

LUKHANJI LOCAL MUNICIPALITY



INTEGRATED DEVELOPMENT PLAN 2012 / 2017

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1. FOREWORD

For local government to ensure it fulfils its mandate, it needs a mechanism to identify its priorities, issues and problems these determine its vision, objective strategies and by the identification of projects to address the issues. This process is guided by two key national imperatives:

- Need to set out the core principles, mechanisms and processes that give meaning to developmental local government and to empower municipalities to move progressively towards the social and economic upliftment of communities and the provision of basic services to all our people.
- Local government must involve the active engagement of communities in the affairs of the municipalities of which they are an integral part, and in particular in planning, service delivery and performance management. Integrated Development Planning is one of the key tools for us as local government to cope with our new developmental role.

The Integrated Development Plan (IDP) must be the engine that generates development at local level.

This process, which facilitates planning and delivery should arrive at decisions on such issues as municipal budgets, local management, promotion of local economic development and institutional transformation in a consultative, systematic and strategic manner.

The IDP does not only inform municipal management, but is also supposed to guide the activities of any agency from the other spheres of government, corporate service providers, NGO's and the private sector within the municipal area.

Given the legislated parameters and imperatives of the IDP we embarked on a consultative process within very stringent timeframes to elicit the necessary data and input from various communities to inform the compilation of our IDP.

Notwithstanding the reluctance of certain sectors to involve themselves in the affairs of local government in general, the involvement and participation of people on the ground was encouraging and justifies our belief that our IDP is by the people and for the people.

Given the geographical, economic and social composition of our communities we had to maintain a balance between sustaining and encouraging development in urban areas and using the IDP to address the social and economic needs of our communities more effectively.

It is also important to note that our area has been identified as Regional Industrial and Logistics Hub for the Chris Hani District and that the co-operative involvement of both national, provincial and district levels of government will provide us with much needed resources to declare war on poverty and make a difference in the lives of the poorest of the poor.

It is a well-learned lesson that the success of any plan is dependent on the execution of the detail.

We believe that we have committed and dedicated staff, communities and role players to ensure the successful implementation of our IDP and the attainment of our broader objective: to improve the quality of life of all our people.

We must acknowledge with appreciation the efforts of our staff, the contribution of all communities and role-players, involvement of regional departments in ensuring that we were able to produce a legitimate and credible IDP.

**CLLR M NONTSELE
EXECUTIVE MAYOR**

1. STATEMENT BY MUNICIPAL MANAGER

An Integrated Development Plan is a development plan for the entire municipal area and not just a municipal plan. It informs and is the basis for development programmes and projects by government, non-governmental organizations and the private sector. It is the key strategic planning tool for the municipality and must be adopted by the council of a municipality. It is described in the Municipal Systems Act (MSA) (section 35) (1) (a) as:

(a) "...the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality";

(b) "binds the municipality in the exercise of its executive authority..."

This IDP document was developed as part of the continuous cycle of planning, implementation and monitoring of development work undertaken in Lukhanji municipality. The process happened within the framework of National, Provincial and District plans and policies, with particular consideration being given to the National Spatial Development Perspective (NSDP), the Eastern Cape Provincial Growth & Development Plan (PGDP) and the Provincial Strategic Framework. The Council adopted the IDP and Budget Process Plan, which outlined the process to be followed in conducting the development of the Integrated Development Plan. The situational analysis shows beyond doubt that in the last ten years there has been a steady shift from a period of despair to an era of hope.

Many people have moved out of abject poverty to be self reliant and enjoy a better life. Quite a number of people in the municipality have access to basic services. A critical success factor for this IDP was the ability of our Council to mobilize stakeholders, traditional leaders, youth, women, people that are physically challenged, State-owned Enterprises and sector departments to contribute and therefore own the development plan. There still remains a room for improvement in the relationship between the municipality and the sector departments.

The municipality wishes to thank all those that have made the IDP process possible which culminated in the development of this document, both internal stakeholders (Directorates) and external stakeholders.

MR G JUDEEL

ACTING MUNICIPAL MANAGER

SECTION A

1. INTRODUCTION

Integrated Development Planning is a strategic and central planning tool for government that embodies local government development goals and a comprehensive service delivery programme. It has been developed as a consolidated municipal wide planning process that provides a framework for planning of future development in a municipality. It ensures horizontal and vertical co-ordination and integration across the national, provincial and local spheres of government. In addition, the IDP requires community participation and stakeholder involvement.

The integrated development planning process is therefore critical for the success of every South African municipality's endeavours to bring about responsive, developmental and accountable local government.

The focus of this IDP seeks therefore to integrate all the existing municipal systems which will inform long term goals and five year developmental objectives which will form the basis of the annual business planning and budgeting carried out on an ongoing basis.

During the development of this IDP, the institution conducted an in-depth assessment of the development of the existing level of the municipality so as to have a profound understanding of the dynamics influencing the development of the municipality and to develop priorities based on the needs and problems of the Lukhanji community.

In the process, it further acknowledged a dire need for the review of the Spatial Development Framework and Environmental Impact Assessment to inform land use management to realize the economic hub vision of the municipality. The IDP will also be further moulded by inputs from all stakeholders and general members of the Lukhanji communities, as well as direction from the new political leadership.

This five year IDP should therefore be understood as an interpretation of strategy and political priorities into a detailed Executive Mayoral Plan that is to become the basis for budget choices and actual outcomes for residents. Short term business plans, in this context, are seen as implementation tools.

2. Legislative Framework

2.1 *The Local Government: Municipal System Act, 2000 (Act 32 of 2000) as amended* compels municipalities to draw up the IDP's as a singular inclusive and strategic development plan. In terms of this Act, a municipality produces an IDP every five years comprising of the following components:

- (i) A vision of the long-term development of the area.
- (ii) An assessment of the existing level of development which must include an identification of the need for basic municipal service.
- (iii) Municipality's development priorities and objectives for its elected term.
- (iv) Municipality's development strategies which must be aligned with any national, provincial sectoral plans and planning requirements.
- (v) Spatial development framework which must include the provision of basic guidelines for a land use management system.
- (vi) Municipality's operational strategies.

- (vii) A Disaster Management Plan.
- (viii) Financial Plan.
- (ix) The key performance indicators and performance targets.

2.2 The Municipal Planning and Performance Management Regulations (2001) set out the following further requirements for the IDP:

- (i) An Institutional Framework for implementation of the IDP and to address the Municipality's internal transformation.
- (ii) Investment initiatives that should be clarified.
- (iii) Development initiatives including infrastructure, physical, social and institutional development.
- (iv) All known projects, plans and programmes to be implemented within the Municipality by any organ of state.

2.3 The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

provides for closer alignment between the annual budget and the compilation of the IDP. This can be understood as a response to the critique that IDP's took place in isolation from financial planning and were rarely implemented in full as a result. Specifically, section 21 (1) of the Act requires that a municipality co-ordinates the process of preparing the Annual Budget and the IDP to ensure that both the budget and IDP are mutually consistent.

Key to ensuring the co-ordination of the IDP and Annual Budget is the development of the Service Delivery and Budget Implementation Plan (SDBIP) also referred to in this IDP as the Annual Operational Plan. The SDBIP is a detailed plan approved by the Executive Mayor of a municipality for implementation of service delivery and Annual Budget. The SDBIP should include monthly revenue and expenditure projections, quarterly service delivery targets and performance indicators.

2.4 Profile of Lukhanji Local Municipality

Lukhanji has an estimated population of about 197 000 people living in 51 054 households. On average there are 4 persons per household. The majority (91%) of the population remains Black even though there is a relatively high level of mix when compared to other eastern municipalities in the region

2.4.1 ECONOMIC DEVELOPMENT & ENVIRONMENT

Lukhanji is a strategic and important economic sub-region in the Chris Hani district. It has the highest concentration of urban settlements, industrial activity, commerce, transport infrastructure services; regional service centres (offices of government and NGOs), social development services (tertiary schools, specialist health facilities, and other amenities).

Lukhanji has an estimate GDP of R2,7 billion by 2008 (Global Insight). This accounts for over 48% of the district GDP of R5,7 billion(Global Insight 2008). The following are key economic indicators:

- 53% of population is indigent (with incomes of less than R1500pm)

- Queenstown has highest HDI in the region (0,60)
- Unemployment is estimated at 32% (official definition)
- Lukhanji economy has comparative regional advantage in trade, finance and transport sectors
- Largest portion of household incomes is spent on food (23%), transport (14%) and finances or payment of policies (16%)

2.4.2 SERVICE DELIVERY PROFILE

1) Service delivery backlogs:

- Water is 8%
- Sanitation is 27% if accept the national policy definition of basic level
- Electricity connection for households backlog is 2%
- Refuse backlog is 5%

2) Roads, Storm water & Transport

According to 2006 IDP research in Queenstown, 95% of the roads are surfaced and in poor to fair condition. The rest are gravel roads in a fair to poor condition. Mlungisi: 20% of the roads are surfaced and in a fair condition. 55% is gravel from fair to poor quality. The rest are graded roads. Ezibeleni: 30% of the roads are surfaced and in a fair condition. The rest are gravel roads in a poor condition. Whittlesea: all the roads in this area are in a poor condition.

Whittlesea has 25% surfaced roads, 50% gravel roads and 25% graded roads. All the roads in Sada area are gravelled roads except for 7km of the main transport route 95% of the roads in Ekuphumleni are gravel while Emadakeni and Shiloh have graded roads. The department of Roads and Transport together with Public Works have set aside an estimated combined investment of over R21 million towards road construction and maintenance in the Lukhanji areas.

3) Land & Housing services

While it is acknowledged that housing is not a primary competence of a local municipality, it is a key priority for Lukhanji. The demand for housing at Lukhanji is estimated at a rounded figure of approximately 40 000 households. An estimated amount of over R96 million is budgeted for RDP housing in various areas of the municipality. This figure will be completed by housing projects budgeted and planned by Department of Land Affairs in our areas.

4) Education, Safety & Health

- About 75% of adult population is functionally literate
- Another 10% has never been to school
- Crime prevention is a priority of our municipality. The municipality will continue to promote and participate in the community policing forums. Most prevalent crimes are assaults, burglaries and theft.

2.5 PRE-PLANNING

2.5.1 Legislative Framework

1) Section 21 (1) (a) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) provides that the Executive Mayor of the Municipality must:

- a) Co-ordinate the processes for preparing the annual budget and for reviewing the Municipality's Integrated Development Plan and budget related policies to ensure that the tabled budget and any revisions of the Integrated Development Plan and budget related policies are mutually consistent and credible.
- b) At least ten months before the start of the budget year, table in the municipal Council a time schedule outlining key deadlines for :-
 - (ii) (aa) the annual review of the Integrated Development Plan in terms of section 34 of the Municipal Systems Act 32 of 2000.

2) Section 25 (1) (a) to (e) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended provides that:

- (1) Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which
 - (a) Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
 - (b) Aligns the resources and capacity of the municipality with the implementation of the plan;
 - (c) Forms the policy framework and general basis on which budgets must be based;
 - (d) Complies with the provisions of this Chapter; and
 - (e) Is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation.

2.5.2 Organisational arrangements

1) Lukhanji Municipal Council

The Municipal Council is chaired by the Executive Mayor. Its role in the IDP formulation process shall include the following:

- Oversee the development and review of the IDP
- Adopt and approve the Integrated Development Plan and Budget

2) IDP Representative Forum

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

- Secretariat of IDP steering committee
- IDP/Budget Steering committee
- Mayco members
- Ward Committees
- Traditional leaders
- Chamber of businesses
- Youth groups
- Rate payers
- Agricultural Union
- Members of women associations
- HIV/Aids council
- Disability Council
- NGO's and CBOs
- Government Departments
- IDP Technical Steering Committee
- Ward committee members
- Community development workers

In addition to the above list, the following sector departments will be invited to participate in all meetings.

- Dept Agriculture
- Dept Public Works
- Dept Education
- Dept Health
- Social Development
- S.A.P.S
- Dept Land Affairs
- Dept of Water Affairs & Forestry
- Correctional Services
- Dept Home Affairs
- Economic Affairs
- Sport Arts & Culture
- Dept of Labour

The responsibility of the representative forum shall be to:

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

3) IDP Manager

The IDP Manager, will manage the development and review municipal IDP.

In terms of the process the IDP manager is tasked to:

- Ensure that the Process Plan is drafted and adopted by the Municipal Council;
- Manage the development of municipal IDP by ensuring that all daily planning activities are performed
- Encourage an inclusive participatory planning process and compliance with action programme
- Facilitate the horizontal and vertical alignment of the various internal and external departmental programmes
- Ensure that the planning process outcomes are properly documented
- Facilitate responses to comments on the draft reviewed IDP from the public.
- Adjusts the IDP in accordance with the comments of the MEC for local Government.
- Will coordinate with various government departments and other HODs to ensure that all the projects, strategies and objectives of the local municipality are shared and distributed amongst government departments so that they might incorporate them in their planning process and vice versa

4) IDP Technical Steering Committee

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

- Provide technical and advisory support to the IDP Manager
- Perform daily planning activities including the preparation and facilitation of events; documentation of outputs and making recommendation to the IDP Manager and the Municipal Council
- Commission feasibility studies and business plans for projects

- Commission in depth studies
- Interact with the Local steering committee local members regarding local projects.
- Prepare, facilitate and document meetings
- Act as the secretariat for the IDP Representative Forum.

Meetings shall be held as per the action programme or when considered necessary by the chairperson.

5) Action Programme

Work Break Down	November				December					January				February				March				
	3	10	17	24	1	8	15	22	29	5	12	19	26	2	9	16	23	2	9	16	23	
PROJECT MANAGEMENT																						
inception meeting + work plan																						
PRE-PLANNING																						
process plan																						
gap analysis																						
SITUATION ANALYSIS																						
data gathering + desktop analysis & reviews																						
Workshop on SA + PMS preparation																						
VISIONING																						
review of vision, mission & values																						
development objectives, strategies & targets																						
PROJECT SELECTION + PMS Scorecards																						
Rep Forum Workshop - Proj Identification																						
PMS scorecards																						
INTEGRATION																						
sector department 5 years plans																						
internal LM sector plans + DM IDP																						
budget alignment + PMS + SDBIP framework +																						

Organogram																						
APPROVAL																						
draft IDP write-up																						
comments period																						
final IDP write-up + council approval (IDP/SDBIP/BUDGET/PMS)																						
Distribution & Implementation																						

CHAPTER 2 – SITUATIONAL ANALYSIS

Lukhanji is a category B municipality situated within the Chris Hani District of the Eastern Cape Province. It is made up of the combination of the greater Queenstown and surrounding farms and villages, Ilinge, Hewu / Whittlesea and Ntabethemba. Lukhanji is landlocked by the municipalities of Tsolwana and Inkwanca to the west and Emalahleni and Intsika Yethu to the north and Amahlathi to the east.

The figure below shows the locality of Lukhanji LM within the Chris Hani District municipal context.



Figure 1: Lukhanji locality Plan

Lukhanji occupies a strategic geographic position within the Chris Hani District municipality and covers approximately 4231 km² in extent. It comprises of 27 wards.

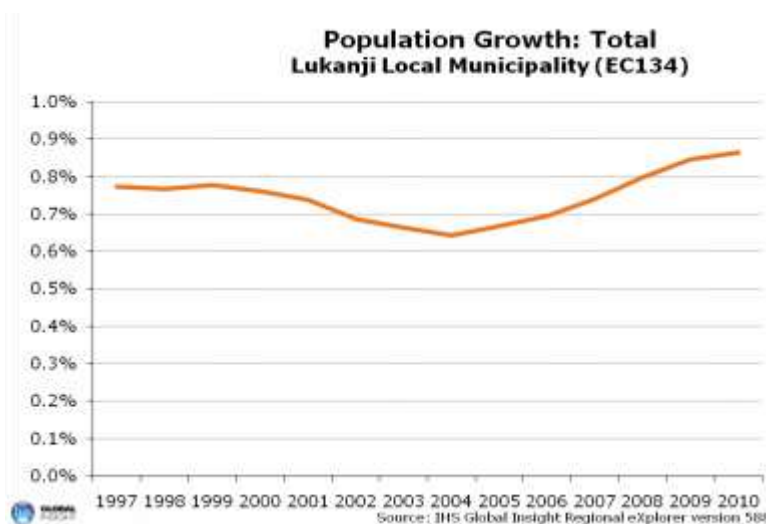
Its central location with arguably the largest urban centre (Queenstown) in the district attracts many people on a daily basis from surrounding municipalities of Tsolwana and Inkwanca to the west and Emalahleni to the north and Intsika Yethu and Amahlathi to the east as well as Nxuba Municipality to the south.

1. DEMOGRAPHIC PROFILE

This section outlines the demographic profile of the Lukhanji municipality. In an attempt to improve and update statistical planning information various sources have been used and referenced to inform the analysis in this section. Statistics from sources such as Global Insight, ECSSEC, (Rural Support Services) RSS and the Bureau of Market Research are used to complement the analysis in this document as well as to try and update census 2001 statistics where this is possible.

Where figures are conflicting with vast differences and the sources used do not extrapolate from the national authority (Statistics SA), the document reverts back to the Statistics SA figures as final figures since this is the only authority for statistical information in the country.

Population size

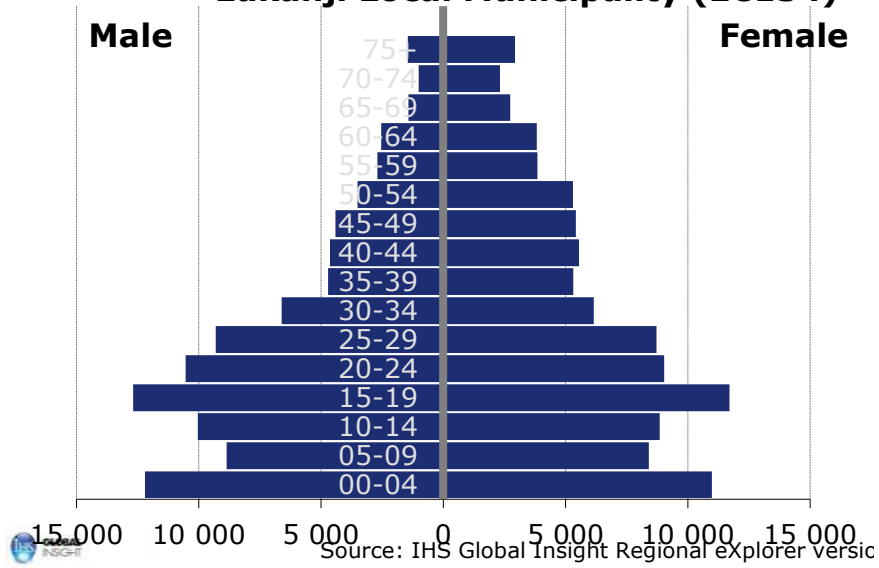


Global Insight 2010 estimates the population of Lukhanji to about **197 000** people living in **51 054** households. On average there are 4 persons per household. The majority (91%) of the population remains Black even though there is a relatively high level of mix when compared to other eastern municipalities in the region.

1.1 Population gender & age distribution

Lukhanji population make-up is similar to that experienced by the country with 48% males and 52% females. The fact that females constitute the majority of population suggests that targeted strategies should be implemented to ensure effective participation of women in the processes of municipal planning and implementation.

Population Pyramid, Total, 2010 Lukanji Local Municipality (EC134)

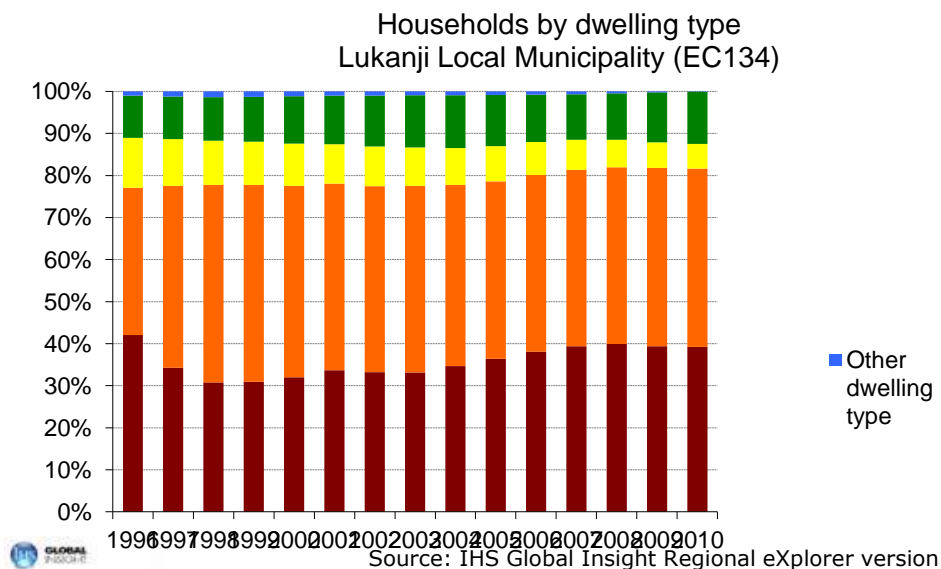


While there are more males in the age groups 0-25 years of age, the Age-Gender the structure of the population shifts materially with females showing larger numbers than males.

1.2 Household dynamics

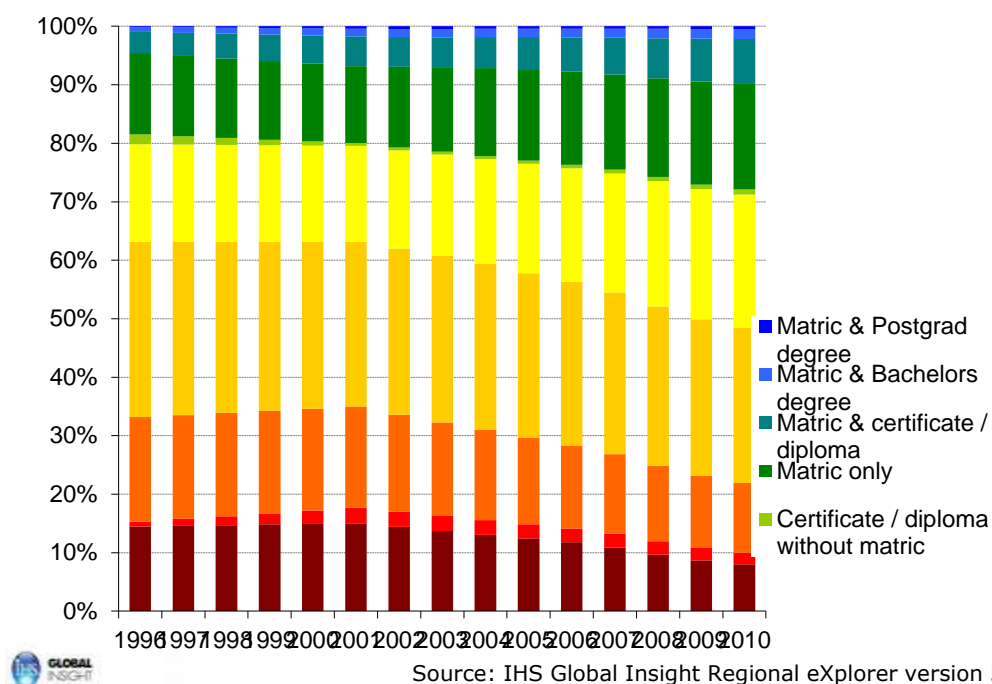
Lukhanji has an estimated population of **51 054** households. This translates to an average household size of 4 persons per household and almost 19% of the entire district population.

The majority of households in Lukhanji reside in urban formal dwellings. A small minority lives in farm areas. The figure below illustrates this point further.



The existence of 21% households in rural villages and 16% in peri-urban settlements poses a challenge for service infrastructure expansions and delivery of essential services. The majority of underserved households with regards to water, sanitation, refuse, electricity and road network comes from these settlement areas. It is therefore necessary to design targeted programmes for infrastructure delivery to these areas as part of implementing the new priority of Rural Development.

Progress in Education
Lukanji Local Municipality (EC134), Total

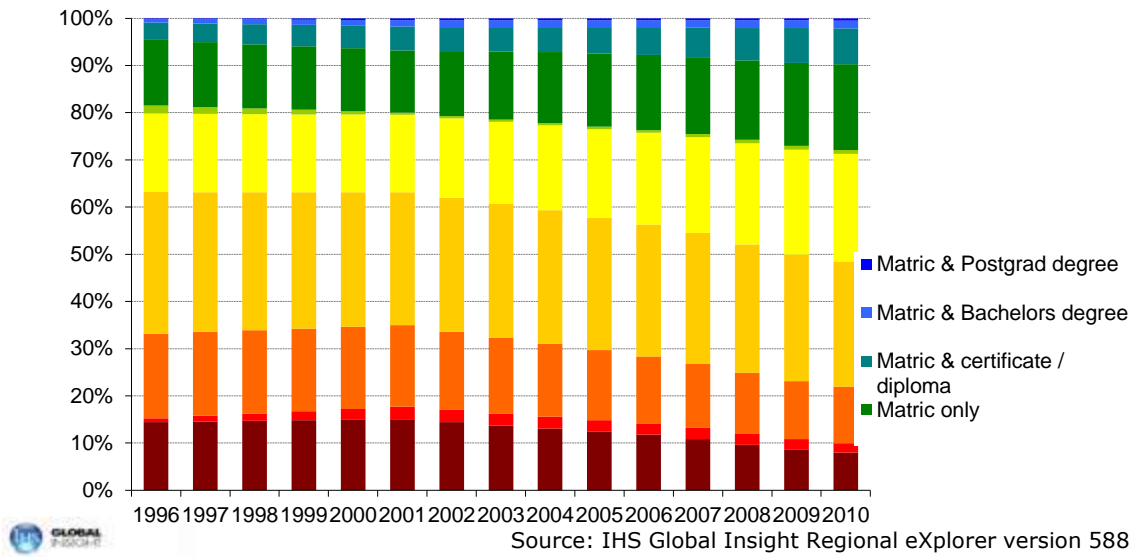


1.3 Education

The role of the Lukhanji municipality in Education is to facilitate and cooperate with the Department of Education for the provision of schools, education programs as well as directly provide for erection of early childhood learning facilities like crèches. In particular the municipality needs to communicate information to relevant authorities in terms of key priority areas needing education infrastructure and services.

The municipality also has direct interest in the monitoring of education and functional literacy levels among its economically active population so as to ensure adequate supply of critical skills needed for growing the local economy. The figure below indicates levels of educational attainment by adult population.

Progress in Education
Lukhanji Local Municipality (EC134), Total



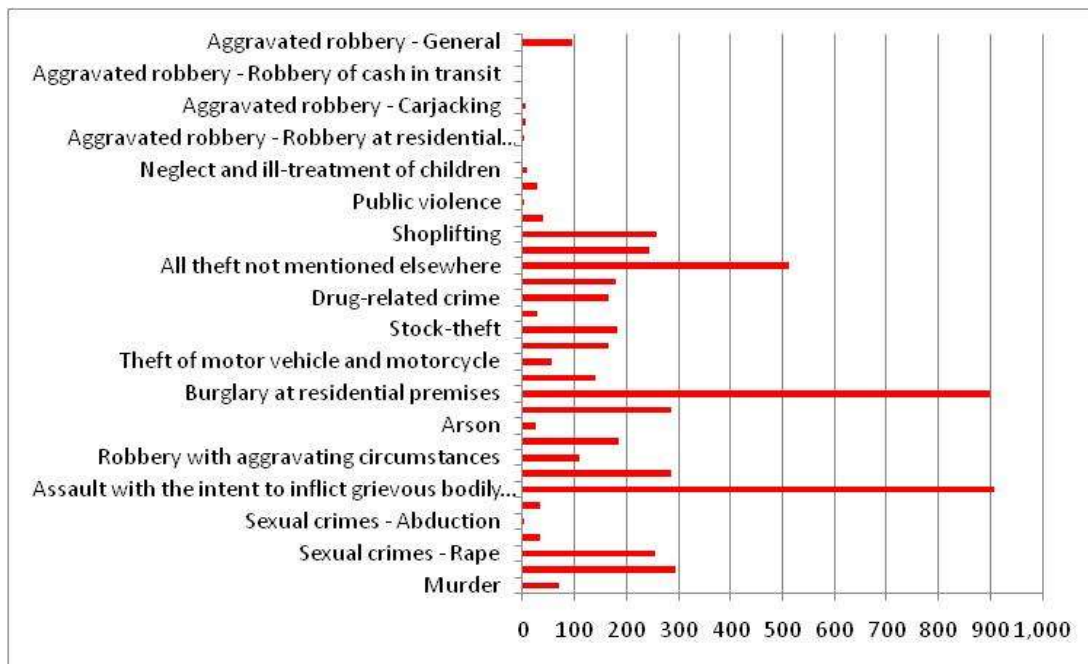
Source: Global Insight 2010

At least 75% of adult population (20 years and older) are functionally literate (meaning that they have completed education level grade 07 and higher). About 10% of the same population has no schooling at all. Another 17% has only completed matric while an estimated 26% has matric and further education attainment.

1.4 Safety and Security

Lukhanji does not have its own municipal police force therefore the responsibility for providing safety and security services in its areas rests with the South African Police Services Department (SAPS). The intention of the municipality is to work in partnership with the security cluster departments like SAPS, Correctional services and Justice to promote crime awareness and leverage efforts for crime reduction.

According to crime statistics published annually and extrapolated by Global Insight in the figure below, dominant crimes in Lukhanji are common law crimes like assaults, burglary and theft.



In an attempt to involve communities in the reduction of crime and resolution of disputes in the area, Community Policing Forums (CPF) was established. Research shows that the CPF's are not active in some areas due to lack of training on safety and security techniques.

In order to maintain low levels of crime in Lukhanji, more safety and security services such as mobile police services need to be provided. CPFs also need to be well equipped with training to achieve their maximum effectiveness. Below is a table list of existing facilities in Lukhanji.

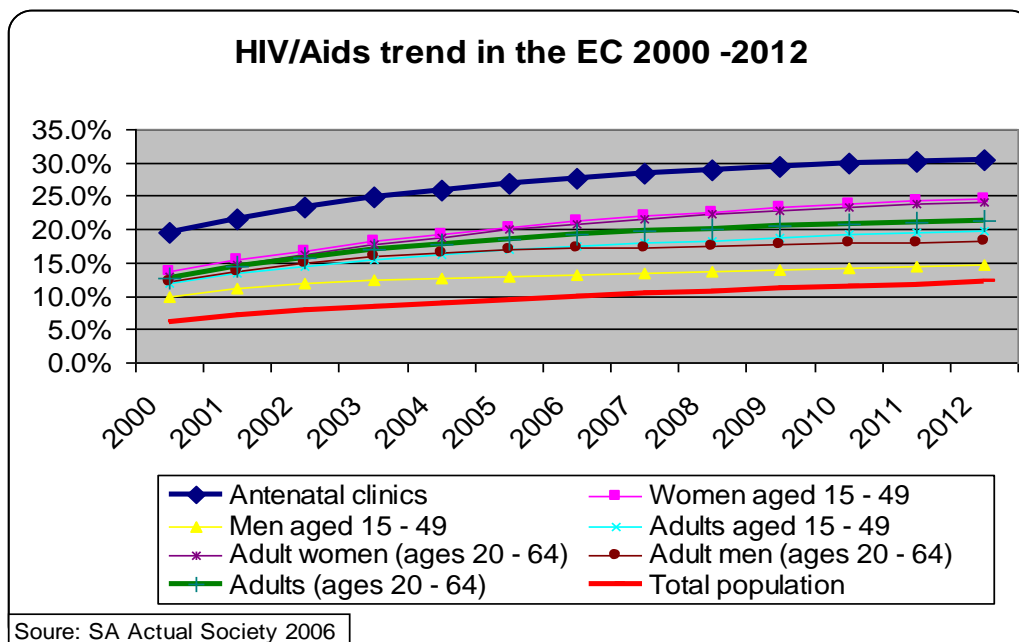
Police stations	Courts of law
Bridge Camp	Queenstown
Ezibeleni	Whittlesea
Ilinge	Ezibeleni
Kolomane	
Queenstown	
Tylden	
Whittlesea	
Klein Bullhoek	
Mlungisi	

1.5 Health

Primary health is a competence of the Provincial department of Health.

HIV and Aids is a public health concern that the municipality should to at least monitor and proactively contribute to the reduction of the impact and the spread of HIV/Aids among its communities. An estimated 10% of population have contracted HIV while another 1% suffers from full blown Aids (Global Insight 2008).

The figure below gives longitudinal projections of HIV/Aids impact.



2. ECONOMIC DEVELOPMENT PROFILE

Even though there is no consensus on the actual role of local government in economic development, there seems to be adequate guidance in the legislative and policy framework given by the following:

- ✓ Reconstruction and Development Programme (1996)
- ✓ South African Constitution's **section 153 states that,**

“A municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.”

- ✓ **1996 Local Government Transition Act**
- ✓ **1998 Local Government White paper** which introduces the concept of developmental local government:

“Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of lives.”

✓ **Municipal Systems Act (2000)**

In this piece of legislation the Integrated Development Plan is seen as the key instrument to achieve organic, sustainable local economic development; as well as regulate municipal expenditure in respect of LED and build municipal partnerships for LED.

✓ **EC Provincial Growth and Development Plan (PGDP)**

The PGDP commits government to achieving the following listed development targets and goals:

- To maintain an economic growth rate of between 5% and 8% per annum.
- To halve the unemployment rate by 2014
- To reduce by between 60% and 80% the number of households living below the poverty line by 2014.
- To reduce by between 60% and 80% the proportion of people suffering from hunger by 2014.
- To establish food self-sufficiency in the Province by 2014.
- To ensure universal primary education (UPE) by 2014, with all children proceeding to the first exit point in a secondary education.
- To improve the literacy rate in the Province by 50% by 2014.
- To reduce by three quarters the maternal mortality rate by 2014.
- To eliminate gender disparity in education and employment by 2014.
- To reduce by two-thirds the under-five mortality rate by 2014.
- To halt and begin to reverse the spread of HIV/AIDS by 2014.
- To halt and begin to reverse the spread of tuberculosis by 2014.
- To provide clean water to all in the Province by 2014.
- To eliminate sanitation problems by 2014.

The attainment of these targets and goals rely on implementation of decisive economic development programmes which essentially calls for municipalities to develop and implement successful economic growth plans. The critical issue for the Lukhanji Municipality economic strategy will be to position the municipality favourably in relation to this and other similar programmes so as to optimally benefit from and align with PGDS

2.1 Overview of economic development in Lukhanji

Lukhanji is a strategic and important economic sub-region in the Chris Hani district. It has the highest concentration of urban settlements, industrial activity, commerce, transport infrastructure services; regional service centres (offices of government and NGOs), social development services (tertiary schools, specialist health facilities, and other amenities.

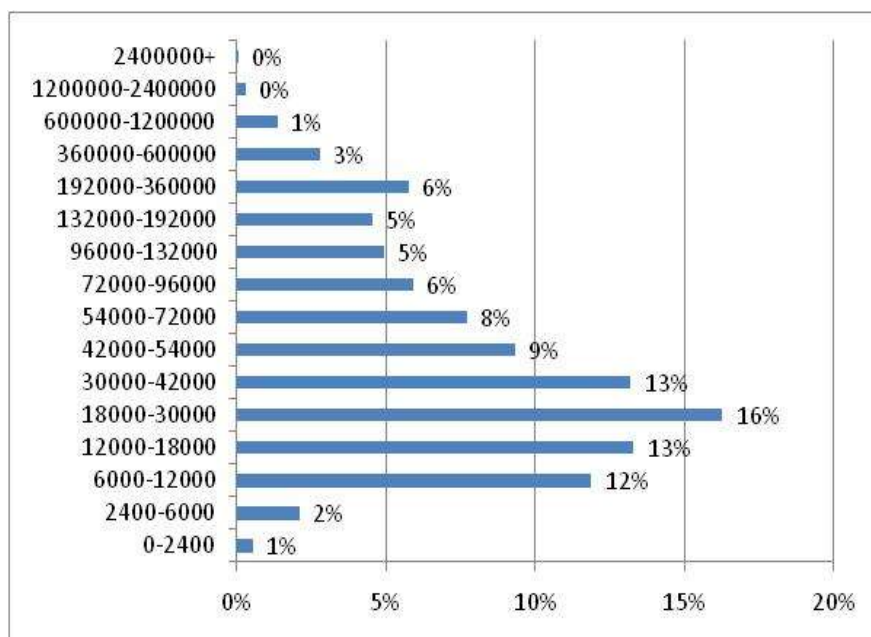
Lukhanji has an estimate GDP of R2, 7 billion by 2008 (Global Insight). This accounts for over 48% of the district GDP of R5, 7 billion (Global Insight 2008). These figures are based on constant 2000 prices.

While the economy of Lukhanji has recorded some positive growth between the years 2001 and 2008, the growth has not happened at the same pace that backlogs and poverty has grown. This tended to reverse the gains and further pointed to the need for increased implementation of the existing municipal strategy for LED.

2.2 Economic Development Indicators

2.2.1 Household Income Distribution

Understanding household income distribution patterns is important for planning because household access to income has a direct bearing on the ability to pay for services and sustain livelihood. The figure below shows a five year trend of household income distribution in the Lukhanji municipality.



Source: Global Insight 2008

The above figure shows improvement in the number of households with access to income. Households with incomes of between R1 and R1500 per month, reduced from approximately 53% in 2001 to 28% by 2008.

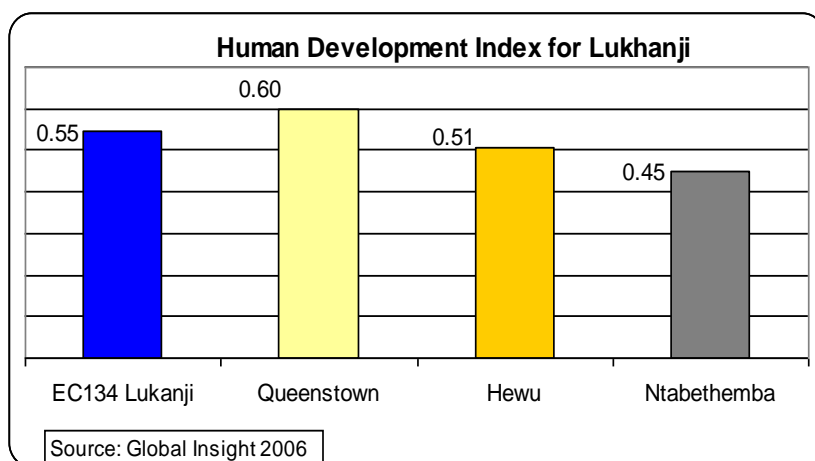
This is welcome news considering that households earning gross incomes of less than R1500 per month are regarded in the indigent policy¹ of the municipality as poor. Therefore, they will require subsidy assistance to access basic services. With reduced pressure on subsidy requirements the municipality may have additional resources to utilize in other development priorities and needs. This must not be reason to be complacent since the challenge to reduce poverty remains high especially when considering the high unemployment rate.

The need for the municipality to invest in building its local economy so as to create income generating opportunities and livelihood security nests for its communities is still necessary.

2.2.2 Human Development Index

Lukhanji has a human development index of 0, 55 with Queenstown showing an index of 0.60 (highest in the district) and Hewu and Ntabethemba achieving indices of 0.51 and 0.45 respectively.

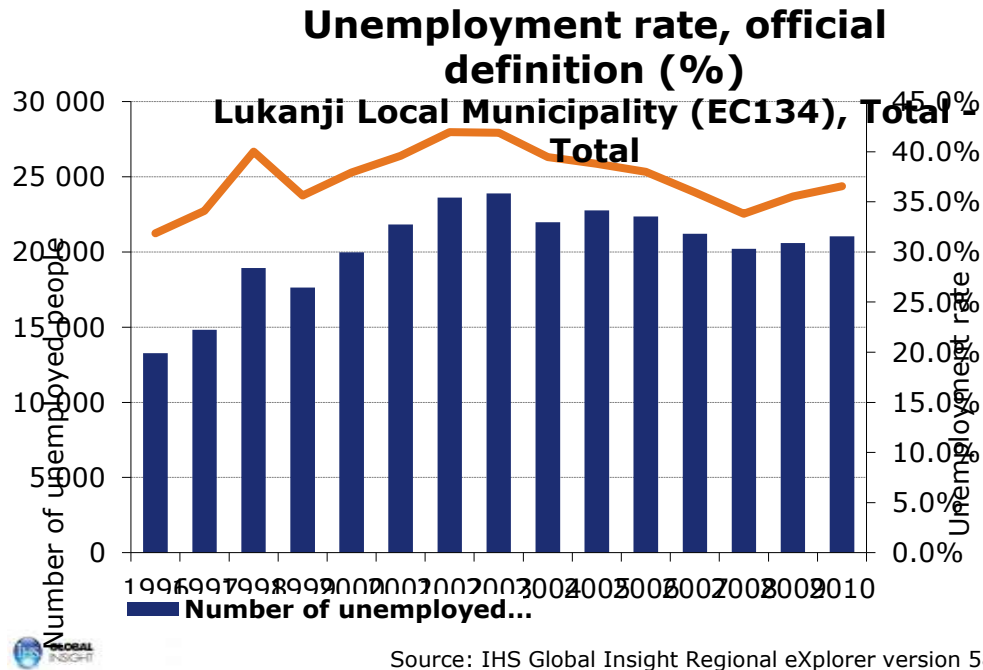
The human development index (HDI) is a useful mechanism to gauge the level of development of a local economy. The HDI is a composite, relative index that attempts to quantify the extent of human development of a municipality (area). It is based on measures of life expectancy, literacy and income. The HDI is calculated as the average of indices of life expectancy at birth, adult literacy and per capita income. For a municipality to be well developed, it must achieve a HDI closer to 1. The closer the figure is to 1 the better the lifestyle. The following figure indicates HDI levels among Lukhanji areas.



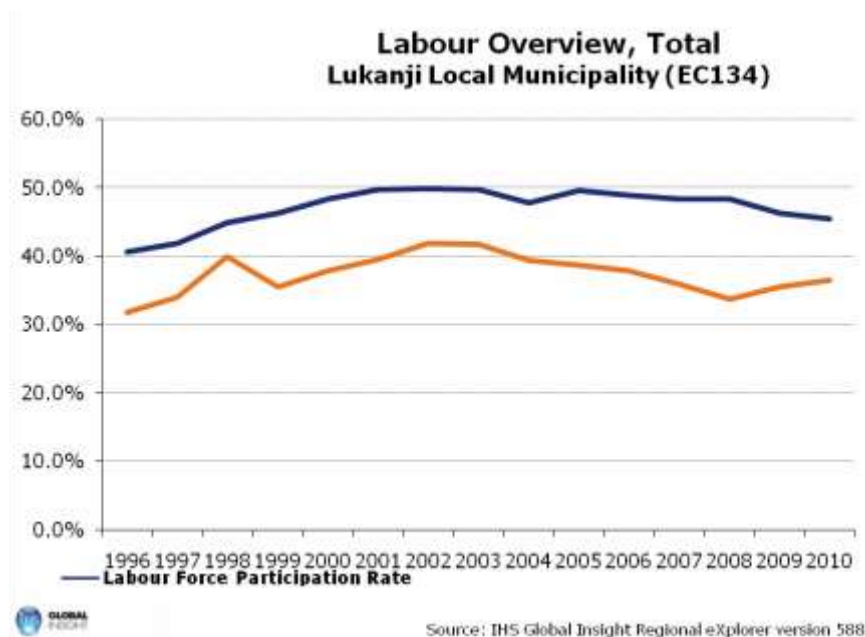
¹ **“Indigent”** means an indigent household whose total household income is between R781 and R1600 per month or such amount determined by Council annually during the budget process – Lukhanji Support Policy 2007.

2.2.3 Unemployment

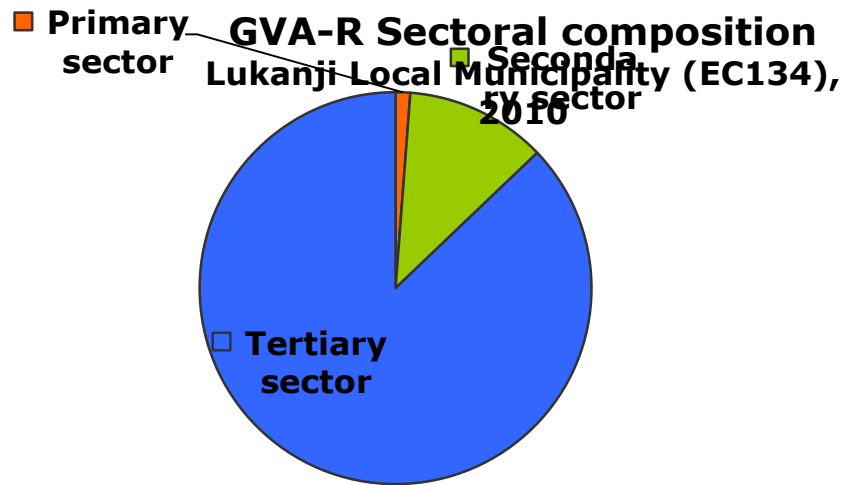
Unemployment is a major development challenge in Lukhanji. According to research done by Global Insight, unemployment in Lukhanji has improved slightly between 2001 and 2006 by 1.3% decline. This figure is better than that of the district (0.8%) and the country (0.5%) while slightly lower than that of the EC province at 1.4% over the same period.



About 29% of the total population is economically active. Off this number an estimated 32% were unemployed by end 2008.

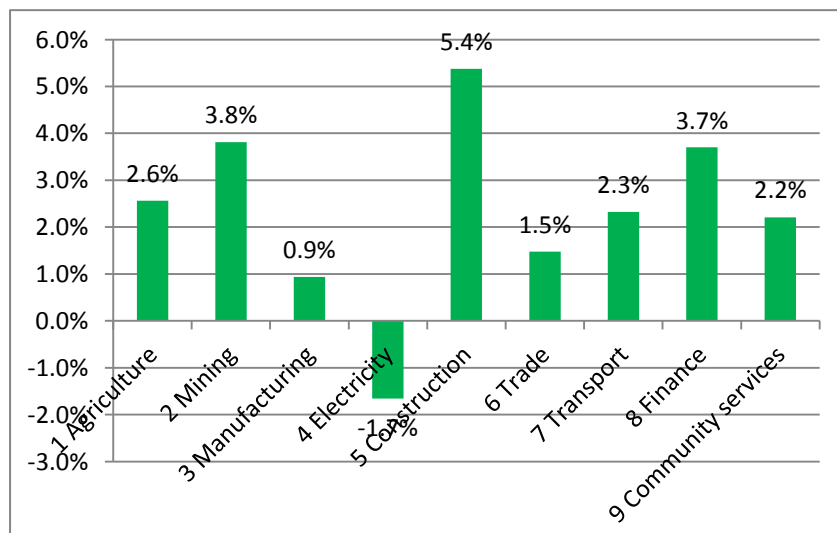


2.2.4 Gross Value Add by sectors



Source: IHS Global Insight Regional eXplorer version

In the last decade 1996 to 2008, the construction sector has added more gross value to the economy than any other of the broad nine sectors. Other key contributions were experienced in the mining, finance and agricultural sectors. The figure below gives comparative gross value adds contribution by sectors between the period 1996 to 2008 (Global Insight: 2008).

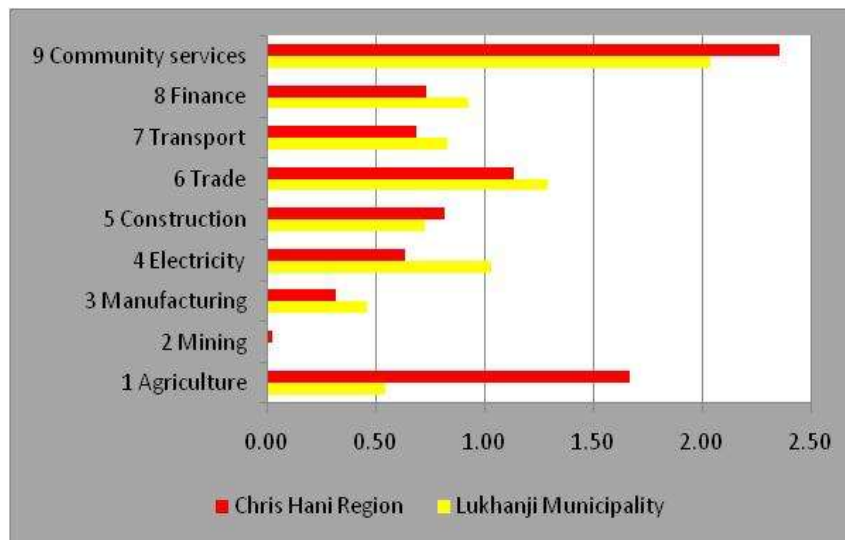


Even though we have a competitive advantage when compared to the regional economy on the electricity sector, its contributions to gross value add in the economy has declined over the last decade (1996 -2008) by about 1.7%.

2.2.5 Comparative advantage

Location quotient is useful in measuring the competitive edge of an economy. It provides an indication of the comparative advantage of an economy. A local or municipal economy has a location quotient larger (smaller) than one, or a comparative advantage (disadvantage) in a particular sector when the share of that sector in the regional economy is greater (less) than the share of the same sector in the provincial /national economy.

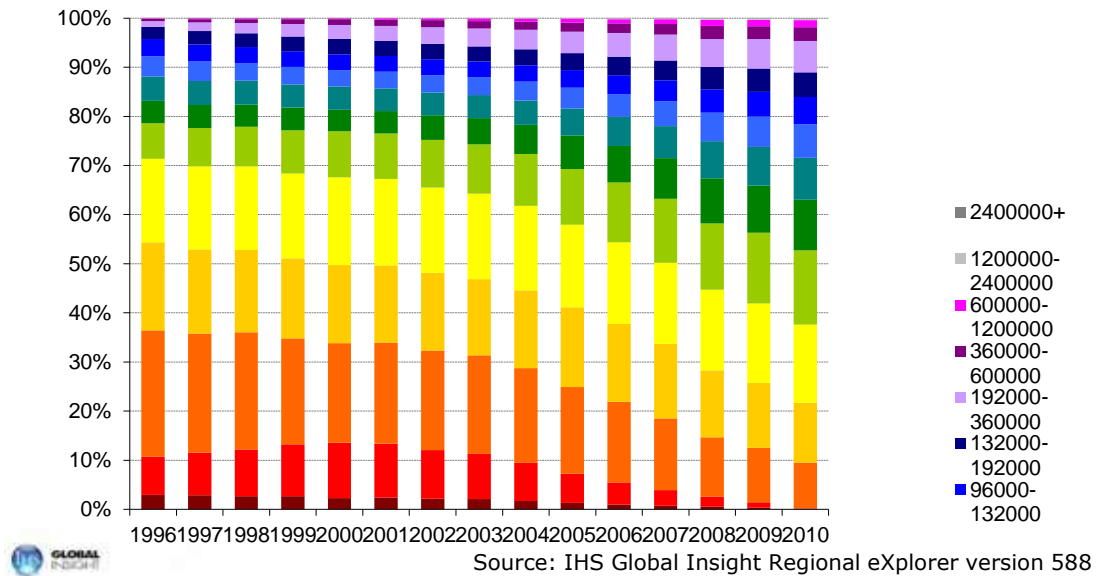
The figure below compares Lukhanji economic competitiveness to that of the Chris Hani region by nine broad economic sectors. It shows that Lukhanji economy compares better in the sectors of Trade (retail), Electricity, Finance, Transport and Manufacturing while Chris Hani compares better in Community service, Agriculture and Construction sectors.



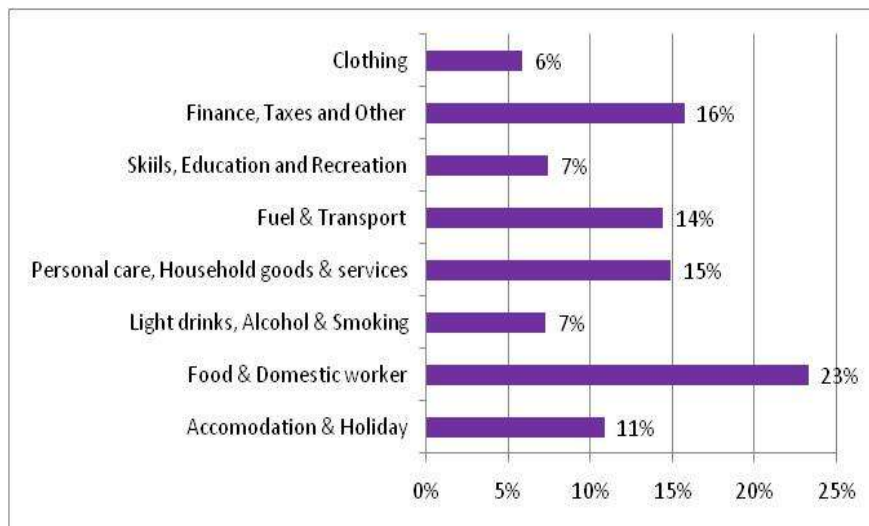
2.2.6 Household Expenditure

The majority of household expenditure goes to food and domestic workers (23%) followed by finances at 16% (i.e. Payment for policies) and transport at 14%.

Number of households by income category
Lukanji Local Municipality (EC134), Total



The figure below gives a comparative distribution by expenditure items. It also provides useful information in understanding patterns of expenditure in the local economy and can be a useful guide for investment decisions.



2. ENVIRONMENTAL CHALLENGES & CONTEXT FOR ENVIRONMENTAL RESPONSIBILITIES

Lukhanji is assigned power and function for air and noise pollution. However, there is currently insufficient capacity to fully deal with the function of air pollution. Lukhanji subscribes to international

and national environmental treaties which give it additional secondary responsibilities for environmental planning and management. The latter role is often interpreted to include tasks such as:

- ✓ Local agenda 21 initiatives,
- ✓ Environmental impact assessment facilitation into NEMA,
- ✓ bio-diversity and nature conservation management initiatives,
- ✓ participation in the state of environment reporting initiatives either by district municipality or by DEAT

3.1 ENVIRONMENTAL MANAGEMENT AND GREENING REVOLUTION

Within the context of sustainable development the term environment encompasses the social, economic, biophysical and political spheres. Section 24 of the Constitution of the Republic of South Africa (RSA, 1996) legally mandates the government to ensure the people of South Africa are not harmed by the environment and the environment is protected against abuse. The Constitution also provides for co-operative government thus sharing both the responsibility and obligatory legislative provisions across the different spheres of government in terms of environmental management and conservation.

The White Paper on Environmental Management Policy (DEAT, 1997a) refers to the conditions and influences under which any individual or thing exists, lives or develops. Culture, economic considerations, social systems, politics and value systems determine the interaction between people and the environment, the use of natural resources, and the values and meanings that people attach to life forms, ecological systems, physical and cultural landscapes and places. People are part of the environment and are at the centre of concerns for its sustainability (DEAT, 1997a).

Environmental management and governance therefore comprise a system of tools which include principles, policies, legislation, regulation and practice. Each of these has a spatial element, i.e. occurs at global, regional, national, provincial, local, and/or neighbourhood scales. In turn, each of these elements have components for which government, non-government organisations or civil society would be responsible for- Ensuring environmental quality, protection and promotion of integrated environmental management;

More specifically, like all municipalities, Lukhanji has a responsibility for environmental management and governance. Our IDP provides a platform through which this commitment can be clearly illustrated in a binding municipal development document. Critically therefore it addresses environmental issues through the Integrated Development Plan. The municipality thus understands that IDPs are the master

plan for local development, and thus the manner in which the environment is addressed in such a plan is a measure of the role and responsibility the municipality accepts for environmental management.

3.2 CLIMATE

Lukhanji is a high altitude area reaching heights of 1070m above sea level. Temperatures in areas like Queenstown are often in the extremes with sometimes figures reaching highs of 33°C in midsummer while dropping to as low as -2°C on a cold winter day.

The landscape is characterized by steep undulating slopes rolling down the Lukhanji mountain range.

3.3 VEGETATION AND SOIL TYPES

Lukhanji is characterised by dry high-veld Sandy Grassland and Valley Thicket. Because of a history of a lack of management and overgrazing of communal grazing lands in the former homeland areas these areas tend to be in a poor condition. Poor vegetation cover and low diversity combined with poor farming methods on communal land often lead to erosion problems. Prevalent soil types are mostly sandy loams and clay loams.

3.4 HYDROLOGY

Lukhanji water systems are fed by terrestrial summer rains and floods which drain into local streams, dams and rivers like:

- ✓ Klippart River
- ✓ Bongolo River
- ✓ Oukraal River
- ✓ Shiloh River
- ✓ Black Kei River

Dams of significance include the Waterdown Dam and Bonkolo Dams which supply approximately 70% and 30% respectively of the potable water supply to the greater part of the municipality. The Oukraal Dam is utilised for irrigation purposes only. The Berry (a raw water balancing dam and part of the Queenstown water treatment works) and Bongolo dams also double up as recreational dams.

3.5 SUMMARY OF THE KEY ENVIRONMENTAL CHALLENGES

- ✓ **Soil Erosion** – Over grazing, dispersive soils and hilly terrain has led to major erosion problems in most areas. The predominately gravel road network in the rural areas and in much of the poorer urban residential areas is also negatively affected by storm water erosion

- ✓ **Veld fires** – veld fires which are deliberate as well as accidental often cause huge damages to sensitive vegetation, animal life and sometimes burn people’s harvest.

- ✓ **Invasive plant species** - Lukhanji municipal areas have a serious problem of invasive plant species like Lapesi, wattle, and sumthorn which is notorious for damaging sheep wool. Lapesi and wattle flora species have high water consumption which tends to diminish scarce water resource prematurely and result in problems of drought and insufficiency in irrigation water supplies.

- ✓ **Speculative game farming and illegal hunting** – uncontrolled growth of game farming activities or initiatives and illegal hunting is a growing concern in Lukhanji for many reasons including among others:
 - Perceived loss of valuable and productive fertile agricultural land
 - Perceived threat of extinction of protected species

- ✓ **Declining aesthetic quality in our cities and towns** – lack of respect for hygienic practices and cleanliness by many of our citizens (i.e. – tossing litter on street and illegal dumping) is a common problem in our urban centres and this tends to result in declining aesthetic quality of our urban form and physical environment. The other contributor to this problem is a lack of capacity to maintain public spaces like parks by the municipality as well as poor maintenance of the built environment like buildings by private owners.

In developing the IDP for the 2012 – 2017 financial years; the institution conducted an in-depth analysis of its developmental capacity internally as well so as to ensure that developmental priorities planned for are in fact informed by the needs of the general members of the Lukhanji Local Municipality

The assessment was conducted in line with the local government strategic agenda as well the local government outputs as contained in the outcomes 9

3. Basic Service Delivery and Infrastructure Development

Background

In ensuring that the municipality meets its constitutional obligation on basic service delivery and infrastructure development, the municipality has the following focus areas:

4.1 Infrastructure Development

4.1.1 Neighbourhood Development Partnership Grant (NDPG)

Background

Neighbourhood Development Grant Partnership (NDGP) is a National Treasury (NT) initiative for Township Regeneration in partnership with the private sector. Lukhanji Local Municipality (LLM) submitted a draft business plan to NDGP some five years ago. The draft business plan identified Ezibeleni, Mlungisi and Whittlesea Town Centres for upgrade. The LLM draft business plan was approved and has allowed the LLM to be on the NDGP program. NDGP is a ten year project.

It is necessary to embark on a Project Preparation process with the Projects Director allocated to manage the grant in the municipality. The municipality requested NT to appoint a consultant who will undertake the Project Preparation process on behalf of the Municipality. **National Treasury is still busy with the process of appointing a consultant for the municipality.** The outcome of the Project Preparation process will be the identification of the appropriate plan of action for the municipality.

4.2 Electricity

Functions

- Repairs and maintenance of all existing electrical networks within the Ezibeleni, Mlungisi and Queenstown;
- Provision of new networks required in the same areas;
- Daily provision of electrical connections to new customers
- Provision of a support service to the BTO in terms of disconnections and reconnections of defaulted customers.

Personnel

- 35 staff members in the unit from which there is only 7 skilled workers.

Challenges

The unit operates with limited resources in terms of fleet and equipment. Currently there is six vehicles of which only one is in fair to good condition the rest is in poor condition and need repairs on a daily basis. This affects our ability to provide service delivery.

The Municipality has developed a five year master plan with regards to electricity. The master plan intends addressing the following points:

- The upgrade of 4 X 66/11 kV intake sub-stations to cater for a nominated maximum demand of 70 MVA over the next 5 to 10 years.

The electricity network was planned and constructed between 1975 and 1990 and has never been upgraded or refurbished. Many of the major elements of the electricity infrastructure are more than 35 years old and are reaching end of life span. Five year forecasts taken from a median point of view show

that our NMD will rise to 68 MVA. The existing 11kVA underground cabling is not capable of handling existing demand and fault currents. There are serious overload conditions in Ezibeleni, Mlungisi and Queenstown CBD.

The situation of the electricity network means that no further new connections are possible in areas such as Ezibeleni, Newvale, Nomzamo, Aloevale, Queenstown CBD and the proposed New Rathwick. It is increasingly becoming very difficult to keep lights burning in the winter season peak period.

Ninety-seven percent of households in the Municipal Area are electrified. There are 1 342 households without electricity in the Lukhanji LM Area. Seven hundred and sixty-seven of these households are under the jurisdiction of ESKOM and the remaining 578 is under the jurisdiction of the Municipality. R1 million has been set to electrify the newly built houses in Nomzamo in the financial year 2011/12, further funding from DoE will be allocated once more houses have been constructed by the Department of Human Settlement. ESKOM is currently busy with electrification in Thembani, Long-draai and Galler-water.

4.3 Water and Sanitation

Background

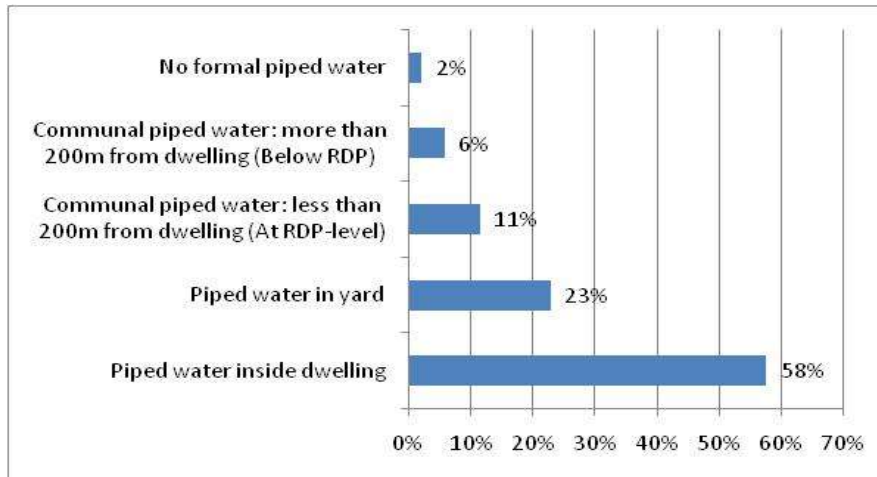
In terms of the powers and functions, the municipality is a water service provider acting as an agent of the water service authority which is Chris Hani District Municipality. Both institutions entered into a service level agreement on how the operations and the costs thereof will be managed and is renewable every two years. The agreement also includes acting as a revenue collector of the district municipality which the municipality pays over to the district at the end of each financial year. The district is responsible for all costs relating to water and sanitation services which the municipality provides to the community. Lukhanji LM entered into 25 year contract with Water and Sanitation Services of South Africa.

The institution has its own personnel responsible (Community Service Providers – 40; Borehole operators – 85; Casuals responsible treatment works and others on networks – 34; Interns – 17; Contract workers – 8; Water Quality Technician – 1) for water and sanitation the district also has personnel allocated to the municipality

4.3.1 Source of supply & provision

Bulk potable water is supplied from Waterdown and Bongolo dams. While irrigation water is supplied from the Waterdown, Oxkraal and Bushmanskraans dams (0.52mm³). As potable water demand has reached available supply a new water scheme to bring water from the Xonxa dam to Queenstown will be designed and implemented over the next few years.. Water Demand management is also being implemented by both the District and Lukhanji to bring down water losses.

The figure below uses Global Insight statistics to understand extent of water supply connections in the Lukhanji areas.



According to Global Insight 2008 at least 92% of households have access to water supply at RDP level. About 23% have yard connections while another 11% are served through communal level connections (either borehole or linked to a rural water scheme). Current water connection backlog is estimated at only 8% by 2008. At this rate of service delivery it is highly likely that Lukhanji will be able to meet its IDP & Millennium development objective of wiping basic service backlog by 2014.

4.3.2 Sanitation

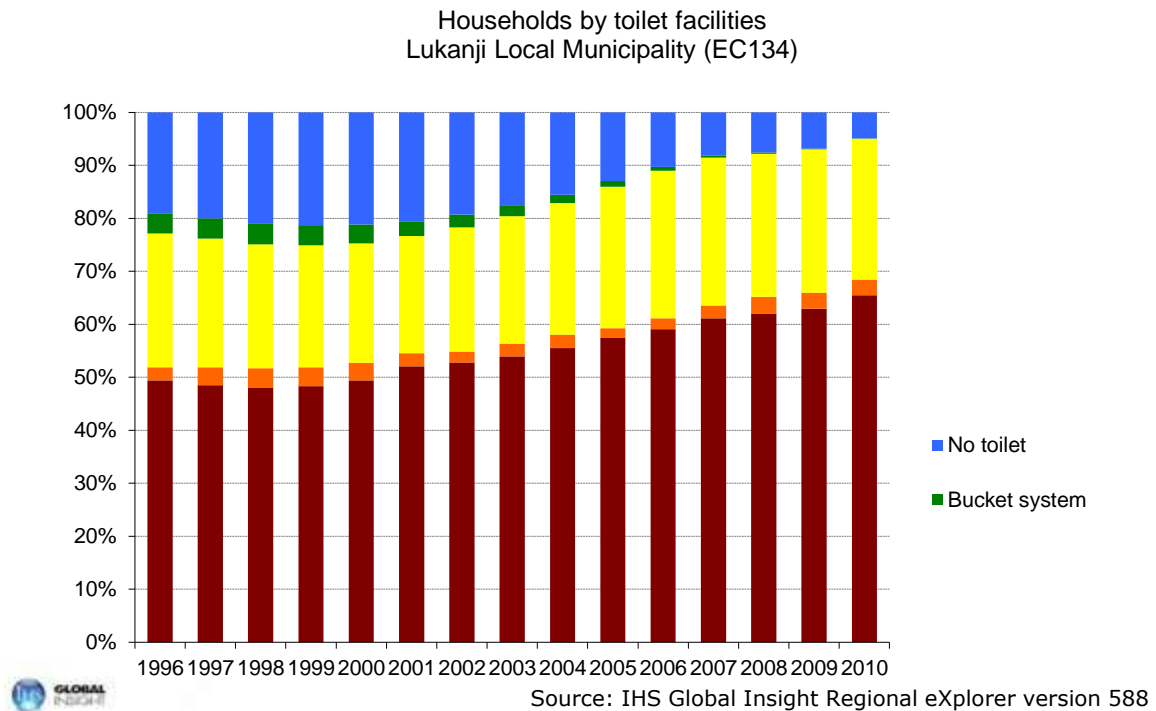
Sanitation backlogs remain higher than that of water in especially the rural areas. The falling behind of basic sanitation is attributable to slow processes of VIP implementation in the last five years compared to water. The figure below compares a distribution of households by levels of access to sanitation services.

Chris Hani District Municipality (CHDM) is the Water Services Authority (WSA) whilst Lukhanji LM is a Water Services Provider (WSP). The primary responsibility of ensuring that local people have access to water and sanitation rests with CHDM. Lukhanji Municipality is responsible for operation and maintenance of the water and sanitation network. The operation and maintenance of the water and sanitation network is fully funded by the water and sanitation subsidy.

Water and Solutions Southern Africa (WSSA) is a service provider operating and maintaining the network on behalf of the Municipality in a long term contract. The contract expires in 2018 and covers suburbs of Queenstown, Ezibeleni and Mlungisi townships. As part of the contract WSSA replaces 2, 5km of the ageing water pipes annually.

Water for Queenstown is imported from Waterdown Dam and blended with water from Bonkolo Dam. Boreholes augment the water supply. The importing of water to Queenstown from Waterdown Dam starves Whittlesea of adequate water supply. To address this problem and service the poorly serviced

llinge Township, a project to supply Queenstown with water from Xonxa Dam is being undertaken by the CHDM. The implementation of the project is slow as it requires well over R350 million capital funding. A further R223 million is required to supply bulk water supply to the proposed settlement of New Rathwick. The new settlement will be composed of 3 000 housing units, with an estimated population of 12 000.



4.4 Mechanical workshop

Background

The mechanical workshop in the municipality is responsible for the repairs and maintenance of municipal fleet which include refuse trucks, tractors, grass cutters, sedans, bakkies and plan. Total staff compliment is currently sitting at 11 responsible for the maintenance of 120 fleet contents.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • 3 qualified mechanical engineers 	<p>Weaknesses</p> <ul style="list-style-type: none"> • lack of qualified mechanics, • proper mechanical infrastructure and equipment
<p>Opportunities</p> <ul style="list-style-type: none"> • a number of automobile service providers locally; • institution of higher learning producing mechanical engineering artisans that can be used to enhance capacity of mechanical workshop 	<p>Threats</p> <ul style="list-style-type: none"> • forever evolving technology

4.5 Cleansing and waste management

Background

Solid waste management, with the exception of hazardous waste is a competency of local government. In order to deliver this service local municipalities are required to have a council adopted Waste Management Plan which will guide a municipal wide waste management service.

4.5.1 Domestic and some commercial waste

According to the Census 2001 data, which captured type of refuse collection, there are few areas in Lukhanji LM where waste collection services are provided by the Municipality. It is mainly the urban centres of Queenstown and Whittlesea that waste collection services are provided. The vast majority of the households in Lukhanji LM (60%) receive waste collection service. The remaining 36% of households either dump themselves (31%) or receive no service (5%).

The following table provides Community Survey 2007 data for waste collection services in Lukhanji LM.

Table 8: Lukhanji LM-Refuse disposal (Community Survey 2007)

Waste disposal	Households	%
Removed by local authority/private company at least once a week	29,740	59.87
Removed by local authority/private company less often	225	0.45
Communal refuse dump	908	1.83
Own refuse dump	15,372	30.95
No rubbish disposal	2,704	5.44
Other	726	1.46
Total	49,675	100.00

4.5.2 Waste recycled or minimization

While there is some limited recycling of cardboard, glass, plastics, etc. in Queenstown and Whittle sea, these activities are limited. In addition, there is no evidence of recycling of any measurable quantities of commercial, industrial, medical and hazardous waste generation in Lukhanji LM.

4.5.3 Current waste categories and characteristics in LUKHANJI LM

Waste generated in Lukhanji LM can generally be categorised as follows:

- **General domestic waste:** This consists of paper, plastic, metal, glass, putrescibles / food waste, garden refuse and building rubble.
- **Commercial waste:** This waste is produced in insignificant quantities in the area and can also be categorized as general waste. Commercial wastes identified in the area include used cooking oil from restaurants and takeaways
- **Industrial waste:** This waste is derived from industrial activities.
- **Medical waste:** This includes hazardous medical waste such as sharps, infectious waste.
- **Hazardous waste:** Includes waste such as sewage sludge, oil from workshops and putrescible organic matter.
- **Agricultural waste:** Includes combination of the above, but could also include waste such as pesticide, herbicide and fertilizer residues and containers.

4.5.4 Medical waste

The Lukhanji LM has several medical facilities that generate medical waste within their municipal area. There are also several doctors working within the municipal area that generate small amounts of medical waste. The Municipality is presently not experiencing any significant problems with medical waste being disposed off at any of the Municipal landfill sites. The Medical facilities are listed below.

The Provincial Department of Health has contracted Compass Waste Company for the medical waste management.

4.5.5 Buy back centres

The Municipality is in the process of compiling a business plan for the Lukhanji Multi Recycling Buy Back Centre to be submitted to the Department of Environmental Affairs for funding. The collection of data for internal recyclers within Lukhanji is part of the Waste Management and Greening Project funded by the Chris Hani District Municipality. The aim is to form a co-operative and empower people that are currently doing recycling and create jobs for the unemployed and the youth of Lukhanji.

4.5.6 Integrated Waste Management Plan

As part of the Green economy, waste management and recycling is very important. The IWMP was reviewed in the 2010/2011 financial year. The recommendations and Projects highlighted in the plan are integrated into the IDP.

4.5.7 Municipal Land Fill sites

The Lukhanji LM has one operating solid waste landfill sites in Queenstown and there is a permit to that effect and one tip site in Whittlesea.

The Municipal landfill site in Queenstown is licensed and the transfer stations in other areas do not require permits because of the size. The Municipality is removing refuse once or twice a week in households. Businesses are also serviced as per request or need.

Personnel responsible for refuse removal, cleansing and land filling are listed below:

Description	Number		Employment Status	Where Utilised
	<u>Existing Posts</u>	<u>Vacant Posts</u>		
Managers	1	0	Permanent	Lukhanji Municipality
Service Supervisor	4	1	Permanent	Collection and Landfill management
Drivers	11	1	Permanent	
Runners	48	1	Permanent	
CHDM Funded	20	0	Contract Basis	Cleansing – Queenstown & Whittlesea

The Municipality has a shortage of skilled personnel, such as drivers leading to ineffective waste collection when they are sick or on leave. The expansion of the residential areas will also require more personnel for collection purposes.

4.5.8 Equipment

The Lukhanji LM waste collection fleet consists of several vehicles that are responsible for waste collection in the two main towns of Queenstown and Whittlesea. The vehicles are generally all in a relatively poor condition (but there are some newer vehicles) and are maintained by the municipality.

The Municipality has budgeted for the replacement of these vehicles with the purchase of three new Rear End Loaders. The Municipality does experience a problem when the vehicles are being serviced due to the lack of any backup equipment.

The Municipality also has a landfill compactor that has moved from the old to the new landfill site. But this was not operational during the recent site visit.

Figure 8: The existing equipment is listed below:

Type	Model	Application	VEHICLE CONDITION**		
			Poor	Fair	Good
CBP 021 EC - Isuzu Truck (2 ton)	Post 1990	Refuse Removal		X	
BYN 266 EC - Mercedes Compactor	Pre 1990	Refuse Removal	X		
BYN 265 EC – Mercedes Compactor	Pre 1990	Refuse Removal	X		
BVP 258 EC – Mercedes Compactor	Pre 1990	Refuse Removal	X		
CBP 269 EC – Mercedes Compactor	Pre 1990	Refuse Removal	X		
BYN 275 EC – Nissan Truck	Post 1990	Refuse Removal		X	
CBP 621 EC – Isuzu Truck	Post 1990	Refuse Removal		X	
CBN 974 EC – Side Tipper	Post 1990	Refuse Removal		X	
BHJ 612 EC – Steyer Tractor	Pre 1990	Refuse Removal		X	
BZV 092 EC – Isuzu Roll On OFF	Post 1990	Refuse Removal		X	
CBN 993 EC – FEL	Post 1990	Landfill Management		X	
Hanomag CD66 Landfill Compactor	Pre 1990	Landfill Management		X	

4.5.9 Conversion of waste into renewable energy

The municipality has plans to have the waste converted into renewable energy. This will be done in partnership with the local co operatives that are involved in waste recycling.

4.5.10 Eradication of alien plants

A programme was developed by CHDM to eradicate Lapesi plant in the District, Lukhanji municipality is also a beneficiary to that programme

Strengths <ul style="list-style-type: none"> • Integrated waste Management Plan in place 	Weaknesses <ul style="list-style-type: none"> • Areas that do not receive the refuse removal service
Opportunities <ul style="list-style-type: none"> • Conversion of waste into renewable energy • Waste recycling as an economic activity 	Threats <ul style="list-style-type: none"> • Illegal dumping • Alien plants

4.5.11 CEMETERIES

Through the community services department, the municipality is responsible for the provision of grave sites, further more the municipality is responsible for the digging and maintenance of the graves.

The municipality has the following formal cemeteries:

- Lukhanji,
- Ezibeleni,
- Whittlesea,
- Mlungisi,
- Dongwe and
- Sada.

The following cemeteries are informal:

- Ilinge cemetery is not a formal one and is not under the municipal control
- Ilinge and Lesseyton: cemeteries is full,

EIA study was done in Whittlesea, but there is a land claim on the identified site.

4.5.12 Community Facilities (Halls)

Lukhanji has a competence for amenities and community facilities like halls. It currently owns and operates a few.

(1) Number of halls in the Lukhanji area

Name of the Hall	Ward	Area
Town Hall	6 and 26	Queenstown
Thobi Kula Indoor Sports Centre	6	Mlungisi
Skweyiya	22	Mlungisi
Lesseyton	27	Lesseyton
Ekuphumleni Community Hall	16	Whittlesea
		Unathi Mkefa: Ezibeleni

Ezibeleni Community Hall	15	Ezibeleni
Ilinge Community Hall	2	Ilinge
Machibini Community Hall	3	Mtebele
Machibini Commnity Hall	3	
Thambo Community Hall	18	Thambo
Hackney Community Hall	12	Hackney
Eshley Wyngaart Community Hall	19	Parkville

There are also several sports and cultural facilities which were vandalized. The Municipality is currently in the process to upgrade these facilities. However in the areas outside Queenstown and the surrounding townships there is a lack of arts, culture and recreation facilities which hamper the development of a prominent youth sports culture.

(2) Areas that do not have halls

Area	Ward	Comments	Progress
Shiloh	Ward 5	To be constructed in 2012/2013	MIG Registered
	Ward 4	To be constructed in 2012/2013	MIG Registered

4.5.13 Sports and Recreation

Sports arts and cultural heritage services are a primary competence of the Department of Sports, Arts and Culture. Lukhanji municipality plays a facilitative role in the identification of needs and cooperates with the Department of sports arts and culture in the implementation of such services. Most of the existing community sports facilities need repair and the majority of wards do not have well planned sporting facilities.

(1) Sport Stadiums

The municipality has the following sports and recreational facilities:

- TOBI KHULA SPORT CENTRE – Maintenance of the grounds, fields and the halls and ablution facility.
- MLUNGISI SPORT STADIUM – Maintenance of the grounds, fields and the ablution facility.
- DUMPY ADAMS STADIUM – Maintenance of the grounds, fields and the ablution facilities.
- EZIBELENI SPORT STADIUM – Maintenance of the grounds, fields and the ablution facility.
- SADA SPORT STADIUM – Maintenance of the grounds, fields and the ablution facility.
- QUEENSTOWN PUBLIC SWIMMING POOL – Maintenance of the grounds, pool floor and water, cleaning the ablutions and selling tickets. Lifeguard to be on duty.
- ILINGE SPORT STADIUM – Maintenance of the fields. **(FUTURE)**

- LESSEYTON SPORT STADIUM – Maintenance of the fields. **(FUTURE)**
- MACBRIDE SPORT STADIUM – Maintenance of the fields. **(FUTURE)**
- TRACTOR WITH MOWER AND TRAILER – Grass cutting of the fields and clearing and carting away rubbish.
- BONKOLO DAM DAY VISITOR FACILITY – Maintenance of the facility.
- BERRY DAM PICNIC FACILITY – Maintenance of the grounds – grass cutting and clear rubbish.

4.5.14 Pound management

The municipality provides the service on behalf the Department of Roads. The Department makes available budget for the maintenance of pounds and two trucks for the picking up of stray animals.

The budget that is made available for the pounds is R1 985 701.00

The municipality developed a by-law and makes use of the Traffic Act for the regulation of pounds. Two trucks in operation to pick stray animals on the public roads which falls under traffic control

(1) Commonages

There are 10 commonages in the municipality. These have been grouped into three groups according to their location:

- Group 1: Camp 8,9 and SPCA on the Dordrecht Road
- Group 2: Camp 6 and 10 on the N6: due to road refurbishment no fencing
- Group 3: Camp 16 and 18 on the Whittle Sea Road
- Camp 16 & 18 has no secure fencing around them and no water available. National Road will replace the fencing
- Camp 8 & 9 Long hill camps: a lot of the fence and gates is stolen

(2) The condition of the commonages:

- Camp 6: 37.2 hectares: fencing needs to be repaired
- Camp 8: 197.2 hectares: no gates and fence needs to be repaired
- Camp 9: 127.1 hectares: no gates and fence
- Camp 16: 20.7 hectares: no fence at the back as well as no water
- Camp 18: 15.8 hectares: no gates and water
- SPCA camp: 172.2 hectares: fence needs to be repaired

All these camps are situated on National roads and the fences are 60 years and older.

4.5.15 Lukhanji Parks

There is one main park and a number of community parks. The community parks are located in the following area:

- Whittlesea:
- In Sada
- Ilinge :ward 2
- Lesseyton ward three mini parks in 27
- Ezibeleni :
- Mlungisi ; (back of the Beer Hall)

The Department of Environmental Affairs appointed a service provider for the Komani River clean up and rehabilitation project. The project entails the following:

- The establishment and beautification of community parks in 5 different areas in and around Queenstown: Lesseyton, Ilinge, Whittle Sea, Mlungisi and Ezibeleni
- The Komani River clean up and rehabilitation
- Lukhanji entrance beautification
- Environmental awareness campaign to several communities of the Lukhanji municipality

4.5.16 Recreation facilities

(1) Libraries

Libraries are a Provincial function, under the Department of Sport, Recreation, Arts & Culture. The service is implemented by the municipality and is only partially funded by the Province.

There are five libraries viz:

- Mlungisi library;
- Ashley Wyngaard Library in Parkvale;
- Queenstown Library;
- Barrington Mndi Library in Ezibeleni and;
- Whittle Sea Library within Lukhanji Municipality.

There is currently no provision of library services (Mobile Library) to communities from outlying areas e.g. Ilinge, Lesseyton, Tylden

The primary purpose of the public libraries is to provide resources in a variety of media to meet the needs of individuals and groups for education, information and personal development including recreation and leisure.

The Department of Sports, Recreation, Arts and Culture has made available a budget of R4, 150, 000 for the following projects:

- Extension of the Ashley Wyngaard Library
- Extension of the Whittlesea Library
- New library in Mlungisi
- Mobile library services

(2) Core functions

- To provide information by means of library collections in multiple formats to meet a wide range of information needs for people of all ages and socio- economic situations
- To maintain and develop the library collections ensuring that collections are relevant and up to date
- To provide an accessible gateway to the wider world of information and electronic services
- To foster community development
- To preserve local history and heritage
- To connect residents in geographically remote areas to information and services

Some of the buildings are presently being renovated by DSRAC and others have been earmarked for upgrading. There are some wards where there are no public libraries or mobile library services available.

(3) Personnel in the libraries section

The total number of staff in the Libraries section is 8. There are 12 vacancies

(4) Challenges

Lack of space and materials

(5) Environmental management

The focus is on land care, pasture management, eradication of alien plants, indigenous afore station, and waste management. The municipality sourced funds from the Department of Environmental Affairs for the environmental management programme. An amount of R20 million was allocated by the Department for the Komani River clean up and beautification project.

The project focuses on the following:

- The establishment and beautification of community safety parks in 5 different areas in the municipality
- The Komani river clean up and rehabilitation
- The Lukhanji entrance and beautification
- Environmental awareness campaigns will also be conducted as part of the project
- The purchasing of refuse containers to service informal settlements.
- The cleaning and beautification of illegal dumped open areas.

The areas that were identified for the projects are the ones where illegal dumping is more prevalent. The project will run for a period of two years after which the municipality will have to develop a maintenance plan

4.6 LOCAL ECONOMIC DEVELOPMENT

The economic development mandate is to create an enabling environment for economy, derived from the following legislations:

- Constitution of the Republic of South Africa, 1996
- Municipal Systems Act, 32 of 2000
- National Local Economic Development Framework

Various interventions have been implemented in support of local economic development.

In fulfilling the Local Economic Development responsibility, Lukhanji Local Municipality developed an LED Strategy in 2009.

4.6.1 KEY ECONOMIC SECTORS IN THE 2009 LED STRATEGY

(i) Agriculture and Rural Development

Rural Development and Agrarian reform is the main program in the economic development in Lukhanji municipality although the potential in this area is still unlocked.

During the 2011/12 Financial year the Department of Rural Development and Agrarian Reform made available an amount of R7 million for the development of the Gwatyu area in ward 1. The District Steering Committee which comprises of the District municipality, Lukhanji, Department of Agriculture and Agrarian Reform was formed whose function is to ensure integration of programmes of services and resources for the development of the District.

The Local Action Team which was established as a consequence of the District Steering Committee seeks to ensure the mobilization of resources and coordination of programmes between the sector departments.

(ii) Livestock Improvement Programme

- ✓ A Memorandum of Understanding was entered into between the municipality and Zulukama Investment Management Trust.
- ✓ An allocation of R1, 3 million was allocated for LED related Capital Projects during the 2011/12 financial year. For 2013/2014 financial year R 1, 6 million was allocated for the programme.

(iii) Tourism Development and Promotion

Tourism is one of the growing economic sectors of the municipality. It continues to show prospects of job creation, skills development and marketing of the municipality as a tourism destination. The Tourism Sector Plan was developed in 2005 but needs to be reviewed. The municipality is in the process of reviewing the plan.

The institution is in the process of entering into a partnership with the Department of Sports, Recreation, Arts and Culture to host the Home Coming Jazz Festival. In pursuit of the partnership,

the Department of Sports, Recreation, Arts and Culture with the municipality, hosted an event in December 2011 and was then declared as an annual event. The Festival is in honour of Queenstown as a small Jazz Town.

The municipality in partnership with CHDM, DSRAC organized the switching-on of the festive lights and the Christmas Carnival in December 2011. This event is to be undertaken on annual basis as a build up event towards the Home Coming Jazz Festival.

The tourism sector within the municipality also benefited from hosting the Grant Khomo under 16 Rugby, the event was held in July 2011. This tournament was a partnership between the municipality and the Border Rugby, DSRAC and CHDM. The event attracted tourists from all over South Africa and the neighbouring countries.

In February 2012 the municipality entered into an agreement with Umhlobo Wenene and hosted a Valentine's Day Picnic at Bonkolo Dam. The event was a success as it attracted tourists from the surrounding municipalities. Both institutions are in the process of entering into an agreement to host the event on an annual basis.

The municipality identified the Bonkolo dam as a tourist site, and sourced funding for the development of the site. The National Department of Tourism approved an application for the development of the site and allocated an amount of R15 million.

Bullhoek Massacre Memorial site forms part of the Chris Hani Heritage Liberation route. To that effect, the municipality sourced funding to development the area as a heritage site. Funding was secured from the National Department of Tourism for the establishment of a museum, a monument and cultural village. Phase 1 of the project is completed and phase 2 of the project has been approved by the Department for the establishment of a tourist attraction center of the site. The site is located in the Whittlesea area.

(iv) SMME Development

The municipality received grant funding from Thina Sinako for the development of the hawkers stalls and capacity building. The project deliverables included the development of the SME strategy. A draft SME strategy has been developed. As part of informal sector development which includes street trading and hawkers, 23 hawker stalls were constructed and distributed to hawkers during the 2010/ 2011 financial year.

Hawkers in Whittle Sea and Queenstown were taken through business management training. Cooperatives Development supports. The cooperatives are assisted with registration and business advice. A partnership exists between the Chris Hani Cooperative Centre and all the municipalities. The cooperatives are also assisted to access funding from the Cooperatives Fund.

The SMME information seminars aimed at creating a platform for SMME and government networking and sharing of information. Development and Promotion of entrepreneurship and tender advice and training course

- Red Tape Reduction
- Trade and investment
- Business retention and expansion

Youth participation is minimal in the economic development in the municipal area; the municipality has a plan to mainstream youth into the mainstream economy.

(v) Creation of an Agricultural Market

Council in consultation with communities during the IDP/Budget outreach programme resolved to establish an Agricultural market in Whittle Sea. This will provide facilities for the storage and distribution of the fresh produce. The function of the agricultural market will be to receive and sell the produce to the public on behalf of the farmers who will be the suppliers.

The key objective of the market will be to transform the market and encourage participation of historically disadvantaged groups.

4.7 DISASTER MANAGEMENT

Background

Disasters occur as a result of a complex inter- relationship and trigger events and often result in widespread human, economic and environmental losses. The management of disasters requires the assessment of all possible hazards, risks and vulnerabilities in order to prevent, mitigate and prepare for rapid response and recovery. Disaster management requires an integrated multi – sectoral, multi disciplinary approach.

List of prevalent disasters:

- Fires
- Floods
- Drought
- Animal diseases
- Road accidents

<p>Strengths</p> <ul style="list-style-type: none"> • Good working relation with CHDM Disaster Management Centre 	<p>Weaknesses</p> <ul style="list-style-type: none"> • No disaster management plan • No staff responsible for disaster management
<p>Opportunities</p> <ul style="list-style-type: none"> • Establishment of the Community safety directorate whose function will include disaster management 	<p>Threats</p> <ul style="list-style-type: none"> • Lack of infrastructure • Delays when responding to emergencies in rural areas. • No proper facilities and equipment to fight major fires can only do Grass fires , shack fires and house fires • No satellite fire station in Whittlesea and Ilinge

	dependant in Queenstown
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No immediate support to affected families of disaster (Temporary shelters awaited since 2010 for families effected by heavy rains, fire and floods within the municipal area). Lukhanji is dependent on Chris Hani and the National and Provincial Government for funding for disaster.

4.8 Municipal Transformation and Institutional Development

4.8.1 Information and Communication Technology

Background

The section is responsible for making sure that the network infrastructure is accessible and available. The unit is also responsible for security of the computer system and maintenance of the municipal website.

The unit is has 1 manager and 1 intern

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> 99% access to the financial information system; technical support provided within reasonable time frames 	<p>Weaknesses</p> <ul style="list-style-type: none"> decentralization of IT infrastructure, limited involvement of the IT unit in the procurement of IT equipment; aging IT equipment; out-dated computer software; inadequate IT equipment; capacity challenges; unlimited user rights and permissions
<p>Opportunities</p> <ul style="list-style-type: none"> Wi-Fi network ... 	<p>Threats</p> <ul style="list-style-type: none"> internet and email hosted externally by a service provider; limited number of IT Equipment Service Providers

4.8.2 Human Resources Management

The human resources management has the following components:

(i) Skills Development

Background

The institution has a designated section that was established in 2005 to deal with the skills development of each employee in the municipality as well as general members of the community of Lukhanji. The process involves the skills identification (skills gap analysis), developing a plan to the implementation of the plan. It is also responsible for ensuring that the service providers contracted to provide trainings in the municipality are accredited.

It currently has only 1 Skills Development Facilitator.

In 2009, the institution identified and allocated funds for 5 students to further their education in Engineering and Agriculture. This was done to assist ensure that identified pupils further their

education. The institution has further identified skills gap on entrepreneurs in the municipal area

The institution has further identified that there are quite a number of general workers in the employ of the municipality are also illiterate and further encouraged them to register in the ABET programme.

SWOT Analysis

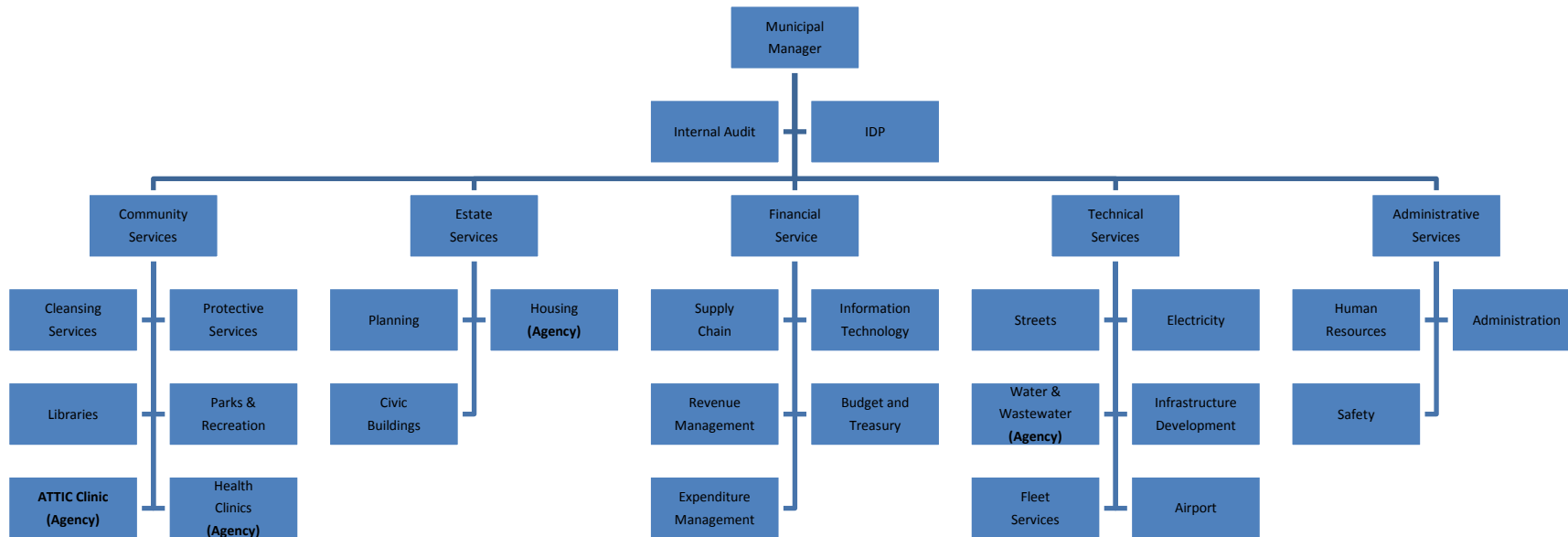
<p>Strengths</p> <ul style="list-style-type: none"> • The Skills Development Facilitator is qualified. • The office is fully equipped. • Good relations with the Provincial LGSETA, District Municipality and other municipalities within the district 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Inadequate personnel, • Limited office space, • limited in-house budget for training
<p>Opportunities</p> <ul style="list-style-type: none"> • Service providers to provide the required training in abundance 	<p>Threats</p> <ul style="list-style-type: none"> • Budget allocations by LGSETA delayed.

(ii) Recruitment and Selection

Background

The institution has been able to recruit and select with the exception of specialists due to the packages the institution is offering owing to the grade

Review of the Organogram – the institution has not been able to review its organogram since 2002 but has engaged in the process of reviewing ultimately approval. Below is a copy of the current organisational structure that the institution is currently reviewing:



SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> the institution is able to recruit eligible candidates for the right positions; Recruitment and Selection Policy in place; 	<p>Weaknesses</p> <ul style="list-style-type: none"> Poor planning resulting to delayed provision of tools of trade which may demoralize personnel; Full implementation of the recruitment and selection policy
<p>Opportunity</p> <ul style="list-style-type: none"> the ability to attract skills from smaller municipalities 	<p>Threats</p> <ul style="list-style-type: none"> High staff turnover due to very limited packages owing to the grade of the municipality; the municipal environment is rural in nature

(iii) Occupational Health and Safety within the municipality

Background

The section is responsible for ensuring that the municipality complies with the occupational health and safety regulations. The department of labour conducts inspections annually the health and safety regulations and working conditions. Previously findings that were identified in the technical services directorate were improved.

The institution has employed an officer that is doing its own inspections on a daily basis.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> A qualified occupational health and safety officer; Draft reviewed policy on Occupational Health and Safety as it was last reviewed in 2009 / 2010 financial year. 	<p>Weaknesses</p> <ul style="list-style-type: none"> inadequate personnel; limited office space; safety issues not adhered to; limited funding to maintain the entire municipal area
<p>Opportunities</p>	<p>Threats</p> <ul style="list-style-type: none"> workman compensation commissioner not cooperating, injury on duty cases not being processed resulting to the institution having to incur injury on duty costs

(iv) Leave management

Background

The unit is responsible for ensuring that all employees leave is managed and monitored, all types of leave, people must take the correct leave at the correct time and in the correct way.

There have been audit queries with regards to leave management as it was manual which resulted in a number of human errors. The institution has since engaged in endeavours of

ensuring that leaves are recorded and captured electronically to eliminate human errors. The institution is in the process of ensuring that the payroll system is integrated with the financial information system. The section has at least two officials which is an intern.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Leave policy reviewed in the 2011 / 2012 financial; electronic systems; • sufficient personnel 	<p>Weaknesses</p> <ul style="list-style-type: none"> • incorrect capturing of information; • information management – information accessible owing to the open plan arrangement; • full implementation of leave policy
<p>Opportunities</p> <ul style="list-style-type: none"> • 	<p>Threats</p> <ul style="list-style-type: none"> • HIV and AIDS

(v) **Employee Relations**

Background

The section is responsible for ensuring that all regulated employee relations activities to be performed are performed in line with the regulations. This may be in the form of implementation of the case law, facilitation of grievance processes, implementation of collective agreements and labour relations Act as well as resolutions of the local labour forum.

The section has an employee relations officer and administrative support officer.

Owing to the working arrangement in the service delivery directorates, there are quite a number of cases submitted to the employee relations section resulting to the section handling on average a minimum of about 20 cases a month which a bulk of them are disciplinary cases

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Capacitated employee relations personnel; • all managers trained to handle their own disciplinary processes; • Capacitated trade union representatives. • Involvement of trade unions in employee relations 	<p>Weaknesses</p> <ul style="list-style-type: none"> • limited office space; • monitoring and/or supervision of unskilled personnel leading to an increasing number of disciplinary cases; • decentralisation of recruitment of casuals in unskilled labour
<p>Opportunities</p> <ul style="list-style-type: none"> • HR Working group in SALGA; • Information sources – Lexis Nexis and Juta publications 	<p>Threats</p> <ul style="list-style-type: none"> • instability in trade unions

(vi) **Payroll**

Background

The section is responsible for ensuring that the necessary documentation required for payment of employees is verified and forwarded to the budget and treasury office for processing.

There is 1 payroll officer that has been tasked to facilitate the entire process

SWOT Analysis

Strengths <ul style="list-style-type: none">• sufficient personnel;• HR policies and procedures in place	Weaknesses <ul style="list-style-type: none">• manual handling of the processes;• payroll activities scattered between two different directorates
Opportunities	Threats <ul style="list-style-type: none">• separate office buildings

4.8.3 Special Programmes

Background

The unit is responsible for ensuring that programmes relating to the HIV and AIDS, Youth Developmental, Woman and children, older persons and people with disabilities and military veterans are attended to. The municipality has been rated high in the district in the HIV and AIDS prevalence. Even though there are no statistics to confirm the unemployment rate of young people, the municipality is also faced with a high number of unemployed youth. The institution is also in possession of a database on unemployed graduates and the database is reviewed on a monthly basis.

The municipality is faced with an increasing number of orphans and vulnerable children and child headed households. There is also an increasing number of street children which are mainly interacted with in the Drop-Inn centre. In the centre, in partnership with the Department of Social Development they are able to have access to Social Workers and provided. The centre interacts with at least a minimum of 28 children a month; some of the children attend school during the day. The situation is linked to HIV and AIDS deaths and other

The municipality is in the process of establishing youth forums in each ward, this process will feed to the establishment of youth council. The youth council will serve as a voice for the young people of Lukhanji such that the municipality and other departments and other sectors can interact with organized youth on programmes designed for youth development

The municipality has a function disability structure in place which mainly assists with the coordination of disabled communities within the municipal area. It serves a voice between municipality and disabled community. There are also a number of disability centres which mainly supported by the department of social development. The challenge with the centre currently is that there are no linkages between them and the department of education as the centres are also providing educational facilities to the disabled. The municipal area has no special schools to cater for pupils that have disabilities, currently physical disabled pupils are combined with the intellectual disabled pupils.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • the unit has a manager and a coordinator responsible for the implementation of the special programmes in the municipal area; • functional disability structure; • functional local AIDS Council; • good relations with relevant stakeholders; 	<p>Weaknesses</p> <ul style="list-style-type: none"> • inadequate personnel; • limited budget; • limited office space; • reviewal of policy framework
<p>Opportunities</p> <ul style="list-style-type: none"> • funding and economic opportunities focussing on the previously disadvantaged groups; • political support; • library equipped with disability equipment 	<p>Threats</p> <ul style="list-style-type: none"> • HIV and AIDS, • alcohol and substance abuse; • initiation violence; • post behavioural problems – initiation schools

4.9 FINANCIAL VIABILITY

4.9.1 Budget Planning, Monitoring and Financial reporting

Background

The division is responsible for the development of the budget planning, monitoring and financial reporting. The budget development is done in consultation with all directorates in the institution an in line with the Regulations, MFMA and Treasury Circulars.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • The capacity to prepare annual financial statements in-house; • Integrated financial information system in place 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Non-compliance with the budget process plan; • No integrated planning within the institution; • Budget committees non functional; • No set targets; • Full utilization of the integrated financial information system, • Inadequate personnel; • Monitoring of budget
<p>Opportunities</p> <ul style="list-style-type: none"> • Government departments based in Queenstown which are able to provide support; 	<p>Threats</p> <ul style="list-style-type: none"> • technological advancement; • inflation

4.9.2 Revenue and Debt Management

Background

This division has a responsibility for the collection of area debt and management of current accounts. Through the integrated financial information system, the institution manages accounts by generating

from the system a report on all accounts that are more than 30days in arrears on all services provided by the municipality. Where applicable, these accounts get to be analysed and forward to the Technical Services directorate for them to facilitate the necessary disconnections of services.

The division is further more charged with a responsibility to issue out notices, statement of accounts and final demands to all consumers entitled to services in the municipal area. The institution adopted a credit control policy to assist ensure that the municipal rates and taxes due to municipality are paid by all that are required to pay. The Credit Control policy was last reviewed and amended by Council in the 2010 / 2011 financial year.

The division has 5 debt collectors responsible for making arrangements through the arrangement policy, 3 credit control officials responsible for disconnections.

SWOT Analysis

Strengths <ul style="list-style-type: none"> • Sufficient personnel 	Weaknesses <ul style="list-style-type: none"> • capacity challenges, • out dated IT equipment
Opportunities <ul style="list-style-type: none"> • service providers in debt collectors in abundance, • licences in ITC 	Threats <ul style="list-style-type: none"> • unemployment rate; • culture of payment

4.9.3 Supply Chain Management

Background

The unit is responsible for the demand and acquisition management, asset management and logistics. It is responsible for the development of the procurement plan, development and maintenance of the supplier database as well as the procurement of all goods and services required by the municipality in line with the plans and policies of the municipality.

The acquisition part of the supply chain management deals specifically with the procurement processes, from the development of bid documents, facilitation of the evaluations to the signing of service level agreements.

The unit has the Supply Chain Manager and 2 interns charged with the responsibility of all supply chain management processes. There is great shortage in personnel as the unit is required to have a designated person dealing with demand management; acquisition management as well as logistics separately.

The institution has since established bid committees to assist ensure that the tender processes are fair and transparent. The committees are not yet fully functional, in particular the specification and evaluation. Training is still required. Owing to capacity and lack of internal controls on Supply Chain Management processes, the institution has had a number of issues and/or findings by the Auditor General.

Amongst other things, the Auditor General identified that the procurement of goods and services were decentralized and that the institution was not complying the SCM policies and regulations. The

database was not properly maintained. The supplier performance and risk management functions were not performed. Tenders were not advertised on the municipal website. Due to lack of internal controls in the supply chain process, the institution incurred over R36 mill in fruitless expenditure.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • SCM Manager, SCM Officer and Asset Management Officer recently appointed 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Policies not reviewed • Incomplete database • Non-adherence to supply chain management policies and regulations • Support from other directorates within the municipality • Decentralized supply chain processes
<p>Opportunities</p> <ul style="list-style-type: none"> • Variety of service providers within the municipal area 	<p>Threats</p> <ul style="list-style-type: none"> • Changes in the supply chain management regulations

4.9.4 Expenditure Management

Background

The unit is responsible for insurance management payment of salaries and wages as well as the creditors. The unit has 2 officials responsible for payment of creditors and other payments; 1 for wages, 1 salaries and an accountant responsible for insurance management and supervision

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Integrated financial information system in place 	<p>Weaknesses</p> <ul style="list-style-type: none"> • non-compliance with the MFMA on payment of creditors; • non-compliance with the procurement procedures; • capacity challenges; • payments according to votes
<p>Opportunities</p> <ul style="list-style-type: none"> • institution of higher learning that is located within the municipal area that produces qualification in financial management studies 	<p>Threats</p> <ul style="list-style-type: none"> •

4.10 Good Governance and Public Participation

4.10.1 Political Governance

Lukhanji Local Municipality is a Collective Executive System combined with a ward participatory system and has Seven Standing Committees which are chaired by Political Heads. The Political and administrative seat is situated in Queenstown.

Lukhanji Local Municipality has 54 councillors: 27 ward councillors and 27 PR councillors. Council meetings are opened to the public with the exception of special meetings with ordinary Council meetings taking place at least once per quarter

Special Council meetings are convened only when important issues arise that require urgent and immediate attention

Council has 27 wards as per the demarcation.

4.10.2 Community and Public Participation

(i) Ward Committee System

The municipality had 27 Ward Committees with 270 Ward Committee Members that are functional and participate actively in the Integrated Development Planning processes.

The Council is making the following contribution towards supporting and improving performance of ward committees:

- R 1000 stipend paid monthly to 270 ward committee members
- The municipality is further responsible for Ward Committee transport cost if they have to travel outside the municipal boundaries
- The municipality further assists Ward Committees with stationary requirements
- Provides training to Ward Committee Members

(ii) Community Development Workers

The municipality has 27 CDW's co-ordinated by one CDW Co-coordinator. Monthly reports are submitted to the CDW Co-ordinator, who then compiles a consolidated monthly report for submission to the municipality and the Department of Local Government and Traditional Affairs (DLGTA).

Reported cases are registered in the case register are then referred to the relevant department. There is cooperation between the Community Development Workers and ward councillors.

(iii) Traditional Leaders

Lukhanji Local Municipality recognizes the significance of involving the Traditional leadership as a stakeholder in the affairs of the Municipality and provides necessary support.

Eight traditional leaders were sworn in as members of the Council in December 2011 and three more will be sworn-in in the 2012 / 2013 financial year.

SWOT Analysis

<p>Strength</p> <ul style="list-style-type: none"> Structures in place (Ward Councillors, Committees and CDW, Traditional Leaders) Participation of Traditional leaders in Council 	<p>Weaknesses</p> <ul style="list-style-type: none"> No personnel designated to deal with public participation
<p>Opportunities</p> <ul style="list-style-type: none"> Approved top up funding for ward committees 	<p>Threats</p> <ul style="list-style-type: none">

(iv) **Audit Committee**

Each municipality must have an independent advisory body which must advise the municipality on matters relating to a range of financial issues, performance management and performance evaluation. The Audit Committee must consist of at least 3 persons with appropriate experience, of who the majority may not be in the employ of the municipality. An audit committee may be established for a district municipality and the local municipalities within that district municipality.

A shared service has been established between Lukhanji municipality, Sakhisizwe and Intsika Yethu municipalities for audit purposes. The audit committee meetings are quarterly.

(v) **COMMITTEES**

(1) **Mayoral Committee**

The Mayoral Committee is chaired by the Executive Mayor. It is made up of the Portfolio Heads of all the directorates of the municipality, including the Speaker and the Chief Whip.

(2) **Municipal Public Accounts Committee**

National Treasury issued guidelines that provide municipalities with the information on the establishment of and functioning of the Municipal Public Accounts Committee to strengthen the oversight arrangements in municipalities.

MPAC is established in terms of Section 79 of the Municipal Structures Act and performs an oversight function on behalf of council. MPAC reports directly to Council through the Speaker of the municipality and interfaces directly with the other committees of council through the speaker where relevant.

The functions of the Municipal Public Accounts Committee include but not limited to:

- To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report.
- To examine the financial statements and audit reports etc.

4.10.3 Integrated Development Planning

Background

The unit is responsible for ensuring that, a strategic plan (in the form of an IDP) of the municipality is coordinated and developed in line with the applicable legislation. The IDP is developed during the start of the elected term of Council and reviewed on an annual basis, until the end of the elected term of Council.

The Integrated Development Plan serves as the strategic document of the municipality, which is the source of all activities to be planned and performed within the municipality. It helps:

- identify the municipal resources for effective use,
- speed up service delivery
- attracts additional funds
- strengthened democracy
- overcome the legacy of apartheid
- promotes coordination between all spheres of government

In the previous term of Council, the institution had no designated personnel to execute the responsibility and employed a service provider to facilitate the development of the plan instead. There are no committees with clear terms of reference, designated for the development and monitoring of the plan. This strategy resulted to the development of the strategic plan running parallel to the development of the municipal budget, which resulted to misalignment between the document and the municipal budget. Furthermore, this resulted to an approved document that was not implementable, not in line with the applicable legislation and not credible, making it further difficult to monitor implementation.

From the 2010 / 2011 financial year, the institution resorted to have an Integrated Planning and Economic Development directorate as a stand-alone directorate and further employ personnel who will be designated to execute the responsibilities associated with the development and coordination of the integrated development plan of the municipality.

The unit currently has one official in the form of an Integrated Development Planning and Performance Management System Manager. The institution is still required to ensure that proper budgeting is done to ensure that proper personnel is increased in the next financial years to capacitate the unit.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • IDP and PMS Manager 	<ul style="list-style-type: none"> • No IDP Framework • Developmental objectives not SMART • Inadequate personnel • Limited budget

	<ul style="list-style-type: none"> • Limited office space • Tools of trade • No committees designated for the development, monitoring and reviewing of the strategic plan • Projects budgeted for not in line with the IDP resulting to misalignment
Opportunities <ul style="list-style-type: none"> • Support from the provincial department of local government and traditional affairs 	Threats <ul style="list-style-type: none"> • Non-cooperation of sector departments

4.10.4 Performance Management System

Background

In the previous term of Council, the institution has no performance management system framework in place, to guide performance planning and performance monitoring of municipal performance.

This resulted to the municipality not complying to a number of compliance issues (performance contracts not signed) not adhered to.

Furthermore, the Auditor General issued a number of audit findings that impact negatively on compliance and regulation issues of municipality.

SWOT Analysis

Strengths <ul style="list-style-type: none"> • IDP and PMS Manager 	Weaknesses <ul style="list-style-type: none"> • No accurate-reliable performance indicators in place to help measure progress in achieving government aims and objectives • Performance scorecard not used to assess, monitor and correct or improve performance • Employees activities not aligned to the municipal objective to realize municipal vision
Opportunities <ul style="list-style-type: none"> • District Performance Management Forum in place 	Threats <ul style="list-style-type: none"> •

4.10.5 Internal Audit

Background

Section 165 and 166 of the Municipal Finance Management Act, 2003, put an obligation on all municipalities to establish audit committees and internal audit units.

An internal audit unit has been established in Lukhanji Municipality. This committee advises the accounting officer and report to the audit committee on matters relating to a range of financial issues and performance management.

(i) **AUDIT OPINIONS FOR THE PAST 3 YEARS**

Financial Year	Audit Opinion
2007/ 2008	Qualified
2008/2009	Unqualified
2009/2010	Disclaimer

(ii) **AUDIT ACTION PLAN**

The audit action plan has been developed by the municipality to address all issues raised in the Auditor- General's report and was adopted by Council.

4.10.6 Communications, Marketing and Municipal Branding

Background

The function resides in the office of the Municipal Manager. The communication strategy been approved by council and is due to be work shopped to all relevant stakeholders. The Communications Unit is managed by the Communications Manager, Communications Officer, and two Communication Interns and this unit reports to the Strategic Executive Officer.

The main functions of the unit is internal and external communications, media environmental analysis, branding and marketing, community participation and the support to the Executive Mayor's office.

The information is communicated to the community through:

- Councillors
- Ward Committees
- Community Development Workers
- Municipal Website
- E-mail
- Notices
- Public meetings
- Daily Dispatch (Media)
- The Rep
- District Communication Forum
- Lukhanji F.M.
- Vukani F.M.

Below is a SWOT analysis on the current state of affairs on Communications within the municipality

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none">• Personnel in place• Viable communication network and contacts	<ul style="list-style-type: none">• Lack of tools of trade• Operationalization of the Communication Strategy• Functionality of the municipal website• Standardization of the municipal emblem

	<ul style="list-style-type: none"> • Inadequate budget • Limited office space • Non-availability of email addresses of Councillors and staff • Limited of branding and promotional material • No protocol and etiquette framework
Opportunities <ul style="list-style-type: none"> • Optimization of IT for effectiveness and efficiency of communications 	Threats <ul style="list-style-type: none"> • Leakages of classified information • Non-compliance to legislation; • Non-preservation of institutional memory

4.10.7 Inter-Governmental Relations

Background

The municipality has a framework that regulates the intergovernmental relations within the municipality

Coordination elements

SWOT

Strengths <ul style="list-style-type: none"> • Location of government departments within the municipal area 	Weaknesses <ul style="list-style-type: none"> • No policy in place
Opportunities <ul style="list-style-type: none"> • 	Threats <ul style="list-style-type: none"> • Cooperation from sector departments

Section B

Chapter 3 – Macro /Overarching Strategy

1) THE MACRO STRATEGY

It is clear from the situation analysis that the development challenge facing the municipality is massive. There are high and compounding service backlogs co-existing with high levels of poverty and unemployment. Available resources are unable to keep-up with the pace of compelling and competing development needs from communities. There is consensus among participants in this IDP formulation that such a situation is undesirable and unsustainable.

A cohesive development vision and macro strategy is essential to turn things around and prevent the looming collapse of development. Priorities have been identified and it is clear that there is inherent competition among them. Unfortunately the reality of the situation is that resources are not available for wholesale redress of the key issues emerging from the analysis. Therefore, a macro strategy that informs the approach to any potential interventions towards addressing the challenges is essential. The macro strategy represents a deliberate commitment by the council to leap towards our vision.

2) MUNICIPAL VISION

“A municipality of choice that seeks to work closely with its people to promote good governance, economic growth and sustainable delivery of services”

3) MISSION

To strive for financial and administrative stability while constantly providing effective, affordable, sustainable quality services and also promoting sustainable integrated development in order to achieve socio economic upliftment, stability and growth.

4) **VALUES**

In addition to the Batho Pele principles, our municipality commits itself to upholding the following set of values:

- ✓ Good governance
- ✓ Accountability
- ✓ Public participation
- ✓ People Development
- ✓ Teamwork
- ✓ Integrity
- ✓ Tolerance
- ✓ Honesty
- ✓ Responsibility
- ✓ Trust

5) **VISION 2030**

The municipality has further developed a 2030 vision and in line with this vision the following programmes or initiatives have been planned.

(i) **OFFICE PRECINCT**

The Department of Roads and Public Works, Eastern Cape ("DRPW") is the custodian and functionary of a large number of immovable assets within the Eastern Cape Province as a result of which it is expected to cater in the needs of a large number of government tenants.

For this purpose DRPW has expressed the need to centralize their tenants so as to ensure that they are based in one jurisdictional area. This DRPW is attempting to do as part of its Small Town Revitalization Project, thereby achieving its own goals whilst simultaneously:

- Assisting smaller Municipalities to meet their economic development objectives;
- Acting as a catalyst for other economic developments within the Municipalities;
- Enhancing the revenue and income base of Municipalities;
- Creating employment and business opportunities within the small towns;
- Bolstering investment profiles of the small towns
- Increasing the value of the Municipalities' asset base and reducing costs of Government Accommodation

Lukhanji Municipality has identified a need for new office accommodation in order to:

- Accommodate an increase in its municipal personnel;

- Consolidate its municipal personnel into one central office; and
- Strictly monitor and supervise its municipal personnel in order to drive service delivery.

For this purpose the Municipality has identified and made available a portion of land for the development of new offices. These offices will further be occupied by various government departments under the auspices of DRPW, thereby assisting DRPW with its own challenges and promoting its Small Town Revitalisation Project.

Further to this the Municipality will allow the successful Developer to also develop a retail and residential component to ensure that the needs of its personnel are being catered for and to afford the Developer an opportunity to get return on its investment.

(ii) **PROCESS UNDERTAKEN**

The Municipality has undertaken a two-stage tender process, whereby it called upon Interested Parties to make submissions and proposals for the development of a multi-purpose complex. This was done by way of a competitive bidding process.

The Municipality, simultaneously, requested the Interested Parties to make submissions based on two separate scenarios, being:

- 1) Where the Developer is both the funder as well as the Developer. In this scenario the Developer would pay the Municipality an agreed sum in respect of the land to be utilised for development of the retail and residential component and the Municipality would then enter into a back-to-back lease with the Developer for a 20 year Period in respect of which the Developer would lease from the Municipality the land to be utilised for development of the office component and thereafter lease the developed land back to the Municipality. After the 20 year lease period, the development would then revert back to the Municipality.
- 2) Where the Developer is merely that and the Municipality obtains its own funding to fund the development of the office component from a funder of its own choice. All negotiations with the Developer is then handled by the funder and the Municipality will enter into a lease agreement with the funder for a pre-determined period.

Initially the Municipality had been more inclined to undertake a process in accordance with scenario 1 and the Bidding process was finalised with a shortlist of 4 Developers being identified in order of preference.

After careful consideration, however, the Municipality decided to further explore the alternative scenario of obtaining private funding, especially of such funding can be obtained from another government

organisation, in this instance the ECPIF, which is a subsidiary company of the Eastern Cape Development Corporation.

The advantages to the Municipality would be that

- ECPIF will provide 100% of the funding required;
- Rental payable to ECPIF will be lower than that payable to the Developer;
- ECPIF will appoint a dedicated team to plan, design, monitor and evaluation the works during the development phase;
- ECPIF will endorse the process already undertaken by the Municipality and will utilise one of the shortlisted Developers to undertake the construction;
- The Investment returns find themselves into the Government coffers instead of going to the private sector;
- There are no Treasury regulations that will need to be dealt with as the leases will be between government institutions;
- The Leases can exceed the normal prescribed period of 10 years.
- Council approved concept in principle – negotiations with four of the bidders are in progress.

(iii) **REGIONAL INDUSTRIAL HUB**

Queenstown is a **transportation intersection** of critical regional & national routes:

- R61 (N6) between East London and Bloemfontein via Aliwal North;
- R359 an Easterly direction to Elliot;
- R67 in a Southern direction to Whittlesea;
- R71 in a Westerly direction via Tarkastad to Cradock

(iv) **INVESTMENT SUMMIT 2012**

The ruling party in the Chris Hani District has recently convened a Lekgotla whose resolutions have started mapping the broad Developmental Agenda for the District.

The resolutions have identified Lukhanji Municipality as the strategic logistics economic hub for the District. At an earlier strategic planning session of the municipality, this was identified as a key strategic priority.

The Investment Summit Concept is a sequel of the above and its intended to begin the process of taking forward both those recommendations and resolutions; especially the resolution focused on economic

development. Summit was scheduled for May 2012, but has been postponed to take in the next financial year.

Chapter 4 – Objectives and Strategies

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
Basic Service Delivery and Infrastructure Development	Improving access to basic services	Water and Sanitation	To provide water and sanitation services to the rural communities within the municipal area in line with the RDP requirements by June 2017	Implementation of water operations and maintenance plan		Customer Satisfaction Surveys Reduction in statistics from the district municipality
		Roads Maintenance	To maintain and or upgrade at least 25km of road surface (Tarr + Gravel)			
		Electricity	To facilitate supply of electricity to 2% of households by June 2012			
		Infrastructure Development	To construct 50km of new gravel road network in our rural areas by December 2012			
		Mechanical Workshop	To provide a full maintenance repair and service function to the entire municipal fleet through the mechanical workshop by June 2017	Develop a mechanical workshop capacitation plan		Full implementation of the mechanical workshop maintenance plan
		Environmental waste management	To ensure that 90% of our households have safe places to dispose of their refuse and waste by end 2012			

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
	Actions supportive of the human settlement outcome	Human Settlement and Land Development	To eradicate informal settlements and create sustainable human settlement in the municipal area by June 2017	Facilitate review of the SDF		Reviewed and approved of the SDF
			To manage land use and create environmentally friendly spaces in each zone in the municipal area by June 2017	Facilitate recruitment of the building inspectors to improve land use management		Increase in the number of the land use applications
				Continuous engagement with the service provider appointed for the supplementary valuation roll		Approved Property Valuation Roll
				Facilitate development, approval and implementation of the housing sector plan		Approved Housing Sector Plan
Local Economic Development		Tourism and Heritage	To enhance development of Rural tourism in the municipal area by June 2017	Tourism Sector Plan		Approval of Tourism Sector Plan
				Develop annual programme on rural tourism and heritage activities in the identified areas		Implementation of the Annual Programme on rural and heritage activities
			To unlock economic opportunities through heritage by June 2017	Facilitate recording of heritage and historic information on all heritage sites		Local Tourism Organization Established and Terms of Reference approved
				Facilitate publication of heritage and historic information on all heritage sites		Heritage Publication or booklet developed and issued
		SMME Development				

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators	
		Research and Investment					
		Agriculture					
Municipal Transformation and Institutional Development	Administrative and financial capability	Human Resources Management / Skills Development	To develop skills of the municipal workforce in order to improve productivity in the workplace and competitiveness in the workplace	The development of the WSP		Participation of stakeholders in the development of the WSP	
						Approval of the WSP	
						Full implementation of the Work Skills Plan	
				To increase levels of investment in education and training in the municipal workforce and increase return on investment	The implementation of the WSP		
				To use the workplace as an active learning environment and to provide opportunities for new entrance to the labour market to gain work experience			
				To improve employment prospects of persons previously disadvantaged by unfair discrimination and to redress those disadvantages through training and development			
				Human Resources Management / Recruitment and Selection		Review of the organogram	
						Full population of the organogram	

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
		Human Resources / Leave Management	To ensure that leave management policy is fully implemented by all members in the municipality by June 2017	Workshopping of the reviewed leave policy to all members of the municipality		Timely capturing and processing of leave application
				Development and implementation of the Audit action Plan to respond to the identified audit findings		Reduced audit findings
		Human Resources / Employee Relations	To ensure that employee related matters are handled in line with the applicable regulations by June 2017	Workshopping of work related policies		Decrease in disciplinary issues
			To ensure that employer-employee relations are monitored and improved through the reduction of disciplinary cases by June 2017.	Engage in awareness campaigns on employee related matters		Decrease in grievance cases
		Human Resources / Occupational Health and Safety	To ensure that the municipality provides a healthy and safety working environment for all municipal employees by June 2017	Directorates nominates health and safety representative in each directorate		Reduction in injury on duty cases
				Monthly meetings on health and safety issues		Reduction in health and cases
				Health and safety committees established and functional to deal with safety issues		
				Monitoring of provision of protective clothing		
		Human Resources / Payroll	To ensure that the HR policies and procedures relating to	Workshopping of all staff members on HR Policies		Reduction in payroll queries

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
			payroll are adhered to by June 2017	Development and implement audit action plan on audit findings relating to payroll		Reduction in the auditor general findings
		Special Programmes	To ensure that the municipality advocates the interests of designated groups to adhere to relevant legislative policy framework by June 2017	Interpretation of legislation and government programmes relating to special groups		
			To create an enabling environment to empower designated groups to be able to realise their full potential and understand their roles and responsibilities, making a meaningful contribution to the development of a non-racial, prosperous society by June 2017	Establishment of structures for the designated groups		Functional Structures in place
				Development of programmes for the designated group		Increased involvement of designated groups in the developmental agenda of the municipality
				Awareness campaigns		
				Development of strategy to deal with vulnerable children		
				Establishment of youth council		
				Resource mobilization		Increased donor funders
				Strategic partnerships with other sectors		
				Partnerships with traditional leaders		Reduction in behavioural problems and violence pre and post initiation

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
		Information and Communication Technology	To ensure that the institution has policies and regulatory framework relating to IT management by June 2017	Verification of IT Equipment		Database on IT Equipment
				Development of IT internal controls		Approved disaster recovery management plan
			To ensure that the municipality has proper IT infrastructure and equipment by June 2017	Centre of coordination for the development of specification on all IT equipment		Centralized server room
		Municipal Administration				
Financial Viability	Implement a differentiated approach to municipal financing, planning and support	Budget Planning and Financial Reporting	To develop a credible and fully funded budget by June 2017	Review and analyse the previous financial year's budget		Approved budget process within the prescribed time frame
				Establishment of the Budget Steering Committees		Submission of the AFS within the prescribed time frame
						Submission of compliance reports
		Supply Chain Management	To ensure that the municipality adheres to the SCM policies and regulations by June 2017	Centralization of procurement processes		Reduction on the irregular expenditure
				Review of SCM policies and development of procedure manuals		Reduction in unauthorised expenditure
						Approved SCM Policies and Procedure manuals
		Complete database				

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
				Awareness campaigns on SCM processes internally and externally		Full implementation of SCM Policies and Procedures
				Development of contracts management strategy		Approved contracts management policy
			To ensure cost-effectiveness in municipal processes by June 2017			
		Asset Management	To ensure to safeguarding of municipal assets through the implementation of Asset Management Policies by June 2017	Asset verification		GRAP Compliant Asset Register
				Establishment of Inventory Stores		Established Inventory Stores
				Development of Asset Management Strategy		Approved Asset Management Strategy
						Established Asset disposal committee with approved Asset Disposal Policy
		Expenditure Management	To comply with the MFMA time frames	Review the expenditure management policy		
				Workshopping of the reviewed expenditure management policy to all members of the municipality		
				To minimize fruitless and wasteful expenditure by June 2017		

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
		Revenue and Debt Management	To be a self - sustainable municipality by June 2017			
			To ensure that there is 0 debt in the municipal debt book by June 2017	Review and Implementation of the Credit Control Policy		Reduction in the debtors balance
				Review and Implementation of the Write-Off Policy		Approved Write-Off Policy
				Review and Implementation of the Indigent Policy		Approved Indigent Policy
						Updated Indigent Register
					Development and implementation of the Revenue Enhancement Strategy	Approved Revenue Enhancement Strategy
			To ensure that the municipality has an accurate, reliable information on the system in June 2017	Data Cleansing		
Good Governance and Public Participation	Single window of coordination	Municipal Planning	To improve municipal planning processes with the aim of developing credible IDP and Budget by adhering to legislative prescripts and policies by June 2017	Implement and review IDP and Budget in line with the legislative requirements by June 2017		An approved integrated IDP and Budget Process Plan
						Approval Reviewed IDP
				Development of IDP Committees		IDP development processes in line with the legislation
		Performance Management System	To manage institutional performance by developing and implementing an	Monitor, evaluate and review municipal performance by adhering to		Approved PMS Framework

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
			approved PMS Framework and Policy by June 2017	legislative prescripts and policies for full implementation of performance management system by June 2017		Full Implementation of the PMS Framework
				Establishment of PMS Committees		Quarterly Performance Reports developed and Assessed
	Deepen democracy through a refined ward community model	Public Participation	To improve participation of target groups in the activities of the Municipality			
		Internal Audit	To ensure that the municipality adheres and complies with all municipal laws and regulation	Develop, monitor and implement internal controls		Adherence to municipal laws and regulations
				Develop compliance checklist		Compliance reports developed and submitted to various departments
		Communications, Marketing and Branding	To maximize participation of citizens in municipal affairs by 2017	Intensify municipal branding, public relations through innovative communication & marketing initiative		
				Intensify municipal branding, public relations through innovative communication & marketing initiative		
		Legal Services	To provide the municipality with reliable legal service on continuous basis			

Chapter 5 – Community Participation

1. Background

Community participation

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

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

Council, through its needs identification process, designed forms to be completed and submitted by each Ward Councillor for the purposes of IDP Development. The information is to be submitted and included in the IDP for 2012 – 2017

2. Needs identified per ward

Wards	Key Priority and Priority Needs	Specific area
1	1. High Mast Lights	Tylden, Thembani, Ilinge
	2. Gravel each roads / main	Ilinge
	3. Roads / Fence	Gwatyu, Thembani, Tylden, Birch farm
	4. Water	All areas in the ward
	5. Primary health Care	All areas in the ward
	6. Houses and Electricity	All areas in the ward
	7. Hand for agricultural purposes	All areas in the ward / Ilinge
	8. Sanitation	Ilinge / Tylden
	9. Safety / Police Station	Birch Farm
	10. School	Birch Farm
2.	1. Housing	
	2. Water and Sanitation	
	3. Golden	
	4. Cemetery	
	5. Internal Road	
	6. Stadium / Sports field	
	7. Library	
	8. Mini hospital	
	9. Phase 3 of Storm water	
	10. Taxi rank	
3	1. Roads and Bridge	

Wards	Key Priority and Priority Needs	Specific area
	2. Fencing	
	3. Shearing shed	
	4. Sports field	
	5. Completion of the hall	
	6.	
	7. Irrigation scheme	
4	1. Multi-purpose Recreation Grounds	All areas in the ward
	2. Tar roads	Zone 2, Zone 3 and Zone D
	3. High Mast lights	The whole ward
	4. Houses	Open space next to Ikhala
	5. Storm water drainage	In all areas in the ward
	6. Youth hub	Rent office
	7. Clinic	Next to Faltenju
5	1. Basic water	All the ward
	2. Sheering shed	Mbekweni, Ngojini, Shilo, Dyamali
	3. Fencing of camps and fields	All the ward
	4. RDP Houses	All the ward
	5. Speed humps – road and access road	Shilo, All the ward
	6. Scheme	Ngojini, Diphala, Mbekweni
	7. Renovation irrigation dam	Sibonile
	8. High mast lights	Sibonile, Diphala, Ngojini, Mbekweni, Dyamali
	9. Fencing of cemeteries and toilets	All the ward
	10. Electrification – clinics / schools	Clermont and Galla Water, Gallawater Ngojini, Clermont
6	1. Storm water	OR Tambo
	2. Roads	Minah T Soga, OR Tambo, Zenzo
	3. Street lights	OR Tambo, Minah, Zenzo
	4. Bridge	Between Pick 'n Pay and Cendringn
	5. Grass cut	Komani Park (Park n Doan Place)
	6. Grass cutting	Queensview Park
	7. Parks	Queensview Park
	8. Water drains	Minah T Soga, OR Tambo, Zenzo
	9. High Mast lights	Quinsview park area
	10. Grass cutting	Sandringam, Laurie Dasi Wood area
	11. Speed Humps	Hoho Street (Ezibeleni)
7	1. High Mast lights	All Ward
	2. Tarred roads	All Ward
	3. Drainage	All Ward
	4. Information centre	Library
	5. Sports fields	Ezibeleni
	6. Children play ground	All ward
	7. Clinic	Ward area
	8. Houses	Ezibeleni
	9. Sowing project	All ward
	10. Chicken farm Project – building	All ward
8	1. Roads / Tarred	All Ward
	2. High Mast Lights	All Ward
	3. Recreational ground	All ward
	4. Toilets / Taps	Pakamisa Park Zone 1
	5. Storm water	All ward
	6. Youth hub	Zone 1, Zone 2
	7. Speed humps	Zone 1, Zone 2
	8. Street lights	All ward

Wards	Key Priority and Priority Needs	Specific area
	9. Information centre	Zone 2
	10. Sport field	Ward 8 / Zone 2
9	1. High mast lights / Street lights	All the ward
	2. Storm water drain	Already identified area
	3. Street maintenance	All ward
	4. Taps to each household – hostels, back to back	All the ward
	5. Houses for all – 1 roomed houses, hostels and back to back	All the ward
	6. Job creation	All the ward
	7. Chronic Site (Clinic)	Gugulethu Clinic
	8. Road signs	All the ward
	9. Sport fields	Mhlotshana and Luvuyo
10	1. Roads	
	2. High Mast	
	3. Houses	
	4. Storm water	
	5. Rectification of wooden / zink houses	
	6. Street lights	
	7. Stadium	
	8. Youth centre	
11	1. RDP Houses	Madakeni
	2. Access roads	All the ward
	3. Sport grounds	All the ward
	4. High mast lights	Madakeni, New Zone, Zola
	5. Fencing of camps	3 villages
	6. Clinic	One of the villages
	7. Rectification	Zola
	8. Water	2 villages
	9. Remove rubbish dumps	New Zone / Zola
	10. Public toilets ingrave	3 villages
12	1. Access roads	All the ward
	2. Clinic infrastructure	Mliswa and Mtwakaz
	3. Culverts / Box Culvert	All the ward
	4. Water electric engines	All the ward
	5. Tarred road	From Dyamala to Kalberg
	6. Fencing – ploughing fields	All the ward
	7. Tractors – ploughing fields	All the ward
	8. Revive wind mills	All the ward
	9. RDP Houses	All the ward
	10. Additional classes – school	Cibini P and Mzamomhle H
13	1. Water	13
	2. Roads	13
	3. Sanitation	13
	4. School	Sisilana
	5. Hall	13
	6. Electricity	Tsitsikama
	7. RDP Houses	13
	8. Clinics	13
	9. Fencing	13
	10. Dipping tank	13
14	1. Water	All
	2. Roads	All

Wards	Key Priority and Priority Needs	Specific area
	3. Houses	Kamastone Bullhoek, Mceula Zangokhwe
	4. Agriculture Programme	All
	5. Clinics	Mceula
	6. Schools	Enzam
	7. High Masts	All
	8. Storm water	All
	9. Bridges	All
	10. Community Hall	Enzam Poplar Grove, Zangokhwe
15	1. High Mast lights	Whole ward
	2. Tarred roads	Whole ward
	3. Proper drainage	Whole ward
	4. Youth hub	Rent office
	5. Fencing – grazing land	Rail to cemetery
	6. Sport fields	Ezibeleni
	7. Children play grounds	Open spaces
	8. Ekuphumleni Housing	Ekuphumleni
	9. Information Centre	Library
	10. Shopping Mall	Ezibeleni
16	1. Roads and Speed Humps	Ekuphumleni, Zone 1, 2 and 3
	2. Houses	Ekuphumleni, Zone 1, 2 and 3
	3. Remove rubbish dumps	Ekuphumleni, Zone 1, 2 and 3
	4. Sports ground	Ekuphumleni, Zone 1, 2 and 3
	5. Learnship Skills training	Ekuphumleni, Zone 1, 2 and 3
	6. Fix street light	Ekuphumleni, Zone 1, 2 and 3
	7. Raise and Strengthen graveyard fence	Ekuphumleni, Zone 1, 2 and 3
	8. Small business needed by people in Ward 16	Ekuphumleni, Zone 1, 2 and 3
	9. High Mast lights	Ekuphumleni, Zone 1, 2 and 3
	10. Public toilets for shack area	Ekuphumleni, Zone 1, 2 and 3
17	1. Shearing Shed	Braakloof
	2. Electrification and Street lights	Braakloof, Ext 2
	3. Water	Braakloof, Tambo, Ext 4,
	4. Fencing	Braakloof, Tambo
	5. Roads	Tambo, Ext 4
	6. Clinic	Tambo, Ext 2
	7. Storm water	Ext 4,
	8. Houses	Ext 4, Ext 2
	9. Community Hall	Ext 4, Ext 2
	10. Deeping Tank	Ext 4
	11. Park	Ext 2
	12. Connection of sewer	Ext 2
18	13. Roads	
	14. Houses	
	15. Water	
	16. Building of dams	
	17. Clinic	Nomzamo
	18. School	
	19. Fencing of camps	
	20. Pre-schools	
	21. Sports fields	
	22. Community hall	
19	1. Rectification – rebuilding of RDP Houses	New vale Area
	2. Construction of new roads	Newvale Area

Wards	Key Priority and Priority Needs	Specific area
	3. Changing of electricity – preferable underground cables	Newvale Area
	4. Storm water – install drainage system	All the ward
	5. Shortage of RDP houses	All the ward
	6. Police station or satellite	
	7. Park or Playing fields	All the ward
20	1. Poor construction of RDP Houses and toilets	Sintu Pika (Nomzamo)
	2. Upgrade of Streets	All
	3. Crèche	Ward
	4. Community Hall	Ward
	5. Playing grounds and Parks	
	6. Storm water drainage	All
	7. Valley and Dust bin	All
	8. Electric theft rate	All
	9. Crime rate	All
	10. Refuse collection on holidays	All
21	1. Tar roads	
	2. Sewerage and storm water drains	
	3. Housing	Phola Park and Unifouh
	4. Fencing – Mlungisi cemetery	
	5. Addressing unemployment through LED	
	6. Address crime rate	
	7. New electricity meter boxes	Most households
	8. Maintenance of high mast lights	
22	1. Rehabilitation of sanitation	White city
	2. House for back yard	White city
	3. Roads gravel seal	White city, New Vale Aloe
	4. Bridge	Between Aloe and Aloe Vale
	5. Sport facility	White city
	6. Rehabilitation of houses	New Vale
	7. Humps	Ngoma street, White city
	8. Toilets	Aloe T
	9. Rehabilitation of Old Houses	White City
	10. Repair of High Mast lights	White city
23	1. Building of old houses Old location	Thulandivile / Bede / Bulawayo / Bongweni
	2. Building of RDP Houses	
	3. Tar roads	All streets at Mlungisi
	4. Fencing of cemetery	Mlungisi
	5. Storm water drains	All street
	6. Pot holes	Public roads
	7. High mast	All areas
	8. 24 hours – Philani clinic	Philani New Bright
24	1. Housing	All ward
	2. High mast lights	
	3. Street lights	Bede Location
	4. Humps	Dolamba Street
	5. Old Age clinic	Bede Location
	6. Storm water drainage	All ward
	7. Improvement of Boxing centre	New Bright
	8. Tarred road and road maintenance	All ward
	9. Lights	Calderhood street and Pelem road
25	1. Tarred road streets	Komani heights

Wards	Key Priority and Priority Needs	Specific area
	2. Storm water	All areas
	3. Fencing of Mlungisi Cemetery	
	4. Reconstruction of Nkululekweni Houses	Nkululekweni
	5. Pre-School	Zwelitsha
	6. Servicing of high mast lights	All areas
	7. Pot holes	Westbourne, Kings Park, Madeira
	8. Humps	Madeira, Kings Park, Westbourne
	9. Stone pitch in the farrow behind Mlungisi cemetery	
	10. Housing	
26	1. Roads and bridges fix	Zingquthu
	2. Water supply fix	Zingquthu
	3. Portholes fix	All
	4. Street lights and traffic signs fix	All
	5. Roads – Cleaning of Storm water drains	All
	6. Fix curbing	All
	7. Cutting, cleaning of sidewalks and public spaces	All
	8. Clean litter	All
	9. Painting of curbing's and street signs etc	All
	10. Fix pavements, replace old water pipes	All
27	1. Water	Lessyton, Zola, Engojini, Xuma, Tabata, Toiskraal
	2. Roads	Lesseyton Area, Toiskraal
	3. RDP Houses	Lesseyton, Zola, Toiskraal
	4. High Mast lights	Lesseyton, Zola, Toiskraal
	5. Crèche, Pre-School	Lesseyton area, Toiskraal (7 Total)
	6. Poultry Project	Toiskraal
	7. Sport field stadium	Lesseyton
	8. Small business Centre	Lesseyton
	9. Fencing	Lesseyton ploughing field

Chapter 6 – Local Economic Development Strategy

Lukhanji (Queenstown) is situated within the Chris Hani District of the Eastern Cape Province. It is made up of the combination of the greater Queenstown and surrounding farms and villages, Ilinge, Hewu/Whittlesea and Ntabethemba. Its central location with arguably the largest urban centre in the district attracts many people on a daily basis from abutting municipalities. Queenstown, the retail and commercial centre for myriad small towns in the Eastern Cape such as Cathcart, Dordrecht, Stutterheim, Tarkastad and Elliott, is also an important link between Port Elizabeth, Umtata and East London.

2. LED Strategy

Lukhanji Local Municipality developed its Local Economic Development Strategy in 2008 and was adopted by Council in September 2008. The strategy is adjusted to the Growth and Development Plans of the Province as well as the District.

The vision for the development of strategy is to position Lukhanji Municipality as **“the next major economic development node** (to East London and Port Elizabeth) in the Eastern Cape

The strategy is still relevant to the municipal needs and there is no need for a review as yet.

3. The LED Steering Committee

The LED strategy requires collaboration with external stakeholders to form a committee that is to provide meaningful and constructive participation to drive LED and implementation of the strategy. The committee was established to meet demands through associations of knowledgeable professionals in the subject matter.

The purpose of the committee is to

- Set clear performance objectives to support the implementation process
- Ensure availability of resources critical to achieve the LED strategy objectives
- Minimize performance blockages such as red tape and lack of responsiveness and to monitor the LED process and strategy implementation

4. Strategic Objectives of the LED

The main strategic that this Strategy aims to achieve are as follows:

- Growing the local economy well in excess of 3,5% by 2012
- Reducing unemployment below the current 41,1% by 2012
- Increasing the number of households living above the poverty line
- Improving access to the mainstream economy for the poor
- Contributing towards an expanded municipal revenue base

4. Strategic Priorities

In order to achieve the objectives of the Strategy, the following five economic development priorities or themes have been identified:

- Expanding the First Economy
- Developing the Second Economy
- Building a Knowledge Economy
- Improving Access to Land and Infrastructure
- Building LED Networks and Partnerships

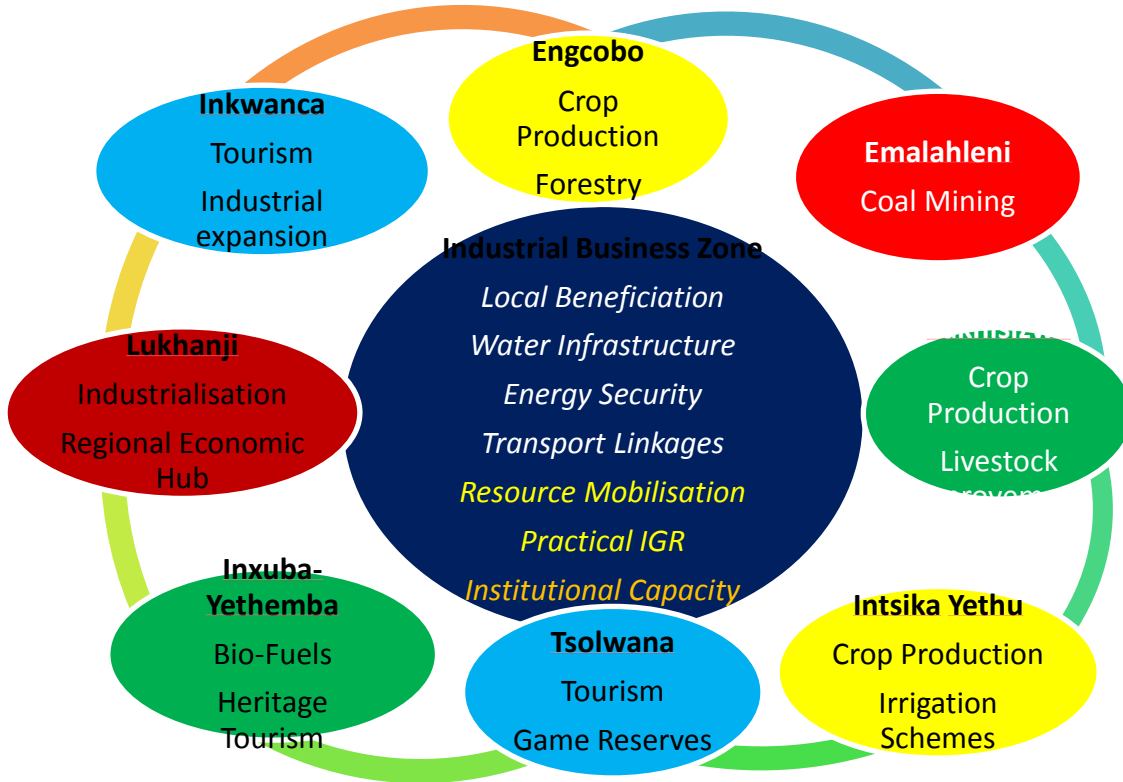
5. Institutional Arrangements in the LED Department

The Department is responsible for the following functions:

- Local Economic Development;
- Integrated Development Planning and;
- Performance Management System
- Personnel
- The IDP/LED Strategic Manager
- The LED Manager
- IDP/PMS Manager
- 1 LED Clerk

The municipality has identified the need to have a full capacitated unit and intends to fill in more posts within the unit as identified in the LED Strategy

Regional Industrial and Logistics Hub



CHRIS HANI R.E.C LEKGOTLA held on 18 – 19 November 2011 noted the following priorities on Economic development of the Region (District)

In line with crafting a democratic developmental state, the Chris Hani Region must be clear on how to build a developmental local state which is biased towards the workers and the poor.

The Chris Hani Region adopts the notion of building both strategic and technical ability to lead a programme of socio-economic transformation. Chris Hani Region seeks to be visionary and with the ability to lead other sectors of society around a common developmental agenda

A developmental Agenda in the Chris Hani Region must be targeted to address poverty, unemployment and inequality where the State intervenes on behalf of the workers and rural poor. The proposed growth and jobs model of primary and some secondary beneficiation must be ensure at local municipalities with core secondary and tertiary beneficiation in the centralised Industrial Business Zone to fulfil the Regional Economic Hub

6. **Maximise Existing Industrial Infrastructure in the Region**

- Phase 1: Consolidate the Queenindustria and Ezibeleni Industrial Areas
- Phase 2: Establish Industrial sites or areas in Local Municipalities to ensure primary production and beneficiation at source
- Phase 3: Establish new processing centres in the Industrial Business Zone for secondary and tertiary beneficiation informed by primary processing.

It is critical that the logistical efficiencies in connecting Queenstown to East London, and Port Elizabeth be optimised, and that the role of the local airport is expanded.

- Road (leverage on investment on N6 upgrades & R61 Corridor improvement)
- Rail (leverage on ELS-JHB rail upgrade, revival of Sterkstroom - Maclear line)
- Air (revive the Lukhanji Aerodrome Development plans)
- Improve Telecoms broad based connectivity throughout the Region

7. **Key Sectors**

The Lukhanji Local Municipality Local Economic Development Strategy identified several key sectors and the associated opportunities and constraints. These are summarized below:

7.1 **Agriculture and Agro-processing**

Large-scale job creation potential in terms of increased production as well as agro-processing:

- Leather processing treatment and downstream products
- Flowers/ roses/ small bulbs (good temperature)
- Essential oil
- Agro-processing industries such as furniture, wood products, food processing and dairy.
- Game farming
- Processing and export of livestock products (skins hides, bones, hoofs)
- High value cropping such as butternut, gherkins and peppers
- There is a need for a central packaging facility with cold storage.

7.2 **Manufacturing**

Despite its slowing-down over the last few years, manufacturing and value adding remains a strategic sector to growing the economic base of the Lukhanji. Major manufacturing activities include furniture making, food processing and pressed metal. The three biggest employers in Queenstown are manufacturers' viz. Seating, Twizza and Crickley Dairy and Stateline Pressed Metal.

Niche export opportunities including leather products, forestry and wood products, hand-made craft, brick-making. Queenstown is ideally located as a bulk distribution hub given its strategic location to rural markets and major EC towns such as PE and East London.

The manufacturing sector is strategically important in driving up export trade which is critical to earning foreign capital. In spite of this, the Lukhanji area has been losing existing manufacturing investments due to infrastructure and service level standards and reliability and this has to be addressed by the Lukhanji Local Municipality if existing businesses are to be retained and if new investments are to be attracted.

7.3 **Tourism**

Tourism product elements in the study area into broad categories namely:

(1) *Historical:-*

- Cultural & Heritage (high level educational institutions such as Queens College, African Jazz Music, Liberation and Colonial Routes, rural and community tourism)
- Nature (eco-tourism such as hiking, game reserves, hunting, mountain drives, birding and beautiful scenery)
- Accommodation (more than 120 hotels, B&Bs, guesthouses and restaurants)
- Hunting

(2) *Other attractions:-*

- Lukhanji is ideally located on the N6 Route between Cape Town and Johannesburg, accounting for its popularity as a stop-over for travelling business people.
- An integrated Queenstown Tourism and Investment Strategy and Brand is needed.

7.4 **Retail**

Retail trade represents a third biggest contributor to the local economy and the largest participation of informal business in Lukhanji

- Major retail stores all represented so existing critical mass reinforces regional role
- The local sector offers opportunities for increased black participation through BEEE and franchise opportunities
- Challenges in this sector include the lack of parking in the Queenstown CBD, lack of appropriate trading infrastructure for informal businesses, access to retail floor space, and lack of financial and non-financial support measures for retail traders.

7.5 **Rural development**

The Provincial Rural Development Strategy developed in 2010 seeks to unleash the socio economic development potential of the Eastern Cape, by addressing decisively the historical neglect of rural areas, to reverse the legacy of inequitable access to basic services, to reverse social imbalances which have continued to plague our economy, to improve the coordination and integration of service delivery across government and to foster sustainable partnerships.

The strategy for rural development is agrarian transformation. Its key objective is the achievement of vibrant and sustainable rural communities. The establishment of this association is also in line with the realization of that objective.

7.6 **Chris Hani District municipality's Water and Rural Development Summit**

Chris Hani District Municipality conducted Water and Rural Development Summit in November 2010. Sector Departments and the 8 municipalities formed part of the Summit. The summit was convened to address the challenges of water scarcity, backlogs and rural development in the District Municipality.

The focal areas were water scarcity, backlogs and alternatives, rural development initiatives and sustainable development initiatives and the green economy. The summit resolved that there will be two flagship programmes in the area of rural development namely: Livestock production, improvement and value adding and Agricultural water use and value adding.

7.7 **Livestock Improvement Programme**

In terms of Livestock production, improvement and value adding, the Summit resolved to conduct a study on the number of livestock units in the district and develop a Master Plan in terms of livestock development and value adding for the district.

There is a community trust called Zulukama Livestock Improvement in the municipality that focuses on livestock improvement and management. This initiative will enhance rural development in the municipality.

7.8 **Agricultural Water Use and Value Adding**

The summit resolved to:

- Use rainwater harvesting methods to the district linked to the Comprehensive Rural development Plan)

- Obtain funding and operationalise feasibility to revitalize irrigation schemes focusing on smaller schemes and social facilitation
- Revisit water allocation for agriculture use

Lukhanji local Municipality has developed a plan to revitalize the irrigation schemes.

The Department of Agriculture and Chris Hani District Municipality combined their resources in the resuscitation of the Shiloh Irrigation scheme in Whittle Sea. The programme to revitalize the other small irrigation by Lukhanji Municipality is developed by Lukhanji Local Municipality, the revitalization of Mcbright and Tylden irrigation schemes to mention just a few.

7.9 Sustainable development Initiatives and the Green Economy

The Green economy is an economy that grows by reducing rather than increasing resource use and the sustainable use of natural resources is crucial for future development. Climate change will have an impact on future land use, water availability and development. The CHDM summit resolved on two flagship programmes in the area of Green economy and renewable energy:

- Environmental management
- Renewable Energy

7.10 Climate change and Environmental control

(i) Green Paper on climate change

- Government regards climate change as one of the greatest threats to sustainable development.
- Government also believes that climate change, if unmitigated, also has the potential to undo or undermine many of the Development Goals.

(ii) SOUTH AFRICAN CLIMATE CHANGE RESPONSE OBJECTIVE

- Making a fair contribution to the global effort to achieve the stabilisation of greenhouse gas concentrations in the atmosphere at a level that prevents dangerous anthropogenic interference with the climate system; and
- Effectively adapt to and manage unavoidable and potential damaging climate change impacts through and emergency response capacity.

(iii) *Principles*

- The principle of common but differentiated Responsibility and Responsive capabilities- the implementation of measures aimed at reducing the country's contribution to global climate change while being mindful of our own unique state of development and vulnerability and our capability to act.
- The precautionary principle risk averse and cautious approach which takes into account the limits of current knowledge about the consequences of decisions and actions.
- The Polluter pays principle- the costs of remedying pollution, environmental degradation and consequent adverse health effects and of preventing, controlling or minimising further pollution, environmental damage or adverse health effects must be paid for by those responsible for harming the environment.
- A people –centred approach - the prioritisation of climate change mitigation and adaptation actions that ensure human dignity, especially considering the special vulnerabilities of the poor and in particular of women, youth and the aged. In this regard the requirement of social equity and economic sustainability while enhancing environmental stewardship are recognised.
- Informed participation the enhancement of the understanding of the science of climate change, information streams and technology to ensure citizen participation and action at all levels. The participation of all interested and affected parties must be promoted, and all people must have the opportunity to develop the understanding, skills and capacity necessary for achieving equitable and effective participation.
- Participation by vulnerable and disadvantaged persons must be ensured.
- Inter-generational rights - meeting the fundamental human needs of the people by, in part, managing our limited ecological resources responsibly for current and future generations

8. Economic Activity

8.1 Tourism

(i) Motivation Initiatives

Lukhanji is well endowed with leisure tourism opportunities and well positioned for business tourism. Business tourism has been on the increase in recent years

The presence of Local and Provincial Government departments in Lukhanji, and the link between these and other centres in the Province suggests increased traffic by Government and related officials.

The catalytic effect of tourism on the economy is well documented. A focus on tourism would support other activities proposed for the Business Hub. The following are tourist reception facilities in the area:

- Information Centre, central accommodation booking services, etc.
- Business Centre (lounge, internet access, printers, phones, etc)
- Tourist services, e.g. car rental services, flight booking services, tours, etc
- Upgrade of the airport

(ii) Partnership with Local Tourism Organisation

The Local Tourism Organisation was launched in 2009 in cooperation with Chris Hani District Municipality and the private sector.

The Tourism White Paper (1996) states that for tourism development to be successful it should be “private sector driven” and support the effective community involvement, while government shall provide the enabling framework for the industry to flourish.

The municipality is responsible for taking care of the public tourism facilities and tourism safety within the municipal area. The Private sector provided capital to set up the LTO and contributes to the running costs. Product owners make a contribution through membership fees and bring in expertise and input into the LTO

A Memorandum of Understanding between the municipality and the LTO has been developed.

(iii) Monuments and Historical events

- Liberation Heritage Route
- Bullhoek Massacre Heritage Site

Lukhanji Local Municipality sourced funding from the Department of Tourism for the establishment of a museum, a monument and cultural village. Phase1 of the project is completed and phase 2 of the project has been approved by the Department for the establishment of a tourist attraction center of the site.

The site is located in the Whittlesea area.

(iv) Key Economic Challenges

In the heart of the economic growth-challenge in Lukhanji lie three primary issues that must be addressed if sustainable economic growth is to be achieved over the next five to ten years, namely:

- The growth and development of formal business
- The development of key economic clusters and sectors
- An institutional framework and capacity in support of economic development

(v) The Development of Key Economic Clusters and Sectors

Critical economic foundations need to be strengthened to enable future economic growth. These include connective infrastructure (road, rail, air, and telecommunications) and basic service delivery and human resource skills.

Addressing these foundations will build the basic competitiveness of traditional and new growth sectors. The Municipality as a destination for investment, trade, and tourism opportunities must then be effectively branded and marketed to accelerated growth oriented investment.

The success of economic development in Lukhanji, as in other areas, depends on the following:

- Commitment of both the Lukhanji Municipality to implement the Local Economic Development Strategy
- Stakeholder cooperation between the local Business Sector, government Departments and Agencies who hold various resources
- Financial resources
- Availability of appropriately skilled and dedicated human resource capacity

9. SWOT

The table below presents a “Strengths-Weaknesses-Opportunities-Threats analysis based on the review of the economic literature of the Lukhanji economy and economic development environment.

<p>Strengths</p> <ul style="list-style-type: none"> • Strong partnership between private and public sector in the Lukhanji Business Forum • Good rail and road infrastructure, including the road network, railway network, and airport • Distance from the main competitors • Existing industrial and economic base 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of municipal resources for economic development • Limited capacity within the local municipality to facilitate LED • Lack of business support services and incentives • Access to affordable serviced land • Lack of appropriate infrastructure • Low investments in infrastructure and poor service level standards and reliability • Underutilization of assets such as warehouses • Telecommunications network coverage incomplete and access to cost-effective broad-band network • Lack of appropriate skills • Lack of support to promote and further innovation and technological developments • Poor coordination between the various spheres of government
<p>Opportunities</p> <ul style="list-style-type: none"> • Design of local incentives policy, both financial and nonfinancial to fast track development procedures • Establishment of Development Agency to package projects and secure funding and private sector investment • Establishment of effective local tourism structure • Partnership between private and public sector 	<p>Threats</p> <ul style="list-style-type: none"> • Under-utilised airport • Availability of industrial area in Queenstown with warehouses and infrastructure • Relatively cheaper labour pool • Increased attractiveness of rail network links to manufacturing exports • Upgrading of national routes linking QT to Durban and Cape Town • Poor skills levels in the Labour force • High poverty levels • High HIV infection rates • Crime increasing • Housing – it is estimated that the current backlog for housing in Lukhanji seats at about 40 000 houses (IDP). • Future available of infrastructure, energy, water and other services • Lack of organised economic development agency,

	<p>including tourism bureau</p> <ul style="list-style-type: none"> • Red tape to start business • Town planning not promoting business climate and poor quality of physical environment • Condition of the roads
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10. Possible investment and Economic Growth

(i) *Lukhanji Aerodrome Industrial Business Hub*

In April 2008 the Eastern Cape Development Corporation (ECDC) called for a feasibility study for the development of Lukhanji (Queenstown) Aerodrome Industrial Park. Lukhanji's central location with arguably the largest urban centre in the district makes it the economic powerhouse of the region. Queenstown is well endowed with a good road and rail network and a regional airport, but it is critical that the logistical efficiencies (road, rail, air, telecommunications) connecting Queenstown to East London, and Port Elizabeth be optimized, and that the role of the local airport is expanded.

In August 2008 ECDC appointed PD Naidoo and Associates (Pty) Ltd (PDNA) to conduct the Pre-feasibility Study. This was aimed understand the current status of the airport and surrounding infrastructure and the economic potential of an industrial business hub, and to compare these against a set of critical factors for success.

The Business Hub will also make huge strides in addressing the socio-economic challenges in the region. Apart from the indirect impacts arising from such a development, there are a number of interventions and initiatives specifically linked to the Hub that can further address socio-economic issues. These include the proposed Skills Development and Training, the Enterprise Support and Development Centre and the Business Incubator.

(ii) *Airport Location*

Queenstown is a major transportation hub for the Lukhanji Municipal area in the Chris Hani District of the Eastern Cape. Several roads converge in Queenstown, namely:

- R61 (N6) between East London and Bloemfontein via Aliwal North;
- R359 in an Easterly direction to Elliot;
- R67 in a Southerly direction to Whittlesea;
- R61 in a Westerly direction via Tarkastad to Cradock;

The Queenstown Airport is located to the south of the city centre and is bounded by several developments, namely Queen Industria to the East, the City Centre to the North, Victoria Park, Aloevale and Mlungisi residential developments to the West and a large area of undeveloped land to the South. Access to the Queenstown Airport is off Komani Street along the eastern boundary of the site. Komani Street links the Airport directly to the City Centre; however, one can access Komani Street directly via the suburbs of Granger Hough Park and Komani Park. The road network is shown in the attached Figure 3 below.

11. SUSTAINABLE LIVELIHOODS

The social programme run by the Department of Social Development is having a profound impact on the lives of people living in poverty. Likewise the pro-poor and food security programmes managed by the Departments of Agriculture, Education and Health are imperative in combating hunger. The importance of social grants, food parcels and the school nutrition programme cannot be over emphasised in Lukhanji Municipality.

The municipality is not directly involved in food distribution although coordination and support is promoted through the IGR Social Cluster. The municipality contributes to social relief through the implementation of the Indigent Policy, which makes it possible for needy citizens to receive free basic services.

The Department of Public Works through its Expanded Public Works Programme has allocated a budget for 216 household contractors in the Lukhanji municipal area that will do road maintenance. The intention is to identify the most poverty stricken households as part of the Department of Public's contribution towards poverty alleviation.

12. INTENSIFYING ENTERPRISE SUPPORT AND BUSINESS DEVELOPMENT

The Municipality through its good working relations with SEDA and ECDC is able to assist with business registrations, profiles and business plans as well as Public and private partnerships established.

Lukhanji Cooperative Forum is functional and assists the municipality with database development of the cooperatives within the municipality. The cooperatives database is updated on a regular basis.

12.1 Constitutionally Allocated Functions

Powers and functions that Lukhanji Local Municipality is authorised to perform

Functions of Lukhanji Municipality	<u>Authorization / (Power)</u>	Definition
Air pollution	Yes	Any change in the quality of the air that adversely affects human health or well-being or the ecosystems useful to mankind, now or in the future.
Beaches and Amusement facilities	Yes	The area for recreational opportunities and facilities along the sea shore available for public use and any other aspect in this regard which falls outside the competence of the national and provincial government.
Billboards and the display of advertisements in public places	Yes	The display of written or visual descriptive material, any sign or symbol or light that is not intended solely for illumination or as a warning against danger which: promotes the sale and / or encourages the use of goods and services found in:–streets–roads–thoroughfares–sanitary passages–squares or open spaces and or –private property
Building regulations	Yes	The regulation, through by-laws, of any temporary or permanent structure attached to, or to be attached to, the soil within the area of jurisdiction of a municipality, which must at least provide for: Approval of building plans, Building inspections, and Control of operations and enforcement of contraventions of building regulations if not already provided for in national and provincial legislation.
Cemeteries, funeral parlours and crematoria	Yes, including DM function	The establishment conduct and control of facilities for the purpose of disposing of human and animal remains.
Child care facilities	Yes	Facilities for early childhood care and development which fall outside the competence of national and provincial government
Cleansing	Yes	The cleaning of public streets, roads and other public spaces either manually or mechanically
Control of public nuisance	Yes	The regulation, control and monitoring of any activity, condition or thing that may adversely affect a person or a community
Control of undertakings that sell liquor to the public	Yes	The control of undertakings that sell liquor to the public that is permitted to do so in terms of provincial legislation, regulation and licenses , and includes an inspection service to monitor liquor outlets for compliance to license requirements in as far as such control and regulation are not covered by provincial legislation
Electricity reticulation	Yes	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.
Facilities for the accommodation, care and burial of animals	Yes	The provision of and/or the regulation, control and monitoring of facilities which provide accommodation and care for well or sick animals and the burial or cremation of animals, including monitoring of adherence to any standards and registration requirements and/or compliance with any environmental health standards and regulations
Fencing and fences	Yes	The provision and maintenance and/or regulation of any boundary or deterrents to animals and pedestrians along streets or roads
Fire Fighting	Yes	In relation to District Municipality “Fire fighting” means: Planning, co-ordination and regulation of fire services; specialized fire fighting services such as mountain, veld and chemical fire services; co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures; training of fire officers. In relation to Local Municipality “Fire fighting” means: Any function not included in the definition

Functions of Lukhanji Municipality	<u>Authorization / (Power)</u>	Definition
		applicable to a district municipality, including fighting and extinguishing of all fires; the rescue and protection of any person, animal or property in emergency situations not covered by other legislation or powers and functions
Licensing and control of undertakings that sell food to the public	Yes	Ensuring the quality and the maintenance of environmental health standards through regulation, a licensing mechanism and monitoring of any place that renders in the course of any commercial transaction, the supply of refreshments or meals for consumption on or to be taken away from the premise at which such refreshments or meals are supplied. Implement policy and regulations;
Licensing of dogs	Yes	The control over the number and health status of dogs through a licensing mechanism.
Local amenities	Yes	The provision, manage, preserve and maintenance of any municipal place, land, and building reserved for the protection of places or objects of scenic, natural, historical and cultural value or interest and the provision and control of any such or other facility for public use but excludes such places, land or buildings falling within competencies of national and provincial governments.
Local sport facilities	Yes	The provision, management and/or control of any sport facility within the municipal area.
Local tourism	Yes	The promotion, marketing and, if applicable, the development, of any tourist attraction within the area of the municipality with a view to attract tourists; to ensure access, and municipal services to such attractions, and to regulate, structure and control the tourism industry in the municipal area subject to any provincial and national legislation, and without affecting the competencies of national/provincial government pertaining to "nature conservation", "museums", "libraries" and "provincial cultural matters".
Markets	Yes	The establishment, operation, management, conduct, regulation and/or control of markets other than fresh produce markets including market permits, location, times, conduct etc.
Municipal abattoirs	Yes	The establishment conduct and/or control of facilities for the slaughtering of livestock.
Municipal airport	Yes, including DM function	A demarcated area on land or water or a building which is used or intended to be used, either wholly or in part, for the arrival or departure of aircraft which includes the establishment and maintenance of such facility including all infrastructure and services associated with an airport, and the regulation and control of the facility, but excludes airports falling within the competence of national and provincial governments
Municipal Health Services	No	Subject to an arrangement with MECs to do the necessary authorizations, or alternatively, subject to amendments to the Structures Act, Municipal Health Service means environmental health services performed by a district municipality and includes: Air pollution, Child care facilities, Control of public nuisances •Control of undertakings that sell liquor to the public, Facilities for the accommodation, care and burial of animals •Licensing and control of undertakings that sell food to the public •Licensing of dogs •Markets •Municipal abattoirs, Noise pollution, Pounds •Care for the Aged
Municipal parks and recreation	Yes	The provision, management, control and maintenance of any land, gardens or facility set aside for recreation, sightseeing and/or tourism and include playgrounds but exclude sport facilities.

Functions of Lukhanji Municipality	<u>Authorization / (Power)</u>	Definition
Municipal Planning	Yes	The compilation and implementation of an integrated development plan in terms of the Systems Act.
Municipal public transport	Yes	The regulation and control, and where applicable, the provision of: Services for the carriage of passengers, whether scheduled or unscheduled, operated on demand along a specific route or routes or, where applicable, within a particular area, Scheduled services for the carriage of passengers, owned and operated by the municipality, on specific routes
Municipal roads	Yes	The construction, maintenance, and control of a road which the public has the right to and includes, in addition to the roadway the land of which the road consists or over which the road extends and anything on that land forming part of, connected with, or belonging to the road, and also, for purposes of a local municipality, includes a street in build-up areas.
Noise pollution	Yes	The control and monitoring of any noise that adversely affects human health or well-being or the ecosystems useful to mankind, now or in future.
Pontoons and ferries	Yes	Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matter related thereto, and matters falling within the competence of national and provincial governments
Pounds	Yes	The provision, management, maintenance and control of any area or facility set aside by the municipality for the securing of any animal or object confiscated by the municipality in terms of its by-laws.
Public places	Yes	The management, maintenance and control of any land or facility owned by the municipality for public use
Refuse removal, refuse dumps and solid waste disposal	Yes, including DM function	the removal of any household or other waste and the disposal of such waste in an area, space or facility established for such purpose, and includes the provision, maintenance and control of any infrastructure or facility to ensure a clean and healthy environment for the inhabitants of a municipality
Sanitation	No	The establishment, 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 so as to ensure reliable supply of a sufficient quantity and quality of water to households, including informal households, to support life and personal hygiene and establishment, 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
Storm water	Yes	The management of systems to deal with storm water in built-up areas
Street lighting	Yes	The provision and maintenance of lighting for the illuminating of streets
Street trading	Yes	The control, regulation and monitoring of the selling of goods and services along a public pavement or road reserve
Trading regulations	Yes	The regulation of any area facility and/or activity related to the trading of goods and services within the municipal area not already being regulated by national and provincial legislation
Traffic and parking	Yes	The management and regulation of traffic and parking within the area of the municipality including but not limited to, the control over operating

Functions of Lukhanji Municipality	<u>Authorization / (Power)</u>	Definition
		speed of vehicles on municipal roads.
Water (Potable)	No	The establishment, 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 so as to ensure reliable supply of a sufficient quantity and quality of water to households, including informal households, to support life and personal hygiene and establishment, 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
Housing	No	The Provincial Department of Housing and Local Government & Traditional Affairs is authorized with this function. The mandate is given to the Province while the Municipality is appointed by service (and performance) contract as Implementing agent, facilitator and promoter. The client is DHLGTA and the beneficiaries are the citizens of Lukhanji.
Primary Health Care	No	The Provincial Department of Health is authorized with this function and it is delegated mainly to the DM. Lukhanji Municipality is appointed by service (and performance) contract. The client is the Province and the beneficiaries are the citizens of Lukhanji. The DM is the main Implementing agent in Lukhanji, facilitator and promoter of Health Services. The role of Lukhanji Municipality is to allow and promote all Health Services and to attend to related health functions and issues, e.g. related to refuse removal; no. 31 and Municipal Health Functions as listed under numbers; 1, 6, 8, 9, 11, 14, 15, 19, 20, 22, 27 and 29.

Chapter 7 – Spatial Development Framework

1. Executive Summary

In accordance with the requirements of the Municipal Systems Act (Act No. 32 of 2000), the Lukhanji Municipality has completed a Spatial Development Framework (SDF) in respect of its area of jurisdiction.

1.1 SDF Forms Part of the Integrated Development Plan

As is contemplated in Section 26 (e) of the Municipal Systems Act, the Lukhanji Spatial Development Framework forms part of the Municipality's Integrated Development Plan.

The Spatial Development Framework is a key element in the integration of development processes across sectors and where policies, strategies or actions identified in an IDP have a spatial dimension, these must be guided by a coherent set of policies and guidelines. These policies and guidelines are embodied in the Spatial Development Framework.

1.2 Statutory Status of the SDF

In terms of Section 35 (2) of the Municipal Systems Act, the Spatial Development Framework for Lukhanji has statutory status¹ and overrides any other plan for the area or portions of the Lukhanji Municipality that may have been compiled previously.

As such, once approved by Council, the Lukhanji Spatial Development Framework becomes the principle instrument for forward planning and decision-making on spatial (land) development in the Lukhanji Municipal area.

1.3 The SDF is Indicative and Principle-led

Whilst the Lukhanji Spatial Development Framework has statutory status and represents the approved vision for spatial development in the Lukhanji area, it is, nevertheless, a normative, principle-led plan, which is indicative in intent and not prescriptive.

In this, the Spatial Development Framework is in accordance with the direction of planning in general in South Africa today, where the notion of integrated development planning embraces planning as a public sector activity that encompasses both spatial and non-spatial developmental activities, which are focused on *facilitating or enabling* socially, economically and environmentally sustainable outcomes.

In this context of integrated planning, the *White Paper on Wise Land Use: Spatial Planning and Land Use Management* (Department of Land Affairs, 2001) establishes that a

Spatial Development Framework is intended to: -

- *Function as a strategic, indicative and flexible forward planning tool,*
- *to guide decisions on land development;*
- *Develop a set of policies and principles, and an approach to the management of spatial development in a Municipal area, which is clear enough to guide decision-makers in dealing with land development applications;*
- *Provide a clear and logical framework for spatial development by providing an indication of where the public sector would, in the first instance, support certain forms of development and where state investment is likely to be targeted in the short – medium term;*
- *Based on this, to provide a clear spatial logic that would facilitate private sector decisions on investment in the built environment;*
- *Facilitate the social, economic and environmental sustainability of the area; and*
- *In the rural context, provide a framework for dealing with key issues such as natural resource management, land reform, subdivision of rural land and the conservation of prime and unique agricultural land.*

The Spatial Development Framework has been attached to this document as Annexure 1

Chapter 8 – Financial Plan

1.1 Medium Term on Capital Projects

IDP 2012 / 2017 Developmental Objectives and Strategies					2012 / 2013 Medium Term Revenue & Expenditure Framework					
Key Priority Area	Priority Area	Developmental Objectives	Strategies	Key Priority Indicators	Ward	Project Description	Funding Source	Budget Year 2012 / 2013	Budget Year + 1 2013 / 2014	Budget Year + 2 2014 / 2015
Basic Service Delivery and Infrastructure Development	Water and Sanitation	To provide water and sanitation services to the rural communities within the municipal area in line with the RDP requirements by June 2017	Implementation of water operations and maintenance plan	Customer Satisfaction Surveys		Rural water scheme	CHDM	422, 452		
	Roads Maintenance	To maintain and or upgrade at least 25km of road surface (Tarr + Gravel)			All	Upgrade - roads	MIG	12, 500	10, 000	10, 000
					All	Storm-water	MIG	8, 700	5, 620	14, 380
					All	Additional plant replacement	MIG	13, 500		
					14	Lukhanji Rehab, rural gravel roads and storm-water	MIG	4, 753		
					27	Upgrading and rehabilitation of Lukhanji Storm-water: Phase 2	MIG	1, 370		

IDP 2012 / 2017 Developmental Objectives and Strategies						2012 / 2013 Medium Term Revenue & Expenditure Framework					
Key Priority Area	Priority Area	Developmental Objectives	Strategies	Key Priority Indicators	Ward	Project Description	Funding Source	Budget Year 2012 / 2013	Budget Year + 1 2013 / 2014	Budget Year + 2 2014 / 2015	
	Electricity	To facilitate supply of electricity to 2% of households by June 2012			All	Refurbishment of MV Switch gear	MIG	1, 000			
						National Electrification Programme	MIG	1, 189			
					3	Community lighting in Sabata, Ezibeleni, Ilinge, Nomzamo and Whittlesea	MIG	2, 741			
							National Electrification Programme (Urban Areas)	Eskom	1, 000, 000		
							New Rathwick electrification	Eskom	188, 743		
							Implement NDPG Approved Projects	NDPG		3, 000, 000	7, 062, 000
	Infrastructure Development	To construct 50km of new gravel road network in our rural areas by December 2012									
All						Waste Management – Bulk services	MIG	2, 777			
1, 2, 16, 19 - 25						Intermodal transport facility	MIG		7, 147	9, 202	

IDP 2012 / 2017 Developmental Objectives and Strategies					2012 / 2013 Medium Term Revenue & Expenditure Framework					
Key Priority Area	Priority Area	Developmental Objectives	Strategies	Key Priority Indicators	Ward	Project Description	Funding Source	Budget Year 2012 / 2013	Budget Year + 1 2013 / 2014	Budget Year + 2 2014 / 2015
						Qwabi bridge over kuZitungu river	MIG	149		
					All	Implement NDP Approved Projects	MIG		3, 000	7, 062
					All	PMU Fees and Interest on front loaded portion	MIG	1, 606	2, 564	4, 469
	Mechanical Workshop	To provide a full maintenance repair and service function to the entire municipal fleet through the mechanical workshop by June 2017	Develop a mechanical workshop capacitation plan	Full implementation of the mechanical workshop maintenance plan						
					All	Implement fleet replacement programme	MIG	2, 500	2, 500	2, 500
	Parks and Recreation					Sport fields and Stadium	MIG	4, 800	10, 459	
					5, 9, 10, 16, 17	New Cemetery - Whittlesea	MIG	1, 111		
					Various Wards	New Cemetery – Lesseyton	MIG			3, 000
					01	New Cemetery - Ilinge	MIG			3, 000
					3	Community Hall	MIG	3, 200	3, 200	

IDP 2012 / 2017 Developmental Objectives and Strategies						2012 / 2013 Medium Term Revenue & Expenditure Framework				
Key Priority Area	Priority Area	Developmental Objectives	Strategies	Key Priority Indicators	Ward	Project Description	Funding Source	Budget Year 2012 / 2013	Budget Year + 1 2013 / 2014	Budget Year + 2 2014 / 2015
					3	Community Hall	MIG	3, 200	3, 200	
					9, 10, 17	Upper Machibini Community Hall	MIG	249		
					1-2	Lower Machibini Community Hall	MIG	292		
					4, 6, 7, 8 & 15	Public Toilets Whittlesea	MIG	390		
					19-25	Sada Stadium	MIG	251	3, 319	
					19-25	Ilinge Stadium	MIG	7, 140		
					All	Ezibeleni Stadium	MIG	2, 000		
					All	Recreational Facilities – Dumpy Adams Sport fields	MIG	2, 568		
						Libraries	CHDM	189, 325		
						Libraries	DSRAC	4, 150, 000		
	Human Settlement and Land Development	To eradicate informal settlements and create sustainable human settlement in the municipal area by June 2017	Facilitate review of the SDF	Reviewed and approved of the SDF						

IDP 2012 / 2017 Developmental Objectives and Strategies						2012 / 2013 Medium Term Revenue & Expenditure Framework				
Key Priority Area	Priority Area	Developmental Objectives	Strategies	Key Priority Indicators	Ward	Project Description	Funding Source	Budget Year 2012 / 2013	Budget Year + 1 2013 / 2014	Budget Year + 2 2014 / 2015
		To manage land use and create environmentally friendly spaces in each zone in the municipal area by June 2017	Facilitate recruitment of the building inspectors to improve land use management	Increase in the number of the land use applications						
			Continuous engagement with the service provider appointed for the supplementary valuation roll	Approved Property Valuation Roll						
			Facilitate development, approval and implementation of the housing sector plan	Approved Housing Sector Plan			Whittlesea Ext 4 Roads	Provincial Government	383, 407	
						Fire services	Provincial Government	285, 471		
						Hydraulic analysis sewerage	Provincial Government	4, 348		

IDP 2012 / 2017 Developmental Objectives and Strategies						2012 / 2013 Medium Term Revenue & Expenditure Framework				
Key Priority Area	Priority Area	Developmental Objectives	Strategies	Key Priority Indicators	Ward	Project Description	Funding Source	Budget Year 2012 / 2013	Budget Year + 1 2013 / 2014	Budget Year + 2 2014 / 2015
						CMIP Project – Ezibeleni bulk water and roads	Provincial Government	14, 745		
						CMIP Project – Sabata services	Provincial Government	17, 155		
						CMIP Project – Ezibeleni Sewerage	Provincial Government	52, 016		
						BCIG Project – Mlungisi Bulk water	Provincial Government	67, 804		
Local Economic Development	Tourism and Heritage	To enhance development of Rural tourism in the municipal area by June 2017	Tourism Sector Plan	Approval of Tourism Sector Plan						
			Develop annual programme on rural tourism and heritage activities in the identified areas	Implementation of the Annual Programme on rural and heritage activities	Various Wards	LED Facilities	MIG	306	1, 694	1, 792
					26	Zingquthu shearing shed	MIG	200		
					1	Emdeni / Gwatyu shearing shed	MIG	554		
	Agriculture				All	Fencing of grazing camps	MIG	1, 100		

IDP 2012 / 2017 Developmental Objectives and Strategies					2012 / 2013 Medium Term Revenue & Expenditure Framework					
Key Priority Area	Priority Area	Developmental Objectives	Strategies	Key Priority Indicators	Ward	Project Description	Funding Source	Budget Year 2012 / 2013	Budget Year + 1 2013 / 2014	Budget Year + 2 2014 / 2015
	Asset Management	To ensure to safeguarding of municipal assets through the implementation of Asset Management Policies by June 2017	Asset verification	GRAP Compliant Asset Register						
			Establishment of Inventory Stores	Established Inventory Stores						
			Development of Asset Management Strategy	Approved Asset Management Strategy						
				Established Asset disposal committee with approved Asset Disposal Policy						
					All	Replacement of municipal plan		10, 000	2, 500	2, 500

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON LUKHANJI MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Lukhanji Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting officer's report, as set out on pages ... to

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the manner required by the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2010 (Act No.1 of 2010 as amended) (DoRA). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my 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 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Property, plant and equipment

4. An amount of R710,7 million (2010: R698,4 million) is disclosed as property, plant and equipment in note 4 to the financial statements. This amount is understated by R183,8 million due to the assets that have not been recorded in the asset register. Furthermore, the asset register maintained by the municipality consists of assets that could not be physically verified to the value of R84,1 million. In addition, the municipality could not provide sufficient appropriate audit evidence for the amount disclosed in note 4 to the financial statements, due to amounts not being reconciled with supporting records. There were no satisfactory alternative audit procedures that could be performed in these circumstances. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the completeness, existence, rights and obligations, valuation and allocation of property, plant and equipment.

5. The financial statements did not reflect any disposals during the financial year, however, a gain on sale of assets of R9,4 million (2010: R3,3 million) was reflected in the statement of financial performance. The municipality did not provide documentation supporting the gain on sale of assets. The municipality's records did not permit the application of alternative audit procedures relating to property, plant and equipment. Consequently, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the occurrence and accuracy of the gain on sale of assets as well as the completeness of disposals in note 4 to the financial statements.

Investment property

6. The municipality did not provide sufficient supporting schedules for investment property disclosed as R91,3 million (2010: R91,3 million) in the statement of financial position as a detailed composition of investment property was not provided for audit purposes. The municipality's records did not permit the application of alternative audit procedures. As a result, I did not obtain sufficient appropriate audit evidence relating to the existence, completeness, rights and obligations and valuation and allocation of investment property at year end.

Inventory

7. Land used for the construction of Reconstruction and Development Houses had not been reclassified as inventory, as prescribed by GRAP 12, *Inventory*. The value of the land could not be determined due to the incompleteness of the fixed asset register. The municipality's records did not permit the application of alternative audit procedures. Consequently, I could not determine the completeness, existence, valuation and allocation of land incorrectly allocated to property, plant and equipment.

Accumulated surplus

8. Accumulated surplus at year-end totalling R925,9 million, as disclosed in the statement of financial position, could not be confirmed due to the uncorrected misstatements in the opening balance and the take-on values relating to property, plant and equipment and investment property. As the municipality's records did not permit the application of alternative audit procedures relating to the opening balance and take-on values, I did not obtain all the information and explanations I considered necessary to satisfy myself as to the completeness, occurrence, valuation and allocation of accumulated surplus.

Other receivables from exchange transactions

9. An amount of R106,1 million (R77,7 million) is disclosed as the Chris Hani Agency account, included in other receivables from exchange transactions in note 9 to the financial statements. This amount is overstated by R110,2 million as it could not be reconciled with supporting schedules. In addition, the municipality could not provide sufficient appropriate audit evidence for the amount disclosed as there were no adequate systems to record water and sanitation services provided on behalf of the district municipality. There were no satisfactory alternative audit procedures that I could perform in these circumstances. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of the Chris Hani Agency account.

Value-added tax (VAT) receivable

10. The municipality could not provide a reconciliation of the net VAT receivable of R1,5 million (2010: R3,7 million) with the balance according to the South African Revenue Service's statement of account of R6,3 million at 30 June 2011. The municipality's records did not permit the application of alternative audit procedures. As a result, I was unable to obtain sufficient appropriate evidence relating to the existence, completeness and valuation of the VAT receivable as disclosed in the statement of financial position.
11. Furthermore, the municipality did not apply the VAT apportionment method as prescribed by the Value-Added Tax Act, 1991 (Act No. 89 of 1991). The municipality's records did not permit the application of alternative audit procedures. Consequently, I could not determine the effect on the accuracy and completeness of expenditure, as disclosed in the statement of financial performance.

Trade receivable from exchange transactions

12. Trade receivables from exchange transactions with a net balance of R20,3 million (2010: R31,7 million) disclosed in the statement of financial position, could not be supported with adequate documentation and schedules. In addition, the debt impairment provision of R153,5 million as disclosed in note 12 to the financial statements, has not been provided for in terms of the International Accounting Standard, IAS 39: *Financial Instruments: Recognition and Measurement*. The municipality's records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence relating to the existence, completeness, valuation and allocation of trade receivables.
13. The debt impairment expenditure of R57,5 million as disclosed in the statement of financial performance, was not supported by adequate documentation and schedules. The write-off of debtors was not supported by documentation and was not set off against the prior year debt impairment provision. The municipality's records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence relating to the occurrence and accuracy of debt impairment.

Revenue from exchange transactions

14. Service charges as disclosed in the statement of financial performance amounting to R130,5 million are understated by R78,9 million due to instances where consumers have not been charged for services or services that have not been levied per the approved tariff. Furthermore, there is an unexplained difference between the general ledger and the billing system of R2,8 million. The municipality's records did not permit the application of alternative audit procedures. As a result, I did not obtain sufficient appropriate audit evidence relating to the completeness, cut-off, accuracy and occurrence of service charges.

Revenue from non-exchange transactions

15. Property rates revenue of R39,3 million (2010: R32,7 million) as disclosed in the statement of financial performance is based on the general valuation which has not been reconciled with the general ledger by R5,8 million. Furthermore, properties have been captured onto the general ledger at incorrect values and not all land parcels have been captured in the general ledger. The municipality's records did not permit the application of alternative

audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence relating to the completeness, cut-off, accuracy and occurrence of property rates revenue.

Employee-related costs

16. Employee-related costs amounting to R88,6 million (2010: R74,0 million) did not reconcile with the payroll, with an unexplained difference of R7,7 million. In addition, the municipality's records pertaining to overtime, contract work, allowances and basic salary could not be agreed to supporting documentation. The municipality's records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence relating to the occurrence, accuracy and completeness of employee costs.

Conditional grants

17. The municipality did not provide supporting documentation for unspent conditional grants and receipts totalling R15,5 million (2010: R36,6 million) as disclosed in the statement of financial position and government grant and subsidies revenue of R125,3 million (2010: R121,8 million) and grants and subsidies paid of R6,7 million (2010: R24,0 million), as disclosed in the statement of financial performance. The municipality did not maintain adequate records and supporting documentation for journal entries relating to conditional grant income and expenditure. Furthermore, I could not determine whether conditional grants were utilised for their intended purpose which would have resulted in unauthorised expenditure. The municipality's records did not permit the application of alternative audit procedures. Consequently, I could not determine the completeness, existence and valuation of unspent conditional grants and receipts, the completeness, occurrence and accuracy of conditional grant revenue and expenditure and the completeness of unauthorised expenditure.

Trade and other payables from exchange transactions

18. The municipality did not provide explanations and documentation in support of payments received in advance totalling R6,4 million (2010: R5,1 million), as included in note 18 to the financial statements as part of trade and other payables from exchange transactions. The municipality's records did not permit the application of alternative audit procedures. Consequently, I could not determine the completeness, existence and valuation of trade and other payables.
19. Accrued leave pay, as included in trade and other payables, disclosed in note 18 to the financial statements, have been calculated using inaccurate leave records. This resulted from poor maintenance of employee leave records and a lack of monitoring of employee leave balances. As a result, accrued leave pay has been overstated by R7,7 million while employee-related costs as disclosed in the statement of financial performance have been overstated by the same amount.

Expenditure

20. Administration income of R8,6 million as disclosed in the statement of financial performance has been classified as expenditure and could not be agreed to supporting documentation. The municipality's records did not permit the application of alternative audit procedures. Consequently, I could not confirm the occurrence and accuracy of

administration income.

Irregular expenditure

21. Section 125(2) of the MFMA requires the financial statements of the municipality to disclose material irregular expenditure that occurred during the financial year. Audited payments amounting to R6,1 million (2010: R1,5 million) were irregular as they were made in contravention of the supply chain management requirements. These amounts were not included in the irregular expenditure disclosure note 48 to the financial statements. Consequently, irregular expenditure as disclosed is understated by at least this amount, it was not, however, practicable to determine the full extent of the understatement as there was no system of control in place to identify all irregular expenditure incurred.

Disclosure

22. Revenue, expenditure, accounts receivable and accounts payable have not been disclosed and measured at fair value taking into account imputed interest as required by the International Financial Reporting Standard, IFRS 7 Financial Instruments: Disclosure and the International Accounting Standard, IAS 39 Financial Instruments: Recognition and Measurement. Due to the limitations described in the above paragraphs, I was unable to determine the extent of these misstatements. Consequently, I was unable to determine the accuracy of revenue and expenditure and the valuation of accounts receivable and account payable.

Disclaimer of opinion

23. 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 of an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

24. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Restatement of corresponding figures

25. Misstatements in the corresponding figures which were identified during the prior period audit of the financial statements, were corrected by management. Restatement of a number of classes of transactions and account balances took place as disclosed in note 43 to the financial statements.

Material losses

26. The municipality incurred distribution losses of approximately 31% (2010: 32%) or 61 567 685 kw-hours/units on electricity due to technical losses on the existing network, faulty meters, own use, billing errors and theft. These losses have been disclosed in note 52 to the financial statements as required by section 125(1)(d) of the MFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

27. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages ... to ... and material non-compliance with laws and regulations applicable to the municipality.

Presentation of information

28. The following criteria is relevant to the finding below:

- Performance against predetermined objectives is reported in accordance with section 46 of the MSA.

Measures taken to improve performance were not provided in the performance report

29. Measures taken to improve performance were not provided in the performance report, as required in terms of section 46(1)(c) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA). In total 88% of the reported targets had no details of the measures taken to improve performance.

Usefulness of information

30. The following criteria are relevant to the findings below:

- Consistency: Objectives, indicators and targets are consistent between planning and reporting documents
- Relevance: A clear and logical link exists between the objectives, outcomes, outputs, indicators and performance targets
- Measurability: Indicators are well defined and verifiable, and targets are specific, and measurable and time bound

Reported objectives, indicators and targets are not consistent when compared with the planned objectives, indicators and targets

31. Reported performance against predetermined objectives, indicators and targets is not consistent with the approved integrated development plan. In total, 100% of the reported objectives, indicators and targets were not consistent when compared to the planned objectives, indicators and targets.

Planned indicators and targets are not relevant to the objectives of the entity

32. In more than 25% of instances the indicators and targets as per the annual performance report did not relate directly to the institution's objectives included in the five-year integrated development plan.

Planned and reported indicators are not well defined

33. For the selected objectives, 40% of the planned and reported indicators were not clear, as well defined data definitions were not available to allow for data to be collected consistently.

Planned and reported indicators are not verifiable

34. For the selected objectives, valid performance management processes and systems that record actual performance against the planned indicators do not exist for 37% of the

performance indicators.

Planned and reported targets are not specific, measurable and time bound

35. For the selected objectives:

- Forty-three per cent (43%) of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance and were not measurable in identifying the required performance.
- Eighty-eight per cent (88%) of the planned and reported targets were not time bound in specifying the time period or deadline for delivery.

Reliability of information

36. The following criteria are relevant to the findings below:

- Validity: Actual reported performance has occurred and pertains to the entity
- Accuracy: Amounts, numbers, and other data relating to reported actual performance have been recorded and reported appropriately
- Completeness: All actual results and events that should have been recorded have been included in the annual performance report

The validity, accuracy, completeness of reported performance against indicators and targets could not be confirmed as no supporting source information was provided

37. For the objective relating to the facilitation of electricity backlogs, the validity, accuracy and completeness of the reported indicators and targets could not be established as relevant source documentation could not be provided.

Reasons for major variances between planned and actual reported targets were not supported by sufficient appropriate evidence

38. Sufficient appropriate evidence to support the reasons for major variances between the planned and the actual reported targets could not be obtained. The reasons provided for major variances could not be verified. In total, 88% of the reported targets with major variances were not explained.

Sufficient appropriate evidence was not submitted to support reported indicators and targets

39. Sufficient appropriate evidence in relation to the facilitation of the electricity backlog objective could not be obtained. There were no satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported performance against predetermined objectives.

Compliance with laws and regulations

Strategic planning and performance management

40. The accounting officer of the municipality did not by 25 January 2011 assess the performance of the municipality during the first half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and

budget implementation plan as required by section 72(1)(a)(ii) of the MFMA.

41. The accounting officer of the municipality did not submit the results of the assessment on the performance of the municipality during the first half of the financial year to the mayor of the municipality, the National Treasury, and the provincial treasury as required by section 72(1)(b) of the MFMA.

Budgets

42. The mayor did not submit all quarterly reports to the council on the implementation of the budget and the financial state of affairs of the municipality within 30 days after the end of each quarter, as required by section 52(d) of the MFMA.
43. The accounting officer did not always submit the monthly budget statements to the mayor and the Eastern Cape Provincial Treasury, as required by section 71(1) of the MFMA.

Annual financial statements, performance and annual report

44. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of capital assets, current assets, liabilities, revenue, and disclosure items identified by the auditors were subsequently adjusted; however, the uncorrected material misstatements, together with the limitations imposed on the audit, resulted in the financial statements receiving a disclaimed audit opinion.
45. The accounting officer did not make public the council's oversight report on the 2009-10 annual report within seven days of its adoption, as required by section 129(3) of the MFMA.
46. The annual performance report did not contain a comparison of the performance of the municipality with development priorities, objectives and performance indicators set out in its integrated development plan as required by section 46 of the MSA.

Audit committee

47. The audit committee did not advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality on matters relating to compliance with the MFMA the Division of Revenue Act and other applicable legislation as required by section 166(2)(a) of the MFMA.

Internal audit

48. The internal audit processes and procedures did not include assessments of the extent to which the municipality's performance measurements were reliable in measuring the performance of the municipality on key as well as general performance indicators. Furthermore, the internal auditor did not audit the performance measurements on a continuous basis as required by Municipal Planning and Performance Management Regulation 14.

Procurement and contract management

49. Goods and services with a transaction value of between R10 000 and R200 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of Supply Chain Management (SCM) regulation 17(a) & (c).

50. Quotations were accepted from prospective providers who are not on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulations 16(b) and 17(b).
51. Bid specifications for procurement of goods and services through competitive bids were drafted in a biased manner that did not allow all potential suppliers to offer their goods or services as per the requirements of SCM regulation 27(2)(a).
52. Awards were made to providers based on criteria that differed from those stipulated in the original bid documents and/or were not stipulated in the original bid documents as per the requirements of SCM regulations 21(b) and 28(1).
53. Bid specifications were not always drafted by bid specification committees which were composed of one or more officials of the municipality as required by SCM regulation 27(3).
54. Bids were not always evaluated by bid evaluation committees which were composed of officials from the departments requiring the goods or services as per the requirements of SCM regulation 28(2).
55. Awards were made to providers whose tax matters had not been declared by the South African Revenue Service to be in order as required by SCM regulation 43.
56. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act No.5 of 2000 (PPPFA) and SCM regulation 28(1)(a).
57. Awards were made to suppliers based on preference points that were not allocated and/or calculated in accordance with the requirements of the PPPFA and its regulations.
58. Awards were made to suppliers that did not score the highest points in the evaluation process as per the requirements of section 2(1)(f) of PPPFA.
59. The performance of contractors or providers was not monitored on a monthly basis as required by section 116(2)(b) of the MFMA.
60. The contract performance measures and methods whereby they are monitored were insufficient to ensure effective contract management as per the requirements of section 116(2)(c) of the MFMA.

Human resource management

61. Senior managers directly accountable to the municipal manager did not sign annual performance agreements for the year under review, as required by section 57(1)(b) and 57(2)(a) of the MSA.

Expenditure management

62. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by section 65(2)(e) of the MFMA.

63. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which accounted for creditors of the municipality as required by section 65(2)(b) of the MFMA.
64. The accounting officer did not take reasonable steps to prevent irregular expenditure as required by section 62(1)(d) of the MFMA.
65. The municipality did not recover irregular expenditure from the liable person, as required by section 32(2) of the MFMA.

Conditional grants

66. Sufficient appropriate audit evidence could not be obtained that the allocations for the municipal infrastructure grant, neighbourhood development partnership grant (indirect), expanded public works programme incentive grant, rural household infrastructure grant and the integrated national electrification grant (Eskom) were utilised for the purposes stipulated in their respective schedules or Gazetted DoRA framework, as required by section 15(1) of the DORA.
67. The municipality did not always submit monthly reports to the transferring national officer, the National Treasury and the provincial treasury on spending and financial performance in respect of the allocations received for municipal infrastructure grant, neighbourhood development partnership grant (indirect), expanded public works programme incentive grant, rural household infrastructure grant and the integrated national electrification grant (Eskom), as required by section 11(2)(b) of the DoRA and section 71(5) of the MFMA.
68. The municipality did not always submit quarterly reports to the transferring national officer on non-financial performance in respect of the allocation received for municipal infrastructure grant, neighbourhood development partnership grant (indirect), expanded public works programme incentive grant, rural household infrastructure grant and the integrated national electrification grant (Eskom), as required by section 11(2)(c) of the DoRA.

Revenue management

69. Revenue received by the municipality was not always reconciled at least on a weekly basis, as required by section 64(2)(h) of the MFMA.
70. The council did not implement a tariff policy on the levying of fees for municipal services provided by the municipality, contrary to section 74(1) of the MSA.
71. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which recognised revenue when it is earned, accounted for debtors and accounted for receipts of revenue, as required by section 64(2)(e) of the MFMA.

Asset management

72. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained a management, accounting and information system which accounts for the assets of the municipality as required by section 63(2)(a) of the MFMA.

73. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained an effective system of internal control for assets as required by section 63(2)(c) of the MFMA.

INTERNAL CONTROL

74. In accordance with the PAA and in terms of *General Notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

75. There is a lack of oversight and accountability of senior management as sufficient monitoring controls are not in place to ensure the proper implementation of the overall process of planning, budgeting, implementation and reporting and adherence to internal policies and procedures at department level and for the purpose of taking corrective action. Although the audit action plan was formulated and implemented, it was not effective and properly monitored as audit findings on revenue, assets, conditional grant expenditure, current liabilities and current assets were repeated in the current financial year.
76. The municipality does not have adequate processes in place to identify and record irregular expenditure. There is a lack of monitoring by senior management which resulted in irregular expenditure identified in the year under review.

Financial and performance management

77. The municipality's manual and automated controls are not designed and implemented to ensure that the transactions have occurred, are authorised, and are completely and accurately processed. Management does not adequately manage transactions upon recording, which resulted in the findings under the Basis for disclaimer opinion paragraphs, predetermined objectives and compliance with laws and regulations.
78. The municipality did not prepare monthly financial performance reports. Furthermore, the municipality did not prepare monthly reconciliations relating to revenue, conditional grant expenditure, payroll and creditors. This has resulted in a lack of supporting documentation to explain material differences found during the audit.
79. There are inadequate processes and systems in place to ensure reporting against predetermined objectives. Documentation was not available during the audit to support actual results achieved performance report.

Governance

80. The municipality did not implement the approved and adopted fraud prevention plan and it could not be determined if a risk management plan, as required by the fraud prevention plan, was prepared, approved and implemented during the year under review. The municipality does not have a formal risk assessment process for the IT system in use at the municipality. This reduces the ability to appropriately address any significant deficiencies, thus increasing the number of material misstatements in the financial statements.

81. The internal audit unit and the audit committee were not fully functional for the entire financial year due to the audit charter and plan only being adopted on 28 January 2011. The audit committee was ineffective due to multiple resignations during the financial period.

OTHER REPORTS

Investigations

82. The Eastern Cape Department of Local Government and Traditional Affairs commissioned a forensic investigation into the unauthorised transfer of funds relating to the prior financial period and as reported in the previous financial period. The forensic report was issued, which resulted in council appointing a committee to further investigate the matter, with the assistance of the bank at which the transfer took place. The committee has formulated recommendations to the council on how to respond to the MEC. The outcome of the investigation has not yet been made public.
83. An investigation has been completed subsequent to year-end, whereby the municipality dismissed an official on grounds of inappropriate and irregular conduct, relating to tampering with the minutes of the bid evaluation committee.

Auditor-General

East London

30 November 2011



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

1.3 Audit Action

In responding to the above audit findings, the institution prepared the below action plan and presented it to the Audit Committee and the Auditor General's Office.

The purpose of the action plan is to ensure that the institution improves on the 2011 / 2012 audit findings going forward

LUKHANJI MUNICIPALITY 2010/11 AUDIT ACTION PLAN						
No	Issues	Finding	Root Cause	Action Plan	Responsible	Timeframe
1	Other receivables from exchange transactions: Receivables	The Municipality (Water Service Provider) acts as an agent on behalf of the Chris Hani District Municipality (Water Service Authority). There is no reconciliation of the account receivable at the end. In addition, the balance per the municipality's records could not be confirmed by the district municipality. The extent of the misstatement cannot be determined.	Non performance of agency reconciliation	<ul style="list-style-type: none"> Keep a separate file with water and sanitation copies of payment voucher. Prepare a spreadsheet with records for Water and Sanitation billed revenue vs. actual receipt and expenditure. Compute the agency fee. Reconcile with CHDM. 	CFO	7th and 10th every month
2	VAT receivables: Receivables	The Municipality could not provide reconciliation between the VAT receivables account and the statement received from the South African Revenue Services(SARS).In addition, the municipality is incorrectly accounting for VAT at 100% as opposed to applying the appointment methods, in terms of the Value Added Tax act,No.89 of 1991.The extent of the misstatement could not be determined	Non performance of VAT reconciliation	<ul style="list-style-type: none"> Invite SARS to conduct a VAT workshop. Perform VAT reconciliation 	CFO	01 March 2012

LUKHANJI MUNICIPALITY 2010/11 AUDIT ACTION PLAN

No	Issues	Finding	Root Cause	Action Plan	Responsible	Timeframe
3	Trade Receivables from exchange transactions: Receivables	The Municipality has provided for all doubtful debt over 90 days without identifying individual or classes of debtors that could be deemed irrecoverable. Based on the work performed the provision for debt impairment could be overstated. Management should develop a policy on how to account for debt impairment and apply this policy consistently in terms of the International Accounting Standards Thirty-Nine(IAS 93).The existence, completeness and valuation of debtors at the year-end could not be confirmed.	Non adherence to write off policy	<ul style="list-style-type: none"> ● Review the write off, credit control and debt collecting policies. ● Communicate the policy through workshop. ● Implementation of write off policy. Assess household debtors per debtor 	CFO	17 March 2012
4	Property, Plant and Equipment: Property, Infrastructure, plant and equipment	The municipality has not provided sufficient appropriate audit evidence to determine the completeness, existence and valuation of property, plant and equipment at the year end, this is indicative of non compliance with the accounting treatment stipulated in GRAP 17,accounting for Property, Plant and Equipment. The municipality's records in terms of its fixed asset register, general ledger and valuation roll were not in agreement which did not enable us to perform alternative procedures. In addition, land set aside for the construction of Reconstruction and Development Program (RDP) houses are not distinguished as inventory in terms of GRAP 12.The extent to which land should be reclassified as inventory could not be determined.	Incomplete asset register. Non existence of assets. Misclassification of assets	<ul style="list-style-type: none"> ● Reconciliation the valuation roll. ● Update and maintain asset register. ● Perform asset count. Proper classification of assets 	CFO	2012/05/31 Monthly 2012/05/31

LUKHANJI MUNICIPALITY 2010/11 AUDIT ACTION PLAN

No	Issues	Finding	Root Cause	Action Plan	Responsible	Timeframe
5	Investment Property: Property, infrastructure, plant and equipment	In terms of GRAP 16, accounting for Investment Property, the municipality has complied with separately reporting investment property. However the municipality only performed the exercise of distinguishing investment property after submission of its financial statements and could not provide information to enable us to determine the completeness, existence and valuation of investment property at year end	Misclassification of assets	<ul style="list-style-type: none"> List of all municipal properties. Identification of all rental properties for correct classification in the asset register 	CFO & Director Human Settlement	12 March 2012
6	Leave pay accrual: Payables, accruals and borrowings	Employee leave forms have not been captured to the system in finance. Therefore the leave pay accrual has been overstated.	Misplacement of leave management	<ul style="list-style-type: none"> HR to manage leave records. Perform leave reconciliation 	Director HR & Admin	01 February 2012
7	Trade and other payables: Payables, accruals and borrowings	Supporting documentation for Payments made in Advance, as included in note 18 to the financial statements, could not be provided for audit purposes. In addition, the municipality subsequently adjusted its financial statements by removing "Other Creditors" as disclosed in note 18 to the financial statements, amounting to R4 599 466, as no schedule was submitted for audit purposes. No journal entry was provided for this adjustment, and therefore we cannot determine the extent of the misstatement.	Lack of supporting documentation	<ul style="list-style-type: none"> Identify all credit balances and investigate. Verify all advance payments and provide the supporting documentation. Review debtors list 	Revenue Accountant	Monthly
8	Accumulated Surplus: Capital and reserves	The municipality has not addressed all qualifications relating to the disclaimer of opinion in the prior financial year. In addition, take on values relating to property, plant and equipment may not be complete and may not be valued correctly. Therefore the completeness, occurrence and valuation of the accumulated surplus at year end could not be confirmed.	Non implementation of audit action plan	<ul style="list-style-type: none"> Contract service provider to correct prior year errors and re-instate the accumulated surplus 	CFO	01 June 2012

LUKHANJI MUNICIPALITY 2010/11 AUDIT ACTION PLAN

No	Issues	Finding	Root Cause	Action Plan	Responsible	Timeframe
9	Property Rates: Revenue	The municipalities valuation roll has not been reconciled to the general ledger, in addition it was determined that not all properties per the valuation roll have been loaded onto the general ledger for billing purposes. In some cases, rates have not been levied at incorrect values. The extent of the error could not be determined and alternative audit procedures could not be performed. The completeness, occurrence and accuracy of the property rates revenue could not be determined.	Non performance of reconciliation	<ul style="list-style-type: none"> Reconcile valuation roll to General Ledger 	Revenue accountant	01 June 2012
10	Service Charges: Revenue	Electricity and refuse charges were found to be incomplete due to consumers not being charged for the services provided. In addition, not all properties have been loaded onto the general ledger and a 31% distribution loss (2010:32%), indicate that service charges are incomplete and inaccurate. The extent of which could not be determined	Non performance of reconciliation	<ul style="list-style-type: none"> Reconcile valuation roll to General Ledger 	Revenue accountant	01 June 2012
11	Government Grants and Subsidies: Payables, accruals and borrowings	Unspent conditional grants and subsidies at year end include operating expenditures as well as Municipal Infrastructure Grant (MIG) and other capital expenditure. Due to a lack of sufficient appropriate audit evidence as well as changes made to the financial statements, which did not correlate to audited values, we were not able to determine the occurrence, completeness and accuracy of operating and MIG capital expenditure. We could not determine the completeness, existence and valuation of unspent conditional grants at year end.	Non performance of reconciliation	<ul style="list-style-type: none"> Reconcile MIG, FMG and MSIG 	CFO	Monthly

LUKHANJI MUNICIPALITY 2010/11 AUDIT ACTION PLAN

No	Issues	Finding	Root Cause	Action Plan	Responsible	Timeframe
12	Employee related costs: Employee cost	Records for basic salary, allowances and deductions were not kept to support payments made to employees and third parties. In addition, differences between the payroll and the general ledger could not be reconciled. The occurrence, accuracy and completeness of employee costs could not be determined.	Lack of monitoring and review	<ul style="list-style-type: none"> Review payroll monthly reports and file. Reconcile payroll to general ledger. Clear salaries suspense account 	Expenditure Accountant	Monthly
13	Debt impairment: Expenditure	The supporting schedule for debt impairment did not reconcile to the general ledger. In addition, the municipality has not decreased the opening balance of provision for doubtful debt written off during the year. The extent of the misstatement could not be determined.	Lack of monitoring and review. Non performance of reconciliation	<ul style="list-style-type: none"> Profile debtors per risk profile and impair accordingly. Prepare the supporting documentation for the debt impairment schedule 	Revenue Accountant	30 June 2012
14	Irregular expenditure: SCM	The municipality has not complied with SCM regulations and thus incurred irregular expenditure which was identified during the audit and disclosed as such. The full extent of irregular expenditure could not be confirmed.	Non compliance with SCM regulations	<ul style="list-style-type: none"> Develop demand management policy. Develop acquisition policy. Implementation of policies 	SCM Manager	Daily
15	Administration: Expenditure	Supporting documentation could not be provided for the expense line item, Administration, as disclosed in the Statement of Financial Performance. Alternative procedures could not be performed as the originating entry of this line item could not be provided.	Improper maintenance of records	<ul style="list-style-type: none"> Update and maintenance of internal transactions 	CFO	Monthly

LUKHANJI MUNICIPALITY 2010/11 AUDIT ACTION PLAN

No	Issues	Finding	Root Cause	Action Plan	Responsible	Timeframe
16	Gain on disposal of assets and liabilities: Revenue	The municipality could not provide a schedule to support the sale of assets and hence the gain on disposal of assets and liabilities could not be determined.	Incorrect accounting treatment of asset disposals	<ul style="list-style-type: none"> • Appointment of asset management officer. • Appointment of asset disposal committee. • Application of the correct accounting treatment for asset disposal. 	CFO	Monthly
17	Disclosure: Revenue	Revenue from exchange transactions was not disclosed and measured at fair value taking into account imputed interest as required by the International Financial Reporting Standard, IFRS 7 Financial Instruments: Disclosures and International Accounting Standard, IAS 39 Financial Instruments: Recognition and Measurements. As a result, revenue from exchange transactions disclosed in the statement of financial performance at R169 830 482 million was overstated by R1 430 146 million and interest earned disclosed in the statement of financial performance at R5 202 465 million was understated by the same amount. Account receivables has been overstated by R15 678 212 and debt impairment has been understated by the same amount. However, due to the limitations placed on our work performed on accounts receivables and revenue from exchange transactions, the extent of the misstatement could not be determined.	Non compliance with accounting standards IAS 39	<ul style="list-style-type: none"> • Compute imputed interest on revenue from exchange transactions, compliance with IAS 39 	CFO	30 June 2012

LUKHANJI MUNICIPALITY 2010/11 AUDIT ACTION PLAN

No	Issues	Finding	Root Cause	Action Plan	Responsible	Timeframe
18	Disclosure: Expenditure	The disclosure required by IFRS 7 and IAS 39 has not been made by the municipality. The records of the municipality did not permit alternative procedures to be performed. Therefore the valuation and accuracy of expenditure, accounts payable and interest expenditure could not be determined.	Non compliance with accounting standards IAS 39	<ul style="list-style-type: none"> • Compute imputed, compliance with IAS 39 	CFO	30 June 2012

Chapter 9 - Housing Sector Plan

9.1 Pre-amble

This HSP has been reviewed and revised in accordance with the prescripts of the Blue Book for Municipal Housing Planning and the related National Treasury Planning dispensation.

The methodology used to review the HSP consisted of the review of the current IDP, HSP, SDF and other relevant chapters of the IDP and sectoral plans. In addition to this, a desktop analysis was undertaken to better understand the demand for housing, the supply side study included primary level survey and collection of data related to land and land packaging, infrastructure planning and availability, organisation capacity and projects including, planned, current and blocked and lastly an integration study to establish cross cutting issues and related planning and availability especially as it relates to health, education, roads and transportation, social and recreational and safety facilities.

The results of all these studies were used in the production of a situation analysis report which was utilized to inform the development of the HSP. The HSP consist of strategic goals and priorities for the Municipality which is detailed into programmes for year 1 of a 5 year horizon. Lastly, a project pipeline together with a project tracking tool was developed and provided to enable the Municipality to improve its planning, tracking and monitoring of projects.

The engagement processes with the Municipalities and the client (ECDoHS) was multi layered. A provincial project management forum was established that agreed on and monitored inception and progress on the project. An orientation workshop was held with the Municipalities to create the understanding and awareness of the project, to create the conduit for information to be collected and to undertake an initial desktop exercise to understand the dynamics and nuances related to housing delivery.

Individual visits to the Municipalities, districts, other departments resulted in the collection of the required primary level information this included the administration of a structured questionnaire with key officials. The situation analysis report was work shopped with key Municipal officials and in some Municipalities, Councillors in order to seek confirmation and agreement with the resultant conclusions. Thereafter the HSP's were produced and presented to the ECDoHS for approval.

9.2 LEGISLATIVE AND POLICY BACKGROUND TO HOUSING CHAPTER

The Integrated Human Settlement Strategy is the primary policy focus to influence the approach to the development of municipal housing strategies. It emphasizes a movement away from the concept of housing as mere shelter, to housing as part of an overall strategy to achieve human settlements that provide good quality homes with proper access to the necessary socio-economic opportunities for its residents.

It also highlights the importance of social, economic and racial integration in the settlements linked to the objectives of densification and integrated mixed land use in South African urban areas. It is given more detailed focus and forms of delivery through a range of housing and planning legislation, policy and mechanisms. The important housing legislation and policy includes the Housing Act; the Social Housing Act 2009, the Rental Housing Act and the National Housing Code.

From a planning perspective the following legislation and policy initiative are important including The Local Government: Municipal Systems Act 2000, Municipal Structures Act 1998; the Municipal Finance Management Act, the Provincial Financial Management Act, the National Spatial Development Initiative, the government's Urban and Rural strategies, the Development Facilitation Act, the land reform and land restitution legislation and the Land Use Management Act 2007.

While these all provide the details that populate the framework for the planning and delivery of housing it is important that the municipality uses the Integrated Human Settlement approach in planning its response to housing need and demand. In doing this it must work in close alignment with the province on joint planning as well as the allocation of the financial resources. The municipality can also structure co-operative action and even partnerships with other key stakeholders that can positively assist it in developing its housing plan and supporting the delivery.

The detailed delivery is given further focus over the period 2011 – 2014 by the Outcomes 8 objectives, targets and strategy for the province that come from the delivery intent of the Minister of Human Settlement.

9.3 LOCALITY



Locality Map

Lukhanji is a category B municipality situated within the Chris Hani District of the Eastern Cape Province. It is made up of the combination of the Greater Queenstown and surrounding farms and villages, Ilinge, Hewu / Whittlesea and Ntabethemba.

9.4 Analysis

(1) Demographic analysis/profile of the municipality

The number of households in the Lukhanji municipality increased from 44 975 in 2001, to 49 675 in 2007. This represents an annual growth of 1.7%. If this growth is sustained, the total number of households will increase to 53 233 in 2011, and 56 946 in 2015.

In general, the population of the Lukhanji area is fairly young, considering the almost 45% of the population of Lukhanji is under the age of 20. The people over the age of 60 contribute towards 9.3% of the population.

(2) Social and economic analysis of the municipality

Approximately 8% of the adult population in Lukhanji has not received any formal education. Approximately 25.6% of the adult population attended primary school, 13% completed secondary school and 9.1% obtained a tertiary education.

The 2007 Community Survey indicated that more than half of all households (54.8% or 27 238 households) earn a monthly income of below R1600 per month. A further 22.5% (11 182 households) earn between R1600 and R3200 per month. Considering the average household income, these communities can be considered to be fairly poor. This is furthermore reflected by the social grant uptake of 34.3%.

Considering the employment status, a total of 46% (55 583 households) the working age population in Lukhanji are not economically active. Only 24.4% are employed, and 29.7% are unemployed. There is a high dependency ratio coupled with low affordability and therefore housing initiatives like rental housing may become a challenge for the municipality.

According to the available information (derived from 2006 Basic Services study), approximately 74% of the population currently reside in urban areas, whilst the remaining 26% live in so-called rural areas. The percentage of households that reside in a formal housing on an individual stand equates to 79.6% (39 542 households). Merely 10% of the population live in a traditional dwelling (5166 households) and informal dwellings are occupied by approximately 3 000 households.

There is increasing migration from rural to urban areas and this phenomenon impacts housing demand in the municipality and needs to be factored into development plans of the municipality.

(3) Housing demand profile of the municipality

The Lukhanji Municipality IDP states that the demand for housing in the Municipality is estimated to be approximately 40 000 units. Approximately 99% of the applicants fall within the income range of R0 – R2500. This only relates to beneficiaries who qualify for the give-away housing subsidy schemes.

INCOME GROUP	% OF TOTAL	ESTIMATED NO OF UNITS
R0-R1500.00	97	38 880 units
R1501-R2500	2%	800 units
R2501-R3500	1%	320 units
Total	100	40 000 units

The municipality has a housing waiting list and provides an analysis of the potential beneficiaries based on current accommodation as follows:

DEMAND BY CURRENT ACCOMMODATION	% OF TOTAL	ESTIMATED NO. OF UNITS
Backyard Shacks	5%	200
Renting	13%	5200

Stay in Family House	34%	13600
Informal Settlement	46%	18400
Desire to Own Property	2%	800

The housing backlog figures furthermore merely provide a bulk estimate viz. no distinction has been made between rural and urban housing demand. It is therefore vital to determine the breakdown and subsequent distinction between the urban and rural housing demand in order to determine the type of housing units required.

Details of the housing waiting list provided by the Lukhanji Municipality indicates a total of 100 903 applicants will require housing in future. This includes the disabled, new applicants, those requiring formalization / upgrading, those to be relocated from backyard shacks, etc.

(4) Spatial Analysis

The Lukhanji Municipal Area consists of the greater Queenstown, Whittlesea and surrounding farms and villages, Ilinge, Hewu and Ntabethemba. Lukhanji is bordered by the municipalities of Tsolwana and Inkwanca to the west and Emalahleni and Intsika Yethu to the north and Amahlathi to the east. Parts of the former Transkei and Ciskei homelands forms part of the municipal area.

Due to the increasing phenomenon of urban sprawl, an urban edge has been delineated including the **Queenstown Urban Edge** (Follows the former Queenstown TLC boundary but includes the farm known as New Rathwick, located south of Mlungisi, which is identified as a priority public funded housing development area) and the **Sada-Whittlesea Urban Edge** (Follows the former Whittlesea TLC boundary and includes the low-lying area between the settlements of Whittlesea, Sada and Ekuphumleni, which is identified as a potential development area for urban agriculture).

The municipal area is fairly accessible on a national level considering that the N6 East London-Queenstown-Bloemfontein intersects the Queenstown area. In terms of the municipal street hierarchy, the N6 Ezibeleni Access Road has been identified as local mobility route and both Cathcart Road and Queenstown road as activity corridors.

(5) Land and Housing

The area is characterized by diverse land use and ownership pattern. Ownership of land in the urban areas is generally held by free-hold Title Deeds but in the rural areas the most common form of tenure is the communal land tenure system. A number of rural land claims have been lodged viz. 25 rural claims and 4

urban claims in Queenstown with a total of 1 157 claimants. A total of 35 land reform projects (including 17 LRAD; 8 Redistribution; 2 commonage) are currently underway.

According to the municipality, there is sufficient available land that either belongs to the Municipality or is in the process of being donated to the Municipality for housing development. The exact quantity in hectares has not yet been determined. At present, it is stated that land for housing delivery is therefore not a problem for the Municipality.

(6) Summary Infrastructure Challenges

(i) Access to water

Chris Hani District municipality is a water services authority while Lukhanji Local Municipality acts as a water services provider for all the areas under its jurisdiction. The District Municipality has appointed a rural water scheme maintenance contractor (Amanzabantu) to operate and maintain rural schemes while the Lukhanji Local Municipality provides services in the town areas of Queenstown, Ilinge and Hewu / Whittlesea.

At present, 97.8% of households have access to piped water. This implies that only 1 094 households have no access to piped water.

(ii) Level of sanitation

According to 2006 statistics by RSS, 59% of households have waterborne systems, 27.9% have RDP level service and the remaining 13.1% are underserved. 0.8% of the total backlog is served with bucket systems. It is assumed that the provision of services has improved over the years.

(iii) Access to electricity

ESKOM supplies electricity and carries out maintenance services in the Lukhanji Municipal area except Queenstown where the Lukhanji Municipality buys electricity from ESKOM and in turn sells to the consumers. The backlog for electricity household connections is estimated by RSS survey of 2006 to be at 11.3% while the rest of 88.7% are said to have a combination of metered and pre-paid connections.

(iv) Related Civil and Social Infrastructure Projects

According to the main report, there is either no information or there are currently no related civil and/or social infrastructure projects in process.

(v) Municipal capacity and housing delivery

The Lukhanji Municipality has not indicated if they have been delegated any functions under the accreditation of municipalities guidelines and whether or not they enjoy Developer status in respect of current and future projects. The 2009 IDP states that the municipality acknowledges that housing is not a primary competence of a local municipality but the municipality recognizes housing delivery as a key priority for Lukhanji.

To this effect the municipality has a dedicated housing department that assists with the planning and facilitation of PHDB applications for subsidy housing and rental housing stocks as well as implementing Peoples Housing Programmes (PHP) on behalf of the National Department.

The Lukhanji Municipality has indicated that it is experiencing capacity constraints in respect of delivery quality housing and on time but has not commented on what measures they have developed to address the identified gaps. It is envisaged that capacity support programmes may need to be set up to address the capacity gaps.

(vi) HOUSING DELIVERY

COMMENTS BOX

Developing a Municipal Project Pipeline

The main report and this section contain a number of tables referring to different projects but each is ordered in a different way and many lack important pieces of information. It is proposed as part of the strategy to integrate these into a single project pipeline for the municipality. It is suggested that this is done in close co-operation with the province in the development of the template and in ensuring that all the relevant information is placed in the 'pipeline'.

Currently the primary focus areas for the Chris Hani District Municipality (CHDM) are the eradication of water services and sanitation backlogs. Housing delivery does not seem to be a priority partly due to the fact that its main driver is the Department of Human Settlement. In addition to the scenario above, the Lukhanji Municipality has identified the following main challenges that impact on housing delivery process:

- Local Municipality personnel, contractors and other stakeholders are under capacitated,
- Poor Project Management,
- Lack of compliance with contractual agreements.
- Lack of municipal representation/consistent monitoring on construction site(s),
- Lack of civil and social infrastructure (Roads, Water and Sewerage reticulation) to address housing demand both in urban and rural areas,

- Lack of potable water which has been the main hindrance for the past 3 years, and
- Inefficient project data capture

Despite the various challenges with which the municipality is faced with, the following housing progress with regards to the housing delivery process has been made:

- The total number of formal housing units completed to date is 10 124 against approved units of 14 542 (IDP 2007). This suggests a _____% success rate.
- According to the CHDM LR & S P (2005) there is a total of 14 776 approved subsidies out of which 9 679 are urban and 5 097 peri-urban/rural.

In addition to the above, the municipality has recorded the following projects as being completed:

PROJECT NAME	NO. OF SITES	PROJECT TYPE
Ezibeleni 251	251	Project Linked
Nomzamo 337	337	IRDP
Sabata Dalidyebo 2 - 450	450	PHP
Thambo Village 2 – 490	490	PHP

9.5 Current and Proposed Housing Projects

The table below illustrates the department's overall project list (planned and current projects) for the Lukhanji municipality:

PROJECT NAME	PROJECT TYPE	NUMBER OF SITES
Ezibeleni 251	Project Linked	251
Nomzamo 337	IRDP	337
Sabata Dalidyebo 2 - 450	PHP	450
Thambo Village 2 – 490	PHP	290
Brakkloof	IRDP (Rural)	281
Zola	IRDP (Rural)	225
Toisekraal 364	IRDP (Insitu)	121
Quality Coffins 18	IRDP (Insitu)	18
Ilinge 1156	IRDP (Insitu)	1156
Nomzamo 337	IRDP (Insitu)	337
Xuma	IRDP (Insitu)	126
Queenstown	PHP	200
New Rathwick	IRDP	3000
Lukhanji	IRDP	200
Queenstown	Rectification	1421
Whittlesea	Rectification	754
Queenstown	Rectification	405
Ilinge 1012	Rectification	20
Ilinge 405	Rectification	33
Ezibeleni 1421	Rectification	190
Imvani 145	Rectification	145

PROJECT NAME	PROJECT TYPE	NUMBER OF SITES
Thambo Village	PHP	990
Mcbride Village 678	Rural Project	687
Who-Can-Tell 708	Rural Project	708
Poplar Groove 308	Rural Project	308
Merino Walk 274	Rural Project	274
Ensam 247	Rural Project	247
Toisekraal	LM to provide data	364
Zola	LM to provide data	225
Xuma	LM to provide data	126
Imvani Rural	Rural Project	160
Total		14 049

In addition to the above, the Lukhanji Municipality also has a number of rectifications and blocked housing projects currently underway. The table below provides a status update on the status quo of these projects.

9.6 Rectification housing projects:

The DoHS has made a commitment of more than R50 million towards the following projects within the Municipality.

PROJECT NAME	NO OF SITES	BUDGET
Toisekraal	364	R5 900 000
Zola	225	R 7 100 000
Xuma	126	R3 100 000
Queenstown		
COMDEV	3021	R630 000
Consolidated PHP	521	R0
Ezibeleni P1	251	R5 460 000
Imvani Rural	160	R4 550 000
Ilinge	1156	R10 500 000
Enkululekweni – R/I 1	541	R105 000
Ezibeleni Ext: Ph 2 –R/L 1	700	R12 740 000
Whittlesea - Madakeni	300	R8 400 000
Total	7 065	R50 085 000

9.7 Blocked housing projects:

The following projects are recorded as blocked projects within the municipality. However there is no detailed information provided with regard to the reasons for their being blocked:

PROJECT NAME	TYPE	NUMBER OF UNITS
Queenstown	PHP	990
Queenstown	PHP	337
Ilinge	PHP	1 156
Merino Walk	PHP	274
Botha's Hoek	PHP	93
Ensam	PHP	247
Porplar Groove	PHP	308

PROJECT NAME	TYPE	NUMBER OF UNITS
Who can tell	PHP	708
Mc Bride Village	PHP	678

9.8 STRATEGIC FRAMEWORK REVIEW

9.8.1 Review of Housing Vision

There is no information available in the housing vision for the Lukhanji municipality.

9.8.2 Housing Objectives

There is no information available with regards to the municipality's objectives for housing delivery.

9.8.3 Strategies and Proposed Projects

A large proportion of people in the district live in rural communal areas (26%% of households) in traditional housing. As mentioned in preceding paragraphs, the housing backlog, merely provide a bulk estimate but no detailed breakdown has been made between rural and urban housing demand. It is therefore vital to determine the breakdown although the information from the CHDM LR & SP (2005) indicated that of the 14 776 approved subsidies, 5 097 (_____%) were in peri-urban rural projects.

It is critical that the urban and rural housing demand is better understood as this influences the type of housing units and tenure options required. The Rural Housing policy/ strategy will be the most appropriate instrument to address rural housing delivery as it can be used to either on improve infrastructure or the quality of the traditional dwellings or both.

The Lukhanji Municipality has not indicated if they have been delegated any functions under the accreditation of municipalities guidelines and whether or not they enjoy Developer status in respect of current and future projects. The 2009 IDP states that the municipality acknowledges that housing is not a primary competence of a local municipality. It therefore primarily relies on the Province to carry out a significant part of the responsibilities related to housing development. It is important that there is clarity on the respective roles and responsibilities between the province and the municipality to ensure for accountability.

A clear joint plan of action setting out roles and responsibilities and linked to a MOU should be developed. To the extent that it is considered important for the municipality to have a role in parts of the housing process, it is critical that a plan is put in place to build the necessary capacity in the municipality and to enable the District Council to effectively undertake some of the responsibilities related to housing delivery.

Given the very limited capacity in the municipality for planning and implementation of housing projects it is crucial that the municipality engages in partnerships with other relevant agents who can assist it in its

planning and delivery. Priority should be on the strengthening of the relationship between the internal sections within the municipality and with the provincial DoHS, the Regional Department of Land Affairs as well as agencies and NGOs working in the rural parts of the municipality.

Housing Delivery is also being affected negatively by the lack in compliance with contractual agreements and the apparent lack in technical skills in the Municipal Departments for instance building inspectors, to monitor building contractors. This may have lead to substandard workmanship and non-completion or late completion of projects. It is therefore important for municipalities to review current contracts and to implement punitive measures for non-compliance.

The Lukhanji municipality has no clear housing vision or set objectives with regards to housing delivery. In order to harness all stakeholders towards a common goal, it is imperative that the vision and objectives are clearly defined.

The present planning is badly inhibited by the lack of properly developed and maintained database on the demand and the projects that are planned and or implemented to tackle this. Often the information is sparse, or it is held in different formats in different locations both within the municipality and outside of it. A more integrated system is required.

Arising from the above, a number of projects are proposed. These will be discussed in the subsequent section.

9.9 Strategic programme

Project 1: Integrated information system on the levels and nature of demand as well as the project pipeline proposed to meet the need and demand with properly resourced system to update.

Deliverable	Key activity	Timeframe	Responsibility	Cost
Designed data base system that can hold an integrated project pipeline	Preparation of a user friendly computer based system that is easily usable by relevant municipal staff.	April '12	Province could decide to design one for use by all municipalities or municipality could do its own.	
Trained staff able to use and update.	Training of relevant staff in the municipality to use and update the system.	July '12	Province or municipality depending upon who does the preparation of the system	
Populated pipeline with all information up to date and verified.	Collect and input all the information from the relevant sources including importantly	August '12	Either province or municipality.	

Deliverable	Key activity	Timeframe	Responsibility	Cost
	sections in the municipality, the district and the PDoHS			
Quarterly updates and annual review report	All the additional projects or changes in status and information of existing entered and quarterly report for management and council. Informed annual review reports.	Sept '12 and quarterly thereafter. Review report January 2013 for integration into IDP.	Municipality	

Project 2: Preparation of a rural housing strategy based on a context and needs study that defines the priority rural projects that address the needs for basic infrastructure, top structure and tenure in an integrated manner.

Deliverable	Key activity	Timeframe	Responsibility	Cost
Proposal for development of a rural strategy with budget	Prepare proposal for the information gathering, analysis and strategy	February 2012	Municipality in conjunction with Province	
Internal or external people appointed to carry out work	The selection of the right team to undertake the work	March 2012	Municipality in conjunction with Province	
Baseline information	Collection of all existing relevant information on the context, nature and location of rural housing, priority interventions re tenure, infrastructure and top structure for all key stakeholders.	July 2012	Selected Internal or external team	
Key stakeholder feedback and direction on baseline information	Workshop of key stakeholders to discuss baseline information, its accuracy, relevancy and identify gaps	August 2012	Stakeholders and Selected Team	
Further information gathered and analysis and initial strategy.	To fill the gaps and to proceed to defining a draft strategy from analysis of information gathered through desktop or informant interviews.	October 2012	Selected team	
Stakeholder Input into Strategy	Workshop to present and discuss the info, analysis and draft strategy.	October 2012	Stakeholders and Selected Team	
Strategy and linkage to	From the workshop	Jan 2013	Selected team.	

Deliverable	Key activity	Timeframe	Responsibility	Cost
municipal and provincial budget and MTEF.	contributions finalise the strategy but link with available resource streams.			
Strategy inputted into IDP and reviewed annually.	The strategy integrated into the Housing chapter and linkage back to municipal budget and MTEF.	Jan 2013 and annually	Municipal Housing Section	

Project 3: Effective support for the roll out of the existing projects and the planning and preparation of the future priority projects:

Deliverable	Key activity	Timeframe	Responsibility	Cost
Properly managed implementation of financed projects.	Management of the technical service providers in ensuring that projects are delivered on time, to quality and within cost. Carry out effective community liaison and consultation.	Continuous	Housing officer with PDoHS	
Preparation of identified priority projects for financing and implementation.	Co-ordination of the preparation of the projects: <ul style="list-style-type: none"> • Land • Land preparation and packaging • Initial design • Beneficiary identification • Finance packaging • Preparation of tendering etc 	Continuous	Housing officer with PDoHS	

Project 4: Strengthened internal and external partnerships for the delivery of the complete municipal housing programme.

Deliverable	Key activity	Timeframe	Responsibility	Cost
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Identified Key Potential Partners	Internal workshop Identify key roles and responsibilities and which are key stakeholders undertake these and present status of relationship.	Jan '12	Municipal management	
Defined Approach to strengthening Partnerships	Based on roles and responsibilities and key potential partners - defining the type of relationship and approach negotiating this.	March '12	Municipal management	
Negotiated basis of co-operation	Meeting with individual key stakeholders to discuss bases of co-operation and action plan for co-operation over the next 2 years.	June '12	Municipal management	
Agreed MOU on Co-operation	Preparation of MOU and action plan based on above and ready for signing between partners.	July '12	Municipal management	
Working together	Implementing the action plan around municipal priorities.	Continuous	Municipal officials and partner officials	

Project 5: Continuous monitoring and evaluation of the municipal housing delivery process. A Monitoring and Evaluation Framework is essential to enable the effective implementation of the Housing Sector Plan. The realization of the vision and objectives set out in the Housing Sector Plan can be attained through a continuous but flexible monitoring process of the targets and indicators set for the strategies and projects.

Deliverable	Key activity	Timeframe	Responsibility	Cost
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Deliverable	Key activity	Timeframe	Responsibility	Cost
Monitoring and Evaluation Framework	Drafting of monitoring and evaluation framework, The framework to be integrated into the Housing chapter.	Continuous	Stakeholders and Selected Team	
Formation of Project Steering Committees to ensure the collaboration of developers, ward committees and councillors in the speedy execution of projects.	Project Steering Committees to be formed for all housing projects comprising ward committee, councillor and local stakeholders. Submit project reports to the Housing Department	Project-linked (upon initiation of project)	Municipal management	

9.9 Financing of Housing

The Municipality has a current budget of over R96 million for RDP housing projects. The department of Roads and Transportation together with Public Works have set aside an estimated combined investment of over R21 million towards road construction and maintenance in the Lukhanji area. Using MIG funding the municipality is rehabilitating both urban and rural gravel roads.

9.10 PROJECT PIPELINE AND CAPITAL BUDGET

9.11 INTEGRATION

9.12 Cross-sector alignment issues

The following projects are highlighted in the Lukhanji SDF and IDP as Land Use related projects that are believed to have an influence on housing delivery within the municipality.

FOCUS AREA	COMMENT
Implementation of first generation Integrated Zoning Scheme for Greater Queenstown area	This project is needed to put in place a more functional Zoning Scheme to enhance the Municipality's performance of its land use regulation role.

FOCUS AREA	COMMENT
Conversion of Township Establishment Status of: - a. Ezibeleni b. Sada c. Ekuphumleni	This project will facilitate the conversion of these townships from R293 townships. The process will lead to a number of positive outcomes, including the potential to incorporate these areas into an operational Zoning Scheme as well as bringing them within the ambit of the Upgrade of Land Tenure Act (Act No. 112 of 1991), which will enable the conversion of lesser forms of title to freehold ownership.
Formulation of a PILOT Rural Land Use Management System in RA 60	This project is needed to address the ongoing pressure on land (i.e. land invasion) in the RA 60 area. It is intended that the Municipality engage with the RA 60 communities in establishing an acceptable Land Use Management Scheme for the RA 60 area, which applies to issues such as land use and land allocation.
Zweledinga Zone Plan and Local Planning Process	Communities to be engaged for general agreement on configuration of the settlements. The project is deemed a priority because of reported dynamism in settlement formation in the area, as well as historical tensions concerning land issues.
Greater Whittlesea LSDF	Detailed Local Spatial Development Framework to enable the management of land developments in Whittlesea, Sada, Ekuphumleni and surrounding areas. To promote linkages between Urban and Rural areas.
RA60 Pilot Land Use Management Scheme	Land Use Management Scheme that will enable the Municipality and the community to manage and protect land uses. RA60 was previously planned but is not experiencing an influx of land invasions.

9.13 Housing planning and delivery risk management matters

RISK	RISK MITIGATION
Poor information and analyze on need and demand for proper planning	
Poor capacity within the municipality	
Lack of properly structured co-operation between the municipality and the province	
Difficulty of resolving the secure tenure issues in the communal areas.	

RISK	RISK MITIGATION
Lack of proper control and management of the 12 started projects	

9.14 Approval

Key approvals and alignment required for the finalization of the plans and incorporation into the IDP.

9.15 APPENDIX 1: GAP ANALYSIS

(i) GAPS REQUIRING FILLING

The following Table outlines the key gaps that require filling to substantially strengthen the possibility of an implementable strategy for this housing chapter:

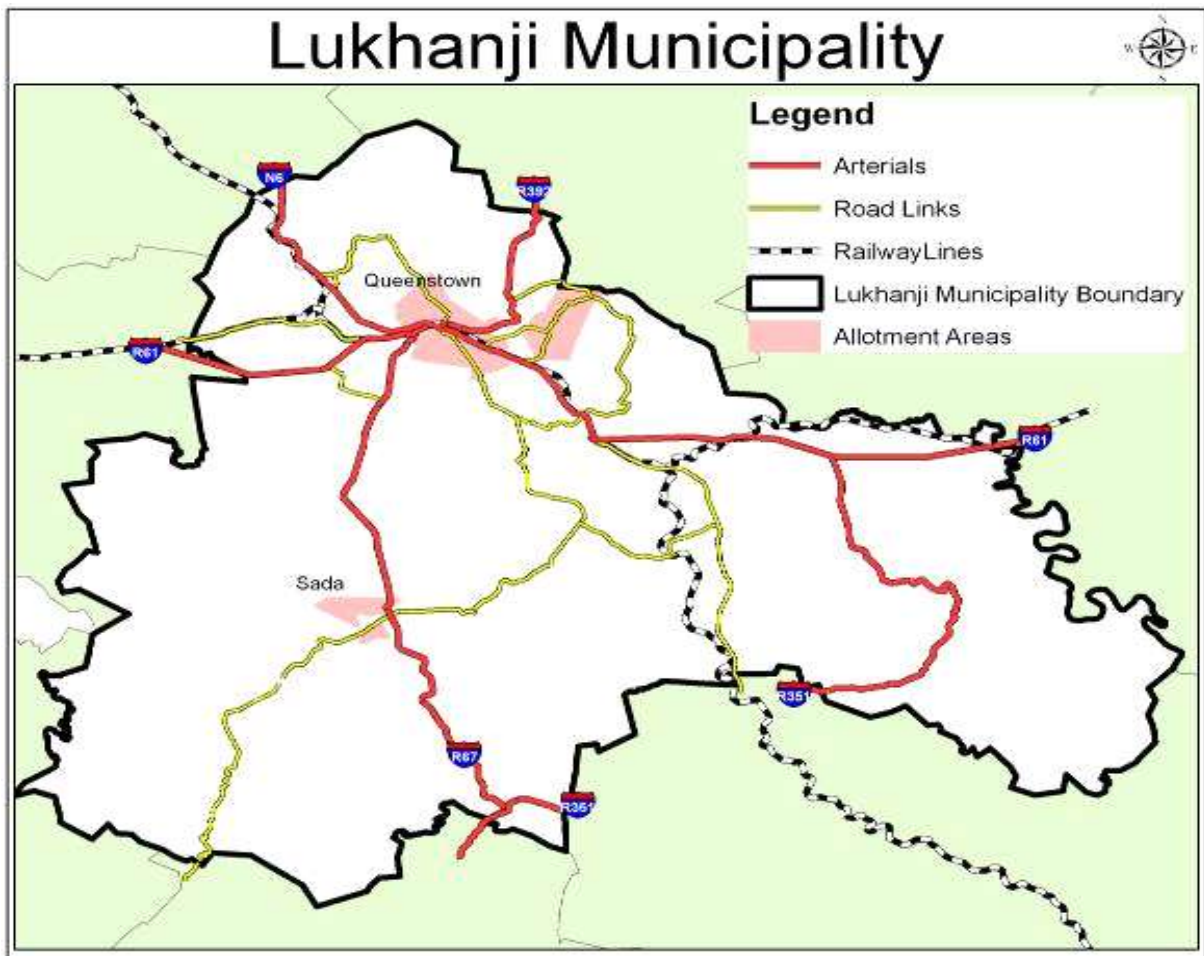
GAPS TO ADDRESS	MODE
Establishment of the real nature of need and demand including better analysis of the interaction and separation of tenure security, basic infrastructure and top structure.	Research on the baseline documents including Provincial MTEF, land reform stats and basic infrastructure information + discussion with municipalities on summarised information
Development of rural housing strategy that does not just use global guesstimates.	Using the information from above and then linking this to specific priority geographical areas that can have more intensive information gathering. Closer planning linkage with ECDoHS and Dept of Land Affairs to develop responses.
Proper listing of completed, existing and future projects with necessary baseline and tracking information	Use of supplied template to co-ordinate information from different sources and then updating and completing this in contact with key local and provincial stakeholders. Possibly a provincial project.
Analysis of proposed infrastructure expenditure including water, sanitation, roads and storm-water drainage and linkage of this to housing priority areas.	Source from provincial government documents and use local municipality to link with existing priority areas of housing need. Important to link this back to the housing project pipeline to identify where there are direct linkages.
Financing available for housing and infrastructure in the area. Analysis of the existing financing allocated to the area for infrastructure, land reform and housing and the linkage to established priorities	From the provincial MTEF and land reform MTEF + linkage back to defined housing priorities in the area.

2. ANALYSIS

1.1 Municipality Spatial, Socio-economic and Accommodation Type

1.1.1 Locality

•Locality Map



Lukhanji is a category B municipality situated within the Chris Hani District of the Eastern Cape Province. It is made up of the combination of the Greater Queenstown and surrounding farms and villages, Ilinge, Hewu / Whittlesea and Ntabethemba.

Lukhanji is landlocked by the municipalities of Tsolwana and Inkwanca to the west and Emalahleni and Intsika Yethu to the north and Amahlathi to the east (See Map 1). It consists of 27 wards and covers 4231 km² of the 37 111 km² of the Chris Hani District Municipality. It includes areas of the former Transkei and Ciskei homelands. The municipality incorporates two main urban areas - Queenstown and Whittlesea - which are surrounded by rural villages and agricultural land.

1.1.2 Spatial Form

The Lukhanji SDF 2005 states that a broad appraisal of land use and settlement patterns within the Lukhanji Municipality indicates that the urban settlement pattern is dominated by the Queenstown/Ezibeleni urban complex, with the secondary urban area being the Greater Sada/Whittlesea complex, which is made up of three distinct urban areas, being Sada township, Whittlesea town and the Ekuphumleni (or Dongwe) township.

Non-urban land within the Municipal area is characterised either by distinctive enclaves of rural settlement (mainly within the areas of the former Ciskei and Transkei) where rural and peri-urban settlements accommodate over 33% of the Municipal population, or by land used for intensive and extensive agricultural purposes. More recently – (in the period 1990 to present) – the area located between Queenstown and Whittlesea, known as RA 60 and made up of some 8 separate low density settlements has been formalised. The existing urban areas and rural/peri-urban settlements in Lukhanji are, typically, spatially fragmented in nature. This spatial fragmentation creates a costly and inefficient settlement pattern, particularly in the urban areas, where levels of services are commonly of a higher standard.

1.1.2.1 Physical Features

1.1.2.2 Settlement Structure

SETTLEMENT HIERARCHY

NODE TYPE	AREA/LOCALITY	DESCRIPTION
Level 3: Primary Node	Greater Queenstown	The higher order urban settlement in Lukhanji, this area should be targeted for the following: - <ul style="list-style-type: none"> - Investment in infrastructure; - Development of new public-funded housing areas; - Development of regional social goods and facilities, including educational institutions, and sports and recreational facilities - Land use management that focuses on establishing the CBD as an attractive area to do business in. - Land use management that facilitates the orderly development of office and retail accommodation
Level 2 : Secondary Node	Greater Whittlesea	The secondary urban settlement in Lukhanji, this area should be targeted for the following:

NODE TYPE	AREA/LOCALITY	DESCRIPTION
		<ul style="list-style-type: none"> - Land use management that promotes urban infill in the development of new public-funded housing areas; - Feasibility study on establishing intensive irrigation-fed agricultural enterprises at Shiloh and below the Oxkraal Dam.

MAIN NODES

Central Business Districts (CDB) (Queenstown)	<p>The Queenstown CBD is the most important locality for local economic development and serves as a regional centre to a wide hinterland. It should be prioritised for: -</p> <ul style="list-style-type: none"> • A CBD Revitalisation Framework, which is aimed at identifying optimum land use and traffic arrangements in the locality.
(Whittlesea)	<p>The Whittlesea CBD is a minor business and administrative centre, located along the R67 mobility route to Queenstown. It should be prioritised for: -</p> <ul style="list-style-type: none"> • The development of appropriate public transport facilities to facilitate its role as a sub-regional transport interchange and minor service centre. • Appropriate land use management interventions to ensure a more effective land use pattern

CORRIDORS

National Routes	<p>N6 East London-Queenstown-Bloemfontein</p> <ul style="list-style-type: none"> • R67 Fort Beaufort-Whittlesea-Aliwal North • R61 Cradock-East London • R392 Dordrecht-Queenstown-Fort Beaufort • R396 Lady Frere-Queenstown-Fort Beaufort
Mobility Routes – Local level	<ul style="list-style-type: none"> • - N6-Ezibeleni Access Road
Activity Corridors	<ul style="list-style-type: none"> • - Cathcart Road, Queenstown
Activity Streets	<ul style="list-style-type: none"> • - Victoria Road, Queenstown • - Whittlesea Main Road(R67)

1.1.2.3 Special Development Areas

The SDF makes provision for special development areas for housing developments as follows:

- The Central Business Districts (CBDs) of Greater Queenstown and Greater Whittlesea
- New Public-Funded Housing Development Areas: -
 - New Rathwick
 - Ezibeleni West Infill Areas
 - Mlungisi Infill Areas
 - Sada-Whittlesea Infill areas
- Rural Development Areas
 - Rural Settlement Upgrade Areas
 - o Areas for Agricultural Development (Land Reform)

Focus will be on re-dressing the effect of decades of poor land use control through the introduction of more appropriate institutional mechanisms in line with sustainable land use and land reform

1.1.3 Demography

The total number of households counted in Census 2001 was 44975 households. During the Community Survey in 2007, the number of households was estimated at 49675. This is an annual growth of 1.7% in the number of households. If this growth in the number of households continues, there would be 53233 households in 2011 and 56946 households in 2015.

1.1.3.1 Number of households

NUMBER OF HOUSEHOLDS		
MUNICIPALITY EC134		
		COUNT
Number of households	Census 1996	
	Census 2001	44975
	Community Survey 2007	49675
	Projection to 2011	53233
	Projection to 2015	56946

According to the HSP (p. 33, section 4.5.1) the population size of Lukhanji has grown by an average of 1% per annum, and the population is estimated at 193917 people (in 2007). This is slightly lower than the figures derived

from the Community Survey, which puts the population at 208081. The number of households is estimated at 47000, which is also lower than the figure presented by CS2007.

The population growth rate is estimated at 0.9611 per annum (say 1%).

1.1.3.2 Population group

The vast majority of the people in Lukhanji is Black (96.9%). Only 2.3% (or 4733 people) are White, and there are few Coloured and Indian people in Lukhanji. The total number of people in Lukhanji is 208081, as estimated in the Community Survey 2007.

POPULATION COMPOSITION

MUNICIPALITY EC134			
		COUNT	COLUMN N %
P_10 Population group	Black	201583	96.9%
	Coloured	1370	.7%
	Indian or Asian	395	.2%
	White	4733	2.3%
	Total	208081	100.0%

1.1.3.3 Age Distribution by Gender (2007 Community Survey)

Just over 45% of the population is under the age of 20. About 9.3% are over the age of 60.

About 12000 more females live in Lukhanji, compared to males. The only age category where males outnumber females is in the age group between 10 and 19. This would suggest males migrate to other major urban centres (e.g. Cape Town, Johannesburg, Port Elizabeth, East London) to find work.

AGE DISTRIBUTION

MUNICIPALITY EC134							
		P_04 SEX					
		MALE		FEMALE		TOTAL	
		COUNT	COL N %	COUNT	COL N %	COUNT	COL N %
Age group	0-9	20615	21.1%	22806	20.7%	43421	20.9%
	10-19	26851	27.4%	24492	22.2%	51343	24.7%

	20-29	16207	16.6%	17616	16.0%	33823	16.3%
	30-39	12265	12.5%	13079	11.9%	25344	12.2%
	40-49	8927	9.1%	12340	11.2%	21267	10.2%
	50-59	5683	5.8%	7804	7.1%	13486	6.5%
	60-69	3865	3.9%	5202	4.7%	9066	4.4%
	70-79	2155	2.2%	4439	4.0%	6594	3.2%
	80-89	1238	1.3%	2190	2.0%	3428	1.6%
	90+	50	.1%	258	.2%	308	.1%
	Total	97856	100.0%	110225	100.0%	208081	100.0%

1.1.3.3 Orphans under 18 and both father and Mother not Alive

In Lukhanji, 3.7% of the children under 18 had no father and mother (3171 children). These children will be looked after by other family members, members of the community, or they may have to fend for themselves.

ORPHANS

MUNICIPALITY EC134			
		COUNT	COLUMN N %
Orphan	Yes	3171	3.7%
	No	81592	96.3%
	Total	84763	100.0%

Using the CS2007 and by taking the age of the oldest household member, it is possible to derive which households are headed by persons under the age of 18. Below is a table showing us that 368 households in Lukhanji are headed by children (0.7% of the households). This data needs to be treated with caution, as some households in the CS2007 are consisting of 1 person and the oldest person is a baby of 0 years old. These

children may be cared for in institutions, and seen as separate households. Therefore, the table probably slightly overestimates the number of child headed households, but is a good indication.

CHILD HEADED HOUSEHOLD

MUNICIPALITY EC134			
		COUNT	COLUMN N %
Child Headed HH	Yes	368	.7%
	No	49252	99.3%
	Total	49621	100.0%

1.1.4 Migration

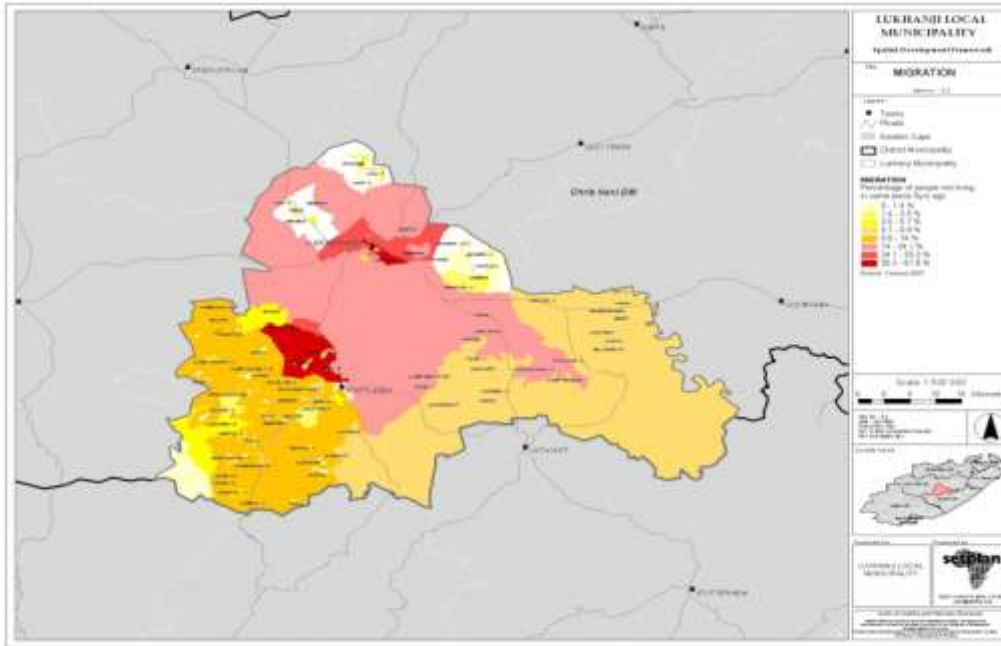
About two thirds of the people living in Lukhanji stayed in the same dwelling for at least 5 years prior to the 2007 Community Survey. About 22% (or 45261 people) had moved to their dwelling in the past five years. This figure indicates high movement, but it is unclear from this if people are moving from within the municipality or migrate in and out of the Municipality.

SAME DWELLING IN THE PAST 5 YEARS

MUNICIPALITY EC134			
		COUNT	COLUMN N %
P_16 Same dwelling 5 years ago	Yes	137314	66.8%
	No	45261	22.0%
	Born after Oct 2001	22897	11.1%
	Total	205472	100.0%

The following figure shows the migration patterns in the municipality.

Migration patterns



MIGRATION TRENDS

MUNICIPALITY EC134			
		COUNT	COLUMN N %
P_17 Year moved	2001	505	1.2%
	2002	2235	5.1%
	2003	4413	10.1%
	2004	7236	16.5%
	2005	12147	27.7%
	2006	12979	29.6%
	2007	4331	9.9%
	Total	43847	100.0%

About 88.3% of the people, who had moved into their dwelling in the past five years, came from the Eastern Cape Province. There were 1411 people who came from Gauteng (3.1%) and 1392 came from the Western Cape (3.1%). A smaller number came from Kwa-Zulu Natal and the Free State.

REGIONAL TO OTHER PROVINCES

MUNICIPALITY EC134			
		COUNT	COLUMN N %
P_18 Previous province	Western Cape	1392	3.1%
	Eastern Cape	39555	88.3%

	Northern Cape	278	.6%
	Free State	852	1.9%
	KwaZulu-Natal	758	1.7%
	North West	0	.0%
	Gauteng	1411	3.1%
	Mpumalanga	0	.0%
	Limpopo	246	.5%
	Outside RSA	330	.7%
	Don't know	0	.0%
	Total	44821	100.0%

Rural to urban migration is becoming a significant phenomenon in the municipality. The growth of informal settlements on the periphery of Queenstown is indicative of the increasing (albeit slow) level of rural to urban migration. This phenomenon will impact housing provision and needs to be factored into development plans of the municipality.

1.1.5 Settlement Area Type

1.1.5.1 Settlement Type (from Census 2001)

According to data from Census 2001, about 55% of the households live in urban settlements (24710 households), and 20% live in tribal settlements (8963 households). Informal settlements make up 16.5% of the households in Lukhanji, and it is estimated that 7389 households live in informal settlements.

SETTLEMENT TYPE

MUNICIPALITY EC134			
		COUNT	COLUMN N %
Area type	Sparse (10 or fewer households)	1062	2.4%
	Tribal settlement	8983	20.0%
	Farm	2235	5.0%
	Small holding	255	0.6%
	Urban settlement	24710	55.0%
	Informal settlement	7389	16.5%
	Recreational	0	0.0%
	Industrial area	16	0.0%
	Institution	239	0.5%

	Hostel	25	0.1%
	Total	44915	100.0%

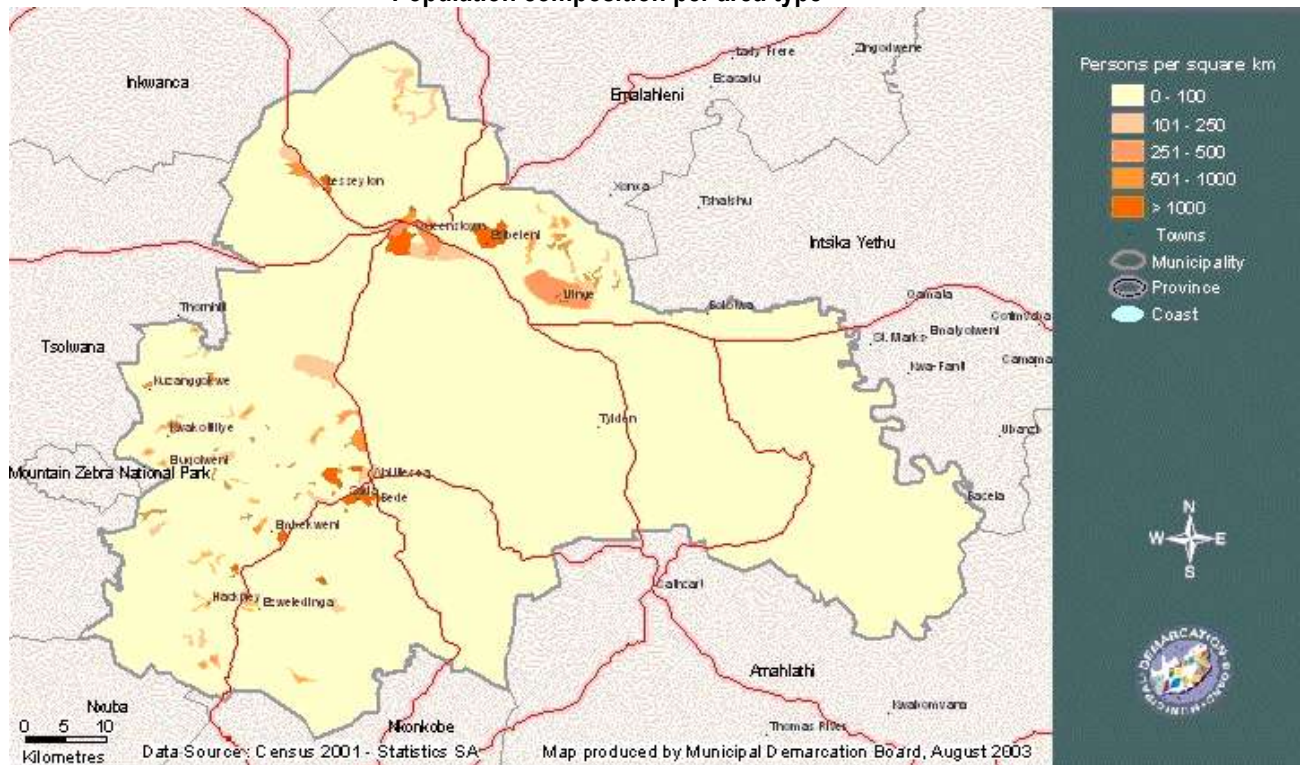
*Please note that 2001 municipal boundaries were used in the above table

In the new demarcation boundaries, 67.8% of the households live in urban areas, and 32.2% live in non-urban areas.

AREA TYPE C (FROM CENSUS 2001)

MUNICIPALITY EC134			
		COUNT	COLUMN N %
Area type	Urban	30472	67.8%
	Non-Urban	14503	32.2%
	Total	44975	100.0%

Population composition per area type



1.1.5.2 Settlement Type (from Census 2001, new demarcation)

1.1.5.3 Settlement Type (from 2006 Basic Services study)

1.1.6 Dwelling Types

The percentage of people living in formal housing on a separate stand is quite high, as 79.6% of the households (39542 households) live in such a dwelling. Only about 10% live in traditional dwellings (5166 households).

Informal dwellings are occupied by about 3000 households. These informal dwellings are mainly freestanding informal dwellings, but about 671 households live in an informal dwelling in a backyard.

The average number of rooms occupied by the households is 3.5 per households. The number of rooms is higher in the formal dwellings (3.8 rooms per household) and lowers in the informal dwellings (1.5 and 1.8 rooms per household on average).

Average household size ranges from 4 people per household in formal dwellings to 2.2 people per household in flats. Informal dwellings are occupied by an average of 2.6 people (freestanding informal) and 3.1 (backyard informal).

DWELLING TYPE

MUNICIPALITY EC134					
		DWELLING TYPE		AVERAGE NUMBER OF ROOMS	AVERAGE NUMBER OF PEOPLE
		COUNT	COL N %	MEAN	MEAN
Dwelling	House or brick structure on a separate stand or yard	39542	79.6%	3,8	4,0
	Traditional dwelling/hut/structure made of traditional material	5166	10.4%	2,9	3,9
	Flat in block of flats	1063	2.1%	2,1	2,2
	Town/cluster/semi-detached house (simplex)	0	.0%	.	.
	House/flat/room in backyard	343	.7%	2,3	2,3
	Informal dwelling/shack in backyard	671	1.4%	1,5	3,1
	Informal dwelling/shack NOT in backyard	2338	4.7%	1,8	2,6
	Room/flatlet NOT in backyard but on a	274	.6%	1,4	2,4

shared property				
Caravan or tent	0	.0%	.	.
Private ship/boat	0	.0%	.	.
Workers' hostel (bed/room)	0	.0%	.	.
Other	279	.6%	3,6	4,2
Total	49675	100.0%	3,5	3,8

The table below shows the number of households in each income group per type of dwelling. This can be used to estimate the number of qualifying households per dwelling type and to estimate housing demand in the area.

INCOME GROUP BY TYPE DWELLING TYPE

MUNICIPALITY EC134						
		INCOME GROUP BY DWELLING TYPE				
		R0- R1600	R1601- R3200	R3201- R6400	R6401- R12800	R12801 OR HIGHER
Type of main dwelling	House or brick structure on a separate stand or yard	20463	9225	3251	2098	4505
	Traditional dwelling/hut/structure made of traditional material	3814	1018	303	0	31
	Flat in block of flats	323	220	110	55	355
	Town/cluster/semi-detached house (simplex, duplex, triplex)	0	0	0	0	0
	House/flat/room in backyard	176	56	55	0	56
	Informal dwelling/shack in backyard	493	115	63	0	0
	Informal dwelling/shack NOT in backyard e.g. informal/squatter settlement	1527	439	99	55	219
	Room/flatlet NOT in backyard but on a shared property	219	55	0	0	0
	Caravan or tent	0	0	0	0	0
	Private ship/boat	0	0	0	0	0
	Workers' hostel (bed/room)	0	0	0	0	0
	Other	224	55	0	0	0
	Total	27238	11182	3882	2207	5165

The HSP estimates that 3.2% of the housing in Lukhanji is informal housing (p49, section 4.10.2). This percentage is lower than the data obtained from the Community Survey in 2007, where 6.1% of the households live in informal dwellings. This difference could be attributed to the meanings attached to “informal housing” and “informal dwellings”. The housing backlog is estimated as 39615 as at July 2006, based on the municipal waiting list for housing (p. 50, table 4.13). About 38586 of these households earn less than R1500 per month. According to the figures from the 2007 Community Survey, however, only 27238 households earn below R1600 per month. There are currently 14 housing projects, comprising of 8271 units

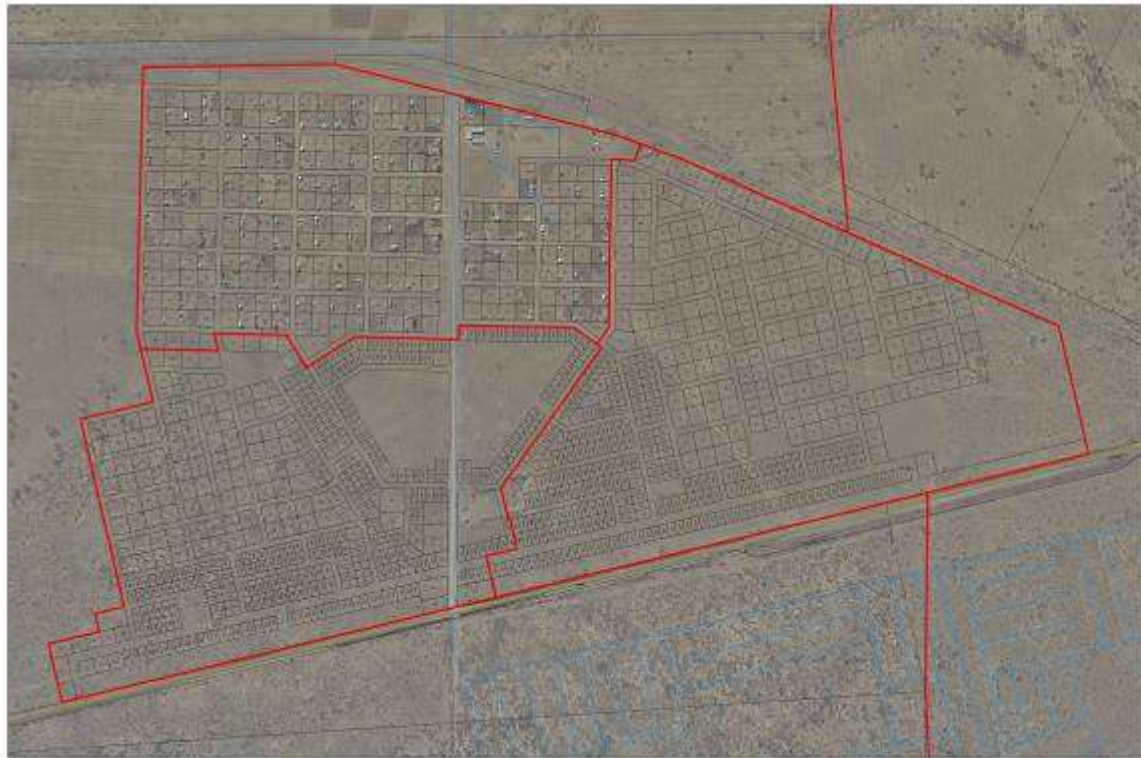
1.1.7 Informal housing

It is estimated that 3.2% of existing housing in Lukhanji are informal. These are largely concentrated in areas of Ilinge, Hewu, Mlungisi and Ezibeleni. The informal dwellings may refer to traditional.

The following aerial photos indicate some of the informal and traditional settlements in the municipality.



THEMBANI: EXISTING AND PLANNED SETTLEMENT



1.1.8 Socio-Economic Profile

1.1.8.1 Education level

Of the 12783 adults in Lukhanji, 8% (or 9645 people) had not received any formal education. About a quarter of the adults had only been to primary school (25.6%). Thirteen per cent of the adults completed secondary school, and 9.1% achieved tertiary education.

EDUCATION LEVEL

MUNICIPALITY EC134			
		COUNT	COLUMN N %
Education grouped	None	9645	8.0%
	Primary school or less	30964	25.6%
	Some secondary	53469	44.3%
	Completed secondary	15765	13.1%

	Tertiary	10941	9.1%
	Total	120783	100.0%

The HSP quotes figures of 18.2% of the population as having no education, based on the IDP. It is clear that the data source is probably older.

1.1.8.2 Household income and Poverty Levels

More than half of the households in the Community Survey (2007) had an income of less than R1600 per month (54.8% or 27238 households). Most of these households earned between R801 and R1600. About 22.5% (or 11182 households) earned between R1601 and R3200 per month.

HOUSEHOLD INCOME

MUNICIPALITY EC134			
		COUNT	COL N %
Monthly household income	No income	4334	8.7%
	R1 to R400	3802	7.7%
	R401-R800	6321	12.7%
	R801-R1600	12781	25.7%
	R1601-R3200	11182	22.5%
	R3201-R6400	3882	7.8%
	R6401-R12800	2207	4.4%
	R12801-R25600	1742	3.5%
	R25601-R51200	434	.9%
	R51201-R102400	165	.3%
	R102401-R204800	127	.3%
	R204801 or more	0	.0%
	Response not given	2697	5.4%

	Total	49675	100.0%
--	-------	-------	--------

The HSP looks mainly at individual monthly incomes, and quotes that 69% of the people have no income. The source of this data is the CHDM Water Services Development Plan 2006.

1.1.8.3 Social grants

More than a third of the population of Lukhanji receive a social grant. Three out of every four children under the age of 10 receive a grant, and more than 90% of the elderly (over 70) receive a grant.

SOCIAL GRANTS

MUNICIPALITY EC134									
		P_24 ANY GRANT							
		YES		NO		DON'T KNOW		TOTAL	
		COUNT	ROW N %	COUNT	ROW N %	COUNT	ROW N %	COUNT	ROW N %
Age group	0-9	32537	75.3%	10321	23.9%	324	.8%	43182	100.0%
	10-19	14178	28.0%	35695	70.6%	718	1.4%	50591	100.0%
	20-29	1062	3.2%	31019	93.0%	1271	3.8%	33352	100.0%
	30-39	1173	4.7%	23006	92.4%	717	2.9%	24896	100.0%
	40-49	2374	11.3%	18167	86.5%	453	2.2%	20994	100.0%
	50-59	2967	22.3%	10094	75.8%	263	2.0%	13323	100.0%
	60-69	6702	74.7%	2204	24.6%	61	.7%	8967	100.0%
	70-79	6130	94.0%	395	6.0%	0	.0%	6524	100.0%

	80-89	3024	90.2%	327	9.8%	0	.0%	3351	100.0%
	90+	291	100.0%	0	.0%	0	.0%	291	100.0%
	Total	70437	34.3%	131228	63.9%	3806	1.9%	205472	100.0%

1.1.8.4 Employment status (15-65 year olds)

Of the working age population, 46% (or 55583 people) were not economically active. About 24.4% were employed, and 29.7% are unemployed. Males are more likely to be employed (28.5%) compared to females (20.6%). The females are more likely to be not economically active or unemployed.

EMPLOYMENT STATUS

MUNICIPALITY EC134							
		P_04 SEX					
		MALE		FEMALE		TOTAL	
		COUNT	COLUMN N %	COUNT	COLUMN N %	COUNT	COLUMN N %
DER01 Employment status	Employed	16250	28.5%	13172	20.6%	29422	24.4%
	Unemployed	15903	27.9%	19947	31.3%	35850	29.7%
	NEA	24845	43.6%	30688	48.1%	55533	46.0%
	Total	56998	100.0%	63807	100.0%	120805	100.0%

The HSP puts the unemployment percentage at 71%, but only looks at the labour force. Only percentages are supplied, and it is not clear how many people are included in this figure.

LOCAL EMPLOYMENT BY SECTOR IS AS FOLLOWS

Major Sectors	Employment Type	%	%
Primary	Agriculture	6.0	6.0
	Mining	0.0	
Secondary	Manufacturing	6.0	11.0
	Electricity/Water/Gas	1.0	
	Construction	4.0	
Tertiary	Commerce and Trade	19.0	83.0
	Transport	4.0	
	Financial	6.0	
	Community Services / Government	40.4	
	Households / Domestic	14.0	
Total		100.0	100.0

Source: HSP 2009

1.1.8.5 Local Economy - GVA

The Lukhanji LED Strategy 2008 states that the largest sector contributor of GVA in Lukhanji in 2006 was the General Government Services sector, which contributes 30.5% of the GVA. This is followed by the Finance and Business sector, which contributes 20.3% of the GVA Wholesale, Retail and Catering sector contributes 19.4% of the GVA. The local economy in the Lukhanji district is experiencing a growth in most sectors.

The top five sectors contributing to the local economy significantly are as follows:

- General Government Services
- Finance and Business
- Wholesale, Retail and Trade
- Community and Social Services
- Manufacturing

2. HOUSING DEMAND PROFILE OF THE MUNICIPALITY

2.1 Analysis of Housing need

The housing demand analysis from the issues arising from the previous chapter can be summarized as follows:

HOUSING NEED ANALYSIS

CATEGORY	ANALYSIS
Settlement Patterns:	<ul style="list-style-type: none"> The estimated population is 193 917 and consists of 47 000 households of whom 21% reside in rural villages and 16% in peri-urban settlements with 54% in urban settlements and 9% in farms. (LED 2008)The majority of underserved households with regards to water, sanitation, refuse; electricity and road network comes from these settlement areas and this poses a challenge for service infrastructure expansion and delivery of essential services.
Migration Patterns:	<ul style="list-style-type: none"> There is increasing migration from rural to urban areas and this phenomenon impacts housing demand in the municipality and needs to be factored into development plans of the municipality
High Dependency Ratio	<ul style="list-style-type: none"> Over 45% of the population is under 20 years of age and 9.3% over 60 years of age and this increases pressure on bread winners. Housing projects need to provide facilities for the youth and also ensure that the needs of elderly citizens are provided for). The high dependency level coupled with low levels of employment and low incomes is likely to worsen poor service payments thus contributing to a shrinking revenue base for the municipality.
Gender Distribution	<ul style="list-style-type: none"> There are over 12 000 more females than males which suggests high levels of out-migration of males to find employment in major cities(Cape Town, Durban and Johannesburg) with all the associated problems of single headed households, low levels of affordability, breakdown in social fabric and lack of labour skills for construction projects locally.
Orphaned Children:	<ul style="list-style-type: none"> Orphaned households amount to 3.7% of total households. Points to the need for special housing needs and the development of resource centres to support these children as part of housing projects
Affordability	<ul style="list-style-type: none"> Over 54.4% of the population rely on income of less than R1600.00 per month with another 22.5% earning between R1600- R3200 per month. A third depends on social grants. Housing projects need to be affordable, located close to or incorporate the development of social facilities to improve access to social grants for the recipients, provide employment opportunities and promote the sourcing of materials locally to

CATEGORY	ANALYSIS
	improve local income and strengthen local income streams.
Employment:	<ul style="list-style-type: none"> ● Over 46% of the people are not economically active and 24.4% are classified as unemployed. Unemployment is higher amongst males than females. Housing projects need to make provision for local employment, source materials locally and provide training for women to participate in housing delivery. ● There are generally low levels of disposable income; therefore, low levels of affordability amongst the potential beneficiaries.
Infrastructure	<ul style="list-style-type: none"> ● Poor road infrastructure and linkages between the rural settlement areas and the main economic centre of Queenstown. Road access is critical for the efficient delivery of materials and it will be necessary to apply for additional funds for improvement of road networks before the housing development can take place rapidly in ● Poor sanitation with about 41.0% of household reported to have no form of sanitation. It is estimated that it was estimated in 2008 that approximately R 6 485 496 was required to address the sanitation backlogs ● Housing / Residential infrastructure backlog – the identified housing and infrastructure backlog is a major challenge to the Municipality's ability to develop the required supportive infrastructure in a sustainable manner. The backlog for electricity household connections is estimated by RSS survey of 2006 and that approximately R 28 million was required to address urban backlogs.
Other	<ul style="list-style-type: none"> ● Local Municipality personnel, contractors and other stakeholders are under capacitated. ● Poor Project Management. ● Lack of compliance with contractual agreements. ● Lack of municipal representation/consistent monitoring on construction site(s). ● Lack of civil and social infrastructure (Roads, Water and Sewerage reticulation) to address housing demand both in urban and rural areas. ● Lack of potable water which has been the main hindrance for the past 3 years. ● Inefficient project data capture

2.2 Expressed Housing Needs/ Backlog

2.3 Housing demand in the context of the IDP and District, Provincial and national priorities

2.3.1 Housing Demand Lukhanji IDP and SDF Context

The Lukhanji Municipality IDP states that the demand for housing in the Municipality is estimated to be approximately 40 000 units. Approximately 99% of the applicants fall within an income range of R0 – R2500 and the remainder (3%) earn between R2 500 – R3 500. This declared backlog only relates to beneficiaries who qualify for the R3500.00 housing subsidy schemes.(IDP 2009)

HOUSING DEMAND IDP CONTEXT

Income Group	% of Total	Estimated No of Units
R0-R1500.00	97	38 880 units
R1501-R2500	2%	800 units
R2501-R3500	1%	320 units
Total	100	40 000 units

The municipality indicates that if it has a housing waiting list and provides an analysis of the potential beneficiaries based on current accommodation as follows :(IDP 2009)

HOUSING WAITING LIST: CONTEXT 2009

Demand By Current Accommodation	% of Total	Estimated No. of Units
Backyard Shacks	5%	200
Renting	13%	5200
Stay in Family House	34%	13600
Informal Settlement	46%	18400
Desire to Own Property	2%	800

The municipality has further categorised the potential beneficiaries in terms of housing need as follows:

HOUSING NEED ANALYSIS

Source of Housing Need	% of Total	Estimated No. of Units
New Applicants	76%	30400
Have a House to Upgrade	2%	800
Have a Site to Formalise	22%	8800

The housing waiting list and the demand analysis do not show the breakdown between the rural and urban areas and the various settlements in Lukhanji. These needs to be determined as it will assist to identify areas of greatest need and give an indication of the type of subsidy instruments that may be appropriate to use.

The Municipality has a current budget of over R96 million for RDP housing projects. The department of Roads and Transportation together with Public Works have set aside an estimated combined investment of over R21 million towards road construction and maintenance in the Lukhanji area. Using MIG funding the municipality is rehabilitating both urban and rural gravel roads.

Details of the housing demand provided by the Lukhanji Municipality indicates a total of 100 903 applicants will require housing in future. This includes the disabled, new applicants, those requiring formalization / upgrading, those to be relocated from backyard shacks, etc.

2.3.2 Housing Demand Provincial Context

OUTCOME AIM HOUSING DEMAND TARGETS

INSTRUMENTS	OUTCOME 8 TARGETS				OTHER
	RURAL	SOCIAL AND RENTAL	INFORMAL STRUCTURES	INFORMAL SETTLEMENTS	CHILD HEADED HOUSEHOLDS
	14 866	802	2359	35	457
RURAL HOUSING					
SOCIAL AND RENTAL					
INCREMENTAL					
FINANCIAL					

2.3.3 Military Veterans

The distribution of war veterans in the province is indicated in the figure below. There are a number of Military Veterans across the province that needs to be provided with housing. The municipality should ensure that the data on the number of military veterans that need accommodation is accurate and kept up to date. There is an estimated 124 Military Veterans in the Chris Hani District Municipality and this constitutes 4% of the total number of Military Veterans recorded in the Eastern Cape Province. There are 60 Military Veterans in the municipal area which accounts for 48% of the total Military veterans in the district. The 60 Military veterans in the Municipality only constitute 2% of the total number in the Province.

However there is no indication of the actual number of Military Veterans who are in need of houses. The municipality should ensure that information on military veterans who need accommodation is updated and be captured in the housing waiting list.

Military veterans

2.4 Land Requirement for Future Development

According to the municipality, there is sufficient available land that either belongs to the Municipality or is in the process of being donated to the Municipality for housing development, although the exact quantity in hectares has not yet been determined. Land for housing delivery is therefore not a problem for the Municipality at the moment. (HSP 2008)

However, the following problems relating to land availability for housing delivery should be noted:

- Portions of the land set aside for housing is still owned by the State and there is long land acquisition processes involved through the Department of Land Affairs (DLA).
- There is a small portion of privately owned land at Ilinge set aside for housing development needs to be purchased for that purpose and this will have financial implications.
- Some parcels of land within the municipality (e.g. Emadakeni near Sada), is subject to Restitution Claims and these processes retard housing delivery process if they are not managed to a successful conclusion.
- There are portions of rural land where authorization in terms of Subdivision of Agricultural Land Act (Act 70 of 1970) as well as EIA exemptions are required. The processes involved are time consuming and lead to duplication in activities and increase in costs.

3. SUPPLY

3.1 Land Ownership and Supply

3.1.1 General

Lukhanji Municipality is characterized by diverse land use and ownership patterns. Ownership of land in the urban areas is held by free-hold Title Deeds but in the rural areas the most common form of tenure is the communal land tenure system. There is a need to align settlement/agricultural development and transformation with land reform projects/claims.

3.1.2 Strategic Land Parcels

The Municipality has identified land for residential development in Greater Whittlesea. The policy suggests that the land will be made available on leasehold basis but does not stipulate the reasons thereof. Unless the erven are aimed at developing CRU Housing or similar, the implications of the lease option need to be investigated further as funders are often unwilling to invest on leased land and this may impact the attractiveness of the proposed residential development to a number of investors.

The following tables show vacant land parcels that have been identified for the development of houses.

PUBLIC FUNDED HOUSING DEVELOPMENT AREAS: GREATER WHITTLESEA

AREA	SURFACE AREA HECTARES	POTENTIAL NUMBER OF DWELLING UNITS (16 Units/ Ha)	TOTAL (CUMULATIVE)
LU1	92.71	1483	1483
LU2	60.58	970	2453
TOTAL NR. OF RESIDENTIAL UNITS @ 16 UNITS/ HA			2453

ERVEN FOR ALIENATION OF LEASE FOR RESIDENTIAL DEVELOPMENT

AREA	ERVEN	COMMENT
Molteno Road	5761-57	<ul style="list-style-type: none"> That the erven be sold to one person/ developer/ legal entity That the erven be sold to one per person to first time land/ home owners
Queenstown	5764-63	
Sussex Road	5767-56	
Queenstown	5768-58	
	5771-64	

AREA	ERVEN	COMMENT
	5773-68	
Howick Street	5766-16	
Queenstown	5668-14	
Western Road	2907	<ul style="list-style-type: none"> General Plan approved that area should be divided into 7 erven for residential development.
Victoria Park		
Kamani Park	Not Specified	<ul style="list-style-type: none"> 504 erven
Laurre Dashwood	4823 - 4847	<ul style="list-style-type: none"> For Residential 1 purposes (Group Housing) Not Serviced Proposed that erven be placed on tender for a development proposal for a group housing scheme where the Council remains the owner of the land

The following areas have been identified for public-funded residential development:

PUBLIC FUNDED HOUSING DEVELOPMENT AREAS: GREATER QUEENSTOWN

AREA	SURFACE AREA HECTARES	POTENTIAL NUMBER OF DWELLING UNITS (16 Units/ Ha)	TOTAL (CUMULATIVE)
NEW RATHWICK			
LU1	628.1	10 050	10 050
MLUNGISI INFILL AREAS			
LU2	13.1	210	210
LU3	20.6	330	540
LU4	10.8	173	713
LU5	90.5	1448	2161
EZIBELENI WEST INFILL AREAS			
LU6	81.41	1303	1303

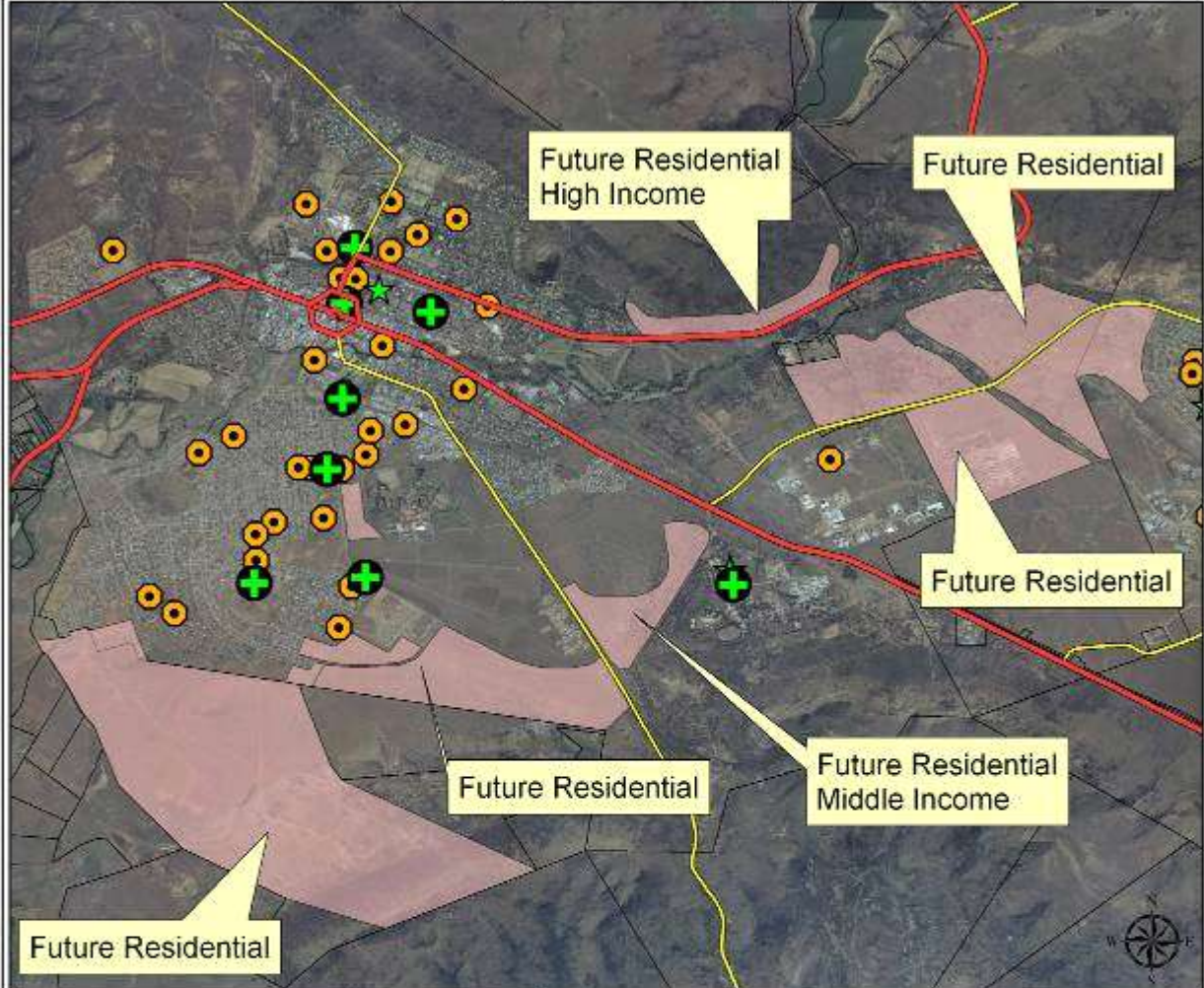
AREA	SURFACE AREA HECTARES	POTENTIAL NUMBER OF DWELLING UNITS (16 Units/ Ha)	TOTAL (CUMULATIVE)
LU7	24.02	384	1687
LU8	121.59	1945	3632
LU9	50.5	808	4440
LU10	27.57	441	4881
LU11	82.54	1321	4881
Total	1060 .02 Ha		
TOTAL NR. OF RESIDENTIAL UNITS @ 16 UNITS/ HA			18 413

In addition the Municipality has also identified land where infill and increased densification will be pursued. The two areas identified for public-funded residential development are indicated below:

- Land for Public-Funded Housing Development: Greater Queenstown, comprising of a total of 18 413 residential units which requires 1150.73 hectares of land for the Greater Queenstown area
- Land for Public-funded Housing Development: Greater Whittlesea, comprising of 2 453 residential units which requires 153.29hectares of land for the Greater Queenstown area

The following aerial photos indicated the strategic land parcels that have been set aside for housing development in the Municipality.

Lukhanji Municipality



Legend

-  Arterials
-  Road Links
-  Health_Facilities
-  Police Station
-  Schools
-  Future Residential

Queenstown

Lukhanji Municipality



Legend

-  Arterials
-  Road Links
-  Health_Facilities
-  Police Station
-  Schools
-  Future Residential

Sada

3.1.3 Land ownership in rural areas (including commercial farming and rural settlement areas)

Land Ownership in rural areas is in the form of leasehold on communal land. The need to design settlement upgrading and redevelopment with settlement and formalisation and tenure upgrade has been highlighted.

3.1.4 Land Ownership in Urban Centres

3.1.5 Land Reform

The following land claims are in the Lukhanji area of jurisdiction.

- 35 land reform projects (including 17 LRAD; 8 Redistribution; 2 commonage) as at 2005;
- 8 unsettled rural claims involving 929 claimants in Hewu
- 25 rural claims and 4 urban claims in Queenstown with a total of 1 157 claimants

3.1.6 Land Potential and Constraints

Land issues identified in the HSP 2008 include the following:

- State Land: Portions of the land set aside for housing is still owned by the State. The process to transfer land can be long and might impact housing delivery.
- Private Land: There are some portions of privately owned land that have been set aside for housing (Ilinge).
- Restitution & Land Claims: Land subject to Restitution Processes may take a long time to be released and thus are likely to retard housing delivery process unless the land claim process is fast-tracked (In Emadakeni - near Sada).
- Outstanding Act 70 of 1970 Approvals: There are portions of rural land where authorization in terms of Subdivision of Agricultural Land Act 70 is applicable but still outstanding.
- EIA's: There long process to obtain for Environmental Impact Assessment (EIA) authorisation or EIA Exemption delays project commencement. In some cases the approved EIA exemption might lapse. This process is also expensive.

3.1.7 Land Availability Summary

From the tables and aerial photos presented, it would appear that the Lukhanji Municipality has adequate land to accommodate about half the 40 000 odd residential demand through infill housing in Mlungisi Township and eZibeleni.

3.2 Municipal Infrastructure

The LED Strategy summarised the access to infrastructure as follows with regards to access to municipal infrastructure provision are as follows:

- 88.7% of households in the area has access to electricity
- 59% of households living in the Lukhanji Municipal area has access to a flush toilet connected to a sewerage system
- 70% of households in Lukhanji Municipal area is serviced by a weekly municipal refuse removal.
- 81.1% of households in the area have yard connections (Lukhanji IDP 2008)

The infrastructure backlogs in the Lukhanji municipal area are as follows:

- Electricity backlog 12%
- Sanitation backlog 13%
- Water backlog 7%
- Refuse backlog 8%
- Housing backlog 8

3.2.1 Access to Piped Water

Almost all households (97.8%) in Lukhanji have access to piped water. Only 1094 households have to use water from other sources.

ACCESS TO PIPED WATER

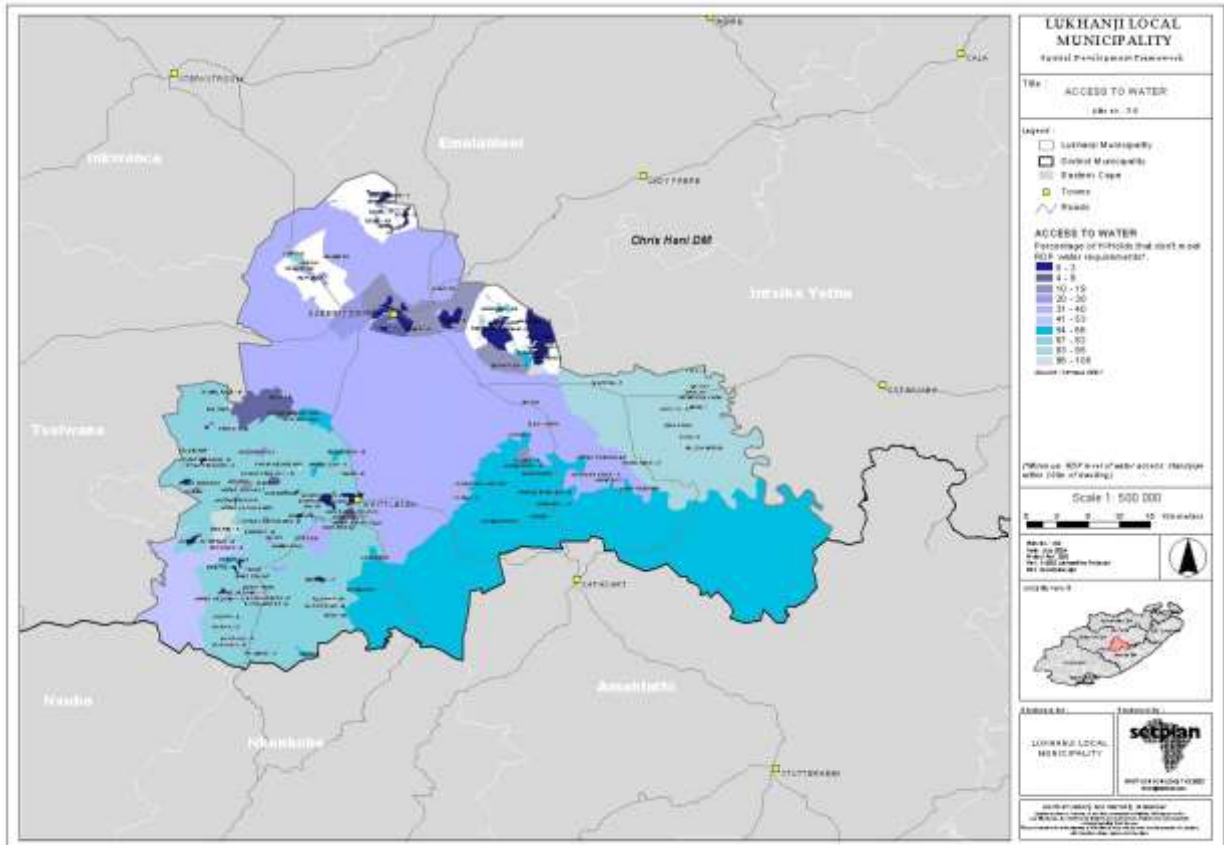
MUNICIPALITY EC134							
		ACCESS TO PIPED WATER					
		YES		NO		TOTAL	
		COUNT	ROW N %	COUNT	ROW N %	COU NT	ROW N %
Type of main dwelling	House or brick structure on a separate stand or yard	39170	99.1%	372	.9%	39542	100.0%
	Traditional dwelling/hut/structure made of traditional material	4943	95.7%	223	4.3%	5166	100.0%
	Flat in block of flats	1063	100.0%	0	.0%	1063	100.0%

MUNICIPALITY EC134

	ACCESS TO PIPED WATER					
	YES		NO		TOTAL	
	COUNT	ROW N %	COUNT	ROW N %	COU NT	ROW N %
Town/cluster/semi-detached house (simplex, duplex, triplex)	0	.0%	0	.0%	0	.0%
House/flat/room in backyard	343	100.0%	0	.0%	343	100.0%
Informal dwelling/shack in backyard	671	100.0%	0	.0%	671	100.0%
Informal dwelling/shack NOT in backyard e.g. informal/squatter settlement	1839	78.7%	499	21.3%	2338	100.0%
Room/flatlet NOT in backyard but on a shared property	274	100.0%	0	.0%	274	100.0%
Caravan or tent	0	.0%	0	.0%	0	.0%
Private ship/boat	0	.0%	0	.0%	0	.0%
Workers' hostel (bed/room)	0	.0%	0	.0%	0	.0%
Other	279	100.0%	0	.0%	279	100.0%
Total	48581	97.8%	1094	2.2%	49675	100.0%

The following figure spatially shows the proportion of households that do not meet the standard water requirements.

Proportion of Household who do not meet piped water requirement



Chris Hani District municipality is a water services authority while Lukhanji Local Municipality acts as a water services provider for all the areas under its jurisdiction.

The main water sources supplying bulk water in Lukhanji Municipality are:

- Bonkolo dam (6.95mm³)- owned by Lukhanji Municipality with water storage capacity of about 42000MI
- Waterdown dam (36.6mm³) - operated by DWAF and supplying water to Whittlesea and Sada areas.

In terms of the water supply arrangements in the Lukhanji Municipality, the District Municipality has appointed rural water scheme maintenance contractor – Amanzabantu – to operate and maintain rural schemes while the Lukhanji provides services in the town areas of Queenstown, Ilinge and Hewu / Whittlesea

In the urban areas the demand is for an increase in service level from standpipes to yard connections and from bucket systems to water - borne sewerage. There has been significant improvement in water delivery since 2001.

HOUSEHOLD ACCESS TO WATER SUPPLY

Source	Census 2001 (%)	RSS 2006 (%)	Community Survey 2007
Water on Site	59.8	81.1	74.9
Borehole/Tank	1.2	2.9	0.3
Community Stand	33.0	12.2	22.9
Natural Water/Dam	4.4	1.5	0.5
Water vendor/other	1.7	2.3	1.4
Total	100.0	100.0	100.0

Source: ECSECC, 2007 & SSA Community Survey, 2007

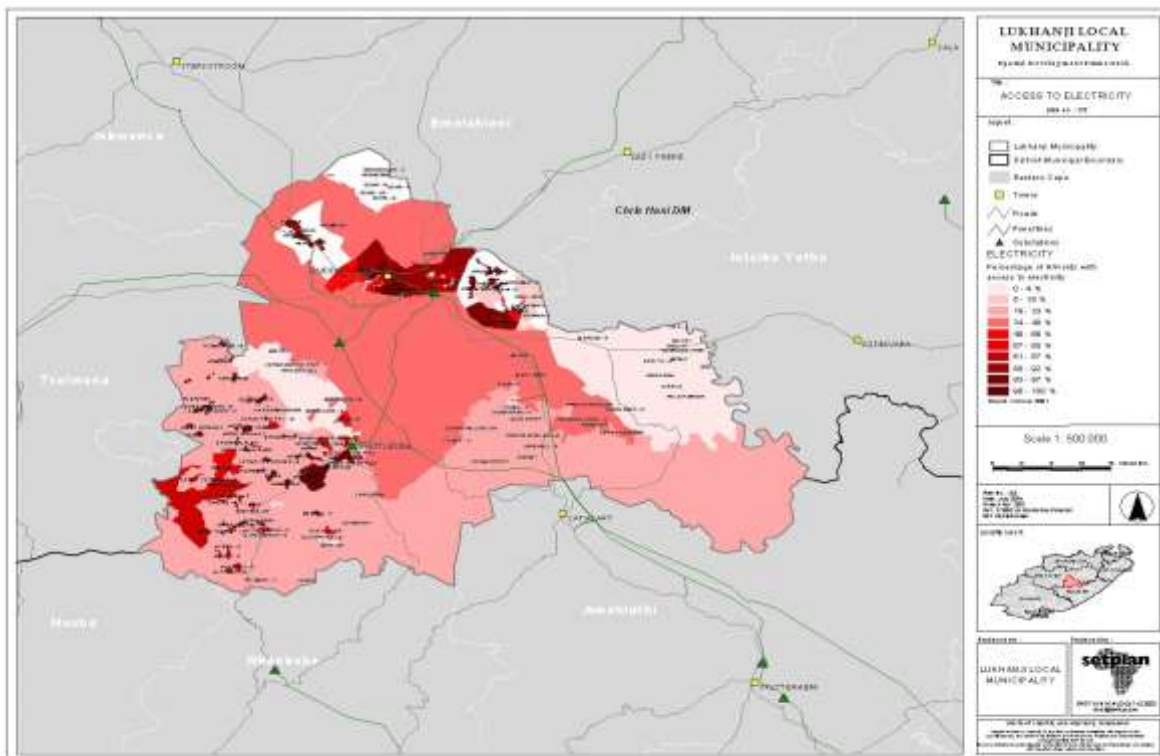
According to the CHDM WSDP (2006), a substantial backlog in water infrastructure exists to the tune of R66 569 326. This is the third highest backlog in the CHDM

3.2.2 Access to Electricity

ESKOM supplies electricity and carries out maintenance services in the Lukhanji Municipal area except Queenstown where the Lukhanji Municipality buys electricity from ESKOM and sells it to the consumers.

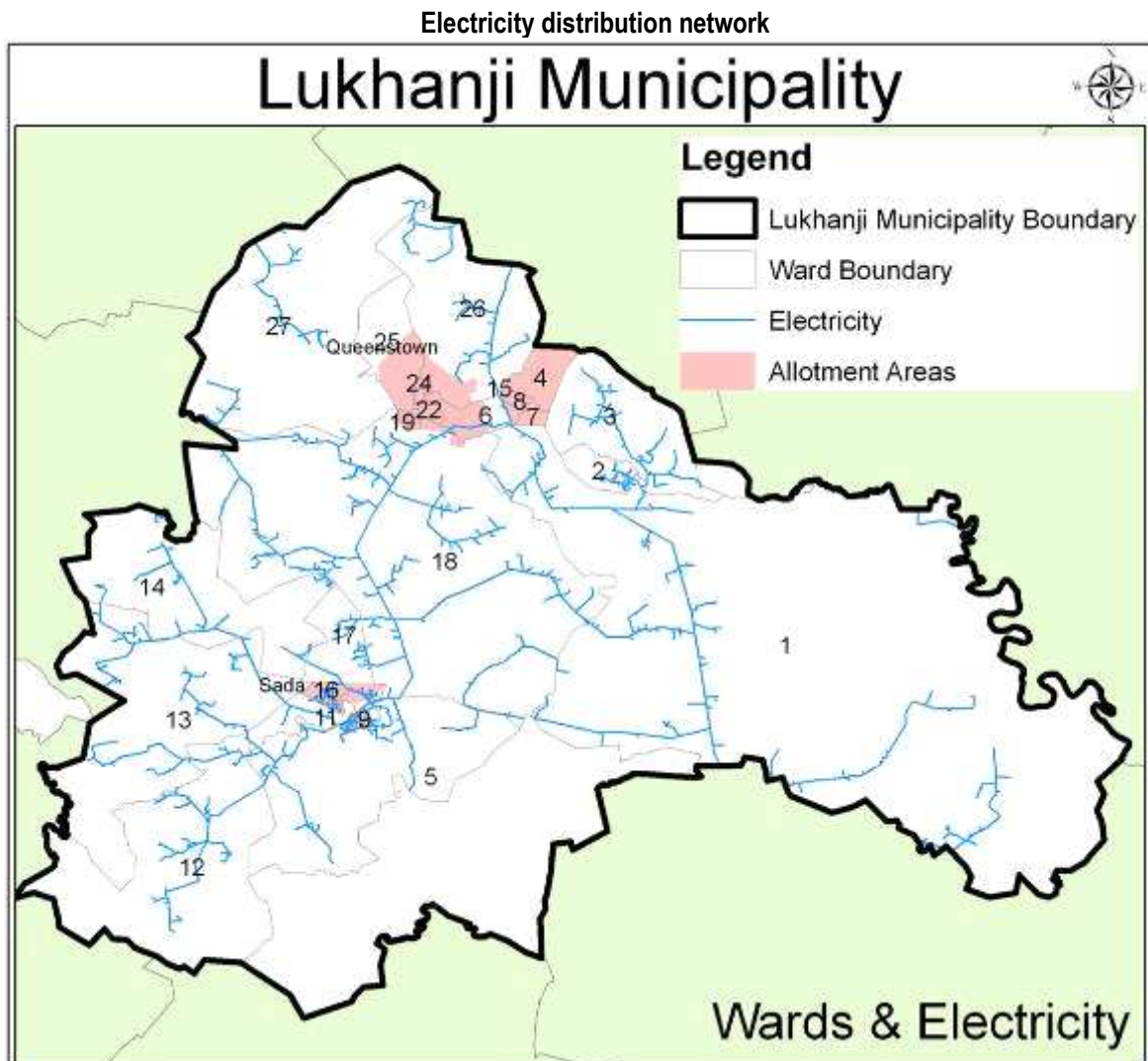
The figure below shows electricity reticulation in the municipality.

Electricity Distribution



The backlog for electricity household connections is estimated by RSS survey of 2006 to be at 11.3% which is higher than what the municipality estimated, while the rest of 88.7% are said to have a combination of metered and pre-paid connections. In monetary terms, the amount required to eradicate the backlog is R28 585 100 (urban) and R 33 195 600 (Chris Hani ISRDP Chris Hani Node, 2006).

The figure below shows the electricity distribution network across the municipal area. The reticulation is less in dense in Ward 1 and South of Ward 5 which would indicate lack of adequate services.



3.2.3 Level of Sanitation

The primary sanitation infrastructure in the Municipality is located in

- Queenstown where water – borne sewerage system is available for the town centre, Mlungisi and eZibeleni
- Ekuphumleni – water – borne sewerage
- Whittlesea - conservancy tanks (10%) with rest using pit latrines for all households
- Sada – bucket system

- Shilo and Madakeni – VIPs

According to 2006 statistics by RSS, 59% of households have waterborne systems, 27.9% have RDP level service, the rest of 13.1% are underserved and would require urgent attention. Of this backlog, 0.8% of the households are served with bucket systems. The data base of 2006 statistics may be outdated it is envisaged that the CHDM and Lukhanji Local Municipality will be able to provide up to date information.

HOUSEHOLD ACCESS TO SANITATION

Type	Census 2001 (%)	RSS (2006) (%)	Community Survey 2007 (%)
Flush Toilet	52.3	59.0	63.2
Pit Latrine	27.4	27.9	23.0
Bucket Latrine	3.1	0.8	0.5
None	17.1	12.3	7.4
Other	0.1	-	4.0
None			7.4
Total	100.0	100.0	100.0

Source: ECSECC, 2007

Sanitation backlogs remain higher than that of water in especially the rural areas. The falling behind of basic sanitation is attributable to slow processes of VIP implementation in the last five years compared to water.

According to 2006 statistics by RSS, 59% of households have waterborne systems, 27.9% have RDP level service, and the rest of 13.1% are underserved and would require urgent attention. Of this backlog, 0.8% of the households are served with bucket systems. The figure below gives a summary of water and sanitation backlogs and highlight poverty levels.(IDP 2009)

To address the sanitation backlog, an amount of R6 485 496 is needed (Chris Hani District WSDP: 2006-2011). These figures are based on 2006 estimates and may require to be revised given the passage of time.

3.2.4 Refuse Collection

The informal settlements have communal skips. The municipality is in a process of developing a waste transfer station at Whittlesea and has a small disposal site at Tylden.

According to recent statistics about 70% of households have access to weekly refuse removal service. These are households in the township and town areas who have access to door-to-door refuse collection services. The solid waste is taken to a licensed disposal site in the North West of Queenstown

Approximately 21% of the households receive regular but ad-hoc collections from the municipality. About 9% of the households are underserved most of which are citizens that live in peri-urban informal and rural areas.

3.2.5 Roads and Storm water

The condition of the roads as indicated in the IDP (Reviewed) 2007/2008 is outlined below:

- Queenstown: 95% of the roads are surfaced and in poor to fair condition. The rest are gravel roads in a fair to poor condition.
- Mlungisi: 20% of the roads are surfaced and in a fair condition. 55% is gravel from fair to poor quality. The rest are graded roads
- EZibeleni: 30% of the roads are surfaced and in a fair condition. The rest are gravel roads in a poor condition
- Whittlesea: 25% surfaced roads, 50% gravel roads and 25% graded roads. All the roads in this area are in a poor condition.
- Sada: All the roads in the area are gravelled roads except for 6km of the main transport route.
- Ekuphumleni: 95% of the roads are gravel
- EMadakeni and Shiloh have graded roads.

Access roads to rural areas are not tarred and need urgent repair. Also rural villages need their streets repaired and provided with proper storm water drainage.

3.2.6 Rail

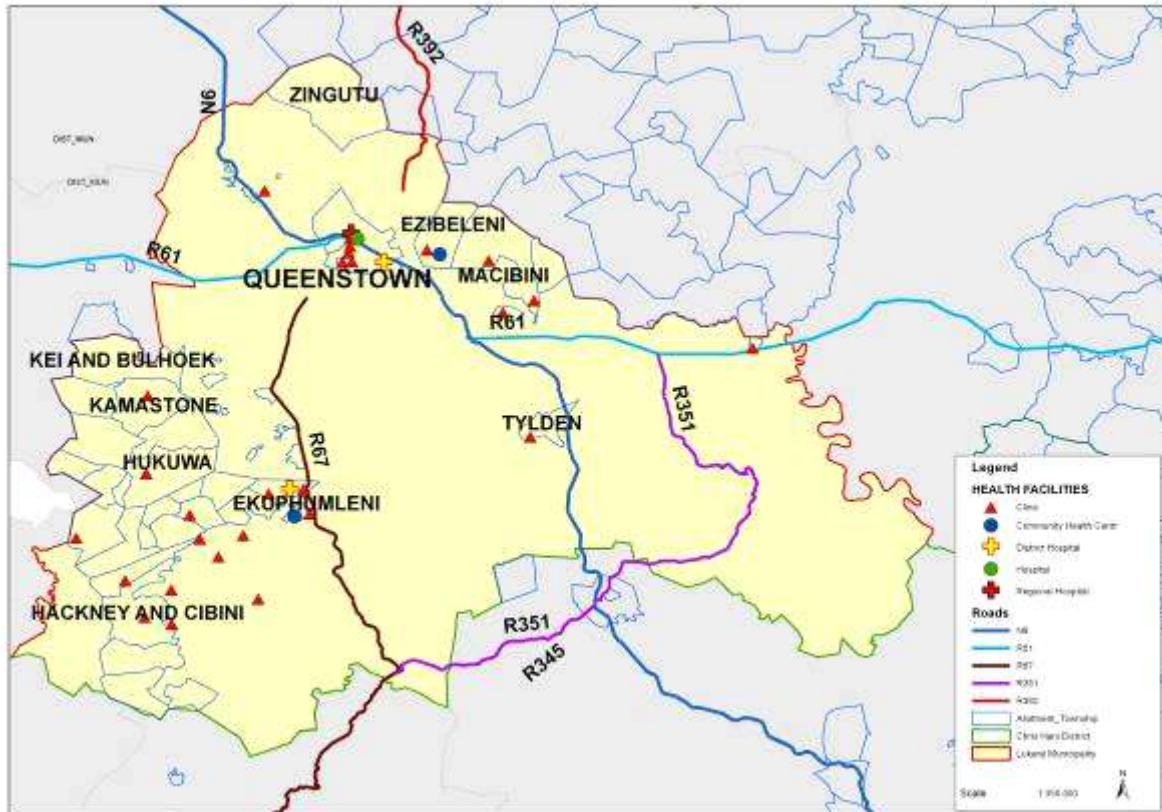
The following railway line exists within the Lukhanji Municipal area:

- East London-Queenstown-Burgersdorp, is a main line and is electrified. It serves as a link between East London, Cape Town, Port Elizabeth and Gauteng.
- There is a railway yard situated in Queenstown adjacent to the CBD area.

3.2.7 Social Infrastructure

3.2.7.1 Health Facilities

Health Facilities

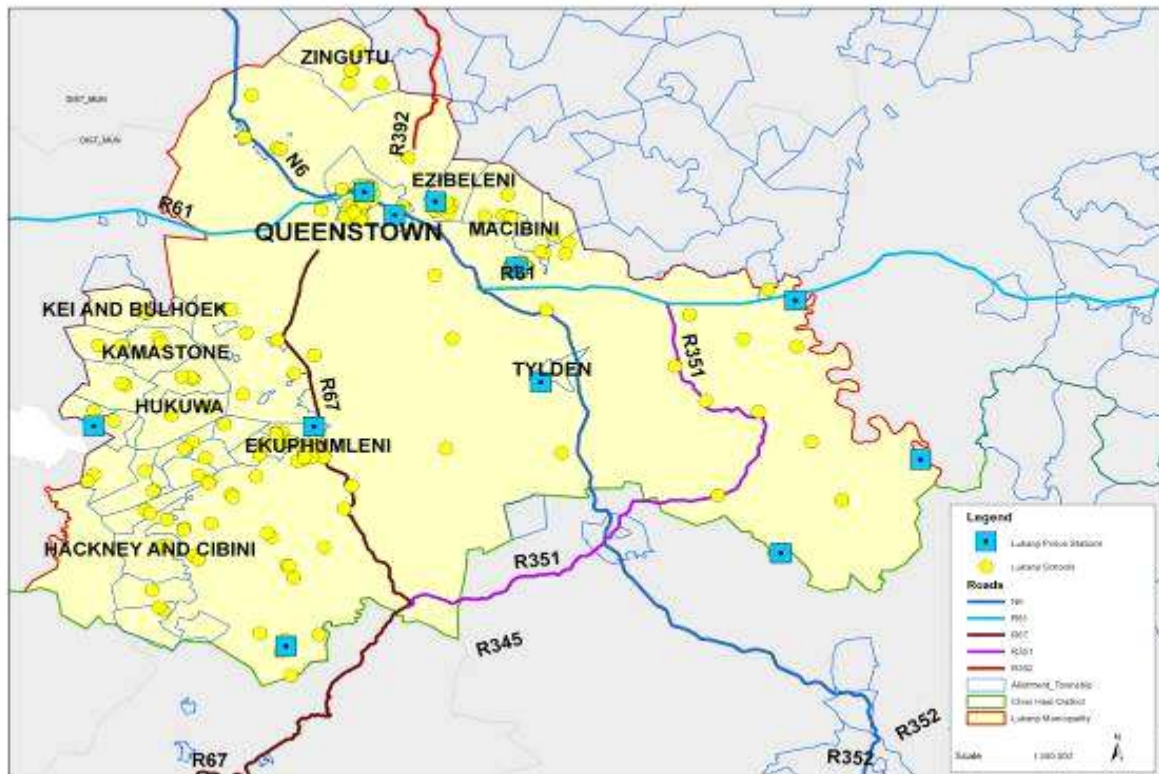


Primary health is a competence of the Provincial Department of Health. Chris Hani DM is responsible for municipal health. There are four main parties that provide health facilities in the study area namely, Department of Health, Chris Hani District Municipality, Lukhanji Municipality and Private institutions.

In terms of access to health facilities, there is one Provincial hospital and 33 clinics in the municipal area. Distribution of these facilities is indicated in the figure above. The Department of Health is responsible for 28 of these clinics and the council manages the other 5, which includes one AIDS clinic. Currently, household access to clinics is 88.7% while access to ambulance services is 80.3%. Shortage of staff and equipment are two major constraints to health delivery in the municipality.

3.2.7.2 Education and Security Facilities

Police and Schools



There is no clear information with regard to pertinent issues in education and, or additional facilities needed. The figure below shows the distribution of schools as well police stations across the municipality.

There are nine (9) police stations, located in the following areas: Bridge Camp, Ezibeleni, Ilinge, Kolomane, Queenstown, Tylden, Whittlesea, Klein Bullhoek, and Mlungisi.

Additionally, Community Policing Forums (CPF) were established in an attempt to involve communities in the reduction of crime and resolution of disputes in the area but these CPF's have not been active in some areas due to lack of training on safety and security techniques as well as inadequate equipment to achieve their maximum effectiveness.

4. HOUSING SUPPLY ANALYSIS

4.1 General

The Lukhanji Municipality IDP highlights that large-scale residential growth should not be encouraged in Greater Whittlesea area. In the short – medium term (5 – 10 years) the Municipality believes that it will be more beneficial and cost efficient to focus increased residential growth in Queenstown, where development potential is greater (18 000 units at a relatively low density of 16 units/ha).

4.2 Housing Mandate

The Municipality has not been granted developer status with respect to the delivery of housing in its area of jurisdiction. It relies on the Province to carry out a significant part of the responsibilities related to housing development.

4.3 Organisational Structure and Institutional Capacity

While it is acknowledged that housing is not a primary competence of a local municipality, the municipality recognises housing delivery as a key priority for Lukhanji. To this effect the municipality has a dedicated housing department that assist with the planning and facilitation of PHDB applications for subsidy housing and rental housing stocks as well as implementing People Housing Programmes on behalf of the National Department.(IDP 2009)

HOUSING TASK TEAM

Position	No. of approved position	Positions filled	Comments
Management	2	2	Estate Manager & Director of Estate Services
Technical & Financial Control	0	0	An independent unit, the Infrastructure Development Unit, was established under the Directorate of Technical Services and all technical and financial issues pertinent to the housing projects are being handled by the unit.
Administrative Support	2	2	Housing CHDM initiators for Queenstown & Whittlesea
Social Facilitation and Support	1	1	This function is shared by Estate Directorate and Infrastructure Development Unit.
Contracts Implementation & Management	4	4	This function is shared by the Estate Directorate and the Infrastructure Development Unit. There is still vacant positions for 4 more applicants and the positions have been advertised.

Source: HSP 2008

4.4 Capacity to Manage Housing Delivery

As far as capacity to manage the housing delivery process, the table below provides an overview of the present arrangements.

HOUSING DELIVERY RESPONSIBILITY	RESOURCE AVAILABILITY/UTILISATION				
	IN-HOUSE	CONSULTANTS	CHDM	DEVELOPERS	PROVINCE
• Project Inception					
• Project Planning and Programming					
• Engineering Design					
• Beneficiary Identification, Screening, Submit for Departmental Approval					
• PHB Project and Business Plan Application					
• Financial Control					
• Project Management					
• Township Establishment					
• Surveying and GP Registration					
• Top Structure Design					
• Top Structure Construction					
• Services Installation					

4.5 Stakeholder Analysis

The Municipality, limited in its capacity, is reliant on partnerships both internal and external to the Municipality and it is through these relationships that it is able to deliver on its housing delivery mandate.

STAKEHOLDERS

STAKEHOLDER	MUNICIPAL NEED	CURRENT RELATIONSHIP	HOW TO INFLUENCE STAKEHOLDER	PRIORITY LEVEL
Province - Housing	Land MIG Strategic Planning Subsidies Project packaging Project Management Capacity building	Project Management Subsidy administration	MOU to map out support and funding commitment	High

STAKEHOLDER	MUNICIPAL NEED	CURRENT RELATIONSHIP	HOW TO INFLUENCE STAKEHOLDER	PRIORITY LEVEL
DBSA	Project Management Support	None		
SALGA – Housing unit	Project Management Support/PRT's	None		
HDA	Land identification and feasibility studies	None	Formalise request for a partnership	Medium
Municipality- other departments	Town planning: Land Engineering: Services Project Pipeline Project applications	Provides land, services, technical expertise	Formalised institutional arrangements with other departments for: <ul style="list-style-type: none"> • Alignment of infrastructure process • Land availability and release • Project packaging and project pipeline development 	High
NGO'S, CBO'S	Community engagement Social Facilitation	None	Strategic planning and support to conduct housing voice and social facilitation	Medium
Higher learning institutions, NMMU	Research agenda for strategic planning purposes	None	Create a think tank forum & demand and supply research	Medium
Private Sector: Professionals Developers Conveyances	Property packaging and development	Retainer arrangement with selected Consultants from time to time subject to funding availability	A multi-disciplinary Local Task Team of Professionals to help the Municipality	High
Construction sector, e.g. Contractors, NHBRC	Construction of projects Construction standards	Construction of projects Departmental Inspectors on building standards. Projects registered with NHBRC. Direct)	Contracts NHBRC-MOU	High
Government Departments, e.g. Public Works, Land Affairs	Infrastructure development, Land and buildings Land proposal policy direction			Medium

Therefore, in an endeavour to strengthen the relationships with the key external stakeholders, priority should be given to the formalisation of these relationships setting up by MOUs, SLAs, and partnership agreements amongst the critical stakeholders. The formalisation of key priority stakeholder relations will contribute significantly to alleviating the internal organisational weaknesses in the Municipality because there will be inter-dependency and sharing of knowledge and skills.

4.6 Institutional Arrangements

Current support from the Province creates huge dependency rather than provide support that realises the transfer of skills to the Municipality.

Reliance on professionals to plan for and deliver housing creates the same dependencies with no meaningful transfer of expertise. The ability to manage these outsourced arrangements is also absent/low with the Municipality at present.

In order to support the proposed structure above the land and project packaging and applications can be outsourced to a local professional team. Agreements with Province, NHBRC, NURCHA, HDA must be entered into to provide support as identified in the stakeholder analysis table.

Co operation agreements must be entered into with the NGO'S, CBO'S and higher learning institutions to support the department with its research agenda and social facilitation needs.

4.7 Challenges facing Housing delivery

The challenges that the municipality face in the housing delivery are as follows:

- There is no dedicated Housing Unit
- Incompetent contractors leading to housing having to be rectified.
- Use of RDP houses for business shops/renting
- The demand for houses in the area is increasing on a monthly basis. The backlog needs to be addressed vigorously, and additional funding for additional houses should be allocated to the Municipality.
- Slow disbursement of funds by the PDoH creates a rift between the contractors/service providers and the local authorities.
- Delays in completing geo-technical investigations, surveys and EIA's
- The SDF to be reviewed.

- The municipality does not stream-line special needs in housing allocation as required by Outcomes 8.

4.8 Strategic Development Priorities

- The municipality to establish a Housing Unit.
- A need to review the Spatial Development Framework Plan.
- The Rectification Program in the municipality needs to be speeded up. Houses build before 1994 and after 1994 and dilapidated/fallen houses needs to be assessed urgently in order to submit an application for funding to the Department of Human Settlements.
- Strategic approach in dealing with other applicable application processes such as EIA's, geotechnical studies.
- The municipality to facilitate the registration of Emerging Building Contractors with the NHBRC and provide necessary training to prevent poor workmanship.
- Awareness campaigns to be conducted in the communities regarding Land Use Management to avoid illegal occupation of land, illegal dumping, illegal construction of properties;

4 Previous Housing Delivery Performance

5. PROJECTS

5.1 Completed Projects

PROJECT NAME	PROJECT TYPE	NO. UNITS
Ezibeleni 251	Project Linked	251
Nomzamo 337	IRDP	337
Sabata Dalidyabo 2 - 450	PHP	450
Thambo Village 2 – 490	PHP	490
Total		1528

5.2 Completed and Current Projects

- Formal housing units completed to date is 10 124 against approved units of 14 542 (IDP 2007).
- According to the CHDM LR & S P (2005) there is a total of 14 776 approved subsidies out of which 9 679 are urban and 5 097 peri-urban/rural.

The municipality has recorded the following projects as completed projects:

COMPLETED PROJECTS

PROJECT NAME	PROJECT TYPE	NO. UNITS
Ezibeleni 251	Project Linked	251
Nomzamo 337	IRDP	337
Sabata Dalidyabo 2 - 450	PHP	450
Thambo Village 2 – 490	PHP	490
Total		1528

The following projects were presented as planned and current housing projects in the Lukhanji Housing Sector Plan 2007

HOUSING PROJECTS SCHEDULE-2007 HSP

Project Name	Project Type	No of Sites	Comment
Brakkloof	Project Linked	400	
Lesseyton	Project Linked	400	
Toitsekraal	Project Linked	360	
Zola	Project Linked	380	
Xuma	Project Linked	110	
Quality Coffins	PHP	18	
Sada Wooden / Zink Structures	In Situ Upgrade	300	
Ilinge Wooden / Zink Structures	In Situ Upgrade	300	
Sabata Dalindyabo Ph II	Project Linked	500	
New Rathwick Ph I	Project Linked	500	
New Rathwick Ph II	Project Linked	500	
White City	Project Linked	200	
Whittlesea Ext 2 Ph I	Project Linked	500	

Project Name	Project Type	No of Sites	Comment
Whittlesea Ext 2 Ph II	Project Linked	500	
Whittlesea Ext. 3	Project Linked	300	
Tylden Ph II	Project Linked	200	
Ezibeleni Ph III	Project Linked	2000	
All current projects (See Table 4.15)		1050	
Total		7468	

OVERALL PROJECT SCHEDULE (PLANNED AND CURRENT PROJECTS)

PROJECT NAME	PROJECT NUMBER(IF AVAILABLE)	PROJECT TYPE	NUMBER OF SITES
Ezibeleni 251		Project Linked	251
Nomzamo 337		IRDP(Completed)	337
Brakkloof	C09030004/1	IRDP (Rural Construction -)	281
Zola	C09060005/1	IRDP (Rural- Construction)	225
Toisekraal	C09060009/1	IRDP (In situ Construction -)	364
Quality Coffins 18	C06010016/1	IRDP (In situ- Planning)	18
Ilinge 1156	C09090005/1	IRDP (In situ-Construction)	-
Nomzamo 337	C06010016/1	IRDP (In situ)	337
Xuma	C09060010/1	IRDP (In situ Construction -)	126
Queenstown		PHP	200
New Rathwick		IRDP	3000
Lukhanji Military Veterans	C06010016/1	Military Veterans-IRDP	200
Queenstown		Rectification	1421

PROJECT NAME	PROJECT NUMBER(IF AVAILABLE)	PROJECT TYPE	NUMBER OF SITES
Whittlesea	C09090007/1	Rectification	754
Queenstown		Rectification	405
Ilinge 1012		Rectification	20
Ilinge 405	C09090005/1	Rectification	33
Ezibeleni 1421		Rectification	190
Imvani 145		Rectification	145
Thambo Village	C01100004/1	PHP (New Project- Construction (Transfers))	990
Mcbride Village 678	C03040005/1	Rural Project- Construction (Transfers)	678
Who-Can-Tell 708	C03040007/1	Rural Project -Construction (Transfers)	708
Poplar Groove 308	C03060002/1	Rural Project- Construction (Transfers)	308
Merino Walk 274	C03040006/1	Rural Project- Construction (Transfers)	274
Ensam 247	C03040004/1	Rural Project- Construction (Transfers)	247
Imvani Rural	C03020001/1	Rural Project- Planning	160
Sada wooden/Zinc 1000		In-Situ Upgrading-Planning	1000
Zwartwater 1000 rural		Rural Project	0
Lubisi 1000 rural		Rural Project	300
Bothas Hoek 93	C03040003/1	Construction (Transfers)	93

The table above illustrates the department's overall project list (planned and current projects) for the Lukhanji municipality: In addition to the above, the Lukhanji Municipality also has a number of rectification and blocked housing projects currently underway. The following sections provide a status update on the status quo of these.

5.3 Rectification Projects

The DoHS has made a commitment of more than R50 million towards the following projects within the Municipality. The municipality has the following projects lined up for rectification.

RECTIFICATION PROJECTS

PROJECT NAME	NO OF SITES	BUDGET
Toisekraal	364	R5 900 000
Zola	225	R 7 100 000
Xuma	126	R3 100 000
Queenstown		
<ul style="list-style-type: none"> • COMDEV • Consolidated PHP • Ezibeleni P1 • Imvani Rural • Ilinge • Enkululekweni – R/I 1 • Ezibeleni Ext: Ph 2 –R/L 1 	<ul style="list-style-type: none"> • 3021 • 521 • 251 • 160 • 1156 • 541 • 700 	<ul style="list-style-type: none"> • R630 000 • R0 • R5 460 000 • R4 550 000 • R10 500 000 • R105 000 • R12 740 000
Whittlesea - Madakeni	300	R8 400 000
Total	7065	R50 085 000

It is not clear which projects fall under the Pre/Post 1994 rectification programme. The Municipality needs to provide detailed information in order to ascertain the project programme as well as the status quo of these projects.

5.4 Challenges on Projects

The reasons given for blocked projects in the HSP 2008 include price escalation which is exacerbated by further delays, poor workmanship, shortage of funds, lack of skilled labour, theft of material and labour disputes.

5.5 Blocked Housing Projects

The following projects are recorded as blocked projects within the municipality. However there is no detailed information provided with regard to the reasons for the projects being blocked. The total number of units (sites) at 4454 is very high and as the reasons for the projects being blocked have not been provided it is not possible to recommend appropriate strategies at this stage to address the blockages.

PROJECT NAME: QUEENSTOWN TYPE: PHP NO. OF UNITS: 990

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project:					

PROJECT NAME: QUEENSTOWN TYPE: PHP NO. OF UNITS: 337

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: ILINGE TYPE: PHP NO. OF UNITS: 1156

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: MERINO WALK TYPE: PHP NO. OF UNITS: 274

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: BOTHA'S HOEK

TYPE: PHP

NO. OF UNITS: 93

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: ENSAM

TYPE: PHP

NO. OF UNITS: 247

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: PORPLAR GROOVE TYPE: PHP NO. OF UNITS: 308

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: WHO CAN TELL TYPE: PHP NO. OF UNITS: 708

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (990 outstanding transfers)					

5.6 Cash Flow Projections: Current Housing Projects

PROJECT TYPE	PROJECT NAME	NO. OF SITES	BUDGET R '000	TOWNSHIP ESTABLISH	COMMENTS
IRDP (Rural)	Brakkloof	281	-	Yes	
IRDP (Rural)	Zola	225	-	Yes	
IRDP (In situ)	Toisekraal 364	121	R32 644	-	
IRDP (In situ)	Quality Coffins 18	-	R 1 662		
IRDP (In situ)	Ilinge 1156	-	-	-	
IRDP (In situ)	Nomzamo 337	337	R19 828	Construction	Project affected by non cooperation of Municipality to submit beneficiary list on 51 outstanding approvals. Poor performance by contractor on site and letter of default already issued.
IRDP (In situ)	Xuma	126	-	Yes	

PROJECT TYPE	PROJECT NAME	NO. OF SITES	BUDGET R '000	TOWNSHIP ESTABLISH	COMMENTS
PHP	Queenstown	200	-	Yes	
IRDP	New Rathwick	3000	-	No	
IRDP	Lukhanji	200	-	No - Planning (ROD)	Awaiting ROD approval by DEDEAT
Rectification	Queenstown	1421	-	Yes	
Rectification	Whittlesea	754	-	Yes	
Rectification	Queenstown	405	-	Yes	
Rectification	Ilinge 1012	20	-	GF/In-situ	
Rectification	Ilinge 405	33	R30 771		
Rectification	Ezibeleni 1421	190	R107 964		
Rectification	Imvani 145	145	R3 944		
PHP	Thambo Village	990	R31 835	Houses Completed	990 outstanding transfers
Rural Project	Mcbride Village 678	687	R20 075	Houses Completed	678 outstanding transfers
Rural Project	Who-Can-Tell 708	708	R21 317		
Rural Project	Poplar Groove 308	308	R8 993		
Rural Project	Merino Walk 274	274	R8 072	Houses Completed	274 outstanding transfers
Rural Project	Ensam 247	247	R 7 224		
Rural Project	Bothashoek 93	93	R 2 848		

DOHS PROJECT LIST

Sub-Programme	Project Number	Project Name/Description	Status	Status			Number of Sites Planned	Number of Houses Planned	Rectification or repairs	Approved project amount (in total) R'000	Funds spent in previous years R'000
				GF /In situ	Bl oc ked	W I P					
1.6(a) Rectified RDP stck - Pre-1994				1	0	0	0	0	20	0	0
		llinge - 1012	Planning	X			0	0	20	0	0
1.6(a) Rectified RDP stck 1994-2002				1	0	3	0	0	333	199,966	0
	C09090007/1	Whittlesea Ext 4 - 754	Construction			X	0	0	110	57,287	0
		Whittlesea Ext 4 - 754	Duplicate				0	0	0		
	C09090005/1	llinge 405	Construction			X	0	0	33	30,771	0
	C09090004/1	Ezibeleni 1421	Construction			X	0	0	190	107,964	0
	C03020001/1	Imvani 145	Planning	X			0	0	0	3,944	0
2.1 Project linked subsidies serviced (housing units)				0	0	1	0	0	0	0	0
	C97040002/1	Ezibeleni 251	Completed			X	0	0	0		
2.2a IRDP Phased approach planning & services				6	0	0	0	0	0	0	0
	C09060005/1	Zola 225	Only budgeted under 2.2c	X			0	0	0	0	0
	C09030004/1	Braakloof 281	Only budgeted	X			0	0	0	0	0

Sub-Programme	Project Number	Project Name/Description	Status	Status			Number of Sites Planned	Number of Houses Planned	Rectification or repairs	Approved project amount (in total) R'000	Funds spent in previous years R'000
				GF /In situ	Bl ocked	W I P					
			under 2.2c								
	C09060010/1	Xuma 126	Only budgeted under 2.2c	X			0	0	0	0	0
	C09060009/1	Toisekraal 364	Only budgeted under 2.2c	X			0	0	0	0	0
	C09060009/1	Quality Coffins 18	Only budgeted under 2.2c	X			0	0	0		
	C09060009/1	Lukhanji 200 - Military Veterans	Only budgeted under 2.2c	X			0	0	0		
2.2c IRDP Phased approach top structure(informal settlements)				3	0	6	833	427	0	110,810	2,478
	C09030004/1	Braakloof 281	Construction			X	161	84	0	25,199	1,676
	C09060009/1	Toisekraal 364	Construction			X	121	40	0	32,644	1
	C09060005/1	Zola 225	Construction			X	225	55	0	20,178	750
	C09060010/1	Xuma 126	Construction			X	126	30	0	11,300	50
	C06010016/1	Nomzamo 337	Completed			X	0	0	0		
	C06010016/1	Nomzamo 337	Planning	X			0	178	0	19,828	0

Sub-Programme	Project Number	Project Name/Description	Status	Status			Number of Sites Planned	Number of Houses Planned	Rectification or repairs	Approved project amount (in total) R'000	Funds spent in previous years R'000
				GF /In situ	Bl ocked	W I P					
	C06010016/1	Quality Coffins 18	Planning	X			0	0	0	1,662	0
New	C09090005/1	Ilinge 1156	Construction			X	0	0	0	0	0
	C06010016/1	Lukhanji 200 - Military Veterans	Planning	X			200	40	0	0	0
2.3a PHP current commitments(excluding blocked projects)				0	0	3	0	0	0	31,835	0
New	C01100004/1	Thambo Village 990	Construction (Transfers)			X	0	0	0	31,835	0
4. Rural Housing Programmes				0	0	6	0	0	0	68,530	0
	C03040005/1	Mcbride Village 678	Construction (Transfers)			X	0	0	0	20,075	0
	C03040007/1	Who-Can-Tel 708	Construction (Transfers)			X	0	0	0	21,317	0
	C03060002/1	Poplar Grove 308	Construction (Transfers)			X	0	0	0	8,993	0
	C03040006/1	Merino Walk 274	Construction (Transfers)			X	0	0	0	8,072	0

Sub-Programme	Project Number	Project Name/Description	Status	Status			Number of Sites Planned	Number of Houses Planned	Rectification or repairs	Approved project amount (in total) R'000	Funds spent in previous years R'000
				GF /In situ	Bl ocked	W I P					
	C03040004/1	Ensam 247	Construction (Transfers)			X	0	0	0	7,224	0
	C03040003/1	Bothas Hoek 93	Construction (Transfers)			X	0	0	0	2,848	0
Total for Lukhanji Municipality				11	0	19	833	427	353	411,141	2,478

5.7 Project Preliminary Draft Cash Flow

PROJECT CASH FLOW PROJECTIONS

PROJECT NAME	NO. OF SITES	AMOUNT IN RAND												
		APRIL 2011	MAY 2011	JUNE 2011	JULY 2011	AUG 2011	SEP 2011	OCT 2011	NOV 2011	DEC 2011	JAN 2011	FEB 2011	MAR 2011	TOTAL 2011
Ilinge – 1012	20	0	0	390,825	390,825	390,825	0	0	0	0	0	0	0	1,172,475
Whittlesea Ext 4 – 754	110	0	0	300,000	600,000	700,000	300,000	550,000	550,000	550,000	550,000	550,000	550,000	5,200,000
Ilinge 405	33	0	748,000	748,000	748,000	0	0	0	0	0	0	0	0	2,244,000
Ezibeleni 1421	190	0	0	0	807,500	807,500	807,500	807,500	807,500	807,500	807,500	1,115,000	1,115,000	7,882,500
Imvani 145		0	0	68,000	68,000	68,000	0	0	0	0	0	0	0	204,000

PROJECT NAME	NO. OF SITES	AMOUNT IN RAND												
		APRIL 2011	MAY 2011	JUNE 2011	JULY 2011	AUG 2011	SEP 2011	OCT 2011	NOV 2011	DEC 2011	JAN 2011	FEB 2011	MAR 2011	TOTAL 2011
Braakloof 281	161	1,200,000	1,200,000	1,200,000	1,440,000	97,500	110,500	110,500	162,500	97,500	97,500	273,000	97,500	6,086,500
Toisekraal 364	121	420,000	600,000	660,000	720,000	39,000	97,500	104,000	123,500	71,500	71,500	208,000	71,500	3,186,500
Zola 225	225	780,000	780,000	780,000	960,000	182,000	182,000	182,000	182,000	130,000	162,500	195,000	247,000	4,762,500
Xuma 126	126	300,000	420,000	480,000	600,000	65,000	97,500	110,500	162,500	65,000	65,000	97,500	156,000	2,619,000
Nomzamo 337		0	0	0	0	1,120,000	1,020,000	1,100,000	1,033,000	600,000	660,000	1,200,000	1,200,000	7,933,000
Quality Coffins 18		0	0	0	0	0	0	0	0	0	0	300,000	0	300,000
Ilinge 1156		0	104,000	0	0	0	0	0	4,800	0	0	0	0	108,800
Lukhanji 200 - Military Veterans	40	0	0	0	0	0	0	0	0	0	1,570,000	1,720,000	1,050,000	4,340,000
Thambo Village 990		0	0	0	0	0	0	120,000	0	120,000	0	120,000	0	360,000
Mcbride Village 678		0	0	0	0	0	0	0	80,000	0	120,000	0	72,000	272,000
Who-Can-Tel 708		0	0	0	0	80,000	0	0	0	0	80,000	60,000	60,000	280,000
Poplar Grove 308		0	0	0	0	0	0	0	40,000	0	40,000	0	40,000	120,000
Merino Walk 274		0	0	0	0	0	40,000	0	40,000	0	0	40,000	0	120,000
Ensam 247		0	0	0	0	0	40,000	0	0	0	0	40,000	40,000	120,000
Bothas Hoek 93		0	0	0	0	0	0	0	0	0	0	0	74,400	74,400
Total		2,700,000	3,852,000	4,626,825	6,334,325	3,549,825	2,695,000	3,084,500	3,185,800	2,441,500	4,224,000	5,918,500	4,773,400	47,385,675

6.

INTEGRATION

6.1 Cross-sector/other sector project dependencies and alignment issues

6.1.1 Spatial Development Framework

The following Spatial Development Priorities are gleaned from the Lukhanji IDP 2011/16;

- Focus in the **rural settlement** and on setting a programme of **local planning that** should inform the establishment of **appropriate institutional arrangements** to oversee and manage land use decisions in these areas. The object being to minimise settlement sprawl and ensure wise land use practises to prevent further land degradation in these areas.
- **Consolidate and integrate spatial development** by developing land in proximity to public transport and existing services.
- **Develop infill areas** within fragmented settlements.
- Institute a **program of monitoring** settlement formation in urban areas.
- Support **Land Reform and Settlement Development** programme by identifying zones of opportunity for land development.

Large-scale residential growth should not be encouraged in Greater Whittlesea. In the short – medium term (5 – 10 years) the Municipality believes that it will be more beneficial and cost efficient to focus on increased residential growth in Queenstown, where development potential is greater (18 000 units at a relatively low density of 16 units/ha.

The following projects are highlighted in the Lukhanji SDF and IDP as Land Use related projects that are believed to have an influence on housing delivery within the municipality.

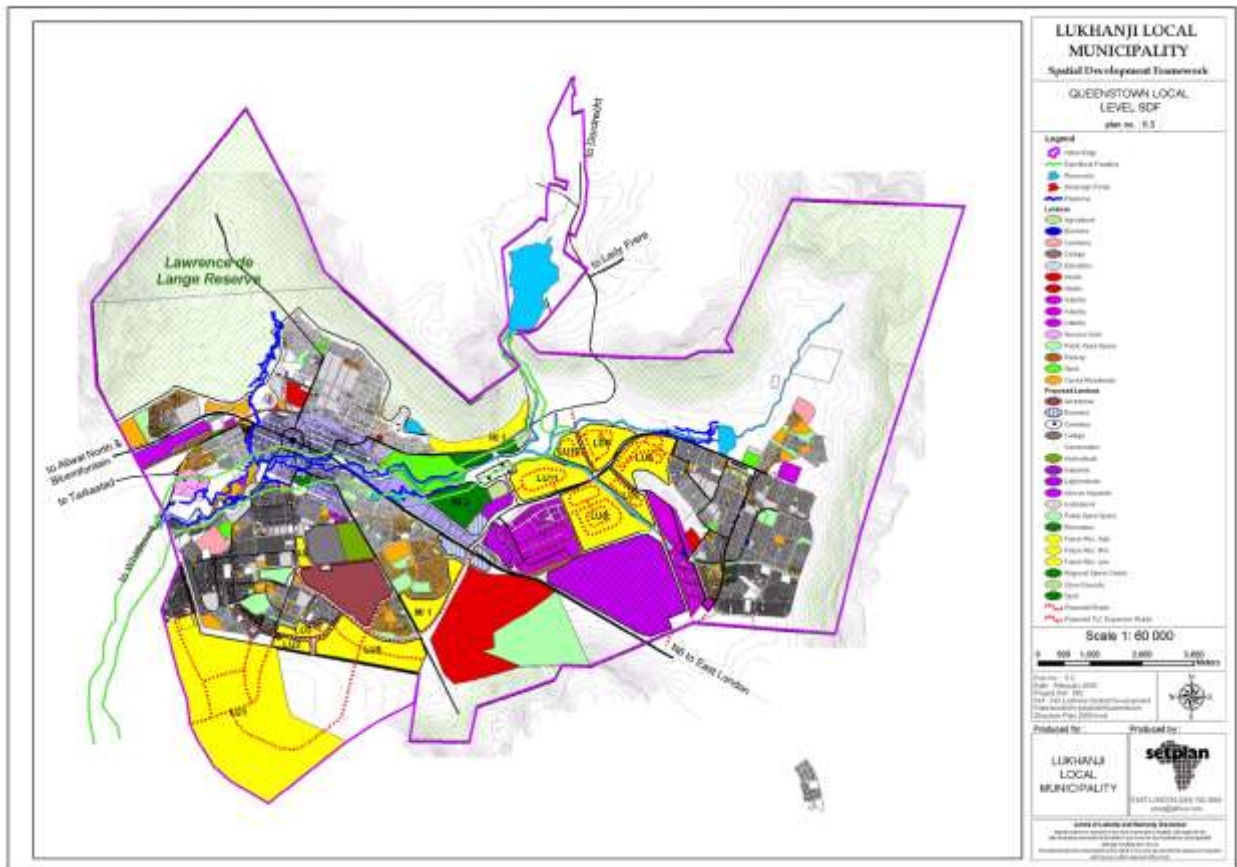
LAND USE PROJECTS: SDF

FOCUS AREA	COMMENT
Implementation of first generation Integrated Zoning Scheme for Greater Queenstown area	This project is needed to put in place a more functional Zoning Scheme to enhance the Municipality's performance of its land use regulation role.
Conversion of Township Establishment Status of: - a. Ezibeleni	<ul style="list-style-type: none"> • This project will facilitate the conversion of these townships from R293 townships. The process will lead to a number of positive outcomes, including the potential to incorporate these areas into an operational Zoning Scheme as well as bringing them within the ambit of the Upgrade of Land Tenure Act (Act No. 112 of 1991), which will enable the conversion of lesser forms of title to freehold ownership.

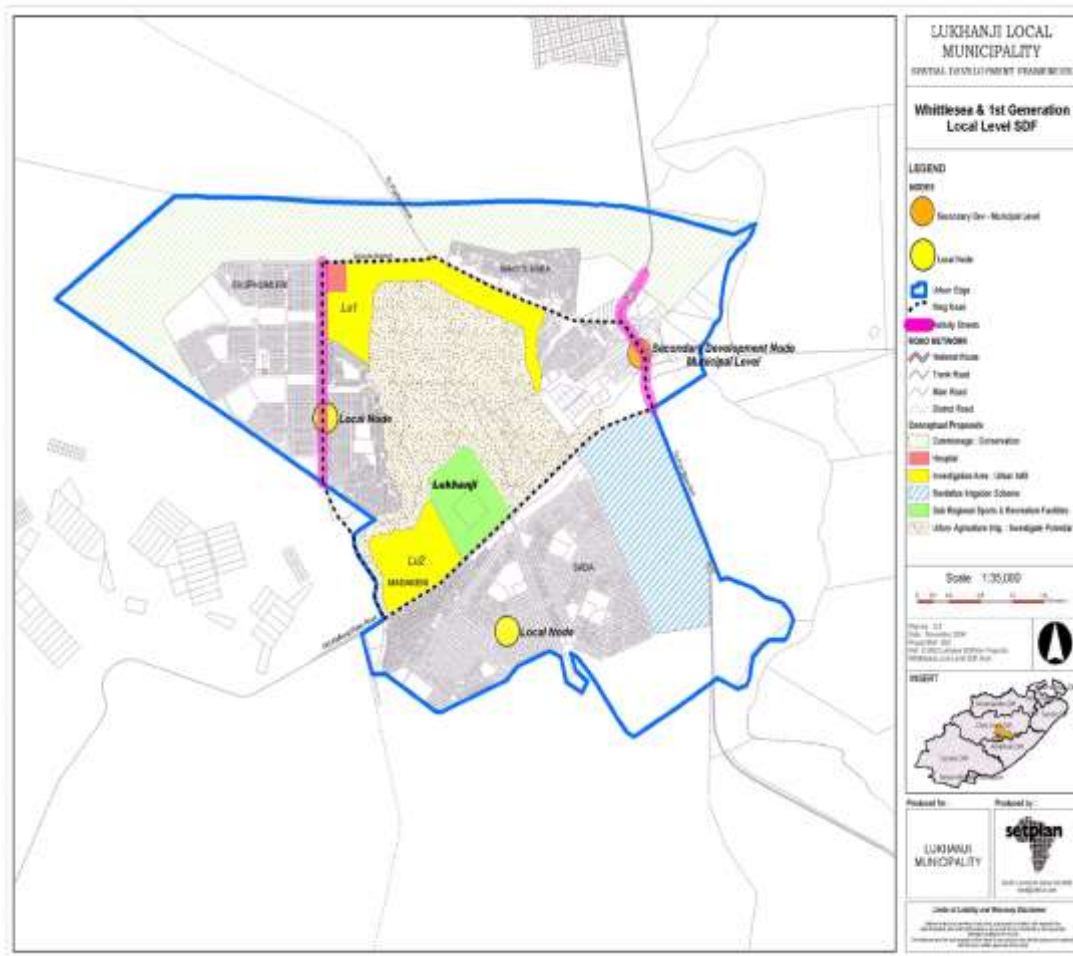
FOCUS AREA	COMMENT
<p>b. Sada</p> <p>c. Ekuphumleni</p>	
<p>Formulation of a PILOT Rural Land Use Management System in RA 60</p>	<p>This project is needed to address the ongoing pressure on land (i.e. land invasion) in the RA 60 area. It is intended that the Municipality engage with the RA 60 communities in establishing an acceptable Land Use Management Scheme for the RA 60 area, which applies to issues such as land use and land allocation.</p>
<p>Zweledinga Zone Plan and Local Planning Process</p>	<p>Communities to be engaged to obtain general agreement on configuration of the settlements.</p> <p>The project is deemed a priority because of reported dynamism in settlement formation in the area, as well as historical tensions concerning land issues.</p>
<p>Greater Whittlesea LSDF</p>	<p>Detailed Local Spatial Development Framework to enable the management of land developments in Whittlesea, Sada, Ekuphumleni and surrounding areas.</p> <p>To promote linkages between Urban and Rural areas.</p>
<p>RA60 Pilot Land Use Management Scheme</p>	<p>Land Use Management Scheme that will enable the Municipality and the community to manage and protect land uses.</p> <p>RA60 was previously planned but is not experiencing an influx of land invasions.</p>

The SDF makes the following proposals.

Lukhanji SDF proposals: Queenstown



Lukhanji sdf proposals: whittlesea & 1 generation



6.1.2 Physical Infrastructure

The following bulk infrastructure project has been approved by the Chris Hani District Municipality.

FUNDED BULK INFRASTRUCTURE PROJECTS: DOHS

PROJECT NAME	NO OF UNITS	TOWN	LOCAL MUNICIPALITY	PROJECT STATUS	DEVELOPER	RISK/CHALLENGE	TOTAL BUDGET	
New Rathwick	3000	Queenstown	Lukhanji	Planning	Department of Human Settlements Eastern Cape	This is a new project planned for installation of internal services and construction of houses. There is no bulk infrastructure to support the Development and this is budgeted for multi years until 2014 by Chris Hani District Municipality however the budget is still not enough for the project size .Funding for pre-planning activities has been approved. EIA outstanding.(Supplementary Water Supply from Xonxa – R 446 m)(Internal Bulk Infrastructure upgrade to accommodate New Rathwick and future development – R 230 m)	R676,000,000.00	

FUNDED BULK INFRASTRUCTURE PROJECTS: IDP

KPA	OBJ. NO	OBJECTIVE	STRATEGY	STRATEGY CODE
Water	40	To facilitate 2% reduction in current backlogs by June 2009.	By lobbying the district to accelerate delivery of basic water service and infrastructure in all our areas to reduce backlog by 2% in June 2009.	1 TS 40
	41	To facilitate management of water demand.	By implementing water demand management strategies and public education in line with Chris Hani WSDP.	1 TS 41
Sanitation	42	To facilitate 3% reduction in current backlogs by June 2009.	By lobbying the district to accelerate delivery of basic sanitation service and infrastructure and to reduce backlog by 3% in June 2009.	1 TS 42
	43	To eradicate bucket system in line with National policy by December 2008.	To lobby funds from Chris Hani for the eradication of bucket system and conversion into either VIP or full water borne in the case of urban areas.	1 TS 43
Electricity	44	To facilitate 3% reduction in current backlogs by June 2011.	By lobbying Eskom to accelerate delivery of basic electricity service and infrastructure in all our areas.	1 TS 44
			By providing street lighting and high mast lights in peri-urban and rural areas.	2 TS 44
	45	To facilitate supply of reliable electricity service to residents and business.	By providing and maintaining household connections while influencing Eskom to supply local businesses with reliable service via IGF.	1 TS 45
			By promoting investments in alternative supply sources like solar and windmill based power energy.	2 TS 45

KPA	OBJ. NO	OBJECTIVE	STRATEGY	STRATEGY CODE
			By promoting and supporting initiatives to curb cable theft via education campaigns.	3 TS 45
Roads & Storm water	46	To ensure provision of effective and sustainable roads and storm water service construction and maintenance.	By constructing access roads leading to community facilities and major settlements via our MIG allocations.	1 TS 46
			By constructing and maintaining storm water channels.	2 TS 46
			By lobbying other agencies like Public Works, Roads and Transport to construct, maintain and upgrade local access roads in line with their 2007/8 – 2008/9 budget commitments	3 TS 46
Telecommunications	47	To facilitate and ensure construction & maintenance reliable telecommunication network systems.	By lobbying telecommunication service providers like Telkom, Cell C, MTN and Vodacom to provide necessary infrastructure for network coverage in all Lukhanji areas.	2 TS 47
			By installing functional ICT infrastructure within the municipality.	2 TS 47
Municipal Public Works	48	To ensure construction and maintenance of municipal buildings.	By budgeting, planning and executing building construction projects (buildings, bridges and maintenance) using internal funds, skills and machinery.	1 TS 48
Building control	49	To regulate and control erection of building structures in line with local by-laws and planning	By developing and enforcing compliance with building control by laws and town planning schemes.	1 TS 49

KPA	OBJ. NO	OBJECTIVE	STRATEGY	STRATEGY CODE
&Regulations		schemes.		

6.1.3 Local Economic development

Lukhanji Has adopted a LED Strategy as follows:

LED STRATEGIC

KPA	OBJECTIVE	STRATEGY
Local Economic Development	To support and promote SMMEs development	By finalizing and implementing LED strategy to guide municipal interventions in economic development
		By establishing partnerships with strategic institutions in order to mobilize needed resources for economic development and capacity building
		By building capacity and training of LED officers in the municipality
		By developing and implementing as part of LED strategy, a clear targeted investment framework
		By facilitating implementation of poverty alleviation programmes by sector departments and other agencies
Housing and Land Reform	To facilitate delivery of different mix of housing development	By developing and implementing a housing sector plan to guide implementation of housing development before 31 March 2009
		By facilitating the processing of applications for housing subsidies on behalf of local beneficiaries
		By lobbying land affairs to support the planning, implementation of land reform, survey and housing projects in our areas

6.1.4 Health

The following are projects related to the improvement of health in the municipality.

HEALTH PROJECTS

KPA	OBJ. NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
Health Service	29	To facilitate provision of reliable health services and infrastructure.	By implementing the SLA and cooperating with District Health office to maintain existing infrastructure and service levels.	1 CS &SN 29
			By influencing and supporting the Provincial Health Department to implement commitment made for Lukhanji via SLA and IGF.	2 CS &SN 29
	30	To fight the spread of HIV and Aids as well as	By coordinating together with the district health office the activities of the local Aids	1 CS &SN 30

KPA	OBJ. NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
		other communicable diseases	Council. By support initiatives by municipal structures and other local agencies including ward committees to increase awareness campaigns.	2 CS &SN 30

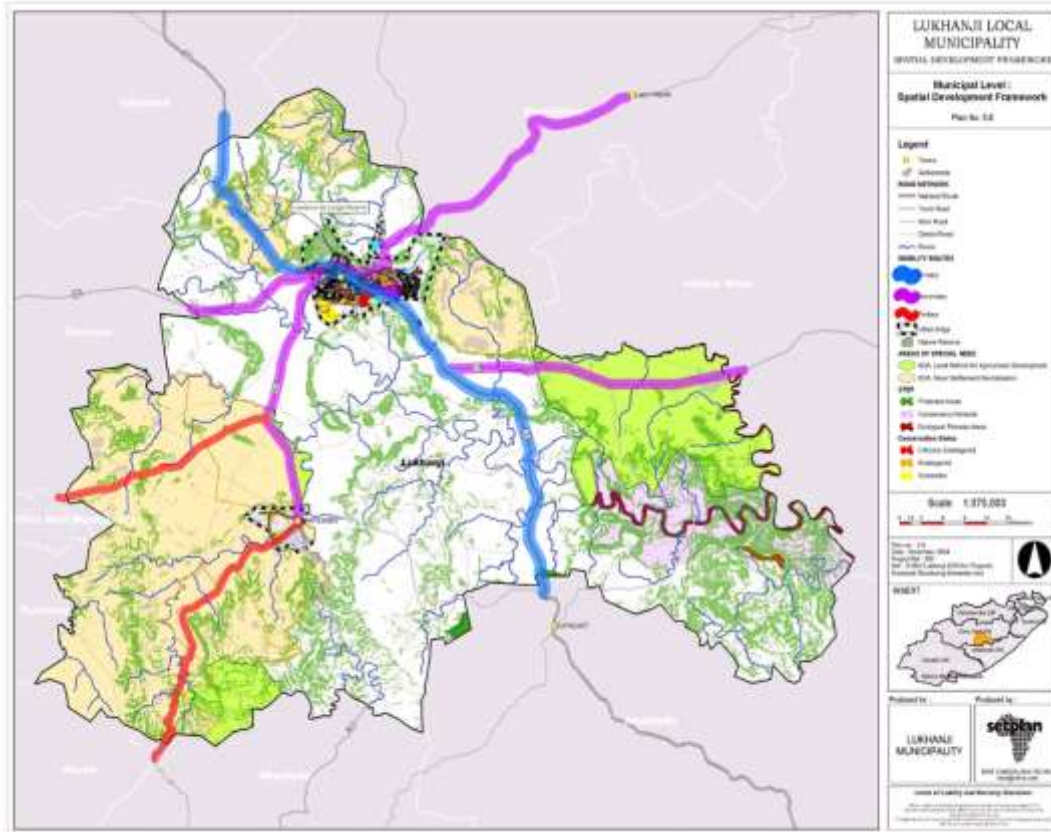
6.1.5 Education

The following are projects related to the improvement of education in the municipality.

KPA	OBJ. NO.	OBJECTIVE	STRATEGY	STRATEGY CODE
Education	31	To facilitate provision of infrastructure for education and training.	By influencing department of education to implement commitments made in their 2007/8 budget for Lukhanji via IGF.	1 CS &SN 31
	32	To provide early child development support.	By supporting, establishing and providing institutions that offer early childhood education and learning – crèches	1 CS &SN 32
	33	To lobby for the development of a local skills development centre.	By lobbying for funding from external donors and department of education.	1 CS &SN 33

6.1.6 Transport

Lukhanji SDF proposals: Road Network



6.1.6 Social Amenities

There is no social facility projects related to housing development.

CHAPTER 10 – PROJECTS FROM SECTOR DEPARTMENTS

1. Projects from the Chris Hani District Municipality (2013 / 2015)

LUKHANJI MUNICIPALITY		2012/13	2013/2014		WATER	SANITATION	OTHER
RA 60 Hewu Bulk Water Supply (Reticulation)	MIG	R 4,000,000	R 5,000,000	R 5,000,000	R 4,000,000		
Rathwick Water and Sanitation	MIG	R 5,000,000	R 6,000,000	R 10,000,000	R 5,000,000		
Upgrading Whittlesea/Sada WTW	MIG	R 1,000,000	R 1,000,000	R 1,000,000		R 1000 000	
Ilinge Bulk Services	MIG	R 1,000,000	R 1,000,000	R 4,000,000	R 1,000,000		
Cluster 1 Water backlog (ward 27)	MIG	R 9,000,000	R 9,000,000	R 8,000,000	R 9,000,000		
Cluster 3 water backlog (Ward 1)	MIG	R 9,000,000	R 9,000,000	R 7,000,000	R 9,000,000		
Cluster 1 Sanitation (Wards 5,11,12,13,14,18,27)	MIG	R 6,000,000	R 6,000,000	R 6,000,000		R6 000 000	
Cluster 2 Sanitation (Wards 1,2,3,4,6,23,19,20,23,24,25,26,	MIG	R 6,000,000	R 6,000,000	R 6,000,000		R6 000 000	
TOTAL: LUKHANJI LM		R 41,000,000	R 43,000,000	R 47,000,000	R28 000 000	R13 000 000	R 0

3. CHRIS HANI DISTRICT MUNICIPALITY

Name of Dept.	Project Description	Interdepartmental programme ISRDP	Contact, property & domestic crimes	Area	Budget
SAPS	Interdepartmental programme	Nicro victim support	Rapes & Assaults		-
		Nicro victim support	Sector Policing		-
		Sector Policing	Community policing forum		-
		Community policing forum	Social development		-
		Social development	One stop centre		-
		One stop centre	JJ youth care		-
		JJ youth care	Local joints		-
		Local joints	Schools against crime		-
		Schools against crime	business against crime		-
		business against crime	Fraud, robberies (All)		-
Agriculture	Hayden Park	Stock water	Xashimba	Abattoir (Year 1 &2)	702,126
	Xashimba	Abattoir (Year 1 &2)		Cimezile	740,000
	Cimezile	Dip renovation		Cimezile	75,000
	Ezibeleni	Ezibeleni		Ezibeleni	300,000
	Allen Water	Crop production	SIYAKHULA	Whittlesea	39,330
	Kolomani	1.Veg production 2. Crop production		Whittlesea	5,245
	Oxton	Crop production		Whittlesea	11,700
	Mbekweni	Crop production		Whittlesea	24,292
Emthonjeni	Cattle feed		Queenstown	18,800	

	Sithembisa Ukukhanya	1. Crop production feed	2. Cattle	Queenstown	24,416	
	Siyaphakama	Veg production		Queenstown	629	
	Joe slovo	Veg production		Queenstown	1,300	
	Rathwick	Veg production		Queenstown	650	
	Siyakhula		FOOD SECURITY PROJECTS		1,240,150	
	Siyazondla					
Public Works	Building of schools			Khulasomelele JSS	4,296,369	
				Luvuyo Lerumo SSS	14,139,023	
				Zingquthu JSS	3,092,040	
				Sibuyele	1,199,587	
				Yonda	1,375,213	
	Building of clinics				Sada CHC	38,962,842
					Frontier Hospital	28,638,940
					Komani Hospital	109,783,649
					Zingquthu Clinic	2,937,611
		Komani Hospital Conversion			Komani Hospital	R23 000 000.00
		Renovations DPRPW Offices			Queenstown	R 7,5 00.000.00
		Frontier Hospital			Queenstown	R 2,4 00,000,00
	Maintenance programme	Standby generators				17,356,084
		Kitchen equipment				18,982,484
Laundry equipment					16,962,153	
Air conditioning equipment					13,606,477	
Refrigeration equipment					12,227,861	

		Steam boiler equipment			36,793,842
		Auto clave equipment			36,793,842
DEDEA	Waste management	Waste recycling		Ezibeleni	0
DLGTA	Municipal Development & Planning			Budget for entire CHDM	1,342,000
	Municipal Infrastructure, Disaster Management and Free Basic services			Budget for entire CHDM	1,184,000
	Municipal Infrastructure, Disaster Management and Free Basic services			Budget for entire CHDM	1,500,000
	Municipal Governance			Budget for entire CHDM	0
	Local Economic Development Facilitation			Budget for entire CHDM	705,000
				Budget for entire CHDM	405,000
	Municipal Support & Monitoring Services			Budget for entire CHDM	765,000
Department of Community Safety & Liaison	7 PCPS Action Plans implemented at police stations			Queenstown, Whittlesea, Cradock, Cofimvaba, Middelburg,	35,000
	Public education campaign			Thornhill,	20,000
	Support community Safety Forums within the identified Local Municipalities			Ezibeleni,	9,000
	Establish and support District Community Safety Forum			Ilinge	10,000
	Oversee the functioning of victim friendly centres at police stations			Queenstown	-

	Capacity Building for the Community Police Forum			All police clusters within the CHDM and those whose accounting police station are within the district municipality	
Department of Roads and Transport	Construction of Supply & Erection of Stock Proof Fencing			Lukhanji & Emalaheni Local Municipalities: Along R396 from Queenstown to Lady Frere	3,314,742
	Supply and erection of Stock Proof Fence			Lukhanji Local Municipality: Queenstown to Whittlesea	2,061,615
	Supply and Erection of Stock Proof Fence			Lukhanji/Emalaheni Municipalities on R392 from Queenstown to Dordrecht	8,000,000
Department of Tourism	Bonkolo Dam Development	Development of the dam as a tourism site		Lukhaji LM	R15 000 000
	Bullhoek Memorial Site	Phase 2 of the project: construction of challets		Whittle Sea	R10 000 000
SASSA (listed in the project)	CSG Extension			All Local municipalities in Chris Hani	44 844 000

table under poverty alleviation)					
	Age Equalization			All Local municipalities in Chris Hani	34 272 000

CAPITAL PROJECTS

BIG PROJECTS 2012/13 TO 2014/15

LUKHANJI MUNICIPALITY	Funder	2012/13	2013/14	2014/15
Augment Queenstown water supply(Xonxa)	BIG	R 65,740,000	R 60,000,000	R 68,672,000
TOTAL: LUKHANJI LM		R 65,740,000	R 60,000,000	R 68 672

4. WATER SERVICES REFURBISHMENTS

FUNDER: EQUITABLE SHARE

Municipality	Project Name	2012/13
Lukhanji	Extensions in Tembani Water Scheme	R1, 350, 000. 00
	Construction of storage reservoir in Braakloof WS	R800, 000. 00
	New extensions in Endsone Water Scheme	R850, 000. 00
Total Lukhanji		R3, 000, 000. 00

5. LIST OF COMMITMENTS BY SECTOR DEPARTMENTS (2012/2013)

6. DEPARTMENT OF HUMAN SETTLEMENT

Below is a list of projects identified to be implemented in the Lukhanji municipal area in the 2012 / 2013 financial year. The projects identified are in different stages of implementation; i.e. Pre-Planning, Feasibility Study, Planning, Designs, Tender Process, Construction of services, Construction of Top Structures, closure etc.

5.1 Table 1: Summary of the 2012 / 2013 Annual targets and budget

No	KPI	2012 / 2013 Annual Target	Budget
1	Houses	278	R41, 470, 000. 000
2	Full Services	218	
3	Partial Services (VIP's, tanks, roads and storm-water)	639	
4	Transfers	3 912	
5	Rectification	269	R22, 300, 000. 00
TOTAL BUDGET			R63, 770, 000. 00

5.2 Table 2: Projects and budget for 2012 / 2013 financial year

No	Project	Budget	Level of Service
1	Sada wooden / zinc 1000; Lesseyton 750, RA 60's	R4, 47 million	Feasibility study, transfers
2	Lukhanji 200	R7, 50 million	Procurement for installation of services
3	New Rathwick 3000	R1, 66 million	Planning – Layout plan, GP, EIA etc.
4	Quality Coffins 18	R1, 66 million	Planning – Designs, tender process
5	Zola / Xuma / Toisekraal	R13, 12 million	Under construction of roads and storm-water
6	Braakloof 281	R2, 38 million	Under construction of roads and storm-water
7	Toisekraal 364	R6, 69 million	Under construction of top structures

No	Project	Budget	Level of Service
8	Nomzamo 337	R1, 50 million	Beneficiary admin – procurement
9	Emergency / Disaster Houses	R2, 49 million	Chris Hani District – Developer
TOTAL BUDGET		R41, 47 million	

5.3 Table 3: Rectification projects and budget for 2012 / 2013 financial year

NO	RECTIFICATION PROJECTS	BUDGET	LEVEL OF SERVICE
1	Ezibeleni 1 226	R4, 35 million	Under construction for rectification of defective houses
2	Imvani 145	R6, 80 million	Procurement process for rectification of houses
3	Whittlesea 754	R4, 35 million	Under construction for rectification of defective houses
4	Ilinge (Pre-1994)	R6, 80 million	Procurement process for rectification of houses
TOTAL BUDGET		R22, 30 million	

7. RURAL DEVELOPMENT AND LAND REFORM

Farm Name	Asking Price	Size	Price P/H	Seller	Project Name	Applicants	Contact Person	Date of Received	Phase
Remainder of the Far Potgieters Kraal No. 318, Portion 1 (Hayden Park) of eth Farm Potgieters Kraal No. 318	R1 265 000.00	1783.2996Ha	R 709.36	Yvonne Kemp	Haydenpark	80	Mr Mrwebi	14/11/2000	Transferred
Portion 1 of the Farm No. 517	R 452 353.00	1292.4383Ha	R 350.00	Fincham Trust	Imvani	28	Nkosiyabo	01/08/2000	Transferred
The Farm Merion Rust No. 68	R 400 000.00	734.9045Ha	R 544.29	Mr Nico Coetzee	Ntuthuko Dev. Proj.	20	Mr Mpela	01/01/2001	Transferred
Remainder of Portion 3, Portion of portion 2 of the Farm Lower Everton No. 158	R 183 500.00	19.4866Ha	R9 416.73	Mr Cloete	Ezibeleni Dev. Assoc.	12	Mrs Renqe	01/02/1999	Transferred
Portions 3,5,6,7,8,9,11,12,13,14,15 & 16 of the Farm New Rathwick No. 165	R1 200 000.000	420.6382Ha	R2 852.81	Mr Percy Fischer	Rathwick Development Project	44	Mr Mangqangwana	F	Transferred
Essex Farm	R 699 635.46	831.6Ha	R 841.31	Mr Lucas	Masizakhe (Ilinge) Farmers Association (Lukhanji Commonage)	N/A	Ma Tshovu/ZS Ndlea	03/08/2002	Transferred
Farm No. 435	R 350 000.00	596.8309Ha	R 586.43	?	Xashimba	1	Mr Xashimba	13/05/2002	Transferred
Hopefield Farm No. 398	R 530 000.00	645.9884Ha	R 820.45	Mr	Hopefield	1	Mr Tusso Moss	08/11/2002	Transferred

Farm Name	Asking Price	Size	Price P/H	Seller	Project Name	Applicants	Contact Person	Date of Received	Phase
				Pieterse	Farm				
Stockenstroom Farm No.	R 375 000.00	428.2656Ha	R 875.62	Mr Prinsloo	Nongege	1	Mr Nongege	13/11/2002	Transferred
Stockenstroom Farm No 196	R 375 000.00	428.2656	R 875.62	Mr Prinsloo	Rini and Jika CPA	10	Malusi Rini	09/05/2003	Transferred
Portion 4, A Portion of Portion 1 of the Farm Harrisson No. 395	R 59 884.32	49.9036Ha	R1 200.00	Mr Cloete	Fuba II	4	Michael Fuba	01/09/2003	Transferred
Portion 2 of the Farm Salisbury No. 423	R 409 935.00	504.2257Ha	R 812.99	Mr Hebe	Upper Salisbury Farm	18	Mr Mpengezi	01/02/2004	Transferred
Portion 1 of the Farm Salisbury No. 423 & Remainder of the Farm Salisbury No. 423	R 379 300.00	466.5440Ha	R 674.30	?	Lower Salisbury	17	Mr Hebe	01/02/2004	Transferred
Douglas Farm	R 390 588.56	1272.4277Ha	R 306.96	N/A	Ndaba Project	4	Mr Quwe	01/11/2003	Transferred
Salisbury No423	R 650 00,00	291,6015Ha	R 5 600,00	Charteris Barners	Hebe Family	16	Mr Tanda	09/06/2005	Transferred
Carnavon	R49 554 000.00	5432Ha	?	Mr Lowell Price	Carnavon	?	?	20/04/2006	Transferred
Remainder farm No62	R 2, 500, 000.00	855,4884Ha		D S Odendaal	Hinana TR		TR Hinana	15/01/2008	Tranferred
Weltevreden/Farm no 313/Sharwood Forest	9 500 000.00	1381.6867ha	6875.654	Burger Theodore	Sherewood Forest Primary Agri Coop		Mahanjana Aggrey	01/08/2008	Transferred (BOG to spent)

Farm Name	Asking Price	Size	Price P/H	Seller	Project Name	Applicants	Contact Person	Date of Received	Phase
Prospect Farm	1698000	386 ha	4400	Jonathan Pepler	Dukwe Seedlings Production 2	?	?	05/11/2008	Transferred on the 28/08/2009
Tyldendale Farm	R 5 000 000.00	R 4 800 000.00	R 4,959	Mr Prinsloo	Tyldendale Farm	?	?	31/07/2009	Transferred on the 29/04/2011
Upper Hazelden	R 446 400.00	743.5Ha	R 600.40	Mr Breetzke	Masizame CPA	36	Mr Rasmeni	09/02/1999	Transferred:RefEC6/3/9/68
Upper Hazelden	R 446 400.00	743.5Ha	R 600.40	Mr Breetzke	Masizame CPA	36	Mr Rasmeni	09/02/1999	Transferred:RefEC6/3/Q1/5)
Welcome Valley	?	?	?	Mr Breetzke	Slovo Welcome Trust	?	Mr Beje	01/01/1998	Transferred
Smallholding 707	R 50 000.00	2.7912Ha	R18 387.76	Ms Maasdorp	Hamza & Others	3	Mr Hamza	03/09/1997	Transferred
Lynmouth	R 142 023.75	56.8095Ha	R2 500.00	Mr Cloete	Fuba Family	10	Mr Fuba	14/05/1999	Transferred

8. DEPARTMENT OF TRANSPORT

- Learner Driver Education
- Schools Debate
- JTTC
- PET
- Scholar Patrol
- Cyclist Education (Provide Container with full refurbishment and all bicycle parts)
- Multi Media
- Pedestrian Safety Education (Schools, Churches, Taxi Ranks – Organized gatherings)
- Stray Animal Education
- CRSC
- Arrive Alive (Prayer Days, Rest stops and Checkpoints)
- Transport Forums
- Construction of Vehicle & Animal Pounds
- Employment of more Road Rangers (Budget)
- Scholar Transport
- Youth and Religious programmes (Budget)

9. DEPARTMENT OF ROADS AND PUBLIC WORKS

8.1 Expanded Public Works Programme

All LM's participate and are eligible

- Lukhanji LM Receive R1,096,000.00
- Created 482 Jobs in Infrastructure with 9 projects
- Create 85 jobs on Environment Sector

9. COMMUNITY DEVELOPMENT: 2011/12- 2012/13/ H/H CONTRACTORS

Inkwanca	98
Emalahleni	988
Sakhisizwe	895
Ngcobo	950
Intsika Yethu	890
Lukhanji	990
Tsolwana	388
Inxuba Yethemba	196
Total	5395

10. 2012/13: Household Contractors

- Re-direct to state –owned properties
- Queenstown district 193 schools = 350

Total 350

11. EPWP UPSCALING/ RESPONSE TO EXCO OUTREACH 2012/13

- Komani Hospital Conversion - R 23m
- Renovations DRPW offices - R 7,5m
- Frontier Hospital - R2.4m

12. Roads Infrastructure 2012 - 2015

(i) Priority List For Lukhanji

Routine Road Maintenance	R 5, 2m
Dipala	13km
Sibonile	5, 9km
Sawtiya	4, 45km
Sawutiya to upper wukuwa	3, 75km
Oxton to Zulumema	5,19km
Lower Didimala Kamastone	5, 1km
Merino Walk to Kamastone	6, 83km
Kamastone to Zangqokhwe	7, 51km

(ii) Outsourced Lukhanji

Macbride to Tsitsikama	R1, 050, 000. 00
Whittlesea to Thornhill	R3, 000,000. 00
Whittlesea to Heckney	R1, 500, 000. 00
TOTAL	R5, 550, 000. 00

13. NATIONAL YOUTH SERVICE: 18 months training

2010: First intake	58
Absorbed from various Public bodies after training	38
Back at Coega IDZ for sharpening their training	20
Welders	11
Electricians	4
Plumbers	3
Painters	2

1. Introduction

This document constitutes a framework for Lukhanji Local Municipality's Performance Management System. In other words the framework is a documented record of the municipality's performance management system as it will be implemented.

2. Legal and Policy Context of the Framework

2.1 Section 152 of the Constitution of the Republic of South Africa in Objects of Local Government states that:

- (a) To provide a democratic and accountable government for local communities
- (b) To ensure the provision of services to communities in a sustainable manner

2.2 White Paper on Local Government 1998 stipulates that :

Performance management is critical to ensure that plans are being implemented, that they are having the desired development impact, and that resources are being used efficiently. Municipalities currently set their own measures of performance, or key performance indicators. Key performance indicators vary greatly from municipality to municipality, and cover both efficiency measures and human development indices.

These development indices can assist municipalities to assess the impact and effectiveness of the development strategies which they adopt, and make adjustments to their plans as required.

Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system is enhanced.

Performance monitoring indicators need to be carefully designed in order to accurately reflect the efficiency, quality and value for money for municipal services.

2.3 Section 56 (3) of the Local Government: Municipal Structures Act of 1998 (Act 117 of 1998 as amended), stipulates that

The Executive Mayor in performing the duties of office, must –

- (a) Identify and develop criteria in terms of which progress in the implementation of the strategies, programmes and service referred to in subsection 2 (c) can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general;
- (b) Evaluate progress against key performance indicators;
- (c) Review performance of the municipality in order to improve –
 - (i) The economy, efficiency and effectiveness of the municipality
 - (ii) The effectiveness of credit control and revenue and debt collection services; and
 - (iii) The implementation of the municipality's by-laws

2.4 Chapter 6 of the Local Government: Municipal Systems Act of 2000 (Act 32 of 2000 as amended) requires all municipalities to:

- 1) Sec 38 – Establishment of performance management system
- 2) Sec 39 – Development of performance management system

- 3) Sec 40 – Monitoring and review of performance management system
- 4) Sec 41 – Core components
- 5) Sec 42 – Community involvement
- 6) Sec 43 – General key performance indicators
- 7) Sec 44 – Notification of key performance indicators and performance targets
- 8) Sec 45 – Auditing of performance measurements
- 9) Sec 46 – Annual performance reporting

2.5 Local Government: Municipal Finance Management Act of 2003 (Act no 56 of 2003) states the requirements for a municipality to include its annual municipal performance report with its financial statements and other requirements in constituting its annual report. This must be dealt with by the municipal council within 9 months of the end of the municipal financial year.

2.6 Circular 13 issued on 31 January 2005 provides guidance and assistance to municipalities in the preparation of service delivery and budget implementation plans

2.7 The Municipal Planning and Performance Management Regulations (2001) stipulate that “a municipality’s performance management-system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role-players”. This document is in line with this requirement

The framework acts as a municipal policy document that defines its performance management system. It constitutes council policy with regards to:

- The requirements that a Performance Management System Framework will need to fulfill,
- The principles that will inform its development and application,
- A model that describes what areas of performance will be managed
- What processes will be followed in managing performance
- What institutional arrangements are necessary for this
- Who will take responsibility for parts of the system
- How this links to S57 Performance agreements
- How S57 Managers will have their performance managed

2.8 Municipal Performance Management Regulations (2006)

The Local Government Municipal Performance Regulations for municipal managers and managers directly accountable to municipal managers (Government Gazette No.29089, 1 August 2006), sets out how the performance of Section 57 staff will be uniformly directed, monitored and improved. The regulations address both the employment contract and performance agreement of municipal managers and managers directly accountable to municipal managers. It further provides a methodology for the performance management system as well as criteria for performance bonus payments. The regulations also provide an approach for addressing under-performance, should this occur. The regulations will be discussed in greater detail in a later section of this framework document.

2.9 Batho Pele Principles

The White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service. Our municipality is duty bound to uphold these principles:

(1) Consultation:

Communities should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services which are provided.

(2) Service standards:

Communities should know what standard of service to expect.

(3) Access:

All communities should have equal access to the services to which they are entitled.

(4) Courtesy:

Communities should be treated with courtesy and consideration.

(5) Information:

Communities should be given full and accurate information about the public services they are entitled to receive.

(6) Openness and transparency:

Communities should know how departments are run, how resources are spent, and who is in charge of particular services

(7) Redress:

If the promised standard of service is not delivered, communities should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made communities should receive a sympathetic, positive response.

- (8) Value-for-money:
Public services should be provided economically and efficiently in order to give communities the best possible value-for-money.

Importantly, the Batho Pele White Paper notes that the development of a service-oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilized to assist in building a service culture. "For example, local businesses or non-governmental organisations may assist with funding a helpline, providing information about specific services, identifying service gaps or conducting a customer survey" - The White Paper on Local Government (1998).

- (9) Encouraging innovation and Rewarding Excellence
Encourage partnerships with different sectors in order to improve service delivery. This is also about rewarding the staff who "go extra mile" in making it all happen.

- (10) Customer impact
If we put all the Batho Pele principles into practice, we then increase the chances of improvement in our service delivery. This in turn will have a positive impact on our customers. It is about how the nine principles link together to show how we have improved our overall service delivery. Here we look at the benefits we have given to our customers both internally and externally.

- (11) Leadership and Strategic Direction
Our leaders must create an atmosphere which allows for creativity. Management must ensure that goals are set and that planning is done.

3. Performance Management Objectives

Beyond the fulfilling of legislative requirements, Lukhanji Municipality requires a performance management system that will be constituted as the primary mechanism to plan for performance management, monitor, review and improve the implementation of the municipality's IDP. This will have to be fulfilled by ensuring that we:

3.1 Facilitate increased accountability

The performance management system should provide a mechanism for ensuring increased accountability between

- The communities of Lukhanji and the municipal council,
- The political and administrative components of the municipality,
- Each department and the office of the municipal manager.

3.2 Facilitate learning and improvement

While ensuring that accountability is maximised, the performance management system must also provide a mechanism for learning and improvement. It should allow for the municipality to know which approaches are having the desired impact, and enable the municipality to improve delivery. It should form the basis for monitoring, evaluation and improving IDP implementation.

3.3 Provide early warning signals

The performance management system should provide managers, the Municipal Manager, Portfolio Committees and the Executive Committee with diagnostic signal of the potential risks that are likely to affect the realisation of full IDP implementation. It is important that the system ensure decision-makers are timeously informed of risks, so that they can facilitate intervention, where it is necessary and possible to do so.

3.4 Facilitate decision-making

The performance management system should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly in so far as indicating where the allocation of limited resources should be prioritised.

The functions listed above are not exhaustive, but summarise the intended benefits of the performance management system to be developed and implemented. These intended functions should be used to evaluate the performance management system, periodically.

4. Principles Governing Performance Management

The following principles inform and guide the development and implementation of the Lukhanji Performance Management System:

(1) **Simplicity**

The system must be a simple user-friendly system that enables the municipality to operate it within its existing capacity of its financial, human resources and information management system.

(2) **Politically driven**

Legislation clearly tasks the municipal council and Executive Mayor as the owner of the performance management system. The Executive MUST drive both the implementation and improvement of the system.

Legislation allows for the delegation of this responsibility or aspects of it to the Municipal Manager or other appropriate structure as the Executive may deem fit.

(3) Incremental implementation

It is important that while a holistic performance management system is being developed, the municipality should adopt a phased approach to implementation, dependent on the existing capacity and resources within the municipality.

It is also important to note that municipal performance management is a new approach to local government functioning and therefore requires adequate time to be given to the organization's process of change. The performance management system will not be perfect from the start it should be constantly improved based on its workability.

(4) Transparency and accountability

Members of the organisation whose performance will be monitored and measured must ensure that the process of managing performance is inclusive open and transparent. This can only be achieved by taking effective participation in the design and implementation of the system within the municipality.

Again, the process must involve and empower communities so that they are able to understand how the municipality and its departments are run, how resources are spent, and who is in charge of particular services. Similarly, all information on the performance of departments should be available for other managers, employees, the public and specific interest groups.

(5) Integration

The performance management system should be integrated into other management processes in the municipality, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. It should be seen as a central tool to the ongoing management functions.

(6) Objectivity

Performance management must be founded on objectivity and credibility. Both the processes of managing performance and the information on which it relies need to be objective and credible. Sources of data for measuring indicators should be scrutinized to enhance credibility of information and therefore objective decision-making.

5. What do we Monitor and Review?

International experience in both the private and public sectors has shown that traditional approaches to measuring performance, which have been heavily reliant on only financial measures, are severely lacking.

It has become well accepted that in order to assess an organisation's performance, a balanced view is required, incorporating a multi-perspective assessment of how the organisation is performing as seen by differing categories of stakeholders. To ensure this balanced multi-perspective examination of Lukhanji's performance, a model has been adopted to guide performance management in the entire municipal organisation.

5.1 What is a model?

A model for performance management is a conceptual framework that provides guidance as to what aspects of the municipality's performance should be measured and managed.

5.2 Why do we need a model?

Models have proved useful in performance management for the following reasons. They provide:

(1) Balance

A good model will prompt the organisation to take a balanced view in terms of how it measures and manages its performance. It should prevent bias by ensuring that performance measurement does not rely heavily on one facet of performance (i.e. financial viability), but rather encapsulates a multi-perspective holistic assessment of the municipality's performance.

(2) Simplicity

A good model should organize simply, what would otherwise be a long list of indicators attempting to comprehensively cover performance, into a set of categories sufficiently covering all key areas of performance. Models differ most significantly in what they assert are the key aspects of performance.

(3) Mapping of Inter-relationships

A good model will map out the inter-relationships between different areas of performance. These inter-relationships relate to the extent to which poor performance in one category would lead to poor performance in other related areas and the converse. These inter-relationships help in both the planning stage and the review stage, particularly in the diagnosis of causes of poor performance.

(4) Alignment to the Integrated Development Planning (IDP) methodology

A good performance management model for a municipality in South Africa will align the processes of performance management to the IDP processes of the municipality. It will ensure that the IDP is translated into performance plans that will be monitored and reviewed. The categories of key performance areas provided by a model should relate directly to the identified priority areas of the IDP.

5.3 The Revised Municipal Scorecard Model

The Lukhanji local municipal council will make use of the Municipal Scorecard Model (as revised in 2006) as its model for performance management. This model is useful for the following reasons. It is:

- Tightly aligned to the strategic planning and IDP processes of the municipality
- Directly relevant to the notion of developmental local government
- A balanced view of performance based on municipal inputs, outputs, outcomes and process
- A simple portrayal of municipal performance, where inter-relationships can be mapped (municipal-wide, sectoral / departmental and unit / programme levels)
- Compliant with the requirements of the Municipal Systems Act (2002) and its subsequent Regulations (2001)
- It aligns to 5 Key Performance Areas for Local Government used in the:
 - Regulations

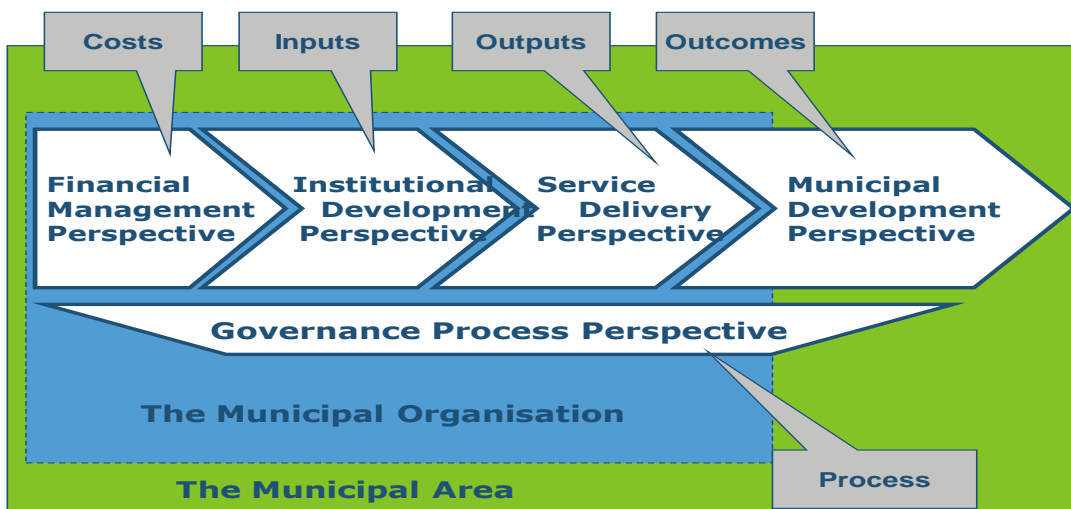
- Five Year Local Government Strategic Agenda
- Vuna Awards for Performance Excellence
- Outcomes Based Approach

The 5 Key Performance Areas from the Five Year local Government Strategic Agenda are

1. Municipal Transformation & Organisational Development
2. Infrastructure development and Service Delivery
3. Local Economic Development
4. Municipal Financial Viability & Management
5. Good Governance & Public Participation

The Municipal Scorecard Model is based on five key perspectives, outlined in figure-1 below.

Figure 1: Structure of the Municipal Scorecard



Source : Palmer Development Group (2006)

(1) The Municipal Development Perspective

In this perspective, the municipality will assess whether the desired development impact in the municipal area is being achieved. It incorporates social, environmental and economic development aspects. This perspective will constitute the development priorities for the municipal area and indicators that tell us whether the desired development outcomes are being achieved. It will be difficult to isolate development outcomes for which the municipality is solely accountable. It is expected that the development priorities and indicators, will often lie within the shared accountability of the municipality, other spheres of government and civil society. The measurement of developmental outcomes in the municipal area will be useful in telling us whether our policies and strategies are having the desired development impact.

(2) The Service Delivery Perspective

This perspective should tell us how a municipality is performing with respect to the delivery of services and products. This relates to the output of the municipality as a whole.

(3) The Institutional Development Perspective

This perspective should tell us how a municipality is performing with respect to the management of its resources:

- Human Resources
- Information
- Organizational Infrastructure
- Asset management

This relates to the inputs of the municipality as a whole.

(4) The Financial Management Perspective

This perspective tells us how a municipality is performing with respect to its financial management

- Operating income
- Operating expenditure
- Financing infrastructure investment
- Capital expenditure

(5) Governance Process Perspective:

This perspective should tell us how a municipality is performing with respect to its engagement and relationship with its stakeholders in the process of governance. This perspective should include, amongst others:

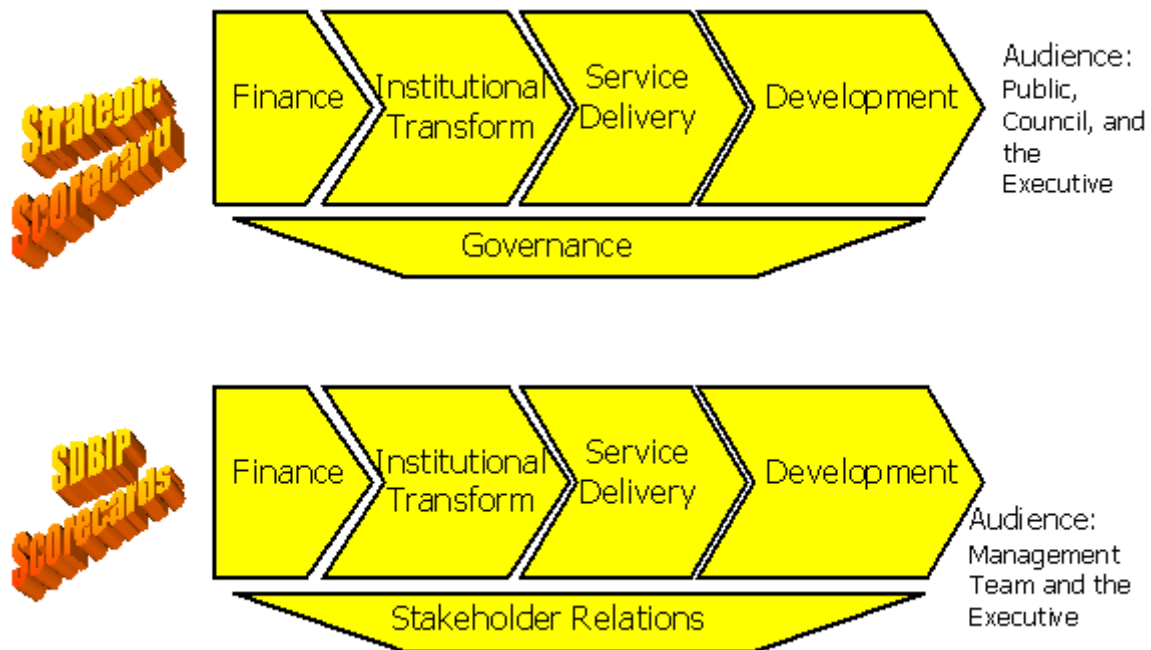
- Public participation, including the functionality and impact of ward committees
- Functionality and impact of municipal governance structures (council structures including the offices of the speaker, and portfolio committees and executive)
- Access to information
- Intergovernmental relations

This relates to the governance processes of the municipality as a whole.

5.4 Organisational Scorecards at different levels

There will be two levels of scorecards for Lukhanji as depicted in figure-2 that follows.

Figure 2: Two levels of scorecards



(1) The Strategic Scorecard

The strategic scorecard will provide an overall picture of performance for the municipality as a whole, reflecting performance on the strategic priorities set in the IDP.

The development perspective of this scorecard will therefore necessitate that information be collected from other development role players in the municipal area for reporting purposes. These include other spheres of government, business formations and civil society organisations.

The Municipal Manager and HODs will use it, after review, as a basis for reporting to the Executive Committee, Council and the public. It is proposed that it be reported to the Executive Committee quarterly, to Council bi-annually and the Public annually for review.

It must be noted that the Municipal Manager is primarily responsible for performance on the Strategic Scorecard. As such, the strategic scorecard is closely linked and forms the largest component of how the municipal manager's performance will be appraised.

(2) Service Delivery and Budget Implementation Plans (SDBIP)

The SDBIP will capture the performance of each municipal department. Unlike the strategic scorecard, which reflects on the strategic priorities of the municipality, a service scorecard will provide a comprehensive picture of the performance of that department. It will consist of objectives, indicators and targets derived from the service plan and service strategies.

It is crucial to ensure that the SDBIP scorecards do not duplicate current reporting, but rather be integrated as a core component of the municipality's vertical reporting system. It should simplify all regular reporting from departments to the municipal manager and portfolio committees.

SDBIP Scorecards will be comprised of the following components:

- A development perspective for departmental outcomes, which set out the developmental outcomes that the service is to impact on - the development perspective of this scorecard will seek to assess the extent to which the strategies that are driven by the department are contributing towards the intended developments in the municipal area
- Service Deliverables, which set out the products and services that the department will deliver. This perspective will include service delivery targets and performance indicators for each quarter.
- Institutional Transformation perspective, which sets out how the department will manage and develop its Human resources, Information and Organisational Infrastructure
- Financial Management Perspective will include
 - projections of revenue to be collected by source
 - projections of operational and capital expenditure by vote

Performance reporting on this section of the scorecard will be in terms of actual against projections

- Stakeholder Relations, which sets out how the department will improve its relationship with its key stakeholders

Therefore in addition to the requirements of the MFMA and the National Treasury Guidelines for SDBIPs, the SDBIP scorecard approach thus provides an additional opportunity to set objectives, indicators, and targets for, as well as report against:

- Service Outcomes
- Institutional Transformation Issues
- Stakeholder Relations

Performance in the form of a SDBIP scorecard will be reported to the Municipal Manager and relevant portfolio committee for review. It is suggested that this happen quarterly.

It must be noted that the relevant S57 Manager is primarily responsible for performance on the SDBIP Scorecard. As such, the SDBIP scorecard is closely linked and forms the largest component of how the S57 manager's performance will be appraised. This is dealt with in more detail in the section on employee performance.

(3) Scorecard concepts

The strategic and SDBIP scorecards should be presented in a consistent format so that they are easy to use and understand. Proposed formats are attached as appendix I and II. Several concepts that are commonly used in the scorecard concept are defined below:

Objectives: are statements (often drawn from the IDP) about what a service wants to achieve.

Indicators: are variables (qualitative or quantitative) that tell us whether we are making progress towards achieving our objectives.

A baseline measure: is the value (or status quo) of the indicator before the start of the programme or prior to the period over which performance is to be monitored and reviewed. For the purpose of standardising the setting of baselines and for the sake of clarity, the following descriptions will be used:

- If the indicator is measurable on an annual basis, the baseline will be its measure in the last financial year.
- The baseline for annual targets that are incrementally measurable per quarter or per month will be the measure at the end of the last financial year but the targets can be set incrementally
- The baseline for quarterly targets that are not incrementally contributing to an annual target will be the indicator's measure in the last quarter it was measured unless by its nature it is Seasonally variable in which case it will be an average of the last four quarterly measures
- The baseline for monthly targets, that are not incrementally contributing to a quarterly or annual target, will be its measure in the last month it was measured unless by its nature it varies monthly in which case it will be an average of the last three monthly measurements

A target: is the value (or desired state of progress) of the indicator that is intended to be achieved by a specified time period.

The measurement source and frequency: should indicate where the data for measuring will emanate from, and how frequently the indicator will be measured and reported. This information is crucial for the auditing process.

Indicator custodian: refers to the person that takes responsibility for the monitoring of change in the indicator and report on it.

The performance management plan for Lukhanji will have various indicators for the goals that are set in the IDP. These indicators including those that will be further developed for SDBIP scorecards should be assessed against the following criteria.

- ✓ **Criteria for Setting Good Indicators** - In developing indicators, the municipality will ensure that adheres to the following principles:
- **Focused and Specific**
Indicators should be clearly focused and stated unambiguously.
 - **Measurable**
An indicator should by definition contain a unit of measurement.
 - **Valid and Relevant**
Validity is the degree to which an indicator measures what is intended to be measured. This correlates strongly to the relevance of the indicator to the objective being measured. It is also important that the whole set of indicators chosen should be contextually relevant to the Lukhanji municipal and South African contexts.
 - **Reliable**
Reliability is the degree to which repeated measures, under exactly the Same set of conditions will produce the Same result. This is particularly relevant to those indicators that use ratios (formulas) and figures.
 - **Simple**
Good indicators will be simple, easy to communicate such that their relevance is apparent.
 - **Minimise perverse consequences**
Poorly chosen indicators, while nobly intended can have perverse consequences in the behaviors it incentives. Chosen indicators should ensure that the performance behaviors likely to emerge from its pursuance are those that are intended to contribute to the objectives.
 - **Data Availability**
Good indicators will also rely on data that is, or intended to be, available on a regular basis.

(4) Core Local Government Indicators

National Indicators

The municipality's performance management indicators will incorporate the following indicators prescribed by the Minister of Provisional and Local Government as per the Municipal Planning and Performance Management Regulations of 2001:

1. The percentage of households with access to basic level of water, Sanitation, electricity and solid waste removal;
2. The percentage of households earning less than R1100 per month with access to free basic services;

3. The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's Integrated Development Plan;
4. The number of jobs created through municipality's local economic development initiatives including capital projects;
5. The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;
6. The percentage of a municipality's budget actually spent on implementing its workplace skills plan; and
7. Financial viability as expressed by the following ratios:

$$(i) \quad A = \frac{B - C}{D}$$

Where -

"A" represents debt coverage

"B" represents total operating revenue received

"C" represents operating grants

"D" represents debt service payments (i.e. interest + redemption) due within the financial year;

$$(ii) \quad A = \frac{B}{C}$$

Where -

"A" represents outstanding service debtors to revenue

"B" represents total outstanding service debtors

"C" represents annual revenue actually received for services;

$$(ii) \quad A = \frac{B + C}{D}$$

Where -

"A" represents cost coverage

"B" represents all available cash at a particular time

"C" represents investments "D" represents monthly fixed operating expenditure.

While there is no legal requirement to incorporate any other local government performance monitoring indicators used by other spheres of government other than those prescribed by the Minister, Lukhanji municipality will, in addition to indicators prescribed by the Minister, as practically feasible as possible incorporate a core set of local government indicators used by other spheres of government into its performance management system. Among these will be the indicators for the Vuna Awards for Municipal Performance Excellence for the following reasons:

- It will ensure that the municipality is tracking its performance in line with national priorities, at least the indicators that are valued nationally
- It will ensure that the municipality has the performance information on hand to enter the Vuna Awards

It will allow benchmarking and comparison with other municipalities who are also using the Same set of indicators.

A core set of Local Government indicators



Figure 2: Local Government Indicators

The schematic above suggest an approach to incorporating a core set of LG indicators such as those used in the Vuna Awards into a municipal set of indicators. It notes that they need to be complemented for local use with IDP indicators and SDBIP indicators. Other sets of indicators deemed to be important, in each sector, such as the water sector benchmarking indicators can be included.

There is also a national initiative aimed at establishing a local government M&E system, which intends to include a core set of local government indicators. If these differ from the Vuna indicators, and are available in time, they may be included as part of the municipality's scorecard.

District Indicators

In order to align with a district PMS system, the municipality will also include a set of indicators required by the district PMS.

The Process of Managing Performance

The process of performance management is central to modern notions of management i.e. it is inseparable from the things that a manager must do. It is important that performance management is mainstreamed in municipalities as an approach to daily management.

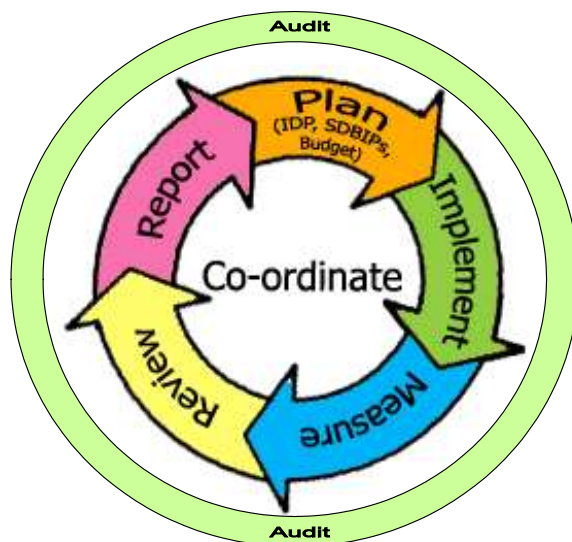


Figure 3: Performance Management as an Approach to Management

The annual process of managing the performance of the Lukhanji Municipality will involve the following components:

- Co-ordination
- Performance Planning
- Performance Measurement, Analysis
- Performance Reviews & Reporting
- Performance Auditing

For each of these components, this chapter sets out the role stakeholders in the performance management system will play and how these components are to happen.

Co-ordination

Oversight over co-ordination of the implementation of the planning, measurement, reporting and review process is delegated to a Performance Management Team made up of:

- Municipal Manager
- IDP/PMS Manager
- Internal Audit
- The CFO
- Director HR and Administration
- The Executive Mayor and two other councilors.

The Executive Mayor, as the chairperson of this team, will be accountable to the Council with regard to the work of the team.

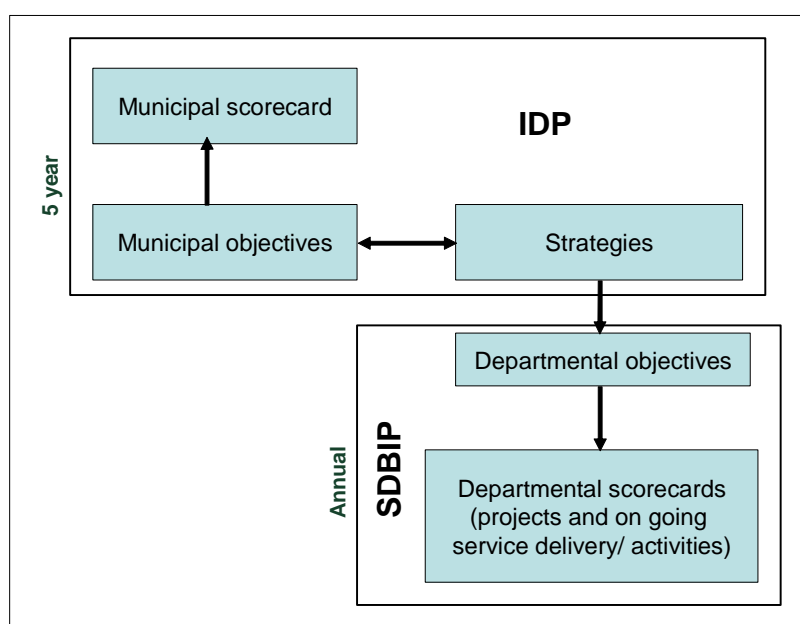
The responsibility for performance management and the IDP are to be located together, in an IDP/PM Office. Furthermore, these functions are to be located in the Integrated Planning and Economic Development and not in any specific line department.

Performance Planning

The IDP and the Municipal Service Delivery and Budget Implementation Plans constitute the planning components for performance management. Through the IDP review process the strategic objectives, strategies and the strategic scorecard will be finalised. The next step is to develop Departmental scorecards that should support the realisation of the objectives and targets set in the strategic scorecard. These Departmental Scorecards are also known as Service Delivery and Budget Implementation Plans. With these in place, the Municipality is now on track to implement and monitor the implementation of the IDP.

The following diagram shows the link between the IDP objectives and strategies and the SDBIP scorecard

Figure 4: Municipal planning



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Measurement and Analysis

Measurement is the act of collecting data on identified performance indicators while analysis is the act of interpreting the meaning of such data in terms of performance.

For each Municipal Scorecard indicator, a relevant custodian has to be designated. The custodian will not necessarily be accountable for performance he/she will be responsible for conducting measurements of the applicable indicators, analysing and reporting these for reviews.

Analysis requires that current performance be compared with targets, past performance and possibly the performance of other municipalities, where data is available, to determine whether or not performance is poor. It should provide reasons for performance levels and suggest corrective action where necessary.

There may be indicators that would require data gathering on municipal-wide outcome indicators and Satisfaction surveys. This may need to be coordinated centrally instead of each department doing its own. The Office of the Municipal Manager will be responsible for this.

The Office of the Municipal Manager may also undertake the following annual surveys to provide data for indicators organizationally:

- An annual citizen Satisfaction survey conducted for households and business in the Lukhanji Municipality area.

- An employee Satisfaction survey that is conducted internally.

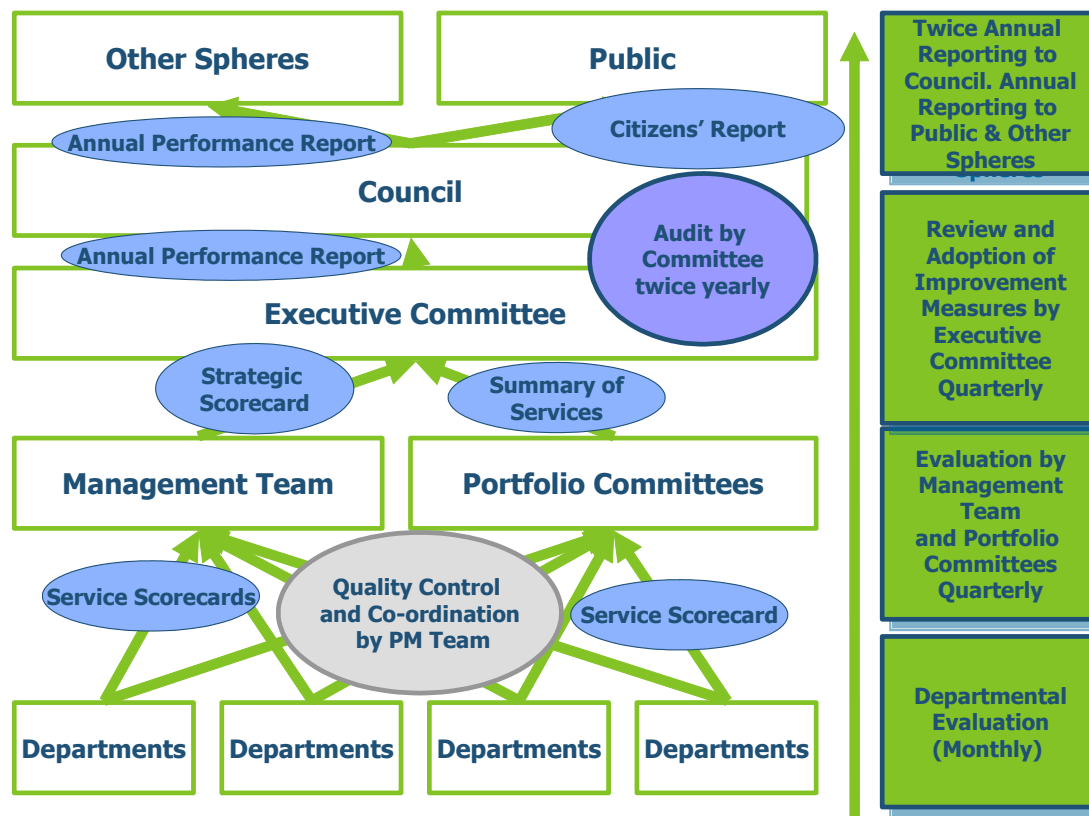
Reviews will be undertaken by the Municipal Manager, a committee of Councilors delegated a responsibility for performance management, and Council. Prior to reviews taking place, performance reporting will need to be tracked and co-ordinated. The Municipal Manager's Office will be responsible for this process.

The Municipal Manager's Office will provide an overall analysis of municipal performance, for quarterly and annual reviews. Such an analysis will aim to pick up trends in performance over time and over all departments.

Performance Reporting & Reviews

The figure below aims to provide a picture of the annual process of reporting and reviews.

Figure 5: The annual process of reporting and review



Once the system is embedded, a web-based reporting system will be considered in order to enhance the reporting process and simplify it. It must however be noted that a computer based automating system will only enhance the reporting processes within the municipality and potentially improve review processes. Most aspects of performance management still need human beings.

Departmental Reviews

It is intended that departments review their performance at least monthly, using their SDBIP scorecards. Decision-makers should be immediately warned of any emerging failures to service delivery such that they can intervene if necessary.

Departments should use these reviews as an opportunity for reflection on their goals and programmes and whether these are being achieved. Minutes of these reviews should be forwarded to the performance management team. Changes in indicators and targets may be proposed at this meeting but can only be approved by the relevant portfolio committee, in consultation with the IDP/PM co-coordinator. The head of the department will report to the management and to the portfolio committee head who will table the report to the portfolio committee

Management Team Reviews

Departments will then need to report on their performance in the service scorecard format to the municipal manager and the heads of departments. Additional indicators that occur in the strategic scorecard will also be reviewed. The formulation of the strategic scorecard and the process of review will be co-ordinated by the performance management team.

The management team will need to reflect on whether targets are being achieved, what are the reasons for targets not being achieved where applicable and corrective action that may be necessary. Where targets need to be changed, the management team can endorse these, for approval by the portfolio committee. The management team can delegate tasks to the performance management team in developing an analysis of performance prior to management team reviews. These reviews should at least take place quarterly.

Portfolio Committee Reviews

Each portfolio committee will be required to review the performance of their respective departments against their service scorecard, at least quarterly. The portfolio committee should appraise the performance of the service against committed targets. Where targets are not being met, portfolio committees should ensure that the reasons for poor performance are Satisfactory and sufficient, and the corrective strategies proposed are sufficient to address the reasons for poor performance. Changes in indicators and targets that do not appear in the strategic scorecard may be proposed to and can only be approved by the relevant portfolio committee, in consultation with the IDP/PM coordinator. Changes in indicators and targets that fall within the strategic scorecard will need to be approved by the Executive Committee.

Executive Committee Reviews

On a quarterly basis, the Executive Committee should engage in an intensive review of municipal performance against both the SDBIP scorecards and the strategic scorecard, as reported by the municipal manager.

Many of the indicators in the strategic scorecard will only be measurable on an annual basis. The quarterly reviews should thus culminate in a comprehensive annual review of performance in terms of both scorecards.

The review should reflect on the performance of services and the strategic scorecard. The Executive Committee will need to ensure that targets committed to in the strategic scorecard are being met, where they are not, that Satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the reasons for poor performance.

The review should also focus on reviewing the systematic compliance to the performance management system, by departments, portfolio committees and the Municipal Manager.

Council Reviews

At least twice annually, the council will be required to review municipal performance. It is proposed that this reporting take place using the strategic scorecard in an annual report. The Municipal Systems Act requires that the annual report should at least constitute a performance report (the strategic scorecard), financial statements and an audit report.

Public Reviews

The Municipal Systems Act requires the public to be given the opportunity to review municipal performance.

It is proposed that in addition to the annual report mentioned above, a user-friendly community's report should be produced for public consumption. The communities' report should be a simple, easily readable and attractive document that translates the strategic scorecard for public consumption.

It is also proposed that a public campaign be annually embarked on to involve communities in the review of municipal performance. Such a campaign could involve the following methodologies:

- Ward committees be reported to and submit their review of the municipality to council. The performance management team should be used to summarize this input.

- Various forms of media including radio, newspapers and billboards can be used to convey the communities' report. The public should be invited to submit comment via telephone, fax, email and public hearings to be held in a variety of locations.
- The public reviews should be concluded by a review by the IDP Representative Forum.

Reporting to other spheres and agencies of government

Auditor General and MEC

The Systems Act requires the municipal manager to give written notice of meetings, in which the municipality's the annual report, is tabled or discussed by the Council, to the Auditor-General and the MEC for local government. The Municipal Manager must also submit copies of the minutes of these meetings to the Auditor-General and the MEC for local government in the province. Representatives of the Auditor-General and the MEC for local government in the province are entitled to attend and to speak at such meetings. A copy of the report must be submitted to the MEC for local government in the province and the Auditor-General.

Table 1: Reporting and Reviews

Reporting Structure	Reviewing structure	Report	When
Departments	Management Team	SDBIP Scorecard	Quarterly
Departments	Portfolio Committee	SDBIP Scorecard	Quarterly
Portfolio Committee	Executive Committee	High Level Summary	Quarterly
Management Team	Executive Committee	Strategic Scorecard	Quarterly
Executive Committee	Council	Strategic Scorecard	Twice-yearly
Council	Public (IDP Forum)	Citizen's report	Annually
Council	Province	Annual Report	Annually

Lukhanji and Chris Hani performance management processes

The Chris Hani District Municipality is in the process of institutionalizing a district wide strategic scorecard that will report on local government performance in the district as whole. The District Strategic Scorecard will be based on the following perspectives:

1. Socio-economic development
2. Infrastructure development and service delivery
3. Municipal transformation & organisational development
4. Municipal financial viability & management
5. Good governance & public participation

Lukhanji municipality will participate in the District Strategic Scorecard processes. These processes include planning (i.e. developing district wide objectives and strategies, identifying indicators and setting targets) reporting and reviews. The planning process will inform Lukhanji's plan in terms of the municipal scorecard. Therefore there must be coordination between Chris Hani's processes of developing a District Strategic Scorecard. Similarly there must be coordination between Chris Hani and Lukhanji's reporting and review processes.

Critical dates and timelines

The municipality commits to influencing its partners and other spheres of government to work towards an annual cycle of municipal performance management with agreed critical dates and timelines for the following activities:

1. Development of District Strategic Scorecard (as part District IDP process)
2. Development of Lukhanji municipal scorecard (as part of the IDP process)
3. Finalisation of SDBPIs
4. Completion of the first quarter review

5. Completion of the midyear/ second quarter review
6. Completion of the third quarter review
7. Completion of the annual review
8. Submission of inputs to the ADM District Strategic scorecard
9. Participation in the District Strategic scorecard review as part of the IDP process

Auditing and Quality Control

All auditing will comply with Section 14 of the Municipal Planning and Performance Management Regulations (2001). Auditing of performance reports will be conducted by the internal audit structure prior to submission to the municipality's external audit committee and auditor-general.

Quality Control and Co-ordination

The Office of the Municipal Manager, overseen by and reporting regularly to the PMS Management Team, will be required on an ongoing basis to co-ordinate and ensure good quality of reporting and reviews. It will be its role to ensure conformity to reporting formats and check the reliability of reported information, where possible.

Performance Investigations

The Executive Committee or Audit Committee will be able to commission in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or on a random ad-hoc basis. Performance investigations should assess

- The reliability of reported information
- The extent of performance gaps from targets
- The reasons for performance gaps
- Corrective action and improvement strategies

While the internal audit function may be used to conduct these investigations, it is preferable that external service providers, preferably academic institutions, who are experts in the area to be audited, should be used. Clear terms of reference will need to be adopted by the respective committee.

Internal Audit

The municipality's internal audit function will be continuously involved in auditing the performance reports of SDBIPs and the strategic scorecard. As required by the regulations, they will be required to produce an audit report on a quarterly basis, to be submitted to the Municipal Manager and Audit Committee. The capacity of the internal audit unit will need to be improved beyond the auditing of financial information.

Auditing is necessary to prevent:

- Inconsistencies in performance management definition or methodology of data collection;
- Incorrect processing and poor documentation of performance management;
- Biased information collection and reporting by those whose image is at stake in the performance management process.

The Regulations specify that any auditing must include assessment of:

- The functionality of the municipality's performance management system;
- The compliance of the system with the legislation; and
- The extent to which performance measurements are reliable in measuring performance of the municipality

Audit Committee

The municipal council will restructure the existing audit committee and extend its mandate to include performance auditing. In restructuring the Audit Committee the Council will ensure that the

- majority of members are not councilors or employees of the municipality;
- chairperson of the committee is neither a councilor nor an employee of the municipality;

- members of the committee have credibility within all Lukhanji's communities and organs of civil society; and the
- composition of the audit committee sufficiently caters for the following competencies:
 - an understanding of performance management
 - an understanding of municipal finances
 - an understanding of development, including rural development
 - an insight into the municipality's IDP objectives

The operation of this audit committee will be governed by section 14 (2-3) of the regulations. As per the regulations, the performance audit committee will

- review the quarterly reports submitted to it by the internal audit unit
- review the municipality's performance management system and make recommendations in this regard to the council of that municipality
- assess whether the performance indicators are sufficient
- at least twice during a financial year submit an audit report to the municipal council

The audit committee be also be tasked with assessing the reliability of information reported.

In order to fulfill its function a performance audit committee may, according to the regulations,

- communicate directly with the council, municipal manager or the internal; and external auditors of the municipality concerned;
- access any municipal records containing information that is needed to perform its duties or exercise its powers;
- request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

Role of Stakeholders

Stakeholders	Performance Planning	Measurement and Analysis	Performance Reporting & Reviews
Community Structures and IDP Forum	<ul style="list-style-type: none"> • Be consulted on needs • Develop the long term vision for the area • Influence the identification of priorities • Influence the choice of indicators and setting of targets 		<ul style="list-style-type: none"> • Be given the opportunity to review municipal performance and suggest new indicators and targets
Council	<ul style="list-style-type: none"> • Facilitate the development of a long-term vision. • Develop strategies to achieve vision • Identify priorities • Adopt indicators and set targets 		<ul style="list-style-type: none"> • Review municipal performance bi-annually

Stakeholders	Performance Planning	Measurement and Analysis	Performance Reporting & Reviews
Portfolio (S79) Committees	<ul style="list-style-type: none"> • Influence the preparation of SDBIP scorecards • Adopt SDBIP scorecards • Ensure involvement of communities in the setting of municipal targets (IDP) 	<ul style="list-style-type: none"> • Monitor performance of relevant services 	<ul style="list-style-type: none"> • Receive reports from service managers • Review monthly SDBIP scorecards • Report to Mayco • Adopt corrective actions where necessary and recommend to Mayco
Executive Committee	<ul style="list-style-type: none"> • Play the leading role in giving strategic direction and developing strategies and policies for the organisation • Manage the development of an IDP • Approve and adopt indicators and set targets • Communicate the plan to other stakeholders 		<ul style="list-style-type: none"> • Conduct the major reviews of municipal performance, determining where goals had or had not been met, what the causal reasons were and to adopt response strategies
Management Team	<p>Assist the Executive Committee in</p> <ul style="list-style-type: none"> • providing strategic direction and developing strategies and policies for the organisation • Manage the development of the IDP • Ensure that the plan is integrated • Identify and propose indicators and targets • Communicate the plan to other stakeholders • Develop SDBIPs & Budget 	<ul style="list-style-type: none"> • Regularly monitor the implementation of the IDP, identifying risks early • Ensure that regular monitoring (measurement, analysis and reporting) is happening in the organisation • Intervene in performance problems on a daily operational basis 	<ul style="list-style-type: none"> • Conduct quarterly reviews of performance • Ensure that performance reviews at the political level are organised • Ensure the availability of information • Propose response strategies to the Executive Committee • Report to Exco
HODs or Departmental Managers	<ul style="list-style-type: none"> • Develop service plans for integration with other sectors within the strategy of the organisation 	<ul style="list-style-type: none"> • Measure performance according to agreed indicators, analyse and report regularly • Manage implementation and intervene where necessary • Inform decision-makers of risks to service delivery timeously 	<ul style="list-style-type: none"> • Conduct reviews of service performance against plan before other reviews

Stakeholders	Performance Planning	Measurement and Analysis	Performance Reporting & Reviews
<i>Internal Audit</i>			<ul style="list-style-type: none"> • Produce quarterly audit reports for MM and Audit committee
<i>Audit Committee</i>			<ul style="list-style-type: none"> • Review internal audit reports • Assess system and indicators • Provide audit report twice annually to council

Responding to Organisational Performance

This outlines how the municipality may reward good organisational performance and address poor organisational performance.

Good or Exceptional Organisational Performance

There will be a Executive Mayoral Award for excellent performance that can take the form of rotating trophies or plaques for the best four departments / units annually. These can be designated:

- Platinum
- Gold
- Silver
- Bronze

An annual entertainment fund can be used to provide funds for at least the Platinum winners to entertain themselves as determined by the Executive on an annual basis.

Poor Performance

Poorly performing departments will be asked to provide an explanation and analysis of poor performance. If this is insufficient, an investigation will be conducted to deepen the understanding of the underlying problems, whether they be policy-related, systemic, structural or attributed to the poor performance of individuals.

This section does not deal with employee performance and rewarding good performance and addressing poor employee performance. These are dealt with at the end of the next section.

Employee Performance

This section focuses on the performance management arrangements for employees of the municipality. The following framework can be used for all employees. However the legal framework that underpins it requires that it be enforced for all Section 57 Managers. The municipality will incrementally roll-out this system for all employees.

The legislation upon which this is based includes:

- *The Local Government Municipal Systems Act, No. 32 of 2000.*
- *The Local Government Municipal Systems Amendment Act, No. 44 of 2003.*
- *Local Government Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006. Regulation Gazette No. 29089.*
- *Draft competency guidelines for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.*

Issues related to the implementation of regulations

The performance regulations, as published in Government Gazette No 29089 on 1 August 2006, seek to set out how the performance of section 57 managers will be uniformly directed, monitored and improved.

In the implementation of the regulations, a number of issues may arise that may have an effect on whether an employment contract or a performance agreement has been validly entered into.

This section deals with who bears the responsibility to implement the performance management system, the *ipso facto* (automatic) applicability of national legislation on an employment contract, the effect of a non-existing performance agreement on an employment contract, the legality of a “retrospective” performance agreement, and the legal effect of missing the 90 day deadline.

Responsibilities for implementing system

The Municipal Manager, as head of the administration (see section 55 Municipal Systems Act or MSA) or as accounting officer (see section 60 Municipal Finance Management Act or MFMA) is responsible and accountable for the formation and development of an accountable administration operating in accordance with the municipality's performance management system. She or he is also responsible for the management of the administration in accordance with legislation.

The final responsibility for ensuring that employments contracts for all staff are in place rests with the municipal manager. The final responsibility for ensuring that performance agreements with the relevant managers, including his or her own, are in place, rests with the municipal manager.

Employment contract

The Systems Act (see section 57) provides that there must be a written employment contract between the municipality the municipal manager and managers directly accountable to municipal managers (hence the reference, to managers employed in terms of these contracts, as Section 57 Managers).

Applicable legislation

The regulations (see sub-regulation 4(1)) provide that the employment contract must be subject to the terms and conditions of the Systems Act, the MFMA, and other applicable legislation. In the event that the employment contract does not refer to the applicability of other legislation, that omission will not affect the legal validity of the employment contract. The employment contract will, in any event, be subordinate to any legislation even in the case where the parties themselves are unaware of such legislation.

Validity of employment contract

The regulations (see sub-regulation 4(4)(a)) further provide that employment in terms of an employment contract must be subject to the signing of a separate performance agreement within 90 calendar days after assumption of duty and annually within one month after the commencement of the financial year. The question arises whether the validity of the employment contract will be affected in the absence of a performance agreement as per the dictates of the regulation. It is important to bear in mind that both the employment contract and the performance agreement are entered into separately by the parties. In the event that the performance agreement has not been entered into after the expiration of the time limit, it amounts to a breach of the employment conditions and the party responsible for such breach must be put on terms. It is important to emphasise that the failure to enter into a performance agreement does not automatically render the employment contract invalid. The party responsible for this breach must be given an opportunity to remedy the breach. Failure by the party responsible for the breach to remedy the breach may result in the other party initiating a contract termination process if it so feels.

Performance agreement

The performance agreement (see sub regulation 8(2) read with sub-regulation 23) provides the basis upon which the municipality will reward good performance on the part of the employee. Performance Agreements form the basis upon which the performance of Section 57 staff are measured and monitored against targets. The performance agreement is put in place to comply with the provisions of Section 57 (1)(b), (4A),(4B) and (5) of the Municipal Systems Act as well as the employment contract entered into between the parties. This agreement must be entered into for each financial year and be reviewed annually in June.

According to the Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006), the performance agreements fulfill the following key purposes:

- specify objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
- monitor and measure performance against set targeted outputs;

- use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- and in the event of outstanding performance, to appropriately reward the employee;
- give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

Retrospectively

The question arises whether it would be possible to enter into a performance agreement retrospectively, even after the end of the financial year for that financial year. The language of the MSA (see section 57(2)) is peremptory in this regard. It provides that a "performance agreement **must** be concluded with a reasonable time after a person has been appointed" (own emphasis). The regulation provides that the performance agreement must be signed within 90 calendar days after assumption of duty. The municipal council does not have the authority to change these prescripts. The absence of a performance agreement at the end of a financial year will fatally affect the ability of the municipality to pay a performance bonus to the affected employee.

Legal validity after 90 days

A further issue which may arise is the legal validity of a performance agreement that is concluded after the period of 90 days has lapsed. In this regard, it is instructive to consider that the regulation provides that **employment** is subject to the compliance with sub-regulation 4(4)(a). It would appear that one would still be able to enter into a valid performance agreement after the 90 day period provided that there is consensus between the parties that the employment contract is still in force. Thus, where the performance agreement is entered into after the expiry of the 90 day limit, the agreement can still be entered into for part of that financial year (see sub-regulation 24(1)).

It is understood that a performance agreement comprises a performance plan and a personal development plan.

Performance Plan

The performance plan establishes:

- a detailed set of objectives and targets to be met by the Section 57 employee as well as;
- the time frames within which these should be met.

The specifics of the performance plan will be determined by the Executive Committee, in consultation with the employee, and will be based on the IDP, SDBIP and the Budget. It shall include the following elements:

- Key Objectives
- Key Performance Indicators
- Targets
- Weightings

In addition, the employee will be measured in terms of their contribution to the goals and strategic planning as set out in the Municipality's IDP.

Section 57 staff will be assessed against **two components**, weighted as follows:

Key Performance Area (KPA) which is weighted at 80%

The employees assessment will in part be based on his/her performance in terms of outcomes/outputs (performance indicators) identified in the performance plan which are linked to the KPAs. This contributes to 80% of the overall assessment result. The weightings per KPA will be agreed upon between the Executive Committee and the employee. For Managers directly responsible to the Municipal Manager, the KPAs are those related to their key functional areas.

For the municipal manager this will be the organizational scorecard, not dealing with outcomes, representing the IDP. For managers reporting to the municipal manager, this component will be their SDBIP scorecards, without outcomes.

For all other staff that this system will be rolled out to, this component will need to be drawn up for them and align with their job description.

Core Competency Requirement (CCR) which is weighted at 20%

The CCRs which are deemed most critical to the employee's specific function will be selected from a list and agreed upon with the employer, with consideration for proficiency levels as agreed between the two parties. Weights will further be assigned to the CCRs selected.

This refers to a separate component dealing with competency and expected behavior.

Table 2: Core Competency Requirements from Regulations (2006)

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES (CCR)		
Core Managerial and Occupational Competencies	☐ (Indicate choice)	Weight
Core Managerial Competencies		
Strategic Capability and Leadership		
Programme and Project Management		
Financial Management	compulsory	
Change Management		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis		
People Management and Empowerment	compulsory	
Client Orientation and Customer Focus	compulsory	
Communication		
Honesty and Integrity ²		
Core Occupational Competencies		
Competence in Self Management		
Interpretation of and implementation within the legislative and national policy frameworks		
Knowledge of developmental local government		
Knowledge of Performance Management and Reporting		
Knowledge of global and South African specific political, social and economic contexts		
Competence in policy conceptualization, analysis and implementation		
Knowledge of more than one functional municipal field discipline		
Skills in Mediation		
Skills in Governance		
Competence as required by other national line sector departments		
Exceptional and dynamic creativity to improve the functioning of the municipality		
Total percentage	-	100%

² While the regulations leave this requirement as optional, in Lukhanji it will be regarded as compulsory.

Personal Development Plan

As part of the performance agreement, a personal development plan will be included. This section should state the activities, including training, that the employee wishes to undertake to improve themselves or is required to take to better fulfill the needs of the job.

Evaluating performance

The Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006), stipulates in detail how the evaluation process should be undertaken.

Evaluators

For purposes of evaluating the annual performance of the municipal manager, The Executive Mayor must establish an evaluation panel constituted of the following persons:

- Executive Mayor or Executive Mayor;
- Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- Member of the executive committee
- Executive Mayor and/or municipal manager from another municipality; and
- Member of a ward committee as nominated by the Executive Mayor.

For purposes of evaluating the annual performance of managers directly accountable to the municipal managers, the Municipal Manager must establish an evaluation panel constituted of the following persons:

- Municipal Manager;
- Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- Member of the executive committee
- Municipal manager from another municipality.

Process & Scoring

Performance will be reviewed on a quarterly basis within two weeks after completion of the evaluation of a unit (department or section) to which the employee belongs of managing. The employer will keep a record of the mid-year review and annual assessment meetings. The performance plan will include a Personal Development Plan, in order to address any weaknesses or skills gaps which may have been identified.

In summary, the annual performance appraisal will involve an assessment of results as outlined in the performance plan, discussed below:

KPA assessment

1. Each KPA will be assessed according to whether performance indicators have been met
2. An indicative rating on a 5-point scale will be provided for each KPA
3. The applicable assessment rating calculator will be used to add to the scores and calculate the final KPA score based on a weighted average score.

CCR assessment

1. Each CCR will be assessed according to performance indicators have been met
2. An indicative rating on a 5-point scale will be provided for each CCR
3. The rating is multiplied by the weighting given to each CCR, to provide a score
4. The applicable assessment rating calculator will be used to add to the scores and calculate the final CCR score, based on a weighted average score.

Table 3: Scoring suggested by the Regulations (2006)

<i>Level</i>	<i>Terminology</i>	<i>Description</i>
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA

Level	Terminology	Description
		and Performance plan and maintained this in all areas of responsibility throughout the year.
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the Employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the Employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

The combined KPA and CCR assessment scores, weighted 80% and 20% respectively, will make up the overall assessment score.

The individual managers' scorecards will have three components. The first two components will be scores that are based on performance of the municipality. These will constitute the 80% KPA score. The third component is about the manager competency. The following table shows a weighting that will make up the score of a manager reporting directly to a municipal manager's score.

Table 4 HOD's performance measurement

Component	Weighting	Source
Collective score for municipal performance	20%	Overall municipal scorecard score equally owned by all directors and MM
Score for departmental performance	60%	Overall departmental score scorecard score
CCR score of a manager	20%	CCR appraisal result

Similarly in the case of the municipal manager there will also be three components as shown in the table below.

Table 5 Municipal Manager's performance measurement

Component	Weighting	Source
Collective score for municipal performance	60%	Overall municipal scorecard score

performance		
Average of departmental scores	20%	Sum of departmental scores divided by the no. of Depts.
CCR score of a manager	20%	CCR appraisal result

The following table shows a worked example of how a HOD's performance score will be calculated. In this table it is assumed that the weightings given to municipal performance, departmental performance and individual contribution are 35%, 50% and 15% respectively. If the Municipality and the Department headed by the HoD concerned achieved 60% and 70% of their targets respectively and the HOD got a 55% in his/ her 360 degrees assessment (by his/ her immediate supervisor (municipal manager), immediate subordinates and Portfolio Councilor) then the score will be calculated as shown in the right hand column of the table.

Table 6 Worked example HOD performance score calculation

Component	Weighting	Performance Score	Weighted score
Collective score for municipal performance	20%	60%	20% x 60% = 12%
Score for departmental performance	60%	70%	60% x 70% = 42.5%
CCR score of a manager	20%	55%	20% x 55% = 11%
Final score (sum of weighted scores)			65%

The regulations do not deal with the detail of how to convert the points from the 5-point scale into percentage of performance even though the bonus calculation, as per regulations, will be based on the percentage level of performance achieved.

In Lukhanji the scoring will take the score obtained and divide it by 3 to reach a % score. In this way a score of from the scale, which means that performance fully meets the standards expected in all areas of the job, will then result to 3/3 which will be 100%; 4/3 will be 133% and 5/3 will be 166%.

Dispute resolution

Any disputes about the nature of the employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or Salary increment in the agreement, must be mediated by –

- (a) In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and
- (b) In the case of managers directly accountable to the municipal manager, the executive Mayor or Executive Mayor within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on both parties.

Any disputes about the outcome of the employee's performance evaluation, must be mediated by –

- (c) In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and
- (d) In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on both parties.

Responding to Good Employee Performance

i. Bonuses

A performance bonus, based on affordability may be paid to the employees, after:

1. the annual report for the financial year under review has been tabled and adopted by the municipal council
2. an evaluation of performance in accordance with the provisions of the Regulation
3. approval of such evaluation by the municipal council as a reward for a level of performance deserving of a performance bonus in terms of the bonus criteria

In addition to the annual cost-of-living increase, the employee shall be eligible to be considered for a performance related increase (pay progression) on an annual basis.

Performance Bonus criteria

The regulations provide that a performance bonus between 5% and 14% of the inclusive annual remuneration package may be paid to the employee after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the Municipal Council, as a reward for a level of performance deserving of a bonus in terms of the bonus criteria. In determining the bonus payment, the regulations specify that the relevant percentage depends on the overall rating, calculated by using the applicable assessment rating calculator:

1. A score of 130% - 149% is awarded a performance bonus ranging between 5%-9%.
2. A score of 150% and above is awarded a performance bonus ranging 10% - 15%.
3. In addition to what is suggested in the regulations in Lukhanji a score of 100%-120% should result in a bonus of 0% to 5%.

Salary Adjustment

The respective employee's Salary can be adjusted if it is understood that the high levels of performance can be sustained and are not once-off. This Salary adjustment is over and above any inflationary adjustment.

Executive Mayor's Merit Award

A Executive Mayor's merit award will be introduced for all employees who are not on fixed term performance related contracts that perform excellently based on the following awards:

Score obtained on Performance Scorecard	The Employee may be eligible to choose ONE of the options listed below
Platinum (>100%)	Medal plus: a) Employee is granted 6 “free” leave days. or b) The Employee is able to attend a conference/seminar relevant to his/her work that costs a maximum of 6 leave days for that employee or c) The Employee may select a work tool that will enhance his/her ability to perform better in his/her job that costs a maximum of 6 leave days for that employee
Gold (90% – 100%)	Medal plus: a) Employee is granted 4 “free” leave days or b) The Employee is able to attend a conference/seminar relevant to his/her work that costs a maximum of 4 leave days for that employee or c) The Employee may select a work tool that will enhance his/her ability to perform better in his/her job that costs a maximum of 4 leave days for that employee
Silver (80% - 89.9%)	Medal plus: a) Employee is granted 2 leave days or b) The Employee is able to attend a conference/seminar relevant to his/her work that costs a maximum of 2 leave days for that employee or c) The Employee may select a work tool that will enhance his/her ability to perform better in his/her job that costs a maximum of 2 leave days for that employee
60 % - 79.9%	No specific reward
< 60	Compulsory performance counselling

Should an employee who has received a non financial reward in the form of a work tool, leave the employment of Lukhanji Municipality and wishes to take the work tool, the employee will be required to pay tax on the value of the tool.

Special Opportunities

Special opportunities will be created such as special study opportunities and exchange programmes that could benefit high performing employees.

Promotion

Employees who consistently perform well will be given more responsibility and promoted where opportunities arise.

Addressing Poor Employee Performance

ii. Section 57 managers

The municipality will base its actions against a poorly performing Section 57 manager on the midyear and annual performance review processes. Having set performance targets in the form of a performance agreement at the beginning of the year and reviewed progress in September as per the Regulations, during the midyear review if a manager achieves a score of less than 60%, an appropriately designated person within the municipality will, together with the managers concerned, develop a Remedial and Developmental Support plan within 30 days of

the midyear performance review to assist the employee to improve his/her performance. The design of the plan will be such that there should be performance improvement within 6 months of its implementation. The plan will clearly specify the responsibilities of the employer as well as the responsibilities of the employee with regard to its implementation. If after 6 months, during the end-year performance review, the manager concerned still achieves a score of less than 60% and the municipality has evidence or proof that it met its responsibilities in terms of implementing the remedial and developmental support plan, the municipality will consider steps to terminate the contract of the employee on the grounds of poor performance or operational incapacity.

iii. Non-section 57 employees

In the case of unacceptable performance by a non-section 57 employee, the municipality shall, together with the employee concerned, develop a Remedial and Developmental Support plan within 30 days of a review in which the employee achieves a score of less than 60%.

The plan will clearly specify the responsibilities of the employer as well as the responsibilities of the employee with regard to its implementation.

The timeframes of the plan shall be determined by the support and remedial needs identified in the plan.

After the timeframe determined in the plan has lapsed and based on the targets set in the plan, the performance of the employee will be assessed. If the employee concerned still achieves a score of less than 60% and the municipality has evidence or proof that it met its responsibilities in terms of implementing the remedial and developmental support plan, the municipality will consider steps to terminate the contract of the employee on the grounds of poor performance or operational incapacity.

Evaluation and Improvement of the Performance Management System

The Municipal Systems Act requires the municipality to annually evaluate its performance management system. It is proposed that after the full cycle of the annual review is complete, the performance management team will initiate an evaluation report annually, taking into account the input provided by departments. This report will then be discussed by the Management Team and finally submitted to the Executive Committee for discussion and approval. The evaluation should assess:

- The adherence of the performance management system to the Municipal Systems Act.
- The fulfillment of the objectives for a performance management system captured in section 3 of this document.
- The adherence of the performance management system to the objectives and principles captured in section 4 of this document.
- Opportunities for improvement and a proposed action plan.

It must once again be emphasised that there are no definitive solutions to managing municipal performance. The process of implementing a performance management system must be seen as a learning process, where there is a conscious buy-in to incremental improvement of the way the system works in order to fulfill the objectives of the system and address the emerging challenges from a constantly changing environment.

Appendices

b. Appendix I: Extracts of relevant policies and legislation

i. The White Paper on Local Government (1998)

The White Paper on Local Government (1998)ⁱ nationally introduced performance management systems to local government, as a tool to ensure Developmental Local Government. It concludes that

" Integrated Development Planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area. It will enable them to focus on priorities within an increasingly complex and diverse set of demands. It will enable them to direct resource allocations and institutional systems to a new set of development objectives".

The White Paper adds that

"Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query; others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system enhanced".

Batho Pele (1998)

Similarly, the White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service:

Consultation:

Citizens should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services that are provided.

Service standards:

Citizens should know what standard of service to expect.

Access:

All citizens should have equal access to the services to which they are entitled.

Courtesy:

Citizens should be treated with courtesy and consideration.

Information:

Citizens should be given full and accurate information about the public services they are entitled to receive.

Openness and transparency:

Citizens should know how departments are run, how resources are spent, and who is in charge of particular services.

Redress:

If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made citizens should receive a sympathetic, positive response.

Value-for-money:

Public services should be provided economically and efficiently in order to give citizens the best possible value-for-money.

"Importantly, the Batho Pele White Paper notes that the development of a service-oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilised to assist in building a service culture. For example, local businesses or non-governmental organisations may assist with funding a help line, providing information about specific services, identifying service gaps or conducting a customer survey" - The White Paper on Local Government (1998).

The Municipal Systems Act (2000)

The Municipal Systems Act, enacted in November 2000, requires all municipalities to:

- Develop a performance management system

- Set targets, monitor and review performance based on indicators linked to their IDP
- Publish an annual report on performance for the councilors, staff, the public and other spheres of government
- Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government
- Conduct an internal audit on performance before tabling the report.
- Have their annual performance report audited by the Auditor-General
- Involve the community in setting indicators and targets and reviewing municipal performance

Municipal Planning and Performance Management Regulations (2001)

The Municipal Planning and Performance Management Regulations set out in detail requirements for municipal PM systems. However, the regulations do not sufficiently constitute a framework that fully proposes how the system will work. Each component of the proposed framework in this document is strongly informed by the regulations.

Municipal Finance Management Act (2003)

Chapter 12: Financial Reporting and Auditing

Preparation and adoption of annual reports

121. (1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

2. The purpose of an annual report is –
 - (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
 - (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
 - (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.
3. the annual report of a municipality must include –
 - (a) the annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
 - (b) the Auditor-General's audit report in terms of section 126(3) on those financial statements;
 - (c) the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;
 - (d) the Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act;
 - (e) an assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
 - (f) an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 12(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year;
 - (g) particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
 - (h) any explanations that may be necessary to clarify issues in connection with the financial statements;
 - (i) any information as determined by the municipality;

- (j) any recommendations of the municipality's audit committee; and
 - (k) any other information as may be prescribed.
 - 4. The annual report of a municipal entity must include-
 - (a) the annual financial statements of the entity, as submitted to the Auditor-General for audit in terms of section 126(2);
 - (b) the Auditor-General's audit report in terms of section 126(3) on those financial statements;
 - (c) an assessment by the entity's accounting officer of any arrears on municipal taxes and service charges;
 - (d) an assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms the service delivery agreement or other agreement between the entity and its parent municipality;
 - (e) particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraph (b);
 - (f) any information as determined by the entity or its parent municipality;
 - (g) any recommendations of the audit committee of the entity or of its parent municipality; and
 - (h) any other information as may be prescribed.

Appendix II: Pro forma documents (as separate documents)

- ii. Performa Employment Contract
- iii. Personal Development Plan (PDP)
- iv. Performance Agreement

c. Appendix III: Scorecard templates with Performance Assessment Calculators (as separate documents)

1. In line with the legislative requirements contained in the Local Government: Municipal Finance Management Act 56 of 2003:

- The first draft IDP 2012 / 2017 was adopted by Council at the end of March 2012
- The final IDP and budget was presented to Council for approval on the 22nd June 2012.

2. Declaration of final approval for the IDP 2012 / 2017

COUNCIL RESOLUTION & DATE OF APPROVAL:.....

SIGNATURE

.....

MR G. JUDEEL

ACTING MUNICIPAL MANAGER

.....

CLLR NONTSELE

EXECUTIVE MAYOR

.....

DATE

.....

DATE