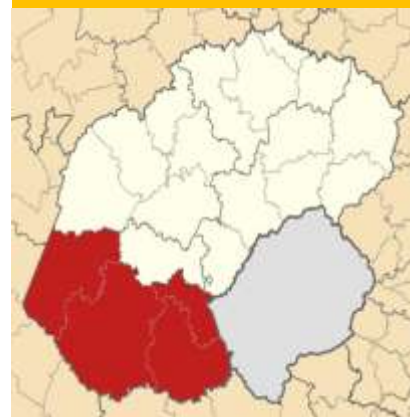


# INTEGRATED DEVELOPMENT PLAN 2012 -17

DRAFT DOCUMENT



*Xhariep  
District  
Municipality*





*MAYORS FOREWORD**MUNICIPAL MANAGERS FOREWORD**PRE- PLANNING PHASE*

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## **CHAPTER 1: PRE-PLANNING PHASE**

### **INTRODUCTION AND BACKGROUND**

This document signifies the start of the third Xhariep District 5-year IDP cycle 2012 to 2017. The ultimate objective within each cycle remains the improved implementation of the said dispensation's five-year strategy, as well as ensuring improved responsiveness to community needs over time.

Planning for the five year cycle 2012-2017 was guided by a Council approved process plan. The process was amended to take into consideration the incorporation of Naledi Local Municipality as per the Provincial Government Gazette. The notice indicates that the Naledi Local Municipality is being dis-established, and will become part of the Xhariep District Municipal area of jurisdiction after the local government elections (the effective date)

The aim of the new 5-Year IDP for Xhariep District Municipality is to present a coherent plan to improve the quality of life for people living in the municipal area – also reflecting on issues of national and provincial importance. One of the key imperatives was to seek alignment with national and provincial priorities, policies and strategies.

### **IDP DOCUMENT: STRUCTURAL CHANGES**

The structure of the Xhariep District Municipality's IDP document has emerged, inter alia, as a key priority issue to be addressed via a proposed restructuring of the document.

The document has subsequently been revised and through its revision, it is considered that the Xhariep IDP 2012/2017 document will:

- Simplify the document, without prejudicing its strategic intent, in such a manner that it will be more clearly understood, by officials and the public, and also be more user-friendly.
- More closely align to the current Municipal Organizational Structure.
- Enable departments within the municipality to clearly place themselves within the context of the IDP Document and identify in which manner they contribute towards the proposed programmes, development Strategies and ultimately the vision for the municipality.
- Facilitate the setting of Departmental Key Performance Indicators.
- Facilitate easier integration with the Municipality's Budgeting processes.

### **THE PURPOSE OF THE IDP**

The constitution and legality dictates that the Constitution of the Republic of South Africa puts into context the role that local government has to play within the broader spectrum of government, governance, democracy and development. Of particular importance are:

- Chapter 3: Co-operative Government
- Chapter 7: Local Government
- Chapter 10: Public Administration
- Chapter 12: Traditional Leaders
- Chapter 13: Finance
- Part B of Schedules 4 & 5

### ***POLICY AND LEGISLATIVE CONTEXT***

According to the **Constitution of the Republic of South Africa (Section 152 and 153)** local government is in charge of the development process in municipalities, including planning. The constitutional mandate to relate its management, budgeting and planning functions to its objectives gives a clear indication of the intended purpose of municipal integrated development planning. The constitution also demands local government to improve intergovernmental coordination and cooperation to ensure integrated development across three spheres of government.

**White Paper on Local Government** gives municipalities responsibility to work with communities and groups within communities to find sustainable ways to their social, economic and material needs and improve the quality of their lives.

**Municipal Systems Act 32 of 2000 (MSA)** defines integrated development planning as one of the core functions of a municipality in the context of its developmental orientation. The Act requires the IDP to be strategic and inclusive in nature. The IDP should link, integrate and coordinate other plans, while taking development proposals into account. It should be aligned with the municipality's resources and capacity, while forming policy framework on which annual budgets are based. The integrated Development Plan must be compatible with national and provincial development plans and planning requirements.

On July 1, 2004 the **Municipal Finance Management Act (MFMA)** officially came into effect. This legislation provides for significant changes in the way municipalities in South Africa manage their financial affairs. The legislation not only deals with accounting and finance issues but also deals with general management and governance issues.

All municipalities are required to prepare an MFMA implementation plan that focuses on what the municipality intends to implement and achieve over the next few years. The plan should contain a list of activities together with target (and actual) dates, with provision to show ongoing (possibly monthly) progress with comments and a responsible councilor or official for each activity.

The accounting officer of the municipality (municipal manager) must take on the responsibilities assigned to the position under the MFMA. A full list of these responsibilities is provided in Chapter 8 of the MFMA and throughout the legislation.

The municipal manager is required to formally establish and maintain a top management team, to include all those senior managers who are responsible for a vote or the budget of a vote. Detail of top management is provided in section 77 of the MFMA. All councils should comply with the provisions of the Municipal Systems Act (as amended) and its regulations in relation to annual staff performance agreements.

Municipalities must establish controls over their bank accounts, cash management and investments. Further details of these requirements are provided in Chapter 3 of the MFMA. Municipal managers must ensure that they take the appropriate steps to implement effective systems of expenditure control, and meet their financial commitments to other parties promptly and in accordance with the Act.

While the IDP is not in direct conflict with development plans of any of its local municipalities or those of other spheres of government, we have nevertheless observed that the interaction between adjacent municipalities in the context of the IDP process continues to be very limited. In the context of the Free State Department of Cooperative Governance and Traditional Affairs commitment to a single window of co-ordination, it will be critical that we improve interaction between municipalities, with a view to enhancing the horizontal alignment and harmonization of our plans.

The development of this IDP is critical for a number of reasons, key among these being the Local Government Ten Point Plan adopted by the Free State government:

Enhance the municipal contribution to job creation and sustainable livelihoods through Local Economic Development (LED).

- Ensure the development and adoption of reliable and credible Integrated Development Plans (IDP's).
- Deepen democracy through a refined Ward Committee model.
- Build and strengthen the administrative, institutional and financial capabilities of municipalities.
- Create a single window of coordination for the support, monitoring and intervention in municipalities.
- Uproot fraud, corruption, nepotism and all forms of maladministration affecting local government.

- Develop a coherent and cohesive system of governance and a more equitable intergovernmental fiscal system.
- Develop and strengthen a politically and administratively stable system of municipalities, and restore the institutional integrity of municipalities

Improve the quantity and quality of municipal basic services to the people in the areas of access to water, sanitation, electricity, waste management, roads and disaster management

### ***IDP FRAMEWORK***

The IDP Framework is a summary of action programmes focusing on district-wide activities that need to be undertaken by the District Municipality and Local Municipalities in a coordinated way. The framework serves as a guideline for alignment of the DM and LM IDP processes, as well as with plans and programmes of different organs of state and other relevant role players. It essentially binds the DM and all LMs. However, each municipality is responsible for monitoring its own process plan to ensure that the framework is followed as agreed.

According to Section 27(2) of the Systems Act, the purpose of the framework is to:

- Identify the plans and planning requirements binding in terms of national and provincial legislation on the district municipality and the local municipalities or on any specific municipality;
- Identify the matters to be included in the integrated development plans of the district municipality and the local municipalities that require alignment;
- Specify the principles to be applied and co – ordinate the approach to be adopted in respect of those matters: and
- Determine procedures-

### ***ELEMENTS OF THE IDP PROCESS***

The proposed process for consultation between the District municipalities and the local municipalities during the five year planning process is as follows:

Phase 1: Situational Analysis

- Xhariep District Municipality may perform analysis related to region – wide issues and co–ordinate and align key development priorities with local municipalities.

Phase 2: Strategies



- Local municipalities should be invited to district strategic workshops to jointly discuss the most appropriate problem – solving strategies.
- Provincial and National specialists and competent resource persons from civil society could be invited to join this process, which will be facilitated by the district under Directorate: Planning & Development.

#### Phase 3: Projects

- Project and programme planning will require co-ordination and alignment between the district and local municipalities.

#### Phase 4: Integration

- During this phase local and district municipalities will ensure the integration of different processes and will consolidate the institutional restructuring and communication plan, in order to finalize their respective IDP's and programmes.

#### Phase 5: Approval

- The district will play an important role in horizontal (cross border issues) and vertical Co-ordination.
- Local and district level planning will therefore be parallel, rather than in a one sided,

### ***IDP Framework and Timeframes***

Phase	Alignment Activity	With whom	By when
1. Analysis (Situational)	a) Data collection from sector departments; b) Joint decision on localized strategies. Stakeholders meeting, sample survey and opinion polls c) IDP Forums and workshops	Affected departments & all LM's responsible person Municipal Managers	October 2011
2. Strategies	Objectives and strategies (District Strategic Workshop with local municipalities, sector departments, IDP Representative Forum	LMs, DM, Province and other relevant stakeholders	November 2011
3. Projects	Technical inputs on projects & programme formulation. Technical sub-committee with few selected representatives of	All LM's	January-March 2012

	stakeholders organisations		
4. Integration	a) Sector alignment & integration under responsibility of provincial, national sector department and IDP representative forum	All LM's	January-March 2012
5. Submission of IDP's	a) Submission of draft IDPs and Spatial Development Framework b) IDP Summaries	All LM's	March 2012
6. Analysis and engagements	a) Analysis and engagement & review. ( if any) b) Compiling district level summary of local IDP's (Province) c) Public Participation	All stakeholders/	April - May 2012
7. Approval	Aligning budget with IDPs / submission of final drafts and sign -off by the Premier  Submission of the SDBIP by the Executive Mayor	Sector departments , Municipalities and Political principals	June 2012  June – July 2012
Monitoring and implementation	IDP Representative forum with the support of sector departments responsible for their projects	All stakeholders/individual departments	From July 2012 on wards

The framework gives methodological and practical guidance to the IDP process. The plan serves as a working document and is amended by the IDP Steering committee as and when deemed necessary.

However, the process encountered some difficulties, which include but not limited to:

- Lack of strategic guidance and direction from some provincial sector departments.
- Timeframes for certain critical events such as the IDP Representative Forums and setting objectives and strategies were not met. While there may be valid reasons for these delays, the implication to the process, particularly with regard to submission and adoption were significant.

### **Issues, mechanisms and procedure for alignment and consultation**

It is proposed that the following persons and structures be involved in the alignment process between Local Municipalities and the District Municipality:

#### District Management and Co-ordinating Forum

- Five (5) Municipal Managers
- Five (5) IDP Managers
- Provincial IDP Co-coordinator
- Three (3) representatives from clusters according to the FSGDS

Between District/Local Municipalities and Provincial/ National Government:

#### **District IDP Steering Committee**

- Executive Mayor
- Mayoral Committee
- District Municipal Manager / IDP Manager
- Provincial IDP Co-coordinator
- Senior Managers
- Public Participation Managers/officers
- Performance Management Manager
- Provincial/National Senior Sector Department Officials; and
- Senior Officials of relevant service providers (Eskom, Water Board, Telkom. etc.)

#### **The District IDP Steering Committee is responsible for:**

- The establishment of the IDP Representative Forum
- Define the terms of reference and criteria for members of the IDP Rep forum
- Consider comments on inputs from sub-committees, study teams and consultants including comments from national and provincial sector departments.
- Processes, summaries all inputs.
- Facilitate and prepare all documents for meetings, and
- Establish sub-committees for specific activities which can include additional persons outside the Steering Committee

#### **IDP Representative Forum**

The structure will consist of the following:

- Municipal Managers
- IDP Managers
- IDP Steering Committee
- Ward Committee Members

- Community Development Workers (CDW's)
- Heads of Department and Senior Government Official
- Stakeholders representatives

### **Service Providers or State Owned Enterprises:**

Regional and national service providers or representatives of the following primary services providers must be engaged if and when necessary:

- Eskom
- CENTLEC
- Telkom
- Transnet
- Bloem Water
- MTN
- Vodacom
- Cell-C
- SABC
- Land Bank
- Free State Development Co-operation (FDC)
- SEDA
- IDC
- DBSA
- ABSA
- FNB
- Other service providers relevant and important for the production of a credible IDP

### **Communication Mechanism**

The alignment procedure and mechanisms will necessitate that communication links are set up between the district and local municipalities, between the district and other stakeholders and role players as well as within the local municipal units. The following communication mechanisms are hereby proposed;

- Fax and/or email,
- Telephone,
- Print and electronic media
- Imbizo's
- Meetings and workshops, as well as individual consultation etc.

### **Logistical arrangements**

For purposes of ensuring a smooth, effective and timely completion of the IDP process, the following logistical arrangements are in place:

- All meetings and workshops will be held in various places in the district;
- IDP Manager is responsible for ensuring that timely notices are sent to all invitees and that preparations are in place;
- The IDP Manager/Municipal Manager will be responsible for the sending of invitations and other arrangements of meetings and workshops;
- Transport arrangements will have to be provided for civil society/participants or alternatively transport cost provided or transport cost paid;
- Food and refreshments should be provided in meetings and workshops;
- Advertisements will be placed in all local newspapers to ensure the kick-start of the process and to invite final comments on the draft document; and
- The draft reviewed IDP document will be sent to all provincial departments and service providers and applicable national government departments for comments before final approval by council.

### **Matters requiring alignment**

Input and support from other spheres of government is required in the IDP process for different stages. The alignment will take place between municipalities and the district municipality to ensure that their planning processes and issues are coordinated and addressed jointly. The district has the responsibility to ensure that alignment between the local municipalities takes place.

Vertical and Horizontal alignments must take place. It is also important to align the provincial priorities and strategies like the National Spatial Development Perspective (NSDP) and Provincial Growth and Development Strategy (PGDS) with the district strategies and sectoral programmes as indicated in the IDP. The purpose of intergovernmental planning is to achieve a common goal

### **The District IDP Manager with the Steering Committee will:**

- Consider activities per phase and proposed time frames;
- Submit draft Action programme for District Framework workshop and this to be aligned with local municipal process plans;
- Discuss and agree on district framework programme as basis for municipal programme (process plans);
- Adapt action programme to local circumstances of Naledi, Letsemeng, Kopanong and Mohokare municipalities;

- The district together with the local municipalities will finalise the action programme on alignment, community participation and required resources; and
- Make sure that all stakeholders stick to timeframes.

### National legislation applicable to the functions of Local Government

National Legislation	Summary/Scope of Legislation
<b>GENERAL MANAGEMENT</b>	
Constitution of South Africa (Act 108 of 1996)	a) To introduce a new constitution for the Republic of South Africa and to provide matters incidental thereto.
Local Government: Municipal Systems Act, 2000 as amended  <b>To be read with:</b>  Local Government: Municipal Planning and Performance Management Regulations, 2001	a) To give effect to “developmental Local Government b) To set principles, mechanisms and processes to promote social and economic development of communities and to ensure access to affordable services for all. c) To set a framework for planning, performance management, resource mobilization and organizational change and community participation.
Local Government: Municipal Structures Act, 1998 as amended	a) To provide for the establishment of municipalities in accordance with the requirements relating to the categories and types of municipalities, the division of powers and functions between municipalities and appropriate electoral systems. b) To regulate internal systems, structures and office-bearers.
Consumer Affairs (Unfair Business Practices) Act, 1996	a) To provide for the investigation, prohibition and control of unfair business practices in the interest of consumers.
Local Government Cross-boundary Municipal Act, 2000	a) To authorize the establishment of cross-boundary municipalities, to provide for the re-determination of the boundaries of such

	municipalities under certain circumstances and to provide for matters connected therewith.
Local Government: Municipal Demarcation Act, 1998	a) To provide for the demarcation of boundaries of municipalities for the establishment of new municipalities.
Local Government: Municipal Electoral Act, 2000	a) To regulate municipal elections. b) To amend certain laws and to provide for matters connected therewith.
Organized Local Government, 1997	a) To provide for the recognition of national and provincial organizations representing the different categories of municipalities and the designation of representatives to participate in the National Council of Provinces.
Promotion of Local Government Affairs Act, 1983	a) To provide for the coordination of functions of general interest to local authorities and of those functions of local authorities which should in the national interest be coordinated.
Local Government: Transition Act, 1993 (Repealed except Section 10G, i.e. Financial provisions)	a) To provide for matters relating to municipalities in the interim phase, powers and functions of municipalities and actions of councilors and officials.
Occupational Health & Safety Act, 1993	a) To provide for occupational health and safety in the work place and the protection of persons outside the work place against hazards to health and safety arising from activities of persons at the work place.
Promotion of Access to Information Act, 2000	a) To control and regulate the right of all persons to information.
Promotion of Fair Administrative Justice Act, 2000	a) To give effect to the right to administrative act that is lawful, reasonable and procedurally fair in terms of the Constitution of the

	Republic of South Africa.
Promotion of Equality and Prevention of Unfair Discrimination Act, 2000	<p>a) To give effect to Section 9 to be read with Section 23(1) of Schedule 6 of the Constitution of the Republic of South Africa, 1996, to prevent and prohibit unfair discrimination and harassment.</p> <p>b) To promote equality and to eliminate unfair discrimination and prevent and prohibit hate speech and to provide for matters connected therewith.</p>
<p>White Paper on Local Government, 1995</p> <p><b>To be read with:</b></p> <p>A Policy Paper on Integrated Development Planning, 2000</p>	<p>a) Spells out the framework and programme in terms of which the existing local government system will be transformed.</p> <p>b) Establishes the basis for a system of local government which is centrally concerned with working with citizens and communities to find sustainable ways to meet their needs and improve the quality of their lives.</p>
<b>FINANCE</b>	
Appropriation of Revenue Act, 2000	a) To provide for a fair division of revenue to be collected nationally between national, provincial and local government spheres for the 2000/2001 financial year and for matters connected therewith.
Business Act, 1991	<p>a) To repeal certain laws regarding the licensing of businesses.</p> <p>b) To provide for the licensing and operation of certain businesses, shop hours and related matters.</p>
Debt Collection Act, 1998	a) To provide for controlled debt collection.
Income Tax Act, 1962	a) To provide for the payment of taxes on incomes of persons and taxes on donations.
Insolvency Act, 1936	a) To consolidate and amend the law relating to insolvent persons and



	their estates.
<p>Local Authorities Capital Development Fund Ordinance, 1978</p> <p><b>To be read with:</b></p> <p>Local Government Affairs Second Amendment Act, 1993</p>	<p>a) To provide for the establishment and management of a Capital Development Fund and for matters incidental thereto.</p>
<p>Municipal Accountants Act, 1988</p>	<p>a) To provide for the establishment of a Board for Municipal Accountants and for the registration of Municipal Accountants and the control of their profession.</p>
<p>Municipal Consolidated Loans Fund Ordinance, 1952</p> <p><b>To be read with:</b></p> <p>Local Government Affairs Second Amendment Act, 1993</p>	<p>a) To provide for the establishment and management of a Consolidated Loans Fund as approved by the Premier.</p>
<p>Local Government: Municipal Finance Management Act, 2003</p>	<p>a) To regulate financial management in the local sphere of government to require that all revenue, expenditure assets and liabilities of municipalities and municipal entities are managed efficiently and effectively to determine responsibilities of persons entrusted with local sphere financial management and to determine certain conditions and to provide for matters connected therewith.</p>

Pension Benefits for Councillors of Local Authorities Act, 1987	a) To provide for pension benefits for councillors.
Public Finance Management Act, 1999	a) To regulate financial management in the national and provincial government and <i>interalia</i> , provincial public entities.
Prescribed Rate of Interest Act, 1975	a) To prescribe and regulate the levying of interest from debtors.
Value Added Tax Act, 1991	a) To provide for the taxation in respect of the supply of goods and services.
Reporting by Public Entities Act, 1992	a) To provide for the reporting to parliament by public entities.
Local Government : property Rates Act, 2004	a) To regulate general property valuation.
<b>ADMINISTRATION/CORPORATE AND LEGAL SERVICES</b>	
Electoral Act, 1998	a) To manage and regulate elections on national, provincial and local government level.
Expropriation Act, 1975	a) To provide for the expropriation of land and other property for public and certain other purposes and matters connected thereto.
Housing Arrangements Act, 1993	a) To provide for the establishment of a national and regional housing boards and the abolition of certain existing boards.
Rental Housing Act, 1999	a) To define the responsibility of government in respect of rental housing.
Residential Landlord and Tenant Act, 1997	a) To provide for the regulation of landlord-tenant relations in order to promote stability in the residential rental sector in the province
<b>TOWN PLANNING AND SPATIAL DEVELOPMENT</b>	
Provision of certain land for settlement,	a) To provide for the designation of certain land and to regulate the

1993	subdivision of such land and settlement of persons thereto.
Black Communities Development Act, 1984 (Annexure F)	a) To control the land use rights within the former black areas.
Development Facilitation Act, 1995 (Chapter 1)	a) To provide for IDP, reflecting current planning and to institutionalize development tribunals for evaluating applications.
Physical Planning Act, 1991	a) To provide guidelines for the drafting of urban development plans.
Subdivision of Agricultural Land Act, 1970	a) To control the subdivision of farm land and agricultural holdings.
Town and Regional Planners Act, 1984	a) To provide for the training and registration of Professional Town Planners
<b>ENVIRONMENT</b>	
Environmental Conservation Act, 1982	a) To provide for environmental impact assessments and exemption, noise control areas etc.
National Environmental Management Act, 1998	a) To provide for co-operative environmental governance by establishing principles for decision making on matters affecting the environment and to provide matters connected thereto.
<b>ENGINEERING/TECHNICAL SERVICES</b>	
Advertising on Roads & Ribbon Development Act, 1940	a) To control advertising on national and regional roads.
Regulations on Advertisements on or Visible from National Roads, 1998	a) To control all advertising on national and regional roads.
National Building	a) To provide for the promotion of uniformity in the law relating to the

Regulations and Building Standards Act, 1977	erection of buildings in the areas of jurisdiction of local authorities and for the prescribing of building standards.
National Water Act, 1998	a) To provide for fundamental reform of the laws relating to water resources.
Water Services Act, 1997	a) To provide for the rights of access to basic water supply and sanitation, national standards and norms for tariffs and services development plans.
<b>SAFETY AND SECURITY</b>	
Criminal procedure Act, 1977	a) To consolidate and regulate procedure and evidence in criminal proceedings.
Disaster Management Act, 2003	a) To provide for an integrated, coordinated and common approach to disaster management by all spheres of government and related matters.
Fire Brigade Services Act, 1987	a) To provide for the rendering of fire brigade services and certain conditions to the rendering of services.
Gatherings and Demonstration Act, 1993	a) To control public gatherings and procession marches.
Hazardous Substances Act, 1973	a) To control matters relating to gas, petrol and liquids.
National Land Transport Transition Act, 2000 as amended	a) To Transform and to structure the Republic's land transport system. b) To give effect to the national policy concerning the first phases of the process. c) To achieve a smooth transition to the new system applicable nationally.
National Land Transport Interim Arrangements Act,	a) To make arrangements relevant to transport planning and public road transport services.

1998	
Urban Transport Act, 1977, (as amended)	a) To promote planning and provision of adequate urban transport facilities.
National Road Traffic Act, 1996	a) To regulate traffic on public roads, the registration and licensing of motor vehicles and drivers including fitness requirements and incidental matters.
Road Traffic Management Corporation Act, 1999	a) To provide in the public interest for coordinated and cooperative strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters and to provide for matters connected therewith.
Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998	a) To provide for the eviction of unlawful occupants of land and the protection of the rights of such occupants under certain conditions.
Regulations on Gatherings Act, 1993	a) To control public gatherings and procession of marches.
South African Police Services Act, 1995	a) To provide, inter alia, for a municipal (city) police.
<b>HEALTH AND WELFARE</b>	
Hazardous Substances Act, 1973	a) To control matters relating to gas, petrol and liquids.
Health Act, 1977	a) To provide for the promotion of health of the inhabitants of the Republic, for the rendering of health services, to define duties, powers and responsibilities of certain authorities which render such services and for the coordination of services.
National Policy for	a) To provide for control measures to promote health of the inhabitants

Health Act, 1990	of the republic and for matters of connected thereto.
<b>HUMAN RESOURCES</b>	
Employment Equity Act, 1998	<p>a) To promote the constitutional rights of equality and the exercise of true democracy.</p> <p>b) To eliminate unfair discrimination in employment.</p> <p>c) To redress the effect of unfair discrimination in the work place to achieve a workforce representative of the population.</p>
Basic Conditions of Employment Act, 1997	<p>a) To give effect to the right to fair labour practice.</p> <p>b) To provide for the regulations of the basic condition of employment.</p>
Compensation of Occupational Injuries and Diseases Act, 1993	<p>a) To regulate the categories of persons entitled to compensate for occupational injuries and diseases, and to determine the degree of disabled employees.</p>
Labour Relations Act, 1995 (As amended)	<p>a) To regulate the organizational rights of trade unions, the right to strike and lock-outs.</p> <p>b) To promote and facilities collective bargaining and employee participation in decision making.</p> <p>c) To provide simple procedure for labour disputes.</p>
Skills Development Act, 1998	<p>a) To provide for the implementation of strategies to develop and improve the skills of the South Africa workshop, to provide for learnerships, the regulation of employment services and the financing of skills development.</p>
South African Qualifications Authority Act, 1999	<p>a) To provide for the establishment of a National Qualifications Framework and the registration of National Standards Bodies and Standards Generating Bodies and the financing thereof.</p>
Unemployment Insurance Act, 1966	<p>a) To provide for the payment of benefits to certain persons and the dependants of certain deceased persons and to provide for the combating of employment.</p>

<b>ELECTRICITY</b>	
Electricity Act, 1987	a) To provide for and regulate the supply of electricity and matters connected thereto.

### ***Amendment of the Framework***

The framework for IDP is a summary of the Xhariep District Municipality Action Programme which focuses on district wide activities that need to be taken together in a coordinated way. Each municipality was responsible for monitoring its own process plan to ensure that the framework was being followed as agreed.

It was furthermore necessary to make provision to amend the framework as officials and councilors were always busy with many activities, and especially because of the electoral processes leading to the March 2006 local government elections.

### ***Conclusion***

The framework serves as the guideline to local municipalities and the Xhariep District Municipality for aligning their respective IDP processes with each other and with the plans and programmes of the different organs of state. It will be submitted to the MEC: Local Government and Housing with the final IDP document of the district.

### ***The Process Plan***

In preparing an IDP of a municipality, a Process Plan needs to be adopted by the Council that will guide the formulation process. The process of compiling the Process Plan was done in consultation with the Steering Committee and IDP manager in consultation with the Local Municipalities. Xhariep District Municipality adopted this Process Plan in order to guide the formulation process of its 3<sup>th</sup> reviewed IDP.

### **Municipal Council**

As the ultimate political decision-making body of the municipality, the Municipal Council has to:

- Consider and adopt a Process Plan
- Appoint an IDP Steering Committee
- Consider and approve the IDP.

### **Municipal Manager**

- Prepare the Process Plan
- Undertake the overall management and co-ordination of planning process
- Ensure that all relevant actors are appropriately involved
- Nominate person in charge of different roles
- Ensure that the planning process is participatory, strategic implementation oriented and is aligned with and satisfied sector planning requirements
- Respond to comments on the draft IDP from the public, horizontal alignment and other sphere of government to the satisfaction of the municipal council
- Ensure proper documentation of the results of the planning of the IDP documents
- Adjust the IDP in accordance with the MEC for Local Government's proposals.

### **Heads of Departments**

As the person in charge of implementing IDP, the technical sectoral officer has to be fully involved in the planning process

- Provide relevant technical, sector and financial information for analysis for determining priority issues
- Contribute technical expertise in the consideration and finalization of strategies and identification of projects
- Provide departmental operational and capital budgetary information
- Be responsible for the preparation of project proposals, the integration of projects and sector programme
- Be responsible for preparing amendments to the draft IDP for submission to the municipal council for approval and the MEC for Local Government for alignment

### **IDP Unit**

- Give support in any area within IDP that is needed
- Provide information that will assist in doing the IDP
- Create links between different stakeholders in IDP
- Draft terms of reference for different stakeholders
- Brief stakeholders on their role and responsibilities
- Monitor progress with IDP in each municipality
- Management support of implementation of IDP

### **IDP steering Committee**

Composition:

- IDP Manager;



- Finance Manager;
- Corporate Services Director;
- LED Manager ;
- Youth Development Officer;
- PMS Officer;

**Terms of Reference:**

- Provide terms of reference for various planning activities
- Commission research studies
- Consider and comments on input from committees/sector departments
- Process summaries and document output
- Makes content recommendations

**Representative Forum**

- All members of the Steering Committee
- Executive Mayor and District councillors
- Representatives from each local Municipality
- NGO/ CBO and FBO (that are regionally based)
- Professional people when needed
- Representatives from various provincial government departments

**Terms of reference:**

- Represent interest of constituencies
- Provide organizational mechanism for discussion, negotiation and decision-making
- Ensure communication between the stakeholders representative
- Monitor the performance of planning and implementation process

**Mechanism and procedure for public participation**

A key feature of the IDP is the active involvement of the community and stakeholder Organisations during the process. A two-pronged approach to the participation process of affected and interested parties was designed, twofold namely:

- ensuring that the IDP addresses the real issues experienced by District citizens; and
- Institutionalising the continued involvement of community organisation in the implementation of strategies, aimed at those issues.

In terms of chapter 4 of the Municipal Systems Act, 2000, the above issues are underpinned by the following important principles:

A municipality must develop a culture of municipal governance that compliments formal representative government with a system of participatory governance through:

- encouraging and creating conditions for the district community to participate in the affairs of the municipality,
- contributing to building capacity; and using its available resources (physical and financial) as may be appropriate for the purpose of participation

**A municipality must communicate to its community information regarding:**

- The available mechanisms, processes and procedures aimed at encouraging community participation;
- The matter on which participation is encouraged;
- The rights and duties of members of the district community; and
- Municipal governance, management and development.

**The following participation principles must be applied in the formulation and adoption of the IDP:**

- The elected councils of the various municipalities are the ultimate decision making forum in terms of the IDP for the specific municipality
- The role of the participatory democracy is to inform and negotiate with stakeholders and give the opportunity to provide input on decision taken by the council
- Appropriate conditions must be created to enable participation with all stakeholders
- Community structures such as Community Based Organisations (CBOs), Faith Based Organisations (FBOs) and Non-Government Organisations (NGOs) must be allowed to participate.
- A structured participation process will be followed
- Considering the geographical and demographical spread of the area, participation will be based on a principle of representation
- Existing public participation structures will be utilised
- Participation must be structured in such a way that it provides for the diversity of the area in terms of different cultures, gender, languages and education levels
- Participation cost must be kept at an acceptable level
- Participants will be made aware that it is in their own interest to be involved in the planning process and it is not a task they have to be paid for
- Participants are responsible to give report back to the structures they represent
- Appropriate forms of media will be utilized in order to reach as many people as possible
- Copies of the draft and final IDP documents will be accessible for all communities and stakeholders and adequate time provided for comment
- The council meeting regarding the approval of the IDP will be open to the public
- Ensure that elected community representatives will be able to represent all towns in the district
- In order to meet the legal requirements of the Municipal Systems Act, preference must be given to the elected members of ward committees in electing members for the steering committee.

**Timelines as adopted by council for 2012/13 formulation**

MONTH	ACTIVITY	RESPONSIBILITY	MFMA/REQUIREMENT
Phase 1			
Nov/December 2011	Feed back to the Mayor on IDP projects	IDP Manager, feedback by Municipal Manager	MSA Sec 27
	Time schedule of key deadlines submitted to Council for approval	Executive Mayor, MM & CFO	MFMA Sec 21(1)(b)
	Time schedule of key deadlines to be approved and sent to National treasury	Executive Mayor, MM & CFO	MFMA Sec 21(1)(b)
	Preparation and analysis phase of IDP	MM & IDP Manager	MSA Sec 27
	Sector Departments objectives and strategies alignment session ( 2 &3 December 2010) Sector plans request from Departments. Establishment of all IDP and Budget steering committee	District & Gogta ( IDP Manager XDM)	
Dec 10/January 2012	Commence with elements of the IDP Process (Phases)	MM, IDP Manager & Director: Planning & Development	
November 2011	IDP & Budget Framework to be adopted by Council		
Phase 2			
January 2012	Sector plans to be completed and completed Housing, Waste, disaster, LED, HIV/AIDS Transport, Financial, Environmental, SDF, Commonage, Rural, public participation, Youth Development, Water services development plan, sports recreation plan, Comprehensive infrastructure plan (CIP), tourism plan.	CFO & Manager: Financial Services	MSA Section 74(1)
Phase 3			
January-12	IDP & Budget Forum to be Finalized	Executive Mayor & MM	MFMA Circular 10 of

			2004
	Revenue & Expenditure projections for the period to be ready for the Budget Forums	CFO	MFMA Section 21 (2)(b)
	Strategic Workshop on Budget Pressures	Executive Mayor & MM	MFMA Circular 10 of 2004
	All budget related policies to be completed	CFO & BTO	MFMA Section 21 (1)(a)
	2nd Sitting of Budget Forum - first phase	Executive Mayor	MFMA Circular 10 of 2004
February-12			
	IDP projects to be finalized and aligned with the Provincial Dep& Local Municipalities	MM, IDP Manager, Director: Planning & Development & CFO	MFMA Section 21 (2)(b)
	IDP, Budget and MTAS alignment session		
March-12	3 <sup>rd</sup> Sitting of Budget Forum – Final Sitting	Executive Mayor	MFMA Circular 10 of 2004
	Draft Budget to be adopted by Council	Executive Mayor	
	Draft Reviewed IDP to be adopted by Council	Executive Mayor	
April-12	Budget to be submitted to all Stakeholders for comments	CFO	MFMA Section 21 (2) (d, e)
	Stakeholders comments on the submitted Budget	Executive Mayor's Office	MFMA Section 23

May-12	Final comments to be submitted by Stakeholders	Executive Mayor's Office	MFMA Section 23
	Final/Last Budget Forum sittings	MM,CFO& Executive Mayor's Office	MFMA Section 23
	Budget to be approved by Council	Council	MFMA Section 24
	IDP to be approved by Council	Council	MFMA Section 24
June-12	Mayor must begin with Service Delivery and Implementation Plan (SDBIP) and Performance Agreements process.	Executive Mayor's Office	MSA Section 57(2)
			MFMA Section 69
	Mayor to submit the Service Delivery and Budget Implementation Plan (SDBIP) and Performance Agreements to Council	Executive Mayor's Office	MFMA Section 69 (2)
End July 2012	Mayor to submit the Service Delivery and Budget Implementation Plan (SDBIP) and Performance Agreements to the MEC and other Stakeholders	Executive Mayor	MFMA Section 53(3)a
July 2012	Monitor the implementation of the IDP, Budget and MTAS in line with the Delivery agreement for outcome 9		

## Public Participation feedback

### BACKGROUND

Section 23 of the Municipal Finance Management Act (MFMA) requires that the council considers the views of the community and other stakeholders with regards to the draft annual budget tabled before council can adopt the Budget.

Subsequent to that, Municipalities in South Africa are legally required to prepare Integrated Development Plans (IDPs) for their area of jurisdiction in terms of the Municipal Systems Act, 2000

(Act No. 32 of 2000). In terms of the process of preparing an Integrated Development Plan and specifically stakeholder involvement, the Act stipulates the following:

The process followed by a municipality to draft its integrated development plan, including its consideration and adoption of the draft plan, must through appropriate mechanisms, processes and procedures, allow for –

- The local community to be consulted on its development needs and priorities;
- The local community to participate in the drafting of the integrated development plan; Organs of state, including traditional authorities, and other role players to be identified and consulted on the drafting of the integrated development plan.

To ensure that the above mentioned requirements were met, local authorities had to compile plans, spelling out the process to be followed in the formulation of the Integrated Development Plan and specifically the mechanisms for involving stakeholders.

The following plans were compiled:

- Framework Plans: these were drawn up at district level to ensure proper coordination and cooperation between the District Municipality and Local Municipalities as well as alignment of the planning process.
- Process Plans: these were drawn up for individual local municipalities to ensure proper consultation with local communities, while completing the Integrated Development Plan within a set time frame and cost estimate with dedicated involvement from specific role players in the municipality.
- These plans clearly indicated the process and methodology for the Integrated Development Planning Process, responsibilities, time frames, milestones and costs.
- These plans paved the way for the formulation of IDPs and offered the opportunity to interested and affected parties to have proactive input in the process to be followed by the Municipality

It is due this that Xhariep District Municipality has for the year 2012/17 engaged in the process of broader public participation meetings with communities from the 21<sup>st</sup> – 24<sup>th</sup> May 2012. Due to the fact that the District municipality serves four different Local Municipality named Kopanong, Letsemeng, Naledi and Mohokare only one Town per Municipality was visited. The following towns were visited.

- Springfontein - Kopanong Local Municipality
- Luckhof - Letsemeng Local Municipality
- Zastron - Mohokare Local Municipality
- Van Stadensrus- Naledi

In all the meetings and gatherings of each Local municipality, there were two different meetings held, stakeholders meetings and the community meetings.

## **SCOPE OF THE IDP AND BUDGET PRESENTATION**

The presentation to the public and both stakeholders was structured in such a way that it summarises both the Budget and the IDP, the presentation covered topics such as

- Background of the Municipality
- Demographics
- Economic Analysis
- IDP projects
- Municipal Budget
- Equitable share comparison

In consideration with the mechanisms of effective public participation, the following processes and aspects were taken in consideration and were implemented as required

### ***CONTEXT OF PUBLIC PARTICIPATION AS IMPLIMENTED***

Four major functions can be aligned with the public participation process namely:

- ◆ Needs identification;
- ◆ Identification of appropriateness of proposed solutions;
- ◆ **Community ownership and buy-in; and**
- ◆ Empowerment.

### **MECHANISMS FOR PARTICIPATION**

The following mechanisms for participation were utilized:

#### **a) IDP Representative Forum (IDP RF)**

This forum will represent all stakeholders and will be as inclusive as possible. Efforts will be made to bring additional organizations into the IDP RF and ensure their continued participation throughout the process.

#### **b) Media**

Local newspapers were used to inform the community of the progress of the IDP and the Community consultation dates.

#### **c) Information sheets**

These were prepared in English and be distributed to communities prier the start of all the meetings

#### **The DM's Website**

The DM's website was also utilized to communicate and inform the community. Copies of the IDP and Budget were placed on the website for people to download

### ***PROCEDURES/PROCESS FOR PARTICIPATION***

The following dates and processes represent the consultative mechanism followed during the IDP and Budget processes

<b>DATES OF IDP REPRESENTATIVE FORUM MEETINGS</b>	
January 2012	<ul style="list-style-type: none"> <li>▪ The provision of feedback on the <i>status quo</i> and strategic framework components of the IDP;</li> <li>▪ Submission of the Annual reports and Comments</li> </ul>
March 2012	<ul style="list-style-type: none"> <li>▪ Presentation of the draft IDP and Budget ahead of the public participation process.</li> </ul>
21 <sup>st</sup> – 24 <sup>th</sup> May 2011	<ul style="list-style-type: none"> <li>▪ Public Participation in a form of Community outreach meeting and consultative meetings</li> </ul>

The actual dates for Public meetings were as follows

<b>Date and Time</b>	<b>Place</b>	<b>Activity</b>	<b>Councilors Attended</b>	<b>Attendance</b>
21 <sup>st</sup> May 2012 at 11H:00AM	Vanstadensrus Community Hall	Stakeholders Meeting	Cllr.	The meeting was well attended and the attendance register signed
21 <sup>st</sup> May 2012 at 15H:30AM	Vanstadensrus Community Hall	Community Meeting	Cllr.	The meeting was well attended and the attendance register signed
22 <sup>nd</sup> May 2012 at 15H:30AM	Matlakeng Community Hall	Stakeholders meeting	Cllr. Sehanka	The meeting was well attended, but was disrupted by the community
23 <sup>rd</sup> May 2012 at 15H:00PM	Springfontein town Hall	Stakeholders meeting	Cllr. Sola	Well attended and the register signed
24 May 2011 at 11H:00 AM	Luckhof town Hall	Stakeholders Meeting	Cllr.	Well attended and the register was signed

### **OUTCOMES OF THE MEETINGS AND INPUTS**

The IDP and budget were presented to community by Mayor's delegated MMCs, as a result communities had different questions and inputs to the IDP and budget. Most comments and inputs were based on the projects and expenditure of the Xhariep District Municipality. The following is the list of all comments and inputs made by the community



- That the project of Cemeteries should circulate around the District until all the Towns in the District are covered
- That the District Municipality should be hands on with the EPWP project in terms of monitoring, and this should be reflected on the IDP as to how the District will give support to the project.
- That the District Municipality should make provision in their budget for the sports and recreation facilities and grants
- That environmental Health practitioners should be visible in communities and more funds should be made available for the community awareness campaigns on environmental health issues
- That the district in its IDP should clearly state a type of assistance and mechanism of developing its main economic contributor which is Agriculture.
- **That the Municipality should have a clear mechanism on monitoring of Local Municipalities and should publish its monitoring outcomes to communities.**
- That the municipality should come up with a strategy to attract Banking institutions in our communities.
- That the Disaster management centre must be in place and that the community should receive an awareness campaign on the issues of disaster, and how will they access the facilities in a case of the disaster.
- That the disaster management forums must be effective and consultative
- That it should be reflective in the IDP that the District AIDS council should be coordinated in an appropriate manner and its projects and programmes should be clearly reflected

## **SAMMARY OF THE QUESTIONS AND CONCERNS**

Though the above mentioned inputs were made, with regard to the relevance of our IDP and Budget to the community, some other issues were of a serious concern by communities; however .these issues are more relevant to local municipalities. It was suggested that the district municipality should take note of these issues and t y to lobby and advice local municipalities in implementing and creating solutions to some of these challenges. Below is a list of all those issues

- Lack of a systematic approach on the distribution and allocation of RDP houses
- Lack of strategic approach on addressing the issue of water scarcity in the district
- Non maintenance of municipal infrastructures in use by communities such as (Sports complex, Community Halls and access road infrastructures.
- Lack of clear commonage policies with clear bylaws in place
- Access to chemicals for the VIP toilets

**Below is a list of projects that were presented to the public for the 2012/13 financial year**



PROJECT DESCRIPTION	AMOUNT
Environmental Management Projects (Environmental Health)	R 700 000
Promotion and Marketing	R 250 000
Disaster Management Contributions	R 400 000
IDP Review	R 300 000
LED and Marketing Brochures	R 300 000
LED Trainings	R 300 000
Disaster Management Plan	R 300 000
Health and Hygiene Education	R 50 000
LED Projects	R 3 760 000
Tourism Awareness Programme	R 70 000
District Forums	R 100 000
Cemeteries	R 1 000 000
Machinery and Stock for the Arts and Crafts Centre	R 650 000

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EPWP	R 1 000 000
Disaster Management Conference	R 50 000
Business Processes to ensure an effective department	R 490 000
TOTAL	R 9 720 000

PROJECT DESCRIPTION	AMOUNT
Public Participation	R 500 000
Youth Development Programmes	R 370 000
Special Programmes	R 200 000
Intergovernmental Relations	R 60 000
Mayor's Social Responsibility Fund	R 501 000
Mandela Day celebration	R15 000
District AIDS Council	R 80 000
<b>TOTAL</b>	<b>R 1 726 000</b>
PROJECT DESCRIPTION	AMOUNT
<b>GRAP Conversion</b>	<b>R 500 000</b>

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<b>Compilation of Financial Statements</b>	<b>R 200 000</b>
<b>Financial Management Grant</b>	<b>R 1 250 000</b>
<b>Consulting fees</b>	<b>R 400 000</b>
<b>TOTAL</b>	<b>R 2 350 000</b>

<b>PROJECT DESCRIPTION</b>	<b>AMOUNT</b>
<b>ICT Masterplan</b>	<b>R 500 000</b>
<b>Intranet</b>	<b>R 500 000</b>
<b>Land</b>	<b>R 2 000 000</b>
<b>TOTAL</b>	<b>R 3 000 000</b>
<b>PROJECT DESCRIPTION</b>	<b>AMOUNT</b>
Promotion/Marketing	<b>R 130 000</b>
PMS Strategic Plan	<b>R 250 000</b>
<b>TOTAL</b>	<b>R 380 000</b>

## **BUDGET SAMMARY PRESENTED**

- Municipality's own revenue is estimated at R 671 Thousand
- Grants from National Government are estimated at R 26 Million
- Provincial Department of Cooperative Governance, Traditional Affairs and Human Settlements' Financial Assistance R 33Million, however only R10 million has been gazetted.
- Total budgeted revenue is estimated at R 36.7 Million for the year.

## **WAY- FORWARD AND RECCOMANDATIONS**

Local Municipalities, through the IGR structure should be made aware and further be supported to address challenges raised by the public as tabled above. The district council should adopt the IDP and budget with all these inputs made by communities and representative stakeholders



## CHAPTER 2 - SITUATIONAL ANALYSIS

### Population structure and Composition

Khariiep has an estimated population of approximately 164 000 people. Its population size has grown with a lesser average of 2.21% per annum since 1996, compared to that of the province (2.6%). The district has a fairly even population distribution with most people (41%) residing in Kopanong whilst Letsemeng and Mohokare accommodates only 32% and 27% of the total population respectively.

The table below gives a breakdown of the population distribution per local municipality. Naledi only recorded a small population which only represents 18% of the entire district population. The table and graph depicts population distribution as per the Community Survey conducted in 2007 which clearly shows a decline in population.

POPULATION DISTRIBUTION PER LOCAL MUNICIPAL AREA, 2001-2007				
Local Municipality	Total Population	Percentage of District Population 2001	Density (Km <sup>2</sup> )	Percentage of District Population 2007 Community Survey
Kopanong	55 942	34 %	3.68	31%
Letsemeng	42 979	26 %	4.22	25 %
Mohokare	36 316	22%	4.15	27 %
Naledi	29 000	18 %	3.4	17 %
Total / Average	164 237	100.00%	3.96	100%

Source: Stats SA (Community Survey 2007)

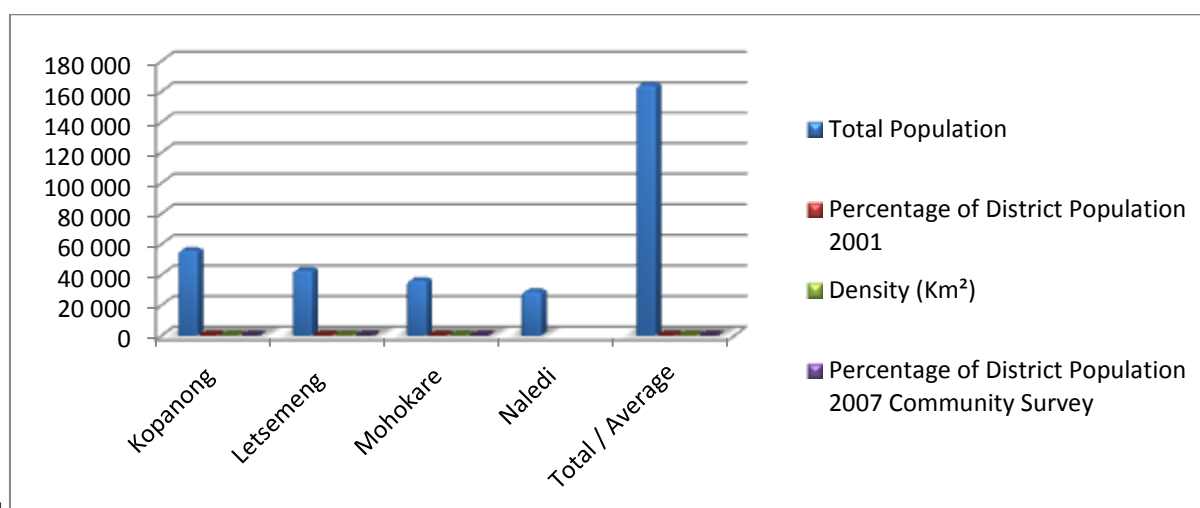


Table 1

On average the country's population growth rates are declining. Among the nine provinces, Free State grew at the slowest pace between 2001 and 2007 (at 0.1%). Although there are many reasons for the low population growth rate experienced in the province, the most prominent

include the declining contribution of both the agricultural and mining sectors to the Free State economy, the impacts of HIV and AIDS, and out migration.

Xhariep’s population has contracted by nearly 1% per year between 2001 and 2007 (based on Census and Community Survey results). Xhariep’s population is small and declining population (currently 5% of provincial total), and is sparsely distributed over large area.

Letsemeng and Kopanong’s population is in steep decline, contracting at nearly 3% and 2% respectively, while Mohokare and Naledi population is stable and showing approximately 2% increase in population. This might be as a result of the location of the areas as they are both nearer to Lesotho area.

Besides the population growth that was recorded between 2001 and 2007 community survey, the ethnic composition also changed somewhat. The Mixed Race population showed an increase of almost 5% whilst the White population showed a decrease of almost 3%. The majority of the people living in Xhariep are African, followed by the Mixed Race and White population groups. The Indian race group has the least in number.

***Population by Race per Local Municipality***

<b>Local Municipality</b>	<b>African</b>	<b>Coloured</b>	<b>Indian</b>	<b>White</b>
Kopanong	72.52%	17.83%	0.4%	9.62%
Letsemeng	64.99%	25.26%	0.04%	9.71%
Mohokare	89.33%	2.92%	0.02%	7.73%
Naledi	88%	2.11%	0.03%	7.66%
Xhariep 2001	74.64%	16.19%	0.03%	12.19%
Xhariep 2007	72.92%	11.17%	0.07%	9.14%

Source: Stats SA (Community Survey 2007)

***AGE AND GENDER PROFILE***

The majority of people living in Xhariep (almost 69%) are young and not many changes have been experienced in the age distribution of the region since 1996. Only 5% of the total population is elderly people. This indicates that there will still be a huge demand for social

infrastructure, particularly schools and associated infrastructure to accommodate the needs of the youth in future.

The table below gives a breakdown of the age profile of the district for 2001 compared with that of 1996.

### Age Profile per local municipal area for 2007

Age Category	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
0 - 14	11263	15396	13826	8340
15 - 35	11926	15992	15543	9155
36 - 55	8777	10436	8087	4172
56 - 120	4367	7595	4412	3771

Source: Stats SA (Community Survey 2007)

Khariep, as is the case with the rest of other districts, has a young population with almost one in every five people aged 15 years or younger. The 14-35 year old age group is the most populous age group.

### Population by Gender

Gender	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Male	17526	22362	20815	11896
Female	18807	27056	21052	13542

Source: Stats SA (Community Survey 2007)

The gender composition has shown very little change since 1996, with 49 % of the total population being female. Some of the key issues identified during previous IDP workshops as affecting youth (Ages 14 – 35) include:

- High unemployment among the youth.
- High drop-out rate at schools.
- Lack of life skills and technical skills.
- Limited access to funding for SMME development.
- Limited tertiary education in accessible locations such as satellite stations of recognised institutions (only Mohokare Local has satellite FET College).
- Rise in teenage pregnancies.
- Alcohol and substance abuse.

- Increasing rate of HIV infections amongst the youth.

### **Disability profile**

	<b>Sight</b>	<b>Hearing</b>	<b>Communication</b>	<b>Physical</b>	<b>Intellectual</b>	<b>Emotional</b>	<b>Multiple disabilities</b>
Letsemeng Local Municipality	387	65	-	566	201	295	303
Kopanong Local Municipality	243	542	162	986	173	1168	-
Mohokare Local Municipality	202	46	81	609	140	330	-
Naledi Local Municipality	256	99	78	498	112	158	45

Source: Stats SA (Community Survey 2007)

### **Type of dwelling and Geography by Household size**

<b>TYPE OF DWELLING</b>	<b>LLM</b>	<b>KLM</b>	<b>MLM</b>	<b>NLM</b>
House or brick structure on a separate stand or yard	9 275	13 260	6 876	6 135
Traditional dwelling/hut/structure made of traditional materials	-	288	16	212
Flat in block of flats	4	73	104	52
Town/cluster/semi-detached house (simplex: duplex: triplex)	39	-	-	-
House/flat/room in back yard	-	23	114	95
Informal dwelling/shack in back yard	261	516	787	167
Informal dwelling/shack NOT in back yard e.g. in an informal/squatter settlement	2 001	1 281	2 199	1 484
Room/flatlet not in back yard but on a shared property	-	-	29	74
Caravan or tent	-	-	-	-
Private ship/boat	-	-	-	18
Workers' hostel (bed/room)	-	-	88	24

Source: Stats SA (Community Survey 2007)

### **Social Welfare**

#### **Health Profile**

	<b>Letsemeng</b>	<b>Kopanong</b>	<b>Mohokare</b>	<b>Naledi</b>
Fixed Clinics	5	10	4	

Mobile Clinics (weekly range)	6	6	6	
Vehicles	13 + 5 subsidised	11 + 8 subsidised	21 + 11 subsidised	
Ambulances	4	9	6	
Commuter Services	2	3	4	
Radio-graphic Services	1 X-Ray, 1 Sonar	2 X-ray, 1 Radiographer, 1 Supplementary Radiographer, 1 Community service Radiographer	2 X – Rays, 1 Community Service Radiographer	
District Hospitals (laundry, mortuary & theatre services)	0	Diamond hospital  (Jagers-fontein) with 32 beds	Stoffer Coetzee Hospital (Smithfield) with 23 beds  Embekweni Hospital (Zastron) with 25 beds	
Community Health care	1	0	0	

### ***Major causes of death***

<b>1</b>	Influenza and Pneumonia	17.6%
<b>2</b>	Tuberculosis	14.2%
<b>3</b>	Intestinal Infectious diseases	6.8%
<b>4</b>	Certain disorders involving Immune mech.	5.6%
<b>5</b>	Cerebrovasc disease	4.8%
<b>6</b>	Other forms of heart disease	4.8%
<b>7</b>	Chronic lower respiratory disease	3.2%
<b>8</b>	Hypertensive disease	2.4%
<b>9</b>	Diabetes mellitus	2.0%
<b>10</b>	Ischemic Heart Disease	1.5%

### ***Social Grant per population group***

<b>Municipality</b>	<b>Type of grant</b>	<b>Black</b>	<b>Coloured</b>	<b>Indian</b>	<b>White</b>
Letsemeng Local Municipality	Old age pension	1 227	715	-	168

Letsemeng Local Municipality	Disability grant	1 763	589	-	84
Letsemeng Local Municipality	Child support grant	4 418	1 293	-	-
Letsemeng Local Municipality	Care dependency grant	-	150	-	-
Letsemeng Local Municipality	Foster care grant	20	-	-	-
Letsemeng Local Municipality	Grant in aid	155	-	-	-
Letsemeng Local Municipality	Social relief	-	-	-	-
Letsemeng Local Municipality	Multiple social grants	-	125	-	-
Kopanong Local Municipality	Old age pension	3 322	392	-	534
Kopanong Local Municipality	Disability grant	2 624	850	-	-
Kopanong Local Municipality	Child support grant	6 027	1 551	-	-
Kopanong Local Municipality	Care dependency grant	168	-	-	-
Kopanong Local Municipality	Foster care grant	55	-	-	-
Kopanong Local Municipality	Grant in aid	227	99	-	-
Kopanong Local Municipality	Social relief	107	-	-	-
Kopanong Local Municipality	Multiple social grants	-	-	-	-
Mohokare Local Municipality	Old age pension	2 282	91	-	136
Mohokare Local Municipality	Disability grant	1 376	-	-	-
Mohokare Local Municipality	Child support grant	7 841	225	-	-
Mohokare Local Municipality	Care dependency grant	226	-	-	-
Mohokare Local Municipality	Foster care grant	32	-	-	-
Mohokare Local Municipality	Grant in aid	162	-	-	-
Mohokare Local Municipality	Social relief	-	-	-	-
Mohokare Local Municipality	Multiple social grants	68	-	-	-
Naledi Local Municipality	Old age pension	1 785	37	-	23
Naledi Local Municipality	Disability grant	756	54	-	49
Naledi Local Municipality	Child support grant	4 121	66	-	-

Naledi Local Municipality	Care dependency grant	46	-	-	20
Naledi Local Municipality	Foster care grant	23	-	-	-
Naledi Local Municipality	Grant in aid	43	-	-	-
Naledi Local Municipality	Social relief	44	-	-	-
Naledi Local Municipality	Multiple social grants	-	-	-	-

Source: Stats SA (Community Survey 2007)

## Education

### Number of registered learners per institution type

	Pre-schools	Primary schools	Secondary schools	Colleges	University/University of technology/Technikon
Letsemeng Local Municipality	874	5469	3740	-	131
Kopanong Local Municipality	1014	7150	6327	106	368
Mohokare Local Municipality	1974	5980	5185	97	161
Naledi Local Municipality	980	3696	3689	92	252

Source Stats SA 2007 community survey

### Distribution of Public Schools for the Xhariep District

Primary	Secondary	Combined	Intermediate	Special and specialised	Total
61	13	11	12		97

Source: Department of Education, snap survey 2008

### Number of persons 20 years and older who have a higher level of education

	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Grade 12/Std 10/NTC III (without university exemption)	2376	3569	1933	2033

Grade 12/Std 10 (with university exemption)	411	722	329	338
Certificate with less than grade 12	253	1189	299	157
Diploma with less than grade 12	467	571	139	93
Certificate with grade 12	148	125	136	-
Diploma with grade 12	365	600	405	185
Bachelor's degree	242	668	176	227
BTech	-	123	-	11
Post graduate diploma	39	81	193	34
Honour's degree	42	160	214	21
Higher degree (masters/PhD)	52	76	95	83

*Source community survey 2007*

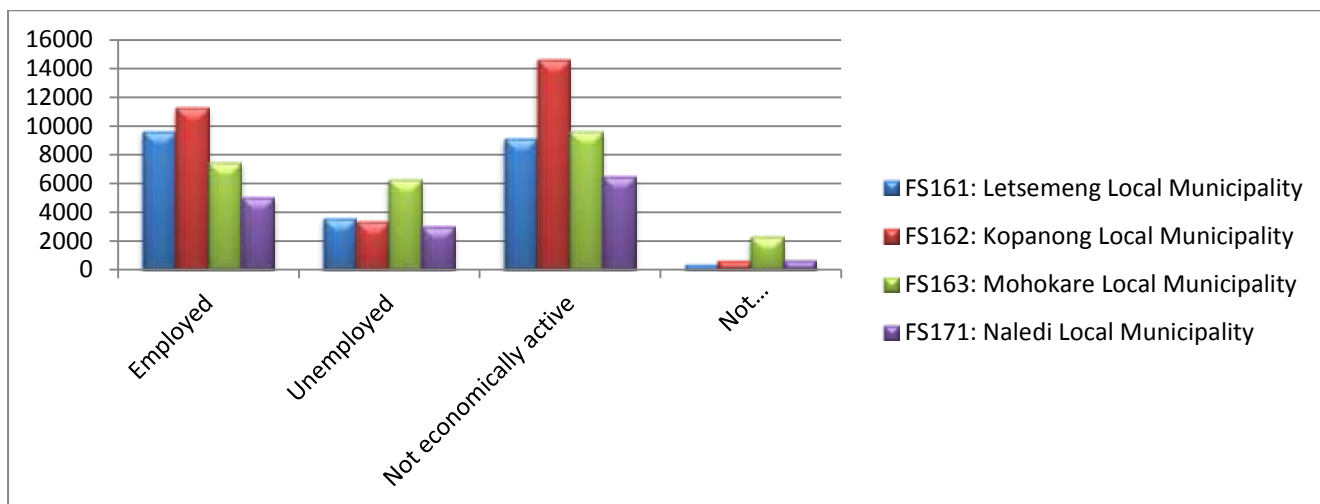
## ***Labour market***

### ***Labour force***

	Employed	Unemployed	Not economically active	Not applicable/Institutions
Letsemeng Local Municipality	9655	3600	9157	407
Kopanong Local Municipality	11292	3372	14683	650
Mohokare Local Municipality	7482	6288	9622	2310
Naledi Local Municipality	5064	3024	6506	700

*Source Community survey 2007*





### **Labour force per industrial distribution**

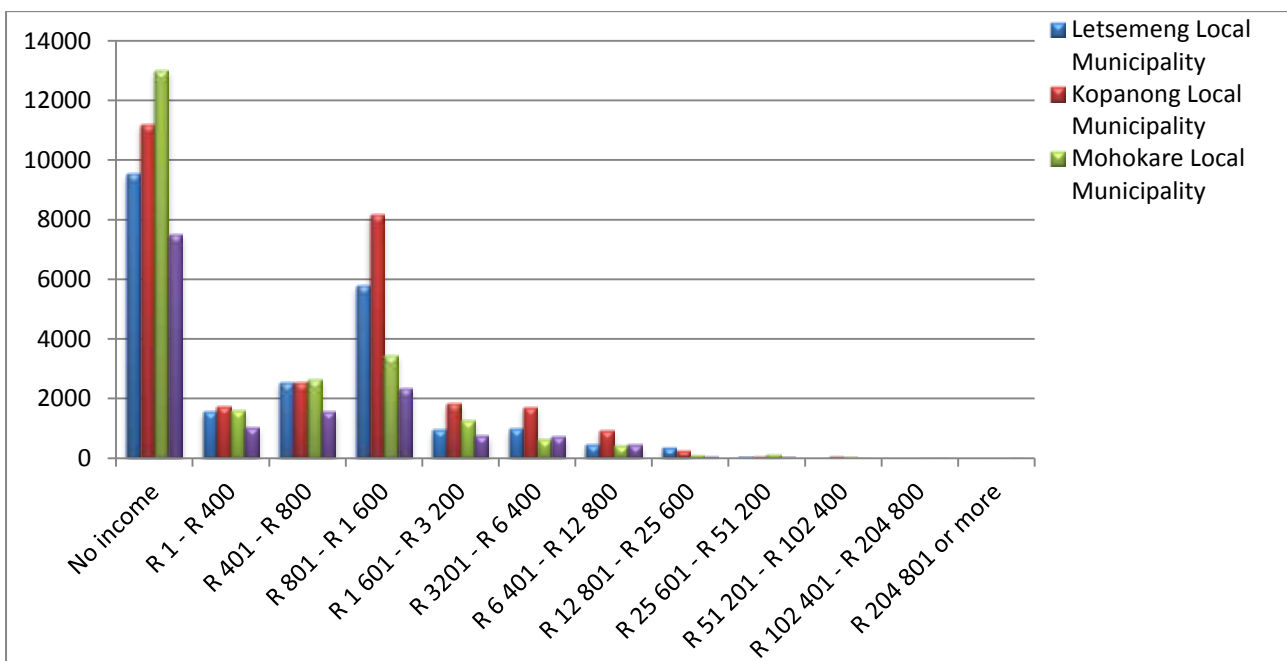
	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Agriculture; hunting; forestry and fishing	693	760	556	322
Mining and quarrying	332	-	-	44
Manufacturing	1111	963	476	270
Electricity; gas and water supply	125	53	87	196
Construction	658	1156	416	341
Wholesale and retail trade	413	1175	907	728
Transport; storage and communication	208	433	198	199
Financial; insurance; real estate and business services	714	1115	515	331
Community; social and personal services	1425	2060	1356	731
Other and not adequately defined	1283	1019	1313	578

The table shows employment by industry in the district during the 1<sup>st</sup> quarter of 2010. It shows that community, social and personal services contributed the highest proportion of employment in the district, followed closely by manufacturing.

### **Income distribution**

	Letsemeng Local	Kopanong Local	Mohokare Local	Naledi Local
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	Municipality	Municipality	Municipality	Municipality
No income	9550	11216	13033	7514
R 1 - R 400	1577	1749	1605	1042
R 401 - R 800	2534	2551	2659	1561
R 801 - R 1 600	5795	8185	3448	2356
R 1 601 - R 3 200	959	1836	1276	754
R 3 201 - R 6 400	987	1715	650	731
R 6 401 - R 12 800	472	934	438	457
R 12 801 - R 25 600	364	269	96	78
R 25 601 - R 51 200	35	80	124	25
R 51 201 - R 102 400	-	54	29	15
R 102 401 - R 204 800	-	-	4	3
R 204 801 or more	-	-	-	15



Xhariep DM citizens are ravaged by high levels of poverty resulting from low key exposure of individuals to regular incomes. This phenomenon of low levels of individual exposure to regular incomes is not unique to the district only but rather similar to prevailing economic patterns in the province as whole.

The income distribution analysis of individuals in the district shows much the same pattern as that found across the Free State, with the majority of people, not earning a formal income at all, or falling within the lower income brackets.

Within Xhariep District Municipality, 63,88 % of respondents during the 2007 survey, indicated that they earn no income, 27,79 % earned between R1 and R1000 per month, 4,86 % earned between R1001 and R2500 per month and a mere 3,47 % earned above R 2500 per month.

Reading these figures in conjunction with the abovementioned unemployment rates, provides a better understanding of the actual poverty level within the region. A notable portion of the population who indicated that they are employed, earn a nominal income, with which they often have to support a large number of dependants.

### ***Economic development planning initiative***

An economic summit was organised by the Xhariep municipality in order to pull together different stakeholders and to collaborate on a shared vision and programme to address regional economic development challenges.

During the summit the following key economic priority sectors were identified to have potential and needing to be further developed to support objectives of economic growth and job creation in the district:

- Agriculture & Farming
- Winery
- Mining
- Tourism
- SMME development

The summit resolved on the following key points. In order to sustain economic growth and development, the following activities would have to be pursued:

- The municipality will strive to engage all Sectors, Public and Private Partners to enhance agricultural activities, especially for emerging farmers.
- Local municipalities will avail land for agricultural purposes with the involvement of the Departments: Agriculture, Land Affairs and the Land Bank.
- Local Economic Desk Coordinators will be appointed to support communities with Local Economic Development matters
- Municipalities will liaise with SETA's and various government departments, like the Department of Labour, Gogta, etc. to capacitate/ train communities, including personnel in various sectors on various Local Economic Development related fields.

- Municipalities will lobby for and access funding from various government departments, (like the Department of Cooperative Governance and Traditional Affairs, Economic, Environmental Affairs and Tourism), including the private sector (e.g. banks, NGO's and other funding organisations) - [Municipalities to lobby for funding continuously, especially after prioritization of projects in the IDP, which should take place by October each year]; and
- Municipalities will ensure that information is disseminated to various communities, with the involvement of Community Liaison Officers and GCIS - [Municipalities to disseminate information (e.g. Newsletters) to communities once a month].

In order to build capacity of SMMEs and to provide them with effective support, the following responsibilities will have to be performed by the various stakeholders:

- Xhariep Municipality will ensure that coordinated activities are carried out monthly in strengthening capacity of SMMEs in the region [LED Forums will be established in each municipality and monthly meetings held];
- Funding will be accessed and secured from relevant departments and the private sector (Banks, Ntsika, Khula, NYDA, etc.) to capacitate SMMEs [A District Funding Facilitation Team will be established and monthly meetings held to monitor progress];
- Negotiations will be made by municipalities and the Department of Agriculture to access land for agricultural activities and Land Bank for funding.
- The Marketing Strategy for the district will be implemented to ensure community and business involvement in Local Economic Development initiatives [LED Forums to sit monthly to ensure coordination and functionality of various businesses, especially SMMEs and NGOs];
- Municipalities will ensure that a percentage of all business ventures/ tenders is awarded to SMMEs - [Quarterly meetings to be held by the Procurement or Tender Committees to assess impact and monitor progress in terms of this resolutions, including implementations of Procurement Policies of the municipalities];
- Xhariep Municipality will ensure that a Youth Chamber is established and functional.

## ***Infrastructural Development***

### ***Households with access to water***

	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Piped water inside the dwelling	6053	9982	2043	4145
Piped water inside the yard	2862	3269	7033	3534
Piped water from access point outside the yard	1404	1316	480	434
Borehole	790	868	362	136

Spring	43	-	72	-
Dam/pool	288	-	53	-
River/stream	83	6	17	-
Water vendor	-	-	34	12
Rain water tank	-	-	122	-

### ***Households with access to toilet facilities***

	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Flush toilet (connected to sewerage system)	7622	11964	5838	7180
Flush toilet (with septic tank)	116	347	333	110
Dry toilet facility	215	8	48	-
Pit toilet with ventilation (VIP)	1850	235	70	108
Pit toilet without ventilation	1087	537	427	375
Chemical toilet	44	-	-	-
Bucket toilet system	177	1457	2302	93

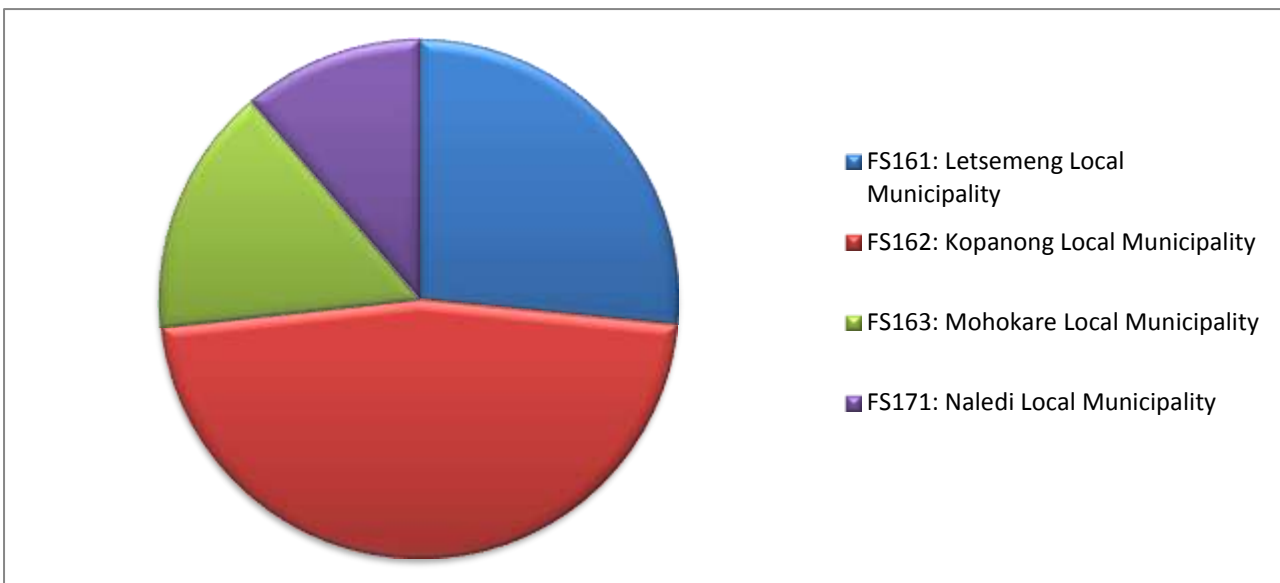
### ***Households with access to refuse removal***

	Letsemeng Local Municipality	Kopanong Local Municipality	Mohokare Local Municipality	Naledi Local Municipality
Removed by local authority/private company at least once a week	7414	12644	6841	6553
Removed by local authority/private company less often	44	172	1254	50
Communal refuse dump	81	31	84	48
Own refuse dump	3556	1983	1514	1501

No rubbish disposal	450	612	439	127
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***Households with electricity for cooking, heating and lighting***

FS161: Letsemeng Local Municipality	FS162: Kopanong Local Municipality	FS163: Mohokare Local Municipality	FS171: Naledi Local Municipality
4505	7919	2631	1900



**NB:** Data used in this chapter are sourced from Statistics South Africa (Geographic Information System, non-financial census of municipalities), Free State Provincial Legislature and the Independent Electoral Commission.

***CHAPTER 3: SPATIAL AND ENVIRONMENTAL PLANNING***

**Role and Purpose of a District SDF**

The regulations do not distinguish between local and district municipalities’ SDFs and we can assume, therefore, that to avoid duplication the district municipality should focus on the broader spatial patterns and will not contain the detail of the local municipalities. It will, however, aim to align the Spatial Development Frameworks of the different municipalities and give strategic direction in terms of investment in the region.

**Spatial characteristics of the district**

***Physical Characteristics***

Xhariep District Municipality constitutes the southern parts of the Free State Province. The physical composition of the municipality has an impact on development as certain physical characteristics influence human settlement and development. It is important, therefore, that the physical characteristics are mentioned in order to consider them when development projects and programmes are designed.

Physical Features	Description	Annexure
<b>Geology</b>	The geological formations within the municipality change from east to west. The most dominant rock formations are Tarkastad subgroup and Beaufort group in the eastern region, Adelaide subgroup and Beaufort group in the central region and Volksrust formation and Ecca group in the western region. Karoo dolerite formation is scattered throughout the area <i>(Source: Council for Geosciences, 2001)</i> .	Annexure A: Mineral deposit map - geological composition of the district.
<b>Rainfall</b>	XDM falls within the summer rainfall area of South Africa (SA). It has low rainfall compared to the rest of the FSP. The eastern part of the municipality receives the highest rainfall.	Annexure A: Rainfall map (AA).
<b>Biological Productivity</b>	Biological productivity is directly related to the rainfall. XDM is less suited for crop production and therefore yields low production capacities per hectare. However, the most eastern area of the district can be used to produce crops economically.	
<b>Grazing Capacity</b>	The grazing capacity varies from east to west within the district, with the lowest number of hectars required per live stock unit in the east. In general, XDM has a low grazing capacity with the largest part having a grazing capacity below 9ha per livestock unit. This can be attributed to the low rainfall the district receives.	
<b>Broad Land Uses</b>	XDM is characterised as farming area, with sheep farming practiced within the central region and cattle and game farming in the western part. The eastern section has more of small	<ul style="list-style-type: none"> <li>● Land Uses - Agriculture map.</li> <li>● Location of towns and administrative districts</li> <li>● Soil types</li> <li>● Rainfall (AA)</li> </ul>

	<p>scale subsistence farming as well as wheat and maize farming.</p> <p>A few significant heritage resources occur in the area which can be used as tourist attractions. Care should however be taken when developing these areas in order to preserve the cultural and natural heritage for posterity.</p>	<ul style="list-style-type: none"> <li>• Maximum daily temperature (AA)</li> <li>• Minimum daily temperature (AA)</li> <li>• Agricultural types</li> <li>• Topography</li> <li>• Vegetation types</li> <li>• Surface water</li> <li>• Mining (including mineral deposits)</li> <li>• Locality of schools</li> <li>• Sensitive localities</li> <li>• Biological productivity (B276.04)</li> <li>• Grazing capacity (B276.05)</li> <li>• Sensitive areas (B0276.07)</li> <li>• Gravity Model Attraction (B0276.08)</li> </ul>
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AA - Annual Average

### Spatial Overview

Xhariep District forms the southern part of the Free State Province and is one of four district municipalities in the Free State. It covers the largest area and has the smallest population in the Free State, making it the least densely populated district in the province. The district municipality comprises four local municipal areas, namely Letsemeng, Kopanong, Mohokare and Naledi.

**Letsemeng:** Letsemeng forms the western part of Xhariep District and borders the Northern and Western Cape Provinces, the former via Jacobsdal. It is renowned for diamond, salt and slate mining as well as irrigation farming along the Orange Riet Canal and Van der Kloof Dam. It comprises 5 towns connected by a tarred road via Koffiefontein. The R705 links Jacobsdal with Koffiefontein; the R48 links Petrusburg, Koffiefontein and Luckhoff to the north-south; and the R704 links Koffiefontein, Fauriesmith and Jagersfontien. However, Jagersfontien is linked to Trompsburg by a dirt road, which hampers effective service delivery between the district and the LM. To travel to Trompsburg from any of the towns in the district on a tarred road would necessitate going via Bloemfontein. The N8 route traverses the area to the north and links Kimberley and Bloemfontein via Petrusburg. The Port Elizabeth railway line starts at Koffiefontein and connects (at Springfontein) with the Johannesburg/Cape Town railway line to continue in an easterly direction towards Port Elizabeth.

The area accommodates Oppermans, just west of Koffiefontein, which is part of a land restitution project. Several pans occur in the area while the Van der Kloof dam, Kalkfontein dam and Wuras Resort are some of the more prominent water sources available in the area. Both the Riet River and Orange River drains through the area in a westerly direction. Although there are ample water sources available in the area, access to potable water in some of the towns remains problematic. The northern parts of the municipal area surrounding Petrusburg are good cultivated agricultural land while the southern area is renowned for livestock farming.



**Kopanong:** Kopanong forms the middle section of the District and comprises 9 towns of which Trompsburg is the main centre. This area is predominantly used for mixed farming particularly small livestock farming to the south. It accommodates the Bethany restitution project close to Wuras Resort just south of Bloemfontein. It is also home to one of the main tourist attractions of the district, namely the Gariep Dam with its nature reserve alongside it, which is situated on the border with the Eastern Cape. A small portion of the Van der Kloof dam falls within the local municipal area and forms the border with the Northern Cape.

Fauresmith and Jagersfontein are both renowned for mining while Phillippolis is a prominent tourist destination because of its historic value. The N1 and N6 routes traverse the area with most of the towns situated along the N1 route. Reddersburg is situated along the N6 route. The Port Elizabeth and Cape Town/Johannesburg railway lines traverse the area and connect at Springfontein. All the towns are connected by a tarred road, despite the long distances between the towns.

The R706 links Jagersfontein to Bloemfontein and therefore people travelling between Jagersfontein and Trompsburg go via Bloemfontein to avoid the more direct link, still in a dirt state. The R717 links Reddersburg to Edenburg, which also links Phillippolis to Trompsburg. Bethulie is accessible from Trompsburg via Gariep Dam on the R701. The road between Springfontein and Bethulie is still in dirt state, forcing people to travel via Gariepdam. Smithfield is accessible from Trompsburg via Reddersburg or Gariepdam and Bethulie as the road between Trompsburg and Smithfield is in dirt state.

**Mohokare:** Mohokare forms the eastern section of the district and comprises 3 towns, with Zastron as the main centre. Rouxville lies at the center of the municipal area with Smithfield and Zastron to the west and east respectively. The area borders Lesotho and the Eastern Cape and accommodates the Caledon and Orange Rivers as well as the Tussen-die-riviere Game Reserve. The area is predominantly characterised by mixed farming. But, game farming is a growing activity. The N6 route traverses the area and connects Smithfield to Rouxville. A railway line connecting the Bloemfontein / Durban railway to East London and Port Elizabeth also runs through the area. Access to Zastron is gained via the R26 past Rouxville. Direct access to Mohokare from Trompsburg is via Smithfield on a dirt road, which hampers effective service delivery between the district and the LM.

**Naledi** - Local Municipality is situated in the south eastern Free State, and forms part of Xhariep District Municipality area. The local municipality area measures 11 933.24 km<sup>2</sup> and comprises the former TLCs of Dewetsdorp, Wepener, Van Stadensrus, as well as a part of the former South East, Central South and Bloemfontein District TRCs.

### **Micro Spatial Overview**

Besides understanding the regional composition of the District, sound understanding of local spatial dynamics and issues based on reviewing individual towns is important. This section provides a brief summary of the main spatial issues in each town within the wider District.

<b>Letsemeng Local Municipality</b>		
<b>Town</b>	<b>Description</b>	<b>Spatial Issues</b>
Koffiefontein	Koffiefontein/Dithlake serves as the municipal administrative seat within Letsemeng Municipality. It is situated approximately 125 km northwest of Trompsburg and an estimated 146 km east of Bloemfontein. Access to the town is via the R48 between Petrusburg and Luckhoff. The main social and economic functions of the town include: (a) main LM administrative centre, (b) regional agricultural services centre, (c) diamond mining operations, (d) regional social services centre.	<ul style="list-style-type: none"> <li>▪ Need for commercial and social integration of former separated town areas.</li> <li>▪ Shortage of all forms of housing.</li> <li>▪ Dilapidation of bridge connecting the town to the surrounding towns.</li> <li>▪ Shortage of municipal land surrounding existing town and impeding expansion.</li> <li>▪ Access to land by emerging farmers.</li> <li>▪ Development/expansion of municipal buildings and functions.</li> <li>▪ Sustainable management of land.</li> </ul>
Petrusburg	Petrusburg/Bolokanang serves as a commercial and social service centre within Letsemeng Municipality. It is situated approximately 55 km northeast of Koffiefontein. Access to the town is via the N8 between Bloemfontein and Kimberley. The main social and economic functions of the town include: (a) main regional agro-processing centre, (b) secondary agricultural service centre, (c) social functions such as residence, education and medical services, and (d) transport support services on major route.	<ul style="list-style-type: none"> <li>▪ Shortage of especially lower income housing.</li> <li>▪ Shortage of municipal land surrounding existing town, impeding expansion.</li> <li>▪ Access to land by emerging farmers.</li> <li>▪ Infill planning and development of the buffer area between the two town areas.</li> <li>▪ Effective infrastructural development in areas where agri-processing is dominant.</li> <li>▪ Sustainable management of land.</li> <li>▪ More direct benefit from major transport routes.</li> </ul>
Jacobsdal	Jacobsdal/Ratanang serves as an economic growth and tourism development node within Letsemeng Municipality. It is situated approximately 45 km northwest of Koffiefontein. Access to the town is via the R705 between Koffiefontein and Modderivier. The main social and economic functions of the town include: (a) regional agricultural services centre, (b) key regional tourist destination, (c) main regional agro-processing centre, and (d) social functions such as residence, education and medical services.	<ul style="list-style-type: none"> <li>▪ Shortage of especially lower income housing.</li> <li>▪ Access to land by emerging farmers; Infill planning and development of the buffer area between the two town areas.</li> <li>▪ Effective infrastructural development in areas where agri-processing is dominant.</li> <li>▪ Land availability for social application such as community hall and cemeteries.</li> <li>▪ Sustainable land management.</li> <li>▪ Conservation of areas surrounding local rivers.</li> </ul>
Oppermans	Oppermans serves as a general agricultural service centre within	<ul style="list-style-type: none"> <li>▪ Shortage of all forms of housing.</li> <li>▪ Access to land by emerging</li> </ul>

	Letsemeng Municipality. It is situated approximately 12km west of Koffiefontein. Access to the town is via the S647 between Koffiefontein and Luckhoff. The main social and economic functions of the town include: (a) general agricultural service centre to surrounding farming areas, and (b) social functions such as residence, education and medical services.	<p>farmers.</p> <ul style="list-style-type: none"> <li>▪ Land availability for social application such a community hall and cemeteries.</li> <li>▪ Sustainable land management.</li> </ul>
Luckoff	Luckhof/Relebohile serves as a general agricultural service centre within Letsemeng Municipality. It is situated approximately 85 km south of Koffiefontein. Access to the town is via the R12 between Koffiefontein and De Aar. The main social and economic functions of the town include: (a) general agricultural service centre to surrounding farming areas, and (b) social functions such as residence, education and medical services.	<ul style="list-style-type: none"> <li>▪ Need for commercial and social integration of the former separated town areas.</li> <li>▪ Shortage of especially lower income housing units.</li> <li>▪ Access to land by emerging farmers.</li> <li>▪ Land availability for social application e.g. cemeteries and community hall.</li> <li>▪ Sustainable land management.</li> <li>▪ Conservation of areas surrounding local rivers.</li> </ul>
<b>Kopanong Local Municipality</b>		
<b>Town</b>	<b>Description</b>	<b>Spatial Issues</b>
Trompsburg	Trompsburg/Madikgetla serves as the regional administrative seat within Kopanong Municipality. It is situated approximately 108 km south of Bloemfontein. Access to the town is via the N1 between Bloemfontein and Colesberg. The main social and economic functions of the town include: (a) main local municipal administrative centre, (b) regional agricultural services centre, (c) regional social centre for health services, (d) social functions such as residence, education and social development services, and (e) transport support services on major route.	<ul style="list-style-type: none"> <li>▪ Shortage of housing.</li> <li>▪ Shortage of municipal land surrounding existing town and impeding expansion.</li> <li>▪ Access to land by emerging farmers.</li> <li>▪ Infill planning and development of the buffer area between the two town areas.</li> <li>▪ Development / expansion of municipal buildings and functions.</li> <li>▪ Sustainable land management.</li> <li>▪ More direct benefit from major transport routes.</li> </ul>
Reddersburg	Reddersburg/Matoporong serves as a general agricultural service centre within Kopanong Municipality. It is situated approximately 65 km northeast of Trompsburg. Access to town is via the R717 between Edenburg and Dewetsdorp. The	<ul style="list-style-type: none"> <li>▪ Need for commercial and social integration of the former separated town areas.</li> <li>▪ Shortage of especially lower income housing.</li> <li>▪ Access to land by emerging farmers.</li> </ul>

	main social and economic functions of the town includes: (a) general agricultural service centre to surrounding farming areas, and (b) social functions such as residence, education and medical services.	<ul style="list-style-type: none"> <li>▪ Infill planning and development of the buffer area between the two town areas.</li> <li>▪ Sustainable land management.</li> <li>▪ More direct benefit form major transport route.</li> </ul>
Edenburg	Edenburg/Ha-Rasebei serves as a general agricultural service centre within Kopanong Municipality. It is situated approximately 39 km north of Trompsburg. Access to the town is via the R717 between Trompsburg and Reddersburg. The main social and economic functions of the town include: (a) general agricultural service centre to surrounding farming areas, (b) social functions such as residence, education and medical services, and (c) transport support services on major route.	<ul style="list-style-type: none"> <li>▪ Need for commercial and social integration of the former separated town areas.</li> <li>▪ Shortage of especially lower income housing units.</li> <li>▪ Access to land by emerging farmers.</li> <li>▪ Infill planning and development of the buffer area between the two town areas.</li> <li>▪ Sustainable land management.</li> <li>▪ More direct benefit form major transport route.</li> </ul>
Jagersfontein	Jagersfontein/Ithumeleng serves as a commercial and social service centre within Kopanong Municipality. It is situated approximately 67 km northwest of Trompsburg. Access to the town is via the R704 between Fauresmith and Trompsburg. The main social and economic functions of the town include (a) diamond mining operations, (b) regional social centre for health services, (c) general agricultural service centre to surrounding farming areas, and (d) social functions such as residence, education and social services.	<ul style="list-style-type: none"> <li>▪ Access to land by emerging farmers.</li> <li>▪ Infill planning and development of the buffer area between the two town areas.</li> <li>▪ Sustainable land management.</li> </ul>
Fauresmith	Fauresmith/Ipopeng serves as a general agricultural service centre within Kopanong Municipality. It is situated approximately 77 km northwest of Trompsburg. Access to the town is via the R704 between Koffiefontein and Jagersfontien. The main social and economic functions of the town include: (a) general agricultural service centre to surrounding farming areas, and (b) social functions such as residence, education and medical services.	<ul style="list-style-type: none"> <li>▪ Shortage of housing.</li> <li>▪ Shortage of municipal land surrounding existing town and impeding expansion.</li> <li>▪ Sustainable land management.</li> </ul>
Springfontein	Springfontein/Maphodi serves as a general agricultural service centre	<ul style="list-style-type: none"> <li>▪ Need for commercial and social integration of the former</li> </ul>

	<p>within Kopanong Municipality. It is situated approximately 22 km south of Trompsburg. Access to the town is via the N1 between Bloemfontein and Colesberg. The main social and economic functions of the town include: (a) general agricultural service centre to surrounding farming areas, (b) social functions such as residence, education and medical services, and (c) transport support services on major route.</p>	<p>separated town areas.</p> <ul style="list-style-type: none"> <li>▪ Shortage of especially lower income housing.</li> <li>▪ Access to land by emerging farmers.</li> <li>▪ Infill planning and development of the buffer area between the two town areas.</li> <li>▪ Sustainable land management.</li> <li>▪ More direct benefit from major transport routes.</li> </ul>
Phillipolis	<p>Phillipolis/Poding-tse-Rolo serves as a general agricultural service centre within Kopanong Municipality. It is situated approximately 53 km southwest of Trompsburg. Access to the town is via the R48 between Koffiefontein and De Aar. The main social and economic functions of the town include: (a) key regional tourist destination, (b) secondary agricultural service centre, and (c) social functions such as residence, education and medical services.</p>	<ul style="list-style-type: none"> <li>▪ Need for effective commercial integration of the former separated town areas.</li> <li>▪ Shortage of housing.</li> <li>▪ Shortage of municipal land surrounding existing town and impeding expansion.</li> <li>▪ Access to land by emerging farmers.</li> <li>▪ Land availability for social application e.g. cemeteries and community hall.</li> <li>▪ Sustainable land management</li> <li>▪ Conservation of areas surrounding local rivers.</li> </ul>
Bethulie	<p>Bethulie/Lephoi serves as a regional agricultural service centre within Kopanong Municipality. It is situated approximately 52 km south of Trompsburg. Access to the town is via the R701 between Gariep Dam and Smithfield. The main social and economic functions of the town include: (a) regional agricultural services centre, (b) key regional tourist destination, and (c) social functions such as residence, education and medical services.</p>	<ul style="list-style-type: none"> <li>▪ Access to land by emerging farmers.</li> <li>▪ Sustainable land management.</li> <li>▪ Conservation of areas surrounding local rivers;</li> </ul>
Gariepdam	<p>Gariepdam serves as a service centre and tourism attraction within Kopanong Municipality. It is situated approximately 62 km south of Trompsburg. Access to the town is via the N1 between Bloemfontein and Colesberg. The main social and economic functions of the town include: (a) key regional tourist destination, (b) general agricultural</p>	<ul style="list-style-type: none"> <li>▪ Need for commercial and social integration of the former separated town areas.</li> <li>▪ Shortage of housing.</li> <li>▪ Infill planning and development of the buffer area between the two town areas;</li> <li>▪ Sustainable land management.</li> <li>▪ Conservation of areas surrounding local rivers.</li> </ul>

	service centre to surrounding farming areas, (c) social functions such as residence, education and medical services, and (d) transport support services on major route.	<ul style="list-style-type: none"> <li>▪ More direct benefit from major transport routes.</li> </ul>
<b>Mohokare Local Municipality</b>		
<b>Town</b>	<b>Description</b>	<b>Spatial Issues</b>
Zastron	Zastron/Matlakeng serves as the municipal administrative seat within Mohokare Municipality. It is situated approximately 158 km east of Trompsburg and an estimated 181 km southeast of Bloemfontein. Access to the town is via the R26 between Wepener and Rouxville. The main social and economic functions of the town include: (a) main local municipal administrative centre, (b) regional agricultural services centre, (c) regional social centre for health services, (d) social functions such as residence, education and medical services, and (e) transport support services on major route.	<ul style="list-style-type: none"> <li>▪ Shortage of especially lower income housing.</li> <li>▪ Access to land by emerging farmers.</li> <li>▪ Infill planning and development of the buffer area between the two town areas;</li> <li>▪ Development and expansion of municipal buildings and functions.</li> <li>▪ Sustainable land management.</li> <li>▪ Conservation of areas surrounding local rivers.</li> <li>▪ More direct benefit from major transport routes.</li> </ul>
Smithfield	Smithfield/Mofulatshepe serves as a service centre and tourism attraction within Mohokare Municipality. It is situated approximately 68 km west of Zastron. Access to the town is via the N6 between Bloemfontein and Aliwal North. The main social and economic functions of the town include: (a) key regional tourist destination, (b) general agricultural service centre to surrounding farming areas, (c) social functions such as residence, education and medical services, and (d) transport support services on major route.	<ul style="list-style-type: none"> <li>▪ Need for effective commercial integration of the former separated town areas.</li> <li>▪ Shortage of especially lower income housing units.</li> <li>▪ Shortage of municipal land surrounding existing town and impeding expansion.</li> <li>▪ Access to land by emerging farmers.</li> <li>▪ Land availability for social function such a community hall and cemeteries.</li> <li>▪ Conservation of areas surrounding local rivers.</li> <li>▪ More direct benefit from major transport routes.</li> <li>▪ Poor road access between Smithfield and Trompsburg.</li> </ul>
Rouxville	Rouxville/Roleleathunya serves as a general agricultural service centre within Mohokare Municipality. It is situated approximately 30 km west of Zastron. Access to the town is via	<ul style="list-style-type: none"> <li>▪ Shortage of especially lower income housing.</li> <li>▪ Shortage of municipal land surrounding existing town and impeding expansion.</li> </ul>

	<p>the R26 between Zastron and Trompsburg. The main social and economic functions of the town include: (a) general agricultural service centre to surrounding farming areas, and (b) social functions such as residence, education and medical services.</p>	<ul style="list-style-type: none"> <li>▪ Access to land by emerging farmers.</li> <li>▪ Infill planning and development of the buffer area between the two town areas.</li> <li>▪ Sustainable land management.</li> <li>▪ Conservation of areas surrounding local rivers.</li> <li>▪ More direct benefit form major transport routes.</li> </ul>
<h3>Naledi</h3>		
<p>Dewetsdorp</p>	<p>Physical barriers such as natural characteristics (especially to the South and South East), roads (e.g. The R702 between Bloemfontein and Wepener), poor geological conditions to the north, etc.</p> <p>Development on existing vacant land towards the North West will not conform to sound development principles and will eventually lead to “urban sprawl”.</p> <p>The provision of services to the north and west will be problematic and expensive due to the topography and slope.</p>	
<p>Wepener</p>	<p>Topography and slope to the north would make construction and provision of services an unviable and expensive option.</p> <p>Development on existing vacant land towards the south will not conform to sound development principles and will eventually lead to “urban sprawl”.</p> <p>The sand river (currently under tremendous silting) causes large parts of the inner urban areas to be undevelopable and to the south-east of Wepener; numerous erven had to be cancelled due to the expansion of flood line over these sites as a result of silting</p>	
<p>Van Stadensrus</p>	<p>The main limiting factor in guiding urban development in the areas is the shortage of land.</p> <p>Due to the relatively small area available to the Local Municipality, the entire area is focused on urban development and the urban fringe follows the outer boundary of the jurisdiction area.</p> <p>Apart from space, the unfavorable topography to the north and north east of Thapelang further limits expansion. This shortage of developable land as well as the availability of vacant, though un-serviced, erven to the western parts of Van Stadensrus, results in the logical expansion of Thapelang towards this area by means of redevelopment and densification.</p>	

## Regional Interaction

The table below provides a brief summary of the area as well as the number of farms found within Xhariep and per LM area.

Although Kopanong represents the largest geographical area by far, it also records the lowest density within the district. From the table below it is evident that Letsemeng has the highest population density and thus proving the highest pressure on land resources.

The potential interaction of the various towns with each other was measured by using Zipf's Gravity Model, which states that the potential force of attraction between two bodies or towns is proportionally equal to the product of their population and inversely proportional to the square of the distance between them.

The distances between the various towns within Xhariep are indicated in the table below:

### Distances Between Town Areas of Xhariep (kms)

TOWN	KOFFIEFONTEI	PETRUSBURG	JACOBSDAL	OPPERMANSGRONDE	LUCKHOFF	TROMPSBURG	EDENBURG	REDDERSBURG	FAURESMTIH	JAGERSFONTEIN	PHILLIPOLIS	SPRINGFONTEIN	GARIEP DAM	BETHULIE	ZASTRON	SMITHFIELD	ROUXVILLE
KOFFIEFONTEI	0																
PETRUSBURG	55	0															
JACOBSDAL	45	76	0														
OPPERMANSGRONDE	12	67	57	0													
LUCKHOFF	42	97	87	30	0												
TROMPSBURG	12	18	17	13	13	0											
EDENBURG	11	15	16	12	17	39	0										
REDDERSBURG	14	14	18	15	31	65	26	0									
FAURESMTIH	48	73	93	60	48	77	67	93	0								
JAGERSFONTEIN	58	31	10	70	23	67	57	83	10	0							
PHILLIPOLIS	10	13	15	12	83	53	92	11	61	71	0						
SPRINGFONTEIN	14	20	19	15	15	22	61	87	99	89	42	0					
GARIEP DAM	17	24	21	19	13	62	10	12	13	12	48	40	0				
BETHULIE	17	23	22	18	18	52	91	14	12	11	10	30	52	0			
ZASTRON	28	24	32	29	32	15	17	14	23	22	23	16	18	13	0		



SMITHFIELD	21 5	21 8	26 0	22 7	25 7	90 0	82 0	77 0	16 7	15 7	16 7	88 0	11 9	67 0	68 0	0	
ROUXVILLE	25 3	25 6	29 8	31 8	28 8	12 8	14 1	11 5	20 5	19 5	20 5	13 5	15 7	10 5	30 0	38 0	0

Source: Xhariep District Municipality (Naledi Local Municipality Towns awaiting the spatial development framework)

The distances between some of these towns as well as their current projected populations provided the basic input to the Gravity Model with the resulting potential attractions.

### Key Spatial Issues

From the above macro and micro spatial overview and identified local spatial issues, the following key regional spatial issues were identified as the basis to be address by the spatial development framework.

### Key Spatial Issues

KEY SPATIAL ISSUE	BRIEF DESCRIPTION
<b>Access to land</b>	The issue of access to land relates the local authorities as well as individuals and groups. As far as individuals and groups are concerned, the burning issues are access to residential land in urban areas and to agricultural land for emerging farmers. Various local authorities experience a shortage of land for residential expansion and other social functions.
<b>Land development</b>	Land Development relates to the availability, preparation and funding of certain key land uses such as sites for housing developments, land for needed social amenities and economic activities. The key issues requiring attention in this regard include: the generation of proper information of projected land development needs, funding, co-operation and local capacity to evaluate development applications.
<b>Spatial integration</b>	Spatial integration has to focus on both a macro and a micro level. On a macro level there is a need for a more focused development at key nodal points to develop the region strategically within current resource constraints. On a micro level, most town areas are still geographically segregated and direct intervention within former buffer strip areas will be required to integrate communities.
<b>Sustainable land management</b>	The long-term sustainability of all land development practices will be the key factor in the environmental and economic future of this predominantly agricultural region. Specific attention will have to be given to the building of capacity amongst especially emerging land users and the provision of a management framework to all land users within the district.
<b>Proper distribution</b>	The vast distances between the various towns in the district make

KEY SPATIAL ISSUE	BRIEF DESCRIPTION
<b>network</b>	all communities dependent on the regional distribution roads for social as well as economic functioning. Most of these roads are however in a state of disrepair and especially the routes falling within the corridor areas will have to be upgraded and maintained as a matter of urgency.
<b>Land reform and restitution</b>	The two land restitution cases within the municipality (namely Bethany and Oppermans) still need to be finalised and will require infrastructural intervention to provide proper infrastructure not presently available due to past neglect. The further land redistribution effort within the region will also have to be co-ordinated proactively in order to ensure legal and systematic address of the land shortage within the area.
<b>Land Conservation</b>	Various areas along the southern border of the district, adjacent to the Orange river as well as surrounding regional dams are well suited for tourism and agricultural development alike. These areas are however sensitive to over utilization and pollution and will have to be protected and conserved to ensure long-term benefits thereof.

### Structuring Elements

The Spatial Development Framework as indicated on Plan B276.09 needs to be indicative and therefore the need to adopt a set of structuring elements that can give future structure to the municipal area.

Four spatial structuring elements were identified. The following gives a short explanation to the terminology used:

*Nodes:*

These are areas where development (facilities, services and economic opportunities) tends to concentrate. Different types of nodes can be distinguished:

**Urban Nodes** are pockets of concentration of human settlement at a specific locality at the regional scale and offer a spectrum of supporting infrastructure and services needed to maintain and develop new services and infrastructure within these urban nodes. Seventeen urban nodes have been established in Xhariep district.

**Development nodes** are areas where local economic growth will be promoted. Social and public amenities may also be located within or nearby the development node. The size, scale, nature and form of a node will differ from one another, as a variety of activities will tend to cluster in and around the node. The larger the influence sphere of a node, the more intense the

development associated with the node and the greater the density and area that the node will occupy.

*Tourism nodes* will offer leisure and tourism products to the consumer. The node will attract tourists due to its unique features, historic value or special character and will therefore have an edge over any other node in the district to draw tourists to the region.

**Special nodes** are areas where specific products or services are available and these nodes will tend to specialize on capitalizing on these region-specific products. A range of specialization nodes have been identified in terms of the products the region offer. The first form of specialization is in the agricultural sector where a node can specialize in the accommodation of emerging farmers or the production of specialized produce or in agro-processing, The second sector in which specialization will be promoted is the mining industry where an area can either specialize in the exploration and/or processing of mining products. The third sector of specialization is the tourism industry where node can act as a tourist attraction or as a tourist information centre.

### **Corridors:**

Different types of corridors can be distinguished:

**Development corridors** are characterized by higher order ribbon-like development along routes that can be classified as movement corridors. These corridors promote economic activity along these routes. However, it is foreseen that the presence of economic activity along these routes will require special attention in terms of the provision of pedestrian facilities and the planning of ingress and exits to and from commercial activities in order not to interfere with the mobility of the corridor itself.

**Tourism Corridors** are scenic routes linking places attracting tourists with one another. These routes will therefore support development focusing on the hospitality and tourism industry along it. Again, precaution will have to be taken to ensure sufficient ingress and exist from these facilities to ensure mobility along the main routes.

### **Districts:**

Districts are areas with common identifying characteristics and usually have a homogeneous land use associated with it. It comprises medium to large sections of the spatial environment. Different kinds of districts have been identified for the purpose of the SDF:

*Commercial agricultural districts* are the larger agricultural land units which accommodates a diversity of agricultural production for the commercial market. The areas usually surrounds the urban nodes.

*Intensive Agricultural districts (irrigation)* are areas with smaller commercial agricultural units with normally a higher production yield per hectare. These units usually incorporate irrigation schemes and are concentrated along water courses.

*Emerging Farmer agricultural districts* are the areas utilised for communal grazing, forestry and or agricultural activity by a community and usually support subsistence farming activities. Most of these are associated with land redistribution and restitution projects launched in the district.

### ***SDF Principles and Guidelines for development***

#### ***Principle of Sustainability***

- Sustainable management and use of resources making up the natural and built environment
- Land use and development decisions must promote harmonious relationships between the built and natural environment
- Holistic approach that will minimize long term negative impacts of current land use and development decisions
- The resources that will be used (physical, social and economic) must be investigated and life cycle cost and side effects on the environment, community and economy must be understood.

#### **Norms**

- Land may only be used and developed in accordance with law
- The primary interest of making a decision on land development and use must be recorded in approved national, provincial or municipal policy
- Land development and planning processes must integrate disaster prevention, management or mitigation measures
- Land use planning and development should protect natural, environmental and cultural resources
- Land that is currently used for agriculture will only be reallocated to other uses where there is a real need and prime agricultural land should remain in production.

#### ***Principle of equality***

Everyone affected by spatial planning, land use management, development actions/decisions must enjoy equal protection and benefits and no unfair discrimination should be allowed.

#### **Norms**

- Where public is involved in land use planning and development processes, public involvement must be inclusive of all persons and groups with an interest in the matter being decided.
- Land use regulators and planning authorities must ensure that previous disadvantaged communities and areas receive benefits and opportunities flowing from land development
- Appropriateness of land use must be determined on the basis of its impact on society as a whole rather than only the applicant or immediate neighbours.

### ***Principle of efficiency***

- The desired result of land use must be produced with the minimum expenditure of resources
- Institutional arrangements and operations, adopted procedures, settlement form/pattern and utilization of resources should be efficient

### **Norms**

- Land use planning and development should promote compact human settlements, combating low intensity urban sprawl
- The areas in which people live and work should be close to each other
- Plans of neighbouring municipalities and regions should relate positively to each other

### ***Principle of Integration***

- Separate and diverse elements involved in development planning and land use should be combined and coordinated into a more complete or harmonious whole
- Need to integrate systems, policies and approaches
- Integration of different sectors and spheres during planning and management
- Integration of racial and socio-economic sectors and spatial integration of land uses, places of living with places of working and shopping and relaxing

### **Norms**

- Land use decisions should take account of and relate to sectoral policies of other spheres and departments of government
- Land use and development should promote efficient, functional and integrated settlements
- Land use and development should be determined by the availability of appropriate services and infrastructure
- Promote racial integration
- Promote mixed use development

### ***Principle of fair and good governance***

- Spatial planning and land use management and development must be democratic, legitimate and participatory
- When new plans are formulated authorities must have processes in place that actively involve citizens and interest groups

### **Norms**

- Affected parties have a right to access information pertinent to land use and development plans that are being considered by land use regulators
- Affected communities must be capacitated to enable them to comprehend and participate meaningfully in development planning processes affecting them
- Decisions must be made in public domain and no planning decisions taken behind closed doors

- Names and contact details of officials with whom the public should communicate in relation to spatial and land use planning and management must be publicized
- Decisions must be taken within statutorily specified time frames
- Participatory structures that are accessible must be created to allow interested and affected parties to express concern or consent with development decisions at an early stage.

### ***Spatial Development Analysis***

Plan B276.09 indicates the Spatial Development Framework adopted for the Xhariep District.

### **Nodes**

#### *Urban nodes*

Xhariep district comprises seventeen urban nodes as listed in the table below:

#### **Urban centres located within a Local Municipality's area of jurisdiction, 2012**

<b>Letsemeng Local Municipality</b>	<b>Kopanong Municipality</b>	<b>Local</b>	<b>Mohokare Local Municipality</b>	<b>Naledi Local Municipality</b>
Jacobsdal	Bethulie		Rouxville	Dewersdorp
Koffiefontein	Edenburg		Smithfield	Wepener
Luckhoff	Fauresmith		Zastron	Vanstandersrus
Oppermans	Gariiep Dam			
Petrusburg	Jagersfontein			
	Philippolis			
	Reddersburg			
	Springfontein			
	Trompsburg			

**Source:** Xhariep District Municipality

These nodes accommodate an array of infrastructure and services that are offered to the local and surrounding community. Development should be concentrated in these urban nodes rather than promoting scattered developments throughout the district.

Although some services need to be provided within the rural areas, most of the services will be provided within the urban areas. To allow access to these services improved road network and public transport should be promoted.

Some of the urban nodes have development potential while some will only act as service centres. Those with the potential to draw investment have been identified as development or tourism nodes.

## ***Development Nodes***

Trompsburg was identified as the most important development node within the district, followed by Koffiefontein, Zastron, Gariepdam, Jacobsdal and Jagersfontien. Each of these urban nodes offers potential for investment and should therefore be developed in its own special way to draw investment to the region. Those urban nodes, which have not been identified as development nodes, will continue to exist as service centres. It is therefore sensible to focus capital investment to favour those nodes where development will more likely be sustained in future.

This implies that both public and private initiatives in areas identified as development nodes should be supported whereas those in areas not identified as development nodes should be re-evaluated and where possible, funding or investment should be channelled to the development node closest to the intended development. In practise this will imply that people will relocate to those towns with growth potential, as jobs will more likely be created in these areas. This will have the effect that a greater need for new residential sites, housing and infrastructure will arise in these areas, thus requiring the allocation of grants for capital investment projects to favour these localities more than those with limited growth potential.

The areas without growth potential should be developed with social services in support of those areas where growth will be experience. It is therefore proposed that attention should be paid to education, health and social infrastructure in these service nodes so that the quality of life of people staying there can be improved. These service nodes will then act as suppliers of well –educated and skilled people to the development nodes.

Bloemfontein, Kimberley and Aliwal North were identified as strong nodes outside the district which draws local people to spend money in these areas. None of the nodes within the district have the potential to fulfil the role that these external nodes fulfil, however, effort should be taken to improve the services offered in the local development nodes in order to retain local spending as far as possible.

## ***Tourism Nodes***

Phillippolis and Smithfield were identified as tourism nodes. This implies that development focusing on the hospitality and tourism industry should be promoted in these nodes. Other supporting developments should also be supported. Particular attention should be paid to the marketing of these nodes to tourists and therefore it should be included in the Tourism Development Strategy of the district.

Careful consideration should be given to advertising and building design when new and existing developments are evaluated, as this can negatively impact on the marketability of the town as a tourist destination. The existing ambiance of the town should therefore be enhanced with sensitive development.

## ***Nodes of specialization***

The region offers a variety of region specific products. It was therefore proposed that these products should be promoted and therefore nodes of specialisation were identified in support of this notion. Caution should however be taken not to exclude other initiatives in these nodes but to rather encourage development in support of the regional opportunity that exists in these nodes. The following table gives an overview of the nodes identified to specialise in certain economic activities:

### **Nodes of specialization**

<b>Node</b>	<b>Area of specialization</b>	<b>Specific initiatives that can be promoted</b>
Bethany settlement	Agriculture: emerging farmers Agriculture: intensive (irrigation)	Fruit Irrigation schemes
Trompsburg	Tourism: Information Agriculture: Agro-processing Agriculture: Special produce Mining: exploration	Tourism information centre Spring water, Beer brewery, wool spinning, Angora rabbits
Gariepdam	Tourism: Information and Tourism: Attraction	Filling station, tourist information centre, Convention centre, Tri-district casino, Arts and crafts curio shops
Phillippolis	Tourism: Information and attraction	Tourist information centre Historic sites
Jagersfontein	Mining: Exploration and processing	Diamond mining and cutting
Koffiefontein	Mining: Exploration and processing Agriculture: Intensive (irrigation)	Diamond mining and cutting Irrigation scheme along Kalkfontein dam
Luckhoff	Agriculture: Intensive (irrigation) Agriculture: Special produce	Irrigation schemes Leather tanning Abattoir



<b>Node</b>	<b>Area of specialization</b>	<b>Specific initiatives that can be promoted</b>
	Agriculture: Agro-processing	
Oppermans	Agriculture: Emerging farmers Agriculture: Special produce Agriculture: Intensive (irrigation)	Ostrich farming Grape and fruit farming
Jacobsdal	Agriculture: Intensive (irrigation) Agriculture: Agro-processing	Grape farming Wine produce
Petrusburg	Mining: Exploration and processing Agriculture: Agro-processing Agriculture: Intensive (irrigation)	Slate and salt mining Potato processing Potato farming
Reddersburg	Agriculture: Emerging farmers	Game farming Weigh bridge
Smithfield	Tourism: Information and attraction Agriculture: Special produce	Tourist information centre Game farming
Zastron	Agriculture: Special produce	Fish farming Game farming Trade with Lesotho
Bethulie	Agriculture: Special produce	Fish farming Game farming

Source: IDP Review Workshops

## **Corridors**

### ***Development Corridors***

A development corridor tends to link development nodes with one another. In Xhariep, two main development corridors were identified. The one runs in a north-south direction and links Bloemfontein, Trompsburg, Gariëpdam and Colesburg with one another along the N1 route.

The second development corridor runs in an easterly to westerly direction and links Zastron, Trompsburg, Jagersfontein, Koffiefontein and Jacobsdal with one another.

Two service centres Rouxville and Smithfield have been included in this development corridor and may in future develop the potential to become development nodes. Presently, they are considered only as service centres within the link.

Economic development should be promoted along the development corridors but care should be taken not to impact negatively on the mobility of the corridor.

It is also foreseen that the N6 route will become more important in future once the Koega development has taken off. This will imply that a third development corridor will in future develop linking Bloemfontein with Aliwal North via Reddersburg, Smithfield and Rouxville. Again, these service centres may in future change their status and become development nodes once this route gain popularity.

Three roads have also been identified to be tarred to improve accessibility in the district. These are listed in terms of importance and are the roads between (a) Jagersfontein and Trompsburg, (b) Trompsburg and Smithfield and (c) Springfontein and Bethulie,

#### *Tourism Corridors*

Two tourism corridors have been identified. The one is the Horizon Route linking Kimberley with Jacobsdal, Koffiefontein, Fauresmith and Jagersfontein and the second is the Xhariep route along Gariepdam, Bethulie, Smithfield, Rouxville and Zastron where it will link up with the Maloti route that runs through the Eastern Cape along the R26 which follows the Lesotho boundary up to QwaQwa.

#### Districts

##### *Commercial Agricultural District*

The commercial agricultural district constitutes the largest part of the district and accommodates a variety of mixed farming. The SDF is in support of these present land uses and promote areas of specialisation where viable.

##### *Irrigation Agricultural District*

Irrigation schemes exist in the area like the Rust scheme and Bleskop scheme. These are supported in the SDF, However, more initiatives are proposed in the SDF which will have to be investigated in terms of their viability and sustainability in future.

##### *Emerging Farmers Agricultural District*

The two restitution cases in the district namely Bethany and Oppermans have been identified for the settlement of emerging farmers. More intense agriculture and areas of specialisation have been proposed for these areas.

#### Sensitive Areas

The areas along river courses and water sources, mountainous areas and scenic areas are all classified as sensitive areas. These include places like Nature Conservation Areas and Nature

Reserves, Historic sites and pristine areas of which the most significant features have been illustrated on Plan B276.07. Development in these areas should be sensitive towards these natural and cultural features.

### Implementation Strategies

As the district municipality is not a direct land developer its main function will remain the co-ordination and promotion of land and spatial development initiatives. Where possible the district municipality will however financially support programmes and projects aimed at the district spatial development framework, with external as well as internal funding. The main areas for implementation actions include: Research and administration, Specific areas of Intervention, Public land development and Private Land development as discussed briefly below:

#### *Public land development*

As already mentioned, the district municipality does not have statutory powers over land development and will therefore only support public land development within local municipalities through funding, empowerment and co-ordination with the following main activities.

- Lobbying for funding to address the key spatial priority area such as access to land, spatial integration, land reform and sustainable land management.
- Providing financial support to local municipalities from internal funding, only based on formal business plan application and as far as such projects adhere to the IDP and Spatial development framework of either the local or district municipality.
- The Planning and Social Development will educate and empower local municipal officials and councillors alike as to sound spatial development practices and mechanisms of land release and development.
- Co-ordination of land development efforts through the development and maintenance of a district land database containing information on land status, needs, reform projects, funding applications and development control applications.

#### *Private land development*

The Xhariep district municipality will support any private land development initiative aimed at providing land tenure security, land development and employment opportunities to the benefit of local residents and in accordance with the IDP and Spatial Development Framework of the municipality. Such support will however always be channelled through the relevant local municipality and take the form of concept support and financial support where local community members will be directly advantages through such as project.

The SDF constitutes the land use framework for the district and needs to guide land use management for local municipalities where disputes or border issues becomes a problem. The SDF of Xhariep tries to focus development within the district in those areas where development is most likely to occur. It therefore identifies development nodes which need to receive priority for future development. The SDF of Xhariep will serve as a point of departure to inform the local SDFs.

## ***Areas of Potential***

### ***National Spatial Development Perspective***

#### **1) National Spatial Development Vision**

Government's national spatial development vision can be described (National Spatial Development Perspective [NSDP] page 35) as follows:

***SA will become a nation in which investment in infrastructure and development programmes support government's growth and development objectives:***

- by fostering development on the basis of local potential
- by focusing economic growth and employment creation in areas where this is most effective and sustainable
- by supporting restructuring where feasible to ensure greater competitiveness
- by ensuring that development institutions are able to provide basic needs throughout the country.

#### **2) Normative Principles**

***The NSDP proposes the following normative principles to be used as a guide by all spheres of government when making decisions on infrastructure investment and development spending:***

- Government spending on fixed investment, beyond the constitutional obligations to provide basic services to all citizens, should be focused on localities of economic growth and/or potential for sustainable economic development in order to attract private sector investment, stimulate sustainable economic activities and/or create long-term employment opportunities. In these areas government's objective of both promoting economic growth and alleviating poverty will best be achieved.
- In localities where there are both high levels of poverty and development potential, this could include fixed capital investment beyond basic services to exploit the potential of those localities. In localities with low development potential, government spending beyond basic services should focus on social investment, such as human resource development, labour market intelligence and social transfers, so as to give people in these areas better information and opportunities. This will enable people to become more mobile and migrate, if they choose to, to localities that are more likely to provide sustainable employment or other economic opportunities. The further concentration of people in need in areas of low potential should therefore not be encouraged.

## ***XDM ENVIRONMENTAL PROFILE***

XDM has the responsibility for environmental management and planning. Better ways of managing the environment can increase opportunities for a balanced natural resource utilisation and also contribute to improved Eco-Tourism sector development which is needed by the local economy. The prevailing physical environmental characteristics are described below.

## **Topography**

Xhariep topography is generally low lying and undulating slopes with high altitude areas along the mountainous pockets in the southern part of the district. It is mainly covered by Eastern grasslands and dry Karoo savannas. In general, altitudes vary from 2060m above sea level at Bakenkop in the north-eastern quadrant to 1100 m above sea level in the western quadrant of the study area.

## **Morphology**

The morphology of the area encompassing Koffiefontein and Petrusburg can broadly be described as plains with medium relief. The area is categorized by slightly irregular plains and pans with a nominal slope. The morphology of the area encompassing a large area of the Smithfield can broadly be described as Plains with medium relief categorized by slightly irregular and undulating plains with a nominal slope.

The morphology of the largest portion of the study area can be described as lowlands with hills with a slight slope. This includes the largest section of the Orange River. The Zastron area can be categorized as Lowlands with mountains.

The areas adjacent to the Orange River (approximate localities Phillipolis to Luckhoff and Lesotho border to the area south of Rouxville) can be categorized as closed hills and mountains with moderate to high relief. The Orange River section to the west of Phillipolis and south of Luckhoff has hills and the section from the Lesotho border to the south of Rouxville has low mountains.

## **Geology**

The geology of the entire district can generally be classified as rocky and sandy with the following rock formations present.

### **Ecca Group**

The area from Phillipolis to Petrusburg to the western boundary of the study area is underlain mainly by the Ecca Group. The Prince Albert, White Hall and Tierberg Formations make up the Ecca Group (Pe). The thickness of the group together makes up 340 m –360 m. The Prince Albert formation maintains a relatively constant thickness of between 34 m –46 m. It consists of black carbonaceous shale and dark bluish-green to grey massive micaceous shale with silty lenses.

An iron-rich concretion horizon is followed by grey to olive-green micaceous shale / mudstone. The thickness of the White Hill Formation varies between 10 m – 18m but regional thinning northwards has been recorded.

The unit consists mainly of thinly laminated carbonaceous shale that weathers to a white colour. The uppermost Tierberg formation attains a thickness of approximately 300 m. This unit consists of mudstone, light-green to greenish-grey shale with concretionary horizons. Shale with interbedded siltstone and fine-grained sandstone comprises the upper portion of this unit.

## **Beaufort Group**

Most of the remainder of the study area (Rouxville – Aliwal North – Bethulle - Phillipolis – Edenburg – Bloemfontein – Thaba Nchu - Lesotho) is underlain Beaufort Group. The Beaufort Group (P-Trb) comprises the Adelaide and Tarkastad Subgroups. The Adelaide Subgroup attains a maximum thickness of 400 m. It consists of a 10 m – 15 m thick marker sandstone at the base, followed by siltstone and grey to reddish mudstone with subordinate lenses of sandstone. The topmost part of the unit consists of bluish to greenish-grey shale's and red to purple mudstone.

The Tarkastad Subgroup consists of cream to khaki coloured, medium grained, and feldspatic sandstones with interbeds of red, purple and green mudstones. The sandstone horizons are thicker and more prominent than those of the underlying Adelaide Subgroup. The Sandstone layers are particularly well developed at the bottom and towards the top of the unit.

## **Molteno Formation**

The portion of the study area from the Orange River – Rouxville – northeast to the Lesotho Border is underlain by the Molteno formation. The Molteno Formation (Trm) consists as greyish-green and red to purple mudstone with bands of fine- to course grained sandstone. Lenses of grit, scattered large pebbles, cobbles and boulders up to 6 kg in weight, occurs in certain sandstone beds.

## **Elliot Formation**

A small portion of the study area (which is underlain by the Molteno Formation) is underlain by the Elliot Formation. The Elliot Formation (Tre) is made up predominantly of maroon or green mudstone and three sandstone interbeds. The mudstone has no bedding and weathers easily. The medium-grained, feldspatic sandstone bands are well bedded.

## **Intrusive**

The sedimentary rocks of the Karoo Super group have been invaded by numerous dolerite intrusions of Jurassic age. Dolerite dykes – generally up to 10 m wide and several kilometres long and dolerite sills, often undulating and in some cases dipping to form ring structures occur in the study area. The maximum occurrence of sills is attained in the Beaufort Group. Scattered volcanic pipes, diatremes and relic volcano are present especially in the Molteno and Elliot Formations. Kimberlite dykes have also been noted.

## **Alluvium**

Alluvium occurs patchily in broad valleys along streams and rivers, and is made up of a variety of loose material. Alluvium thickness generally varies between 1 m – 10 m and can consist of clayey sand, sandy silt, limestone, sand, pebbles and small boulders.

## **Soil potential analysis**

All the soils occurring in a land type are assigned to a soil category, depending on the soil form and series. The fifteen categories employed group together similar soils for the purposes of their potential, with the lowest number referring to the soil category with the highest potential.

These categories are as follows:

- Soils with humid topsoil horizons.
- Freely drained, structure less soils.
- Red or yellow structure less soils with a plinth horizon.
- Excessively drained sandy soils.
- Dark clay soils, which are not strongly swelling.
- Swelling clay soils.
- Soils with a pedocutanic (blocky structured) horizon.
- Imperfectly drained soils, often shallow and often with a plinth horizon.
- Podzols.
- Poorly drained dark clay soils, which are not strongly swelling.
- Poorly drained swelling clay soils.
- Dark clay soils, often shallow, on hard or weathering rock.
- Lithosols (shallow soils on hard or weathering rock).
- Duplex soils (a sandy topsoil abruptly overlying a clayey, structured subsoil), often poorly drained.
- Non-soil land classes (rock, erosion, wetlands and disturbed land)

Due to the soil conditions and the soil potential, the district's grazing capacity varies from 6 ha per livestock unit in the east to 13 ha per livestock unit in the west. This contributes to the different farming practices found in the region.

### Use of Ground-Water

Due to severe water shortages in the Free State and especially parts of the Xhariep district, ground water sources are utilised to supplement potent water supplies.

The following Municipalities utilize ground water to supply or supplement their raw water supply

EXTENT OF UTILIZATION OF GROUNDWATER BY MUNICIPALITIES, 2004			
Locality	Groundwater is currently the only source of water supply	Groundwater is currently a supplementary and/ or an emergency source of water supply	Groundwater is currently not used, was utilised in the past
Jacobsdal		•	
Petrusburg	•		
Koffiefontein		•	
Luckhoff			•
Gariiep dam			
Phillipolis		•	
Bethulie			•
Springfontein		•	
Trompsburg	•		
Fauriesmith	•		
Jaggersfontien	•		
Edenburg		•	
Reddersburg		•	
Zastron			•
Rouxville			
Smithfield		•	

Table 6 Source: Xhariep Environmental Management Programme

## Surface Water

Two main drainage systems occur in the greater district area. The primary drainage system is the Orange River (primary drainage region D) which drains 67 % of the area. The secondary drainage region is the Vaal River (primary drainage region C) represented by the north-west flowing Modder and Riet Rivers which drain the remaining 33 % of the area.

The major dams in the area and their location in terms of primary drainage region and their storage capacity are listed in the Table below:

MAJOR DAMS WITH STORAGE CAPACITY IN THE MUNICIPAL AREA		
Name of Dam	Drainage basin	Storage capacity (x10 <sup>6</sup> m <sup>3</sup> )
Smithfield Dam	D 24	4.55
Bethulie Dam	D 34	4.60
Gariiep Dam	D 35	5 673.80
Welbedacht Dam	-	15 245 km <sup>2</sup> catchment
Egmont Dam	-	9 300 000 m <sup>3</sup>

Table 11 Source: Xhariep Environmental Management Programme

The following rivers and dams also occur in the area:

OTHER SURFACE WATER DRAINAGE AND STORAGE SYSTEMS		
Letsemeng	Kopanong	Mohokare
Orange River; Van der Kloof Dam	Orange River; Van der Kloof Dam; Gariiep Dam; Kalkfontein Dam; Wuras Dam; Wolwas Dam; Bethuli Dam; Tussen die Riviere	Orange River; Caledon; Matungo Dam; Riet River

Table 12

DWA (Department of Water Affairs) indicated that surface water quality is good except at the towns where sewerage treatment works are not properly maintained. Point-source pollution of surface water occurs at these localities. Pollution potential of river regimes and groundwater reserves exist that can pose a serious health hazard for water users.

## Flora

The area can be categorised into different biomes as indicated in the table below. A Biome refers to a group of similar types of communities characterized by their distinctive plant types.

BIOME CLASSIFICATION LOUW & ROBELLO		
	BIOME	% (approximately)
1.	Eastern Mixed Nama Karoo – Nama Karoo Biome	70
2.	Kimberly Thorn Bushveld – Savanna Biome	5
3.	Dry Sandy Highveld Grassland – Grassland Biome	15
4.	Moist Cold Highveld Grassland – Grassland Biome	10
ACOCKS		
	BIOME	% (approximately)
1.	False Upper Karoo	73,0



2.	False Orange River Broken Veld	1,5
3.	False arid Karoo	2,5
4.	Kalahari Thornveld invaded by Karoo	1,0
5.	Dry CYMBOPOGON-THEMADA Veld	10,0
6.	Transitional CYMBOPOGON-THEMADA Veld	6,0
7.	CYMBOPOGON-THEMADA Veld	6,0

Table 13 Source: Xhariep Environmental Management Programme

### Mineral and Heritage Resources:

The following natural and heritage resource base exists in the area:

MINERAL AND HERITAGE RESOURCES				
Resources	Letsemeng	Kopanong	Mohokare	Naledi
Minerals	Diamonds; Salt; Gravel & Sand; Clay	Diamonds	Sand	Sand
Heritage sites	Historical buildings & Monuments of 2nd World War Kanonkop (Koffiefontein); Voortrekker Memorial Anglican Church used in the Boer War (Petrusburg); The cairn of commander Ds Lubbe (Jacobsdal); Stone Church and Ossewa Tracks (Luckhoff); Battle of Driefontein Graves of English soldiers (rural areas)	Mostershoek museum (Reddersburg); A monument was erected at the Reformed Church for citizens who died in the Anglo Boer War (Reddersburg); Old jail and the house where Lourens van der Post was born (Phillippolis); Adam Kok, gheGriqua leader's house, kraal and structure where gunpowder was kept (Phillippolis); Boomplaats Anglo-Boer War Greats	Smithfield Historical site, church building where a farmer killed and buried people	Still to verify research

### DISASTER MANAGEMENT – RISK ASSESSMENT PROFILE

DMs have been tasked with the responsibility of coordinating disaster management efforts within the district. It is for this reason that it is important to understand the likelihood and kind of a disaster that can affect communities in the district. The following table gives an overview of the type of hazards that can cause a disaster to happen, the communities at risk as well as the intensity and probability of the disaster to occur and also what the anticipated effects of the hazard can be:

LIKELIHOOD OF HAZARDS THAT CAN CAUSE A DISASTER IN XHARIEP			
Type of Hazard	Community at Risk	Nature of the Disaster	Probability of the Disaster to occur
Transport related	Main traffic routes	Road Accidents	High

hazards			
	Railway lines	Rail accident	Low
	Unpopulated areas	Air	Low
Socio-economic crisis	Poor communities	Unemployment	High
Floods	Low laying areas	Isolation of communities, damage to property and endanger lives.	Low
Fires	Along main roads	Loss of live and property	High
	Communities without electricity, Informal settlements or Densely populated areas	High wind velocity can increase risk of spreading of fires	Low
Drought	Most of the farms are affected	Affects more than one town	Medium
Endemic disease	All communities that lack information	Affecting a town or more than one town	Low
Water, sanitation	Urban areas	Lack of water to a town, Water poisoning	Low
Communication	Telephone, radio, electronic data	Loss of communication and data	Low

## CHAPTER 4–INSTITUTIONAL ARRANGEMENTS

### Mandate

The Constitution (1996) assigns Local Government the mandate of developing their areas of jurisdiction. Widely interpreted, this implies that municipalities must within their financial and institutional capacity strive to achieve the objects of Local Government, namely:

- To promote democratic and accountable government for local communities.
- To ensure provision of services to communities in a sustainable manner.
- To promote social and economic development.
- To promote a safe and healthy environment.
- To encourage the involvement of communities and community organisations in matters of local government.

The Constitution further requires that municipalities structure and manage their administrative, planning and budgeting processes to priorities basic needs of their residents as well as promote social and economic development of the community, whilst participating in national and provincial development programmes.

### Powers and Functions

Section 156 of the Constitution (1996) assigns executive authority to municipalities in respect of, and the right to administer the local government matter listed in Part B of Schedule 4 and

Part B of Schedule 5 and any other matter assigned to it by national or provincial government. This implies that certain functions have been assigned exclusively to local government. As local government comprises both district and local municipalities, it was necessary to differentiate between the functional competencies of district and local municipalities.

This division of functional competencies is governed by the Municipal Structures Amendment Act, No 33 of 2000. . The last adjustments were gazetted in Provincial Gazette No 58 Notice No 126 of 27 June 2003. The following functions and powers of Xhariep District Municipality have been authorised to the respective local municipalities to perform on behalf of the district:

#### **FUNCTIONS PERFORMED BY LMS ON BEHALF OF THE DM**

Section	Function
Section 84(1)(b)	Potable water supply systems
Section 84(1)(c)	Bulk supply of electricity which includes for the purposes of such supply, the transmission, distribution and where applicable, the generation of electricity (mention special arrangements e.g. CENTLEC)
Section 84(1)(d)	Domestic waste-water and sewage disposal systems

The Minister also indicated in Section 84(1)(i) that the Environmental Health Function would from 1 July 2004, be no longer performed by LMs on behalf of the Districts. The district municipality has started to perform the functions of Environmental Health and Disaster Management with effect from December 2009. Critically, the Municipal Structures Amendment Act (Act 33 of 2000) provides for an extensive annual review of the division of powers and functions between Category B and Category C to ensure effective implementation of these assigned powers following an advice provided by the Municipal Demarcation Boarding emanating from the Boards' annual capacity assessment report.

The MEC has recently re-adjusted powers and functions between category A and B municipalities through a provincial gazette no.25 published on 11 April 2008. The said gazette authorize Xhariep District municipality and it local municipalities to perform the functions or exercise the powers set out as follows:

#### **XDM READJUSTED FUNCTIONS FROM 11 APRIL 2008 AS PROMULGATED BY MEMBER OF THE EXECUTIVE COUNCIL (MEC) RESPONSIBLE FOR LOCAL GOVERNMENT AND HOUSING**

Section	District Function	Local Municipalities
Section 84(1)(a)	Integrated development planning for the DM, including developing IDP framework incorporating IDP processes of all the LMs.	No
Section 84(1)(b)	Bulk supply of water that affects a significant proportion of	Yes

Section	District Function	Local Municipalities
	municipalities in the district	
Section 84(1)(c)	Bulk supply of electricity that affects a significant proportion of municipalities in the district	Yes
Section 84(1)(d)	Bulk sewage purification works and main sewage disposal that affects a significant proportion of municipalities in the district	Yes
Section 84(1)(e)	Solid waste disposal sites in so far as it relates to: determination of a waste disposal strategy, regulation of waste disposal, establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one LM in the district	Yes
Section 84(1)(f)	Municipal roads which form an integral part of a road transport system for the entire area of the DM <sup>1</sup>	Yes
Section 84(1)(g)	Regulation of passenger transport services	No
Section 84(1)(h)	Municipal airports serving the entire area of the DM	No
Section 84(1)(i)	Municipal health services serving the area of the district as a whole	No
Section 84(1)(j)	Fire fighting services serving the entire area of the DM including: planning, co-ordination and regulation of fire services, specialized fire fighting services such as mountain, veld and chemical fire services, co-ordination of the standardization of infrastructure, vehicles, equipment and procedures, and training of officers.	No
Section 84(1)(k)	Establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.	No
Section 84(1)(l)	Establishment, conduct and control of cemeteries and crematoria serving a major proportion of	No

<sup>1</sup> There are currently no roads complying with the definition of Municipal roads.

Section	District Function	Local Municipalities
	municipalities in the district.	
Section 84(1)(m)	Promotion of local tourism for the DM area	No
Section 84(1)(n)	Municipal public works relating to any of the above functions or any other function assigned to the district municipality.	Yes
Section 84(1)(o)	Receipt, allocation and if applicable, distribution of grants made to the district municipality	No
Section 84(1)(p)	The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the DM in terms of national legislation	No

\* Note: Yes- indicates that a particular LM will perform that function on behalf of the DM; No implies that the DM may perform that function.

It is imperative to note that the said gazette provided for no adjustment/change to Xhariep District Municipality in performing local municipal functions. The authorization as entailed in the gazette came into effect on 01 July 2008.

Looking at the efficiency gains, government has reviewed the capital grants flows that historically were disbursed through district municipality's en-route to local municipalities. The capital grants flows have been changed since the advent of the Municipal Infrastructure Grant (MIG)<sup>2</sup> and these are routed directly to local municipalities for the provision of infrastructure services. This had a negative impact on the exercise of section 84(1) (o) receipt, allocation and if applicable, distribution of grants made to the district municipality.

The Municipal Demarcation Board assessment of capacity for the Xhariep District Municipality indicates that the district is performing the following functions:

- Local Tourism - specifically the maintenance of tourism sites;
- Municipal planning – the development and implementation of district-wide IDP framework;
- Cemeteries, funeral parlours and crematoria – Xhariep district is discharging an inspection function;
- Monitoring of refuse and waste disposal sites, for which it has one available staff member

This assessment indicates that out of 16 district functions, Xhariep district municipality is performing 7.89% of these functions. (Sources – COGTA Spatial Analysis Framework)

By the time the Spatial Analysis Framework was drafted, consideration was not given that Xhariep District Municipality has assumed other two functions of Environmental Health and Disaster Management respectively.

## **Financial Incapacity**

Municipality officials view this status largely as a function of the formula used to calculate equitable shares, which emphasizes population size thereby failing to take full cognizance of the vast size of XDM. This challenge is further compounded by a stagnant economic growth and an economy that is least diversified. The result has been a steady escalation of needs over time, thereby requiring even greater financial intervention.

Proposed interventions to address this situation include soliciting for and directing special grants towards specific projects that have an inherent revenue generation capacity for the DM; harnessing the DM's investment potential e.g. mining, a variety of water-based resources, alongside other aspects of the regions natural resource such its flora and fauna; enhancing the District's project implementation capacity and investing in a robust marketing strategy.

## **Limited skills-base**

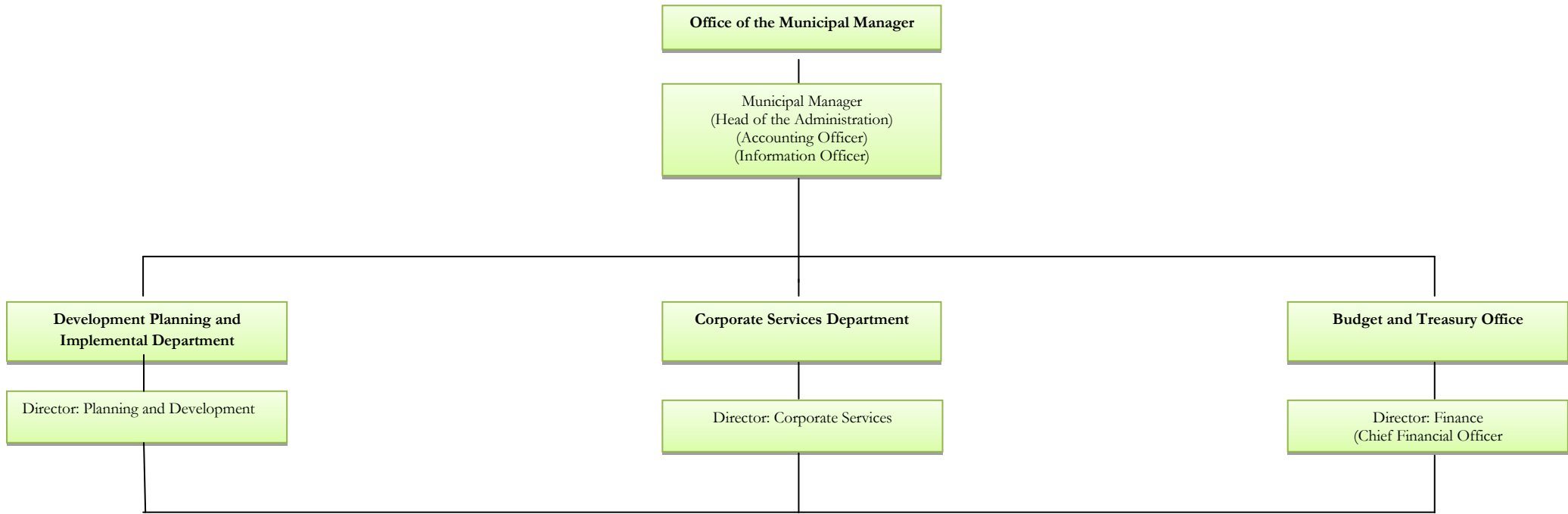
This is as a result of the DM's inability to attract and retain skilled person power. In addition, the district faces great challenges with respect to skills development, particularly in aspects such as financial and technical skills. Proposed intervention to address XDM's weak skills-base include enhancing the aspects mentioned above, maximizing on opportunities that arise through National and Provincial government secondments and most critical, expanding capacity at the grassroots through a multivariate approach seeking to enable indigent communities, access various forms of training and skills development.

## **INSTITUTIONAL REVIEW**

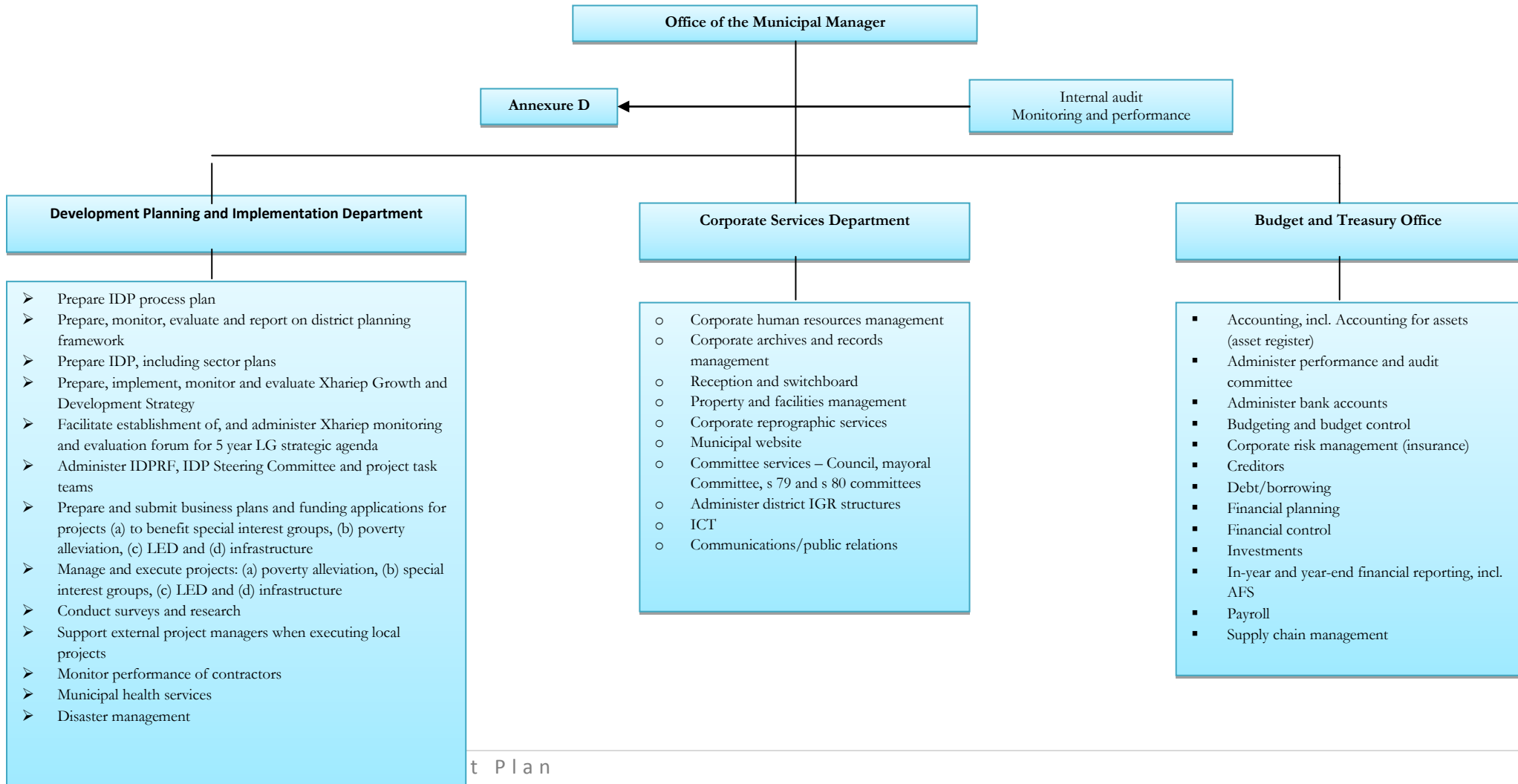
Institutional review cuts across all borders and impacts on the whole institution. Based on this assumption the following issues from various departments are highlighted.

### **XDM Organisational Structure**

The organisational structure shown below is developed in compliance with legislative requirements and with a view to ensuring that the District has appropriate and adequate human resource capacity to deliver.



# XHARIEP DISTRICT MUNICIPALITY FUNCTIONAL STRUCTURE





## ***IMPROVING THE GOVERNANCE AND INSTITUTIONAL FRAMEWORK OF THE XHARIEP DISTRICT MUNICIPALITY***

### **Introduction**

This chapter outlines the Xhariep District political governance model, the revised administrative model, and the human resource development considerations. In essence, the new political governance model has been designed together with the revised municipal administration, to make service delivery more effective, while the resultant human resource demands have been carefully considered and planned for.

By way of history, it is crucial to note that the political and administrative system established after 2000 facilitated conditions for financial recovery and consolidation, service delivery enhancement, and participatory governance. This system created conditions for:

- Enhanced regulatory capacity;
- Separation of responsibilities with political principals determining policies and priorities, and administrative leadership responsible for interpretation, translation and implementation of policies and priorities;
- Enhanced inter-governmental and international co-operation;
- Strengthening of popular participation by citizens and civil society;
- Internalisation and consolidation of transparency and accountability;
- Better service delivery; and

As a municipality in constant pursuit of excellence and continuous improvement and innovation, the Xhariep District Municipality, while noting successes mentioned above, observed the overlapping of the executive, legislative and oversight roles performed in a variety of structures including Council, Mayoral Committee, Section 79, and Section 80 Committees.

### **New Governance Model**

Recognising the positive features of the existing governance and institutional model, the municipality sought to refine the current system without undertaking a radical restructuring of the institutional model. The strategic outcomes sought these outcomes:

- Delineation of powers to separate legislative and oversight roles on the one hand, and executive roles and responsibilities on the other;
- Governance and institutional arrangements sought to deepen democracy, facilitate citizen empowerment, and enhance stakeholder participation and involvement;

- Improving governance, socio-economic development and service delivery;
- Decision-making powers and accountability strengthened, clearly defined, allocated and decentralised, where appropriate;
- Expeditious and efficient decision-making to ensure the facilitation of effective Government;

## **Political Governance**

### **Council**

Municipal Councils in South Africa perform both legislative and executive functions. This is in contrast to national and provincial spheres that separate parliament from national government, and provincial legislatures from provincial government.

In terms of the new arrangements, Council's role focuses on legislative, oversight and participatory roles; and delegates its executive function to the Executive Mayor and the Mayoral Committee. Council's principal and most substantive role is a legislature or lawmaker. The other key role is to publicly debate issues and facilitate political debate and discussion.

The Constitution and subsequent local government legislation define and reserve the following legislative roles for the Council, such as approval of by-laws, policies, the IDP, tariffs for rates and the Budget. These remain in place not only for pragmatic or legal reasons, but because they are the primary areas of local government responsibility.

The key aspect of the newly defined role for Council is its oversight function. Strictly speaking, it is not a new function but, overlapping executive functions have in the past undermined the ability of the Council to effectively play this role.

In terms of the new institutional set up, the Council organises its debates, mechanisms and structures in a manner that promotes its oversight capacity. Though Council delegated its executive role, it continues to receive regular reports from the Executive Mayor and Mayoral Committee on the exercise of executive powers. This includes quarterly and annual reports on the exercise of delegations and overall performance.

In terms of this new configuration, Councillors have the primary duty to represent the needs and interests of the municipality. The previous practice could have lent itself to charges of Councillors representing the Council in their communities, as opposed to them representing their communities in Council. At the same time, all Councillors have the responsibility to foster community participation and involvement. These basic concepts go to the heart of the concept of local governance found in South Africa's Constitution.

### **Council Speaker**

The role of the Speaker is that of a Councillor elected as the Chairperson of the Council in terms of Section 36 of the Municipal Structures Act (MSA) and Section 160(1)(b) of

the Constitution: empowered to preside at meetings of the Council and ensure that Council meets at least quarterly.

The Council Speaker also performs the duties and exercises the powers delegated to the Speaker in terms of the MSA, while also ensuring compliance in the Council and Council committees with the Code of Conduct set out in Schedule 1 to the Municipal Structures Act. The Council Speaker is also tasked with maintaining order during meetings, and ensuring that Council meetings are conducted in accordance with the rules and orders of the Council.

The Speaker is also tasked to assess Councillors' needs and to arrange suitable training in order to develop political governance capacity and improve the skills of individual Councillors. The Speaker also has a key function to ensure public consultation, involvement and participation in the affairs of the municipality.

In terms of the legislature and executive dualism, the Speaker is the chief custodian and guardian of the legislative arm of Council. The Office of the Director: Corporate Services assists the Speaker in executing her function, and is, therefore, a primary administrative support department for the legislative arm of Council.

### **Executive Mayor and Mayoral Committee**

The Executive Mayor, assisted by the Mayoral Committee, heads the executive arm of the municipality. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in him to manage the affairs of the municipality. This means that he has an overarching strategic and political responsibility. The Office of the Executive Mayor is primarily responsible for strategy and policy, strategic research, integrated development planning, performance management and reporting.

The key element of the executive model is that executive power is vested in the Executive Mayor, delegated by the Council, and his powers are assigned by legislation. The Executive Mayor is also the first citizen of the municipality and attends ceremonial functions.

Although accountable for the strategic direction and performance of the municipality, the Executive Mayor operates in concert with the Mayoral Committee that he appointed. Each Member of the Mayoral Committee (MMC) is responsible for a portfolio whilst remaining accountable to the Mayoral Committee and the Executive Mayor, in particular.

The name and portfolio of each Member of the Mayoral Committee is listed in the Table below.

Member of the Mayoral Committee	Portfolio
Councillor Mongi Ntwanambi	Executive Mayor
Councillor Vuyisile Mona	Budget and Treasury
Councillor Gerald Modise	Corporate Services
Counciler Iren Mehlomakhulu	Planning and Social Development

## Section 79 Portfolio Committees

The terms of reference of all the portfolio committees give them the primary responsibility of exercising oversight over the executive arm of the municipality's governance structure. Section 79 portfolio committees monitor the delivery and outputs of the executive, and may request departments to account on the outputs of their functions.

The Section 79 portfolio committees play an oversight role, but are not delegated any decision making powers. These committees are responsible for submitting reports to Council.

The Section 79 portfolio committees for the 2012/17 Mayoral Term and their Chairpersons are:

Name of the Committee	Responsibility	Chairperson
Audit Committee	<ul style="list-style-type: none"> <li>The committee serves as a link between the Council, departmental heads, internal and external auditors.</li> <li>The committee reviews the financial reporting by the external auditors as well as the activities of internal audit.</li> <li>It provides independent oversight over financial management and accounts.</li> </ul>	Mr. MM SEGALO
Rule Committee	<ul style="list-style-type: none"> <li>Developing and approving rules for the proceedings.</li> <li>Determining focus areas in respect of capacitating Councillors</li> <li>Allocation of membership to the various committees.</li> </ul>	
Performance Audit Committee	Audit the overall organizational performance of the municipality	Mr. MM SEGALO

NB: The audit committee is chaired by an independent person in line with the governance prescriptions of the MFMA.

## Administrative Arrangements

South African municipalities underwent their fourth term of democratic local government elections on the 18<sup>th</sup> May 2011. The municipality recognised that the new term of office provides an opportunity to examine the efficacy of the current governance and institutional model(s) and, if necessary, to introduce improvements.

### Functional Breakdown by Directorates

The Xhariep District Municipality has been administratively configured to deal effectively with the challenges faced by the municipality in transforming itself into a best performing municipality. The breakdown of departments is discussed:

#### Office of the Municipal Manager

The Municipal Manager is the Chief Accounting Officer of the Xhariep District Municipality. He is the head of administration, and primarily has to serve as chief custodian of service delivery and interpretation of political priorities. He is assisted by senior management, whose responsibility it is to help him deliver on his mandate. The structural design of senior management in the municipality is outlined in the table below.

Name of Directorate	Name of the Municipal Manager/Director
Municipal Manager	Lucas Tshemedi Mkhwane (Mr)
Budget and Treasury	Elias Mokhesoue (Mr)
Corporate Services	Martin Kubeka (Mr)
Planning and Social Development	Makgotso Seekoie (Ms)

#### Directorate: Budget and Treasury

The Directorate provides the budget function, supply chain management, treasury services, expenditure and accounting, and asset management services. It is a department that provides strategic financial foresight, as well as proper and visionary financial management systems.

#### Directorate: Corporate Services

This function primarily entails fleet management, human resource, administration, and other auxiliary support services essential for the functioning of the municipality. The five-year programmes of the municipality depend heavily on foresight and innovation by the corporate and administrative function, especially in terms of human capital management and support systems to core departments.

Successful human resources are often the difference between the success and failure of an organisation. The municipality was faced with specific problems of administration in the past five years of its existence. The transformation that subsequently followed demanded that the municipality responded with transformation agents, policy makers and innovative thinkers who could assist the municipality to deal with financial sustainability and stable administration.

By and large, the municipality succeeded in implementing its transformation agenda. As the municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance, such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five (5) year IDP.

### **Directorate: Planning and Social Development**

This represents the biggest department in the municipality. This Directorate is principally responsible for development planning, development management, local economic development, municipal environmental health and disaster management functions which are the core functions of the Xhariep District Municipality. In addition, economic development provides economic research and analysis, economic development, skills development, business development, SMME and BEE support, and economic sector support in the district.

The area of environmental health has some major bearings in terms of the sustainable future, as outlined in its district-wide strategic objectives. In the 2012 - 2017 mayoral term, the sustainability concerns of the environment will receive prominence. Such a dedicated function will focus on environmental policy, air quality control, food control and management of environmental regulatory services.

The Directorate is also responsible for disaster management. These function is crucial in terms of creating a municipality that is aware of disasters and how to avoid them, as well as providing the capacity to respond to related emergencies and other forms of disaster.

## **Human Resource Development**

### **Staffing and Remuneration**

The municipality has employed competent staff in various departments to provide efficient service delivery, and its remuneration policy has attracted the requisite talents capable of responding to the needs of the municipality.

The municipality will, however, constantly research trends in local government both in the areas of staffing and remuneration to make sure that the municipality is permanently adaptable to challenges of service delivery and policy changes.

The remuneration policy of the municipality will also address market trends to sufficiently respond to poaching of staff. The municipality's staffing and remuneration policy does not exclusively pre-occupy itself with attracting the right people, but also focuses on people on the internal issues in terms of ongoing training and development programmes, and how to deal with staff misplacements over the next five years.

The 2012 - 2017 Mayoral Term will be characterised by further enhancements and improvements in staffing and remuneration.

## **Succession Planning**

Due to the realisation that in some specific categories, specialised staff can be easily attracted by the private sector for their skills, the succession planning project will be consolidated and enhanced to develop a remuneration strategy to retain staff. Talent management is being developed to retain staff and improve skills.

Succession planning is also characterised by an aggressive career-pathing, where staff would be continuously alerted of the opportunities for growth in the municipality. Succession planning also aims to create conditions where the departure of a leadership does not signal collapse in organisational leadership. Every leadership level should be immediately replaceable internally, through a properly managed succession planning process.

## **Skills Development**

The municipality has developed a programme to address the skills and competency needs of staff. New challenges demand that staff perform optimally to meet the identified needs. Changes also impact on processes, necessitating rapid adjustment by the departments.

In the 2012 – 2017 Mayoral Term, the municipality aims to invigorate the progress around skills development driven by the programme priorities rather than the compliance requirements of the Skills Development Act. Skills development programmes will be aggressively undertaken by the municipality to ensure that staffs already in the employ of the municipality are ready for deployment to new responsibilities and/or added demands to their existing functions. This will be driven mainly by the programmes mentioned in the 2012 - 2017 IDP.

## **Employment Equity**

The Employment Equity Act dictates that all workplaces promote equity in terms of gender, race and disability. A programme will be developed to assess the accessibility of all Council's main facilities, with a view of taking corrective action to redress impediments. In dealing with disability, the programme is aimed at creating understanding and acceptance of people with disabilities and how to accommodate them in the workplace. This is in addition to targets for the employment of people with disabilities to promote sensitivity towards disability and to manage stereotypes.

In the next five years, the municipality will be vigilant in attaining the targets set up by the municipality's Employment Equity Plan. The municipality will, however, make it a point that employment equity goes beyond aggregates, and instead focuses on representativeness across all sectors and units of the Xhariep District Municipality.

## **Conditions of Service**

The local government context presents a highly formalised structural arrangement of bargaining and engagement with organised labour. The municipality is represented by the South African Local Government Association (SALGA) in the South African Local Bargaining Council (SALBC).

SALGA ensures that collective bargaining strategies support the overall organisational strategies through a consistent approach to employee-related matters, and the engagement with labour is meaningful to promote cordial relationships in the workplace.

All current and envisaged policies and related strategies take into account all the municipality's variables so that labour can be managed in an integrated basis. The management of organisational issues which impact on employees' interests are also done in a consultative/co-operative manner and, when necessary, on a joint decision-making basis with representatives of the unions.

To streamline such arrangements, a new set of conditions of employment has been introduced nationally. These have prompted synergy as well as parity, to a greater extent. The new conditions of service will also address the legacy of the past imbalances in terms of fairness, and deal with the municipality's unfunded mandate.

## **Municipal broad-based challenges and opportunities**

The framework will inform our analysis of Xhariep's opportunities and constraints.

In this view there are four interlocking quadrants to sustainable development which radiate from the Governance hub:

The **Economy quadrant** involves all those activities in an area that create value through goods and services which can be traded through markets and measured with prices.

The **Social Capital quadrant** refers to all the aspects of human development that make a society capable of being economically active and also of being able to sustain and nurture its development, including health, education, welfare, social cohesion and culture.

At the intersection of Social Capital and the Economy is skills development: those aspects of the education and development process which enable people to participate in the economy.

**Natural Capital** includes all of the naturally constituted resources that support human life: water systems, climate, biodiversity and soil and is at the base of all other forms of "capital".

**Infrastructure** refers to the permanent man-made assets that support the economy and social capital and includes both social overhead infrastructure (houses, schools, hospitals, libraries) and economic infrastructure (energy, transport, communications) which together form the spatial structure of a settlement or region.

All four of these quadrants are brought together to provide for sustainable civilisation through Governance. This includes the social contract which enables government to exist, the policy-making, law making and executive organs and functions of government and the various ways in which government, citizens and organisations work together.

Through effective governance the economy is supported so as to meet the needs of society, the correct skills are developed the support a competitive economy, the human family is able to reproduce itself, natural capital is used in a sustainable way and the necessary infrastructure to serve these needs is developed and maintained.





## Summary of Key Xhariep Trends, Possible Causes and Potential District Implications

Economy			
Element	Trend	Possible Causes	District Implications
Structure	Over 20% of Xhariep's gross value added is generated by the primary sector, significantly higher than both the Free State (15%) and South Africa (9%).	Limited economic potential beyond the agricultural and mining sector. Economic activity in the district remains rooted in the exploitation of natural resources.	Lack of diversification is associated with an economy highly exposed to natural and price volatility, particularly in small, open markets.  Local products are exported with little or no value being added.
	Whereas Xhariep's secondary sector is in line with the provincial average (17%), its tertiary sector is relatively undeveloped (45%). Meanwhile, it has a relatively large government sector (18%).	Limited economic potential beyond the agricultural and mining sector. Economic activity in the district remains rooted in the exploitation of natural resources.  The significance of the public sector relative to the district economy may be attributed to the residual government infrastructure in the region, and the considerable regional infrastructure (roads, rail) that transects the district, and finally the disproportionately high number of elderly persons residing here.	Lack of diversification is associated with an economy highly exposed to natural and price volatility, and agricultural input costs, particularly in small, open markets.  The public sector will continue to play an important role in the district economy, given the district's geographic significance to the national logistics network, and other factors.
	Very high levels of economic volatility, with GDP growth fluctuating wildly from over 13% in 1996, followed by a 7% contraction the following year.	Limited economic potential beyond the agricultural and mining sector. Economic activity in the district remains rooted in the exploitation of natural resources.	Lack of diversification is associated with an economy highly exposed to natural and price volatility, and agricultural input costs, particularly in small, open markets.
	Economic volatility has progressively decreased, and annual	Economic diversification is reducing the district economy's exposure to price	Diversification enables for improved fiscal planning by government, and

	<p>GDP growth is relatively stable at 1-4%.</p>	<p>externalities.</p>	<p>greater resilience to externalities.</p>
	<p>The economy is diversifying rapidly, with the primary sector contracting from 29% of GVA in 1996 to 22% today (the agricultural sector has contracted by an average of 6% since 2002). The secondary sector has expanded from 10% to 17%, while the tertiary sector has grown from 36% to 44%. The government sector has contracted from 23% to 17% during this period.</p>	<p>The consolidation of the mining sector and the declining relative significance of the agricultural sector, coupled with sustained growth in the tertiary sector (particularly in the transport and communications sector).</p> <p>The roll-out of welfare grants may contribute to the recent growth in the community and social services sector.</p>	<p>Diversification enables for improved fiscal planning by government, and greater resilience to externalities.</p>
	<p>Top performing sectors over the last five years include construction (over 8% pa), mining (5% pa) and transport and communication (5% pa).</p> <p>Worst performing sectors include agriculture (6% contraction), trade and tourism (1% growth) and utilities (1% growth).</p>		

Skills	<p>Xhariep's skills levels are significantly lower than the national and provincial average. 12% of Xhariep residents have no schooling, compared to between 7-8% elsewhere.</p> <p>The proportion of persons with Grade 9 is less than 30%, compared to the Free State (at 40%) and South Africa (42%). Similar patterns are evident for those with a minimum attainment of matric (13%), and a bachelors degree (1.7%).</p>	<p>The most likely explanation for the divergence is out-migration of skilled persons. This is supported by Kok's model of internal migration, which suggests that educational attainment is a leading enabler for migration. Conversely, persons with little or no schooling are less likely to leave the district, and will reside either as farm labourers or seek social services in the local towns.</p>	<p>The district must focus its resources on attracting skilled persons from elsewhere and retaining current skilled persons, rather than relying on output from local educational facilities. This points to a greater need for quality of life interventions.</p>
	<p>Whereas Letsemeng has the highest proportion of persons with no schooling (15%), overall levels of education is poorest in Mohokare. The highest levels of education is in Kopanong.</p>	<p>The distribution of skills in the district may be due to the migration of unskilled, seasonal labourers to the irrigated farming activity in Letsemeng, particularly outside the towns of Jacobsdal and Koffiefontein.</p> <p>The situation of the district's administrative centre in Kopanong, along with district hospital et al, may contribute to the greater retention of skilled persons in this area, relative to the adjacent municipalities.</p>	<p>Resources must be focused on retaining pockets of skills in the Kopanong municipality.</p>

Employment	<p>Out of every four employment opportunities in the district, one would be in community services / government, one in agriculture and one in informal employment. The number of persons employed in the secondary sector is negligible (less than 8%). Mining generates less than 4% of jobs.</p>	<p>The agricultural sector plays a critical part in providing employment opportunities for unskilled workers.</p> <p>The employment structure of the district economy diverges greatly from provincial and national job distributions.</p>	<p>The importance both agricultural and informal sectors in providing jobs for unskilled workers suggest that economic strategy must cultivate these sectors.</p> <p>The great divergence between jobs generated and economic significance brings into question focusing too closely on GDP alone.</p>
	<p>Khariep has experienced a net gain of jobs of 1000 jobs since 2001. Whereas Letsemeng and Kopanong generated 800 and 500 jobs respectively during this period, Mohokare shed nearly 300 jobs. Since 1996, the community and government services sector generated jobs across the board, whereas Letsemeng benefited from 600 new jobs in the business services sector. Jobs growth in the trade and tourism industry was concentrated in Kopanong, whereas Letsemeng bucked the district trend by generating over 200 farming jobs. Informal employment opportunities were in steep decline in Mohokare, which lost over 300 jobs.</p>	<p>The competitive dominance of national food and goods distributors may have led to the steep decline in informal job opportunities.</p> <p>The decline in agricultural jobs in the East may be attributable to the reduction of dry land crop production (due to drought), whereas stock farming and irrigated crop farming in the Letsemeng region may have contributed to expanded employment opportunities.</p>	<p>The rapid growth of settlements in Letsemeng may be attributable in part to the perception of job availability in this municipality.</p> <p>Employment trends in the farming sector may suggest that stock farming must be prioritised over dry land crop farming, given its greater resilience to climate variability (drought).</p> <p>Ways must be found to address the role of large retailers / distributors in marginalising entrepreneurialism.</p>
	<p>Employment levels display very high levels of volatility in recent years, fluctuating between a high of 27% in</p>	<p>High variability may be due to statistical error attributed to the Labour Force Survey, or successive redefinitions of</p>	<p>The District must undertake to break the longstanding pattern of jobless growth, focusing on sectors that</p>

	<p>the second half of 2006 to a low of 21% a year earlier. The trendline does however suggest a gradual downward movement in employment, approaching 24% in 2007. This is higher than the national average (23%) but lower than the provincial average during this time (25%). However, Quantec statistics show the overall number of employed persons have remained relatively stable since 2000, with very marginal increases in Letsemeng and Kopanong since 2003.</p> <p>Kopanong has by far the largest number of employed persons (over 16,000), whereas Letsemeng – despite its overall size – has 14,000 workers. Mohokare has a very small working base, at below 10,000 persons.</p>	<p>unemployment.</p> <p>Reduced overall employment in the 20001-2004 period may be attributable to the effects of drought and mining consolidation.</p>	<p>generate employment opportunities for semi- and un-skilled workers. These sectors include agriculture, wholesale and trade and community / personal services.</p>
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	<p>The number of persons employed by private business has declined from over 80% in 2004 and less than 70% by the second half of 2007. Although local government remains a marginal employer (less than 5%), provincial government generates over 10% of jobs. Central government is playing an expanded role, surpassing local government as an employer by 2005.</p>	<p>The centralisation of the municipal head office in Trompsburg had a negative impact on economic development in the remainder of the towns, since fewer officials are now stationed in the other towns.</p> <p>The rationalisation of local government since the amalgamation of the former smaller municipalities may result in its declining role in creating direct employment opportunities. Furthermore, the Expanded Public Works Programme may account for the expanded role by provincial and central government.</p> <p>The declining role of the private sector relative to the public sector in providing employment indicates a growing dependency on the latter and a possible crowding-out of private sector initiative in reaching broader development objectives in the district.</p>	<p>Better cooperation and coordination between the public and private sector must be prioritised in order to achieve a more sustainable balance between private and public sector jobs. The district's dependency on the provincial and central government for the generation of jobs exposes the district to the whims of external resource allocation decisions beyond its control or influence. The district must shift from being increasingly on 'life support' towards cultivating organic economic growth fueled by the district's elements of competitive advantage intrinsic to the region's social and environmental resource base.</p>
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<p style="text-align: center;"><b>Business Development</b></p>	<p>The Free State Province has the fourth lowest business density in terms of percentage of formal businesses per unit of population</p> <p>70% to 80% of new businesses fail within the first three years</p> <p>An estimated 2% of existing businesses can be classified as businesses with high growth potential</p> <p>In 2001 there were an estimated 85,000 urban-based businesses and 25,000 rural-based businesses</p> <p>A more detailed profile of the Xhariep SMME sector and the needs of its SMMEs is contained in the Seda Report Xhariep SMME Development and Support Plan, published in 2009.</p>	<p>The rural and small town nature of the Free State makes for difficult operating conditions (e.g. travel distances; access to infrastructure and support services) and limited markets</p> <p>Low levels of education and business experience contribute to high failure rates.</p> <p>South Africa's level of entrepreneurship culture is low when compared internationally.</p>	<p>Free State needs a provincial SMME support strategy</p> <p>Xhariep should focus on addressing the needs of existing SMMEs and tailor programmes start-ups in sectors with emerging potential specifically, e.g. transport and agriculture</p> <p>A review of procurement policies and practices should be initiated to maximise business opportunities for municipal services for local businesses</p> <p>A business plan should be developed with support from SEDA for the proposed District business and investor service centre</p> <p>A process to establish a representative Xhariep business chamber should be initiated</p>
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<p style="text-align: center;">Tourism</p>	<p>Although the tourism sector (narrowly defined here as accommodation and catering) has performed well, it constitutes a tiny proportion of the district economy. Tourism is concentrated in the Kopanong local municipality.</p> <p>Areas surrounding regional dams are well suited for tourism development.</p> <p>Tourism is limited to a small number of domestic visitors, with, as of yet, nowell known brand name and poor marketing of tourist amenities.</p> <p>Local Tourism institutional structures are either non-existent or very weak.</p>	<p>The tourism sector is comparatively small and undeveloped, and the concentration of this activity in Kopanong is testament to its relative attractiveness to visitors and it being transected by regional movement corridors.</p> <p>There is a lack of a clear marketing strategy to attract tourists and investment, despite recent attempts to develop a tourism strategy.</p>	<p>Tourism infrastructure should be prioritised in the Kopanong district, but policymakers should guard against over-estimating the short-term potential of this sector in meeting broader social and economic goals of the district.</p> <p>The viability of existing tourist routes such as the Phillipolis Route, Horizon Route, Xhariep Route and the Lake Gariiep Route should be re-evaluated, enhanced and marketed.</p> <p>Environmentally sensitive areas that have to be too taken into account by the spatial framework are the Gariiep Dam and Oviston, Tussen-die-Riviere and Kalkfontein nature reserves, among others.</p> <p>Tourism is mostly local and should therefore focus on leisure activities for locals, capturing local tourism markets such as biker clubs, etc.</p>
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<p style="text-align: center;"><b>Agriculture</b></p>	<p>The district's agricultural sector is dominated by livestock farming.</p> <p>The red meat industry is one of the most important and growing industries both domestically, and internationally.</p> <p>The real price of red meat has risen dramatically since 2000, tracking the increase in consumption.</p> <p>South Africa imported 61,000 tons of beef in 2007/8 to meet national demand.</p> <p>Cattle grazing land has experienced the highest level of land price inflation (160% increase since 2000).</p> <p>Mohokare and the North-East of Kopanong has the best grazing capacity of between 5 and 8 hectares per livestock unit, whereas in the West up to 16 hectares are required to support a single head of cattle.</p>	<p>Low rainfall and vast grazing land makes district ideal for livestock farming.</p>	<p>The economic viability of beef production is expected to grow as domestic and global consumption expands, especially amongst emerging blacks locally and the rapidly expanding middle class in Asia. Methods to expand beef production, especially among small farmers, must be explored. Import substitution must inform the direction of this initiative.</p> <p>Mohokare and NE Kopanong should be targeted for small-scale beef production.</p> <p>Application of specialised agri technologies and construction of irrigation infrastructure to utilise the full capacity of available water bodies, combined with intensive productive of high profit niche crop.</p>
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	<p>The Free State is the leading province of field crop earnings, and a leading province in animal and animal product sales. Agricultural production in the Free State is of strategic significance regionally.</p> <p>The Free State has the second largest farming assets (R25bln), but also the second largest farming debt (R6,2bln) of all provinces.</p> <p>Agriculture is a dominant but declining activity throughout the district, but there is inappropriate farmer support services, particularly to small scale farmers, who lack information and transport.</p> <p>The farming industry varies throughout the region, with irrigation schemes in Jacobsdal producing crops such as grapes, potatoes, maize, wheat, lucern and groundnuts, while cattle and sheep farming dominates around Luckhoff and Koffiefontein.</p>	<p>State support for the sector has been minimal relative to both developing and developed economies.</p> <p>The resources allocated to agriculture is not commensurate with the sector's contribution to production and as the foundation of rural development.</p>	<p>Government may need to provide stronger support to the farming sector as a deliberate strategy to address the global food crisis and escalating prices.</p>
	<p>A considerable amount of human and financial resources has been directed at safeguarding the province against the threat of Classical Swine Fever from the</p>		

	Eastern Cape.		
	The district only processes a fraction of its primary agricultural production.		The district is exposing itself to influences on the sector from forces outside its borders and mostly outside its direct control.
Land Reform	20% of the provincial budget for the provision of technical support to black emerging farming was spent in Xhariep (amounting to R5.1mln). This budget was spent exclusively on two projects, Oppermansgronde and Vukani Ma-Afrika.		A robust framework for monitoring decision-making processes is needed, both in site-specific joint venture projects and wider-ranging agricultural commercialisation programmes.
	Poor management and degradation of extensive commonage lands throughout district.	Demographic pressure ('land hunger'), municipal administrative difficulties, weakness of farmers' representative committees and environmental degradation.	The development of commonages should form part of a strategic plan and the Spatial Development Framework. Area-Based Planning is a new approach that needs to be prioritised to accelerate sustainable land reform.  Stocking rates should be site specific, based on an understanding of the dynamic governing veld ecology, the manner in which grazing varies, and the innate response of veld to environmental factors.

Mining	Spin-offs from diamonds mined at Koffiefontein by De Beers mines contribute a major part of the local economy.		
Manufacturing	The majority of manufacturing is focused on the beneficiation of agricultural products.	<p>Location quotient for manufacturing activities is low.</p> <p>Limited industrial mass in the district.</p> <p>The decline in mining means that mineral beneficiation is not sustainable.</p>	<p>The district must build on the foundation of products currently evident in the region, specifically agricultural products.</p> <p>Possibilities exist around processing cereals for bio-fuel, but there are serious concerns over its impact of food prices / security.</p>

	<p>Decline in younger persons</p> <p>Decline in proportion of school-going age population, especially at primary school.</p> <p>The number of persons younger than 19 has declined from over 43% in 2001 to 41.5% in 2007. This trend is most marked in Kopanong, where the proportion of young people has declined from over 42% to 39% during that same period. Mohokare is the only exception, where the proportion of youth have increased marginally to nearly 44%.</p>	<p>Smaller families, lower reproductive rates and out-migration of young person's due to various push/pull factors.</p>	<p>Negative implications for spending on education.</p> <p>Closure of many schools and learners being transported to other schools.</p> <p>Educators have to be redeployed to other schools.</p>
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	The proportion of working age people (between 19 and 64) is significantly lower in the district (at 51%) than the provincial average (55%).	Limited economic opportunities in the district may be driving certain workers to the larger urban centres.	The district is at a marginal disadvantage given that a lower proportion of its population is economically active.
	Larger proportion of elderly relative to provincial and national averages. The highest dependency on old age pensions is found in Kopanong, at 8%.	People's preference to retire in the district.	Greater demand for public health and social services.
<b>Health</b>	Xhariep's HIV infection rate (11.6%) is significantly lower than the provincial rate (over 14%), and more in line with the national average. Within the district, HIV infections are concentrated in Mohokare, while Kopanong, Letsemeng and Naledi show markedly lower rates of infection.  AIDS deaths in the district has risen from 400 per year in 2000 to nearly 1,200 in 2007.	The divergence between Xhariep and the Free State's rates of infection may be attributable to the district's settlement pattern, lower levels of seasonal migration, low densities, high relative levels of social cohesion and the corresponding residual influence of traditional, rural values/norms on sexual behaviour.  The divergence within Xhariep can also be attributable to the factors listed above, in addition to a younger population, migratory interaction between Xhariep and the adjacent Eastern Cape and Lesotho.	The district must prioritise the combating of HIV/AIDS in the Mohokare municipality, and provision must be made for families affected by the scourge.
	The availability and accessibility of primary health care has become very limited due to the blanket fashion by which the Department's formula is applied.  Doctors are only available at district hospitals.		The lack of availability of a full-time medical practitioner in every town has a negative impact on the retention of skilled people.

<p style="text-align: center;"><b>Education</b></p>	<p>Xhariep’s education system has outperformed the provincial average since 2005. Its Grade 12 pass rates has been consistently 5% higher than the provincial average.</p> <p>The number of schools dropped sharply between 1995 and 2006, and the learner-educator ration has improved.</p>	<p>The decrease in learners can be ascribed to the fact that the formulas for resource allocation are difficult to apply in areas where the scale of learners is limited, resulting in a snowball effect where teachers leave and the quality of education deteriorates.</p> <p>Slowly declining learner numbers may give Xhariep a short-term advantage with regards to learner-educator ratios.</p> <p>A higher relative quality and availability of education facilities / infrastructure.</p>	<p>Xhariep enjoys a competitive advantage in the development of skills, but educational attainment is also a driving force behind out-migration in peripheral areas, as it raises the perception of improved employment opportunity elsewhere.</p>
<p style="text-align: center;"><b>Migration</b></p>	<p>The district is urbanising, with town populations remaining stable while the rural population is in decline.</p> <p>Most of the towns are either stable or growing slowly. Population growth and contraction are divergent across settlements, but out of 16 settlements, 12 grew and 4 contracted since 2001. Jacobsdal (Letsemeng) has shown the most dramatic growth - at nearly 50% - whereas Zastron (Mohokare) contracted by 18%.</p> <p>The district’s overall urbanisation rate has grown from 67% in 1996 to nearly 75% in Xhariep. Kopanong is</p>	<p>Job-shedding in agricultural sector.  Provision of social grants  Low cost housing provision  Accessibility of social services and opportunities</p>	<p>Immiseration and isolation of deep rural communities.</p> <p>Higher levels of settlement concentration enables greater efficiency in the delivery of social services and infrastructure.</p>

	<p>the most urbanised (82%) and Mohokare the least (60%).</p> <p>Data available between 1996 and 2001 suggest that the number of persons migrating to the district grew sharply from less than 500 in 1996 to over 5,000. Even allowing for anomalies in data capturing, this trend cannot be discounted. The level of in-migration of Mohokare was – in both relative and absolute terms – greatest.</p>		
<b>Welfare</b>	<p>The proportion of residents accessing old age and disability grants are significantly higher in Xhariep (7% and 6% respectively) compared to the national average. Also, a younger Mohokare population results in a high relative dependency on child support grants.</p>	<p>The proportionately high number of retirees / elderly in the district, in addition to the out-migration of economically active persons, may be contributing to greater levels of dependency on welfare services.</p> <p>Furthermore, low levels of worker safety associated with agriculture and mining, coupled with inadequate health provision, may result in greater levels of disability in the population.</p>	<p>Greater demand on welfare services.</p>
<b>Household Poverty</b>	<p>More than half of households live in deep poverty (&lt;R1600 pm), which is marginally higher than the Free State or South Africa average. Very poor households are concentrated in Mohokare (63%), while at 44% Kopanong’s proportion of poor</p>	<p>The situation of the district municipality’s administrative centre, the alignment of regional movement corridors, higher relative amenity and the wealth of cultural and recreational resources, has raised the overall quality of life in Kopanong beyond a minimum threshold, thus retaining</p>	<p>The high levels of inequality – which implies high levels of household dependency on the public sector and the corresponding very small rate-paying sector – undermines the financial sustainability of the local municipalities. Whereas Mohokare will</p>



	<p>households fall below the national average (46%).</p> <p>Kopanong also has a relatively significant working class (R1600-R6400 pm), constituting 45% of overall households. In stark comparison, only 25% of households in Mohokare fall within this category. This suggests very high levels of inequality in the latter municipality.</p> <p>The number of households in deep poverty (&lt;R1600 pm) has dropped significantly from nearly 80% in 2001 to around 50% in 2007. The smallest reduction in very poor households has been in Mohokare, where it has dropped by 20% during this period (compared to nearly 30% in the district).</p> <p>Full-time farm workers in the Free State earn R2,200 less per year than the national average. Casual workers earn a mere R2,000 per annum, compared to R4,000 per year in the rest of South Africa.</p>	<p>valuable semi-skilled and skilled workers in the municipality. This is in contrast to Mohokare, which has seen a dramatic out-migration of skilled labour in recent years.</p> <p>The dramatic reduction in very poor households may be attributable to the roll-out of welfare grants in recent years, and the enforcement of minimum salaries (esp. as it pertains to mining and agricultural sector). The divergence between Kopanong and Mohokare may be attributable to limited access by welfare service, and a concomitant drop in low-paying employment opportunities in the latter municipality.</p>	<p>continue to require significant funding and technical support from external sources, Kopanong (and also Letsemeng) must ensure that those elusive factors which ensures the retention of skilled workers must be vigorously preserved and enhanced.</p> <p>The monitoring and evaluation of poverty in the Mohokare municipality must be improved so as to identify deserving households not accessing grants.</p>
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<b>Infrastructure</b>			
Element	Trend	Possible Causes	District Implications
<b>Regional Infrastructure</b>	New traffic growth in freight and passengers captured by road in recent years. Rail's share of freight in rural areas has declined from 14% in 1993 to 12% in 2007, whereas rail's share in corridor movement has dropped from 36% to 19% during the same period.	Underinvestment in rail infrastructure	Trend is unlikely to continue as long-distance road-based transport becoming increasingly expensive due to rising fuel costs, and modal shift is anticipated following substantial investment in rail.
	Domestic logistics costs is significant competitive disadvantage for national and local economy (ranked 124 <sup>th</sup> in world)	Long-term development of space economy, with industries in Gauteng (away from coast)	Modal shift to rail, and increasing focus on rail-corridor development, expected.
	Stimulate development along N6 (Gauteng-Port Elizabeth) corridor.	Industrial development zones being development at Coega in E Cape.  Construction of a link between Coega and PE-GT main railway line is underway.	Potential benefits to Reddersburg, Smithfield and Rouxville.
	No provincial development corridor is identified in Xhariep.  Gauteng-Cape Town (N1) Corridor will densify by between 200-250% by as soon	Growth of RSA as regional logistics hub, and increased global trade.  Greater containerisation	Extensive opportunities created along development corridors, especially in tourism and trade, transport and communication.  Greater need for intermodal terminals and interchange facilities that improve the

	as 2015.		<p>logistics system by consolidating cargo.</p> <p>Greater logistical efficiency for local producers, esp. in agri-, mining and manufacturing sectors.</p> <p>Greater modal integration</p> <p>Densification may incentivise designation of N1 (south of Bloemfontein) as provincial development corridor.</p>
<b>Transport</b>	<p>High level of rail-based through-traffic, but there is negligible levels of integration between regional logistics system and local production. Rural branch lines are either suspended or run episodically.</p>	<p>Insufficient transport infrastructure to link internal nodes.</p> <p>Present condition of both tarred and gravelled roads is very poor, thus limiting access to communities and economic opportunities.</p> <p>Main connector roads are still dirt roads which impact on delivery.</p>	<p>Spare capacity along rural branch lines for future utilisation.</p>
<b>Housing</b>	<p>Xhariep's housing mix is particular to the national or provincial mix as it does not have a significant stock of traditional housing. Just under 20% of Xhariep households live in informal housing, with the housing backlog growing by 900 to 7,100 since 2001. Whereas Letsemeng and Kopanong is highly formal (80% and 87% respectively),</p>	<p>The near doubling of households living in informal dwellings in Mohokare suggest a significant migration trend from the deep rural areas to the towns in the municipality. This may be attributable to increased deep rural immiseration, in conjunction with possible in-migration from Lesotho and the Eastern Cape.</p> <p>Letsemeng has reduced the backlog,</p>	<p>Housing delivery should be fast-tracked in Mohokare, but this should be implemented on the basis of a more thorough understanding of migration to and from this area, particularly from Lesotho and the Eastern Cape. Developmental differentials between the adjacent municipalities on each side of the provincial border should be interrogated.</p>

	<p>Mohokare’s proportion of informal housing (29%) is significantly above district (19%), provincial (17%) and national (14%) rates of informality. This divergence has been caused by a dramatic increase in households living in informal housing since 2001 in Mohokare, from around 1,600 to 3,000 in 2007.</p>	<p>whereas housing delivery in Kopanong has matched new growth in informal housing.</p>	
<p><b>Basic Service Delivery</b></p>	<p>90% of households have access to piped water in Xhariep, significantly higher than South Africa (73%) and the Free State (83%). There has however been an across-the-board decline in this provision. Letsemeng has experienced the most marked reduction in piped water access, from 88% in 1996, to 83% today. In Kopanong and Mohokare, levels of access have been relatively stable. The backlog in Letsemeng has risen from less than 1,500 households in 2001 to over 2,500 in 2007.</p>	<p>The marked reduction in piped water access in Letsemeng may be due to various factors, ranging from water management practices to the quality of bulk water infrastructure.</p>	<p>Piped water provision is within acceptable limits in the district, but the reduction experienced in Letsemeng is a concern that must be addressed.</p>

	<p>Levels of weekly refuse removal are very high compared to national and provincial averages, and recent trends suggest that its provision continues to improve. At present over 66% of households receive weekly refuse removal, compared to 58% provincially and 54% nationally. This is remarkable given the logistical difficulties in providing reliable services in a vast, low density district.</p> <p>Improvement in waste removal has been across the board, but the best performing municipality is Kopanong. Mohokare's provision appears to have stalled at 60%.</p> <p>None of the landfill sites in the district are registered.</p>	<p>Present condition of both tarred and graveled roads is very poor, thus limiting access to communities and economic opportunities. Main connector roads are still dirt roads which impact on delivery.</p>	<p>Refuse removal rates are acceptable, and continuously improving. This is despite the difficult logistical / geographic context in which delivery is occurring. It may be worthwhile taking stock of the operational and management methods currently being employed, and replicated in Mohokare and elsewhere. Effective refuse removal not only benefits the natural environment, but also raises the quality of life for inhabitants. The lack of compliance with waste site regulations must however be addressed urgently.</p>
	<p>Xhariep enjoys a high relative provision of sewerage, with nearly two-thirds of households receiving this basic service. Service provision has expanded in Kopanong and Mohokare, but declined in Letsemeng. Note however that the absolute backlog has expanded not only</p>		<p>Current provision is improving, but the declining provision in Letsemeng is cause for concern. Also, the growing backlog in Kopanong must be addressed to prevent a deterioration in quality of life for local inhabitants, and damage to the natural environment. Potential damage to hydrological systems such as aquifers and rivers in very arid areas tend to have acute repercussions on both health and</p>

	in Letsemeng, but also Kopanong, where 13,000 households do not have access to sewerage.		agriculture.
<b>Logistics</b>	Freight transport will grow between 200% and 250% over next 20 years.	Growth of RSA as regional logistics hub, and increased global trade.  Greater containerisation	Xhariep must position itself to take advantage of increased freight transport along its movement corridors.  The viability of industrial clustering and depots next to N1 and N6 may improve.
<b>Electricity</b>	Electricity provision is relatively higher than national and provincial levels. Currently 72% of households have access to the grid (for lighting). While Kopanong has shown improvement since 2001 (surpassing 80%), the level in Letsemeng is sharply down from nearly 75% in 1996 to 64% at present.  The electrification backlog has expanded greatly in Letsemeng, from 3,200 to well over 5,000 between 2001 and 2007.	The marked reduction in electrification in Letsemeng may be due to various factors, ranging from management practices to the quality of electricity infrastructure.	Electrification is within acceptable limits in the district, but the reduction experienced in Letsemeng is a concern that must be addressed as a matter of urgency.
<b>Settlement Pattern</b>	Xhariep's settlement pattern is distinct in that it does not have a clear economic centre of gravity. The pattern may be characterised as a lattice of dispersed settlements, most of which contain between 4,000		

	and 10,000 residents. The towns have intermediate density levels and the characteristic apartheid form – comprising former white areas with intermediate to high service levels and former black areas with more limited access to services.		
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## Governance

Element	Trend	Possible Causes	Potential Implication
<b>Service Delivery</b>	<p>Reductions in basic service delivery caused by technical and fiscal constraints, and aggravated by contextual constraints (large geographic size).</p> <p>Local municipalities has drawn heavily on the province’s Municipal Support Programme to amalgamate its financial systems, but the capacity among staff to manage and administer the system in future remains inadequate.</p>	<p>Equitable Share formula emphasizes population size (particularly youth), not geographic size</p> <p>Limited skills base, due to an inability to attract and retain skilled workers.</p> <p>Weak project implementation record</p> <p>No performance management systems in place for the accountability of managers.</p> <p>Intergovernmental grants, based mostly on population figures, do not address the reality of the limited scale of bulk infrastructure in small towns.</p>	<p>The current model of service delivery by provincial and national line departments are inadequate in the small-town context and do not consider aspects such as how to deal with remoteness and limited scale in services.</p> <p>The DM must solicit and direct special grants towards specific projects that have an inherent revenue generating potential for the District. The DM must enhance its project implementation capacity in order to provide technical support to local municipalities.</p> <p>Municipalities must analyse their particular changing social and economic conditions in relation to the impact on their service delivery responsibilities. This requires the adoption of asset registers, compliance with new budgeting and financial management regulations, updated and effective spatial development frameworks, effective development control systems and the maintenance of infrastructure.</p> <p>Municipalities must dedicate themselves to collecting all the money owed to them, while being sensitive to the difficulties experienced by the poor.</p> <p>The DM must remove institutional inefficiencies resulting from poor HR management, such as regular changes to senior managers, inadequate</p>



			staffing of technical functions.
	<p>Deterioration of road infrastructure</p> <p>Present condition of both tarred and gravelled roads is very poor, thus limiting access to communities and economic opportunities.</p>	<p>Although DM is responsible for maintenance of roads service the district, these roads have not been identified, leaving a vacuum in terms of responsibility.</p>	<p>Poor condition of road impacts on service delivery.</p>
<b>Alignment</b>	<p>District challenges in aligning local municipalities with provincial and national spheres of government.</p>	<p>Weak working relations with local municipalities.</p> <p>Limited capacity at district municipality, particularly technical and management skills.</p> <p>Lack of Housing Sector strategy</p> <p>Lack of Land Reform Strategy</p>	<p>The DM must remove institutional inefficiencies resulting from poor HR management, such as regular changes to senior managers, inadequate staffing of technical functions.</p>
<b>Fiscal Sustainability</b>	<p>Past financial challenges appear to be stabilising. The budget deficit for the district was mostly recently recorded as surpassing 25% of the total 2008 budget (down from turning a small surplus in 2007).</p> <p>The divergence between actual and planned operational expenditure has grown dramatically in Xhariep since 2005, from 40% to 120%. The</p>	<p>Poor fiscal management and control results in very low levels of predictability, and a proportionately high level of discretionary spending.</p>	<p>The DM must remove institutional inefficiencies resulting from poor HR management, such as regular changes to senior managers, inadequate staffing of technical functions and a lack of commitment to cultivate effective relationships with national and provincial government.</p> <p>Municipalities must analyse their particular changing social and economic conditions in relation to the impact on their service delivery responsibilities. This requires the adoption of</p>

	<p>national average for districts has dropped from 60% in 2004 to 30% in 2007.</p>		<p>asset registers, compliance with new budgeting and financial management regulations, updated and effective spatial development frameworks, effective development control systems and the maintenance of infrastructure.</p> <p>Municipalities must dedicate themselves to collecting all the money owed to them, while being sensitive to the difficulties experienced by the poor.</p>
	<p>Capital expenditure by the district ground to a halt in 2005, but has since improved, whereas the national average for district municipalities have increased from around 15% of total budget in 2004 to 40% at present.</p> <p>The proportion of overall budget allocated to capital expenditure has grown sharply across the board amongst local municipalities since 2005. Letsemeng currently spends nearly 65% of its budget on capital expenditure.</p> <p>Between 2003 and 2007, Letsemeng and Kopanong has each spent a cumulative total of R1,800 per capita on capital expenditure, while Mohokare committed under R1,200 per capita during that same period.</p>	<p>The lack of technical capacity and the inability to corral resources through intergovernmental grants, has effectively paralysed the district municipality.</p>	<p>The district has effectively suspended the provision and maintenance of infrastructure such as district roads, etc. since 2005 .</p>

<p><b>Capital Spending</b></p>	<p>Kopanong committed the largest portion (88%) of its capital budget on water and sanitation between 2003 and 2007, while Letsemeng only committed 55% of its capital budget on the same item. At the same time, Letsemeng was the only local municipality to provide funding for roads and stormwater (15% of capital budget).</p>	<p>The allocation of capital budgets across municipalities may be determined in part by the availability (or lack thereof) of requisite technical skills.</p>	<p>The low funding prioritisation in Letsemeng to water and sanitation provision has led to significantly reduced service.</p>
	<p>The level of self-sufficiency in the operational budget of respective municipalities has diverged greatly in recent years. Although the most recent financial information has not been confirmed, it suggests that whereas Kopanong and Mohokare has substantially increased self-sufficiency (meeting 85% and 75% of operating revenue through own revenue), Letsemeng remains highly dependent on external funding, generating only 55% of required operating revenue.</p>	<p>If the estimates for 2007 and 2009 are correct, Kopanong and Mohokare has improved their self-sufficiency, whereas Letsemeng remains on life support.</p>	<p>Letsemeng must remove institutional inefficiencies resulting from poor HR management, such as regular changes to senior managers, inadequate staffing of technical functions and a lack of commitment to cultivate effective relationships with national and provincial government.</p> <p>The salary cap of 35% in budgets may not be viable for deep rural municipalities, since attracting skilled employees is in itself a challenge. The problem is compounded by the negative impact of skills shortage, resulting in an inability to generate local income through effective and efficient municipal services administration.</p> <p>Municipalities must analyse their particular changing social and economic conditions in relation to the impact on their service delivery responsibilities. This requires the adoption of asset registers, compliance with new budgeting and financial management regulations, updated and effective spatial development frameworks, effective development control systems and the</p>

			<p>maintenance of infrastructure.</p> <p>Municipalities must dedicate themselves to collecting all the money owed to them, while being sensitive to the difficulties experienced by the poor.</p>
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## SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats)

Based on the preceding analysis, a set of high level and prioritized SWOT issues has been identified and summarized in the following table. This overall SWOT is reinforced and followed up by more detailed sector specific SWOT summaries.

AGRICULTURE	
Strengths	<ul style="list-style-type: none"> <li>• largest contributor to local economy</li> <li>• main source of employment / income</li> <li>• locational advantage of DM within FS very high</li> <li>• sufficient road infrastructure to form effective distribution network</li> <li>• high agricultural potential</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• large portions of DM do not have access to sufficient potable water, and water shortage is one of the key constraining factors to the expansion of agricultural production in DM</li> <li>• low annual rainfall (350mm-500mm) makes DM dependant on its water bodies (Gariep Dam, Riet River, Modder River, Orange River) for agricultural expansion</li> <li>• majority of livestock, grain and oilseed production focused on primary production, which are processed externally and imported as final consumer products</li> <li>• majority of inputs for grain production, such as pesticides and seeds, are imported</li> <li>• limited availability of finance to promote mechanisation and produce high quality agri produce suitable for export market</li> <li>• insufficient logistics and cooling facility capacity for livestock</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• ASGISA, NIPF and IPAP emphasises extension of current agri activities to agri-processing activities</li> <li>• expansion of current agri base to include:               <ul style="list-style-type: none"> <li>○ soy</li> <li>○ prickly pear</li> <li>○ ostrich</li> <li>○ emu</li> </ul> </li> <li>• aquaculture               <ul style="list-style-type: none"> <li>○ trout, catfish, carp</li> <li>○ plankton</li> <li>○ manure rich water (fertiliser)</li> </ul> </li> <li>• development of irrigation systems for intensive production               <ul style="list-style-type: none"> <li>○ pumpkin</li> <li>○ carrots</li> <li>○ olives</li> <li>○ mushrooms</li> <li>○ cut flowers</li> </ul> </li> <li>• Application of specialised agri technologies and construction of irrigation infrastructure to utilise the full capacity of available water</li> </ul>

	<ul style="list-style-type: none"> <li>bodies, combined with intensive productive of high profit niche crop.</li> <li>biofuels</li> <li>fish farming</li> </ul>
Threats	<ul style="list-style-type: none"> <li></li> </ul>

<b>MANUFACTURING</b>	
Strengths	<ul style="list-style-type: none"> <li>Jacobsdal identified as manufacturing node.</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>manicuring sector is relatively small with limited variety of manufacturing activities</li> <li>current activities limited to small-scale, light industrial activities</li> <li>location quotient for manufacturing activities is low</li> <li>due to limited industrial mass in DM, the majority of manufacturing will be focused on agri beneficiation</li> <li>due to decline in mining activities, mineral manufacturing will not be sustainable in DM over long term</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>beneficiation of agricultural products <ul style="list-style-type: none"> <li>biodiesel</li> </ul> </li> <li>strengthening of forward and backward linkages between agri and manu sectors</li> <li>cluster developments at Gariep Dam and locations in close proximity to N1 National Road (Springfontein, Trompsburg, Edenburg)</li> <li>strengthening of linkages between complimentary activities to obtain agglomeration advantages</li> <li>patents and use of new production methods can be sourced from nearby UFS</li> <li>must build on foundation of products currently evident in region, such as agri.</li> <li>feasibility studies for development of chemical and plastic production plants recommended</li> <li>also fertiliser manufacturing and oil extraction may be potential areas</li> <li>Naledi to provide</li> </ul>
Threats	<ul style="list-style-type: none"> <li></li> </ul>

<b>CONSTRUCTION AND UTILITIES (ENERGY AND WATER)</b>	
Strengths	<ul style="list-style-type: none"> <li>Location quotient is relatively high for both utilities and construction sectors, indicating that the DM has required potential economic mass to render development in this sector viable</li> <li>Mohokare River in Naledi</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>Electricity and water have negative influences on production and investment</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>Expansion of Gariep Dam's hydro capacity from 360MW with techniques such as pump-storage (being investigated by Eskom)</li> <li>Irrigation schemes for intensive agri production</li> <li>industrial cluster development around Gariep Dam, due to high availability of bulk water and electricity</li> <li>small-scale hydro electricity facilities along rivers and dams</li> </ul>

	<ul style="list-style-type: none"> <li>• solar energy is viable due to abundance of sunshine</li> </ul>
Threats	<ul style="list-style-type: none"> <li>•</li> </ul>
Strengths	<ul style="list-style-type: none"> <li>• Sand in Wepener</li> </ul>

MINING	
Weaknesses	<ul style="list-style-type: none"> <li>• very little beneficiation of extracted minerals</li> <li>• very high initial capital expenditure on mining technology, severely influencing profitability of sector</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• small beneficiation cluster possible</li> <li>• primary processing <ul style="list-style-type: none"> <li>○ grading, cutting, brushing and polishing</li> </ul> </li> <li>• secondary processing <ul style="list-style-type: none"> <li>○ jewellery design and manufacturing</li> <li>○ precision tools and instruments</li> </ul> </li> </ul>
Threats	<ul style="list-style-type: none"> <li>• highly exposed to international commodity prices</li> </ul>

TOURISM	
Strengths	<ul style="list-style-type: none"> <li>• home to number of tourist routes (Phillipolis Route, Lake Gariep Route) (Section 9.1 expounds further on the tourism opportunities associated with Lake Gariep)</li> <li>• DM centrally located as halfway stop-over point between WC and GT</li> <li>• DM home to heritage sites and Gariep Dam</li> <li>• more tourism activities compared to rest of province</li> <li>• Naledi to provide</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• tourism limited to small number of domestic visitors</li> <li>• lacks established brand name</li> <li>• limited tourism products that appeal to wide range of tourists</li> <li>• poor marketing of tourist amenities</li> <li>• large distance to potential tourism market (remote location)</li> <li>• not located near tourist hot spot such as Garden Route or Kruger National Park</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Gariep Dam <ul style="list-style-type: none"> <li>○ tourism product development</li> <li>○ coordinate tourism product</li> <li>○ environmental considerations</li> </ul> </li> <li>• Phillipolis Route <ul style="list-style-type: none"> <li>○ cultural tourism</li> <li>○ historic war sites</li> </ul> </li> <li>• Maluti Mountains (Zastron) <ul style="list-style-type: none"> <li>○ adventure activities (abseiling, hiking)</li> </ul> </li> <li>• Horizon Route</li> <li>• Xhariep Route</li> </ul>

	<ul style="list-style-type: none"> <li>• Mookodi Lodge</li> <li>• Witblits festival</li> <li>• Maluti Route (Naledi)</li> <li>• Vanrooyen's Gate</li> <li>• horseracing</li> <li>• Jacobsdal wine production (Landzicht)</li> <li>• hunting and game farming</li> <li>• tourism is mostly local and should therefore focus on leisure activities for locals, capturing local tourism markets such as biker clubs</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• despite good road infrastructure, rising cost of petrol and air fares discourage tourism</li> </ul>

SOCIAL	
Strengths	<ul style="list-style-type: none"> <li>• low levels of crime, except stock theft</li> <li>• SEDA office in Trompsburg</li> <li>• District Hospital in Trompsburg</li> <li>• Agricultural Extension Officers</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• 80% of population lives in poverty</li> <li>• high level of illiteracy</li> <li>• Teacher: Learner ratio at secondary schools in Mohokare is far too high (61.4)</li> <li>• Dependency on social grants</li> <li>• high levels of drug and alcohol abuse with related family abuse (anecdotal)</li> <li>• youth delinquency (anecdotal)</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• designation of commonage land to alleviate poverty and improve food security</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• HIV/AIDS</li> <li>• high levels of unemployment</li> <li>• youth unemployment is resulting in increasing crime levels</li> </ul>

GOVERNANCE AND FINANCE	
Strengths	<ul style="list-style-type: none"> <li>• committed councillors and staff</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• Challenges hindering XDM from undertaking its legislative functions <ul style="list-style-type: none"> <li>○ financial incapacity (ES Formula emphasizes population size, not geographic size)</li> <li>○ limited skills base (inability to attract and retain skilled manpower)</li> </ul> </li> <li>• Lack of clarity over powers and functions relating to road infrastructure and maintenance</li> <li>• waste management remains XDM's legislative domain, although it lacks competency to perform function effectively.</li> </ul>



	<ul style="list-style-type: none"> <li>• Lack of Housing Sector Strategy</li> <li>• Lack of Land Reform Strategy (given 30% of agricultural land must be redistributed by 2014)</li> <li>• weak project implementation record</li> <li>• low capacity district municipality</li> <li>• weak working relations with local municipalities</li> <li>• severe financial constraints</li> <li>• shortage of key technical and management skills</li> <li>• many critical posts are vacant</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• soliciting for and directing special grants towards specific projects that have an inherent revenue generation capacity for the DM</li> <li>• harnessing DMs investment potential</li> <li>• enhancing the DM's project implementation capacity</li> <li>• investing in robust marketing strategy</li> <li>• MIG, DBSA funding available for specific projects if pursued diligently</li> <li>• staff secondments by National and Provincial Government (e.g. current DEAT staff)</li> <li>• assistance from DPLG and other sector departments</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• Growing XDM deficit</li> </ul>

#### ENVIRONMENTAL

Strengths	<ul style="list-style-type: none"> <li>• abundant land</li> <li>• abundant water</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• none of the landfill sites are registered and therefore illegal</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>•</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• flooding along main roads, low-laying areas</li> <li>• drought</li> </ul>

#### OVERALL ECONOMY

Strengths	<ul style="list-style-type: none"> <li>• low crime rate</li> <li>• abundant water sources</li> <li>• sophisticated entrepreneurs running game farms and certain agriculture enterprises which are export oriented</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• limited economic diversification</li> <li>• dilapidation of small towns and urban migration of skilled labour</li> <li>• very low population density means poor support for infrastructure spending</li> <li>• lack of growth</li> <li>• lack of skills</li> <li>• high unemployment</li> <li>• small number of SMMEs and low levels of entrepreneurship</li> <li>• poorly organised programmes supporting SMMEs</li> <li>• no functional incentive programmes for investment attraction</li> </ul>

Opportunities	<ul style="list-style-type: none"> <li>• leveraging SETA's to capacitate and train communities</li> <li>• develop, support and strengthen XDM's position as tourist destination</li> <li>• utilise Lake Gariep as key economic development opportunity</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• significant water provision and sanitation challenges that may require emergency intervention</li> </ul>

INFRASTRUCTURE TRANSPORT AND COMMUNICATION	
Strengths	<ul style="list-style-type: none"> <li>• located centrally along national road networks including N1 (CT, Bloemontein and GT), N6 (E London) and N10 (PE).</li> <li>• sufficient road infrastructure to form effective distribution network</li> <li>• central location of DM indicates potential in terms of transport linkages, storage and distribution between Cape and Gauteng</li> <li>• transport sector enjoys high location quotient</li> <li>• exposure to GT-CT tourists</li> </ul>
Weaknesses	<ul style="list-style-type: none"> <li>• limited public transport</li> <li>• unavailability of sufficient transport infrastructure to link internal nodes</li> <li>• present condition of both tarred and gravelled roads is very poor, thus limiting access to communities and economic opportunities. Although XDM is responsible for maintenance of roads serving district as whole, these roads have not been identified, leaving a vacuum in terms of responsibility.</li> <li>• most of the road network is dirt roads</li> <li>• main connector roads are still dirt roads which impact on service delivery</li> <li>• district headquarters only accessible from some towns via dirt road</li> <li>• street network in poor condition due to lack of capacity</li> <li>• storm water systems not in place on most areas, thus impacting on maintenance of streets</li> <li>• no provincial development corridor identified in area</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• development of national distribution centre</li> </ul> <p>Developing District Transport Axis</p> <ul style="list-style-type: none"> <li>• upgrading of Trompsburg-Smithfield gravel road</li> <li>• upgrading of Springfontein-Bethulie gravel road</li> <li>• upgrading of Trompsburg-Jagersfontein gravel road</li> <li>• storage facilities and warehouses</li> <li>• industrial clustering and depots next to N1 and N6 national routes</li> <li>• development of Coega will stimulate traffic on N6, implying emerging transport axis along Reddersburg, Smithfield and Rouxville route.</li> </ul>
Threats	<ul style="list-style-type: none"> <li>• high backlog of infrastructure and basic services</li> </ul>

## **CHAPTER 3 DEVELOPMENT STRATEGIES**

### **BACKGROUND AND STRATEGIC OVERVIEW**

#### **Introduction**

This chapter outlines the high-level legislative implications for the annual review of the IDP. It also highlights the key lessons learnt from the IDP review process in relation to the five-year IDP, and it demonstrates the Free State Development Plan principles and five-year objectives.

The Xhariep District Municipality reviewed its 2012/17 IDP as legislated in terms of section 34 of the MSA of 2000, that stipulates that a municipality must review its integrated development plan annually, in accordance with an assessment of its performance measurements in terms of section 41; and to the extent that changing circumstances so demand.

The Act also provides that the municipality may amend its IDP in accordance with a prescribed process. The review of the municipality's IDP has taken into consideration:

- Refinement of the sector plans programmes and programme components;
- Change in Institutional Structure;
- Budgets.

#### **Key Lessons Learnt from IDP Assessments**

The municipality's IDP has not been reviewed purely on the basis of compliance, but taking into consideration IDP assessments, internal, provincial and national assessments. The assessments raised certain issues:

#### **Internal Assessment**

The Xhariep District Municipality held an internal Strategic Session Workshop in November 2011, which focused on the processes leading up to the development of the 2012/17 IDP. Some of the critical lessons learnt, were:

- New formulation of the strategic planning process and restructuring.
- Ensuring vertical and horizontal alignment between the municipality and other spheres of government - provincial, national and local municipalities.
- The need to rework the budget process methodology.
- The drive to ensure that communities understand the IDP process, and consequently, make meaningful inputs.

## **National and Provincial Assessment**

Xhariep District Municipality participated in the Provincial IDP Analysis, held in April 2011, in which provincial and national sector departments had the opportunity to analyze and discuss sector related issues in terms of the municipality's IDP. It was agreed at this workshop that provincial departments would report to the municipality on specific matters that arose from the workshop, to improve the IDP sector plans.

Consequently, during 2011, the Department of Cooperative Governance, Traditional Affairs and Human Settlement had a meeting with IDP managers in order to provide feedback from the analyses week on specific matters relating to departmental plans.

The meeting focused not only on the outcomes of the analyses workshop, but the aim of the IDP engagement process was a critical aspect of government's programme to build greater harmonization and alignment of planning, resource allocation and implementation across the three spheres of government.

### **STRATEGIC OVERVIEW: FSGDP AND FIVE-YEAR IDP**

In the preceding section, the document outlined the pre-planning phase which formed the foundations of this planning process and included two key outputs, namely, the District Framework and the Process Plans for Xhariep IDP. Part one of the document termed the Pre Planning Phase, concluded with a gap analysis on the previous IDP, to inform this 3<sup>rd</sup> review document.

The following section commences part two aimed at establishing the current development situation. It gives a picture of where Xhariep District development is at in terms of:

- Economic growth and job creation
- Tourism Development
- Health and community development
- A safe, clean and green city
- A well-governed and managed municipality
- HIV and AIDS.

The review of the IDP remains consistent to the FSGP and the five-year IDP.

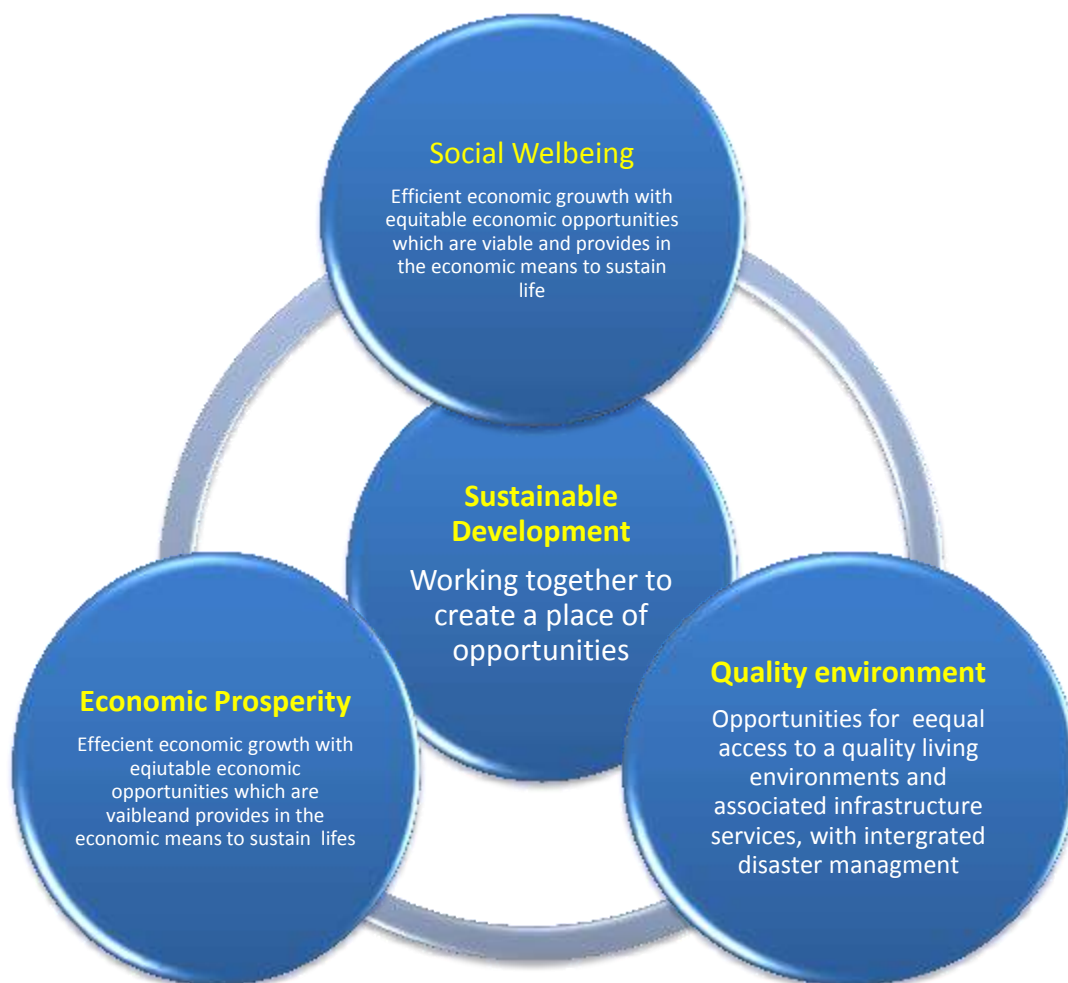
Each sector has responded by providing key interventions in terms of the sector's vision that is linked to the municipality's overarching vision. The table entitled Summary of Key Xhariep Trends, Possible Causes and Potential District Implications provides a high-level summation of the key responses informing our analysis of Xhariep's opportunities and constraints.

## XDM Development Strategy

Given a holistic overview and understanding of the development challenges, Xhariep District Municipality sees its core strategy as the eradication of poverty through sustainable development. The municipal strategy must be aimed at addressing the challenges of poverty and ensure a systematic developmental path through the levels of poverty to develop a prosperous and self-sufficient society with high levels of living.

Sustainable development is understood as development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. In such development context, sustainability can only be realized if the underlying components of the economic, social and environmental capital are simultaneously addressed and holistically balanced. This municipal strategy is illustrated as follows:

## Xhariep Development Strategies



## Development Strategies and Goals

### Vision Statement

*A community-oriented municipality characterized by a sound political and administrative capacity with sustainable and enabling business environment.*

### Mission Statement:

To facilitate and support local municipalities in rendering effective services to communities

To create value and make a difference, everywhere we engage.

To better the lives of the Xhariep District community

Promote Public Private Partnership.

Create a safe healthy environment, pro- active disaster risk management.

### Values

Our values serve as a compass for our actions and describe how we behave in the world.

Leadership

Mutual Trust

Confidentiality

Integrity

Anti-fraud and corruption

Innovation and continuous learning

Honesty

Inclusiveness

Responsiveness

Passion

Respect

## Strategic Development Priorities

In terms of the development challenges and strategy, the following Strategic Development Priorities will serve as the drivers of the development agenda:

- SP 1: LED and Job Creation
- SP 2: Social Upliftment
- SP 3: Municipal Infrastructure and Environment
- SP 4: Community Safety
- SP 5: Institutional Development

### Strategic Objectives/ Key Performance Areas

Strategic objectives define what we want to achieve in terms of the development agenda.

The Strategic objectives are:

- SO 1: Sustainable and quality living environment with efficient infrastructure.
- SO 2: Economic prosperity based on a dynamic, diverse and shared economic base.
- SO 3: Improve quality of life and social well-being.
- SO 4: Efficient and financially viable municipality.
- SO 5: Democratic and accountable governance.
- SO 6: Institutional Excellence.

The Strategic Objectives (SO) is translated into Key Performance Areas (KPA) and it is important that these KPAs aligned to 5 National Key Performance Areas as articulated in the Department of Local Government five-year strategy. SOs and KPAs alignment are illustrated in the table below:

NATIONAL KPA's	STRATEGIC OBJECTIVES (SO)
1:Basic Service Delivery	Sustainable and Quality Living Environment with Efficient Infrastructure and Improve Quality of Life and Social Well being
2:Municipal Transformation and Organisational Development	Institutional Excellence
3: Local Economic Development	Economic Prosperity based on a Dynamic, Diverse and Shared Economic Base
4: Municipal Financial Viability and Management	Efficient and Financially Viable Municipality
5: Good Governance and Public Participation	Democratic and Accountable Governance

### Municipal Turnaround Strategy (MTAS)

Khariep District Municipality has committed itself once again in ensuring that a more improved method for planning is maintained. The municipality commits itself in recognition of the accelerated growth in the demand of basic services.

A Turnaround Strategy that Council adopted focuses on Key Levers for Change. It is contextualized to respond to number of problem statements identified during the consultative processes of Local Government conducted by Provincial and National Government in consultation with municipalities.

The South African State of Local Government Report of 2009 highlighted many challenges for municipalities across the country. Those challenges include the least:

- Delivery of basic services in certain areas.
- Filling of key vacancies and skills transfer.
- Critical skills shortages from Technical and Project Management.
- No public participation policies.
- Ineffective operation of ward committees and municipal- wide dialogue

Provincial-wide assessments were carried out in 2009 by the Department of Co-operative Governance and Traditional Affairs (CoGTA), together with the MECs responsible for Local Government. The purpose of those provincial assessments was to determine the key problem statement in different thematic areas and to establish the root causes for poor performance and functionality in municipalities.

Due to the vastness of the district area, the Xhariep District Municipality has mainly a number of rural towns that are located far apart. This creates a challenge in itself as how best to deliver equitable and efficient basic services and where to invest in infrastructure that will result in the most optimal rate of return. The settlement patterns within the rural areas are not sustainable as it creates increased demand for services, bearing more pressure on systems that are already overburdened.

The Xhariep District Municipality Turn-Around Strategy also seeks to address the internal issues identified as part of institutional development in ensuring issues that were raised by the Auditor-General on financial statements and performance for the previous financial year/s are addressed. It also seeks to address possible projects identified during IDP engagements that the municipality consider as key levers for change for 2012 - 2017.

### ***STRATEGIC OBJECTIVES AND STRATEGY ALIGNMENT***

Service Delivery Budget and Implementation Plan (SDBIP) is a tool to facilitate the implementation of the Development Agenda. The SDBIP reflects Organizational Performance Objectives and highlight the alignment with strategies and plans from the other Spheres of Government, the associated cross cutting elements, and the integrated development programmes.

SDBIP outlines the high level plan of action with the following details:

- National Key Performance Areas;
- Municipal Key Performance Areas/ Strategic Objectives (SOs)



- The Key Performance Indicators (KPI"s) which will monitor the performance of the organisation in addressing these challenges" i.e. the outcome or impact of the actions;
- The High Level Strategic Units of Measurements to fill the gaps in service standards or expectations; and;
- The Long-term Targets which will monitor the delivery of specific outputs and will serve as the basis for specific projects and associated budgets.

The Strategic Objectives, with respective Strategy Alignment and the Key Performance Indicators, are as follows:

Sustainable Living and Quality Environment with Efficient Infrastructure; and Improving Quality of Life and Social Wellbeing (N-KPA 1)

- Economic Prosperity (N-KPA 3)
- Financial Viability (N-KPA 4)
- Democratic and Accountable Governance (N-KPA 5)
- Institutional Excellence (N-KPA 2)

**Strategic Objective 1: Sustainable Living and Quality Environment with Efficient Infrastructure; and Improving Quality of Life and Social Wellbeing: Linked to National KPA 1**

## **MUNICIPAL INFRASTRUCTURE AND BASIC SERVICES**

### **Strategy Alignment**

Government Manifesto
<p>Infrastructure development</p> <ul style="list-style-type: none"> <li>• Using the expanded public works programme.</li> <li>• Pool resources to build more and better roads, infrastructure for water and sanitation.</li> </ul> <p>Basic Services</p> <ul style="list-style-type: none"> <li>• Speed up the delivery of basic service</li> <li>• Have access to clean running water and decent sanitation.</li> <li>• Have access to electricity.</li> </ul>
Local Government Key Performance Area (KPA)
<p>A clean, safe and healthy municipality.</p> <ul style="list-style-type: none"> <li>• Universal access to quality, affordable and reliable municipal services (e.g. water, sanitation, electricity, refuse removal, transportation).</li> <li>• Regular investment in infrastructure and productive equipment.</li> </ul>

Free State Provincial Growth and Development Strategy (PGDS)

Develop and enhance infrastructure for economic growth and social development.

Xhariep District Municipality – District Wide Strategic Objectives

Ensure provision of basic infrastructure services for the Xhariep District Municipality as a whole and in so doing improve the quality of live for communities.

To ensure that all homes, including those of neighbouring farms have access to:

- Affordable and safe drinking water;
- Affordable and adequate sanitation systems;
- Affordable electricity as a source of power; and
- Safe waste management.

To ensure that all natural resources are well managed in a sustainable manner.

To ensure a safe and efficient system of roads linking the settlements and economic zones and which complements the system of public transport.

## SOCIAL WELLBEING

### Strategy Alignment

#### Government Manifesto

##### Housing delivery

- Improve housing delivery to ensure better quality houses located closer to economic opportunities and combat corruption in the administration of waiting lists.

##### Human development

- Provide skills and education economy needs and to find employment.
- Improve services at schools.
- Pool resources to build more and better schools.

##### Social Development

- Every citizen to progressively exercise their constitutional rights and enjoy the full dignity of freedom.
- Improve health.
- Improve services at hospitals and clinics.
- Address diseases such as HIV and AIDS, tuberculosis and diabetes.
- Pool resources to build more and better clinics.

##### Improve safety

- Reduce serious and priority crimes.
- Improve services at police stations.
- Improve road safety.

##### Social Welfare

- Implement other special programmes in rural areas where the poorest people live, including assistance in setting up food gardens.

Local Government Strategic Priorities (KPA's)
A clean, safe and healthy municipality.
National Spatial Development Plan (NSDP)
Address social inequalities with focus on people and not places - Invest in areas with both high levels of poverty and development potential. At areas with low development potential, focus on social transfers, HR development and labour market intelligence.
Free State Provincial Growth and Development Strategy (PGDS)
<ul style="list-style-type: none"> <li>• Reduce poverty through human and social development</li> <li>• Develop and enhance infrastructure for economic growth and social development.</li> <li>• Ensure a safe and secure environment for all people of the province</li> </ul>
Xhariep District Municipality – District Wide Strategic Objectives
<p>Ensure provision of housing in rural areas of the Municipality and in so doing provide security of tenure.</p> <ul style="list-style-type: none"> <li>• The eradication of housing backlog within the area of the district and in so doing provide security of tenure.</li> <li>• Accelerate the provision of housing as a key strategy for poverty alleviation.</li> <li>• Utilise the provision of housing as a major job creation strategy.</li> <li>• Utilise housing as an instrument for the development of sustainable human settlements in support of spatial restructuring.</li> </ul>

To create a safe environment for all the people in the whole of the Xhariep District Municipal Area.

Disaster Management:

- Establishment of Disaster Management Centre.
- Compilation of a Disaster Management Plan.
- Compilation of a Disaster Management Framework.
- Ensure Disaster Management Training throughout the Xhariep District Area.

Fire Fighting Services

- The co-ordination of Fire Fighting Services.
- The regulation of Fire Fighting Services.
- The standardization of Fire Fighting Services.
- The development and provision of Fire Fighting Training and Education.

Community and Development Services: To provide effective Municipal Health Services throughout the Xhariep in order to secure a safe and healthy environment for our communities.

- To monitor and facilitate basic service provision and housing to communities;
- To monitor and facilitate acceptable water quality throughout the Xhariep District Municipality;
- To monitor and facilitate acceptable food quality within the Xhariep District Municipality.
- To undertake health promotion campaigns to the public, labour and business; and
- To provide environmental health input into land zoning applications, building licensing applications etc.

To provide an integrated rural development programme that network, addresses priority needs and empowers rural communities through support to lay health workers and health and development committees.

- To implement programmes through community based organizations that target food security, HIV/AIDS, TB, substance abuse, and diseases of life style;
- To train and skill lay health workers and health and development committees within the Xhariep District Municipality;
- To network communities with relevant agencies and government departments in the field of social development.

Xhariep District Municipality – District Wide Strategic Objectives

- Skills development and education for all.

- Safe and secure district for all.

## Basic Services

### Sustainable Living and Quality Environment with Efficient Infrastructure and Improving Quality of Life and Social Wellbeing

DEPARTMENT/ KPA									
KPA	OBJECTIVES	PROJECT	KPI	TARGET			BUDGET		
				2012/13	2013/2014	2014/15	2012/13	2013/2014	2014/15
Basic Services	To improve the quality of water according to SANS 241	Water quality monitoring	Sample results of micro-biological, chemical and physical aesthetical determinants	6 Naledi	6 Naledi	6 Naledi	R200 000		
				16 Kopanong	16 Kopanong	16 Kopanong			
				10 Mohokare	10 Mohokare	10 Mohokare			
				14 Letsemeng	14 Letsemeng	14 Letsemeng			
	To educate communities on water usage	Awareness campaigns	Campaigns in local municipality	4 campaigns			R60 000		
	To monitor and control acceptable food quality and safety	Site inspections	Compliance certificates and notices	50 inspections			R200 000		
	To ensure healthy and clean environment	Waste management	Reduced illegal dumping and littering	50%	70%	90%			
		Disposal of the dead	Funeral parlours to comply with R237 of 8	80%	100%	100%			

			February 1985 (regulation relation to funeral undertakers premises)						
	To prevent and mitigate the impact of disaster events	Implement disaster management plan	Awareness campaigns	5	7	8			
			educational programs	20	20	20	R50 000 (Disaster conference)		
		Risk assessment	Disaster risk register	1	1	1			
	To assist the affected communities in event of disaster	Immediate relief fund	Dependent of nature and magnitude of disaster				R400 000		

## LOCAL ECONOMIC DEVELOPMENT

**Strategic Objective: Economic prosperity based on shared dynamic, adverse and shared economic base: Linked to National KPA 3**

### Strategy Alignment

Government Manifesto
Address unemployment <ul style="list-style-type: none"><li>• A growing economy to reduce unemployment and poverty by half.</li><li>• Assist those who want to set up small businesses with skills, credit and other forms of support.</li><li>• Position SA as strategic effective force in global relations.</li><li>• Expand the public works and youth development programmes.</li><li>• Support small enterprises, co-operatives and informal sector with non-financial and financial means.</li></ul>
Land Reform <ul style="list-style-type: none"><li>• A fairer distribution of land.</li><li>• Support rural small holder farmers.</li><li>• Establish community and village markets.</li></ul>
Local Government Strategic Priorities (KPA's)
<ul style="list-style-type: none"><li>• Thriving and vibrant local economy and neighbourhoods.</li><li>• Ongoing programme of contributing to the development of an employable, educated and skilled citizenry.</li><li>• Facilitation of job creation and access to business opportunities.</li><li>• Continuous and positive interactions with all key economic anchors and actors.</li></ul>
National Spatial Development Plan (NSDP)
<ul style="list-style-type: none"><li>• Rapid Economic Growth that is sustained and inclusive as prerequisite for achievement of other policy objectives, amongst which poverty alleviation is key.</li></ul>



<ul style="list-style-type: none"> <li>• Fixed investment spending be focused on localities of economic growth and/ or economic potential in order to gear up private sector investment, stimulate sustainable economic activities, create long term employment opportunities.</li> </ul>
Free State Provincial Growth and Development Strategy (PGDS)
<ul style="list-style-type: none"> <li>• Stimulate economic development</li> </ul>
Xhariep District Municipality – District Wide Strategic Objectives
<p>To achieve a 5% growth target in the Xhariep District in order to halve poverty and unemployment by 2017.</p> <ul style="list-style-type: none"> <li>• To address logistical constraints within the Xhariep District regarding the flow of goods, services and people;</li> <li>• To implement support programmes in order to build the competitiveness of the region;</li> <li>• To implement economic programme to enhance the human resources of the district and create linkages between businesses in the first and second economies.</li> <li>• To provide a social safety net and support programmes to micro enterprises.</li> </ul>
<p>Land reform: To facilitate the transfer of 30% of agricultural land to historical disadvantaged individuals in next 15 years: To facilitate tenure security for all rural occupiers.</p> <ul style="list-style-type: none"> <li>• Conduct a comprehensive resource audits.</li> <li>• Determine the 30% target for the Xhariep District Municipality.</li> <li>• Investigate different types of ownership in terms of land reform.</li> <li>• Define criteria for various agricultural land reform projects.</li> <li>• Streamlining the implementation of the Comprehensive Agricultural Support Programme</li> <li>• Establish an Agricultural District Forum.</li> <li>• Information sessions with farm workers, landowners and organised agriculture.</li> </ul>
Xhariep District Municipality – District Wide Strategic Objectives
<ul style="list-style-type: none"> <li>• Business co-operating together to achieve desired growth and secure the well being of communities and individuals.</li> <li>• Fair, rewarding and respectful workplace practices.</li> <li>• Innovative, creative, competitive economic enterprises that meet needs and create opportunities.</li> <li>• Xhariep Renewable Energy Hub Project to be taken as part of the district objectives and that it is realizable by the end on 2017</li> </ul>

**LOCAL ECONOMIC DEVELOPMENT (LED)**

LOCAL ECONOMIC DEVELOPMENT									
KPA	OBJECTIVES	PROJECT	KPI	TARGET			BUDGET		
				2012/13	2013/2014	2014/15	2012/13	2013/2014	2014/15
Local Economic Development	To attract more investors in the district	Developing promotion and marketing materials	Marketing brochure	120			R300 000		
		Promotion and marketing of the district	XDM exhibition stalls at MACUFE	2 Exhibition			R250 000		
	To capacitate SMME's	SMME trainings	Animal/Plant production Training	30 people			R150 000		
			SMME's on marketing	25 B&B/ Guesthouse			R150 000		
	To conduct tourism awareness	Awareness campaigns.	Tourism campaigns	4 (1 per local municipality)			R70 000		
	To promote human dignity	Fencing of cemeteries	Cemetery fenced	1			R1000 000		
	To support co-operatives	Food security	Co-ops assisted (Dewetsdorp and Reddersburg)	2			R800 000		
		Waste recycling	Co-ops assisted	1			R400 000		
		Art and craft centre	Co-op assisted (Trompsburg)	1			R800 000		
	To create jobs	Cleaning	Employment	100 people			R1 300 000		

	for local communities	and greening	of people (Labour intensive)						
	To improve environmental management and restore indigenous vegetation	Cleaning and greening	Planting of trees	250 trees	375trees	375 trees	R1 300 000		
	To promote and support local SMME's	Update supplier database	Credible and representative supplier database	1 central supplier database					
		Procure goods and services from local suppliers	Goods and services procured locally	40%	45%	50%			
	To increase in the contribution of tourism sector in Xhariep GDP by 2016	Promotion of strategic regional sites	District tourism office	5%	5%	5%			

## ***MUNICIPAL FINANCIAL VIABILITY***

### **Strategic Objectives: Efficient and Financially Viable Municipality: Linked to National KPA 4**

#### **Strategy Alignment**

Local Government Strategic Priorities (KPA's)
<ul style="list-style-type: none"> <li>• Sound financial management systems.</li> <li>• Development of annual and medium term outlook on revenue and expenditure plans and targets.</li> <li>• Reduced dependencies on grant transfers.</li> </ul>

<ul style="list-style-type: none"> <li>Timely and accurate accounting of public resources and effective anti-corruption measures.</li> </ul>
Free State Provincial Growth and Development Strategy (PGDS)
<ul style="list-style-type: none"> <li>Improving financial governance and moving towards clean audit.</li> </ul>
Xhariep District Municipality – District Wide Strategic Objectives
<p>To maintain and operate an effective, efficient and sustainable financial system for the whole of the Xhariep District Municipal Area.</p> <ul style="list-style-type: none"> <li>To maximize income.</li> <li>To maintain and operate effectively and efficiently.</li> <li>To provide administrative support to all the Financial Departments.</li> <li>To maintain an independent and effective audit system.</li> </ul>

### ***MUNICIPAL FINANCIAL VIABILITY***

<b><i>Nat KPA</i></b>	<b><i>Municipal KPA</i></b>	<b><i>KPI Name</i></b>	<b><i>Unit of Measurement</i></b>	<b><i>Baseline</i></b>	<b><i>Annual Target 2012/ 2013</i></b>	<b><i>Annual Target 2013/ 2014</i></b>	<b><i>Annual Target 2014/ 2015</i></b>	<b><i>Annual Target 2015/ 2016</i></b>	<b><i>Annual Target 2016/ 2017</i></b>
Municipal Financial Viability and Management (MFVM)	Efficient and financially viable municipality	Improvement in conditional grant spending	95% of total conditional grants spent in compliance with set conditions	90%	95%	100%	100%	100%	100%
Municipal Financial	Efficient and	Improvement in sound	Policies, procedures	Policies are currently in	Adoption of all finance	Review 1	1	1	1

Viability and Management (MFVM)	financially viable municipality	financial management	and processes be developed and adhered to.	place	policies by council				
Municipal Financial Viability and Management (MFVM)	Efficient and financially viable municipality	Improvement in conditional grant spending - operational	% of total conditional operational grants spent	100%	100%	100%	100%	100%	100%
Municipal Financial Viability and Management (MFVM)	Efficient and financially viable municipality	Asset management	GRAP compliant Asset Register (Monthly asset physical counts, verification and reconciliation)	GRAP compliant asset register	GRAP compliant asset register including depreciation	GRAP compliant asset register including depreciation	GRAP compliant asset register including depreciation	100%	100%
Municipal Financial Viability and Management (MFVM)	Efficient and financially viable municipality	Financial Viability	Cash flow management (Monthly budget vs actual)	Monthly expenditure and income reports	Realistic cashflow management reports informed by demand management plans.	Realistic cashflow management reports informed by demand management plans.	Realistic cashflow management reports informed by demand management plans.		

<i>Nat KPA</i>	<i>Municipal KPA</i>	<i>KPI Name</i>	<i>Unit of Measurement</i>	<i>Baseline</i>	<i>Annual Target 2012/2013</i>	<i>Annual Target 2013/2014</i>	<i>Annual Target 2014/2015</i>	<i>Annual Target 2015/2016</i>	<i>Annual Target 2016/2017</i>
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Municipal Financial Viability and Management (MFVM)	Efficient and financially viable municipality	Preparation of financial statements	GRAP compliant Annual Financial statements submitted on time by the end of August each year	End of August each year	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Municipal Financial Viability and Management	Efficient and financially viable municipality	Clean Financial audit	Implementation and Monitoring of AG action plan and adherence to key controls	70% (irregular and going concern)	100%	100%	100%	100%	100%

**Strategic Objective: Democratic and Accountable Governance: Linked to National KPA 5**

**Strategy Alignment**

Government Manifesto
Accountable government <ul style="list-style-type: none"> <li>Fighting corruption.</li> </ul>
Caring government <ul style="list-style-type: none"> <li>Responsive and effective governance.</li> <li>Compassionate government service to the people.</li> </ul>
Improve community interaction <ul style="list-style-type: none"> <li>Make Ward Committees more effective.</li> </ul>
Local Government Strategic Priorities (KPA's)

- Functional community participation mechanisms and ward committees.
- Established feedback mechanisms in order to ensure responsiveness to communities.
- Continuous and special attention to historically marginalised and excluded communities.
- Equal, easy and convenient access for the public to the municipality and its services.
- Effective intergovernmental relations.

#### Free State Provincial Growth and Development Strategy (PGDS)

- Promote effective and efficient governance and administration

#### Xhariep District Municipality – District Wide Strategic Objectives

- Clean and transparent governance.
- Informed citizens actively participating in the economy and development processes and decisions.
- Institutional networking, co-operation and communication.

**GOOD GOVERNANCE AND ADMINISTRATION**

GOVERNANCE AND PUBLIC PARTICIPATION									
KPA	OBJECTIVES	PROJECT/ PROGRAM ME	KPI	TARGET			BUDGET		
				2012/13	2013/2014	2014/15	2012/13	2013/2014	2014/15
Good Governance and Public participation	To provide leadership and guidance to the municipality	Oversight role	Council meetings	4	4	4	R200 000		
			Mayoral committee	6	6	6			
			Section 80 committees	6	6	6			
			Section 79 Committees	5	5	5	R120 000		
Good Governance and Public participation	To approve the credible IDP and Budget	Review of the IDP and draft the newly reviewed	Approval of the first draft by council	1			R 300 000		
		Develop process plan and framework	Approval of the final draft IDP	1					
		Development of SDBIP	Approval of the SDBIP	1					
		Budget review process	Approval of the reviewed Budget	1					
	To report on annual Performance of the	Draft annual report submitted to the auditor	Council adoption of the reports	1					



	municipality	general on or before 31 <sup>st</sup> August							
		Annual report and oversight report submitted to council on or before 31 <sup>st</sup> March	Council adoption of the reports	1					
	To promote social responsibility	Mayor's social responsibility	Registration fees for tertiary students	20 students			R501 000		
		Special programs	Mandela day OR Tambo games Women, Children Disability  District AIDS Council	1 1 1 1 1			R300 000		
	To pro-actively manage municipal risks to an acceptable levels	Risk assessment	Risk Registers	1 Strategic 1 macro-operational and operations risk register					
	To provide assurance to management on	Conducting internal audit	Internal audit reports	As per 3 year and annual Internal audit plan					

	effectiveness of internal controls								
	To monitor and report on the municipality's performance	Performance management	Performance management reports.	Quarterly, Mid-year, annual reports			R250 000		
	To improve on internal and external information and communication technology systems	Development of an intranet systems	Intranet policy adoption and functional intranet	1			R 500 000		
		Development of the ICT master plan	Adoption by management and council	1			R 500 000		
	To communicate aim and objectives of the municipality to both internal and external stakeholders	Implementation of the communication strategy	District forum, Newsletter, Media briefing Stakeholder liaison.	1 6					
	To ensure single window of co-ordination	Inter-governmental relations between sectors and spheres of government	IGR forums	4 (political ) 4 (Technical)			R 60 000		
	To promote sound and effective	Administrative support	Agendas for council and	Dependent on the committees to					

	administration		committees Resolution register	be held					
	Improve on the financial and non-financial performance reporting	Operation 2014 clean audit	Audit opinion	Unqualified audit opinion					
Good Governance and Public participation	To encourage the involvement of communities and community organisations in the affairs of the municipality	Outreach programs	Imbizo Community consultation Sectoral meetings IDP engagements	1 (Imbizo Meeting)  4 (IDP public participation meetings)			R 500 000		

**Strategic Objective: Institutional Excellence: Linked to National KPA 2**

**Strategy Alignment**

<b>Government Manifesto</b>
Institutional Development <ul style="list-style-type: none"> <li>Improving the capacity of administration.</li> </ul>
Local Government Strategic Priorities (KPA's)

- An IDP that is the expression of state-wide planning as a whole.
- A balanced sustainable economic development programme that is part of the IDP.
- Establishment and functionality of all core municipal policies and systems as required by law.
- Implementation of continuous management reform and improvement.
- Empowering employees through focused and continuous professional/ skills development.
- Development and functionality of effective accountability and performance management mechanisms for councillors and officials.
- Sound labour/management and HR relationships.
- Increased and appropriate utilisation of technology.

<b>Nat KPA</b>	<b>Municipal KPA</b>	<b>KPI Name</b>	<b>Unit of Measurement</b>	<b>Baseline</b>	<b>Annual Target 2012/2013</b>	<b>Annual Target 2013/2014</b>	<b>Annual Target 2014/2015</b>	<b>Annual Target 2015/2016</b>	<b>Annual Target 2015/2017</b>
Municipal Transformation and Institutional Development (MTID)	Institutional Excellence	Reaching of employment equity targets.	% of targets reached as set in statutory EE Plan and Report	90%	91%	92%	95%	100%	100%
Municipal Transformation and Institutional Development (MTID)	Institutional Excellence	Creation of effective human resources capacity	Number of funded vacant positions filled within 3 months	100%	100%	100%	100%	100%	100%
Municipal Transformation and Institutional Development (MTID)	Institutional Excellence	Effective and up to date By-laws (Municipal Environmental Health)	Number of By-laws reviewed and reported to Council annually	%	%	%	%	100%	100%

Municipal Transformation and Institutional Development (MTID)	Institutional Excellence	Effective and up to date HR policies	Revision of HR policies and reported to Management annually by the end of June	Up to Date	1	1	1	1	1
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## Performance Management System

The Performance Management System (PMS) has been introduced as one of the instruments to be used in ensuring that municipalities are developmental-oriented in orientation and practice. PMS should be seamlessly integrated to other complementing municipal core processes – *IDP and budget*.

It is envisaged in the Municipal System Act (2000 as amended in 2002) that the municipality shall establish and develop PMS that commensurate with its resource capacity, suited to its unique circumstances, lays a solid foundation for accountability to Council and critical stakeholders and contribute towards economical, effective, efficient management of municipal affairs.

**Critically, the Act obligates municipalities to implement the following PMS core components as integral part of municipal planning and budget processes. These are:**

- Setting appropriate key performance indicators as yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its IDP. In addition, these should also be informed by the general key performance indicators as prescribed by the Minister responsible for provincial and local government;
- Setting measurable performance targets with regard to each of those development priorities and objectives. Importantly, these should articulate with service delivery targets millennium development goals set by the South African government;
- Monitoring performance;
- Measuring and reviewing performance;
- Taking steps to improve performance; and
- Establishing a process for regular reports and complying with reporting requirements as prescribed in the Municipal Finance Management Act (2003)

PMS lays a solid foundation for embedding and developing service delivery budget implementation plans (SDBIPs) which are essentially operational plans for the implementation of the budget and IDP's.

Xhariep district municipality has developed service plans / SDBIP for each of the directorate as an integral part of the IDP processes. These service plans will be used in the development of reviewed performance agreements for the municipal manager and section 56 employees for the 2010/2011 financial year as provided for in the recently enacted regulation on *Local Government: Municipal Performance Regulation for Municipal Managers and Managers directly accountable to municipal managers* that came into operation on 01 August 2006.

Xhariep district municipality's PMS has been developed and encapsulated in this reviewed IDP.

**The PMS framework for Xhariep entails the following:**

- Developed strategies with corresponding measurable performance targets;
- Developed service plans (SDBIP) with corresponding measurable performance targets;
- Reviewed performance agreements for the municipal manager and section 56 employees for 2010/2011 financial year;
- Regular reporting - developed and council endorsed monthly budget statements; quarterly progress reports; mid-year budget and performance assessment report and annual reports

## Introduction

The Municipal Planning and Performance Management Regulations stipulate that a municipality's performance management system (PMS) must entail 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 Performance Management Framework is a proposed policy and procedure document for the Xhariep District Municipality that sets out the following:

- The policy and legislative context for Performance Management
- Objectives and principles of Performance Management in local government
- Requirements and mechanisms for the development and implementation of a Performance Management System
- Guidelines for capacity building and institutional arrangements for Performance Management

The framework focuses primarily on an organizational performance management as opposed to an employee performance management system. It details the parameters within which performance management processes will happen and deals with the following aspect, amongst others:

- the components of the system;
- lines of accountability in managing performance;
- aspects of performance that will be managed;
- performance monitoring, measurement and review approaches;
- approaches to respond to good and poor performance.

The framework is meant to assist the XDM in its development and implementation of a performance management system that is aligned to the Integrated Development Plan (IDP), is suited to their circumstances and is within their resource constraints.

The framework is intended to be adopted by the municipal council as the basis of their performance management system.

### ***The legislative framework for performance management***

The major PMS policy instruments is the 1998 White Paper on Local Government supported by the so called Batho Pele principles contained in the White Paper on the Transformation of Public Service-delivery, which policies were given legal stature through the adoption of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000).

### ***The Local Government: Municipal Systems Act 2000 (Act 32 of 2000)***

The said Act requires all municipalities to:

- Develop a performance management system

- Set key performance indicators and performance targets for each of the development priorities and objectives contained in Integrated Development Plan (IDP)
- monitor and review the performance of the Municipality against the key performance indicators and targets, as well as the performance management system itself;
- Publish an annual performance report on the performance of the Municipality as part of its annual report required by the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003) (MFMA).
- Incorporate and report on a set of general (sometimes also referred to as national) indicators prescribed by the Minister responsible for local government
- Conduct, on a continuous basis, an internal audit of all performance measures
- Have their annual performance report audited by the Auditor-General
- Involve the community in setting indicators and targets and reviewing municipal performance.

To provide further guidance on the requirements of the Act, the different sections of Chapter 6 of the MSA is summarised hereunder:

- **Section 38:** Requires municipalities to establish a Performance Management System, promote a performance management culture and administer its affairs in an economical, effective, efficient and accountable manner.
- **Section 39:** Gives EXCO the responsibility for managing the development of a Performance Management System, as well as powers of delegation of responsibilities and the responsibility of submitting the PMS to Council.
- **Section 40:** Places responsibility on the municipality for the monitoring and review of its PMS.
- **Section 41:** Outlines the core components to be included in the PMS of the municipality, and refers to KPI's, targets, measurement mechanisms, steps for improvement and the reporting processes.
- **Section 42:** Requires the municipality to establish mechanisms and procedures for community involvement in the process, in terms of Chapter 4 of the MSA.
- **Section 43:** Allows the minister to establish general KPI's which must be included in the KPI's of municipalities, to the extent that these general KPI's are relevant to the municipality.



- **Section 44:** Requires the municipality to notify stakeholders internally and the general public of its KPI's and targets.
- **Section 45:** Requires the municipality to conduct an internal audit of its performance as well as an audit by the auditor general.
- **Section 46:** Requires the municipality to prepare an annual performance report.
- **Section 47:** Requires MEC to compile an annual performance report for the municipalities within the province
- **Section 48:** The Minister has to compile an annual report and submit it to parliament, in terms of the performance of the municipalities in relation to general KPI's
- **Section 49:** Allows the Minister to make regulations or issue guidelines for the purpose of Chapter 6 of the MSA

### 2.3 **The Municipal Planning and Performance Management Regulations (2001)**

The Minister of Provincial and Local Government published the Municipal Planning and Performance Management Regulations (2001) in terms of the Municipal Systems Act setting out in detail the requirements for performance management. The Regulations also contain the general indicators prescribed by the Minister.

### 2.4 **Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006)**

The above regulations were published on 1 August 2006 and came into effect on that date (see reg 39(1)). The regulations (as far as performance is concerned) deal with two distinct aspects, namely –

- the content of performance agreements and assessment issues; and
- the ability of the manager concerned to occupy her/his position with reasonable prospect of success, in other words, the extent to which the manager concerned has the core competencies required to perform the functions and discharge the duties of her/his job effectively and efficiently.

#### ***Meeting core competency requirements***

Regulation 26(8) provides for “core competency requirements” (CCRs) for each managerial position. The regulations basically provide a master list of CCRs from which a selection must be made in view of the content of each managerial position – it should be noted that the Municipality

and the incumbent must agree on the CCRs. Once the selection is made and agreed upon, the Municipality must, in terms of regulation 39(4), “...ensure that such employee is assessed in order to identify competency gaps and to develop such employee”.

Regulation 39(4) requires such an assessment to be made of current managers, regardless of whether a performance agreement exists – it is apparently additional to the performance agreement. The regulations do not prescribe a procedure for assessing the competency of managers – one would assume, however, that this is not a task to be approached in a haphazard manner. For example, whilst some of the listed CCRs appear to be clear, it would be necessary for the Municipality and each of the managers to agree on a definition or the content of a CCR. Applying the different CCRs to a specific manager would have to include supervisor involvement, the manager her-/himself and analysis of the manager’s qualifications and prior work experience.

### ***Annual performance agreement***

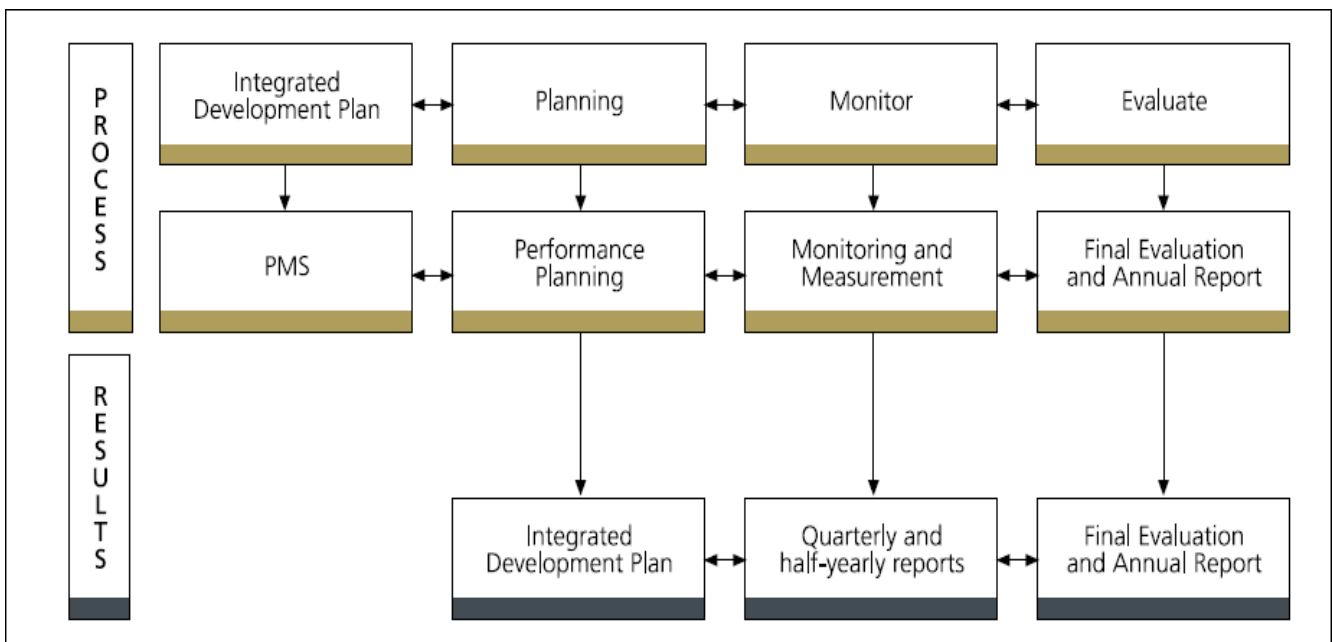
The regulations supplement the existing provisions of the Systems Act and the MFMA with regard to annual performance agreements – obviously the regulations cannot change the primary legislation. The main difference between the annual performance agreements for the previous financial year and those required under the regulations, is that in addition to specific objectives (deriving ultimately from the IDP) that must be met, each managers’ performance in respect of the agreed CCRs for her/his position must also be assessed. The regulations also set a new standard for deciding whether to pay a performance bonus and the quantum of such bonus, if payable.

### ***The Local Government: Municipal Finance Management Act, No. 56 of 2003.***

The Local Government: Municipal Finance Management Act (MFMA) contains various important provisions related to municipal performance management. It requires that a municipality must, together with its annual budget, approve measurable performance objectives for revenue from each revenue source and for each vote in the budget, taking into account the municipality’s IDP. It further requires the mayor to ensure that she/he approves a service delivery and budget implementation plan (SDBIP) within 28 days after the council adopted its budget. A SDBIP must include service delivery targets and performance indicators for each quarter. In terms of section 72 of the MFMA the municipal manager must not later than 25 January each year assess the performance of the municipality during the first half of the financial year and submit a report thereon to the mayor and the National and Provincial Treasuries. The mayor must submit the mid-year assessment report to the council not later than 30 January. The Municipality must lastly compile an annual report, which must include the Municipality’s performance report compiled in terms of the Municipal Systems Act.

**The Municipality's approach to performance management**

The Municipality's performance management approach must be part of a broader system of strategic management. This strategic management system must ensure that the Municipality is directed through the integration of planning, budgeting and performance management processes. The figure below shows how the performance management processes both mirrors and integrates with the planning process.



**Figure 1: Relationship between the performance management and the planning process**

The performance management process then unfolds at a number of different levels, each aligned to the next.

Performance management can be applied to various levels within any organisation. The legislative framework as set out above provides for performance management at various levels in a municipality including strategic (sometimes also referred to as municipal, organisational, institutional or corporate) level, operational (also referred to as services, departmental or section/team) level and lastly, individual level.

At strategic level the five-year IDP of a municipality forms the basis for performance management, whilst at operational level the annual SDBIP forms the basis. The IDP is a long-term plan and by its nature the performance measures associated with it will have a long-term focus, measuring whether a municipality is achieving its IDP objectives. A SDBIP (both for the municipality as a whole and that of a department) is more short-term in nature and the measures set in terms of the

SDBIP, reviewing the progress made with implementing the current budget and achieving annual service delivery targets.

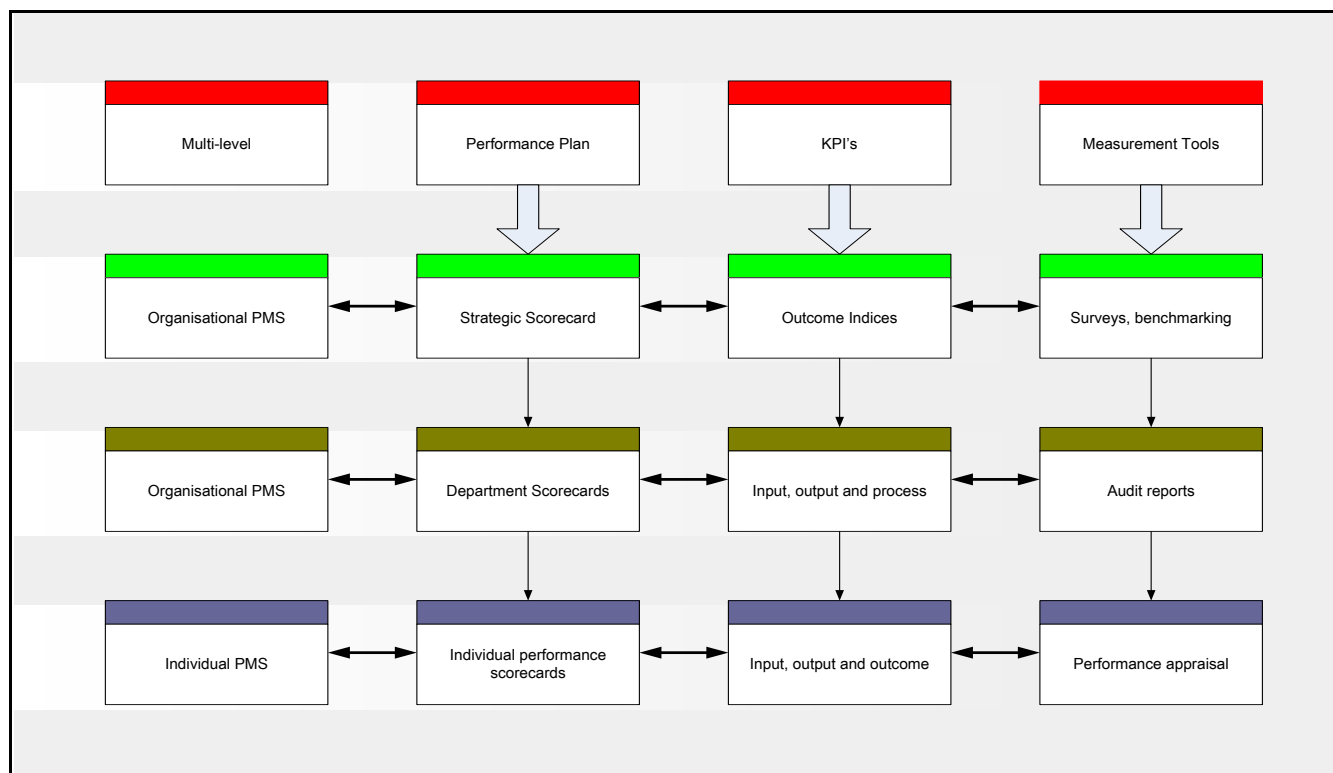
The key performance indicators and performance targets set for XDM are captured in the organisational scorecard containing the national key performance indicators set by the Minister for Local Government and Housing.

Scorecards for each department contain the performance indicators and targets set for each departments based on the objectives set in the IDP.

By cascading performance measures from strategic to operational level, both the IDP and the SDBIP, form the link to individual performance management. This ensures that performance management at the various levels relate to one another as required by the Municipal Planning and Performance Regulations. Once the municipality has finalised the SDBIP it should be integrated with the performance management system to ensure the cascading of performance measures into the performance agreements of the Municipal Manager and managers directly accountable to him.

The MFMA specifically requires that the annual performance agreements of managers must be linked to the SDBIP and the measurable performance objectives approved with the budget.

**Figure 2** demonstrates the alignment between the three levels and also indicates the different measurement and the tools used in each level.



## Levels of performance management

The Municipality's performance management system should be both dynamic and evolving. It is premised on principles of continuous need for improvement. In ensuring continuous improvement to the Municipality's system, a number of initiatives should be undertaken to nurture and harness the system's capability at all three levels:

- ⇒ Cascading of the performance management to individuals within the Municipality is the cornerstone of the system. The performance management system at the individual level is aimed at clearly identifying what it takes to achieve the strategic agenda and political priorities;
- ⇒ Ensuring that management and staff understand what they are responsible for in achieving the Municipality's goals. The following initiatives should be undertaken to ensure that accountability for performance is constantly assigned and well understood:
  - Managers and strategic support official's needs to be capacitated on the utilization of the automated system to simplify performance management and performance reporting
  - Performance agreements of all section 57 employees must be concluded within one month after the beginning of the municipal financial year;
  - Scorecards must outline both the annual as well as quarterly targets to accommodate the automated performance tracking system developed by the Municipality
  - All employees must be encouraged to develop individual development plans in order to acquire competencies necessary to ensure higher levels of performance on their key performance areas.

## ***Objectives of the Performance Management System***

As indicated above the Municipality's PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to gauge the progress made in achieving the objectives as set out in the IDP. The PMS should in addition seek to achieve the following objectives:

- ***Facilitate increased accountability*** - The PMS should provide a mechanism for ensuring increased accountability of employees to the Council and councillors to local communities and other external stakeholders
- ***Facilitate learning and improvement*** -The PMS should facilitate learning in order to enable the Municipality to improve delivery.

- **Provide early warning signals** - It is important that the system ensure decision-makers are timeously informed of performance related risks, so that they can facilitate intervention, if necessary.
- **Facilitate decision-making** - The PMS should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

### ***Principles governing the PMS of the Municipality***

The process of developing a PMS for the Municipality was guided by the planning framework, which includes the principles that informed the development of the Municipality's PMS. The said principles are the following:

- **simplicity** so as to facilitate implementation given any current capacity constraints,
- **politically acceptable** to all political role-players
- **administratively managed** in terms of its day-to-day implementation,
- **implementable** within any current resource constraints,
- **transparency and accountability** both in terms of developing and implementing the system,
- **efficient and sustainable** in terms of the ongoing implementation and application of the system,
- **public participation** in terms of granting citizens their constitutional right to participate in the process,
- **integration** of the PMS with the other management processes within the Municipality,
- **objectivity** based on credible information and lastly,
- **reliability** of the information provided on the progress in achieving the objectives as set out in its IDP.

### ***Preferred performance management model***

A performance management model can be defined as the grouping together of performance indicators, sometimes based on the type of indicator, into logical categories or groups (often called perspectives), as a means to enhance the ability of an organisation to manage and analyse its performance. As such a model provides a common framework for what aspects of performance is

going to be measured and managed. It further ensures that a balanced set of measures are employed that are not relying on only one facet of performance and therefore not presenting a holistic assessment of the performance of an organisation.

A number of performance models are available and any of them could be applied by the Municipality. The available models include the Municipal Scorecard, Balanced Scorecard, Performance Excellence Model and the Key Performance Area Model.

The Balanced Scorecard framework was developed by Norton and Kaplan. It is the performance measurement model used within the XDM's performance management system.

In the Balanced Scorecard approach, the dimensions of effective performance suggested are translated into critical perspectives on performance: Customer, internal processes, learning and growth and finance. Each perspective is regarded as essential for translating the Vision and Strategy into performance. Each dimension is given a weighting at the planning stage that indicates what level of priority it represents for the organization. This enables the organization to assess how well it is doing on that dimension. These perspectives finally enable a review of the strategy.

The balanced Scorecard stresses the importance of being able to assess the organization from all four perspectives at the same time.

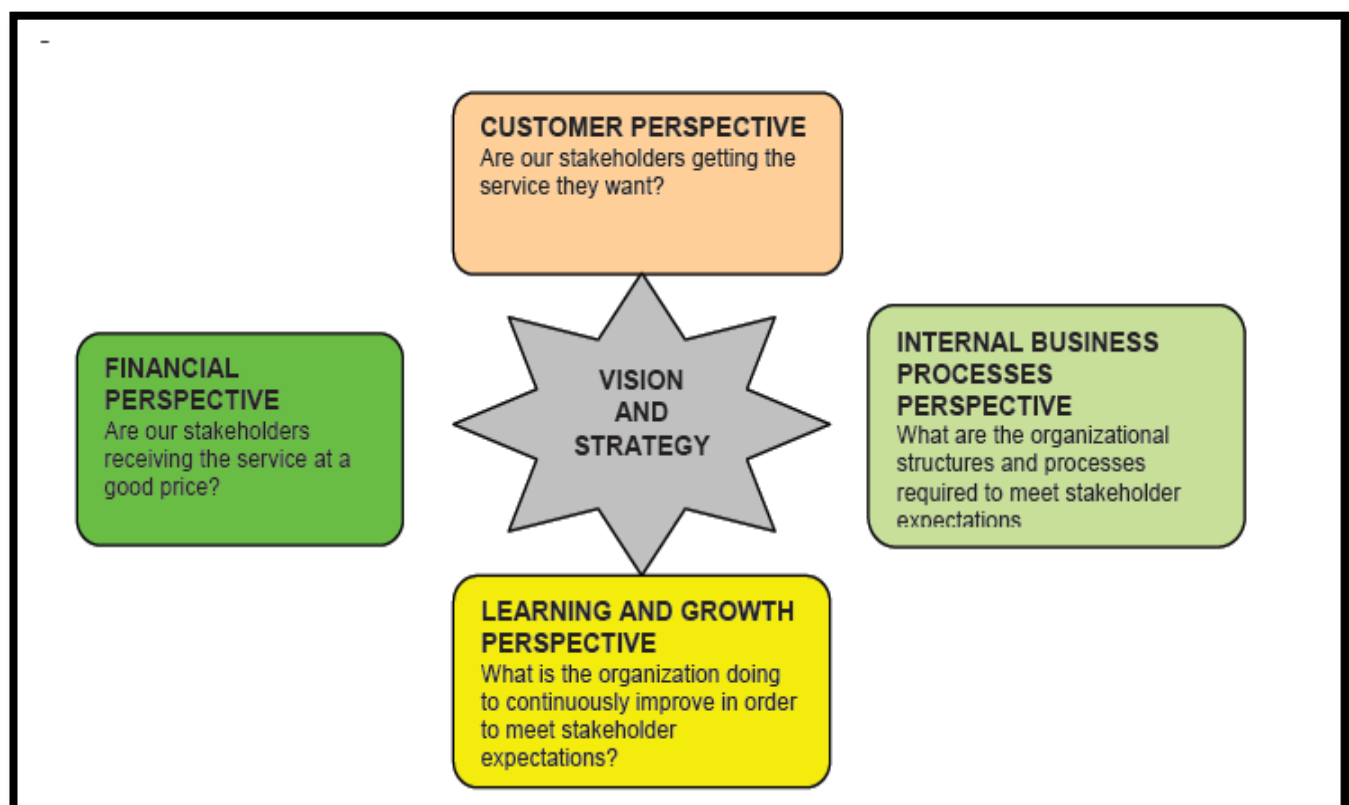


Figure 2: Balanced Scorecard perspectives

## Linking strategy to action through the Balanced Scorecard

### The balanced scorecard is used to achieve the following:

- Clarify and translate vision and strategy
- Communicate and link strategic objectives and measures throughout the organization
- Plan, set targets, and align strategic initiatives
- Enhance strategic feedback and learning
- Align departmental and personal goals to the strategy
- Link strategic objectives to long-term targets and annual budgets and ensuring that the strategy is continuous
- Identify and align strategic initiatives
- Perform periodic and systematic strategic reviews and
- Provide feedback to learn about and improve strategy

### Ensure that every employee:

- understands the relevant parts of the organization's strategy,
- aligns own activities with organization's goals and
- is continuously aware of reaching organization's goals and own goals
- spends more time on important activities
- is rewarded based on contribution to organization's goals

### Ensure that the whole organisation:

- cascades the scorecards from corporate to team level
- has a systematic performance review policy supporting generation and follow-up of action plans
- is able to communicate and implement the changes in strategy fast
- is able to develop new winning strategies fast.

The commonly adopted process flow on the development of a District Scorecard is to cascade the Districts priorities, within the four balance scorecard perspectives, **(Annexure A)** into district wide key performance areas, with key performance indicators and targets **(Annexure B)**. This is then cascaded downwards into Departmental scorecards. The Departmental scorecards are found in the SDBIP.

### *The process of managing performance*

The annual process of managing performance at organisational level in the Municipality involves the steps as set out in the diagram below:



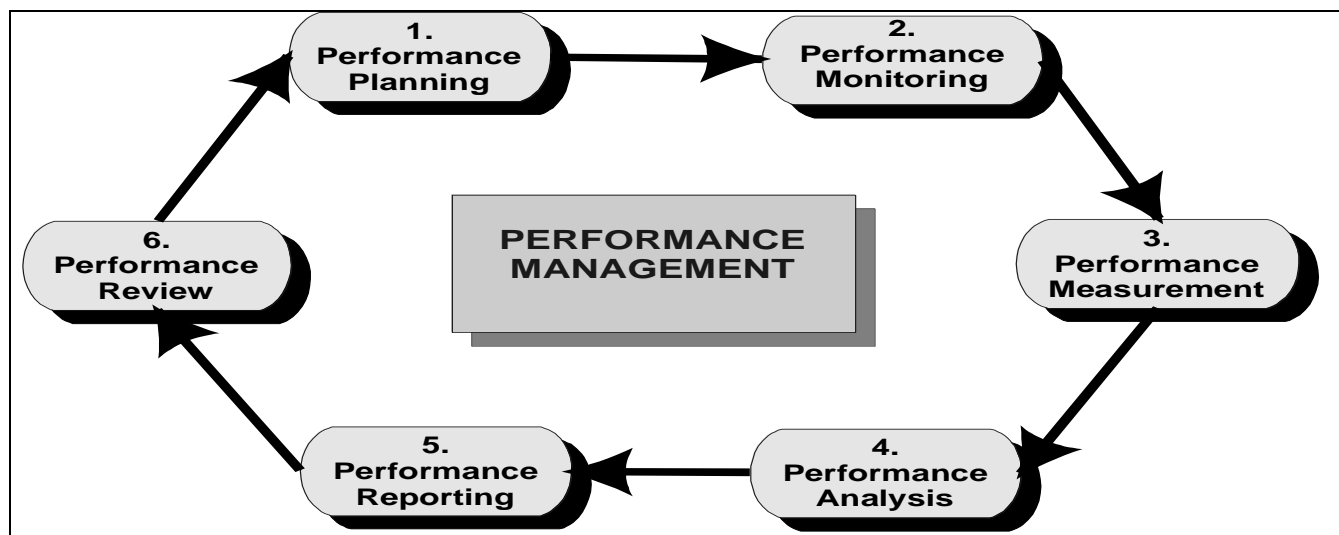


Figure 3: Performance management process

The following table spells out in more detail the role of all relevant role-players in each of the above steps:

Stakeholders	Performance Planning	Measurement and Analysis	Performance Reporting & Reviews
Citizens and Communities	Influence the choice of indicators and setting of targets		Be given the opportunity to review municipal performance and suggest new indicators and targets
Council	Adopt indicators and set targets		Review municipal performance bi-annually
Performance Management Committee	<ul style="list-style-type: none"> <li>→ Recommend indicators and targets</li> <li>→ Communicate the plan to other stakeholders</li> </ul>		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
Municipal Manager + HODs	<ul style="list-style-type: none"> <li>→ Assist the PMS Committee in</li> <li>→ Identify and propose indicators and targets</li> <li>→ Communicate the plan to other stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>→ Regularly monitor the implementation of the IDP, identifying risks early</li> <li>→ Ensure that regular monitoring (measurement, analysis and reporting) is happening in the organisation</li> <li>→ Intervene in performance</li> </ul>	<ul style="list-style-type: none"> <li>→ Conduct regular reviews of performance</li> <li>→ Ensure the availability of information</li> <li>→ Propose response strategies to the PMS Committee</li> </ul>

Stakeholders	Performance Planning	Measurement and Analysis	Performance Reporting & Reviews
		problems on a daily operational basis	
Managers	Develop service plans for integration with other sectors within the strategy of the organisation	<ul style="list-style-type: none"> <li>→ Measure performance according to agreed indicators, analyse and report regularly</li> <li>→ Manage implementation and intervene where necessary</li> <li>→ Inform decision-makers of risks to service delivery timeously</li> </ul>	Conduct reviews of service performance against plan before other reviews
Internal Audit Section		Audit the reliability of performance reporting	<ul style="list-style-type: none"> <li>→ Audit the functionality of the performance management system</li> <li>→ Initiate the annual review of the performance management system</li> </ul>

**Table 1: Role-players in the performance management process**

The balance of this framework looks at each of the steps in more detail and how they will unfold in the process of managing performance in the Municipality. Although the steps and what follows relates mainly to performance management at strategic level, the principles and approaches as espoused could also be applied to performance management at operational level.

### **Performance Planning**

The performance of the Municipality is to be managed in terms of its IDP and the process of compiling an IDP and the annual review thereof therefore forms an important component of the process of planning for performance. It should be noted that the last component of the cycle is that of performance review and the outcome of such a review process must inform the next cycle of IDP compilation/review by focusing the planning processes on those areas in which the Municipality have under-performed.

### **Performance monitoring**

Performance monitoring is an on-going process by which a manager accountable for a specific indicator as set out in the organisational scorecard (or a service delivery target contained in an

annual SDBIP) continuously monitors current performance against targets set. The aim of the monitoring process is to take appropriate and timely corrective action if it is anticipated that a specific target will not be met by the time that the formal process of performance measurement, analysis, reporting and review is due.

The monitoring system clarifies-

**(a) What will be monitored, in terms of key performance areas, indicators and targets:**

The municipality will continuously monitor its performance in all the key performance areas and in respect of all the performance dimensions in respect of which KPIs and performance targets had been set.

**(b) The institutional framework in terms of roles of different role-players in the monitoring process:**

(i) The council will receive performance reports from the PMS committee at least twice during a financial year.

(ii) The PMS Committee is responsible for ensuring that the municipal manager and other managers of the municipality gather relevant information throughout every reporting period in order to submit a draft progress and variance report at the end of each quarter and must determine the format of the report.

(iii) The municipal manager and other managers must ensure that the KPIs and performance targets set are met. This requires proper work planning and scheduling, appropriate resourcing of activities and continuous supervision. The management must also identify likely underperformance and take corrective action where necessary in time to ensure that performance targets will be met. Monthly assessment will be done by management.

(iv) The internal auditing function must audit and assess-

- the accuracy of performance reports,
- the functionality of the PMS,
- whether the PMS complies with the Act,
- the extent to which the municipality's performance measurements are reliable in measuring performance,
- continuously audit the performance measurements of the municipality and

- submit quarterly reports on their audits to the municipal manager and the performance audit committee.
- (v) The performance audit committee must-
- review the quarterly reports submitted to it,
  - review the PMS focusing on economy, efficiency, effectiveness and impact in so far as the KPIs and performance targets set by XDM are concerned and make recommendations in this regard to the council via the PMS Committee,
  - at least twice during a financial year submit an audit report to the municipal council via the PMS committee.
- (c) **The duties involved in continuous data gathering and reporting and who would be responsible for it:** The municipal manager must designate one manager directly accountable to him as project manager for PM monitoring and data gathering. The municipal manager and other managers must install a supervisory and reporting system that would ensure that relevant data is continuously gathered. This system may include focus group research, surveys and like techniques.
- (d) **The mechanisms that must be used to gather, store, analyse, report and verify data:** The mechanisms that may be used, include appropriate information technology, project site reports, research, focus group research, surveys and internal progress and variance reporting;
- (e) **Interventions that may take place to rectify any shortcoming, likely under-performance, or unintended or undesirable outcome detected:** The municipal manager and other managers must implement appropriate actions to rectify and prevent likely under-performance.

## Performance measurement

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator. Given the fact that initially at least the Municipality will have to rely on a manual process to manage its performance, provision has been made in the organisational scorecard for the name of an official responsible for reporting on each indicator (please note that this might not necessarily be the same official accountable for performance on an indicator).

The said official will, when performance measurement is due, have to collect and collate the necessary performance data and capture the result against the target for the period concerned on the organisational scorecard and report the result to his/her manager making use of the required reporting format after completing the next step (see performance analysis below). It should be

noted at this stage that for each of the scorecards two formats exist, namely a planning format and a reporting format. The planning format is used to plan and capture the data relating to each performance target for each indicator every month whilst the reporting format is used to report actual performance quarterly against targets to the PMS Committee.

## **Performance analysis**

Performance analysis involves the process of making sense of measurements. It requires interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to predict whether future targets is likely to be met or not. Where targets have not been met performance analysis requires that the reasons therefore should be examined and corrective action recommended. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organisational learning.

In practice the aforementioned entails that the manager responsible for each indicator will have to, after capturing the performance data against targets on the organisational scorecard, analyse the underlying reasons why a target has/has not been met and capture a summary of his/her findings on the performance report. The manager will thereafter have to compile a draft recommendation of the corrective action proposed in instances where a target has not been achieved and also capture this in the performance report. Provision has been made on the reporting format to capture both the reason for the performance status (in other words the results of the analysis undertaken) and the 'corrective action' proposed.

The completed organisational scorecard must be submitted to a formal meeting of the senior management team for further analysis and consideration of the draft recommendations as captured by the relevant managers. This level of analysis should examine performance across the organisation in terms of all its priorities with the aim to reveal and capture whether any broader organisational factors are limiting the ability to meet any performance targets in addition to those aspects already captured by the relevant manager.

The analysis of the organisational scorecards by senior management should also ensure that quality performance reports are submitted to Councillors and that adequate response strategies are proposed in cases of poor performance. Only once senior management has considered the organisational scorecard, agreed to the analyses undertaken and captured therein and have reached consensus on any corrective action, can the organisational scorecards be submitted to the PMS Committee for consideration and review.

## **Performance reporting and review**

The next two steps in the process of performance management, namely that of performance reporting and performance review will be dealt with at the same time. This section is further

divided into three sections dealing with the requirements for in-year versus annual reporting and reviews respectively and, lastly, a summary is provided of the various reporting requirements.

The manual “Guidelines for Performance Reporting” contains a detailed analysis of the reporting requirements as well as proposed formats for reporting to the various stakeholders.

### ***In-year performance reporting and review***

The submission of the organisational scorecards to the PMS Committee for consideration and review of the performance of the Municipality as a whole is the next step in the process. The first such report is a major milestone in the implementation of any PMS and it marks the beginning of what should become a regular event, namely using the performance report as a tool to review the Municipality’s performance and to make important political and management decisions on how to improve.

As indicated earlier it is recommended that the organisational scorecards be submitted to the PMS Committee for consideration and review on a quarterly basis. The reporting should therefore take place in:

- October, (for the period July, August and September)
- January (for the period October to the end of December)
- April (for the period January, February and March)
- July (for the period April to the end of June).

The review in January will coincide with the mid-year performance assessment required by section 72 of the MFMA.

Performance review is the process where the leadership of an organisation, after the performance of the organisation have been measured and reported to it, reviews the results and decides on appropriate action. The PMS Committee in reviewing the organisational scorecards submitted to it on a quarterly basis will have to ensure that targets committed to in the scorecard have been met, where they have not, that satisfactory and sufficient reasons have been provided by senior management and that the corrective action being proposed is sufficient to address the reasons for poor performance. If satisfied with the corrective action as proposed these must be adopted as formal resolutions of Council.

## ***Annual performance reporting and review***

On an annual basis a comprehensive report on the performance of the Municipality must be compiled. The requirements for the compilation, consideration and review of such an annual report are set out in chapter 12 of the MFMA. In summary it requires that:

- All municipalities for each financial year compile an annual report
- The annual report must be tabled in the council within seven months after the end of the financial year
- The annual report must immediately after it has been tabled be made public and the local community invited to submit representations thereon
- The Council must consider the annual report within nine months after the end of the financial year and adopt an oversight report containing the council's comments on the annual report
- The oversight report as adopted by the council must be made public
- The annual report as tabled and the Council's oversight report must be forwarded to the Auditor-General, the Provincial Treasury and the Department of Local Government and Housing
- The annual report as tabled and the Council's oversight report must be submitted to the Provincial Legislature.

The oversight report provides the opportunity for the Council to review the performance of the Municipality. The requirement that the annual report once tabled and the oversight report be made public provides the mechanism for the general public to review the performance of the Municipality. It is however proposed that in an effort to assist the public in the process and subject to the availability of funding, a user-friendly citizens' report be produced for public consumption in addition to the formal annual report. The citizens' report should be a simple, easily readable and attractive document that translates the annual report for public consumption.

It is also proposed that annually a public campaign be embarked upon to involve the citizens of XDM in the review of the Municipality's performance over and above the legal requirements of the Municipal Systems Act and the MFMA. Such a campaign could involve all or any combination of the following methodologies:

- Various forms of media including radio, newspapers and billboards should be used to convey the annual report.
- The public should be invited to submit comments on the annual report via telephone, fax and email.

- Public hearings could be held in a variety of venues across the Municipality to obtain input on the annual report.
- Making use of existing structures such as ward committees to disseminate the annual report and invite comments.
- Hosting a number of public meetings and road shows at which the annual report could be discussed and input invited.
- Producing a special issue of the municipal newsletter in which the annual report is highlighted and the public invited to comment.
- Posting the annual report on the Municipality’s website and inviting input.
- The public review process should be concluded by a formal review of the annual report by the IDP Representative Forum of the Municipality.

Lastly it should be mentioned that the performance report of a municipality is only one element of the annual report and to ensure that the outcome thereof timeously inform the next cycle of performance planning in terms of an IDP compilation/review process, it is recommended that the annual performance report be compiled and completed as soon after the end of a financial year as possible but ideally not later than two months after financial-year end.

***Summary of various performance reporting requirements***

The following table, derived from both the statutory framework for performance management and this PMS framework, summarises for ease of reference and understanding the various reporting deadlines as it applies to the Municipality:

<b>Report</b>	<b>Frequency</b>	<b>Submitted for consideration and/or review to</b>	<b>Remarks</b>
Departmental SDBIPs	Continuous	Manager of Department	See MFMA Circular 13 of National Treasury for further information
Monthly budget statements	Monthly	Mayor	See sections 54 and 71 of the MFMA
Organisational scorecards	Quarterly	PMS Committee	This PMS framework (see section 7.5.1 above)
Mid-year budget and performance assessment	Annually during January of each year	Mayor	See sections 72 and 54 of the MFMA
Performance report	Annually	Council	See section 46 of the Municipal Systems Act. Said report to form



Report	Frequency	Submitted for consideration and/or review to	Remarks
			part of the annual report (see 6 below)
Annual report	Annually	Council	See chapter 12 of the MFMA

**Table 2: PMS reporting requirements**

### *The auditing of performance measures*

No measurement or review process will be successful without proper auditing procedures whereby the accuracy and reliability of the information can be validated.

Auditing performance measurements is a key element of the monitoring and evaluation process. This involves verifying that the measurement mechanisms are accurate and that proper procedures are followed to evaluate reported performance. With auditing of performance measures, the auditor is more concerned with the extent to which the municipality was able to achieve the reported performance measures and targets that it set for itself and also to assess the extent of its compliance with the legislation in respect of the development and implementation of the PMS. This is different to performance auditing. The distinguishing difference between the two concepts is that with performance auditing, the auditor must assess through the performance of audit procedures, whether the municipality has used its resources in the most efficient, effective and economic manner. The aim of performance auditing is to evaluate the measures implemented to ensure that resources are procured economically and utilised efficiently and effectively. The following table reflects some of the most obvious differences between performance auditing and auditing performance measures:

Performance Auditing	Auditing performance measures
⇒ Establishes whether resources are being used effectively, efficiently and economically.	⇒ Ensures measurement mechanisms are accurate.
⇒ Evaluates measures implemented to ensure resources are procured in an effective, efficient and economical manner.	⇒ Ensures that proper procedures are followed in evaluating reported performance.
⇒ Includes elements of compliance auditing.	⇒ Measures achievement of reported performance and targets.
⇒ Establishes whether the "right	⇒ Audits the procedure followed in the development and implementation of the PMS.

<p>things" are being done.</p> <p>⇒ Compares targeted and actual performance.</p> <p>⇒ Checks on value for money services.</p> <p>⇒ Audits the organisation as a whole in terms of the Vision and Mission.</p>	<p>⇒ Assesses whether the performance indicators are sufficient to measure performance</p>
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**Table 3: Differentiation between auditing measures**

### **The role of internal audit in performance management**

The MFMA requires that the Municipality must establish an internal audit unit. Section 45 of the Municipal Systems Act stipulates that the results of the Municipality’s performance measures must be audited by the Municipality’s internal auditors as part of the internal auditing process. The Auditor-General must annually audit the Municipality’s performance measurement results.

The Municipal Planning and Performance Management Regulations stipulate that the internal auditors must on a continuous basis audit the performance measurements of the Municipality and submit quarterly reports on their audits to the Municipal Manager and the Municipality’s performance audit committee. Internal performance auditing must include an assessment of the following:

- The **functionality** of the municipality’s performance management system.
- Whether the municipality’s performance management system **complies** with the Act.
- The extent to which the municipality’s performance measurements are **reliable** in measuring the performance of municipalities by making use of indicators.

Each of the aforementioned aspects will now be looked at briefly.

#### ⇒ **Functionality**

A system, process or mechanism functions properly if it operates as expected. Applied to the Municipality’s PMS it means that the internal auditors must determine and give an opinion on whether the PMS and its various components operates as intended.

### ⇒ **Compliance**

To comply means to act in the way as was commanded or wished. Applied to the Municipality's PMS the requirements of the Municipal Systems Act, Municipal Planning and Performance Management Regulations and the MFMA must be met. This compliance check would require that the Municipality's internal auditors, at least on an annual basis, verify that the Municipality's PMS complies with the said legal requirements.

### ⇒ **Reliability**

To be reliable means to be trustworthy or dependable. Reliability in the context of PMS refers to the extent to which any performance measures reported upon is reliable, i.e. factually correct and believable. Auditing the reliability of the Municipality's performance measurement results will entail the continuous verification of data supplied as performance results. This will require that the Municipality establishes a proper information management system (electronically or otherwise) so that the internal auditors are able to access information regularly and to verify its correctness.

## **Performance Audit Committee**

Audit committees play an important independent oversight role in any organisation's governance arrangements. While the primary responsibilities of any audit committee are to review the audited financial statements and make recommendations on their approval, oversee the relationship between external and internal auditors and review internal controls, in recent years, this responsibility has expanded to include a range of governance issues that focuses on monitoring how an organisation reports externally and in a responsible and transparent manner. These roles and responsibilities are no different in a municipal environment and in the context of performance management, would include monitoring the reporting of organisational performance information.

While Cogta recommends that a separate performance management audit committee be established, where there is insufficient capacity, the municipality could utilise the established audit committee as the performance management audit committee. In this instance, the audit committee would need to assume as an additional responsibility the terms of reference of the performance management audit committee. In addition, the audit committee would need to reconsider its composition when taking decisions on issues of organisational performance.

The MFMA and the Municipal Planning and Performance Management Regulations require that the Council establish a performance audit committee consisting of a minimum of three members, the majority of who may not be employees of the municipality. No councillor may be a member of the performance audit committee.

The key roles and functions of the Committee are to:

- Review quarterly performance reports submitted to it by Internal Audit.

- Review the PMS and make recommendations in this regard to Council.
- Submit a performance audit report to Council at least twice a year.
- Assess whether the performance indicators are sufficient.
- Assess the reliability of performance information reported.
- Commission in-depth performance investigations where there is continued poor performance.
- Review the PMS in the context of economy, efficiency, effectiveness and impact of the municipality's key performance indicators and performance targets.
- Council must provide secretarial services to the Committee.

A draft set of rules and orders for the municipal performance audit committee was also developed for the municipality and is attached in a separate report.

### **Performance Investigations**

The Performance Audit Committee should be able to commission in-depth performance investigations where there is either continued poor performance, if the reported performance measurements are unreliable or on a random ad hoc basis. The performance investigations should assess:

- The reliability of reported information
- The variance between actual performance and set targets
- The reasons for any material variance
- Corrective action and improvement strategies

While the internal auditors may be used to conduct these investigations, it is preferable that external service providers, who are experts in the area to be audited, should be used. The Council should set clear terms of reference for each such investigation.

### ***General issues relating to performance management***

The following is some general issues related to performance management that needs to be taken into consideration in implementing the PMS of the Municipality:

## **Annual review of the Performance Management System**

One of the functions of the performance audit committee is to review the PMS at least annually. It is envisaged that after an annual review and reporting cycle is complete and the performance audit committee has met the internal auditors will compile a comprehensive assessment/review report on whether the Municipality's PMS meets the system objectives and principles as set out in this framework and whether the system complies with the Systems Act, the Municipal Planning and Performance Management Regulations and the MFMA. This report must be considered by the performance audit committee and any recommendations regarding amendments or improvements to the PMS, submitted to the Council for consideration.

The Municipal Systems Act requires that the Municipality must annually evaluate its PMS. The review undertaken by the performance audit committee and its recommendations must serve as input into the wider review of the PMS. It is proposed that after the full cycle of the annual review is complete the Municipal Manager should initiate an evaluation report, taking into account the input provided by departments and the performance audit committee. The report will then be discussed by the Management Team and finally submitted to the Council for consideration.

## **Amendments to key performance indicators and targets**

The Municipality should adopt a policy on in-year amendments to indicators and targets. Ideally a KPI or performance target should not be changed until an annual performance cycle is completed. However, it is accepted that extra-ordinary circumstances may demand a change to any KPI or target. It is recommended that such amendments may be proposed but will be subject to the approval of the PMS Committee.

## **Institutional arrangements**

Implementation of the PMS requires a fair amount of management time. It is recommended that the management of the PMS be assigned to the manager responsible for the IDP. The manager responsible for the IDP must ensure that key performance indicators and performance targets are set; the performance measurements are regularly carried out and reported on.

At the level of employee performance management the responsibility for co-ordination, administration and record keeping should be assigned to the manager responsible for human resource management.

The Municipality also needs to ensure that its internal auditors have the capacity to discharge the additional responsibilities conferred on them effectively and efficiently.

## ***Employee performance appraisal***

The employee performance appraisal system while part of the Human Resources framework for the municipality, must integrate well into the municipality's PM system. These two systems are co-dependent and will need to survive and develop of each other. The employee performance appraisal system should have elements similar to that of the organisational system.

Performance appraisal is the systematic process of:

- planning work and setting expectations
- continually monitoring performance
- developing the capacity to perform
- periodically rating performance in a summary fashion / rewarding good performance

Section 38 of the Municipal Systems Act establishes that the performance management system of a municipality must be extended to ensure that a culture of performance is promoted also amongst the staff of the municipality. This will only be possible once performance of employees is also assessed and linked to the organisational performance management system of the municipality.

Section 67 of the Municipal Systems Act, 2000 places an obligation on all municipalities to develop in accordance with the Employment Equity Act, 1998 appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration, including the monitoring, measuring and evaluating of performance of staff.

# Financial Plan

## Introduction

The financial strategies of a municipality should recognize the Constitutional and legislative mandate of local government in respect of developmental local governance (budget alignment to IDP priorities), as well as various financial reforms applicable to local government (viz. implementation of MFMA, GAMAP/GRAP etc.) – which now forces a paradigm shift in respect of municipal financial planning and Management.

This plan is prepared in terms of Section 26 (h) of the Local Government : Municipal Systems Act, as amended, which stipulates that a financial plan must be prepared as part of the Integrated Development Plan.

The financial plan includes an Operating Budget, a Capital Investment Programme, the Sources of Funding for the Capital Investment Programme, financial strategies and programmes, various financial management policies adopted by Council, key financial targets, key performance indicators, and a budget according to the IDP priorities.

## Objective

To create a medium term strategic financial framework for allocating municipal resources, through the municipal budgeting process in order to ensure the financial viability and sustainability of the municipality's investments and operations.

The focus here is to outline the role forecasting as a critical tool of local government finance and to provide guidelines to strengthen local public finances in improving the financial management. In particular, proper financial management must: adequately control the total level of revenue and expenditure, appropriately allocate public resources among functional areas and programs, and, ensure that departments operate as efficiently as possible.

The three-year Financial Plan includes an operating Budget and Capital budget, informed by the IDP priorities. It takes into account the key performance areas of the IDP. All programmes contained in the budget are reflected in the IDP.

The key benefit of financial planning and budgeting is that it gives stakeholders the opportunity to stand back and review their organizational performance and the factors affecting operational requirements.

These can include:

- Greater ability to make continuous improvements and anticipate problems
- Sound financial information on which to base decisions
- Improved clarity and focus
- A greater confidence in your decision making

In contrast with accounting records, which are retrospective, a financial planning or in simple terms budgeting is generally a projection of future revenues and expenditures. At a minimum, a financial plan is

used to control financial transactions as well as a management and planning tool. Because local government provides services, forecasts are needed to plan for and control the receipt and expenditure of monies to meet these ends.

## Financial Management Plan

It is important to note that the priority issue from a financial perspective is the viability and sustainability of the District. This goal can best be achieved through effective and efficient financial management. The plans and the strategies that have been formulated were prepared with this in mind.

Maintaining a healthy financial base that fully supports district services according to Mayoral priorities requires constant vigilance. This work is reflected in restructuring and reshaping district services, implementing new financial management systems, securing sound recurring revenues, and making responsible spending adjustments in light of revenue growth limitations in order to achieve a balanced budget.

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The municipal fiscal environment is influenced by a variety of macro-economic control measures. National

Treasury determines the ceiling of year-on-year increases in the total Operating Budget. Various government departments also affect municipal service delivery through the level of grants and subsidies.

## Capital and Operating Budget Estimates

The financial plan includes an Operating Budget (Table 1), the Capital Investment Programme per GFS Classification (Table 2), the Capital Investment Programme per Department (Table 3), and the Capital Investment Programme per Funding Source (Table 4) for the three years ending 30 June 2015.

**The information contained in these tables is based on information available at the time of drafting this document and these estimates could therefore possibly change in the future.**

TABLE 1: Operating Budget: 1 July 2012 to 30 June 2015

Description	Budget Year	Budget Year	Budget Year
	2012/2013	2013/2014	2014/2015
<b>R thousands</b>			
<b>Revenue By Source</b>			
Property rates	-	-	-
Property rates - penalties & collection charges	-	-	-
Service charges - electricity revenue	-	-	-
Service charges - water revenue	-	-	-



Service charges - sanitation revenue	-	-	-
Service charges - refuse revenue	-	-	-
Service charges - other	-	-	-
Rental of facilities and equipment	382	420	462
Interest earned - external investments	400	400	400
Interest earned - outstanding debtors	10	10	10
Dividends received	-	-	-
Fines	-	-	-
Licences and permits	-	-	-
Agency services	-	-	-
Transfers recognised - operating	993	892	382
Other revenue	63	69	76
Gains on disposal of PPE	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>848</b>	<b>792</b>	<b>330</b>
<b>Expenditure By Type</b>			
Employee related costs	928	921	213
Remuneration of councillors	3 314	3 645	4 009
Debt impairment	-	-	-
Depreciation & asset impairment	1 927	2 120	2 332
Finance charges	284	-	-
Bulk purchases	-	-	-
Other materials	-	-	-
Contracted services	-	-	-
Transfers and grants	-	-	-
Other expenditure	347	368	575
Loss on disposal of PPE	-	-	-
<b>Total Expenditure</b>	<b>800</b>	<b>053</b>	<b>129</b>
<b>Surplus/(Deficit)</b>	<b>1 048</b>	<b>1 738</b>	<b>2 201</b>

## The Capital Budget Forecast

The Capital Budget reflects the investments that the municipality will make in the next three financial year on new infrastructure such as water reticulation, roads, sport facilities, waste management's etc. The table below provides some detail of capital expenditure for the various departments (votes) of Xhariep District Municipality.

TABLE 2: Capital Investment Programme per GFS Classification: 1 July 2012 to 30 June 2015

Description	Budget Year	Budget Year	Budget Year
	2012/2013	2013/2014	2014/2015
<b><u>Capital Expenditure - Standard</u></b>			
<b><i>Governance and administration</i></b>	<b>350</b>	<b>385</b>	<b>424</b>
Executive and council	20	22	24
Budget and treasury office	110	121	133
Corporate services	220	242	266
<b><i>Community and public safety</i></b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	-	-	-
Sport and recreation	-	-	-
Public safety	-	-	-
Housing	-	-	-
Health	-	-	-
<b><i>Economic and environmental services</i></b>	<b>270</b>	<b>297</b>	<b>327</b>
Planning and development	270	297	327
Road transport	-	-	-
Environmental protection	-	-	-
<b><i>Trading services</i></b>	<b>-</b>	<b>-</b>	<b>-</b>
Electricity	-	-	-
Water	-	-	-
Waste water management	-	-	-
Waste management	-	-	-
<b><i>Other</i></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>620</b>	<b>682</b>	<b>750</b>

TABLE 3: Capital Investment Programme Per Department: 1 July 2012 to 30 June 2015

Description	Budget Year	Budget Year	Budget Year
	2012/2013	2013/2014	2014/2015
<b>Capital expenditure</b>			
Vote 1 - General Council	-	-	-
Vote 2 - Municipal Manager	20	22	24
Vote 3 - Budget & Treasury Office	110	121	133
Vote 4 - Planning & Development	270	297	327
Vote 5 - Corporate Services	220	242	266
Vote 6 - Community Services	-	-	-
Vote 7 - PIMS Centre	-	-	-
Vote 8 - Example 8	-	-	-
Vote 9 - Example 9	-	-	-
Vote 10 - Example 10	-	-	-
Vote 11 - Example 11	-	-	-
Vote 12 - Example 12	-	-	-
Vote 13 - Example 13	-	-	-
Vote 14 - Example 14	-	-	-
Vote 15 - Example 15	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>620</b>	<b>682</b>	<b>750</b>
<b>Total Capital Expenditure - Vote</b>	<b>620</b>	<b>682</b>	<b>750</b>

TABLE 4: Capital Investment Programme per Funding Source: 1 July 2012 to 30 June 2015

Description	Budget Year	Budget Year	Budget Year
	2012/2013	2013/2014	2014/2015
<b>Funded by:</b>			
National Government	-	-	-
Provincial Government	620	682	750
District Municipality	-	-	-
Other transfers and grants	-	-	-
<b>Total Capital transfers recognised</b>	<b>620</b>	<b>682</b>	<b>750</b>
<b>Public contributions &amp; donations</b>	-	-	-
<b>Borrowing</b>	-	-	-
<b>Internally generated funds</b>	-	-	-
<b>Total Capital Funding</b>	<b>620</b>	<b>682</b>	<b>750</b>

The Capital Investment Programme will be subject to the availability of funding.

## Financial Strategy

Managing municipal finances involves both a strategic and operational component. Strategically, the finances must be managed to accommodate fluctuations in the economy and the resulting changes in costs and revenues. Operationally, the municipality must put in place clear financial goals, policies, and tools to implement its strategic plan.

As mentioned at the beginning of this plan, the priority from the financial perspective is the viability and sustainability of the Municipality. The financial plan and related strategies will need to address a number of key areas in order to achieve this goal. The areas, which have been identified, are detailed below.

### The Financial Framework

#### i. Revenue Adequacy and Certainty

It is essential that the Municipality has access to adequate sources of revenue, from both its own operations and intergovernmental transfers, to enable it to carry out its functions. It is furthermore necessary that there is a reasonable degree of certainty with regard to source, amount and timing of revenue. The Division of Revenue Act has laid out the level of funding from National Government that will be received for the 2012/13 to 2013/14 financial years.

It is important to track the respective sources of revenue received by the Municipality as they can be quite different and can vary substantially depending upon the phase that the municipality is in.

Knowledge of the sources of funds will illustrate the Municipality's position more accurately, its ability to secure loans relative to its income streams and its borrowing capacity.

#### ***ii. Cash / Liquidity Position***

Cash and cash management is vital for the short and long term survival and good management of any organisation. The appropriate benchmarks which can assist in assessing the financial health of the Municipality are:

The current ratio expresses the current assets as a proportion to current liabilities. "Current" refers to those assets which could be converted into cash within 12 months and those liabilities which will be settled within 12 months. A current ratio in excess of 2:1 is considered to be healthy.

Debtors' collection measurements have a great impact on the liquidity of the Municipality. The Municipality will attempt to reduce the days debts outstanding to less than 60 days in the medium term and will strive to increase the annual debts collection rate by 1% per annum, until it exceeds the desired level of 99%.

#### ***iii. Sustainability***

The Municipality needs to ensure that its budget is balanced (income covers expenditure). As there are limits on revenue, coupled with the increased reliance on government grants to fund operational needs, it is necessary to ensure that services are provided at levels that are affordable, and that the full costs of service delivery are recovered. However, to ensure that households which are too poor to pay for even a proportion of service costs, at least have access to basic services, there is a need for subsidisation of these households.

#### ***iv. Effective and Efficient Use of Resources***

In an environment of limited resources, it is essential that the Municipality makes maximum use of the resources at its disposal by using them in an effective, efficient and economical manner. Efficiency in operations and investment will increase poor people's access to basic services.

#### ***v. Accountability, Transparency and Good Governance***

The Municipality is accountable to the people who provide the resources, for what they do with the resources. The budgeting process and other financial decisions must therefore be open to public scrutiny and participation. In addition, the accounting and financial reporting procedures must

minimise opportunities for corruption. It is also essential that accurate financial information is produced within acceptable timeframes.

**vi. *Equity and Redistribution***

The Municipality must treat people fairly and justly when it comes to the provision of services. In the same way, the Municipality should be treated equitably by national and provincial government when it comes to inter-governmental transfers. The 'equitable share' from national government will be used primarily for targeted subsidies to poorer households. In addition, the Municipality reserves the right to cross-subsidize between high and low income consumers within a specific service or between services.

**vii. *Development and Investment***

In order to deal effectively with backlogs in services, there is a need for the Municipality to maximise its investment in municipal infrastructure (see Table 2). In restructuring the financial systems of the Municipality, the underlying policies should encourage the maximum degree of private sector investment.

**viii. *Macro-economic Investment***

As the Municipality plays a significant role in the area, it is essential that it operates efficiently within the national macro-economic framework. The Municipality's financial and developmental activities should therefore support national fiscal policy.

**ix. *Borrowing***

The strong capital market in South Africa (banks and other lending institutions like DBSA, INCA, etc.) provides an additional instrument to access financial resources. However, it is clear that the Municipality cannot borrow to balance its budget and pay for overspending. Safeguards need to be put in place to ensure that the Municipality borrows in a responsible way. In order to have access to this market, the Municipality will need to have accurate and appropriate financial accounting policies and procedures and effective reporting systems. The manner in which the Municipality manages debt or takes on new debt to finance activities will have a significant impact on the solvency and long-term viability of the Council.

## **Strategies and Programmes**

With the above financial framework as a background, strategies and programmes have been identified and form part of the financial plan to achieve the desired objective – the financial viability and sustainability of the Municipality. In terms of time frames, each of the projects that have been identified will be embarked on and completed during the five year plan.

### ➤ Revenue Raising Strategies and Programmes

The following are some of the more significant programmes that have been identified:

- *The development and implementation of a credit control and debt collection policy*  
This policy and the relevant procedures will detail all areas of credit control, debt collection of amounts billed to customers, procedures for non-payment, etc.
- *Improved Payment Strategy*  
This strategy aims at implementing innovative cost effective processes to encourage consumers to pay their accounts in full, on time, each month. Ensure that effective and efficient Customer Care and Prepayment procedures are implemented.

### ➤ Asset Management Strategies and Programmes

The following are some of the more significant programmes that have been identified:

- *The implementation of a fixed asset register and asset control system as well as the maintenance thereof*  
This programme will involve the formulation of policies regarding fixed assets, the purchase of a suitable system, the capture of all assets onto this system and the maintenance of this system in terms of GAMAP requirements.
- *The development and implementation of a disaster recovery plan*  
This plan will detail the procedures to be followed with regard to the operations and administration of the Municipality in the event of a disaster, to ensure that there is the least possible disruption and loss of service rendition. The plan will detail alternative locations, IT arrangements, back-up/start-up procedures, etc.
- *The establishment of a disaster recovery centre*  
The building and/or equipping of an alternative site from which to manage the Municipality's operations, in the event of a disaster rendering the current operational centres unusable
- *The development and implementation of a repairs and maintenance policy*  
Such a policy will set out the details with regard to repairs and maintenance of all asset categories e.g. infrastructure assets, buildings, motor vehicles, etc. The intention is to ensure that planned and preventative maintenance is always ongoing
- *The development and implementation of a fleet management system*  
This system will ensure that the Municipality's fleet is managed in the most effective manner and that up-to-date and comprehensive information required for the fleet is readily available.

### ➤ Financial Management Strategies and Programmes

The following are some of the more significant programmes that have been identified:

- *The development and implementation of an integrated information technology plan*

Such a plan will ensure that the Municipality's IT needs are met in the most cost effective manner, that the IT resources are well-managed and secure, and that administrators and users are well-trained.

- *Integration of all computerised systems and acquisition of hardware and software required*  
Financial management is supported through the municipality's Axapta System. This integrated financial management system is designed to track and control daily activities and report the financial position of the municipality. This system supports the rigorous monitoring, control and reporting requirements required of the municipality.

The integration of all other computerised systems to this financial management system, and the acquisition of the required hardware and software must be finalized to ensure that information is accurate, relevant and prompt, which in turn will facilitate the smooth running and effective management of the Municipality.

- *Upgrading and restructuring of the Budget Office in line with the budget reform process initiated by National Treasury.*  
This will result in better control of expenditure and improved reporting.

#### ➤ **Capital Financing Strategies and Programmes**

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

- *National and provincial government funding for medium term and long term projects*
- *Statutory funds for fund specific projects*
- *External borrowings for long term revenue generating and strategic projects*
- *The development and implementation of a debt capacity policy*  
This policy will ensure that any borrowings taken by the Municipality will be done in a responsible manner and that the repayment and servicing of such debt will be affordable.

#### ➤ **Operational Financing Strategies and Programmes**

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



## ➤ **Strategies to Enhance Cost-effectiveness**

The following are some of the more significant programmes that have been identified:

The establishment of benchmarks and performance indicators are paramount. This will include:

- *Training and development of financial (and other) staff*  
The aim of this project will be to constantly ensure that the Financial (and other) staff receive the training they require to ensure a cost-effective and efficient service to the Municipality.
- *Enhanced budgetary controls and timeliness of financial data*  
To improve the operation of the Budget Office, in respect of producing financial information and the monitoring and reporting of budget variances. Some of the more significant measures of acceptable performance in this area will be: Financial bottom line matched to forecasts to a 10% variance level, Receipt of unqualified audit reports, Monthly financial statements produced within 10 days of month-end, etc.

## **Financial Management Policies**

### ➤ **General Financial Philosophy**

The financial policy of the Xhariep District Municipality is to provide a sound financial base and the resources necessary to sustain a satisfactory level of municipal services for the citizens of district.

It is the goal of the Municipality to achieve a strong financial position with the ability to:

- withstand local and regional economic impacts;
- adjust efficiently to the community's changing service requirements;
- effectively maintain, improve and expand the Municipality's infrastructure;
- manage the Municipality's budget and cash flow to the maximum benefit of the community;
- prudently plan, coordinate and implement responsible and sustainable community development and growth;
- provide a high level of social services to assure public health and safety.

Xhariep District Municipality's financial policies shall address the following fiscal goals: -

- keep the Municipality in a fiscally sound position in both the short and long term;
- maintain sufficient financial liquidity through regular reviews and adjustments to meet normal operating and contingent obligations;
- apply credit control and debt collection policies which maximize collection while providing relief for the indigent;
- credit control and debt collection policies that recognize the basic policy of customer care and convenience;
- operate utilities/entities in a responsive and fiscally sound manner;
- maintain existing infrastructure and capital assets;
- provide a framework for the prudent use of debt financing;
- direct the Municipality's financial resources toward meeting the goals of the Municipality's Integrated Development Plan.

## ➤ **Budget Policies**

The annual budget is the central financial planning document that embodies all operating revenue and expenditure, and capital budget decisions.

It establishes the level of services to be provided by each department.

The Municipal Manager shall incorporate the Xhariep District Municipality's priorities in the formulation of the preliminary and final budget proposal.

The budget will be subject to monthly control and be reported to Council with recommendations of action to be taken to achieve the budget's goal. The budget will be subject to a mid-term review, which may result in an Adjustment Budget.

Adequate maintenance and replacement of the Municipality's capital property, plant and equipment will be provided for in the annual budget.

The budget shall balance recurring operating expenses to recurring operating revenues.

The budget will have Revenue plans based on realistically expected income and expenditure figures. Plans will be included to achieve maximum revenue collection percentages.

## ➤ **Capital Infrastructure Investment Policies**

The Municipality will establish and implement a comprehensive rolling five year Capital Investment Plan (CIP). This plan will be updated annually.

The capital planning process must be synchronized with the annual operating budget cycle, allowing for the regular reassessment of capital needs and projections, as well as the update of the rolling five year capital plan.

An annual Capital Investment Budget will be developed and adopted by the Xhariep District Municipality as part of the annual budget. The Municipality will make all capital improvements in accordance with the CIP.

Unexpended capital project budgets shall not be carried forward or rolled over to future fiscal years unless the Project Expenditure is committed or funded from grant funding. Routine and administrative capital needs shall be financed from current revenues (Capital Replacement Reserve) as opposed to the issuance of long-term debt.

The Municipality will maintain all assets at a level adequate to protect the Municipality's capital investment and to minimize future maintenance and replacement costs.

### ➤ **Credit Control and Debt Collection Policies and Procedures**

The Principles supported in this Policy are:

- The administrative integrity of the municipality must be maintained at all costs. The democratically elected councilors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- A copy of the application form, conditions of services and relevant extracts of the Council's credit control and debt collection policy and by-laws must be handed to every customer on request, at such fees as may be prescribed by Council.
- Billing is to be accurate, timeous and understandable.
- The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- Enforcement of payment must be prompt, consistent and effective.
- Unauthorised consumption, connection and re-connection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- Incentives and disincentives may be used in collection procedures.
- The collection process must be cost-effective.
- Results will be regularly and efficiently reported by the Municipal Manager and the Mayor.
- Application forms will be used to, inter-alias, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

The Policy document must, amongst others, cover:

- Duties and Functions of Council, Mayor, Ward Councilors, Municipal Manager and of the communities.
- Area of Application
- Application of Services
- Customer Service Agreements
- Deposits and Guarantees
- Accounts and Billing
- Customer Assistance Programmes
- Communication
- Payment Facilities and Methods
- Enquiries and Appeals
- Tenders for Business
- Debt Collection
- Theft and Fraud
- Reporting and Performance Management
- Income Collection Target
- Application of the Policy
- Impact of the newly promulgated National Credit Act

A document titled “Debt Collection Procedures” must support or form an integral part the Credit Control and Debt Collection Policy.

➤ **Investment and Cash Management Policies**

In terms of the Municipal Finance Management Act, Act 56 of 2003, Section 13(2): “Each Municipal Council shall adopt by resolution an investment policy regarding the investment of its money not immediately required.”

Investments of the Municipality shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The portfolio shall remain sufficiently liquid to enable the Municipality to meet daily cash flow demands and conform to all state and local requirements governing the investment of public funds. The preservation of the principal amount is the foremost objective of the investment program.

The Municipality will continue the current cash management and investment practices, which are designed to emphasize safety of capital first, sufficient liquidity to meet obligations second, and the highest possible yield third.

Investments shall be made with care, skill, prudence and diligence. The approach must be that which a prudent person acting in a like capacity and familiar with investment matters would use in the investment of funds of like character and with like aims, to safeguard the principal amount and maintain the liquidity needs of the Municipality. The standard of prudence to be used by the Investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall Investment portfolio.

Investment officials are required to:

- a) adhere to written procedures and policy guidelines.
- b) exercise due diligence.
- c) prepare all reports timeously.
- d) exercise strict compliance with all legislation.

The Municipality shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Municipality will not directly invest in securities maturing more than two years from the date of issue.

The Municipality’s financial information system will provide adequate information concerning cash position and investment performance.

The Municipality will not invest monies in contradiction to the policy guidelines as adopted by Council.

The municipality is also discouraged from investing more than 30% of available funds with a single institution.

The Minister of Finance may identify by regulation in terms of Section 168 of the Municipal Finance Management Act, instruments or investments other than those referred to below in which a Municipality may invest:

- Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- Securities issued by the National Government;
- Investments with the Public Investment Commissioners as contemplated by the Public Investment Commissions Act, 1984 ( Act No. 5 of 1984 );
- Listed corporate bonds with an investment grade rating from a nationally or internationally recognised credit rating agency;
- Deposits with the corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984);
- Banker's acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)
- Municipal Bonds issued by a Municipality
- Guaranteed endowment policies with the intention of establishing a sinking fund; and
- Repurchase agreements with banks registered in terms of the Banks Act, 1990 (Act 94 of 1990)

#### ➤ **Debt Management Policies**

The Treasury Department manages all municipal borrowings. The municipality's cash flow must be carefully managed and anchored by at least quarterly loan draw downs, so as to eliminate the need for short-term borrowings. Guidelines must be established by the Treasury Department to set forth the municipality's management policies toward rapidity of debt repayment, debt affordability, the limitation on the level of variable rate debt the municipality will issue, and the target savings amount on debt to be refinanced.

The Municipality shall incur debt only when necessary to meet a public need and when funding for such projects is not available from current revenues, reserves or other sources.

Long term borrowing will be used to finance capital programmes, including refurbishment, as approved in the Municipality's Capital Investment Plan.

Capital projects financed through the issuance of debt shall be financed for a period not exceeding the expected useful life of the project.

The Municipality will not incur debt to finance current operations. Leasing options, after a cost benefit analysis, may be used as a medium-term method of borrowing for the financing of vehicles, computers, other specialized types of equipment, or other capital refurbishment programmes

➤ **Asset Management Policies**



The objective of the asset management policy is to prescribe the accounting and administrative policies and procedures relating to Property, Plant & Equipment (PPE), which are fixed assets of Xhariep District Municipality.

A summary of the Principles supported in this policy are:

- A fixed asset shall mean an asset, either movable or immovable, under the control of the municipality, and from which the municipality reasonably expects to derive economic benefits, or reasonably expects to use in-service delivery, over a period extending beyond 12 months.
- The fixed asset register shall comply with the requirements of Generally Recognized Accounting Practice (GRAP) and any other accounting requirements, which may be prescribed.
- Fixed assets are classified under the following headings:
  - Land
  - Infrastructure Assets
  - Community Assets
  - Heritage Assets
  - Investment Properties
  - Other Assets
- Every Head of Department shall be directly responsible for the physical safekeeping of any fixed asset controlled or used by the department in question.
- PPE is stated at cost less accumulated depreciation, or fair value at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.
- Subsequent expenditure relating to property, plant and equipment is capitalized if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, then it is regarded as repairs and maintenance and is expensed. The enhancement of an existing asset, so that its use is expanded or, the further development of an asset so that its original life is extended, are examples of subsequent expenditure, which should be capitalized.
- Assets are capitalized according to a capitalization criteria and all expenditure below a capitalization threshold, as determined in the approved policy, is expensed when incurred.
- Depreciation is calculated on cost, using the straight-line method, over the estimated useful lives of the assets.
- Heritage assets, which are defined, as culturally significant resources, are not depreciated as they are regarded as having an infinite life. In general, Land is also not depreciated for the same reason. The only exception to the policy is that cemetery land and landfill sites are depreciated.
- Incomplete construction work is stated at historic cost.
- The carrying amount of an item or a group of identical items of PPE will be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying amount. When such a decline has occurred, the carrying amount will be reduced to the recoverable amount (also termed as impairment of assets). The amount of the reduction will be recognized as an expense immediately, unless it reverses a previous revaluation, in which case it will be charged to the revaluation non-distributable reserve.
- Assets are eliminated from the Statement of Financial Position on disposal or retirement.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the statement of financial performance.

➤ **Asset Management Information**



To ensure that assets are adequately maintained, a programme for the planned maintenance and replacement of all fixed and moveable assets is essential.

The magnitude of deferred maintenance due to past and present lack of funding must be reviewed, quantified and appropriate steps taken to address same within these next five years, whilst at the same time ensuring that the current and ongoing preventative maintenance plan does not fall behind and end up as unbudgeted for deferred maintenance in future years.

## Projects to be Implemented 2012 -15

Key Performance Area	Objective	Supporting projects/Activities	Project No	Responsible Manager	Budgeted Amount	Implementation Year			Funding Source & implication	
						12/13	13/14	14/15	Internal	External (Identify)
<b>Municipal financial viability</b>	To improve financial viability of the municipality by June 2013	Prepare budgets and financial reporting statements in accordance with applicable laws and regulations	MFV P1	CFO	R 200 000	✓			✓	
		<b>Train and capacitate finance department staff on critical areas of their work such as GRAP, MFMA including Finance Interns</b>	<b>MFV P3</b>	CFO	R1 250 00	✓				
		Formulate and implement internal financial management policies and credit control strategies:	MFV P4	CFO	R 400 000	✓				
		- Asset management								
		- Supply chain policy								
		- Debt collection								
		- Credit control								
<b>GOOD GOVERNANCE</b>										
<b>Organisational capacity building</b>	To build capacity of the organisation to effectively deliver on its Powers and Functions assignments in line with our macro	Populate organogram and prioritise the filling of vacant critical top management layer positions: (State positions)	GG							
		Support & Train Ward Committees	GG							
		Support and participate in	GG		R 60 000	✓				



	strategy by June 2013	intergovernmental forums								
	Information and Communications Technology	Create and develop accurate procedure manuals and clear ICT policies			R 1000 000	✓				
<b>Employment Equity plan</b>	To prepare and implement municipal employment equity plan by June 2013	Develop the EEP and implement in line with legislation and monitor outcomes then report to national as part of PMS	GG			✓				
<b>Work Place Skills plan</b>	To prepare and implement municipal work place skills plan by June 2013	Develop the WSP and implement in line with legislation and monitor outcomes then report to national as part of PMS	GG			✓				
<b>Performance Management System</b>	To implement effective performance management system by July 2013	Commission review and implementation of effective PMS and train internal staff and councillors to understand their respective roles	GG			✓				
<b>Integrated Development Planning</b>	To continuously prepare, adopt, effectively implement and annually review IDP	Complete the review and adoption of IDP for implementation in 2012/13 financial year	GG			✓				
<b>By-laws and policies</b>	To build capacity for by-law preparation and enforcement by June 2013	Develop and enforce by-laws	GG			✓				

## LOCAL ECONOMIC DEVELOPMENT (LED)

Key Performance Indicator	Objective	Supporting projects	Proj. No	Cost Estimate	Implementation Year			Funding Source & implication	
					12/13	13/14	14/15	Internal	External (identify)
<b>Economic growth</b>	To improve economic growth by at least 10% increase annually by 2017  To support local SMMEs	Develop database of existing SMMEs and provide information on support resources	LEDP						
		Develop a support programme and utilize the supply chain management policy to empower SMMEs	LEDP						
		Implement EPWP and monitor use of labour intensive methods to create jobs	LEDP	R1000 000					
		Support promotion of emerging farmers initiatives	LEDP						
		Support promotion and marketing of the strategic regional sites (ie- Lake Xhariep, Heritage sites etc) and cultural artefacts produce	LEDP	R300 000 + R70 000					
<b>SMME Development</b>		Prepare the review of integrated Environmental Management Plan and implement	LEDP						
		Prepare the review of integrated Disaster Management Plan and implement	LEDP	R 700 000					
<b>Environmental</b>	To manage and prevent harm of the environment	Draft funding applications to finance feasibility studies for proper	LEDP						

Key Performance Indicator	Objective	Supporting projects	Proj. No	Cost Estimate	Implementation Year			Funding Source & implication	
					12/13	13/14	14/15	Internal	External (identify)
	and ensure its sustainability	establishment of licensed suitable regional landfill sites							
		Support planning and identification of suitable land for cemeteries	LEDP						
		OR Tambo Games SAMRAS (affiliation)	LEDP	R 70 000					
<b>Waste and refuse</b>	To facilitate provision of integrated waste management services to residential and non-residential consumers in the district								
<b>Cemeteries</b>	To coordinate and support provision of safe and proper burial spaces by our local municipalities			R 1000 000					

## Social & Human Development Cluster

Key Performance Indicator	Objective	Supporting projects	Project No	Cost Estimate	Implementation Year			Funding Source & implication	
					12/13	13/14	14/15	Internal	External (identify)
<b>Municipal Environmental Health</b>	Healthy Societies	Various environmental health programs		R 50 000					
<b>Primary health (HIV/Aids)</b>	To contribute to the fight against the spread of pandemics like HIV/Aids	Conduct awareness campaigns in all LMs and set up district Aids Council		R 80 000					
<b>Special Programmes (Youth, Gender &amp; Disabled)</b>	To implement effective special groups support development programmes focusing on Youth, Gender and Disabled			R 200 000					

## CHAPTER 4: SECTOR INVOLVEMENT

Sector Department	Project	Project location	Budget amount	Year/s of implementation
<b>PPP project – between Xhariep DM, Letsemeng, Kopanong, Naledi, Mohokare , LTE Capital SEMO Consortium and FDC</b>	Xhariep Renewable Energy Hub Project	Xhariep	-	2012 -2017
<b>Department of Energy</b>	New Electrical Connections	Letsemeng	Letsemeng has no new planned connections	
		Trompsburg: Madikgetla	R 1 560 000	DoE is finalizing the internal processes
		Bethulie: Lephoi	R 390 000	DoE is finalizing the internal processes
		Gariiep Dam: Hydropark	R 670 000	DoE is finalizing the internal processes
		Jagersfontein: Itumeleng	R 500 000	DoE is finalizing the internal processes
		Springfontein: Maphoi	R 880 000	DoE is finalizing the internal processes
		Somido Park Phase 2	R 2 000 000	DoE is finalizing the internal processes
		Thapellang	R 500 000	DoE is finalizing the internal processes
		<b>Totals</b>		<b>R 6 500 000</b>

<b>Department of Sport Arts and Culture</b>	New Library	Mohokare	R12 000 000	12/13
		Naledi	R 15 000 000	12/14
		Letsemeng	R 10 500 000	12/13
		Letsemeng	R 12 000 000	12/13
		Kopanong	R 12 000 000	12/13
	New Toy Libraries	Naledi	R 40 000	12/13
		Letsemeng	R 40 000	12/13
		Kopanong	R 40 000	12/13
	Establish District High Performance Satellite	Kopanong	R 9000 000	12/13
	Purchase mobile unit testing of athletes	Xhariep District	R260 000	12/13
<b>Eskom</b>	Substation refurbishment	Jacobsdal – Letsemeng	R9,876,392.92	12/13
		Petrusburg - Letsemeng	R13,219,638.96	12/13
	22kV line breaker will be		R681,602.27	12/13

	fitted			
	22kV line is being refurbished		R37,944,628.69	12/13
	22kV Canal split	Luckhof	R9,638,658.11	12/13
<b>Eskom</b>	Refurbish Substation	Bethulie	R2,979,246.00	12/13
		Edenburg	R2,295,326.94	12/13

## Department of Agriculture Projects

Name of Municipality	Project Name	Locality/Ward	Budgeted amount	Targeted Date (Inception and Completion)	
DC 16	Xhariep Irrigation	Letsemeng	1300 000	01/04/2012	31/03/2013
DC 16	Xhariep Broiler and abattoir	Letsemeng and Kopanong	2 500 000	2012	2013
DC 16	Kopanong Infrastructural Development	Kopanong	300 000	01/04/2012	31/03/2013
DC 16	Vuyathela	Letsemeng	1 000 000	01/04/2012	31/03/2013
DC 16	Xhariep Fish Project(Letlaka,Jacobsdal, Bethulie	Mohokare/ Letsemeng	4 000 000	01/04/2012	31/03/2013
DC 16	Xhariep Ostrich	Letsemeng	1500 000	01/04/2012	31/03/2013

DC 16	Xhariep Livestock	Mohokare	900 000	01/04/2012	31/03/2013
DC 16	Xhariep Livestock	Mohokare	1 000 000	01/04/2012	31/03/2013
<b>Total</b>			<b>10 000 000</b>		

**PROVINCIAL PROJECTS 2012-2013 – CASP Provincial Wide**

Name of Municipality	Project Name	Locality/Ward	Budgeted amount	Targeted Date	
				(Inception and Completion)	
All district	Project impact Assessment study	All	750 000	01/04/2012	31/03/2013
All Districts	Training & Capacity Building	All	8 506 000	01/04/2012	31/03/2013
All districts	Marketing & Business Development	All	7 490 000	01/04/2012	31/03/2013
All Districts	Provincial Agricultural Support Project	All	6 000 000	01/04/2012	31/03/2013
All districts	Veterinary Services	All	4 250 000	01/04/2012	31/03/2013
All Districts	Repair of Flood Damage	All	12 000 000	01/04/2012	31/03/2013



All Districts	Extension Recovery Plan	All	25 179 000	01/04/2012	31/03/2013
Glen	Glen College	All	4 593 000	01/04/2012	31/03/2013
<b>Total</b>			<b>68 768 000</b>		

#### PROVINCIAL PROJECTS 2012- 2013 - LANDCARE PROJECTS

Name of Municipality	Project Name	Locality/Ward	Budgeted amount	Targeted Date	
				(Inception and Completion)	
DC 16	Aasvoëlberg Junior LandCare	Mohokare/ Zastron	653 000	01/04/2012	31/03/2013
DC16	Edenburg Commonage	Kopanong/ Edenburg	168 000	01/04/2012	31/03/2013
DC16	Zastron Commonage	Mohokare/ Zastron	236 000	01/04/2012	31/03/2013
DC16	Philippolis Commonage	Kopanong/ Philippolis	150 000	01/04/2012	31/03/2013
DC16	Smithfield Commonage	Mohokare/ Smithfield	168 000	01/04/2012	31/03/2013
DC16	Reddersburg Commonage	Kopanong/ Reddersburg	168 000	01/04/2012	31/03/2013

## Department of Co-operative Governance, Traditional Affairs and Human Settlement

Name of Municipality	Project Name	Locality/Ward	Budgeted amount	Targeted Date (Inception )	Targeted Date (Completion)
LETSEMENG FS161	Rates & Taxes		960	2012-04-01	2013-03-31
KOPANONG FS162	Rates & Taxes		2,029	2012-04-01	2013-03-31
MOHAKARE FS163	Rates & Taxes		124	2012-04-01	2013-03-31
NALEDI FS164	Rates & Taxes		478	2012-04-01	2013-03-31
<b>Total Xhariep FS16</b>			<b>3,591</b>		

## Department of Roads police and transport

Name of Municipality	Project Name	Locality/Ward	Budgeted amount	Targeted Date (Inception )	Targeted Date (Completion)
Xhariep District	Upgrades and additions	Trompsburg to Phillipolis	R 2 million	2012 /13	-

## Department of Health

Name of Municipality	Project Name	Locality/Ward	Budgeted amount ' 000	Targeted Date (Inception )	Targeted Date (Completion)
Xhariep District	Trompsburg Hospital	Trompsburg	R390,753	01/04/2008	31/04/2015
	Hospital	Trompsburg	R 25 000		1/3/2013

	Revitalization (Health Technology)				
	Hospital Infrastructure Projects	Petrusburg Phekolong Clinic	20,800	2011	2013
		Luckoff Clinic	20,800	2013	2016
		Jacobsdal clinic	20,800	2013	2016
		Rouxville clinic	25,561	2011	2013
		Dewetsdorp clinic	34 600	2011	2012

### Department of Public works

Name of Municipality	Project Name	Locality/Ward	Budgeted amount ' 000	Targeted Date (Inception )	Targeted Date (Completion)
Xhariep	Jagersfontien Transport services revitalization	Jagersfontein	R 9 000	2011	2015

## Department of water affairs

Name of Municipality	Project Name	Locality/Ward	Number Schools
Xhariep	Rain Water harvesting tanks	Kopanong	5
		Letsemeng	14
			Budget
	Regional Bulk Infrastructure Grant	Kopanong Jaggersfontien / Fauriesmith	R 27 000 000
		Mohokare Rouxville /Smithfield / Zastron	R 13 000 000
		Letsemeng Petrusburg/ Koffiefontein	R 740 000
		Naledi Dewetsdorp/Vanstadensrus/Wepener	R 740 000
	Accelerated community infrastructure Programme	Letsemeng Petrusburg	
Transferee schemes and operations and maintenance plans	Kopanong	R 3 012 000	
Women in water awards	All districts	-	
	Capacity building support – development workshop on water related programmes ( councillors and ward committees)	Kopanong	

	<b>Free Basic Water policy workshop including the number of households, volumes areas and of water in rural areas and farm dwellers</b>	<b>Xhariep</b>	
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## Conclusion

The Xhariep District Municipality, as pointed out previously, had many challenges and is now placing itself into a position of change.

The current leadership within the institution and its presence is now beginning to give guidance in steering the institution in the correct direction.

The strategic objectives of the District have been clearly pointed out in the following ways:

- IDP formulation
- Transformational Plan
- Creating a successful District
- Turning the IDP into an operational Plan

All sector plans were formulated in consultation with various stakeholders and the inputs made were valuable based on the needs of stakeholders.

The interaction with the Province gave greater insights into the weaknesses of the draft IDP.

We were still faced with the challenges of the local Municipalities not fully engaging with the District in terms of their IDP reviews.

It was stipulated that the District Mayor takes the lead to establish the IGR Forum and ensure long term interaction through the forum.

All Local Municipalities and the District have identified projects that will make an impact in the lives of people within the District.

A limited revenue base was identified as one of the biggest problems that the District faces and cannot achieve all its objectives due to this challenge.

It was however recommended that the District should seek funding from the Province and to create partnerships in a strategic sense in order to meet its objectives.

All the programmes and projects identified must be seriously looked at in terms of compliance and to ensure that the community of Xhariep develops

economically and socially in order to create a better life for all the people of Xhariep District.