

# **UMZINYATHI**

**DISTRICT MUNICIPALITY/  
UMASIPALA WESIFUNDA**



**IDP REVIEW**

**2009/2010**

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## SECTION A: EXECUTIVE SUMMARY

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### 1. INTRODUCTION

In accordance with the requirements of Section 34 of the Municipal Systems Act No. 32 of 2000, all Local and District Municipalities are required to review their IDP's on annual basis for their areas of jurisdiction. A credible IDP is a single, inclusive strategic plan for the municipality that:

- is based on up to date and accurate statistics and empirical data that can inform strategic decision making;
- integrates, co-ordinates and facilitates service delivery, local economic development and wise land use management within the municipal area of jurisdiction;
- forms the general basis on which annual budgets are developed;
- aligns the resources and capacity of the municipality with the implementation of the plan;
- assists a municipality in fulfilling its constitutional mandate as developmental local government; and
- facilitates the processes of democratisation and sustainability through vigorous public participation.

### 2. INSTITUTIONAL ARRANGEMENTS

In order to ensure ownership of the process, the municipality continued to utilise the existing institutions as much as possible. The roles and responsibilities of participants in the planning process were defined in the 2008/09 IDP Review Process Plan. The institutional arrangements for the Comprehensive IDP are shown in table below:

ENTITY	RESPONSIBILITY
Council	As the ultimate political decision-making body of the municipality, the Municipal Council has to: <ul style="list-style-type: none"> <li>○ Consider, approve and adopt the Process Plan and the IDP Review.</li> </ul>
Executive Committee	The Executive Committee: <ul style="list-style-type: none"> <li>○ Delegate the overall management, co-ordination and monitoring of the process and drafting of the IDP to the Municipal Manager; and</li> <li>○ Approve nominated persons to be in charge of the different roles, activities and responsibilities of the process and drafting.</li> </ul>



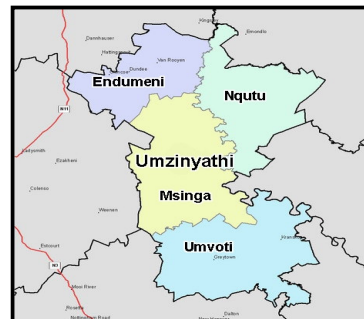
ENTITY	RESPONSIBILITY
IDP Steering Committee	<p>Consists of the Municipal Manager, IDP Manager and the Municipal Heads of Departments, their functions are as follows:</p> <ul style="list-style-type: none"> <li>○ Provide relevant technical, sector and financial information for priority issue analysis;</li> <li>○ Contribute technical expertise in the consideration of strategies and development of project;</li> <li>○ Provide departmental operational and capital budgetary information; and</li> <li>○ Be responsible for ensuring that project proposals are integrated with cross cutting dimensions such as Gender Equity, Employment Equity, BEE and addressing HIV/AIDS.</li> </ul>
IDP Representative Forum	<p>Consists of steering committee members, sector departments, business, service providers, traditional leader's representatives, NGO's and civil society organizations. The role of the Representative forum is to:</p> <ul style="list-style-type: none"> <li>○ Ensure alignment of programmes and projects with other spheres of government and private organizations; and</li> <li>○ Provide for public, private and civil society sector input to the IDP.</li> </ul>
IDP Manager	<p>The role of the IDP manager is to assist the Municipal Manager in the co-ordination and management of the IDP process. This entails:</p> <ul style="list-style-type: none"> <li>○ Being responsible for secretarial services associated with the IDP meetings;</li> <li>○ Responding to comments on the draft IDP from the public;</li> <li>○ Horizontal alignment with other spheres of government to the satisfaction of the Municipal Council; and</li> <li>○ Ensuring proper documentation of the results of the planning process by the consultant team;</li> <li>○ Day to day management of the IDP.</li> </ul>

### 3. SITUATIONAL ANALYSIS

The uMzinyathi District Municipality (DC24) is one of the ten districts of KwaZulu-Natal. The Municipality is bordered in the north by the aMajuba Municipality, in the west by the uThukela Municipality, in the south west by the uMgungundlovu Municipality, in the south east by the iLembe Municipality and in the east by uThungulu Municipality.

The district consists of four Local Municipalities, namely:

- eNdumeni (KZ 241)
- Nquthu (KZ 242)
- Msinga (KZ 244)
- uMvoti. (KZ 245)



The municipal area is 8079 km<sup>2</sup> and has extensive grasslands in the north supporting the primary agricultural sector based on cattle ranching for beef, small scale sheep and mixed farming and maize cultivation. In the southern areas substantial forestry is prevalent. Sugar cane and smaller scale fruit farming such as avocado and kiwi fruit cultivation also occur.

Mineral deposits found in the district include coal and metal ores. Only coal was mined on a large scale in the eNdumeni Municipality. The coal mining industry is undergoing a restructuring process. There is a decline in corporate interest in the industry, however there is interest in the small scale regeneration of the coal belt for SMME development. A small amount of stone quarrying occurs in the district. Within eNdumeni Local Municipality, Dundee has the main economic activities ranging from retail trade, tourism and farming. Dundee is a centre from which tourism based on the cultural heritage of the Zulu Kingdom and “Battlefields” is emphasised and managed to some extent, and there is also Glencoe which serves as a secondary centre to Dundee.

uMzinyathi Municipality, in conjunction with its north western neighbour aMajuba Municipality, is branded as the “custodian” of the “Battlefields region of the Zulu Kingdom”. The “Battlefields of the Zulu Kingdom” are located in the hinterland and lie

“in the shadow” of the majestic Drakensberg mountains spanning the western boundary of KwaZulu-Natal. This branding is of international and regional significance. In conjunction with the Beaches of the South and North Coast and Big Five Game attractions in the East of KwaZulu-Natal, the “Battlefields of the Zulu Kingdom” form a vital role in the spatial economy of the province from a tourism perspective. However, within uMzinyathi, the range of battlefields attractions is not adequately harnessed for their job creating opportunities across the municipality.

The main town in the uMvoti Municipality is Greytown. It is the agricultural centre of the district and contributes substantially to the economic viability of the district. Nquthu and Msinga Local Municipalities are rural based subsistence economies with cultural heritage areas that attract some tourists but need to be substantially developed. The main towns are Nqutu, Pomeroy and Tugela Ferry.

The topography of the district is characterised by extensive variation with deep river gorges, rolling grasslands, extensive wetlands, hills and valley bush-veld. These characteristics make the development of infrastructure difficult and costly particularly in the steep terrain. The general slope of the land is between 1:5 and 1:6 and it is susceptible to soil erosion where it is not carefully managed.

### **3.1 Overview of the Local Municipalities**

#### 3.1.1 Endumeni

This municipality is unique, its population is predominantly urbanised or based on commercial farms and unlike the other local municipalities there is no tribal authority land. The main town is the Commercial centre which is Dundee, it has most diversified economy, commercial cattle farming and dairy production and is the centre of the Battlefields tourist region

#### 3.1.2 Nquthu

This municipality is typically rural and largely tribal authority where the population is largely previously disadvantaged and relatively dispersed and where services are scarce and often at rudimentary levels. The main town is Nquthu and subsistence agriculture is the main activity in the area

### 3.1.3 Msinga

Owing to its rugged terrain Msinga's population is relatively dispersed and where services exist they are concentrated along road infrastructure and water sources such as the Tugela River. The main towns are Pomorey and Tugela Ferry, it's the rural region with subsistence farming.

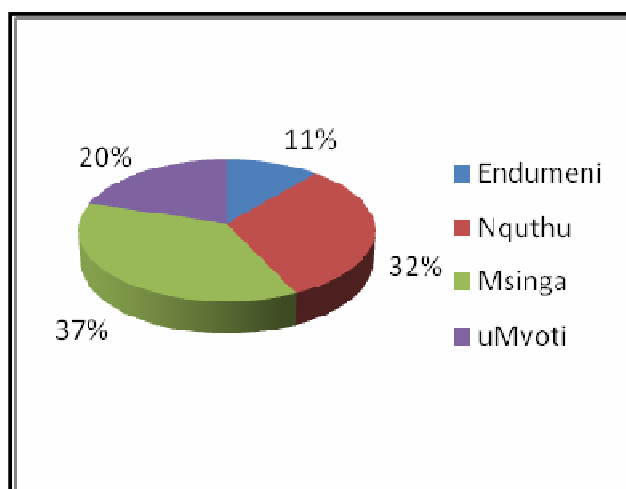
### 3.1.4 Umvoti

This local municipality comprises of urban areas, commercial agricultural areas and tribal authority areas all of which exhibit typical characteristics associated with these settlement types. Service levels in urban areas are high except for informal areas, in commercial agricultural areas they are relatively high as farmers provide their own services and in tribal authority areas they are low to moderate. The main town is the commercial centre Greytown

## 3.2 Population, Density, Gender and Health- Spatial Implications

According to the 2001 Census, the uMzinyathi District Municipality has a population of 456 458. This equates to approximately 3.6% of the provincial population that totaled 12 673 793 in 2001. In 2001, the eThekweni Municipality had a population of 3 090 114 (24% of the provincial total). Between 1996 and 2001 the total population of the uMzinyathi District increased by 6.9%. Most notably is the increase in the African populations from 94.5% to 96.5% in 2001.

The Umsinga Municipality has the largest portion with 36.8% of the population residing in this local municipality while only 11.9% of the district's population resides in Endumeni. The population percentage (2001) per local municipality is shown in the figure hereunder:



**Figure 1: Population Breakdown per Local Municipality (2001)**

The following table provides a more detailed breakdown of demographic data per local municipality derived from the 2001 statistics.

	Population	% Population	Male	Female	Pop between 15 and 64
Endumeni	51105	11	49	51	63.6%
Nquthu	145036	32	45	55	50.9%
Msinga	168037	37	42	58	47.2%
uMvoti	92290	20	44	56	56.0%
Umzinyathi	456468	100	44	56	52%

**Table No 1: Detailed Demographic Data per Local Municipality**

Recently, the results of the STATSSA 2007 Community Household surveys were released. Hereunder, a comparative table is provided detailing the change in population and household figures between 2001 and 2007 according to STATSSA.

Municipality	Population		Households	
	2001	2007	2001	2007
Endumeni	51101	54447	12278	13755
Nquthu	168991	164887	29318	32169
Msinga	168025	161894	32505	32592
Umvoti	92294	114509	19669	26019
Umzinyathi	480411	495737	93770	104534

**Table No 2: Comparative 2001 and 2007 Population and Household Numbers**

From the above table an increase in the population for the district as a whole is calculated at 3,9% between 2001 and 2007. This increase is mainly as a result of the 24% increase in population numbers in Umvoti. An overall decrease in population was observed in Nquthu and Msinga.

The above table also provides insights into household sizes:

- o Endumeni: 4,16 people/hh in 2001 and 3,96 people/hh in 2007
- o Nquthu: 5,76 people/hh in 2001 and 5,13 people/hh in 2007
- o Msinga: 5,17 people/hh in 2001 and 4,96 people/hh in 2007
- o Umvoti: 4,69 people/hh in 2001 and 4,4 people/hh in 2007
- o Umzinyathi: 5,12 people/hh in 2001 and 4,74 people/hh in 2007

A reduction in household sizes is observed in all the municipalities between 2001 and 2007. Such a reduction can be indicative or indicators of a number of factors, notably, lower dependency ratios, higher mortality rates etc. Thus, the exact cause has to be determined before an appropriate response is derived.

### 3.3 Adjoining Municipalities

As already noted the Umzinyathi district has the following neighbours:

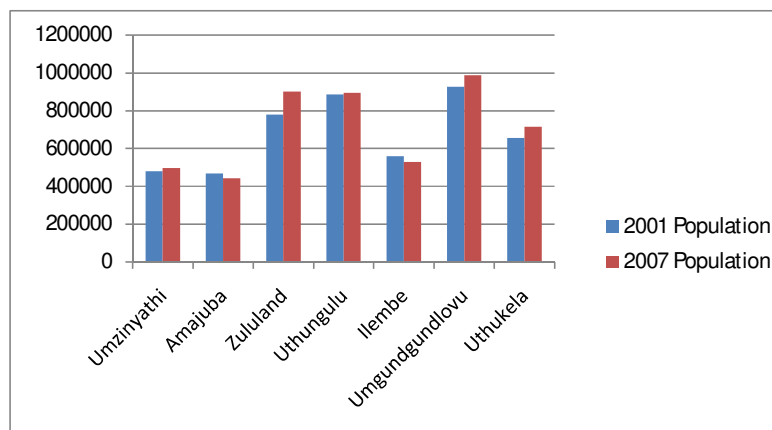
- o Amajuba to the North-West
- o Zululand to the North-East
- o uThungulu to the East
- o iLembe to the South-East
- o uMgungundlovu to the South-West

The following table provides an indication of population and household number changes between 2001 and 2007 as per STATSSA data

**Table No 3: Population and household number changes**

	Umzinyathi	Amajuba	Zululand	Uthungulu	Ilembe	Umgungundlovu	Uthukela
<b>2001 Population</b>	480411	468036	780497	885965	560389	927846	656985
<b>2007 Population</b>	495737	442266	902890	894260	528198	988837	714908
<b>Change</b>	15326	-25770	122393	8295	-32191	60991	57923
<b>Growth (%)</b>	3.19	-5.51	15.68	0.94	-5.74	6.57	8.82
<b>2001 Households</b>	93770	96670	141291	171480	120390	216643	134846
<b>2007 Households</b>	104534	101054	155883	184506	124525	217876	139639
<b>Change</b>	10764	4384	14592	13026	4135	1233	4793
<b>Growth (%)</b>	11.48	4.54	10.33	7.60	3.43	0.57	3.55

The above table indicates significant growth in the population totals for Zululand and Uthukela with 15,68% and 8,82% growth over the 6 year period respectively. The growth over the same period in Umzinyathi was 3,19%. The above also shows a decrease in population numbers in both the Ilembe and Amajuba District Municipality areas by 5,74% and 5,51% respectively. A more visual depiction of the growth trends in the adjoining municipalities is shown in the figures hereunder:



#### 4. CHALLENGES

Umzinyathi District Municipality is divided spatially and economically between North and south, which are quite distinct with their respective nodes (Dundee and Greytown) separated by a distance of 180 kilometres. The District does not fall within a primary economic corridor or node, it is thus not a priority investment destination for public or private sector in terms of KZN Spatial Economic Development Strategy (2005). It is however an Integrated Sustainable Rural Development node (ISRDP), priority secondary corridors which are economic activity corridors, and they are as follows:

- Greytown – Msinga – Madadeni (SC 12)
- Nkandla – Nquthu – Vryheid (SC 13)

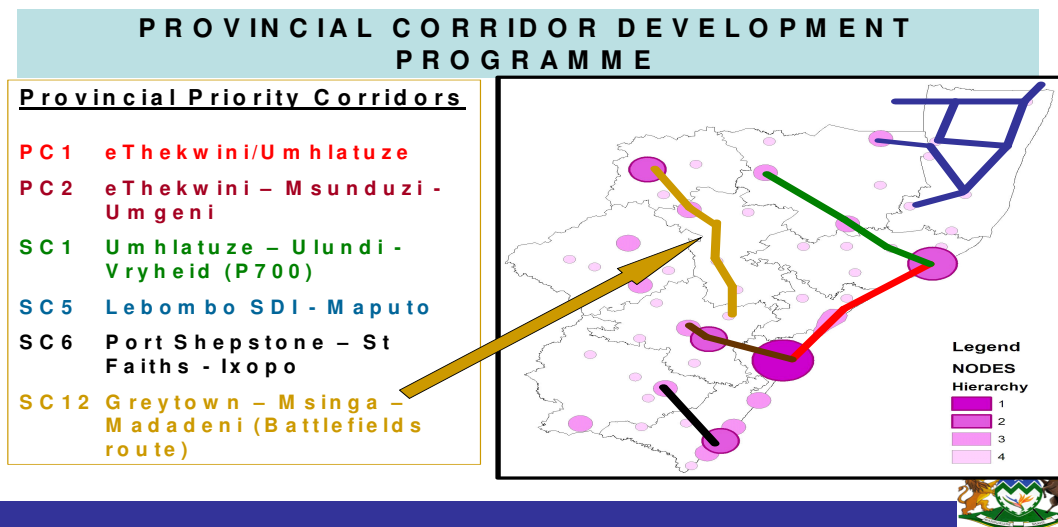


Figure No 2: Provincial Spatial Economic Development Strategy (2005)

##### 4.1 HIV/AIDS, Poverty and Inequality

In Umzinyathi District Municipality, the HIV/AIDS infection rate for 2005 was 23% (Monitor Group, 2006) which is lower than the national average of 27.9% and significantly lower than the 37.5% average for the province of Kwazulu Natal. The province has the highest HIV prevalence rate in South Africa.

## 4.2 Education and Skills Levels

Only 3.7% of the adult population of Umzinyathi has a post-matric qualification and about 11% have Grade 12. 44% of adults over 20 have had no schooling with the highest rate of non schooling being Msinga which accounts for close to 50% of those in the district who have never been to school.

The District lacks significantly behind national averages where no schooling stands at about 15% and over 20% of all adults over 20 have at least Grade 12. The poor educational status of the district and consequent low skills level will be a major constraining factor on economic growth for the area in the medium term.

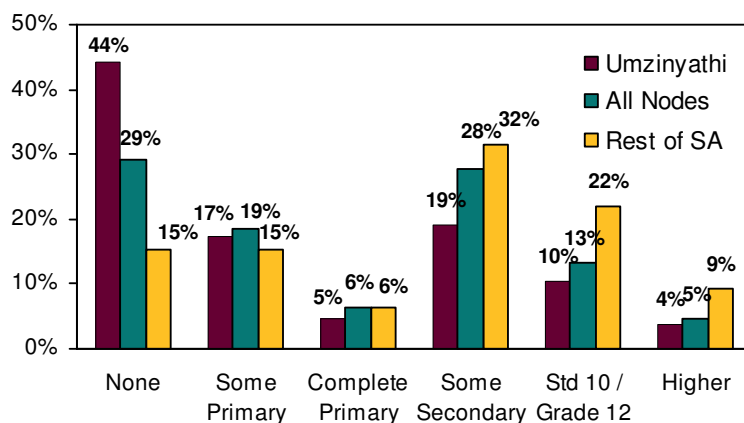


Figure No 3: Monitor Group: Economic Profiling (2006)

## 4.3 Levels of Poverty and Inequality

An economic Base study of the ten District Municipalities in the Province undertaken in 2006 on behalf of the Department of Economic Development provided analysis on Human Development Index (HDI) for each of the ten Districts. The HDI is a summary indicator of human development developed by the United Nations Development Programme (UNDP). The HDI measures life expectancy, education and per capita income. Against these measures, the study revealed that Umzinyathi has the second lowest HDI in the province behind Umkhanyakude District Municipality



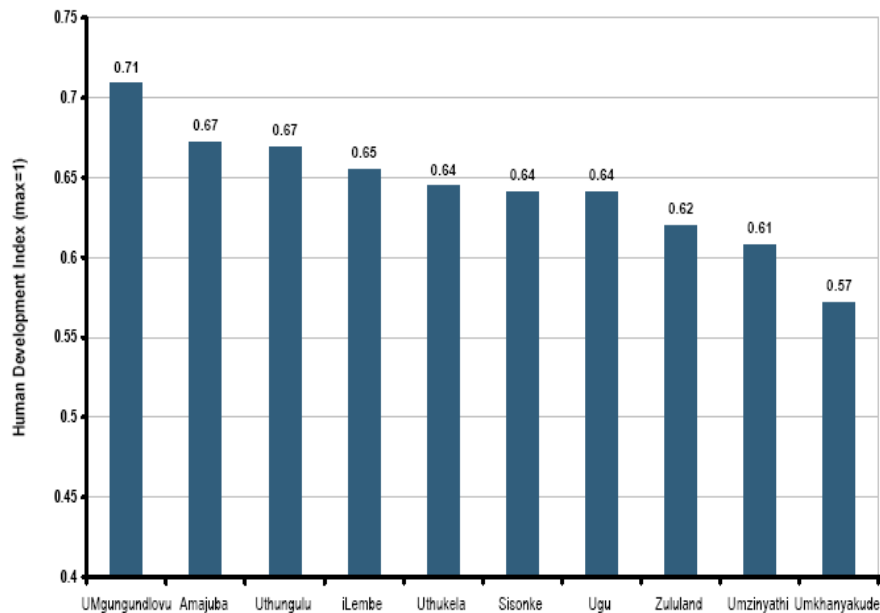


Figure No 4: Sub-provincial Human Development Index (HDI) Estimates, 2004  
 Source: Economic Baseline Study for Ten Nominated Districts in KZN – 2006 (Graham Muller and Associates)

#### 4.4 Unemployment Rate

An economic base study (2006) indicated that Umzinyathi had the highest unemployment rate of all 10 District Municipalities in the Province in both female and male population (68% and 62% respectively) based on the 2004 labour force surveys

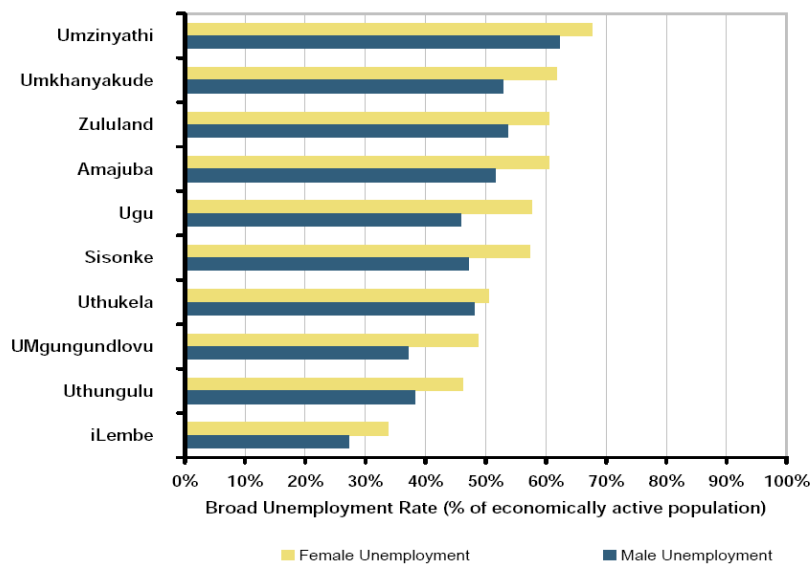


Figure No 5: A comparison of broad male and female unemployment rates across KZN, 2004  
 Source: Economic Baseline Study for Ten Nominated Districts in KwaZulu-Natal, May 2006 (Graham Muller and Associates)

#### 4.5 Economic Status

The Umzinyathi District Municipality economy is the third smallest district economy in the province of KwaZulu-Natal with a Gross Domestic Product (GDP) of R 2,6 billion (Monitor Group 2006) and GDP per capita of about R 6600. (Urban-Econ Study 2004)

This is well below the Gross Domestic Product (GDP) average for the Province. When the Gross Domestic Product (GDP) of the District is compared to other District Municipalities, the GDP per capita for Umzinyathi District Municipality was the second lowest in the province and GDP basic value the was the third lowest in 2004. In terms of economic performance over the period 1996-2004 the Umzinyathi District Municipality together with Zululand and Umkhanyakude were the poorest performers in the province in terms of growth. Gijima KZN, ROP Umzinyathi District Report Global Insight, 2005) The district economy has grown at an average rate of 3,1% per annum since 1995 (Quantec 2007).

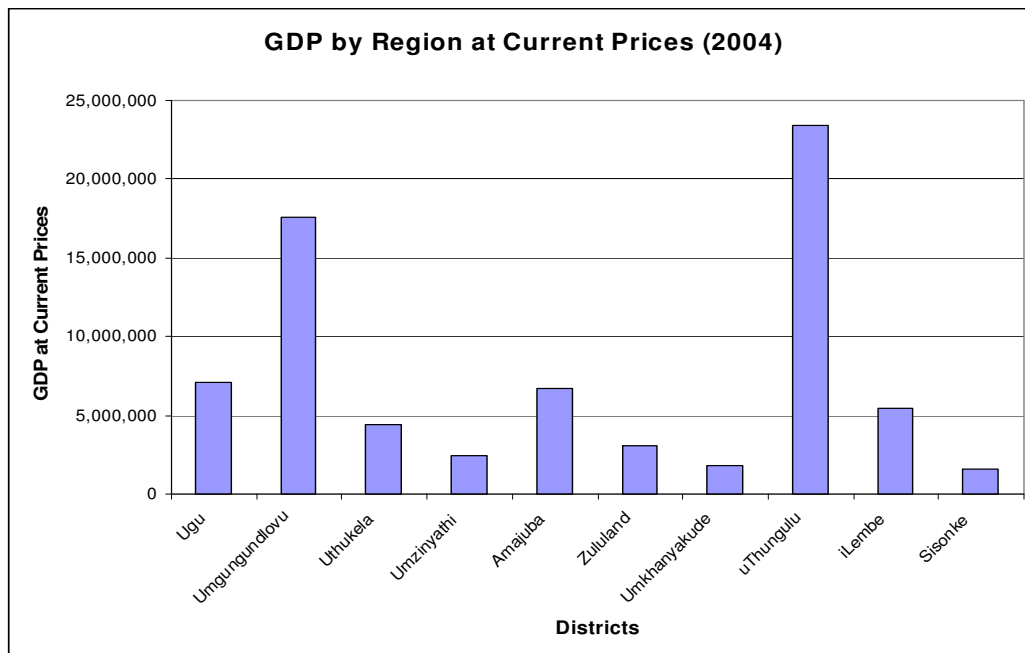


Figure No 6: GDP by Region at Current Prices (2004)  
Source: (Urban-Econ Study 2004)

#### 4.6 Service Backlogs in the Local Municipalities

The issue analysis stemming from the local municipalities during the 2008/09 IDP included concerns about service backlogs. Local municipalities within the district stress the importance of addressing service backlogs including sanitation, water, sources of energy, refuse removal and pollution<sup>1</sup>. More than 68% of the population are dependent on candles, wood and paraffin as sources of light and energy. Within Msinga and Nquthu, this dependency soars to 88%.

There are high levels of air pollution as a result of the use of wood as a major source of energy for domestic cooking and heating especially during the cold winter months. “Service backlog” is usually understood to mean “those still to be served” or “those not yet served to a particular Level of Service (LOS)”. Jeffares and Green (Pty) Ltd define service backlogs as applicable to those households that do not receive the following level of service in respect of Water; Sanitation, Roads, Electricity, and Refuse:

Service	Level of Service
Water	25l/cap/day within a 200m walking distance
Sanitation	Minimum VIP toilet / household
Electricity	Household connection to Eskom / municipal grid or solar panels. 10Ampere – 50kWh / month free to all households
Refuse	Each household should have reasonable access to a communal skip from which waste is removed weekly
Roads	All weather access to within 500m of each dwelling (gravel road – width 4.5-6m)

Source: Jeffares and Green (Pty) Ltd 2007: 6

The following breakdown of service backlogs by local municipality in Table No 4 highlighted hereunder:

Local Municipality	Water		Sanitation		Electricity		Refuse Removal	
	Served	Not Served	Served	Not Served	Served	Not Served	Served	Not Served
Endumeni	12792	99036	12957	798	8615	4208	11087	2668
Nquthu	21746	10391	19527	12610	5057	27090	2863	29306
Msinga	7072	25552	16292	16296	2810	29726	52147	32071
Umvoti	17563	8482	20217	5824	8213	14379	9809	19183

Water, sanitation, electricity and refuse backlogs particularly in the rural areas are of concern. Based on the analysis of backlogs of each local municipality, herewith is the table below that indicates the District perspective on backlogs:

Table No 5: Water, Sanitation, Electricity and Refuse Removal – Current backlogs	
Backlogs	Percentage
Water	38%
Sanitation	30%
Electricity	75%
Refuse	81%

*Source: Jeffares and Green (Pty) Ltd 2007: 6*

The current implementation of water and sanitation projects through MIG allocation to the value of R 120,013,000.00 will have major implication in reducing the water backlog by 6.8% and sanitation by 29.3%.

#### 4.6.1 Energy

Eskom power grid supplies the urban areas of the District, and those areas along the major roads. However there is very little power supply in the rural areas. In rural areas much of the energy for cooking and heat is from wood. In those areas where there are wattle plantations, or where wattle has become invasive, this is a good supply of wood. However there is little indigenous wood for use as an energy source, and the use of a scarce resource for firewood should not be encouraged.

There is a potential for using solar power throughout the District, as there are many sunny days. In the mist belt, in summer, the sunny days may be more limited, but this should not preclude investigations into this sustainable and relatively cheap energy source.

Hydro-electric power is also a sustainable source of power, however this is only practical in areas where there is a constant flow of water and good drop, some areas near Kranskop may be suitable.

#### 4.6.2 The integrated waste management plan

The Integrated Waste Management Plan was completed by Kwezi V3 Engineers in January 2006. This section is based on the report addressing waste management in the district.

Within Umzinyathi District Municipality there are eight waste disposal sites. They include the:

- Pomeroy Landfill Site;
- Tugela Ferry Landfill Site;
- Greytown transfer facility;
- Greytown garden refuse site;
- Nquthu Landfill Site;
- Nondweni Transfer Station;
- Dundee garden refuse transfer station; and
- the Glencoe Landfill site.

The Nquthu, Pomeroy, Nondweni disposal sites operate in accordance with the regulations as stipulated by the Department of Water affairs. However, the municipality needs to regularise the operational permit conditions of the sites. The Glencoe and Tugela Ferry landfill sites are not operating in accordance with the permit requirements of the Department of Agriculture and Environmental Affairs.

This also applies to the Dundee and Greytown garden refuse and transfer facilities. The operational manuals for the transfer stations and landfill sites need to be developed to ensure that activities occurring at these sites are in accordance with sound waste disposal principles. An “Operational Plan” is required to correct this problem. A contingency process needs to be put in place for the replacement of vehicles and basic equipment.

With regards to the staffing of the facilities, all local municipalities exhibit severe staff shortages. There are several vacant posts within municipalities that should be filled. Landfill supervisors need to be appointed to ensure proper management of the disposal facilities. It is also essential that the municipal workers are properly trained for their specific tasks in relation to refuse removal.

At the Pomeroy landfill waste is disposed of over a large area and is not compacted or covered on a regular basis. Animals are also feeding at the site. At the Tugela Ferry site waste is burned which is detrimental to public health and is a cause of concern.

The major concerns stemming from the integrated waste management plan are:

- There are no waste minimisation strategies that have been developed within the local municipalities. These need to be addressed and implemented;
- The tribal areas of the different local municipalities within the district municipality do not receive a waste removal services and they need to be incorporated in the waste disposal service area;
- The new developments that are taking place in the different local municipalities must be included for the provision of a waste disposal service.
- There is illegal disposal of waste at various sites and across the uMzinyathi District Municipality. The illegal disposal should be addressed in order to manage and minimise the illegal activities pertaining to waste disposal;
- New Municipal by-laws should be drafted that are directly applicable to waste management such as illegal dumping of waste, waste minimisation and potential recycling processes;
- All Local Municipalities within the uMzinyathi District Municipality have a shortage of personnel. There are a number of temporary employees working for the Municipalities at this stage;
- The local municipalities have a number of waste disposal vehicles that are old and in poor condition that are due for replacement;
- Municipal waste records should be kept and maintained for informed future decision-making purposes and to comply with the Government's Waste Information System requirements; and
- A mitigation strategy or some form of succession planning should be developed for the expected increase in HIV-AIDS related deaths amongst personnel.

In addressing the issue around waste management, the municipality has commissioned a feasibility study to develop two regional waste sites for the benefit of the four local municipalities. The study is still in progress and its outcome will enable the municipality to make well informed decisions regarding waste management, and will be included in the final IDP.

#### 4.6.3 Costs associated with addressing service backlogs

The following table summarises per LM and per service the approximate cost of addressing the current service backlog.

TABLE NO 6: COST OF ADDRESSING SERVICE BACKLOG TO THE MINIMUM LOS	
Place / Service	Cost
<b>Endumeni</b>	
Water	R38,964,000.00
Sanitation	R7,323,000.00
Electricity	R17,884,000.00
Refuse Site	R2,923,800
Refuse Collection (per annum)	R297,696
<b>Nquthu</b>	
Water	R143,424,000.00
Sanitation	R70,140,000
Electricity	R115,132,500.00
Refuse Site	R24,231,900.00
Refuse Collection (per annum)	R2,467,248.00
<b>Msinga</b>	
Water	R181,950,000.00
Sanitation	R85,647,000.00
Electricity	R126,335,500.00
Refuse Site	R26,150,025.00
Refuse Collection (per annum)	R2,662,548.00
<b>Umvoti</b>	
Water	R84,336,000.00
Sanitation	R39,861,000.00
Electricity	R61,110,750.00
Refuse Site	R13,696,650.00
Refuse Collection (per annum)	R1,394,568.00

Jeffares and Green (Pty Ltd state that it will take approximately 28 years to address this back log at a cost of approximately R1.37 billion. They report that: "The most significant shortcoming identified in undertaking this study is the inadequacy of information available to the DM.

It is recommended that critical field assessment and verification be undertaken on all existing municipal infrastructure and that it be captured and stored in an information system that is easily accessible to all stakeholders" Jeffares and Green (Pty) Ltd 2007:11). It is thus highly unlikely that the uMzinyathi Municipality will able to meet the localised guideline of supplying all households with access to clean water by 2008, sanitation facilities by 2010 and electricity by 2012 as called for in 2005.

#### **4.6.4 Telecommunications**

The introduction of new technology in telecommunications has made the speedy addressing of backlogs found in this sector possible. Approximately 11% of the population in the district have access to telecommunication services. More than 12% of the district's rural households are further than 10 kilometres away from fixed line telephone facilities. Msinga is the area most in need of improved telecommunication facilities since 27.8% of people in this area are more than 10km from a phone. There has also been a change to satellite telephone systems as the cables were frequently being stolen. The problem of public phones being vandalised is also significant throughout the district which means that actual improvements since 1996 have been minimal.

#### **4.6.5 Housing & Land Reform – and alignment of services**

The development of sustainable living environments is high on the agenda for local municipalities. Consequently the Department of Traditional Affairs and Housing is supporting the development of housing plans within the uMzinyathi local municipalities. The eNdumeni, uMvoti, Msinga and Nquthu housing plans have been completed and adopted.

The District Municipality is working closely with the Department of Housing in order to ensure that housing planning is properly addressed so that the infrastructure elements of such planning can be aligned at the correct time and not after the plans have been completed as was the case with the previous three plans.

Similarly, the Department of Land Affairs is promoting “Area Based” land reform delivery across the district. The project is at the phase of the developing strategies to deal with land issues across the district, progress to date regarding the project to be integrated in the final IDP.

#### **4.6.6 Transport Networks**

The Provincial Department of Roads is responsible for 1 860km of road in the district. Of this, almost 560km is surfaced, and the balance is gravel. The R33 linking Dundee



with Greytown and serving the tourism routes is of concern for a number of reasons.

They include:

- safety and security;
- maintenance;
- vegetation along road verges; and
- signage.

The rural road networks are of concern because:

- community roads are in a poor state of repair;
- roads are not able to cope with increasing population pressure;
- there are minimal resources for roadwork; and
- poor storm water management is resulting in soil erosion.

Within the district there are farmers who rely on road infrastructure to transport their produce to markets. The issues raised by the farmers are that the poor road infrastructure impedes their operations and that there are roads which need to be upgraded to district level roads.

The municipality is currently improving the signage on the district roads especially focusing on to the tourism industry since the district is rich in tourism. Tourism signs are being erected in all four local municipalities to provide information on different tourism destinations. The erection of tourism signs is being informed by the signage audit which was done for the district.

#### **4.6.7 Public Transportation and Rail**

A Public Transportation Plan was completed by Arup SA (Pty) Ltd in April 2006. The report states that the main kinds of public transport are mini bus taxis and the motorised transportation of goods and services. There are a total of 24 minibus-taxi ranks in the uMzinyathi area. Commuter services are provided for by 16 ranks, whilst the other 8 ranks provide both commuter and long-distance services. There are only 11 of the minibus-taxi ranks that are formalized and the remaining 11 take the form of in formalized off-street ranks. Within the bus rank category, several public transport facilities double-up to cater for minibus-taxi as well as bus operations.

The existing three bus ranks in Umzinyathi are all functioning together to include minibus-taxi facilities. The Bell Street bus rank in Greytown is currently not in use and

this bus rank exists alone with no minibus-taxi facility. The “ bakkie” & 4+1 service providers use the same facilities as the minibuses and taxi's. The only facility that provide for the exclusive use by “ bakkie” transport is located in Tugela Ferry.

The disposable income spent on public transport is limited. The main feeder routes to the towns such as Dundee, Glencoe and Greytown are well used while others, within the rural areas, are poorly used where less than 30% of the capacity is currently being taken up. On the whole, access is expensive and the long distances which need to be traveled make viable public transportation beyond the reach of many poor people in the district. The SEA reports that Public transport is very limited with Taxis only operating on the busier routes. The more rural areas cannot easily access shops, clinic and other facilities (SEA 2006:32)

In the north, the main railway line between Durban and Johannesburg passes through Glencoe. There is a rail link between Glencoe, Dundee, Vryheid, Richards Bay and Gauteng. In the south, Kranskop, Greytown and Seven Oaks are linked by rail. Use of the rail network has decreased in comparison to the use of road linkages. The decline in mining activity has also contributed to under utilisation of the rail network. Spoornet has recently undertaken to ensure that the existing rail network is upgraded and improved.

Umzinyathi District Municipality is currently reviewing the Integrated Public Transport Plan as required by the National Land Transport Transition Act, 2000 (Act No 22 of 2000). The municipalities have to annually review and update transport plans to ensure that information, projects and programmes remains current. In the initial preparation of the plan, the operating license strategy and rationalization plan were not detailed enough to assist the Regulatory bodies, Umzinyathi District and its Local Municipalities in decision making. Hence a decision has been taken that this exercise of review and update of the plan should concentrate more on operating license strategy and rationalization plan. The preparation of the plan is still underway, the output of the plan will be integrated in the 20010/11 IDP Review.

## 5. COMMUNICATION POLICY

Umzinyathi District Municipality has a communication policy in place which has been adopted by Council, the purpose of the policy is to promote the objectives of Section 32 of the Constitution. The promotion of access to information Act (No 2 of 2000) provides that the public has the right to information held by the organs of state or a private body. It is therefore upon the premise that this Communication Policy is developed.

It also serves to safeguard the processes of communication, proper systems need to be in place hence ensuring that procedures as per the Municipal System Act (32 of 2000) are adhered to.

For Umzinyathi District Municipality to be accountable in terms of communication, it needs to have thorough understanding of its mandate. The policy is also crucial in communicating municipal plans like the IDP, Budget, PMS etc. The target groups for the policy are as follows:

- Internal Audience
  - Mayor, Speaker, ExCo, Council, Top management, Management, Staff
- External audience
  - Political parties, business people, NGO's, Media, Faith based organisations, general public, the local municipalities, government departments etc.

Some of the tools which are being utilised by the municipality in communicating the IDP / Budget are as follows:

- 5 Public engagements – one in each of the four local municipalities;
- 6 Quarterly external newsletter;
- 7 Monthly radio talk show by the Mayor on Ukhozi FM;
- 8 Umzinyathi Website;
- 9 Annual Report – planned for March of each year
- 10 IDP Rep Forum meetings;
- 11 Planning and Development Forum;
- 12 Municipal Managers Forum;
- 13 District Mayors Forum; and
- 14 Audit Committee.

## 6. IDP REVIEW DEVELOPMENT PROCESS, PHASES AND KEY TIME FRAMES

The following phases in terms of the review of the IDP were adhered to:

- 15 Preparation Phase;
- 16 Analysis;
- 17 Strategies;
- 18 Projects;
- 19 Integration; and
- 20 Approval.

The 2009/10 IDP Review Process Plan was presented and approved by ExCo on the 13 August 2008. The details of the activities for the process plan are as follows:

<b>ACTIONS</b>	<b>RESPONSIBLE PERSON</b>	<b>TARGET DATE</b>
Assist the Mayor in the preparation of time schedule for the Budget and related policies and community consultation	CFO	August 2008
Finalize Performance agreements for Section 57 Managers	PMS Manager	August 2008
Finalize the Organisational scorecard	PMS Manager	August 2008
Council adopts the IDP, Budget and PMS Process Plan	CFO / IDP Manager	August 2008
1 <sup>st</sup> UDM Planning and Development Forum - Alignment Meeting - inception meeting	IDP Manager	06 August 2008
UDM to provide the notice to the public of the process to be followed for the IDP, Budget and PMS	IDP Manager	September 2008
Review and Update of the IDP Status, Identify Key Issues and address the MEC comments	IDP Manager / CFO	September 2008
Quarterly performance assessment of Section 57 Managers as required by Section 28(1) of the Performance Regulations	PMS Manager	September 2008
2 <sup>nd</sup> UDM Planning and Development Forum - Alignment Meeting - review objectives and strategies (Alignment & integration of project lists, sector plans, finalizing implementation programmes & Spatial Dev Frameworks)	IDP Manager	08 October 2008
1 <sup>st</sup> UDM IDP Representative Forum – inter-sphere alignment session (Process plan alignment with Sector departments)	IDP Manager	06 November 2008
Review budget related policies	CFO / Council	November 2008
Determine guidelines for 2009/010 Budget	CFO	November 2008
3 <sup>rd</sup> UDM Planning and Development Forum - Alignment Meeting - review objectives and strategies (Alignment & integration of project lists, sector plans, finalizing implementation programmes & Spatial Dev Frameworks)	IDP Manager	10 December 2008
Review of Budget for 2009/2010 and obtain Council's Approval	CFO	December 2008

<b>ACTIONS</b>	<b>RESPONSIBLE PERSON</b>	<b>TARGET DATE</b>
2 <sup>nd</sup> Quarterly performance assessment of Section 57 as required by Section 28(1) of the Performance Regulations	PMS Manager	December 2008
Submission of the audit committee report on the mid-year performance assessment to Council	PMS Manager	January 2009
Presentation on the progress of the 2009/10 Review Budget / IDP	MANCO / EXCO	January 2009
Receive entity Budget from Uthukela water	Municipal Manager	January 2009
Meeting with HOD's to align programmes and projects	IDP Manager	February 2009
2 <sup>nd</sup> UDM IDP Representative Forum – inter-sphere alignment session	IDP Manager	13 February 2009
Provincial IDP Stakeholders meeting	IDP Manager	17 February 2009
4 <sup>th</sup> UDM Planning and Development Forum - Alignment of the District IDP's	IDP Manager	19 March 2009
Council to consider the first draft of municipal Budget & IDP and resolve to submit it to the department and Treasury for assessment	Council	26 March 2009
Third Quarterly performance assessment of Section 57 as required by Section 28(1) of the Performance Regulations	PMS Manager	31 March 2009
Public Consultation of the IDP and Budget in terms of Section 17 and 18 of Chapter 4 of the Municipal Systems Act, 2000 and Section 22 (a) (i) of the Municipal Finance Management Act, 2003	CFO / IDP Manager	28 April 2009 (Nquthu and Endumeni)  29 April 2009 (Msinga and Endumeni)
Alignment and integration of the Budget and IDP	MANCO	16 – 17 May 2009
5 <sup>th</sup> Planning and Development Forum – final Alignment of the District IDP's	IDP Manager	03 June 009
Approval and adoption of the Budget and IDP, and submitted to the National and Provincial Treasury.	Council	28 May 2009
Submission of Budget and IDP to Provincial and National Treasury and DLGTA (within 10 days)	CFO / IDP Manager	June 2009
Fourth (annual) performance assessment of Section 57 as required by Section 28(1) of the Performance Regulations	PMS Manager	30 June 2009
Submission of the annual audit committee report on the annual performance assessment to Council	PMS Manager	July 2009
Commence with the implementation of the Budget and IDP.	CFO / IDP Manager	July 2009

## **7. 2008/09 IDP REVIEW COMMENTS**

The final 2008/09 IDP Review was submitted to the Department of Local Government and Traditional Affairs for commenting purposes as required by Chapter 5, Section 25 of the Municipal Systems Act. The Department of Local Government and Traditional

Affairs has submitted its comments on the 2008/09 IDP Review to the municipality for improvement measures of the 2009/10 IDP Review, the following comments pertaining to the municipal IDP were received:

<b>Key Performance Areas</b>	<b>Comments on the 2009/10 IDP Review</b>	<b>Municipal Response</b>
<b>Municipal Institutional Development and Transformation</b>	It is noted that your municipality has indicated the municipal powers and functions. However, the document does not reflect whether it has the capacity to implement the IDP projects.	The capacity of the municipality in relation to the powers and functions has been indicated in the IDP.
	Your municipality has attached an organogram and indicated vacancies. You are encouraged to clearly indicate the function for each department therein.	The function of each department as indicated as per the attached organogram and included in the IDP.
	The municipality IDP need to indicate whether the municipality has developed an Organizational Performance Management System and also if there are any other policies that are in place for instance Employment Equity Plan, Recruitment policy, Skills Development plan, etc. You will note that this issue was raised previously. Additionally, the DLGTA Guideline on OPMS development should be consulted.	Progress to date regarding the development of Organizational Performance Management System has been included in the IDP; and  The list of policies which are in place to assist the municipality to operate effectively has been indicated in the IDP.
	It is encouraged that your HR Strategies are aligned to the long-term development plans of the municipality. This is important to achieve your objectives during implementation.	Noted, SALGA has developed most of the HR policies, workshop to present the policies to the municipalities is in the process of being held to adapt and apply where applicable.
	Your municipality is also encouraged to align the KPAs and implementation plans to the OPMS.	Noted,
	Preparation of the Annual Report including the Performance Report based on DLGTA template.	The 2007/08 Annual Report has been prepared, approved by Council in January 2009, submitted to DLGTA, National and Provincial Treasury and also AG for comments.
<b>Key Performance Areas</b>	<b>Comments on the 2009/10 IDP Review</b>	<b>Municipal Response</b>
<b>Local Economic Development</b>	It is recommended that your LED plan to be adopted and implemented.	The LED plan was adopted by Council in January 2009, currently lobbying for funding to implement the plan.
	Your municipality is encouraged to ensure that the IDP is aligned to the PGDS.	Noted
	A more detailed review of the institutional	Noted

	framework is recommended with particular focus on LED.	
	It is encouraging to note that your municipal IDP has detailed information on national and provincial policies. It is recommended that the LED be aligned to PGDS and IDP.	Noted
	It is recommended that issues of improved governance relating to investment and job creation be considered.	Noted
	Your municipality is being encouraged to give detailed strategies for SMME support. Your municipality is encouraged to provide detailed information on what is currently being done with regards to the second economy investment.	The municipality has completed the preparation of a study to enhance the operational levels of SMME's and also integrate them into the economy, and funding has been received to implement the incubator programme.  It has been integrated into the IDP
<b>Basic Service Delivery and Infrastructure Investment</b>	It is noted that your municipality has based its statistics and backlog for water, sanitation, refuse removal on the latest information of the study that was done for Umzinyathi, in March 2007. You are, however, encouraged to also utilize the Stats SA Community Survey 2007 backlog data for insightful information and statistics on your communities' households needs.	Noted, the 2007 Community survey figures have been utilised to a certain extent.
	It is noted with encouragement that your municipality to a certain extent has managed to develop service delivery targets, for water and sanitation, but this is only evident under key performance area. You are further encouraged to improve on your service delivery targets and ensure that there is a plan and budget for it.	Noted

Key Performance Area	Comments on the 2009/10 IDP Review	Municipal Response
<b>Basic Service and Infrastructure Investment</b>	<p>It is noted that the municipality has included the MTEF's of some of the sector departments, with regards to the planned and committed project funding, as contained in the IDP. However, your municipality is encouraged to align the sector departments' MTEF with the development priorities that are expressed in the IDP.</p>	<p>The municipality has been facing challenges with obtaining the departments MTEF's to ensure proper alignment, though the participation of departments in the IDP process has been unsatisfactory.</p> <p>The municipality is hoping to obtain the departments MTEF's at the next IDP Rep Forum to be held in April 2009.</p>
	<p>It is noted with regret that your IDP is silent on the Operational and Maintenance Plan, Indigent Policy and Free Basic Service. Your municipality is encouraged to address the above in your next IDP.</p>	<p>Monthly budget allocation being provided to Uthukela Water also includes Operational and Maintenance</p> <p>The municipality has prepared the indigent policy which regulate the provision of free basic services</p>
	<p>Your municipality is encouraged to develop an electrification plan.</p>	<p>Not applicable</p> <p>Local Municipalities function and Eskom</p>
	<p>Encouraged to identify EPWP projects that would provide job opportunities and training and include clear budget and plan with timeframes.</p>	<p>It's being undertaken as part of the MIG projects, as 25% of the MIG projects are EPWP compliant</p>
<b>Municipal Financial Viability and Management</b>	<p>It is encouraging to note that your municipality has attached a detailed Service Delivery Budget Implementation Plan.</p>	<p>Noted</p>
	<p>It is acknowledged that your municipality is to formulating implementable costs recovery and revenue collection strategies. You are thus encouraged to finalize and implement strategies with urgency.</p>	<p>Noted</p>
<b>Municipal Financial Viability and Management</b>	<p>It is not evident that your capital budget is aligned with the IDP objectives. Your municipality is thus encouraged to align the capital budget with the objectives, strategies and programmes of the IDP. This should be clearly reflected in the IDP.</p>	<p>Noted,</p>
	<p>Your municipality is encouraged to formulate a detailed financial strategy with</p>	<p>Financial plan and credit control policy in place, and integrated into</p>



	their implications and timeframes and a clear detailed budget for spatial development to be considered.	the 2009/10 IDP Review
<b>Key Performance Area</b>	<b>Comments on the 2009/10 IDP Review</b>	<b>Municipal Response</b>
<b>Good Governance and Public Participation</b>	It is noted that your municipality has Ward Committees. However, it does not indicate whether they have the relevant capacity to do their work.	The district has successfully capacitated the ward committees on Roles and Responsibilities, Municipal Legislation and Local Area Planning. The details have been included in the 2009/10 IDP Review.  The functionality of ward committees is relevant to the local municipalities.
	It is encouraging to note that the Local municipalities were engaged during IDP development. However not much has been indicated with regards to the sector department involvement.	Noted
	It is noted with regret that your IDP is silent with regard to communication strategy.	Communication policy in place and it has been integrated into the 2009/10
	There is an indication that your municipality has to a certain degree involved the communities during the IDP process. You are encouraged to fully involve the community during IDP process and you are advised to prepare a clear community participation strategy and plan.	It will be undertaken for the draft 2009/10 IDP and Budget
	The municipality is encouraged to form an internal audit committee, roles and functions to be highlighted.	Noted and integrated into the 2009/10 including the Audit Committee
<b>Spatial and Environmental Planning</b>	The IDP of your municipality has attached a number of MAPS, but the interpretation of these maps is not indicated. The spatial analysis is well documented on the IDP. However, the District analysis needs to be aligned to the spatial realities of the Local municipalities. The SDF needs to be revised to give direction/provide broad guideline for the preparation of LUMS	The municipality is in the process of finalizing the Spatial Development Framework to provide detail spatial analysis,  To be fully integrated into the final 2009/10 IDP Review
	The Department of Agriculture and Environmental Affairs has compiled the Environmental Sustainability Toolkit for Integrated Development Plans to assist municipalities to integrate environmental sustainability issues into the IDP. Your municipality is urged to make use of this toolkit in the compilation of the IDP's to	The toolkit has been received, and the municipality is in the process of preparing the Strategic Environmental Assessment to provide detail environmental analysis for the IDP.

	ensure that environmental –related delays on municipal projects are avoided and sustainable development is promoted.	
	Your municipality is encouraged to evaluate the environmental issues as well as action plans in respect of environmental and waste management. Your municipality is encouraged to use Environmental Sustainability Toolkit for Integrated Development Plans to assist you to integrate environmental sustainability issues into your IDP.	The evaluation of environmental issues will be addressed by the SEA which is in the process of being prepared, and waste management issues are to be addressed by the Integrated Waste Management Plan which is in the process of being reviewed.

## SECTION B: SITUATIONAL ANALYSIS

### 1. STATUS QUO ANALYSIS OF THE MUNICIPAL AREA

#### 1.1 Powers and Functions

In order to develop a functional capacity of the municipality, it is necessary to be aware of the powers and functions as they were Gazetted. The functional responsibilities applicable to uMzinyathi District Municipality in relation to the local municipal functions, which have a bearing on district responsibilities, are shown in the table below.

The District functional responsibilities are shown in light blue and the related local municipality responsibilities for that particular function are shown in orange. The yellow coloured areas represent shared functions. Local jurisdiction is shown with an L.

<b>TABLE NO 7: DISTRICT MUNICIPALITY FUNCTIONS AND RESPONSIBILITIES</b>		241	242	244	245
1	Water and sanitation				
2	Integrated Development Planning at District Level, Framework Plans & the support of local municipalities	L	L	L	L
3	Passenger transport regulation				
4	Tourism promotion at District level				
5	Local tourism	L	L	L	L
6	Solid waste disposal sites - strategy relating to regulation of waste disposal and establishing operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality				
7	Municipal roads which form an integrated part of a road transport system for the area of the district	L	L	L	L
8	Municipal airports serving the area of the District Municipality as a whole				
9	Municipal environmental health serving the area of the District Municipality as a whole				
10	Fire fighting services for district municipality including planning, co-ordination and regulation, specialised services as mountain, veld & chemical fires services; co-ordination of standards of infrastructure, vehicles, equipment and procedures. Training of fire officers	L	L	L	L
11	Fresh produce markets and (abattoirs) serving the area of the District Municipality as a whole				
12	Cemeteries and crematoria	L	L	L	L
13	Municipal public works relating to any of the above functions and/ or other functions assigned to the District Municipality				
15	The receipt, allocation and, if applicable, distribution of grants made to the District Municipality				
16	The imposition and collection of taxes, levies and duties as related to the above functions or may be assigned to the				

<b>TABLE NO 7: DISTRICT MUNICIPALITY FUNCTIONS AND RESPONSIBILITIES</b>		<b>241</b>	<b>242</b>	<b>244</b>	<b>245</b>
17	District Municipality in terms of National legislation. Air Pollution				
18	Building regulations	L	L	L	L

**Fulfilled functions are indicated as the shaded blocks**

### 1.2 Institutional Analysis

During 2008/09 financial year, the Municipality approved the organizational structure aligned to the IDP in order to improve its operational capacity. The revised structure contributed positively to the organization in terms of service delivery. At present, the Municipality has a staff complement of 62 employees as opposed to 50 employees during 2006/07 financial year. The approved structure of the Municipality has 78 posts of which 16 of them are currently vacant but processes of getting the vacant posts filled are underway.

An analysis of the staff by gender, race and occupation has been undertaken. The analysis applies to the staff distribution excluding the new posts to be filled since gender and employment equity would need to be considered in relation to the potential candidates for the new positions. The distribution of staff by occupation, group and gender is shown below:

<b>Occupational Levels</b>	<b>Male</b>				<b>Female</b>				<b>Total</b>
	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>	<b>A</b>	<b>C</b>	<b>I</b>	<b>W</b>	
Top Management	04								<b>4</b>
Middle Management	09					01			<b>10</b>
Supervisor and Skilled Technical	15			01	08		01		<b>25</b>
Semi skilled	01				12		01	03	<b>17</b>
Elementary Occupation	02				04				<b>6</b>
<b>Grand Total</b>	<b>31</b>			<b>01</b>	<b>24</b>	<b>01</b>	<b>02</b>	<b>03</b>	<b>62</b>

**Note: A=Africans, C=Coloureds, I=Indians and W=Whites**

Umzinyathi District Municipality is currently in the process of filling in the vacant critical posts and employment equity through the employment equity plan would apply. As part of ongoing training for the employees, the municipality has a workplace skills plan in place which determines the training needs of the employees and then they are capacitated.

### **1.2.1 Administrative Structure**

For the municipality to be able to perform the above mentioned powers and functions it has well organised administrative structure, which has four departments and the Office of the Municipal Manager:

- Department: Technical Services;
- Department: Financial Services;
- Department: Planning and Social Development; and
- Department: Corporate Services.

The breakdown of the Departments in terms of the functions which are being performed is as follows:

#### **1.2.1.1 Office of the Municipal Manager**

It is the responsibility of the Municipal Manager as “Accounting Officer” to:

- Promote sound financial management throughout the municipality;
- Be responsible for all income and expenditure, all assets and the discharge of all liabilities;
- Ensure compliance with the Municipal Finance Management Act (MFMA) No. 56 of 2003;
- Prevent fruitless and wasteful expenditure;
- Disclose all information on debts
- Ensure the development and implementation of the Integrated Development Plan (IDP), which consists of five development strategies upon which the annual budget is based.

#### **1.2.1.2 Department: Financial Services**

The Department: Financial Services consists of four sections:

- Income and Expenditure,
- Procurement;

- Budgeting;
- Financial Reporting; and
- Internal Auditing.

#### **1.2.1.3 Department: Technical Services**

The Department: Technical Services consists of four sections:

- Municipal Infrastructure Implementation;
- Municipal Infrastructure Operations and Maintenance;
- Water Service Authority; and
- Community Facilitation

#### **1.2.1.4 Department: Planning and Social Development**

The Department: Planning and Social Development consists of the following sections:

- Local Economic Development / Tourism;
- Integrated Development Plan / Performance Management System / GIS
- Planning related issues; and
- Disaster Management / Environmental Health
- Supporting unit through Independent Development Trust and Department of Environment Affairs and Tourism.

#### **1.2.1.5 Department: Corporate Services**

The Department: Corporate Services consists of the following sections:

- Public Relations;
- Human Resources;
- Legal Services;
- Administrative Services;
- Information Technology;
- Fleet Management; and
- Security for the building

### 1.2.2 Policies

The municipality has prepared policies which will enable the municipality to perform its powers and functions effectively; the policies which are in place are as follows:

<b>No</b>	<b>Name of the Policy</b>
1	Budget Policy
2	Transfer and Budget funds policy
3	Banking and Investment
4	Asset and Management
5	Fleet Management
6	Supply Chain Management
7	Grants and Donations
8	Indigent and Support
9	Land and Asset Disposal
10	Petty Cash
11	Tariffs
12	Credit card
13	Treatment and Valuation of Inventory
14	Risk Management
15	Financial Regulations
16	Information Technology and Security
17	Information Technology Strategy
18	Information Technology Disaster Recovery Plan
19	Credit control
20	Cell phone
21	Bursary

### 1.2.3 Employment Equity Plan

In accordance with the Employment Equity Act (No 55 of 1998, the municipality has reviewed and implemented the 2008/09 Employment Equity Plan as required by the Employment Equity Act, the plans seeks to address the numerical goals in the terms of demographics within the municipality. The plan indicates significant progress made thus far by the municipality in addressing challenges relating to enhanced demographics. The 2009/10 Employment Equity Plan is in the process of being developed and is to be submitted to the Department of Labour on the 01 October 2009.

#### **1.2.4 Workplace Skills Development Plan**

In accordance with the Skills Development Act and Skills Levy Act, municipalities have to prepare and review the Workplace Skills Development Plan. During 2008/09, the municipality reviewed and implemented the Workplace Skills Development Plan as required by the said Act. The plan seeks to address employee's skills development, scarce skills and also skills audit of the municipality.

The municipality is registered with the Local Government Sector Education and Training Authority (LGSETA), and skills development relating to all levels of employees functions have been undertaken and integrated into the plan.

#### **1.2.5 Retention Strategy**

Municipalities located in rural areas are unable to retain skilled staff in their posts due to financial constraints, and they can't compete with well resourced municipalities. In order to address this challenge, the municipality needs to develop a retention strategy which will assist the municipality in retaining staff thereby ensuring effective service delivery. The preparation of the strategy is underway.

#### **1.2.6 Intergovernmental Relations Structures**

The Intergovernmental Relations Framework Act (No 13 of 2005) stipulates that there must be a district Intergovernmental forum to promote and facilitate intergovernmental relations between the district and local municipalities within the district. Section 25 (1) of the legislation further indicates that:

A district intergovernmental forum consists of:

- a) the mayor of the district municipality;
- b) the mayors of the local municipalities in the district or, if a local municipality does not have a mayor, a councillor designated by the municipality; and
- c) the administrator of any of those municipalities if the municipality is subject to an intervention in terms of section 139 of the constitution.

In terms of Section 26 (1), the functions to be performed by the forum as stipulated in the legislation are as follows:

- a) draft national and provincial legislation relating to matters affecting local government interests in the district;
- b) the implementation of national and provincial policy and legislation with respect to such matters in the district;
- c) matters arising in the Premier's intergovernmental forum affecting the district;
- d) mutual support in terms of section 88 of the Municipal Structures Act (No 177 of 1998);
- e) the provision of services in the district;
- f) coherent planning and development in the district;
- g) the co-ordinations and alignment of the strategic and performance plans and priorities, objectives, strategies of the municipalities in the district;
- h) any other matters of strategic importance which affect the interests of the municipalities in the district.



## **(1) Umzinyathi District Coordinating Forum**

Umzinyathi District Municipality has established the intergovernmental forum as required by the said act, and its called Umzinyathi District Coordinating Forum. On the 30 November 2007, the district family of municipalities signed the intergovernmental relations protocol, rules and procedures. The objective of the forum is to promote and facilitate intergovernmental relations and cooperative government between the district and local municipalities.

A technical support structure has also been established which serves to technical support to the District Coordinating Forum and implement their resolutions. The members of the technical support structure are the Municipal Managers of the district family of municipalities, or officials designated by them.

## **(2) Other IGR Structures**

### **i. IDP Representative Forum**

Umzinyathi District Municipality also established the other IGR forum which is called the IDP Representatives Forum. The purpose of the forum serves as a platform where the district family of municipalities meet with the sector departments, private organisations, business, NGO's, CBO's to discuss developmental issues that affect the district family.

### **ii. Planning and Development Forum**

Umzinyathi District Municipality also established the Planning and Development Forum, the purpose of the forum is to co-ordinate planning and development within Umzinyathi District by ensuring improved and continued communication amongst the various planning, and also to ensure that planning and development within the District is considered in a holistic way and that it takes place within the framework of all Municipalities' Integrated Development Plans.

The membership of the forum comprises of officials from the District and local municipalities under following components;

- IDP Managers
- Town Planners
- GIS Officers, and,

Representatives from the Department of Local Government and Traditional Affairs are also members but other government departments attend on invitation.

### iii. Disaster Advisory Forum

Umzinyathi District Municipality also established the District Advisory Forum. The purpose of the forum is to implement, monitor and co-ordinate all related disaster management issues within Umzinyathi District by ensuring improved and continued communication. The forum consist of representatives from the district and local municipalities, SAPS, Traffic, emergency services etc.

### iv. District Communication Forum

Umzinyathi District Municipality also established the District Communication Forum. The functions of the forum are as follows but not limited to:

- To coordinate the sharing of information pertaining to all spheres of government;
- To coordinate and organise a calendar of events for the district to ensure that these activities are streamlined across the district to avoid duplication and waste of resources;
- To provide support to local municipalities with regards to development of communication strategies.

The District Communication Forum consist of the District head of communications and communicators of the local municipalities, and also representatives from the sector departments

### v. Cross border alignment meetings

Umzinyathi District Municipality will also be arranging meetings with cross border district municipalities to align and integrated issues of functional areas on the IDP and Spatial development framework. It will also assist the municipalities to align development issues in an efficient, effective and sustainable manner especially where there are shared and interdependent functional areas across the district.

## 1.2.7 Audit Committee

During 2007/08 financial year, the Municipality established the Audit Committee as required in terms of section 166(6)(a) of the Municipal Finance Management Act 56 of 2003 for the entire District subject to each Local Municipality taking a resolution to that effect.

The broad objectives of the committee are as follows: -

- Maintaining oversight responsibilities of all financial and performance reporting;
- Seeking reasonable assurance that the operations of the Municipality are conducted efficiently and effectively;

- Seeking reasonable assurance that the Council has developed and complies with its policies, plans, procedures and internal controls;
- Seeking assurance that the Council complies with relevant legislation, regulations and professional pronouncements.

### **1.2.8 Internal Auditors**

In order for the Audit Committee to meet the broad objectives, the Municipality appointed the Internal Auditors to assist in attending to internal audit matters prior to submission to the Audit committee; the responsibilities of the Internal Auditors, amongst others are as follows:

- Review the Internal Audit Charter;
- Review the annual risk based plan and the internal audit program; and
- Ensure that all identified risk areas are prioritized and incorporated in the annual internal audit plan.

### **1.2.9 Ward Committees**

Umzinyathi District Municipality makes use of established structures like ward committees to discuss developmental issues like IDP, Budget, etc. To ensure that these structures are undertaking their duties effectively and also to ensure that they are aware of their powers and functions. During October 2008, the municipality provided training for the ward committees; the training was based on the following areas:

- Roles and responsibilities, protocol and communication,
  - The mandate of ward committees;
  - The role and responsibilities of the ward committees; and
  - How should ward communities communicate issues from the communities to the municipalities and vice versa.
- Municipal Legislation
  - To orientate the ward committees on key legislation governing the local government structures;
  - Highlight the importance of municipal compliance and the implications of non-compliance with local government legislation;
  - Help the ward committees to understand their role in the implementation of local government legislation; and
  - Empower Ward Committees to take corrective decisions about the improvements of the lives of the communities they represent or serve.

Currently, the municipality is providing training to the ward committees on Local Area Planning (Community Based Plans) in partnership with the Independent Development Trust. The purpose of the training is to capacitate Ward Committee on preparation of the Local Area Plans or Ward Plans. This will in turn improve public participation which is the legislative requirement for all municipalities. The focus of the training is as follows:

- The relationship between IDP and LAP;
- The role of Councillors, officials during LAP process and during training of Ward committees;
- LAP tools.

Once the trainings have been completed, the municipality is hopeful that that public participation would improve thereby becoming part and parcel of its key performance areas as the legislation stipulates.

### **1.3 Sector Analysis and Performance**

The district economy remains heavily dependent on general government services, although its share has declined from 25 to 19.8 % by 2005. The second most prominent sectors in 2005 were wholesale retail, trade and accommodation (16.6%) which in 2005 was the second most important sector displacing agriculture and forestry into third place at 15.7%.

There has been a significant increase in the role of the tertiary sector in the local economy. Finance and business services (39.6 %) as well as wholesale, retail trade, catering and accommodation (37.6%) grew significantly between 2000 and 2005 when compared to other sectors in the economy, although from a low base. There has been a significant increase in employment between 2000 and 2005 in the retail, wholesale and accommodation sector (10.47%) as well as in Finance and Business services (59%). Agriculture (-12.46%) and Manufacturing (-11.49%) were the biggest job shedders between 2000 and 2005. Construction, although only accounting for 4.2% of GDP in the district, has grown by 114% between 2000 and 2005, and showed an employment growth of 18% over the same period.

### 1.3.1 Agriculture Sector Analysis

Agriculture is well established but under-developed in terms of beneficiation (value added packaging and processing). District agricultural strength lies in dairy, feedlot beef and maize (Endumeni), forestry and sugar (Umvoti), and vegetable production (Msinga). The area has potential for Soya beans, but its full feasibility has yet to be established.

In Umvoti the agricultural weaknesses relate to: the lack of co-ordinated value added processes in timber, sensitivity of sugar to global markets and the poor performance relative to potential of vegetable production on the Mooi Irrigation scheme. In Msinga the weaknesses relate to land shortage, and as in Nquthu, overgrazing and poor dry land cropping. The Msinga vegetable growers are price takers and processing initiatives show limited progress because of management and co-ordination weaknesses. In Endumeni the established farmers deal with high input costs, high indebtedness and a struggle for markets and skills. Endumeni small farmers face generic challenges around finance, skills, land access and economies of scale.

The agricultural opportunities in the local areas within the district are:

<b>Umzinyathi District: Agricultural Opportunities per local municipal area based on Competitive Advantage.</b>	
Umvoti	<ul style="list-style-type: none"> <li>▪ Range of downstream forestry products from forestry waste.</li> <li>▪ Stewardship Certification products.</li> <li>▪ Vegetable Production and processing on Mooi River Valley.</li> </ul>
Msinga	<ul style="list-style-type: none"> <li>▪ Agricultural perishable products to local hospitals and general markets in nearby municipalities.</li> <li>▪ Chakalaka and other vegetable agro-processing opportunities.</li> </ul>
Nquthu	<ul style="list-style-type: none"> <li>▪ Production of legumes, irrigated maize, poultry and goats (Red meat processing) and chickens.</li> </ul>
Endumeni	<ul style="list-style-type: none"> <li>▪ Dairy and Dairy processing.</li> <li>▪ Beef Feedlot and Meat Processing.</li> <li>▪ Maize and maize processing and supply of chop to Beef Feedlots.</li> </ul>

Land Reform poses both a major opportunity and a threat to the agricultural sector and the district economy depending on how district stakeholders engage in its implementation.

A significant level of land reform is now taking place in the district. There is an estimated 57 000 hectares of land that has been transferred to 3 600 beneficiaries to date. This comprises:

- 32 140 hectares to 1273 beneficiaries through restitution.
- 25 132 hectares to 2372 beneficiaries through redistribution (LRAD).

At the time of writing, the extent of restitution and redistribution projects still to be processed in the district was still being collated by the Umzinyathi Area Based Land Reform project, and the figures are unknown.

### **1.3.2 Tourism Sector Analysis**

The District's current marketable advantage is its Battlefields Tourism, but its unique selling point (USP) is the presence of six seminal historical battlefield sites of both national and international significance in close proximity to each other. The district can also gain a potential unique competitive advantage in linking this Battlefields Heritage and Zulu Cultural tourism.

Tourism KZN statistics estimate that 443 000 domestic tourists (7% of KZN domestic market) visited the Battlefields in 2005 on average at 2.77 trips per annum. Foreign tourism drew about 112 000 visitors (7% of KZN foreign Market). Both domestic and foreign tourism to the Battlefields is highly seasonal with the lowest number of visitors in the winter season (May – July).

The district's key (potential) competitive tourism strengths are: the uniqueness of the current battlefields and Heritage products in the area, the potential provided by strong Zulu Cultural assets particularly along the R33 between Greytown and Dundee through Msinga and along the R68 to Nquthu, the natural scenery and river bush valleys that provide potential for nature-based and adventure tourism.

The key weaknesses are: its distance from the province's key attractions and the fact that not many primary tourism attractions in the province are really accessible within a

day, poor public tourism related infrastructure including poor roads, the lack of signage, the undeveloped airport and the lack of public toilet facilities at the battle sites, the lack of significant investment into tourism by both the private and public sector,

the lack of structured tourism marketing and training for the area and the absence of a tourism growth coalition between local government, the tourism business sector and civil society.

The district must diversify its tourism product mix and increase representivity to become more competitive. The two are interlinked. In terms of market opportunity, local tourism role players reported in 2006 a growing demand from domestic tourism, but that the market required more product diversification which included adventure products (quad biking, rafting etc), craft and culture and other activities that could complement or supplement the battlefields product.

### **1.3.3 Manufacturing (including Agro-processing) Sector Analysis**

Total manufacturing accounted for 13,5% of the districts GDP in 2005, and has grown 18,7% between 2000 and 2005. A key competitive element of the manufacturing sector in Umzinyathi is its agro-processing activities where there are backward linkages into the local agricultural sector. These include maize milling, dairy beef feedlot linked meat processing (abattoirs and tanneries).

The key strengths of manufacturing relate to an existing local competence in Endumeni in milling and dairy processing. The key weaknesses and constraints to the manufacturing sector relate to the distance from major supplier industries and markets and the logistics costs of getting goods to market, the difficulty of attracting technical staff given the shortage of housing and opportunities for the youth in the locality. For these reasons the district is never likely to be a destination for major industrial investment.

The areas of potential market expansion and opportunity in the district are:

- Beef processing, and tannery (hides) linked to the strong local presence of the feedlot industry in Endumeni.
- Forestry and forestry-waste products in Umvoti.
- Dairy processing and distribution into Gauteng with Orange Grove as key champion.

- Maize, milling and marketing.
- Increased activity in the construction industry in Northern KwaZulu-Natal has increased local demand for bricks, blocks and steel structures.

#### **1.3.4 Mining Sector Analysis**

Coal Mining has undergone a major contraction and now only accounts for 2.5% of the district GDP, and 1.5% of employment. Opportunities still exist in remnant mine reserves in Wesselbank, and Nkunzi for low technology manual mining which could create a significant number of jobs.

#### **1.3.5 Retail and Wholesale Sector Analysis**

The wholesale and retail sector has shown considerable growth both in terms of GDP share (37.6%) and in terms of job creation (10%) between 2000 and 2005. Wholesale and retail trade in Nquthu, grew by 28, 5% between 2000 and 2005. Further development of commercial activity in Nquthu and Msinga is constrained by the lack of progress on the formalisation of the towns, and the introduction of formal land tenure and land management arrangements and enforcement of municipal by laws on trading.

### **1.4 Spatial Economy: National and Provincial Context**

Within the National context, KwaZulu-Natal is second to Gauteng in its contribution to the economy of the country.



A summary of the contributions to GDP is shown in Table hereunder:

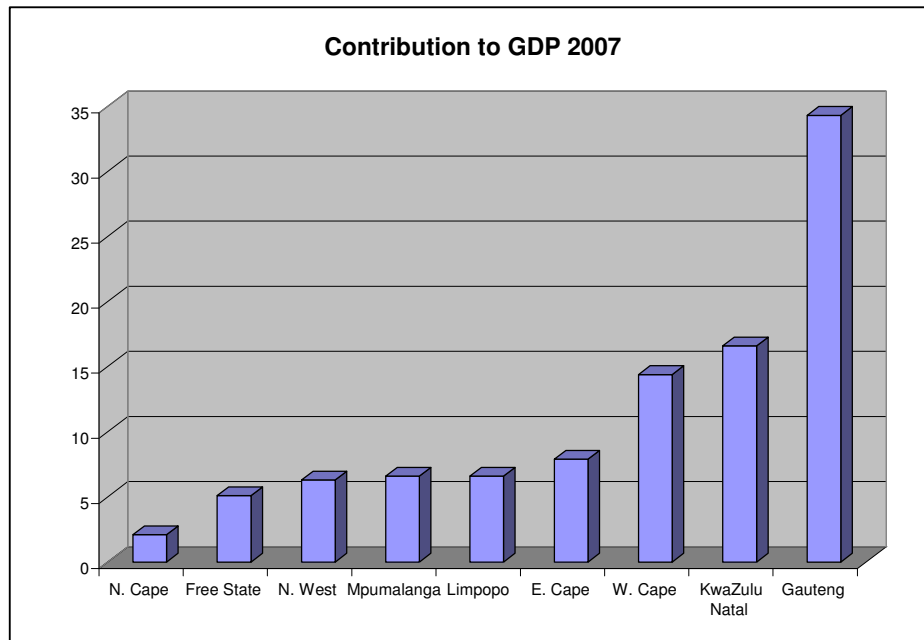


Figure No 7: Provincial Contributions to GDP 2007  
Source: Quantec Regional Economic Data 2007

Within KwaZulu-Natal, eThekweni provides for 64.1% of the contributions with transportation, finance, trade, manufacturing and construction being the key sectors. uMzinyathi contributes 1.6% to the provincial economy with the main contributions coming from the agriculture, mining, construction, services and trade sectors as shown in the Table No 08:

Out of the 11 contributors shown in the below, uMzinyathi is ranked tenth in its contribution to the provincial economy.

TABLE No 08: UMZINYATHI MUNICIPALITY IN RELATION TO THE PROVINCIAL CONTRIBUTIONS												
(Source: Urban Econ uMzinyathi Growth and Development Summit 2007)												
Sector	Ugu	uMgungundlovu	uThukela	uMzinyathi	Amajuba	Zululand	uMkhanyakude	Uthungulu	iLembe	Sisonke	eThekwini	Total
Agriculture	7.5	22.9	4.1	5.0	1.4	7.0	2.5	10.2	8.8	11.4	19.1	100.0
Mining	3.1	3.3	1.8	2.6	16.8	12.8	2.0	38.4	1.7	0.5	16.9	100.0
Manufacturing	2.0	8.9	3.7	0.9	4.5	1.2	0.5	9.3	4.9	0.6	63.5	100.0
Services	6.2	19.5	13.4	2.2	3.4	1.2	0.7	3.5	1.0	1.0	47.7	100.0
Construction	4.1	11.8	3.0	2.2	2.9	3.8	1.5	7.6	2.6	2.2	58.2	100.0
Trade	3.7	10.9	3.2	1.7	3.3	2.0	1.5	5.7	2.2	1.5	64.4	100.0
Transport	2.1	6.8	3.3	0.7	1.8	1.8	0.9	6.5	2.0	0.7	73.2	100.0
Financial	3.2	9.1	2.4	1.2	2.1	2.5	0.7	3.8	1.8	0.8	72.4	100.0
Community & social services	4.5	11.0	3.5	1.5	2.4	3.1	2.0	8.3	3.3	1.4	58.9	100.0
General govt	4.0	14.1	3.9	2.8	3.9	5.2	2.6	6.1	3.2	2.5	51.7	100.0
<b>Total</b>	<b>3.3</b>	<b>10.7</b>	<b>3.6</b>	<b>1.6</b>	<b>3.3</b>	<b>2.8</b>	<b>1.2</b>	<b>7.3</b>	<b>3.2</b>	<b>1.7</b>	<b>61.4</b>	<b>100.0</b>

### 1.5 Spatial Economy: Major Patterns and Trends

The four lead sectors in the economy are government services, agriculture and forestry, manufacturing, trade and business services. The contribution of each sector to the GDP is shown in Table No 9:

<b>TABLE NO 9: GDP BY MAJOR SECTOR</b>			
<b>SECTOR</b>	<b>1995</b>	<b>2005</b>	<b>CHANGE</b>
Government Services	25.49	19.97	-5.52
Agriculture & Forestry	16.88	15.69	-1.19
Manufacturing	13.87	13.51	-0.36
Trade	12.67	15.87	3.20
Finance/Business Services	9.82	12.35	2.53
Community Services	6.29	5.51	0.78
Transport & Communication	5.37	6.30	0.93
Mining	3.14	2.46	0.68
Electricity	3.04	3.40	0.36
Construction	2.32	4.12	1.80
Hospitality	0.97	0.72	0.25
Water	0.16	0.09	0.07

There has been a decline in the government services, agriculture and manufacturing sectors with growth occurring in the trade and financial sectors. This trend is mirrored in the Provincial and National economy. Agriculture, within uMzinyathi has the potential for steady growth. Growth which started in 2006 and is predicted to progress to a robust position in 2010 as shown in Figure below:

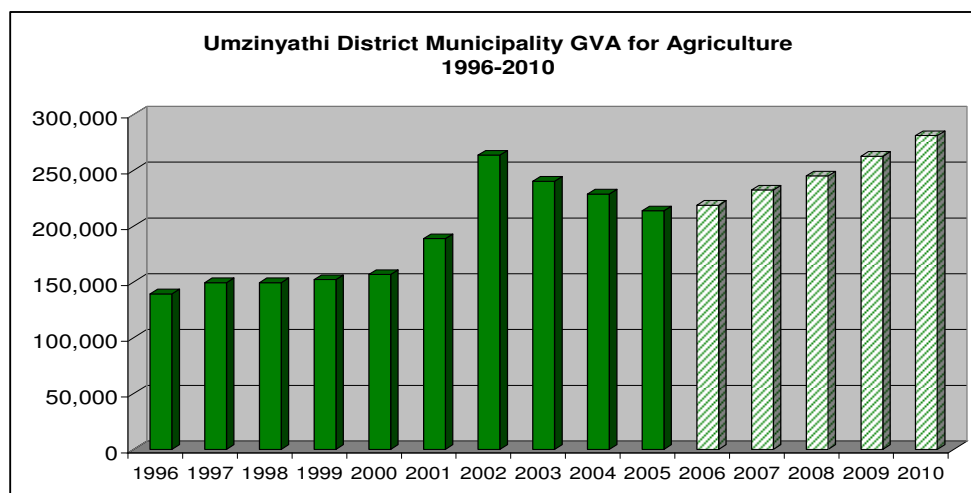


Figure No 8: uMzinyathi District Municipality GVA for Agriculture 1996-2010  
Source: Global Insight Southern Africa RX Data Set 2007

The implications of this predicted growth, particularly in forestry and stock farming needs to be harnessed for systematic restructuring based on:

- effective infrastructure development;
- sound partnerships between service providers and the private sector ;
- the growth and retention of expertise and skills; and
- the reduction of “red tape” and processes which slow businesses down.

Central to the growth of the district is the development of the trade sector. Provincially, trade and services are seen to be growing and overtaking the primary sectors. In this context, trade and its sub-sectors of tourism and services are becoming the generators of growth. The tourism potential of the district is high and well branded as the “Battlefields” area in the International arena. Therefore, in the uMzinyathi district, the predicted growth in the food and beverages sectors also needs to be highlighted alongside the potential for tourism development. This is shown in the Figure No 9:

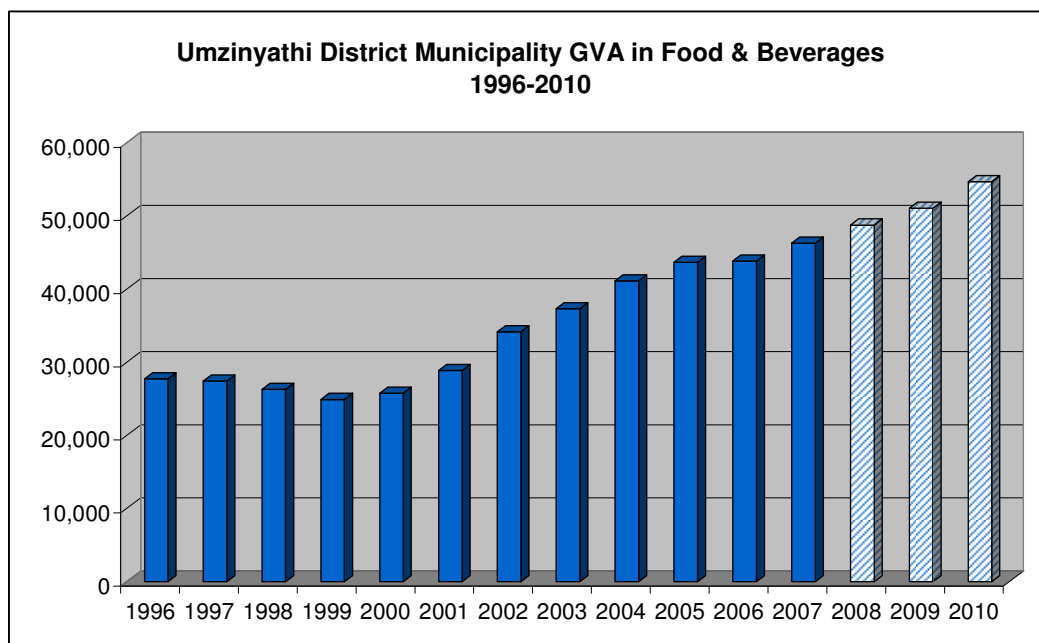


Figure No 9: uMzinyathi Food and Beverages GVA 1996-2010  
Source: Global Insight Southern Africa RX Data Set 2007

The key trade sub-sectors which are growing are shown in Figure No 10:

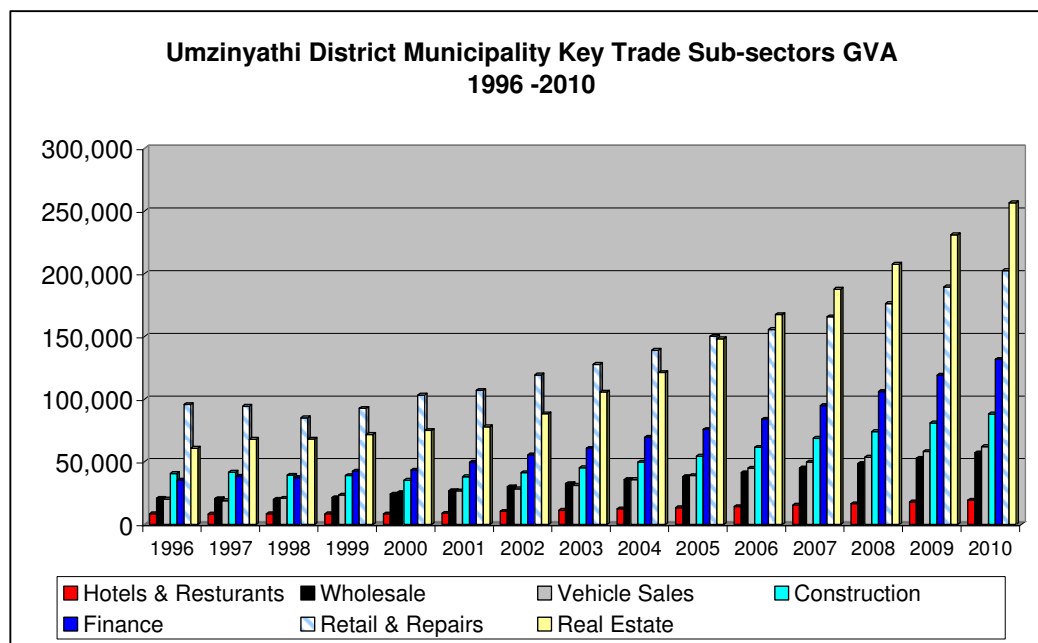


Figure No 10: uMzinyathi Key Sub-sectors 1996-2010  
Source: Global Insight of Southern Africa RX Data Set 2007

The trade sub-sectors showing growth are Real Estate and Retail & Repairs and Services followed by Finance and Construction. These are hence important sub-sectors for development strategies. In relation to labour trends, there is a growth in employment in the Community Services and Trade sectors with a reduction in employment in the Agricultural and Manufacturing sectors. This is shown in Figure No 11.

The employment distribution in the second economy is shown in Figure No 12. Trade and Community Services in the second economy are the most employment rich sectors followed by Construction and Manufacturing activities. Trade in products ranging from arts and crafts, food, fruit and vegetables, medicinal plants and remedies, clothing, cell phones and trinkets seem to dominate the second economy.

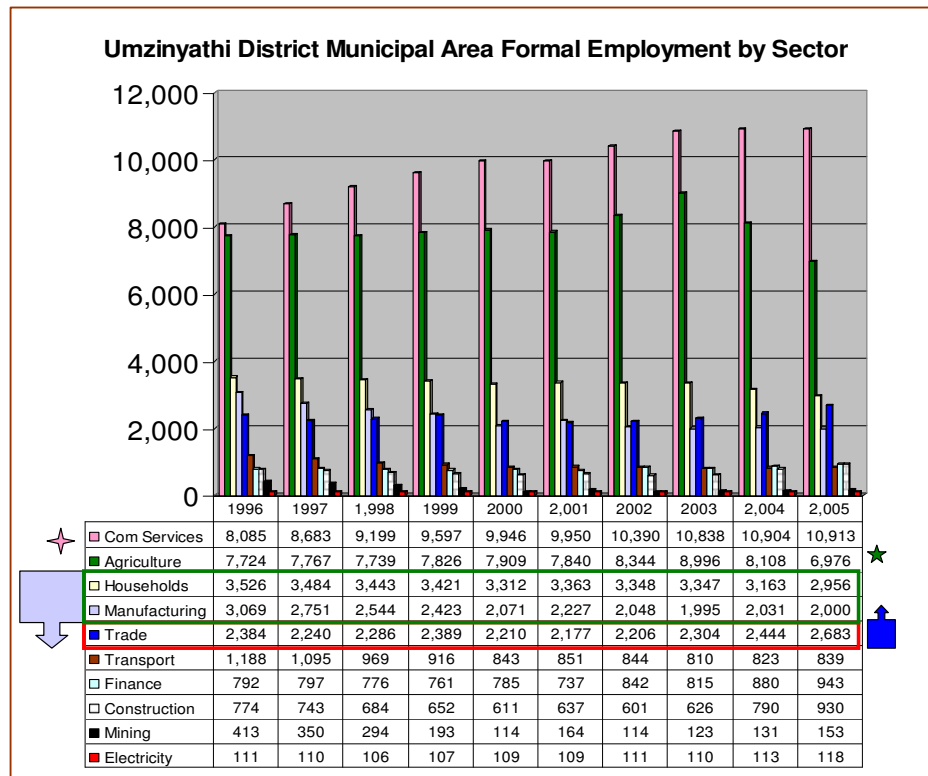


Figure No. 11: uMzinyathi District Area Formal Employment by sector  
 Source: Global Insight Southern Africa RX Data Set 2007

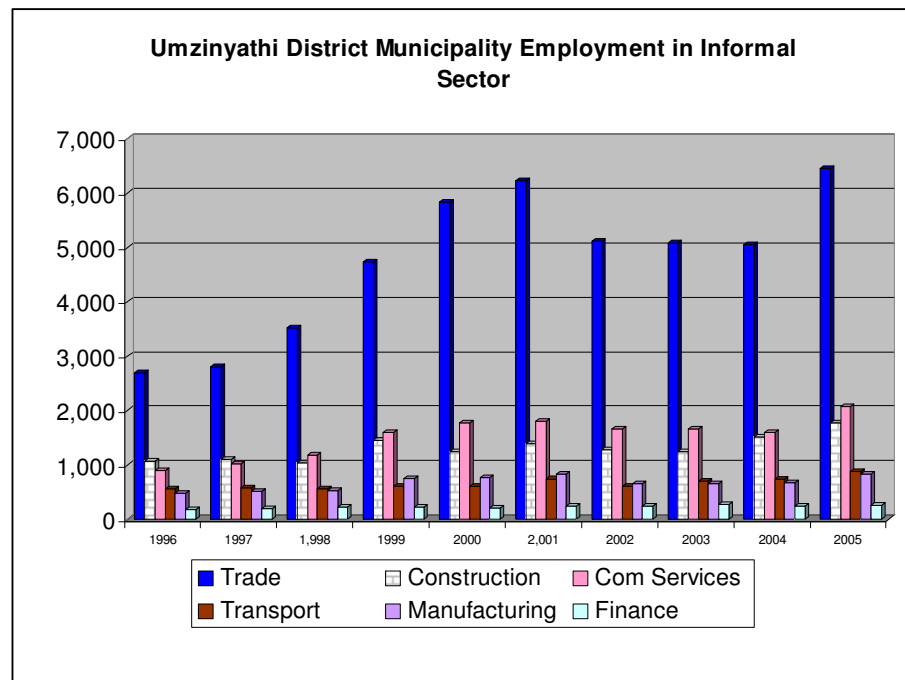


Figure No. 12: uMzinyathi Employment in the informal sector 1996-2005  
 Source: Global Insight Southern Africa RX Data Set 2007

## **1.6 Strategic Environmental Analysis**

A Strategic Environmental Assessment was reviewed to support the IDP process. The core cross sectoral issues are briefly summarised in this section.

### **1.6.1 Rainfall , soils and climatic conditions**

Rainfall is variable across the District, with most rain falling in the summer months. The rainfall ranges from 600mm/yr to 1200mm/yr. The largest rivers in KwaZulu-Natal flow through the District (Uthukela, Buffalo, Mooi Rivers). These rivers are perennial and would provide more than enough water for the District. However they are located far from the urban areas of Greytown and Dundee. Water supply to these towns and other urban centres is from boreholes and small dams. Wetlands are important features in the landscape with many valuable functions.

The District has very cold winters in the high lying areas and mild summers. This climate is ideal for agriculture throughout most of the year, but supplementary feeding of stock is required in winter.

The soils are as variable as the climate with some excellent arable areas while other soils are highly erodable. Most of the agricultural soils with the lowest potential are in severely degraded conditions due to bad agricultural practices in the past.

### **1.6.2 Valuable ecosystems**

The wide variety of ecosystems and habitats in the district, allows for a very **high biodiversity** as a whole. Some areas have especially high conservation value due to the presence of endemic<sup>2</sup> species. There are a wide variety of habitats in this district, which allows for a large number of different kinds of plants and animals. The plants range from the large trees<sup>3</sup> in the small patches of forest, to the many different kinds of grass species<sup>4</sup> in the extensive grasslands.

Some of the rarest animals are birds and small creatures like reptiles, frogs and invertebrates. Examples of these are Wattled Cranes and Cape Parrots, Cream

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Spotted Mountain Snakes and Mistbelt Chirping Frogs. These animals have very specific habitat requirements, which are usually not common e.g. wetland or forest. This means that if the area that they live in is protected, then they could survive, but they are very vulnerable to changes in the ecosystem.

This type of animal is often referred to as a **indicator** species because, if their numbers decline, they may be reflecting, or be indicative of, other changes in the ecosystem that are otherwise not apparent to people. Frogs are a good example of this, as they are extremely sensitive to poisons. Should their numbers start to drop then levels of poison in the water may be increasing, but is not yet at a level where people and animals are affected. However the authorities should then be able to take action preventing further contamination and damage to the health of surrounding people and stock.

Other species have a very high resource value and are in demand. They may occur in habitats that are common but because the community uses them, they become rare. An example of these is muthi plants like *Eucormis autumnalis* (Zulu – uMathunga) and *Bowiea volubis* (Zulu – iGisila).

The agricultural potential of some areas is very high. Unfortunately that of the Valley Bushveld BRG, which is found in the Uthukela and Mooi river valleys, and covers a very large area of the District, has a low potential for agriculture. Stock farming, both in feedlots and on veld, is the most extensive agricultural enterprise. Areas with good soils and irrigation do produce high value crops. Timber is also an important product. Farming throughout the area requires skilled farmers. Burning too often, over stocking, poor cultivation practices, could easily destroy the agricultural potential.

Coal mining has been important in the area in the past. The closure of coal mines has resulted in polluted water running off the dumps as they have not been rehabilitated properly, in some cases, and has also impacted badly on the economy where work on the mines is no longer available.

Erosion in some areas, and the sand trapping abilities of wetlands and slower rivers, has resulted in **sand** becoming available for sand winning. Where this is licensed and conducted according to an environmental management plan (**EMP**) this can be a lucrative use of resources. However care must be taken not to impact on the water



resources associated with the sand winning areas by polluting the water, or changing the volume and velocity of water in the system.

### 1.6.3 Integrated industry and social considerations

Most **industry** in the area is associated with **agriculture** or **hand work** (carpets, bead work) by trained artisans. The use of natural products, **water**, by aQuellé, is a national brand. This sector of the economy does not employ significant numbers of people.

Many of the religious communities in the District are providing **welfare** support for the local people, especially as the high incidence of **HIV/Aids** has left many orphans and vulnerable children who not only need physical care but bereavement counselling as well. Public facilities – **Drop In Centres** and **Homes** have been provided in some areas but may not be achieving their full potential due to capacity constraints or other problems that must be addressed. Churches sponsor crèches and hospices with little support from government structures.

The Department of Health does have plans for a Community Health Centre but this has not been put into practice. There are district level hospitals at Dundee, Greytown and Nquthu. The closest Regional hospitals are in Madadeni, near Newcastle and Greys Hospital in Pietermaritzburg. The only hospice in the District is at Maria Ratschitz Mission, which has beds for 10 people only. This mission also runs home care training and life skills training for the youth to try and reduce the number of young people infected with HIV.

There are 43 Primary Health Care Clinics in the district. There is a home for the intellectually disabled, which can accommodate 60 adults in Dundee called the Dundee Adult Care Centre. The Princess Mkabayi Children's Home in Nqutu provides care for 50 children even though it can accommodate 85 children. These are not necessarily orphans but children who may have been abandoned or abused. Some concern about the management of the facility was noted during the SEA site visit to the various facilities. The Umzinyathi Community Education Centre is one **education** initiative, which is a credit to the District.

#### 1.6.4 Indicators and ecosystems

In much the same way that a flashing indicator light warns people that a car is turning, certain changes in the natural environment can warn people that something is happening which will make the natural environment 'change direction, often for the worse.

These indicators can be simple things e.g. a change in the size of a wetland, a change in the number and type of species in an area, or even changes in the things people do. A good, fairly affordable way, of tracking changes in indicators is the use of regular aerial or **satellite photographs** of the whole district to enable planners and environmentalists to have an overview of changes in the area.

Indicators, with their causes and mitigations, are found in a table in the body of the SEA and in annexure eight of the IDP. Some important social indicators that the status quo analysis brings to the fore are:

- 2 The development of squatter camps / informal settlements near urban areas.
- 3 The imbalance in the number of adult men and women in the District.
- 4 The type and extent of infectious and sexually transmitted diseases.

Why are these things happening and what can be done to address these issues?

#### 1.6.5 Opportunities and Constraints

For almost every factor there are opportunities and constraints. Modern technology and even, in some cases, a new approaches to ancient technology, can allow these factors, such as water supply, housing, energy supply, housing, to be addressed in a much more **sustainable** manner.

South Africa has some of the best **legislation** in the world, this is an opportunity for the District, however the failure or lack of capacity in applying this legislation is a major constraint. The legislation is meant to facilitate good development on a sustainable basis, and not to hamper development. E.g. the licensing of landfill sites, or authorising of housing schemes.

Land **redistribution** will be a great opportunity for individuals or communities, but with it comes a great responsibility of maintaining and increasing the contribution that the land makes to the agricultural sector, employment, food security and the natural environment.

The main issues, analysed in relation to one another include:

- High incidence of HIV / Aids also associated with low economic status and poor access to eco-logical services such as water and food.
- Growing poverty gap associated with the high levels of soil erosion and poor land viability particularly in the rural areas;
- Severe gender imbalance in the 20-34 age group associated with few economic opportunities and stress on ecological services particularly in the rural areas;
- High levels of crime & gender based violence associated with poor health, low economic opportunities and cultural misconceptions about HIV/AIDS modes of treatment;
- Lack of social facilities in the rural areas related to poor access, topography and funding limitations;
- The cumulative social and economic effects of poor management of ecological services;
- Governance and capacity building is a problem, as many of the issues could be prevented through proper enforcement of existing policy and legislation particularly in the care of vulnerable children ;
- Soil erosion especially in the rural areas and in association with roads, pathways, quarries and inadequate water and land management;
- Loss of Indigenous vegetation and the pollution of soils and ground water associated with coal mining;
- Grassland degradation due to poor soil and grazing management;
- Poor catchments management;
- The conservation of biodiversity in inland areas is of concern;
- No rehabilitation, recycling or waste reduction in relation to poverty attacking programmes in place;
- A clearly defined district wide Open Space System is required;
- Solid Waste Management in the rural areas needs attention;
- Water pollution and waste disposal were noted as important issues;
- Ecological services rendered by the wetlands to the municipality and its neighbours is not being taken into account;
- Wetland degradation is occurring through development pressures, sewage pollution and inappropriate farming methods;
- Loss of prime agricultural land due to development pressures; and
- Road signage throughout the district is inadequate and unimaginative.

The municipality is currently in the process of appointing a service provider to develop a Strategic Environmental Assessment that will support decision-making to ensure sustainable development. The objectives of this project are as follows:

- To augment the management and conservation of sensitive environmental assets in municipalities;
- To sustain the continual benefits of ecosystem goods and services
- To promote the ethos of sustainable development in IDPs in pursuance of the principles of Local agenda 21.

The preparation of the project is underway, it will be integrated into the 2010/11 IDP Review.

## **2. LOCAL ECONOMIC DEVELOPMENT ISSUES – GROWTH AND DEVELOPMENT SUMMIT**

The uMzinyathi Growth and Development Summit held on 19th and 20th of March 2007 which was aimed at addressing the Local Economic Development (LED) issues in the district. The intention was to reach broad agreement on a development path and programme for the district. The municipality is in the process of holding the second Growth and Development Summit. To ensure alignment between the Provincial Growth and development strategy, Provincial Spatial Economic Development Strategy, uMzinyathi District Municipality will hold its second District Growth and Development Summit (DGDS) on the 04 - 05 March 2009.

The rationale behind this summit is that District municipalities are centres of co-ordination and economic growth formed one of the main key performance areas of the Integrated Development Plan. The summit would ensure that specific areas of collaboration and integration are identified.

### **Objectives of the Second Summit**

- To discuss progress in the implementation of resolutions taken at the 1<sup>st</sup> Growth and development summit
- To engage stakeholders on the strategies developed by the District Municipality in order to determine the roles to be played by public, business and community sectors in the implementation thereof.
- To share information on current and future initiatives with potential to catalyze growth and investment in Umzinyathi District.
- To strengthen partnerships with social partners

### **Outcomes**

- Realistic and achievable program of action with set timeframes.
- Commitment from social partners in the implementation of the priority programmes as set out in the District IDP and the relevant strategies.

Action plan is as follows:

Main activity	Sub activities	Inputs required	Milestone and Method of verification	Time frame	Role players	Expected output
Pre Growth and Development summit stakeholders' meeting	Identification of stakeholders, based on program of action of 1 <sup>st</sup> GDS		<b>MILESTONE:</b> Stakeholders' identified  <b>MOV:</b> List of stakeholders	04/11/08		<ul style="list-style-type: none"> <li>• Program of action for 08/09 GDS</li> <li>• Steering committee to drive preparations for the 08'09 summit</li> </ul>
	Invitations to S/H					
	Stakeholders meeting	Venue, catering	<b>MILESTONE:</b> stakeholders' meeting held <b>MOV:</b> Invites, agenda, minutes, attendance register	14/11/08	<ul style="list-style-type: none"> <li>• District mun.</li> <li>• Local mun.</li> <li>• Sector depts.</li> <li>• Private sector</li> </ul>	
	Establishment of Steering committee		<b>MILESTONE:</b> steering committee in place <b>MOV:</b> List of committee members	14/11/08	<ul style="list-style-type: none"> <li>• District mun.</li> <li>• Local mun.</li> <li>• Sector depts.</li> </ul>	
	Submission of GDS item to Planning and Social Development Portfolio committee	GDS Item	<b>MILESTONE:</b> item submitted to portfolio committee for approval <b>MOV:</b> Portfolio committee resolution	To be confirmed	<ul style="list-style-type: none"> <li>• M Duma</li> <li>• D Dlamini</li> </ul>	

LOC & GDS steering committee meeting	Invitation of LOC members and steering committee members		<b><u>MILESTONE:</u></b> Participants of meeting invited <b><u>MOV:</u></b> Copy of invitation			<ul style="list-style-type: none"> <li>• Date of Growth and Development summit</li> </ul>
	Meeting	Venue, catering	<b><u>MILESTONE:</u></b> first joint meeting of LOC & GDS steering committee <b><u>MOV:</u></b> Invites Minutes and attendance register	28/11/08	<ul style="list-style-type: none"> <li>• District mun.</li> <li>• Local mun.</li> <li>• Sector depts.</li> </ul>	<ul style="list-style-type: none"> <li>• Allocation of responsibilities</li> </ul>
ExCo Approval	Preparation of item to ExCo		<b><u>MILESTONE:</u></b> item submitted to ExCo for approval <b><u>MOV:</u></b> copy of ExCo	13/11/08	M Duma D Dlamini	ExCo resolution approving the propose date and plan of action for holding the second GDS
	Presentation of GDS item to ExCo		<b><u>MILESTONE:</u></b> Item presented to ExCo for consideration <b><u>MOV:</u></b> ExCo resolution	To be confirmed		
Identification of GDS facilitators	Identification and		<b><u>MILESTONE:</u></b>	14/11/08	<ul style="list-style-type: none"> <li>• District mun.</li> </ul>	The Municipality

	invitation of partners to facilitate proceedings during the summit		Facilitators have been identified and invited <b>MOV:</b> letter of confirmation from the identified facilitators		<ul style="list-style-type: none"> <li>Sector depts.</li> </ul>	has identified and secured people/ stakeholders to act as facilitators during the GDS
Procurement of Services	Procurement of Services such as venue, catering, material to be use during the summit.		<b>MILESTONE:</b> Services have been procured <b>MOV:</b> Quotations, orders issued	12/01/09-27/02/09	M Duma LOC	<ul style="list-style-type: none"> <li>Venue secured</li> <li>Catering arranged</li> <li>supplies for the 2 day event (e.g. stationery) procured</li> <li>Audio and Visual equipment available</li> </ul>
Invitation of GDS participants	Prepare and send invitations		<b>MILESTONE:</b> invitations delivered to delegates  <b>MOV:</b> copy of invitations	02-03/02/09	T. Mtshali V. Sibiya Dep. Secretary	Invites prepared and distributed to delegates
	Follow up calls on invitations		<b>MILESTONE:</b> confirmed number of delegates <b>MOV:</b> number of confirmations of attendance	09/02/09	T. Mtshali V. Sibiya Dep. Secretary	Confirmations of attendance



**Duration of the summit**

The summit will take place over a period of two days, with the first day dedicated to presentations and discussions, and the second day recapping on the previous day's discussions and breaking into commissions and ultimately drafting a way forward and programme of implementation.

**Targeted participants**

The targeted participants for the Growth and Development summit are:

- Sector departments;
- Government paristatals;
- Business sector; and
- Community sector (including NGO, Associations etc.).

### 3. SPATIAL ANALYSIS

Spatial syntax analysis reveals that the Municipality is made up of three economic areas. In the north is eNdumeni which is economically, ecologically and socially linked to the National and Provincial economic development node of Newcastle located in the district municipal area of aMajuba. The backward and forward economic linkages of this aspect of the space economy need to be explored in the strategies phase of the IDP.

In the south, Greytown is linked economically to the uMgungundlovu area and the major traffic flow is southward to Pietermaritzburg and not northward to Dundee. This has important implications for integration in the district along the north south axis. This axis is the R33 which is seen as being the major linkage road for tourism activity as well as agricultural usage. In the Provincial Spatial Development Framework, the R33 is defined as the secondary agricultural corridor. A tertiary corridor in the Provincial Spatial Development Framework links Escort to Tugela Ferry and Nkandla.

The success of this corridor will depend on a suitable linkage road being built between Tugela Ferry and Nkandla. The tourism and agricultural potential of this area needs to be investigated. The ecological linkages between the extensive wetlands in the north of the district and the catchments of eNdumeni and uThungulu are important from an economic and service provision perspective.

### 4. SWOT ANALYSIS

Umzinyathi District Municipality has determined the SWOT analysis as part of the preparation of the LED Strategy which serves to guide the municipality in promoting economic development, and they are as follows:

#### **Strengths**

The strengths listed below remain essentially potential strengths and need to be matched with strategic resources, capacity and commitment of key role players (government, business and civil society) to realize them.

- In terms of agriculture, the district has a distinctive competence in beef feedlotting, irrigated maize production and dairy in the North, vegetable production in Msinga and Umvoti on the Tugela and Mooi Rivers, and Forestry in Umvoti. It has well

established clusters of expertise, support services and marketing networks in these sectors except for vegetable production.

There are value added opportunities in the various value and supply chains linked to each sector: But without adding value to the products, these sectors are not likely to grow significantly. Opportunities exist within the following supply and value chains:

- Maize – Milling – Marketing - Feedlots.
  - Feedlots – Meat Processing- Leather Tanning.
  - Dairy production- dairy processing – dairy packaging - marketing.
  - Forestry- wood products- forestry waste products- marketing.
  - Vegetable production-vegetable packaging- vegetable processing.- marketing
- The area has a unique competitive advantage in terms of its Battle Fields (Heritage) Tourism products. There is a relatively well developed cluster of Heritage guides, museums, accommodation facilities to support this sector. There is however a need to improve the marketing and quality of the product through both public investment (signage, public infrastructure) and private investment. There is also a need to diversify the tourism product mix to include Zulu cultural, nature-based and adventure products.
  - The lead performing growth sectors over the last 10 years have been Tourism and Trade and financial services and construction.
  - The geographic position of Dundee means that it plays an important role as a central node in northern KwaZulu-Natal. It has the potential to further develop this role as a commercial, cultural, educational, sport and administrative hub for Northern KwaZulu-Natal. Dundee's potential as an educational and cultural centre has not been sufficiently optimized. The Umzinyathi Education Centre is a resource that needs to be supported in its development.

## **Weaknesses**

- The district economy remains too dependant on government and social services;
- The GDP per capita value of the district economy is the second smallest in KwaZulu-Natal;
- Mining, manufacturing remain declining sectors but have some strength in their resilient remnants;
- There is a weak social base, with the district having the highest levels of unemployment and illiteracy in KwaZulu –Natal;
- Umzinyathi has the second lowest Human Development Index of all the districts in the province;
- There are low levels of local demand as a result of low household income;
- The southern municipal clusters in particular have an outward focus (towards the Midlands in particular). There is substantial economic leakage from these economies;
- There are low levels of reinvestment into productive sectors. The service sector dominates the economy and there is limited investment in tourism and agriculture;
- The District is largely rural, with a low population density. This means that purchasing power is diluted and service costs are higher;
- There has been a lack of progress around meaningful and practical Growth and Development partnerships between government, business and civil society to optimise the district economies strengths and deal with threats and weaknesses;

## **Opportunities**

- There is a high demand for processed agricultural products (beneficiation of primary products) both within the district and broader market. The areas of greatest opportunity include processed meat, irrigated maize, dairy products and processed vegetables (Msinga). There are opportunities for competitive partnerships with BEE investment companies and SMME's in the following supply and value chains:
  - Maize – Milling – Marketing- Feedlots.
  - Feedlots – Meat Processing- Leather Tanning.
  - Dairy production- dairy packaging and processing – marketing.
  - Forestry- wood products-forestry waste products.

- Vegetable production-vegetable packaging and processing - marketing.
- The Bio-fuel Initiative involving Amajuba, Umzinyathi and Zululand may provide significant opportunities in the medium term in soya bean production, particularly on dry land, but it remains to be seen if this will materialise.
- There is potential to grow both the domestic and international share of the tourism market through improving both marketing and the experience of the existing Battlefields Heritage product and the development and marketing of complementary products in adventure tourism, nature-based tourism and Zulu cultural tourism.
- A unique opportunity exists to develop a District Tourism route through the district which would form the basis of a coherent tourism marketing and product development initiative for the district. There is an opportunity to develop a racially diversified, competitive heritage, cultural and adventure based tourism sector with a strong focus on marketing, product development and skills development through this initiative.

### **Threats**

- The agricultural sector has been based on primary production while opportunities and profits lie in processing. In addition, the sector has shown stagnation and job loss with lower profit levels due to rising costs of agricultural inputs.
- The land reform process is taking place as a reactive process in the district and will threaten sustained agricultural production unless there is a structured partnership between the established commercial farming sector, agricultural processors, suppliers and land reform beneficiaries and government (Department of Land Affairs, Agriculture and the Land Claims Commission) to fully integrate these initiatives into the agricultural and agri-processing supply and value chain.
- The tourism sector has not been able to develop a growth partnership between tourism associations, local and provincial government. The lack of engagement around integrating community based tourism enterprises and SMMEs into the

tourism supply and value chain, will continue to constrain public sector investment and limit the necessary product mix for a competitive local tourism economy.

## **5. PRIORITY ISSUES**

The following are the priority issues structured according to the five year strategic local government agenda to be addressed by the municipality as part of the 2008/09 IDP Review:

### **Basic Services Delivery and Infrastructure Development**

As a whole the provision of water and sanitation, is inadequate within the municipal area, huge backlogs exists which can only be eradicated, at a minimum standard level,

- **Water supply**

The provision of potable water is a high priority need for within the municipal area. Most of the households (38%) have no access to potable water supply and has to rely on natural resources such as rivers and streams.

- **Sanitation**

The provision of sanitation facilities within the municipal area has also been identified as a priority need for communities. Thirty (30%) percent of the households within the municipal area have no access to sanitation facilities. The need to supply adequate sanitation facilities is determined by the density of the population, and health rises caused by inadequate sanitation facilities.

- **Electricity**

The provision of electricity within the municipality is amongst the priorities as sixty one (61%) percent of the households have no basic access to energy within the municipal area and have to rely on paraffin, coal etc.

## **Socio- Economic Development**

- **Local Economic Development**

Umzinyathi District Municipality is almost finalizing the LED strategy which will serve to address most of the issues mentioned below and also economic development issues, opportunities and areas where feasible projects can be implemented to improve local economic development

- **Unemployment**

Umzinyathi District Municipality has the highest unemployment rate of all 10 non metropolitan districts in KwaZulu-Natal in both female and male population (68% and 62% respectively) based on the 2004 labour Force Surveys.

- **Education and Skills**

Only 3.7% of the adult population of Umzinyathi has a post-matric qualification and about 11% have Grade 12. 44% of adults over 20 have had no schooling, with the highest rate of “non schooling” being in Msinga which accounts for close to 50% of those in the district who have never been to school. Nquthu accounts for 25%.

The district lags significantly behind national averages where “no schooling” stands at about 15% and over 20% of all adults over 20 have at least Grade 12. The poor educational status of the district and consequent low skills level will be a major constraining factor on economic growth for the area in the medium term.

- **HIV / Aids**

In Umzinyathi the antenatal HIV infection rate for 2005 was 23% which is lower than the national average of 27.9% and significantly lower than the 37.5 % average for the province of KwaZulu -Natal.

HIV/Aids affects businesses in terms of labour productivity and declining demand. It also has huge social cost factors in terms of the provision of effective education, health and social services.

**Municipal Financial Viability**

The implementation of the 2008/09 IDP Review is reliant on an effective financial management system, and a strategy to enhance this capacity is necessary

**Good Governance and Public Participation**

Constant interaction of the municipality with other spheres of government like National and Provincial is required since municipalities depend on financial, and institutional support from these tiers of government and also hold izimbizo to communicate the programmes to be undertaken by the municipality to the respective communities.

**Municipal Transformation and Institutional Development**

Umzinyathi District Municipality must ensure that financial and capacity resources are provided to meet the needs of the communities as indicated in the 2008/09 IDP Review, and that would also enable the adherence to the vision, objective and strategies.



## **SECTION C: DEVELOPMENT STRATEGIES**

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### **1. VISION, MISSION AND CORE VALUES**

The uMzinyathi District Municipality reaffirmed the vision, core values and mission statements which were developed for the 2007/08 IDP. The vision and mission statements read as follows:

#### **1.1 VISION**

**“uMzinyathi District Municipality shall be a self sustainable organization that promotes integrated development”**

**The following principles are core to the vision:**

- The Municipality is intent on making itself financially viable over the long term without relying to such a large degree on grant funding from National Government for operational purposes;
- The Municipality is intent on coordinating, integrating and promoting all developmental initiatives both governmental and non-governmental for the benefit of the entire District; and
- The Municipality is intent on becoming a developmental force and catalyst within the District, able to promote, coordinate and initiate development.

#### **1.2 MISSION STATEMENT**

**uMzinyathi shall be a dynamic and effective District which:**

- **Strives to achieve financial, eco social sustainability;**
- **Supports co-operative governance through participation;**
- **Commits itself to deliver services according to its constitutional mandate;**
- **Supports poverty alleviation through job creation; and**
- **Preserves its cultural and natural heritage.**

The vision and mission statements need to be realised through development objectives, which in turn are made more specific through strategies, projects and project activities with their associated budget and KPI allocations. This process needs to be informed by localised strategic policy guidelines and the core values of the organisation.

### 1.3 CORE VALUES

- **Integrity;**
- **Transparency;**
- **Professionalism**
- **Co-operation;**
- **Innovation; and**
- **Accountability.**

### 1.4 LOCALISED STRATEGIC GUIDELINES, DEVELOPMENT OBJECTIVES AND STRATEGIES

Broad National and Provincial policy, guidelines and legislation need to inform the way issues are addressed through **development objectives** and **strategies** at the local level. There are a number of core dimensions, which need to be considered in developing localised guidelines for objectives, strategies and projects. They are:

- Cross cutting dimensions such as sustainability, HIV/AIDS, barrier free access and gender equity;
- Local economic development and poverty alleviation policy and incentives;
- Spatial dimensions;
- Institutional dimensions; and
- Social capital dimensions.

### 1.5 ALIGNMENT WITH PROVINCIAL AND NATIONAL POLICIES

#### 1.5.1 Accelerated and Shared Growth Initiative – (ASGISA)

ASGISA's goals are to accelerate economic growth greater than 4.5% between 2006 and 2009, and then greater than 6% from 2010 to 2014 and to halve poverty and unemployment by 2014.

The four intervention areas are:

- Increasing the capacity of public infrastructure.
- Supporting investment-led growth in economic sectors with labour-intensive capacity, greater revenue generation potential and international competitiveness.
- Building comprehensive social development programmes that have the potential to enhance self-reliance in society.
- Revamping the delivery capacity and responsiveness of the public service sector.

Six spending areas have been identified which are:

- Infrastructure investment of R370 Billion over a three year period principally to develop the transport and power infrastructure.
- Sector strategies to diversify the economy through downstream activities and Broad-Based Black Economic Empowerment (BBBEE) through Business process outsourcing, Tourism, and the Bio-fuel sector. Other sectors identified include Chemicals, Metals beneficiation, Creative industries, clothing and textiles, Durable consumer goods, Wood, pulp and paper.
  - Skills and education in hard technical skills, maths, FET upgrades.
  - Second economy interventions to bridge the gap between the first and second economy through using the first economy to bridge the gap, targeting women and the youth, using public expenditure through targeted procurement and micro-finance (DTI initiatives such as SEDA etc).
  - Public administration to improve service delivery by state institutions which includes the capacity of local government to support local economic development.
  - Macro economic management issues beyond the scope of local stakeholders.

Under the ASGISA umbrella, the following micro- business support instruments are to be made available:

- A new partnership between Khula and Business Partners in a R150-million fund for business loans of between R10 000 and R250 000.
- Funds for women entrepreneurs, collaboration between the DTI, Eskom, Umsobomvu and the Women's Development Bank.

- The Financial Services Charter will release R5 billion for small business loans.
- The Apex (SAMAF) and Mafisa programmes will supply loans of under R10 000.

SMME support initiatives include the following:

- R1-billion programme from the Industrial Development Corporation (IDC) and the National Empowerment Fund's Venture Fund.
- Support from the Small Enterprise Development Agency based at the DTI which will provide operational support (particularly in manufacturing).
- A review of the regulatory environment for small businesses by Cabinet.

### **1.5.2 National Spatial Development Perspective (NSDP)**

The National Spatial Development Perspective (NSDP) guides government in implementing its programmes in order to achieve the objectives of ASGISA of halving poverty and unemployment by 2014. The NSDP is built on four basic principles. These are:

- Principle 1: Rapid economic growth that is sustained and inclusive is a pre-requisite for the achievement of poverty alleviation.
- Principle 2: Government spending on fixed investment should be focused on localities of economic growth and / or economic potential in order to gear up private sector investment, stimulate sustainable economic activities and create long-term employment opportunities.
- Principle 3: Where low economic potential exists investments should be directed at projects and programmes to address poverty and the provision of basic services in order to address past and current social inequalities.
- Principle 4: In order to overcome the spatial distortions of Apartheid, future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or link the main growth centres in order for them to become regional gateways to the global economy.

### **1.5.3 KZN Provincial Growth and Development Strategy and economic strategies**

The KZN government's growth and development strategy is aimed at transforming the structure of the economy and narrowing and eventually eliminating the gap between the first and second economies.

The four pillars on which this strategy rests are as follows:

- Increasing investment in the province;
- Skills and capacity building;
- Broadening participation in the economy; and
- Increasing competitiveness.

Programmes to boost growth include: promotion and attraction of Foreign Direct Investment, Investment in infrastructure, Dube Trade Port, Provincial Growth Fund, 2010 Soccer World Cup – investment in supporting infrastructure, sector development and corridor development.

To promote SMMEs and Black Economic Empowerment, the provincial government has created a series of funds, secured training through FET's and facilitated access to financing through Ithala Bank.

### **1.5.4 Provincial Spatial Economic Development Strategy (PESDS)**

The KZN Provincial Spatial Economic Development Strategy (PSEDS) gives a spatial framework to the Provincial Growth and Development Perspective. To give effect to the fourth principle of the NSDP that settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or link the main growth centres, the PSEDS has identified priority nodes and corridors.

In terms of nodal development, only primary and secondary nodes will be prioritised over the next 5 years. Umzinyathi District Municipality contains one tertiary node (Dundee) and three Quaternary Nodes (Greytown, Nquthu and Tugela Ferry).

The Provincial Spatial Economic Development Strategy has identified a series of prioritised Primary and secondary corridors. The corridors are defined as follows:

- Primary Corridor (PC): A corridor with very high economic growth potential within all three sectors which serves areas of high poverty densities.
- Secondary Corridor (SC): A corridor serving areas of high poverty levels with good economic development potential within one or two sectors.

Umzinyathi is not part of any primary corridors. In terms of secondary corridors, the priority corridors are indicated table below.

No.	Corridor	Classification
PC1	eThekweni - Umhlatuze	Primary Corridor
PC2	eThekweni – Msunduzi - uMngeni	Primary Corridor
PC3	eThekweni – Ugu	Primary Corridor
SC1	Umhlatuze – Ulundi - Vryheid	Secondary Corridor
SC2	Kokstad – Umzimkulu – Msunduzi	Secondary Corridor
SC3	Msunduzi – Nkandla - Ulundi	Secondary Corridor
SC4	Ulundi – Nongoma – Pongola	Secondary Corridor
SC6	Port Shepstone – St Faiths - Ixopo	Secondary Corridor
SC7	Maphumulo – Ndwedwe - Dube	Secondary Corridor
SC8	Ukhahlamba corridor	Secondary Corridor
SC9	Weenen – Nkandla – Eshowe	Secondary Corridor
SC10	Manguzi – Swaziland	Secondary Corridor
SC11	Makhatini flats corridor	Secondary Corridor
SC12	Greytown – Msinga – Madadeni	Secondary Corridor
SC13	Nkandla – Nqutu – Vryheid	Secondary Corridor
SC14	Mtubathuba – Nongoma	Secondary Corridor

**Table No 10: Priority Corridors.**

The implementation strategy for the PSEDS sets out the key interventions for the Provincial Government's economic cluster departments over the next five years (2007/2008 – 2012/2013) in each district municipality in order to achieve ASGISA objectives. The priority interventions defined for Umzinyathi in terms of provincial government departments include:

### Umzinyathi: Provincial Economic Cluster Departments: Priority Interventions

#### DC24: Agriculture and Land Reform

- Tugela & Mooiriver valleys: develop small scale intensive agriculture.
- Develop land and support land reform projects concerning livestock farming and the development of an abattoir.
- Development of livestock and game farming potential on Trust land
- Develop agri-processing in Tugela Ferry – vegetables & fish

#### DC24: Tourism

- Zulu heritage route: Develop cultural potential of Msinga, provide road links between Weenen, Msinga & Nkandla, improve R33.
- Battle fields routes: development of linkages to benefit previously disadvantaged

#### DC24: Services

- Formalise and plan Msinga & Nqutu to position for investment
- Provide adequate affordable housing and related services in nodes.

**Table No 11: Umzinyathi: Provincial Economic Cluster Departments: Priority Interventions**

Source: Provincial Spatial Economic Development Strategy (2006)

The Department of Local Government and Traditional Affairs has committed R1,5 million to the development of the SC 13 corridor. This includes the following initiatives

- District Tourism Strategy
- District Signage Programme
- Endumeni Craft and Food Market Stalls
- Additions to Msinga Curio Shop
- Muden Arts and Craft Centre

### 1.5.5 Millennium Development Goals

“The concept of a developmental state – which applies both to the country and the province – is rooted in the Millennium Development Goals (MDGs) adopted by the United Nations. Indeed both the national and provincial government’s development strategies and interventions should be viewed in the context of, and measured against, these international development goals which apply to all countries across the globe.

The MDGs which need to be achieved by 2015 are:

1. Eradication of extreme poverty and hunger
  - Halve the proportion of people with less than R6.00 per day
  - Reduce by half the proportion of people who suffer from hunger
2. Achievement of universal primary education
  - Ensure that all boys and girls complete a full course of primary schooling
3. Promotion of gender equality and empowerment of women
  - Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015
4. Reduction in child mortality
  - Reduce by two thirds the mortality rate among children under five
5. Improvement of maternal health
  - Reduce by three quarters the maternal mortality ratio
6. Combating HIV/AIDS, malaria and other diseases
  - Halt and begin to reverse the spread of HIV/AIDS
  - Halt and begin to reverse the incidence of malaria and other major diseases
7. Ensuring environmental sustainability
  - Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources
  - Reduce by half the proportion of people without sustainable access to safe drinking water
  - Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020
8. Developing a global partnership for development
  - Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory, includes a commitment to good



governance, development and poverty reduction— Nationally and Internationally

- In cooperation with the developing countries, develop decent and productive work for youth
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries
- In cooperation with the private sector, make available the benefits of new technologies— especially information and communication technologies”

Within the framework of the Millennium Development Goals, the National government has committed the country to specific development targets for the next ten years. The core targets which Municipalities are called upon to achieve are:

- **By 2008 all households will have access to clean water;**
- **By 2010 all households will have decent sanitation facilities; and**
- **By 2012 every household will have access to electricity.**

## **1.6 LOCALISED HIV/AIDS PANDEMIC STRATEGIC GUIDELINES**

At a National level the role of governance is primarily that of leadership, policy formulation and resource allocation. At the local level, the role is more immediate and intimate. This stems from the developmental responsibilities local government has to the community it serves. All local government responsibilities have the potential to impact on the pandemic. In the Umzinyathi District Municipal IDP, HIV/AIDS is not approached as a "health or behavioural issue". It is placed into the developmental context since it impacts on all sectors of development. The localised strategic guideline is generated from the Provincial and National approach to the pandemic on the one hand and the Dakar principles of 1 July 1994 on the other. The four key local guidelines are:

- The development of a district wide institutional structure for multi-sectoral co-ordination and network development in relation to HIV/AIDS; .
- Integrated prevention measures appropriate to rural and urban areas;
- The appropriate care of affected and infected people; and
- Human and legal rights of affected and infected people.

Each guideline details the following:

**❑ The development of a district wide institutional structure for multi-sectoral co-ordination and network development.**

The Dakar principles of responsibility, engagement, consensus building, ethics in research and sensitivity to language is relevant to local leadership responsibility and co-ordination. On the 17 – 18 October 2007, Umzinyathi District Municipality hosted the Aids Council Summit. The main purpose of the summit was to co-ordinate a holistic approach to HIV and AIDS within District by laying the foundation of the District AIDS Council that would serve as a mechanism of co-ordination and integration where all stakeholders within Umzinyathi will jointly strategies, plan and implement programmes dealing with HIV and AIDS

As the output of the summit, the District Aids Council was elected which will serve to deal with all issues related to HIV/Aids. Its representation is as follows:

- The District and Local Municipalities;
- Sector Departments;
- NGO's;
- Traditional Leaders and Healers;
- Home base care;
- Farm dwellers.

The District Aids Council has had its inception meeting on the 04 March 2008 to deliberate on the core functions of the Council and also the Terms of Reference.

### **1.6.1 HIV/AIDS Strategy – First Draft**

HIV and AIDS is one of the serious threats that face the human kind in the 21<sup>st</sup> century. This disease has a potential of reversing all developmental gains made by the human kind. The manner the pandemic is unfolding; it has rendered the normal and traditional ways of health interventions to be ineffective. The increase in the spread of HIV infections has created new challenges for government institutions especially local government.

Local government structures are expected to develop and implement policies and strategies appropriate to be specific to HIV and AIDS related to social, economic,

developmental, cultural, human rights and health issues affecting communities.

In response to these realities, the UMzinyathi District Municipality working with the multi-sectoral Local AIDS Council (LAC) convened a two day workshop on the 19 – 20 November 2008 that brought together different stakeholders involved in the fight against the spread and mitigation of the impact of HIV and AIDS within its jurisdiction.

The main objective of the workshop was to develop a broad framework in the form of District AIDS strategy to guide all those that are involved in the fight against the disease within the municipal jurisdiction. The first draft of the HIV/Aids strategy has been developed but it still needs input and also to include new information that has emerged prior to submission to Council for approval.

The municipality is currently organising a session to review the draft strategy and also to make changes where necessary as new information has emerged in order for the strategy to be ready for adoption by Council and then implementation. This session will also be utilised to identify activities from the strategy that the District Aids Council members could collaborate in implementing in the district for the next financial year.

## **2. DEVELOPMENT STRATEGIES**

Umzinyathi District Municipality developed strategies in line with the Key Performance Areas of the Five Year Local Government Strategic Agenda. The following strategies have been developed as part of the 2008/09 IDP Review:

### **2.1 KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT**

#### **Strategy One: Facilitate Effective Infrastructure and Sustainable Service Delivery**

This strategy focuses on facilitating the provision of new infrastructure and also the maintenance of existing infrastructure to ensure sustainable service delivery within the community.

**Outcome:** The first priority is to provide water and sanitation to the communities that currently do not have access at a minimum RDP standard of 25 litres per day per

person within 200 metres walking distance. Sanitation target is to provide a VIP latrine per household.

The ultimate aim of the strategy is to reduce the water backlog which is 38% by 6.8% and sanitation which is 30% by 29.3% at the end of the financial year through the implementation of MIG projects.

The outcome of this strategy is informed by:

- 2007/08 Water Services Development Plan;
- 2008/09 Backlog study;
- Millennium Development Targets.

## **2.2 KPA 2: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

### **Strategy Two: Promote Sound Administration throughout the District**

This strategy focuses in promoting sound administration which is efficient and effective that will enable the municipality to meet its developmental needs.

**Outcome:** The municipality has to put necessary structures in place which will enable the organization to fill all posts and prepare key policies, plans and procedures to guide transformation and ensure appropriate capacity is being developed.

The outcome of this strategy is informed by the following:

- Policies (Recruitment policy etc)
- Work Skills development plan ;
- Employment equity.

#### **2.2.1 Umzinyathi Project Excellence**

As part of ensuring that the municipality performs its developmental mandate accordingly, the project excellence was developed with more focus on enhancing the Institutional Development and Transformation within the municipality as this Key Performance Area serves as a base in ensuring that the municipality performs accordingly.

The Umzinyathi Project Excellence seeks to promote leadership and management growth and, transformation of the entire Umzinyathi Family of municipalities. The action plan was then developed to assist the municipality is enhancing its institutional development, the activities to be performed are aligned to specific HOD's and Middle Managers and are time bound. These activities are as follows:

<b>Project No.</b>	<b>Objective</b>	<b>KPI's</b>	<b>Critical Dates</b>	<b>Champion/s</b>
1	OPMS	1.1 Monthly reports submitted to the MM	Monthly before the 10th	Manager: IDP/PMS
		1.2 Staff workshop	30 Mar'09	
		1.3 SDBIP submitted	15 Jun,09	
		1.4 Sect 57 Performance Agreements	20 Jul'09	
2	Policy on Service Excellence Reward	2.1 Adoption by Council	30 Jun'09	Manager: Human Resources, Legal Services and Communication
		2.2 Draft policy submitted to MANCO	30 Apr'09	
		2.3 LLF Workshop	12 May 09	
		2.4 Co-Workers Workshop	15 May 09	
		2.5 Implementation Plan approved by the MM	15 Jul' 09	
3	Water and Sanitation	3.1 Review of the WSDP	30 Jun' 09	Manager: PMU
		3.2 Implementation plan approved by the MM	15 Jul' 09	
		3.3 Monthly reports submitted to the MM	Monthly before the 10th	
		3.4 Confirmation of funding for WSDP implementation	15 Dec' 09	
4	Skills Audit & Retention Strategy	4.1 Monthly reports submitted to the MM	Monthly before the 10th	Manager: Human Resources
		4.2 Draft policy submitted to MANCO	28 APR'09	
		4.3 Draft workshopped with extended MANCO	30 Apr'09	
		4.4 Staff workshop	15 May'09	

5	Total Quality Management (TQM)	5.1 Monthly reports submitted to the MM	Monthly before the 10 <sup>th</sup>	Manager: Human Resources, Legal Services
		5.2 Extended MANCO workshop	30 Apr'09	
		5.3 LLF Workshop	15 May'09	
		5.4 Co-workers workshop	31 May'09	
		5.5 Exco Approval	31 May'09	
		5.6 Develop implementation plan	15 Jul' 09	
<b>Project No.</b>	<b>Objective</b>	<b>KPI's</b>	<b>Critical Dates</b>	<b>Champion/s</b>
6	Productivity Tool	6.1 Monthly reports submitted to the MM	Monthly before the 10 <sup>th</sup>	Manager: Human Resources, Legal Services
		6.2 Draft implementation plan	15 Apr'09	
		6.3 MANCO Workshop	30 Apr'09	
		6.4 LLF Workshop	15 May' 09	
		6.5 Co-workers Workshop	31 May'09	
		6.6 Exco Approval	31 May'09	
		6.7 Develop implementation plan	15 Jul' 09	
7	Unqualified Audit Report	7.1 Monthly reports submitted to the MM	Monthly before the 10 <sup>th</sup>	Assistant CFO (Leader) & Manager: IDP/PMS
		7.2 KPI for all Sect. 57 managers	04 May'09	
		7.3 Implementation of Internal Audit (IA) and Audit Committee (OC)	10 <sup>th</sup> of each month	
		7.4 Quarterly reports of IA and AC discussed @ Manco.	Within a month after their release	
8	100% Expenditure on Municipal infrastructure Programme	8.1 Monthly reports submitted to the MM	Monthly before the 10 <sup>th</sup>	Manager: PMU (Leader) & Assistant CFO
		8.2 Monthly monitoring reports submitted to the MM	Monthly	
		8.3 Approved Implementation Plan	31 Mar'09	
		8.4 Quarterly Reports submitted to the MM.	10 <sup>th</sup> of the following month after the end of the quarter	
	Business	9.1 Monthly reports submitted to the MM	Monthly before the 10 <sup>th</sup>	

9	Plans on Youth, Women, HIV AND AIDS (Internal and External), people Living with Disabilities	9.2 Draft Implementation Plan	30 Apr'09	Manager: Social Development
		9.3 Extended MANCO workshop	30 Apr'09	
		9.4 LLF workshop	15 May'09	
		9.5 Co-workers Workshop	31 May'09	
		9.6 Exco Approval	31 May'09	
		9.7 Develop implementation plan	15 Jul' 09	

Project No.	Objective	KPI's	Critical Dates	Champion/s
10	Strategy for a learning Organization	10.1 Monthly reports submitted to the MM	Monthly before the 10 <sup>th</sup>	Manager: Legal Services and Human Resources (Leader)
		10.2 Extended MANCO workshop	30 Apr'09	
		10.3 LLF workshop	15 May'09	
		10.4 Co-workers Workshop	31 May'09	
		10.5 Exco Approval	31 May'09	
		10.6 Districts Municipality's Library	01 Jul'09	
		10.7 Develop Implementation plan	15 Jul' 09	
11	Achieve 100% on all Targets identified in the performance agreements	11.1 Monthly reports submitted to the MM	Monthly before the 10 <sup>th</sup>	All Executive Managers
		11.2 Meetings between the MM and the Extended MANCO	Bi - Monthly	
12	Action Plans for all Projects	12.1 Monthly reports submitted to the MM	Monthly before the 10 <sup>th</sup>	All Executive Managers
		12.2 Project lists approve by MM	30 Apr'09	
		12.3 Draft action plans submitted to HODs	07 May'09	
		12.4 Action plans approved by the MM	15 May'09	
		12.5 2009/2010 draft budget approved by the MM	15 May'09	
		12.6 Develop Implementation Plan	15 Jul'09	
		13.1 Awareness	30 Apr'09	

13	Building an Organization	Workshop for all co-workers and Extended MANCO	and ongoing	Manager: Legal Services
		13.2Municipal Code i.t.o. the MSA and conduct a workshop for the Extended MANCO and all Team members	30 Apr'09 and 31 Jul'09 respectively	
14	Communication	14.1 Workshop communication policy to all co-workers and extended MANCO.	31 May'09	Manager: Communications (Leader) and Manager: Support Services
		14.2 Review of the Communication Strategy of 09/10 and submitted to the relevant Manager	31 May'09	
		14.3 Circulate and workshop the code of conduct to all team members	30 Apr'09	

Project No.	Objective	KPI's	Critical Dates	Champion/s
15	Best Practice	Workshop and Implement Batho pele	15 May'09	Manager: Communications
16	Resource Allocation	Conduct a resource Audit and develop a policy for the distribution, allocation and utilization of Council Resources	30 Apr'09	Assistant CFO, Manager: Legal Services and Manager: Procurement ( Leader)
17	Internal Leadership	Empower co-workers to take ownership of UPE Strategy	15 May'09	All Executive and Middle Managers
18	2010 Plan	Include a 2010 item on the agenda of the District Growth and Development Summit	31 May'09	Executive Manager: Planning and Social Development
19	Municipal SCOPA	Obtain approval of the establishment of a Municipal Standing Committee on Public Accounts (SCOPA)	30 Jun'09	Manager: Legal Services

The monitoring of the implementation of this action plan is done through the HOD' and Middle Managers monthly reports, other activities / plans of Umzinyathi Project



Excellence will emanate from the above activities during the second quarter. The implementation of Umzinyathi Project Excellence is on continuous basis.

### **2.3 KPA 3: MUNICIPAL FINANCIAL VIABILITY**

#### **Strategy Three: Promote Sound Financial Management**

This strategy focuses on ensuring sound financial management and responsible budgeting as per the requirements of the MFMA that will ensure proper alignment with the municipality's IDP.

**Outcome:** Improve debt management processes, increase collection of revenue and tax, ensure that creditor's process is streamlined and reaches the finance department on time and improve annual receipt and utilisation of grant funding.

The outcome of this strategy is informed by the following:

- Financial Plan,
- Debt recovery plan;
- Credit Control Policy;
- Grant Allocation Policy;
- SDBIP.

### **2.4 KPA 4: LOCAL ECONOMIC DEVELOPMENT**

#### **Strategy Four: Promote Economically and Socially Sound District**

The strategy aims to identify potential and feasible initiatives that will contribute to the alleviation of poverty within the District Municipality.

**Outcome:** To develop a competitive district economy which increases formal employment by 3,5% accelerates GDP growth by 4% over the next 5 years and stimulates the establishment and expansion of 50 sustainable black SMMEs and Co-operatives in the agricultural and tourism sector into the mainstream of the district economy, and reduces the level of household poverty by 4% through exploiting the competitive advantages of the district economy.

The outcome of this strategy will be based on the following:

- Economic Growth of over 4% by 2009 and 5% by 2011;
- Reduction of the gap between the 1<sup>st</sup> and the 2<sup>nd</sup> Economy (PSEDS)
- ASGISA (Accelerated and Shared Growth Initiative of Southern Africa) aims to halve poverty and unemployment by 2014.

## **2.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

### **Strategy Five: Promote Community Empowerment**

This strategy focuses mainly on accountability to the communities on developmental issues and also introducing systems, procedures and processes in place to allow maximum participation.

**Outcome:** The long term objective is to improve awareness of communities on municipal functions and developmental issues and have effective systems and controls in place to ensure proper accountability in relation to usage of public monies and other resources to deliver against community priorities.

## **SECTION D: HIGH LEVEL SPATIAL DEVELOPMENT FRAMEWORK /**

## **DISASTER MANAGEMENT**

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### **1. SPATIAL DEVELOPMENT FRAMEWORK**

Umzinyathi District Municipality has successfully completed the review of the Spatial Development Framework; it was reviewed according to the following procedure:

#### **1.1.1 Review Status Quo**

The aim of this phase was to assess and access all existing data, identify gaps in information and obtain such information where available. The Status Quo report aimed to provide information in respect of the following:

- Overview of the Legal and Policy Environment
- Overview of the Umzinyathi Municipal Area
  - o Regional context
  - o Administrative entities
  - o Broad land use characteristics
  - o Demographic and socio-economic profile
  - o Main economic characteristics
- Overview of Existing Studies
  - o Overview of existing studies and sector plans
  - o District initiatives and projects
  - o Spatial locality of existing and committed projects
- The Natural Resource Base
  - o Environmental Analysis
  - o Natural Environment
  - o Open Space System
  - o Agriculture
- Infrastructure Assessment
  - o Housing Analysis
  - o Community Facilities Analysis
  - o Infrastructure Analysis
  - o Bulk Utility Services
  - o Roads and Transport Networks
- Key Spatial Planning and Development Issues

#### **1.1.2 Review of Spatial Planning and Development Principles**

Apart from the principles contained in legislation such as the Development Facilitation Act (DFA), guiding principles were extracted from the following sources to provide guidance in this regard:

- o Millennium Development Goals (MDG)
- o Development Facilitation Act (DFA)
- o National Spatial Development Perspective
- o Provincial Spatial Economic Development Strategy

#### **1.1.3 Analysis of Existing Spatial Pattern**

An analysis was undertaken of the spatial patterns of the Umzinyathi district municipality. The analysis had the following focus:

- Identification of areas of highest agricultural potential
- Accessibility mapping in respect of access to nodes
- Preparation of a poverty index
- Accessibility mapping in respect of infrastructure, i.e. electricity, sanitation, water and community facilities as well as the combined infrastructure needs
- Analysis of relation between land capability and areas of poverty
- Analysis of relation between population density and access to community facilities
- Analysis of population density distribution and location of environmentally sensitive areas
- Spatial relation between areas of highest population density that are also areas of high poverty

Consideration was also given to movement patterns as extracted from transportation investigations undertaken by the district.

#### **1.1.4 Identification of desired Spatial Pattern and Spatial Intervention Areas**

The main focus of this phase of the project is to identify strategic areas, given the analysis undertaken, where strategic intervention is required, e.g. where conflicting land uses exist. Also, areas where priority spending is required to redress severe poverty, for example, were identified.

### **1.2 Spatial Development Framework Consolidation**

Based on the results of the previous phase, the spatial development framework of the municipality was revised and SDF Implementation Plan prepared.

#### **1.2.1 Key Spatial Issues**

Hereunder, is list of key spatial issues is provided as identified during the preparation of the SDF Review, notably the status quo and analysis components. In addition, a typical planning/development response is elicited for each issue:

<b>Key Issue</b>	<b>Typical Response</b>
Potential for agricultural growth in central parts of district.	<ul style="list-style-type: none"> <li>○ Create linkages between 1<sup>st</sup> and 2<sup>nd</sup> economy in respect of agriculture.</li> <li>○ Enable transformation of the sector.</li> </ul>
Western portion of district has distinct tourism potential.	<ul style="list-style-type: none"> <li>○ Support for cultural and heritage tourism initiatives.</li> </ul>
High occurrence of poverty in central parts of the district.	<ul style="list-style-type: none"> <li>○ Build on strengths and potential of particular area to address poverty.</li> </ul>
Existing agricultural and tourism activity corridors in the district as provided by the PSEDS.	<ul style="list-style-type: none"> <li>○ Harness potential provided by existing corridors.</li> </ul>
District borders five other district	<ul style="list-style-type: none"> <li>○ District has good accessibility and is</li> </ul>

municipal areas.	centrally located in the province. The potential exists for forward and backward economic linkages between the districts should be explored.
The vast majority of commercial activity is found in the north (Endumeni) and in the south (Umvoti).	<ul style="list-style-type: none"> <li>o Economic opportunities of a commercial (value adding) nature that create opportunities to be identified in Nquthu and Msinga as well.</li> </ul>
Low levels of urbanization with approximately 82% of the people living in the rural areas.	<ul style="list-style-type: none"> <li>o Plan for in-migration towards more formal urban areas. This is a natural process that takes place and provision should be made for maintenance of urban infrastructure.</li> </ul>
The district is characterized by large infrastructure backlogs, particularly in respect of water and sanitation and mainly in the rural areas.	<ul style="list-style-type: none"> <li>o Backlog eradication needed in rural areas in particular to provide all with at least basic level of service.</li> </ul>
The topographic characteristics of the district make the development of infrastructure difficult and costly particularly in the steep terrain.	<ul style="list-style-type: none"> <li>o Importance for well developed infrastructure planning and application of prioritization criteria.</li> </ul>

### 1.2.2 Spatial Planning and Development Principles

Apart from the principles contained in legislation such as the Development Facilitation Act (DFA), guiding principles were extracted from the following sources to provide guidance in this regard:

- o Millennium Development Goals (MDG)
- o Development Facilitation Act (DFA)
- o National Spatial Development Perspective
- o Provincial Spatial Economic Development Strategy

The Millennium Development Goals (MDG) note the following:

- o Eradication of extreme poverty and hunger
- o Achievement of universal primary education
- o Promotion of gender equality and empowerment of women
- o Reduction in child mortality
- o Improvement of maternal health
- o Combating HIV/Aids, malaria and other diseases
- o Ensuring environmental sustainability

More details on the principles are provided hereunder:

The **Development Facilitation Act (DFA), No. 67 of 1995** contains general principles for land development and decision making. Some of these principles, as contained in section 3 of the Act, are summarized herewith.

- o Provision should be made for urban and rural land development – including the development of formal and informal, existing and new settlements.
- o Illegal occupation of land should be discouraged.
- o Land development should take place effectively and in an integrated manner by:
  - o Integrating social, economic, institutional, environmental and spatial aspects of land development.
  - o Developing urban and rural areas in support of each other.
  - o Providing areas of residence and job opportunities close together or integrated with each other.
  - o Optimize the use of existing resources.
  - o Permitting and encouraging diverse land uses.
  - o Rectifying the distorted spatial patterns of the past.
  - o Compaction of towns to discourage urban sprawl.
  - o Ensuring a sustainable natural environment.
  - o Promote conditions under which economic activities can flourish.
  - o Create opportunities for small business at places of high accessibility and economic agglomeration.
  - o Provide the basics for survival to all existing settlement and focus on places with economic potential to provide a higher level and wider range of services or facilities.
- o Development within an area should take place within the limited resources, financial, institutional and physical of the area in order to create a viable community and to protect the natural environment to enable economic growth.

The National Spatial Development Perspective (**NSDP**) prescribes a number of principles to guide spatial development. The NSDP principles have a number of spatial implications that need to be considered when preparing Spatial Development Frameworks, notably focused economic investment that has maximum benefit. Also, locating community and other services/facilities in such manners that as many people as possible benefit.

The KwaZulu-Natal Government prepared a Provincial Growth and Development Strategy (**PGDS**) and complemented it with the preparation of a **Provincial Spatial Economic Development Strategy (PSEDS)** to give effect to the PGDS. Other purposes of the PSEDS can be outlined as follow:

- o Address spatial imbalances, curb urban sprawl and ensure sustainable interventions
- o Identify priority areas and types of development
- o Align to municipal spatial development frameworks
- o Guide budgeting processes of the province and municipalities
- o Influence investment decisions of the private sector

The **PSEDS is built on the principles of the National Spatial Development Strategy (NSDP)**, namely:

**Principle 1:** Rapid economic growth that is sustained and inclusive is a prerequisite for the achievement of poverty alleviation.

**Principle 2:** Fixed investment should be focused in localities of economic growth or economic potential.

**Principle 3:** Where low economic potential exists investments should be directed at

projects and programmes to address poverty and the provision of basic services in order to address past and current social inequalities.

**Principle 4:** Future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or link the main centres.

In summary, the following is critical for the SDF review:

1. All communities are to be provided with at least a basic level of service.
2. Areas targeted for economic growth and development are provided with appropriate levels of infrastructure to attract investment interest – not only to address the immediate need, but also to provide for reasonable expansion and growth.

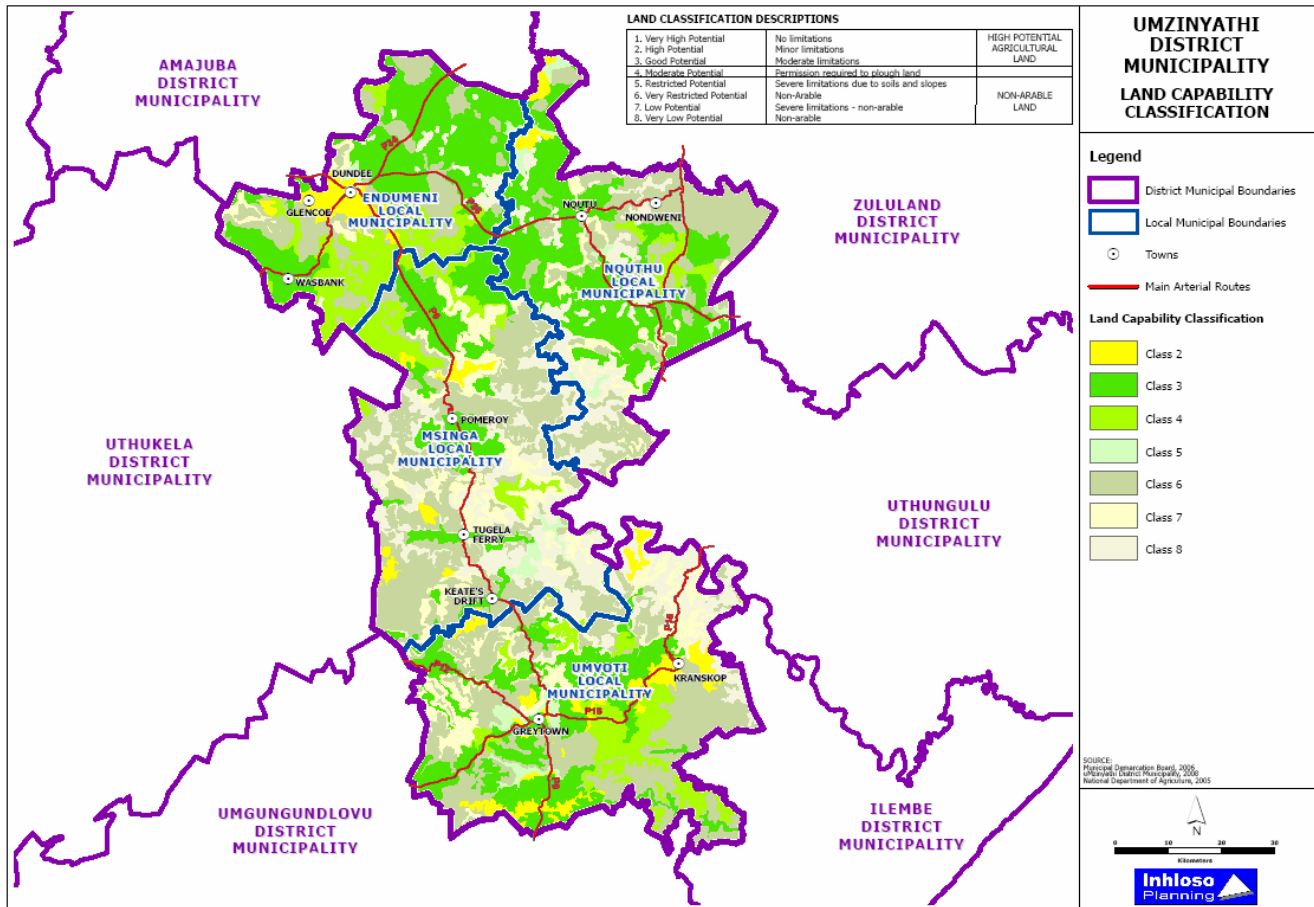
### **Outcomes of the Spatial Analysis**

The key focus areas of the spatial analysis component of the SDF Review have already been noted. Herewith a more detailed explanation of the process and results is provided:

- o The identification of areas of highest **agricultural potential** was informed mainly by the land capability information from the National Department of Agriculture, 2005. The following land classification descriptions are noted:

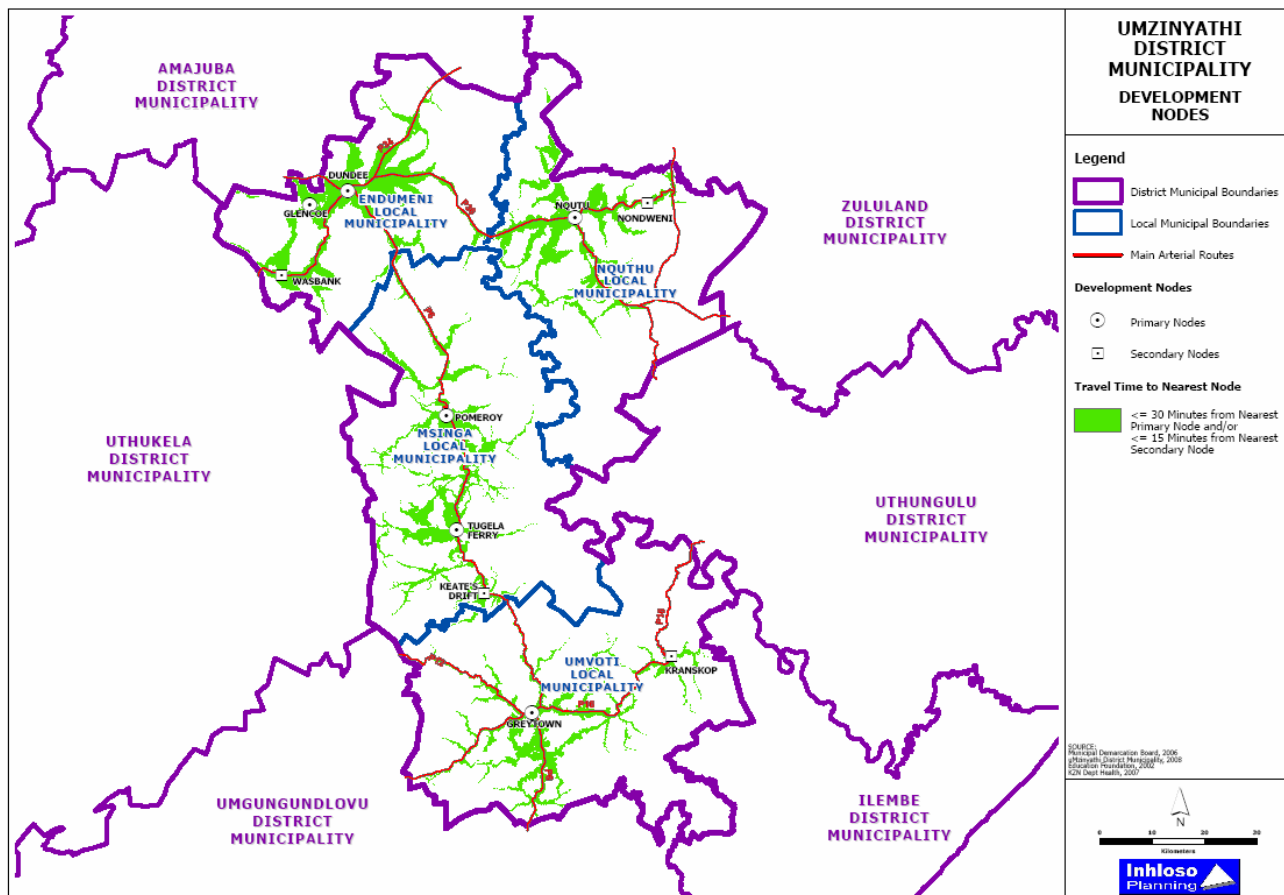
#### **LAND CLASSIFICATION DESCRIPTIONS**

1. Very High Potential	No limitations	HIGH POTENTIAL AGRICULTURAL LAND
2. High Potential	Minor limitations	
3. Good Potential	Moderate limitations	



- o Accessibility mapping in respect of **access to nodes** was produced and is shown at overleaf. Nodes being defined as follow: A connecting point at which several lines come together OR a concentration/centre of human, economic, social interaction/activity. The mapping produced in this regard is shown hereunder.

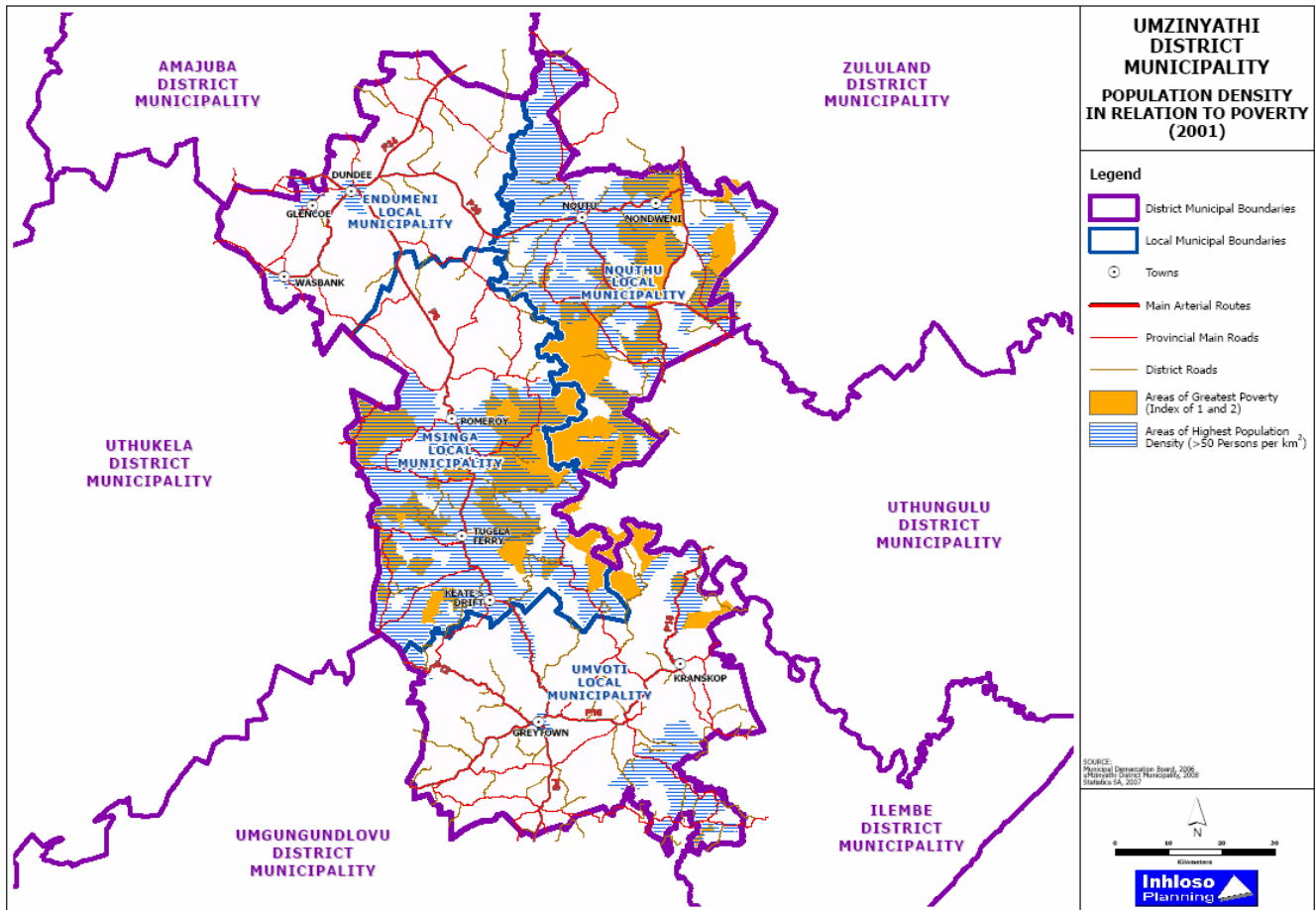


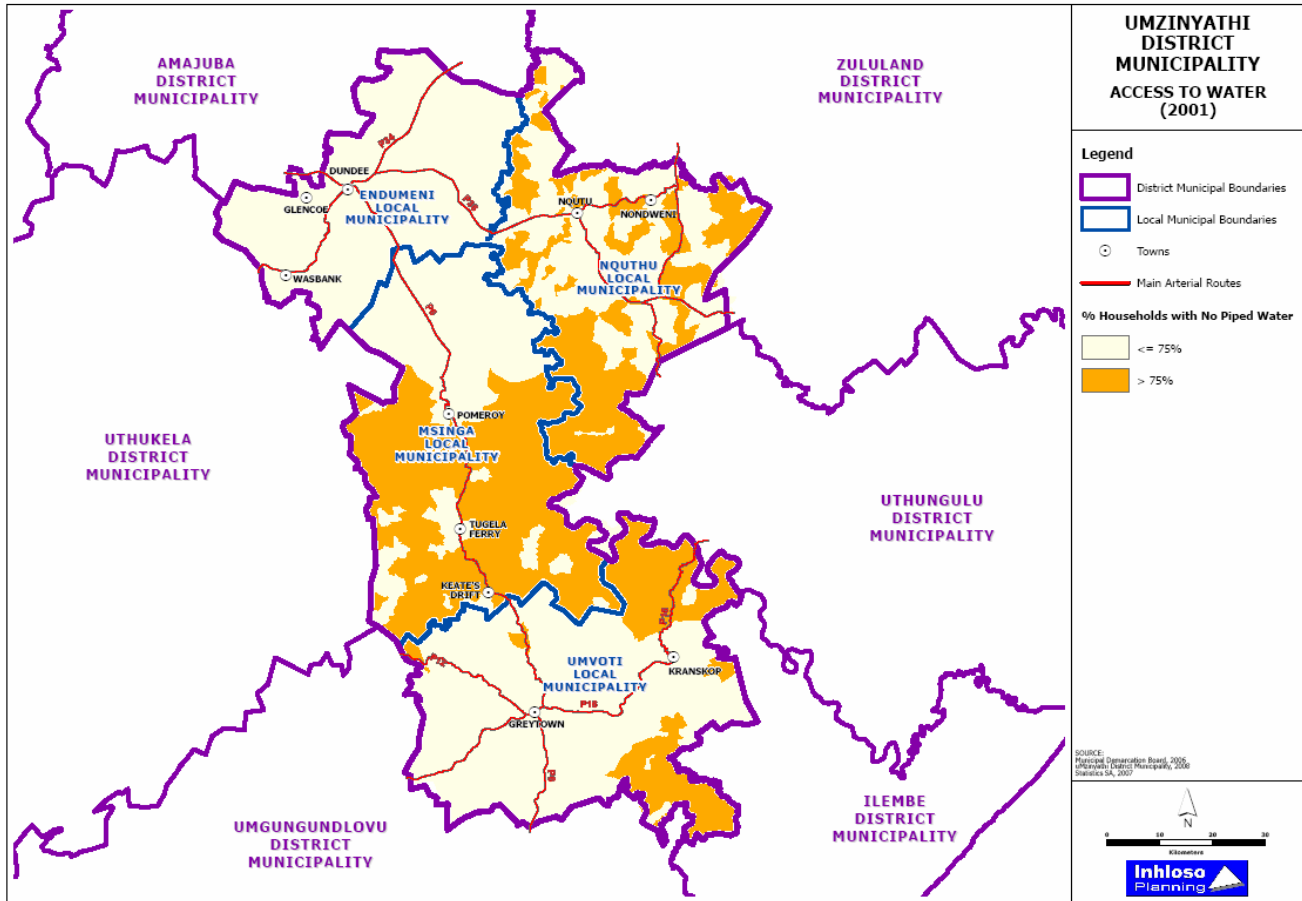


For the preparation of a poverty index the following methodology was applied and consideration was given to poverty levels based on four socio-economic criteria, namely income, unemployment, dependency and education (literacy).

1. Income: the percentage of persons earning less than R400 per month (including those with no income).
2. Unemployment: the percentage of *the Labour Force* that is unemployed.
3. Dependency Ratio: the ratio of Dependents to Earners (i.e. people who are employed).
4. Education: the percentage of persons over 20 years of age with no education.

The resultant poverty index map is shown hereunder:

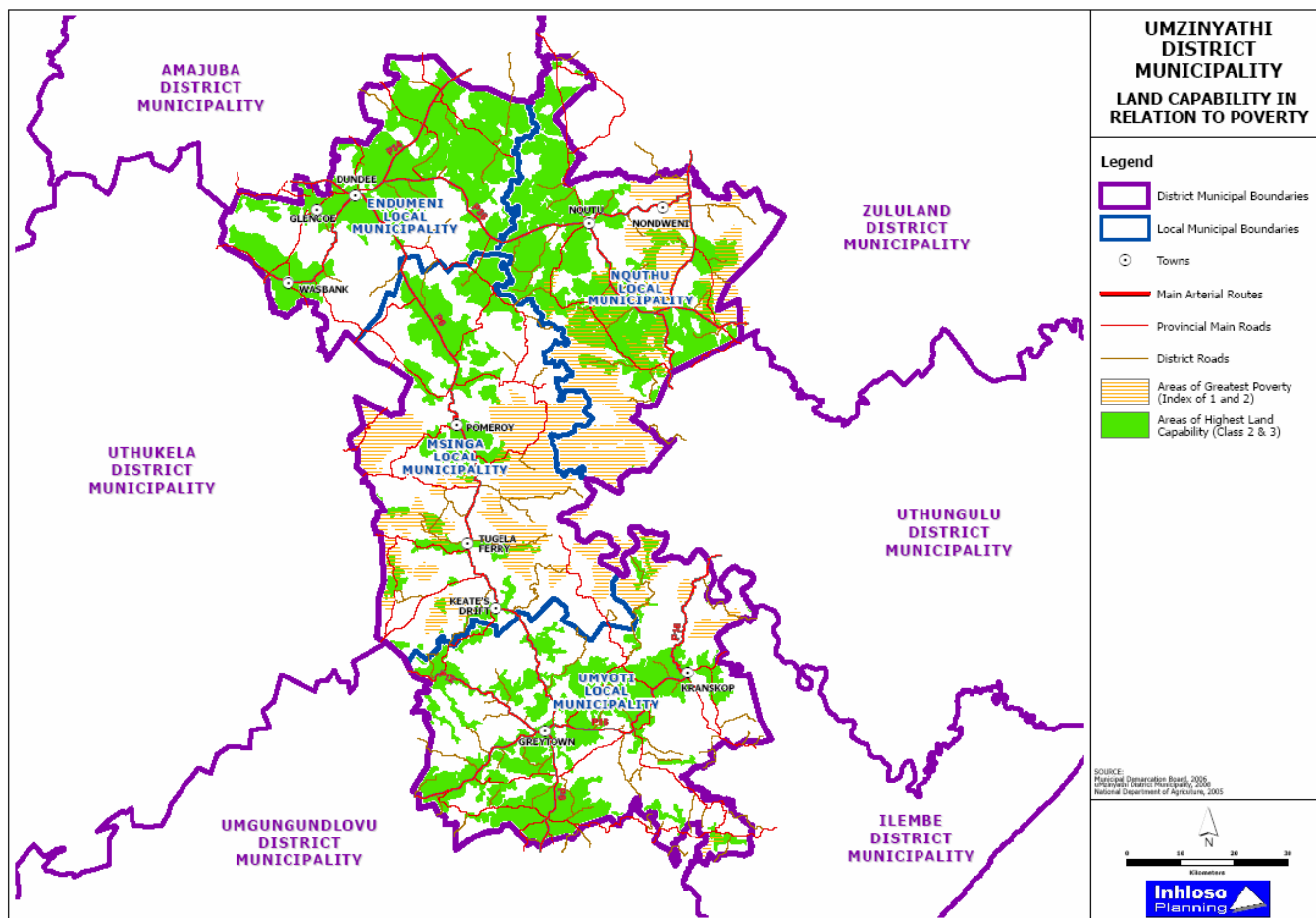




Accessibility mapping in respect of infrastructure, i.e. electricity, sanitation, water and community facilities as well as the combined infrastructure needs, the resultant combined infrastructure needs map provided herewith.

The mapping on the previous page and above is informing the district with regard to the identification of areas where the basic needs have to be met.

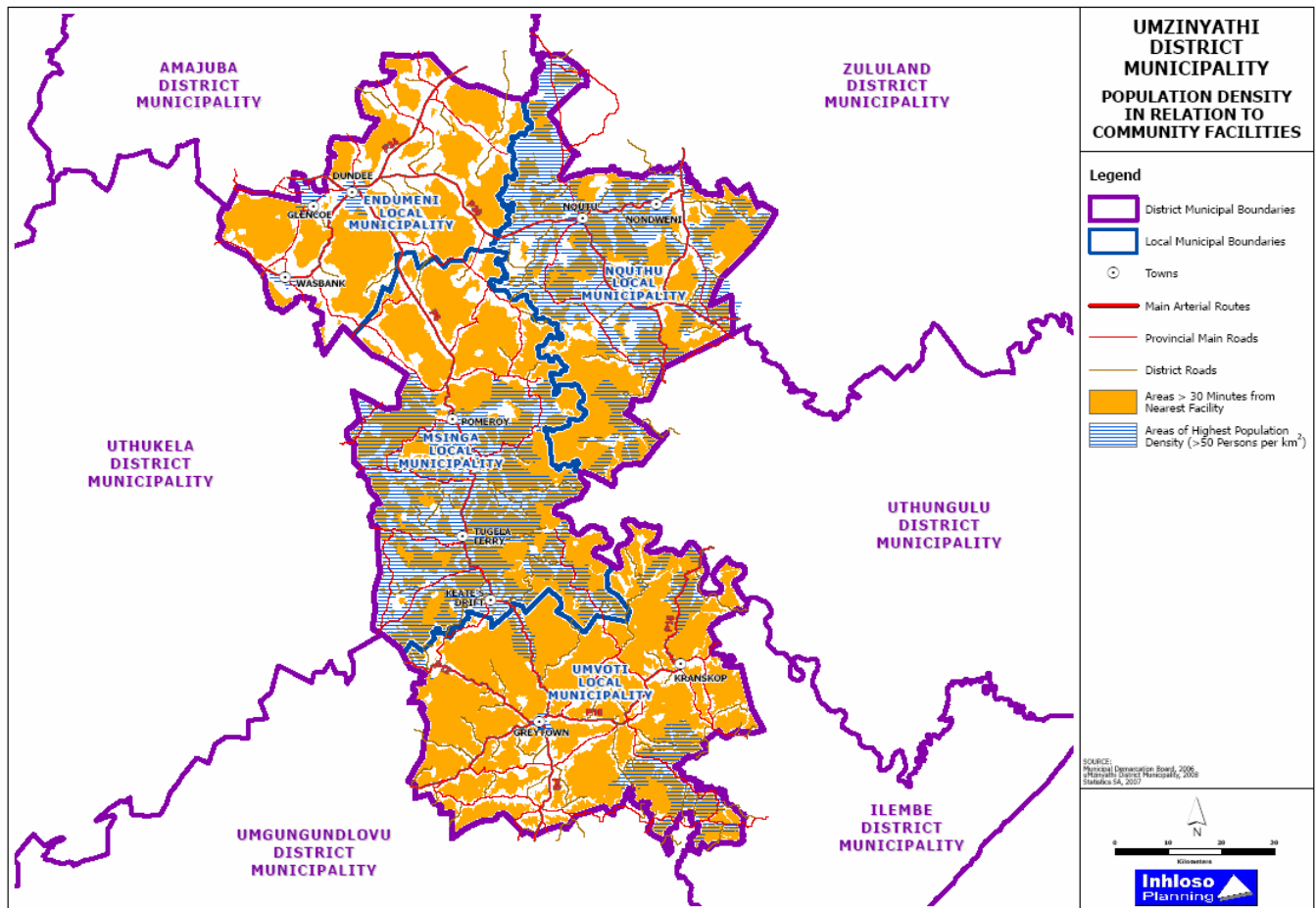
Analysis of relation between land capability and areas of poverty is shown herewith:



The above analysis is very important when considering the principle of need and potential. In this regard, any investment aimed at fostering the existing agricultural potential in an area that has a high poverty index has the potential to not only address the immediate need, but also to provide for reasonable expansion and growth.

Herewith, an analysis of the relation between population density and access to community facilities is provided. The rationale behind this analysis is that (1) areas that do have poor access to community facilities are shown that are (2) also densely populated.

Thus, any provision in community/social facility related needs has the potential to address the need of a relatively large beneficiary community.



The analysis of population density distribution and location of environmentally sensitive areas was also undertaken. The importance of this analysis is borne in the IDP that notes the wide variety of ecosystems and habitats in the district and the high conservation value of some areas due to the presence of endemic species. The IDP document also notes that indicators are present that inform authorities that something is happening which will make the natural environment 'change direction, often for the worse. These indicators can be simple things e.g. a change in the size of a wetland, a change in the number and type of species in an area, or even changes in the things people do. The following interesting indicators are relevant to the review of the SDF:

### 1.3 Identification of Intervention Areas and Consolidated SDF

In the previous sections of this report principles were discussed as well as the results of an extensive analysis process. Some more clarity is provided in respect of “desired spatial pattern” and “spatial intervention areas”.

The **desired spatial pattern** of an area is regarded as a situation rather than an environment with specific characteristics. Thus, the desired spatial pattern of an area should be measured as a situation of sustainability. Sustainability indicators will differ for various areas. In some areas the carrying capacity of the land can only support a minimum number of households while other areas, such as the urban areas, can support many thousands of households. The vision of the district is considered to be a good indicator of its desired state of sustainability.

**“Umzinyathi District Municipality shall be a self sustainable organization that promotes integrated development”**

Sustainability is also about reaching equilibrium. A stage will be reached when the migration patterns of communities stabilize and the following should be noted:

**Spatial intervention areas** refer to specific areas where deliberate actions from either the district municipality or any other tier of government can improve on a situation that prevails in the said area. Importantly, spatial intervention areas are identified and have to be benchmarked against an acceptable standard. The identification of spatial intervention areas can be considered as a step towards achieving a desired spatial pattern.

#### 1.3.1 Desired Spatial Pattern

The desired spatial pattern is in essence the series of nodes and corridors as mooted in various provincial documents as well as in the SDFs of the respective LMs. In order to attain such a desired spatial pattern, a process of development within the district has to take place. This process of development entails investment in areas of potential and also in those areas of need. The latter areas are not necessarily along the identified nodes and corridors but the nodes and corridors and these listed areas will have a mutual impact on each other.

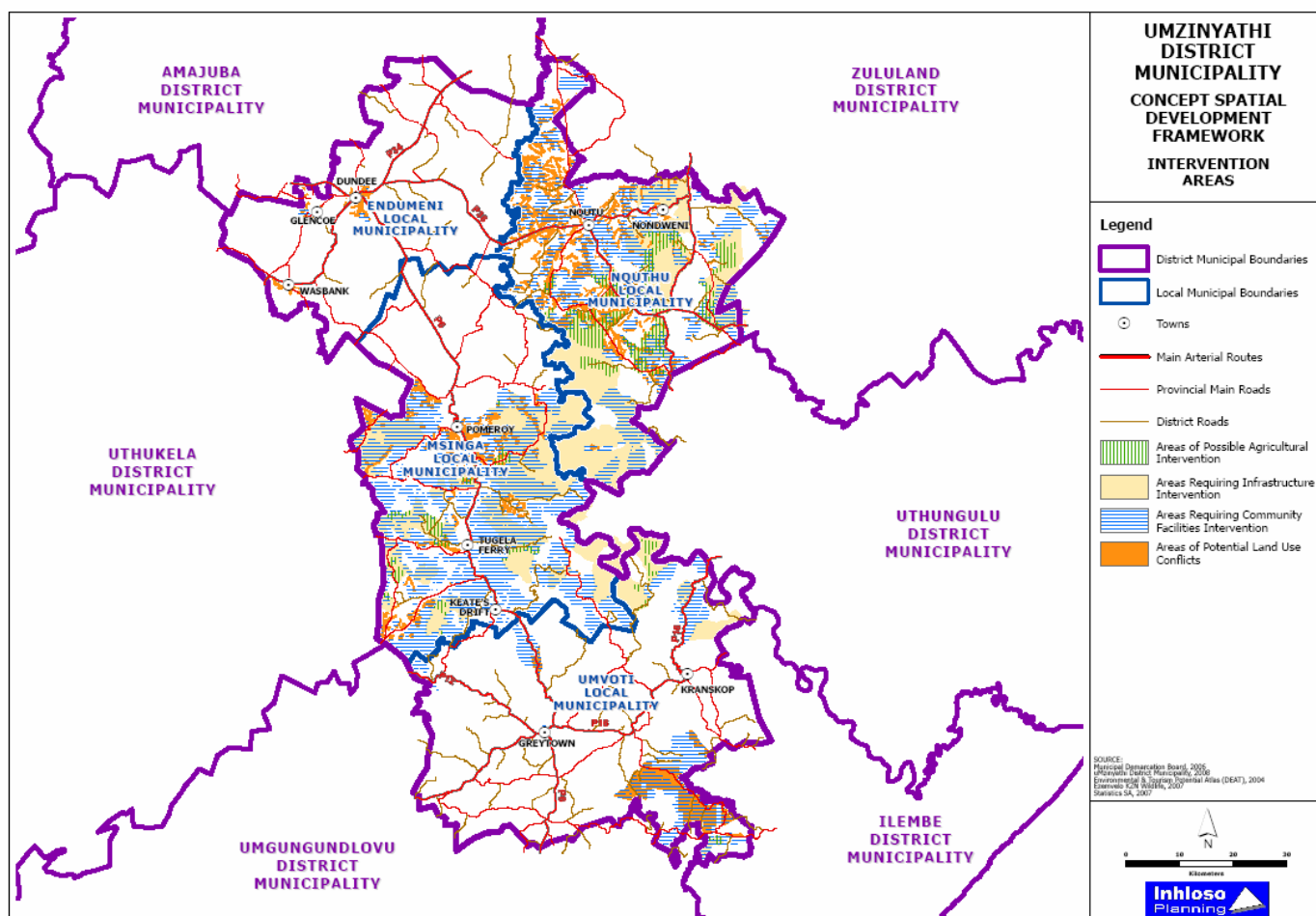
An ongoing movement of people from areas in the rural areas towards the urban areas is anticipated. It is therefore imperative that the necessary actions be taken to ensure that the urban centres of the district remain sustainable in terms of infrastructure provision – thus provision should be made for expansion and maintenance.

It is furthermore likely that people will move from areas that offer little opportunity to areas that offer more opportunity and services. Still, those communities in areas of lesser – albeit perceived lesser - opportunity should be afforded at least a basic level of service and investment should also be focused on people in those areas. This is imperative to ensure that the education and capacity of these people is developed so that, when they decide to move to a location of more opportunity, they can contribute to the development of the area in the form of a skill or trade. Entrance into the economy will also be improved. Thus, in those areas identified in the SDF that do not offer significant opportunities per se, specific attention should be given to FET and

ABET related projects.

### 1.3.2 Spatial Intervention Areas

The determination of Spatial Interventions Areas is discussed in this section and has mainly been informed by the extensive analysis that was undertaken. The following map is a representation of the spatial intervention areas and a discussion is provided thereafter.



Areas indicating possible **agricultural intervention** are shown. These areas were determined by the analysis of areas of higher agricultural potential in relation to areas of higher population density. The intention with identifying such areas is to consider the promotion of agricultural activities in the area for both subsistence and commercial purposes. The latter will require some more detail investigations in order to identify viable crops and it is known that work is constantly done by the Department of

Agriculture in this regard. Also, importantly, there are a number of factors that will also need localised investigations with regard to the land capability, i.e. soil acidity and rainfall. It is also noted that the upgrade of the road to Msinga Top will create agricultural opportunities in the area due to the improved access. A further important consideration is that the areas shown to be of higher agricultural potential do not total a large area. As such, care should be taken when making development decisions of a non-agricultural nature in those areas.

The mapping provided on the previous page also indicates areas requiring **infrastructure intervention** and were essentially determined to indicate those areas where all of the following conditions prevail:

- Areas where more than 75% of the households do not have electricity for lighting
- Areas where more than 75% of the households do not have hygienic toilets
- Areas where more than 75% of the households do not have access to piped water.

It is important to note that a series of individual maps indicating the above have been prepared to inform sector specific interventions but that for the purpose of the intervention areas mapping, the areas with worst hardship in this regard have been indicated.

The intervention map indicates areas of **priority community facility investment** as well. Again, emphasis has to be placed that basic needs have to be met. The analysis undertaken as part of this SDF Review has indicated areas that do not have access to community facilities, i.e. those areas that are more than 30 minutes travel time from community facilities. The resultant mapping indicated vast areas of higher population density where community facilities are lacking. Thus, as a first priority, those areas that have a proven community facility need, and have a population density of more than 50 people/km<sup>2</sup> have been identified.

Some mapping has also been prepared in respect of tourism facilities and potential in the district. **Tourism** development needs support from a capital investment and mentoring perspective. As with agriculture, care should be taken when considering development in close proximity to areas of tourism potential to ensure that the comparative advantage of an area is not hindered. Also, such areas should be prioritized for Business Plan formulation in order to obtain implementation funding.



#### 1.4 Alignment of the SDF to the Umzinyathi IDP

Given that an SDF is the visual representation of a municipal IDP it is imperative that the outcomes of the SDF have to be related to the issues, actions and strategies of the IDP. In this section, the main components of this alignment is noted:

- The Umzinyathi District Municipality is affected by **two secondary provincial corridors**, notably the SC 12 Greytown – Msinga – Madadeni as well as the SC 13 Nkandla – Nqutu – Vryheid. In addition, the Department of Local Government and Traditional Affairs has committed R1,5 million to the development of the SC 13 corridor. This includes the following initiatives:
  - District Tourism Strategy
  - District Signage Programme
  - Endumeni Craft and Food Market Stalls
  - Additions to the Msinga Curio Shop
  - Muden Arts and Craft Centre

The following is provided with regard to the Umzinyathi District strategies – that have a clear spatial implication and which have been developed in line with the Key Performance Areas of the Five Year Local Government Strategic Agenda.

KPA 1: Basic Service Delivery and Infrastructure Development
Strategy 1: Facilitate Effective Infrastructure and Sustainable Service Delivery
This strategy focuses on facilitating the provision of new infrastructure and also the maintenance of existing infrastructure to ensure sustainable service delivery within the district.
<u>Outcome:</u> The first priority is to provide water and sanitation to the communities that currently do not have access at a minimum RDP standard of 25 litres per day per person within 200 metres walking distance. Sanitation target is to provide a VIP latrine per household. The ultimate aim of the strategy is to reduce backlogs of water (68%) and sanitation (65%) by 12% each financial year through the implementation of MIG projects.

KPA 4: Local Economic Development
Strategy 4: Promote Economically and Socially Sound District
The strategy aims to identify potential and feasible initiatives that will contribute to the alleviation of poverty within the District Municipality.
<u>Outcome:</u> To develop a competitive district economy which increased formal employment by 3,5% accelerates GDP growth by 6% over the next 5 years and stimulates the establishment and expansion of 50 sustainable black SMMEs and Cooperatives in the agricultural and tourism sector into the mainstream of the district economy, and reduces the level of household poverty by 5% through exploiting the competitive advantages of the district economy.
The outcome of this strategy has been derived from the following: <ul style="list-style-type: none"> <li>○ Economic Growth of over 4,5% per annum to 2009 up to 6% thereafter</li> </ul>

(PSEDS)

- Reduction of the gap between the 1st and the 2nd Economy (PSEDS)
- ASGISA (Accelerated and Shared Growth Initiative of Southern Africa) aims to halve poverty and unemployment by 2014.

The integration of Capital Investment Plan into the SDF is still underway to indicate linkages between the SDF to the three years Capital Investment Plan.

## **2. HIGH LEVEL DISASTER MANAGEMENT PLAN**

In terms of the Disaster Management Act (No 53 of 2002) section 25 states that each municipality within an applicable disaster management framework:

- Prepare a disaster management plan for its area according to prevailing circumstances;
- Co-ordinate and align the implementation of its plan with other organs of state and institutional role players; and
- Regularly review and update its plans.

A Disaster Management Plan for the municipal area must but not limited to:

- Form an integral part of the municipal Integrated Development Plan;
- Anticipate the types of disasters that are likely to occur in the municipal area and possible effects.

### **2.1 Risk Assessment**

As part of the preparation of the Disaster Management Plan, risk assessment was undertaken to determine the type of risks prevailing in the municipal area in order to develop risk reduction methodologies. Through this process the following was taken into consideration:

- Identification of hazards;
- Risk consideration areas;
- Critical facilities analysis;
- Economical analysis;
- Environmental analysis; and ‘

- Mitigating opportunity analysis

Subsequent to the completion of risk assessment, a number of risks prevailing within the municipal area were identified which are as follows but not limited to::

- Fire (Veld, shack, structural, plantation);
- HIV/Aids;
- Floods;
- Lighting strikes;
- Road accidents;
- Droughts;
- High winds. Water shortage

The above identified hazards have been categorized for per each local municipality and spatial represented in a map showing the vulnerable areas to different hazards.

## **2. Mitigating measures**

The municipality has established project teams to implement projects aimed at mitigating the impact of the hazards and the projects have also been identified. The project teams comprises of multi-disciplinary team to play different roles in mitigating hazards. The roles to be performed by each stakeholder in relation to each hazard have been determined and they have also been workshopped on their roles.

### 3. Contingency Plans

As the risks prevailing within the municipality were identified, the next step was then to develop the contingency plans for the identified. The contingency plans are developed to:

- Transfer contingency and scenario planning skills;
- To develop draft disaster management contingency plans that will address the identified hazards in a multidisciplinary and integrated manner
- To identify early warning systems, response and mobilisation mechanism.

The contingency plans have been developed for the following hazards:

- Structural fires;
- Veld fires; and
- Evacuation

The draft contingency plans developed for the municipality must still be finalised by the Advisory Forum, the forum will also have to appoint a Technical Task Team for each contingency plan to ensure that each plan has the necessary details and responsible people are aware of their responsibilities. This process will ensure a multi / disciplinary and integrated approach to ensure effective implementation of the plans.

The objective of the contingency plan is to ensure the establishment of the operational procedures for emergency procedures, including disaster response and recovery to be implemented in the Umzinyathi district area of KZN Province. The contingency plans were developed in line with the indicative risk profile of this region and must ensure a coordinated management approach.

## **SECTION E: SECTOR INVOLVEMENT**

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Umzinyathi District Municipality in partnership with its local municipalities namely Endumeni, Nquthu, Msinga and Umvoti had arranged two sessions with service providers, public and private to date.

The purpose of these sessions was to discuss, share and obtain strategic development planning issues:

- a) To discuss the level of participation in the municipal Integrated Development Plans and strategies on how this can be strengthened; and
- b) To obtain and align the medium Term Expenditure Framework (3 – 5 years) and programmes and projects for incorporation in the current 2009/10 IDP's. This information should be available for all municipalities in the District.

The first IDP representative forum meeting was held on the 06 November 2008 and the second one on the 13 February 2009. The overall attendance of the IDP representative forum meetings was not satisfactory and the municipality was unable to attain the desired results. Assistance from the Department of Local Government and Traditional Affairs is being required to stress the importance of attending the IDP representative forum to the sector departments to ensure proper alignment.

During the IDP representative forum meetings, it emerged that the sector departments have not finalised their MTEF's for alignment with the municipalities. At the next forum meeting to be held in April, the municipality is hoping that the MTEF's will be obtained from the sector departments.

The Department of Local Government and Traditional Affairs has managed to obtain the sector departments budgets information including theirs, which is as follows:

## 1. Department of Local Government and Traditional Affairs

Summary of expenditure and estimates for Umzinyathi District Municipality are as follows:

<b>Summary of Transfers to Municipalities</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	100	-	-	-
Nquthu	1 790	2 860	-	-	-
Umsinga	3 100	100	-	-	-
Umvoti	1 060	2 600	-	-	-
Umzinyathi	3 972	11 800	7 188	6 067	4 950

<b>Transfers to Municipalities- Municipal Development Information Services</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	-	-	-	-
Nquthu	-	-	-	-	-
Umsinga	-	-	-	-	-
Umvoti	-	-	-	-	-
Umzinyathi	735	250	250	300	250

<b>Transfers to Municipalities – Center Management Support</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	-	-	-	-
Nquthu	500	-	-	-	-
Umsinga	500	-	-	-	-
Umvoti	-	-	-	-	-
Umzinyathi	-	-	500	600	700

<b>Transfers to Municipalities- Local Economic Development Catalyst</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	-	-	-	-
Nquthu	-	-	-	-	-
Umsinga	-	-	-	-	-
Umvoti	460	-	-	-	-
Umzinyathi	127	-	2 300	-	-

<b>Transfers to Municipalities –Small Town Rehabilitation</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	-	-	-	-
Nquthu	-	-	-	-	-
Umsinga	1 250	-	-	-	-
Umvoti	-	-	-	-	-
Umzinyathi	-	-	3 750	4 750	3 500

<b>Transfers to Municipalities – Corridor Development</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	-	-	-	-
Nquthu	340	2 160	-	-	-
Umsinga	1 150	-	-	-	-
Umvoti	600	2 400	-	-	-
Umzinyathi	2 060	9 940	7 188	6 067	4 950

<b>Transfers to Municipalities- Strategic support</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	-	-	-	-
Nquthu	250	-	-	-	-
Umsinga	-	-	-	-	-
Umvoti	-	-	-	-	-
Umzinyathi	50	610	388	417	500

## 2. Department of Health

Summary of expenditure and estimates for Umzinyathi District Municipality are as follows:

<b>Transfers to Municipalities – RSCL, Municipal Clinics, Environmental Health</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	1 689	639	2 065	92	98
Nquthu	-	-	-	-	-
Umsinga	-	-	-	-	-
Umvoti	663	484	1 557	62	66
Umzinyathi	70	48	68	72	76



<b>Transfers to Municipalities – Municipal Clinics</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	1 669	599	1 979	-	-
Nquthu	-	-	-	-	-
Umsinga	-	-	-	-	-
Umvoti	-	-	-	-	-
Umzinyathi	663	466	1 499	-	-

<b>Transfers to Municipalities – Environmental Health</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	40	86	92	98
Nquthu	-	-	-	-	-
Umsinga	-	-	-	-	-
Umvoti	-	18	58	62	66
Umzinyathi	-	-	-	-	-

### 3. Department of Housing

Summary of expenditure and estimates for Umzinyathi District Municipality are as follows:

<b>Transfers to Municipalities – Capacity Building- Flanders Programme</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	-	-	-	-
Nquthu	-	-	160	170	180
Umsinga	-	-	-	-	-
Umvoti	-	-	-	-	-
Umzinyathi	-	-	-	-	-

#### 4. Department of Public Works

Summary of expenditure and estimates for Umzinyathi District Municipality are as follows:

<b>Transfers to Municipalities –RSCL and Property Rates</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	2 453	2 747	2 912	3 087
Nquthu	-	-	-	-	-
Umsinga	-	-	-	-	-
Umvoti	-	190	213	226	240
Umzinyathi	-	-	-	-	-

<b>Transfers to Municipalities – Property Rates</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	2 453	-	-	-
Nquthu	-	-	-	-	-
Umsinga	-	-	-	-	-
Umvoti	-	190	213	226	240
Umzinyathi	-	-	-	-	-

#### 5. Department of Sports and Recreation

Summary of expenditure and estimates for Umzinyathi District Municipality are as follows:

<b>Transfers to Municipalities – RSCL and Infrastructure</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	-	-	-	-	-
Nquthu	-	-	-	-	-
Umsinga	-	-	-	-	-
Umvoti	-	-	-	-	-
Umzinyathi	3 350	1 625	999	-	-

## 6. Office of the Premier

Summary of expenditure and estimates for Umzinyathi District Municipality are as follows:

<b>Transfers to Municipalities – RSCL,MUSEUMS,MUNICIPAL RATES,TRANSFER</b>					
<b>R 000</b>	<b>Audited 2007/08</b>	<b>Estimated Actual 2008/09</b>	<b>Medium term estimates</b>		
			<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
Endumeni	72	71	77	82	87
Nquthu	-	-	-	-	-
Umsinga	-	-	-	-	-
Umvoti	72	71	76	81	86
Umzinyathi	-	-	-	-	-

## SECTION F: IMPLEMENTATION PLANS

Umzinyathi District Municipality has prepared the implementation plans according to the National Key Performance Areas of the Five Year Strategic Local Government Agenda and they are also aligned to the departments of the municipality in relation to their implementation. The implementation plans serve as the alignment between the IDP and Budget, and they also unpack the strategies in terms of their programmes. They also have the core functions aligned to each KPA to be undertaken during the 2009/10, 2010/2011 and 2011/2012 financial years, these core functions are then aligned to the budget to facilitate the implementation. The implementation plans have committed human and financial resources to enable the municipality to achieve its developmental mandate.

National Key Performance Area(s)	Municipal Key Performance Area(s)	Objective	Strategy	Project	Project Budget			Responsible Department
					09/10	10/11	11/12	
Basic Service Delivery and Infrastructure Investment	Integrated Infrastructure Investment	To minimize the water backlog by 6.8% thereby improving access to communities within the RDP standards	Implementation of new MIG water projects  Rudimentary programme  Protecting unprotected springs  Extension of new water schemes Refurbishment	Implementation of new water schemes  Extension of existing water schemes  Rudimentary programme	R 88,716,087	R 102,227,324	R 70,198,543	Executive Manager: Technical Services

			of existing infrastructure Enhancement of WSDP					
Basic Service Delivery and Infrastructure Investment	Integrated Infrastructure Investment	To operate and maintain the water projects and schemes	Provision of the a budget for operation and maintenance	Operation and maintenance of water projects and schemes	R 3,000,000	R 3,300,000	R 3,630,000	Executive Manager: Technical Services
		To enhance provision of water and sanitation	Water and sanitation provision through the agency	Agency Fees	R 48,198,016	R 53,017,817	R 58,319,599	Executive Manager: Technical Services
		To minimize the sanitation backlog by 29.3% thereby improving access to communities within the RDP standards	Implementation of new MIG sanitation projects	Construction of basic sanitation facilities per household	R 31,296,914	R 39,244,676	R 51,258,457	Executive Manager: Technical Services
Basic Service Delivery and Infrastructure Investment	Integrated Infrastructure Investment	To provide two regional waste sites	Development of two regional waste sites	Preparation of the feasibility study  Review of the Integrated Waste management Plan	Funded for R 1,000,000 during 2008/09, awaiting the outcome of the stud			Executive Manager: Technical Services

Local Economic Development	Economic Development	To ensure 4% economic growth per annum by 2009 and 5% by 2011	Implementation of the initiatives in the LED Plan	Development of the investment profile	Awaiting the outcome of the application			Executive Manager: Planning and Social Development
		To increase formal employment by 3.5% per						
		Reduce the level of unemployment from 65% to 55%						
		To increase formal employment by 3.5% per annum through implementation of the LED	Implementation of the initiatives in the LED Plan	Facilitation of investment of the LED initiatives	165,000	181,500	199,650	Executive Manager: Planning and Social Development
		Reduce the level of unemployment from 65% to 55%						
Local Economic	Economic Development	To ensure 4% economic	Implementation of the	Facilitation of investment of	Awaiting the completion of			

Development		<p>growth per by 2009 and 5% by 2011</p> <p>To increase formal employment by 3.5% per annum through implementation of the Agricultural Strategy</p> <p>Reduce the level of unemployment from 65% to 55%</p>	agricultural strategy	the Agricultural initiatives	the Agricultural Strategy			
Local Economic Development	Economic Development	To implement the projects aimed at addressing immediate poverty needs	Implementation of income generating projects	LED / Mayoral projects	R2,750,000.00	R 3,025,000.00	R3,327,500.00	Executive Manager: Planning and Social Development
		<p>To ensure 4% economic growth per by 2009 and 5% by 2011</p> <p>To increase formal</p>	Implementation of the Tourism strategy	<p>Erection of tourism signage</p> <p>Development of the Tourism route</p>	R 200,000	R 220,000	R 242,000	Executive Manager: Planning and Social Development

		employment by 3.5% per annum through implementation of the Tourism Strategy		Participation in key tourism shows and exhibitions for marketing purposes	R 1,222,320	R 1,344,552	R 1,479,007	
		Reduce the level of unemployment from 65% to 55%		Marketing and promotions for tourism	R 1,222,320	R 1,344,552	R 1,479,007	
Local Economic Development	Socio – Economic Development	To implement HIV/Aids programmes in a holistic manner	Finalization of the HIV/Aids strategy	Implementation of the HIV/aids programmes	R 209,000	R 229,900	R 252,890	Executive Manager: Planning and Social Development
Good Governance and Public Participation	Social Development	To contribute towards development of universal access to sports facilities by 2011	Provision of access of sports facilities to all communities	Coordination of programmes for sports development	R 2,420,000	R 2,662,000	R 2,928,200	Executive Manager: Planning and Social Development
				Participation in SLGA Games- Two new sports codes introduced for SALGA				
				Mayoral Cup Wards development	R 275,000	R 302,500	R 332,750	



Good Governance and Public Participation	Social Development	To commemorate days of national importance	Celebration of days of national importance	Youth Day Women's day	R 624,495	R 686,945	R 755,639	Executive Manager: Planning and Social Development
		To promote Arts and Culture within the District	Undertaking of Arts and Culture programmes	District Cultural Events	R 276,780	R 304,458	R 334,904	Executive Manager: Planning and Social Development
Good Governance and Public Participation	Social Development	To develop programmes that deals with youth, gender and physically handicapped	Developing programmes that are targeting youth, gender, and physically handicapped	Implementation of the youth summit programmes	R 462,000	R 508,200	R 559,020	Executive Manager: Planning and Social Development
				Implementation of the identified programmes for physically handicapped	R 385,000	R 423,500	R 465,850	
Institutional Development and Transformation	Institutional Development	To promote sound administration throughout the Municipality	Development of employees	Capacity building programmes for the employees	R 423,500	R 465,850	R 512,435	Executive Manager: Corporate Services I
Good Governance and Public Participation	Good Governance	To create awareness encourage and active participation of the community	Develop mechanisms of marketing the programmes that are being undertaken by	Public Consultation Development of quarterly newsletters	R 811,000	R 892,100	R 981,310	Executive Manager: Corporate Services

		in council issues	the District	Road shows, media releases, radio talks				
		To maintain good Corporate image for the institution	Production of Corporate material	Shows and exhibitions	R 115,827	R 127,409	R 140,150	Executive Manager: Corporate Services
Good Governance and Public Participation	Strategic Planning	To review a Credible IDP based on up to date and accurate statistics	Obtain up to date and accurate statistics from companies such as Quantex, Global insight	Undertaking of the population survey	R 605,000	R 665,500	R 732,050	Executive Manager: Planning and Social Development
		To strengthen relationship between the DM and LMs	Alignment meetings	Alignment meetings				Executive Manager: Planning and Social Development
		To enhance co-operation with other spheres of government and other private organizations	Develop mechanisms to engage sector departments and other service providers in the IDP processes	IDP representatives meetings / one on one meetings				Executive Manager: Planning and Social Development
		To promote organized	Implementation of IDP Sector	Implementation of the IDP	560,00	616,000	677,600	Executive Manager: Planning and Social

		planning within the district	plans	Sector Plans e.g SDF, Disaster management Plan, Public Transport Plan				Development
Disaster Management	Disaster Management	To adopt and Implement the Disaster Management Plan	Implement the Disaster Management Plan	Priority projects highlighted in the plan	R 1,200,000	R 1,320,000	R 1,452,000	Executive Manager: Planning and Social Development
		To ensure provision of emergency services	Integrated as part of the Disaster Management Plan	Emergency services framework as part of the plan	R 1,420,000	R 1,562,000	R 1,718,200	
				Fire services operating	R 2,357,215	R 2,592,936	R 2,852,230	

## **SECTION G: PROJECTS**

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### **1. INFRASTRUCTURE PROJECTS – 2008/09**

Umzinyathi District Municipality has successfully implementing the 2008/09 MIG projects, an amount of R 81 390 810.00 spent on water and R 6 500 479.84 on sanitation. It must be noted that 25% of the MIG projects undertaken by the municipality are EPWP compliant. The current backlog of households with no water is 74 779 and by the end of the financial year, the municipality will reduce this backlog by 6517 households and the backlog will remain at 68 262 households. The current backlog of households with no access to proper sanitation is 67 657 and by the end of the financial year, the municipality will reduce this backlog by 1876 households and the backlog will remain at 65 781 households.

### **2. INFRASTRUCTURE PROJECTS – 2009/2012**

In terms of the infrastructure projects (water and sanitation), the municipality will be spending an amount to the value of R 382,942,000.00 for the next three years to reduce the water and sanitation backlogs.

The value of 2009/2011 water projects is R 88,680,051.00 and R 31,332,950.000 for sanitation projects. The municipality is intending in reducing the water backlog by 6.8% and sanitation by 29.3% in implementing these projects. These projects will also adhere to EPWP regulations, as 25% will be EPWP compliant. The municipality has also budgeted for Community Services Infrastructure ranging from Community halls, roads, fan parks etc. In the next three years, the municipality will spend an amount to the value of R 13,068,000.00 on such programmes. A detail breakdown of infrastructure projects and municipal programmes is as follows:

<b>CAPITAL BUDGET 2009/2010, 2010/2011 AND 2011/2012</b>						
	<b>Municipal</b>	<b>REVISED</b>	<b>PROPOSED</b>	<b>PROPOSED</b>	<b>PROPOSED</b>	
		<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>	
<b>MUNICIPAL FUNDED CAPITAL PROGRAMMES</b>	<b>Area</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2010/2011</b>	
CCC Equipment	Umzinyathi D.M.	10,000	0	0	0	
Office equipment and Furniture	Umzinyathi D.M.	1,203,614	200,000	220,000	242,000	
Fire Engine Garage			500,000			
Disaster Management Vehicle			300,000			
Vehicle - Office of the Mayor			500,000			
Vehicle - Corporate Services 1400 Bakkie			150,000			
Vehicle - Corporate Services Sedan			250,000			
Vehicles	Umzinyathi D.M.	1,900,000	0	1,870,000	2,057,000	
<b>Administration Assets</b>		<b>3,113,614</b>	<b>1,900,000</b>	<b>2,090,000</b>	<b>2,299,000</b>	
Water & Sanitation Infrastructure Project	Umzinyathi D.M.			5,062,228	10,194,238	
Qhudeni Maxhili Sanitation	Nquthu Municipality		16,000,000	7,000,000	-	
Othame Sanitation	Msinga Municipality		14,000,000			
Infrastructure Projects	Umzinyathi					
Water and Sanitation Projects	Umzinyathi					
<b>Water and Sanitation Projects</b>		<b>0</b>	<b>30,000,000</b>	<b>12,062,228</b>	<b>10,194,238</b>	
Pomeroy Complex Phase 1	Umzinyathi D.M.		5,088,000			
Agricultural Implements (4 x Tractor, trailer, Ploughs)	Umzinyathi D.M.		2,400,000			
Road Maintenance Equipment (Grader)	Umzinyathi D.M.		1,200,000			
Community Services Infrastructure	Umzinyathi D.M.			5,596,800	6,156,480	
Enkamba Community Hall 1 - Msinga	Msinga Municipality	1,200,000				
Enseleni Community Hall 1 - Greytown	uMvoti Municipality	1,200,000				

Prepared by Umzinyathi District Municipality  
20 May 2009

Msinga Poutry Pan	Msinga Municipality	200,000			
Development of 2 Landfill sites	Two Regional Sites	1,000,000	480,000		
Halodi Road		2,000,000	1,400,000		
Nquthu Sewer		2,000,000	2,500,000		
Fan Parks		1,000,000			
<b>Community Services Infrastructure</b>		<b>8,600,000</b>	<b>13,068,000</b>	<b>5,596,800</b>	<b>6,156,480</b>
		<b>11,713,614</b>	<b>44,968,000</b>	<b>19,749,028</b>	<b>18,649,718</b>
<b>MUNICIPAL INFRASTRUCTURE GRANT PROGRAMMES</b>					
<b>Project Title</b>		<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2010/2011</b>
<b>DWAF</b>					
Rudimentary - Umzinyathi	Umzinyathi D.M.	9,500,000	11,937,340	19,884,174	
PMU	Umzinyathi D.M.	2,500,000	-		
<b>Sub Total</b>		<b>12,000,000</b>	<b>11,937,340</b>	<b>19,884,174</b>	<b>-</b>
Ruigtefontein Settlement Sanitation			36,036		
Glenco/Sithembile Bulk Water Services Upgrade	Endumeni Municipality		3,000,000	3,300,000	4,000,000
<b>Sub Total</b>		<b>-</b>	<b>3,036,036</b>	<b>3,300,000</b>	<b>4,000,000</b>
Othame Sanitation	Msinga Municipality	423,561	-	-	-
Pomeroy Sub-Regional Sanitation	Msinga Municipality		-	2,625,000	2,625,000
Pomery-Nkalane Sanitation	Msinga Municipality		-	3,150,000	3,150,000

Prepared by Umzinyathi District Municipality  
20 May 2009

Kwakopi-Mhangana Sanitation	Msinga Municipality		11,403,373	10,987,941	31,659,649
Mthembu West - Tugela Ferry Water	Msinga Municipality	11,986,663	9,771,231	-	-
Ngubukazi Water Scheme	Msinga Municipality	11,200,000	6,522,296	-	-
Pomeroy Sub-Regional Water Scheme	Msinga Municipality	10,708,623		-	-
Keates Drift Water Scheme	Msinga Municipality	-	-	-	-
Mbono Water	Msinga Municipality	-	11,031,050	15,987,941	13,038,024
Ndaya Water	Msinga Municipality	-	-	-	-
Othame/Msinga Top Water	Msinga Municipality		-	3,360,000	3,360,000
Douglas Water	Msinga Municipality		-	2,625,000	2,625,000
Mazabeko Water	Msinga Municipality		-	3,675,000	3,675,000
Mzweni Water	Msinga Municipality		-	-	-
Rorkes Drift Water	Msinga Municipality		-	2,100,000	2,100,000
<b>Sub Total</b>		<b>34,318,847</b>	<b>38,727,949</b>	<b>44,510,882</b>	<b>62,232,673</b>
<b>MUNICIPAL INFRASTRUCTURE GRANT PROGRAMMES</b>					
<b>Project Title</b>		<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2010/2011</b>
Amangwe Buthanani - Isandlwana Phase 1&2 Sanitation	Nquthu Municipality	1,891,046	2,314,652		
KwaJama Household Sanitation	Nquthu Municipality		5,470,853		

		3,593,640			
Nondweni Town Sewage Disposal	Nquthu Municipality	-	-	5,530,350	5,530,350
Qhudeni- Manxili Sanitation	Nquthu Municipality		-	3,675,000	3,675,000
Hlazakazi Water Scheme Phase 1 - Isandlwana	Nquthu Municipality	10,684,377	5,567,172		
Qhudeni Water Scheme	Nquthu Municipality	12,668,064	1,023,640	-	-
Ntinini Regional Water	Nquthu Municipality		-	3,455,025	3,455,025
<b>Sub Total</b>		<b>28,837,128</b>	<b>14,376,317</b>	<b>12,660,375</b>	<b>12,660,375</b>
Mbuba-Ward 9 Sanitation	uMvoti Municipality	5,853,365	1,922,688	-	-
Mbulwane/ Hlimbithwa Sanitation	uMvoti Municipality		-	1,050,000	1,050,000
Muden / Ophathe Sanitation	uMvoti Municipality		-	3,150,000	3,150,000
Muden Regional Water	uMvoti Municipality		5,500,000	12,000,000	16,157,965
Makhabeleni Sanitation	uMvoti Municipality		7,000,000	12,000,000	3,568,458
Makhabeleni Water Phase 4,5 and Bulk Upgrade	uMvoti Municipality		10,308,033	13,031,943	4,862,529
KwaSenge Sanitation	uMvoti Municipality		5,500,000	226,385	-
Ophathe - Water	uMvoti Municipality	11,120,660	10,341,348	7,193,471	8,000,000
Eshane Water Supply Scheme Phase 1	uMvoti Municipality	8,500,000	11,363,289	6,689,770	-



Sinyambothi Water				2,100,000	2,100,000
Mbulwane/ Hlimbithwa Water	uMvoti Municipality		-	2,100,000	2,100,000
Njengabantu Water	uMvoti Municipality		-	1,575,000	1,575,000
Mbuba Water	uMvoti Municipality		-	-	-
<b>Sub Total</b>		<b>25,474,025</b>	<b>51,935,358</b>	<b>61,116,569</b>	<b>42,563,952</b>
<b>TOTAL PROJECT BREAK DOWN</b>		<b>100,630,000</b>	<b>120,013,000</b>	<b>141,472,000</b>	<b>121,457,000</b>
<b>MIG ALLOCATION AS PER DORA</b>			<b>120,013,000</b>	<b>141,472,000</b>	<b>121,457,000</b>
			0	0	0
<b>Water Projects</b>		<b>88,259,433</b>	<b>88,680,051</b>	<b>102,227,324</b>	<b>70,198,543</b>
<b>Sanitation Projects</b>		<b>12,370,567</b>	<b>31,332,950</b>	<b>39,244,676</b>	<b>51,258,457</b>
		<b>100,630,000</b>	<b>120,013,000</b>	<b>141,472,000</b>	<b>121,457,000</b>

In terms of dealing with the issues regarding operation and maintenance, the monthly budget allocation being provided to Uthukela water also includes the operation and maintenance, over and above that, the municipality has budgeted an amount to the value of R 3,000,000.00 to cater for Operation and Maintenance of water projects and schemes to ensure sustainability of the schemes thereby providing water to the communities for a longer period.

On the 13 February 2008, Umzinyathi District Municipality hosted a one day women in construction workshop and the intentions of the workshop were to:

On the 13 February 2008, Umzinyathi District Municipality hosted a one day women in construction workshop and the intentions of the workshop were to:

- Promote and share ideas in construction industry;
- Develop a database of women in construction; and
- Identify the needs of women in construction.

The database of women in construction has been developed and the municipality is currently negotiating with stakeholders to have a mentorship programme especially for women in construction but it will also involve youth and men in the construction industry.

The municipality has obtained funding for the incubator initiative from the Department of Local Government and Traditional Affairs through the Corridor Development to the amount of R 6,140 000.00. Subsequent to receiving funding, on the 05 February 2009, a workshop was convened for women in construction in order to update the database developed in 2008 and to inform the delegates about progress to date regarding the incubator initiative.

The application process for the 30 incubates is near completion. Furthermore, processes to renovate the identified premises to be utilised for the construction incubator are underway. It is envisaged that renovations will be completed by the end of May 2009.

### 3. LED INITIATIVES

#### 3.1 LED Strategy

The municipality has successfully prepared the LED strategy which will serve as a vehicle to stimulate the economic development within the district municipality; the LED strategy will assist the municipality in achieving the following targets:

To develop a competitive but equitable district economy which:

- Accelerates GDP growth by **4%** to 2009 and **5%** by 2011.
- Increases formal employment by **3.5%** per annum (7 645 more formal jobs i.e. a **23%** increase in formal employment between 2005 and 2011).
- Stimulate the establishment and expansion of **300** sustainable **black** SMMEs and Co-operatives by 2011. (75 per annum over 4 years) in the agricultural, tourism and general services sector into the mainstream of the district economy.
- Reduce the level of unemployment from **65% to 55%**.
- Reduce the level of household poverty by **5%** through exploiting the competitive advantages of the district economy.

### 3.2 Overall Goals: Indicators/Target

	Past Performance Average 2000 - 2005	Current recorded performance (2005)	Target (2007 – 2011)	Current Gap
GDP Growth (Future Value)	<b>2,227billion</b>	<b>2,7058</b>	<b>3 165 Billion 2009 3,489 Billion 2011</b>	<b>460 million 784 million</b>
% GDP growth per annum	<b>0,94%</b>	<b>1,04</b>	<b>4% to 2009 5 % to 2009 - 2011</b>	<b>3% to 2009 4% to 2011</b>
Number of people employed	<b>32 275</b>	<b>33350</b>	<b>40 996 by 2011 (3,5% per annum)</b>	<b>7 645</b>
% increase in employment	<b>0.42 per annum</b>	<b>1,1%</b>	<b>3,5 % per annum</b>	<b>2.4 %</b>
% of labour force unemployed	<b>62,23% (2001)</b>	<b>65%</b>	<b>55%</b>	<b>10%</b>
% of labour force employed	<b>43,86%</b>	<b>37,7%</b>	<b>50%</b>	<b>12,3%</b>
% of labour force of unemployed	<b>56,14</b>	<b>63 %</b>	<b>53%</b>	<b>- 10 %</b>
Black SMMEs	<b>?</b>	<b>1113</b>	<b>1413 (300 black SMMEs i.e. 75 per annum</b>	<b>75 per annum</b>
Households living below poverty datum line; R1600 per month)	<b>2001 (79%)</b>	<b>85,7%</b>	<b>75,7%</b>	<b>- 10%</b>

### 3.3 Current Funded LED Initiatives

During 2008/09 financial year, the municipality maintained a good working relationship with the Department of Local Government and Traditional Affairs through Corridor Development and Integrated Sustainable Rural Development Programme units which has yielded positive results for the municipality as funding for the prime initiatives has been received.

The implementation of these projects commenced during the current financial year 2008/09 and will overlapped to 2009/10 financial year.

The details of these initiatives are as follows:

Project Name	Project Description	Project objective	Project location	Project budget	Number of jobs created / to be created		Progress
					Temporary jobs	Permanent jobs	
Northern Region Soya bean project	Cultivation of Soya bean in LRAD farms and in land under Amakhosi areas.	<p>The Soya bean initiative emanated from the economic themes study which was conducted in 2006. The objectives of the project included:</p> <ul style="list-style-type: none"> <li>The establishment of commercially viable black farmers to supply bio-diesel processing plants with soya beans</li> <li>To provide training</li> </ul>	<p>Nquthu Municipality  (Nkande and Mdlenevile areas)</p>	<p>R 7 000 000.00 (DLGTA – Corridor Development programme)  R 108 000. 00 ( Umzinyathi District Municipality)</p>	35	No permanent jobs at this stage	To date, 400 hectares have been planted. Harvesting of the first crop is envisaged to take place during the month of June 2009

		<p>and mentorship to agricultural co-operatives on soya bean planting and business management</p> <ul style="list-style-type: none"> <li>• To facilitate in identifying markets for the soya bean.</li> </ul>					
Construction Incubator project	Establishment of a construction incubator in Umzinyathi District Municipality	The main objective of the project is to establish a facility which will service emerging contractors, particularly women in construction by providing them with training and the necessary mentorship	Umzinyathi District Municipality Offices	R 6,140 000.00	0	30	<p>In 2007, Umzinyathi District Municipality developed a database of women in the construction industry which was utilised as a reference for identifying potential incubates. On the 05<sup>th</sup> February 2009, a workshop was convened for women in construction in order to update the database and to inform the delegates of the construction incubator initiative by the Municipality.</p> <p>The application process for the 30 incubates is near completion.</p>

							Furthermore, processes to renovate the identified premises to be utilised for the construction incubator have been initiated. It is envisaged that renovations will commence in the second week of March 2009 and that by the end of April 2009, the Umzinyathi District Municipality Construction incubator will be in operation
Craft commercialization programme	Commercialisation of the craft industry through capacitating local crafters to enable them to produce high quality craft and identifying local and international markets for the craft.	The objective of the project is to create employment opportunities for local crafters in the craft industry. This will be achieved by capacitating crafters with technical and business skills, ensuring that they have all the necessary registration documentation required for trading and assisting the group of	Nquthu Municipality Nondweni Ward 07	R 250 000 (contribution from DED) R 45 000 (contribution from Umzinyathi District Municipality)	0	17	The initiative has had a positive impact in the target group. This is evident in the progress that has been noted since the inception of the programme. The programme commenced in October 2008 and is due to be completed in March 2009.  The group is already involved in some national craft

		crafters in identifying local and international markets and marketing their products					exhibitions shows (a representative from the group will be attending an exhibition in Johannesburg on 02 March 2009.)
Msinga agri-business project	Establishment of an agro processing project in Msinga	The objective of the project is to commercialize agricultural activities in Msinga thus creating employment opportunities for the residents of Msinga Municipality. The project intends to produce tomatoes, peppers and cucumber for commercial purposes.	Msinga Top	R 3, 8 million (Gijima KZN- DED)  R 1, 3 million ( DLGTA- special initiatives unit)			It was reported that renovations of tunnels which will be used for planting the crops has been completed. The R 1,3 million which was applied for by the District Municipality on behalf of the project will be used for infrastructure development ( i.e. construction of a cold room facility and office block)
Msinga pack house project	The development of a business plan for the Msinga agricultural pack house	The objective of the project is to develop a business plan which will enable the resuscitation of the non-operational Msinga	Msinga Local Municipality  Tugela Ferry	R 150 000.00 (DLGTA – ISRDP)	None	None	The project will entail modifying the existing business plan which was prepared by the Department of Agriculture and



		Agricultural pack house					<p>Environmental Affairs in order to operationalise the pack house.</p> <p>It is envisaged that the consultant to undertake the development of the business plan will be appointed during the month of March 2009. Thereafter, funding for the implementation of the business plan will be sourced from various avenues (NB: the Department of Agriculture and Environmental affairs initially prepared the business plan with the intention of funding the operationalization of the structure)</p>
Msinga stone crushing project	The development of a business plan for the establishment of a stone crushing plant in Msinga Local Municipality	The objective of the project is to develop a bankable business plan. The business plan will be based on the findings of the feasibility study which	Msinga	R 150 000.00 (DLGTA – ISRDP)	None	None	The feasibility report produced by the consultants who were commissioned by the Department of Transport concluded that the proposed stone

		<p>was undertaken by the Department of Transport which concluded that the stoned crushing plant would be a viable economic development project</p>					<p>crushing plant in Msinga Municipality would be a viable venture.</p> <p>It is anticipated that the Municipality will be advertising a call for proposal for suitable service providers to develop a business plan during the month of March 2009.</p>
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### 3.4 LED initiatives under implementation / Complete

The progress to date regarding other initiatives which are being implemented by the municipality during 2008/09 financial year is as follows:

<b>Project Name</b>	<b>Funding Source</b>	<b>Funding amount</b>	<b>Project Status</b>
LED Strategy	Gijima KZN	R 522 020.00	The project is complete. Council adopted the strategy in December 2008
Agricultural strategy	Gijima KZN	R 476 130.00	The project is complete. Council adopted the strategy in December 2008
Integrating SMME'S into the local economy	Gijima KZN	R 820 300.00	The project is complete
District Tourism Strategy	DLGTA- Project Consolidate Unit	R500 000.00.	Draft tourism strategy in place, awaiting approval by Council
District Signage project	DLGTA- Project Consolidate Unit	R500 000.00	Completed in May 2009
Mangeni Waterfall-Nquthu	DLGTA- Project Consolidate Unit	R120 000.00	Project complete
Endumeni Taxi Rank Market Stalls	DLGTA- Project Consolidate Unit	R1 000 000.00	Project complete
Kwakopi Curio Shop- extension- Msinga	DLGTA- Project Consolidate Unit	R300 000.00	Project complete
Muden Arts & Craft-uMvoti	DLGTA- Project Consolidate Unit	R120 000.00	Project complete
Eqhudeni Agribusiness-Nquthu	DLGTA – ISRDP Unit	R150 000.00	Project complete. The business plan was submitted to DLGTA for funding and an indication was giving that funding thereof was approved.  Awaiting further details from the Department on the

			progress thereof.
Agriculture Pack house-Msinga	DLGTA – ISRDP Unit	R150 000.00	In the process of appointing a service provider to develop the business plan
Stone Crushing Plant-Msinga	DLGTA – ISRDP Unit	R150 000.00	Feasibility study deemed the project feasible,  In the process of appointing a service provider to prepare a business plan
Bee & mushroom Farming-uMvoti	DLGTA – ISRDP Unit	R150 000.00	Project complete the feasibility study deemed the project to be non- viable

### 3.5 LED Initiatives under Planning Process

The LED Strategy and Agricultural strategy have been adopted by Council. The Tourism strategy is in the process of being finalized hence some of its initiatives have been packed. The municipality has packaged initiatives emanating from these strategies to lobby for funding from funding institutions for implementation. The initiatives which have been packaged from these two strategies are as follows:

Project	Nature	Comments
R 33 upgrade (Umvoti, Msinga)	Infrastructure project	The upgrade of this road is to serve both Tourism and enhance Local Economic Development. It is felt that upgrading this road could have positive impact on the economic activities of the District, particularly Tourism.
Establishment of information offices in the following areas:  <ul style="list-style-type: none"> <li>• Nquthu and Rorke's drift</li> <li>• Tugela Ferry</li> </ul> Upgrade info office in Umvoti	Tourism	Strategic points along cultural and heritage routes
Upgrade of access roads to historical sites: <ul style="list-style-type: none"> <li>• Rorke's drift</li> <li>• Blood river</li> <li>• Isandlwana</li> </ul>	Infrastructure project	There is also a need to upgrade access roads to tourist attractions. Incidents have been quoted of tourist busses being stuck on some roads due to poor conditions of the roads.

Mangeni Waterfalls : <ul style="list-style-type: none"> <li>• Mangeni Memorial and Village Tour</li> <li>• Isandlwana Tour Operator</li> </ul>	Tourism development project	Establishment of a memorial and interpretation facility in Mangeni falls to illustrate significant historical and cultural events  To facilitate visitors' immersion in historical events and contemporary natural attraction
Isandlwana development initiative	Infrastructure/ Tourism development project	Development of a museum and family resort around the Isandlwana area.
<b>Project /intervention</b>	<b>Nature</b>	<b>Comments</b>
Establishment of LED institutional framework (structures and LED units)		To enhance the functioning of LED institutions within the district in order to be able to implement LED initiatives effectively
Fruit and vegetable market in the District	Agricultural	Central point to sell fresh produce in the District.
Vegetable production and packaging	Agriculture	Umvoti and Msinga have been identified in the LED strategy as areas with land suitable for vegetable production
Water harvesting project	Agricultural	A food security initiative which can subsequently lead to households supplying excess produce to the proposed fruit and vegetable market
Feedlots	Agricultural	There are a number of farms in the District, particularly LRAD farms where feedlots can be established.
Maize farming projects in Endumeni and Nquthu	Agricultural	Maize can be grown for milling purposes and the by-products can supply the feedlots
Tannery project	Agricultural (value adding)	The project can be linked to the feedlot, abattoir and craft production projects i.e. animals move from feedlot → abattoir → skin treated in tannery → supply the craft production project in Msinga or other identified projects
Charcoal processing in Umvoti Municipality	Agro- processing	Charcoal is a by- product of wood and since there is a lot of forestry activities in Umvoti, it is felt that this could be a potential LED project

### **3.6 SMME SUPPORT**

Umzinyathi District Municipality is concerned with the high levels of unemployment within the district while it has a developmental mandate to stimulate the economy by enhancing the operational levels on the SMME's and integrate them into the local economy. In addressing this challenge, a study was commissioned to assist the municipality in addressing issues relating to SMME's. The aim of the study was to provide the municipality with the means to promote entrepreneurial growth and integration of SMMEs into the formal economy. The objectives of the project were as follows:

- Gain a clear understanding of small businesses in the area;
- Develop a database of SMMEs and established businesses in Umzinyathi; and
- Initiate a business support system.

The findings of this study are as follows:

- 41% of companies claim SARS registration;
- Average number of fulltime employees is 5 and 4 part time employees;
- 80% keep some form of financial records;
- Banking is very common;
- 80-90% companies are BEE compliant;

As part of the findings, educational needs were also highlighted amongst the critical needs for the SMME's which are as follows:

- Large demand for skills, almost every business owner wants education;

- Most popular (in order of importance):
  - General business skills; Marketing; Financial skills; English; Computer skills; and Construction, plumbing, carpentry, clothing design, sewing.

As part of the findings of the research, the establishment of a business support system came out very strongly and the municipality is currently lobbying for support from private and public institutions to form partnership in developing the support system, this support system will serve to:

- Facilitate partnership arrangements between Umziyathi DM, KZNDED, SEDA & Tradepoint
- Develop and pilot on-line
- SMME website (Tradepoint)
- Mentorship and support to centre manager

To date, a database of existing SMME's within the district municipality is in place and a website for this database has been developed and is operational. The purpose of developing the website is to market the SMME's and also to make their services easily accessible for procurement purposes.

## **SECTION H: BUDGET OVERVIEW / SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)**

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### **1. BUDGET OVERVIEW**

The Budget for 2009/10 has been finalised and incorporated into the IDP. The budget below is a draft budget for 2009/2010 and it also contains indicative figures for 2010/11 and 2011/12 and revised budget for 2008/09.

- The municipal income was R 224,937,800.00 during 2008/09 and it has increased to R 310,082,740.00 during 2009/10 financial year;
- The expenditure was R 224,937,800.00 during 2008/09 and it will be increasing to R 310,082,740 during 2009/10 financial year;
- The budget for operational programmes was R64,185,107.00 during 2008/09, it has been increased to R 79,950,065.00 for 2009/10 financial year;
- The budget for capital projects was R 100,630,000.00 during 2008/09 and it has been increased to R 120,013,000.00 for 2009/10 financial year; and
- The conditional grants and subsidies were R 14,202,000.00 during 2008/09 and it has increased to 31,414,000.00 for 2009/10 financial year.

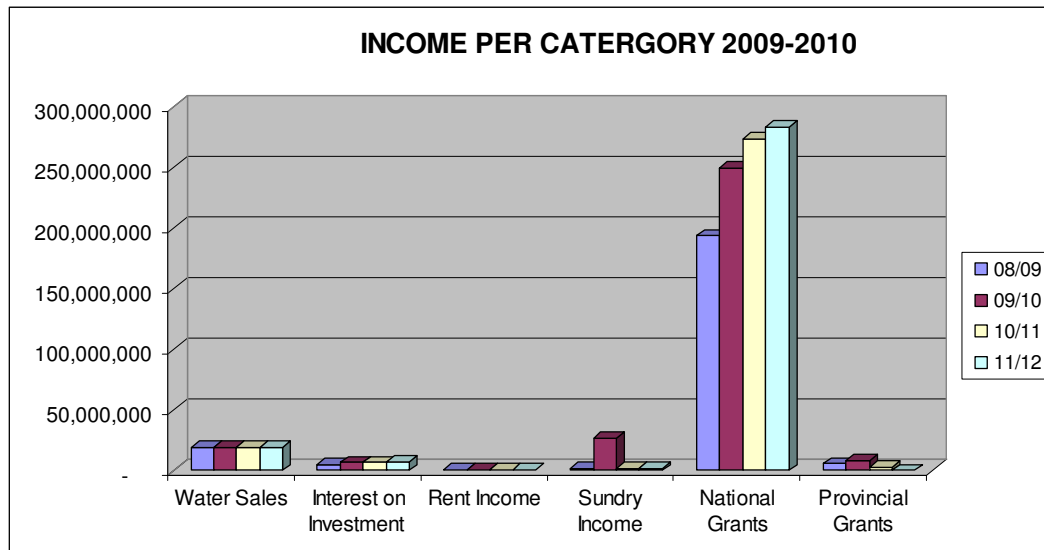


<b>INCOME</b>	<b>Revised 2008/09</b>	<b>BUDGET 2009/10</b>	<b>Indicative 2010/11</b>	<b>Indicative 2011/12</b>
<b>COUNCIL</b>	(32,933,000)	(43,406,620)	(54,974,181)	(60,063,131)
<b>CORPORATE SERVICES</b>	(348,000)	(377,867)	(415,654)	(457,219)
<b>FINANCE</b>	(20,509,500)	(48,391,043)	(25,147,932)	(27,638,926)
<b>TECHNICAL SERVICES</b>	(107,052,000)	(142,039,500)	(142,740,150)	(140,489,965)
<b>MUNICIPAL MANAGER</b>	0	0	0	0
<b>PLANNING AND SOCIAL DEVELOPMENT</b>	(6,195,300)	(8,990,330)	(3,261,963)	(894,459)
<b>WATER SERVICES</b>	(57,900,000)	(66,877,380)	(77,042,969)	(82,255,320)
<b>TOTAL INCOME</b>	<b>(224,937,800)</b>	<b>(310,082,740)</b>	<b>(303,582,849)</b>	<b>(311,799,021)</b>
<b>EXPENDITURE</b>	<b>Revised 2008/09</b>	<b>BUDGET 2009/10</b>	<b>Indicative 2010/11</b>	<b>Indicative 2011/12</b>
<b>COUNCIL</b>	5,282,220	5,671,437	6,238,580	6,862,438
<b>CORPORATE SERVICES</b>	16,645,544	17,527,821	19,280,603	21,208,663
<b>FINANCE</b>	6,799,275	23,542,682	16,369,485	15,156,434
<b>TECHNICAL SERVICES</b>	124,218,745	160,054,723	159,606,896	157,448,960
<b>MUNICIPAL MANAGER</b>	2,137,654	5,026,100	5,528,710	6,081,581
<b>PLANNING AND SOCIAL DEVELOPMENT</b>	27,138,312	32,404,861	29,017,948	29,226,042
<b>WATER SERVICES</b>	42,716,051	65,855,116	67,540,628	75,814,902
<b>TOTAL EXPENDITURE</b>	<b>224,937,800</b>	<b>310,082,740</b>	<b>303,582,849</b>	<b>311,799,021</b>
<b>SURPLUS / DIFFICIT</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>

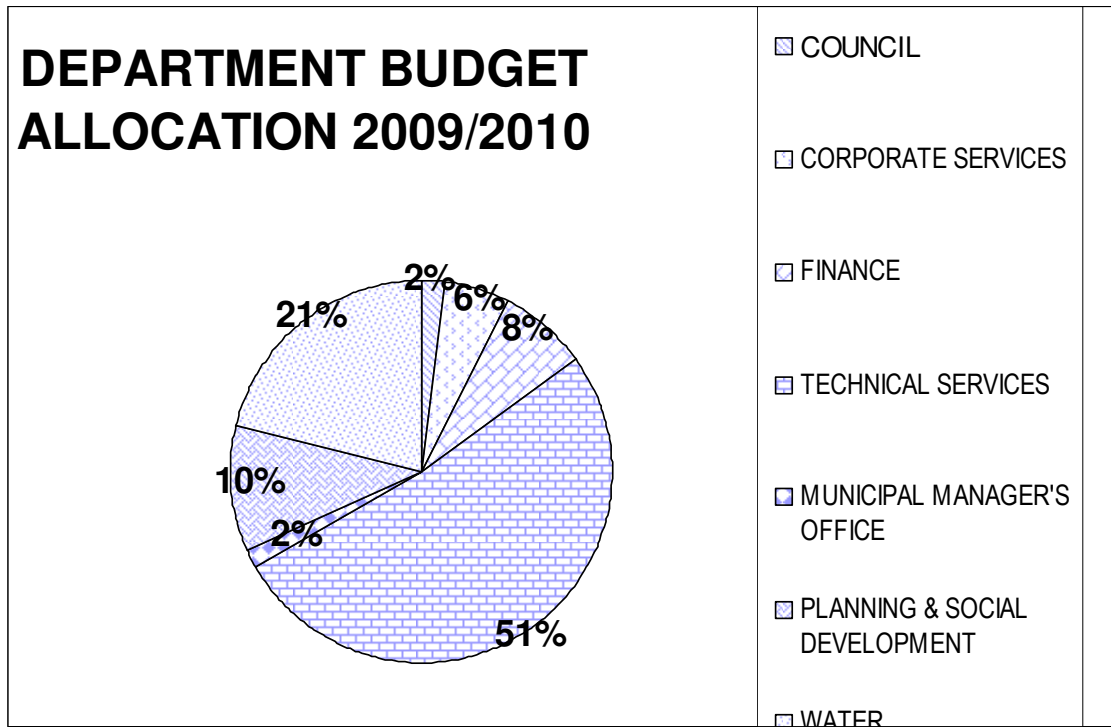
<b>INCOME</b>	<b>Revised 2008/09</b>	<b>BUDGET 2009/10</b>	<b>Indicative 2010/11</b>	<b>Indicative 2011/12</b>
Water Sales	(19,000,000)	(19,000,000)	(19,000,000)	(19,000,000)
Interest on Investment	(5,000,500)	(6,500,000)	(6,679,932)	(7,347,926)
Rent Income	(330,000)	(363,000)	(399,300)	(439,230)
Sundry Income	(1,533,300)	(26,413,740)	(1,565,017)	(1,583,805)
National Grants	(193,614,000)	(249,551,000)	(273,427,000)	(283,324,000)
Provincial Grants	(5,460,000)	(8,255,000)	(2,511,600)	(104,060)
<b>TOTAL REVENUE</b>	<b>(224,937,800)</b>	<b>(310,082,740)</b>	<b>(303,582,849)</b>	<b>(311,799,021)</b>
	<b>Revised 2008/09</b>	<b>BUDGET 2009/10</b>	<b>Indicative 2010/11</b>	<b>Indicative 2011/12</b>
<b>OPERATING EXPENDITURE</b>				
Salaries, Wages & Allowances	23,572,913	29,258,213	32,184,034	35,402,437
General Expenses	72,394,011	86,863,768	95,550,145	105,105,160
Repairs & Maintenance	1,558,647	4,335,968	4,769,565	5,246,521
Capital Charges	866,615	953,277	1,048,604	1,153,465
Contribution to Capital Outlay	11,713,614	36,586,000	22,417,135	21,584,636
Contributions Funds and Reserves				

	114,832,000	152,085,515	147,613,366	143,306,803
<b>TOTAL EXPENDITURE</b>	<b>224,937,800</b>	<b>310,082,740</b>	<b>303,582,849</b>	<b>311,799,021</b>
<b>NETT DEFICIT/-SURPLUS</b>	-	(0)	0	(0)
<b>SALARIES AND WAGES AS A PERCENTAGE</b>		9%	11%	11%

The following graph provides a summary of income sources for the municipality, the most important element regarding the income is that more than 51% of the income for the municipality is being sourced from the grants.



The expenditure by department is shown in the graph below:



The largest expenditure of the capital budget is allocated for Technical Services (51.62%) which deals with infrastructural projects followed by water at 21.24%. This is followed by the Planning and Social Development Department (10.45%) which deals with LED and other social development projects, Finance Department (7.59%), Corporate Services (5.65%), Council (1.83%) and Municipal Managers Office (1.62%).

## **2. FINANCIAL PLAN**

Umzinyathi District Municipality successfully completed the preparation the comprehensive Financial Plan during 2008/09 which includes the current status, future plans and the gaps, as well as a strategy on eliminating the gaps. The Financial plan is regarded as one of the key plans towards the successful implementation of the IDP. It cuts across all IDP issues, strategies and programmes since all of them require funding input. The financial plan has an impact on all other development dimensions within the municipality. Hence, financial plan preparation would always seek to find better ways and means of sourcing funding and managing it efficiently while expediting the implementation of IDP priority issues.

### **2.1 Key Municipal Financial Challenges**

- The district economy remains too dependant on government and social services;
- The GDP per capita value of the district economy is the second smallest in KwaZulu-Natal;
- Mining, manufacturing remain declining sectors but have some strength in their resilient remnants;
- There is a weak social base, with the district having the highest levels of unemployment and illiteracy in KwaZulu –Natal;
- Umzinyathi has the second lowest Human Development Index of all the districts in the province;
- There are low levels of local demand as a result of low household income;
- The southern municipal clusters in particular have an outward focus (towards the Midlands in particular). There is substantial economic leakage from these economies;
- There are low levels of reinvestment into productive sectors. The service sector dominates the economy and there is limited investment in tourism and agriculture;
- The District is largely rural, with a low population density. This means that purchasing power is diluted and service costs are higher;

- There has been a lack of progress around meaningful and practical Growth and Development partnerships between government, business and civil society to optimise the district economies strengths and deal with threats and weaknesses;

In this regard, the financial response to the challenges facing the Umzinyathi District require that our limited resources are used strategically and that a focus be given to growing the revenue streams available to address current and future needs. Based on the Municipality's strategic focus areas, the allocation of resources in the Medium Term Expenditure Framework (MTEF) should strongly reflect a "Develop and Maintain" budget.

## **2.2 Financial Strategy Overview**

Plugging the holes by:

- Promoting effective expenditure to avoid recurring surpluses on operating budget and conditional grants;
- vigorously pursuing credit control policies; and
- increasing efficiencies by working smarter, managing performance and alternative service delivery mechanisms.

Increasing revenue by:

- Improving collections;
- Increasing rates base;
- Increasing share of intergovernmental grants to pay for unfunded/partially funded mandates;
- Vigorously pursuing cost cutting measures; and
- Pursuing public private partnerships at both programme and project level.

## **3. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

The 2009/10 Service Delivery and Budget Implementation Plan will be prepared once the IDP and Budget have been approved and adopted by Council, but it will be prepared within 28 days after budget is adopted by Council.

The Service Delivery and Budget Implementation Plan will be prepared as required by the Municipal Finance Management Act (MFMA) using the National Treasury circular identifying key components as follows:

- Monthly projections of revenue to be collected for each source;
- Monthly projections of expenditure (Operating and Capital) and revenue for each vote;
- Quarterly projections of service delivery targets and performance indicators for each vote;
- Ward information for expenditure and service delivery; and
- Detailed capital works plan broken down by ward over three years.

#### **4. REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2008**

Umzinyathi District Municipality successfully submitted the financial statements of the year ended 30 June 2008 to the office of the Auditor General, and subsequently the Auditor General has submitted to the municipality the following report on the financial statements.

##### **Introduction**

1. I have audited the accompanying financial statements of the uMzinyathi District Municipality which comprise the statement of financial position as at 30 June 2008, statement of financial performance, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages

##### **Responsibility of the Accounting Officer for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note 1 and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
  - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - selecting and applying appropriate accounting policies
  - making accounting estimates that are reasonable in the circumstances.



### **Responsibility of the Auditor-General**

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
  - appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Basis of accounting**

8. The Municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1.

### **Basis for qualified opinion**

#### **Property, plant and equipment**

9. The following deficiencies were identified in the management of the municipality's assets:
  - Some assets did not have bar codes; consequently it could not be located in the asset register.
  - Assets that were not used and are obsolete were not removed from the asset register.

- Certain assets recorded in the asset register could not be physically located.
- Certain assets selected from the floor could not be traced to the asset register.
- Assets amounting to R115 000, purchased during the year could not be traced to the asset register.

The lack of a proper asset management system was also reported on in 2007 which caused us to disclaim our audit opinion on the financial statements as at 30 June 2007. Consequently, I was unable to obtain sufficient appropriate audit evidence to confirm the existence and completeness of assets amounting to R3,38 million (2007: R3.5 million).

### **Management Comment**

The assets that did not have barcodes are assets purchased for the new financial year 2008/2009 to be included in assets register for 2008/2009. Absolutes assets will be taken out of the assets register in 08/09. The list of assets that could not be located has been found and is available for audit. Assets are on the assets register audit will be given a detailed assets register to ratify this in 08/09. A policy with regards to this fixed asset register is being developed to limit the movement of asset without proper authorizing and the asset register will be timeously updated.

**Responsible Person:** BB Mdletshe

**Title** : Chief Financial Officer.

**Date** : 28 February 2009

### **Receivables**

10. I was unable to obtain the supporting documents and reconciliations, considered necessary for my audit, for debtors balances of R2,06 million (2007: R1,6 million) which also recorded no movement since the prior year.
11. Included under debtors was a balance of R7,49 million (2007: R8,14 million) owing from uThukela Water (Pty) Ltd. This entity has not produced financial statements since inception and was therefore unable to confirm the balance
12. .The debtors suspense accounts of R270 522 (2007: R315 000) were not cleared at year-end. Furthermore I was unable to obtain the supporting documents and reconciliations considered necessary for my audit to determine the effect on the financial statements had these balances been cleared.

The above issues were reported in 2007 which caused us to disclaim our audit opinion on the financial statements as at 30 June 2007. Consequently there were no satisfactory audit procedures that could be performed to obtain reasonable assurance on the valuation, existence and the municipality's rights and obligation to the outstanding balances in the current year and prior year.

**Management Comment**

An amount of R2.06 million will be investigated as per audit recommendation and necessary adjustments processed in 2008/2009 financial year.

A provision for bad debt will be raised for the amount of R7.49 million as there is no assurance that the Municipality will receive this amount from uThukela Water.

Debtors suspense amount of R270 522 will be investigated as per audit recommendation and necessary adjustments processed in 2008/2009 financial year.

**Responsible Person:** BB Mdletshe

**Title** : Chief Financial Officer.

**Date** : 28 February 2009

**Payables**

13. I was unable to obtain the supporting documents and reconciliations considered necessary for my audit, for the creditors balance of R2,40 million (2007: R1,8 million), which also recorded no movement since the prior year. The above issues were reported in 2007 which caused us to disclaim our audit opinion on the financial statements as at 30 June 2007. Consequently, there were no satisfactory audit procedures that could be performed to obtain reasonable assurance on the valuation, existence and the municipality's rights and obligation to these balances in the current year and prior year.

**Management Comment**

An amount of R2.40 million will be investigated as per audit recommendation and necessary adjustments processed in 2008/2009 financial year.

**Responsible Person:** BB Mdletshe

**Title** : Chief Financial Officer.

**Date** : 28 February 2009

**Subsidiaries, associates and joint ventures**

14. UThukela Water (Pty) Ltd, the municipal entity appointed as the water services provider for the District, has since inception in 2004 not produced a set of financial statements. Due to the serious financial crisis within this entity resulting in a Provincial intervention in terms of section 139 of the MFMA the Municipality was therefore unable to reasonably determine the value of its investment in the entity.

Consequently, the financial statements did not include any disclosure in the current and prior year of the investment held in uThukela Water (Pty) Ltd.

### **Management Comment**

All documentation relating to the movement of the uThukela Water control account was provided for the audit.

Entries raised to uThukela Water's Control account originated from uThukela Water monthly report, which were presented for audit.

We will raise uThukela Water Investments by Debiting uThukela Investment with the assets transferred to uThukela and Crediting Re-capitalisation Reserve.

Recommendation of the MEC and Auditor General will be implemented in 2008/2009.

**Responsible Person** : BB Mdletshe

**Title** : Chief Financial Officer.

**Date** : 28 February 2009

### **Taxes and VAT**

15. An amount of R7,97 million claimed by uMzinyathi District Municipality with respect to the VAT input for the year ended 30 June 2008 is in dispute with the South African Revenue Service (SARS).
16. Output VAT to the value of R13,26 million claimed by SARS in respect of water sales not declared by the Municipality (but declared by uThukela Water) for the period May 2005 to June 2006 is also in dispute.

In addition, no reconciliation has been performed to support the VAT debtor of R29,48 million disclosed in the annual financial statements.

These issues were reported in 2007 which caused us to disclaim our audit opinion on the financial statements as at 30 June 2007. There were no satisfactory audit procedures that could be performed to obtain reasonable assurance regarding the valuation, existence, completeness and the municipality's rights and obligation to the receivable of R29,48 million (2007: R18,75 million).

### **Management Comment**

Vat 201 is compiled as per input and output schedules from the general ledger.

Vat 201 reconciliations are available for audit purposes.

PWC has been appointed to assist with Vat objections and objection supporting documents have been launched with SARS. We await the finalisation on this matter in 2008/2009.

**Responsible Person :** BB Mdletshe

**Title :** Chief Financial Officer

**Date :** 28 February 2009

### **Government grants**

17. Included under unspent conditional grants is an amount of R874 000, for which there has no movement since the prior year. I was unable to obtain the supporting documents and agreements in respect of these grants. Consequently, there were no satisfactory audit procedures that could be performed to obtain reasonable assurance on the valuation, existence and the municipality's rights and obligation to these balances.

### **Management Comment**

An amount of R874 000 will be investigated as per audit recommendation and necessary adjustments processed in 2008/2009 financial year.

**Responsible Person:** BB Mdletshe

**Title:** Chief Financial Officer

**Date:** 28 February 2009

### **Corresponding figures**

18. The auditor's report on the prior period included a disclaimer of opinion. The following matters, although resolved in the current year, were not adjusted in the prior year. As a consequence the affected comparative amounts and opening balances were also either misstated or could not be audited.

- Included in corresponding figures are the operating results for the water services functions for the year ended 30 June 2007 which were incorrectly incorporated into the financial statements in the prior year. As a result income and expenditure for 2007 is overstated by R41 million and R38, 7 million respectively.
- Included in the corresponding figures for debtors and creditors are balances relating to the transfer of the water function to uThukela Water (Pty) Ltd which have not been written off. As a result debtors and creditors for 2007 are overstated by R34, 2 million and R25, 1 million respectively.
- The investment in New Republic Bank was placed under receivership and a confirmation of 45% distribution was confirmed by the joint receiver. However included in investments for 2007 is the full capital balance of R1, 5 million. As a result investments are overstated and accumulated surplus is understated by R851 700 in 2007.
- As a result of the errors found with the recording and management of leave transactions and balances, I could not satisfy myself regarding the accuracy of leave balances recorded for each staff. As a result I could not

satisfy myself regarding the valuation and completeness of the 2007 leave provision of R813 000.

### **Management Comment**

The corresponding balances changed due to audit recommendation for previous Financial year and these balances were supported and presented to audit. We will monitor this in 2008/2009 and implement the audit recommendations.

**Responsible Person** : BB Mdletshe

**Title** : Chief Financial Officer

**Date** : 28 February 2009

### **Qualified opinion**

19. In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to the matters described in the basis for qualified opinion paragraphs, the financial statements of the uMzinyathi District Municipality as at 30 June 2008 and its financial performance and cash flows for the year then ended have been prepared, in all material respects, in accordance with the basis of accounting as set out in accounting policy note 1 and in the manner required by the MFMA and DoRA.

### **Emphasis of matter**

I draw attention to the following matter:

#### **Significant uncertainty**

20. In May 2004 the Municipality entered into a water services provider agreement with uThukela Water (Pty) Ltd (WSP), together with two other water services authorities. As a result of a material breach of the terms and conditions of the agreement and the serious financial mismanagement within the entity, the MEC of the Department of Local Government has intervened in terms of section 139 of the MFMA. This has created significant uncertainty on the ability of the WSP to effectively carry out the water services function on behalf of the district. At year end the effect of the intervention on the operations of uMzinyathi District Municipality could not be determined.

### **Management Comment**

We will await recommendation of MEC intervention to resolve the issues of uThukela Water.

### **OTHER MATTERS**

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

### Internal controls

21. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the Municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.
22. The table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorized according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
Property, plant and equipments	✓		✓	✓	✓
Receivables			✓		✓
Payables			✓		✓
Subsidiaries, associates and joint ventures	✓		✓		
Taxes and VAT			✓		
Government grants			✓		
Corresponding figures	✓				✓

Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.

Control activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.

Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.

Monitoring: covers external oversight of internal controls over financial reporting by

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.					

### **Management Comments**

Internal auditors appointed will assist the Municipality to improve control environment and management will implement audit recommendations.

### **Non-compliance with applicable legislation Municipal Finance Management Act**

23. The municipality did not have a risk assessment committee to develop and implement the risk assessment processes. A formal risk assessment was not undertaken during the year under review and a risk management policy and fraud prevention plan has not been developed in compliance with section 62(1)(c) of the MFMA.
24. The Municipality did not have written delegations of authority in place as required by section 79 of the MFMA.

### **Matters of governance**

25. The MFMA tasks the Accounting Officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
<b>Audit committee</b>		
• The Municipality had an audit committee in operation throughout the financial year.		✓
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		✓
<b>Internal audit</b>		
• The Municipality had an internal audit function in operation throughout the financial year.		✓
• The internal audit function operates in terms of an approved internal audit plan.		✓
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		✓
<b>Other matters of governance</b>		
• The annual financial statements were submitted for auditing as per the legislated deadlines (section 126 of the MFMA).	✓	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		✓



<b>Matter of governance</b>	<b>Yes</b>	<b>No</b>
<ul style="list-style-type: none"> <li>The financial statements submitted for auditing were not subject to any material amendments resulting from the audit.</li> </ul>		✓
<ul style="list-style-type: none"> <li>No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.</li> </ul>	✓	
<ul style="list-style-type: none"> <li>The prior year's external audit recommendations have been substantially implemented.</li> </ul>		✓
<b>Implementation of Standards of Generally Recognised Accounting Practice (GRAP)</b>		
<ul style="list-style-type: none"> <li>The Municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.</li> </ul>		✓
<ul style="list-style-type: none"> <li>The Municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007 detailing progress towards full compliance with GRAP.</li> </ul>		✓
<ul style="list-style-type: none"> <li>The Municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.</li> </ul>		✓

#### **Unaudited supplementary schedules**

26. The supplementary information set out in appendices A to J did not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

#### **Management Comments**

Internal auditors appointed will assist the Municipality to improve control environment and management will implement audit recommendations.

#### **OTHER REPORTING RESPONSIBILITIES**

##### **REPORT ON PERFORMANCE INFORMATION**

27. I have reviewed the performance information as set out on pages xx to xx.

##### **Responsibility of the Accounting Officer for the performance information**

23. In terms of section 121(3)(c) of the MFMA, the annual report of a Municipality must include the annual performance report of the Municipality prepared by the Municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

##### **Responsibility of the Auditor-General**

28. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

29. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
30. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

### **Audit findings (performance information)**

#### **Non-compliance with regulatory requirements**

31. Section 14 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires that the internal auditors review the quarterly and annual performance information reports as part of its annual audit plan. However, the internal auditor at uMzinyathi District Municipality did not review the performance management reports as part of its annual audit plan.
32. The Municipality did not have a performance management committee as required by section 14 (1) (c) (ii) of the MSA.

#### **Measurable objectives not consistent**

33. I draw attention to the fact that the reporting of actual performance in the performance report is materially inconsistent with the targets and performance indicators included in the integrated development plan (IDP) in that the IDP records a percentage achievement for each key performance area whilst the performance report only documents the municipality's progress to date. The following table highlights the difference:

<b>Strategies</b>	<b>Key performance indicator (General key performance indicators) (IDP)</b>	<b>Target per key performance indicator (performance report) (IDP)</b>	<b>Actual achievement per the performance report</b>
1.1 Drilling of boreholes	Percentage decrease in communities without water	14%	During 2007-08 uMzinyathi District Municipality implemented the MIG projects to the value of R63 956 054, 26. The Municipality intended reducing the current backlog of 74% in relation to water and 68% in relation to sanitation by 20%. Most of the water and sanitation schemes which were being implemented by the Municipality were aimed at laying infrastructural foundation as they were new projects providing communities with access to water and sanitation. According to the backlog study prepared by Jeffares and Green (Pty) Ltd, it
1.2 Protecting unprotected springs			
1.3 Extension of existing schemes			
2.1 Connection and provision of infrastructure to	A percentage Of the communities	90%	

the bulk water mains	With access to standpipes not more than 200 m away	states that it will take approximately 28 years to address the current backlog at a cost of approximately R1, 37 billion; this is in relation to the MIG allocation being received by the municipality. It must also be noted that 25% of the MIG projects undertaken by the municipality were EPWP compliant.
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### APPRECIATION

34. The assistance rendered by the staff of the uMzinyathi District Municipality during the audit is sincerely appreciated.

Pietermaritzburg

28 November 2008



A U D I T O R - G E N E R A L

## **SECTION I: ORGANIZATIONAL PERFORMANCE MANAGEMENT SYSTEM**

### **1. PERFORMANCE MANAGEMENT SYSTEM**

The Performance Management System in Umzinyathi District Municipality has been focusing on Individual Performance Management System as opposed to Organizational Performance Management System. The 2008/09 Performance agreements and employment contracts for all Section 57 Managers have been signed and quarterly assessments are being undertaken per each quarter, and reports forwarded to the Internal Auditors and then Audit committee. The two performance audit reports are in the process of being submitted to Council.

The performance agreements of the Section 57 Manager emanated from the Service Delivery and Budget Implementation Plan which links the organizational goals and targets of the organization. The municipality is in the process of cascading the linking the performance agreements of the Section 57 Managers to the employees of the organization.

Since the promulgation of the 2006 Performance Regulations, the municipality has been utilising the municipal performance regulations in drafting the performance agreements of the Section 57 employees and also monitor their performance on quarterly basis.

During 2007/08, the municipalities commenced with the developing Organisational Performance Management System that will address the performance needs of the organization and also serve to promote a culture of performance management and to administer its affairs in an economical, effective, efficient and accountable manner as required by Section 38 of the Municipal Systems Act (No32 of 2000). The municipality has completed the development of the system, it in the process of being submitted to the Audit Committee in March for consideration and subsequently to Council for approval and adoption. The following has been developed as part of the system:

- Organisational Scorecard;
  
- Four Departmental Scorecards;

- Performance Framework Plan; and
- Performance Policy.

The above mentioned documents have been submitted to the Department of Local Government and Traditional Affairs for comments, and comments have been received and integrated into the documents. These documents have also been submitted to the Internal Auditors for comments, and they have been adjusted as per the comments. The next step is to submit the documents to the Audit Committee, and subsequently to Council for adoption. The scorecards for 2009/10 have been developed and integrated into the 2009/10 IDP Review.

The organisational and departmental scorecards have been attached to the IDP as Annexure J 3.

## **2. ANNUAL REPORT**

Umzinyathi District Municipality has prepared the 2007/08 annual report as required by Section 46 (1) of the Municipal System Act. The annual report was tabled before Council on the 22 January 2009 for approval, and subsequently approved.

Subsequent to the approval by Council, the annual report has been advertised for public terms as required by Section 127 (5) (a) of the Municipal Finance Management Act. The document has also been submitted to the Department of Local Government and Traditional Affairs, Provincial and National Treasury, and also Auditor General for comments. The 2007/08 Annual Report complied with the provisions of Section 46 (1) of the Municipal Systems Act, and those areas are as follows:

- Municipality's performance during the 2007/2008 financial year along with the performance targets are reflected;
- Baseline of 2006/2007 and 2007/2008;

- General Key performance Indicators to relevant powers and functions;
- 2007/2008 IDP targets reflected;
- Corrective action reflected;
- Development and service delivery priorities and performance targets for 2008/2009;
- Financial statements for the 2007/2008 financial year prepared according to generally recognised accounting practices; and
- Audit from the Auditor-General audit report.

On the 22 January 2009, Council appointed the Oversight Committee that will prepare the Oversight Report which must include a statement whether Council:

- has approve the annual report, with or without reservations;
- has rejected the annual report; or
- has referred the annual report back to the revision of those components that can be revised.

The Oversight Committee has had its first meeting to scrutinize the Annual Report. The Annual report was submitted to Council for approval on the 26 March 2009, and subsequently approved.

## SECTION J: ANNEXURES

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No	Sector Plans	Available		If Not Available
		Yes	No	Status
J 1	Detailed Spatial Development Framework	√		Currently a working draft in place
J 2	Detailed Disaster Management Plan	√		Currently a working draft in place
J 3	Organizational and Departmental Organogram	√		

## SECTION K: APPENDIXES

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Umzinyathi District Municipality has prepared a number of Sector Plans which are aimed at assisting the municipality in making well informed decisions to enable effective implementation thereby improving the quality of life for our respective communities. A table hereunder indicates the sector plans that have been prepared by the municipality to date:

No	Sector Plans	Available		If Not Available
		Yes	No	Status
K 1	2007/08 Annual Report	√		
K 2	Financial Plan	√		
K 3	Land Use Management Framework	√		
K 4	Integrated Waste Management Plan	√		
K 5	(a) Water Services Development Plan – currently being enhanced  (b) Backlog Study	√		
K 6	Integrated Transport Plan – currently being reviewed	√		
K 7	Local Economic Development Strategy	√		

Prepared by Umzinyathi District Municipality  
20 May 2009



K 8	Organizational PMS	√		Draft in place
K 9	IDP Process Plan / Framework	√		
K 11	Agricultural Strategy	√		
K 12	District Tourism Strategy		√	To be finalised
K 13	District Signage Project		√	Audit in place but signs currently being erected
K 14	Integrating SMME's into the local economy	√		
K 5	Area Based Plan		√	currently being prepared