

# UMKHANYAKUDE DISTRICT MUNICIPALITY



## INTEGRATED DEVELOPMENT PLAN

**2009/2010 (F/Y)**

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# SECTION A: IDP OVERVIEW

## CHAPTER 1: INTRODUCTION

### 1.1. Background

Local municipalities in South Africa have to use "integrated development planning" as a method to plan future development in their areas. As a result of apartheid planning, rural areas were left underdeveloped and largely not serviced. The new approach to local government has to be developmental and aims to overcome the poor planning of the past.

Integrated Development Planning is an approach to planning that involves the entire municipality and its citizens in finding the best solutions to achieve good long-term development. Integrated Development Plan is a super plan for an area that gives an overall framework for development. It aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area. It should take into account the existing conditions and problems and resources available for development. The plan should look at economic and social development for the area as a whole. It must set a framework for how land should be used, what infrastructure and services are needed and how the environment should be protected

All municipalities have to produce an Integrated Development Plan (IDP). The municipality is responsible for the co-ordination of the IDP and must draw in other stakeholders in the area who can impact on and/or benefit from development in the area.

Once the IDP is drawn up all municipal planning and projects should happen in terms of the IDP. The annual council budget should be based on the IDP. Other government departments working in the area should take the IDP into account when making their own plans.

It should take 6 to 9 months to develop an IDP. During this period service delivery and development continues. The IDP is reviewed every year and necessary changes can be made. The IDP has to be drawn up in consultation with forums and stakeholders. The final IDP document has to be approved by the council.

In a nutshell, the IDP process entails an assessment of the existing levels of development and the identification of key development priorities.

Municipalities are required in terms of the Municipal Systems Act, 2000 to undertake developmental planning to ensure that they will achieve the goals set out in the Constitution Act, give effect to their developmental duties, and contribute to the realization of particular fundamental rights contained in the Bill of Rights.

IDP is required, inter alia, to:

- Promote democratic and accountable local government;

- Ensure that services are rendered effectively and efficiently to local communities;
- Obtain social and economic development for marginalized and formerly disadvantaged communities;
- Create a safe and healthy environment;
- Involve communities in identifying their own needs and contributing to finding solutions for challenges faced by them; and
- Ensure financial sustainability for development projects.

The evolution of the IDP concept has been a long and an interesting one. Almost in the same pattern as the transition from apartheid government to democratically elected government, the IDP is not different. Generally there are conflicting views with regards to the impact of the IDP since its inception. It is therefore difficult to measure the impact of IDP using qualitative methods. When one looks back at the road traveled by Umkhanyakude District Municipality thus far, there is a clear indication that the IDP process has made its mark.

There are lives out there that have been transformed through the processes of the IDP which embrace consultation to its fullest. Communities have been consulted through the IDP/Budget consultative sessions, IDP Representative Forum meetings as well as the IDP road shows. Also a number of sessions have been held with communities such as the Growth and Development Summit, Business Retention Breakfast meetings and targeted interventions aimed at fostering business partnerships with the private sector.

More work still needs to be done in terms of aligning the programmes and plans of the three spheres of government. Competition for implementing projects by the three spheres of government is still a cause for concern for Umkhanyakude District Municipality. Unfortunately most space say from Emanyiseni straight down to Umfolozi River South of KwaMsane area belongs to the local government sphere, municipalities to be specific. If some of the sector departments still undermine this very important factor then they are creating problems for municipalities who have to deal with communities face-to-face.

Most communities do not care whether specific functions are performed by national, provincial or local government spheres. When service delivery is perceived to be lacking then municipalities are answerable and liable to communities. There are various pieces of legislation that guide the functioning of the three spheres of government and also inform the preparation of the IDP such as the Municipal Systems Act and various other policies such as the NSDP, PGDS and the ASGISA. There are initiatives that have been put in place in order to ensure that planning for implementing programmes is harmonized.

Partnerships with public and private partners then become crucial. Already some departments such as the Department of Environmental Affairs and Tourism (DEAT) have taken drastic measures to ensure that they give support to municipalities especially Presidential Nodes such as Umkhanyakude District. A full time employee has been seconded by the DEAT to support municipalities on issues related to

environmental management. Also the Independent Development Trust (IDT) seconded a full time employee to support municipalities on various issues such as the Integrated Sustainable Rural Development Programme. All these initiatives help to strengthen the IDP processes. The Office of the Presidency also supported the DM by commissioning the CSIR to facilitate an NSDP engagement which assisted in contributing immensely to the current IDP processes.

The Umkhanyakude District Municipality is striving towards the inclusion of majority of people in the mainstream economic and social activities using the IDP process. It must however be understood that previous exclusion of many people in urban and rural areas in developmental process will take a long time to be completely address. This is especially the case as there are other externalities that seem to crop up and municipalities almost have their hands tied up and cannot seriously bring about immediate solutions on such issues. The current state of the economy in South Africa makes it difficult for the poorest of the poor to survive. High interest rates, high fuel and paraffin (most people rural people still depend on paraffin as energy for cooking) costs are beyond the control of municipalities. These factors have now been compounded by the global economic meltdown which is hitting even harder on people who have very little at their disposal to survive. Hopefully rural development initiatives that have been proposed by the National Government would bring some relief to poverty stricken communities within the District. The IDP process can mainly address what is within powers and functions of the District Municipality.

**Figure A: Overview of the District**



“UMkhanyakude” refers to the greenish tree with some thorns (*Acacia Xanthophloea* Fever Tree) that mainly grows in the Umkhanyakude District. Literally Umkhanyakude means “that shows light from afar.” Umkhanyakude District is situated in the North-Eastern part of KwaZulu Natal, extending from the uMfolozi River up to the Mozambique border, being bordered on the east by the Isimangaliso Wetland Park which encompasses the entire coastline onto the Indian Ocean.

Umkhanyakude District Municipality is composed of five local municipalities, namely:

- Umhlabuyalingana Municipality - KZ 271
- Jozini Municipality - KZ 272
- The Big 5 False Bay Municipality - KZ 273
- Hlabisa Municipality - KZ 274
- Mtubatuba Municipality - KZ 275

There is also a District Management Area – ZDMA 27 which encompasses conservation areas and the wetlands.

## 1.2. Local Municipal Areas

Table1.1: Municipal Profiles

Municipality	Area km <sup>2</sup>	% Area km <sup>2</sup>	TC Area km <sup>2</sup>	% TC Area km <sup>2</sup>	Population - 2001 Census	Population - 2007 Community Survey	Wards
KZ 271	3 621	26.1	3 160	87.3	140 962	163 694	13
KZ 272	3 057	22.1	2 136	69.9	184 090	207 248	17
KZ 273	1 061	7.7	239	22.5	31 106	34 990	4
KZ 274	1 417	10.2	1 345	94.9	176 890	150 553	19
KZ 275	496	3.6	0	0.0	35 211	46 594	5
KZDMA 27	4 207	30.4	0	0.0	8 082	10 961	1
<b>Total</b>	<b>13 859</b>		<b>6 880</b>		<b>573 341</b>	<b>614 040</b>	<b>59</b>

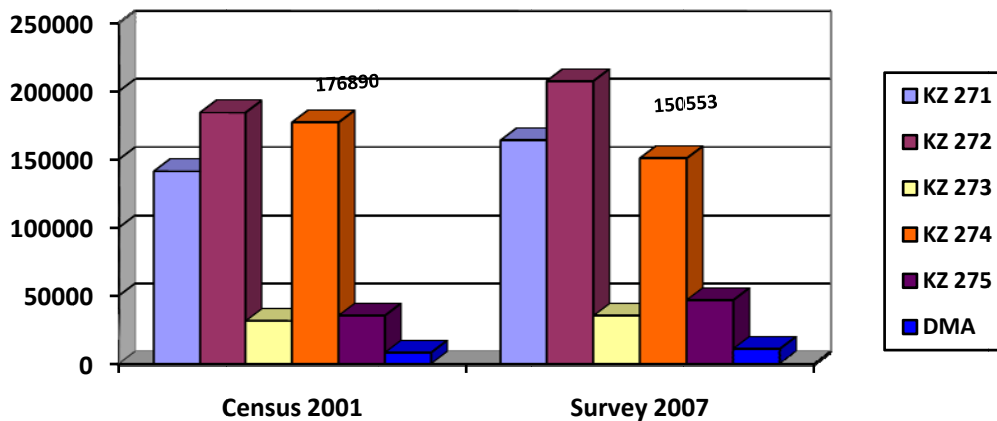
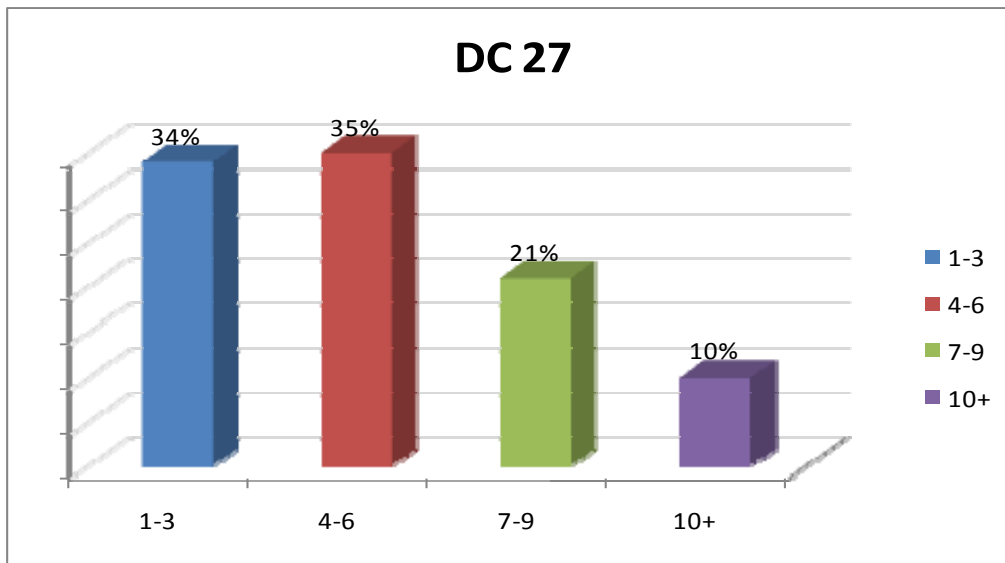


Figure B: Municipal Profile

- There has been steady increase in population in all municipalities except for Hlabisa whereby there is an estimated population decline of 26 337
- Factors such as migration patterns and terminal diseases amongst others affect population size
- The boundaries for Hlabisa and Mtubatuba are going to change in 2011 and the Municipal Demarcation Board has approved the application to have 12 wards removed from Hlabisa and incorporated to Mtubatuba Municipality
- In 2007 survey not much has changed, more than 80% of the population still resides at Umhlabuyalingana, Jozini and Hlabisa municipalities
- About 80% of the land belongs to Traditional Authorities and the DMA
- The Traditional Councils own about half of the land within Umkhanyakude District and this has implication for development and formalization of settlements

### 1.2.1. Households

Figure C: Number of households in the District of Umkhanyakude



Source: Community Survey – 2007

- The total number of households at DC 27 is around 114 976
- About 69% of households in the District have 3 to 6 members and this is a major shift as previous figures showed a majority of members being 8+ per household
- In most instances though the 2001 Census is still commonly used when analyzing demographics

## **SECTION B: THE PROCESS PLAN**

### **CHAPTER 2: UMKHANYAKUDE IDP AND BUDGET PROCESSES**

The process plan that was followed for the **2008/2009-2009/2010** included:

- The review of Umkhanyakude IDP that was informed by Umkhanyakude District Lekgotla Report,
- Review of needs of communities through various forms of participation institutionalized by the Umkhanyakude District Municipality;
- A review of departmental operational strategies; and
- Comments from the MEC of the Department of Local Government, Housing and Traditional Affairs.

## 2.1. THE PLANNING PROCESS

A number of preparatory activities were engaged between the District Municipality and local municipalities for 2009/2010 FY. Out of the preparatory sessions, each member of family of municipalities was then able to compile its IDP process plans. The District Municipality over and above that also prepared its IDP Framework Plan. The following information briefly presents an IDP Action Programme for the District Municipality:

### First Quarter (July to September 2008)

1 <sup>st</sup> Quarter	IDP	OPMS	BUDGET
<b>JULY</b>	<ul style="list-style-type: none"> <li>▪ IDP implementation (2008/2009)</li> <li>▪ Preparation of the Process Plan and the Framework Plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ 4<sup>th</sup> quarterly review due (2007/2008)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Approval of Service Delivery Budget Implementation Plan (SDBIP) by the Mayor</li> </ul>
<b>AUGUST</b>	<ul style="list-style-type: none"> <li>▪ IDP Process Plan for 09/10 finalised and adopted by the Council</li> <li>▪ First <b>District Development Forum Meeting</b> at DC 27</li> </ul>	<ul style="list-style-type: none"> <li>▪ Launch campaign to publish performance</li> <li>▪ OPMS citizens report compiled</li> </ul>	<ul style="list-style-type: none"> <li>▪ Municipal Manager to submit annual financial statements to the AG for auditing (<b>MFMA S126</b>)</li> <li>▪ Mayor to table Budget Timetable</li> </ul>
<b>SEPTEMBER</b>	<ul style="list-style-type: none"> <li>▪ Implementation of the IDP Process Plan</li> <li>▪ First <b>IDP Representative Forum Meeting</b></li> <li>▪ Submission of the IDP Process Plan for assessment by the DLGTA</li> <li>▪ Commencement of IDP <b>Analysis and Strategies Phase</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ First quarterly review due</li> <li>▪ PMS Audit Committee appointed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Determination of revenue projections and draft initial allocations to powers and functions and departments for the 08/09 FY</li> </ul>



Second Quarter (October to December 2008)

2 <sup>nd</sup> Quarter	IDP	OPMS	BUDGET
<b>OCTOBER</b>	<ul style="list-style-type: none"> <li>▪ Evaluation of changed circumstances</li> <li>▪ Second <b>District Development Forum Meeting</b> convenes</li> <li>▪ Continuation of development of objectives and strategies</li> <li>▪ Development of sector Plans initiation</li> </ul>	<ul style="list-style-type: none"> <li>▪ 1<sup>st</sup> quarterly review due</li> <li>▪ Inform the IDP Preparation Process of KPA, objectives and strategies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review of national policies and budget plans and potential price increase of bulk resources</li> </ul>
<b>NOVEMBER</b>	<ul style="list-style-type: none"> <li>▪ Continuation of development of objectives and strategies</li> <li>▪ Commencement of IDP <b>Projects Phase</b></li> <li>▪ Second <b>IDP RF Meeting</b> convenes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inform the IDP Preparation Process of KPA, objectives and strategies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Initial budget review, taking into account the development of IDP objectives, strategies and projects</li> <li>▪ National and Provincial departments prepare final draft budgets</li> </ul>
<b>DECEMBER</b>	<ul style="list-style-type: none"> <li>▪ Continuation of development of objectives and strategies</li> <li>▪ Completion of Projects Proposals to inform Municipal, Provincial and National budget processes</li> <li>▪ Third <b>District Development Forum Meeting</b> convenes</li> <li>▪ Growth and Development Summit – <b>Third Edition</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Inform the IDP Preparation Process of KPA, objectives and strategies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accounting Officer and senior officials consolidate and prepare proposed budget and plans for 08/09 FY taking into account previous years performance as per audited financial statements (commencement of draft budget)</li> <li>▪ Council approves tariffs for 08/09 FY</li> </ul>

Third Quarter (January to March 2009)

3 <sup>rd</sup> Quarter	IDP	OPMS	BUDGET
<b>JANUARY</b>	<ul style="list-style-type: none"> <li>▪ Continuation of Projects Planning</li> <li>▪ Continuation of Sector Planning</li> </ul>	<ul style="list-style-type: none"> <li>▪ 2<sup>nd</sup> quarterly review due</li> <li>▪ Bi-annual report preparation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review of proposed National and Provincial allocations to the Municipality for incorporation into the draft budget for tabling (Proposed National and Provincial allocations for three years must be made available by 20 January of each year) <b>MFMA s 36</b></li> </ul>
<b>FEBRUARY</b>	<ul style="list-style-type: none"> <li>▪ Integration of Processes</li> <li>▪ Fourth <b>IDP Alignment Meeting</b> convenes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Baseline information survey</li> </ul>	<ul style="list-style-type: none"> <li>▪ Submission to Mayor proposed budgets and Plans for the next three year- budget taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual reports</li> <li>▪ Accounting Officer to notify relevant municipalities of projected allocations for the next three budget years 120 days prior to start of budget year – <b>MFMA s 37(2)</b></li> </ul>
<b>MARCH</b>	<ul style="list-style-type: none"> <li>▪ Fifth <b>IDP Alignment Meeting</b> convenes</li> <li>▪ IDP/Budget consultative meetings</li> <li>▪ Third <b>IDP Representative Forum Meeting</b> convenes</li> <li>▪ Finalisation of draft IDP document</li> <li>▪ Submission of the draft IDP document for assessment by sector departments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Finalisation of baseline information survey</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accounting Officer publishes tabled budget, plans and proposed revisions to IDP, invites public comments and submits to National Treasury (NT) and Provincial Treasury (PT) <b>MFMA S22 &amp; 37; MSA Ch 4 as amended</b></li> <li>▪ Review of changes in prices for bulk resources as communicated by 15 March – <b>MFMA s 42</b></li> <li>▪ 90 day municipal budget process commences – <b>MFMA s 16, 22, 23, 87; MSA s 34</b></li> </ul>

Fourth Quarter (April to June 2009)

4 <sup>th</sup> Quarter	IDP	OPMS	BUDGET
APRIL	<ul style="list-style-type: none"> <li>▪ Advertisement of final draft IDP for public comment</li> <li>▪ Assessment of the IDP by sector departments</li> </ul>	<ul style="list-style-type: none"> <li>▪ 3<sup>rd</sup> quarterly review due</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</li> <li>▪ Consultation with National and Provincial treasuries to finalise sector plans for water, sanitation, electricity etc – <b>MFMA s 21</b></li> </ul>
MAY	<ul style="list-style-type: none"> <li>▪ Consideration of gazetted budgets from National and Provincial Government Departments</li> <li>▪ Consideration of inputs following 21 day notice period and assessment by sector departments</li> <li>▪ Sixth <b>District Development Forum Meeting</b> convenes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Service and scorecards targets set for the next financial year</li> <li>▪ Annual strategic targets broken down to quarterly targets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Public hearings on the budget and Council debate</li> <li>▪ Council considers views of the community, NT, PT and other Provincial and National organs of the state and municipalities</li> <li>▪ Accounting Officer assists the Mayor in preparing the final budget documentation for consideration and approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of material nature</li> <li>▪ Mayor to be provided with an opportunity to respond to submissions during consultation budget amendments for Council consideration</li> <li>▪ Council to consider approval of budget and plans at least 30 days before start of budget year – <b>MFMA s 23, 24, MSA Ch 4 as amended</b></li> </ul>

<p><b>JUNE</b></p>	<ul style="list-style-type: none"> <li>▪ Fourth <b>IDP RF Meeting</b> convenes</li> <li>▪ Council adoption of IDP document</li> <li>▪ Submission of Council adopted IDP document to the MEC for noting and comment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Approval of services and strategic scorecard targets</li> <li>▪ Review and conclusion of HoD performance contracts</li> <li>▪ Audit Committee meeting for informing the annual performance report</li> </ul>	<ul style="list-style-type: none"> <li>▪ Council to approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source expenditure by vote before start of budget year – <b>MFMA s 213, 24: MSA Ch 4 as amended</b></li> <li>▪ Accounting Officer of the Municipality publishes adopted budget and Plans – <b>MFMA s 69; MSA s57</b></li> <li>▪ Accounting Officer submits to the Mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57 (1) (b) of the MSA <b>MFMA s 69; MSA s 57</b></li> <li>▪ The Mayor approves the SDBIP within 28 days after approval of the budget and ensures that annual performance contracts are concluded in accordance with s 57 (2) of the MSA.</li> <li>▪ The Mayor submits the approved SDBIP and performance agreements to Council and MEC for Local Government and makes public within 14 days after approval – <b>MFMA s 53; MSA s 38-45, 57 (2)</b></li> <li>▪ Council finalises a system of delegations – <b>MFMA s 59, 79, 82; MSA s 59-65</b></li> </ul>
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The table below presents specific dates for events that have been mentioned broadly in the previous section:

Month	IDP Steering Committee	Development Planning Forum	IDP Representative Forum	Public Consultation	PMS
July	14 July 2008				
August		14 August 2008			
September	15 September 2008		17 September 2008		
October		22 October 2008		05 Oct 2008 18 Oct 2008 26 Oct 2008	<b>1<sup>st</sup> Quarterly Review</b> 20 Oct 2008
November	17 November 2008		26 November 2008	01 Nov 2008 02 Nov 2008	
December					
January	12 January 2009	15 January 2009			<b>2<sup>nd</sup> Quarterly &amp; Mid Term Review</b> 26 January 2009 <b>Annual Report (07/08)</b> 30 January 2009
February		25 February 2009			
March	16 March 2009			06 March 2009 09 March 2009 10 & 11 March 2009	<b>3<sup>rd</sup> Quarterly Review</b> 28 March 2009
April		29 April 2009	22 April 2009		
May	25 May 2009	27 May 2009			
June			30 June 2009		<b>4<sup>th</sup> Quarterly Review</b> (13 July 2009)

## 2.2. THE IDP REVIEW PROCESS

### 2.2.1. Introduction

Municipalities are required in terms of section 34 of the Municipal Systems Act, 2000 to review their Integrated Development Plans:

***“(i) annually in accordance with an assessment of its performance measurements in terms of section 41; and***

***(2) to the extent that changing circumstances so demand...”***

IDP assists the municipality in integrating its plans to ensure that it is able to meet the vast and diverse needs of communities in respect to services delivery.

This strategic document is the blue print business plan of the municipality and is developed to guide all departmental plans, programme and supporting budgets to meet the needs and expectations of the community. Accordingly, all planning day-to-day activities of all departments and directorates are aligned with the IDP.

Progress reports and amendments to the plan are communicated to the community through regular conducted public participation programmes.

### 2.2.2. Comments from the MEC on 2008/2009 integrated development plan

The comments of the then MEC (Department of Local Government, Housing and Traditional Affairs, Mr. M. Mabuyakhulu) on the 2008/2009 IDP were very positive. In his letter to His Worship, the Mayor (Cllr Mthombeni) the following was quoted:

***“I wish to congratulate your municipality for reviewing; adopting and submitting a Council approved integrated Development Plan (IDP).”***

***“In addition, the DLGTA would like to extend its appreciation to your municipality in all intergovernmental engagements between your municipality and other stakeholders in preparation for the 2008/2009 IDP. These IDP engagement processes are testimony that inter-sphere co-ordination and integration are becoming an enduring part of government and development landscape making IDP's the plan of all government.”***

It is encouraging when one goes through the comments that the MEC has taken note of the frustrations experienced by municipalities regarding the lack of will to participate by some Government Departments in their respective capacities regarding the IDPs.

We also take note and consider the comment regarding the layout of IDP document. The IDP officials at Umkhanyakude have been working tirelessly towards producing a reader-friendly IDP document.

The comments of the MEC were based on the following National Key Performance Areas:

- Municipal Transformation and Institutional Development;
- Local Economic Development;
- Basic Service Delivery and Infrastructure Investment;
- Financial Viability and Financial Management;
- Good Governance and Community Participation; and
- Spatial Development Framework.

The following table deals with all the comments raised by the MEC for KZN Local Government, Housing and Traditional Affairs. Most of these issues form part of the annual IDP processes and it must be seen as an on-going process:

<b>MEC's COMMENT</b>	<b>UMKHANYAKUDE DISTRICT MUNICIPALITY's RESPONSE</b>
<b>KPA 1. MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT</b>	
There has been no change to this KPA since assessment in April 2008; No HR strategy; Further refinement of the organogram is Required; Further refinement of PMS is required; Annual report must be prepared and used as basis following the IDP.	The comment has been noted. Refer to Annexure A for a refined organogram. See also chapter 4 (page 30: Organizational and Institutional) structure.
<b>KPA 2. LOCAL ECONOMIC DEVELOPMENT</b>	
There has been no change to this KPA since assessment in April 2008; LED strategy needs to be reviewed; The development of LED strategy needs to be addressed (urgently) to ensure a strategic and structured approach to LED in the District; Clarity on progress with respect to current implementation of LED to ascertain performance in this KPA.	The comment on the issue has been addressed. LED strategy has been reviewed. Refer to Annexure B for an ultra-condensed version of LED strategy. A full document is available on request.

MEC's COMMENT	UMKHANYAKUDE DISTRICT MUNICIPALITY's RESPONSE
<b>KPA 3. BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT</b>	
<p>There has been improvement regarding this KPA; Need to clearly explain the implementation of indigent policy and its implementation on the delivery of Free Basic Services; Need to clearly articulate the manner/strategy that will be adopted to meet the Millennium Development goals regarding Service Delivery.</p>	<p>The comments have been noted</p>
<b>KPA 4. FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT</b>	
<p>No significant change with respect to this KPA since the assessment in April 2008; Need to develop a well-structured comprehensive financial plan that would include a financial strategy and MTEF.</p>	<p>The comment has been noted and taken into consideration</p>
<b>KPA 5. GOOD GOVERNANCE AND COMMUNITY PARTICIPATION</b>	
<p>No significant change with respect to this KPA since the assessment in April 2008; The municipality has no communication strategy/plan; therefore there is a need to prepare such strategy.</p>	<p>The comments have been noted and therefore addressed. A communication strategy has been developed and is therefore available. Refer to Annexure C.</p>
<b>KPA 6. SPATIAL DEVELOPMENT FRAMEWORK</b>	
<p>SDF was prepared in isolation of the IDP, therefore with respect to the following IDP the SDF may need revision; Linkage of SEA and EMP to the SDF must be made; Spatial expression of the municipal's Capital Investment Framework must be submitted with the IDP.</p>	<p>Refer to page 86; table 8.1: Umkhanyakude SDF legislative compliance.</p>



## 2.3. IDP Institutional Arrangements

### 2.3.1. IDP Steering Committee

As part of the IDP preparation process, the Council resolved to establish an IDP Steering Committee, which will act as a support to the IDP Representative Forum, the Municipal Manager and the IDP Manager. The Steering Committee, as well as the Representative Forum are usually reconstituted at the beginning of the financial year.

<p><b>Proposed Terms of Reference for the IDP Steering Committee</b></p>	<ul style="list-style-type: none"> <li>▪ Provides terms of reference for the various planning activities</li> <li>▪ Commissions research/survey/analysis activities</li> <li>▪ Considers and comments on:             <ul style="list-style-type: none"> <li>- Inputs from sub-committee/s, study teams and consultants</li> <li>- Inputs from provincial/national sector departments and support providers</li> </ul> </li> <li>▪ Processes, summarises and documents outputs</li> <li>▪ Makes content recommendations</li> <li>▪ Prepares, facilitates and documents IDP related meetings</li> </ul>
<p><b>Proposed Composition of the IDP Steering Committee</b></p>	<p><b>Chaired by:</b></p> <ul style="list-style-type: none"> <li>▪ The Municipal Manager and/or IDP Manager</li> </ul> <p><b>Secretariat:</b></p> <ul style="list-style-type: none"> <li>▪ Official of the Municipality</li> </ul> <p><b>Composition:</b></p> <ul style="list-style-type: none"> <li>▪ Heads of Departments or Senior Officials</li> </ul>

### 2.3.2. IDP Representative Forum

The IDP Representative Forum is the structure which institutionalizes and guarantees representative participation in the IDP Process. The selection of members to the IDP Representative Forum is based on criteria which ensure geographical and social representation.

<p><b>Terms of Reference for the IDP Representative Forum</b></p>	<p>Represent the interest of the municipality’s constituency in the IDP process          Provide an organisational mechanism for discussion, negotiation and decision making between the stakeholders inclusive of municipal government          Ensure communication between all the stakeholder representatives inclusive of municipal government          Monitor the performance of the planning and implementation process</p>
<p><b>Composition of the IDP Representative Forum</b></p>	<p><b>Chaired by:</b></p> <ul style="list-style-type: none"> <li>▪ A member of the Executive Committee or the Mayor or a member of the Committee of Appointed Councillors (such as the Portfolio Committee)</li> </ul> <p><b>Secretariat:</b></p> <ul style="list-style-type: none"> <li>▪ IDP Steering Committee and or designated official</li> </ul> <p><b>Composition:</b></p> <ul style="list-style-type: none"> <li>▪ Members of the Executive Committee</li> <li>▪ Councillors (including Councillors who are members of the District Council and relevant portfolio Councillors)</li> <li>▪ Traditional Councillors</li> <li>▪ Ward Committee Chairpersons</li> <li>▪ Private Sector</li> <li>▪ Heads of Departments / Senior officials</li> <li>▪ Stakeholder representatives of organised groups</li> <li>▪ Community Development Workers</li> <li>▪ Advocates for unorganised groups</li> <li>▪ Resource persons</li> <li>▪ Community Representatives</li> </ul>

### 2.3.3. Cross Municipal Boundary Planning

Umkhanyakude District Municipality recognizes its interrelatedness with its neighbouring district municipalities; hence it formally engages itself with such municipalities on cross border issues, i.e. issues that can have impact on more than one municipality and that need to be attended into by a collective of municipalities.

Umkhanyakude District Municipality has been involved in a series of cross border alignment meetings with the following districts municipalities:

- Umzinyathi District Municipality;
- Ilembe Disrtict Municipality;
- Uthungulu District Municipality; and
- Zululand District Municipality.

As such, neighbouring municipalities as well as provincial sectors are invited to cross border meetings, whereby issues of cross border development nature are discussed such as projects that have a service delivery or developmental impact across municipal boundaries, e.g. water networks, transportation systems, tourism etc.

Some of the issues dealt with at the meetings include water related issues and disaster management issues, which are a main challenge for Umkhanyakude District Municipality.

Regarding water related issues the focus has been on one hand, the possibility of Zululand District Municipality supplying water from its Pongola Port Dam into Jozini Dam and on the other hand, Uthungulu District Municipality allowing Umkhanyakude District Municipality to utilize Umsunduzi River as a source of water, supplying water to Umkhanyakude areas that in close proximity such as Mtubatuba.

With regard to Disaster management the discussion has been on whether disaster management should be border-lined or not. There is a concern that disaster management in some municipalities is poor or non-existent. This then requires the neighbouring municipality to take responsibility for its counterpart's disaster management needs.

## 2.4. District Municipal Functions

### Potable Water

**Definition: “Potable water supply systems” means:**

***The establishment or procurement, where appropriate, operation, management and regulation of a potable water supply system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution; bulk supply to local supply points, metering, tariffs setting and debt collection; and provision of appropriate education so as to ensure reliable supply of a sufficient quantity and quality of water and effective water use amongst end-users, including informal households, to support life and personal hygiene.***

According to Section 156(1) of the Constitution and Section 84(1) Municipal Structures Act, the water and sanitation services function is a district municipality function.

However, Section 84(3)(a) of the Municipal Structures Act stipulates that the Minister may, by notice in the Government Gazette and, after consultation with the Cabinet member responsible for the functional area in question, the MEC for local government in the province and, if applicable, subject to national legislation, can authorise a local municipality to perform a function or exercise a power mentioned in subsection (1)(b), (c), (d) or (i) in its area or any aspect of such function or power.

The functions and powers referred to above therefore include (b) potable water supply systems and (d) domestic waste-water and sewage disposal systems.

### Sanitation

**Definition: “Domestic waste-water and sewage disposal systems” means:**

***The establishment or procurement, where appropriate,, provision, operation, management, maintenance and regulation of a system, including infrastructure, for the collection, removal, disposal and/or purification of human excreta and domestic waste-water to ensure minimum standard of services necessary for safe and hygienic households***

According to Section 156(1) of the Constitution and Section 84(1) Municipal Structures Act, the water and sanitation services function is a district municipality function. However, Section 84(3)(a) of the Municipal Structures Act stipulates that the Minister may, by notice in the Government Gazette and, after consultation with the Cabinet member responsible for the functional area in question, the MEC for local government in the province and, if applicable, subject to national legislation, can authorize a local municipality to perform a function or exercise a power mentioned in subsection (1)(b), (c), (d) or (i) in its area or any aspect of such function or power.

The functions and powers referred to above therefore include (b) potable water supply systems and (d) domestic waste-water and sewage disposal systems.

## Electricity Reticulation

**Definition:** *“Electricity reticulation” means bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity, and also the regulation, control and maintenance of the electricity reticulation network, tariff policies, monitoring of the operation of the facilities for adherence to standards and registration requirements, and any other matter pertaining to the provision of electricity in the municipal areas.*

According to Section 156(1) of the Constitution and Section 84(1) Municipal Structures Act, the electricity reticulation function is a district municipality function.

However, Section 84(3)(a) of the Municipal Structures Act stipulates that the Minister may, by notice in the Government Gazette and, after consultation with the Cabinet member responsible for the functional area in question, the MEC for local government in the province and, if applicable, subject to national legislation, authorize a local municipality to perform a function or exercise a power mentioned in subsection (1)(b), (c), (d) or (i) in its area or any aspect of such function or power.

The functions and powers referred to above include (c) the provision of electricity.

## Municipal Health Services

**Definition:** The National Health Act 61 of 2003 defines ‘municipal health services as:

- (a) water quality monitoring; (b) food control; (c) waste management;*
- (d) control of premises; (e) communicable disease control; (f) vector control*
- (g) environmental pollution control; (h) disposal of the dead; and (i) chemical safety, but excludes port health, malaria control and control of hazardous substances.*

According to Section 156(1) of the Constitution and Section 84(1) Municipal Structures Act, the municipal health services function is a district municipality function.

However, Section 84(3)(a) of the Municipal Structures Act stipulates that the Minister may, by notice in the Government Gazette and, after consultation with the Cabinet member responsible for the functional area in question, the MEC for local government in the province and, if applicable, subject to national legislation, authorise a local municipality to perform a function or exercise a power mentioned in subsection (1)(b), (c), (d) or (i) in its area or any aspect of such function or power.

The functions and powers referred to above include municipal health services.

DISTRICT MUNICIPAL	SHARED FUNCTIONS	LOCAL MUNICIPAL FUNCTIONS
Portable Water Supply	Fire Fighting services	Air Pollution
Sanitation Services	Local Tourism	Building regulations
Electric Reticulation	Municipal Airports	Child Care Facilities
Municipal Health Services	Municipal Planning	Pontoons, Ferries, Jetties, Piers and Harbours
Regional Airport	Municipal Public Transport	Storm Water Mngt System
	Cemeteries, Funeral Parlours and Crematoria	Trading regulations
	Markets	Beaches and Amusement Facilities
	Municipal Abattoirs	Billboards and the Display of advertisement in Public places
	Municipal Roads	Cleansing
	Refuse Removal, Refuse Dumps	Control of Public Nuisances
	Facilities for the Accommodation, Care and Burial of Animals	Fencing and Fences
	Licensing of Dogs	Local amenities
	Local Sport Facilities	Municipal Parks and Recreation
	Noise Pollution	Pounds
	Public Places	Street Trading, Lighting, Traffic & Parking

## 2.5. Intergovernmental Priorities for Action

The following issues require joint attention by all spheres of Government:

<b>ISSUE: Strategic actions required by the three spheres of government to ensure the success of the strategies (i.e. address the needs, harness the potential and mediate the risks) and in so doing ensuring (1) sustainable, shared and inclusive growth and (2) quality of life for all in the District</b>	
<b>PRIORITY ISSUES</b>	<b>RESPONSIBILITY</b>
1. The persisting drought requires swift action on securing water from the <b>Pongolapoort/Jozini Dam</b>	District Municipality and DWAF
2. Set up appropriate structures and manage their performance to ensure <b>greater intergovernmental coordination and integration</b> in prioritisation, resource allocation and implementation. The required outcome is that provincial plans, strategies and budgets reflect the priorities and proposals as captured in the local and District municipal IDPs.	District and local municipal managers, the Premier's Office and the Department of Local Government and Traditional Affairs
3. Develop a <b>long-term settlement development plan that will have a hierarchy of interlinked urban and rural settlements and associated service levels and standards</b> . This plan will identify the various levels of municipal services that will be provided in nodes throughout the District, as well as indicate what kind of economic activities will be supported where in the District. The implementation of this plan will ensure a decent quality of life in both the more rural and urban areas.	District and Local Municipalities, in collaboration with the Premier's Office and relevant provincial sector departments
4. Develop and implement a <b>land use management system</b> that is suitable for rural conditions in the province of KZN.	The national Department of Land Affairs and the Department of Local Government and Traditional Affairs
5. Explore the prospects of the <b>"Swaziland and Mozambique markets"</b> for the export of products from the Umkhanyakude District, as well as for capturing a larger slice of the movement on the roads through the District for local retail sales and the provision of business, personal and health services.	District Municipality, the Department of Transport and Economic Affairs and the Department of Foreign Affairs

**ISSUE: Strategic actions required by the three spheres of government to ensure the success of the strategies (i.e. address the needs, harness the potential and mediate the risks) and in so doing ensuring (1) sustainable, shared and inclusive growth and (2) quality of life for all in the District.**

PRIORITY ACTIONS	RESPONSIBILITY
6. Explore the possibilities of <b>importing raw and semi-manufactured products, processing them and exporting them</b> via Richards Bay and/or Ethekewini.	Umhloosinga Development Agency and DC 27
7. Ensure that the Provincial Roads Department prioritises the <b>upgrading and maintenance of the key roads</b> in the District, notably the N2, the Jozini to Kwangwanase road (R22), and the new SDI Route (MR439), running from Hluhluwe to Phelandaba, Mkuze to Nongoma, Jozini to Mbazwana, Hluhluwe to Mdletsheni and extends the <b>system of local access routes to improve public transport and mobility</b> .	District and Local Municipalities and the Departments of Transport and Economic Affairs
8. Attract and retain <b>qualified professional persons in the scarce skills categories</b> , i.e. engineering, town planning financial planning and project management, to assist in the planning and implementation of municipal services. <b>Lack of skilled people</b> as in most rural areas is a major problem, which both frustrates the provision of government services and the development and establishment of novel industries that utilise local products, knowledge and wisdom.	District Municipality and Local Municipalities
9. Expedite the pace of Land Reform in the District. While the District has definite agricultural potential in a number of areas, slow movement in this regard is keeping the industry in the hands of white commercial farmers and denying entrance to black farmers, newcomers and whole communities to the market.	District Municipality and Department of Land Affairs



**ISSUE: ...Strategic actions required by the three spheres of government to ensure the success of the strategies (i.e. address the needs, harness the potential and mediate the risks) and in so doing ensuring (1) sustainable, shared and inclusive growth and (2) quality of life for all in the District.**

PRIORITY ACTIONS	RESPONSIBILITY
10. Urgently implement environmental management measures to <b>protect the trees and plants used in the crafting and multi-industries from over-exploitation</b>	The Department of Environmental Affairs and Tourism
11. Ensure <b>integration between social and economic development programmes and investments</b> to ensure integrated spatial and holistic human development.	District and Local Municipalities, the Premier's Office and the Presidency
12. Ensure the construction of <b>low to medium-income middle class housing</b> to fill a growing need in the District, but also assist in attracting and retaining skilled persons. Should the key roads in the District be adequately upgraded and maintained, the District could increasingly also provide housing for this segment, as well as higher income earners that could travel on a daily and weekly base to the Richards Bay/Empangeni economic hub.	District and Local Municipalities in partnerships with property developers

ISSUE: High-level Issues to be attended to in the domain of (1) national and provincial policy and legislation and (2) compliance with existing legal and policy provisions and intergovernmental agreements	
PRIORITY ACTIONS	RESPONSIBILITY
1. The development of a <b>true/real rural development vision and programme</b> , that provides for quality living space in rural South Africa.	The Presidency, DPLG, the national Department of Agriculture and Land Affairs, The Department of Trade and Industry and the Department of Local Government and Traditional Affairs
2. <b>Equitable share and MIG allocations</b> need to be reconsidered to factor in the long distances in a District like this one that drive up costs and even render certain areas unserviceable.	The Presidency, DPLG and the treasury
3. <b>Stronger guidance “from the centre” as to spatial development</b> on a national level, together with measures to ensure that <b>proposals for development in IDPs are given the serious treatment</b> they deserve by provincial governments, should these be in line with (such) national guidance.	The Presidency and DPLG
4. Stronger guidance and a system of rewards and penalties are required to <b>ensure “joint planning”</b> in the planning for and development of settlements.	The Presidency and DPLG
5. <b>Blanket decisions</b> by national and provincial government departments (e.g. programmes) that treat municipalities as if they were all the same is not fair, and is frustrating the developmental actions of these entities	The Presidency and DPLG

## CHAPTER 3: PUBLIC PARTICIPATION

The process of public participation at Umkhanyakude District Municipality has had a multi-faceted approach. Public participation is mainly done through ward committee system as it is the institutionalized form of communication forum. Despite that, other forms of participation were utilized in order to strengthen the link between the municipality and its community.

These include:

- IDP Road shows; and
- IDP Representative Forums.

### 3.1. IDP Road Shows

Community participation facilitates the process of registering local needs and is legislated in the Municipal Systems Act no 32 of 2000 as amended. All details contained in Chapter 4 of the Act formed the basis upon which IDP road shows were staged. The focus of IDP road shows for 2008/2009 was on engaging communities in municipal agenda concerning current issues of development. The schedule for IDP road shows for 2008/2009 was as follows:

Date	Municipality	Venue
05 October 2008	Mtubatuba	KwaMsane Sports Ground
18 October 2008	Hlabisa	Mfekayi
26 October 2008	The Big 5 False Bay	Mnqobokazi - kwaGiba
01 Nov 2008	Umhlabuyalingana	Ntshongwe
02 Nov 2008	Jozini	Jozini Stadium

Mayors for both the District Municipality and respective local municipality jointly delivered their programmes based on service delivery issues such as projects that were being implemented during the 2008/2009 financial year.

IDP road shows created opportunities whereby communities could interact directly with their mayors on issues that affect them, especially delivery of basic services. Throughout the road shows issues around provision of water and sanitation were raised by members of various communities.

The Honourable Mayor of Umkhanyakude District Municipality, Cllr L M Mthombeni explained the plight of drought that the District of Umkhanyakude has been experiencing over the past five years consecutively. This situation according to the Honourable Mayor has led to extremely low levels of water table underneath the ground and has negatively affected the provision of water using boreholes. Most water catchment sources have also run dry whilst investment in infrastructure for water provision has been implemented at huge costs. The total estimated household for Umkhanyakude District

Municipality is about 97 223. The backlog for water provision is estimated to be about 46% and for sanitation to be about 59 % of the total households.

It is estimated that the backlog would be eradicated at least by 2020 if the MIG allocation is constantly increased by 10% per annum starting from 2008. About R2.5 billion would be required to eradicate the backlogs in the form of regional bulk infrastructure implementation. During 2008/2009 FY about R112m would be spent on infrastructure development for water and sanitation.

A loan funding of R47m was approved by the Council which will be accessed from the DBSA and will be utilized to address service delivery backlogs as follows:

- District-wide Electrification Project – R3m
- Hlabisa dam - R14m
- Mtubatuba waterworks – R30m

In other areas the MIG funding would be utilized to address service delivery backlogs.

The Honourable Mayor of the District Municipality also made highlights from the budget indicating that there are provisions in the budget for the following:

- Poverty alleviation R3m
- HIV/AIDS Interventions R1m
- Tourism Initiatives R2.2m
- Bursary Scheme R1m
- Youth Programmes R560 000
- Gender Programmes R450 000

The hosting of IDP Roadshows went very well. All local municipalities cooperated and also contributed immensely towards the success of these roadshows. At Umhlabuyalingana Municipality though; a Service Provider could not supply the marquee for the audience. This was the only setback however the matter is being investigated.

The road shows generally were well attended. An average of about 4 000 community members per municipality attended the road shows with Jozini and Hlabisa municipalities having an estimated crowd of about 7 000 respectively.

### **3.2. The IDP/Budget Consultative Meetings**

One of the mandates of Local Government, of which municipalities are part of, is to give priority to the basic services of the community. Communities therefore are given an opportunity to participate in the process of prioritizing their needs. Municipalities through the IDP process register the needs of its community and also set up programmes that would address these needs. Resources are also allocated to address needs that have been identified. The IDP/Budget consultative meetings were arranged as follows:

Date	Municipality	Time	Venue
06 March 2009	The Big 5 False Bay	09H00	Makhasa Hall
	Mtubatuba	14H00	Town Hall
09 March 2009	Umhlabuyalingana	10H00	Mbazwana
10 March 2009	Jozini	09H00	Bhambanana - Community Hall
		14H00	Jozini Sports Ground (conference room)
11 March 2009	Hlabisa	09H00	Nkanyiso Hall – e Mdletsheni
		14H00	Mkakeni Hall: Nkombose - Ward 13

The abovementioned events were held jointly between the District Municipality and the respective local municipalities. The Honourable Mayors shared the platform on the day of the scheduled meetings and tabled IDP and Budget information (draft for 09/10). The intention was that members of ward committees be given an opportunity to make inputs regarding the budget and IDP before final adoption by Council.

The costs of hosting the IDP/Budget consultative meetings were shared between the District Municipality and local municipalities.

The following formula was used by the District Municipality to determine amounts to be allocated to respective municipalities:

- A minimum of R5 000-00 per municipality plus R1 000-00 per ward.

Based on the abovementioned formula, municipalities will be supported financially as follows:

Municipality	No of Wards	Amount
uMhlabuyalingana Municipality	13	R 18 000-00
Jozini Municipality	17	R 22 000-00
The Big 5 False Bay Municipality	4	R 9 000-00
Hlabisa Municipality	19	R 24 000-00
Mtubatuba Municipality	5	R 10 000-00
<b>Total</b>	<b>58</b>	<b>R 83 000-00</b>

Generally the meetings went very well and the following issues were raised by ward committee members:

- Impact of closing down 4X4 beach driving on the economy of the District
- Waste Management programmes and environmental awareness within communities
- Implementation of water and sanitation projects
- Electricity connections
- Prioritisation of HIV/AIDS programmes
- Bursary scheme for tertiary education purposes
- Construction of community halls
- Poverty alleviation programmes

In responding to these issues the Honourable mayors acknowledged the plight of the communities within the District. Generally it was highlighted that the resources to address needs of the people are always very scarce. The rough estimation is that the combined budget for the family of municipalities is about R500 m. The estimated population of the District is about 600 000 which means that roughly each member benefits about R800 from the budget in a given financial year. Obviously the benefits are more given other state owned entities, private sector and other government departments that are involved in the development of the area.

## **CHAPTER 4: ORGANISATIONAL STRUCTURE AND INSTITUTIONAL ARRANGEMENT**

### **4.1. Organisational Structure and Institutional Analysis**

The Umkhanyakude District Municipality intends expediting the finalization and approval of the Human Resource Strategy that will address issues of skills development, training and staff retention. The approval of the HRD strategy will pave the way for the municipality to develop itself into an organization able to meet its developmental mandate.

Umkhanyakude District Municipality is in a process of filling critical vacancies in the municipality, keeping in mind institutional transformation and gender equity, including women empowerment. Some of the vacancies have already been filled and others advertised, while interview dates for some has been proclaimed.

In order to strengthen coordination with the family of municipalities of Umkhanyakude and to extend all development planning functions across the full area of the jurisdiction of local municipalities; the District Municipality has committed itself into the formation of a Development Planning Shared Services (DPSS) for its area of jurisdiction.

Critical posts within the proposed institutional framework/structure, which include various planners, within the DPSS and other vacancies within the Information Systems Shared Services (ISSS) have also been advertised.

The District of Umkhanyakude comprises of five local municipalities and a District Management Area. The Council is made up of 27 members with the ExCo comprising of six members. The Municipal Manager of the District Municipality is responsible for the following departments:

- Corporate Services
- Financial Services
- Waste and Environmental Services
- Technical Services
- Social, Planning and Economic Development (SED)
- Community Services

The total number of staff is 274 excluding councillors. This number includes 170 community water scheme staff members that were incorporated into the District Municipal's payroll as from.

Table: 4.1: Below is the Organogram of the top management structure:

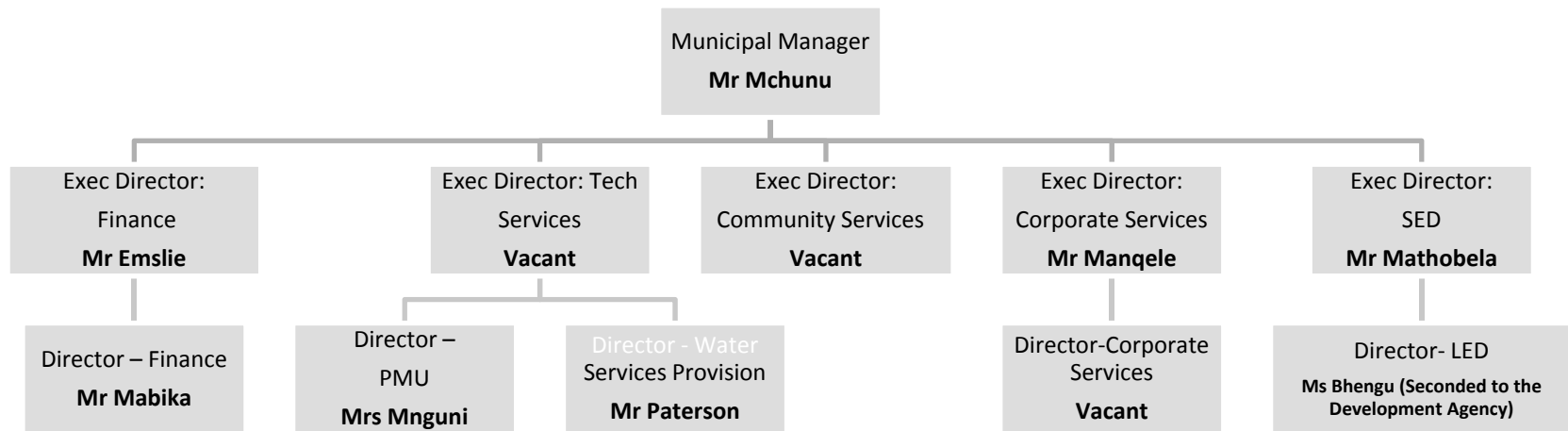
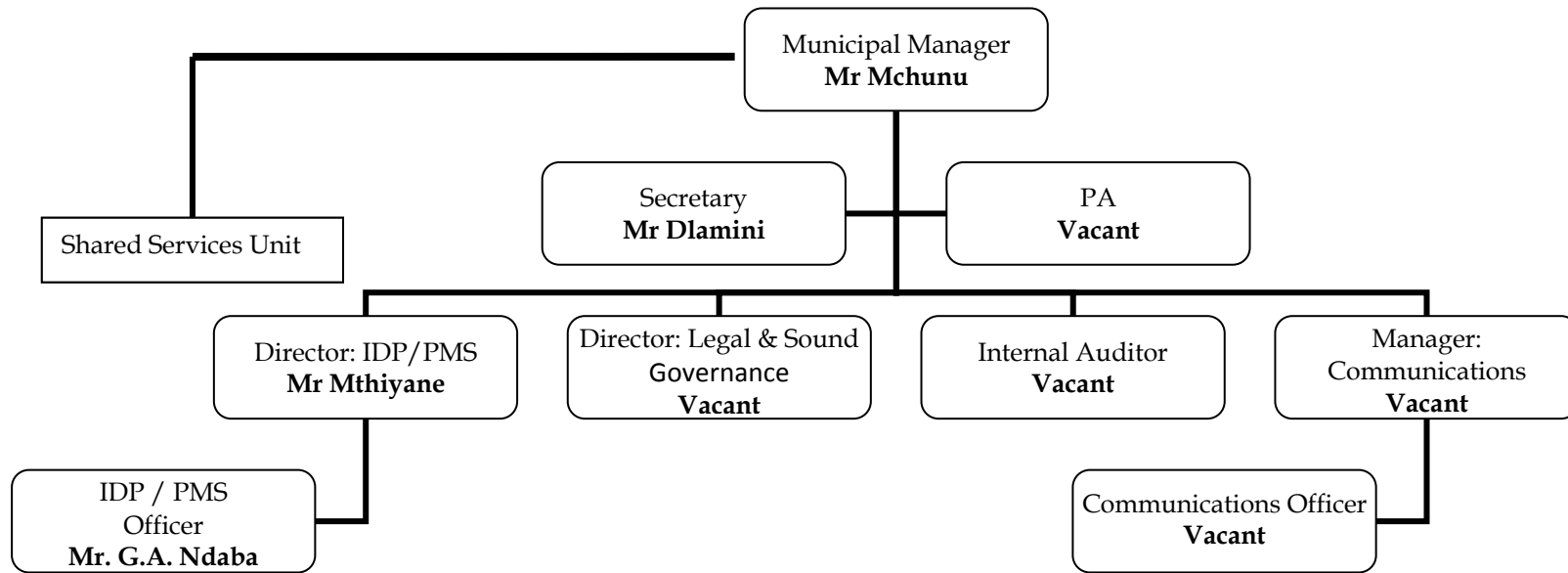




Figure 4.2: Below is the structure for the Office of the Municipal Manager:



#### 4.1.1. Current Intergovernmental Relations (IGR) Structures

The following are IGR Structures that are fully functional:

- Mayors Forum
- Municipal Managers Forum
- District Planning Forum
- CFOs Forum
- Umkhanyakude District Liaison and Conservation Forum
- LED Forum
- Inter Municipal Forum (IMUF)

#### 4.2. Umhlosinga Development Agency (UMDA)

The UMDA is now moving into its “First Operational Phase” as per Agency Programme having completed the initial establishment Phase. The Budget for the establishment phase was awarded in December 2007 and operations on the Budget commenced in January 2008. The First Operational phase refers to the IDC funding and support schedule and is therefore part of the agreement with the Donor organisation. The UMDA achieved the following milestones in the establishment phase that spanned over the term January 2008 to August 2008:

- Appointment of Chief Executive Officer and Staff during January to March all working from the Big 5 False bay Municipality hosted Office in Hluhluwe.
- The regional Airport and Hydro Projects Terms of reference regarding the feasibility of both projects, was finalised and as it is both very specialised and technical projects the TOR was developed in collaboration with DBSA. The adjudication process took place during July and August and the company SSI was appointed to the projects though different units of the company. These two projects as received is currently in final draft stages relating to the Feasibility and business Plans.

Regarding the UMDA mandate to facilitate Economic growth it has engaged several stakeholders regarding future development in the district. The UMDA, KWANOLO and the Department Of Agriculture will work closely together to ensure synergy in future development. The department of Agriculture and department of Education (Special Educational Projects) will work together with the UMDA to establish an Agricultural and Technical College in the District.

The UMDA intervened in the ongoing saga regarding the Sugar Mill development in the Makhathini Flats the outcome of this intervention is that DTI has given instruction that the IDC and its Local Office to drive the process to finalisation with the IDC producing a feasibility study in the next 12 months, possible construction could take place in the next 24 months. The UMDA feels that further developments regarding production of Alcohol, Ethanol should move ahead. A Bio-Mass Electricity generator to be installed will form part of the Alternative energy program to complement the Hydro and wind generation. The DBSA is working jointly with the UMDA to monitor the progress of these projects.

The program for the 2009 2010 financial year will entail the following KPA's but will not be restricted to these as the Agency is an Opportunistic organisation and as such will continue to seek new opportunities to advance the economic growth within the district.

The UMDA received an unqualified Audit report from the Auditor general and this was achieved by the stricken guidance of the financial committee of the Board.

#### **4.3. The FIFA World Cup 2010 Legacy Programme**

In 2001 FIFA made a historic decision to stage the 2010 Football World Cup on the African continent. Since the very beginning of the process that will ultimately bring the FIFA World Cup to South Africa in 2010, the emphasis has been on making it an African event, one that will help spread confidence and prosperity across the entire continent.

The announcement in 2004 that the 2010 World Cup would be staged in South Africa was followed by massive celebrations throughout the continent. As the host of the 2010 FIFA World Cup, South Africa stands not as a country alone – but rather as a representative of Africa and as part of an African family of nations.

The benefits and legacy of 2010 will not be harnessed by the local communities within Umkhanyakude District Municipality unless some initiatives are rolled. This means that a concerted effort must be made to ensure that local communities are made aware about the benefits and projects are developed to ensure that our communities reap some benefits.

UMkhanyakude District Municipality District Municipality is one of the municipal areas that won't play any direct role insofar as the hosting of the 2010 FIFA World Cup tournament. This being the case, the District Municipality has opted for the idea of affording local communities with an opportunity to share in the tournament's festivities through the development of Public Viewing Spaces at strategically located areas of the District. This will form part of the District Municipality's 2010 FIFA World Cup legacy programme.

As part of the programme, local accommodation establishments and tourism facilities will be rallied behind the programme. This will help in easing out the accommodation pressure faced by the Host Cities such as Durban.

##### **4.3.1. Justification**

Umkhanyakude District Municipality is not included in the provincial plans for hosting or serving as base camps for 2010. The district needs to do everything possible to bring the benefits of 2010 to the local communities.

##### **4.3.2. Objectives**

The objectives of these programmes are to:

- ▶ To create venues within Umkhanyakude District where the general public will have access to watch 2010 soccer activities and quality DSTV programmes, for example educational programmes for the kids from Monday to Friday and sport on weekends.
- ▶ A BIG Screen TV in a park within their community.
- ▶ Free access to parks
- ▶ Most local PSL games will be screened live on these screens on a Saturday and Sunday afternoon. Also Wednesday and Friday night games.

- ▶ On Saturday morning the park will also have an area for a soccer pitch where a youth league could be established.
- ▶ The area will be branded by the sponsor on a permanent basis.
- ▶ Any special tournaments or sporting events would get extra coverage time

#### 4.3.3. Activities

The main activities involved in the project will include:

- Stakeholder Consultative Meeting
- Conducting Site analysis report.
- Item to Umkhanyakude DM's Social and Economic Development Portfolio committee.
- District 2010 and Beyond workshop.
- Draft TORs
- Drafting of Memorandum of Understanding between stakeholders.
- Construction of the Big screens (PVS)
- Stage a Dry-run exercise using a PSL soccer match & Confederations Cup 2009
- Evaluation meeting.

#### 4.3.4. Proposed sites for the public viewing spaces

- KwaMsane Sport Stadium
- Hlabisa Sport stadium
- Jozini Sport Stadium
- KwaNgwanase Sport field

#### 4.3.5. Implementation and Monitoring

Umkhanyakude District Municipality will coordinate implementation. An amount of R850 000.00 has been set aside and there is also a possible sponsorship from SANRAL & MTN. The DC27 will be responsible for monitoring project implementation. Scheduled meetings will be held regularly with all the relevant stakeholders to ensure smooth implementation.

#### **4.4. Institutional Transparency**

##### **The Audit Final Report**

###### Legislative requirements

In terms of 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, the auditor's responsibility is to express an opinion on the financial statements based on conducting the 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*.

The auditor-general was tasked to audit the accompanying financial statements of the Umkhanyakude District Municipality which comprise the statement of financial position as at 30 June 2008 statement of financial performance, statement of changes in net assets and cash flow statement for the year that ended,

According to the Auditor-general he was unable to obtain sufficient appropriate audit evidence in respect of various matters.

Below is a list of issues/concerns raised by the auditor-general. For each issue/concern, a response has been provided by the management of Umkhanyakude District Municipality. It should be noted though that this is an ultra-condensed version of audit report; a full version inclusive of the responses is available on request.

For each auditor's comment presented below; a response is provided in bold italic format.

##### **Accumulated surplus and government grant reserve**

In the statement of changes in net assets, the opening accumulated surplus balance was adjusted by a credit amount of R3 917 600. Management was unable to provide a breakdown or adequate documentation to support this adjustment. The records did not allow me to perform alternate procedures.

In the statement of changes in net assets, the opening accumulated surplus balance was adjusted by a credit amount of R758 773. This amount related to a prior period adjustment to depreciation, however, the adjustment was not applied retrospectively to all relevant balances.

In the statement of changes in net assets, the amount transferred to the government grant reserve of R95 745 082 and transfer of depreciation of R17 227 291, did not agree to the respective amounts reflected in the fixed assets register indicating fixed asset additions funded by government grants of R52 555 075 and associated depreciation of R16 844 761. Management was unable to provide me with explanations for the respective differences of R43 190 007 and R382 530. The records did not allow me to perform alternate procedures.

Included in the opening accumulated surplus were numerous adjustments (listed below) which were determined based on the prior year fixed asset closing balances. However, given the significant errors

and uncertainties regarding the accuracy and completeness of fixed assets, I was unable to determine the accuracy and completeness of those adjustments.

In the year under review, this situation remains unresolved and accordingly I remained unable to determine the accuracy and completeness of the following adjustments to government grant reserves and accumulated surplus which mainly relates from the conversion to General Accepted Municipal Accounting Practice (GAMAP) and the purchase of property plant and equipment (PPE):

- 2005 -Implementation of GAMAP R25 595 661
- 2006 - PPE purchased R412375
- 2006 - Capital grants used to purchase PPE R187 323 677
- 2006 - Offsetting of depreciation R11 202580
- 2006-GAMAP R13 418 850
- 2007 - Capital grants used to purchase PPE R220 141 295
- 2007 - Offsetting of depreciation R14 734 272
- 2007 - GAMAP adjustments R56 992 550
- 2007 - Other adjustments R5 763 965
- 2007 - Prior year adjustments R7737946
- 2007 - PPE purchased R310831

Accordingly, I was unable to determine the existence, valuation, accuracy, completeness and classification of the closing balance of the government grant reserve of R487 569 065 and accumulated surplus of R90 380 099.

#### ***Umkhanyakude District Municipality Management Response***

***These all relate to the entries required to balance the inclusion and capitalization of previous year's assets and the corrections referred to in paragraph 6 and the unbundling entries required in terms of GAMAP/GRAP. Similarly copies of working papers and explanations were given to the changing audit teams and are of the same opinion that this is largely due to a lack of continuity and understanding of the process.***

***These were grants received to purchase assets. Up to 2006 were mainly funded by grants which on the imfo basis was a means of depreciation which resulted in a nil book value. The amounts of R187, 3m and R 220, 1 m could be verified by checking the bank statements and indeed from the working papers, and also by verification with Provincial or National government. On conversion from imfo to gamap/grap the loans redeemed had to be reversed and depreciation calculated, the entry being debit depreciation and credit accumulated depreciation. The total amount of grants utilized would then be taken to revenue and on the net change of assets the profit would be debited and government grant reserve credited. Depreciation for these assets would be offset. The balance of the government grant reserve must agree to the carrying value of assets funded by grants. On conversion there are numerous adjustments associated particularly with assets and as this query indicates, prior funding mechanisms associated therewith compounded by the fact that infrastructure assets were not capitalized and the funding therefore not correctly accounted for.***

***Again, although these funding mechanisms in respect of assets are not specifically mentioned as deviations, they form an integral part of conversion and should be seen as part of the process. Similarly despite the deviations not being allowed, there has been a lack of understanding of conversion despite the working papers having been explained to the different auditee's on numerous occasions by the firm of chartered accountants employed for the conversion.***

### **Fixed assets**

The prior year audit report identified the following matters, which continue to remain unresolved during the year under review:

- An unrecorded prior year additions of R124 800 000 which were recorded as fixed asset additions during the financial year under review. The full extent of this error has not been quantified by management. In addition, accumulated depreciation attributable to these previously unrecorded additions was not determined instead only current year depreciation was determined.
- I was unable to verify the accuracy and existence of any of the recorded additions of R124 800 000, as the supporting documentation was not available for inspection.
- Assets with a recorded net book value of R618 000 had been disposed of in prior years but were not removed from fixed asset register. Furthermore, certain assets were not physically verified as management was unable to locate the assets.
- Unexplained discrepancies of capital work in progress amounting to R11 100 000 were identified between the recorded project amount in the fixed asset register of R104 600 000 and the recorded project amount in the general ledger of R93 600 000.
- A credit of R39 500 000 was reflected in fixed asset additions movement. Management could not provide evidence to support the existence and accuracy of this adjustment.
- Airstrip and land with a recorded cost of R7 500 000 are being depreciated. Management has not split this asset between land and buildings and hence the land element should not be depreciated.

In the year under review the following matters were identified:

- The ownership of Manguzi Multi Sports Complex, with a cost of R15 038 057 had been handed over to a local municipality as at 26 June 2008 but was still recorded in the records of the municipality. The result was an overstatement of fixed assets by this amount.
- Fixed asset and capital work in progress additions were processed inclusive of Value Added Tax (VAT) resulting in an overstatement of fixed assets and an understatement of input VAT by R1 12277.

The municipality's records did not permit the application of alternative audit procedures regarding fixed assets. Consequently, I did not obtain sufficient audit evidence to satisfy myself as to existence, accuracy, completeness and valuation of and rights relating to fixed assets.

**Umkhanyakude District Municipality Management response:**

***The assets were transferred from local municipalities in the 2005/2006 financials. In respect of these assets the date of acquisition was deemed to be the inclusion date. A list of infrastructure assets not capitalized in previous years was prepared. It is perhaps interesting to note that this was not picked up by the AG in previous audits). These were processed in 2005/2006 and an amount of R293, 000 was brought to account, the entry being debit assets, credit loans redeemed and other capital receipts, creating effectively a nil book value. These assets were verified and an assets register was prepared which was in balance with the assets register. This was accepted by the AG in 2005/2006 as our service providers, Messrs Combined systems were in the process of preparing a fully compliant GAMAP/GRAP assets register which only had to be finalized by the end of June 2008 (window period for assets by NT) and now in terms of the implementation plan as submitted in October 2007 which requires full asset compliance by 2009!***

***Corrections in respect of infrastructure assets for 2005/2006 were indeed effected in the 2006/2007 statements and working papers were handed to various sets of auditors as the teams changed and also explained to the changing teams. There was lack of continuity and understanding of the process, what was trying to be achieved, and that the corrective process was a continuance from previous years, and that these corrections are vital in the overall goal in terms of the implementation plan. Furthermore as these corrections (bullet points 1,4 & 5), all relate to infrastructure assets which in terms of the plan still have to be valued, perhaps therefore an exercise in futility, noting that the administration was merely trying to align the assets register to historic costs of assets not previously capitalized to ensure that depreciation is brought to account.***

***Again, with the dispensation given by NT, it seems extremely harsh to issue a disclaimer, noting the implementation plan and the evident lack of understanding or acceptance of the process as a result of changing audit teams.***

***Bullet point 2 – the sentence composition is misleading. Not all 55 assets referred to relate to the R618, 000 disposed of in prior years, the amount refers to vehicles disposed of by council resolution in prior years which indeed have not been removed from the assets register. These will be removed in the 2007/2008 year in accordance with the plan for physical verification.***

***Notwithstanding the above asset verification was commenced in 2006/2007 and the 42 assets referred to were mostly vehicles which the auditors were not able get to see as they were in the field busy with service delivery. There are however other methods of verification which the auditors could have employed to verify the existence of these vehicles such as log sheets etc.***

***Bullet point 3- land owned, similarly the auditors could have performed a deeds search, this being normal audit practice. The deeds for the airfield are readily available in any event.***

***Bullet point 6.-the land referred to for the airstrip is mainly the runway, the balance of the land having little intrinsic value, and as such is infrastructure, which needs to be maintained and accordingly depreciated. Notwithstanding this, and the window period for infrastructure asset valuation, I have***



*great difficulty even understanding that this is included as a query yet alone its contribution to a disclaimer! Perhaps this is indicative of the dogmatic approach taken by the AG in his disallowance of the deviations, despite the reasonableness of the approach taken in depreciating the full historic value of the airstrip.*

#### **Revenue and value added tax (VAT) - water and electricity sales**

A computer system design error resulted in the sales transactions initially being recorded inclusive of VAT. Only upon receipt from the debtor, is the VAT output element reversed to the VAT control account. Consequently revenue is overstated to the extent of the output VAT element in the outstanding consumer debtors' balance and the VAT control account will be understated by the same amount. This system flaw has existed since the inception of the municipality. The current and prior years' impact of this error has to be determined in order for a correction to be made.

No reconciliations were performed between water purchases and water sales, arising from a lack of controls over the completeness of water revenue and water losses for the year under review. I was unable to perform alternative audit procedures relating to testing the completeness of water revenue and water losses (technical losses).

Water meter reading sheets could not be provided during the audit, and those tested indicated an overstatement of R21 000 and an understatement of R69 000.

Certain electricity meter readings selected had not been accurately recorded on the system resulting in an understatement of revenue and debtors by R333 858.

Consequently, I did not obtain sufficient audit evidence to satisfy myself as to accuracy, completeness and cut-off of water revenue, water losses, consumer debtors and VAT.

#### **Interest earned**

A comparison of the recorded interest earned of R1 871 987 to bank confirmations revealed that interest earned for the year was understated by R433 817. Consequently, I did not obtain sufficient audit evidence to satisfy myself as to accuracy, completeness and cut-off of interest earned.

#### **Consumer deposits**

I tested the reasonableness of the consumer deposits by re-computing the expected balance based on the number of customers and the required deposit. This comparison revealed a probable understatement in the range of between R1 009162 and R9 947 962.

Accordingly, I was unable to determine the accuracy, completeness and valuation of the consumer deposits balance.

**Creditors**

No reconciliations were performed between supplier statements and the trade creditors' balances per the general ledger. My comparison of material creditors' general ledger balances to the supplier statements revealed a net overstatement of the trade creditor balances by R674 090.

Supporting documentation as evidence for the sundry creditors' accrual account balance of R3 559 901 brought forward from prior years could not be provided for my audit.

Not all project contracts selected for auditing to test payments to retention creditors could be provided for my audit. Accordingly, I was unable to determine the accuracy and completeness of and rights and obligations relating to creditors.

**Consumer Debtors**

The consumer debtors listing balance of R61 633 195 differed from the recorded balance of R62 361 502. Management was unable to provide a reconciliation of the difference of R728 307.

Due consideration to the ongoing adequacy of the provision for bad debts was not given. The only movement in the bad debt provision from the prior year balance, was a bad debt write-off of R489 934. Management could not present an assessment of the adequacy of the provision for bad debts for the year under review.

Included in consumer debtors was a suspense account balance that contained unallocated receipts to the value of R 2145295. Until the nature of these deposits can be determined, the impact on the financial statements is unknown.

In addition, interest on long outstanding consumer debtor balances had not been levied and this resulted in an understatement of revenue and debtors. The entity does not have a well defined policy regarding the raising of interest on overdue accounts and accordingly, I was unable to estimate the impact of this error.

Consequently, I was unable to confirm or verify by alternative auditing procedures, the valuation, existence and completeness of consumer debtors totalling R27 213 440 reported on the balance sheet.

**Other debtors**

Included in other debtors was an amount of R3 870 914 relating to the alleged fraud which had resulted in the misappropriation of municipal funds. Legal action had been taken in an attempt to recover the misappropriated funds. However, no documentary evidence could be made available to support the recoverability of these funds.

Accordingly, I was unable to conclude on the appropriateness of the valuation of other debtors.

**VAT**

Included in the VAT receivable of R18 657 201 is R16 499 713 which the municipality had raised relating to the under recovery of input VAT. No supporting documentation was made available to me and accordingly I was unable to test the validity, completeness and accuracy of the recorded VAT receivable.

## **Investments**

Investments as reflected in note 7 to the financial statements were incorrectly classified. The term deposit of R8 778 804 is redeemable on 31 March 2009 and accordingly should be reclassified to current assets. Moreover, the call account of R3 336 743 should be reclassified as cash and cash equivalents as it is redeemable within 90 days per the MFMA requirements.

## **Long-term liabilities**

A review of the loan agreement in respect of the ABSA loan indicated that the debt covenants in respect of the year-on-year increase in debtors not to exceed 15% had not been complied with. Therefore, the entity is in breach of the loan covenants and as a result the bank is entitled to call for the loan to be settled immediately. Accordingly, the loan balance of R5 594 810 included in the long term liabilities of R17 065 868 should be reclassified as current liabilities on the face of the statement of financial position.

## **Irregular expenditure**

The remuneration structures of certain councillors exceeded the limitations determined by Government Gazette R. 1227 (Termination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils). This resulted in an overstatement of councillors' remuneration by R100 535.

## **Opinion**

### **Disclaimer of opinion**

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Umkhanyakude District Municipality. Accordingly, I do not express an opinion on the financial statements.

### **Emphasis of matters**

I draw attention to the following matter:

#### ➤ **Going concern**

The municipality's current liabilities exceeded its current assets by R39 295 551, in comparison to the prior year of R28 764 707 and there was a decrease in the bank balances of R4 641 737 in comparison to the prior year.

It was further noted that the balance sheet indicated a balance of R35 034 633 of unspent conditional grants, and yet the municipality only has approximately R12 115 547 in funds invested.

Because of the above the extent to which service delivery was achieved is questionable as the municipality is reliant on funding from provincial and national government.

#### ➤ **Unauthorized expenditure**

I draw attention to the fact that the municipality exceeded its fixed asset additions budget of R106 906 433 by R197 219 579 as disclosed in note 27 to the financial statements; in compliance with section 125(2)(d) of the MFMA.

**Umkhanyakude District Municipality's Management response**

**In response to the above-mentioned issue, the UDM management presented the following points**

➤ **WATER REVENUE AND WATER LOSSES**

**This query was as for the previous year. It was explained at length to the AG that council does not have the infrastructure to measure water purchases against water sales as there are no control meters /zone meters and further there are numerous unmetered stand pipes. Further the terminology used is misleading. Council does not purchase water. It purifies water drawn from various sources and pays all the purification costs associated therewith. Last year this was used as a reason for qualification of the audit report. Council has commenced with a water loss control programme in its largest supply area being Mtubatuba which includes the installation of zone control meters and will in the foreseeable future be able to compare purified water distributed to water sold.**

**Despite this improvement the audit report is downgraded from qualification to disclaimer.**

**The meters claimed not to be captured were subsequently proved to the auditors. The information provided does not allow us to prove or disprove this statement as we do not know if it is the same meters being referred to.**

**In terms of the tariffs for 2006/2007, these were approved as part of the budget meeting in June 2006 and implemented and billed as such. Indeed in any event they did not change from the previous year.**

**Under the circumstances including these issues as disclaimers seems extremely unfair.**

➤ **CONSUMER DEBTORS**

**The summary age analysis for 90 and 60 days agrees to the total reflected. In respect of current and 30 days these include journals for previous periods passed in the current month. Debtors reflected as 120 days and over totals R35, 906,501. The provision of R34, 569,787 is considered more than adequate!**

**Individual debtors would not agree to the age analysis where journals have been processed.**

➤ **MISCLASSIFICATION OF BULK WATER EXPENSES**

**Water costs for 2006/2007 were not ring fenced. In addition council does not purchase water, it has a service provider who incurs expenditure to purify and distribute water. The statement that these costs are unrelated to water purchases shows that the auditors have no understanding of the business of this council, and further that this should be cause for a disclaimer is ludicrous.**

➤ **PERFORMANCE BONUS PROVISION**

*The calculations in respect of these figures were supplied.*

➤ **CORRECTION OF PRIOR YEAR ERRORS**

*On gamap conversion, prior year errors are adjusted through the net change of assets. Accumulated profit/loss is debited or credited and referred to a note. This was discussed with the auditor who indicated that it should be shown as a prior year adjustment.*

*The complaint appears to be that comparative financial results have not been retrospectively corrected.*

➤ **CONSUMER DEPOSITS**

*These listings were all in respect of balances taken over from the 5 local municipalities. Lists were provided in respect of four of the councils and only BIG 5 was outstanding.*

➤ **CREDITORS LISTING NOT MAINTAINED**

*A monthly creditors listing is produced each month. This was shown to the auditors. Furthermore the outstanding orders report is also available.*

➤ **SUNDRY RECEIVABLES**

*This case is still sub-judicate, the amount outstanding is correct. Council is not yet in a position to write off this amount. Further there are indications from asset forfeiture unit that funds will be forthcoming and further an interdict against pension payment till after the case has been lodged.*

➤ **VAT RECEIVABLE**

*Maxprof supplied the auditors with a letter confirming their claim on behalf of council. This amount has subsequently been reduced by the Receiver. Full documents relating to the above are available.*

➤ **UNCLEARED SUSPENSE ACCOUNT**

*This is a valid query. Reconciliations are presently being effected and procedures and processes with a view to more rigid internal control will be introduced.*

➤ **DISCLOSURE INFORMATION FINANCIAL STATEMENTS**

*Statements were finalized in October 2007. The Audit Report was received in May 2008. All the information referred to is readily available.*

➤ **INFRASTRUCTURE PROJECTS**

***No Infrastructure projects are commenced with without tender process or contract documentation. From the foregoing it is evident that the disclaimer of opinion is extremely harsh treatment of this District Council and reflective of the approach to the Audit. A fairer representative opinion may have been emphasis of matter. No credit or recognition is given for early conversion and in fact the Auditors recognition of the spirit of Circular 44 from National Treasury is non-existent.***

Other issues raised by the auditor-general included the following:

➤ **NONE REPORTING OF PERFORMANCE INFORMATION**

***UDM's response: The Annual Report for 2007 is still to be completed. Report for 2006 was not done due to the extremely late finalization of the Financial Statements and Audit as a result of the documents being with the Forensic Auditors. In respect of 2007, the Mayor tabled a report as required by the MFMA explaining the delays in submission of the Annual Report.***

➤ **EXISTENCE AND FUNCTIONING OF PERFORMANCE AUDIT COMMITTEE**

***UDM's response: Council has appointed the Audit Committee in a dual functionality also as its Performance Audit Committee.***

➤ **INTERNAL AUDITING OF PERFORMANCE MEASUREMENT**

***UDM's response: Council is far advanced in the development of its Organizational Performance Management System.***

## SECTION C: ANALYSIS PHASE

### CHAPTER 5: STATUS QOU ANALYSIS

The overview of the District has already been presented in the 1<sup>st</sup> chapter of his document. Therefore this chapter focuses on the status of existing levels of development in the Umkhanyakude District Municipality

#### **The assessment of Existing Levels of Development in Umkhanyakude District Municipality**

In terms of the analysis on the existing levels of development in the Umkhanyakude District Municipality; the landscape approach was used to identify the status quo in terms of three (3) Key Performance Areas, namely:

- Infrastructure and services;
- Economic landscape; and
- Social landscape.

#### **5.1. Infrastructure and Services Landscape**

The district is characterized by poor transportation linkages and therefore poor mobility with the road infrastructure essentially limited to the N2 which passes through the District and some smaller roads. Even though the N2 is a national route, in the District it is a single lane road that in some segments not in a good shape. Movement on this and the few others in the District is perceived to be dangerous, due to (1) the bad state of the roads, (2) free-roaming animals, (3) the weak state of roadworthiness of many of the vehicles in the area and (4) opportunistic criminal activities. Public transport is poor and dangerous. As many of the roads are inaccessible for buses and taxis, “bakkies” are illegally used for public transport.

##### 5.1.1. Electricity

The supply of electricity remains one of the biggest challenges for the Umkhanyakude District Municipality. The area is vast and is one of the biggest districts in the province. The majority of the population is rural and households are scattered across the countryside adding to the complexities and cost of service delivery. There are currently large areas that do not have any form of electricity supply and other areas that experience intermittent supply. Progress in the alleviation of the backlog has been hampered in recent times by the countrywide supply crisis that has struck Eskom. This has led to planned projects for the 2008/2009 year being indefinitely put on hold.

There are currently three suppliers of electricity within the uMkhanyakude boundaries; Local Government, Eskom and Nuon RAPS Utility (Pty) Ltd (NuRa).

Local Government and Eskom are supply authorities licensed by the National Electricity Regulator (NER) to distribute grid electricity to customers. NuRa is one of the five national consortia which have been given a concession by National Government through its Department of Minerals and Energy to supply off-grid customers.

Generally the areas supplied are:

- Jozini Municipality - Ingwavuma area
- Mtubatuba Municipality - KwaMsane area
- Eskom — Rural areas outside the above two supply areas and the urban areas of Mtubatuba, Riverview, St Lucia, Hluhluwe, Mkuze, Jozini and Manguzi.
- Nuon RAPS Utility (Pty) Ltd (NuRa).

Ingwavuma takes a 1,2 MVA bulk supply point from Eskom off their Makhathini NB43 network while Kwamsane takes 2.1 MVA.



Reticulation Networks and Service Levels

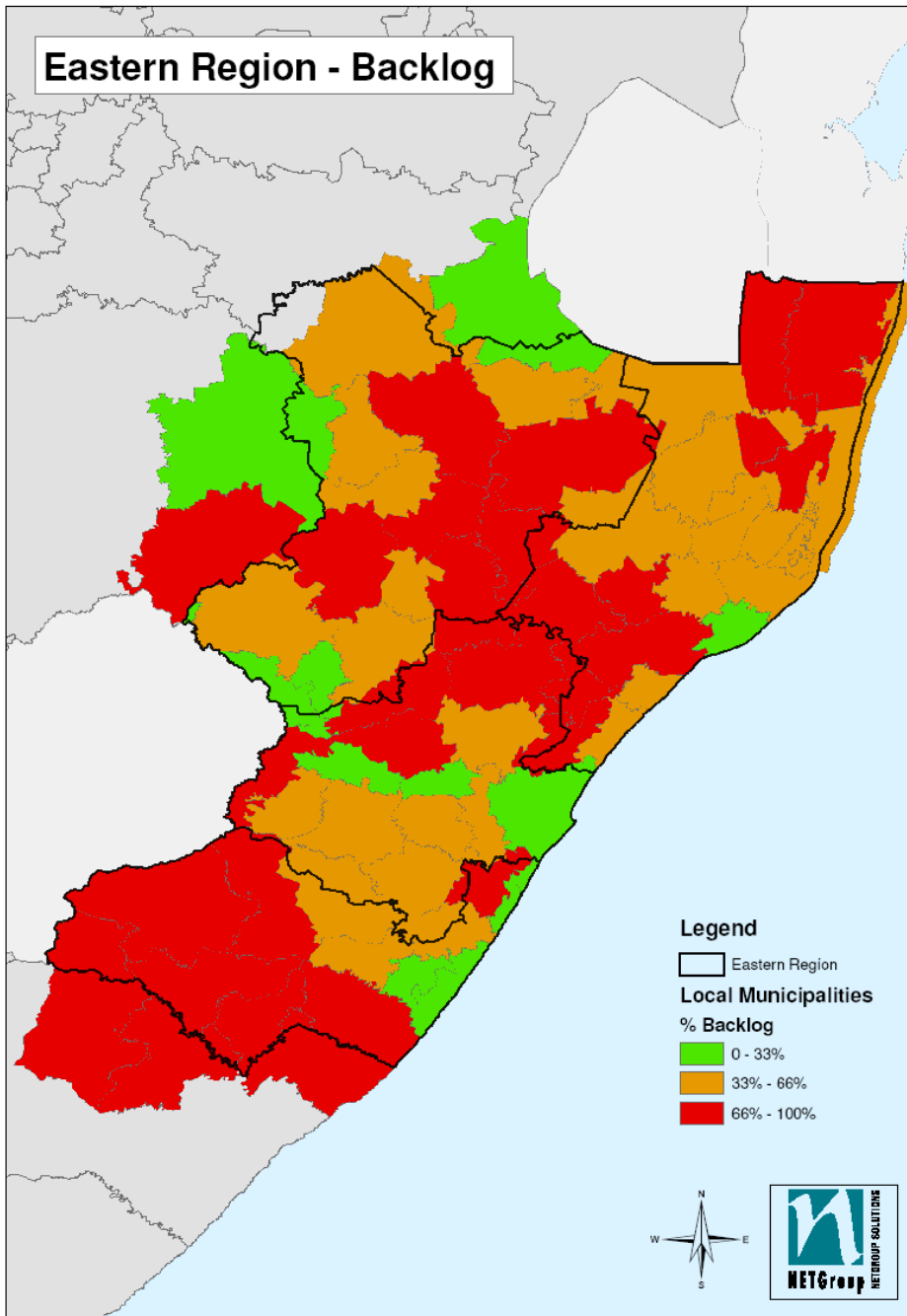


Figure D: Electricity Backlog Map (ESDP 2006)

This figure provides an indication of the areas of need and the backlog currently being experienced within the Umkhanyakude District Municipality.

### Current supply sources

Eskom supply the bulk of electricity in uMkhanyakude. A 132kV sub-transmission network has been developed through uMkhanyakude along a route which generally follows the N2 national road. The sub-transmission network comprises a single 132kV line which in turn supplies four 132/22kV substations, Mtubatuba, Hluhluwe, Mkuze and Makhathini. These 4 sub-stations supply a total of 19 000 electrification, small and large power user customers, through a total of 22 distribution (11kV and 22kV) networks made up of both overhead line and cable with a combined network length in excess of 2400 kilometres.

### Backlog in Infrastructure

**Table 5.1: Backlog in Electricity infrastructure – bulk & distribution (ESDP 2006)**

No	Year	Trigger	Local Municipality	Project Name	Funding	Cost
2	2012	Reliability	Hlabisa	Mtubatuba to Hluhluwe	Nersa	R 10,700,000.00
32	2009	Strengthening	Hlabisa	Hlabisa 88/22 kV S/S	Eskom	R 27,755,000.00
12	2010	Capacity	Jozini	Ingwavuma 132 kV S/S	DME	R 37,050,000.00
31	2008	Customer	Jozini	Nondabuya 132/22 kV S/S	Customer	R 27,755,000.00
13	2011	Capacity	uMhlabuyalingana	Mbazwana 132 kV S/S	DME	R 50,570,000.00
14	2009	Capacity	uMhlabuyalingana	Manguzi 132 kv S/S	DME	R 55,640,000.00
						<b>R 209,470,000.00</b>

**Table 5.2: 2009/2010 Electricity Projects**

Local Municipality	Project Name	No. of Connections	Total Project Costs
UMHLABUYALINGANA	SIKHEMELELE	400	1,642,164
	<b>Sub Total</b>	<b>400</b>	<b>1,642,164</b>
JOZINI	MAMFENE	210	879,663
JOZINI	MBODLA	184	807,388
JOZINI	BHAMBANANI	714	3,753,200
JOZINI	NONDABUYA	1,294	12,692,336
JOZINI	KWASIWONGANA	1,465	6,274,894
	<b>Sub-Total</b>	<b>3,867</b>	<b>24,407,481</b>
HLABISA	MAPELENI	488	2,887,798
	<b>Sub-Total</b>	<b>488</b>	<b>2,887,798</b>

Source: ESKOM

### 5.1.2. Water

The majority of the households within the district receive water from water taps. However, there are those in the remote areas that get water from rivers or streams some of it are not protected. Water has been a very challenging function in the district and a lot of money has been spent on water. The district has adopted a water service development plan which serves as a guide in the delivery of water. The existing plans reflect that the total budget of R 388.9 m is required to address water backlog for the period 2004-2015. The district has already started providing free basic water services where each household is allocated with 6000 liters of free water. The total number of households without potable water in the District is estimated to be around 62 015 or 54%.

The District is still experiencing drought. The Provincial DTLGA together with the Node contributed R4.9 Million to the drought relief programme. The 2 Disaster Management Trucks were used during the drought and 2 tankers purchased. The total expenditure on Drought relief project: +-R 6,7million. The District is required to promote access to Free Basic Services and expanding previously under – serviced areas. The District is implementing Free Basic Water as a pilot.

### 5.1.3. Sanitation

The district has managed to provide sanitation in most of the households in the district. Sanitation backlogs are the major infrastructural challenges facing the district, 57654 households do not have access to any form of sanitation. Jozini and Umhlabuyalingana municipalities are the most affected. There are sanitation projects that are being implemented by the district, the District is considering the creation of internal capacity to implement environmental health program, which include educating communities on hygienic practices, which can also help in dealing with some of the diseases associated with the lack of proper sanitation facilities.

The WSDP also states that 388895 people (78.70 %) need sanitation. The total costs of R 116, 8 million for the period of 2004-2015 is required to remove service backlog.

The District has prepared and adopted Water Service Development plan, which serves as a guide in the delivery of water and sanitation.

The majority of households (25 272) within the District obtain water from the rivers or streams some of which are not protected. Water from these sources is shared with animals, which exposes communities to diseases such as cholera. During drought seasons most of these streams dry up and leave people without any source of water.

A number of bore holes have been developed and serve as the main source of water for at least 18 501 households. However due to the severe drought the water table of these boreholes is running dry.

According to Water Services Development Plan, 261,931 (53.01%) of the community of Umkhanyakude need water. The existing plan reflects that the Total budget of R388, 9 Million is required to address water backlogs for the period 2004-2015.

## 5.2. ECONOMIC LANDSCAPE

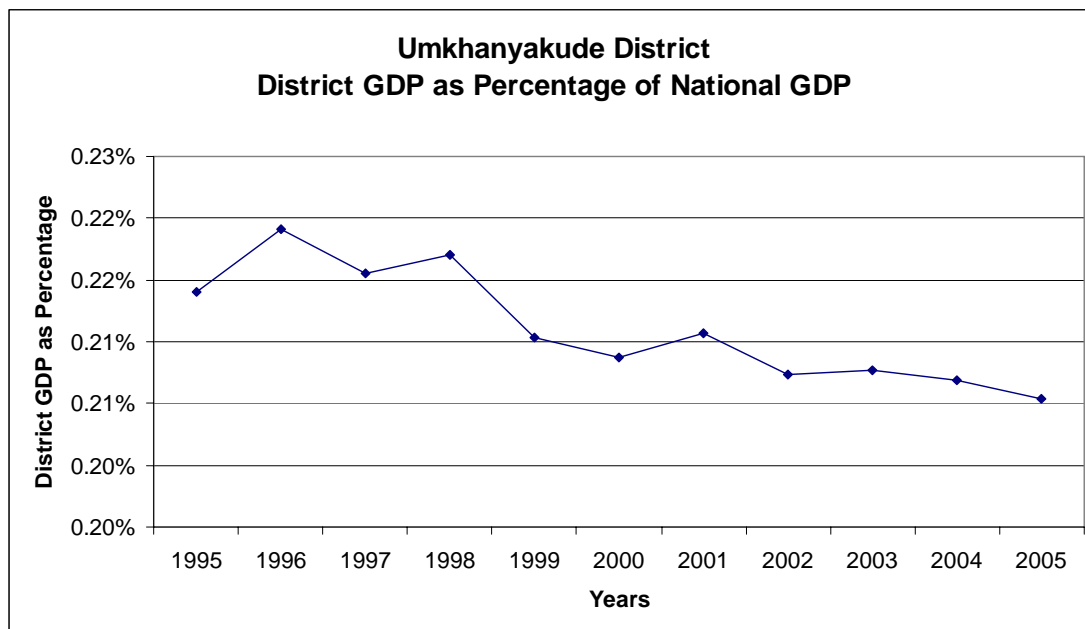
The following sections will address the economic fundamentals in the District which are key to understanding the economic basis and drivers of the area. The District economy is repeatedly reported to be dependent on few sectors such as agriculture and tourism. However, the indicators used below seek to highlight the economic contribution of each sector to total growth of the District economy.

The District economy has registered decreasing contribution to National Gross Domestic Product. During the period of 1995 to 1997 the District enjoyed significant contribution to national GDP. In the recent past the contribution to national GDP has declined.

The economy is based on the following economic pillars: services sector, tourism, wholesale and retail, agriculture and transport. The leading sector in uMkhanyakude is services; however, it is interesting to note that agriculture is highly prioritised as a potential sector regardless of its contribution thus far to GDP. On the other hand, tourism has proved to be growing and developing as a pillar of the District economy. The services sector has contributed significantly to the District GDP over the years. Retail is also experiencing growth which is mainly through the local economic nodes of the District, such as Mtubatuba, Mkuze, Hluhluwe and Jozini.

This trend indicates a serious challenge facing the District in terms of diversification and taking advantage of competitive advantage that prevails in the District economy. Trade has remained a considerable component of local GDP, and this is evident in the continued average contribution to the GDP. It is therefore, clear that the District has to devise new strategies to stimulate agricultural sector and further ensure maximum participation of local inhabitants to the mainstream tourism economy which seems to be enjoying growth.

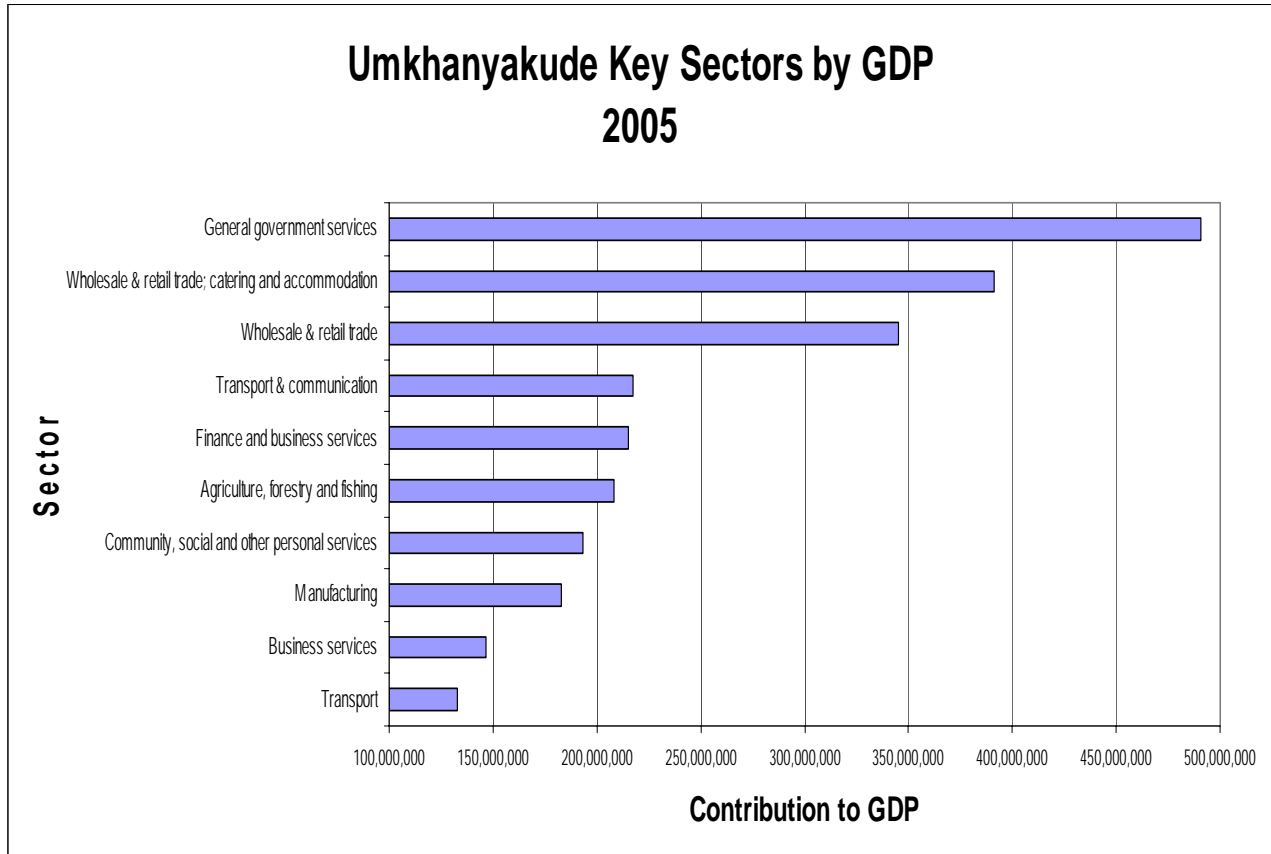
**Figure E: uMkhanyakude GDP as percentage of National GDP, 1996-2005**



Source: Quantec 2007

Figure F below illustrates the economic performance of the District in terms of the various economic sub-sectors – 1999 to 2005.

**Figure F: uMkhanyakude Contribution to GDP, 1996-2005**



Source: Quantec 2007

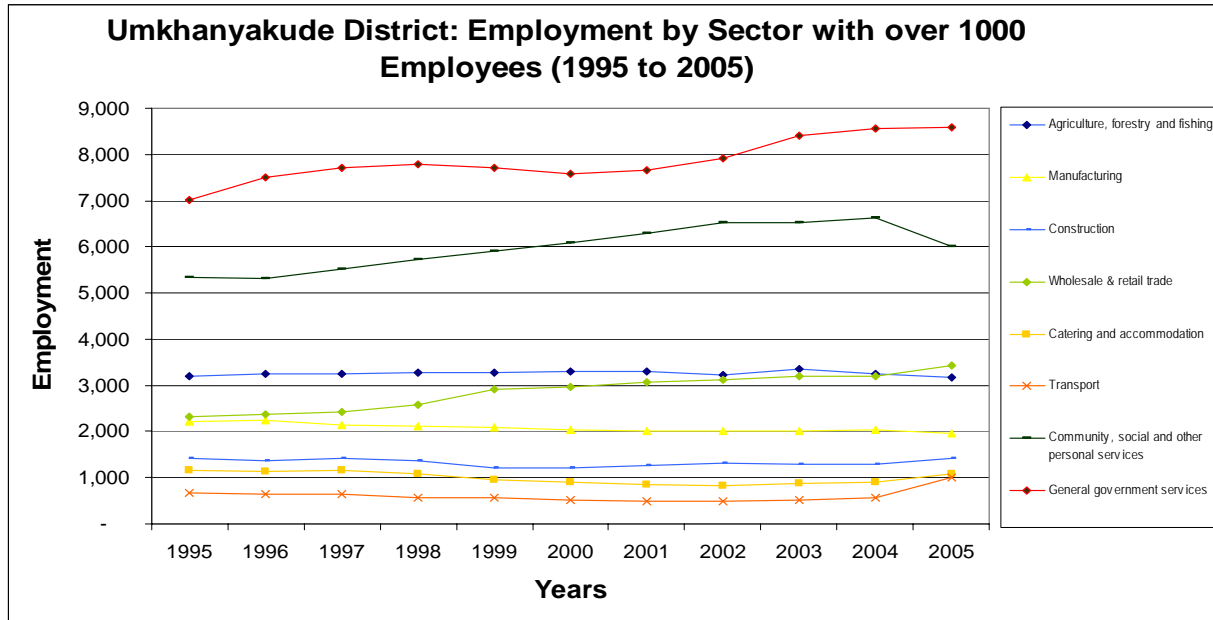
The District offers a special variety of cultural and environmental assets to the tourist which has been discussed in a previous section of the report. These features provide the basis for uMkhanyakude to become an international tourist destination. Hence, the tourism contribution to GDP is in the main attributed to the above mentioned District facilities and assets.

It is interesting to note that all local municipalities seem to be dependent on services, retail and tourism sectors. However, there is still a limited number of District-wide projects aimed at taking advantage of the District latent economic potential.

#### 5.2.1 District employment distribution

It is evident that the District economy is experiencing negative formal employment growth. The services sector as a major contributor to the GDP has created a number of employment opportunities in the District. This clearly exhibits high dependency of the economy on government services. The community services and retail sectors have also experienced increased level of labour absorption within the District. Low representation of the agricultural and manufacturing sectors indicates a low level of development and economic diversification.

**Figure G: Formal Employment Growth**

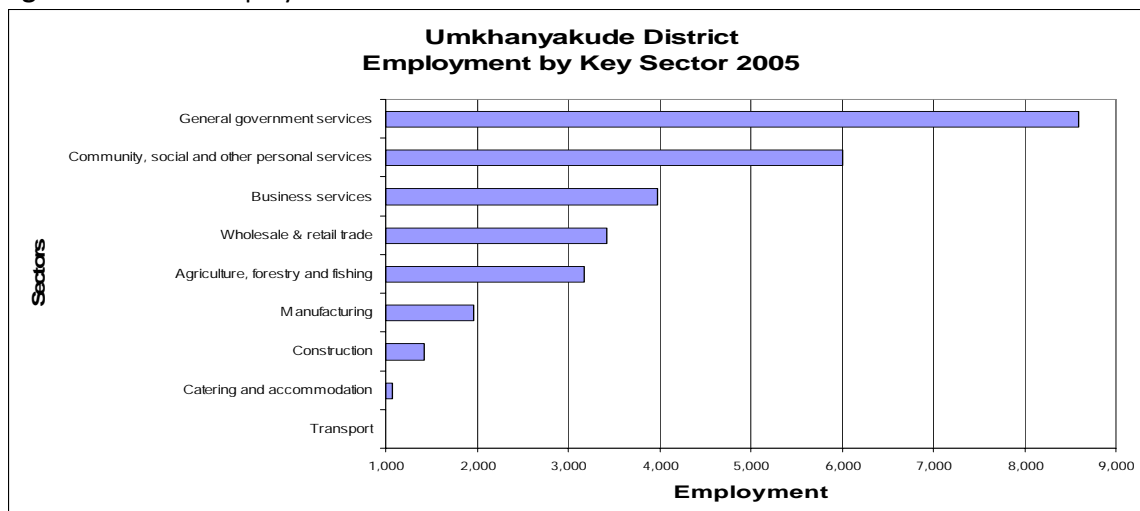


Source: Quantec 2007

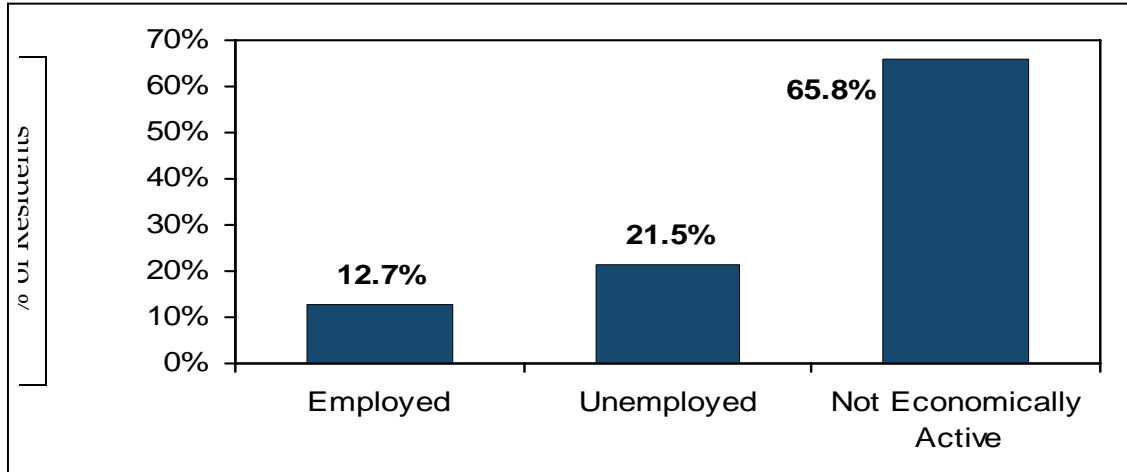
It is worth noting that tourism has experienced significant growth in terms of GDP, nevertheless the contribution of this sector towards eradicating prevalent unemployment is still very minimal. It therefore stands to reason that the District has a challenge to devise strategies that would couple the experienced sector based growth with the desired employment rate.

It is reported that 31.5% of the employed are involved in various types of elementary activities or unskilled work which do not require any formal training of skills level. Skilled and technical and professional workers accounts for 3435 (10.7%), 1368 (4.26%) and 4396 (13.7%) respectively. 4381 (13.3%) of the total labour force, works in the craft and trade related industries. This clearly indicates general lack of appropriate skills for economic diversification. It also highlights a need for skills training in order to position the labour force to exploit the emerging economic opportunities.

**Figure H: Formal Employment Distribution 1995-2005**



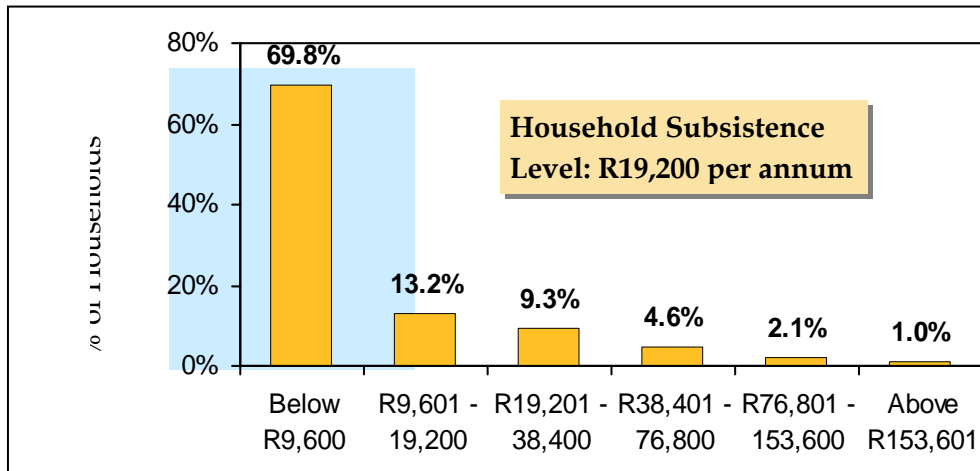
**Figure I: District Employment Figures (2001): Business Trust Report**



### 5.2.2. District income distribution

An analysis of the income profile of the population suggests that poor low income communities dominate UMkhanyakude District. The largest percentage of households earns less than R1 500 a month. 25.7% of households have no formal income, which suggest a high dependency on subsistence activities for survival. A key contributor to the low-income levels is the high rate of unemployment and the low wages paid in specifically the agricultural sector. (Source: Stats 2001).

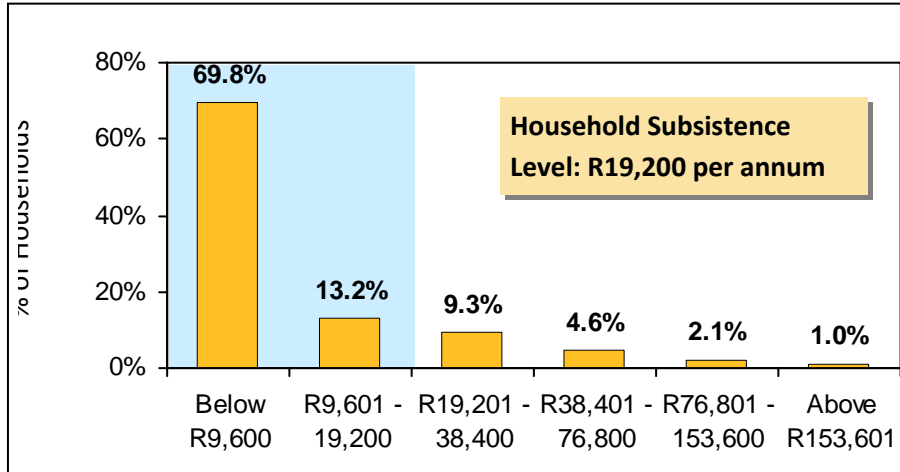
**Figure J: Annual Household Income**



Source: Business Trust Report 2006

The majority of households live below the poverty line. Approximately 42% of the households have family members of between 4 and 7, while 24, 7% have more than 8 members in the household.

**Figure K: Percentage households within various income levels**



**Annual Household Income (2001)**

On the other hand, it is reported that 69% of the households earn an income of below R9600 per annum. This clearly explains why the District is among the Presidential nodes which call for immediate attention in terms of socio-economic interventions.

**Table 5.3: Socio-Economic Profile- SUMMARY (based on 2001 Census)**

Indicator	Findings
Population Size	<ul style="list-style-type: none"> <li>• Mhlabuyalingana 140 956 (26%)</li> <li>• Jozini 184 049 (32%)</li> <li>• Big Five 31 295 (5%)</li> <li>• Mtubatuba 33 610 (6%)</li> <li>• Hlabisa 176 890 (31%)</li> <li>• Total District Population 573 341</li> </ul>
Age and Gender	<ul style="list-style-type: none"> <li>• 55% females, 45% males</li> <li>• Dominant age groups: 0 to 14, 15- 34</li> </ul>
Level of education	<ul style="list-style-type: none"> <li>• 46% No schooling</li> <li>• 15% Primary (Grade 5)</li> <li>• 30% Secondary (Grade 12)</li> <li>• 4% Higher education</li> </ul>
Level of employment	<ul style="list-style-type: none"> <li>• 65.8% not economically active</li> <li>• 12.7% employed</li> <li>• 21.5% unemployed</li> </ul>
Average Annual Household Income	<ul style="list-style-type: none"> <li>• 80% monthly income below R1600.00</li> <li>• 17% monthly income more than R1600.00</li> <li>• LM with highest incomes:</li> </ul>



### 5.3. SOCIAL LANDSCAPE

Due to low levels of education (46% no schooling); employment (65% not economically active); and household income (80% monthly income), the levels of unemployment and poverty are unacceptably high in Umkhanyakude District Municipality. Therefore there is a need to address that in a sustainable way. The majority of people living below poverty line live in the remote areas, away from job opportunities and amenities.

#### 5.3.1. Unemployment

The total labour force within Umkhanyakude District is estimated to be 299602 people. 38193 of these people are employed while 196994 are not economically active. The area is characterised by a high level of unemployment due to lack of employment opportunities within the District. Low Education level may impact negatively on the ability of the local residents to participate actively and benefit from the ongoing development programmes.

#### 5.3.2. HIV/AIDS

The Municipalities face high levels of HIV infection. The district Municipality with Traditional leaders, Civil Society and other Private and Public Sector has developed an HIV/ Aids strategy for Umkhanyakude Node. In July 2004 the Node appointed the District HIV/ AIDS Manager who has now assisted the node in establishing the District Aids Council. The DAC constitute of the following members: 5 LMs and the District municipality, Government Departments, Civil Society and Private Health sector and the Traditional leaders. Funding for HIV/ AIDS remains a challenge.

#### 5.3.3. Education

Umkhanyakude District is characterised by a relatively high illiteracy rate. About 113867 people do not have any school education while 37870 have primary education. Only 8770 have higher education. The low levels of education may impact negatively on the ability of the local residents to participate actively and benefit from the on-going development programmes.

Based on the findings of this analysis 25% of the District's households do not have easy access to educational facilities mainly in the more remote rural areas including Umhlabuyalingana and Jozini. The less remote areas appear to be better served by educational facilities.

The table below gives an indication of the number of households within the district which have access to primary and secondary school facilities, as well as an indication of the number of households which have no access within the parameters of distance used. These figures were calculated by applying a buffer of 2000m around primary and pre-primary schools and 5000m around secondary and combined schools. All those households which fell within the buffer area were deemed to have access to the education facility all those falling outside the buffered area were deemed not to have access to the education facility.

**Table 5.4: Level of Access to Primary and Secondary Schools in the Umkhanyakude District**

Education	Not Served				Served				Total
	Secondary	Primary	Total	%	Secondary	Primary	Total	%	
Hlabisa Municipality	758	7442	8200	4	26302	19618	45920	23	54120
Jozini Municipality	4585	12198	16783	8	25726	18113	43839	22	60622
Mtubatuba Municipality	742	1065	1807	1	4718	4395	9113	5	10920
The Big Five False Bay Municipality	1227	1310	2537	1	2746	2663	5409	3	7946
Umhlabuyalingana Municipality	6742	11294	18036	9	23691	19139	42830	22	60866
Protected	655	1010	1665	1	1414	1059	2473	1	4138
Totals			49028	25			149584	75	198612

Source: DC 27 SDF – 2008

#### 5.3.4. Health

Umkhanyakude is made up of five health wards. Each health ward has one hospital with a number of clinics and mobile stopping points:

Hospital	Number of Clinics	Number of Mobile Stopping Points
Bethesda Hospital	8	25
Hlabisa Hospital	15	35
Manguzi Hospital	9	30
Mosvold Hospital	10	34
Mseleni Hospital	8	18

Table 5.5 below gives an indication of the number of households in the region that have access to clinics and hospitals, as well as an indication of the number of households which do not have access to health facilities. These figures were calculated by applying a buffer area of 10 000m around clinics, and 50 000m around hospitals. All households which fell within these buffer zones are assumed to have access to the health facilities, whilst all those falling outside of the buffer are assumed not to have access to the health facility.

**Table 5.5: Level of Access to Health Facilities in the Umkhanyakude District Municipality**

Municipality	Not Served		Total	%	Served		Total	%	Total
	Clinics	Hospital			clinics	Hospital			
Hlabisa Municipality	656	958	1614	1	26404	26102	52506	2 6	54120
Jozini Municipality	2750	0	2750	1	27561	30311	57872	2 9	60622
Mtubatuba Local Municipality	334	2217	2551	1	5126	3243	8369	4	10920
The Big Five False Bay Local Municipality	1120	761	1881	1	2853	3212	6065	3	7946
Umhlabuyalingana Local Municipality	5054	0	5054	3	25379	30433	55812	2 8	60866
Protected	615	642	1257	1	1454	1427	2881	1	4138
<b>Total</b>			<b>1510</b>	<b>8</b>			<b>18350</b>	<b>9</b>	<b>19861</b>
			<b>7</b>	<b>8</b>			<b>5</b>	<b>2</b>	<b>2</b>

Source: DC 27 SDF 2008

There appears to be a higher level of access to health facilities in the District than education with only 8% without access to services.

## 5.4: MIGRATION ANALYSIS

### 5.4.1. Generic Migration Patterns

A thorough research on migration patterns was conducted during the preparation of 2008 SDF for Umkhanyakude District Municipality. The Demographic Report looks at key research undertaken in recent times to unpack migratory patterns and the various impacts of migration and the ways in which geographical areas are affected. It understands that the movement of people into and out of various areas plays a significant role in determining the level and type of services that are provided to an area. In the case of the uMkhanyakude District, it is imperative to understand where people are settling and why is this so? This will directly impact on the future planning for the District.

The complexities of migration make this a term that cannot take on a single definition that can be applied in all contexts. When “migration is referred with respect to the human population, reference is usually made to a range of patterns of movement”<sup>1</sup>. There are two broad types of migration: involuntary migration, where individuals or households are forced to move, for example forced removals; and voluntary migration, where individuals or households choose to migrate although it takes place within a constrained set of options. In the contemporary South African context the term is used to reflect major social changes like the movement of people from rural to urban areas. This dynamic is widely believed

<sup>1</sup> Kok, Donovan, Bouare and Van Zyl (2004). Post-Apartheid Patterns of Internal Migration in South Africa, HSRC Publishers, South Africa

to drive urbanisation. In SA migration is also associated with labour migration i.e. the oscillation of workers between their homes and distant employment opportunities.

The research looks at various aspects of migration which are as follows:

- The history of migration in South Africa
- Migration patterns in a post-apartheid South Africa
- Cross-border migration
- Health and Migration
- Impact of Migration

It is important to note that urban areas are generally the centres of greater economic opportunity and until recently, the common wisdom was that people migrated out of rural areas and to urban destinations. However, in SA, the rising levels of unemployment and the informalisation of work also help to account for why recent studies are now documenting increased migration to semi-urban towns, to the rural perimeters of metropolitan areas, and rural villages. In KwaZulu-Natal, the insecurity about employment is increasing the desirability of a natural resource base. However, because low returns to the latter necessitate multiple livelihood strategies, there is a movement to rural areas that are closer to employment centres. Other reasons supporting why settlements on the peripheries of urban areas or smaller towns may be preferred to living within cities include lower living costs and perceptions of greater crime and violence in cities. Small steps in migration are not only less costly, but it makes it easier for migrants to retain links with their home areas, providing insurance in case of unemployment or sickness.

#### 5.4.2. Factors that cause migration

In the context of Umkhanyakude, it is worth noting the many varied factors that lead individuals or households to make a decision to move.

- Economic factors : essentially, seeking work or improved employment / income opportunities
- Non-economic factors
  - *Individual and household demographic characteristics*

These are the differentiating factors in migration behaviour. This category may include migration correlates such as life-cycle variables, family and household characteristics, factors associated with socio-economic status, the various employment-unemployment differentials, home ownership, the extent of household crowding, ethnic differences, years in the community and past migration history.
  - *Societal and cultural norms*

These form a second broad category expected to affect migration values and expectancies. Community norms and gender roles have been shown to affect migration patterns of demographic sub-groups

- *Personal traits*  
Personality traits such as risk-taking ability, adaptability to change and the ability to produce the desired result.
  
- *Information*  
Information about opportunities in the migration destination is seen as a factor that causes and perpetuates migration. Erroneous information could have as much an impact on behaviour as valid information.
  
- *Unanticipated constraints and facilitators*  
  
These may include family structure changes (such as marriage, divorce, separation, death of a spouse or a change in family size), or changes in other factors such as health, the financial costs of moving or the anticipated support from relatives and friends. These changes are almost unanticipated and may not have been salient considerations in the original migration intentions.
  
- *In situ adjustment*  
The decision to move is not the only outcome of a migration decision-making process. Two other outcomes have been identified in the literature. One option may be to adjust the needs of the individual or the household, while the other may be to restructure the environment relative to the household so that it better satisfies the needs. Either of these decisions would result in a decision not to migrate.
  
- *Residential-satisfaction model of migration*  
The decision to move out of a community is assumed to depend on the general level of satisfaction with the place of residence, the job and the community in general.
  
- *Multiple motives*  
This theory views migration as a function of multiple motives. Even where economic motives are dominant, they do not reflect the total context of the decision to move; they may also be inadequate in distinguishing the movers from the stayers.
  
- *Gravity model of migration*  
Migration is hypothetically related directly to the size of the relevant origin and destination populations, and related inversely to distance. The distance component was introduced due to an observation that place-to-place migration decreases with an increase in distance from origin. This may have been more relevant in the past. However, for a number of reasons, the deterring effects of distance have been declining over time. One possible reason is related to the fact that transportation and communication systems have improved and expanded. The reduced transport costs and improvements in the transportation system therefore encourage long-distance migration.

### 5.4.3. Cross-Border Migration

This issue is brought forward from the demographic report as it is particularly pertinent to Umkhanyakude which has both Swaziland and Mozambique forming part of its borders. A study undertaken on the movement of people between SA and two of its neighbours, namely Mozambique and Zimbabwe (Kok et al: 2003) to understand the migratory patterns of cross-border migrants. This study has confirmed that many migrants from neighbouring countries exhibited circular movements between SA and their home countries. Many did not intend to settle permanently in SA, as they had dependents in their countries of origin that they sent remittances and consumables to.

It was revealed by Kok et al that the causes of cross-border migration to SA is complex and interwoven and cannot be ascribed to one single factor. However, the two main reasons that have been offered include:

- Poor economic conditions and consequent unemployment; and
- Expensive consumer goods and low value of local currencies.

According to Kok et al, the civil war between Frelino and Renamo (1975 – 1992) had a great influence on Mozambican migration flow to SA, including refugees. After the war many of the refugees did not return to Mozambique, and remained illegally in SA. In some instances family members joined them later. Some of the refugees that did return to Mozambique after the war eventually came back to SA, due to the fact that many of their families had been killed in the war or because they could not secure employment. After the war, many soldiers of the war came to SA to seek employment.

Due to the history of migration from both Mozambique and Zimbabwe to SA, social networks were created in both sending and receiving countries. These networks were an important factor facilitating migration to SA. Social ties with migrants in the home countries and with those already settled in SA were often utilised by potential migrants in Mozambique to find work, accommodation and new networks of social support in SA.

Apart from the creation of networks, the long history of movement of people to and from SA created the perception of SA as a country of opportunities, where the conditions were generally better than the country of origin. The perceived and real availability of employment opportunities in SA was found to have played a major role in decision making to move to SA.

The nature of the work available for migrants was an important factor in facilitating migration to SA. Kok et al reports that Mozambican unskilled labourers were sought after in the construction industry, as they are willing to work for low wages and generally do not belong to trade unions. The labour-intensive agricultural practices on farms along the eastern and northern borders of SA created a demand for workers, which the Mozambicans and Zimbabweans crossing the borders could readily supply. Informal recruitment of workers by kinsmen and acquaintances provided potential migrants with work on these border farms. Kinship and cultural ties with SA citizens facilitated movement into the country.

Relatives and friends who had already migrated to SA sometimes motivate those left behind to migrate to SA. Kok et al (2003) states that some of the women interviewed stated that had come to SA to find their husbands or boyfriends with whom they had lost contact. These women sometimes made new social contacts or found jobs and consequently stayed on for longer than they had originally intended.

The penetrability of the SA borders appears to have played a significant role in the decision to migrate to the country. Migrants have indicated to Kok et al that the perception existed that it was easy to cross the SA border – either legally or illegally. In addition, some migrants indicated that once they were in the

country they would not be easily detected. Some migrants were also ignorant about visa requirements and regarded a passport as sufficient to allow them to find work and live in SA.

All of the above is also true for the District of Umkhanyakude District.

#### 5.4.4. Migration and health in South Africa

The health issues of migratory movements is becoming ever more prominent in response to the large and increasing number of people who are traversing geographical, cultural and ecological boundaries on a regular basis in various capacity. The current, almost unconstrained, movement of people over borders and within countries has raised fears of the global transmission of diseases. As such, it is not uncommon for many countries to be testing prospective travellers and migrants for a range of diseases before residence permits are issued.

Migratory movements place both recipient populations and migrants themselves at greater risk of suffering health setbacks.

On the one hand, recipient populations may be exposed to unfamiliar infectious agents and on the other because migrants themselves are affected by changes in environment, including exposure to new risks and lack of knowledge of and access to unfamiliar healthcare systems. Evidence shows that rural-urban migrants in particular are becoming increasingly more vulnerable to non-infectious diseases, especially lifestyle diseases such as hypertension, diabetes, cardiovascular disease and strokes.

On the issue of health through migration, an important area has arisen for KwaZulu-Natal specifically. This refers to the long distance travelling truck drivers that are also responsible for transmitting sexual diseases as stop at various points along their journey and utilise the services of sex workers. Many engage in unprotected sex and do so repeatedly. This not only spreads sexually transmitted infections (STIs) but also HIV/AIDS. The uMkhanyakude District Municipality has many of such truckers passing through their area and probably contributes to the spread of various diseases in the area.

#### 5.4.5. Development in rural areas

This section provides greater understanding of the effect migration has on the development of rural areas, either through a decline in for example, agricultural production as migrant labour drains the rural areas or, by promoting investment through remittances. Either way, an understanding of the current or potential effect of migration on the socio-economic lives of the people will have an influence on their decision to stay or move from an area, and in turn, on whether settlements are likely to grow or decline, and therefore what levels of service provision are likely to be necessary.

Some important points drawn from this study are:

- Migration can promote investment and development in the areas of origin (generally the rural areas), mainly through the contributions of remittance transfers.
- However, other studies reveal that although remittances support consumption, they do not provide a firm basis for sustaining this consumption in the future.
- Therefore, rather than being able to support development and investment in rural areas, migration is instead associated with an increasing dependence of rural households on remittance income. This has to be taken into consideration when undertaking forward planning and deciding on the viability / sustainability of settlements.

- In SA, it is widely believed that migrant labour has contributed to agricultural decline in the rural areas, as migration deprived households of labour needed for agricultural production,
- Migrant workers were paid below subsistence wages and the costs of reproducing labour had to be subsidised by the rural household.
- Households dependent on a share of wage income in the form of remittances are more likely to be poor than households that receive wage income directly. It was found that in KwaZulu-Natal, remittance dependent households show a high level of downward mobility.
- The difference between whether migration promotes investment or causes decline may be a case of migrants remitting more in areas of greater opportunity for investment. Where the rural areas resource base has been eroded and there are few options for investment, migrants may send remittances for consumption but make alternative investment decisions. However, in SA, the lack of freehold ownership in tribal areas may further undermine incentives for migrants to invest in rural areas. As migrants develop new ties and commitments in their place of employment, these transfers for consumption may also decrease over time. This is an important point for future planning as it ties in people's perceptions of rural areas as places to invest in their future, with issues of land ownership, the state of the natural resource base and what existing economic opportunities are present to support investment from migrant workers.
- In the past, a defining characteristic of migrant cultures was the commitment to the independence and satisfaction of patriarchal proprietorship over a rural homestead. However, with the erosion of agriculture and the rural resource base, migrants no longer identified themselves culturally with traditional society.

#### 5.4.6. Forecasting the Future Demographic Patterns for Umkhanyakude

The uMkhanyakude demographic forecast that is developed in this section to forecast the future population of the District consists of two integrated models:

- i) A macro demographic model that is used to project the total population of the District for the target years of 2010, 2015 and 2020; and
- ii) The micro demographic model where the future distribution of the population that is determined through macro model.

The process of modeling the future demographic growth and distribution consists of five steps. The steps are:

STEP ONE: the necessary data is collected and the models are compiled

STEP TWO: the macro population for uMkhanyakude is projected. The output of this model will indicate the total population for the area for 2005, 2010, 2015 and 2020 are per the Terms of Reference.

STEP THREE: the micro model runs are undertaken. The output of this model indicates the future distribution of the population within the uMkhanyakude area per sub-place.

STEP FOUR: the results of the micro model are assessed and alternative scenarios developed.

STEP FIVE: the model results from #4 are assessed and discussed and finalised.



#### 5.4.7. Global Trends - From explosion to implosion?<sup>2</sup>

Three unprecedented shifts are taking place in world population.

- i. Before 2000, the young always outnumbered their elders: for some years now it has been the other way around.
- ii. Until now, there have always been more people in the countryside than in towns or cities; within the next few years this will no longer be so.
- iii. Since 2003, for the first time, most people have been living in a country or region of the world where fertility is below the strict replacement rate of 2.1 children per woman. In the past 50 years, median fertility has fallen from 5, 4 to 2, 1.

Significant future developments trends that will have an impact on global population growth are:

- There is an abrupt slowdown in the rate of growth, due to the demographic transition. Taking hold increasingly in the South as well -- even in Africa its first signs are to be seen in a number of countries. Having succeeded in delaying death, human beings finally began to take control of life by choosing a family size compatible with their wishes.
- The fall in fertility is also taking place in many countries where women have only limited access to education and employment.
- Virtually all the population growth between now and 2050 will take place in developing countries. This means we shall be seeing an utter recasting of the demographic map: in 1950, the population of the South was roughly twice that of the North, but in 2050 no fewer than 86% of the world's people will be living in the South.
- The whole of this population growth will be taking place in towns and cities. The scale of the urbanisation under way at present is gigantic -- revolutionary, indeed: the amount of building needed, in less than half a century, is the equivalent of 3 000 cities of a million inhabitants each!
- The ageing of the population as a result of lower fertility and higher life expectancy. This will affect different societies in very different ways. In 2050, nearly one person in three in the North will be older than 60, and one in five in the developing countries.

#### 5.4.8. National, Provincial and Local Trends and Forecasts

Population statistics and forecasts differ considerably per source of information. Table 8 below for example indicates the 2007 population growth % for South Africa and some of its neighbouring countries. It shows that South Africa has the lowest growth trend at -0.46 % pa compared to the positive growth rate of the other countries. This information that is extracted from The World Fact Book 2007 published by the CIA and makes global comparisons between countries varies from the information about South Africa as viewed by SASStats and reported by the Department of Water Affairs (see Table 6).

Table 9 show that South 2001to 2007 population growth rate is estimated to be 1,46% pa and as such is considerably higher than the -0,46 % of the World Fact Book. For the purpose of this study the SASStats information is considered to be the more accurate and appropriate of this purpose. What is however important in this comparison is that it would seem that the population growth trend is to decline, and rapidly so. This is then also in accordance with the findings of the global research shown in Section 4.2.1.

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<sup>2</sup> Selected sections extracted from: Koichiro Matsuura Director General of Unesco – Published in the Mail & Guardian on 27 September 2007

It can therefore comfortably be assumed that the average nation population growth rate is on the decline and will in the relatively short term be between 1, 46 % pa and some negative growth rate.

Important from Tables 5 and 6 below are the indications the District of uMkhanyakude population growth rate is above that of the national and the provincial growth rates respectively. The 2001 to 2007 growth rate for uMkhanyakude is shown to be 1, 65 % pa; the provincial growth 1, 54% pa and the national growth rate of 1, 46% pa.

**Table 5.6: National population growth rates p.a. of selected SADC countries**

Selected SADC Countries	Estimated Population Growth in 2007
South Africa	-0.46
Mozambique	1.80
Zimbabwe	0.60
Botswana	1.50
Namibia	0.48

*Sources: CIA, The World Fact Book 2007*

**Table 5.7: Population growth p.a. 2001 - 2007**

Province	Oct 2001 Population	April 2007 Population	Annual Pop Growth %
Eastern Cape	6,278,620	6,426,626	0.39
Free State	2,706,759	2,788,163	0.50
Gauteng	9,206,929	10,658,595	2.47
KwaZulu-Natal	9,584,311	10,506,021	1.54
Limpopo	4,994,505	5,323,185	1.07
Mpumalanga	3,351,740	3,637,835	1.37
North West	3,173,307	3,430,735	1.31
Northern Cape	999,370	1,012,517	0.22
Western Cape	4,524,325	5,113,877	2.06
<b>National Total</b>	<b>44,819,866</b>	<b>48,897,554</b>	<b>1.46</b>

*Source DWAF, 2007*

**Table 5.8: Population growth projections 2001 - 2007**

	Oct 2001 Population	April 2007 Population	Current Annual Pop Growth %
Umkhanyakude District municipality - DC27	573,215	632,389	1.65
Zululand District municipality - DC26	782,678	860,973	1.60
Uthungulu District municipality - DC28	594,939	646,324	1.39
iLembe District municipality - DC29	560,427	605,807	1.31
eThekweni Metropolitan Municipality - ETH	3,090,119	3,395,871	1.58
KwaZulu-Natal	9,584,311	10,506,021	1.54

The population of the District was in 2001 in the order of 573 215. Table 8 shows the population growth per local municipality for 1996 to 2001 and it shows that the average growth for the District as a whole was 2,79% pa. This is considerably higher than the 2007 growth rate shown in Table 22 (2,79% compared to 1,65%). It is considered that based on information that the population growth of the District is rapidly decreasing and that it may continue to decrease further in future. This assumed slow-down and falling growth rate is in line with the global, national and provincial growth rates reported in the preceding sections of this report,

**Table 5.9: Umkhanyakude Population growth 1996 - 2001**

SubPlace	1996	2001	% growth 1996 to 2001 pa
Umhlabuyalingana Local Municipality	118732	140621	3.44
Jozini Local Municipality	150255	184054	4.14
The Big Five False Bay Local Municipality	26254	31213	3.52
Hlabisa Local Municipality	166962	176893	1.16
Mtubatuba Local Municipality	24671	33614	6.38
St Lucia Park	12880	6946	-11.62
Total	499754	573340	2.79

Source: Census 2001 and 1996

Based on the above information and based on the findings and assumptions drawn from the preceding sections of this report three population growth scenarios are presented in Table 9. Incorporated into this estimate are the factors that has been identified in Section Three as being **important macro trends**, i.e.:

- The impact of HIV/AIDS is now being felt and the birth rates in KwaZulu-Natal is lower than death rates. This could result in no or negative growth rates especially when migration is taken into account.
- The Umkhanyakude District is a high malaria risk area. The lack of control can have serious impacts on the population as was seen in 2000. Although now disease is now under control and impact that it has on the out-migration of people is likely to continue in future.

- People migrate to areas of greater opportunity in the larger towns and cities.
- Although people may migrate in search of greater opportunity, they still maintain ties with their place of origin. This is mainly as security in times of illness or unemployment. This is the case now more than ever before. Women migrants also utilise the rural areas as a place for childcare.
- Historically, there has been a gender bias in migration, which resulted in more women remaining in the rural areas. This is changing with greater access to social security measures and improved service delivery in the towns and urban areas than in the rural places.
- Since the lifting of restrictions on movement in the 1990s, researchers believed that circular migration would come to an end and be replaced by permanent migration.
- Cross-border migrants into the area from Swaziland and Mozambique are not considered to be an important permanent population issue. Migrants from those countries tend to use Umkhanyakude as a spring board to the larger metropolitan areas.
- The general restriction of freehold ownership of land in the rural areas continues to discourage people from investing in these areas. As such, more and more families are leaving the rural areas.

**Table 5.10: Umkhanyakude Population Growth Scenarios 2010, 2015 & 2020**

	High Scenario		Medium Scenario		Low Scenario	
1996 Census	499754		499754		499754	
2001 Census	573337	2.79	573337	2.79	573337	2.79
2005 settlements + Rural Population	610,243	1.46	610,243	1.00	610,243	0.50
2010	656111	1.40	641372	0.50	625652	0.00
2015	703343	1.35	657567	-0.20	625652	-0.5
2020	752117		651018		610167	

*Source: Urban-Econ Estimates*

The high, medium and low growth rates in Table 9 show that the population of the District may range from 610167 to 752117. These scenarios reflect a significant difference in the population size from a level similar to that which it is currently to a population 140000 greater than the current population. It is however important to note that all three scenarios are based on assumed falling growth rates.

#### 5.4.9. Summary Conclusion of the Macro Demographic Model

It would be wise to also consider some further outlying assumptions. What would the implication for example be if:

- i. the population continued to grow at current levels of about 1,5% pa; and
- ii. the population growth is negative already in the short term.

Table 5.11 show the results of these two outlying scenarios compared to the realistic yet high, medium and low scenarios.

**Table 5.11: Outlying scenarios of growth compared to the realistic scenarios**

SCENARIOS	CURRENT 2005 POPULATION	POPULATION SIZE BY 2020	VARIANCE IN POPULATION SIZE
Realistic yet High growth scenario	610000	752117	142211
Realistic yet Medium Growth Scenario	610000	657567	47567
Realistic yet Low Growth Scenario	610000	610167	167
Outlying Scenario: The population continued to grow at current levels of about 1,5% pa and	610000	758000	148000
Outlying Scenario: The population growth is negative already in the short term.	610000	590000	-20000

Source: Urban-Econ estimates – DC 27 SDF 2008

It will be assumed for the purpose of this study that the realistic yet medium growth scenario is most relevant and will be used in the Micro Model developed in the following section of the report.

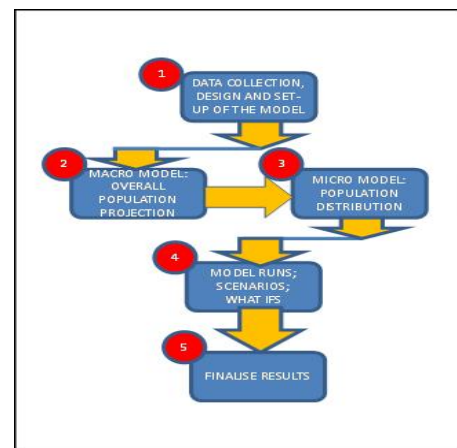
### Micro Model: Distributive Population Model

#### Model Design and Composition

Whereas the macro model estimated the total population growth for 2010, 2015 and 2020, the micro model investigates how the total population is likely to be distributed throughout the District. This relates to Steps 3 and 4 in the diagram.

The criteria that are taken into account is determining the likely distribution of the population are based on the following basic functions of population distribution as determined through the previous research in this report:

- The distribution of the existing population;
- The accessibility of the different nodes and settlements to services and facilities in the District;
- The accessibility of the current and future population to the nodes and corridors in the District;
- The future economic activities that are likely to take place in the District;
- The accessibility and availability of land for settlement in the District;
- Expected internal population movement patterns.



The ability to estimate the future distribution of the population reliably in this section is constrained by the availability of micro level information and data. It is important to realise that the scope of this informatio is that of a desktop exercise and it was not possible to conduct field surveys of the existing and expected population movement patterns in the District. Such a survey would have been very helpful

in improving the reliability of the forecast. Furthermore, the available information on the distribution of the population and their response to the future location of services and facilities are based on the following:

- The number of households per settlement<sup>3</sup> as determined through the latest available settlement distribution patterns;
- The distribution of the population based on the household distribution
- The population densities per settlement area
- Nearest Urban Centre to the settlements
- Urban Centre Distance to the settlements
- Health CHC Distance to the settlements
- Health Mobile Base Distance to the settlements
- Health Clinics Distance to the settlements
- Health District Hospital Distance to the settlements
- Roads Local Distance to the settlements
- Roads Municipal Distance to the settlements
- Roads District Distance to the settlements
- Roads Provincial Distance to the settlements
- Roads National Distance to the settlements
- Schools Secondary Distance to the settlements
- Schools Primary Distance to the settlements
- SAPS Distance to the settlements
- Ownership of the land and
- Land-use patterns.

The following data sources were available and used by the researchers:

- The 1996 population from the Census Enumerator Areas
- The 2001 population from the Census Sub places
- The 2005 population from the DLA determined settlements. These were determined from households digitized off aerial photography from 1999 to 2006.
- The scattered population outside of formal settlements this has been determined by multiplying the total count of scattered households by the Average of “people per household”.

Information about the future location of all facilities and services were also not available at a reliable level. A basic assumption that was therefore adopted and that is important to take note is that the existing distribution of the nodes and corridors to a large extent already reflects the high potential development area. It would be only those areas where new economic and settle development is known to be taking place that it is possible to account for in the model.

A further complication factor is the latest population movement pattern research that found that households are not as responsive to proximity to services and facilities as they were in the past. This is mainly due to the population generally being more mobile than in the past because of higher welfare levels and the improvement of road and transport facilities and services. A case in point as example is

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<sup>3</sup> The term settlement area is used in this report for the geographic areas that has been identified in the database. The settlement areas provide 100% coverage of the district area and therefore include the DMA areas, the urban and rural areas including the Ingonyama, public and private land.

for instance the large number of personnel working at the District municipality that do not live in Mkuze and commute on a daily basis from places such as Hluhluwe and even Mtubatuba.

### Base Parameters of the Micro Model

**Table 5.12: Base model population per Local Municipality for 2005**

KZ No	Population	Area (ha)	Population Density Pop per Ha
271 Total	145399	3497082	0.041577
272 Total	193332	4022086	0.048068
273 Total	28242	491879	0.057417
274 Total	217752	3492875	0.062342
275 Total	8560	124690.3	0.068647
DMA27 Total	16959	254552.9	0.066623
<b>Grand Total</b>	<b>610243</b>	<b>11883165</b>	<b>0.051354</b>

The following decision rules were built into the micro demographic model:

- The population concentrations were ranked based on the population size and the population density per settlement area;
- The inverse of the distance between the settlements and the facilities and services were used to determine the relative accessibility of the settlements;
- The economic potential of the main nodes were identified. A difficulty with this parameter is however that the location, its spatial impact and the extent of the impact were difficult to determine. It is therefore important to realise that the model does not accurately account for the economic impact of future potential developments.
- The land-use and ownership characteristics of the settlement were applied as a measure of the availability of the land for settlement purposes.

The summary results of the model are provided in the following table. The detail results per settlement is contained in a separate MS Excel spreadsheet as it is not possible to include that information in this report due to the size of the model of the 1075 identified settlements.

**Table 5.13: Summary results of the Micro-demographic Model**

KZ	2005	2010	2015	2020
271	145399	152368	156103	154510
272	193332	203304	208810	207391
273	28242	29731	30470	30107
274	217752	228919	234433	231508
275	8560	8885	9082	8964
DMA27	16959	18166	18670	18537
TOTAL	610243	641372	657567	651018

(source: Urban-Econ, 2007)

## **Distribution of Settlement Issues:**

Some of **the important results** of the model are the following:

- 23% (or 247 settlements) of the 1075 settlements areas identified in the model constitute the more significant development areas based on the size and density of the settlements;
- The model show continued growth in all the major settlements between 2005, 2010 and 2015 when the population in terms of the macro model still records positive growth. However after 2015 most settlement areas with the exception of the largest settlement areas record some decline. This is especially true for the more rural and less accessible areas.

In closing, it is suffice to say that accurate decisions can only be taken if proper population forecasts have been calculated and this would inform planning every step of the way from ageing to zoning.

## **5.5. TOURISM OVERVIEW**

Tourism Issues:

- Integrity of the natural resources of the UDM play a major role in the contribution of tourism to the GDP of the District;
- The UDM currently has an extensive area under conservation both private and state (69,395ha and 441,019ha respectively);
- However, the surrounding areas are under serious pressure to sustain a large subsistence population which does not have the opportunity to move away from reliance on resource exploitation for survival due to lack of diversification in the local economy and lack of skills to drive such diversification;
- Consequently a comprehensive management plan is required for the area to ensure effective management of the remaining areas of natural and cultural diversity;
- The 6 Primary Spatial Planning Categories are suggested as a framework to achieve effective management of land use and protection of the assets of this District;
- A Recreation Opportunity Spectrum (ROS) is suggested as a means of achieving effective management of tourism within the defined Spatial Planning Categories (6) aimed at protecting use of limited resources.



- The urgent need for a comprehensive land use management system to be implemented throughout the District to ensure integrity of the environment and at the same time sustainability in the tourism and related sectors.

## 5.6. ENVIRONMENTAL ANALYSIS FOR UMKHANYAKUDE DISTRICT MUNICIPALITY

Umkhanyakude District has a good climate and is well endowed with natural resources whose comparative advantages are: Mean annual rainfall decreases from an average 1200 - 1400mm along the coastal region to an average of 650mm inland. Similarly mean annual temperatures decrease varies from 21 degrees Celsius along the coast to 18 degrees Celsius inland. Relative humidity is high, and for much of the year it exceeds 90%.

This coupled with the hot summer temperatures which results in a relatively high discomfort index during the summer months, especially from January to March. Evaporation rates are high, especially during the drier winter and early spring periods. The annual average evaporation in the coastal zone is approximately 1,300 mm, ranging from 160 mm in January to 60 mm in June. In the drier interior, the annual average is 1,660 mm, ranging from 190 mm in January to about 80 mm in June.

Umkhanyakude District has a unique biodiversity and cultural heritage. There is a world heritage site, the Isimangaliso Wetland Park, with a scenic pristine environment and the coastal atmosphere thus creating more opportunities for tourism development which attracts a number of tourists internally and internationally.

Umkhanyakude District environmental needs are:

- Economic Growth
- Protection of the natural environment
- Ensure sustainability in meeting the basic needs for people
- Incorporate environmental aspects into the strategic planning and development.

### 5.6.1. Environmental management

Local municipalities are required in terms of the National Environmental Management: Biodiversity Act, No. 10 of 2004, to protect biodiversity within their municipal areas through the implementation of environmental management plans, sustainable development policies and Spatial Development Frameworks (SDF). This includes the protection of specific ecosystems and species, with an emphasis on the bio-prospecting, equitable sharing and the sustainable use of indigenous biological resources.

Sustainable development principles are precedence at Umkhanyakude District to ensure the sustainable utilisation and protection of natural resources. All project planning and implementation in the District complies with the Environmental Management Act of 1998. Environmental scoping reports and environmental impact assessments (EIAs) are undertaken when required and approval conditions are adhered to.

### 5.6.2. Biodiversity

Biodiversity in the District is under pressure because of land conversion, climate change, unsustainable harvesting of natural resources and the wide spread of alien species. Natural resources provide opportunities for economic empowerment through sustained agriculture, ecotourism, indigenous plant use etc.

### 5.6.3. Nature conservation

Umkhanyakude District has a number of protected areas that are managed by Ezemvelo KZN Wildlife. Also included are community game reserves. The nature conservation in the District is championed by Ezemvelo KZN Wildlife who also participates in the IDP representative forums which promote good intergovernmental relations and stakeholder engagement.

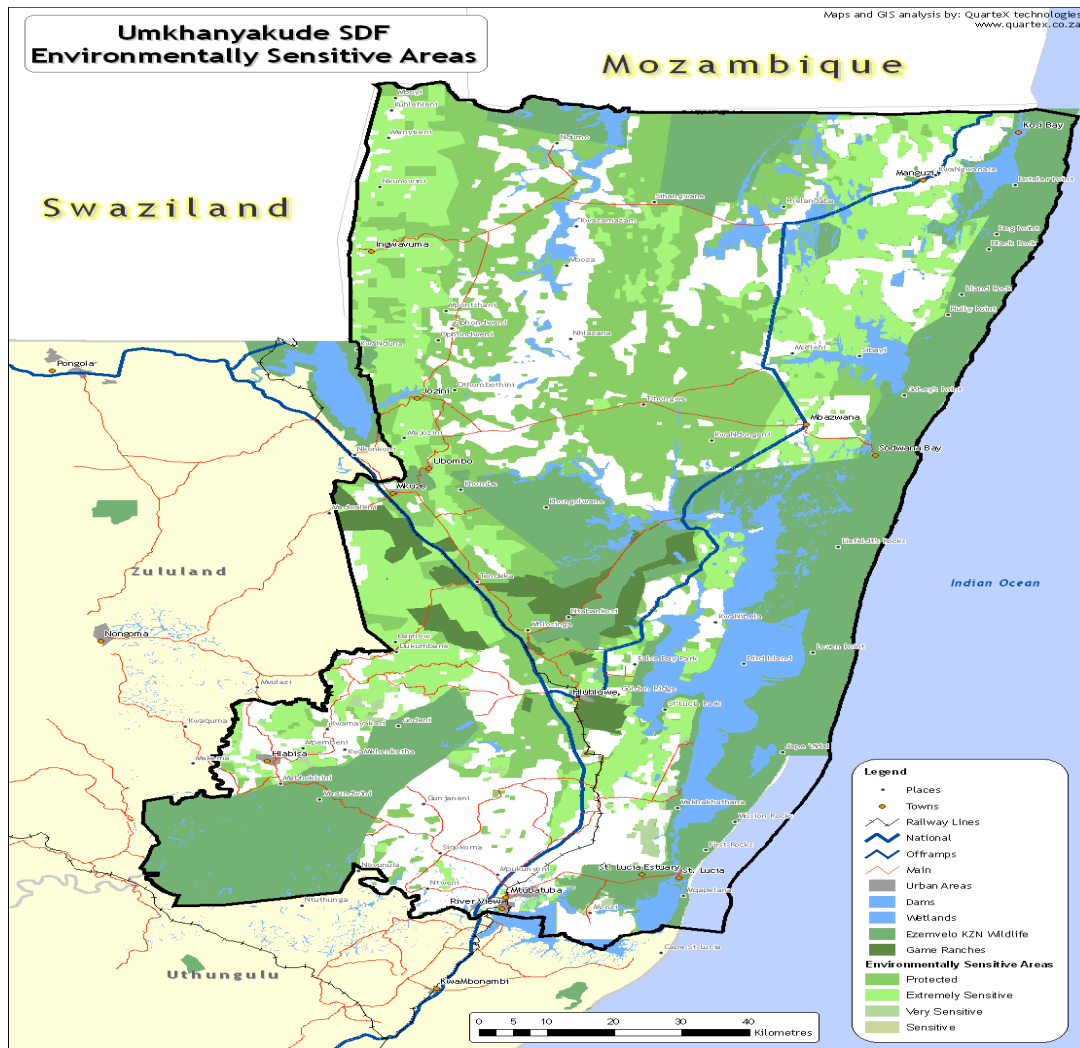
### 5.6.4. The Wetland

Umkhanyakude District have a number of wetlands, the greatest being the Isimangaliso Wetland Park with a wide variety of habitats such as marshes, peatlands, floodplains, rivers and lakes, and coastal areas such as salt marshes, mangroves that are found in Sodwana Bay. Wetlands are under pressure because of invasive alien species and increasing population growth as well as development, which result in the loss of habitat, ecological and hydrological functions.

A number of river systems or portions occur at Mkhanyakude District municipality, most of which are part of Lake St Lucia system. The largest, the uMkhuze and iMfolozi Rivers have the major portion of their catchments areas situated to the west in the hinterland of the Isimangaliso Park, with only a relatively small part of their lower reaches in the Park. Both have large delta swamps. The iMfolozi Swamp was once the largest fluvial plain in South Africa, but has been significantly reduced through agricultural development. The hydrology of the iMfolozi floodplain portion has been severely altered by the establishment and maintenance of several artificial canals.

The District spatial development framework (SDF 2008) clearly articulates environmental sensitive areas. The SDF ensures that sensitive environment are managed and protected. Below is the map showing sensitive environment at Umkhanyakude District Municipality

Figure L. Map showing environmental sensitive areas.



#### 5.6.4. Alien species

The impacts of invasive alien species are a major problem in the District. They are causing considerable environmental, economic (especially tourism industries) and social impacts. These are some of the environmental challenges caused by the invasive alien plants at Umkhanyakude District:

- Impacts food security because they compete with crops
- They decreases grazing capacity
- Livestock poisoning: e.g. lantana
- Alien plants Increases intensity of fires

However some works are taking place regarding alien plant control in the District for example programmes by DAEA, Ezemvelo and Isimangaliso. There are a number of activities in the District

regarding environmental awareness for example Arbor Day activities and school environmental club where children participate on environmental education and other related programmes.

#### 5.6.6. Waste Management

Waste management is still a challenge at Umkhanyakude District Municipality because of poor solid waste disposal which pose a threat to human's health. However Integrated Waste management Plan (IWMP) was developed in 2004 and DAEA is assisting Umkhanyakude with the funding for reviewing the IWMP.

**Table 5.14: Summary of managed waste quantities and characterisation: IWMP, 2004**

	Solid Waste Volume Per Month in m3	Solid Waste Tons Per Month in Tons	Monthly Volume of General Waste to Landfill (m3)	Tons Per Month Landfilled (Tons)	Monthly Volumes Recycled (m3)	Tons Per Month Recycled (Tons)	Monthly Volume of Garden Refuse (m3)	Monthly Tons of Medical Waste (Tons)**
Mtubatuba	3890	778	2246	449	1644	329	350*	0
Hlabisa	124	25	72	14	52	10	0	8.37
Big Five	206	41	124	25	82	16	unknown	0
Jozini	1159	232	718	144	441	88	unknown	8.54
uMhlabuyalingana	266	53	156	31	110	22	V.Little	9.6
<b>Total Volume - DC 27</b>	<b>5645</b>	<b>1129</b>	<b>3316</b>	<b>663</b>	<b>2329</b>	<b>466</b>	<b>Unknown</b>	<b>26.51</b>

## 5.7. RESPONSES TO ENVIRONMENTAL CHALLENGES

The District is working on integrating environmental issues into poverty reduction strategies. The District plans are that of promoting capacity-building activities, including pilot projects on land rehabilitation, wetland restoration and soil conservation in order to strengthen and support the work of community based projects. Some work has been initiated by KZN Wildlife and DAEA on alien plants clearing and the District is part of programme expansion.

### 5.7.1. Environmental management sector plans

The environmental management sector plans are still a major challenge to most of the municipalities because of the budget constrain. Umkhanyakude District municipality developed the Integrated Waste management Plan (IWMP) in 2004, the IWMP is in the reviewing process. Umkhanyakude District is rich in biodiversity therefore the District has allocated the minimum budget to explore the development of Environmental Management Framework (EMF).

### 5.7.2. Environmental sustainability principles

Environmental, economic and social goals can be compatible, and are interrelated in such a way that one goal cannot be effectively pursued at the expense of another. In other words, the availability of natural resources and a clean and healthy environment are essential for production capability, and conversely, our ability to address environmental and social issues often depends on a strong and vibrant economy.

### 5.7.3. Johannesburg Summit on Sustainable development in 2002

The Umkhanyakude District is rich in biodiversity therefore it is working on achieving significant reduction in the loss of biological diversity. The understanding of sustainable development was broadened and strengthened as a result of the Johannesburg Summit on Sustainable development in 2002, particularly the important linkages between poverty, environment and use of natural resources.

### 5.7.4. Link with Millennium Development Goals

*The Environmental sustainability Goal 7:* is that of ensuring environmental sustainability and to ensure environmental sustainability of land and air. The District is determined on ensuring that all the proposed development activities are not harmful to the state of environment.

## 5.8. POTENTIAL FOR UMKHANYAKUDE DISTRICT MUNICIPALITY

- High and Middle income residences
  - LSDI
- 6 Star Hotel – PongolaPoort Dam
- 5 Star Hotel & B&B (Sibaya Lake)
- Service industries (value adding goods, e.g.)
  - canning vegetables
  - Process and supply of fresh produce
  - Honey production and processing, etc
- Service/ petrol station (ultra city like along Mtubatuba Nongoma Corridor)
- Ecotourism Park (EKZNW)
- SMME Development
- Rejuvenation of (formalize) : Mtubatuba, Mkuze and Hluhluwe
- Cultural and Heritage Development
  - Craft
  - Tourism
  - Poetry
- Strategic Linkage (N2)
  - Sasol II in Secunda – RichardsBay
- Jozini Dam
- Isimangaliso Wetland Park
- Big 6 and Nature Reserves
- Tri-boarder – SA, Swazi and Mozambique
- Commercial (shopping mall etc)
- Warehousing and logistics

- Makhathini (Food basket)- ASGISA
- Political stability and sound governance
- Community Conservation Areas

#### 5.8.1. Interventions to realize the District Potential

- Water – WSDP - Baseline
- Land – restitution/ Expropriation
- Ingonyama Trust Act (implication on development)
- HR development – education and Training
- Entrepreneurial skills (retention)
- Transformation – District Municipality Shared Services with local municipalities
- GIS capacity/ town and region planning/Civil
- IGR Act - Mayors and municipal managers forum
- Safety and Security (Crime)
- PPP
- Mechanisms: NSDP – National Intervention
- Provincial Intervention: PGDS
- Strategic plan: IDP
- Poverty alleviation: Municipal Budget
- MIG and Other Grant support
- Economic Investment: DBSA & private investment

#### 5.8.2. Development Initiatives

- Usuthu-Tembe-Futi Transfrontier Conservation Area
- Jozini Dam Development Initiative
- Corridor Development Initiative (LSDI)
- Local Economic Development Agency (uMhlozinga)
- Upgrading of the Mkuze Regional airport
- District-wide Mining Scoping

#### 5.8.3. Makhathini Integrated Development

The Makhathini area has a huge economic potential mainly due to underutilized agricultural and tourism potential. This has been widely recognized and has led to some areas (Maputo Corridor) being part of the Lebombo Spatial Development Initiative. The area has also been mentioned as a priority project area of ASGISA (Bio fuel production Sugarcane and Cassava), as well as a preferred region for development projects, by President Mbeki.

The fact that this is the area has a subtropical climate and water available for the irrigation of around 10 000 ha from the Jozini Dam is well known. This means that crops can normally only be grown during the rainy season in the summer rainfall areas of South Africa, can be grown throughout the year on the Makhathini Flats under irrigation. A further benefit is that some crops grown on this area can reach the

market 3 to 4 weeks before those grown in other areas of South Africa because of the favourable heat units of the area. Extensive research has been done over many years on the irrigable areas. What is not well done, is the fact that this subtropical area of KwaZulu-Natal is not just limited to this irrigable area of around 10 000 to 13 000ha. The total area of what is generally known as Makhathini (Jozini and uMhlabuyalingana Local Municipalities) totals over 450 000ha, which a recent study has shown to include just over 407 000ha of grazing area and possible area of around 33 000ha on which appropriate rain-fed crops can be produced in the summer.

To unlock the economic potential of the area on a sustainable basis (economical, environmental and social) with agriculture and tourism being the main drivers of the economy of the area, will require an integrated and coordinated effort by all stakeholders. These include the appropriate provincial, national and local government departments and organizations responsible for agriculture, environment, conservation, land, water, electricity, traditional affairs, roads, education, health, housing, economic development, etc.

The process must form part of the existing institutional structures for integrated governance in the province. The Provincial Spatial Economic Development Strategy (PSEDS) is such a coordinating institutional structure and it is proposed that the Makhathini Integrated Development Steering Committee will form a sub-committee of Maputo Corridor Sub-committee of the PSEDS. The Makhathini Integrated Development plan will furthermore form part of the uMkhanyakude District and Jozini and uMhlabuyalingana Municipalities' IDPs and this is already happening as information is currently being reflected accordingly.

The final result of the integrated planning and implementation of the Makhathini Plan will be:

- the optimal and sustainable use of the agricultural and tourism potential of the District areas of Umhlabuyalingana and Jozini;
- agricultural development; and
- the development of adequate support infrastructure



## SECTION D: STRATEGIC PLANNING PHASE

### CHAPTER 6: VISION, MISSION AND STRATEGY

#### 6.1. INTRODUCTION

Municipalities are required in terms of the Municipal Systems act, 2000 to have within their IDPs: ***“the municipal council’s vision for the long-term development of the municipality with special emphasis on the municipality’s most critical development and internal transformation needs”***.

Municipalities are further required that their IDPs must reflect: ***“the council’s development strategies which must be aligned with any national and provincial sectoral plans and planning requirement binding on the municipality in terms of legislation***

#### 6.2. STRATEGIC AGENDA

Strategic work done by the Umkhanyakude District Municipality since the inception of the IDP as part of the IDP formulation process includes the development of a vision, mission statement and core values upon which the municipality is expected to uphold.

The strategic focus of the Umkhanyakude District Municipality is to build on a vision formulated. The IDP focus on the development of programme and projects that will work towards the achievement of the different focus areas identified as priority issues that contain milestones and deliverables.

Such deliverables will work towards the achievement of the Umkhanyakude District Municipality’s vision:

**‘To meet basic needs and improve quality of the community in a democratic and sustainable manner’**

As a way of forging ahead towards the achievement of the District’s long-term vision, a mission statement was developed, which is as follows:

**Umkhanyakude is committed to deliver basic service delivery to its people, support local municipalities to become viable; and good governance.**

In the spirit of Batho Pele Principles and as a way of pursuing the district’s vision and mission; the Umkhanyakude District Municipality is committed to uphold the following core values:

- Community centeredness, whereby the district municipality will commit itself into holding the Batho Pele principles. Deliver basic services to all its people and recognizing that the people we serve are a priority;
- Co-operative governance, whereby the district municipality will commit itself into promoting good governance and intergovernmental relations. As a district Umkhanyakude will support it family of local governments into becoming viable.

Furthermore, the District Municipality is also committed to:

- Maximise the opportunities offered by its Unique Natural Assets and Cultural Heritage
- Conserve Natural Bio-Diversity

The Strategic Agenda is characterized by five Key Performance Areas, namely:

- Transformation and Institutional Development
- Improved Service Delivery and Infrastructure Investment
- Sustainable Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public transformation

The strategic agenda of the District Municipality is guided by the Government's Programme of Action as well as the Millennium Development Goals.

#### 6.2.1. Priority Issues

The landscape approach was used to identify priority issues. Such issues were informed by the community needs raised during various forms of engagement as part of public/community participation:

##### **Infrastructure and Services landscape**

1. Portable water;
2. Sanitation;
3. Roads;
4. Electricity;

##### **Economic Landscape**

5. Job creation;

##### **Social Landscape**

6. Poverty alleviation;
7. Education; and
8. Health.

6.2.2. The following development strategies will inform the OPMS and the SDBIP for 2009/2010 FY.

### **NSDP – SA Government**

Principle 1 – **Rapid economic growth** that is sustained and inclusive is a pre-requisite for the achievement of other policy objectives, amongst which poverty alleviation is key

Principle 2 – Government has a **constitutional obligation to provide basic services to all citizens** (e.g. water, energy health and educational facilities) wherever they reside

Principle 3 – Beyond the constitutional obligation identified in *Principle 2* above, **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, create long-term employment opportunities

Principle 4 – Efforts to address past and current social inequalities should **focus on people not places**

Principle 5 – In order to overcome the spatial distortions of Apartheid, future settlement and economic development opportunities should be channeled into **activity corridors and nodes that are adjacent to or link the main growth centers**

### **PDGS - KZN Province**

#### **Programme 1: Governance and Administration**

People-focused, responsive, accountable and efficient governance delivering timely and quality sustainable services.

#### **Programme 2: Economic Development**

Improve economic growth and development, increase formal jobs and enhance skills development.

#### **Programme 3: Community and Social Infrastructure**

Maintain and increase the provision of sustainable, Integrated basic service infrastructure delivery.

#### **Programme 4: Human Capacity Development**

Improve and invest in skills and education to develop provincial human capability.

#### **Programme 5: Health and Social Support**

Improve the livelihoods of the poor; reduce vulnerability to infectious diseases (especially HIV and AIDS), health care services; and provide social safety nets and build unified, safe communities

#### **Programme 6: Cross-Cutting Priorities**

HIV/AIDS; BEE and SMME development; Sustainable environment; Human Rights; Integration; Capacity Building; Innovation and Technology; Poverty; Risk Management.

### **6.2.3. Millennium development goals (MDG)**

**Goal 1: Eradicate Extreme Poverty and Hunger**

Target 1: Halve between 1990 and 2015 the proportion of people whose income is less than \$1 a day.

Target 2: Halve between 1990 and 2015 the proportion of people who suffer from hunger.

**Goal 2: Achieve Universal Primary Education**

Target 3: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

**Goal 3: Promote Gender Equality and Empower Women**

Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005 and in all levels of education, by no later than 2015.

**Goal 4: Reduce Child Mortality**

Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

**Goal 5: Improve Maternal Health**

Target 6: Reduce by three-quarters between 1990 and 2015, the maternal mortality ratio.

**Goal 6: Combat HIV/AIDS, Malaria and Other Diseases**

Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.

Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

**Goal 7: Ensure Environmental Sustainability**

Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.

Target 11: Halve achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers.

**Goal 8: Develop a Global Partnership for Development**

Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development and poverty reduction both nationally and internationally).

Target 13: Address the special needs of the Least Developed Countries (includes tariff- and quota-free access for Least Developed Countries exports, enhanced programme of debt relief for heavily indebted poor countries [HIPC] and cancellation of official bilateral debt, and more generous official

### **6.3. STRATEGIES**

#### **KPA 1: Service Delivery and Infrastructure investment**

##### **WATER SERVICES STRATEGY**

The Umkhanyakude Cash Flow Projections, which take into account all known funding sources, MIG and DWAF, indicate that there are water schemes stretching from 2007/08 to 2010/11. This does not mean that this will cover all communities within Umkhanyakude DM. There are water schemes still to be started within the next three years which may be completed in 2014. This date excludes the bulk water supply strategy which will avail water to all other areas without the water sources. The national target will not be achieved.

Sanitation has the highest backlog which may require considerable funding to finish the backlog. At the current funding from MIG, Sanitation backlog in DC27 may be finished not earlier than 2015. (Final details are being worked out in the WSDP review). The target for sanitation will not be achieved under the current funding arrangements.

## KPA 2: Transformation and Institutional Development

Strategic Objectives	Planned Interventions	KPI
<p>1. To support initiatives aimed at ensuring peace and safety of communities</p> <p><b>( PGDS Prgrm 5, &amp; 6)</b></p>	<ul style="list-style-type: none"> <li>- Implementation of programmes in partnership with the SAPS and other stakeholders to address crime, peace and stability amongst the local communities</li> </ul>	<ul style="list-style-type: none"> <li>- Number of reported incidents of crime and instability within local communities</li> </ul>
<p>2. To promote preservation, sustainable development and conservation of natural resources found within the District</p> <p><b>( PGDS Prgrm 6; NSDP Prncpl 4; MDG 7)</b></p>	<ul style="list-style-type: none"> <li>- Implementation of Biosphere Reserve Plan</li> <li>- Prepration of Environmental Management Framework</li> <li>- Preparation of Environmental Management Plan (EMP)</li> </ul>	<ul style="list-style-type: none"> <li>- Approved Biosphere Reserve Plan application UNESCO</li> <li>- Finalised Framework Document</li> <li>- EMP approved by Council</li> </ul>
<p>3. Alignment of sector plans with the IDP, NSDP and PGDS</p> <p><b>( PGDS Prgrm 1 &amp; 6)</b></p>	<ul style="list-style-type: none"> <li>- Aligned programmes across all spheres of government</li> </ul>	<ul style="list-style-type: none"> <li>- Credible IDP document reflecting application of relevant policies</li> </ul>
<p>4. To Improve the livelihoods of the poor, vulnerable groups and support initiatives to reduce vulnerability of infectious diseases</p> <p><b>( PGDS Prgrm 5; MDG 1, 4 &amp; 6)</b></p>	<ul style="list-style-type: none"> <li>- Revision of District HIV/AIDS</li> <li>- Functional District Disability Forum</li> <li>- Establishment of District Advisory Council of Children</li> </ul>	<ul style="list-style-type: none"> <li>- Revised HIV/AIDS Strategy by Council</li> <li>- Number of Meetings held by the Forum</li> <li>- Number of meetings held by the Advisory Council</li> </ul>

### KPA 3: Good Governance and Public Participation

Strategic Objectives	Planned Interventions	KPI
1. To implement <i>Batho Pele</i> customer services principles  <b>( PGDS Prgms 1 &amp; 6)</b>	Conduct customer satisfaction survey  Attend to all queries from customers (internal and external)  Reduction of queries and complaints in the complaints register	Developed a survey questionnaire  Attendance to queries within 24hrs/48hrs  % reduction on queries and complaints
2. To improve relationship and communications with stakeholders  <b>( PGDS Prgms 1 &amp; 6)</b>	Review of a communication strategy	<ul style="list-style-type: none"> <li>- Council adopted communication strategy</li> <li>- Number of special programmes and improvements made in the communication channel</li> </ul>
3. Ensure supply of Free Basic services  <b>( PGDS Prgms 3 &amp; 6; NSDP Pncpls 2, 3 &amp; 4; MDG 1)</b>	Provision of free basic services	Compile Indigent policy  Ensure adherence to FBS and indigent policies  Monitor and Evaluate access to basic services

<p>4. To ensure and improve public participation in municipal processes</p> <p><b>( PGDS Prgrm 6)</b></p>	<p>Preparation of procedures for community participation processes including direct communication with Traditional Councils</p> <p>Improved public confidence in municipal functioning, infrastructure development and service delivery</p> <p>Preparation of anti-corruption strategy to address prevention, detection and awareness/communication</p>	<ul style="list-style-type: none"> <li>- Community satisfaction survey conducted</li> <li>- Implementation of communication strategy</li> </ul> <p>Adoption of anti-corruption strategy by Council</p>
<p>5. To improve the relationships between the District Municipality and local municipalities</p> <p><b>( PGDS Prgrm 1 &amp; 6)</b></p>	<ul style="list-style-type: none"> <li>- Establishment and operation of inter-municipal liaison forum</li> <li>- Strengthen District IGR structures</li> <li>- Regular support to LMs on MIG programme and any other developmentally related programmes</li> </ul>	<p>Number of aligned programmes</p>
<p>6. Regulate &amp; control electricity usage</p> <p><b>( PGDS Prgrm 1 &amp; 6; NSDP Pncpls 2, &amp; 3; MDG 1)</b></p>	<p>Electricity by-laws approved</p> <p>Review of ESDP</p> <p>ESDP completed</p> <p>Revised tariffs published</p>	<p>Draft approved by ExCo</p> <p>Appointment of the service provider</p> <p>ESDP approved by ExCo</p> <p>Document publicized through media /LM</p>
<p>7. To regulate water services provision</p> <p><b>( PGDS Prgrm 1 &amp; 6; NSDP Pncpls 2, &amp; 3; MDG 1)</b></p>	<p>Review of policies and by-laws</p>	<p>Implementation of policies and by-laws</p> <p>Roll out of awareness campaigns on policies and by-law</p>



#### KPA4: Sustainable Local Economic Development

Strategic Objectives	Planned Interventions	KPI
<p>1. To promote, coordinate and manage economic growth</p> <p>( PGDS Prgms 2 &amp; 6; NSDP Pncpls 3 &amp; 4)</p>	<p>Securing funding for the construction of an airport terminal building</p> <p>Securing strategic partner to operate the regional airport</p> <p>Strategic support of projects (in partnership with provincial sector departments) that are in line with ASGISA Programme</p> <p>Marketing of the District and its comparative advantages (tourism and agriculture)</p>	<p>Operational regional airport</p> <p>Increased municipal revenue by at least 20%</p> <p>Implementation of Makhathini Integrated Development Plan</p> <p>Amount of external investment attracted</p>
<p>2. To ensure increased SMME opportunities</p> <p>( PGDS Prgms 2 &amp; 6; NSDP Pncpls 3 &amp; 4; MDG 1)</p>	<p>Initiate macro and micro projects</p>	<p>% of LED funding spent on SMME development</p>
<p>3. Strategic support of municipal entities</p> <p>( PGDS Prgms 1 &amp; 6)</p>	<p>Development of investment plan by uMhlosinga Development Agency</p> <p>Implementation of a District Tourism Development and Marketing Plan by Elephant Coast Tourism Association</p>	<p>Investment Plan document finalised</p> <ul style="list-style-type: none"> <li>- Tourism and Marketing Plan document finalised</li> <li>- Sustainable tourism information centres (Zamimpilo and Mkuze)</li> <li>- Marketing destination locally and internationally</li> </ul>

**..KPA 4: Sustainable Local Economic Development**

Strategic Objectives	Planned Interventions	KPI
<p>4. To provide support on EPWP learnership programme</p> <p><b>( PGDS Prgrms 2 &amp; 6)</b></p>	<p>Training of PSC members and labourers on infrastructural projects</p> <p>Commencement of final phase of learnership programme</p>	<p>Training undertaken</p> <p>Learnership programme complete All learners registered for grade 3 CIDB grading</p>
<p>5. To promote SMME and BEE development</p> <p><b>( PGDS Prgrms 2 &amp; 6; NSDP Princpls 3 &amp; 4; MDG 1)</b></p>	<p>Tenders awarded to SMME &amp; BEE</p> <p>Tenders awarded to women contractors</p> <p>Tenders awarded to youth</p> <p>Tenders awarded to people living with disabilities</p>	<p>5% of tenders awarded to SMMEs and BEEs</p> <p>5% of tenders awarded to women contractor</p> <p>5% of tenders awarded to youth</p> <p>1% of tenders awarded to people living with disabilities</p>
<p>6. Development of nodes and activity corridors by focusing on:</p> <ul style="list-style-type: none"> <li>– Agriculture and Land Reform Projects</li> <li>– Tourism Projects</li> <li>– Streamlining Services Sector in certain nodes</li> </ul> <p><b>( PGDS Prgrms 2 &amp; 6; NSDP Princpls 3, 4 &amp; 5)</b></p>	<p>Preparation and submission of project proposals to the DLGTA for funding</p> <p>Effective management of projects funded</p>	<p>About R20m secured for the LSDI Corridor projects</p>

...KPA 4: Sustainable Local Economic Development

Key Performance Objective	Planned Interventions	KPI
<p><b>Sustainable Communities and Economic transformation</b></p> <ol style="list-style-type: none"> <li>1. Recycling</li> <li>2. Marula Production</li> <li>3. Private Hospital</li> <li>4. Golf estate Jozini Dam</li> <li>5. Industrial Establishment</li> </ol>	<ol style="list-style-type: none"> <li>1. To recycle waste in the district.</li> <li>2. To manufacture products from Marula fruit and nuts</li> <li>3. The creation of a commuter by rail.</li> <li>4. Creation of a exclusive Golf Estate on the banks of the Jozini dam</li> <li>5. To lobby at least 10 companies to establish Manufacturing in the district</li> </ol>	<ol style="list-style-type: none"> <li>1. Business Plan and Project establishment</li> <li>2. Business and Design Plan study</li> <li>3. Feasibility and Business Plan lobby work with Transnet</li> <li>4. Feasibility and Business Plan for investment opportunity</li> <li>5. Lobby work cost to marketing</li> </ol>
<p><b>Renewable Energy</b></p>	<ol style="list-style-type: none"> <li>1. Generate electricity throughout the district</li> <li>2. Generate 25MW to 40MW of renewable Green Electricity</li> </ol>	<ol style="list-style-type: none"> <li>1. Business Plan and implementation plan for Solar generation to compliment Hydro</li> <li>2. Business Plan and implementation plan for Wind Generation</li> </ol>
<p><b>Mkhuze Airport</b></p>	<p>Oversee the construction of Airport and engage with marketing plans</p> <p>To ensure total buy-in from all relevant stakeholders, establishment of a management contract between Agency and owners.</p>	<ol style="list-style-type: none"> <li>1. Construction supervision</li> <li>2. Marketing</li> <li>3. Management capacity building</li> </ol>

## KPA 5: Financial Viability and Management

Strategic Objectives	Planned Interventions	KPI
<p>1. To improve municipal financial viability and sound financial management as per MFMA  ( PGDS Prgrms 1 &amp; 6)</p>	<ul style="list-style-type: none"> <li>- Timorous preparation of SDBIP</li> <li>- Preparation of annual financial statements</li> <li>- Municipal viability achieved by ensuring that:               <ul style="list-style-type: none"> <li>• Consumer debt exceeding 90 days is recovered</li> <li>• Reduction in grant dependency ratio is reduced</li> <li>• Financial legislation is implemented</li> <li>• Asset register for all municipal property and infrastructure is updated and maintained</li> </ul> </li> <li>- To ensure proper and sufficient budgeting in line with IDP</li> <li>- To ensure proper and sufficient budgeting in line with IDP</li> </ul>	<ul style="list-style-type: none"> <li>- SDBIP adopted by Council</li> <li>- Audited financial statements</li> <li>- 100% compliance</li> <li>- Reduced by 5% annually</li> <li>- 100% compliance</li> <li>- 100% compliance</li> <li>- 100% compliance</li> <li>- 100% compliance</li> </ul>
<p>2. To ensure effective and efficient management of departmental budget  ( PGDS Prgrms 1 &amp; 6)</p>	<ul style="list-style-type: none"> <li>- Continuous implementation of SDBIP</li> <li>- Adherence to SDBIP by departments</li> </ul>	<ul style="list-style-type: none"> <li>- All departments to prepare their SDBIPs before the end of the 3<sup>rd</sup> quarter of Local Government FY</li> <li>- 100% compliance</li> </ul>
<p>3. To ensure accurate billing of all consumers of the municipality  ( PGDS Prgrms 1 &amp; 6)</p>	<ul style="list-style-type: none"> <li>- Reliable billing system</li> <li>- Sending of monthly bills to customers</li> <li>- Implementation of credit control policy</li> </ul>	<ul style="list-style-type: none"> <li>- %Debtors age</li> <li>- %Debt reduction</li> </ul>
<p>4. To ensure prompt payment/collection of all funds due to the municipality  ( PGDS Prgrms 1 &amp; 6)</p>	<ul style="list-style-type: none"> <li>- Handing over of long outstanding debts in line with Cr control policy</li> </ul>	<ul style="list-style-type: none"> <li>- %Revenue increase</li> </ul>

...KPA 5: Financial Viability and Management

Strategic Objectives	Planned Interventions	KPI
<p>5. To ensure that goods/services of the municipality are procured in an efficient economical and equitable manner, from reputable suppliers</p> <p><b>( PGDS Prgrms 1 &amp; 6)</b></p>	<ul style="list-style-type: none"> <li>- Scheduled bid committee meetings</li> <li>- Training of bid committee members</li> <li>- Demand management</li> <li>- Annual compilation of data base of service providers</li> <li>- Monthly and quarterly report to NT,PT and structured of the Council</li> <li>- Implementation of the SCM policy</li> <li>- Development of specific delegation document</li> </ul>	<ul style="list-style-type: none"> <li>- % Savings in budget;</li> <li>- % Reduction in appointment of Service Providers backlog</li> </ul>

## SECTION E: SECTOR INVOLVEMENT

### CHAPTER 7: SECTOR INVOLVEMENT

Sector involvement has been very poor and the District Municipality literally struggled to source plans and budgets from a number of departments. Some departments were reluctant to participate or make input to the IDP in the early stages of process, only to come back later and demand for their planned projects within the municipality to be included in the IDP. This puts the municipality in a dilemma and it is an indication that IDPs are mostly driven by the service providers (various departments).

Refer to page 23 of this document to see intergovernmental priorities for action. Such page provides various issues that require priority action by the district and either its local municipalities or various sectors from both provincial and national spheres of government.

A brief profile of projects with the respective sectors is outlined below:

#### 7.1. Department of Land affairs

With regards to priority issue no. 25 (Land Reform) the Department of Land Affairs is in a process of finalizing the land claim issue known as The Mkhuze Land Claim. A Brief description of the project is presented below:

##### **Name of the Claim: Ngwenya –Mandlakazi Claim**

With regards to priority issue no. 25 (Land Reform) the Department of Land Affairs is in a process of finalizing the land claim issue known as The Mkhuze Land Claim. A Brief description of the project is presented below:

Name of the legal entity: Sibuyela Ekhaya is a legal entity that represents two families, i.e. Ngwenya and Mandlakazi, which are the claimant. Number of households (claimants) is 1002 households. The area being under scrutiny is under Jozini Municipality.

##### **Background**

Claim involves various properties, which include

- 22 122 ha owned by Zululand Rhino Reserves (ZRR);
- 3 230 ha owned by the Tongaat Hulett Sugars;
- 7000 ha Individual land owners; and
- 2 279 ha under the ownership of Charl Senekal

Regarding financial Implications of the project, the total monetary value of the claim is R963 633 437 and the capital award is R 201 174 347.25

## Progress to Date

- Registered legal entity
- Drafted lease agreement with ZRR
- Sugar Cane Development Proposal by Tongaat Hullet
- Community consultation process
- Pre-project feasibility reports
- Investors' interest
- Infrastructural development
- Resources mobilization
- Co-ownership

## 7.2. Department of Housing

**Table 7.1: Housing Projects – 2009/2010**

<b>Project Name</b>	<b>Amount</b>
Phumlani Slums Clearance	R 3,997,850
Mqobokazi	R 10,826,000
Makhasa	R 11,920,975
Nibela	R 10,825,250
Mpukunyoni	R 12,768,011
Mdletshe Housing Project	R 9,746,000
Hlabisa Housing Project	R 9,746,000
Mpembeni	R 10,212,500
Mbazwane	R 2,714,566
Ward 5 – Jozini	R 9,397,950
Khula Village	R 5,393,965
Dukuduku Settlement	R 3,431,259
Kwanganase	R 6,573,783
Kwajobe	R 2,180,950
Mabaso	R 10,826,000
<b>Total</b>	<b>R120,561,059</b>

### 7.3. Department of Transport

**Table 7.2: Roads Projects – 2009/2010**

<b>Project Name</b>	<b>Amount</b>
Guardrail Repair	R960 000
Blacktop Patching	R440 000
Warning Signs	R540 000
Gabion Protection	R620 000
Maintenance of Signs	R270 000
Drain Clearing and Verge Maintenance	R1,760,000
Local Roads	R5,150,000
Causeways	R500,000
Regravelling – D 675	R1,480,000
Regravelling – P 476	R470, 000
Regravelling – D 1905	R1,440,000
Regravelling – D 856	R940,000
Regravelling – D 1923	R520,000
Regravelling – D 1922	R450,000
Regravelling – D 1908	R330,000
Regravelling – P 348	R220,000
<b>Total</b>	<b>R16,210,000</b>

### 7.4. Department of Agriculture and Environmental Affairs

**Table 7.3 Invasive alien species projects**

<b>PROJECT</b>	<b>2007/2008</b>	<b>2008/2009</b>	<b>2010/2011</b>
Qalakancane (Jozini)	R913 096	R687 096	R1 458 232
Mfithi (Jozini)	R3988 423	R4 817 614	R 7 930 827
Makhaza (Hluhluwe)	R1 723 317	R1222 242	R1077 303
Sub-Total	R 6 424 971	R6 726 952	R 10 466 362



## 7.5. Department of Local Government and Traditional Affairs

**Table 7.4: Corridor Development Funding**

Organisation	Project Name	Amount
DC 27	Makhathini SDF	R 700,000
KZ 271	Rehabilitation of internal roads	R 3,300,000
Phongolo LM	Appointment of Facilitator	R 288,000
"	Tourism Nodal Points	R 2,500,000
"	Route development and marketing	R 1,000,000
KZ 273	Storm Water Drainage	R 3,750,000
KZ 274	Informal trading strategy development	R 300,000
KZ 275	Mtuba arts and craft	R 3,000,000
<b>TOTAL</b>		<b>R 14,838,000</b>

## 7.6. KwaZulu-Natal Department of Economic Development and Tourism

### CANECTA PROJECT

CANECTA is a dynamic start-up company which has developed, registered and owns the sole intellectual property rights to the biological process whereby to produce long-life cane concentrate from which a variety of high value adding cane based juices may be reconstituted.

A company called Zwide and Associates did a presentation to Umkhanyakude District Municipality requesting the establishment of a Task Team that will plan the implementation of the programme

The Department of Economic Development and Tourism committed itself to putting in 1 million into the Canecta project, 500k for the feasibility study and the other 500k was for market study.

The project presents significant opportunities for empowerment, namely, targets for black ownership; black participation in management; skills development; empowering rural communities and increasing the involvement of black women.

### CAPITAL ALLOCATION-INITIAL REQUIREMENT FOR Y1-Y10

<b>TOTAL FUNDING</b>	R150M
<b>EQUIPMENT AND BUILDING</b>	R66M
<b>IP; R&amp;D</b>	R24M
<b>VALUE OF STOCK</b>	R60M

## SECTION F: SPATIAL DEVELOPMENT FRAMEWORK

### CHAPTER 8: UMKHANYAKUDE SDF

#### Legislative Framework

The SDF is drafted in terms of the Municipal Systems Act of 2000, the Local Government: Municipal Planning and Performance Management Regulations, 2001 and the Gauteng Planning and Development Act of 2003.

The Municipal Systems Act obligates all municipalities to prepare an Integrated Development Plan (IDP) as the primary and overriding management tool. As an integral component of the IDP the SDF must also adhere to the requirements of the Local Government: Municipal Planning and Performance Management Regulations, 2001 (Government Notice 22605, 24 August 2001).

These regulations state that a Spatial Development Framework (SDF) must give effect to the Chapter 1 principles of the Development Facilitation Act (Act 67 of 1995) and achieve a number of outcomes and requirements reflected in **Table 8.1**.

**Table 8.1: Umkhanyakude SDF Legislative Compliance**

Legislative requirements	SDF compliance
<ul style="list-style-type: none"> <li>• Set out objectives that reflect the desired spatial form of the municipality</li> </ul>	
<ul style="list-style-type: none"> <li>• Contain strategies and policies regarding the manner in which to achieve the objectives</li> </ul>	
<ul style="list-style-type: none"> <li>• Set out basic guidelines for a land use management system</li> </ul>	Local municipalities
<ul style="list-style-type: none"> <li>• Set out a capital investment framework for the municipality's development programs</li> </ul>	
<ul style="list-style-type: none"> <li>• Identify programs and projects for the development of land within the municipality</li> </ul>	
<ul style="list-style-type: none"> <li>• Provide a visual representation of the desired spatial form of the municipality, including:                             <ul style="list-style-type: none"> <li>o Identification where public and private land development and infrastructure investment should take place</li> <li>o Delineation of the urban edge if feasible</li> </ul> </li> </ul>	Figure M below; Annexure 1 Map SDF 6 (Intervention/Management areas)
<ul style="list-style-type: none"> <li>• Priority spending areas</li> </ul>	See Figure M below

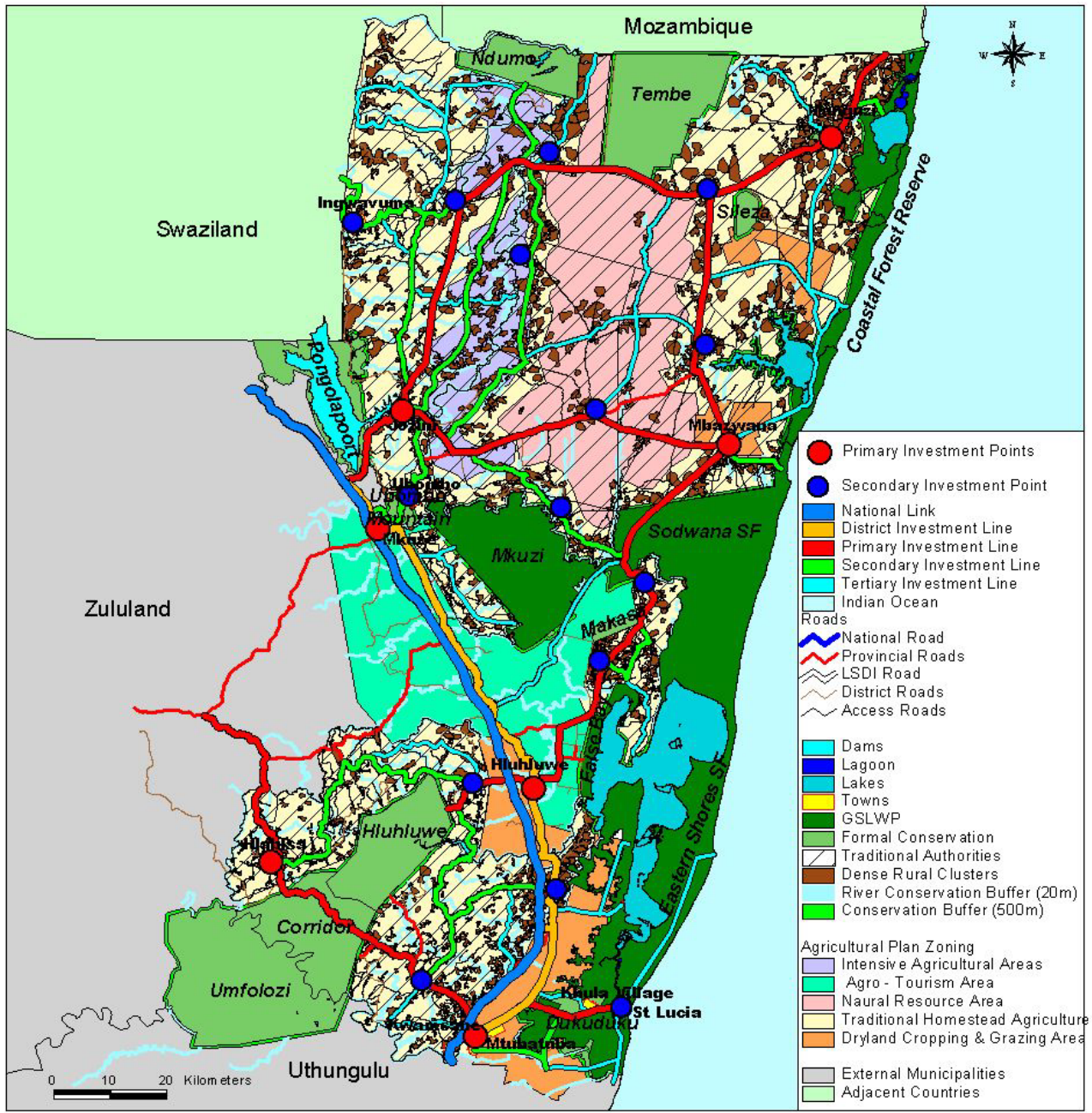


Figure M: Desired spatial pattern in Umkhanyakude District Municipality

Figure M above indicates the desired spatial pattern of Umkhanyakude District Municipality. Economic Hubs such as Mkhuzi, Hluhluwe, Jozini, Mtubatuba, etc. are identified and indicated on the map as Primary Investment Point. These are priority spending areas of the UDM. This does not mean though that area with low or no growth potential will be neglected. Basic services will be provided on such areas.

## The Historical Perspective

The aim of planning in a municipal context is to try and unravel the decades of colonial and apartheid legislation which negatively impacted on the urbanisation process in South and southern Africa. This is undertaken in order to improve the quality of life of residents and ensure long term sustainability. This resulted in burgeoning population and settlement growth in rural traditional areas.

These were set aside in the 1860s and subsequently entrenched by apartheid legislation from the 1950s onwards. Growing population in often marginal agricultural areas accompanied by the imposition of taxes gave rise to labor migration. This in turn 'triggered' the growth of 'informal settlements' in and around formal urban and industrial core centres where people gained access to formal and informal employment. Over time rural traditional areas became places of social security for the aged, women with families and the unemployed to reside on communal land. In contrast the working aged (initially men but increasingly women) provided labour to fuel the growing agricultural and mining economy which characterised the latter and early part of the 19<sup>th</sup> and 20<sup>th</sup> centuries in South Africa.

These early migration trends subsequently gave rise to the growth of the manufacturing and retail sectors which in turn entrenched established movement patterns and fueled new migration and urbanisation trends.

In the post apartheid era research of movement has identified a wide range of mobility patterns including but not limited to:

- Labor migration:
  - traditional long term migration to primary extractive industries (e.g. mines)
  - shorter term periodic migration weekly and monthly from home to place of work
  - daily movement to place of work
- Residential migration:
  - progressive intergenerational movement of extended families from rural to urban areas – centres with access to improved services;
  - opportunistic movement of nuclear families and individuals from one regional center to the next in search of improved employment opportunities
  - inter-regional violence owing to ethnic conflict
  - political dislocation of people
- Conservation and recreational migration:
  - historically, large tracts of land were set aside from the late 19<sup>th</sup> century to make provision for conservation of biological diversity in the region
  - seasonal movement of large numbers of people from inland centres to the coast for recreational purposes
- Underemployment and HIV/AIDS:
  - declining demand for labour in industry accompanying globalization, unionization and labour legislation has resulted in unemployment on the formal sector and a movement back to rural areas of workers with limited skills (including farm workers)
  - individuals with HIV/AIDS and without some form of financial basis for survival are also returning home to rural areas to take advantage of the social security system which characterises these areas and communities

- recognition among migrants that large metro areas tend to be unsafe and with limited economic advantage

Some of the earliest pressure for land in the District related to conservation and relocation. Conservation involved the movement of people out of protected areas including for example: Ndumu Game Reserve, Kosi Bay Nature Reserve, Coastal Reserve, Sileza, the Isimangaliso Wetland Park, Dukuduku Forest and Mkhuze and Hluhluwe reserves. Proclamation and protection of these areas led to conflicts with local people over access to natural resources. Establishment of these areas, while critical for biodiversity purposes, led to loss of habitat to traditional peoples and growing pressures on remaining areas of the district for subsistence survival.

Without sophisticated technology much of the district has limited agricultural production potential. Subsistence peoples without this technology 'know how' and access to markets were not able to adapt their subsistence agricultural practices to accommodate limited access to natural resources. Their survival depended upon developing multiple risk strategies involving subsistence, natural resource harvesting, migrant labour, underemployment etc.

Relocation of people into this area mainly related to apartheid where tribal groups were moved out of areas in the province to make way for commercial agriculture, industrial development etc. and they were 'dumped' in parts of the district such as Kwamsane, Makhathini and the Pongola flats. Relocations placed additional pressures on an ever decreasing land resource in the district which in turn raised questions around survival strategies of traditional households.

A further major impact on the district was the establishment of the Pongolapoort dam and the flood control of the Pongola river system. Regulation of flooding led to greater certainty in terms of where households could locate along the floodplain resulting in greater encroachment of livestock and cultivation into sensitive areas of the river system. A further impact of the regulation of the river system was on the fish resources of the system. Prior to the dam construction there was seasonal flooding and breeding of a variety of fish species.

Local tribal people were fully reliant on the managed harvest of these fish species using traditional fishing systems. The dam negatively impacted on seasonal fish breeding cycles and modernization of the fishing system (accompanying population pressures on the area) has resulted in the destruction of this fundamental resource for future generations.

Pressures on rural areas in the district were also seriously impacted by the war in Mozambique and the factional conflicts in the province of KwaZulu-Natal. The northern areas of the district were perceived as being 'safe' with large numbers of families moving into the region from Mozambique, Swaziland and the main centres in the province.

This resulted in a rapid expansion in rural population over a short space of time from the late 1970's to the late 1980s which in turn placed major pressures on 'fragile' habitats (eg Manguzi swamp forest). This has subsequently resulted in destruction of natural resources and major pressures on conservation areas for resources to supplement survival strategies. These inter-regional conflicts served to compound the earlier politically motivated movement and displacement of people from other regions in the province such as Makhathini Flats, DukuDuku, Kwamsane etc.

In current times people are returning to the district from the region's major centres due to retrenchment, unemployment, HIV/AIDS and to take advantages of increasing local economic opportunities emerging in the district. Home for those seeking social security could be the 'deep' rural areas, but increasingly as people have moved to achieve improved accessibility to services it could equally be along transport routes or in the centres in the district. This phenomenon of returning home is placing further pressures on the resources of the district since utilization of natural resources forms a fundamental part of the often complex survival strategy adopted by each household and individual located therein. While there is a general trend of movement to areas of improved accessibility the historical patterns of 'deep' rural settlement remain linked to a variety of traditional and cultural issues. These factors have a major influence on where people returning home elect to locate in current and future generations.

### **Issues**

Owing to the history of this area and to its relative isolation Umkhanyakude has been and is currently subject to all of the above movement trends. Each trend produces a set of demands on space and the resources of the district to ensure survival of each individual in the social economy. Movement patterns identified in this brief review of spatial trends means little change to the current spatial pattern of settlement for the future. However, where national policies are linked, by local government, to current movement trends then it is probable that there will be an increasing focus in settlement terms on:

- major transportation corridors;
- nodes; and
- service centres.

This is likely, particularly among the younger generation accompanying the unbundling of extended families which characterised the past settlement trends. Thus we are likely to see increasing growth of settlement along transportation corridors and in nodes.

### **National Perspectives on Spatial Development**

There are a plethora of national policies and guidelines, with every department setting out their framework and direction that the provinces and local government should look to for guidance. The most important for the purposes of this SDF is the National Spatial Development Perspective. The NSDP was drawn up in 2003 and updated in 2006. This section briefly explains the purpose of the NSDP and extrapolates the essential points that need to be considered when managing spatial development at local level.

The NSDP is specifically trying to address more equitable and sustainable development. These last two concepts – equitable and sustainable – have become buzzwords which are often used to paper over development actions that are distinctly inequitable and unsustainable. The challenge within local government spatial frameworks is to treat these terms with genuine respect and find ways to direct development to locations where there is greater chance of economic, social and environmental sustainability. The main principles and objectives of the NSDP are briefly summarised in Figure 13 below.

To provide some perspective, the NSDP identified, throughout the whole of the country, only 26 centres or nodes which provide the engines for the country's economy. It points out that these areas (and their 60 km hinterlands) hold 84.5% of the population, generate 95.6% of the Gross Value Added (GVA) and yet are still home to 77.3% of all people living below the minimum level. The only "engine" close to

Umkhanyakude is Richards Bay, which contributes 1.5 % of the GVA of the country at 7<sup>th</sup> position following: Gauteng – 40%, Cape Town/Worcester – 13%, Pietermaritzburg / Durban – 12%, Witbank / Secunda 4.6%, Port Elizabeth – 3%, Rustenberg – 2.9% and then Richards Bay at 1.5%. Umkhanyakude needs to recognise its strengths, but also its limitations within this wider perspective.

It cannot afford to try and go for “spatial equity” or what the NSDP calls a “watering can approach”.<sup>4</sup> It has to focus on it’s own economic engines, existing and potential and develop those centres and the links between them. It also needs to look at how it can link into KZN’s engines of growth – primarily Richards Bay due to its proximity, but also Pietermaritzburg / Durban and to a lesser extent, Newcastle.

The NSDP recognised six categories of development potential which cover the spectrum of economic functions in a modern economy:

- Innovation and experimentation
- Production of high value differentiated goods
- Labour intensive mass-production
- Public service and administration
- Tourism
- Commercial services and retail

Umkhanyakude relies mainly on two of these: public services and administration and tourism.

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<sup>4</sup> “It makes no sense to distribute the money indiscriminately with a watering-can”... it would be better “to concentrate the resources granted on those locations with the best potential for growth” (NSDP, p 7)

**Table 8.2: Main principles and assumptions of the NSDP**

<b>NSDP PRINCIPLES</b>	
<p><b>Principle 1:</b> Rapid economic growth that is sustained &amp; inclusive is a pre-requisite for the achievement of other policy objectives, among which is poverty alleviation</p> <p><b>Principle 2:</b> Government has a constitutional obligation to provide basic services to all citizens wherever they reside</p> <p><b>Principle 3:</b> Beyond that provision of basic services, government spending on fixed investment should be focused on localities of economic growth / potential in order to stimulate private sector investment and create long term employment opportunities</p> <p><b>Principle 4:</b> Efforts to address inequalities of the past should focus on people, not places – in other words, human capital</p>	
<b>NSDP ASSUMPTIONS</b>	<b>THE IMPORTANCE OF INSTITUTIONAL CAPACITY</b>
<ul style="list-style-type: none"> <li>▪ Location is critical for the poor to exploit growth opportunities.</li> <li>▪ The poor that are in economic centres have greater opportunities</li> <li>▪ Areas with demonstrated economic potential provide greater livelihood and income protection due to diversity</li> <li>▪ Areas with greater economic potential are therefore more favourable for overcoming poverty</li> <li>▪ The poor make rational choices about relocating to areas with greater economic opportunities, and</li> <li>▪ Government must ensure policies &amp; programmes are in place so that the poor can benefit fully from growth &amp;</li> </ul>	<p>It is important to note that the NSDP drew on “<b>institutional economics</b>” which suggests that beyond the usual sources of comparative advantage (human and natural resource endowment and strategic locality), the <b>institutional capacity</b> of a locality will determine whether development is sustainable or not. The <b>potential</b> relies strongly on the presence of institutional capacity. “The mere presence of natural resources is no guarantee of development (history of Africa) – also the mere presence of educated human resources is no guarantee – if there is an absence of an institutional framework to enable these</p>

\* Institutional capacity section is drawn from: The Presidency, 2004, The Presidency produces the National Spatial Development Perspective, IDP Nerve Centre web site update, [www.idp.org.za](http://www.idp.org.za)

Another issue which the NSDP raises is of particular importance to note for Umkhanyakude<sup>5</sup> which is usually viewed as almost entirely “rural” in character. This is the differentiation that is usually made between “Urban” and “Rural”. These concepts have little meaning where the so-called rural areas are dependent with up to 85% of their transfers on so-called urban centres (national figure). This pattern is reinforced by significant social interaction between the two. It is worth noting that the statistical definition of urban is based on definitions of proclaimed urban areas. There are, however, many dense rural settlements that operate now as urban but outside of the statistical definition.

### **Other National Legislations**

Other legislative frameworks which have an impact on the preparation and implementation of an effective SDF includes:<sup>6</sup>

<sup>5</sup> The Presidency, 2004, The Presidency produces the National Spatial Development Perspective, IDP Nerve Centre web site update, [www.idp.org.za](http://www.idp.org.za)

<sup>6</sup> Department of Land Affairs 2007 – 2010 Strategic Plan – March 2007



### **(a) Land Reform**

Up until recently the different pieces of Land Reform legislation which have been promulgated to protect land rights have been applied by the Department of Land Affairs outside of planning frameworks formulated by Municipalities. The affect has been to confound application of national, provincial and local spatial development planning principles aimed at shaping future development of the province.

However, this shortcoming has been recognized by DLA and it is currently in the process of initiating the preparation of Area Based Plans which are designed to integrate the land reform process into the Integrated Development Planning process at District and Local Municipality levels.

### **(b) Development Facilitation Act (126 of 1995)**

This legislation has been applied throughout the province to fast track a wide range of development applications. Experience of the application of this legislation in KwaZulu-Natal suggests that this has led to proliferation of residential developments in rural agricultural areas which should have been protected from this type of activity<sup>7</sup>.

The Act has a useful role to play in fast tracking development, but it should be applied expeditiously, particularly in sensitive environmental areas such as Umkhanyakude to safeguard one of its key assets for long term and sustainable wealth generation.

### **( c ) National Environmental Management Act (107 of 1998) and Associated Regulations**

This piece of legislation replaced the earlier Environmental Conservation Act both of which provide a comprehensive framework for the protection and management of the environment to achieve constitutional principles of sustainability, improved quality of life and equity in terms of access to a wide range of resources and services.

The mechanism formulated for the implementation of this act is contained in the regulations. "The Minister of Environmental Affairs and Tourism has in terms of section 24(5) read with section 44 of the National Environmental Management Act, 1998 (Act No. 107 of 1998), made regulations. The purpose of these Regulations is to regulate procedures and criteria as contemplated in Chapter 5 of the Act for the submission, processing, consideration and decision of applications for environmental authorisation of activities and for matters pertaining thereto".

### **(d) Bio-Regional Planning**

The basis for bio-regional planning is contained within the NEMA (107 of 1998). Environmental assessment should occur within the context of a regional or sub-regional plan shaping the future development of an area. Provision for such plans include Strategic Environmental Assessments (SEA) as part of the Bio-regional Planning Process : SEA is a process whereby environmental implications are integrated into decision making (forum for economic & environment).

## **National Perspective Issues**

The following issues are noted for this SDF from the NSDP and associated legislation:

- the essentially rural character of Umkhanyakude;
- limited formal urban development – large areas of non-formal urban development;
- economically dependent area on the region's economic centres;

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<sup>7</sup> One of the best examples of this is the midlands of KwaZulu-Natal

- economic opportunities lie in services provision, agriculture and tourism;

The NSDP advocates::

- investment in centres with potential for economic growth;
- low key investment in areas without growth potential;
- local government needs to provide the framework for investment by the private sector.

## **The Provincial Perspective**

### **(a) Provincial Growth and Development Strategy**

The Provincial Growth and Development Strategy (PGDS) is currently under revision. The essence of the existing PGDS is based on 7 broad programmes:

#### **Programme 1: Building a winning Province**

This aims at making KZN the gateway province and focuses attention on four elements: tourism, the ports of Durban and Richards Bay, the promotion of KZN as a gateway province and, the creation of an enabling environment for SMMEs.

#### **Programme 2: Enabling Local Economic Development**

This programme aims to stimulate economic growth in specific localities and facilitate the delivery of basic services.

#### **Programme 3: Fuelling the Powerhouse**

The aim is to stimulate the province's manufacturing, agriculture and housing sectors by taking the province into an investment-driven stage of competitive advantage.

#### **Programme 4: Addressing the needs of the Poor**

The aim is to eradicate poverty by promoting the transfer and use of assets to the poor, promoting livelihoods in the non-farming sector, supporting small-scale farmers and through the provision of welfare services.

#### **Programme 5: The Development and Utilisation of the Human Resource**

This programme aims to redress the effect of poor educational standards, and envisages the use of work-based training, vocational training and adult education to fully realise the province's human potential.

#### **Programme 6: The Formulation of an Appropriate Spatial Framework**

The programme aims to provide a coherent spatial framework for the economic and developmental growth of the province.

#### **Programme 7: The Development of Institutions and Implementation Capacity**

The aim is to ensure that all three spheres of government, in partnership with the private sector and communities, facilitate the implementation of the growth and development strategy.

The programme most directly relevant to this SDF update is Programme 6.

## Provincial Spatial Economic Development Strategy

The Provincial Spatial Economic Development Strategy (PSEDS) sets out a programme of action for the KZN Economic Cluster Programme. It sets out goals for 2014 which are based on four indicators: people in poverty, illiteracy; HIV prevalence and unemployment. The goals are to reduce the numbers of people within these four indicator groups.

Additional indicators that PSEDS identifies are: the economic growth rate, the urbanisation rate, access to computers, Human Development Index, the number of SMMEs and the regional share of exports. Unlike most economic policy documents, this one specifically sets out to align the approaches and goals to spatial development, drawing on the principles set out in the NSDP.

- Classification of economic potential
  - Agriculture and agri-processing and land reform
  - Industrial development
  - Tourism
- Services sector
  - Water and energy
- Classification of poverty and need
- Nodes and activity corridors
- Threats
  - Loss of productive commercial agricultural land to residential development
  - Loss of land with agricultural potential in poor rural areas
  - Land reform resulting in a loss of productive commercial agriculture
  - Municipal rates on agricultural land
  - Provision of adequate water supplies
  - Tourism : safety and security issue
  - Tourism: land invasion and illegal activities affecting tourism assets
  - Industry : reliability of services
  - Industry: social support services
  - Destructive inter-municipal competition
  - Industry: municipal rates on commercial and industrial development

Other programmes and policies which have to be taken into consideration are:

- Millenium Development Goals (MDG's)
- Accelerated and Shared Growth Initiative (ASGI-SA)
- Medium Term Strategic Framework (MTSF)
- NEPAD

## Provincial Issues

While provincial policy documents identify Umkhanyakude as being an economically depressed rural area it nonetheless has inherent agricultural and tourism potential. Accordingly the following opportunities and constraints are identified for the development of this district:

Opportunities	Constraints
<ul style="list-style-type: none"> <li>▪ production, processing and marketing (export) of agricultural produce;</li> <li>▪ enhancing the tourism experiences available in Umkhanyakude through diversification in the type and range of facilities available;</li> <li>▪ improving and focusing investment in the services sector following both national and provincial policy frameworks: <ul style="list-style-type: none"> <li>○ improved services in centres and nodes;</li> <li>○ basic services in surrounding areas.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ loss of productive agricultural land;</li> <li>▪ destruction of bio-diversity of the area;</li> <li>▪ lack of focus by municipalities on investment goals.</li> </ul>

### Policy Implications for Umkhanyakude

In the light of the national and provincial spatial policies there needs to be a commitment from district and local government to invest in the upgrading and development of identified nodes and centres to accommodate future demand for urban residential development. The emphasis should not be to continue to invest virtually all of the capital and operational budgets on the provision of high level services to communities located in 'deep' rural areas of the district.

As noted in the NSDP, these households can only be allocated the most basic form of service with the focus being on investment in growth centres where services can be provided more cost effectively and residents can gain access to services and opportunities more effectively. In essence the subsistence systems have, to all intents and purposes, failed due to over population and exploitation on an ever decreasing resource base. The future is dependent upon a level of specialisation in the district economy. The key drivers are commercial agricultural production and processing, commercial retailing, biodiversity management and eco-tourism.

The municipality needs to invest in creating the framework conducive to investment in these sectors by the private sector. Development in these sectors in the local economy would serve to drive higher levels of specialization and provide concomitant employment opportunities for local people who are sufficiently skilled to take on these opportunities. Over time specialization and diversification in the local economy would serve to lighten the subsistence load on the already stressed natural resource base of the district. In order to bring the above scenario into a reality the district would need to be broadly zoned into the following types of areas:

- **restricted areas / core areas** for future development (residential and otherwise) as being the *first driver* for sustained growth and development in the district. These areas need to be carefully selected, linked through bio-diversity corridors, and then subject to rehabilitative management to ensure that there is a sound biodiversity framework for the resource harvesting and eco-tourism development for current and future populations;

- **areas set aside for a variety of tourism opportunities** ranging from low impact wilderness experiences to high impact high density holiday accommodation, retail and market facilities as the *second driver*;
- **areas for low density subsistence and residential use** where the emphasis is on livestock and limited subsistence cultivation of traditional crops. This needs to be low density because of the often harsh production conditions and the low carrying capacity of much of the district for this type of activity;
- **areas set aside for commercial agricultural production** as the *third driver* of the local economy, where soils are good and technology can be used to overcome harsh production conditions – mainly rainfall and accessibility – in these areas provision needs to be made for outsourcing from core estates to small farmers to involve them in the value chain and thereby reduce reliance on subsistence production systems;
- **areas with good accessibility** set aside for processing and packaging of commercial crops as a *fourth driver* of the local economy, particularly in relation to specialisation;
- **identifying localities with high potential for retail business** in the local economy as the *fifth driver*<sup>8</sup>. These locations should also be linked with a wide range of services such that there is incentive for people operating in the more specialized sectors to locate and live in these centres. Improved levels of wealth translate into a variety of locally produced goods and services being required by residents of these higher order centres;
- **reinforcing corridor development** through identifying, differentiating, formalizing and establishing selected strategies for investing in the existing types of corridors in the district:
  - developmental corridors;
  - retail corridors;
  - services corridors;
  - tourism corridors;
  - agricultural corridors.
- **areas set aside for formal residential development** with defined urban edges
- **areas set aside for small holder residential / agricultural use:** this is a step between subsistence production and full-scale commercial production.

The Spatial Development Framework was adopted by the Council in June 2008. During 09/10 FY the SDF will be reviewed internally as the Development Planning Shared Services would have warm bodies by July 2009. The GIS component for Shared Services would be used to assist in the review of the SDF.

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<sup>8</sup> Retailing is more of an indirect driver in the sense that it is generally not a wealth generator in local economy unless the goods are produced locally and tends to result in income leakage. However benefits to the local economy from retailing lie in the support services required for successful retailing.

## SECTION G: INTERGRATED OPERATIONAL/IMPLEMENTATION STRATEGIES

### CHAPTER 9: IMPLEMENTATION PLAN

Three year implementation plan with committed human resources is as follows:

Table 9.1: Medium Term expenditure Framework Description	Budget		
	Budget 1	Budget 2	Budget 3
	2009/2010	2010/2012	2012/2011
<b>Operating Expenditure by Vote</b>			
Executive and Council	R 4,758,650	R 5,139,342	R 5,550,489
Office of the Municipal Manager	R 4,580,232	R 4,946,651	R 5,342,383
Corporate Services	R 7,574,971	R 8,180,969	R 8,835,446
Financial Services	R 7,171,578	R 7,745,304	R 8,364,929
Community Services	R 5,070,750	R 5,476,410	R 5,914,523
Technical Services	R 6,540,104	R 7,063,312	R 7,628,377
SED and Planning	R 4,988,212	R 5,387,269	R 5,818,250
Disaster Management	R 4,404,548	R 4,756,912	R 5,137,465
Water and Sanitation Services	R 22,806,187	R 24,630,682	R 26,601,137
<b>Total Operating Expenditure by Vote</b>	<b>R 67 895 232</b>	<b>R 73,326,851</b>	<b>R 79,192,999</b>
<b>Capital Expenditure by Vote</b>			
Executive and Council	R 23,000	R 24,840	R 26,827
Office of the Municipal Manager	R 45,000	R 48,600	R 52,488
Corporate Services	R 1,546,253	R 1,669,953	R 1,803,549
Financial Services	R 700,000	R 756,000	R 816,480
Community Services	R 20,000	R 21,600	R 23,328
Technical Services	R 50,000	R 54,000	R 58,320
SED and Planning	R 200,000	R 216,000	R 233,280
Disaster Management	R 632,400	R 682,992	R 737,631
Water and Sanitation Services	R 17,023,999	R 18,385,919	R 19,856,792
<b>Total Capital Expenditure by Vote</b>	<b>R 19,608,252</b>	<b>R 21,176,912</b>	<b>R 22,871,065</b>

## CHAPTER 10: PROJECTS

**Table 10.1: Operating Projects – 09/10**

<b>Details</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>
Sports	R 2,000,000.00	R 2,160,000.00	R 2,332,800.00
Women Celebration	R 200,000.00	R 216,000.00	R 233,280.00
Youth Celebration	R 200,000.00	R 216,000.00	R 233,280.00
Gender	R 200,000.00	R 216,000.00	R 233,280.00
Arts and Culture	R 200,000.00	R 216,000.00	R 233,280.00
Disability Awareness	R 200,000.00	R 216,000.00	R 233,280.00
HIV/AIDS Interventions	R 1,000,000.00	R 1,080,000.00	R 1,166,400.00
Poverty Alleviation	R 100,000.00	R 108,000.00	R 116,640.00
External Bursaries	R 1,000,000.00	R 1,080,000.00	R 1,166,400.00
Disaster Management	R 4,404,548.00	R 4,756,911.84	R 5,137,464.79
Disaster Management Communication Station	R 632,400.00	R 682,992.00	R 737,631.36
IDP Roadshows	R 1,000,000.00	R 1,080,000.00	R 1,166,400.00
LED Projects	R 3,000,000.00	R 3,000,000.00	R 3,000,000.00
Tourism Projects	R 1,000,000.00	R 1,000,000.00	R 1,000,000.00
Community Economic Development Projects	R 1,000,000.00	R 1,080,000.00	R 1,166,400.00
<b>Total</b>	<b>R 16,136,948.00</b>	<b>R 17,107,903.84</b>	<b>R 18,156,536.15</b>

**Table 10.2: 2009/2010 Capital Projects**

<b>Project name</b>	<b>LM</b>	<b>Total project costs</b>	<b>2009/10</b>
Makhasa Sport Field	KZ 273	16,574,507.97	<b>7,699,338.45</b>
Hluhluwe Phase 3	KZ 273	23,000,000.00	
Ezibayeni CWSS Phase 2	KZ 274	41,895,535.00	8,121,950.38
Mpokunyoni CWSS	KZ 274	4,252,291.00	1,350,352.92
Mandlakazi Bulk	KZ 274	89,000,000.00	58,000,000.00
Ezibayeni sanitation	KZ 274	6,368,400.00	200,000.00
Hluhluwe Phase 4	KZ 274	96,000,000.00	21,000,000.00
<b>Total</b>			<b>80,550,352.92</b>
Othobothini CWSS	KZ 272	16,200,000.00	7,876,483.00
Makhathini SAN	KZ 272	6,502,827.00	3,000,000.00
Othobothini Sanitation	KZ 272	5,200,000.00	5,200,006.00
<b>Total</b>			<b>16,076,489.00</b>
Mtubatuba/KwaMsane Sport	KZ 275	14,081,916.06	<b>5,487,544.00</b>
Ntshongwe/Malobeni CWSS 2	KZ 271	4,026,004.00	1,542,444.84
Enkanyezini CWSS	KZ 271	61,280,928.00	17,979,690.36
Phelandaba SAN Phase 2	KZ 271	19,882,940.00	10,046,609.60
Phelandaba CWSS Phase 2	KZ 271	57,158,751.00	13,795,813.91
Mphopomeni CWSS Phase 2	KZ 271	38,715,718.00	14,968,334.71
KwaNgwanase Retic	KZ 271	102,657,991.00	27,240,000.00
Zamazama SAN Phase 2	KZ 271	7,210,187.00	703,587.00
Shemula SAN	KZ 271 + KZ 272	16,428,023.00	6,906,418.20
			<b>93,182,898.62</b>
<b>Total</b>			<b>202,996,622.99</b>

## Other Projects

- Regional Bulk Water R 1,700,000
- Backlogs in Water & Sanitation at Schools R 8,253,000



## CHAPTER 11: FINANCIAL PLAN

### ALIGNMENT OF BUDGET & IDP

A new municipal Integrated Development Plan (IDP) has been prepared as required by the Municipal Systems Act and the MFMA, to coincide with the term of the newly elected council. The complete process of IDP preparation was followed, and the content of the previous IDP was taken into account.

The budget process is integrated with the review of the IDP through the IDP review mechanism. The outcome of consultation feeding into the IDP review is taken into account in the budget process.

The budget was prepared using the following IDP inputs:

- Situational Analysis
- The outputs of the consultations with the various stake holders.
- Priority Development Issues
- Strategic approach

The information from the above processes was included in the budget according to the IDP prioritization model.

### MODELS USED FOR PRIORITISING RESOURCE ALLOCATION

The districts Management Committee completed an exercise to assist with the technical prioritization of projects, based on council's review of the Municipality's priorities.

The main criteria applied related to the:

- (1) Status of the proposed project;
- (2) The public benefit associated with the project;
- (3) Income benefit to Council;
- (4) The impact on the operating budget and
- (5) Planning and approval status.

Each of the criteria is evaluated in terms of a number of considerations to which a weighted value is allocated. The criteria are discussed briefly hereunder:

- The **status of the project** relates mainly to whether it is a critical or compulsory, i.e. very important to alleviate a health or safety hazard or a legislative requirement. Other considerations relate to the whether the project is essential to fulfill Council's obligations, whether the project is a catalyst to unlock potential or desirable in order to create a positive image.
- When evaluating the **public benefit** of a project, the most important consideration is the provision in basic needs of a community. Other considerations relate to improving existing basic facilities to a higher standard and the creation of an enabling environment, i.e. a project serves as a catalyst and provides critical linkages.
- Projects are also evaluated in terms of the **potential income benefit to Council and financial sustainability**. In this regard, a differentiation is made whether a project is income generating, received grant funding in full (covers its own expenses) or partly funded or is a shared service

funded from contributions. Another consideration is whether a project could leverage or attract outside investment.

- The impact of a project on the **operating budget** is another important criteria. Hereunder the most important considerations are a potential reduction on the operating budget. Caution is also taken with regard to projects that could become a liability due to a significant increase in the operating budget.
- The final criteria relates to the **planning and approval status** of a project. The main consideration here relates to the approval status of the project in the forms of a sector plan or business plan. The argument being that those projects with approved status can be commenced with sooner.

## **BUDGET OVERVIEW**

### **LEGISLATIVE REQUIREMENTS**

The Municipal Finance Management Act, 2003 (Act No.56 of 2003) became effective on 1 July 2004. Elements of the act have been phased in according to capacity of each municipality such as high, medium and low. As a medium capacity municipality, Umkhanyakude District Municipality was required to comply with the earliest implementation dates, the majority of which are now effective.

Some of the key budget reforms encapsulated within the MFMA that Umkhanyakude District Municipality has applied, are:

- Forward looking, multi-year budgets with strategic focus;
- Clear links between budget allocations and agreed policies;
- Improved integration of budget and planning processes;
- New budget process timetable with earlier adoption of budgets by council and earlier audits of Annual Financial Statements;
- Improved in-year reporting according to vote/ function;
- Improved financial management information;
- Service Delivery and Budget Implementation Plans (SDBIP) developed and approved with budgets;
- New accounting norms and standards;
- Improvements to procurement and Supply Chain Management policies and processes;
- Establishment of a new audit committee and oversight process reforms; and
- Focus on performance measurement.

In accordance with Municipal Finance Management Act (MFMA), No.56 of 2003 section 16 (2) the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

In accordance with MFMA Circular No. 41 which states that Municipalities is expected to table credible and sustainable budgets. The multi-year budgets should be outputs/outcomes focused and consistent with the form required in terms of the MFMA and supported by the budget and revenue related policies. In this regard, we emphasise the need to ensure that revenue projections are realistic and achievable, allocations from other sources are consistent with the Division of Revenue Act, provincial and district budgets, tariffs and rates are raised taking into account affordability levels of the community, the backlogs in infrastructure are being addressed, whilst maintaining a balance between new and rehabilitation of assets, sufficient provision is made for maintenance of existing assets,

provision for working capital, administrative overheads are minimised and overdrafts are managed downwards over the next financial year.

As a result of the above recommendation and in compliance with the MFMA and Municipal Systems Act the budget/IDP process occurred according to the budget timetable approved by council and was monitored by the Budget/IDP Project team. The team further ensured compliance with the MFMA and subsequent circulars in the preparation and approval of the multi-year budget/IDP and SDBIP.

- The Division of Revenue Bill 2008; and
- The Municipal Systems Act (Act No.32 of 2000), together with the Municipal Systems Amendment Act (Act No. 44 of 2003).

### **Division of Revenue Bill 2008**

This Bill issued in February annually, provides the three year allocations from national government to local government. It sets out all the reporting requirements and conditions relating to the grants. Alongside this Provincial Departments allocate funding to local government by means of a provincial gazette.

These allocations are used when preparing the three year budget in order to comply with section 18 of the MFMA (relating to reasonably anticipated revenues to be collected). Additional allocations both nationally and provincially are sometimes made to municipalities. However, these are not included in the original budget as the allocations are not certain. When confirmed they will be included in an adjustments budget in accordance with section 28 of the MFMA.

The Municipal Systems Act (Act No.32 of 2000) and the Municipal Systems Amendment Act (Act No. 44 of 2003) These Acts form the basis of the links between the budget and the Integrated Development Plan (IDP). In particular, the aspects that have been considered in preparing the budget are:

Community participation (Chapters 4 & 5); Performance management (Chapter 6), providing also the basis for measurable performance objectives in the Service Delivery and Budget Implementation Plan.

## BUDGET SUMMARY

The following table summarizes the overall 2009/10 multi-year budget:

**Table 11.1: Summary 2008/09 Multi-Year Budget**

Summary of Multi-Year Budget	Budget 09/10	Budget 10/11	Budget 11/12
Total Operational Revenue	46 319 015	48 606 382	51 106 233
Total Capital Grants & Other Grants	242 396 972	281 308 165	109 353 927
<b>Total Revenue</b>	<b>288 715 360</b>	<b>329 914 547</b>	<b>159 460 160</b>
Surplus Reserve for Depreciation	1 054 000	1 110 916	1 170 905
Loans	44 000 000		
<b>Total Revenue</b>	<b>333 769 015</b>	<b>331 025 463</b>	<b>160 631 065</b>
Operational Expenditure Funded ex own Revenues	47 773 015	46 766 098	49 166 573
Grant funded operational projects	108 174 927	108 174 927	108 353 927
Internally funded capital projects CAPEX REVENUE	3 600 000	2 951 200	3 110 565
Grant funded capital projects	134 222 000	173 133 238	185 930 000
Loan funded capital projects	44 000 000		
<b>Total expenditure</b>	<b>338 769 942</b>	<b>331 025 463</b>	<b>160 631 065</b>

## BUDGET POLICIES & SYSTEMS

The following budget related policies are available in full from the office of the Chief Financial Officer.

Name of Policy	Date of adoption /review
Delegation Policy	23 March 2009
Tarrif Policy	23 March 2009
SCM Policy	23 March 2009
Debt/ Credit Control/ Indigent Policy	23 March 2009
Cash Management Policy	23 March 2009
Rates Policy	23 March 2009
Budget Policy	23 March 2009

## REVENUE MANAGEMENT & BILLING SYSTEM

The Abakus Financial System is a fully integrated financial system for income and expenditure.

## EXPENDITURE REPORTS

Detailed expenditure reports, in terms of Section 71 of the MFMA, are submitted monthly to the Financial Portfolio Committee, as well as the Executive Committee and Council.

## FUNDING OF THE BUDGET

The following table provides a summary of revenue by source for the financial years 2009/10 to 2011/12:

**Table 11.2: Summary Revenue by source**

Summary of Total Revenue by Source	Budget 09/10	Budget 10/11	Budget 11/12
Operation grants	108 174 927	108 174 927	108 353 927
Capital grants	131 299 168	154 194 168	185 930 000
Other income	45 560 265	47 904 059	50 374 417
Trading services			
<b>Total Revenue</b>	<b>285 034 360</b>	<b>310 273 154</b>	<b>344 658 344</b>
Surplus reserve for depreciation	1 054 000	1 110 916	1 170 905
Borrowings	44 000 000		
<b>Total operational Revenue with reserve &amp; Borrowings</b>	<b>45 054 000</b>	<b>1 110 916</b>	<b>1 170 905</b>
Accumulated Surplus			
<b>Total Revenue</b>	<b>330 088 360</b>	<b>311 384 070</b>	<b>345 829 249</b>

**Table 11.3. Details of Grants Allocated to the Municipality**

Grant Revenue by source	Budget 09/10 R'000	Budget 10/11 R'000	Budget 11/12 R'000
Grants & Subsidies –Provincial -Operational			
Strategic Support	387	416	500
Spatial Development			
Municipal Development Information Services	250	300	250
Centre Management	500	600	700
Infrastructure			
Local Economic Dev Catalyst	1800	1800	
<b>Total Province Allocations</b>	<b>2937</b>	<b>3116</b>	<b>1450</b>
Grants & Subsidies –National -Operational			
Equitable Share	84292	84292	84292
Levy Replacement Grant	15677	15677	15677
MSIG	1000	1000	1000
Water Services Operating & transfer subsidy	1111	1111	1111

Local FMG	750	750	750
MIG	2000	13786	
MIG Operational PMU	2408	2408	2408
Grants & Subsidies-National-Capital			
MIG	129299	140408	185930
Total Grants & Subsidies			
Province	2937	3116	1450
National	105238	105238	105238
Other Government			

### Municipal Services

There are four categories of municipal services, namely that of:

- Trading services . e.g. Water , electricity and sewerage

### Trading Services

These services are defined as services whereby the consumption of the service is measurable and can be accurately apportioned to an individual consumer. These services are hence managed like businesses and meters are read, where circumstances reasonably permit, on a monthly basis. The tariffs for these services are budgeted for in such a way as to reach a breakeven situation for the municipality. Examples of these services include water, electricity and waste sewer.

The Council's pricing strategy for these services is to **where possible** recover the full cost of rendering the service to the communities. For this purpose full cost includes:

- Direct operating costs e.g. Salaries, allowances including overtime, materials used, repairs and maintenance, general expenses and plant and vehicle hire.
- Depreciation/ capital charges based on usage, life of buildings, plant and equipment and infrastructure used.
- Financing outlays which includes loan service cost.
- Allocated costs that include costs allocated through support services.

Council is also aware that due to historical reasons many residents receive services at a level higher than what they can afford. In order for services to remain affordable Council will ensure that:

- Services are delivered at an appropriate level,
- Efficiency improvements are actively pursued across the Municipalities operations,
- Any service that is provided for which there is little demand, be priced at the actual cost of providing it and which requires the Municipality to maintain significant infrastructure and other facilities, are phased out, except where Council is by law required to provide such a service.

### **Introducing the “Consumer must pay principle”**

Having regard for the abovementioned Council’s policy on minimum amount of free basic services, Council believes that consumers of services must pay for the amount of services that they use. Where it is possible to measure the consumption services, Council intends to install metering systems as in the case of water usage, and to take into account the free service element. In this regard the Council will develop a programme to install meters in appropriate cases. Also it is the Council’s policy that the tariffs for such services must include all relevant cost factors. Council has a comprehensive Indigence Policy surveys are presently

### **Promoting Local and Economic Competitiveness and Development**

The service charges accounts presented to the local businesses, is a significant business overhead for any business enterprise in the Municipal area. The overhead of a business is one of the factors that influence the price of goods and services sold by it, and therefore its profitability and chances of survival. Council will take care that the municipal accounts presented to local businesses are fair. To ensure fairness toward local business, Council will, when it determines tariffs, take into account the desire:

- To promote local economic competitiveness and
- To promote local economic development and growth.

### **Ensuring Financial Sustainability of Service Delivery**

The Constitution, Local Government Municipals Systems Act, 2000 and Water Services Act of 1997 require that the Municipality must ensure that the services that it provides must be sustainable. Financial sustainability of an enterprise will be achieved when it is financed in a manner that ensures that it is financing is sufficient. The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision.

However, sustainability does not only mean that the price of the service must include all the relevant cost elements, it also means that charges to be levied must be collected.

Council will therefore adopt and apply a Credit Control and Debt Collection policy to ensure that service charges are fully recovered. It be noted that a section 73 revision is currently in progress in order to determine the appropriateness of the current tariffs, in relation to cost recoverability.

#### 11.4. OPERATING EXPENDITURE BY VOTE

Details	2007/ 2008	Current year		2009/10	2009/ 2010	2010/ 2011	2011/2012
Operating Expenditure by vote	Audited actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full year Forecast R'000	Budget R'000	Budget R'000	Budget R'000
<b>Board &amp; General</b>	11 802	12 795	21 313	21 313	19 007	20 464	21 811
<b>Corporate</b>	4965	14605	16312	16312	16775	17986	19285
<b>Community</b>	12708	18076	15955	15955	16219	17304	18465
<b>Water</b>	50294	55092	61150	61150	63473	67830	72506
<b>SED</b>	7809	12955	10863	10863	9992	10734	11535
<b>Technical</b>	5407	11668	11359	11359	13537	14534	15609
<b>Finance</b>	8070	13934	12887	12887	15391	16507	17708



## **CHAPTER 12: ORGANIZATIONAL PERFORMANCE MANAGEMENT SYSTEM**

Umkhanyakude District's municipality's organizational performance management system is guided by the following key performance areas:

### ***KPA 1: Good governance and community Participation***

- Functional community participation mechanisms and ward committees
- Established feedback mechanisms in order to ensure responsiveness to communities
- Continuous and special attention to historically marginalized communities
- Easy and convenient access for the public to the municipality its services and
- Effective intergovernmental relations

### ***KPA 2: Basic Service delivery and Infrastructure Investment***

- A clean, safe and healthy environment
- Universal access to quality, affordable and reliable municipal services (e.g., water, sanitation, electricity, refuse removal, transportation)
- Regular investment in Infrastructure and productive equipment

### ***KPA 3: Local economic development***

- Thriving and vibrant local economy and neighborhoods
- Development of an employable, educated and skilled citizenry
- Facilitation of job creation and access to business opportunities
- Continuo's and positive interactions with all key economic anchors and actors

### ***KPA 4: Municipal Transformation and Institutional development***

- An IDP that is the expression of state-wide planning as a whole
- A balanced infrastructure investment and sustainable economic development programme that is part of the IDP

### ***KPA 5: Financial Viability and Management***

- Sound financial management systems
- Development of annual and medium term outlook on revenue and expenditure plans and targets
- Reduced expenditure on grant transfers, timely and accurate accounting of public resources and effective anti-corruption measures

<b>Key Performance Objective</b>	1. To strengthen the relationship between the District with local municipalities and other spheres of government
<b>Strategy</b>	To strengthen intergovernmental system so that IGR structures adhere to IGR Framework Legislation
<b>KPI</b>	Number of meetings held as per the schedule
<b>Intervention Planned</b>	Coordinate functional District IGR structures; Ensure participation in Provincial IGR structures
<b>Responsibility</b>	Office of the Municipal Manager
<b>Target</b>	- Six DMCF p/a - Six MMs' forum meetings p/a ; and others

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
100% Compliance	100% Compliance	100% Compliance

<b>Key Performance Objective</b>	1. To ensure effective community and stakeholder participation in the sustainable integrated development of our communities
<b>Strategy</b>	To strengthen working relations with key local stakeholders
<b>KPI</b>	Number of meetings held with other Stakeholders
<b>Intervention Planned</b>	Alignment of programmes with other stakeholders
<b>Responsibility</b>	Office of the Municipal Manager
<b>Target</b>	- four stakeholders meetings p/a

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
100% Compliance	100% Compliance	100% Compliance

<b>Key Performance Objective</b>	1. To ensure and improve public participation in municipal processes
<b>Strategy</b>	1.1. To build capacity in our communities to be active participants and catalysts in building a better life for our communities
<b>KPI</b>	Involvement of community in Municipal process
<b>Intervention Planned</b>	Improved public confidence in municipal functioning, infrastructure development and service delivery; and Community satisfaction survey conducted
<b>Responsibility</b>	Office of the Municipal Manager
<b>Target</b>	100% of Community Involvement in all relevant Municipal programmes.

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
100% Compliance	100% Compliance	100% Compliance

<b>Strategy</b>	1.1. To implement Batho- Pele customer services principles
<b>KPI</b>	Reduction of queries and complaints in the complaints register
<b>Intervention Planned</b>	Conduct customer satisfaction survey; and Attend to all queries from customers (internal and external)
<b>Responsibility</b>	Office of the Municipal Manager
<b>Target</b>	Annual Surveys; and Attendance to queries within 24hrs/48hrs

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
1 Survey; and Attendance to queries within 24hrs/48hrs	1 Survey; Attendance to queries within 24hrs/48hrs	1 Survey; Attendance to queries within 24hrs/48hrs

<b>Key Performance Objective</b>	To build sustainable partnerships with Traditional Authorities to ensure convergence in meeting the developmental needs and challenges in our communities
<b>Strategy</b>	Implementation of communication strategy
<b>KPI</b>	Level of involvement Consultation and participation of Traditional Councils on Developmental issues in the municipality.
<b>Intervention Planned</b>	Preparation of procedures for community participation processes including direct communication with Traditional Councils.
<b>Responsibility</b>	Office of the Municipal Manager
<b>Target</b>	100% of participation, consultation and Involvement in all relevant Municipal programmes.

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
100% Compliance	100% Compliance	100% Compliance

<b>Key Performance Objective</b>	Prevention of corruption
<b>Strategy</b>	Development of anti-corruption strategy to address prevention, detection and awareness/communication
<b>KPI</b>	
<b>Intervention Planned</b>	Adoption of anti-corruption strategy by Council
<b>Responsibility</b>	Office of the Municipal Manager
<b>Target</b>	Eradication of corruption

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
100% Compliance	100% Compliance	100% Compliance

**KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE INVESTMENT: WATER, SANITATION, FACILITIES  
AND ELECTRICITY**

<b>Key Performance Objective</b>	<b>Water and Sanitation</b> Establishment of a permanent water supply solution to the community
<b>Strategy</b>	Resolve the Jozini Dam Water supply as a long term permanent water supply resource to the community of Jozini Municipality.
<b>KPI</b>	Number of meetings with relevant Institutions
<b>Intervention Planned</b>	To continuously engage with DTLG, DWAF and key stakeholders
<b>Responsibility</b>	Office of the Municipal Manager and technical service
<b>Target</b>	Meeting s and Concrete plans and agreements

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
4 meetings	Agreements	MIG Plans

<b>Key Performance Objective</b>	Provision of water infrastructure
<b>Strategy</b>	Construction of water projects
<b>KPI</b>	No of projects completed
<b>Intervention Planned</b>	Water Projects Implementation
<b>Responsibility</b>	Technical Services
<b>Target</b>	12 water projects completed

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
30%	70%	100%

<b>Strategy</b>	Infrastructure planning	
<b>KPI</b>	No of business plans developed	
<b>Intervention Planned</b>	Completion of Business plans	
<b>Responsibility</b>	Technical Service	
<b>Target</b>	14 Business plans completed / developed	
	<b>OUTPUTS</b>	
2008/2009	2009/2010	2010/2011
5	5	4

<b>Key Performance Objective</b>	Provision of sanitation infrastructure	
<b>Strategy</b>	Provision of VIP toilets to households	
<b>KPI</b>	No of households provided with VIP toilets	
<b>Intervention Planned</b>	Provision of VIP toilets	
<b>Responsibility</b>	Technical Services	
<b>Target</b>	13100 households provided with toilets	
	<b>OUTPUTS</b>	
2008/2009	2009/2010	2010/2011
4500 (Shemula & Ezibayeni)	3600 (Shemula & Ezibayeni)	5000 Phelandaba sanitation

<b>Strategy</b>	Business planning for sanitation	
<b>KPI</b>	No of business plans developed	
<b>Intervention Planned</b>	Development of Business plans	
<b>Responsibility</b>	Technical Service	
<b>Target</b>	11 business plans developed	
	<b>OUTPUTS</b>	
2008/2009	2009/2010	2010/2011
3	4	4

<b>Key Performance Objective</b>	To provide access to affordable, portable and quality water to all communities.
<b>Strategy</b>	Planning and review of WSDP to check the backlog
<b>KPI</b>	Frequency of review
<b>Intervention Planned</b>	Annual Review of WSDP
<b>Responsibility</b>	WSA
<b>Target</b>	Yearly Review

	<b>OUTPUTS</b>	
2008/2009	2009/2010	2010/2011
Review	Review	Review

<b>Strategy</b>	Develop and implement regional bulk plan
<b>KPI</b>	Bulk plan in place and implemented
<b>Intervention Planned</b>	Development of Bulk plan
<b>Responsibility</b>	WSA
<b>Target</b>	Completed regional bulk plan by 2009

	<b>OUTPUTS</b>	
2008/2009	2009/2010	2010/2011
Implementation	Implementation	Implementation

<b>Strategy</b>	Identify and rehabilitate non functional water schemes
<b>KPI</b>	Level of rehabilitation of non-functional schemes
<b>Intervention Planned</b>	Identification and rehabilitation of schemes programme
<b>Responsibility</b>	WSA
<b>Target</b>	100% functioning

	<b>OUTPUTS</b>	
2008/2009	2009/2010	2010/2011
80% rehabilitated	90% rehabilitated	100% rehabilitated

<b>Strategy</b>	Maintain and repair existing Boreholes.
<b>KPI</b>	Number of Boreholes repaired.
<b>Intervention Planned</b>	
<b>Responsibility</b>	WSA
<b>Target</b>	All boreholes maintained

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
80% maintenance	90% maintenance	100% maintenance

<b>Key Performance Objective</b>	To Provide Free Basic Services
<b>Strategy</b>	Indigent Community receiving free basic water
<b>KPI</b>	Number of Household receiving FBS
<b>Intervention Planned</b>	Implementation of free basic water to indigents
<b>Responsibility</b>	WSA
<b>Target</b>	100% of indigents receiving free basic water by 2011

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
60% of indigents	80% of indigent	100% of indigent



<b>Key Performance Objective</b>	<b>Energy and lighting:</b> To facilitate the supply of sustainable energy sources to all households in the municipality; and To facilitate and improve supply of low cost energy and lighting sources to household.
<b>Strategy</b>	To facilitate electrification of households in the municipality
<b>KPI</b>	No of households supplied with grid electricity
<b>Intervention Planned</b>	To Supply and maintain electricity network
<b>Responsibility</b>	Technical Service
<b>Target</b>	800 households supplied with grid electricity

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
300 household	300 households	200 households

<b>Strategy</b>	To Implement Households connections
<b>KPI</b>	No. of household connections
<b>Intervention Planned</b>	Implementation of approved Electricity connections project
<b>Responsibility</b>	Technical Service
<b>Target</b>	4995 households

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
441 connections in Mhlekazi (240) Vumbe Gwebu, Emabundeni (201)	473 Mgangatho (473)	4755 Skhemelele (400) Mamfene (210) Mbodla (184) Mapheleni (488) Bhambanana (714) Nondabuya(2194) Kwasiwongwana (1465)

<b>Strategy</b>	1. Investment in electricity infrastructure 2. Regulate & control electricity usage
<b>KPI</b>	No of sub-stations constructed; Reviewed ESDP; Revised tariffs published
<b>Intervention Planned</b>	Construction of Nondabuya 132/22KV Sub-station; Development of Electricity by-laws; Review of ESDP; Publication of Revised tariffs.
<b>Responsibility</b>	Technical Services
<b>Target</b>	July 2008; Draft Approved by Council EXCO; ESDP approved by EXCO; Document publicized through media/ LM.

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
1. July 2008 2. August 2008 100%	100%	100%

<b>Key Performance Objective</b>	<b>Community and municipal facilities</b> Investment in the development of new and existing community and municipal facilities and infrastructure
<b>Strategy</b>	Provision of Recreational facilities
<b>KPI</b>	No of projects completed; No of Business Plans developed
<b>Intervention Planned</b>	Construction of sport facilities; Business planning for provision of recreational facilities.
<b>Responsibility</b>	Technical Services
<b>Target</b>	3 projects completed (Makhasa, Mtuba & Mnqobokazi); 2 Business plans developed

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
30%	100%	

**KPA: BASIC SERVICE DELIVERY & INFRASTRUCTURE INVESTMENT: COMMUNITY SERVICES**

<b>Key Performance Objective</b>	To support initiatives aimed at ensuring safety and Security of communities
<b>Strategy</b>	Implementation of programmes in partnership with the SAPS and other stakeholders to address crime, peace and stability amongst the local communities
<b>KPI</b>	Number of awareness programmes
<b>Intervention Planned</b>	- Decrease in number of reported incidents
<b>Responsibility</b>	Community Services
<b>Target</b>	100%

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
100%	100%	

<b>Key Performance Objective</b>	To Improve the livelihoods of the poor, vulnerable groups and support initiatives to reduce vulnerability of infectious diseases
<b>Strategy</b>	Implementation of District HIV/AIDS strategy
<b>KPI</b>	Number of activities according to the DAC action plan
<b>Intervention Planned</b>	Let those who are negative stay negative and let those who are positive must not die because of AIDS
<b>Responsibility</b>	Community Services
<b>Target</b>	

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
50%	45%	40%

<b>Key Performance Objective</b>	To ensure support and coordination of special programmes ( Gender, Women, Youth, elderly, children, people living with disability, sport recreation and Arts & Culture)
<b>Strategy</b>	Development and Implementation of Special Programme strategies
<b>KPI</b>	Number of activities according to the plans implemented
<b>Intervention Planned</b>	
<b>Responsibility</b>	Community Services
<b>Target</b>	-100% implementation of special programmes strategies

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
60%	80%	100%

<b>Key Performance Objective</b>	To ensure maximum capacity of Municipality to manage Disasters
<b>Strategy</b>	Development of a Disaster Management plan; Strengthening of a Disaster Management Advisory Forum; Establishment of the Disaster Management Centre
<b>KPI</b>	Approved Disaster Management Plan; No of meetings held; Established centre
<b>Intervention Planned</b>	Implementation of the disaster management plan
<b>Responsibility</b>	Community Services
<b>Target</b>	Disaster management Plan Approved by 30/06/09; 4 Meetings /annum Established centre by December 2008

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
100%	100%	100%

<b>Key Performance Objective</b>	Provision of information and services closer to people in an integrated manner
<b>Strategy</b>	Mobilising government department, NGO and private sectors to render service in one stop shop
<b>KPI</b>	% of services rendered in Thusong Services Centre(MPCC)
<b>Intervention Planned</b>	Statistic of people served in the Thusong Service Centre
<b>Responsibility</b>	Community Services
<b>Target</b>	100% services

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
100%	100%	100%

#### **KPA: LOCAL ECONOMIC DEVELOPMENT**

<b>Key Performance Objective</b>	To create a sustainable and enabling environment for economic growth and development
<b>Strategy</b>	Establish the comparative and competitive advantages for the district.
<b>KPI</b>	Reviewed District LED Strategy
<b>Intervention Planned</b>	Coordinated and focused Local Economic Development initiatives
<b>Responsibility</b>	LED
<b>Target</b>	Focus of Tourism, Agriculture, Manufacturing and retail sectors.

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
Review LED strategy	Implementation of strategy	M & E of Strategy.

<b>Strategy</b>	Capacitating SMMEs and promotion of Broad Based Black Economic Empowerment
<b>KPI</b>	Transformed economic landscape of the district.
<b>Intervention Planned</b>	Consolidated and measurable economic growth and development
<b>Responsibility</b>	LED
<b>Target</b>	Provision of training to SMME and BBBEE procurement.

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
Development of a District SMME and BBBEE Database.	Training and Skills Development	M&E

<b>Key Performance Objective</b>	To create a sustainable and enabling environment for economic growth and development
<b>Strategy</b>	Establish the comparative and competitive advantages for the district.
<b>KPI</b>	Reviewed District LED Strategy
<b>Intervention Planned</b>	Coordinated and focused Local Economic Development initiatives
<b>Responsibility</b>	LED
<b>Target</b>	Focus of Tourism, Agriculture, Manufacturing and retail sectors.

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
Review LED strategy	Implementation of strategy	M & E of Strategy.

<b>Strategy</b>	To strengthen Umhlosinga Development Agency.
<b>KPI</b>	Further investment on macro programmes and projects.
<b>Intervention Planned</b>	Attraction of domestic and foreign investors into the District.
<b>Responsibility</b>	LED
<b>Target</b>	Economic growth and job creation.

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
Provision of support.	M&E	M&E

<b>Key Performance Objective</b>	To facilitate for the reduction of poverty by at least 50%
<b>Strategy</b>	Ensure food security for the indigents.
<b>KPI</b>	Number of people accessing social grants.
<b>Intervention Planned</b>	Public awareness and thereby linking the indigents with government sector departments.
<b>Responsibility</b>	LED
<b>Target</b>	100% of qualifying people from the vulnerable groups

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
80%	90%	100%

<b>Key Performance Objective</b>	Ensure environmentally and sustainable development.
<b>Strategy</b>	Prepare a District Coastal Management Plan
<b>KPI</b>	Approved Environmental Management Plan.
<b>Intervention Planned</b>	Conservation and preservation of pristine coastline, biodiversity and ecotourism.
<b>Responsibility</b>	
<b>Target</b>	Development of Plan & establishment of a District Coastal Management Working Group.

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
Procurement of Service Provider.	Developed plan	Implementation of a plan

<b>Strategy</b>	To reduce the generation of waste and thereby creating a healthy and economic development friendly environment.
<b>KPI</b>	Review the District Integrated Waste Management Plan.
<b>Intervention Planned</b>	Waste reduction and healthy environment.
<b>Responsibility</b>	
<b>Target</b>	Alignment of the approved document with LM plans.

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
Review IWMP.	Implementation	M&E

<b>Key Performance Objective</b>	Ensure a spatially referenced district built and space economy.
<b>Strategy</b>	Review the Spatial Development Framework.
<b>KPI</b>	Integrated land and economic development of the district.
<b>Intervention Planned</b>	Focused Development
<b>Responsibility</b>	
<b>Target</b>	ExCo to approve the Draft SDF document.

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
Alignment with Local Municipalities SDF documents	Implementation	M&E regular alignment



**KPA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

<b>Key Performance Objective</b>	To implement Organisational Performance Management System (OPMS) across all levels of the Municipality
<b>Strategy</b>	1. Cascading of PMS across all municipal employees and councillors 2. Alignment of SDBPS with OPMS
<b>KPI</b>	Performance targets for all municipal employees and councillors in place
<b>Intervention Planned</b>	OPMS Implementation
<b>Responsibility</b>	Corporate Services
<b>Target</b>	1. Two Organisational Performance Assessment 2. Four performance Assessment for Section 57 employees

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
Capacity Building of Employees and PMS structures	All employees will have performance contract	Fully fledged OPMS

<b>Key Performance Objective</b>	To Review the DM's organogram	
<b>Strategy</b>	Identification and prioritisation of critical posts; Filling of vacant posts; Efficient utilisation of staff.	
<b>KPI</b>	100% funded vacant posts filled	
<b>Intervention Planned</b>	Review of Organogram	
<b>Responsibility</b>	Corporate Services	
<b>Target</b>	Filling of critical posts	

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
100%	100%	100%

<b>Key Performance Objective</b>	To ensure effective and efficient IT System
<b>Strategy</b>	Integration of IT financial systems introduced and operationalised (cross cutting issue IT, GIS/DIMS/MIS/Payroll and Web Site etc) Development of a website
<b>KPI</b>	All systems integrated; Functional and interactive website
<b>Intervention Planned</b>	Development of an appropriate IT Infrastructure
<b>Responsibility</b>	Corporate Services
<b>Target</b>	Fully functional IT System

<b>OUTPUTS</b>		
2008/2009	2009/2010	2010/2011
60% fully functional	80% fully functional	100% fully functional

<b>Key Performance Objective</b>	Capacity building and training
<b>Strategy</b>	Training of staff in accordance with Workplace Skills Plan
<b>KPI</b>	Number of SETA approved training courses attended
<b>Intervention Planned</b>	Skills development planning
<b>Responsibility</b>	Corporate Services
<b>Target</b>	100 % staff trained in accordance with Skills Plan

<b>OUTPUT</b>		
2008/2009	2009/2010	2010/2011
50% trained	75% trained	100% trained

<b>Key Performance Objective</b>	Development and Alignment sector plans with the IDP, NSDP and PGDS
<b>Strategy</b>	Align programmes across all spheres of government
<b>KPI</b>	Credible IDP document reflecting application of relevant policies
<b>Intervention Planned</b>	Credible IDP
<b>Responsibility</b>	Corporate Services
<b>Target</b>	Number of Plans approved

<b>OUTPUT</b>		
2008/2009	2009/2010	2010/2011
100%	100%	100%

<b>Key Performance Objective</b>	Preparation of credible IDPs by the family of municipalities
<b>Strategy</b>	Ensure compliance with DLGTA IDP Framework Guide
<b>KPI</b>	100% compliance with the Guide; Approved IDP Document
<b>Intervention Planned</b>	
<b>Responsibility</b>	Corporate Services
<b>Target</b>	endorsed IDP; Improve IDP credibility rating

<b>OUTPUT</b>		
2008/2009	2009/2010	2010/2011
70%	85%	100%

<b>Key Performance Objective</b>	Ensuring an effective and efficient District Shared Service
<b>Strategy</b>	Establishment of district-wide development planning shared service Centre/capacity
<b>KPI</b>	Level of functionality of the shared services
<b>Intervention Planned</b>	Shared Services Centre
<b>Responsibility</b>	Corporate Services
<b>Target</b>	fully fledged Shared service centre; Number of service shared

	<b>OUTPUT</b>	
	2009/2010	2010/2011
2008/2009	2009/2010	2010/2011
50%	75%	100%

<b>Key Performance Objective</b>	Development of Employment Equity (EE) Plan
<b>Strategy</b>	Ensure implementation of Employment Equity
<b>KPI</b>	Achievement of targets as per the EE Plan; Review of EE Plan
<b>Intervention Planned</b>	Employment Equity Planning
<b>Responsibility</b>	Corporate Services
<b>Target</b>	-Compliance with LR Act

	<b>OUTPUT</b>	
	2009/2010	2010/2011
2008/2009	2009/2010	2010/2011
30%	50%	100%

<b>Key Performance Objective</b>	To improve relationship and communications with stakeholders
<b>Strategy</b>	Develop community strategy
<b>KPI</b>	Approved communication Strategy
<b>Intervention Planned</b>	- Number of special programmes and improvements made in the communication channel
<b>Responsibility</b>	Corporate Services
<b>Target</b>	

	<b>OUTPUT</b>	
	2009/2010	2010/2011
2008/2009	2009/2010	2010/2011
50%	60%	100%

#### **KPA: FINANCIAL VIABILITY AND MANAGEMENT**

<b>Key Performance Objective</b>	Revenue / Credit Control Management
<b>Strategy</b>	To ensure accurate billing of all consumers of the municipality
<b>KPI</b>	Level of debt reduction
<b>Intervention Planned</b>	Reliable billing system; Sending of monthly bills to customers; Implementation of credit control policy & indigent policy.
<b>Responsibility</b>	Finance
<b>Target</b>	30% Debt reduction

	<b>OUTPUT</b>	
	2009/2010	2010/2011
2008/2009	2009/2010	2010/2011
20% reduction p.a	7% reduction p.a	3% reduction p.a

<b>Strategy</b>	To ensure prompt collection of all funds due to the municipality	
<b>KPI</b>	Level of revenue increase	
<b>Intervention Planned</b>	Handing over of long outstanding debts in line with Cr control policy.	
<b>Responsibility</b>	Finance	
<b>Target</b>	20% Revenue increase	
	<b>OUTPUT</b>	
2008/2009	2009/2010	2010/2011
10% increase in revenue	7% increase in revenue	3% increase in revenue

<b>Key Performance Objective</b>	Supply Chain Management	
<b>Strategy</b>	<ol style="list-style-type: none"> <li>1. To ensure that goods/services of the municipality are procured in an efficient economical, fair and equitable manner, from reputable suppliers.</li> <li>2. To ensure development and promoting of SMMEs</li> </ol>	
<b>KPI</b>	Budget savings	
<b>Intervention Planned</b>	Scheduled bid committee meetings; Training of staff & bid committee members; Proper demand management; Annual compilation of data base of service providers; Monthly and quarterly reports to NT,PT and structured of the Council; Implementation of the SCM policy; Development of specific delegation document; Review of SCM Policy; Supplier performance management tool; Operatinalisation and centralization of stores; Employment of more staff	
<b>Responsibility</b>	Finance	
<b>Target</b>	10% Savings in budget and Finance	
	<b>OUTPUT</b>	
2008/2009	2009/2010	2010/2011
4%	3%	3%

<b>Key Performance Objective</b>	Expenditure & Grants Management
<b>Strategy</b>	To ensure that salaries are paid to legitimate employees, who have worked for it. Elimination of salary/allowances over payment.
<b>KPI</b>	% savings in salary budget; Reduction of salary related complaints
<b>Intervention Planned</b>	Salary budget; Integration of Payday records between finance and HR Monthly expenditure reports to HOD; Proper checking of salary input and payment schedule before submission to the Bank; Control of over time payment; Control over daily register
<b>Responsibility</b>	Finance
<b>Target</b>	15% savings in salary budget; 99%reduction of salary related complaints

			<b>OUTPUT</b>			
2008/2009		2009/2010		2010/2011		
5% savings in salary budget; 50%reduction of salary related complaints		5% savings in salary budget; 25%reduction of salary related complaints		5% savings in salary budget; 24%reduction of salary related complaints		

<b>Strategy</b>	To ensure that service providers are paid timeously for legitimate services rendered or/and proper goods delivered.
<b>KPI</b>	% reduction of complaints fro service providers
<b>Intervention Planned</b>	Strict adherence to Payment dates; Introduction of comments book; Improve on creditors reconciliation; Relevant departments to thoroughly check invoices against delivery before authorizing for payment.
<b>Responsibility</b>	
<b>Target</b>	80% reduction of complaints from service providers; Reduction of amounts interest paid on overdue accounts Number of adverse comments against positive comments as per comments register book.

			<b>OUTPUT</b>			
2008/2009		2009/2010		2010/2011		
30%		25%		25%		

<b>Strategy</b>	To reduce grant dependency; To ensure cash backing of grants To ensure that grants are spent as per the agreement between the municipality and sponsor; To ensure that expenditure reports are prepared and submitted to the MM, the sponsors, PT,NT and any other relevant stake holders.
<b>KPI</b>	Level of increase in revenue base
<b>Intervention Planned</b>	Increase revenue base; Revenue collection; release of ceded investments; Internal Audit of grant spending; Preparation and submission of monthly reports to sponsor and to council structures.
<b>Responsibility</b>	Finance
<b>Target</b>	3% of internal Revenue; Increase investments; Clean audit on grant spending; Number of reports submitted

	<b>OUTPUT</b>	
2008/2009	2009/2010	2010/2011
1% Qualified audit report (assets 2 years) All report	1% Emphasis of matter All reports	1% Unqualified audit reports All reports

<b>Key Performance Objective</b>	Budget Management
<b>Strategy</b>	<ol style="list-style-type: none"> <li>To ensure proper and sufficient budgeting in line with IDP;</li> <li>To ensure responsible spending of budget.</li> </ol>
<b>KPI</b>	<ol style="list-style-type: none"> <li>Inclusion of IDP projects in budget</li> <li>% Budget variance</li> </ol>
<b>Intervention Planned</b>	<ol style="list-style-type: none"> <li>Development &amp; monitoring of SDBIP;</li> <li>Monthly reports</li> </ol>
<b>Responsibility</b>	Finance
<b>Target</b>	<ol style="list-style-type: none"> <li>No of project from IDP included in the budget;</li> <li>Budget variance</li> </ol>

	<b>OUTPUT</b>	
2008/2009	2009/2010	2010/2011
<ol style="list-style-type: none"> <li>Depending of the approved allocation of funds;</li> <li>95%</li> </ol>	95%	95%



<b>Key Performance Objective</b>	Financial Accounting and Reporting
<b>Strategy</b>	To ensure accurate and timeous reporting of the financial affairs of the municipality
<b>KPI</b>	
<b>Intervention Planned</b>	Preparation of reports on monthly basis.
<b>Responsibility</b>	
<b>Target</b>	Monthly & quarterly reports to NT, PT & structures of Council.

<b>OUTPUT</b>		
2008/2009	2009/2010	2010/2011
100%	100%	100%

<b>Strategy</b>	To achieve consolidated AFS in GAMAP/GRAP format
<b>KPI</b>	Intervention
<b>Intervention Planned</b>	1) Develop staff training plan; 2) Action plan for timeous & compliant completion; 3) Address audit report short comings
<b>Responsibility</b>	Finance
<b>Target</b>	<ul style="list-style-type: none"> <li>• Integrated assets register</li> <li>• Compliant consolidated AFS;</li> </ul>

<b>OUTPUT</b>		
2008/2009	2009/2010	2010/2011
<ul style="list-style-type: none"> <li>• Integrated asset register</li> <li>• Confirmed verification of assets.</li> </ul>	Decomponetization and valuation of assets	To achieve consolidated AFS in GAMAP/GRAP format

## SECTION G: CONCLUSION

### CHALLENGES

- In general, the biggest problem encountered during this financial year was insufficient budget to implement infrastructure projects
- Lack of proper planning for infrastructure (WSDP not in place).
- On the two Sport projects, Bhambanana and Manguzi, the contractors left site due to non payment and huge claims were being received for losses that they had and these were paid by the DM
- Shortage of resources (transport , computers) makes it very difficult for the field workers to monitor projects.
- Delays in filing of critical positions
- Delays in appointment of service providers have huge impact in service deliver and it is affecting the annual allocated budget by DPLG.
- Most projects could not be tested due to unavailability of water in most areas.
- Lack of training for electricity general workers (trade testing in particular)

### WAY FORWARD

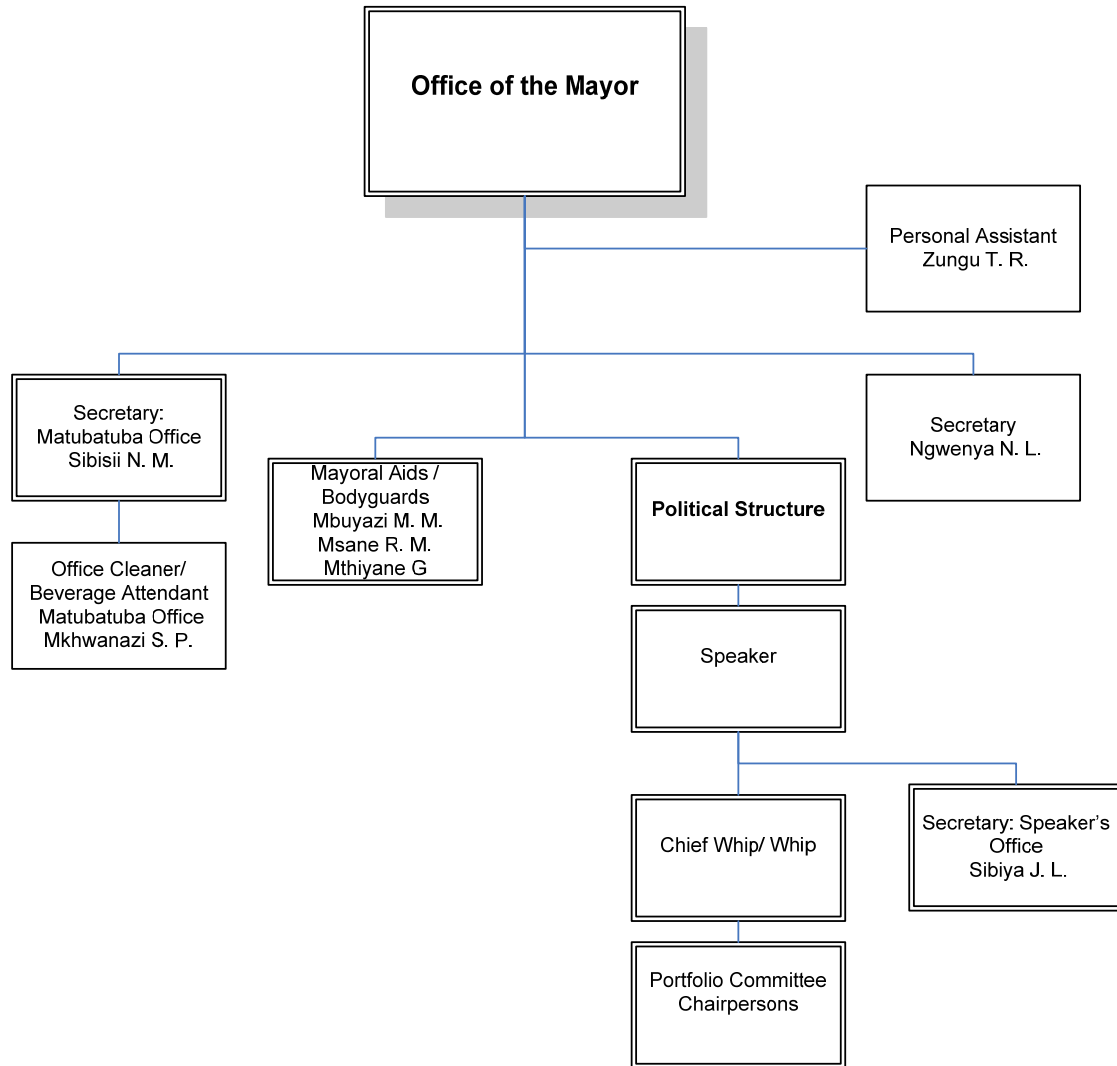
- Proper WSDP, GIS and the Master plan should be in place to direct the implementation of projects.
- Resources be made available to facilitate proper monitoring of the projects.
- No payments will be effected without prior checking on sites whether what has been claimed for is correct and has been done.
- Monthly reports to be submitted to relevant stakeholders as required.
- Quarterly Meetings with all the LM to ensure the coordination of services rendered and to enhance better communication
- Number of houses electrified ( Eskom-1470, Nura 4345 and DM 38)
- Number of total jobs created in the above projects during this financial year was 2500.
- Number of people trained = 800. Training consisted of accredited as well as non accredited training.
- Number of people provided with water – 19680
- Number of households provided with sanitation- 3283

MIG allocation of ±R91m was spent 100% in 2007/2008 financial year and was spent to the attached projects.

The current backlog for both water and sanitation services is projected to be alleviated in 2019/2020. However it is felt that this could be brought forward to 2014/2015 if additional funding was obtained.

# Office of the Mayor: DC 27

## ANNEXURE A1

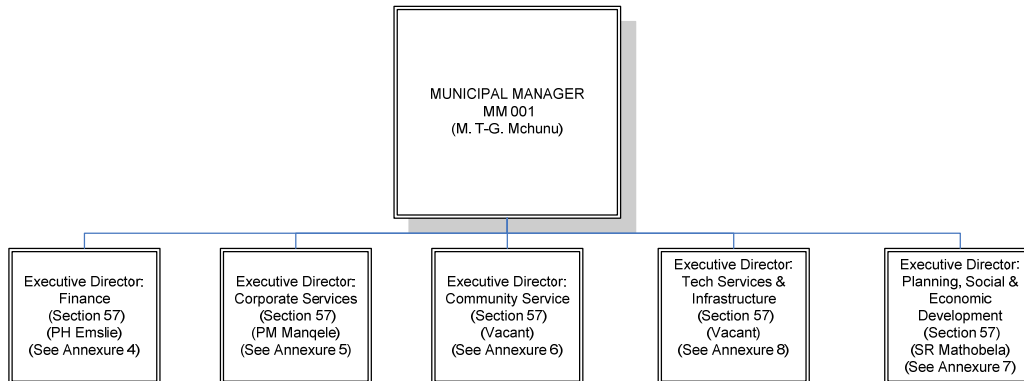


NB: Staff in this section offer administrative support to the Office of the Mayor. They are accountable to the Manager: Office of the Municipal Manager on operational matters.

# UMKHANYAKUDE DISTRICT MUNICIPALITY

## Top Management Structure

### Annexure A2

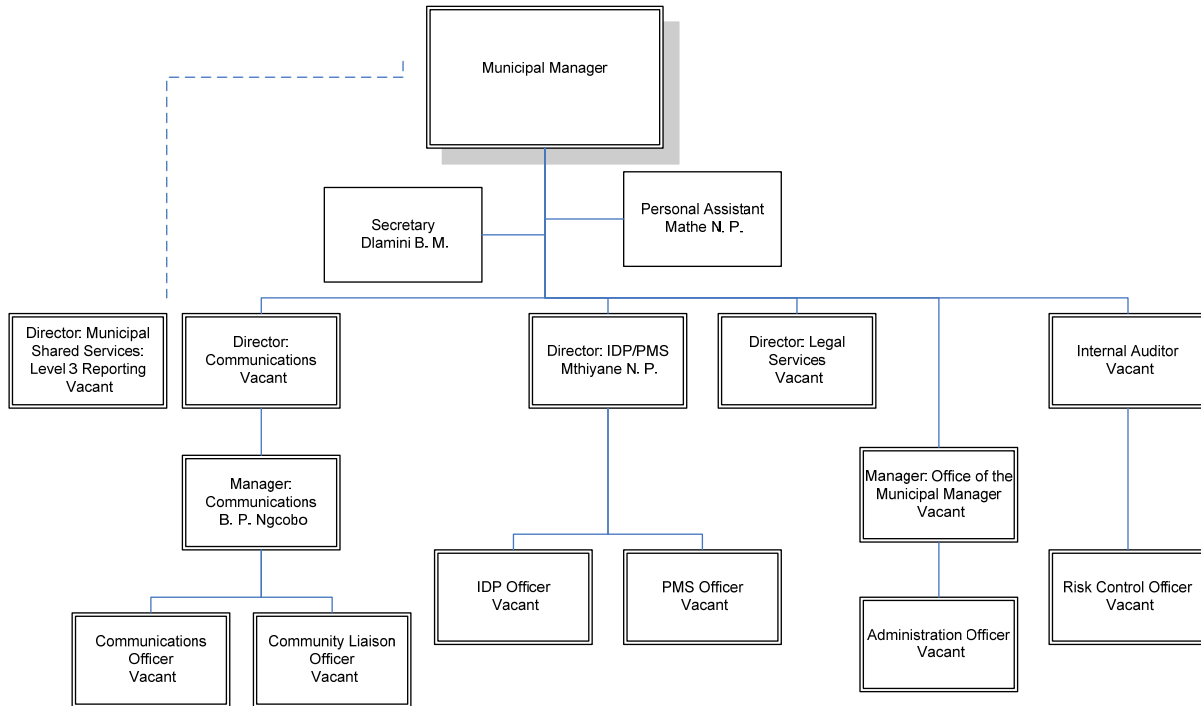


#### NOTES:

1. The top structure indicates a best fit for service delivery and work flow and processes. Hence five (5) Directorates have been identified.
2. Executive Directors are Section 57 Designated Employees.
3. Directors are non-Section 57 Employees. All Directors roles and responsibilities shall be clearly defined in agreed job descriptions.
4. Post Identification Numbers meeting the SALGBC requirements have been identified. These have been done in alpha-numeric sequence where the alphabets reflect the Departmental code e.g. "ESD" being Social & Economic Development and the numbers follow in sequential order.
5. Designations are consistent with SALGBC National Designations.
6. A maximum of seven (7) reporting levels have been identified with the relevant span of controls being considered.
7. The current staff establishment shall determine new and vacant posts and the associated costs thereof.

# Office of the Municipal Manager: DC 27

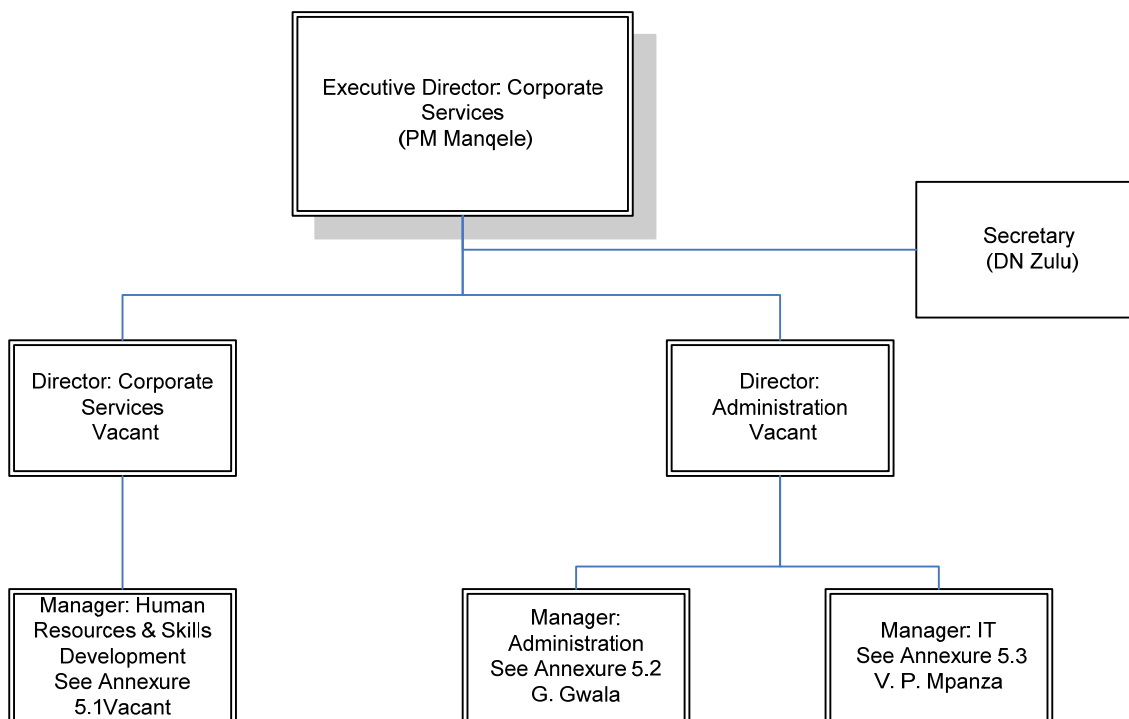
## ANNEXURE A3



NB: Staff assigned to the Office of the Mayor are accountable operationally to the Manager: Office of the Municipal Manager.

# CORPORATE SERVICES

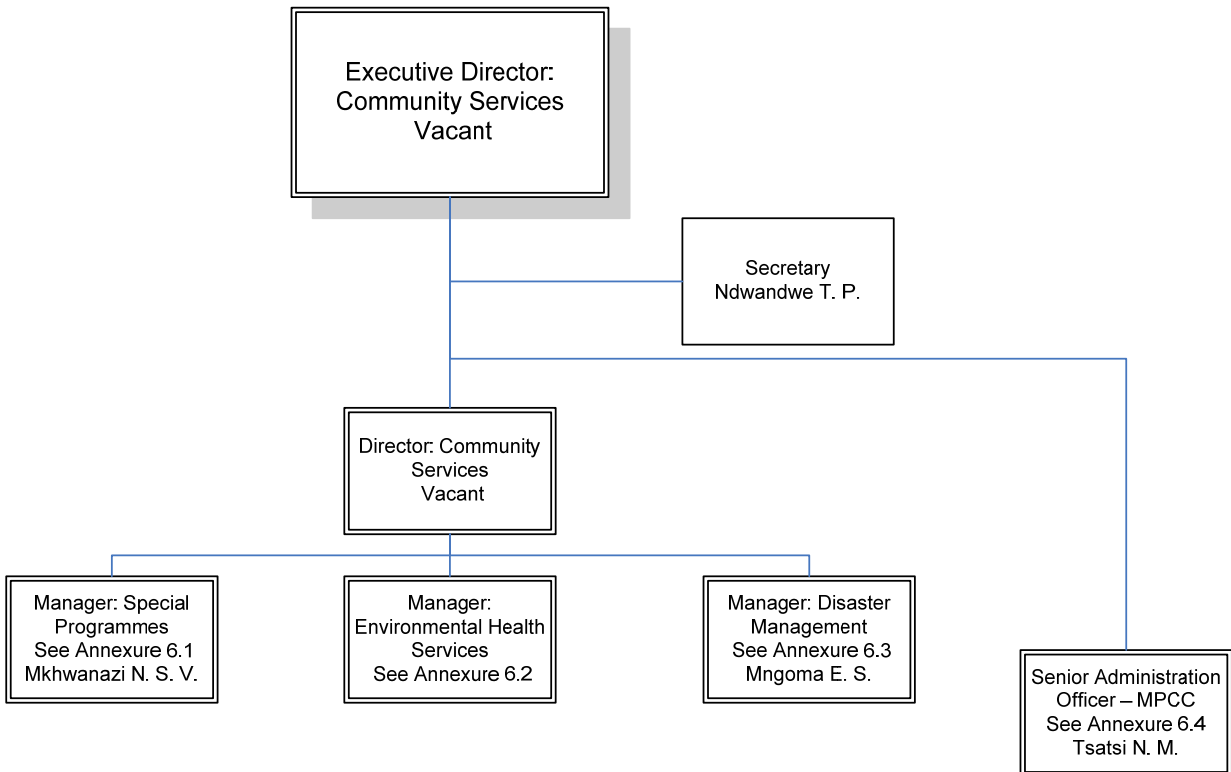
## TOP MANAGEMENT STRUCTURE: DC 27 ANNEXURE A4



# Community Services

## TOP STRUCTURE

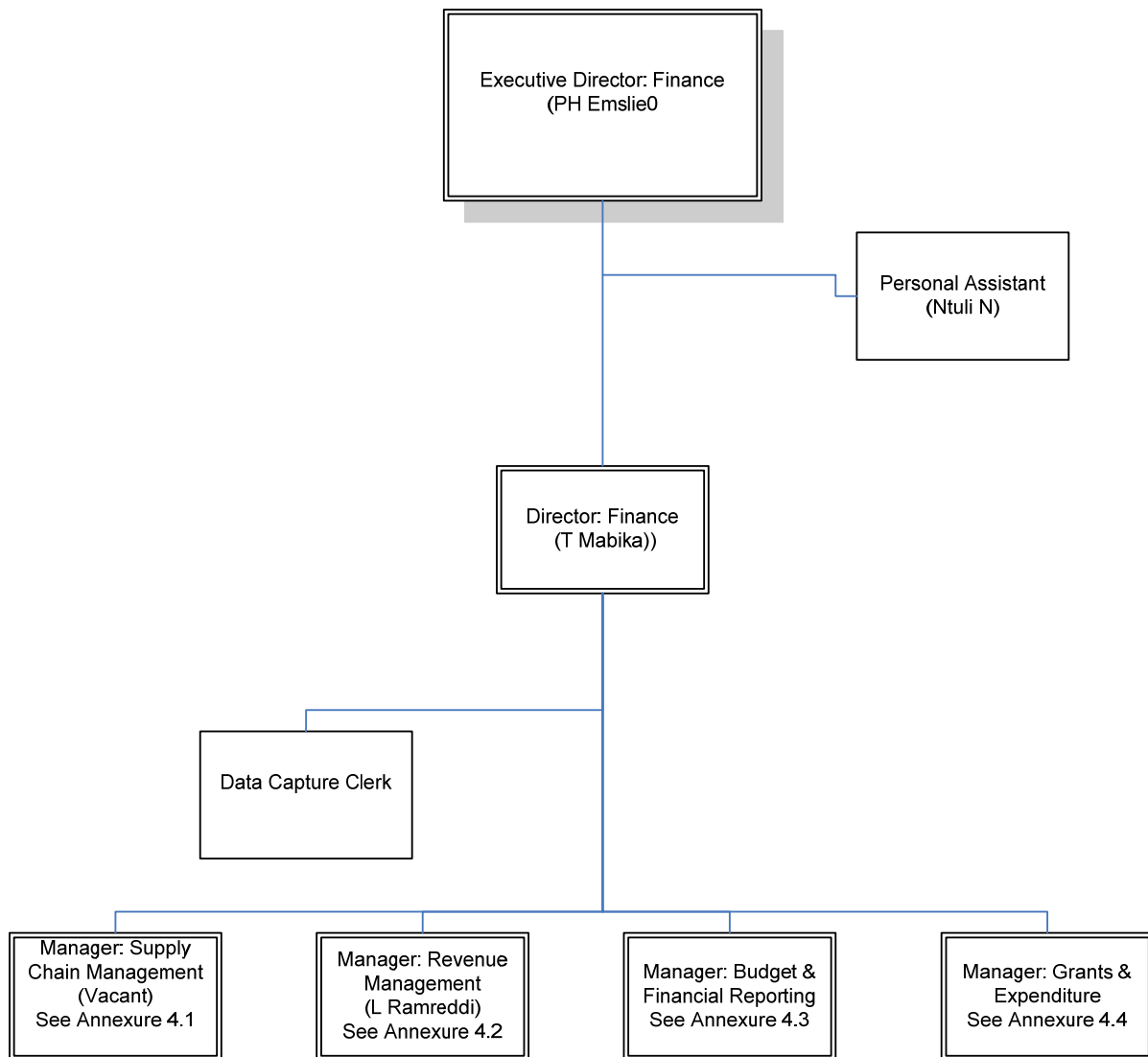
### ANNEXURE A5



# FINANCE: Budget & Treasury: DC 27

## TOP MANAGEMENT STRUCTURE

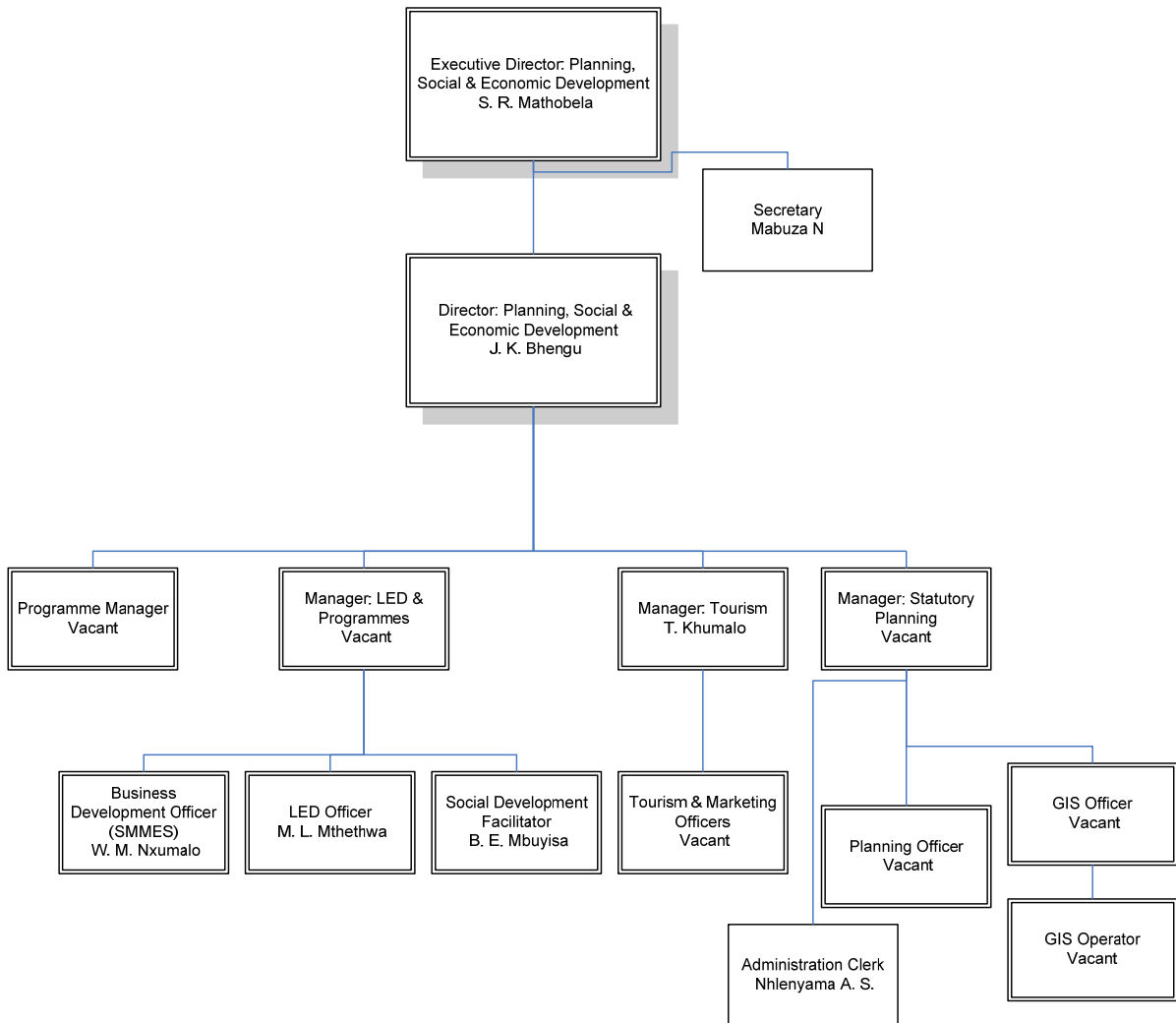
### ANNEXURE A6





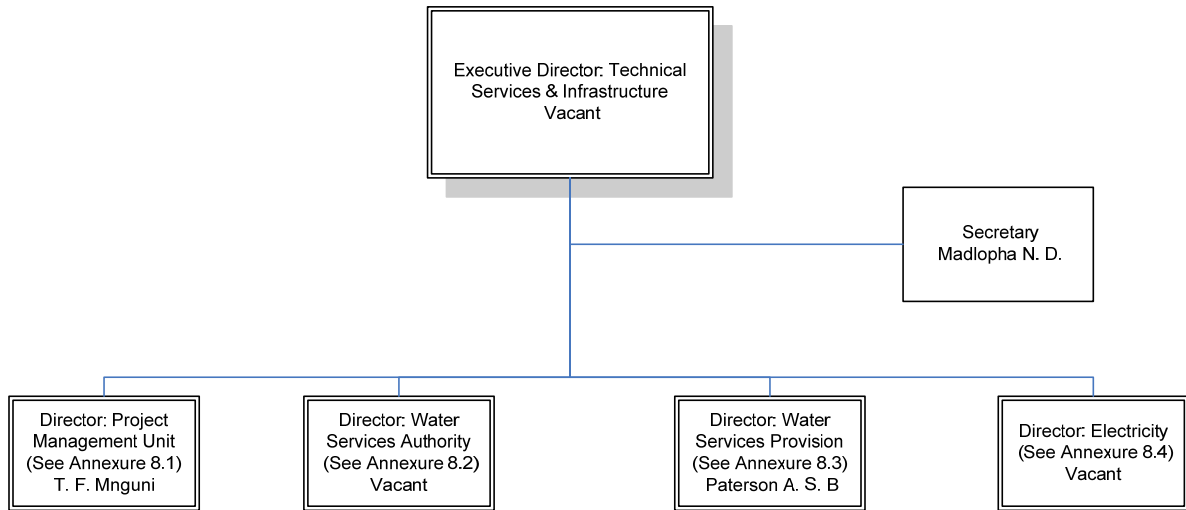
# Planning, Social & Economic Development: DC 27

## ANNEXURE A7



# Technical Services & Infrastructure: DC 27 Top Structure

## ANNEXURE A8



# ANNEXURE B

## UMKHANYAKUDE DISTRICT MUNICIPALITY

### LOCAL ECONOMIC DEVELOPMENT (SUMMARISED VERSION)

The report consists of four sections namely:

- Local Economic Profile Analysis
- Holistic Sector Integration
- LED Development Framework
- Anchor Project Identification, Packaging, Implementation and Monitoring

This report seeks to provide a conducive environment for the successful implementation of LED in uMkhanyakude District. One of the main activities of LED Institutional Arrangement is the Development of LED strategy for the District Municipality to ensure that all stakeholders have a common understanding of LED. This report is therefore a crucial part of the LED Institutional Arrangement.

The following observations were noted during the study process:

- UMkhanyakude District Municipality has a high unemployment rate, low income levels, high illiteracy levels.
- The area is underdeveloped with no industries and is lacking basic services such as water and electricity.
- The main economic sectors are Agriculture and Tourism.
- The utilization of Jozini Dam was identified as crucial for the economic development of uMkhanyakude District.

Various projects were identified and evaluated for potential based on resources and opportunities available in uMkhanyakude. Monitoring of LED implementation is essential to ensure that the implementation process is still on track. It will also highlight areas of improvement so that corrective action can be taken.

## 1. DEFINITION OF LED

For the purpose of this study, the definition of LED, developed by the Department of Provincial and Local Government (DPLG) is adopted in keeping with latest policy changes and the emphasis on sustainability. The definition is as follows: LED is an (1) outcome based on (2) local skills and initiative and (3) driven by local stakeholders in partnership with provincial, national and global stakeholders. It involves identifying and using primarily (4) **local resources**, (5) **skills** to (7) **stimulate sustainable economic growth, regeneration and development**. This occurs (8) **through ecological, socio cultural and economic stewardship**.

The aim of LED is to **create sustainable** employment opportunities for local residents, alleviate poverty, and to harness and redistribute resources and opportunities to the benefit of **all-local residents** and **ecological and socio-cultural diversity**.

The eight components of this definition are briefly discussed in-order to develop a better understanding of the LED concept.

(1) **It is an outcome:** This means that LED is a process and not something that can be achieved through short-term investment of resources in an area.

(2) **Local skills and initiative:** Local people should initiate processes relating to local development and the regenerating of existing processes which are presently stagnating or in need of further development. The strategies should take into cognisance local conditions, local approaches and local socio-cultural skill.

(3) **Driven by local stakeholders:** Local stakeholders take ownership of the process and drive the development, regeneration and implementation processes. LED should not be a process, which is initiated and driven by external stakeholders, but should rather be driven by local stakeholders with the assistance of provincial, national and global expertise. Here the new emphasis on partnership formation is an important element that should be addressed. Partners include local residents, firms, NGO's, CBO's local, provincial, national and international agencies.

(4) **Local/external resources:** Each area has resources, which creates uniqueness. These resources should be utilized to the benefit of local people. Local resources include the people, ecological and socio-cultural components. Here effective partnership formation is an essential component of sustainable LED.

(5) **Local ideas:** This acknowledges that local people can make a contribution to improving their own economic situation based on ideas generated from their background and experience.

(6) **Local skills and knowledge:** Local people have specific skills that should not be neglected in the development of the LED strategy. These local skills provide an area with a competitive advantage and ensure that the strategies adopted are relevant to the area. Where specific skills are required they need to be developed locally through the use of external "good practice" examples.

(7) **Stimulate sustainable economic growth, regeneration and development.** Sustainable LED is a process, which continues into the future. The focus of LED process is therefore on stimulating sustainable economic growth and development and supporting the survival mechanisms developed by the poor.

(8) **Ecological, socio cultural and economic stewardship:** The core of sustainable LED is the threefold focus on the ecological, socio-cultural and economic elements of each local initiative.

## **2. SWOT ANALYSIS OF THE MUNICIPALITY**

### **Strengths:**

- The District has one of the biggest dams in the country; Jozini Dam
- Functional municipal structures
- Eco-tourism resources and infrastructure
- Availability of human resources
- Agricultural resources and infrastructure
- Lake Sibaya as a tourist destination

- St Lucia Wet Lands Park
- Land suitable for farming
- Impressive national financial fundamentals which attract investments to the province
- Existence of Co-operatives of different sectors
- Sugarcane grown for commercial agriculture
- Timber forests are grown in the area
- Availability of cotton

**Weaknesses:**

- High levels of poverty and underdevelopment
- Shortage of basic services to rural communities of the municipality
- High levels illiteracy
- Lack of skills base
- No resource / information centre
- Uncoordinated development
- Lack of financial resources
- Poor collection of revenue
- Poor communication
- Lack of educational institutions or facilities
- Lack of industries
- Lack of state land
- Ingonyama Trust own a large portion of land
- Private Land limits Development

**Opportunities:**

- Multipurpose centre (MPPC)
- N2 Road and LSDI Network/Corridor
- Presence of Jozini Dam
- Inter-sectoral collaboration
- uMkhanyakude District has been declared a Presidential node
- Revival of Railway line to Golela

- Development of the Airport in Mkhuze
- 2010 World Cup and related to Thanda Lodge - a Swedish link
- Development of Agricultural land in rural areas
- Utilisation of Lake Sibaya as a tourist attraction
- Promotion of nature reserves e.g. Transfrontier conservation area
- Establishment of Waste Management can have an influence in economy by creating additional employment opportunities.
- Tourism development which could be in the form of Bed and Breakfast outlets, Cultural Village and Curio stalls etc.
- Investment opportunities with a view of locals having some ownership in the investment of B&Bs, filling stations, tourism centre
- Agribusiness development
- Processing Plant such as *Sclerocarya caffra* Marula fruit jam and vegetables.
- Establishment of Ilala project -*Hyphaene natalensis*
- The availability of the following medicinal plant but not limited
  - African Viagra-Ubangalala
  - *Trichilia emetica*-Umkhuhlu
- Bulk water supply to unlock agricultural projects.
- Well established tourism industries
- Establishment of a nursery for flowers, forests and vegetables.
- Umkhanyakude Development Agency

#### **Threats:**

- HIV and Aids
- Malaria and other diseases such as waterborne diseases
- Poor infrastructure and social facilities
- Increasing unemployment rate, poverty and underdevelopment
- Vulnerability to disasters such as floods and droughts.
- Disintegrated service delivery at local, provincial and national spheres of government.
- Crime
- Illegal immigrants

- Negative perceptions about the province
- Culture of employment – people not eager to venture into business
- Fast development of neighbouring municipalities
- Inefficient energy supply
- Lack of infrastructure such as roads, water, sanitation and electricity

### **3. LED STRATEGIC FRAMEWORK**

#### **INTRODUCTION**

##### **Purpose of the Study**

This report addresses the areas of the Development of Strategy Framework, Creating Institutional and Marketing options.

The purpose of this study is to formulate a strategy framework to provide direction to uMkhanyakude District Municipality to promote and support sustainable economic development within the District. This study is essential for the development of the Local Economic Development (LED) Strategy for the District.

##### **Study Process**

The study was conducted on the basis of the following:

- Formulate a strategy with key programmes based on information received from stakeholders and economic profile analysis
- The formulation of strategic framework takes into account key programmes on the sectors with the highest potential and opportunities.
- Interpret the sectoral programmes focusing on development potential and compare competitive advantages
- Undertake a systematic prioritisation process of identified projects on a generic classification framework.

The study on Creating Institutional and Marketing options was conducted on the following basis:

- Develop appropriate guidelines for the establishment of a capacity building and development facilitation
- Conduct analysis of the institutional framework for effective LED facilitation.



## Approach

The approach which will be used to develop the strategic framework is as follows:

- Revisiting the vision of uMkhanyakude Municipality as it is the backbone of the strategy
- Establish goals based on the information gathered in the economic profile analysis and consultative process with the stakeholders and they should be in line with the vision
- Establish objectives from the goals
- Develop programs to achieve the goals.
- Further develop the programs into projects (tasks)

## 4. VISION OF UMKHANYAKUDE MUNICIPALITY

It is crucial that the strategic framework is formulated in line with the vision of the municipality. The vision of uMkhanyakude Municipality which was formulated by Councillors and Municipality officials in consultation with the local community is:

**Meet basic needs and improve the quality of life of the community in a democratic and sustainable manner.**

The mission of the District Municipality states that the Municipality is committed to:

- Deliver basic services to all our people
- Support local municipalities to become viable
- Promote good governance and intergovernmental relations
- Maximise the opportunities offered by our Unique Natural assets and Cultural Heritage
- Conserve our Natural Diversity

## PRIORITY ISSUES

During the economic profile analysis and the consultative workshops with key stakeholders the following issues were raised and were regarded as priority issues:

- Access to finance/ capital
- Access to markets
- Lack of coordination

- Lack of infrastructure
- Limited production/ service capacity
- Poor access to basic support services
- Lack of skills

Some of the priority issues are cross cutting which implies that they have multiple impacts and need to be considered in an integrated manner in developing the strategies for the District.

### **STRATEGIC PROGRAMMES (GOALS)**

The strategic programmes represent the core of the strategic framework and attempts to provide a clear outline of a way forward in addressing the development challenges facing LED in the municipality.

Based on the analysis of priority issues and SWOT analysis of uMkhanyakude Municipality, the following have been identified as goals to contribute to the success of LED:

- Building a Sustainable Economic Base
- Building Capacity and Skills Development
- Institutional and economic support services
- Develop lead sectors (agriculture, manufacturing, tourism) to benefit the local community.

## **5. ANCHOR PROJECT IDENTIFICATION, IMPLEMENTATION AND MONTORING**

### **INTRODUCTION**

#### **Purpose of the Study**

The purpose of this study is to:

- Identify anchor projects
- Create suitable business strategies for this business opportunity and identify possible funding sources
- Create an implementation strategy and monitoring framework for LED in uMkhanyakude.

## **Study Process**

The study was conducted on the basis of the following:

- Identify projects with a potential to serve as an anchor projects.
- Establish business strategies for each project
- Identify possible funding sources for each project
- Select the anchor project
- Create a suitable implementation and monitoring framework for LED in uMkhanyakude
- Develop appropriate guidelines for the establishment of a capacity building and development facilitation

## **ANCHOR PROJECTS IDENTIFICATION**

### **CHOICE OF PROJECTS**

The following projects were identified with the highest potential based on resources as well as opportunities that uMkhanyakude is exposed to:

- Building a Fresh Produce Market in uMkhanyakude which will supply local traders and the community.
- Establish a Cultural Village in Hlabisa just outside the uMfolozi Hluhluwe Game Reserve.
- Utilise Jozini Dam to unlock economic development of uMkhanyakude.
- Establish a Sewing and Manufacturing Centre in Hlabisa
- Establish a Furniture Factory in Big 5 False Bay
- Establish a Toilet Paper Factory in Big 5 False Bay
- Sugarcane development in Mpukunyoni (Mtubatuba)
- Establish an Arts and Craft Wholesaler in uMhlabuyalingana
- Kwa-Nibela Ecotourism Project in Mdluli Homestead (Big 5 False Bay)
- Sihamngwane Community Based Project in uMhlabuyalingana
- Ilala Project in uMhlabuyalingana

## Strategies for each project

A strategy for each project was established and they are listed below with similar projects grouped together:

- The project of Fresh Produce Market will be achieved through the utilization of agricultural co-operatives within the District. Currently each Local Municipality has agricultural co-operatives and community gardens which will supply fruit and vegetables to the market. This project appears feasible as areas such as Makhathini Flats are already producing vegetables and fruit, however their produce is not sold to a formal market, thus they do not benefit the market value of their crops.
- The success of agricultural projects relies on good supply of water, and the area of uMkhanyakude is drought prone, which cripples most of the agricultural activities. However it has Jozini Dam which is the largest dam in the country. It is therefore a need for the District Municipality to establish means of Utilising Jozini Dam to unlock the economic potential of the District. The District should approach the Department of Water Affairs and Forestry for assistance with regards to this project. Most of the agricultural projects listed above will strive after the water issue has been resolved.
- The establishment of an Arts and Craft Wholesaler will be achieved through making use of the rich cultural heritage which is found throughout uMkhanyakude. There is a lot of talent within the District which is not utilized at its potential. Artists and crafters will be encouraged to supply their products to the wholesaler and they will be able to sell their products at market value, thus making their businesses economically sustainable. Furthermore uMkhanyakude District is a major ecotourism attraction and one of the major components of ecotourism is arts and crafts. It would therefore make a business sense to have a dedicated wholesaler for arts and craft in the District. This will minimise the exploitation of local artists and crafters by middleman.
- The establishment of the Cultural Village in Hlabisa will be part of the strategy to complement the existing Hluhluwe Umfolozi Game Reserve. This establishment will be used to exploit the

existing ecotourism in the area by providing accommodation closer the major tourism destination. This will contribute to the economic sustainability of the District as well as creating employment opportunities. More so utilizing a major tourism destination to uMkhanyakude which is rich in cultural heritage could be used as a marketing tool to attract tourists to the District Village. The fact that the Cultural Village will include other business ventures makes it even more attractive.

- The establishment of other ecotourism and tourist attraction in the District is encouraged as it will result in the promotion of those areas especially the traditional tribal areas such as Kwa-Nibela. Rural tourism is one of the projects which are promoted by Tourism KZN, therefore such projects are already in demand from tourists. There should be consultations with Tourism KZN so that new tourism developments in the area can be identified in their brochures so that they can be marketed. Such tourist developments will as time goes on be regarded as major tourist attraction, thus bringing money to the area.
- Agricultural sector has been identified as one of the major sector that drives the economy of uMhlabuyalingana. It is therefore logical to encourage the establishment of agricultural projects through out the district, as long as the intended products are in line with the resources available in the area. The water supply from Jozini Dam is critical for the success of these projects.

## **PURPOSES OF ANCHOR PROJECT**

The Fresh Produce Market and the Arts and Craft Wholesaler are aimed at getting market value benefits for the local communities who are supplying products in these markets. These two projects are aimed at minimizing the exploitation of locals by 'middleman' who buy locally made products and fresh produce at low prices and sell them at exorbitant prices to international markets. In a way the locals will be benefiting as the products will be sold to bulk customers thus bringing money to the district, which will result in job creation and development of local community into entrepreneurs. These two projects will be centrally established under the management of the District Municipality so as to benefit all Local Municipality.

The establishment of the Cultural Village in Hlabisa and Ecotourism Projects in the District will be used to market the beautiful area of uMkhanyakude and further attract tourists. The success of such projects can have a multiplier effects in the District as other Local Municipalities can make use of their rich natural heritage as a means of attracting tourists. As tourism has been identified as a major job creator internationally, it is therefore crucial to spend efforts in feasible tourism projects so as to create employment in the District. Currently ecotourism is benefiting the well established tourism operators in the areas; therefore establishing community based ecotourism projects will benefit the previously disadvantaged communities from the rich heritage in the area.

The establishment of new tourism ventures will contribute to realising the true potential of the District. Some areas within the District have no tourism facilities, yet the Municipality has is a major tourist destination, therefore the tourism cake is not shared in the district. Furthermore the areas within the District should utilise the opportunities of the 2010 Soccer World Cup.

#### **ANTICIPATED RESULTS**

The beneficiaries of the Fresh Produce Market will be the Local Fruit and Vegetable Farmers especially the existing farming co-operatives who normally sell their produce informally. This venture will promote farming in the area, as a result it will further encourage entrepreneurship. The market will make farming sustainable as there will be a market for the crops cultivated, as a result jobs will be created.

The establishment of the Arts and Craft Wholesaler will benefit the Local Artists and Crafters who normally sell informally along the main road. They will be having a formal market to supply. A boom in the arts and craft market will results in job creation as more artists and crafter will utilise their talent in producing arts and craft which will be sold to a formal market. Eventually uMkhanyakude District will be known internationally for its arts and crafts.

## **6. SOURCES OF FUNDING**

Investigations were carried out to establish possible sources of funding for the Anchor projects, and the following were identified:

- Ithala
- DBSA
- IDC
- Gijima KZN
- ASGISA

These five organizations are some of the institutions who are committed to uplift tourism in KZN through the provision of funding.

### **Ithala**

Ithala provides financial support to a variety of business projects, and they are prepared to provide finance and construct tourism developments which they lease to a tour operator. Funding is provided to the recipient without him having to make an upfront investment. The bank is also willing to participate in a joint venture if the applicant has a financially viable project but lacks funding.

### **DBSA**

The DBSA in particular is actively supporting tourism within its mandate as a regional development bank through:

- Investing in infrastructure and facilitating the provision of infrastructural development
- Financing sustainable development in partnership with the private and public sectors
- Responding to development demands and acting as a catalyst for investment

Furthermore DBSA focus for tourism projects is aimed at transforming the tourism sector to include marginalized people, such as communities who want to use their skills and assets through tourism.

### **IDC**

IDC provides funding to various projects and they have a Tourism Business Unit which focuses on financing capital expenditure in tourism businesses. The finance is focused towards accommodation businesses to tourists, but extends to other capital intensive businesses with potential in the tourism industry. Their selection criteria are:

- Projects must be economically viable
- IDC loans must be larger than R1 million
- An owner's contribution of at least 40% of the total cost of the project
- Black Economic Empowerment may qualify for a reduction in owner's contribution.

### **Gijima KZN**

Gijima KZN provides funding for LED projects through the BEF, LCF and NCF with the objective of creating employment thus alleviate poverty. For this specific project of the Cultural village application should be for the LCF.

### **ASGISA**

ASGISA is a government initiative whose aim is to promote growth and development. This body is committed to utilize public sector budgets to reduce unemployment and alleviate poverty. It does provide funding to projects which are in line with its objectives.

## **7. IMPLEMENTATION OF LED**

The successful implementation of LED projects in uMkhanyakude requires the addressing of challenges which were identified in the Strategic Framework. These challenges are:

- Access to finance/capital
- Access to markets
- Poor access to support services
- Limited production/service capacity
- Lack of infrastructure
- Lack of coordination



## **Access to Finance**

The challenge of access to finance could be addressed through:

- Conducting research on funding sources which will result in a database of potential funders of LED projects. This will include identifying requirements of each funding institution.
- Facilitating the establishment of legal entities by communities in order to meet requirements of funding institutions.
- Coordination of applications for grants from various stakeholders using the information received from the research on potential funding institution. This will include capacitating cooperatives in accessing grants.
- Facilitate the link of cooperatives with FET College. Most of the grants and funding of projects is provided by Ithala Bank, as one of their requirements is that cooperatives should receive business skills training from FET College in order to be able to draw business plans. However, most of the business plans drawn by the FET College do not meet the standard of Ithala, thus resulting in a delay of funding of potential projects.

Partners identified to contribute to overcome this challenge are:

- Department of Economic Development
- Ithala Bank
- KZN Tourism
- Gijima KZN
- uMfolozi FET College

## **Access to Markets**

The Municipality could overcome this challenge by establishing a body responsible for identifying needs of uMkhanyakude emerging businesses and to provide guidance. This body will incorporate a marketing wing which will coordinate marketing activities and facilitate the development of sustainable businesses. Partners who could assist in addressing this challenge are:

- Zululand Arts and Craft
- Department of Economic Development
- Zululand Chamber of Business
- Department of Agriculture

### **Lack of Coordination**

The lack of coordination of LED could be addressed by the establishment of an LED Forum which will have goals and objective. This structure will ensure that there is no duplication of efforts and services and it will be operating under defined terms of reference. Partners who could contribute in overcoming this challenge are:

- Local Industries
- Department of Economic Development
- Representatives from cooperatives
- Zululand Art and Craft
- Department of Agriculture

### **Lack of infrastructure**

One of the challenges facing LED is lack of infrastructure especially in the tribal areas of uMkhanyakude where roads are poor. The lack of infrastructure puts cooperatives and SMMEs in a disadvantaged position. The lack of infrastructure could be addressed by the Municipality by:

- Providing infrastructure in the form of electricity, running water and roads especially in tribal areas
- Developing various towns and villages within the District
- Developing roads and beaches in uMkhanyakude

### **Poor Access to Support Services**

The poor access to support services could be overcome by the Municipality by establishing a link with the support services through an LED Forum. The support services should be incorporated in the LED Forum. Some government departments send the most junior official to LED Forums who do not make any contributions. This could be addressed by communicating with the senior departmental officials to get their commitment. It is also suggested that they should be given schedules of LED meetings well in advance so that they can plan accordingly. The partners who could contribute to overcoming this challenge are:

- Local industries
- Department of Agriculture
- Department of Transport
- Department of Economic Development

### **Limited production/service capacity**

Most of the cooperatives and SMMEs have limited production and service capacity which implies that they can only do minor jobs and supply products at low scales. To overcome this it is advisable to:

- Establish a link with provincial and national bodies to promote local products
- Identify stakeholders who can assist emerging businesses.
- Conduct market research to establish needs
- Use information and resources from consulted bodies to improve the capacity of uMkhanyakude.

Partners who could assist in this challenge are:

- Department of Agriculture
- Department of Water Affairs and Forestry
- Owen Sithole Agricultural College
- Local Industries
- Ithala Bank
- Department of Economic Development

## **8. MONITORING OF LED**

The implementation of LED should be monitored according to the Performance Management System (PMS) as outlined in section 38 of Municipal Systems Act (Act No. 32 of 2000). According to this act each municipality should establish a Performance Management System which should be used to measure the performance of the Municipal officials as well as the Municipality as a whole. The PMS involves setting of targets, objectives and performance targets, monitoring and reviewing performance linked to the IDP. It is therefore logical that the LED strategy should be incorporated in the IDP.

The monitoring process is a checking system to establish whether the LED implementation meets the objectives outlined. Monitoring is about checking the progress against the plan, in case of LED progress of LED projects will be checked against the plan which includes deliverables and timeframes as outlined in the IDP. The monitoring process should be conducted on a regular basis. Corrective action should be taken in case it is apparent that the targets will not be met.

## **CONCLUSION**

The Municipal area of uMkhanyakude is a major ecotourism destination in the province with a number of tourist attraction sites. Furthermore the development of Mkhuze Airport will contribute to attracting tourists to the area.

The Local Municipalities are also willing to drive projects which contribute to the local economic development. The appointment of LED Managers in each Local Municipality whose main task is to drive the LED process will ensure that LED projects are implemented.

UMkhanyakude District Municipality and the Local Municipalities can be successful in LED if they address challenges which were identified as stumbling blocks to LED. This will make the environment more conducive to LED. The value of monitoring is vital to ensure the effective implementation of LED.

## **ANNEXURE C**

### **Umkhanyakude Annual Report (2007/2008)**

#### **Mayor's Foreword**

I am please to present the uMkhanyakude Annual report for the year 2007/ 2008. This report provides a summary of the many activities that have been carried out by the various organisations of the Municipality for the past period July 2007 – June 2008. It also provides background to the governance of the Municipality and the roles related to various Departments within the Municipality.

The previous year was a very important one for uMkhanyakude District Municipality, the family of local municipalities and the uMkhanyakude citizens at large. As a Municipality we have contributed immensely in changing the lives of the local citizens for the better, and we will continue to improve on service delivery and the provision of excellent customer satisfaction.

As a local government institution we realize and are aware that we are at face of service delivery. For this reason, we are constantly reinventing ourselves and strengthening our capacity to meet the challenges brought about by the serious and huge basic service backlog that our Municipality has to deal with. Our major challenge besides the huge backlog of basic services is the severe drought that has a serious negative impact on our service delivery programmes and investment opportunities. However, I am confident that through the good will and commitment by both staff and councilors of this Municipality, we will achieve, improve and do much better in the years to come.

I would like to especially thank the Council, council committees, technical staff, sector departments, and private non- government organizations that have contributed towards all the programmes that we implemented during the period of 2007 / 2008.

**CLLR L M MTHOMBENI**

**HIS WORSHIP THE MAYOR**

**Disclosures Concerning Councillors, Directors and Senior Officials for the period 1 July 2007 to 30 June 2008**

***Remuneration of the Municipal Manager***

Annual remuneration	500,678	281,393
Cell allowance	28,647	16,100
Performance bonuses	0	31,603
Housing allowance	17,850	10,032
Travel allowance and claims	223,565	105,256
Subsistence	714	181
Back pay	18,947	38,289
Leave pay	0	43,217
Contributions to UIF,medical and pension funds	24,072	24,879
<b>Total</b>	<b>814,471</b>	<b>550,951</b>

**Remuneration of the Chief Financial Officer**

Annual remuneration	326,431	208,206
Cell allowance	21,882	22,796
Performance bonuses	0	0
Housing allowance	10,352	12,632
Travel allowance and claims	290,138	226,318
Subsistence	520	0
Back pay	16,726	0
Leave pay	0	0
Contributions to UIF,medical and pension funds	90,844	58,967
<b>Total</b>	<b>756,893</b>	<b>528,919</b>

**Remuneration of Individual Executive Directors**

	Technical	Corporate	Planning &	Water &
	Services	Services	Tourism	Sanitation
<b>30 June 2008</b>	R	R	R	R
Annual remuneration	150,248	199,170	365,177	202,587
Cell allowance	11,000	4,000	8,400	12,211
Performance bonuses	0	0	0	26,328
Housing allowance	0	0	33,788	22,568
Travel allowances and claims	84,785	31,923	154,530	131,802
Subsistence	0	102	0	8,377
Back pay	0	0	16,454	65,062
Leave pay	0	0	0	0
Acting allowance	0	0	0	4,443
Contributions to UIF, medical and pension funds	27,676	36,485	75,915	51,821
<b>Total</b>	<b>273,710</b>	<b>271,680</b>	<b>654,265</b>	<b>525,198</b>
	<b>Technical</b>	<b>Corporate</b>	<b>Planning &amp;</b>	<b>Water &amp;</b>



**30 June 2007**

	<b>Services</b>	<b>Services</b>	<b>Tourism</b>	<b>Sanitation</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Annual remuneration	96,085	145,526	238,084	293,851
Cell allowance	5,918	8,878	14,431	17,755
Performance bonuses	20,601	24,721	0	24,721
Housing allowance	5,053	7,579	16,316	15,159
Travel allowances and claims	55,417	80,806	116,190	169,841
Subsistence	30	66	0	15,615
Back pay	2,799	2,799	7,813	6,869
Leave pay	6,230	56,957	0	0
Acting allowance	0	0	10,530	0
Contributions to UIF,medical and pension funds	27,244	45,627	39,258	84,566
<b>Total</b>	<b>219,376</b>	<b>372,959</b>	<b>442,623</b>	<b>628,376</b>

**2008**

**R**

**2007**

**R**

**Remuneration paid by Municipal Entities**

**Umhlosinga Development Agency (Proprietary Limited)**

	-	-
Salaries, allowances and benefits	-	-
Directors Emoluments	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

**REMUNERATION OF COUNCILLORS**

Executive Mayor	355,993	290,357
Deputy Mayor, Speaker and Exco members	1,087,885	947,236
Councillors	1,125,250	965,828
Other		199,546
<b>Total Councillors' Remuneration</b>	<hr/> <b>2,569,127</b> <hr/>	<hr/> <b>2,402,967</b> <hr/>

## CHAPTER 3

### **Service Delivery Highlights**

Regarding the implementation of technical projects during the annual year 2007/8 the focus was mainly around the obtaining of approval and the starting of new projects under the MIG funding stream to ensure ongoing success on the programme for the next three years. The Municipality signed a Memorandum of Agreement for the starting of 30 EPWP learnerships. These learners have completed their 1<sup>st</sup> and 2<sup>nd</sup> phases of their projects. Contract Agreements for phase 3 were signed with all the learners.

At the start of the financial year the approved budget indicated the anticipated spending on the approved projects for the year. The Capital Budget approved for 2005/6 to 2007/8 is attached. It shows the anticipated spending on MIG and Sports and Recreation projects. These projects are in the Municipal IDP and the approved budget also forms part of the IDP process.

One project totally falls outside of the funding stream, the Hluhluwe Phase 3 Bulk Supply Project was started and is progressing well. This project was funded by DWAF directly and the DWAF Construction Unit was used to do the construction. This is the reason why this project is not shown in the approved budget. Umkhanyakude is very fortunate to have this unit available and obtain this additional funding. (R20 mil per annum). The DWAF Construction Unit was also appointed to do the reticulation on the same project with MIG funding. This project has started in June 2006 and will be completed in March 2009

The following projects have been completed in 2007/08 financial year:

Zama Zama Sanitation

Bhambanana Phase 2 Sport Centre

Mangusi Phase 3 Sport Centre

Mtubatuba Sports Complex 1

Qongwana Sport field

Phelandaba sanitation phase 1

Phelandaba water phase 1

Renovation of Mnqobokazi hall

Jozini treatment works

- Number of total jobs created in the above projects during this financial year was 2500.
- Number of people trained = 800. Training consisted of accredited as well as non accredited training.
- Contractor development course was undertaken with the assistance from the Department of Public Works and CIDB.

## **NEW PROJECTS STARTED**

The following projects were implemented:

- Enkanyezini CWSS;
- Phelandaba CWSS Phase 2;
- Ezibayeni CWSS Phase 2;
- Ezibayeni SAN Phase 2;
- Mphophomeni CWSS Phase 2;
- Hluhluwe CWSS Phase 3;
- Mtubatuba/KwaMsane Sport;
- Makhasa Sport;
- KwaNganase Reticulation;
- Ntshongwe/Malobeni CWSS 2;
- Shemula Sanitation;
- Mtubatuba water;
- Othombothini CWSS;
- Jozini Water;
- Manguzi Sport;
- Bhambanana Sport;
- Phelandaba SAN Phase 2;
- Zamazama SAN Phase 2; and
- Isihlangwini CWSS

## **EPWP LEANERSHIP PROGRAMME**

The department is also responsible for the implementation of the EPWP learnership programme which was introduced by the Department of Public Works.

The Municipality signed a Memorandum of Agreement for the starting of 30 EPWP learnerships. These learners have undergone classroom training from September 2005 to June 2006. They only started their actual work on different sites in September 2006 to the amount of R 350 000 as their first phase. However, there have been delays in completion of the learnership due to financial constraints. As a result, 4 of the learnership contractors will be completed in March 2009.

- Start of phase 2 – February 2007
- Completion of phase 2 – July 2007
- Start of phase 3 – September 2007
- Completion of phase 3 – March 2009

On completion, these learners will be registered with CIDB for level 3 grading. Exit strategy has been developed to ensure the sustainability of the contractors after the programme.

## **ELECTRICITY PROJECTS AND OPERATION AND MAINTENANCE**

The License for the Management and supply of electricity in KwaMsane currently being held by the District Municipality. Transfer of Ingwavuma licence is underway. Maintenance was done in these two areas as the budget allowed.

After excessive repairs were done by a contractor in the previous financial year the electrical system in KwaMsane did not give many problems. Just normal maintenance was done. All outages experienced during this time were due to the ESKOM bulk supply. Negotiations are currently being done with Eskom to better their bulk supply to the area.

The system at Ingwavuma was in a better state as an Electrical Consultant was appointed by Jozini Municipality previously to manage the maintenance. Preventative maintenance was done and the system was not allowed to fall into disarray. The Manager Energy however did a full investigation and have embarked on preventative maintenance on the transformers in the area.

Electricity supply to 38 consumers in the Nkoyoyweni area was done in-house using the local maintenance teams and local labour. To combat the problem with illegal connections in KwaMsane, the internal team was used to undertake house to house investigation to disconnect illegal connections and to prepare a list of these connections. These properties were then fined a penalty and reconnection fee in terms of electricity payments.

During this financial year Eskom made 1470 new connections in DC 27 area and Nura connected 4345 people to non grid electricity.

## **PLANNING**

It is the requirement of the funding department that all municipalities must submit their three year capital planning to ensure proper allocation of funding. Unfortunately the department could not submit this due to unavailability of the proper WSDP. Only one BP was submitted to DWAF ie. Sanitation area BP for the whole of UMkhanyakude.

## **CHALLENGES**

- In general, the biggest problem encountered during this financial year was insufficient budget to implement infrastructure projects
- Lack of proper planning for infrastructure (WSDP not in place).
- On the two Sport projects, Bhambanana and Manguzi, the contractors left site due to non payment and huge claims were being received for losses that they had and these were paid by the DM
- Shortage of resources (transport, computers) makes it very difficult for the field workers to monitor projects.
- Delays in filing of critical positions
- Delays in appointment of service providers have huge impact in service deliver and it is affecting the annual allocated budget by DPLG.
- Most projects could not be tested due to unavailability of water in most areas.
- Lack of training for electricity general workers (trade testing in particular)



## WAY FORWARD

- Proper WSDP, GIS and the Master plan should be in place to direct the implementation of projects.
- Resources be made available to facilitate proper monitoring of the projects.
- No payments will be effected without prior checking on sites whether what has been claimed for is correct and has been done.
- Monthly reports to be submitted to relevant stakeholders as required.
- Quarterly Meetings with all the LM to ensure the coordination of services rendered and to enhance better communication
- Number of houses electrified ( Eskom-1470, Nura 4345 and DM 38)
- Number of total jobs created in the above projects during this financial year was 2500.
- Number of people trained = 800. Training consisted of accredited as well as non accredited training.
- Number of people provided with water – 19680
- Number of households provided with sanitation- 3283

MIG allocation of ±R91m was spent 100% in 2007/2008 financial year and was spent to the attached projects.

The current backlog for both water and sanitation services is projected to be alleviated in 2019/2020. However it is felt that this could be brought forward to 2014/2015 if additional funding was obtained.

## Audited Financial Statements

The following components are part of the report.

Umkhanyakude Annual Financial Statements 2008 (with 2007 comparatives)

- 1(i) Report of the Auditor General on the 2007 Annual Financial Statements
- 1(ii) Responses to the Auditor General Report 2007
- 1(iii) Audit Committee Report on the Annual Financial Statements and Auditor General Report for 2007
- 2(i) Report of the Auditor General on the 2008 Annual Financial Statements
- 2(ii) Audit Committee Status Report 2008
- 2(iii) Audit Committee Report 2008
- 3 Umhlosinga Development Agency (Pty) Ltd Annual Financial Statements 2008
- 3(i) Report of the Auditor General 2008

## ANNEXURE D

The following table shows the status of various sector plans, and also includes the intervention (s) if any required for each strategy.

SECTOR PLANS	STATUS	INTERVENTIONS REQUIRED
1. Waste Management Plan	<ul style="list-style-type: none"> <li>- Plan prepared in 2006 but has not been implemented</li> <li>- DEAT has provided funding to revive the Plan</li> <li>- Workshop conducted to review the Plan</li> </ul>	Funding of about R300 000 to revive the Plan
2. Environmental Management Plan	<ul style="list-style-type: none"> <li>- No plan in place</li> <li>- DEAT incumbent assisting in preparing an environmental management framework which will inform the EMP</li> </ul>	Funding of about R500 000 to prepare the plan
3. Public Transport Plan	<ul style="list-style-type: none"> <li>- DoT has provided funding of about R200 000 to review the Plan currently in place</li> <li>- Under Review</li> </ul>	The DM however needs to be supported with human and financial support to drive the implementation of the PTP
4. Spatial Development Framework	<ul style="list-style-type: none"> <li>- Adopted by Council in June 2008</li> </ul>	None
5. Water Services Development Plan	<ul style="list-style-type: none"> <li>- Currently under Review</li> </ul>	None
6. Disaster Management Plan	<ul style="list-style-type: none"> <li>- Work in progress</li> </ul>	None
7. Local Economic Development Plan	<ul style="list-style-type: none"> <li>- Reviewed and available Refer to Annexure B</li> </ul>	None
8. Electricity Master Plan	<ul style="list-style-type: none"> <li>- To be reviewed during the 08/09 FY</li> <li>- EDI to facilitate a workshop on REDS</li> </ul>	None
9. Coastal Zone Management Plan	<ul style="list-style-type: none"> <li>- None</li> </ul>	The DM will liaise with DEAT for advice on this Plan
10. Skills Development Plan	<ul style="list-style-type: none"> <li>- Available</li> </ul>	None
11. Employment Equity Plan	<ul style="list-style-type: none"> <li>- Work in progress</li> </ul>	None
12. HIV/AIDS Plan	<ul style="list-style-type: none"> <li>- Available</li> </ul>	None
13. Communication Strategy	<ul style="list-style-type: none"> <li>- Available</li> </ul>	None
14. Supply Chain Management	<ul style="list-style-type: none"> <li>- Available</li> </ul>	None
15. Indigent Policy	<ul style="list-style-type: none"> <li>- Available</li> </ul>	None