | 500000 | | | |
| | Youth Development | 500000 | | | |

SECTION G: SDBIP

The SDBIP will be finalised and incorporated into the final IDP.

SECTION H: FINANCIAL PLAN

The purpose of the five year financial plan is to create the medium-term strategic financial framework for allocating resources through the municipal budgeting process and to ensure the financial viability and sustainability of the Chris Hani district municipality's investments and operations. Other important reasons for developing the financial plan are:

- to ensure a close planning and budgeting link;
- to inform municipal budgeting over tier;
- to facilitate inter-governmental alignment with regard to capital requirements and sources of funding;
- assess financial management arrangement and financial strategy; and
- to outline revenue and expenditure forecast.

The needs and demands of the various communities far exceed the resources available to the municipality. Consequently it is necessary to weigh the competing demands and to prioritize expenditure. In such a process there are always trade-offs and politicians and senior officials need to focus on the poorer areas where the greatest need exists. Without proper financial planning, sustainability and sound financial management will not be achieved. Given the nature of Integrated Development Planning, it will be necessary to revise and update financial strategies on a continuous basis. This will ensure realistic monitoring and the implementation of pro-active adjustments to the status quo.

FINANCIAL MANAGEMENT ARRANGEMENTS

The following financial management arrangements in the municipality are in place:

a) Administration

Chris Hani District Municipality has a strong finance department and has established an internal audit function responsible for monitoring financial and other controls. In addition, Council is committed to sound financial management and the maintenance of a sound economic base. A Chief Finance Officer (CFO) with a Deputy who heads the Budget and Treasury Office. The district municipality has implemented a new electronic financial system e-Venus that has enabled it to become GAMAP compliant. Financial management policies and procedures for the entire municipality will be implemented as follows:

- Cash forecasts and cash flow monitoring against forecasts
- Budgeting methods
- Management reporting
- Credit risk management
- Credit policies with emphasis on minimum debtors
- Supply chain management policies
- Supplier selection and monitoring procedures
- Supplier payment periods
- Investment policies

b) Financial Procedures and Policies

Council has approved the following policies to guide the financial procedures and operations. These policies include a revised supply chain management policy, tariff policy, indigent policy, financial codes and by-laws, credit control and debt collecting policy.

c) Council representation

A portfolio Councillor for finance serves on the Mayoral Committee and advises the Executive Mayor on matters in the Mayoral Committee agenda. The Council is responsible for approving the IDP, the operating and capital budgets and the Service delivery Implementation Plan (SDBIP).

FINANCIAL STRATEGIES

The financial strategies adopted by Council include a basic strategy which will apply to the detailed strategies, a financial resources (capital and operational) strategy , revenue raising strategy, asset management strategy, capital financing strategy , operational financing strategy and cost effectiveness strategy.

All aspects of matters relating to the financial matters will take into account Council's social responsibilities and these include Council's indigent policy and recognizing that certain sections of the community do not have the ability to pay for services. A further aspect of social responsibility will focus on transformation and empowerment as called for in Council's supply chain management policy.

(a) Financial Resources

For the purpose of this plan, council has considered financial resources for both capital projects and operation purposes. The various resources available to council are summarized below.

Capital expenditure:

- Internal borrowings using existing funds
- External borrowings
- National government funding – equitable share
- Provincial funding
- National government grants
- Capital markets
- Public / private partnerships
- Disposal of unutilized assets

Operational expenditure:

- Normal revenue
- Short term borrowings
 - Internal
 - External

(b) Revenue raising

The Chris Hani Municipality's main sources of revenue are service levels, water, sanitation and grants. The contribution of the various streams to revenue will be subject to review and this process will include gap plugging to ensure there is no unnatural loss in the various significant streams, benchmarking and tariff reviews annually. In addition a cost benefit analysis of non-essential services will be conducted with a view to introducing tariffs where none exist (user pay policy), increasing tariffs, outsourcing or alternate service delivery. Whilst the issue of tariffs forms part of this financial plan, it is anticipated that the affected departments will be responsible for further investigatory work, such as user surveys. Several strategies are employed to generate revenue as follows:

- The district municipality will through the process of IDP, source more funds from national and provincial governments.
- Donor funding: an area not yet explored. There is a belief that this area is worth pursuing. There may be a need to contract the services of a professional to assist in the development of relevant strategies.
- Interest on investments: Any unutilized funds deposited in the Chris Hani D.M. account must be placed in an appropriate investment vehicle that is high interest generating.
- New functions, roles and responsibilities: All mandates transferred nationally and provincially to the district will only be accepted provided that the capital plus maintenance and operational costs are provided for by the transferring sphere of government.
- Capital loans: Sourcing loan capital from institutions like the DBSA, INCA will be investigated for capital projects.

(c) Asset Management

It is important to maintain a regular inventory of property, plant and equipment, implementation of a maintenance program and insurance cover review. This part of the plan will be extended to assist in identifying and listing

unutilised / uneconomic assets with a view to disposal. Although directly related revenue it is appropriate to include the monitoring of rental income and policies, excluding housing, with the asset management programme. This aspect of asset management will ensure that council is receiving economic rentals from council owned land and buildings, which are rented out.

(d) Capital Budgets

The capital budget for the ensuing financial year and the capital program for the following three financial years have been drawn up in the prescribed form and within the levels determined by the mayoral committee of the district municipality with the considerations of the maximum expenditure levels determined by the Minister of Finance. All proposals received have been collated, assessed, evaluated and prioritized on the following basis:

- Targets in the IDP
- Providing the basic needs of the community
- Promoting social and economic development within the area of jurisdiction
- Financial sustainability
- Technical feasibility
- Total cost, impact of debt receiving and other effects or future operating budgets and
- Planning required and duration of the project.

When determining appropriate sources of funding it is important to assess the nature of projects, expected revenue streams and time frames for repayment. As a general guide the following principals will apply:

- Statutory funds for fund specific projects
- Internal borrowings for short to medium term non strategic projects
- Provincial and national government funding for medium and long term projects

(e) Operating Budgets

Every Director shall each year in respect of the activities of their respective departments prepare a draft revised operating budget for the current financial year and a draft operating budget for the ensuing financial year in consultation with the finance head of department.

The draft departmental operating budgets shall be compiled within certain levels and shall be:

- Collated and consolidated within the department of finance;
- Given overall consideration by the Mayoral Committee supported by a report thereon by the head of finance;
- Be discussed by the Directors and portfolio Councillors;
- Be open for inspection by the local community through organized civic bodies and civic meetings in accordance with Council's schedule of meetings.

Council's policy is to fund operating expenses from normal revenue streams with short term funding used as a last resort. It is expected that strong financial management including accurate cash forecasting will obviate the need to resort to short term borrowings. As indicated earlier it is Council intention to maintain a strong economic base by building on good working capital management including setting aside of adequate provisions for working capital. It is anticipated that these reserves will be based on the same principals as currently apply to contributions to existing statutory funds

(f) Fees, Tariffs and Rates

Directors must annually review all fees, service charges and other charges to be included in the operating budget in such a way that:

- Users and consumers are treated fairly, equitably and without bias in application of tariffs;
- The amount of a user-pay for services is in proportion to the use of that service;
- Tariffs reflect the cost of the service;
- Tariffs are set at levels that secure the financial sustainability of the service;
- It encourages and promotes the efficient use of scarce resources.

The CFO must calculate property rates and levies to balance the budget and to ensure the credit worthiness of the municipality is maintained by providing for:

-  Bad debts

- Working capital
- Debt servicing costs
- Provisions and reserves.

REVENUE

This information will be added once the final budget is adopted.

Three Year Capital Investment Program

The capital investment program is at the moment for an MTEF period of 3 years. The investment program is still based on the split funding mechanism (i.e. before the introduction of the MIG program). The following information will be added once the final budget is adopted together with the SDBIP.

Equitable Share Funded Projects

The following information will be added once the final budget is adopted

SUMMARY OF CHALLENGES

Challenges for financial viability include among others the inadequate financial management and reporting systems which has lead to a recurring problem of not achieving a CLEAN AUDIT. The document highlight as a key result areas to focus our financial viability interventions, Improving our systems (AFS + ASSET Register) to be compliant with MFMA, DORA, LG Prop Rates Act, Risk management & Internal Controls.

SECTION I: PERFORMANCE MANAGEMENT SYSTEM

Creating structures for stakeholder participation:

The Executive Mayor:

The Executive Mayor must, in terms of Section 39 of the Local Government Municipal Systems Act, 2000 –

- Manage the development of the municipality's performance management system
- Assign responsibilities in this regard to the municipal manager, and
- Submit the proposed system to the municipal council for adoption.

Furthermore, the Chris Hani District Municipality has assigned the operational responsibility for the development and implementation of the organizational performance management system to the Director: IPED.

The Performance Management Steering Committee

A Performance Management Steering Committee has been formed consisting of the following stakeholders:

- Representatives from the Mayoral Committee
- Director: IPED
- Representatives from each Department

The Director: IPED chairs the Performance Management Steering Committee.

The purpose of the Performance Management Steering Committee:

- To establish a Forum where stakeholders of the Municipality can be consulted / agreement reached on the development and implementation of the Performance Management System for the Municipality.
- The Performance Management Steering Committee will meet on a monthly basis (a week before the management meeting).

The responsibility of the Performance Management Steering Committee is to:

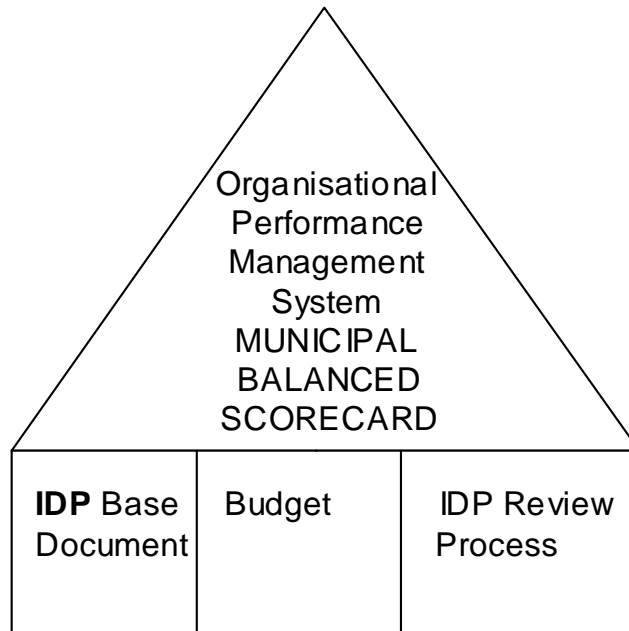
- Coordinate the Performance Management Steering Committee (PMSC) co-ordinates the total process of the development and implementation of performance management for the Municipality.
- Coordinate the communication process that accompanies the development and implementation of a Performance Management System for the Municipality.
- Coordinate the consultation process that must take place in terms of the Municipal Systems Act.
- Verify and confirm all Performance Management System-related submissions to Council, in consultation with the Municipal Manager, before it is submitted to Council.
- Conduct workshops at DM level to explain process and content to stakeholders.
- Ensure monitoring and reporting of the Organisational Performance Management System.

The IDP Representative Forum:

Consultation, in terms of the Local Government Municipal Systems Act, 2000 will take place with the IDP Representative Forum with regards to the following:

- The development of a Municipal Performance Management System.
- The development of Key Performance Indicators.
- The final Performance Management System.
- The review of the Performance Management System.

The Performance Management Framework:



Link between Municipal Scorecard and Balanced Scorecard:

| Balanced Scorecard | Municipal Scorecard |
|---------------------------|--|
| Customer Perspective | Infrastructure and Services Social and Economic Development |
| Financial Perspective | Financial Management |
| Internal Processes | Institutional Transformation Democracy and Governance |
| Learning and Growth | Institutional Transformation |

The Municipal Balanced Scorecard

STEPS

Develop Municipal Scorecard

| Performance Clusters | Determine Key Performance Areas (key objectives) |
|--|--|
| Infrastructure and services | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Water & Sanitation</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Primary Health Care</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">MHS & Env Mgmt</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Disaster Mgmt</div> </div> |
| Social and economic development | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">LED & Poverty Alleviation</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Social Development</div> </div> |
| Institutional transformation | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Int Mun Inst Capacity</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Employment Equity</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Skills Development</div> </div> |
| Democracy and governance | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Ext Mun Inst Capacity</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Stable, trusted mun</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Ensuring IDP</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Accessible mun</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Co-operative Governance</div> </div> |
| Financial management | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Sound Fin Mgmt</div> <div style="border: 1px solid black; border-radius: 50%; padding: 5px; text-align: center;">Financial Sustainability</div> </div> |

CONSULTATION

1. Develop KPI's for each KPA.
2. Determine targets for each KPI.
3. Assign responsibilities.

Develop Departmental Scorecards

Align performance contracts for senior management

Performance monitoring:

- Monthly reporting system
- Interactive control system

Merit award system

| |
|-------------------------------------|
| <h2>Roles and responsibilities</h2> |
|-------------------------------------|

Development:

- Council
- Mayoral Committee
- Municipal Manager
- Heads of Department
- Director: IPED
- Performance Management Steering Committee

Consult with development:

- IDP Representative Forum
- Communities
- Labour Unions
- Staff members

Implementation:

- Municipal Manager
- Heads of Department
- Director: IPED
- Performance Management Steering Committee
- Line Management (Departmental Scorecard)
- Staff members (Departmental Scorecard)

Reporting:

- Council
- Audit Committee
- HOD's
- Line Management

Monitoring:

- Council
- Mayoral Committee
- Municipal Manager
- Heads of Department
- Performance Management Steering Committee
- Trade Unions
- Staff members
- IDP Representative Forum
- Communities
- Audit Committee
- Provincial and National Government

The Design of the Municipal Scorecard

Key Performance Areas

The Priorities as set out in the Integrated Development Plan Review Document 2009/10 of Chris Hani District Municipality was compared with the Performance Clusters as suggested by the Performance Management Guide for Municipalities. The current Key Performance Areas addressed most of the Performance Clusters, with the exception of Internal Transformation and Democracy and Governance. New Key Performance Areas for these two areas were developed. The Key Performance Areas for the Municipal Scorecard are therefore as follows:

Organisational Performance Management System Key Performance Clusters for Chris Hani District Municipality 2009/10

| |
|--|
| Performance Clusters |
| <i>Infrastructure and Services</i> |
| <i>Social and economic development</i> |
| <i>Institutional transformation</i> |
| <i>Democracy and Governance</i> |
| <i>Financial Management</i> |

Key Performance Indicators and Targets:

The next step was to develop Key Performance Indicators for each Key Performance Area. Key Performance Indicators measures the success with

achieving each Key Performance Area. The Heads of Department utilised the IDP Review Document 2009/10 to determine the Key Performance Indicators. The draft report on National Key Performance Indicators for Local Government, 2001 drafted by Palmer Development Group, Research for Change and Stephen Berrisford were also utilised as background information.. The complete Municipal Scorecard is attached below.

Performance Management Contracts

The Performance Management Contracts of the Section 57 appointments need to be reviewed after the organisational performance management system has been adopted. The purpose of the review would be to align the individual performance contracts of the Section 57 appointments with the newly adopted Organisational Performance Management System. The Municipal Scorecard, as well as the relevant Departmental Scorecard would be the source documents for this review.

Merit award system:

The Heads of Department decided to utilise SALGA's 'Performance Management Policy & Procedure Document for South African Municipalities' as the base document for the merit award system for Chris Hani District Municipality. The system as described below is therefore adapted from the said document.

The merit award system for Chris Hani District Municipality:

The link to reward – non-Section 57 Employees:

-

In order to encourage Employees to perform well, it is recommended that a non-financial reward system be introduced into the Municipality. Such an incentive scheme should also make provision for group rewards.

There are three types of non-cash rewards within the Performance Management System:

1. **Formal Rewards linked to Personal Scorecards:** These rewards are allocated to individuals and are determined by the scores on the employee's scorecards. They are presented at the end of a formal performance appraisal review. It should be apparent that this type of rewards could only be implemented once the municipality has adopted an individual performance management system. Employees who perform well in the achievement of scorecard KPI's will be eligible to receive some form of non-financial rewards.
2. **Achievement Awards:** These rewards measure the achievements of an individual or functions /department against other individuals or functions /departments. They are not directly linked to the Performance Management System but are an additional and effective way of encouraging and recognising high performance.
3. **Informal Rewards:** These are low-cost rewards linked to motivational team-building.

Formal Rewards linked to Personal Scorecards:

Employees who perform well and receive an above average rating during their performance appraisal but who do not qualify for financial rewards are eligible to receive some form of non-financial reward. These non-financial rewards are presented separately from the pay and benefits package and recognise specific achievements identified during the performance appraisal. The rewards could consist of the following:

| |
|--|
| <p>Suggested non-financial reward</p> <p>(the Employee may be eligible for ONE of the options listed below)</p> |
| <p>a) Employee is granted "free" leave days i.e. the Employee is entitled to a long weekend. The Manager/Supervisor and Employee must agree on</p> |

Suggested non-financial reward

(the Employee may be eligible for ONE of the options listed below)

- the dates for the long weekend. This leave must be taken within three months of it being awarded otherwise it will be forfeited.
- b) The Employee is able to attend a conference/seminar relevant to his/her work. The Manager/Supervisor and Employee must both agree that the conference/seminar is of an appropriate topic. The amount spent on sending the Employee to the conference (including any travel /accommodation requirements) may not exceed the rand value of three days leave i.e. the rand value of three days of the Employee's total package.
- c) The Employee may select a work tool that will enhance his /her ability to perform better in his /her job. The Manager/Supervisor and Employee must both agree that the tool selected is appropriate for the work the Employee is required to do. The amount spent on the work tool may not exceed the rand value of three days leave i.e. the rand value of three days of the Employee's total package. Should the Employee leave the employ of the Municipality the work tool will remain the property of the Municipality. There are fringe benefit tax consequences if Employees are "given" the work tool.

Achievement Awards:

Each director must introduce an achievement awards system in his /her department. These awards are not directly linked to the Organisational Performance Management System but may be used as an additional way to encourage and recognise high performance. Below are five types of possible awards. Heads of departments have to decide whether they want to introduce one or all the five awards in their departments, and budget accordingly.

- Team Member of the Month
- Team Member of the Year
- Manager /Supervisor of the Year

- Section /Branch of the Year
- Most Improved Employee of the Year.

Criteria: Broadly speaking, such awards are aimed at employees who have displayed special qualities, received positive recognition externally or contributed to the enhancement of their teams' image during the period under review. They must also have shown initiative to add value to the team or council.

Informal Rewards:

Informal rewards are spontaneous forms of recognition that can be presented with minimal planning and effort by any level of manager or colleague. Below are examples of informal rewards:

No Cost:

- Call the employee into your office just to thank him /her. Don't discuss any other issue.
- Put a "thank you" note on the employee's desk or personal computer.
- Get a member of the senior management team to call the employee and thank him /her for a job well done. Or get the member of the senior management team to visit the employee at his /her workstation.
- Write him /her a personalised, handwritten letter or a "thank you" card.
- Publish the employee's achievements on the notice boards or internal newsletter.

Low Cost:

- Arrange a meal out for the employee and his /her spouse
- Sponsor a visit to a health spa or beauty parlour
- Cover the person's desk with balloons /flowers
- Arrange a magazine subscription
- Movie tickets, or tickets to local events

- A cap
- A key ring /case
- A tie /scarve
- A calculator
- A wallet
- An umbrella
- A pair of sunglasses
- An engraved pen and pencil set
- A sports shirt /ladies blouse
- A clock or watch.

The types of incentives need not be limited to the abovementioned categories. The incentives will be categorised and workshopped with staff before finalisation and implementation.

The awarding of an award is subject to quality assurance of the Financial Directorate and the financial status of the Municipality.

Organisational and Strategic Performance Monitoring and Reporting:

Organisational Performance Monitoring

Organisational Performance Monitoring takes place on a monthly basis as follows:

Responsibilities:

- Responsibility for the overall management of the organisational performance management system: Director: IPED.
- Responsibility for the monitoring of the Monthly Performance Management Report: Municipal Manager.
- Submission of departmental reports: Responsible person as indicated on the Municipal Scorecard.

The reporting cycle:

- Completion of monthly report: by the 20th of each month.
- Organisational Performance Evaluation Meetings: After the 20th, but before the end of the month.
- Submit reports to Director: IPED: Last working day of each month.
- Director: IPED compile Monthly Organisational Performance Management Report and submit it for discussion to the next management meeting, as well as the next Performance Management Steering Committee Meeting.

Strategic Performance Management Monitoring

Strategic Performance Management Monitoring takes place as follows:

- The Mayoral Committee monitors the progress of the Municipal Scorecard on a quarterly basis. The Responsible Person as indicated on the Municipal Scorecard, is responsible for the submission of progress reports (per the format in **Annexure 3**) for the KPI's for which he /she is responsible. The Director: IPED is then responsible for compiling the final report for submission to the Mayoral Committee. All Responsible Persons must be readily available when the report is discussed at the Mayoral Committee Meeting, although the ultimate reporting responsibility lies with the Municipal Manager.
- The Quarterly Organisational Performance Management System Report as submitted to the Mayoral Committee must also be submitted to Council at least on a bi-annual basis for reporting purposes.
- Council must perform strategic performance monitoring at least once a year. An Annual Performance Management Report must in this regard be submitted to Council at the end of the financial year.
- Council is compelled to give the public the opportunity to review Council's performance at least once a year. Chris Hani District Municipality has decided to afford this opportunity to the public at least twice a year. This will be done by submitting a Performance

Management Report twice a year to the IDP Representative Forum, as well as by publishing the report in the media for comments. The one report need to be made public at the end of the financial year, in order to allow the public's comments to be included in the Annual Performance Management Report to be submitted to Council.

- The Municipal Systems Act also requires that the Annual Performance Management Report be audited internally before it is submitted to the public for their comments. The Auditor-General will also audit the Annual Performance Management Report.
- Regulation 2 of the 'Local Government: Municipal Planning and Performance Management Regulations, 2001' stipulates that the municipality must appoint a performance management audit committee and that the council must budget for their activities. The Regulation makes provision that a municipality can utilise their existing audit committee for this purpose. At least one member of this committee must have knowledge of performance management.
- The performance management audit committee must meet at least twice during a financial year. The performance management audit committee must –
 - review the quarterly report of the internal auditors;
 - review the municipality's performance management system and submit recommendations in this regard to the council of the municipality; and
 - must submit an audit report to council at least twice during a financial year.
- The 'Local Government: Municipal Planning and Performance Management Regulations, 2001' requires that the internal auditors of the municipality audit the performance management measurements of the municipality on a continuous basis. These internal auditors must also submit quarterly reports on their audits to the municipal manager and the performance management audit committee.

Roles and Responsibilities:

The roles and responsibilities of the various stakeholders in the development, implementation and maintenance of the Organisational Performance Management System is set out below:

| Stakeholders | Planning | Implementing | Monitoring | Reviewing |
|--------------------------|--|--|--|--|
| Citizens and Communities | <p>Be consulted on needs.</p> <p>Develop the long-term vision for the area.</p> <p>Influence the identification of priorities.</p> <p>Influence the choice of indicators and setting of targets.</p> | | <p>Be able to monitor and "audit" performance against commitments.</p> | <p>Be given the opportunity to review municipal performance and suggest new indicators and targets.</p> |
| Councillors | <p>Facilitate the development of a long-term vision.</p> <p>Develop strategies to achieve vision.</p> <p>Identify priorities.</p> <p>Adopt indicators and set targets.</p> | <p>Manage the achievement of relevant targets.</p> | <p>As far as possible, monitor municipal performance from different areas.</p> | <p>Review municipal performance for major reviews such as the annual review.</p> <p>Review the performance of the mayoral committee.</p> |
| Mayoral Committee | <p>Play the leading role in giving strategic direction</p> | <p>Manage the achievement of relevant targets.</p> | <p>As far as possible, monitor municipal</p> | <p>Conduct the major reviews of municipal</p> |

| Stakeholders | Planning | Implementing | Monitoring | Reviewing |
|----------------------|---|---|--|--|
| | and developing strategies and policies for the municipality. | | performance from different areas. Commission audits of performance where necessary. | performance, determining where goals have or have not been met, what the causal reasons are and to adopt response strategies. |
| Executive Management | Assist the mayoral committee in providing strategic direction and developing strategies and policies for the municipality. Manage the development of an IDP and an Organisational Performance Management System. Ensure that the plan and system is integrated. Identify key performance | Manage the implementation of the IDP and the Municipal Scorecard. | Regularly monitor the implementation of the IDP and the Municipal Scorecard, identifying risks early. Ensure that regular monitoring (measurement, analysis and reporting) is happening in the municipality. Intervene in performance problems on a daily operational basis. | Conduct monthly reviews of performance. Organize the performance reviews at the political level. Ensure the availability of information. Propose response strategies to the mayoral committee or council. |

| Stakeholders | Planning | Implementing | Monitoring | Reviewing |
|---------------------|--|---|--|---|
| | <p>areas, key performance indicators and targets.</p> <p>Communicate the plan to other stakeholders.</p> | | | |
| Sectoral Managers | <p>Develop sectoral plans for integration with other sectors within the strategy of the organization.</p> <p>Develop the relevant Departmental Scorecard.</p> | <p>Implement the IDP – make it a reality.</p> <p>Implement the relevant Departmental Scorecard.</p> | <p>Measure performance according to agreed indicators, analyse and report monthly.</p> | <p>Conduct reviews of sectoral and team performance against plan before executive reviews.</p> |
| Employees | <p>Contribute ideas to the IDP and Departmental Scorecards.</p> <p>Adopt IDP and Departmental Scorecard by aligning personal goals and plans with the Municipal Scorecard.</p> | <p>Implement the IDP and Departmental Scorecard and fulfil the personal plan.</p> | <p>Monitor own performance continuously.</p> <p>Monitor and audit the performance of the organization and the respective team.</p> | <p>Participate in review of own performance.</p> <p>Participate in the review of the municipal performance where necessary.</p> |

| Stakeholders | Planning | Implementing | Monitoring | Reviewing |
|---------------------|--|---------------------|--|--|
| Organized Labour | <p>Play a contributory role in giving strategic direction and developing long-term vision for the municipality and municipal area.</p> <p>Contribute to the development of an IDP and Municipal Scorecard.</p> <p>Ensure support of members for the IDP and Municipal Scorecard.</p> | | Monitor and audit the performance of the municipality, especially from a labour perspective. | Participate in the public review of municipal performance. |

Municipal Scorecard:

| Performance Cluster | Service | KPA's | KPI's | Targets | Responsibility |
|----------------------|--------------------------|---|---|--|-------------------|
| Financial Management | Finance | Sound Financial Management | Improved Internal Control (asset management) and Clarity on Functional Procedures. | 30 June 2010 | Director: Finance |
| | | | The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan. | 80% | All Directorates |
| | | | Implemented reviewed supply chain management policy Functioning Supplier database Demand and acquisition procedures Contract management person appointed | 30 June 2010 30 June 2010 30 June 2010 30 June 2010 | Ntombi Fumbeza |
| | Financial Sustainability | Financial viability as expressed by the following ratios: $A=(B-C)/D$ Where – “A” represents debt coverage “B” represents total operating revenue received “C” represents operating grants “D” represents debt service payments (i.e. interest + redemption) due within the | Set baseline data. | Director: Finance | |

| Performance Cluster | Service | KPA's | KPI's | Targets | Responsibility |
|-----------------------------|---------------------------|----------------------|--|---------|--|
| | | | financial year; $A=B/C$ Where – “A” represents outstanding service debtors to revenue “B” represents total outstanding service debtors “C” represents annual revenue actually received for services; $A=(B+C)/D$ Where – “A” represents cost coverage “B” represents all available cash at a particular time “C” represents investments “D” represents monthly fixed operating expenditure. | | |
| Infrastructure and Services | Engineering | Water and sanitation | | | |
| | Primary Health Care | | | | |
| | Municipal Health Services | Water Quality | Number of samples complying to SANS 241 | 95% | Francois Nel Environmental Health Practitioners |

| Performance Cluster | Service | KPA's | KPI's | Targets | Responsibility |
|---------------------|--------------------------|---------------------------------|--|---|--|
| | | Funeral undertakers | Compliance of all Funeral undertaker businesses registered in the CHDM area by 2009. | 100 % | Francois Nel EHP's |
| | | Health surveillance of premises | Number of establishments that are compliant i.t.o the relevant legislation and are registered on the MHSIS database | 80 % | Francois Nel EHP's |
| | | Disposal of the dead | Number of applications received and approved | 100 % | Francois Nel EHP's |
| | | Chemical Safety | Number of registered providers on database compliant with minimum requirements as set out in the Chemical Safety Act | 100 % | Francois Nel EHP's |
| | | Noise Control | Number of complaints received and resolved by EHP's | 90 % | Francois Nel EHP's |
| | | Food Safety | Ensure compliance of all food samples on an annual basis | 80 % | Francois Nel EHP's |
| | Environmental Management | Waste reduction and management | Number of recycling and minimization initiatives Information sessions and workshops .Development of regional waste site Expansion of lifecycle of waste sites | 3 recycling initiatives 4 x Workshops Information sessions Conferences during financial year. 30% reduction of waste quantities | Francois Nel EHP's |
| | | Air Quality monitoring | Number of LM's with approved air quality management plans initiatives in DM. 4 x Workshops Information sessions Conferences during financial year Establishment of unit and publication of air | 8 LM's air quality plans. DM air quality management plan. Air quality unit established by 11th | Francois Nel Environmental Health Practitioners |

| Performance Cluster | Service | KPA's | KPI's | Targets | Responsibility |
|---------------------|--|-----------------------------|--|---|--|
| | | | quality results to communities. Number of transgressors | September 2009 plus authorization of an official as air quality officer | |
| | | Environmental compliance | Compliance with relevant legislation Number awareness campaigns conducted Environmental management plan Policy developed. Promotional material developed | 90 % compliance | Francois Nel Environmental Health Practitioners |
| | Town and Regional Planning | Land use management | Review and implementation of the District SDF | Adopted SDF | Nokukhanya Dlamini |
| | | | Compliance and awareness of land use and town planning legislation through workshops and town planners forum | 2workshops 4 meetings | Nokukhanya Dlamini |
| | Disaster Management | Disaster prevention | Community workshops Observation of ISDR day | 2 per LM 1 | Thobela Memani |
| | | Disaster reaction | Meetings of DDMAF Implementation of DM plan | 12 100 % | Thobela Memani |
| | Fire fighting | Fire prevention | Community workshops Training of volunteers Installation of fire hydrants in all urban areas | 2 per LM 100 % | Thembile Thompson |
| | Housing | Housing Unit | Employment of Housing Manager | 30 June 2010 | Director IPED |
| | | | | | |
| Social and Economic | Local Economic Development and poverty | Public private partnerships | Build, initiate and promote partnerships with business forums | 1 in each LM | Director: IPED |

| Performance Cluster | Service | KPA's | KPI's | Targets | Responsibility |
|------------------------------|-----------------|---------------------------|--|-----------------------|---|
| Development | alleviation | | Build and promote partnerships with state and para-statal organisation | Signed MoU's | |
| | | Capacity building | Strengthen LED forums and structures | 30 June 2010 | Director: IPED |
| | | Strategy implementation | Implementation of the LED strategy Implementation of the SMME strategy Implementation of the Agricultural strategy Implementation of the tourism plan | 30 June 2010 | Director: IPED |
| | | | | | |
| Institutional Transformation | Human Resources | Training | Implement all training identified in the Workplace Skills Plan | Before end June 2010. | Director: Corporate Services All Directors |
| | | HR Strategy | Develop a long-term HR strategy so as to equip the municipality about HR plans | June 2010 | Director: Corporate Services |
| | | Recruitment and retention | Improve Interviewing skills of managers | By the end of 2009/10 | Director: Corporate Services |
| | | | Develop and implement retention strategy | By end 2009/10 | Director: Corporate Services |
| | | | Undertake employee perception survey | By end 2009/10 | Director: Corporate Services |
| | | Job descriptions | Engage services of a service provider through the procurement processes | | Director: Corporate Services |

| Performance Cluster | Service | KPA's | KPI's | Targets | Responsibility |
|--------------------------|------------------------|---|---|----------------------|-----------------------------|
| | | Integrated Wellness strategy | Develop a Wellness Strategy | | |
| | | Job competency training | Engage service provider to evaluate current staff competency levels | | |
| | | Policy & by law development | Develop and adopt bylaws | Continuous | |
| | | Organisation wok study | To undertake a workstudy for the municipality to ensure correct post contents | | |
| | | | | | |
| Democracy and Governance | Communication s | Accessible municipality | Critical information published on the WEB-Site. | Continuous | Municipal Manager |
| | | | Implement Communication strategy to include information to communities about access. | 30 June 2010 | Municipal Manager |
| | | | Popularise Batho pele principals | Pamphlets | Thobeka Mqamelo |
| | | Internal and external communication marketing and branding | internal communication strategy with clear action plan internal marketing strategy that will encourage employees to associate with the brand | 100 % implementation | Thobeka Mqamelo |
| | Performance Management | Development and Implementation of a PMS – rollout to middle management. | December 2010. | Director IPED | |
| | Archives | Archiving | To implement the National Archives Act | June 2010 | Director Corporate Services |

| Performance Cluster | Service | KPA's | KPI's | Targets | Responsibility |
|---------------------|--------------------------------------|-------------------------------------|---|------------------|------------------------------|
| | Information Communication Technology | Network | Maintain network, internet and intranet for effective e-governance | 100 % | Thembela Somtombo |
| | | Information management and security | Maintain backups and enforce security measures | 100 % | Thembela Somtombo |
| | Integrated Development Planning | Planning | District IDP is aligned with sector departments and LM's. | 60% alignment. | Director: IPED |
| | | | LM's meeting legislative requirements regarding IDP's. | On-going. | Director: IPED |
| | | Co-operative Governance | C11: Implementation of the Intergovernmental Relations Framework Act. | During 2005/ 06. | Director: Corporate Services |

SECTION J: ANNEXURES

| ASSESSMENT MATRIX FOR SECTOR PLANS / POLICIES 2009/10 | | | | |
|---|---|--------------------------------|--------------------|------------------------------|
| ANNEXURE | SECTOR PLAN | STATUS OF SECTOR PLAN / POLICY | | |
| | | Does it exist | What is its status | Will it be reviewed in 09/10 |
| J.7 | Housing Sector Plan | No | Need one | No |
| J.11 | Land Reform and Settlement Plan | Yes | OK | No |
| | Area Base Plan | Yes | Adopted | No |
| J.1 | Spatial Dev Framework | Yes | Under review | Yes. Will complete by Aug 09 |
| J.2 | Disaster management plan | Yes | Being developed | No |
| J.5 | WSDP | Yes | Under review | Yes |
| J3 | Coastal Zone development Plan | N/A | | |
| J.4 | Waste Management Plan | Yes | OK | No |
| J.6 | Integrated Transport Plan | Yes | OK | No |
| J.7 | Housing Plan | N/A. Done for LM's | | |
| J.8 | Energy Master Plan | | | |
| J.9 | LED Plan | Yes | Adopted | No |
| J,10 | Infrastructure Investment Plan (EPWP Compliant) | | | |
| J.12 | Anti-corruption | | | |

| | | | | |
|--|----------|--|--|--|
| | strategy | | | |
|--|----------|--|--|--|

ALIGNMENT & INTERGRATION OF SECTOR PLANS

Integration and alignment with National, Province and District plans

The table below outlines the approach and responses adopted to ensure alignment with national, provincial and district programmes & plans.

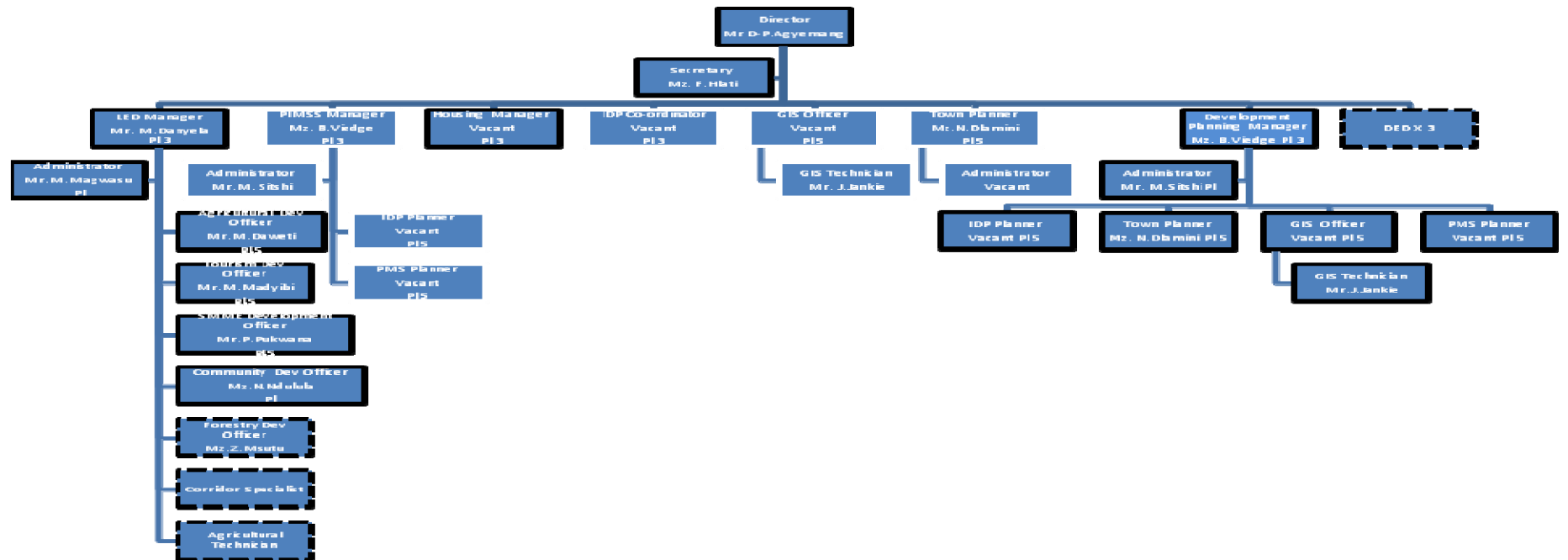
| INTEGRATION AND ALIGNMENT STRATEGY FOR THIS IDP | | |
|--|--|--|
| | PROGRAMMES & GUIDELINES | MUNICIPAL RESPONSES |
| National | Legislation & Policies | Process Plan recognizes the list that informs our IDP approach |
| | National Spatial Development Perspective | Resolved to revise its SDF to incorporate objectives of NSDP |
| | Millennium Development Goals | Have set target for water & sanitation backlogs - which must be facilitated with Chris Hani DM |
| | National LED Framework | Will utilise the framework as guide in its current process of formulating LED Strategy |
| Province | EC- Growth & Development Strategy | Have identified key strategic localized projects in response to the EC Provincial 24 PRIORITIES |
| | Spatial Development Framework | Have adopted the hierarchy principle in determination of nodal areas |
| Sector Departments | 5 Year plans | Have acknowledged all key projects that are budgeted and conformed for implementation in 2009/10 within Lukhanji areas. |
| | | Formal letters of confirmation of commitments to be issued by Mayor as part of ;lobbying departments to act on their commitments - 2009/10 |

ORGANIZATIONAL ARRANGEMENTS

Integrated Planning & Economic Development Directorate (IPED)

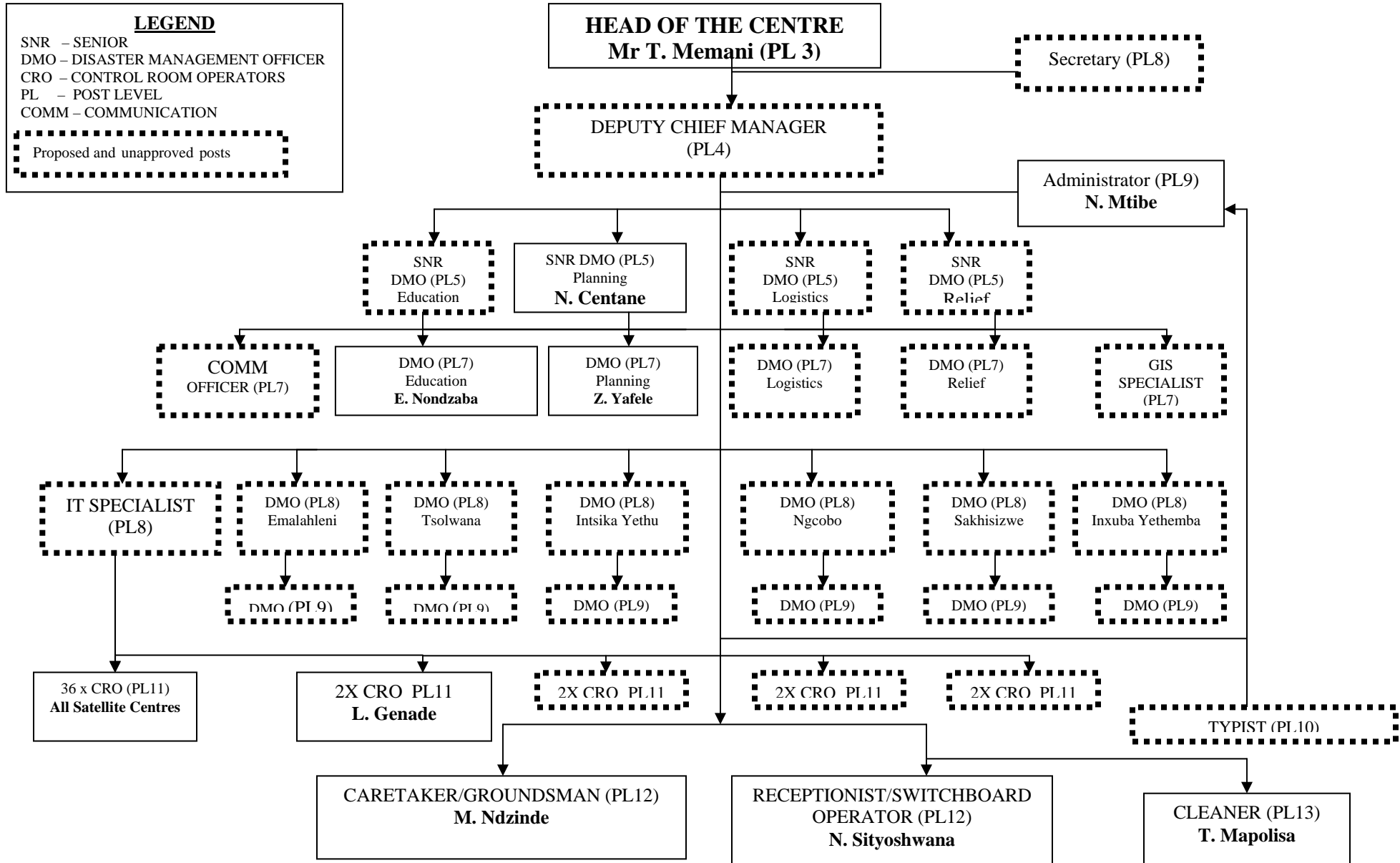
Proposed organogram

Contract Post

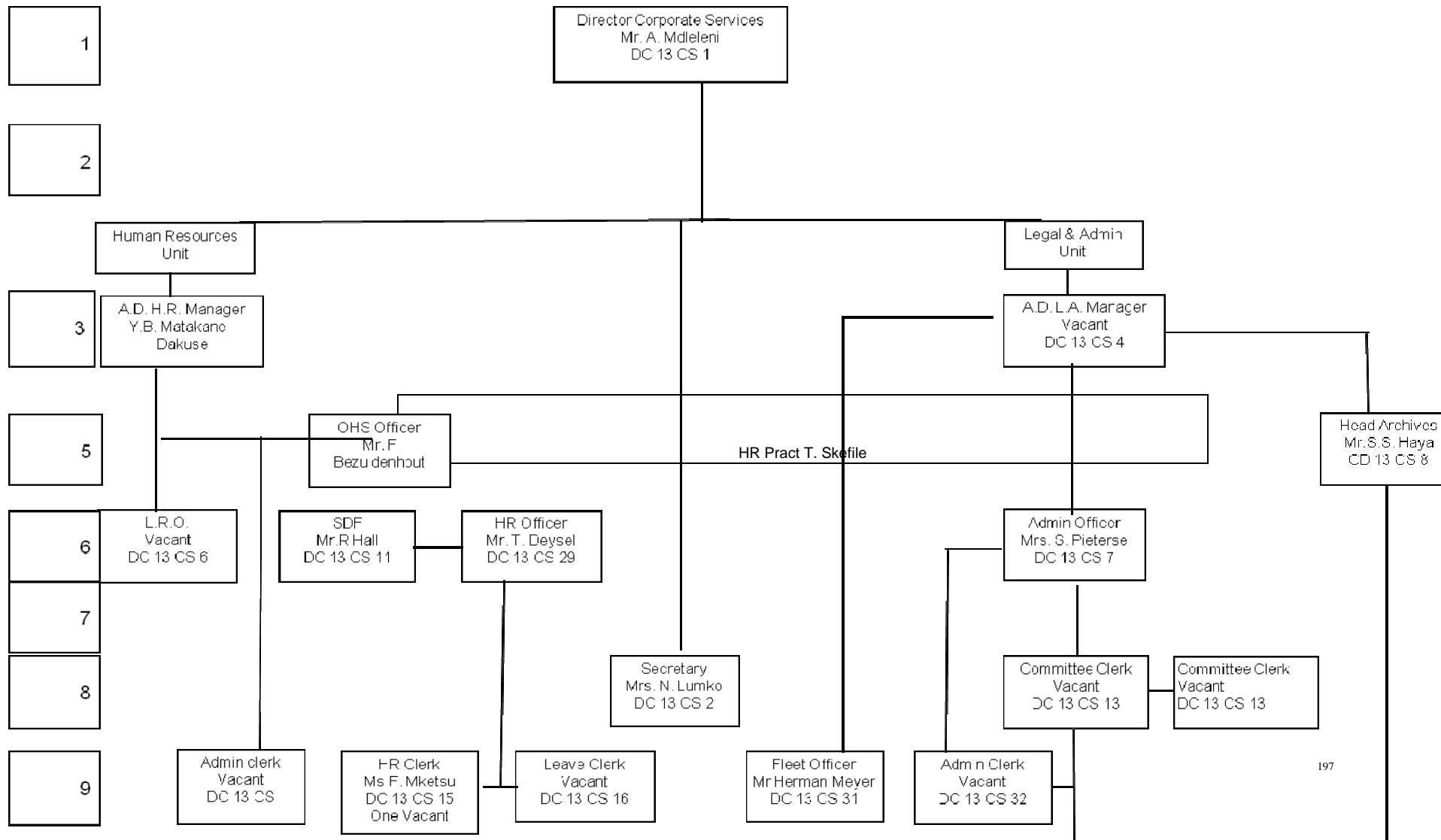


OFFICE OF THE MUNICIPAL MANAGER

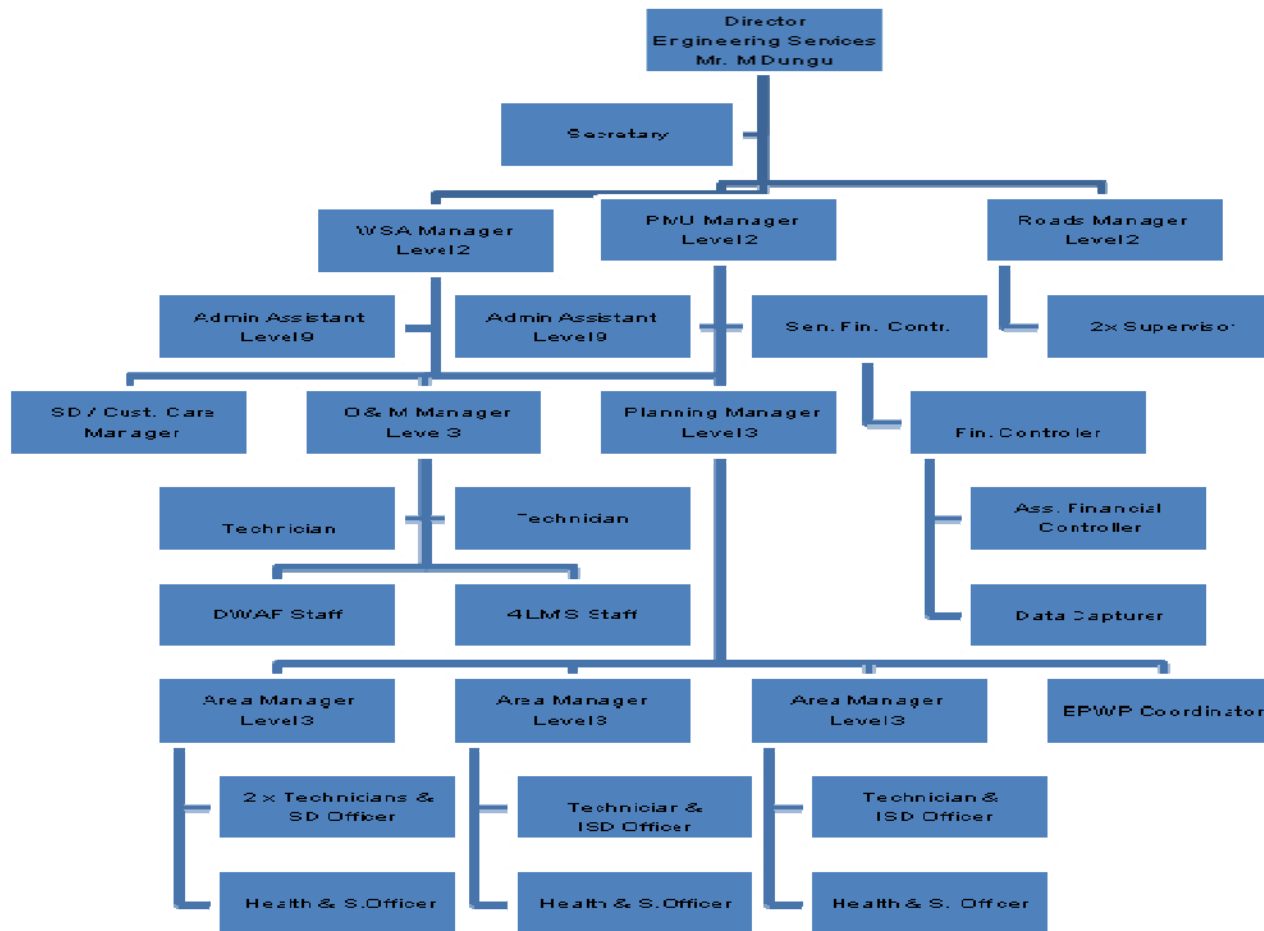
DISASTER MANAGEMENT

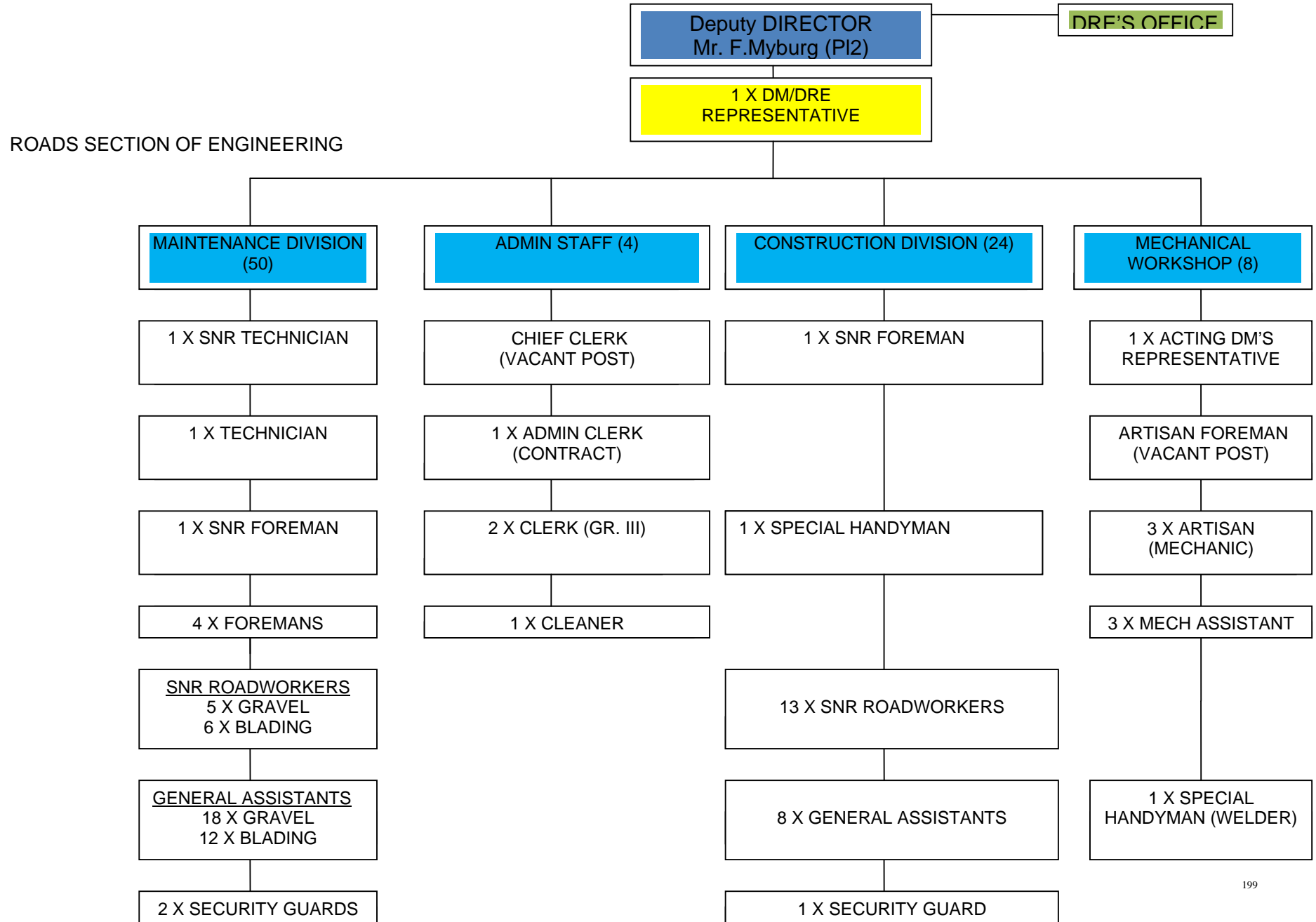


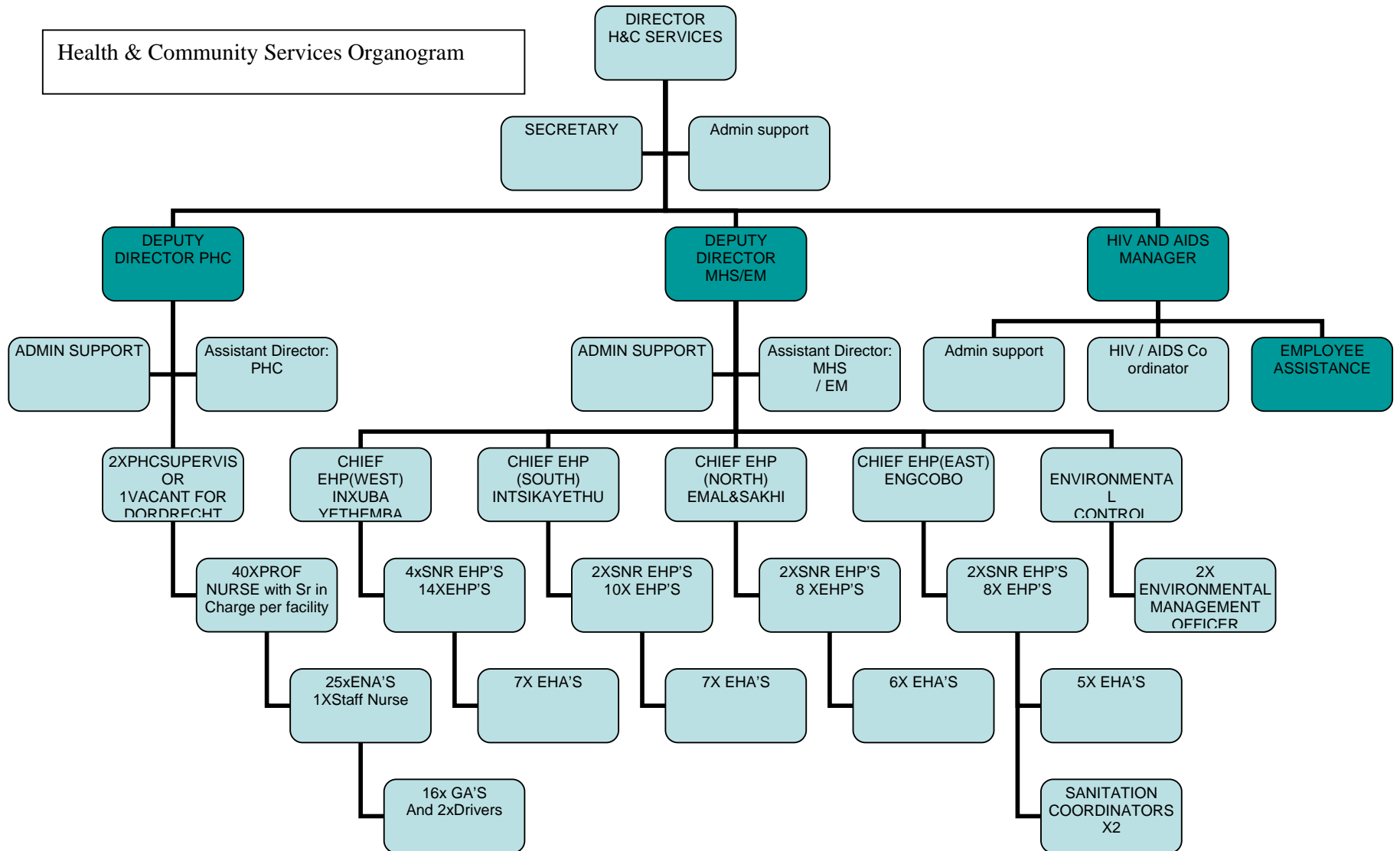
CHRIS HANI DISTRICT MUNICIPALITY CORPORATE SERVICES ORGANOGAM



ENGINEERING ORGANOGRAM







IDP APPROVAL

The process of approval for this IDP will involve a series of consultative meetings with all stakeholders including: all wards, representative forum members, sector departments, internal departments, the district and MEC for Local Government. After approving a draft document in March 2009, these stakeholders will be invited to make comments on the document. Following receipt of comments from these various interests groups, the drafting team will consider the comments and amend the document accordingly, then draft the final IDP review 2009/10 for council adoption, marketing and implementation.

The final document will be reproduced and marketed to all relevant audiences to ensure continuous buy-in and support for IDP Review 2009/10 implementation.

Copies will also be forwarded to relevant authorities such as MEC for local government in the province, the District and other development agencies that will be lobbied to contribute to the development agenda of municipality.

DECLARATION OF DRAFT IDP REVIEW 09/10 ADOPTION

COUNCIL RESOLUTION & DATE OF ADOPTION: 25 March 2009

SIGNATURE

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Mr M. Mbambisa
MUNICIPAL MANAGER

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DATE

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Cllr M Sigabi
MAYOR

.....

DATE