

**FINAL**

**INTEGRATED DEVELOPMENT PLAN:**

**2013 – 2014**

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## **ACKNOWLEDGEMENTS**

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## **GLOSSARY OF TERMS**

AA:	Administrative Authority
ABET:	Adult Based Education and Training
ABP:	Area Based Plans
AIDS:	Acquired Immune Deficiency Syndrome
AsgiSA:	Accelerated and Shared Growth Initiative for South Africa
BBBEE:	Broad Based Black Economic Empowerment
CBOs:	Community Based Organisations
CDWs:	Community Development Workers
CLARA:	Communal Land Rights Act No. 11 of 2004
CRDP:	Comprehensive Rural Development Programme
CIF:	Capital investment Framework
CMA:	Catchment Management Area
DEDEA:	Department of Economic Development & Environmental Affairs
DEA	Department of Environmental Affairs
DFA:	Development Facilitation Act 67 of 1995
DLGTA:	Department of Local Government and Traditional Affairs
DM:	District Municipality
DWA:	Department of Water Affairs
EC:	Eastern Cape
ECBCP:	Eastern Cape Biodiversity Conservation Plan
ECPSDP:	Eastern Cape Provincial Spatial Development Plan
ECSECC:	Eastern Cape Socio-Economic Consultative Council
ELM:	Elundini Municipality

EMF:	Environmental Management Framework
EXCO:	Executive Committee
FET:	Further Education & Training
GDP:	Gross Domestic Product.
GDS:	Growth and Development Summit
GGP:	Gross Geographic Product.
GIS:	Geographic Information System
HIV:	Human Infected Virus
ICT:	Information and Communication Technology
IDP:	Integrated Development Plan
IGR:	Intergovernmental Relations
ISRDP:	Integrated Sustainable Rural Development Programme
ITPs:	Integrated Transport Plans
IPILRA:	Interim protection of Informal Land Rights Act
IDC:	Industrial Development Corporation
IWMP:	Integrated Waste Management Plan
JGDM:	Joe Gqabi District Municipality
JoGEDA:	Joe Gqabi Economic Development Agency
KPA:	Key Performance Area
KPI:	Key Performance Indicator
SDF:	Spatial Development Framework
LDO:	Land Development Objective
LED:	Local Economic Development
LRAD:	Land Redistribution for Agriculture Development
LM:	Local Municipality
LUM:	Land Use Management
MEC:	Member of the Executive Council
MFMA:	Municipal Finance Management Act
MIG:	Municipal Infrastructure Grant
MSA:	Municipal Systems Act
MSIG:	Municipal Systems Improvement Grant
MSP:	Master Systems Plan
MTEF:	Medium Term Expenditure Framework
MTSF:	Medium Term Strategic Framework
MYPE:	Mid-year population estimates
NDP:	National Development Plan, Vision 2030
NEMA:	National Environmental Management Act
NGO:	National Government Organisations
NSDP:	National Spatial Development Perspective
PES:	Poverty Eradication Strategy
PGDP:	Provincial Growth Development Plan
PSDP:	Provincial Spatial Development Plan
PSDF:	Provincial Spatial Development Framework
PGDS:	Provincial Growth Development Strategies
PLAS:	Pro-active Acquisition of Land Strategy
PLTF:	Provincial Land Transport Framework
PSF:	Provincial Strategic Framework
RDA:	Rural Development Agency

RDAT:	Rural Development & Agrarian Transformation
RDP:	Reconstruction and Development Programme
RULIV:	Rural Livelihoods
SANRAL:	South African National Road Agency
SDF:	Spatial Development Framework
SEDA:	Small Enterprise Development Agency
SETA:	Sector Education Training Authority
SMME:	Small, Medium & Micro Enterprises
STEP:	Sub Tropical Ecosystem Planning Project
SAPS:	South African Police Services
TA:	Tribal Authority
VIP:	Ventilated Improved Pit Latrine
WMA:	Water Management Area
WMP:	Water Management Plan
WSA:	Water Services Authorities
WSDP:	Water Services Development Plan

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- **BACKGROUND**

Section 34 of the Local Government: Municipal Systems Act provides for the annual review of the IDP in accordance with an assessment of its performance measurements and to the extent that changing circumstances so demands. This document is a 2013/14 IDP of the Elundini Local Municipality, which represents the first review of the 2012/17 IDP as adopted at the beginning of the current term of Council. The strategic objectives and targets contained in this document were reached subsequent to extensive systematic and structured internal and external consultation through various public participation mechanisms with the community and stakeholders within the Elundini Municipal area of jurisdiction.

In terms of the Local Government: Municipal Systems Act (Act 32 of 2000), Section 25 (1) each municipal Council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which, *inter alia*, links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality and aligns the resources and capacity of the municipality.

As far as the status of the IDP is concerned, Section 35 of the MSA clearly states that an Integrated Development Plan adopted by the Council of a municipality is the principal strategic planning instrument, which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality. It binds the municipality in the exercise of its executive authority, except to the extent of any inconsistency between a municipality's Integrated Development Plan and national or provincial legislation, in which case such legislation prevails. Section 36 furthermore stipulates that a municipality must give effect to its integrated development plan and conduct its affairs in a manner that is consistent with its integrated development plan.

The IDP is the key instrument to achieve developmental local governance for decentralised, strategic, participatory, implementation orientated, coordinated and integrated development. Preparing an IDP is not only a legal requirement in terms of the legislation but it is actually the instrument for realising municipalities' major developmental responsibilities to improve the quality of life of citizens. It seeks to speed-up service delivery by securing a buy-in of all relevant role-players and provides government departments and other social partners with a clear framework of the municipality's development trajectory to harness implementation efforts.



Integrated Development Planning also promotes intergovernmental co-ordination by facilitating a system of communication and co-ordination between local, provincial and national spheres of government. Local development priorities, identified in the IDP process, constitute the backbone of the local government's budgets, plans, strategies and implementation activities. Hence, the IDP forms the policy framework on which service delivery, infrastructure development, economic growth, social development, environmental sustainability and poverty alleviation rests. The IDP therefore becomes a local expression of the government's plan of action as it informs and is informed by the strategic development plans at national and provincial spheres of government.

In terms of Section 26 of the Municipal Systems Act, the core components of an IDP are:

- The municipal Council's vision for the long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- An assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services;
- The Council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- The Council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;
- A spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
- The Council's operational strategies;
- Applicable disaster management plans;
- A financial plan, which must include a budget projection for at least the next three years; and

The key performance indicators and performance targets determined in terms of the Performance Management System.

## **1.2. GUIDING PARAMETERS**

Within the multitude of government policy frameworks, legislation, guidelines and regulations that seek to advocate for the path, pace and direction for the country's socio-economic development agenda, the section below focuses on National Development Plan Vision 2030; Popular Mandate across Spheres of Government; Government Outcomes; Medium Term Strategic Framework (MTSF); the National Spatial Development Perspective (NSDP); National Growth Path; the Joe Gqabi Growth and Development Strategy; Millennium Development Goals; State of the Nation Address (SONA); and State of the Province Address (SOPA).

### **1.2.1. NATIONAL DEVELOPMENT PLAN, VISION 2030**

The RDP formed the basis of government's attempt to attack poverty and deprivation, and to build a united, non-racial and non-sexist South Africa. Informed by the principles of inclusivity, government translated the RDP into policies, programmes and budgets.

The Diagnostic Report of the National Planning Commission, released in June 2011, sets out South Africa's achievements and its shortcomings since 1994. The Vision Statement of the NDP is a step in the process of charting a new path for our country.

The NDP has the following objectives:

Seeks to eliminate poverty and reduce inequality;

Seeks a country wherein all citizens have the capabilities to grasp the ever-broadening opportunities available;

Plans to change the life chances of millions of our people, especially the youth; life chances that remain stunted by the apartheid history

### 1.2.2. THE POPULAR MANDATE ACROSS SPHERES OF GOVERNMENT

Guided by the RDP, the Vision for Government as a whole is to build a society that is truly united, non-racial, non-sexist and democratic. Central to this is a single and integrated economy that benefits all. Within the context of achieving objectives of growing the economy, tackling poverty and unemployment as well as social-inclusion, the popular mandate for Local Government and the mandate for National and Provincial government is determined as depicted in **figure 1**. These are the key matters that government planning and budgeting processes must focus on.

**Figure 1: Popular mandate for government**



# EXECUTIVE SUMMARY

## SECTION A: INTRODUCTION

Chapter 5 (23) of the Municipal Systems Act explains that a municipality must undertake developmentally-oriented planning so as to ensure that it strives to achieve the objects of local government set out in section 152 of the Constitution, to give effect to its developmental duties as required by section 153 of the Constitution and together with other organs of state contribute to the progressive realization of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the constitution. An IDP is a super-plan that gives a framework for development. It tries to address the needs of the people in the area, draws in stakeholders and other spheres of government and plans for infrastructure and local economic development.

The components of Elundini Integrated development plan are as set out in the Integrated Development Format Guide by the Department of Provincial and Local Government of the Republic of South Africa.

## SECTION B: SITUATIONAL ANALYSIS

The municipality has in terms of the situation analysis, analyzed each Key Performing Area's current status and challenges thereof, and further proposed strategies that will bring change to the current situation to better the services of its communities.

## SECTION C: VISION AND MISSION

In this section, the municipality reflects on its vision which serves as a framework or a road map to guide every aspect of the organization by describing what needs to be accomplished. It has also through its mission and values declared its purpose and the standard against which the institution will weigh its actions and decisions.

## SECTION D: STRATEGIC OBJECTIVES

In section E it describes the goals and objectives and the priorities which serve as the end towards which the municipality's efforts and actions are directed and coordinated. It contains the performance indicators set by a municipality which include general key performance indicators prescribed by National Department of Local Government and Traditional Affairs. Clear performance targets for the next five years are also reflected. The performance information reflected in the IDP informs the budget allocation with the service delivery receiving more consideration than other areas of operation.

## SECTION E: DEVELOPMENT STRATEGIES

The IDP process is guided by various policies and strategies that are developed by National and provincial government. The alignment is the process by which the various organs of government develop and implement consistent strategies and programmes. The section therefore outlines the key policies and strategies considered by Elundini municipality in its integrated development review.

## **SECTION F: PERFORMANCE MANAGEMENT SYSTEM**

This section reflects on the functioning of the municipality's PMS System.

## **SECTION G: OPERATIONAL BASED AND SERVICE DELIVERY PROJECTS**

This section reflects on all projects planned both funded and unfunded.

## **SECTION H: FINANCIAL VIABILITY AND FINANCIAL PLAN**

This section deals with the analysis of the financial position and financial viability of the municipality.

## **SECTION A: INTRODUCTION**

### **THE ELUNDINI MUNICIPALITY IDP**

#### **PURPOSE OF THIS DOCUMENT**

An Integrated Development Plan (IDP), once adopted by the Municipal Council, is a key strategic planning tool for the municipality. It is described in the Municipal Systems Act (MSA) 32 of 2000 as:

*35(1) (a) "...the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the municipality";*  
*(b) "...binds the municipality in the exercise of its executive authority...;*

Elundini Municipality has developed its IDP and Budget in accordance with the requirements as set out in the Local Government: Municipal Systems Act (MSA) 32 of 2000, the Local Government: Municipal Planning and Performance Management Regulations 2001 and the Municipal Finance Management Act 56 of 2003.

In terms of the Municipal Systems Act, Chapter 5, Section 25 (1) each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which:

- links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- aligns the resources and capacity of the municipality with the implementation of the plan;
- forms the policy framework and general basis on which annual budgets must be based;
- complies with the provisions of this Chapter; and
- is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation

As a new Council was elected in May 2011, it meant that the new Council had to develop and adopt its new 5 year Integrated Development Plan for its elected term. Accordingly, this document is a development of a new Integrated Development Plan.

## IDP CONTENTS

The Local Government: Municipal Structures Act 117 of 1998, Municipal Systems Act 32 of 2000 and Municipal Finance Management Act 56 of 2003 are specific to municipalities and are the key important legislations for the development of the IDP. Further, national sector legislations contain various kinds of requirements for municipalities to undertake planning.

A list of National and Provincial legislation impacting on the development and review of the IDP and Budget is attached as an **Annexure**. Some important National and Provincial guiding plans and policy documents for the IDP include the National Development Plan (NDP), the Medium-term Strategic Framework, the National Spatial Development Perspective (NSDP), the Eastern Cape Provincial Spatial Development Plan (ECPSP), the Eastern Cape Provincial Growth and Development Plan (ECPGDP), the Ukhahlamba District Growth and Development Summit (GDS) and the Elundini 5 year Strategy.

## PROCESS FOLLOWED

### PROCESS PLAN

The ELM IDP and Budget Process Plan was adopted by Council on 13 September 2012 and the draft IDP and Budget on 28 March 2013. The IDP Process as depicted in the figure below is a continuous cycle of planning, implementation and evaluation.

## PHASES IN THE DEVELOPMENT OF THE IDP

PHASES	PERIOD	KEY EVENTS/ACTIVITIES	OUTPUT
Preparation	July 12 – Sept 12	Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process Accounting officers and senior officials of the municipality begin planning for next three-year budget Accounting officers and senior officials of the municipality review options and contracts for service delivery Process Plan prepared Submit Process Plan to EXCO Submit the Process Plan to Council for adoption	Approved Process Plan
Analysis	Oct 12 – Nov 12	IDP process plan advertised Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials October 2011 IDP Rep Forum 06 October 2011 Ward Committee Meetings	Situation Analysis
Objectives, Strategies &	Nov 2012 - February 2013	District IDP Rep Forum Accounting officer and senior officials	Draft Budget

Projects		<p>consolidate and prepare proposed budget and plans for next financial year taking into account previous year's performance as per audited financial statements</p> <p>Council finalises tariff (rates and service charges) policies for next financial year</p> <p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 29 January)</p> <p>Mayoral outreach programme</p> <p>IDP Steering Committee</p>	
Integration	31 January 2013 – 31 March 2013	<p>IDP Steering committee to prepare draft budget</p> <p>Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous year's audited financial statements and annual report</p> <p>Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year</p> <p>Meetings with sector departments April 2012</p> <p>Council Approve draft IDP &amp; Budget March 2011</p>	Strategic Framework & Draft IDP
Approval	31 March 2013 – June 2013	<p>IDP Steering Committee</p> <p>Council adopts draft IDP &amp; Budget</p> <p>Draft IDP &amp; Budget submitted to MEC for Local Government and to Provincial Treasury</p> <p>DM Rep Forum</p> <p>IDP Rep Forum (draft IDP &amp; budget)</p> <p>Advertise for comments &amp; public participation</p> <p>Council interacts with public through ward meetings around draft Budget and IDP</p> <p>Mayor's strategic planning session</p> <p>IDP &amp; Budget Rep Forum</p> <p>Council approves final IDP &amp; budget</p> <p>Final IDP Submitted to MEC for Local</p>	Final IDP Budget PMS & SDBIP

		<p>Government and to Provincial Treasury</p> <p>Summaries of the adopted IDP and Budget published for public information</p> <p>SDBIP and draft performance agreements of Section 56 Managers submitted to Mayor and EXCO</p> <p>SDBIP and draft performance agreements of section 56 Managers approved by Council</p> <p>SDBIP submitted to MEC for Local Government by 1 July 2013</p> <p>DM IDP Rep Forum</p>	
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## KEY DEVELOPMENTAL CHALLENGES

The situational analysis reflected the following as the overarching development challenges in Elundini's development:

- High rate of unemployment with decreasing levels of employment in key economic sector (Agriculture)
- Low levels of skills development and literacy
- Limited access to basic household and community services;
- Increased incidents of HIV/AIDS
- Increase dependency on government grant
- Loss of Natural Capital
- Unutilised suitable land for agriculture and forestry production
- Lack of value adding initiatives
- Unsustainable developmental practices
- Inadequate energy and water supply;
- Ensuring food security;
- Infrastructure development backlogs
- Waste Management
- Cost recovery and revenue collection.

## • SUMMARY OF GOALS AND STRATEGIC OBJECTIVES.

GOALS	STRATEGIC OBJECTIVES
<p><b>Goal 1:</b> To ensure provision of efficient, effective and transformed human capital and sound labour relations</p>	<ul style="list-style-type: none"> <li>• To implement 100 % of the talent management strategy;</li> <li>• To employ people from designated groups in the top 3 management level positions;</li> <li>• To provide a secure ICT infrastructure which delivers appropriate levels of data confidentiality ,integrity and availability;</li> <li>• To ensure proper information management systems;</li> <li>• To monitor and evaluate employee performance;</li> <li>• To ensure a healthy, motivated and dedicated workforce;</li> </ul>

	<ul style="list-style-type: none"> <li>• To create a safe and healthy working environment;</li> <li>• To maintain a healthy working relationship with labour;</li> <li>• To ensure compliance with relevant legislation and to promote high standards of professionalism, and efficient use of resources as well as accountability;</li> <li>• To ensure a competent workforce to achieve organizational objectives; and</li> <li>• To contribute towards the improvement of skills and education levels in Elundini.</li> </ul>
<p><b>Goal 2:</b> To ensure that all citizens of ELM have access to basic services</p>	<ul style="list-style-type: none"> <li>• To construct and maintain roads and related storm water;</li> <li>• To ensure that all households have access to a reliable electricity network;</li> <li>• To ensure that all waste sites operate according to license conditions;</li> <li>• To ensure that all urban households have access to refuse removal services according to predetermined schedule;</li> <li>• To ensure that all citizens in ELM have access to well-maintained public amenities;</li> <li>• To provide a safe and secure environment for all citizens;</li> <li>• To provide housing for all qualifying beneficiaries; and</li> <li>• To ensure that 100% of the capital budget is spent on capital projects identified in terms of the Integrated Development Plan.</li> </ul>
<p><b>Goal 3:</b> To promote economic development through the creation of sustainable jobs, support of local businesses and attraction of investors</p>	<ul style="list-style-type: none"> <li>• To grow the prioritized key economic sectors in the municipality;</li> <li>• To ensure that 90% of audited informal and formal businesses are compliant with the Business Act of 1995;</li> <li>• To provide street trading stalls for all permitted traders in the three (3) towns of Elundini by 2017;</li> <li>• To initiate green programmes aimed at creating jobs by 2017;</li> <li>• To support the building and construction industry;</li> <li>• To support the social enterprise through cooperative development center;</li> <li>• To create 33 000 jobs through economic development initiatives and other infrastructure projects;</li> <li>• To support township and commercial business development; and</li> <li>• To facilitate the implementation of the Spatial Development Framework related projects.</li> </ul>
<p><b>Goal 4:</b> An organization that subscribes to the attainment of benchmark standards on profitability and financial viability set for Local Government; <b>and</b> An Organisation that is committed to sound financial management practices and the attainment of a clean</p>	<ul style="list-style-type: none"> <li>• To improve financial management and financial viability linked to the Local Government financial bench-mark standard by 2018;</li> <li>• To improve the revenue collection rate to 80% by the end of the 2013/2014 Financial Year;</li> </ul>



audit by 2014	<ul style="list-style-type: none"> <li>To enhance the economic lifespan of assets;</li> <li>To ensure adequate resourcing of the workplace skills plan (Skills Development Plan); and</li> <li>To ensure that all indigent households have access to free basic services.</li> </ul>
<b>Goal 5:</b> To be a municipality that is responsive, efficient, transparent, accountable and compliant to legislation.	<ul style="list-style-type: none"> <li>To promote participation and effective communication with communities and stakeholders;</li> <li>To promote efficiency and compliance within the municipality;</li> <li>To promote equity and inclusiveness of vulnerable focus groups such as youth, women, people with HIV&amp; AIDS and people with disabilities;</li> <li>To obtain a clean audit;</li> <li>To address all matters as per the audit action plan; and</li> <li>To mitigate risk to an acceptable level based on the risk model adopted.</li> </ul>

## • POWERS AND FUNCTIONS

- The Constitution indicates that the objects of local government are:
- To promote democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organizations in the matters of local government.

Within this Constitutional role, powers and functions have been defined in terms of the Local Government: Municipal Structures Act as amended.

Below is the list of powers and functions of Elundini Municipality.

FUNCTION	JGDM	ELM
<b>SCHEDULE 4 PART B</b>		
Air pollution	X	
Building regulations		X
Child care facilities		X
Electricity reticulation	X	X
Fire fighting	X as per regulation	X
Local tourism	X as per White Paper	X
Municipal airports		X
Municipal planning	X	X
Municipal Health Services	X	
Municipal Public Transport		X

Pontoons and Ferries		
Storm water		X
Trading regulations		X
Water (potable)	X	
Sanitation	X	
<b>SCHEDULE 5 PART B</b>		
Beaches and amusement facilities		
Billboards and the display of adverts in public places		X
Cemeteries, Crematoria and funeral parlours		X
Cleansing		X
Control of public nuisances		X
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals		X
Fencing and fences		X
Licensing of dogs		X
Licensing and control of undertakings that sell food to the public		X
Local amenities		X
Local sport facilities		X
Markets		X
Municipal abattoirs		X
Municipal parks and recreation		X
Municipal roads		X
Noise pollution		X
Pounds		X
Public places		X
Refuse removal, refuse dumps and solid waste disposal		X
Street trading		X
Street lighting		X
Traffic and parking		X
<b>ADDITIONAL AGENCY FUNCTIONS PERFORMED</b>		
Licensing of vehicles		X
Primary Health Care	X	
Road maintenance	X	

- **INTERGOVERNMENTAL RELATIONS**

The Elundini municipality has prioritized IGR as one of its areas of focus to strengthen from 2013 and the future years. The ELM has established one IGR structure that will incorporate all IGR activities in the municipality and it will also ensure that the structure is used as a reporting structure for all government activities. The terms of reference of the IGR structure have also been adopted by the Municipal Council.

- **MUNIMEC**

The MUNIMEC has been established in terms of the provisions of the Intergovernmental Relations Act as a consultative forum between the Eastern Cape Provincial Government and the 45 municipalities in the Eastern Cape Province. To give credence to output 7 of delivery outcome 9, the provincial department of Local Government and Traditional Affairs is responsible for coordinating the activities of MUNIMEC. The MUNIMEC is attended by Mayors and Municipal Managers of municipalities. The department has also constituted a technical MUNIMEC which is a forum between the departmental management as led by the Superintendent General and the Municipal Managers from municipalities. At the technical MUNIMEC and the MUNIMEC, reports from the 6 district municipalities and the Nelson Mandela Metro, inter alia, whose main focus is progress with the implementation of the municipal turnaround strategies within the DMs and their constituent local municipalities as well as the Metro are presented and discussed.

- **DISTRICT MAYORS FORUM: DIMAFO**

The District Mayors Forum of Joe Gqabi sits quarterly to align key programmes and issues between municipalities. DIMAFU is a Section 79 Committee. This is a special committee of Council made up of Councillors (in this case the Mayors of the local municipalities and the Executive Mayor) that deals with issues within the Municipal Managers office (communications, IGR, Special Programmes dealing with Women, Youth, Disabled, People living with Aids, Elderly and Children) as well as internal audit functions. Key elements that form part of the performance of the municipal manager also form part such as statutory compliance issues.

- **SALGA WORKING GROUPS**

In order to share best practices in local government, SALGA has established a cluster of working groups. These working groups are replicated at a provincial level, and their structuring sometimes transcends the municipality's departmental divide.

It has been reported that the working groups are not functioning optimally, predominantly due to the inadequate participation of municipalities, either through not attending or sending inappropriate representatives. The Elundini Municipality has not been strong in its participation in the working groups, as it is only the Human Resources and Governance and IGR working groups in which a reasonable level of representation has been achieved.

- **TRADITIONAL LEADERSHIP – PARTNERSHIPS**

In terms of the guidelines issued by the MEC for Local Government and Traditional Affairs in 2011, seven Traditional Leaders identified by the MEC are serving in the Municipal Council and its Committees with effect from 18 November 2011.

Due to the rural nature of the Elundini Municipality, the participation of and cooperation with Traditional Leaders is critical for the success of the municipality's development programs. To this end the municipality has categorized Traditional Leaders as a key stakeholder that the Mayor converses with on a regular basis under the guise of Mayor's Conversations with stakeholders.

In recognition of the valuable contribution of Traditional Leadership authorities in the programmes of Elundini Municipality, the Council has adopted guidelines in terms of which assistance is being provided to Traditional Leaders on certain defined occasions.

- **PUBLIC PARTICIPATION**

The ELM has developed and adopted its Public Participation Strategy. One of the main features about integrated development planning and budget process is the involvement of communities and stakeholder organizations in the process. This ensures that the IDP addresses the real issues that are experienced by the citizens. The Constitution stipulates that one of the objectives of municipalities is “to encourage the involvement of communities and community organizations in the matters of local government”. The White Paper on Local Government also put emphasis on public participation. Through the Municipal Systems Act participation in the decision making processes of the municipality is determined to be a right of communities, residents and ratepayers. Integrated development planning is emphasized as a special field of public participation.

Although the municipality tries by all means possible to reach out as many communities as possible the geographical location of the municipality which is characterised by mountainous areas as well as backlogs in the provision of road infrastructure coupled by the poor telecommunication network, mobility of both councillors and officials when consulting the communities still remains a challenge.

The municipality has also set aside funds that will focus on implementing its public participation strategy.

- **PUBLIC PARTICIPATION MECHANISMS**

- IDP Representative Forum;
- Mayor’s conversations with different stakeholders;
- Ward Community meeting convened by Councillors;
- Published annual reports on municipal progress;
- Ward Committee meetings
- Newspaper advertisements and notices;
- Making the IDP document available to all members of the public;
- Outreaches by Elundini Municipality to communities and Stakeholders;
- Use of loud hailers to invite communities to meetings;
- Information dissemination through the Blue Snow/Lehloa Le Bolou newsletter;
- Sector specific for a, namely, LED Forums, Local Communicators Forums

Challenges prevalent in public participation include the following, inter alia,

- Geographic spread of the area implies that the Municipality cannot reach each and every person;
- Poor roads infrastructure impedes people’s mobility;
- Poor communications infrastructure makes it difficult to disseminate information;
- Lack of structured or organized civil society;
- Minimal participation by certain interest groups, e.g. youth, people with disability, etc.
- Limited or inadequate access to public facilities for people with disabilities

- **COMMUNICATIONS**

The Elundini Municipality has developed and adopted its Communications Strategy which bridges the communication gap between the municipality and its constituents. The strategy consists of three pillars viz. print, face to face and information technology based communications. During 2010 the municipality ran its first quarterly newsletter, Blue Snow/ Lehloa Le Bolou.

The municipality has also revamped its website, primarily to respond to legislative imperatives but also, developmentally, to provide meaningful feedback to communities

- **COMMUNITY PARTICIPATION AND COMMUNITY ISSUES**

Community Based Planning (CBP) is a tool that is used to enhance participation of communities in local developmental processes. It was introduced to encourage ownership by communities in any development initiative. The municipality needs to review its ward based plan.

Below is the consolidated list of needs as raised by communities during the Mayor's outreach held between 19/02/2013 and 20/03/2013:

- Upgrading of access roads;
- Upgrading and maintenance of streets;
- Provision of decent sanitation;
- Provision of clean drinking water;
- Electrification of all households;
- Provision of houses;
- Fencing of cemeteries;
- Fencing of ploughing fields;
- Construction of multi-purpose halls and pay point centres;
- Upgrading of sports fields;
- Creation of employment opportunities;
- Construction of clinics and access to ambulances;
- Construction of bridges;
- Installation of network and TV poles;
- Access to police services and visibility of police;
- Construction of dipping tanks
- Construction of shearing sheds
- 

- **SOCIAL COHESION**

Census 2011 results revealed that the majority of the Elundini population is characterized by both women and young people. In line with its social cohesion programme, it was prudent for the municipality to prioritise programmes and projects that are aimed at developing and capacitating both the young people and the women. Below are the programmes/projects and their budgeted amounts for the financial year 2013/2014 aimed at both women and young people:

<b>PROGRAMME/PROJECT</b>	<b>BUDGETED AMOUNT</b>
Reviewal of Youth Development Plan	R 220 000
Mayoral Cup/ Tournament	R 600 000
Purchase of equipment for the Youth Center	R 300 000
Promotion of Dare to Dream winners	R430 000
Kairos Moment (focusing on women in rural areas)	R250 000
Phenomenal Woman Awards (Focusing on external community)	R 100 000
Empowerment of Women in Arts and Craft	R 150 000
Implementation of HIV&AIDS Strategy	R 680 000
Implementation of PWD Strategy	R 200 000

## **SECTION B: UPDATED SITUATIONAL ANALYSIS**

- **ELUNDINI MUNICIPALITY PROFILE**

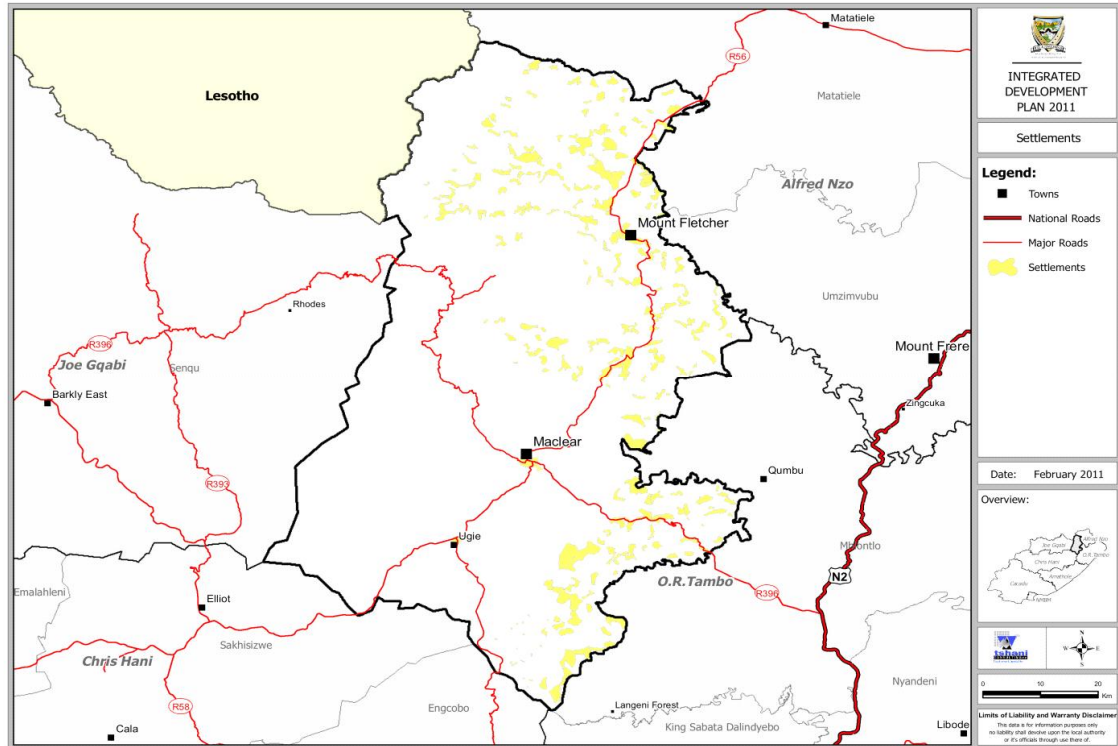
Elundini Municipal area is located within the Joe Gqabi District, in the north eastern portion of the Province of the Eastern Cape. The municipality is bounded by Lesotho and Senqu Municipality in the West, Chris Hani District Municipality in the South, O.R. Tambo District Municipality in the East and Alfred Nzo District Municipality in the North (refer to map below).

The local municipalities which border Elundini LM are: Matatiele and Umzimvubu to the northeast, Ntabankulu to the east, Mhlontlo to the southeast, Sakhisizwe to the southwest and Senqu to west. Elundini's location in the District Municipality means that the towns in Elundini LM are closer to external regional centers such as Mthatha and Matatiele than those in the District (i.e. Aliwal North).

Elundini LM cannot be viewed in an isolated context as it has relationships and links to external nodes that must be considered.

The municipality covers an area of 5,064 km<sup>2</sup> and has 17 wards and according to the recent Census released by Census 2011 the ELM has an estimated population of 138 141 people.

The ELM is one of the most scenic and attractive area of the Province, with considerable potential lying in its deep, fertile soils and high rainfall. Compared to the other municipalities in the Joe Gqabi District, Elundini has prospects of significant growth and upliftment in the quality of life for its residents, due to its relative abundance of natural resources.



**Map showing Locality and Settlement Distribution**

- **ELUNDINI MUNICIPALITY DEMOGRAPHIC PROFILE**

The following Section shall give a brief overview into Elundini's demographic profile. Thus this section aims to illustrate the composition of Elundini's population considering key indicators such as: population numbers; racial make-up, house hold income, employment and education. In the end a number of pertinent issues shall be drawn from the demographic profile, and it is these issues that shall inform the strategies which shall be presented in later chapters. The information included in section comes from the 2011 census which was conducted by Statistics South Africa and therefore displays data as it was in 2011.

- **DISTRIBUTION OF TOTAL POPULATION BY AGE AND GENDER**

EC141: Elundini	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 - 4	8 907	8 900	17 807	7 577	7 364	14 941	8 188	7 949	16 137
5 - 9	11 047	10 798	21 845	10 130	9 926	20 057	8 164	7 829	15 993
10 - 14	11 229	11 168	22 398	11 391	11 337	22 727	8 860	7 866	16 726
15 - 19	8 251	8 901	17 152	9 763	9 274	19 037	9 013	8 166	17 180
20 - 24	4 331	5 431	9 763	4 688	4 975	9 663	6 441	5 746	12 187
25 - 29	2 352	3 676	6 028	2 721	3 791	6 512	4 397	4 302	8 699
30 - 34	1 938	3 739	5 677	2 213	3 364	5 577	3 189	3 453	6 641
35 - 39	1 933	3 458	5 391	2 060	3 543	5 603	2 743	3 512	6 256
40 - 44	1 665	2 839	4 504	2 129	3 606	5 736	2 210	3 387	5 597
45 - 49	1 435	2 468	3 904	1 955	3 022	4 977	2 074	3 508	5 582
50 - 54	1 278	2 141	3 419	1 730	2 594	4 324	2 120	3 587	5 707
55 - 59	1 325	2 035	3 361	1 486	2 167	3 653	2 095	3 189	5 285
60 - 64	1 334	2 873	4 206	1 475	2 560	4 034	1 938	2 804	4 742
65 - 69	1 227	2 222	3 449	1 559	2 579	4 137	1 382	2 032	3 414
70 - 74	814	1 231	2 046	1 019	1 905	2 924	1 156	1 911	3 067
75 - 79	730	1 191	1 921	565	963	1 528	765	1 666	2 431
80 - 84	241	505	747	439	930	1 369	453	1 044	1 497
85+	184	333	517	191	403	594	294	706	1 000
<b>Total</b>	<b>60 222</b>	<b>73 911</b>	<b>134 133</b>	<b>63 091</b>	<b>74 303</b>	<b>137 393</b>	<b>65 482</b>	<b>72 657</b>	<b>138 141</b>

As mentioned in the introduction of this section, Elundini has an estimated population of 138 141 inhabitants as of the 2011 census data which is the most current available figures for demographic statistics. Females make up 52.95 of this total figure and males constitute 47.04 of the entire population. In terms of the age demographic, Elundini possesses a younger population with the largest age cohort being the 15-19 year old.

Probably the most notable statistic is the population growth over time. In 2001, the total population of the municipal area was 137 393 and in 2011 the total population as mentioned before was 138 141. This means that the municipal area witnessed a very marginal growth of just 0.4% in 10 years.

- **POPULATION BY RACE (2011)**

CATEGORY	NUMBER OF POPULATION
Black Africans	135 559
Coloured	1323
Indian	171
White	905



Others	183
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According to Census 2011, a large part of Elundini's population is made up of Black Africans (135 593) this figure translates to 98.01% of the entire population. The remaining 1.09% (2 580) is made up of 1 323 Coloureds (1%); 172 Asians (0.01%) 903 Whites comprising (0.07%) in the other category there are 182 inhabitants contributing (0.0 1%) of the entire population. (2011 Statistics SA)

- DISTRIBUTION OF HOUSEHOLD BY INCOME (2011)**

Income level	No. of Households	%
No income	6391	16,8
1-4800	3113	8,2
4800-9600	4868	12,8
9 600- 38 200	10770	28,4%
38 200- 76 400	7217	19,1
76400- 153 800	2501	6,6
153 800- 307600	889	2,3
307 600- 641 400	324	0,8
641 400- 1 228 800	53	0,1
1 228 800- 2457600	45	0,1
2457600 or more	23	0,06

Noticed from the census 2011 is that 28, 4% of the families earn between 9600- 38200 per annum which is R800-R 3183 per month whilst 19, 1 % of the households earning R38 200-R76 400 which is R 3183-6367. 38% of the households fall in the category which earns less than 800 per month or no income at all. The municipality is enhancing its support on the social enterprises to increase the household income, which will also increase the consumer spending of the rural households.

- LITERACY LEVELS**

	2001				2011			
	Male	Female	Total	Total %	Male	Female	Total	Total %
<b>No school</b>	11271	14875	26146	21.35%	4749	6641	11390	15.99%
<b>Some school</b>	28670	27836	56506	46.15%	8605	10195	18800	26.39%
<b>Completed Primary</b>	3844	5624	9468	7.73%	2243	3243	5485	7.70%
<b>Some Secondary</b>	9147	14590	23737	19.38%	9983	2349	23478	32.95%
<b>Grade 12/Std10</b>	1721	2490	4212	3.44%	3856	4625	8481	11.90%
<b>Higher</b>	859	1525	2384	1.95%	1271	2345	3616	5.08%
<b>Total</b>	55513	66940	122453	100%	30707	40544	71250	100%

Elundini has low levels of education with only 11% of the entire population having completed Grade 12 and only 5% of the population having studied further than Grade 12. 32% of the population has only some schooling and an entire 15% of the population has received no formal education at all. The low levels of education in the municipality can be attributed to a lack of educational facilities i.e. in Mount Fletcher there is only 1 FET College, 1 primary and 1 junior secondary school in the town. Furthermore, the high school is a few kilometers away which poses a challenge to the learners who have to commute such a long distance in an area where roads and public transport are not at a satisfactory level.

The lack of education facilities is further exacerbated by the dilapidated condition of present facilities, especially some of the farm schools. The Education Department planned to eradicate 95 mud structures as well as 7 other schools affected by disaster in Elundini. Whilst Elundini faces major challenges in terms of education, it is worth mentioning that there have been improvements over the 10 year period from 2001 to 2011. In 2001 for example only 3.44% of population in the area had completed Grade 12, this proportion has risen to 11.90% in 2011, and whilst this is still a very low percentage, it does demonstrate a marked improvement over 10 years. Strategies to enhance capacity building in the communities must be considered.

- **GRANT DEPENDENCY (2011)**

Indicator	Total Value of Grant	Number of beneficiaries
Mount Fletcher	19 400 000	52 667
Maclear	5, 300 000	14 314
Ugie	3,400 000	77 832
Total	28,000.000	144 813

Data from SASSA as of January 2012 indicated that the total value of state support in the form of grants to the Elundini population was R 28 175 990 per month which benefits 77 382 beneficiaries in the three (3) towns. Giving grants to families creates dependency. It is believed that the depth and scale of South African poverty makes social welfare a necessity, but an unfortunate necessity. It is important to counter-balance the delivery of grants to the poor with the need to facilitate the growth of the local economy so as not to create an over dependency on grants as a source of income. Elundini's strategies therefore seek to promote micro, small and medium enterprises through the LED strategy to be discussed in later chapters

- **HIV and AIDS**

Although there are functional AIDS Councils in ELM, the municipality is busy reviewing its HIV and AIDS Strategy and currently implementing the existing strategy being reviewed and has set aside funds for this activity.

HIV/AIDS BY GENDER		
	2001	2010
MALE	3,288	5,384
FEMALE	5,322	8,032
TOTAL	8610	13416

The most recent statistics for HIV/AIDS in Elundini were taken in 2010. The above table shows us that that there has been marked increase in the levels of HIV/AIDS infections within the municipality between 2001 and 2010 from 8610 to 13416 people which is an increase of 4806 people. Infections Elundini seem to be higher among women than among men as is the case in most parts of the country. In 2010 women made up 59.86% of the population living with HIV/AIDS. Strategies that seek to support HIV/AIDS programs in Elundini need to be enhanced within the institution and externally.

- **PEOPLE LIVING WITH DISABILITY (2011)**

In December 2012, the ELM adopted its PWD Strategy that it uses as a guide for the Municipality in its response to addressing the needs of people with disabilities. Despite legislative imperatives, barriers such as widespread ignorance, fear and stereotypes have resulted in People with Disabilities (PWD) being unfairly discriminated against in society and in employment, tis strategy has been developed with the aim of supporting and enabling the municipality and its partners to implement the proposed strategic interventions and programmes that seek to address the plight of people with disabilities.

The primary objective of this strategy is to support and facilitate the mainstreaming of disability issues into all policies, plans, programmes and activities of Elundini Municipality, thus significantly helping to enhance the quality of life and foster the full participation and empowerment PWD in all spheres of life.

The municipality has thus set aside an amount of R 200 000 for the implementation of the PWD Strategy.

Below are the categories of people with disabilities in ELM as per the Census 2011 results:

<b>Category</b>	<b>% population</b>
<b>Seeing</b>	16%
<b>Hearing</b>	10%
<b>Communication</b>	3,1
<b>Physical Disabilities</b>	29%

People with disabilities are part and parcel of the Elundini community. The Municipality seeks to take steps to integrate people with disabilities into the community and ensure that they may contribute in all sectors to the development of Elundini. The above table shows us that 29% of people in Elundini with disabilities have physical disabilities which are the largest category. PWD also fall under the “Mainstreaming of Special Groups” priority. As it stands there is a strategy which has been put in place to deal with the needs of this special group, this strategy has also been adopted and shall be implemented

- **SPORT DEVELOPMENT**

The municipality has also developed and adopted its strategy in December 2012 with the primary objective of providing a strategic guide to ELM towards facilitating a more coordinated approach to the development of sport. The decision to engage in the process of formulating Sport Development Strategy by Elundini Municipality flows from an understanding that one of the primary functions of a municipality is to provide the required sport and recreation needs of the community it serves and also develop a policy framework for the governance of sport and recreation at local level that is in consent with the national and provincial sport and recreation policy.

This strategy will give a strategic direction to the Municipality and other stakeholders to encourage a more coordinated approach to the development of sport, mass participation, strategic and effective deployment of resources in this sector.

The municipality has also established functional Sports Council which it engages with constantly and has set aside an amount of R 600 000 for the Mayoral Cup/tournament and an amount of R 220 000 to review its Youth Development Plan

- **UNEMPLOYMENT ( 2011)**

INDICATOR	NUMBER OF PEOPLE	PERCENTAGE
Employed	14207	11%
Unemployed	11 323	9%
Discouraged work seekers	5305	4%
Not economically active	47040	34%
Not applicable	60 265	44%

Assessing employment remains a very complex task to undertake, due to the fact that there are a number of varying methodologies of measuring unemployment. The Variations in methods often result in unemployment rates being very different for the same area depending on who has conducted the measurement and which methods were employed in order to do so. Statistics SA shows us in the above table that 9% of Elundini's population is unemployed. Whilst this percentage may seem quite low it is also important to remember that 4% are classified as discouraged work seekers and are therefore technically also not gainfully employed.

There is also 47040 (34%) of the population which is not economically active. Many of those included in the (Not economically Active) population are of working age and therefore could be working. Regardless of the categories that have been used to describe those that are not employed, what is clearly evident is the fact that only 11% of those assessed in Elundini are considered gainfully employed, which is a low employment rate.

- **LOCAL ECONOMIC DEVELOPMENT**

- The municipality has adopted its Local Economic Development Strategy in 2012 and it aims to ensure that the strategy is fully implemented by end 2017. In developing the LED Strategy, the municipality has considered plans like the Joe Gqabi Growth and Development Summit, Joe Gqabi LED Strategy, Provincial Growth and Development Strategy, Cooperative Development Strategy, Provincial Job Creation Strategy, Rural Development Strategy, Spatial Development Framework, Investment and Promotion Strategy, District Environmental Plan

- **INDICATORS OF ECONOMIC PERFORMANCE**

- **LEVEL OF ECONOMIC GROWTH**

- The average annual GGP growth for Elundini Municipality over the period 1995-2011 is 7.9%.
- This outpaces the growth of the Joe Gqabi District, which has an average growth rate of 5.1% and far
- Outpaces the growth of the Eastern Cape, over the same period, which only shows growth of 2.8%.
- Elundini economic outlook has improved, but requires that we actively pursue a different trajectory if we are to address the challenges ahead.
- 

- **SECTOR CONTRIBUTION TO GGP (CENSUS 2011)**

<b>SECTOR</b>	<b>2004</b>	<b>2007</b>	<b>2011</b>
Agriculture	8%	6%	4%
Manufacturing	6%	10%	12%
Construction	2%	3%	4%
Trade	12	13%	15%
Transport and communication	9%	9%	7%
Finance and business services	19%	27%	30%
Government	40%	33%	30%

- **SECTOR CONTRIBUTION TO EMPLOYMENT (CENSUS 2011)**

<b>SECTOR</b>	<b>2004</b>	<b>2007</b>	<b>2011</b>
Agriculture	42%	33%	26%
Manufacturing	2%	4%	6%
Construction	8%	8%	9%
Trade	19%	18%	17%
Transport and communication	2%	2%	4%
Finance and business services	4%	7%	10%
Government	26%	27%	28%

As per the statistic above agriculture contribution to employment as well as contribution to the GGP has decreased whilst the manufacturing has increased. There is a need to diversify the composition of products by value adding products. The broadening of economic space through larger consumer markets can give Elundini Municipality the opportunity to develop its economy and increase its competitiveness. Elundini should focus or target high growth markets with the objective of creating investment and export opportunities in the manufacturing sector especially in forestry and agriculture value adding initiatives which are the back bone sectors of this economy. Exporting however should be pursued at the expense of producing for the local market must be ignored as the combination of both could stabilize the income.

- **GROSS VALUE ADDED ( GVA) [CWNSUS 2011]**

<b>Gross value added at basic prices, Rm ( current prices and constant 2005 prices)</b>				
<b>Industries</b>	<b>Prices</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Primary sector</b>	R millions, constant 2005 prices	119	120	112
<b>Secondary sector</b>	R millions, constant 2005 prices	1,540	1,760	1,954
<b>Tertiary sector</b>	R millions, constant 2005 prices	119	120	112

The above table demonstrates how the secondary sector which deals with economic activities such as manufacturing continues to be the largest earner in terms of Gross Value Added.

- **KEY ECONOMIC SECTOR ANALYSIS**

- **FORESTRY SECTOR**

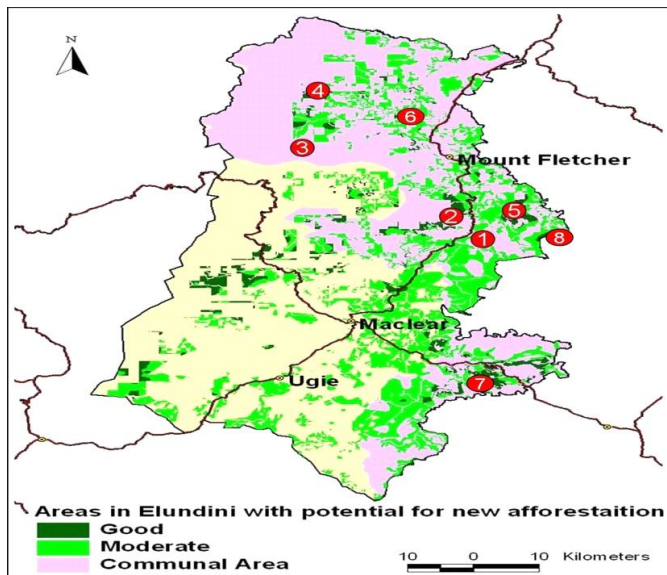
The Forestry sector in Elundini is described by the JGDM Forestry Sector Plan as highly vertically integrated, whereby almost all of the commercial plantation resources are owned by a single industrial processor (i.e. PG Bison). These resources are used to manufacturer a single product that being chipboard and laminated panels. The vertical integration of the industry highlights the difficulty of new market entrants to enter the market, as the raw material is committed to a particular processor. The report further emphasises the impact that this situation has on the sector through ensuring a lack of diversity of suppliers and buyers, which increases the volatility of the sector. „The local forest industry can also be described as being by-and-large a closed system“ (JGDM, 2010). PG Bison mainly sources its timber from the North East Cape Forests (NECF) and to smaller extent Hans Merensky and other suppliers. The timber resources are used predominantly for PG Bison manufacturing plant and there is limited trade between the NECF and other regional sawmills.

PG Bison began construction on a particle board plant in Ugie in 2005, and the plant, valued at R1.3 billion, became operational in 2008. The plant requires between 1,200 and 1,300 m<sup>3</sup> of timber per day. The NECF owns 82,000 ha of land in total, of which 40% is under plantation. Of the total plantations 5,500 ha are Eucalyptus and plans are to increase these plantations to 6,500ha. The existing pine forests occupy 33,142ha and PG Bison plans to increase this by 1,677ha.

The feasibility study done for communal forestry production has been done in the rural communities of Elundini as reflected below. The areas below are suitable for forestry production. Strong partnerships by communities, government and private sector should be the focus for expansion in forestry production and timber processing.

### **ROUGH LOCATIONS OF POTENTIAL PROJECTS IN ELM**

- " Katkop Community
- " Chevy Chase Community
- " Bethania Community
- " Black Fountain Community
- " Nxaxa Community
- " Tinana Community
- " Ntywenka Community



### **• AGRICULTURAL SECTOR PROFILE**

The vast majority of land outside of the three urban settlements in Elundini is utilized for agricultural purposes, primarily forestry around Ugie and parts of Maclear, or for mixed farming. Bio-physical conditions (e.g. high rainfall) have dictated agricultural patterns in Elundini with most farmers practising mixed farming. Elundini is known for its cattle, sheep, potatoes, cabbages and maize production. The analysis of the agricultural sector in Elundini is undertaken in terms of commercial, emerging and subsistence farmers.

Emerging and Subsistence farming Agriculture in the communal areas surrounding Mount Fletcher in Elundini, is characterised by small scale farming with limited outputs. Farmers experience problems with water reticulation, high mortality rates of livestock and fencing (JGDM, 2010).

Agricultural activities of emerging farmers include maize farming and livestock farming. Emerging farmers are primarily located in and around Umnga (32 farms) and Pitseng. These farms are characterised as generally not being commercially operated. Commercialising these operations is a major challenge for agriculture.

A number of government programmes have been instituted, some with varying degrees of success. These programmes include: - Massive Food Production: farmers reported limited success, with the farmers only registering a profit one year out of the programme's five years of operation.

Problems with delays in delivery of seeds and tractors led to crop failure. The Mentorship programme proved to be highly successful and there were requests to reinstate this programme. Here an experienced farmer and advisor worked closely with emerging farmers to mentor and coordinate planning. - Siyakhula: 30 ha were turned over to crop pro

Emerging farmers expressed dissatisfaction with the levels of communication from the Department of Rural Development and Agrarian Reform.

Projects that assisted emerging farmers included the erection of shearing sheds and the livestock improvement programme. Extension Officers are located in Elundini to assist in provision of agricultural advice and services. However these officials complained of the lack of commitment and the dependency culture of beneficiaries. For their part, emerging farmers complained of a lack of capacity of the extension services.

Emerging farmers in Elundini face many of the same challenges faced by emerging farmers throughout South Africa. They lack the market intelligence (e.g. pricing information), resources (e.g. access to capital, collective marketing) and infrastructure (e.g. storage facilities, fencing) which hinders their business. They lack organization and sufficient volumes to demand competitive prices for their outputs. They also lack access to credit facilities needed to fund the long establishment phase of a farm or a new crop.

Commercial Farming the commercial farming sector is well organized through farmers associations and Agri-Eastern Cape. The National Farmers Union or NAFU is not well organized at a local level and the JGDM Agriculture Sector Plan recommended that emerging farmers join commercial farmers unions to gain greater support.

Commercial farmers in Elundini practice both livestock and crop farming. Livestock farmers produce mainly beef cattle and sheep. Crop production is focused on the cultivation of potatoes, maize and cabbages. There are a handful of farmers that keep dairy cattle that produce roughly 200,000 liters of milk per month. The milk is sold to the milk depots in Ugie and Maclear. Other buyers of milk such as the cheese factory in Dordrecht have closed down. According to the milk depots the local fresh milk and mass market is saturated, but there is potential to expand their market

- **TOURISM SECTOR PROFILE**



The tourism market in Elundini is largely undeveloped. It has a number of products that are clustered around the towns of Ugie and Maclear. The JGDM Tourism Sector Plan found that the municipality had more products than any of the other municipalities in the district. Based on 2007 research undertaken for the Elundini Tourism Plan the following trends were found for the tourism market. The tourism products that are being sold in the study area are: Business stop-overs; Transit stop-overs; General interest tours.

The key attractions for the area include its paleontological heritage, which includes dinosaur footprints, fossil remains and petrified forests. There are also sites of cultural significance. In terms of protected heritage, the region has not formally protected many of its historical buildings and churches through proclamation of historical landmarks. There are only two proclaimed national monuments in the municipality that being the dinosaur footprints at Oakleigh Farm near Maclear and the Naude's Nek. A key constraint to the region's tourism market is that most attractions are on private farms that require prior arrangement to visit and that these attractions are of a low level of development.

The Elundini Tourism Plan stated there were 25 tourism establishments in 2007 when the study was undertaken. Based on the register of Elundini accommodation maintained by the local municipality, it is estimated that there are currently 27 establishments. The number of establishments has grown, with most being bed and breakfasts. There are also more emerging tourism products and establishments, especially in the Mount Fletcher area being established. Tourism events that are held in Elundini include: The Fees Zonder Naam; Ladies Fly Fishing Competition, Rapture of the River Fly-Fishing Competition Annual Rose Show Kapaailand Classic Golf Tournament

- **KEY CHALLENGES THAT NEED INTERVENTION IN THE THREE ECONOMIC SECTORS**

**Agriculture:**

- Underutilized communal land suitable for agricultural purpose
- Lack of value adding initiatives
- Market access and funding
- Public Private partnerships between farmers and private sector and the municipality
- Business network not functional and very limited social dialogues

**Proposed strategies:**

- Partnership between farmers , the municipality, other government institution and private sector
- Value adding initiatives must be pursued
- Markets access and funding improvement
- Expansion in primary production of agricultural product
- Investment Promotion

**Forestry:**

- underutilized forestry land
- Licensing for plantation
- Value adding initiatives
- Non preference by communities in suitable areas

- Business network not functional

**Proposed strategies:**

- Strengthened partnerships with private sector , communities, chiefs and government departments
- Forestry expansion plan
- Furniture making expansion
- Sawmill initiatives
- 

**Tourism:**

- Marketing underdeveloped
- Local tourism Statistics poorly managed
- Rural tourism poorly promoted
- Grading of tourism establishment poorly coordinated
- Heritage site marketing and development
- Business networks not functional

**Strategies:**

- Promotion of rural tourism initiatives
- Improved local statistics on tourism
- Marketing of local tourism attraction and products
- Coordinate grading
- Partnerships on promotion of heritage sites

- **COMPETITIVE AND THE COMPARATIVE ADVANTAGE**

**COMPARATIVE AND COMPETITIVE ADVANTAGES PER SECTOR ELUNDINI**

SECTOR	COMPETITIVE ADVANTAGE	COMPARATIVE ADVANTAGE
Agriculture	Labour surpluses; fertile land; underutilized irrigation potential	Maize; animal husbandry; Irrigated agriculture
Forestry	High rainfall; suitable conditions	Forestation
Tourism	Mountains/Alpine Rivers; remote and rural rare bird species	Trout fishing; Business tourists

- **INFORMAL SECTOR DEVELOPMENT**

The municipality has the informal business .Informal trading provides some income to those who are unemployed as well as an alternative to established traditional formal sector retail options. Uncontrolled and unplanned growth of the informal trading sector can have a negative impact on the municipality leading to conflicts between traditional traders and „newcomers“, because of uncertainty regarding each party’s right.

The Municipality's objective with regards to the informal trading sector is to improve the governance of the informal trading sector by providing guidance for better municipal control of the informal sector through better bylaw design and enforcement. The policy will seek to strengthen co-ordination among municipal management units: technical services, environmental health, LED, licensing, spatial planning and land-use. The policy will improve service delivery to the sector, including basic services for informal traders at attractive locations. Improved management of street traders will also improve business confidence in municipalities leading to possible increased investments in the localities.

The development of an Informal Traders Policy should improve competitiveness of towns as investment locations, by showing a well-managed and supported informal. The policy envisages intensifying support for enterprises, including infrastructure. The policy is borne out of the need for a common approach towards informal trading in the jurisdictional area of Elundini Municipality. It lays the foundation for the exercise of informal trading in a manner that is of benefit to those involved in it – traders, property owners and customers alike. The policy also gives further expression to government's commitment to implementing a legitimate regulatory framework for this dynamic sector.

The municipality has audited all street traders, developed licenses and piloted the licenses in 30 of the street traders in 2013. It aims to enhance the program on licensing and business inspection not only to the informal sector but also to the formal sector as a whole.

- **SMALL TOWN REGENERATION PROGRAM**

Elundini municipality is faced with the infrastructure backlog in general and its three small towns have been fraught with development challenges. Some of these include:

- Infrastructure maintenance neglect as a result of backlog in infrastructure development.
- Irregular service provision especially in the area of waste removal, road maintenance and town upgrading and management of commonage.
- "Uneven" (or unequal) development which has resulted into Ugie and Maclear having some development whilst Mount Fletcher with no much
- Unhealthy street trading which is not regulated.

Addressing many of these challenges could encourage a re-focused interest in local economic development and ultimately elevate the plight of small towns' regeneration in strategic provincial debates to get partnerships. The municipality has therefore considered the small town regeneration as one of the key initiatives in the local economic development for future.

- **BASIC SERVICE AND INFRASTRUCTURE DEVELOPMENT**

- **WATER AND SANITATION (CENSUS 2011)**

<b>Access to Water (2011)</b>		
Source	Number of houses	%
No access to piped water	17763	46,9
Piped water inside the dwelling	3918	10%
Piped water inside the yard	2730	7%
Piped water in the community stand	13 000	34%

<b>Access to Water as per Sources (2011)</b>		
Source	Number of houses	%
Municipal water	11 194	29.06%
Borehole	5909	15.60%
Spring water	4857	12.08%
Rain water tank	1582	4.18%
Dams	2456	6.49%
River or stream	7071	18.07%
Water vendors	836	2.21%
Water Tanks	3044	8.04%

In terms of access to water, 46, 09% of households in the Elundini area do not have access to piped water at all. This percentage is quite high and speaks to major challenges in the delivery of this service to households. Only 7% of households have access to water inside the yard whilst 34% of households use a community stand as the main access to water.

With regards to the sources of water, 29, 06% of households in Elundini use municipal water as a main source of water whilst 15.60% of households use boreholes. 18, 07% or 7071 households still use rivers or stream as a main source of water and another 6, 49% of households use dams as the main source. It is clear from the statistics presented above that there are significant challenges in terms of ensuring that access to water for all households in Elundini is realized, some of the challenges include the following:

Many areas in Elundini Local Municipality do not have access to piped water. Most urban areas in Elundini have access to water, but shortages are occasionally experienced in Ugie and Maclear. In Mount Fletcher a borehole is being utilized which also results in occasional water shortages. Along with the issue of poor access to potable water is the need to improve water resource management. In the IDP ward analysis of needs identified that 50% of wards indicated that access to water or water supply was a service delivery issue.

The growth of towns such as Ugie is placing increased strain on the existing water infrastructure. Future growth will need to be supported by additional bulk water infrastructure. The insufficient bulk water and purification infrastructure is a significant constraint to future growth as any new residential, office or industrial development in Maclear, Ugie or Mount Fletcher will require additional infrastructure investment. The situation within Mount Fletcher is critical due to the current borehole system being unable to supply for the demand.

The district has attracted funding from neither land for bulk water infrastructure which will benefit the mostly Mount Fletcher and Ugie and Maclear as well.

- **ROADS AND STORM WATER**

For purposes of this report Elundini has divided roads into 3 categories namely, provincial roads, access roads and streets. These categories are discussed briefly below. The Department of Roads and Public Works through Sihamba Sonke Programme is currently implementing a Roads Asset Management System (RAMS). The programme is managed through District Municipalities.

- **PROVINCIAL ROADS**

Provincial Roads are categorized into two (2) types of surface which are asphalt and gravel. The R56 is main Provincial Road which traverses from the South to North through Elundini Municipality, connecting Ugie, Maclear and Mount Fletcher. These roads are used by heavy freight vehicles and the timber haulage vehicles which have a significant impact in the deterioration of the road pavement design. In the past there funds were inadequate to accommodate road rehabilitation. The provincial roads are currently maintained with pothole patching even though the pavement layer showing signs of failure.

Other Provincial Roads are the MR00723 which connects Maclear to Rhodes, the R396 (MR00721) which connects Maclear to Tsolo. Most of provincial gravel roads have deteriorated significantly to the level where they would desperately need gravelling rather than occasional patchwork. This has resulted in most of the top surface of roads being eroded to the road bed. Poor drainage leads to roads being impassable in wet weather. Most bridges have been damaged during heavy rains from December 2010.

Through cooperative governance the Elundini Municipality is currently entering into a service level agreement with the Department of Roads and Public Works for the Northern Elundini, whereby both municipal and district roads are well maintained. All roads in this area have been assessed and a maintenance schedule drawn up. The expected implementation date is 01 June 2012. The department is planning to rollout a routine road maintenance which may commence on 01 June 2012.

- **MUNICIPAL ROADS**

The municipality is in the process of developing a Storm water Master Plan for all three towns with the objective of responding to storm water challenges. The planning document will come with a three year plan for the purposes of prioritizing and implementing storm water projects. There is a draft plant policy for the purposes of regulating the municipal acquired plant and machinery.

- **ACCESS ROADS**

Access Roads are supposed to be maintained by municipalities in terms of the Municipal Structures Act, however, there is a significant challenge around resources and magnitude of the backlogs for them to effectively implement such service. The Northern Elundini was assessed in detail in January 2011 and the results indicate a backlog of 69.8%. The Sour then Elundini has also been assessed and a comprehensive report will be completed by March 2012.

A lack of maintenance of access roads which are in the commercial farming and rural areas, impacts significantly on the social and economic development of the area.

The maintenance of these roads became a function of local municipalities once wall-to-wall municipalities were established in 2001. The recent heavy rains and storms experienced in the area have

damaged the majority of roads and bridges to the extent that they are beyond normal maintenance work. Certain areas of the municipality lack suitable road construction material which means that we often have to transport at considerable cost from other areas.

From a developmental perspective, the Elundini LM has been focusing on access roads in the rural areas. The municipality has acquired plant and has successfully completed 26km to date in wards 4, 7 and 16. The plant is currently constructing 19km in ward 15. The production of our plant has improved with time as well as quality of workmanship. However, due to the nature of available materials there is a need to acquire additional plant (tow tractor and a grid roller).

The municipality's Grader and TLB continue to maintain inaccessible roads. Having referred to Elundini backlogs mentioned above, the maintenance grader is often exposed to wheel-tracked roads and filling of eroded gullies. There is a developed roads maintenance schedule which will prioritise gravel roads with adequate material. There is a need to acquire a tipper truck for transportation of aggregates, asphalt and crusher dust.

There is a need to also focus on the construction of pedestrian bridges across streams and rivers. There are currently six (6) pedestrian bridges prioritized and awaiting approval by the provincial MIG office. Once these projects are approved, budget will be required for construction. The bridges are as follows:

WARD NUMBER	PROJECT NAME
6	Mqokolweni to Mpukane Pedestrian Bridge
8	Thakabana High School to Mahlathini Pedestrian Bridge
7	Esigcwabeni Pedestrian Bridge
11	Emjikelweni to Makwatlane High School Pedestrian Bridge
13	Koebong Pedestrian Bridge
14	Ulundi, Lenge to Lehana Sparks J. S. S Pedestrian Bridge

- **STREETS**

The condition of streets in all three towns has deteriorated to a point where they require reconstruction. Management of storm water will be the very key towards the life span of the roads infrastructure. In an effort to extend the life span of the current roads, the municipality has established a pothole repair team utilizing personnel from the Massive Job Creation Programme. This team has successfully to date done repairs to potholes to all three towns. In some areas the pavement layers are also failing hence potholes constantly reoccur. The municipality built its own slurry machine which is currently resealing roads in Maclear and Ugie.

There is a need to invest in construction and major rehabilitation of roads in all three towns to improve the image of the towns and attract economic investment. Inter alia bypass routes should be considered for transportation of timber to prevent further deterioration of the existing roads network and the safety of road users.

Sidewalks in the town of Maclear have been upgraded from gravel to asphalt and the same exercise will be implemented in Ugie. The backlog on construction of roads will be attached.

- **KEY MOBILITY ROUTES**

The Elundini Spatial Development Framework has identified key mobility corridors. These key roads should be kept well maintained as they have the most social and economic impact in the Municipality. These include the R412 (Ugie/Langeni roads) and the R56 (between Maclear and Mount Fletcher)

- **HOUSING**

The Eastern Cape Department of Human Settlements has employed a service provider to review the ELM Housing Sector Plan that will provide a detailed housing demand and other aspects related to housing demand, i.e. updated housing demand, beneficiary lists, planned housing developments, suitable land for housing development, etc.

Distribution of households by main type of dwelling and municipality 1996, 2001, 2011

**Census 2011**

The most telling statistic in the graph presented above is the fact that the biggest group of people living in Elundini opt for traditional houses as a form of dwelling. Not only is this the most common type of dwelling but it has also shown the greatest amount of growth since 2001. Formal housing is the second largest type of dwelling in Elundini and has seen a steady decrease since 2001. Informal settlements form the smallest type of housing within the municipal boundary and have also been decreasing from 2001 to 2011.

The high level of traditional housing and very low levels of informal housing within Elundini are most probably related to the rural nature of the municipality. In addition the relative drop in the number of formal dwellings is probably caused by the fact that in the years between 2001 and 2011, the municipality's population grew by only 0.4% which probably decreased the demand for formal housing. This is not to say that no formal housing has been commissioned, indeed there have been a number of projects to build formal dwellings for the community and the drop in informal dwellings between 2001 and 2011 is a sign of this.

- **ELECTRICITY**

Census 2011 show that there are still a number of villages that are still without electricity, particularly around the Mt Fletcher area. This was as a result of that area being services by the KZN ESKOM region. The situation will soon be rectified since the area will now be services by the East London ESKOM Region and also by the construction of the Mathafeni substation that will enable the distribution of electricity in that area.

- **ACCESS TO ENERGY: ENERGY FOR COOKING (CENSUS 2011)**

Source	Number of houses	Percentage
Electricity	13216	35
Gas	3039	8
Paraffin	7064	19
Wood	13642	36
Coal	67	0,2
Animal Dung	685	2
Solar	36	0,2

Others	33	0,2
None	73	0,3

*Census 2011*

- **Access to Energy: Energy for heating (2011)**

Source	Number of houses	Percentage for heating
Electricity	4947	13
Gas	680	2
Paraffin	9772	26
Wood	19575	52
Coal	134	0,2
Animal Dung	542	1
Solar	36	0,2
Others	3	0,1
None	2165	6

*Census 2011*

- **ACCESS TO ENERGY: ENERGY FOR LIGHTING (CENSUS 2011)**

Source	Number of houses	%
Electricity	17533	46
Gas	139	0,1
Paraffin	4277	11
Candles	13 127	36
Solar	2613	7
None	165	

*Census 2011*

Generally the use of renewable energy is still very limited. More education and strategies to encourage communities on renewable are important.

- **TRANSPORTATION**

- **FREIGHT TRANSPORT**

Being a rural municipality, freight transport is an important facility for the Elundini. The various businesses and institutions rely on freight transport services to import most of the food, products and goods needed for local consumption. The growing timber industry in the area places a significant burden on the road network and damage to the roads is evident on most routes. National government has developed a strategy around freight transportation through rail systems. A railway line exists within the municipality but is defunct.

A truck stop in Ugie, owned by PG Bison was completed in 2008 and is operational, creating a significant impact on freight transportation in the area. PG Bison has proposed a by-pass route from MR 723 to R56 via Maclear. The estimated volumes and number of loads are as follows:

FINANCIAL YEAR	VOLUME	NO OF LOADS
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2012/2013	67,450	2.249
2013/2014	158,253	5,275
2014/2015	175,416	5,847

There are problems that are brought about by the heavy duty trucks ferrying logs in particular between Maclear and Ugie towns resulting in excessive silt on surfaced streets and blocking storm water drainage system. In the process of negotiating a bypass around Maclear with PG Bison, there is a need for PG Bison to provide wheel washing bays for their trucks.

The municipality is also looking at the possibility of constructing a weigh bridge so that the money generated from it can be used back in repairing and upgrading our roads as they are being damaged by the heavy loads carried by the heavy trucks.

- **PUBLIC TRANSPORT**

Related to provision of public transport is the need for basic essential services such as water, sanitation and shelters at key facilities. There is a need to provide these services at all the nodes (rural and urban) as defined in the Spatial Development Plan. Areas with high dependency on public transport especially the primary and secondary nodes should receive priority. These are mostly remote rural of Elundini Municipality.

There is no official taxi rank in Ugie but an informal tax rank, on the main street is being used. This arrangement is not suitable for commuters and there are no shelters, however there are ablution facilities.

There is a formal taxi rank in Maclear in Fourie Street. This taxi rank functions well as it has shelters and ablution facilities for commuters. The taxi rank is insufficient for all the taxis as taxis can be seen using other areas around town as informal taxi ranks.

The ablution facilities in the Maclear taxi rank are not well maintained and need to be upgraded. There is a plan to close the storm water drain in the south eastern side of Fourie Street with a view to provide hawkers facilities.

There is a taxi tank in Mt Fletcher but the facility needs to be reconstructed due to poor workmanship which led to pavement failure. The local taxi association has refused to utilize this facility and instead opted to utilize a vacant space adjacent to the municipal park along the R56 route. There is an intention by the municipality to invest in the reconstruction of the taxi and bus rank.

The municipality is in discussions with the Department of Public Works to acquire certain underutilized properties, notably Erven 245 and 246 for commercial development which will interface with the taxi and bus rank.

The following modes of public transport are prevalent in the Elundini Municipality:

- Long distance buses,
- Mini buses and taxis,
- LDV bakkies with canopies which also provide scholar transportation,
- Horseback

Problems relating to public transportation include the following:

- Non availability of a local integrated transport plan. However the municipality is currently developing such a plan.
- Poor road conditions.
- Lack of designated public transport route.
- Lack of capacity at local authority levels to address public transport planning.
- Lack of sustainable and dedicated funding for public transport services, facilities and maintenance.
- Inadequate scholar, disabled and elderly transport.
- The illegal use of “bakkies” as public transport vehicles.
- Ageing of minibus-taxi vehicle fleets.
- Lack of public transport information.
- Public transport safety and security.
- Lack of roadworthy testing station

- **RAILWAY SERVICES**

The weekly railway transport passenger services between Johannesburg and the Eastern Cape is only accessible at Burgersdorp to the west and has very little impact on the rest of the area, especially Elundini, which is situated in the east. The branch line which used to serve as a freight and passenger facility no longer operates.

- **AIRFIELDS**

There are two airfields in the area, which comprise grassed surfaces without lighting for night use. The airfield at Maclear is 1790 meters in length and the airfield at Ugie is 1000 meters in length.

- **NON-MOTORISED TRANSPORTATION**

Mostly, pedestrians in the township walk to various destinations, few use bicycles. There is a need to accommodate this mode of transport through construction of sidewalks.

- **PUBLIC AMENITIES**

- **SPORTS AND RECREATION FACILITIES**

Mt Fletcher and Ugie have facilities which have been built by DSRAC through the project called B.S.R.P. (Building for Sport and Recreation Project). The one built in Ugie has been vandalized. With the high percentage of youth in the population make-up it is essential to provide sports and recreation facilities. The Municipality has adopted a strategic intent to coordinate and support sporting activities through forming strategic partnerships and establishing sporting structure to promote sporting in ELM. The MIG allocations will also be used for provision and upgrading of social and public infrastructure, this includes inter alia the sporting fields and grounds.

- **COMMUNITY HALLS**

From the table below, it shows that only 6 wards in ELM have community halls and 11 wards do not have community halls. Some of the halls are not accessible to the communities as there is no clear-cut policy of utilization and accessibility. Most rural communities are struggling as there are no halls within their areas of residence. From the IDP outreach that the Mayor undertook between February and March 2012, the communities indicated the importance of these community halls because when weather conditions are harsh the elderly are exposed to these bad conditions during social grant pay services.

The table below depicts the number of wards that have community halls and those that don't have community halls:

WARD No	NUMBER OF HALLS	NAME OF VILLAGE(S)
01	0	
02	1	Ntokozweni
03	1	Sonwabile
04	2	Ugie Town and Maclear Town
05	0	
06	0	
07	0	
08	0	
09	1	Mt Fletcher Town
10	0	
11	0	
12	1	Mangoloaneng
13	1	Moabatsane Village
14	0	
15	1	Bethania Village
16	0	
17	1	Ugie Municipal Hall

Except for the Maclear and Mt Fletcher Town Halls, which have recently been renovated, the rest of the community halls are in a state of dilapidation and require emergency repairs.

- **CEMETERIES**

Most of the cemeteries in the municipality are generally nearing maximum capacity and a cemetery management system is required to co-ordinate their effective use. Of critical urgency are the numerous informal cemeteries/grave yards which are being used in and around the informal settlements of the three towns. These burial places are not registered and are not compliant in terms of environmental and other legal provisions such as EIA compliance.

In Maclear, the only possible land for expansion is located on a vacant land owned by Public Works and used by the Magistrates Court. A new cemetery has been reserved on the outskirts of Maclear and this could accommodate 3000 graves. Unfortunately the community is currently refusing to utilize this new facility.

Generally the key challenge regarding cemeteries in the municipality is around communities being reluctant to use formally established cemeteries to avoid paying user charges. They instead resort to using informally established and unplanned cemeteries which must be closed down as a matter of urgency since this severely compromises the natural environment.

- **POUNDS FOR SMALL AND LARGE ANIMALS**

In terms of the powers and functions, pound management is the responsibility of the municipality. Supporting legislation includes the relevant Pound Ordinance which is still applicable.

All three pounds are not in a good state and do not conform to the SPCA standards for animal care. With the exception of the Maclear pound the two other pounds in Mt. Fletcher and Ugie are placed in ideal locations. The Maclear pound is still situated within the office premises of the municipality, something that is likely to have serious health implications to both staff and municipal visitors. The pound needs to be relocated to an already identified and partially developed pound structure situated on the outskirts of Maclear town.

- **PARKS AND OPEN SPACES**

A lot still needs to be done on the established parks in ensuring that they are well cared for and maintained. Upgrading of these which must include re-grassing, landscaping and fencing are matters which must receive priority attention. Installation of playground equipment as well as outdoor furniture within parks themselves and on pavements are features that have a potential of making our parks practical and user friendly spaces. There still is a challenge of providing secured ablution facilities on our parks to promote health and hygiene. Some of the parks like the one opposite the entrance to the municipal offices may need to be transformed into botanical gardens also in line with the “greenest concept” embraced as part of our strategic goals.

- **LIBRARY AND INFORMATION AND SERVICES**

Libraries are a function of the district sphere of government currently performed by the municipality on an agency basis. To give effect to this arrangement a Service Level Agreement has recently been signed with the district municipality who have committed to funding the services by way of a subsidy to the amount of R1,2m.

All three towns operate library facilities through seconded professional librarians assisted by staff appointed by the municipality. Some of the challenges regarding libraries include:

- Lack of access to internet services (in some libraries)
- Space constraints (no discussion rooms, offices etc.)
- Lack of dedicated maintenance plans
- Adequate funding
- Non-existence of a Memorandum of Agreement

- **COMMUNITY AND SAFETY AND SECURITY**

Eight (8) police stations have been established in Elundini as indicated in the table below. Poor road conditions and few rural satellite police stations mean that access of rural villages to security facilities is

a concern. Most of the communities have established the community policing forums, but require more support in terms of resources to function properly, (e.g. phone, lanterns/ torch).

Table showing the location of police stations:

POLICE STATIONS & WARD NUMBERS					
UGIE	WARD 2	ELANDS HEIGHT	WARD 4	TABASE	WARD 13
MACLEAR	WARD 3	KATKOP	WARD 7	ZAMUXOLO	WARD 14
MT. FLETCHER	WARD 9	MBIZENI	WARD 8		

The municipality maintains a service of traffic officials to administer drivers licensing, traffic and parking management. Law enforcement of bylaws remain an unfulfilled challenge even though temporal law enforcement officers were employed late last year (December 2011) only as an interim measure pending filling of vacancies on a permanent basis. Accreditation for the function will also remain a challenge until permanent appointments of personnel are done.

- ### PRIMARY HEALTH CARE AND MUNICIPAL SERVICES

In terms of the powers and functions, Environmental Health Services is a function of the District Municipality while Primary Health Care services have been provincialised. ELM responsibilities with regard to MHS are in the area of issuing of business licenses to food handling premises as well as registration of general dealers, control of nuisances, overgrown erven, enforcement of related bylaws and National regulations as well as other issues which may affect public health

- ### HEALTH FACILITIES

Two (2) hospitals and twenty one (21) clinics have been established in the Elundini Municipal area, as indicated in the table below.

Name	Ward No.	Type of Facility	Name	Ward No.	Type of Facility
Empilisweni Clinic (Old location Ugie)	02	Clinic	Khungisizwe (Upper Nxaxa)	07	Clinic
Ngxaza Clinic	05	Clinic	Seqhobong Clinic	13	Clinic
Hlangalane Clinic (Ramatee)	07	Clinic	Sonwabile Clinic	03	Clinic
Hlankomo Clinic	16	Clinic	St. Augustine's Clinic	05	Clinic
Katkop Clinic	07	Clinic	Taylor Bequest Hospital	09	District Hospital
Maclear Town Clinic	03	Clinic	Taylor Bequest	09	Clinic

			(Solomzi		
Maclear Hospital	03	Hospital	Ugie Town Clinic	02	Clinic
Mangoloaneng Clinic	12	Clinic	Ulundi Clinic	14	Clinic
Bethania Clinic	15	Clinic	Umnga Flats Clinic	01	Clinic
Mqokolweni Clinic	06	Clinic	Ncembu Clinic	01	Clinic
Queen Noti Clinic	06	Clinic	Gqaqhala Clinic	17	Clinic
Lower Tsitsana	04	Clinic			

A large number of people in Elundini remain without access to healthcare as there is no mobile service in the Mount Fletcher and the Ugie mobile service is not in operation. In the areas where the mobile clinic is operational, the poor conditions of the roads make it impossible to access some communities. Maclear has 131 mobile visiting points, but only frequents 120 because of the bad road conditions. There are on-going District Health Council (DHC) meetings which are held monthly in order to discuss plans to roll out primary health care facilities for better and equitable access. Possible extensions to the Ugie Clinic with a view to transforming it into a 24 hour facility/health center are as reportedly being considered by the provincial Government.

It is too expensive for all of the communities to access the fixed health facilities in town. This means that they can't attend preventive services such as immunization for children and family planning.

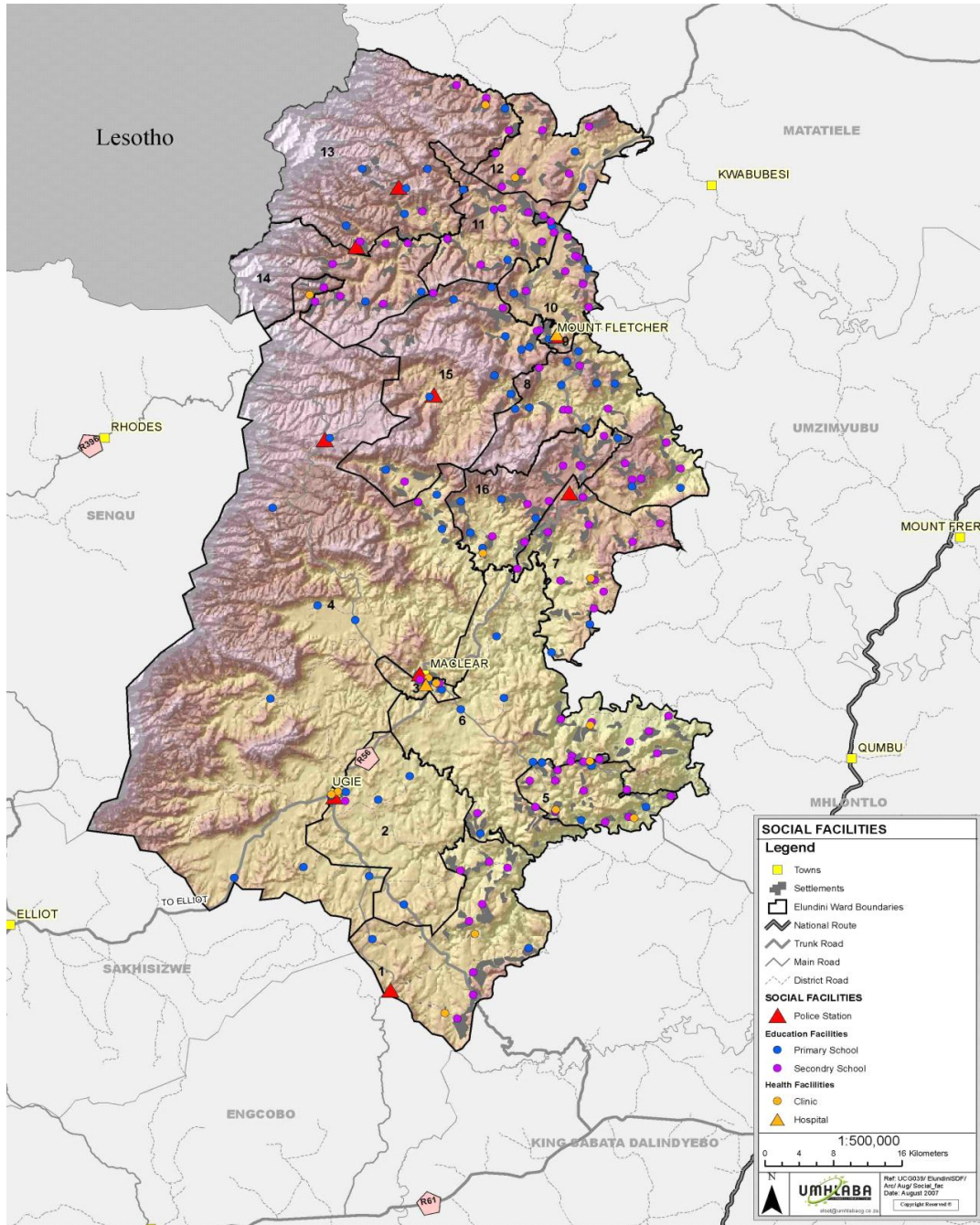
The plan overleaf indicates the spatial location of community facilities in the form of clinics, hospitals and schools in the Elundini Municipality.

- **PRIORITY HEALTH PROMOTION**

The priority programmes are HIV and AIDS, TB and mother and child services. There are community based initiatives aimed at prevention of disease and promotion of healthy lifestyles. The district area is implementing the 5 priority health promotion campaigns of nutrition, substance abuse, tobacco, use of healthy environments and risks. According to statistics, in 2004, approximately 8.5% of the ELM population was infected with HIV. This figure may not be reliable when compared with the rate of deaths related to HIV /AIDS causes. It is reported that in 2004, AIDS accounted for 33% of all deaths in ELM.

In addressing the HIV/ AIDS, the ELM has developed HIV/AIDS Strategic Plan. This was adopted by Council in 2009. In as far as implementation of the plan, the Local Aids Council has been established and launched. It is constituted by role players from different sectors of community including, Health, Business, other Govt. Dept., Community workers and HIV/AIDS activists/groups. The ward based HIV/ AIDS forums have also been establish across 16 wards in ELM. The HIV/AIDS programme in Elundini is politically championed by Portfolio head Community Services and administratively executed in the Office of the Municipal Manager.

## **MAP OF SOCIAL FACILITIES**



**ECOLOGICAL ENVIRONMENT SCANNING**

ITEM	ISSUES	IMPLICATIONS /DISCUSSION	WEAKNESSES	STRENGTHS
Global/National Characteristics	Environmental Legislation	South Africa has various pieces of legislation geared at	Lack of clear understanding/interpretation of relevant environmental legislation and	Local government is obliged to conduct its administration in such a responsive and responsible

		<p>ensuring that human activities do not compromise the integrity of the natural environment. They are mainly focused at ensuring sustainable development initiatives which will benefit present and future generations</p> <p>Local government specifically has certain obligations with regards implementation of such legislation to give effect to mainly the South African Constitution (objects of Local Government)</p>	<p>capacity to implement such legislation as applicable (institutional arrangements)</p>	<p>manner as its resources allow, namely it can develop bylaws, policies &amp; SOP geared at ensuring compliance with environmental legislation</p>
			<p><b>THREATS</b></p>	<p><b>OPPORTUNITIES</b></p>
			<p>Sustained &amp; unchecked land degradation, hampering prospects of future development &amp; economic growth</p> <p>Litigation &amp; non-compliance resulting in heavy fines/imprisonment</p> <p>Poor image resulting from environmental disasters</p>	<p>ELM is not a built up environment, i.e. congested with heavy industry and has vast pristine environments which can be conserved.</p> <p>Environmental Management Plans can be developed to ensure guided use of the natural space</p> <p>Existence of good recruitment policies (to attract environmental specialists)</p>



<b>International Treaties</b>	South Africa is a signatory to many international environmental accords relating to Green House Gas (GHG) emission reduction targets, sustainable development, and renewable energy targets etc. It is a Country regarded as the 13 <sup>th</sup> largest GHG emitter/polluter in the World and no.1 in Africa Kyoto protocol, WSSD, IPCC etc. are but a few signed treaties	<b>WEAKNESSES</b>		<b>STRENGTHS</b>
		Lack of knowledge of international targets and National framework /capacity to assist local government towards giving effect to the targets Un used land parcels	The largely forest dominated areas and non-industrialization offer opportunities for carbon footprint reduction Research is easily available on these targets (functional ITC system)	
		<b>THREATS</b>		<b>OPPORTUNITIES</b>
		Poor image (violation of international treaties) Global warming resulting in severe droughts, floods, adverse public health effects etc. Unsustainable environments	Twinning arrangements/benchmarking with compliant municipalities/entities Availability of undeveloped and (un-spoilt) land for Investment attraction i.e. (industry/manufacturing) Job creation through green initiatives (renewable energy alternatives, EPWP projects)	
<b>Underdevelopment (degraded environments)</b>	Former TBVC areas are characterized largely by degraded	<b>WEAKNESSES</b>		<b>STRENGTHS</b>
		There is no EMP to protect sensitive environment & map out already degraded and how	Undeveloped land parcels which can be rehabilitated and used to advance the local	

		<p>and uncared for environments due to underdevelopment i.e. eroded land, poor waste management practices, illegal mining etc.</p> <p>Most of these areas have land previously used for agricultural purposes which has been allowed to degrade (dongas etc.)</p> <p>Alien invaded land parcels</p>	<p>they should be rehabilitated</p> <p>Poor landfill operations/monitoring of permit conditions</p> <p>Lack of environmental awareness to the public in programmes relating to wetlands, littering etc.</p>	<p>economy</p> <p>Municipalities have powers and authority to legislate on local matters to protect its own environments</p> <p>There is a dedicated department to champion environmental issues</p> <p>Municipalities have powers over land use practices</p>
			<p><b>THREATS</b></p> <p>Loss of useable/productive land for various economic benefit to locals</p> <p>Irreversible land degradation/high rehabilitation costs</p> <p>Destruction of wetlands (loss of ecological life/biodiversity)</p>	<p><b>OPPORTUNITIES</b></p> <p>Poverty alleviation projects for rehabilitation of degraded environments/eradication of alien plants</p> <p>Landscaping &amp; beautification initiatives</p> <p>Conservation of indigenous plant and animal species</p>
	<p><b>Legislation Enforcement</b></p>	<p>Passed legislation (environmental) is enforceable through Environmental Management Inspectors (EMIs)</p> <p>Some legislation</p>	<p><b>WEAKNESSES</b></p> <p>There is generally no capacity (proper institutional arrangements) at local government levels to ensure speedy and effective resolution of environmental transgression let alone awareness on these types of</p>	<p><b>STRENGTHS</b></p> <p>The correct legal framework is in most cases in existence, i.e. policies, bylaws etc.</p> <p>Appointment of suitable law enforcement officials is made possible by existing recruitment</p>

		<p>is enforced through various sector departments e.g. compliance with Landfill permits by Department of Environmental Affairs and others.</p> <p>Although such arrangements are in place they however are seldom visible, with the result that many environmental transgressions by ordinary individuals, government departments, municipalities as well as business go without notice and or punishment.</p>	<p>transgressions At worst environmental issue do not enjoy deserving prominence in municipality owing to lack of environmental champions</p>	<p>procedures</p>
			<p><b>Threats</b></p>	<p><b>Opportunities</b></p>
			<p>Breakdown of law and order</p>	<p>To be a leading municipality in the region in terms of environmental legislation enforcement</p> <p>Orderly and sustainable opportunities able to support long term local economic objectives</p>

**NB:** The correct basis is to agree that we may probably have failed to deliver on the previous key strategic issue relating to the environment, i.e. 'Elundini Goes Green' or "Cleanest Towns & Cities". The

reason for this failure can be attributable to the fact that no clear mechanisms and or support systems were thought out as necessary vehicles to achieve the “cleanest towns & cities” concepts. The latter just became a slogan without any clear commitments.

The above identified “issues” warrant that the municipality considers.

Embarking on recycling initiatives [ELM creating suitable infrastructure for recycling, recycling drive education and public awareness, creation of recycling SMMEs as well as household recycling incentives]

- Office paper recycling
- Poverty alleviation environmentally related projects [EPWP style]
- Introduction of a shift system to ensure the ideal of clean cities is realized

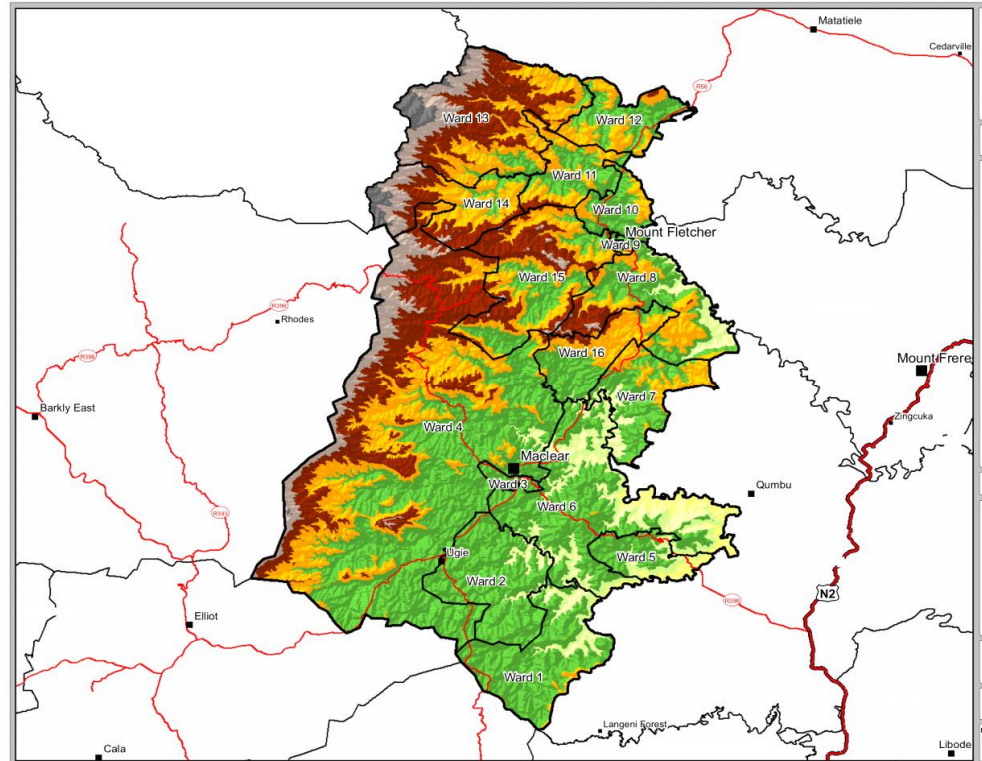
All together these initiatives can make a huge contribution in reducing our carbon footprint as a municipality to mitigate the otherwise environmentally destructive unintended consequences resulting from community and municipal processes.

Successful implementation of the above listed initiatives has with it a possibility of yielding that which the municipality set out to achieve but failed in the previous strategic session, namely enjoying leaving in cleaner towns and cities.

- **NATURAL ENVIRONMENT**

- **TOPOGRAPHY AND HYDROLOGY**

The municipal area has a distinctive topographical character with mountain ranges along the western side overlooking a central plateau, giving way to an escarpment sloping down towards the eastern side and the lower reaches of the Tsolo and Mthatha regions. Much of Elundini has slopes steeper than 1:8 as it forms part of the southern Drakensberg range. This area located along the north and western side of the municipality, due to its high altitude, is unsuitable for arable farming. The mountainous terrain also limits accessibility and therefore hampers service and infrastructure delivery in the region. The Southern Drakensberg creates a scenic environment conducive to adventure and nature tourism activities such as mountain biking, hiking, skiing etc. The mountains form a watershed and separate the eastern and western parts of the Joe Gqabi district.



**Map Showing Elevation And Topography**

Topography influences the type of land use activities that occur, the nature and extent of settlement development and the type of agricultural activities, which are viable. Agriculture is accordingly limited to specific land pockets in the central, southern and eastern portions where the topography, water and soils are very suitable for agriculture and residential uses.

- **CLIMATE AND RAINFALL**

The region is well known for its temperature fluctuations with temperatures ranging between 42 degrees centigrade and 11 degrees centigrade. On average there are 150 days of frost during the year, usually between March and November and winter snow in Maclear and the higher lying areas. The higher mountain peaks in Elundini have between 800mm – 1200mm rain per annum. The rest of the area receives an average of 600-800mm per annum. This municipality forms the catchment for the Umzimvubu River, which bisects the region and supplies large volumes of water down to the Indian Ocean.

- **GEOLOGY AND SOILS**

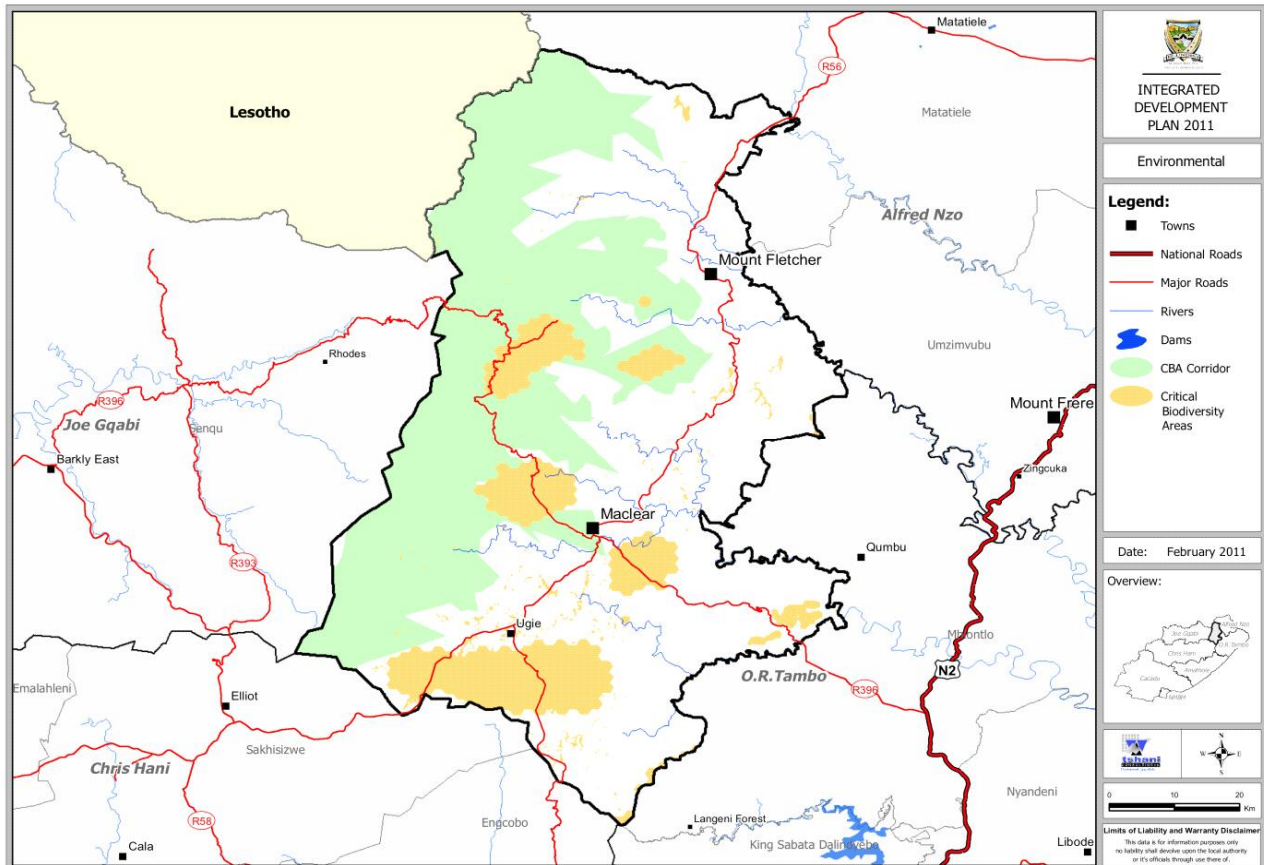
The Elundini Municipality is the only area with soils suitable for cultivation in the JGDM. However degradation is high in the communal land areas of Elundini with the primary cause found to be the overstocking of livestock and inappropriate grazing methods. The provision of infrastructure to enable the practice of controlled grazing is necessary to prioritise the rehabilitation of severely degraded areas.

- **VEGETATION AND LAND COVER**

Vegetation types represent an integration of the climate, soils and biological factors in a region and as such are a useful basis for land use and conservation planning. Unimproved Grassland dominates the Municipality, covering 56.40% of the total surface area. This is followed by Degraded Unimproved Grassland (22.70%) and Semi- Commercial or Subsistence Dryland Cultivation (10.56%). The State of the Eastern Cape Province Report (2010) highlights the serious impact of settlement sprawl that is taking place throughout most rural areas, with an increase of 47% in the cover of built up areas compared to the year 2000. Coupled with this sprawl of settlements, is the depletion of resource areas by an estimated 33% and this is expected to have a serious effect on future sustainability of rural communities.

- **CRITICAL BIO-DIVERSITY AREAS**

The Eastern Cape Bio-diversity Plan has analyzed the characteristics of the various environmental attributes throughout all municipalities. The critical bio-diversity areas in Elundini have been identified (refer to map below) and these need to be conserved for the benefit of future generations and preservation of the ecological balance in the area. These are primarily associated with the environmental sensitivity of the mountain range and foothills near Maclear and Ugie. It is of paramount importance that the critical biodiversity areas be reflected in the Spatial Development framework for Elundini so as to ensure effective land use management is achieved in future, in accordance with the requirements of the National Environment Act and the Provincial Spatial Development Plan.



## **Map showing Critical Bio-diversity areas (Source: ECPSDP 2010)**

- **CLIMATE CHANGE**

Climate change is affecting Elundini as the drier climate in the west moves towards the central portions of the Province and wetter, higher rainfall and more frequent storms affect the eastern regions. The mountainous character of the region also has a bearing on the effects of climate change over time. The drier regions will experience loss of biomes and find water resources under increased pressure over time.

The eastern regions are expected to experience increased rainfall. This is already being seen Elundini in the form of increased storm activity resulting in disasters affecting settlements, roads and bridges, buildings, crops and livelihoods. Flooding, high winds and hailstorms are increasing in severity. Higher rainfall is also affecting the incidence of pests in the agricultural sector.

Higher temperatures as a result of global warming could affect the growing characteristics of trees to the extent that certain species may no longer be viable for the forest industry in the area. If this occurs, there may be impact on the forestry sector and the municipal economy.

- **DISTRICT ENVIRONMENTAL MANAGEMENT PLAN**

According to the District Environmental Management Plan 2011 (EMP) there are several environmental challenges, which have important implications for the Elundini Municipal area. These are described below.

- **EROSION**

Degradation is high in the communal land areas of Elundini, and in small pockets within the Maletswai and Gariiep local municipalities, with the primary cause found to be the overstocking of livestock and inappropriate grazing methods. The Department of Agriculture estimates that between 300 and 400 tons per hectare of soil are lost annually in the District. In addition to the provision of infrastructure to enable the practice of controlled grazing, the EMP recommends it is necessary to prioritize the rehabilitation of severely degraded areas.

- **BIODIVERSITY CONSERVATION**

According to the EMP, mountain areas contain a high number of endemic species, and have been identified as being important for the protection of biodiversity and ecosystem services. Grasslands dominate the district, but in general they have been severely degraded and transformed areas dominate much of the landscape, as revealed by the Eastern Cape Biodiversity Conservation Plan (ECBCP).

An opportunity therefore exists to formally protect the remaining intact grasslands, especially those classified as vulnerable and endangered, to ensure the important ecological functions they play in this area are preserved, and to build on the attractive and ecologically important landscape for tourism. One of the most important ecological ecosystem services provided by the district is the provision of good quality water, and the large numbers of wetlands found in the upper elevations within a range of vegetation types are critically important in this regard. The EMP suggests there is an opportunity to apply Payment for Ecosystem Principles for water resource protection therefore exists to ensure the protection of vegetation types dominated by wetlands.

- **THREATS TO BIODIVERSITY**

The EMP states the unsuitable agricultural practices such as increasing irrigation in areas of poor soils and cash crop cultivation in marginal areas, is another threat to biodiversity in the Elundini area. The continuation of degradation of the District's land cover increases erosion. This is especially evident in Senqu and Elundini, but also prevalent in Gariep and Maletswai where there is an increase of the Karoo scrubland. Unsustainable agricultural practices such as increasing irrigation in area of poor soils also contribute to erosion and undermine cash crop cultivation in marginal areas. Very little is being invested into land-care in proportion to the amount of degraded land. Ongoing urbanization and the growth of informal settlements around urban centers is increasing pressure on the environment and stretching infrastructure beyond capacity limits. The municipal area has no dedicated persons looking at environmental issues. Fire, especially in the grassland areas to the east of the District is another factor affecting the environment.

- **WASTE MANAGEMENT**

At the moment the ELM does not have its IWMP but has adopted the chapter dedicated to it on the JGDM's IWMP and is in the process of developing its own IWMP. The ELM has three (3) registered waste sites in the three towns of the municipal area. Due to lack of enforcement of waste bylaws, there are numerous sporadic cases of illegal dumping. Even though these are usually identified and cleared, they soon reoccur due to lack of awareness and enforcement. At times community members with full knowledge and access to regular collection service still dump their waste indiscriminately.

The municipality will be signing a 10 year PPP agreement with a private partner for the functioning and management of solid waste sites and will also be responsible for ensuring that license conditions are adhered to. The private partner will also be responsible for the recycling of waste. The ELM will remain responsible for the refuse collection and sorting of waste.

- **AIR AND NOISE POLLUTION**

Air and Noise pollution, especially in urban areas is not effectively monitored due to lack of bylaw enforcement.

- **SEWAGE SPILLAGES**



Sewerage spillages (water and land pollution) are also monitored. These are the most frequent type of environmental pollution. Unfortunately, their frequency is very high due to poor management and insufficient funding for maintenance.

- **ENVIRONMENTAL OPPORTUNITIES**

Some areas of the District area are endowed with scenic beauty that has significant potential for agriculture and tourism sectors. In addition, a number of endemic species contributes to the potential of the District. In addition, climatic, soil and topographic aspects show that Elundini has an environment more suited to a variety of agricultural activities.

Finally, the Environmental Management Plan recommends a set of Environmental Action Plans for implementation:

- Alien Plant Species Management Plan;
- Conservation Strategy;
- Climate change: Adaptation and mitigation strategy;
- Land Management: Erosion rehabilitation programme;
- Land Management: Rural sprawl;
- Investigation of Renewable Energy and Energy Efficiency technologies in JGDM;
- Fresh Water Quality Monitoring and Reporting Programme;
- Wastewater Treatment Works (WWTW) Effluent Water Quality Monitoring and Reporting Programme.
- Proper waste management practices

- **SOUTHERN DRAKENSBERG SUSTAINABLE DEVELOPMENT AND CONSERVATION STRATEGY**

The Southern Drakensberg Sustainable Development and Conservation Strategy, developed for the Elundini and Senqu Local Municipalities, has the following vision: „Improving the quality of life for all by facilitating sustainable economic opportunities in balance with the environment.“ This long-term developmental vision contains the following key principles:

- Improving quality of life
- Facilitating local economic development
- Sustainability
- Creating opportunities
- In balance with the environment

These principles enforce the strategy's primary objective which is to investigate the opportunity to unlock the economic potential of the region in a sustainable manner. It aims to strengthen the environmental sustainability of the IDP's and SDF's and address key structural and systems issues that are inhibiting the economic potential of the area.

The overarching goal of this strategy is to improve the quality of life of individuals in the eastern portion of the JGDM. These goals are influenced by the principles of sustainable development with the strategy

using the moderate to strong definition of sustainable development which entails the improvement of human and social capital without the loss of natural capital. Through this sustainability process the strategy aims to conserve all forms of capital in the area i.e. Natural, Human, Social, Financial, and Manufactured capital.

To achieve these goals the Southern Drakensberg Sustainable Development and Conservation Strategy identified five strategic pillars. These pillars are:

- Sector Development
- Environmental Management
- Investment in Infrastructure
- Creation of Strategic Partnerships and Institutional development
- Human Resource Development

• **TSITSA RIVER BASIN LAND USE AND ENVIRONMENTAL MANAGEMENT PLAN**

The Tsitsa River Basin Land Use and Environmental Management Plan was commissioned by ASGI-SA Eastern Cape, Elundini and Mhlontlo Municipalities to investigate possible development opportunities in the Tsitsa River basin area. The study was in response to a need for commercial land use developments in the catchment area that could assist in alleviating poverty in communal areas. The first phase of the study was to undertake a Situation Assessment of the whole catchment that could be used to inform the planning process.

As part of this situation assessment, a number of potential land use development options suitable to the area were identified. The completion of the Situation Analysis was then followed by a more detailed land use planning process for a part of the Tsitsa River Catchment referred to as the focus area. This area was located in the middle of the catchment in the poverty stricken communal areas along the banks of the Tsitsa River and included 15 specific villages and eight Administrative Areas. A Land Use Planning Report was the final outcome of the study.

The study analyzed the status quo within administrative areas within Mhlontlo and Elundini that fell within the focus area. In Elundini these included Mqokolweni, Qurana and Sinxako all falling within Ward 6. The study considered the impact of the development of a dam, which would inundate 2,293ha of land with water. Mqokolweni and Sinxako are both areas that would lose land if a dam was constructed. The study looked at the possibility of interventions in these areas and the priority assigned to them by community representatives, these interventions included Forestry development.

• **WASTE COLLECTION SERVICES: REFUSE REMOVAL (2011)**

SOURCE	NUMBER OF HOUSES	%
Removed by local authority once a week	4646	12,3
Removed by local authority less often	548	11,4
Communal refuse damp	615	1,6
Own refuse damp	24 429	64,5
No rubbish disposal	7048	18,6

Elundini LM has addressed the issue of unlicensed landfill sites since 2007 when the first LED Strategy was compiled. There are capacity issues with the expansion of the existing waste site at Ugie, however a

programme for recycling has been put in place and it is hoped that this will reduce the volume of waste entering the site. The recycling programme is to be a Public Private Partnership (PPP). Landfill sites abound in the rural areas where refuse is not collected.

- **DISTRICT DISASTER MANAGEMENT PLAN**

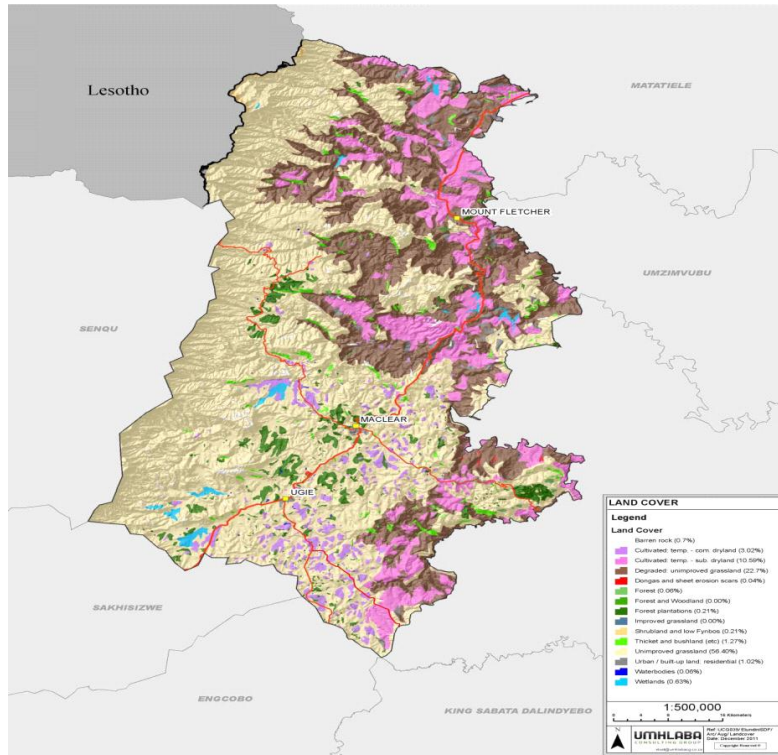
The District has formulated a Disaster Management Plan, a generic Disaster Management Plan and a Corporate Disaster management Plan. These plans are used by the District to exercise its powers and conduct its duties in disaster management. The District Disaster Management Centre is developing a Scientific Based and Proven District Disaster Management Plan. This quantifies various risks, and provides strategies on how to identify and classify risks, ensures proper prevention, mitigation and response mechanisms, which are to be managed by all stakeholders. The municipality does not have its Disaster Management Plan at the moment and intends developing it when resources avail themselves. The municipality has also reviewed its organogram to include Fire and Disaster Management.

- **SPATIAL PLANNING**

The ELM has reviewed and adopted its SDF in 2012 and in terms of Section 35 (2) of the Municipal Systems Act, the Spatial Development Framework for Elundini has statutory status and overrides any other plan for the area or portions of the Elundini Municipality that may have been compiled previously and which is described in the Physical Planning Act (Act No. 125 of 1991). Such plans would include regional development plans, regional structure plans and more localized plans such as Urban Structure Plans. As such, the Elundini Spatial Development Framework becomes the principle instrument for forward planning and decision-making on land development in the Elundini Municipal area.

### **SPATIAL PLANNING ELEMENTS**

- **LAND USE PACKAGE**



The land cover pattern is largely determined by topographical and climatic factors. However, past political engineering, current tenure arrangements and population densities have impacted on the type of land cover.

An overall view of land use (cover) in Elundini LM indicates the following:

- Unimproved grassland dominates the Municipality, covering 56.40% of the total surface area. This is followed by degraded unimproved grassland (22.70%) and semi-commercial/subsistence dry land cultivation (10.56%)
- The presence of grasslands indicates the potential for livestock and game farming in the agricultural economy of the area.
- A concern however, is the fact that some 23% of the total land area is classified as degraded/eroded. The majority of this area falls within the rural settlement areas of the former Transkei. This is indicative of:
  - An imbalance between the resident population and the available land resource; and/or
  - Inefficient land management practices in regard to agricultural activities. In this instance, it is likely that overstocking and overgrazing is largely responsible for the state of the land.
  - The importance of agriculture in the region is highlighted by the fact that 6.3% of the land cover is forestry and commercial farming, with a further 10,56% subsistence farming.
  - Land upon which urban development and/or human settlements have been developed comprises only 1.02% of the total land area, which is indicative of a low-density settlement pattern. This emphasizes the opportunity presented now by ensuring that future development is undertaken in an environmentally friendly manner, so securing the greatest asset of the area for future generations.
  - Of environmental significance is that wetlands cover 0.62% of the Municipal area.
- **LAND OWNERSHIP**

Plans illustrate the current land ownership patterns prevailing across the municipal area, as well as within the main urban settlements. The following points are noted:

- There is a lack of ownership information for the urban areas in particular the town of Mt. Fletcher.
- From the information that is available, it is evident that the majority of land ownership is private
- The distribution of land ownership indicates that any meaningful land reform programme to be pursued in the Elundini LM area will be reliant on restitution and land redistribution programs.

- **DEVELOPMENT PRIORITIES IN ALIGNMENT TO SPATIAL FRAMEWORK**

The development priorities of the municipality focus on infrastructure and service delivery. The situational analysis revealed that there is a severe shortage of essential services and infrastructure in some areas of Elundini, especially in the former Transkei. There are also discrepancies in the service delivery between the rural and the urban areas. The spatial implications in providing these basic essential services and infrastructure are:

- To identify the areas in greatest need of basic essential services and those areas must be prioritise for level one investment
- To provide affordable and sustainable level of housing, services and infrastructure
- To ensure that the environmental factors and constraints are taken into account in the delivery of services
- To ensure equitable distribution of infrastructure and services

- **ADDRESSING SPATIAL FRAGMENTATION**

- Spatially fragmented settlement patterns, often comprising of low density, sprawling settlements areas are costly and difficult to service. Therefore, it is necessary to develop a means to prioritise service delivery and attempt to encourage more efficient settlement patterns by focusing on areas of potential and/or greater accessibility.
- The urban nodes of Ugie, Maclear and Mount Fletcher play a vital role in the functioning of the Municipality. It is where the largest concentration of economic activities, resources and services are situated. In order for the effective utilization of these resources and services, it is important that the towns' forms promote efficiency. In order to achieve this, the following principles need to be adopted, the urban sprawl needs to be contained, ensuring compact urban settlements by means of urban intensification (infill projects & promotion of higher densities).
- Absorption of population growth within the existing urban edge. The benefits achieved from this relate to efficiency, cost, convenience and resource utilization. The continuity of urban development, as opposed to fragmentation, so as to functionally integrate urban areas. There must be integration of uses and activities, to maximize convenience and vitality. There must be multi-functionality and sharing of public spaces and facilities in order to make the most efficient use of public investment. The integration of built and non-built environments, in order to achieve the economic, environmental and recreational interaction that potentially exists between them and to make maximum productive use of urban resources. Equitable distribution of public facilities and services throughout the Municipality. Incorporated into the principal of

urban efficiently is the controlled management of urbanization. A trend of urbanization is evident in the Municipality especially in Ugie and Maclear. The pressure of urbanization is not only in the need for land for housing but also increased pressure on commonage land, cemeteries, social infrastructure e.g. sports field etc.

- Land use and development decisions must promote a harmonious relationship between the built and the natural environment while ensuring that land development is sustainable over the longer term period'. Therefore Land use planning and development in the Elundini Municipality should protect existing natural, environmental and cultural resources. It is also important that the prime agricultural land should remain in production. Environmental Management principles dictated that development must be sustainable, and not to the detriment of future development. This places great emphasis on the linkage between sound land use management and environmental management and highlights the need to integrate the two functions in an operational manner in the land management functions of the Elundini Municipality.

- **KEI DEVELOPMENT CORRIDOR**

The Kei Development Corridor is an initiative to promote economic development in the area surrounding the main road and rail links from East London to Mthatha. The Kei Rail Project is the "anchor" project in the Kei Development Corridor and is centered on the upgrading of the railway line between East London and Mthatha. While the focus of the project has been on improvements to the rail infrastructure, the project also aims to stimulate and sustain socio-economic growth and development within the Kei Development Corridor. The Kei Rail Project is just one of a number of identified Mega Projects in the Kei Development Corridor, other Mega Projects include Wild Coast Meander , N2 Toll Road EIA, Kei Rail Business Plan , East London Harbour , Umzimvubu Basin Water Projects, Ugie-Langeni Road , East London IDZ , MELD Corridor and Massive Food Production Programme

The Ugie-Langeni Road and The Umzimvubu Basin Scheme Mega Projects impact on Elundini LM. The Kei Development Corridor Report highlighted the importance of The Ugie-Langeni Road with regard to providing access for timber and agricultural produce to markets and production facilities and increase freight opportunities for the Kei rail. In addition, the construction of the Ugie-Langeni road will have positive 'spin-offs' for the tourism industry and travel patterns by unlocking the natural resources of the Ugie and Ngcobo areas.

- **MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT STATUS QUO ON HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT**

- **INSTITUTIONAL CHARACTERISTICS**

- **INSTITUTIONAL STRUCTURE**

At present the Elundini Municipal Council consists of 34 Councillors and has 17 Wards. Half of the 34 Councillors have been elected in terms of proportional representation and the remaining Councillors are directly elected, i.e. are Ward Councillors.

The Elundini Municipality has a Collective Executive System with a Ward Participatory System.

The Executive Committee is chaired by the Mayor and consists of five (5) members of the Executive Committee, Portfolio Heads, appointed by the Council on a proportional basis. The Mayor is also mandated with the responsibility of the IDP formulation and review processes and their tabling to the Council. The Portfolio Heads are the Chairpersons of their respective Standing Committees.

The Executive Committee is the principal committee of the Council. It is the Committee which receives reports from the Standing or Portfolio Committees of Council and it must forward these reports together with its recommendations to the Council when it cannot dispose of matters in terms of its delegated authority.

The chairperson of the Municipal Council is the Speaker. The Council has defined the following roles for the Speaker (over and above the roles assigned by the Municipal Structures Act): -

- Leader of council in respect of the oversight function;
- Custodian of the interests of the members of the municipal council;
- Politically in charge of the community development workers' programme; and
- Responsible for the training and development of ward committees

In terms of Section 72 – 78 of the Municipal Structures Act, the Council has established 16 ward committees which are chaired by their respective Ward Councillors. Each committee has 10 elected representatives although it is acknowledged that not all the elected members of the Ward Committees are still active.

The ward committees are consultative community structures without any formal powers accorded to them. Where a ward committee is fully functional and effective, it is able to influence the decision taken in Council.

The Elundini Municipality has established five (5) Section 80 Committees which are aligned to the administrative departments and are chaired by members of the Executive Committee.

- **COUNCIL OVERSIGHT ROLE**
- **AUDIT COMMITTEE**

The Elundini Municipality has a functional Audit Committee which has been established in terms of section 166 of the Municipal Finance Management Act, No 56 of 2003, and it performs its functions in terms of the ELM Audit Committee Charter.

- **MANDATE COMMITTEE**

District and local municipalities have a shared responsibility for rendering services to communities. The Intergovernmental Relations Framework Act 13 of 2005 provides a policy framework towards achieving improved co-operation and shared responsibility between the different spheres of government. Locally, the Elundini Municipality has championed the development of a policy framework to provide a platform for the mandating of and reporting back by the councillors representing local municipalities in the Joe Gqabi District Municipality. A Mandate Committee has been established in terms of the policy

framework. For effectiveness, it is critical for the policy framework to be adopted by all the respective local municipalities and the Joe Gqabi District Municipality.

The policy framework has been presented and deliberated upon in various meetings of the regional local government subcommittee, the DIMAFO etc. and has been embraced. The challenge, however, is that the Joe Gqabi DM has not officially adopted this policy and, it is doubted if the other constituent local municipalities have adopted it. This situation has accordingly contributed to the non-sitting of the Mandate Committee since its inception in 2010.

- **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**

In order to meaningfully play its Oversight Role, council has formally established a Municipal Public Accounts Committee (MPAC) on 31 October 2011. Prior to this, an Oversight Committee established in terms of Circular 32 of the MFMA was operational. The Department of Cooperative Governance has provided guidelines on the establishment of MPACs and thus proposed terms of reference for the MPACs. The MPAC functions well.

- **ELUNDINI ORGANISATIONAL STRUCTURE OVERVIEW**

As part of the IDP & Budget review processes, the Municipality constantly undertakes the review of its institutional Organogramme in order to reflect whether the municipality will be able to deliver on its Constitutional mandate and as circumstances so demand. The institutional Organogramme gets adopted as part of the IDP and Budget.

The main administrative unit, where all municipal departments are located, of the ELM is situated in Maclear with two (2) administrative units (satellite offices) found in Ugie and Mt Fletcher. These two administrative units are headed by their Admin Heads.

Below is the overview of the municipality's Organogramme:

**COUNCIL**



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**SECTION 79 COMMITTEES**

**MUNICIPAL MANAGER  
(Filled)**

## SECTION 80 COMMITTEES

### OPERATIONS MANAGER

Public Participation, Customer Services and Communication  
Special Programmes  
Legal and Compliance Services  
Internal Audit Services (*Outsourced*)  
Strategy Coordination  
Manage the office of the MM, Mayor and the Speaker

**COMMUNITY SERVICES DEPARTMENT  
(Filled)**  
**CORPORATE SERVICES DEPARTMENT  
(Filled)**  
**INFRASTRUCTURE, PLANNING AND DEVELOPMENT (Filled)**

**BUDGET AND TREASURY OFFICE  
(Filled)**

**STRATEGIC PLANNING AND ECONOMIC DEVELOPMENT  
HOD: (Filled)**

Supply Chain Management	1. Roads & storm water	1. IDP	1. Parks & Public
Amenities	1. Human Resources Management and		
Income & Expenditure	2. Water and Sanitation	2. Institutional PMS	2. Traffic & Law
Enforcement	Development		
Asset Management	3. Electricity Distribution &	3. Monitoring & Evaluation	3. Fire & Disaster
Management	2. ICT		
Budgeting	Maintenance	4. LED (Tourism; SMME & Agric.)	4. Housing
	3. Administration		
Financial analysis	4. Project Management Unit	5. Land & Spatial Planning	5. Solid Waste Management
4. Administrative Units			
Financial reporting			6. Libraries

### STATUS ON VACANCIES

Although the ELM's Organogramme reflects a total number of 305 positions, only 215 positions have been filled and there are still 90 positions still vacant.

Of important to note is that all Section 56 positions are filled and all critical position are also filled. Below is the breakdown in filling of posts per department. All section 56 managers and assistant managers positions are 5 years contract and performance based positions and the incumbents have signed their performance contracts.

<b>DEPARTMENT</b>	<b>NO. OF POSTS</b>	<b>NO. OF FILLED POSITIONS</b>	<b>VACANCIES</b>	<b>% of Vacancies</b>	<b>FUNDED/ UNFUNDED</b>
MM's Office	22	19	3		1 (funded)
Infrastructure Planning and Development	60	36	24		
Budget and Treasure	35	26	9		4 (funded)
Community Services	129	94	35		5 (funded)
Corporate Services	44	29	15		3 (funded)
Strategic Planning and Economic Development	15	11	4		
<b>TOTAL</b>	<b>305</b>	<b>215</b>	<b>90</b>		<b>12</b>

## **EMPLOYMENT EQUITY PLAN**

Elundini Municipality has reviewed its five year employment equity plan and has a draft which will be approved before the end June. Reviewed equity plan has new targets be implemented as from 1 July 2013. It also shows the relationship between the current workforce profile and possible barriers in employment equity policies and procedures

## **SKILLS DEVELOPMENT**

Elundini Municipality annually develops a Workplace Skills Plan (WSP) which sets out the training needs and plans for the financial year for Councillors and staff. Such plan is then submitted to the Employment Equity and Training Steering Committee for consultation and then to Council for approval. The Workplace Skills Plan (WSP) is submitted to the LGSETA as well. In preparation for the 2012/13 WSP, the Department of Co-operative Governance and Traditional Affairs (COGTA) has provided municipalities nationally with a web-based skills audit tool to be used in the skills audit process. Skills audit is done and it informs the work place skill's plan of the municipality.

## **JOB EVALUATION**

All posts reflected in the organogram of the institution have been evaluated and graded and all have job description.

## **OCCUPATIONAL HEALTH AND SAFETY**

The municipality presently has a draft plan for occupation health and safety which will be implemented immediately after receiving the council approval. It will assist the municipality to be able to conduct Technical and Safety compliance audits throughout the year. Safety deficiencies are reported to Management for corrective action.

The Employee Wellness Strategy is also linked to the occupational health and safety.

## **EMPLOYEE HEALTH AND WELLBEING**

The municipality has appointed a wellness practitioner who has facilitated the development of wellness strategy for the municipality. The draft strategy has already been produced and will be approved by the council before the end of June. It will be implemented from July 2013. It seeks to address the employee wellness related challenges of the municipality.

## **LEAVE MANAGEMENT**

Leave Management was previously noted as a problem arising from audits by the Auditor General. The Human Resources Department revised its policy and procedures in order to address these shortcomings and have implemented various steps aimed at improving Leave Management.

The electronic system is used to record all kinds of leave that the employees have taken. The system enables the manager responsible for the leave to approve it in the system and human resource is able to assess all filed leaves in the system.

## **GRIEVANCE AND DISCIPLINARY MANAGEMENT**

Management of Disciplinary Hearings is in terms of clause 6 of the Collective Agreement Disciplinary Code.

## **LABOUR RELATIONS**

Although there is no Labour Relations Strategy developed by the municipality, there is an ongoing endeavour to ensure that there is peace and stability in the workplace, there are continuous interactions with the total workforce through quarterly information sharing sessions organized by the institution. Interactions with employee are also done through Local Labour Forum, which has equal representation of the workforce, management and Council where issues affecting employees are dealt with.

Both Councillors and employees adhere to the Code of Conduct for both Councillors and employees.

## **INFORMATION TECHNOLOGY AND SUPPORT**

Information Communication Technology (ICT) division located at the Corporate Services Department at Elundini Municipality is responsible for providing support ICT support services to its internal and external clients. The Municipality has gone through major renovation with the intention of enhancing Information and Communication Technologies services that are delivered to support its delivery objectives. The challenge still faced by the municipality around ICT is on human capital.

## **INFORMATION SECURITY**

The institution does not have any mechanism in place for information security. Information is an asset, which like any other important business assets, adds value to the organization and consequently requires suitable protection. Policies, procedures and standards on information security are critical. The institution should in the near future consider enhancing its information security.

## **SECTION C: VISION AND MISSION**

“A leading rural municipality that delivers a better quality of life for all citizens; a municipality that is phenomenally viable, highly successful and passionately people-centered.”

ELM will fulfill this vision through:

Councillors that are delivering satisfaction, officials that are implementing quality service, and communities that are happy with the service from ELM;  
Fulfillment of its constitutional obligations;  
Becoming a change agent – always striving to change the lives of its community;  
Committed leaders who serve communities with excellence;  
A developmental public entity that creates vibrant communities;  
Corruption-busting that sets the world’s new standards on how to run a clean municipality and set an example of ethical leadership across all sectors.

Our mission is to operate a rural municipality that:

delivers excellent services to its people who remain its priority in everything that it does,  
is financially viable,  
has good governance in place,  
is transformed and developmental,  
is clean, green and sustainable.

## **VALUES**

ELM is committed to identify, implement and live a set of values that promote behaviour that will support successful implementation of its strategy. It identified the following values as important to achieve this milestone and therefore can never be compromised at ELM:

Teamwork  
Commitment  
Trustworthiness  
Transparency  
conduct  
Professionalism  
Accountability, and  
Respect

## **SECTION D: GOALS, STRATEGIC, OBJECTIVES, KEY PERFORMANCE AREAS AND PERFORMANCE INDICATORS**

The Council and Administration of Elundini Municipality have committed themselves to working towards the realization of the following six (6) goals which have been aligned to the Vision, Mission and Key Performance Areas of the Municipality:

- To ensure provision of efficient, effective and transformed human capital and sound labour relations;
- To ensure that all citizens of ELM have access to basic services;
- To promote economic development through the creation of sustainable jobs, support of local businesses and attraction of investors
- An organization that subscribes to the attainment of benchmark standards on profitability and financial viability set for Local Government;
- An organization that is committed to sound financial management practices and the attainment of a clean audit by 2014; and
- To be a municipality that is responsive, efficient, transparent, accountable and compliant to legislation.

### **GOALS AND STRATEGIC OBJECTIVES**

#### **KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

**Goal-** To ensure provision of efficient, effective and transformed human capital and sound labour relations

This Goal will be realized through the achievement of the following Strategic Objectives within the Key Performance Area of Municipal Transformation and Organizational Development:

- To implement 100 % of the talent management strategy;
- To employ people from designated groups in the top 3 management level positions;
- To provide a secure ICT infrastructure which delivers appropriate levels of data confidentiality ,integrity and availability;
- To ensure proper information management systems;

- To monitor and evaluate employee performance;
- To ensure a healthy, motivated and dedicated workforce;
- To create a safe and healthy working environment;
- To maintain a healthy working relationship with labour;
- To ensure compliance with relevant legislation and to promote high standards of professionalism, and efficient use of resources as well as accountability;
- To ensure a competent workforce to achieve organizational objectives; and
- To contribute towards the improvement of skills and education levels in Elundini.

## **KPA 2: BASIC SERVICES & INFRASTRUCTURE**

**Goal-** To ensure that all citizens of ELM have access to basic services

This Goal will be realized through the achievement of the following Strategic Objectives within the Key Performance Area of Basic Services & Infrastructure:

- To construct and maintain roads and related storm water;
- To ensure that all households have access to a reliable electricity network;
- To ensure that all waste sites operate according to license conditions;
- To ensure that all urban households have access to refuse removal services according to predetermined schedule;
- To ensure that all citizens in ELM have access to well-maintained public amenities;
- To provide a safe and secure environment for all citizens;
- To provide housing for all qualifying beneficiaries; and
- To ensure that 100% of the capital budget is spent on capital projects identified in terms of the Integrated Development Plan.

## **KPA 3: LOCAL ECONOMIC DEVELOPMENT**

**Goal** - To promote economic development through the creation of sustainable jobs, support of local businesses and attraction of investors

This goal will be realized through the achievement of the following Strategic Objectives that fall within the Key Performance Area of Local Economic Development:

- To grow the prioritized key economic sectors in the municipality;
- To ensure that 90% of audited informal and formal businesses are compliant with the Business Act of 1995;
- To provide street trading stalls for all permitted traders in the three (3) towns of Elundini by 2017;
- To initiate green programmes aimed at creating jobs by 2017;
- To support the building and construction industry;
- To support the social enterprise through cooperative development center;
- To create 33 000 jobs through economic development initiatives and other infrastructure projects;
- To support township and commercial business development; and
- To facilitate the implementation of the Spatial Development Framework related projects.

## **KPA 4: FINANCIAL MANAGEMENT AND VIABILITY**

**Goals** - An organization that subscribes to the attainment of benchmark standards on profitability and financial viability set for Local Government; **and**

An organization that is committed to sound financial management practices and the attainment of a clean audit by 2014

This Goal will be realized through the achievement of the following Strategic Objectives that fall within the Key Performance Area of Financial Management and Viability and the Finance:

- To improve financial management and financial viability linked to the Local Government financial bench-mark standard by 2018;
- To improve the revenue collection rate to 80% by the end of the 2013/2014 Financial Year;
- To enhance the economic lifespan of assets;
- To ensure adequate resourcing of the workplace skills plan (Skills Development Plan); and
- To ensure that all indigent households have access to free basic services.
- 

## **KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

**Goal** - To be a municipality that is responsive, efficient, transparent, accountable and compliant to legislation.

This Goal will be realized through the achievement of the following Strategic Objectives within Good Governance and Public Participation Key Performance Area:

- To promote participation and effective communication with communities and stakeholders;
- To promote efficiency and compliance within the municipality;
- To promote equity and inclusiveness of vulnerable focus groups such as youth, women, people with HIV& AIDS and people with disabilities;
- To obtain a clean audit;
- To address all matters as per the audit action plan; and
- To mitigate risk to an acceptable level based on the risk model adopted.

### **• THE FIVE YEAR IMPLEMENTATION PLAN**

Strategic Objectives and Key Performance Indicators meant to track progress in addressing Priority Issues and realising the Goals across, and within, each of the Key Performance Areas over the next five years are outlined below. This information is specifically informed by existing Local, District, Provincial, and National priorities. Some of the indicators included are taken directly from the Local Government Performance Management Regulations, Schedule to the Municipal Systems Act. This information will also be included in individual performance plans thus ensuring an integrated performance management system which fosters accountability and responsiveness.

## **KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT**

**Goal:** To ensure provision of efficient, effective and transformed human capital and sound labour relations



Priority Issue	Strategic Objective	Indicator Ref. Number	Performance Indicator	Baseline	ANNUAL TARGETS					Staff Responsible
					2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	
Talent Management	To implement 100% of the talent management strategy	1.1	% of strategic outcomes implemented by June 2014 as per the Talent Management Strategy	No Talent Management Strategy developed and approved by Council	20%	40%	60%	80%	100%	Manager: Corporate Services
		1.2	The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approval	Revised EEP approved	50%	50%	50%	50%	50%	Manager: Corporate Services

			ed employ ment equity plan							
		1.3	% of staff employ ed with disabili ties	1%	2%	2%	2%	2%	2%	Mana ger: Corpo rate Servic es
Informat ion and Commun ications Technolo gy (ICT)	To provide a secure ICT infrastr ucture which delivers appr opriate levels of data confide ntiality, integ rity and avail ability	1.4	% of the Master System Plan duly imple mented	Master System Plan approv ed	30% (7 of 24 of elemen ts implem ented)	50% (12 of 24 of elemen ts implem ented)	70% (17 of 24 of elemen ts implem ented)	100% (24 of 24 of elemen ts implem ented)	N/ A	Mana ger: Corpo rate Servic es
Informat ion Manage ment	To ensure proper informa tion manage ment systems	1.5	% of the file plan implem ented	File plan in place	30% (6 of 21 of elemen ts implem ented)	60% (13 of 21 of elemen ts implem ented)	80% (17 of 21 of elemen ts implem ented)	100% (21 of 21 of elemen ts implem ented)	N/ A	Mana ger: Corpo rate Servic es
Perform ance Manage ment	To monitor and evaluat e employ ee perform ance	1.6	% of employ ees with signed work plans	PMS implem ented on Senior and middle manag ement	100%	100%	100%	100%	10 0%	Mana ger: Corpo rate Servic es

				levels						
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		1.7	Number of Section 57 performance evaluations conducted	2	2	3	4	4	4	Municipal Manager
Employee Wellness	To ensure a healthy, motivated and dedicated workforce	1.8	% of milestones as set out in the Employee Wellbeing strategy implemented	Employee Wellbeing Strategy in place	30%	60%	80%	100%	N/A	Manager : Corporate Services
Occupational Health and Safety (OHS)	To create a safe and healthy working environment	1.9	% of OHS Plan implemented	Draft OHS Plan in place	60% (of the OHS plan)	100% (OHS plan)	N/A	N/A	N/A	Manager : Corporate Services
Local Labour Forum (LLF)	To maintain a healthy working relationship with labour	1.10	Number of LLF meetings held per annum	LLF in place	10	10	10	10	10	Manager : Corporate Services

		1.11	Number of information sharing sessions conducted	4	4	4	4	4	4	Manager : Corporate Services
Human Resource (HR) Policies	To ensure compliance with relevant legislation and to promote high standards of professionalism, and efficient use	1.12	Number of HR policies reviewed	35 HR policies exist but need revision	10	15	10	N/A	N/A	Manager : Corporate Services

	of resources as well as accountability									
Capacity building	To ensure a competent workforce to achieve organizational objectives	1.13	% of planned training interventions completed as per the WSP	WSP in place	100%	100%	100%	100%	100%	Manager: Corporate Services
	To contribute towards the improvement of skills and education levels in Elundini	1.14	% of community capacity building interventions conducted	2	2	2	2	2	2	Manager: Corporate Services and MM

## KPA 2: BASIC SERVICES & INFRASTRUCTURE

**Goal:** To ensure that all citizens of ELM have access to basic services

Priority Issue	Strategic Objective	Indicator Ref. Number	Performance Indicator	Base line	ANNUAL TARGETS					Staff Responsible
					2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	
Roads / storm water	To construct and maintain roads and related storm water	2.1	Km's roads regravelled or constructed per annum utilising Construction Pant with MIG funding	21km	30 kms regravelled or 24 kms constructed	30 kms regravelled or 24 kms constructed	30 kms regravelled or 24 kms constructed	30 kms regravelled or 24 kms constructed	30 kms regravelled or 24 kms constructed	Manager: IP&D

			Km's of roads constructed per annum with MIG funding		24	24	24	24	24	24	Manager: IP&D
		2.2	Km's roads resurfaced (chip and spray – new venture)	0km	1km	3km	6km	8km	8km	8km	Manager : IP&D

		2.3	km's of DR roads maintained (patch gravelling)	3.7km	6km	6km	6km	6km	6km	6km	Manager : IP&D
		2.4	km's of gravel roads(both access and DR roads) and relative storm water drainage facilities	151km	240km	300km	300km	300km	350km	350km	Manager : IP&D
Electricity	To ensure that all households have access to a reliable electricity network	2.5	Number of households with access to basic level of electricity (accumulative with 8%)	28%	36%	43%	52%	60%	68%	68%	Manager : IP&D

Electricity	To ensure that all households have access to a reliable electricity network	2.5	Number of households with access to basic level of electricity (accumulative with 8%)	28%	36%	43%	52%	60%	68%	68%	Manager : IP&D
		2.6	Turnaround time to restore electricity at a household	4 hours	4 hours	3 hours	3 hours	2 hours	2 hours	2 hours	Manager : IP&D

		2.7	Turnaround time to restore electricity at a transformer area	8 hours	8 hours	6 hours	4 hours	4 hours	4 hours	4 hours	Manager: IP&D
		2.8	Number of street lights erected	200	200	80	50	50	50	50	Manager: IP&D

		2.9	Number of high mast lights erected	0	5	5	5	5	5	5	Manager: IP&D
		2.10	% electricity distribution loses	34%	20%	18%	15%	12%	10%	10%	Manager: IP&D
Waste management	To ensure that all waste sites operate according to license conditions	2.11	Number of waste sites operating according to the license condition	0	1	1	2	2	3	3	Manager: Community Services
		2.12	Number of illegal dumping sites eliminated	-	15	30	35	35	35	35	Manager: Community Services

	To ensure that all urban household have access to refuse removal services according to predetermined schedule	2.13	The percentage of urban households with access to the basic level of solid waste removal	33%	50%	80%	100%	100%	100%	100%	Manager: Community Services
Public	To ensure that	2.1	Number of	9	11	13	15	17	17	17	Manager:

Amenities	all citizens in ELM have access to well maintained public amenities	4	community halls								Community Services
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		2.15	Number of sporting facilities	4	6	8	10	12	14	Manager: Community Services
		2.16	Number of pounds maintained according to predetermined check list per year	-	3	3	3	3	3	Manager: Community Services
		2.17	Number of sporting facilities maintained according to predetermined check list per year	-	3	5	7	9	11	Manager: Community Services

		2.18	Number of community halls maintained according to predetermined check list per year	3	11	14	17	17	17	Manager: Community Services
		2.19	Number of cemeteries maintained according to predetermined check list per year	3	4	5	5	5	5	Manager: Community Services

		2.20	Number of parks maintained	4	5	5	5	5	5	Manager: Community Services
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			according to predetermined check list per year							ity Services
Community safety	To provide a safe and secure environment for all citizens	2.21	No. of law enforcement officers appointed	1	5	5	6	6	7	Manager : Community Services
		2.20	Number of parks maintained according to predetermined check list per year	4	5	5	5	5	5	Manager : Community Services
Community safety	To provide a safe and secure environment for all citizens	2.21	No. of law enforcement officers appointed	1	5	5	6	6	7	Manager : Community Services
		2.22	Number of by-laws reviewed	-	3	3	3	3	3	Manager : Community Services
		2.23	Number of safety awareness campaigns conducted	9	11	13	15	17	19	Manager : Community Services
		2.24	Number of Vehicle Testing Centers	0	1	2	2	2	2	Manager : Community Services
		2.25	Number of Driver's License Testing Centers	1	2	2	2	2	2	Manager : Community Services
		2.25	Number of Driver's License Testing	1	2	2	2	2	2	Manager : Community



			Centers							Services
		2.26	Average turnaround time for fire response	1 hour	30 minutes	15 minutes	15 minutes	15 minutes	15 minutes	Manager : Community Services
		2.29	Number of low income units built	0	250	1450	2650	3000	3500	Manager : Community Services

### KPA 3: LOCAL ECONOMIC DEVELOPMENT

**Goal:** To promote economic development through the creation of sustainable jobs, support of local businesses and attraction of investors

Priority Issue	Strategic Objective	Indicator Ref. Number	Performance Indicator	Baseline	ANNUAL TARGETS					Staff Responsible
					2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	
Agriculture, Forestry & Tourism	To grow the prioritized key economic sectors in the municipality	3.1	Number of forestry projects established	None	0	1	1	-	-	Manager: Strategic Planning and Economic Development
		3.2	Number of existing forestry projects revived (Ntywenka)	None	0	1	0	0	0	Manager: Strategic Planning and Economic Development
		3.3	Number of existing furniture	1	0	1	0	0	0	Manager: Strategic Planning

	enterprises expanded (Facilitate expansion of production capacity)							and Economic Development
3.4	Number of Hectors of food production produced in the communal land	100	100	100	100	100	100	Manager: Strategic Planning and Economic Development
3.5	Number of Feasibility studies conducted on wool processing	New Indicator	1	0	1	0	0	Manager: Strategic Planning and Economic Development
3.5	Number of Feasibility studies conducted on wool processing	New Indicator	1	0	1	0	0	Manager: Strategic Planning and Economic Development
3.6	Number of food processing enterprises established (1 peach and 1 potato)	New indicator	0	1	0	0	0	Manager: Strategic Planning and Economic Development
3.7	Number of piloted essential	New Indicator	0	1	0	0	0	Manager: Strategic Planning

			oils enterprises established							and Economic Development
		3.8	Number of rural tourism related initiatives supported (1 Craft Center and 1 Rural Development Market	1	1	0	1	0	0	Manager: Strategic Planning and Economic Development
		3.9	Number of investors attracted	New indicator	0	1	0	1	0	Manager: Strategic Planning and Economic Development
Audit, reorganize and formalize businesses as well as street trading activities	To ensure that 90% of audited informal and formal businesses are compliant with the Business Act of 1995	3.10	% of formal and informal business compliant with the Business Act of 1995	8%	50%	60%	70%	80%	90%	Manager: Strategic Planning and Economic Development
	To provide street trading stalls for permitted traders in the	3.11	Number of street trading stalls provided and occupied	New indicator	20	20	20	20	20	Manager: Strategic Planning and Economic Development

	three (3) towns of Elundini									
SMME development	To support the building & construction industry	3.12	Number of initiatives in the building & construction industry supported (1 capacity building and 1 enterprise promotion)	New indicator	1	0	0	1	0	Manager: Strategic Planning and Economic Development
		3.13	Number of business networks supported (2 Agric., 2 Forestry, 2 Tourism and 2 SMME)	2	8	8	8	8	8	Manager: Strategic Planning and Economic Development
	To support social enterprise (Cooperative development center)	3.14	Number of social enterprise development centers supported (not accumulative)	0	1	1	1	1	0	Manager: Strategic Planning and Economic Development
To ensure that all jobs created through economic initiatives and		3.15	The number of jobs created through municipality's local economic	Information not available	6 600	13 200	19 800	26 400	33 000	Manager: Strategic Planning and Economic Development

capital infrastructure are reported			development initiatives including capital projects							
Spatial Planning	To support township and commercial business development	3.16	Number of townships formalised	1	0	1	0	1	0	Manager: Strategic Planning and Economic Development
		3.17	Number of commercial developments supported (depending on the feasibility, not accumulative)	New indicator	1	1	1	1	-	Manager: Strategic Planning and Economic Development
	To implement Spatial Development Framework (SDF) related projects	3.18	Number of SDF related projects implemented (Not accumulative)	7	7	7	7	7	7	Manager: Strategic Planning and Economic Development

#### KPA 4: FINANCIAL MANAGEMENT AND VIABILITY

- **Goals:** An organization that subscribes to the attainment of benchmark standards on profitability and financial viability set for Local Government; and

					Annual Targets	
					Annual Targets	

Priority Issue	Strategic Objective	Indicator Ref. Number	Performance Indicator	Baseline	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Staff Responsible
Financial Management and Viability	To improve financial management and financial viability linked to Local Government financial benchmark standard by 2018	4.1	Current Assets to Current Liabilities.	1.6:1	1.65:1	1.7:1	1.8:1	1.9:1	2:1	Chief Financial Officer
		4.2	Cost Coverage      	6 months	5 months	5 months	6 months	6 months	6 months	Chief Financial Officer
		4.3	Outstanding service debtors to service income ratio (Total outstanding service debtors /annual revenue actually collected for services)	75%	60%	50%	45%	40%	30%	Chief Financial Officer
		4.4	Debt coverage (Total operatin	95 times	95 times	95 times	-	-	-	Chief Financial Officer

		g revenue received less operating grants/ debt service payments (interest and redemption) due within a financial year								
	4.5	% implementation of targets as per the approved demand management plan	67%	100% implementation of targets as per the approved demand management plan	100% implementation of targets as per the approved demand management plan	100% implementation of targets as per the approved demand management plan	100% implementation of targets as per the approved demand management plan	100% implementation of targets as per the approved demand management plan		
To improve the revenue collection rate to 80% by the end of the	4.6	Revenue Collection Rate	60%	80%	85%	90%	90%	90%	Chief Financial Officer	
	4.7	Development of a cost reduction strategy	0	1	0	0	0	0	Chief Financial Officer	
	4.8	Percentage of the	-	-	100% implem	100% implem	100% implem	100% implem	Chief Financial	





	es		services							
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## KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

- **Goal:** To be a municipality that is responsive, efficient, transparent, accountable and compliant to legislation.

Priority Issue	Strategic Objective	Indicator Ref. Number	Performance Indicator	Baseline	Annual Targets					Staff Responsible
					2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	
Public participation & communication	To promote participation and effective communication with communities and stakeholders	5.1	Number of public participation events organised on a quarterly basis	1	4	4	4	4	4	Municipal Manager
		5.2	Annual schedule of ward councillor community meetings (inclusive of ward committee meetings)	1	1	1	1	1	1	Municipal Manager

		5.3	Number of ward committee meetings conducted on a quarterly basis	4	4	4	4	4	4	Municipal Manager
		5.4	Number of ward committee members trained	100	70	0	0	0	170	Municipal Manager
		5.5	Number of community meetings convened by the ward councillor	42	608	608	608	608	608	Municipal Manager
		5.6	Number of public participation forums organized on a quarterly basis	4	4	4	4	4	4	Municipal Manager
		5.7	Number of mayors	24	8	8	8	8	8	Municipal Manager

			conversations convened on a quarterly basis							er
		5.8	Number of community-based plans developed (Ward 17)	16	0	17	0	0	0	Manager: Strategic Planning and Economic Development
	To promote participation and effective communication with communities and stakeholder	5.9	No of newsletters produced on a quarterly basis	12	4	4	4	4	4	Municipal Manager
		5.10	Stakeholder management plan developed	0	1	1	1	1	1	Municipal Manager
		5.11	Establishment of a local newspaper	0	1	1	1	1	1	Municipal Manager
		5.12	Number of reports	0	4	4	4	4	4	Municipal Manager



			ed and submitted by 30 <sup>th</sup> of June to the Audit Committee.							er
		5.17	Number of quarterly risk management reports submitted a month after the end of the quarter	4	4	4	4	4	4	Municipal Manager
Focus Groups	To promote equity and inclusiveness of vulnerable focus groups such as youth, woman, HIV& AIDS and people with disability	5.18	Number of projects targeting youth implemented	3	4	6	8	8	8	Municipal Manager
		5.19	Number of projects targeting women implemented	2	4	5	6	7	8	Municipal Manager
		5.20	Number of projects	2	1	1	1	1	1	Municipal Manager



ment	risk to an acceptable level based on the risk model adopted		per the risk register fully mitigated							al Officer
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## SECTION E - POLICIES, SECTOR PLANS AND STRATEGIES

The strategic approach to the development of the Municipality's integrated development plan is underpinned by policies and strategies of the national and the provincial government. The development objectives of these policies have influenced the development of the strategic direction that the Municipality has identified. The national development plan is an overarching national policy that has informed the municipal ' strategy formulation. The other recent and relevant developmental policies which the municipal strategy has been aligned to are National strategic Infrastructure Projects, Millennium Development Goals, Service Delivery Agreement Outcome 9, National Government Programme of Action 2009 – 2014 and the Provincial Government Development priorities. The section will also list the sector strategies that led the strategic direction of the municipality.

- **NATIONAL DEVELOPMENT PLAN**
- **INTRODUCTION**

Through previous programs (reconstruction and development program) South Africa looks different from 1994. However there is much that looks the same. There are still short coming in the development path. There is insufficient progress in reducing poverty and inequality and unemployment. South Africa has a potential and capacity to eliminate poverty and reduce in equality over the next decade – Long term development plan. Elundini municipality should in the future have a long term development plan aligned to the National Plan. It should integrate the plans to the IDP and also promotes that people should be champion of their own development and government must work effectively to develop people's capabilities to lead the lives they desire.

### **The national development plan is based on:**

Effective participation of South African Citizens in their own development, redressing of the injustice of the past effectively, faster economic growth and higher investment and employment , rising standard of education, a healthy population and effective social protection, strengthening the linkages between the social and economic strategies, effective capable government, collaboration between government and private sector, strong sector leadership.

- **SUMMARY ON CHAPTERS OF THE NDP**

## **CHAPTER 3: ECONOMY AND EMPLOYMENT**

The chapter outlines how the country can both accelerate growth and make it more labour absorbing. It explains the national targets of government as being, To reduce the unemployment the country need to create 11 million jobs by 2030 , The growth of 5,4 % on average every year, Unemployment target of 6%. It further states that government must create environment for sustainable employment and economic growth, must have strategic leadership to mobilise for the national vision, promotion of employment in labour absorbing industries, Promotion of exports and competitiveness, Strengthened capacity to implement economic policies.

Diversified economy (human settlement, health, education, transport and telecommunication system functional and energy)

## **CHAPTER 4: ECONOMIC INFRASTRUCTURE**

- **ROAD AND TRANSPORT**

Government has a plan to invest in road and transport infrastructure, significant investment in public transport systems to refurbish commuter rail, bus services and high volume corridors. Private transport such as cars could be used, but a marked change is proposed to public transport. Sustainable transport system that is able to provide the users with capacity and convenience. Improving bulk freights, farm to cities, mines ports or processing plants and rail network, information and communication infrastructure and also improves rural accessibility.

- **ENERGY**

South Africa aims to have adequate supply of electricity and liquid fuels to avoid disruption to economic activities. South Africa needs to meet about 29000 Megawatts of new power demand by 2030. More than 95% should enjoy access to electricity within 20 days. 70% of the primary energy drives from coal. The economy is electricity intensive and as a result the, South Africa emits more than its share of carbon dioxide and contributes too disproportionately to climate change. A strategic negotiated way to reduce carbon intensity will help South Africa contribute to climate change. Clean coal technology to be supported through research and development investments. Use of gas as an alternative to coal will help cut the carbon intensity and greenhouse gas.

The necessary activities to move to different energy context by 2030 is according to the short term, medium term and long term priorities: Critical to highlight is the intension to develop a new sustainable electrification plan, upgrade refineries to ensure that they meet new fuel quality standard, ring fence the large distribution businesses of the 12 largest municipalities, representing 80% of the municipal distribution and to improve tariff measures for the pro poor.

- **WATER RESOURCE AND SERVICES**

Equitable access to at least safe and reliable basic water supply and dignified, hygienic sanitation between 1994-2010, the number of South Africans with basic water supply have increased from 23



million to 46, 6 million whilst the number of improved sanitation increased from 18, 5 million to 39, 4. Significant progress in ensuring great access to water, backlog still exist. The proposed strategies are: 1) Manage, monitor and protect water resources. 2) Ensure water supply by investment and reuse. 3) Conservation and demand management.

## **CHAPTER 5: LOW CARBON ECONOMY**

It encourages an approach in adapting to the impact of climate change. Local provincial and national government should embrace climate adaptation by identifying and put into effect appropriate policies and measures. Few to mention are, Adaptive technology in agriculture and forestry, significant investment in conserving, rehabilitating and restoring natural ecosystem to improve resilience. To conserve critical endangered species that area increasingly vulnerable to climate change.

Promotion of mitigating actions such as:

- Expanded renewable energy programs, Bio fuel sector, Proactive local government climate change programs such as waste management, street lighting, regulations to promote green building and construction practices and efficient public transport system and the allocation of strategic research (Studies) to low carbon mission areas of competitive advantage.

## **CHAPTER 6: INTEGRATED RURAL ECONOMY**

Rural areas are characterised by great poverty and inequality than urban areas with many households still trapped in the vicious cycle of poverty. It is promotes expansion in agricultural production, Commercial and subsistence, better land use in communal areas.

Education and health, take advantage of other great economic potential areas, developing non-agricultural activities, which are traditional approaches to increase rural income, relocation to cities with easy access to services and employment should be address through improving services at the local level, promotion of market access

## **CHAPTER 7: POSITIONING SOUTH AFRICA IN THE WORLD**

It promotes the possible opportunities in provision of goods and services beyond the national boundaries. National trade agreements and possible investment opportunities. Intra Africa trade opportunity, free trade and the regional.

## **CHAPTER 8: TRANSFORMING HUMAN SETTLEMENT**

It promotes consideration of the geographic and development aspects, strengthening spatial planning system spatial conflicts and the role of traditional authorities have in spatial decisions about land use. Resourcing of critical regions, rural restructuring zones, a plan in mobilising development of cities, towns and rural areas, Low density development higher density and Strategies to better rural settlements.

## **CHAPTER 9: EDUCATION TRAINING AND INNOVATION**

It promotes improvement in access to learning opportunities, graduates rate remain unacceptably low, highly educated individuals have a better chance in the labour market and a notion with high educated citizens, particularly in science, engineering, technology and humanities is more competitive, It can

enable Elundini to be able to participate effectively in a knowledge driven economy. Early childhood/schooling/higher education and learning. What interventions are there to support science and technology development? What Skills do we need to accelerate? Building a properly qualified, committed teaching, academics, research and public cadre. Change in the pay structure of teachers to retain good teachers competent people become principals. More clarified roles of district offices to improve support to the schools.

## **CHAPTER 10: HEALTH**

Strategies to address the social determinants affecting health and diseases. Strengthening health system, Financing of the health system and Implementation of effective partnerships in the health sector

## **CHAPTER 11: SOCIAL PROTECTION**

Social grant by state target people who are not economically active such as people with disabilities, elderly, children and poor. For those who are able to work, but are locked out of the economy there is no social protection for them. Able-bodied unemployed South Africans. Up scaling of public employment in extended public works programs is advised .Community works program is also developed to a dress. Urgently to address are the matters of criminality, high levels of gang related violence in schools and communities' violence against women and children especially in economically deprived areas.

## **CHAPTER 12 BUILDING SAFE COMMUNITIES**

It promotes safety is a core to human right .Although the South Africa Stats release by SAP is showing downward trends especially in the murder rates. Still need a strengthened criminal justice .Even thou there in a link between high poverty and crime, but has also been discovered that there are organised syndicated that lauder money in drag dealing and smuggle guns. An integrated approach in responding to crime strengthen community participation is very

## **CHAPTER 13: STRETCHERED ACCOUNTABILITY AND RESPONSIBILITY OF PUBLIC SERVANTS**

Tender compliance officer must be given teeth to investigate both probity and value for money aspects in tenders (Use of tender system to enrich yourselves).Centralisation of awarding of large tenders. Strengthening the protection of whistle-blowers (dropped to 10%). Strengthening the multi-agency anti-corruption system (Public Protector, Special Investigation Unit etc.). Stretched accountability and responsibility of public servants. Centralisation of awarding of large tenders.

- **CONCLUSION**

It is meant to improve the economy of the country therefore the economy of Elundini. The strategic objectives of our institution must align with the national growth and development plan. The high level priorities of the municipality must be aligned with the NDP Networking with the national and the provincial sphere is key to the success of our local sphere.

- **STRATEGIC PROJECTS PRIORITIES BY PRESIDENT'S INFRASTRUCTURE COORDINATING COMMISSION**

The Elundini Municipality through the district initiatives has also aligned its strategies to the national strategic project initiatives which it could benefit from such as follows:

- **SIP 6: INTEGRATED MUNICIPAL INFRASTRUCTURE PROJECT**

Develop national capacity to assist the 23 least resourced districts (19 million people) to address all the maintenance backlogs and upgrades required in water, electricity and sanitation bulk infrastructure. The road maintenance programme will enhance service delivery capacity thereby impacting positively on the population.

- **SIP 10: ELECTRICAL INFRASTRUCTURE**

Electricity transmission and distribution for all. Expand the transmission and distribution network to address historical imbalances, provide access to electricity for all and support economic development. Align the 10-year transmission plan, the services backlog, the national broadband roll-out and the freight rail line development to leverage off regulatory approvals, supply chain and project development capacity.

- **SIP 11: AGRO PROCESSING INFRASTRUCTURE**

Investment in agricultural and rural infrastructure that supports expansion of production and employment, small-scale farming and rural development, including facilities for storage (silos, fresh-produce facilities, packing houses); transport links to main networks (rural roads, branch train-line, ports), fencing of farms, irrigation schemes to poor areas, improved R&D on rural issues (including expansion of agricultural colleges), processing facilities (abattoirs, dairy infrastructure), aquaculture incubation schemes and rural tourism infrastructure.

- **SIP 18: WATER AND SANITATION INFRASTRUCTURE**

A 10-year plan to address the estimated backlog of adequate water to supply 1.4m households and 2.1m households to basic sanitation. The project will involve provision of sustainable supply of water to meet social needs and support economic growth. Projects will provide for new infrastructure, rehabilitation and upgrading of existing infrastructure, as well as improve management of water infrastructure.

- **MILLENNIUM DEVELOPMENT GOALS**

The Millennium Development Goals (MDGs) are eight international development goals that all 192 United Nations member states have agreed to achieve by the year 2015. The aim of the MDGs is to encourage development by improving social and economic conditions. It provides a framework for the entire international community to work together towards a common end i.e. making sure that human development reaches everyone, everywhere. The MDGs focus on three main areas of human development viz. bolstering human capital, improving infrastructure and increasing social, economic and political rights. If these goals are achieved, world poverty will be reduced, lives will be saved, and people will have the opportunity to benefit from the global economy. The eight MDGs which have been identified include:

- Eradicate extreme poverty and hunger;
- Achieve universal primary education;

- Promote gender equality and empower women;
- Reduce child mortality;
- Improve maternal health;
- Combat HIV/AIDS, malaria and other diseases;
- Ensure environmental sustainability;
- Develop a Global Partnership for Development.

The goals consist of quantified targets to address extreme poverty in its many dimensions viz. poverty, hunger, disease, lack of adequate shelter, and exclusion whilst promoting gender equality, education, and environmental sustainability. At the same time the goals also represent basic human rights i.e. the rights of each person on the planet to health, education, shelter, and security.

- **DELIVERY AGREEMENT: OUTCOME 9**

The aim of Delivery Agreement: Outcome 9 is to ensure a responsive, accountable, effective and efficient local government system so as to restore the confidence of citizens in the local government sphere. As such municipalities need to ensure that the basic needs of communities are met; build clean, effective, efficient, responsive and accountable local government; improve performance and professionalism and strengthen partnerships between local government, communities and civil society. The Outcome consists of seven outputs which need to be achieved, viz.:

- Implement a differentiated approach to municipal financing, planning and support;
- Improve access to basic services;
- Implementation of the Community Work Programme;
- Actions supportive of the human settlement outcome;
- Deepen democracy through a refined Ward Committee Model;
- Improve administrative and financial capability;
- A single window of coordination.

The outputs consist of targets, indicators and key activities which need to be achieved. The achievement of these outputs will go a long way in improving the lives of residents whilst at the same time improving the processes within government so they are able to operate more effectively and efficiently.

- **NATIONAL GOVERNMENT PROGRAMME OF ACTION 2009 - 2014**

The government has identified 10 priority areas in its programme of action, with an intention to turn around the global economic slowdown, whilst at the same time ensuring that the needs of all its citizens are met. The priority areas developed are intended to do the following:

- Speed up economic growth and transform the economy to create decent work and sustainable livelihoods;
- Introduce a massive programme to build economic and social infrastructure;
- Develop and implement a comprehensive rural development strategy linked to land and agrarian reform and food security;
- Strengthen the skills and human resource base;
- Improve the health profile of all South Africans;
- Intensify the fight against crime and corruption;
- Build cohesive, caring and sustainable communities;

- Pursue African advancement and enhanced international cooperation;
- Ensure sustainable resource management and use;
- Build a developmental state, improve public service and strengthen democratic institution.

The areas identified represent issues which have been identified by communities within eThekweni as some of their greatest needs, as well as areas which the Municipality needs to focus on so that we improve on our service delivery mandate as well as forge partnerships locally and internationally in achieving our development agenda.

- **PROVINCIAL PRIORITIES (STATE OF PROVINCE ADDRESS)**

The provincial strategic framework requires the province to focus on building social and economic infrastructure, through which we also create jobs. It has been noted that “infrastructure is poorly located, under-maintained and insufficient to foster higher growth.”

Government remains committed to growing the cooperative sector and for designating a number of goods for preferential procurement from cooperatives. There is still a great concern regarding the performance and sustainability of our cooperatives.

- **OTHER POLICES AND STRATEGIES**

The other polices and strategies the municipality has aligned its strategies to are:

- **PROVINCIAL AND NATIONAL**

- Provincial Growth and Development Strategy
- Cooperative Development Strategy
- Provincial Job Creation Strategy
- Rural Development Strategy
- Spatial Development Framework
- Investment and Promotion Strategy

- **DISTRICT**

- Integrated Transport Plan
- District Environmental Plan
- Water Services Development Plan
- Integrated Solid Waste Plan
- Disaster Management Plan
- Environmental Management Plan
- Agricultural Development Plan
- Forestry Sector Plan

- **ELUNDINI LOCAL MUNICIPALITY**

- Local Economic Development Plan
- Tourism Sector Plan

- Spatial Development plan
- Employment Equity plan

## **SECTION F – PERFORMANCE MANAGEMENT SYSTEM**

- **INTRODUCTION**
- **BACKGROUND**

In terms of the Municipal Planning and Performance Management Regulations (2001), the Performance Management System:

*“entails a framework that describes and represent how the municipality’s cycle and processes of performance planning, management, measurement, review, reporting and Improvement will be conducted, organised and managed including determining of roles of different role players”*

Accepting this definition as contained in the Act, the ELM has reviewed and adopted its PMS Policy to drive towards the following objectives:

- To give effect to the legislative obligations of the ELM in an open, transparent and focused manner;
- To incorporate the already implemented performance management processes applicable to Section 57 Managers and how these relate to and link with the system in a holistic, institution wide, policy;
- To provide a firm foundation from which to steer the process of performance management through all phases of implementation and devolvement; and
- To link and eventually to lock the IDP, the Budget and a Performance Management System in a cycle of prioritised, affordable and accountable municipal planning and effective service delivery involving all staff and the local community.
- The establishment of a system which translates the IDP into measurable objectives and targets;
- The institutionalisation of sound management principles ensuring effective and efficient governance of service delivery;
- Adequate provision for community consultation and the opportunity to have a clearer insight in the performance of the municipality; and
- The promotion of an accountable municipality.

- **PRINCIPLES GOVERNING ELUNDINI PMS**

The following principles guided and informed the process of developing the Performance Management System for Elundini Municipality:

- Simplicity
- Politically acceptable
- Transparency and accountability
- Efficiency and Sustainability
- Consultation and Community Involvement
- Incremental Implementation

• **ROLE PLAYERS IN ELM PERFORMANCE MANAGEMENT SYSTEM**

The roles and responsibilities regarding the implementation of PMS as contained in ELM policy for PMS is discussed in the table below:

**Role of Council:**

PLANNING	MONITORING		
	REVIEW	REPORTING	PERFORMANCE ASSESSMENT
<ul style="list-style-type: none"> <li>• Adopts priorities and objectives of the Integrated Development Plan</li> <li>• Adopts the municipal scorecard</li> <li>• Establishes the oversight committee for the purpose of the annual report.</li> </ul>	<ul style="list-style-type: none"> <li>• Approves the annual review programme of the IDP.</li> <li>• Approves the top level SDBIP.</li> <li>• Approves changes to the SDBIP and adjustment Budget</li> <li>• Approves any changes to the priorities, objectives, key performance indicators and performance targets of the municipality.</li> </ul>	<ul style="list-style-type: none"> <li>• Report the performance of the municipality to the Community at least twice a year. (through a public Report).</li> <li>• Receives externally audited performance reports from the Executive Committee twice a year.</li> <li>• Approves the recommendations for the improvement of the PMS.</li> <li>• Annually receives report on the Municipal Manager and the s57 managers' performance.</li> <li>• Submits the annual report to the MEC and Auditor General.</li> </ul>	<ul style="list-style-type: none"> <li>• Approves the annual Audit Plan and any substantial standards to it.</li> </ul>

**Role of Municipal Manager:**

PLANNING	IMPLEMENTATION	MONITORING

PLANNING	IMPLEMENTATION	MONITORING		
		REVIEW	REPORTING	PERFORMANCE ASSESSMENT
<ul style="list-style-type: none"> <li>Submits priorities and objectives of Integrated Development Plan to Council for Approval.</li> <li>Approves Service Delivery and Budget Implementation Plan.</li> <li>Enters into Performance Agreement with Municipal Manager on behalf of the Council.</li> <li>Assigns the responsibility for the management of the PMS to the Municipal Manager.</li> <li>Tables the budget and the Top level SDBIP to Council for Approval.</li> </ul>	<ul style="list-style-type: none"> <li>Manages the overall implementation of the IDP.</li> <li>Ensures that all role players implement the provisions of the role players</li> <li>Ensures that the Departmental scorecards serve the strategic scorecard of the municipality.</li> </ul>	<ul style="list-style-type: none"> <li>Formulation of the annual review programme of the IDP, including the review of KPI's and targets for consideration by Council and Executive Mayor.</li> <li>Formulation of the annual performance improvement measures.</li> <li>Quarterly and annually reviews the performance of Departmental Managers.</li> </ul>	<ul style="list-style-type: none"> <li>Receives performance reports quarterly from the internal audit unit</li> <li>Receives performance reports twice a year from Performance Audit Committee.</li> <li>Submits annual report of the municipality to Council.</li> </ul>	<ul style="list-style-type: none"> <li>Formulates response to the performance audit report the Auditor General and makes recommendations to the executive mayor.</li> </ul>

**Role of S57 Managers:**

PLANNING	IMPLEMENTATION	MONITORING		
		REVIEW	REPORTING	PERFORMANCE ASSESSMENT
<ul style="list-style-type: none"> <li>Participate in the identification of IDP priorities and the whole IDP. Process.</li> <li>Participate in the Formulation and Revision of the municipal strategic scorecard.</li> <li>Participate in the formulation of the Top level</li> </ul>	<ul style="list-style-type: none"> <li>Manages the implementation of the SDBIP.</li> <li>Ensures that the annual programmes are implemented according to the targets and timeframes agreed to.</li> <li>Implements performance improvement</li> </ul>	<ul style="list-style-type: none"> <li>Participates in the Formulation of the annual review of the KPI and targets.</li> <li>Annually reviews the performance of the department to improve the economy, efficiency and effectiveness of the departments.</li> </ul>	<ul style="list-style-type: none"> <li>Submit quarterly departmental performance reports.</li> </ul>	<ul style="list-style-type: none"> <li>Participates in the formulation of the response to the performance audit report of the Auditor General and makes recommendations to the municipal manager.</li> <li>Participates in the formulation of the response to the</li> </ul>



<p>SDBIP.</p> <ul style="list-style-type: none"> <li>Manages Subordinates performance measurement system.</li> <li>Enters into a performance agreement with the Municipal Manager.</li> <li>Reports quarterly to Municipal Manager.</li> </ul>	<p>measures approved by the Executive Committee.</p> <ul style="list-style-type: none"> <li>Ensures that performance objectives in the performance agreements are achieved.</li> </ul>	<p>.</p> <ul style="list-style-type: none"> <li>Quarterly and annually evaluates the performance of the department</li> <li>Participates in Mid – Term Review.</li> </ul>	<p>recommendations of the internal auditor and PAC.</p>
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**Role of the Audit Committee:**

PLANNING	MONITORING	
	REVIEW	REPORTING
<ul style="list-style-type: none"> <li>Participates in the formulation of the annual audit plan.</li> </ul>	<ul style="list-style-type: none"> <li>Review quarterly reports from the internal audit committee.</li> </ul>	<ul style="list-style-type: none"> <li>Reports twice a year to the Municipal Council.</li> </ul>

The KPIs and Targets of the S.57 managers was an essential first step in the implementation of performance management and laid the foundation for the devolvement of the KPIs and Targets process of the system down to the next level of management and thereafter to the entire workforce.

**Performance Agreements with Sectional Heads**

- Legislation places no obligation on a municipality to enter into performance agreements with sectional heads. However, the Council recognises such agreements as a logical further step to cement the PMS in the administrative executive component of the Municipality provided these agreements are in accordance with applicable legislation.
- The Council has adopted the Rewards and Incentives Policy and this policy will necessitate the existence of performance agreements with employees who may benefit from such a policy.

**Culture and Work Situation**

- The ELM is committed to establish and maintain a culture and work situation conducive for the implementation and maintenance of a performance management system including regular performance appraisals and establishing a factual foundation for the system. The activities to be embarked on will, of necessity, be running concurrently with actual monitoring and measuring of performance and will include the following:

- To introduce the performance management system via an internal brief prepared by the Management Team, having consulted the Local Labour Forum (in its PMS Subcommittee should this be established) and approved by the Council.
- The brief will be circulated to all departments and employees via formal communication channels.
- The brief will inter alia explain the legislative obligations underlying the system, the process to be followed and the principles that will be adhered to by the Council.
- The system will be regularly reviewed and, in doing so, employee evaluations and constructive suggestions will, where possible, be incorporated to ensure the system is organisation-specific while adhering to the legislative framework.
- Amendments to the system will be communicated to departments and employees in the same manner as outlined above.
- To establish and maintain a factual basis for the performance appraisals, the job analysis of each position in the Municipality will be regularly updated with respect to line functional activities and linked to the relevant department's objectives and targets as derived from the IDP.
- Based thereon, the appraisors and appraisees will determine mutually agreed to performance criteria, based on a format designed and approved by the Corporate Services Department for standardisation and equality purposes.
- The annual process of managing performance at organizational level in ELM involves the steps as set out in the diagram below:



## **PLANNING FOR PERFORMANCE**

The process of compiling an IDP and the annual review thereof constitutes the process of planning for performance.

## **SETTING KEY PERFORMANCE INDICATORS**

Many of the key performance indicators are prescribed in Section 10 of the Regulations and in terms of Section 43 of the Municipal systems Act. These are listed as:

- The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
- The percentage of households earning less than R1100 per month with access to basic free services;
- The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP;
- The number of jobs created through municipality's LED initiatives including Capital projects;
- The number of people from employment equity target groups employed in three highest levels of management in compliance with an approved employment equity plan;
- The percentage of a municipality's budget actually spent on implementing its workplace skills plan;
- Financial viability.

- **ALIGNMENT OF THE PMS TO THE IDP AND BUDGET**

The IDP fulfils the planning stage of Performance Management, which in turn fulfils the implementation, management, monitoring and evaluation of IDPs. The last component of the cycle of OPMS is review, and the outcome of the performance review process must inform the next cycle of the IDP compilation/review. There are several components to the integration of the PMS.

PMS determines the visions of the municipality as well as its IDP priorities, objectives, performance management and budget, Council's priorities and objectives. They are based on community needs, the Constitutional mandate of Local Government, national legislation and the general KPIs within the framework of powers and functions of ELM. The Regulations for Municipal Managers and Managers directly accountable to the Municipal Managers (2006) 26(6) outlines five Key Performance Areas for Municipal Manager and the S57 Managers and these are as follows:

- Basic Service Delivery
- Municipal Transformation and Institutional Development
- Local Economic Development
- Municipal Financial Viability and Management; and
- Good Governance and Public Participation

The KPA's of the Elundini Municipality IDP 2013/2014 is being reviewed and will be aligned accordingly.

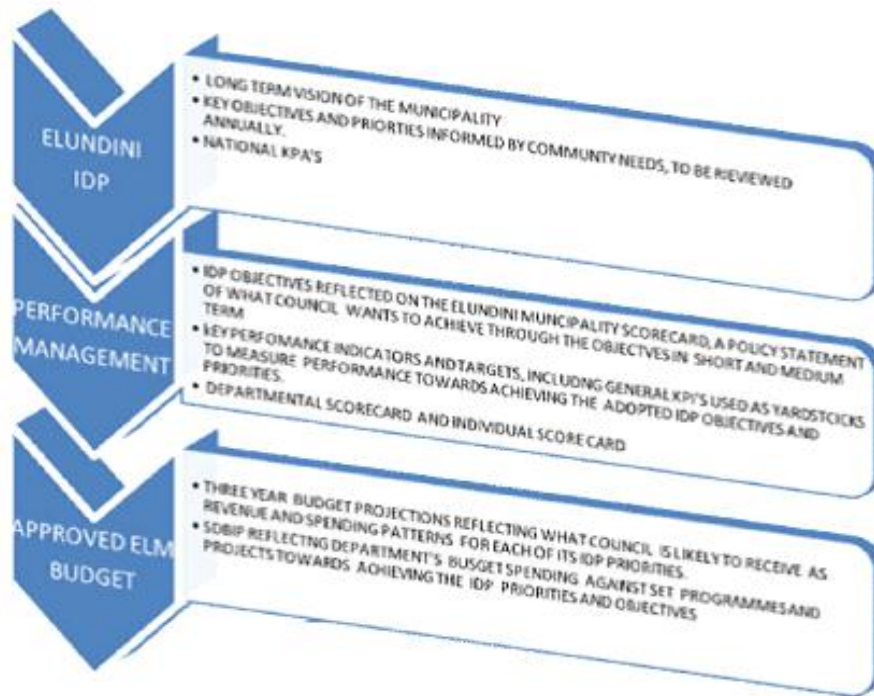


Figure: Linkage between IDP Budget & PMS

- **TRACKING AND REPORTING PROGRESS**
- The S57 Managers submit quarterly reports to the Municipal Manager via the Strategic Planning and Economic Development Department, which in turn submits a consolidated quarterly report to the Municipal Manager, who then submits it to the Internal Auditors to assist them with their assessment process. Once the PMS has devolved down to the rest of the municipality, each Manager and Sectional Head must establish the departmental reporting structures, some as already indicated, that would inform his/her quarterly report.
- The Internal Auditors provide quarterly audit reports to the Municipal Manager and the Performance Audit Committee.
- The Audit Committee convenes at least twice per annum and at least twice during the financial year it must submit an audit report to the Council. These reports must include enough details so that early warning signals of underperformance can be detected. The reports must also indicate corrective measures where such under-performance has been identified.
- The Municipal Manager oversees the compilation of an annual performance report to the Council, which report is then also submitted to the Auditor General.
- Within one month of receiving the AG's audit report on the Performance Information and the Audited Financial Statements of the previous financial year, the Municipal Manager must submit to the Council a consolidated Annual Report for adoption. The media, community, AG and MEC must be informed of the meetings at which this report will be tabled. The minutes of the meeting/s should be provided to the Auditor General and the MEC. The adopted annual report must be made available to the media, public and interested parties and submitted to the MEC.

The Consolidated Annual Report to include:

- The Performance Report reflecting the:
  - Performance of the Municipality and any service provider based on the KPIs and specifying the extent to which targets were achieved;
  - Measurements taken or to be taken to improve performance;
  - Development and service delivery priorities and targets set for the following year and reasons for significant differences in these targets from the one to the other year;
  - A statement by the external auditor concerning the reasonableness of the report.
- Audited financial statements for the year
- Annual audit of the Auditor General on the PMS report
- Any other legislated matters for reporting.

- **PUBLICATION OF PERFORMANCE REPORTS**

- The ELM publishes at least once a year a public report on its performance in terms of the MSA, 2000.
- Existing Public Participation Structures and mechanism for ELM will be used including:
  - IDP Rep Forum
  - Youth & Women Groups

- Disability Groups
- Local Newspaper
- Audio Media / Loud Hailers
- Public Notices

- **PUBLIC FEEDBACK MECHANISMS**

- The public Feedback on reported performance can be obtained if the public are aware of dedicated mechanisms for submitting feedback such as:
  - Telephone numbers (toll free)
  - Fax lines
  - Emails
  - Feedback boxes at Municipal Services offices
- The Elundini will develop a comprehensive Communications strategy to among other things propose public feedback mechanism and structures for ELM. Upon its adoption this section will be read together with that policy and or strategy.

- **PERFORMANCE REVIEWS AND ASSESSMENTS**

Performance review is a process whereby the municipality, after measuring its own performance, assesses whether it is doing the right things and doing them right. The municipality is required to identify strengths, weaknesses, opportunities and threats of the municipality in meeting the key performance indicators and performance targets set by it.

- The review framework for Elundini Municipality will be conducted based on the following:
  - Baseline Indicators – this entails assessing whether the current level of performance is better than the previous year by using baseline indicators.
  - Community Feedback – survey to obtain feedback from the community about their views of the performance of the municipality in one PMS cycle.
  - Performance Review in ELM will take place annually at least a month after all Performance Information (PI) has been audited and Auditor Report issued on PI.
  - In the review process, a careful analysis of the municipality performance will be done in order to understand why it has performed well or underperformed in that particular financial year.
  - The results of the review will be used to develop measures to improve performance and inform the planning stage of the following years’ institutional scorecards and annual programmes.
  - The lines of accountability with regard to Performance Review can be summarized as follows:
    - Assistant Managers/Sectional Heads will review performance of their respective functions or sections on a regular basis and should cover all the organisational priorities relevant to the function or section
    - Executive Management:
      - Review performance quarterly to minimise risks and poor performance.

- Review performance before reporting to the Executive Committee. This will enable them to prepare and control the quality of performance reports and include adequate response strategies in cases of poor performance.
- Executive Committee: As the delegated authority for the management of development of the performance management system in terms of the Act, the Executive Committee plays a most significant role in reviewing the performance of the administration. Review at this level should be strategic and not restrained by operational discussions. The content of the review should be confined to agreed or confirmed priority areas and objectives.
- Standing or Portfolio Committees need to review the performance of functions or sections according to their assigned portfolios on a regular basis, i.e. quarterly.
- Council should review the performance of the municipal council, its committees and the administration at least twice per year.
- The public: It is required by the Act and the Regulations published in accordance therewith, that the municipality secure community participation in the review process. This could ideally be done when the annual report is compiled at the end of the financial year.

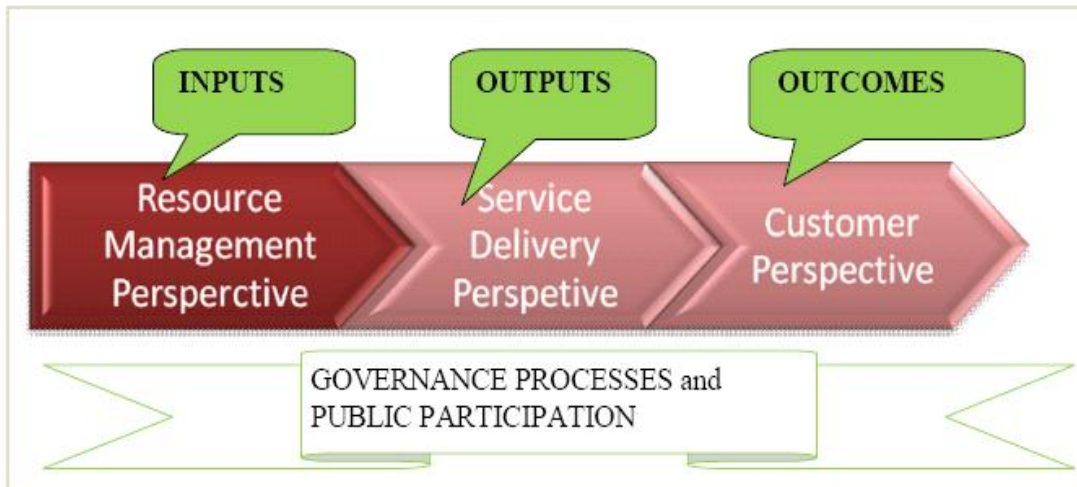
- **MONITORING AND MEASUREMENT FRAMEWORK**

Monitoring is a continuous process of measuring, assessing and analysing and evaluating the performance with regard to the SDBIP, KPI's and targets. Performance measurement is essentially the process of analysing the data provided by the monitoring system in order to assess performance. The preferred and adopted model for Performance Management in Elundini Municipality is the Municipal Scorecard Model.

According to this model, in measuring performance municipalities need to look at:

- Inputs: ( Resources, Financial Perspective)
- Outputs: ( Results, Service Delivery Perspective)
- Outcomes: ( Impact, Customer satisfaction, growth, Quality of Life)





- **PERFORMANCE AUDIT**

The Municipal Planning and Performance Management Regulations, 2001, require municipalities to develop and implement mechanisms, systems and processes for auditing results of performance measurements as part of its auditing processes:

- Internal Auditors audit on a continuous basis which will result in quarterly reports being submitted to the Municipal Manager.
- Audit Committee receives quarterly reports from the Internal Auditors which it reviews together with PMS's economy, efficiency, effectiveness and impact based on the KPI's and Targets.
- The Audit Committee must submit at least two audit reports to the Council in a financial year

- **EVALUATION**

- The Municipal Manager must evaluate the quarterly performance reports from the S.57 Managers and use these to inform the steps to be taken to improve performance to meet annual targets and to intervene in case of red flag situations.

- The Municipal Manager must submit a consolidated quarterly report to the Internal Auditors. The Auditors must evaluate these reports together with other information obtained through their auditing obligations and in turn must provide the Municipal Manager with quarterly Audit Reports.
- The Municipal Manager then submits such reports as prescribed to the Council including a consolidated annual report for adoption by the Council.
- The Council must assess the performance of the Municipal Manager and S.57 Managers during June/July of each year with the assistance of an independent facilitator as further detailed in their performance agreements.
- The S.57 Managers must evaluate the quarterly performance reports from the Sectional Heads and use these to inform their own quarterly reports to the Municipal Manager.

- **EMPLOYEE PERFORMANCE APPRAISAL**

- The performance appraisal of the Assistant Managers/ Sectional Heads will be the responsibility of the S.57 Managers with the assistance of an independent facilitator.
- These appraisals will be done on an annual basis as further detailed in the performance agreements of Assistant Managers and Sectional Heads prior to the Council's appraisal of the S.57 Managers.
- The S.57 Managers, Assistant Managers and Sectional Heads must ensure performance appraisal interviews are done on a regular basis by the appraisers within their respective departments/sections as further set out below, co-ordinate the results thereof and through their own quarterly reports report on the progress with implementation of the system, successes and failures thereof and problems experienced.
- Assistant Managers / Sectional Heads will be responsible for the performance interviews with their respective middle management employees.
- The first round of assessments executed for middle management staff could be done with the assistance of an independent facilitator should the staff so prefer.
- Thereafter the option of requesting a co-appraiser to be present at their interviews will be available to these employees.
- Pre-designed and anonymous peer review questionnaires must be completed for employees on post levels 4 to 8 and submitted to the appraiser to be integrated with the other data to be obtained for the performance interview. The results of these questionnaires will be dealt with on a confidential basis.
- The appraisals of lower level employees must be carried out by their immediate supervisor or line manager who has the best knowledge of the content of the job concerned and in a position to observe the employee's performance on a daily basis.
- If no suitable supervisor or line manager is available to do the performance appraisal, the head of the section must take responsibility for the performance appraisal.
- If an employee is of the opinion that exceptional circumstances exist which requires a co-appraiser to be present at the appraisal interview, the matter must be taken up with the relevant S.57 Manager. In such circumstances the S.57 Manager or the S.57 Manager of the CSD could also fulfil the role of a co-appraiser.
- The first formal performance appraisals of a staff level will take place three months after introduction of the system to such a staff level and thereafter on an annual basis.
- The steps to be taken to rectify substandard performance or enable continued support, coaching and counselling based on the results of the performance appraisals will be

implemented on a continuous basis determined by the circumstances of each individual case. These performance meetings must be of a more informal nature but still recorded in writing.

- The time and place of annual interviews must be mutually agreed between the appraiser and appraisee. An employee must not be given less than two weeks to prepare for the appraisal interview. The time allowed for the actual interview will vary according to the complexity of the job and each individual's circumstances.
- The place where a performance interview is conducted must be comfortable for both the appraiser and the appraisee and care must be taken that the place is quiet, no interruptions will occur during the duration of the interview and confidentiality is protected.
- Written feedback on the annual performance appraisal must be given to an employee within a reasonable period after the performance interview. A reasonable period would not exceed four weeks.

- **PERFORMANCE IMPROVEMENT**

Although the municipality should strive to continuously improve performance to meet the needs of communities, it is poor performance that needs to be addressed as a matter of priority:

- The Council must advise the Municipal Manager on steps to be taken to improve performance based on the Auditor General's assessment. The IDP review process must provide a barometer of how well the Municipality performed in terms of service delivery and, if as prescribed, the community is provided with the Consolidated KPIs and Targets document, the latter could serve to inform the community's input in the review process.
- The training needs of staff, originating from their performance appraisals shall be fed into the Workplace Skills Plan and addressed by the sourcing of relevant providers and training courses to largely address the internal capacity shortcomings of the Municipality.

- **PERFORMANCE INCENTIVES AND REWARDS**

- The performance reward system of the Municipal Manager and the S.57 Managers is built into their contracts of employment and performance agreements as prescribed by the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.
- Based on the Internal Auditors and the Audit Committee's evaluation of the progress made with the PMS and the commitment of management and staff thereto, the Council undertakes to investigate the financial, legal and institutional feasibility of performance rewards and to adopt a Rewards and Incentives Policy in this regard.
- The process will include a consultative process with the ELM Local Labour Forum.
- The criteria to be used is the following:
  - There should be measurable assessment criteria based on the IDP;
  - There should be a formal assessment against these criteria through the appraisal system as detailed in this policy;
  - The results of these assessments should be clear enough and of such a standard that a pre-determined scale of rewards could be based thereon;
  - In the case of financial rewards, the annual budget must be able to provide for it;

- An incentive and reward system should not be in conflict with any local government legislation or binding ruling given by the Department of Provincial and Local Government (COGTA), the South African Local Government Association (SALGA) and/or the South African Local Government Bargaining Council (SALGBC).
- **SCORECARDS**

The appropriate scorecards linked to this IDP will be included as an Appendix to the document.

## SECTION G: PROJECT LIST

### 7.1. MUNICIPAL PROJECTS

#### KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Department	Priority Area	Project/Programme	Financial Years and Estimated Costs	Source of Funding	Ward/Locations	Staff Responsible
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#### KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Department	Priority Area	Project/Programme	Financial Years and Estimated Costs			Source of Funding	Ward/Locations	Staff Responsible
			2013/2014	2014/2015	2015/2016			
<b>FUNDED PROJECTS</b>								
Corporate Services	Performance Management	Rewards and Recognition	R500 000	R600 000	R700 000	OPEX	N/A	Corporate Services Manager
Corporate Services	Employee Wellness	HIV/AIDS	R200 000	R200 000	R200 000	OPEX	N/A	Corporate Services Manager
Corporate Services	Talent Management	Employee skills profiling	R300 000	R300 000	R300 000	OPEX	N/A	Corporate Services Manager

<b>Corporate Services</b>	Information and Communication Technology	MSP Implementation	R915 000	R2 000 000	R1 500 000	OPEX	N/A	Corporate Services Manager
<b>Corporate Services</b>	N/A	Office Equipment	R300 000	R500 000	R800 000	CAPE X	N/A	Corporate Services Manager
<b>Corporate Services</b>	N/A	Office furniture	R300 000	R300 000	R300 000	CAPE X	N/A	Corporate Services Manager
<b>Corporate Services</b>	Employee Wellness/Occupational Health and Safety	Health Checks	R50 000	R70 000	R80 000	OPEX	N/A	Corporate Services Manager
<b>Corporate Services</b>	Capacity Building	Induction Programme	R60 000	R80 000	R90 000	OPEX	N/A	Corporate Services Manager
<b>Corporate Services</b>	Capacity Building	Project Sifunda Sonke	R100 000	R200 000	R200 000	OPEX	All wards	Corporate Services Manager
<b>Corporate Services</b>	Capacity Building	Mayor's Social Investment	R450 000	R495 000	R544.5 000	OPEX	N/A	Municipal Manager
<b>UNFUNDED PROJECTS</b>								
<b>Corporate Services</b>	Capacity Building	Training Centre	R100 000	R50 000	R20 000	OPEX	N/A	Corporate Services Manager
<b>Corporate Services</b>	Capacity Building	Computer Lab	R100 000	R150 000	R200 000	OPEX	N/A	Corporate Services Manager
<b>Corporate</b>	Employee Wellness	Institutional Team	R250 000	R250 000	R250 000	OPEX	N/A	Corporate

<b>Services</b>		Building						Services Manager
<b>Corporate Services</b>	Employee Wellness	Women's Day	R200 000	R200 000	R200 000	OPEX	N/A	Corporate Services Manager
<b>Corporate Services</b>	Occupational Health and Safety	Emergency Alarm Installation	R150 000	R150 000	R150 000	OPEX	N/A	Corporate Services Manager

## KPA 2: BASIC SERVICES AND INFRASTRUCTURE DEVELOPMENT

Department	Priority Area	Project/Programme	Financial Years and Estimated Costs			Source of Funding	Ward/Locations	Staff Responsible
			2013/2014	2014/2015	2015/2016			
<b>FUNDED &amp; UNFUNDED PROJECTS</b>								
Infrastructure, Planning and Development	Roads and Storm water	Fork Lift Attachment for CAT 416 TLB for the loading and offloading of Kerbs	R 150 000	R165 000	R181 500	Equitable Share	Ward 2,3 and 9	Manager: IP&D
Infrastructure, Planning and Development	Roads and Storm water	Labour intensive road surfacing – Chip and Spray (test phase)	R 250 000	R 500 000	R 1000 000	Equitable Share	2,3,9 &17	Manager: IP&D
Infrastructure, Planning and Development	Roads and Storm water	Alternative road construction initiative – Concrete Interlocking	R 100 000	R 500 000	R 1000 000	Equitable Share	2,3,9 and 17	Manager: IP&D
Infrastructure, Planning and Development	Roads and Storm water	Purchase 4 ton Truck	R0	R 300 000	R0	Equitable Share	N/A	Manager: IP&D
Infrastructure	Roads and	Purchase 4x4	R0	R0	R 1 000	Equita	N/A	Manag

cture, Planning and Development	Storm water	TLB			000	ble Share		er: IP&D
Infrastructure, Planning and Development	Electricity	Phase 4.2 Electrification	R0	R0	R20 M	Department of Energy	Identified later	Manager: IP&D
Infrastructure, Planning and Development	Electricity	Tools and Equipment	R150,000	R0	R0	OPEX	2,3 & 17	Manager: IP&D
Infrastructure, Planning and Development	Electricity	Network Maintenance	R1,2 M	R0	R0	OPEX	2,3 & 17	Manager: IP&D
Community Services	Community Safety	Arms and ammunition	R150 000	R0	R0	CAPEX	N/A	Manager: Community Services
Community Services	Community Safety	Police van acquisition	R500 000	R0	R0	CAPEX	N/A	Manager: Community Services
Community Services	Community Safety	Examiner vehicles	R160 000	R0	R0	OPEX	N/A	Manager: Community Services
Community Services	Community Safety	Fire engine acquisition	R0	R2M	R0	CAPEX	N/A	Manager: Community Services

Community Services	Community Safety	Construction of Mt Fletcher vehicle testing station	R0	R1,2 M	R0	CAPEX	9	Manager: Community Services
Community Services	Community Safety	Construction of Mt Fletcher driving license testing station	R0	R1,5 M	R0	CAPEX	9	Manager: Community Services
Community Services	Community Safety	Construction of Maclear weigh bridge	R0	R0	R2 M	CAPEX	3	Manager: Community Services
Community Services	N/A	Office furniture	R65 000	R0	R0	CAPEX	N/A	Manager: Community Services
Community Services	Waste Management	Acquisition of two(2) new tractors	R500 000	R0	R0	CAPEX	2,3,9&17	Manager: Community Services
Community Services	Waste Management	Acquisition of two new tractors	R500 000	R0	R0	CAPEX	2,3,9&17	Manager: Community Services
Community Services	Waste Management	Acquisition of 2 trailers	R 150 000	R0	R0	CAPEX	2,3,9&17	Manager: Community Services
Community Services	Waste Management	Rehabilitation of waste sites	R500 000	R0	R0	CAPEX	2,3,9&17	Manager: Community Services



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Community Services	Waste Management	9 grass cutters	R70 000	R0	R0	CAPEX	2,3,9&17	Manager: Community Services
Community Services	Waste Management	Refuse bags	R 30 874	R0	R0	OPEX	2,3,9&17	Manager: Community Services
<b>FUNDED &amp; UNFUNDED PROJECTS</b>								
Infrastructure, Planning and Development	Electricity	Ugie Dedicated Line Substation Feeder bay	R 3 M	R0	R0	Department of Energy	2	Manager: IP & D
Infrastructure, Planning and Development	Electricity	Phase 4 Electrification Link Line	R 2, 8M	R0	R0	Department of Energy	Ward 4	Manager: IP & D
Infrastructure, Planning and Development	Electricity	Phase 4.1 Electrification	R0	R 10M	R0	Department of Energy	To be decided on new electrification plan	Manager: IP & D
Infrastructure, Planning and Development	Electricity	Vacant Positions	R 1, 2M	1,300 000	1,3500 000	OPEX	All	Manager: IP & D
Infrastructure, Planning and Development	Electricity	LDV	R300 000	350,0 00	R0	CAPEX	2,3,9 & 17	Manager: IP & D
Infrastructure, Planning	Electricity	Operations and Maintenance	R65 000	75 000	85 000	CAPEX	2,3,9& 17	Manager: IP &

and Development								D
Infrastructure, Planning and Development	Electricity	AMR	R500 000	250,000	250,000	CAPEX	2,3,17	Manager: IP & D
Infrastructure, Planning and Development	Electricity	Network Upgrade	R 1 675 M	1000,000	1,275 000	CAPEX	2,3,17	Manager: IP & D
Infrastructure, Planning and Development	Electricity	Installation of Streetlights in Mt Fletcher	R1 M	R0	R200 000	CAPEX	9	Manager: IP & D
Infrastructure, Planning and Development	Electricity	Installation of High Mast in Mt Fletcher	R0	R16 M	R0	CAPEX	9	Manager: IP & D
Infrastructure, Planning and Development	Electricity	Installation of Streetlights in Maclear	R0	R200 000	R0	CAPEX	3 & 17	Manager: IP & D
Infrastructure, Planning and Development	Electricity	Installation of High Mast lights in Maclear	R1,6 M	R0	R1,6 M	CAPEX	3 & 17	Manager: IP & D
Community Services	Waste Management	Waste site management	R2 M	R2 M	R2 M	PPP contract	2 & 3	Manager Community Services
Community	Waste Management/	Waste Recycling	R10 M	R10 M	R10 M	PPP contra	All wards	Manager

Services	Developing the Green Economy					ct		Comm community Service s
Communi ty Services	Waste Management	Refuse removal	R350 000	R385 000	R423,0 00	Opex	2, 3, 4, 9 &17	Manag er Comm unity Service s
Communi ty Services	Public Amenities	Public amenities management	R100 000	R110 000	R121 000	Opex	All wards	Manag er Comm unity Service s

### KPA 3: LOCAL ECONOMIC DEVELOPMENT

Depart ment	Priority Area	Project/Prog ramme	Financial Years and Estimated Costs			Source of Funding	Ward/Loc ations	Staff Respons ible
			2013/ 2014	2014/ 2015	2015/ 2016			
<b>UNFUNDED PROJECTS</b>								
Strategic Planning and Economi c Develop ment	Agricult ure, Forestry & Tourism	Forestry Production Expansion	-	R20 M	-	DAFF, ADA IDC	Rural ward	Manag er: Strategic Planning and Economi c Develop ment
Strategic Planning and Economi c Develop ment	Agricult ure, Forestry & Tourism	Revitalizatio n of Ntywenka Plantations	R5 M	R5 M	R5 M	DAFF, ADA IDC	6	Manag er: Strategic Planning and Economi c

								Develop ment
Strategic Planning and Economic Develop ment	Agricult ure, Forestry & Tourism	Massive Food Production	R3 M	R4 M	R5 M	DRDL,ADA, JOE GEDA	Rural wards	Manage r: Strategic Planning and Economic Develop ment
Strategic Planning and Economic Develop ment	SMME develop ment	Expansion of Furniture manufacturi ng	R 5,M	R5,5 M	R6, M	Private Partners	2	Manage r: Strategic Planning and Economic Develop ment
Strategic Planning and Economic Develop ment	Agricult ure, Forestry & Tourism	Peach Processing	R2 M	R2,5 M	R3,M	DEDEAT, DARD	14	Manage r: Strategic Planning and Economic Develop ment
Strategic Planning and Economic Develop ment	Agricult ure, Forestry & Tourism	Maize Meat Hub	17,8 M	20 M	25 M	DRDL,JOEG EDA	Rural ward	Manage r: Strategic Planning and Economic Develop ment
Strategic Planning and Economic Develop ment	Agricult ure, Forestry & Tourism	Composting	R550 000	R3 M	R2 M	DAFF, DRDL,CSIR ARC	All	Manage r: Strategic Planning and Economic Develop ment

Strategic Planning and Economic Development	Agriculture, Forestry & Tourism	Essential Oil	R3 M	R3,5 M	R5,5 M	DEDEAT, DAFF, DRDL	All	Manager: Strategic Planning and Economic Development
Strategic Planning and Economic Development	SMME Development	Water Bottling	R1 M	R500 000	R300 000	DEDEAT, ECDC, Private Partner	3	Manager: Strategic Planning and Economic Development
Strategic Planning and Economic Development	SMME Development	Brick Making Industry and construction	R500,000	R600,000	R500,000	DEDEAT,DTI,SEDA	All wards	Manager: Strategic Planning and Economic Development
Strategic Planning and Economic Development	Spatial Planning	Ward Based Economic Profiling	R600 000	-	-	DEDEAT	All wards	Manager: Strategic Planning and Economic Development
Strategic Planning and Economic Development	Investment Promotion	Commercial Property Development	-	R50 M	-	Private Sector	9	Manager: Strategic Planning and Economic Development
Strategic Planning	Investment	Agri Forestry Cluster	-	R1 M	-	Municipality &		Manager:

and Economic Development	Promotion	Business Plan (Northern /Eastern Zone)				Partners		Strategic Planning and Economic Development
<b>FUNDED PROJECTS</b>								
Strategic Planning and Economic Development	Spatial Planning	Thembeni Township establishment	R1.4M	R0	R0	CAPEX	9	Manager: Strategic Planning and Economic Development
Strategic Planning and Economic Development	Agriculture, Forestry & Tourism / Audit, reorganise and formalize businesses as well as street trading activities / Spatial Planning	Small Town Regeneration	R1M	R2M	R3M	CAPEX	9	Manager: Strategic Planning and Economic Development
Strategic Planning and Economic Development	Audit, reorganise and formalize businesses as well as street trading activities	Street trader Facility	R400 000	R1.5M	R1.5M	CAPEX	3	Manager: Strategic Planning and Economic Development
Strategic	Agricult	Feasibility	R400	R800	-	OPEX	2, 9 & 17	Manage

Planning and Economic Development	ure, Forestry & Tourism	and business plan for wool processing	000	000					r: Strategic Planning and Economic Development
Strategic Planning and Economic Development	SMME Development	Cooperative Centre Development	R500 000	R1 M	R1,5 M	CAPEX	3		Manager: Strategic Planning and Economic Development
Strategic Planning and Economic Development	Agriculture, Forestry & Tourism	Craft Centre	R700 000	R1 M	R1,5 M	CAPEX	9		Manager: Strategic Planning and Economic Development
Strategic Planning and Economic Development	All	Investor Guide	R200 000	R50 000	R50 000	OPEX	ALL WARDS		Manager: Strategic Planning and Economic Development
Strategic Planning and Economic Development	All	Trade mission	R100 000	R100 000	R100 000	OPEX	N/A		Manager: Strategic Planning and Economic Development
Strategic Planning and	SMME development	Business Network Development	R400 000	R600 000	R800 000	OPEX	All wards		Manager: Strategic

Economic Development		t						Planning and Economic Development
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#### KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Department	Priority Area	Project/Programme	Financial Years and Estimated Costs			Source of Funding	Ward/Locations	Staff Responsible
			2013/2014	2014/2015	2015/2016			
<b>FUNDED PROJECTS</b>								
Budget and Treasury	Financial Management and Viability	Compilation of AFS and FAR	R 1 500 000	R 1 576 500	R 1 653 748	OPEX	N/A	Chief Financial Officer
Budget and Treasury	Financial Management and Viability	Data Cleansing exercise	R 200 000		R0	OPEX	N/A	Chief Financial Officer

#### KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Department	Priority Area	Project/Programme	Financial Years and Estimated Costs			Source of Funding	Ward/Locations	Staff Responsible
			2013/2014	2014/2015	2015/2016			
<b>FUNDED PROJECTS</b>								
Office of the Municipal Manager	Public Participation & Communication	Public participation	R800 000	R880 000	R968 000	OPEX	All	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	Public participation forum meetings	R20 000	R22 000	R24 200	OPEX	All	Municipal Manager



	cation							
Office of the Municipal Manager	Public Participation & Communication	Mayors conversations	R40 000	R44 000	R48 400	OPEX	All	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	News letter	R280 000	R308 000	R338 800	OPEX	All	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	LCF quarterly meetings	R18 000	R19 800	R21 780	OPEX	All	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	Coordination of the establishment of a community radio	R10 000	R11 000	R12 100	OPEX	All	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	Coordination of the establishment of a community newspaper	R15 000	R16 500	R18 150	OPEX	All	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	Upgrading of PA system	R20 000	R22 000	R24 200	OPEX	N/A	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	Installation of indoor broadcasts	R50 000	R55 000	R60 500	OPEX	N/A	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	Production lights for video cameras	R20 000	R22 000	R24 200	OPEX	All	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	DSTV subscriptions	R20 000	R22 000	R24 200	OPEX	All	Municipal Manager

	cation							
Office of the Municipal Manager	Public Participation & Communication	Designer software	R7 000	•	•	OPEX	N/A	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	Website upgrade to allow online activities	R50 000	R55 000	R60 500	OPEX	N/A	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	Signage update	R20 000	R22 000	R24 200	OPEX	All	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	Updated faces of council	R10 000	R11 000	R12 100	OPEX	All	Municipal Manager
Office of the Municipal Manager	Public Participation & Communication	IGR forums meetings	R20 000	R22 000	R24 200	OPEX	All	Municipal Manager
Office of the Municipal Manager	Risk Management	Risk register developed and submitted by 30 <sup>th</sup> of June to the Audit Committee	R100 000	R110 000	R121 000	OPEX	N/A	Municipal Manager
Office of the Municipal Manager	Vulnerable Groups	Youth development strategy	R220 000	R242 000	R266 200	OPEX	ALL	Municipal Manager
Office of the Municipal Manager	Vulnerable Groups	Youth Centre	R300 000	R330 000	R363 000	OPEX	ALL	Municipal Manager
Office of the Municipal Manager	Vulnerable Groups	Dare to Dream	R430 000	R473 000	R520 300	OPEX	ALL	Municipal Manager

Office of the Municipal Manager	Vulnerable Groups	Mayoral Cup	R600 000	R660 000	R726 000	OPEX	ALL	Municipal Manager
Office of the Municipal Manager	Vulnerable Groups	Rural women empowerment	R500 000	R550 000	R605 000	OPEX	ALL	Municipal Manager
Office of the Municipal Manager	Vulnerable Groups	Implementation of PWD strategy	R200 000	R220 000	R242 000	OPEX	ALL	Municipal Manager
Office of the Municipal Manager	Vulnerable Groups	Implementation of HIV&AIDS strategic plan	R680 000	R748 000	R822 800	OPEX	ALL	Municipal Manager
Office of the Municipal Manager	Vulnerable Groups	16 Days of activism & other campaigns	R50 000	R55 000	R60 500	OPEX	ALL	Municipal Manager
Office of the Municipal Manager	Vulnerable Groups	Women's Day	R50 000	R55 000	R60 500	OPEX	ALL	Municipal Manager

- **2013/2014 SECTOR DEPARTMENT'S PROGRAMMES/PROJECTS**
- **DEPARTMENT OF ROADS AND PUBLIC WORKS**
  - **ROADS PROGRAMME**

PROJECT NAME	PROGRESS SINCE PREVIOUS OUTREACH	BUDGET	TIME FRAME (when the project started & when it is going to be completed)	RECOMMENDATIONS
SLA Elundini	N/A	R 4,000,000.00	Jan 2013 to March 2015	This is a multiyear project
RRM Elundini	N/A	R 5,403,000.00	Aug 2012 to July 2015	This is a multiyear project. Funds are for a consultant and a contractor
Flood Damage:	N/A	R 2,400,000.00	Jan 2013 to Feb 2014	

DR08018				
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- **BUILDINGS PROGRAMME**

PROJECT NAME	PROGRESS SINCE PREVIOUS OUTREACH	BUDGET	TIME FRAME (when the project started & when it is going to be completed)	RECOMMENDATIONS
Mt Fletcher Social Cluster: Education & Social Development (Phase 1)		R 30,000,000.00	30 October 2013 – February 2016	Department of Education funds

- **EPWP PROGRAMME**

PROJECT NAME	PROGRESS SINCE PREVIOUS OUTREACH	BUDGET	TIME FRAME (when the project started & when it is going to be completed)	RECOMMENDATIONS
Household Contractor Programme	2462 beneficiaries to date	R33,960,160.00	April 2013 – March 2014 (Renewable)	
NYS	9 Learners	R 781 200 (For the whole district)	June 2012 – December 2013	
APTCoD	6 Learners	R 960 000 (For the whole district)	April 2013 – March 2014 (Renewable)	

- **DEPARTMENT OF EDUCATION**

**PROGRAMMES TO BE IMPLEMENTED**

- **SCHOOL BUILDING**

- Priority list: Permanent Structure
- Priority list: Prefabs

- **CONSTRUCTION OF TOILETS FOR SCHOOLS**

- The programme is driven by Mvula Trust and the Provincial Department of Education. Currently the programme is not running.

- **ELECTRIFICATION OF SCHOOLS**

- 69 Schools electrified
- 118 Schools not electrified

- **ERADICATION OF MUD SCHOOLS**

- There are 49 pure mud structured schools

- **DEPARTMENT OF SAFETY AND LIAISON**

Objective	Activity	Key Performance Indicator	Venue	Time Frame	Budget
Operationalisation of PCPS	Assessment and monitoring of 4 Police Stations on Crime Prevention Protocol	School Safety Assessment and campaigns.	Zamuxolo	August 2013 Oct 2013 Oct 2013 Feb 2014	R 20 000
	Establishment and monitoring of Safety Patrollers	Meetings with schools, CPFs and Education Department	Ugie (Sibabalwe)	Quarterly	R 50 000
	Participate in Community Safety Forum	Meetings and Campaigns	Elundini	Quarterly	R 20 000
	Participate in IGR and IPD meetings	Meetings and reports	Elundini Local Municipality	Quarterly	R 15 000
	Convene District engagement meetings with 3 Clusters	Meetings and reports	Mt Fletcher	Quarterly	R 5 000

Strengthen Community Police Relations	Assess Functionality of Community Policing Forum	Meetings with CPFs using assessment tool	All 8 Police Stations in the Municipality	Monthly	NCI
	Monitoring Established Street/Village Committees	1 Workshop on Street/Village Committees	Maclear	May 2013	R 10 000
	Monitor and support sector forums	12 Police stations assessed	Mt Fletcher, Tabase, Maclear, Katkop, Ugie	Quarter 3	R 30 000
	Capacitation of Community Policing Forum	Training of CPFs	All 8 Police Stations in Elundini	Nov-Dec 2013	R 43 000
	CPF Cluster Boards supported		Mt. Fletcher Cluster	July 2013	R 30 000
Effective Oversight of SAPS	SAPS Strategic engagements	Crime Combating Forum and sub-joints Meetings	Mt Fletcher	Quarterly	R 5 000
	Service Delivery Evaluations conducted at 4 Police Stations	Evaluation utilizing monitoring tools	Mbizeni Maclear Ugie Zamuxolo	June 2013 July 2013 August 2013 August 2013	R 15 000
	Conduct 2 Police Cluster Accountability Meetings	Community meetings	Mbizeni Kat-Kop	May 2013 July 2013 Aug 2013 Oct 2013 Nov 2013 March 2014	R 30 000
	02 Police Stations Monitored using unannounced visits	Unannounced visits using the tool	Eland's Height Mbizeni	Oct 2013 Jan 2014	R 5 000
Complaints Management	Service Delivery Complaints	Reports compiled	District Office	Quarterly	NCI

	against SAPS received and addressed				
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- **2013/2014 MIG CAPITAL IMPLEMENTATION PLAN**

WARD	ACTIVITY	PROJECT NAME/PROGRAMME	EXTENT OF WORKS	STATUS	PROJECT VALUE	REGISTRATION STATUS	DEPARTMENT
14	Construction of a pedestrian bridge	Ulundi, Lenge to Lehana`s Pass J.S.S Pedestrian Bridge	1 unit	Planning stage	R720 000.00	Yes	IP &D
14	Construction of all-weather gravel access roads	Construction of Access Road from T78 to Zanyeni	4 km	Planning stage	R5 895 298.00	Yes	IP &D
8	Construction of a pedestrian bridge, Construction of all-weather gravel access road	Thakabana High School to Mahlathini Pedestrian Bridge, R56 Nkobongo & Pitoli A/R (Ketekete)	1 unit 10 km	Planning stages	R650 000.00 R7 125 000.00	Yes	IP &D
15	Construction of all-weather gravel access roads	Construction of Lehana to Upper Tokoana Access Road (Phase 2)	5 km	Planning stage	R13 718 961.00	Yes	IP &D
4	Construction of all-weather gravel access roads	Construction of access road from T83 to Platana	6 km	Planning stage	R4 485 000.00	Yes	IP &D
5	Construction of public amenity	Hopedale sports field	1 unit	Planning stage	R12 626 972.00	Yes	IP &D

11	Construction of pedestrian bridge	Mjikelweni to Makwatlane High School Bridge	1 unit	Planning stage	R850 000.00	Yes	IP &D
13	Construction of pedestrian bridge	Kuebung Pedestrian Bridge	1 unit	Planning stage	R650 000.00	Yes	IP &D
16	Construction of all-weather gravel access roads	Nonzaba to Chevychase access road	2 km	Planning stage	R2,1 million	Yes	IP &D

## SECTION H: FINANCIAL VIABILITY AND FINANCIAL PLAN

In accordance with the outcomes of the latest assessment conducted on the financial position, the Elundini Local Municipality remains financially sustainable and is able to meet its financial commitments.

Significant reforms within the adoption of new accounting standards, being Generally Recognized Accounting Practice (GRAP), coupled with significant reforms within Municipal Budgeting and Reporting Regulations has significantly enhanced the credibility, sustainability, transparency, accuracy and reliability of financial planning, management and reporting within the Elundini Local Municipality

In meeting the demands associated with modernized practices towards sustaining and enhancing financial viability; and addressing the specific needs of Elundini LM within the context of limited resources and mounting service delivery expectations, has necessitated that a comprehensive integrated approach towards financial sustainability be developed.

In terms of the approach adopted, the report will clearly define financial risks which have been identified as being a financial threat to the long termed sustainability of the Organisation, linked to key challenges, with a detailed focus on effective strategies employed to mitigate against financial threats and weaknesses, concluded by a detailed analysis of the service delivery package and associated financial implications on the operations, statement of financial position and cash flows for the MTREF 2013/2014- 2015/2016 which collectively aims to position Elundini LM on a sustainable approach to service delivery.

### 7.1. FINANCIAL RISKS AND KEY CHALLENGES

In order to maintain and improve on the financial efficiencies and position of Elundini LM, certain risks need to be managed, while financial management practices need to be continuously improved.

#### 7.1.1. THE KEY FINANCIAL RISKS CONFRONTING THE MUNICIPALITY:



- Limitation on Revenue Raising Capacity due to high poverty indices;
- Maintaining existing collection levels and arresting the debt composition associated with Low level Service Offerings;
- Financial Distress- ratio analysis- specific on Working capital elements
- Containment of costs within set benchmarks as established within the budget process;
- The escalation of electricity costs due to tariff increases imposed by Eskom and the effect on affordability and non-payment levels;
- Electricity distribution losses estimated at 17%
- Increases associated with deferred maintenance and backlog eradication;

### **7.1.2. KEY CHALLENGES**

- Maintaining an unqualified audit opinion, and achieving a clean audit by 2014;
- Affordability of a desired Organizational Structure;
- Reducing overall cost exposure, maximize productivity and enhance revenue streams;
- The need to improve customer care functioning;
- The need to ensure legal compliance through all procedures and programmes;
- Recurring under spending of the capital budget
- % Capital budget allocations to refurbishment of existing infrastructure

### **7.2. FINANCIAL STRATEGIES**

The Financial Strategy has been formulated to ensure that the Elundini Local Municipality maximizes all available opportunities that would enhance Councils financial strength especially considering the cost-shift environment that has been created with the implementation of assigned powers and functions.

Council's overall Financial Strategy is structured into the following core components to allow for a clearer understanding of the overall task:

- Revenue enhancement and maximisation Strategies
- Asset Management strategies
- Financial Management Strategies
- Capital Financing Strategies
- Operational Financing Strategies
- Supply Chain Management turnaround Strategy
- Strategies to Enhance Cost-effectiveness
- Free Basic Services and indigent Support

These segments are intended to provide operational guidance to staff to assist them in achieving identified objectives and goals.

Importantly the Strategies formulated are deemed to be primary mitigating tool against the financial risks identified, and giving effect to the objectives of the Integrated Development Plan, through ensuring that the performance targets as per the Budget underlying the IDP are achieved.

The strategies are premised on ensuring compliance with adopted financial policies, modelled on modernised reform practices applicable to Local Government.

### **7.2.1. REVENUE ENHANCEMENT AND MAXIMISATION STRATEGY**

The purpose of this strategy is to ensure that all possible avenues are explored to maximize the receipt of any monies available to Council by way of intergovernmental transfers and Grants or Donations, including expanding the billing database and maximizing income opportunities on every registered serviced site within the LM's jurisdiction.

The second component of this strategy focuses on strengthening and building capacity within credit control and debt management practices and processes of Council, ensuring the attainment and exceeding of collection rates in line with key budgetary requirements.

The third component of the strategy focuses on maximizing the registration of households eligible for participation within the Free Basic Services programme of Council, this component is aimed at arresting spiraling debts associated with this user group, and limiting consumption of services in line with the FBS allocation threshold.

In line with the strategy employed, Council has formalized the appointment of a Specialist Service Provider on a contingency arrangement over three years to undertake revenue enhancement and debt reduction, with a special focus on skills transfer to a dedicated internal unit that will be created during the 2014/2015 financial year.

The success of this programme has been profound, in that the organization has effectively been able to improve the average collection rate from 83.05% in 2010/2011 to 95.52% in 2011/2012.

Financial performance as per the adopted mid term assessment( 2012/2013) reveals that the organization is poised to achieve the anticipated revenue inflows underpinning the budget framework adopted, being a minimum of 80%.

The additional revenue inflows beyond planned performance has provided significant impetus to funding additional programmes to enhance service delivery offerings e.g. Outsourcing of the solid waste management site within Ugie estimated at R 2 Million per annum, as well as financing the recapitalization of the Solid Waste Fleet with modern equipment, and the procurement of new plant and machinery to enhance maintenance activities associated with road infrastructure R 4 million.

The targeted debt collection rate over the 2013/14- 2015/2016 MTREF is positioned at 80%, increasing to 85%, and 90% respectively.

### **7.2.2. SUBSIDIES AND GRANTS**

In order for Elundini LM to obtain maximum benefit from external monies available, a policy laying out the relevant procedures has been put in place within the Institution to ensure that all grants, donations and subsidies are investigated, applied for and received at the appropriate times. The policy will ensure that Council receives maximum benefit from external funding available.

The success of this policy has resulted in capital revenue inflow of R 5 million over the past financial year, through a funding agreement concluded between ECDC and NER and the ELM for the upgrade of the Prentjiesberg Roads and Storm water project.

The ELM has entered into a Service Level Agreement with the Department of Roads and Public works, whereby the ELM undertakes road construction and maintenance activities on District Roads, the Revenue Inflows associated with this activity is estimated at R 2.7 million for the 2013/2014 financial year.

Finally, the ELM has applied to National Treasury for an allocation of R 5 million towards Infrastructure skills development to underpin ELM commitment to accelerate service delivery initiatives premised on infrastructure rollout.

The Municipality has prioritized an initiative to appoint a funding agent over the MTREF 2013/2014-2015/16 to conclude business plan development and applications through various government funding agents.

### **7.2.3. CAPITAL TRANSFERS: MTREF 2013/14 - 2015/16: ELUNDINI LM**

In terms of the DORA the indicative allocations as defined within table A4 clearly defines that over the MTREF 2013/14 to 2015/16 Elundini LM will receive R 86.4 Million prioritized for road infrastructure; similarly Infrastructure Allocations in the sum of R 16 Million are expected to be received under the INEG allocation for electrifications.

### **7.2.3. IN-KIND ALLOCATIONS**

In terms of the Water Services Development Plan of the Joe Gqabi DM, direct investment into water infrastructure within the Elundini Municipal area has been quantified at R 236.07 Million over the 2013/2014-15/16 MTREF.

The above-mentioned allocations are confirmed as per the DORA and will be prioritized towards the provision of potable water and basic sanitation facilities.

Similarly as per the publicized DORA the JGDM has been allocated a Municipal Water Infrastructure Grant of R 10.5 Million over the 2013/2014 MTREF for the provision of water supply to consumers currently without any form of services (see tabularized analysis per financial year under component effect of budget).

Provision of Free Basic Services (Water and Sanitation) to the poor will be funded through the Equitable Share allocation received; as per the DORA publicized, R 184.2 million has been allocated over the MTREF to cover the provision of free basic services within Elundini LM.

Similarly, the JGDM has entered into a donor funding arrangement with the Government of the Netherlands that will see the rollout of Free Basic Water to 107 Villages located under EC 141 (Elundini LM).

Eskom's electrification program funded through the Integrated National Electrification Grant (INEG) will see R 178.45 million being invested over the MTREF 2013/14- 2015/16 within Elundini service area to address inherent service backlogs of 70% on electrification within Elundini LM.

#### **7.2.4. ADMINISTRATION FEE POLICY**

The Administration Fee Policy has been updated to address the needs of Council with regards to administration of contracts on behalf of third parties.

Importantly, this component will result in R 20.46 Million being appropriated to own revenue over the 2013/14-2015/16 MTREF from conditional grants held within the Organisation.

#### **7.2.5. CREDIT CONTROL AND DEBT COLLECTION POLICY**

The Policy sets out to control and manage the recovery of outstanding debt due to Council. This policy is in place and is subject to regular updates.

The policy lays down the basis for distribution of accounts, collection procedures, interest and penalties to be charged in the event of non-payment, with strong focus on management reporting requirements pursuant of key legislative requirements and performance management.

Giving effect to the administration of this policy, Council through the appointment of a revenue specialist has invested in a Revenue Management and Debt collection System fully compliant with Municipal Bylaws and objects of the policy framework, the system effects have result in macro approach to debt management and collection being effected, in an effective and efficient manner, maximize the return on investment and per household.

#### **7.2.6. TARIFF POLICY**

This policy sets key guidelines on what should be considered when pricing services and guiding principles for the compilation of water, sanitation, solid waste and electricity tariffs.

This policy is subject to constant review, given significant reforms within the electrification and water sectors, which impact on the price cost of services rendered, and ultimately on the sustainability of trading services.

Through the policy framework adopted and implemented, Council has for the 2013/2014-2015/16 MTREF prioritized the continuation of the revenue protection strategy employed during 2012/2013 to further reduce existing losses of 17% or R 6 million to an acceptable technical loss of 10%.

### **7.3. ASSET MANAGEMENT STRATEGIES**

The purpose of the strategy is to optimize the use of all assets under the control of Elundini Local Municipality, given the financial exposure and the revenue streams earned by the Municipality in the rendering of services to the community.

Due to the strategic importance that the entire asset base presents around the continued viability of the organization R 115.3 million will be invested over the 2013/2014-2015/16 MTREF in capital expansion programmes, with R 34.4 Million of Opex being invested into repairs and maintenance initiatives aimed at maintaining all assets in good operational order to maximize ROI. (See Asset Management commentary elsewhere in this report for detailed analysis around % benchmark indicators)

### **7.3.1. ASSET MANAGEMENT POLICY**

This policy is deemed necessary in order to facilitate the effective management, control and maintenance of the assets. The policy is in place and is subject to regular review.

The prime objectives of the policy are to ensure that the assets of Elundini are properly managed and accounted for by:

- Ensuring the accurate recording of asset information
- The accurate recording of asset movements
- Exercising strict control over all assets
- Providing correct and meaningful management information
- Compliance with Council's Insurance Policy and Payment Procedure
- Effecting adequate insurance of all assets
- Maintenance of Council's Assets

The implication of this policy on the administration and planning of assets has been profound, in that the organization has a comprehensive understanding of all assets under the Management Control of the Municipality, has an acute understanding of the conditions and remaining lifespan etc. of the asset base, all of which are aimed at ensuring that sound financial planning occurs, especially around investment choices and reserve creation to safe guard against ageing infrastructure; the Funding and Reserves policy is directly influenced through the outcomes of the annualized conditional assessment on all infrastructural assets.

The Municipality likewise has incurred losses of less than R 178 000 due to theft of assets over the preceding financial year, all of which we subject to insurance claims; all assets have been adequately verified and accounted for in line with GRAP requirements, and has received no negative audit reports in this regard.

It is envisaged that strict adherence to policy framework will continue to be applied in order to protect the resource of the community, and ensure the continued viability of the Municipality.

### **7.3.2. ASSET MOVEMENT SYSTEM**

At the time of commissioning a GRAP compliant Asset Register, an asset tracking system using bar-coded discs and scanners was put in place. With the completion of the Asset Register, the asset tracking system is now fully operational.

The system allow for regular audits of all assets to be completed in a shorter time frame and therefore allowing for more regular updates of the register.

Asset verifications are undertaken twice a year for purposes of validating the existence and proper recording of all assets; all assets not accounted for are thoroughly investigated and reported to Council.

### **7.4. FINANCIAL MANAGEMENT STRATEGIES**

The purpose of this strategy is to ensure that the Financial Systems in place at Elundini Local Municipality are of such quality to allow for the generation of accurate and timely reporting at all times.

The Strategy has culminated in the institution being able to effectively make informed decisions around service delivery, identify financial risks and impeding financial problems, through having an acute understanding of the financial affairs of the Municipality, through a simplified qualitative analysis being provided based on the in year reports focusing on budgeted performance (revenue, expenditure, capital); impact of the trading activity on the financial position and cash flows within the Organisation, this is in compliance with international standards on in year reporting.

- **SUPPLY CHAIN MANAGEMENT TURNAROUND STRATEGY**

The Municipality has during the course of the 2012/2013 financial year developed a comprehensive SCM turnaround strategy aimed at significantly enhancing overall compliance with SCM regulations and addressing internal control deficiencies addressed within the audit report during 2012 issued by the Auditor-General, whilst improving significantly on operational efficiencies aimed at promoting quicker turnaround times and improving overall internal and external client satisfaction.

Importantly, the turnaround strategy employed has seen the creation of a fully-fledged SCM unit which is fully compliant with SCM Regulations issued reporting to the office of the Chief Financial Officer.

The Organizational structure has been redesigned to ensure logical arrangement of critical functions overseen by the Supply Chain Manager, and is segmented into the following core functional areas, namely:

- Demand and Acquisition Management
- Bid Administrations and Contracts Management

In terms of the systems of delegations adopted, the Municipality currently uses a fully functional bid committee system that regulates all competitive bids ranging from R 200 000 to R 10m.

In terms of the committee system in use, three distinct committees are in existence, each comprising of specialists within various fields that assist in the discharge of roles and responsibilities assigned, the committee system in use comprise the following:

- Bid Specifications Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

The Chairmanships of all bid committees are highly regulated and all appointment are authorized by the Accounting Officer in line with Municipal Regulations issued; all committees are furthermore represented by a Senior Supply Chain Practitioner.

- **BUDGET AND FINANCE REFORM**

A considerable amount of time and effort has been expended on ensuring that Elundini Local Municipality has the capacity to deliver on the finance and budget reporting requirements as prescribed by National Treasury.

The institution has reaffirmed its commitment to the development of capacity to service local government interest within financial management and administration and as such has invested R 4.75 Million towards this program over the 2013/2014- 2015/2016 MTREF.

The process is being overseen by a Finance Standing committee and significant progress has been made in some areas. Specific tasks being performed are:

- Employment of 5 interns and short term contract workers
- Reconciliation of assets
- Training
- Supply Chain Management
- Liability Management
- Revenue Management
- Financial Systems Reporting
- Automation of Section 71 reporting

- **POLICY FOR ACCESSING DONOR FUNDS**

Due to the large number of projects that are being requested from the community, a policy has been developed and implemented which creates a framework for accessing funds both locally and internationally.

The policy outlines the type of donors available and the conditions related to the donations. All procedures and special conditions attributable the different donors will be catalogued in the policy to ensure the smoothest approach to these donors when the occasion arises.

This policy implementation lies with the Municipal Manager's Office as an extension of the Subsidies and Grants Policy.

Please refer to section on Subsidies and Grants around the successful application of the policy framework.

- **OPERATIONAL FINANCING STRATEGIES**

The purpose of this strategy is to assess the viability (IA) of any association or alliance or partnership that may arise from time to time.

Elundini Local Municipality has been assigned various functions and authorities by the MEC for Local Government, Housing and Traditional Affairs or Structures Act.

Council, through National Treasury have begun a formal process of exploring a PPP option on the landfill sites within the areas of Maclear, Ugie and Mt Fletcher on a 10 year outsourced option, aimed at significantly passing financial risk onto the private party (R 30 Million over 10 years); Council has provided R 6.367 Million over the 2013/2014- 2015/2016 MTREF for this purpose financed through enhanced debt collection initiatives.

Similarly, a memorandum of understanding has been concluded between the Elundini LM and Department of Public Works for the construction of divisional roads within Elundini, aimed at

maximizing the returns of investment for Elundini around the acquisition and utilization of plant (road construction) acquired, outside of planned performance linked to MIG internal road construction framework, whilst reducing input costs for the Department and hence generate significant project related savings which may be reprioritised to increase service coverage.

- **STRATEGIES TO ENHANCE COST-EFFECTIVENESS**

The purpose of this strategy is to ensure that Elundini Local Municipality employs the most cost effective operating practices.

Importantly, this strategy is driven on the principles enshrined within the Costing policy, which amongst other things advocates that the sustainability of Elundini LM is not primarily driven on resource generation capacity, rather a combination of effective resource utilization, premised on cost conscious decision making practices and processes.

- **BENCHMARKING AND PERFORMANCE INDICATORS**

A set of performance indicators will be developed in conjunction with Provincial Treasury and implemented to test the effectiveness and efficiency of the Municipality. Benchmarking these against similar organisations will allow for regular internal assessment and upgrading.

These bench mark indicators will supplement the battery of indicators that have been developed as part of the new budget reporting formats and regulations, aimed at gauging the efficacy of financial performance and management.

- **TRAINING AND DEVELOPMENT OF STAFF**

Training sessions and courses are continually being planned to ensure that all financial as well as non-financial, senior staff and councillors will be in a better position to evaluate the financial position of the Municipality. The Council also has an approved skills development plan, which is being implemented and is used to guide training of both Councillors and Officials.

The training related budget provided over the 2013/2014-2015/16 MTREF supporting the workplace skills plan equates to R 5.8 Million

Similarly the organization has enrolled 11 employees on the Minimum Municipal Competency training programme for the 2013/2014 financial year; it is anticipated that by the end of June 2014 all officials required to be fully competent would have complied with the regulations issued.

- **COST-EFFECTIVENESS**

All departments of the Elundini Local Municipality are challenged continually with identifying the most cost effective means of operating by employing the methods commonly associated with BOP (Best Operating Practices).



- **POST RETIREMENT BENEFITS**

Post retirement benefit obligations have been quantified and disclosed with the AFS in compliance with relevant accounting standards, the Funding and Reserves policy adopted has quantified the basis of cash back provisioning required to provide wholly fund the obligations presented.

## **7.7. FREE BASIC SERVICES**

### **7.7.1. THE INDIGENCE SUPPORT POLICY:**

The basic principles of this policy are captured by indicating that the policy is to ensure that poor households are not denied their constitutional right of access to services, the Elundini LM is required to implement an indigent support policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all residents within the area of jurisdiction.

The indigent support policy is an integral part of the Elundini's tariff policy that is developed and implemented in a transparent manner to ensure the sustainability of local public services to all of its citizens at an affordable cost.

The indigent policy is intended to provide poor households ongoing access to a specified level of service.

The subsidies contained in the policy should not compromise the quality or efficiency of service delivery.

Critically as part of Elundini LM commitment to improve continued access to service and provide a basket of free services as part of the poverty alleviation programme, Council has resolved to accelerate the provision of solar system to non-grid electrified homes within the region( 7 500 new applications over the MTREF), to this effect the service delivery targets have been amended to reflect this target; indigent support funding envelope has significantly increased to R 32.9 Million over the 2013/2014-2015/16 MTREF.

- **FINANCIAL PLAN**

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 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 review of the Municipality's IDP has a ripple effect on the budget.

In addition to being informed by the IDP, 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, whilst the National Electricity Regulator (NER) regulates electricity tariff increases. Various government departments also affect municipal service delivery through the level of grants and subsidies.

## **8.1. EXECUTIVE SUMMARY**

The 2013/2014 to 2015/16 Budget preparation commenced in August 2012 after Council approved a timetable for the IDP and Budget preparation process.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA). The capital budget generally contain new or replacement assets such as roads, vehicles, buildings, etc. The Operating Budget, which is by far the largest component of the Budget, includes the provision of services, such as electricity, refuse collection, road functioning etc.

One of the objectives of the budget timetable is to ensure integration between the development of the Integrated Development Plan (IDP) and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives. The Table in section 1.3.5 illustrates the link between the IDP and Budget.

The assumptions and principles applied in the development of this Budget are mainly based upon guidelines received from National Treasury (expenditure growth) and other external bodies such as the National Electricity Regulator of South Africa (NERSA), South African Local Government Bargaining Council, major service providers, etc. The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

The Operating Budget totals R 158.8 Million, which funds the continued provision of services provided by the Municipality.

The major expenditure items are employee costs (34.17%), Remuneration of Councillors (5.8%) bulk electricity purchases (10.8%), general expenses (33.2%), repairs and maintenance (6.9%)

Funding is obtained from various sources, the major sources being service charges such as electricity, refuse collection (13.3%), property rates (8.5%), sundry related income e.g. hire of plant, agency services, interest on investments (33%), grants and subsidies received from National and Provincial Governments (55.2%).

In order to support the 2013/14 Operating Budget, the following increase in rates and service charges have been proposed, with effect from 1 July 2013:

Property rates	-	8.0 %
Electricity	-	12.0 %
Refuse	-	8.0 %
Sundry Income	-	8.0%

A provision of R 40.8 million has been set aside to cover potential bad debts arising from property rates and service charges not collected. This is based upon a level of payment of debtors' accounts averaging 80%.



<b>Expenditure - Standard</b>	-									
<b>Governance and administration</b>		74	53	77	80	80				
	451		650	839	364	364	81 455	84 491	89 188	
Executive and council	749	11	15	23	25	25	23 815	25 243	26 740	
Budget and treasury office	760	44	22	30	30	30	34 521	35 224	37 054	
Corporate services	942	17	15	23	24	24	23 119	24 024	25 393	
<b>Community and public safety</b>		8	6	8	11	11				
	021		584	652	537	537	13 328	14 129	15 029	
Community and social services	756	4	2	3	3	3	3 315	3 473	3 690	
Sport and recreation	687	2	3	4	2	2	4 833	5 147	5 480	
Public safety	-	-	-	-	4	4	4 605	4 899	5 211	
Housing	578						575	611	648	
Health	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		3	19	31	26	26				
	124		072	988	639	639	26 484	33 294	59 531	
Planning and development	491		2	5	3	3	6 064	6 413	6 775	
Road transport	633	2	16	26	23	23	20 420	26 881	52 756	
Environmental protection	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>		13	37	47	32	32				
	025		225	007	743	743	34 827	36 678	38 568	
Electricity	200	12	13	25	24	24	27 300	28 725	30 173	
Water	004	(2	11	8	-	-	-	-	-	
Waste water management	-		3	3	-	-	-	-	-	
Waste management	829	2	8	10	8	8	7 527	7 953	8 395	
<b>Other</b>	4	-	-	-	-	-	2 715	2 872	3 036	
<b>Total Expenditure - Standard</b>	3	98	116	165	151	151	158	171 464	205 352	
		621	531	486	283	283	808			

## 8.2.1. EFFECT OF THE ANNUAL BUDGET

In this section the operating and capital budget are discussed.

- **OPERATING BUDGET**

The assumptions and principles applied in the development of this Budget are mainly based upon guidelines received from National Treasury (expenditure growth) and other external bodies such as the National Electricity Regulator of South Africa (NERSA), South African Local Government Bargaining Council, major service providers, etc.

The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

The Operating Budget totals R 158.8 Million, which funds the continued provision of services provided by the Municipality.

The table below reflects the MTREF allocations towards expenditures per type.

<b>EC141 Elundini - Table A4 Budgeted Financial Performance (revenue and expenditure)</b>											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Expenditure By Type</b>	-										
Employee related costs	2	36 379	44 086	39 926	55 076		55 076	-	54 269	57 796	553 61
Remuneration of councillors		7 461	7 427	7 738	8 711		8 711		9 221	9 821	459 10
Debt impairment	3	23 920	12 945	10 613	9 583		9 583		6 208	6 525	845 6
Depreciation & asset impairment	2	-	5 011	4 280	3 171		3 171	-	8 220	8 639	062 9
Finance charges		2 098	159	616	179		179		188	198	208
Bulk purchases	2	7 374	9 065	13 378	16 362		16 362	-	17 156	18 031	914 18
Other materials	8		6 709		11 850		11 850		8 653	9 094	540 9
Contracted services		-	2 852	-	7 035		7 035	-	2 246	2 361	476 2
Transfers and grants		-	-	-	-		-	-	-	-	-
Other expenditure	4, 5	21 364	28 276	37 246	53 519		53 519	-	52 647	59 000	295 86
Loss on disposal of PPE		25		55					-	-	-
<b>Total Expenditure</b>		<b>98 619</b>	<b>116 530</b>	<b>113 852</b>	<b>165 486</b>		<b>165 486</b>	<b>-</b>	<b>158 808</b>	<b>171 464</b>	<b>205 352</b>

The graph below reflects the componentization of the operating budget in the sum of R 158.80 Million as denoted within the budgeted statement of financial performance by expenditure type.

**2013/2014 Statement of Financial Performance- Budget Expenditure**

Below is a discussion of the main expenditure components:

## **EMPLOYEE COSTS**

National Treasury no longer prescribes a norm for salary expenditure and instead requires Municipalities to develop a personnel expenditure ratio that is based on the nature of its functions, organizational structure, labour intensity of intensity of its operations, extent to which labour intensive components of its operations are outsourced and the composition of non-personnel components of its operational expenditure. The 2013/2014 budget reflects that 34% of the operational budget is allocated to salary expenditure.

## **BULK PURCHASES**

Eskom has increased bulk tariffs to Municipalities by 8% as relates to the 2013/2014 financial year. The 2013/14 budget accordingly allows for a concomitant increase for bulk power purchases from Eskom. It has been estimated, however, that energy consumption levels will reflect a negative growth of approximately 2%, attributable to the following:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy;
- The implementation of energy conservation measures; and
- The down turn in the economy and its consequential impact on industry.

## **REPAIRS AND MAINTENANCE**

In terms of the analysis provided the organization has committed in excess of 7% of the operating budget to finance maintenance related activities over the MTREF; importantly as per the benchmark indicators set for local government the ELM is expected to provide 8% of net asset value of assets towards repairs and maintenance related activities; this naturally would imply a fundamental shift in funding choices as the implications of this is that the existing allocation would have to increase from the current allocation of R 10.8 million to R 24 million per annum; in response to the challenge the organization has pledged to further enhance the reduction of consumption based spending in favour of ensuring appropriate levels of funding; the financing model is premised to realize this equilibrium by 2015/2016.

## **OPERATIONAL SOURCES OF FUNDING**

The Municipality receives its funding from many sources including property rates, services charges and government grants. The following table identifies the sources of funding for the current financial year 2013/2014 and the projected outer year budgets for 2014/15 to 2015/16.

Importantly the revenue streams have been linked to CPI as defined with the headline inflation forecasts as defined within the National Budget with Electricity being aligned to NERSA proposed IBT tariff increase parameters, :

Below is a graph reflecting the revenue components of the budgeted statement of financial performance

**2013/2014 STATEMENT OF FINANCIAL PERFORMANCE- BUDGET REVENUE**

EC141 Elundini - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>											
Property rates	2	10 890	4 915	12 050	13 548		13 548	-	13 670	14 521	15 611
Property rates - penalties & collection charges								-			
Service charges - electricity revenue	2	10 890	9 503	11 735	13 300		13 300	-	17 400	18 287	19 183
Service charges - water revenue	2	6 180	6 968	5 736	6 110		6 110	-	-	-	-
Service charges - sanitation revenue	2	-	353	958	1 380		1 380	-	-	-	-
Service charges - refuse revenue	2	5 135	5 580	6 641	6 264		6 264	-	4 010	4 250	4 505
Rental of facilities and equipment		735	8 671	9 678	9 899		9 899		11 274	11 849	12 429
Interest earned - external investments		3 420	2 500	2 077	2 812		2 812		1 848	1 942	2 038
Interest earned - outstanding debtors		5 916	150	4 721	3 496		3 496		3 575	3 757	3 941
Dividends received		609	-							-	-
Fines			73		1		1		54	56	59
Licences and permits			2 001	1 703	1 009		1 009		2 133	2 242	2 352
Agency services			9 326	9 903	11 811		11 811		1 397	1 468	1 540
Transfers recognised - operational		64 065	52 021	72 499	76 766		76 766		88 464	104 615	135 974
Other revenue	2	9 116	18 557	11 901	30 043		30 043	-	16 099	8 757	9 038
Gains on disposal of PPE									280	294	309
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>116 956</b>	<b>120 616</b>	<b>149 602</b>	<b>176 438</b>		<b>176 438</b>	<b>-</b>	<b>160 202</b>	<b>172 038</b>	<b>206 979</b>

The graph below reflects the componentization of the operating revenue in the sum of R 160.2 Million as denoted within the budgeted statement of financial performance revenue by source.

**2013/2014 STATEMENT OF FINANCIAL PERFORMANCE- REVENUE BY SOURCE**

Below is a discussion of the main revenue components:

### **OPERATIONAL TRANSFERS**

Growth within the Equitable Share of Nationally raised revenue as gazetted with the Division of Revenue Act has increased 13.7%, as compared with 2013/2014 fiscal year; with outer year adjustments increasing 18.25%, and 30% respectively; the above mentioned revenue correction is a second attempt by National Government to realign the funding formula to Local Government aimed at enhancing the resource base to Local Municipalities that are rural in nature and hence have limitation within their revenue raising capacity, and to counter the effect of the cost of Governance related costs in relation to revenue raising ability.

### **SERVICE CHARGES**

Electricity service charges have increased 12%, as opposed to the General Price increase advocated by NERSA of 8%, the above-mentioned increases are primarily attributed to a claw back approach adopted to ensure break even ability of the trading service, coupled with the introduction of depreciation related charges for the 2013/2014 financial year; importantly as per the IBT's adopted the tariff increases have been limited to 6.6% for the 20 amp users( poor), 8.04% for domestic 60 amp users, 8.0% for single phase business and 19.4% for three phase and large industry.

Solid waste tariffs have increased by 8%, the above mentioned increase has been necessitated by the introduction of a PPP agreement that will effectively culminate in the outsourcing of the three landfill sites within Elundini LM, at an annualized cost of R 2 million per annum.

### **RENTAL INCOME**

The Elundini Local Municipality has undertaken significant investment as part of the revenue diversification strategy employed into revenue generation assets and activities, as such the ELM is anticipating in generating in excess of R 11 million per annum over the MTREF in direct revenue inflows premised on road construction related activities.

Likewise direct investments into recapitalisation of all commercially owned properties will be undertaken to enhance overall rental income earned on investment properties.

### **COMPARATIVE RATES AND TARIFFS**

In order to support the Operating Budget, the following increases in rates and service charges have been proposed, compared to the 2013/2014 financial year:

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
--	----------------	----------------	----------------	----------------



	%	%	%	%
Property rates Increase	6.0	8.0	5.1	4.9
Electricity Increase	11.03	12.0	5.1	4.9
Refuse Increase	6.0	8.0	5.1	4.9

- ## CAPITAL BUDGET

The three year capital budget presented below has been prepared to give effect to the service delivery objectives as contained within the Integrated Development Plan.

Importantly, R 115.3 million will be invested over the 2013/2014-2015/16 MTREF in capital expansion programmes, with R 34.4 Million of Opex being invested into repairs and maintenance initiatives aimed at maintaining all assets in good operational order to maximize ROI. (See Asset Management commentary elsewhere in this report for detailed analysis around % benchmark indicators)

The ELM has appointed a project manager to undertake scoping exercise and feasibility studies into bulk infrastructure to support economic growth within the region, a core component of this assessment will incorporate funding application based on well-defined business plans and the capacity of the existing PMU to further accelerate service delivery.

Analysis of the allocations made would reveal that the Infrastructure Planning and Development Department has been allocated 89% of all capital financing available over the MTREF, these allocations are prioritized towards the construction of gravel access roads and the electrification of rural homesteads; please see separate commentary under in-kind allocations to Eskom on direct investment within electrification projects within ELM to augment ELM financing envelope.

The Municipality has adopted a proactive approach to demand management planning over the 2013/14 MTREF to address inherent weaknesses within the Supply Chain Management process that culminated in the under spending of the capital budget by R 36.4 Million or 42% in the 2010/2011 financial year, and R 11.6 Million or 23.3% in 2011/2012. The following table is an extract from the audited Annual Financial Statements that depicts the % under spending and associated reasoning:

Capital Expenditure by Vote 2012		Actual	Budget	Variance		Reasons
	Budget & Treasury	1 417 320	1 904 600	(487 280)	-25.58%	Delays in sourcing service provider to effect building additions to administrative building.
	Community & Social Services	173 744	243 080	(69 336)	-28.52%	Project savings.
	Electricity	4 861 777	8 099 510	(3 237 733)	-39.97%	Underspending on ECDC and NER programmes.
	Executive & Council	691 852	715 935	(24 083)	-3.36%	In line with expectation.
	Corporate Services	131 041	411 145	(280 104)	-68.13%	Delays in staff appointments and therefor furniture not procured.
	Planning & Development	419 592	2 128 853	(1 709 261)	-80.29%	Delayed procurement of rear-end loader due to delays in appointment of PPP.
	Road Transport	30 430 964	35 611 275	(5 180 311)	-14.55%	Underspending on ECDC programmes.
	Sport & Recreation	108 267	735 000	(626 733)	-85.27%	Delays in appointment of consultants in

						sport fields development.
		<b>38 234 558</b>	<b>49 849 398</b>	<b>(11 614 840)</b>	<b>-23.30%</b>	
<b>2011</b>		<b>Actual (R)</b>	<b>Budget (R)</b>	<b>Variance (R)</b>	<b>Variance (%)</b>	<b>Explanation of Significant Variances greater than 10% versus Budget</b>
	Budget & Treasury	4 151 873	5 050 798	(898 925)	-17.80%	Outstanding projects.
	Community & Social Services	17 719	240 000	(222 281)	-92.62%	Non-implication of projects - Maclear Pound.
	Electricity	19 254 860	28 790 968	(9 536 108)	-33.12%	Outstanding claims on Ugie master plan.
	Executive & Council	6 623 181	7 800 000	(1 176 819)	-15.09%	Outstanding claims on Municipal Buildings.
	Corporate Services	335 033	1 010 000	(674 967)	-66.83%	Master systems plan not completed.
	Housing	-	854 312	(854 312)	-100.00%	Project deferred to next year.
	Planning & Development	1 132 545	6 684 336	(5 551 791)	-83.06%	Hawkers Stalls, Madiba Corridor not commenced. Furniture Manufacturing in progress.
	Road Transport	17 461 988	34 600 111	(17 138 123)	-49.53%	Prentjiesberg road and storm water project subject to legal intervention.
	Sport & Recreation	890 235	1 015 889	(125 654)	-12.37%	Budget related savings from projects.
	Waste Management	-	250 000	(250 000)	-100.00%	Capitalisation of tractors and trailers deferred to next financial year.
		<b>49 867 434</b>	<b>86 296 414</b>	<b>(36 428 980)</b>	<b>-42.21%</b>	

In terms of the revised approach adopted the demand management plan will be adopted together with the Integrated Development Plan and Budget, with monthly and quarterly project reports being furnished to Council as part of the monitoring and evaluation framework adopted.

<b>EC141 Elundini - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding</b>											
Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre- audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand	1										
Capital multi-year expenditure sub- total	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		2 365	6 977	692	-		1 200	-	490	515	540
Vote 2 - BUDGET & TREASURY OFFICE		958	80	1 417	1 200		-	-	100	105	110
Vote 3 - CORPORATE SERVICES		914	1 050	131	-		690	-	1 100	1 156	1 213

Vote 4 - COMMUNITY SERVICES		14 837	1 061	282	690		3 637	-	475	499	524
Vote 5 - STRATEGIC DEVELOPMENT & PLANNING		-	717	-	3 637		35 041	-	1 700	1 787	1 874
Vote 6 - INFRASTRUCTURE DEVELOPMENT & PLANNING		15 455	36 756	35 823	35 041		<b>40 568</b>	-	31 271	38 567	33 323
<b>Capital single-year expenditure sub- total</b>		<b>34 529</b>	<b>46 641</b>	<b>38 345</b>	<b>40 568</b>		<b>40 568</b>	-	<b>35 136</b>	<b>42 629</b>	<b>37 584</b>
<b>Total Capital Expenditure - Vote</b>		<b>34 529</b>	<b>46 641</b>	<b>38 345</b>	<b>40 568</b>		<b>40 568</b>	-	<b>35 136</b>	<b>42 629</b>	<b>37 584</b>

The graph below reflects the 2013/14 Capital Budget by Vote.

### **CAPITAL EXPENDITURE BY VOTE R'000**

- **CAPITAL SOURCE OF FINANCING**

The table denoted below provides Council with an understanding as to the basis under which the Capital expansion programmes of Council are to be financed, importantly the funding is primarily driven through the Division of Revenue Act, as well as funding agreements concluded through the Donor

funding policy, which as per the 2013/2014 fiscal year netted R 5 million in public contributions towards infrastructural upgrades.

Councils contribution of retained earnings towards Capital expansion programs have been curtailed within the MTREF to allow for reserves to be adequately resourced (cashback) based on the funding compliance assessment undertaken to ensure alignment with industry standards.

From the analysis below it would be evident that the organization is primarily dependent on external financing mechanisms to fund eradication of backlogs; it is anticipated that within the MTREF the ELM would once again begin large scale allocation of internal resources to fund capital development; the reprioritization of retained earnings have been curtailed due to the funding assessment compliance and the need to maintain appropriate levels of reserves to fund working capital requirements and deferred obligations.

It is anticipated that towards 2015/2016 due in significant increases in Equitable share being realized that significant resources will be made available from own financing to fund capital development in income generating opportunities.

Please see three year capital plan approved for detailed description of capital projects to be undertaken over the MTREF 2013/14-15/16

<b>EC141 Elundini - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding</b>											
Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Funded by:</b>											
National Government		17 565	17 746	19 711	26 890		26 890		31 271	38 567	33 323
Provincial Government											
District Municipality											
Other transfers and grants				13 087	3 637		3 637				
<b>Transfers recognised - capital</b>	4	17 565	17 746	32 798	30 527		30 527	-	31 271	38 567	33 323
<b>Public contributions &amp; donations</b>	5		16 887								
<b>Borrowing Internally generated funds</b>	6	16 964	12 008	5 549	10 041		10 041		3 865	4 062	4 261
<b>Total Capital Funding</b>	7	34 529	46 641	38 347	40 568		40 568	-	35 136	42 629	37 584

The graph below denotes the capital sources of funding

### **2013/2014 CAPITAL SOURCES OF FINANCING**

- GRANT ALLOCATIONS DIRECT AND INDIRECT**

The table presented is aimed at providing a detailed analysis of all direct and indirect allocations provided in terms of the publicised Division of Revenue Act, allocation as provided under direct are allocations specifically transferred to Elundini Local Municipality and are governed by the Division of Revenue Act.

In terms of the audited outcomes for the 2010/2011 and 2011/2012 financial years the Elundini Local Municipality has complied fully with all conditions imposed by the transferring authority, similarly all grants received have been fully spent and accounted for in terms of the laws governing allocation and use.

<b>B EC141 Elundini</b>	<b>2013/14 R thousands</b>	<b>2014/15 R thousands</b>	<b>2015/16 R thousands</b>
<b>Direct transfers</b>			
<b>Equitable share and related</b>	<b>84 626</b>	<b>102 081</b>	<b>133 357</b>
<b>Fuel levy sharing</b>			
<b>Infrastructure</b>	<b>37 848</b>	<b>46 511</b>	<b>39 176</b>
Municipal infrastructure grant	32 048	36 511	39 176
Integrated national electrification programme (municipal) grant	<b>5 800</b>	<b>10 000</b>	
<b>Capacity building and other current transfers</b>	<b>3 838</b>	<b>2 534</b>	<b>2 617</b>
Local government financial management grant	1 550	1 600	1 650
Municipal systems improvements grant	890	934	967
Expanded public works programme integrated grant for municipalities	1 398		
<b>Sub total direct transfers</b>	<b>126 312</b>	<b>151 126</b>	<b>175 150</b>
<b>Indirect transfers</b>			
<b>Infrastructure transfers</b>	<b>57 458</b>	<b>64 500</b>	<b>69 000</b>
Regional bulk infrastructure grant			
Integrated national electrification programme (Eskom) grant	53 458	60 000	65 000
Rural households infrastructure grant	4 000	4 500	4 000
<b>Sub total indirect transfers</b>	<b>57 458</b>	<b>64 500</b>	<b>69 000</b>
<b>Total</b>	<b>183 770</b>	<b>215 626</b>	<b>244 150</b>
<b>Transfers from Provincial Departments</b>			
<b>Municipal Allocations from Provincial Departments</b>	<b>701</b>	<b>656</b>	<b>656</b>
<i>of which</i>			
<b>Local Government and Traditional Affairs</b>	<b>45</b>	<b>-</b>	<b>-</b>
Local Government Support			
Vuna Awards	45		
<b>Department of Sport, Recreation, Arts and Culture</b>	<b>656</b>	<b>656</b>	<b>656</b>
Library Subsidies	656	656	656

<b>Total: Transfers from Provincial Departments</b>	<b>701</b>	<b>656</b>	<b>656</b>

<b>LOCAL GOVERNMENT MTEF ALLOCATIONS: 2013/14 - 2015/16</b>			
	<b>2013/14 R thousands</b>	<b>2014/15 R thousands</b>	<b>2015/16 R thousands</b>
<b>C DC14 Joe Gqabi</b>			
<b><u>DIRECT TRANSFERS FROM NATIONAL DEPARTMENTS</u></b>			
<b>Local Government Equitable Share</b>	<b>178 958</b>	<b>194 392</b>	<b>211 537</b>
<b>General Fuel Levy Sharing with Metropolitan Municipalities</b>			
<b>Conditional Grants from National Departments</b>	<b>180 710</b>	<b>165 834</b>	<b>175 862</b>
<i>of which</i>			
<b><u>Infrastructure Grants</u></b>	<b>167 570</b>	<b>153 650</b>	<b>163 645</b>
<b>Cooperative Governance</b>	<b>165 792</b>	<b>151 566</b>	<b>161 521</b>
Municipal Infrastructure Grant (Schedule 6)	165 792	151 566	161 521
<b>Transport</b>	<b>1 778</b>	<b>2 084</b>	<b>2 124</b>
Public Transport Infrastructure and Systems Grant (Schedule 6)			
Rural Roads Assets Management Grant (Schedule 6)	1 778	2 084	2 124
<b><u>Recurrent Grants (Schedule 6)</u></b>	<b>12 140</b>	<b>12 184</b>	<b>12 217</b>
<b>Cooperative Governance</b>	<b>890</b>	<b>934</b>	<b>967</b>
Municipal Systems Improvement Grant	890	934	967

<b>National Treasury</b>	<b>1 250</b>	<b>1 250</b>	<b>1 250</b>
Local Government Financial Management Grant	1 250	1 250	1 250
<b>Water Affairs</b>	<b>10 000</b>	<b>10 000</b>	<b>10 000</b>
Water Services Operating Subsidy Grant	10 000	10 000	10 000
<b><u>Incentive Grants (Schedule 8)</u></b>	<b>1 000</b>	<b>-</b>	<b>-</b>
<b>Public Works</b>	<b>1 000</b>	<b>-</b>	<b>-</b>
EPWP Incentive Grant for Municipalities	1 000		
<b>TOTAL: DIRECT TRANSFERS FROM NATIONAL DEPARTMENTS</b>	<b>359 668</b>	<b>360 226</b>	<b>387 399</b>
<b>C DC14 Joe Gqabi</b>	<b>2012/13 R thousands</b>	<b>2013/14 R thousands</b>	<b>2014/15 R thousands</b>
<b><u>TRANSFERS FROM PROVINCIAL DEPARTMENTS</u></b>			
<b>Municipal Allocations from Provincial Departments of which</b>	<b>371</b>	<b>461</b>	<b>489</b>
<b>Local Government and Traditional Affairs</b>	<b>371</b>	<b>461</b>	<b>489</b>
Capacity Building	371	461	489
<b>SUB-TOTAL: TRANSFERS FROM PROVINCIAL DEPARTMENTS</b>	<b>371</b>	<b>461</b>	<b>489</b>
<b>TOTAL: TRANSFERS FROM NATIONAL AND PROVINCIAL DEPARTMENTS</b>	<b>359 668</b>	<b>360 226</b>	<b>387 399</b>
<b><u>INDIRECT TRANSFERS FROM NATIONAL DEPARTMENTS</u></b>			
<b>Allocations-In-Kind to Municipalities (Schedule 7) of which</b>	<b>300</b>	<b>5 000</b>	<b>-</b>
<b>Water Affairs</b>	<b>300</b>	<b>5 000</b>	<b>-</b>
Water Services Operating Subsidy Grant	300	5 000	-
Regional Bulk Infrastructure Grant			
<b>TOTAL: INDIRECT TRANSFERS FROM NATIONAL DEPARTMENTS</b>	<b>300</b>	<b>5 000</b>	<b>-</b>
	<b>359 968</b>	<b>365 226</b>	<b>387 399</b>
<b>C DC14 Joe Gqabi</b>	<b>2013/14 R thousands</b>	<b>2014/15 R thousands</b>	<b>2015/16 R thousands</b>
Breakdown of Equitable Share for district municipalities authorised for services			

Water			
EC141 : Elundini	31 086	33 693	36 309
EC142 : Senqu	30 363	32 857	35 353
EC143 : Maletswai	7 466	8 184	8 920
EC144 : Gariep	6 420	6 986	7 559
	<b>75 335</b>	<b>81 720</b>	<b>88 141</b>
Sanitation			
EC141 : Elundini	25 903	27 779	29 584
EC142 : Senqu	25 302	27 090	28 805
EC143 : Maletswai	6 222	6 748	7 267
EC144 : Gariep	5 350	5 760	6 159
	<b>62 777</b>	<b>67 377</b>	<b>71 815</b>
Breakdown of MIG allocations for district municipalities authorised for services			
EC141 : Elundini	81 810	74 852	79 416
EC142 : Senqu	54 201	49 591	52 615
EC143 : Maletswai	5 476	5 010	5 316
EC144 : Gariep	2 697	2 467	2 618
	<b>144 184</b>	<b>131 920</b>	<b>139 965</b>

- **FUNDING OF THE BUDGET**
- ***FISCAL OVERVIEW***
- **2012/13 ACTUAL AND 2013/14PROJECTED FINANCIAL PERFORMANCE**

The municipality's financial performance and position appears to be as evidenced by the following:

- Budgets are balanced, being funded from the current financial year's revenues.
- The municipality operates within its annual budget, as approved by Council.
- The municipality maintains a positive cash and investments position.
- Higher than expected/modelled collection rates are being achieved.

- **OPERATING BUDGET**

In the 2013/2014 financial year expenditure in the amount of R 165 million was fully funded from the municipality's revenues. A similar performance is projected for 2013/14 with R 158.8 million of expenditure being funded by revenue of R 196.4 million leaving a budgeted surplus of R 37.6 million which is appropriated in the Statement of Changes in Net Assets. For both financial years, the current financial year's revenues were sufficient to cover the operating expenditures.

In February 2013 it was reported to the Budget and Treasury Standing Committee that the average revenue collection rate was 75% of the current financial year's billings. The collection rate of 80% on



which the 2013/14 Operating Budget is premised, is in line with the IDP target. It will assist the municipality in maintaining its financial position to support the mid-term plan in this Budget.

The Municipality has developed and implemented a Revenue enhancement strategy, it is anticipated that the gains made to date improving the collection rate from 28% in 2009/2010 to 95% by June 2012, will continue and result in the achievement of a consistent collection rate of 80+% within the MTREF.

- **CAPITAL BUDGET**

The actual capital budget projected spend in 2012/2013 amounted to R40.5 Million, of which R 26.9 million was funded from National and Provincial Government grants, R 3.6 Million financed from Public Contributions and donations and the remaining R 10 million was funded from Council's internal sources.

The projected spending level over the 2013/14-2015/16 MTREF will result in a significant reduction within Capital expenditure, with a capital budget allocation of R35.1 million being proposed for 2013/2014, financed through National Government in the sum of R 31.2 Million, and internal reserves of R 3.86 Million.

The above-mentioned decline is attributable to the completion of significant investment within the Ugie area financed through external grant allocation secured as part of the Steinhoff infrastructure rollout plan

In the two outer years of the MTEF 2014/15 and 2015/2016, the Capital budgets have been modelled primarily around gazette Municipal Infrastructure Grant allocations, which will see a net decline in the level of infrastructure investment to match available resources.

- **MID TERM OUTLOOK – 2013/14 TO 2015/2016**

***OPERATING BUDGET***

The operating budget amounts to R 158.8 million for the 2013/14 financial year. It then increases to R 171.5 Million in 2014/2015, and finally to R 206.9 Million in 2015/16. This growth is mainly in the following areas:

- Increased spending attributable to addressing maintenance backlogs in infrastructure;
- Increased spending on employee related costs;
- Increased spending attributable to bulk purchasing costs for electricity;
- Increased spending on Loss Management;
- Increased spending on Job Creation;
- Provisioning of Free Basic Services;
- Increased spending on Solid Waste Functioning;
- Increased spending special programmes of Council- youth, women development and HIV/AIDS;
- Entrenchment of Public Consultation;
- Strengthening of Ward Based Committees;
- SMME Development and support

## ***CAPITAL BUDGET***

Over the next three financial years, 2013/2014 to 2015/16, capital spending is projected at R 35.1 million in 2013/14, R 42.6 million in 2014/15 and R 37.6 million in 2015/16

Councils contribution of retained earnings towards Capital expansion programs have been curtailed within the MTREF to allow for reserves to be adequately resourced(cashback) based on the funding compliance assessment undertaken to ensure alignment with industry standards.

This situation has been brought about by an accelerated drive over the last 4 years towards the eradication of backlogs that has seen a cumulative investment of over R 57 million of retained earnings being invested into Property Plant and Equipment.

Due to limitations imposed on the financing model, the provisions of the Donor Support policy will be invoked to ensure that all available funding streams outside of the DORA and internal reserves are explored and maximized to sustain the commitment to eradicate service delivery related backlogs; the focus on MTREF will be Road and Storm water networks, considering that the Electricity Distribution networks within Elundini LM's service jurisdiction have been comprehensively upgraded and rehabilitated.

The Municipality will likewise be engaging in a PPP option, and as such will be investing significantly in the waste transportation sector of operations with an estimated R 2 Million escalated with CPI per annum over the MTREF.

## ***FINANCIAL RATIOS***

The table below provides Council with the assurance that the financial modelling, under pinning the IDP is aligned to Best Operating Practice insofar as financial sustainability is concerned; the information presented also provides Council with an understanding as to the fundamental modelling provisions used to ensure a credible and implementable IDP; the analysis also aligns the IDP and Budget to National IDP regulation on financial viability.

In terms of the Measurable performance objectives and indicators presented, careful consideration and oversight must be given to the management of liquidity and the cost cover ratio of Council monthly over the MTREF to ensure alignment to industry norms.

**On the whole the financial positioning of Council is stable as reflective within the Performance indicators and benchmarks**

### ***Ongoing issues requiring monitoring and evaluation***

The municipality is closely monitoring certain issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid-term budget, the municipality will have to adjust its spending plans to maintain its financial

position. Many of the items listed below could have major and permanent impacts on the operating budget, and would therefore require permanent increases in revenue, or commensurate reductions in other services. Consequently, they should be carefully monitored and evaluated:

- Maintenance backlogs in respect of Council's assets – adequacy of budgetary provisions alignment of benchmark indicator to 8% of net book value of asset base;
- Staffing requirements and the impact on the personnel expenditure target;
- Improvement of current collection rates;
- Electricity Distribution Losses;
- Unpaid Water and Sanitation Operating Subsidies;
- Discontinued operations- Water Service Provisioning

<b>EC141 Elundini - Supporting Table SA8 Performance indicators and benchmarks</b>											
Description of financial indicator	Basis of calculation	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.2%	0.1%	0.7%	0.1%	0.7%	0.7%	0.0%	0.2%	0.2%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	4.1%	0.2%	1.0%	0.2%	0.5%	0.5%	0.0%	0.4%	0.4%	0.4%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	-1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	1.2	1.3	1.7	2.8	8.9	8.9	-	1.3	1.3	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.3	1.7	2.8	8.9	8.9	-	1.3	1.3	1.3
Liquidity Ratio	Monetary Assets/Current	1.0	0.8	0.9	1.2	0.4	0.4	-	0.8	0.8	0.8

	Liabilities											
<b>Revenue Management</b>												
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		64.8%	51.7%	57.0%	102.8%	0.0%	0.0%	0.0%	110.9%	118.7%	
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			64.8%	51.7%	57.0%	102.8%	0.0%	0.0%	0.0%	110.9%	118.7%	
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	9.0%	15.8%	16.4%	17.6%	17.0%	17.0%	0.0%	16.5%	16.2%	14.1%	
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old											
<b>Creditors Management</b>												
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%					100.0%	100.0%	100.0%	
Creditors to Cash and Investments		34.7%	44.1%	83.3%	61.8%	0.0%	0.0%	0.0%	55.9%	48.8%	30.2%	
<b>Other Indicators</b>												
Electricity Distribution Losses (2)	Total Volume Losses (kW)								336600	257400	198000	
	Total Cost of Losses (Rand '000)								0	0	0	
									4	4	3	
									914	059	339	
Water Distribution Losses (2)	Total Volume Losses (kℓ)											
	Total Cost of Losses (Rand '000)											
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.1%	36.6%	26.7%	31.2%	0.0%	0.0%	0.0%	33.9%	33.6%	29.7%	
Remuneration	Total remuneration/(Total Revenue - capital revenue)	41.4%	42.7%	0.0%	36.2%	0.0%	0.0%		39.6%	39.3%	34.8%	
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3.8%	2.5%	0.0%	6.7%	0.0%	0.0%		5.4%	5.3%	4.6%	
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	1.8%	4.3%	3.3%	1.9%	0.2%	0.2%	0.0%	5.2%	5.1%	4.5%	
<b>IDP regulation financial viability indicators</b>												
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments	6.4	9.9	182.6	1	-	-	-	-	35.6	31.9	33.6

	due within financial year)										
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	31.0%	53.0%	52.3%	61.5%	70.0%	70.0%	0.0%	57.1%	56.9%	56.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	5.6	3.7	5.7	2.1	-	-	-	4.2	4.7	7.0

- MEDIUM TERM REVENUE AND EXPENDITURE**

The Projected Financial Results over the MTREF are depicted within the table below:

EC141 Elundini - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>											
Property rates	2	10 890	4 915	12 050	13 548		13 548	-	13 670	14 521	15 611
Property rates - penalties & collection charges								-			
Service charges - electricity revenue	2	10 890	9 503	11 735	13 300		13 300	-	17 400	18 287	19 183
Service charges - water revenue	2	6 180	6 968	5 736	6 110		6 110	-	-	-	-
Service charges - sanitation revenue	2	-	353	958	1 380		1 380	-	-	-	-
Service charges - refuse revenue	2	5 135	5 580	6 641	6 264		6 264	-	4 010	4 250	4 505
Service charges - other								-		-	-
Rental of facilities and equipment		735	8 671	9 678	9 899		9 899		11 274	11 849	12 429
Interest earned - external		3 420	2 500	2 077	2 812		2 812		1 848	1 942	2 038

investments											
Interest earned - outstanding debtors		5 916	150	4 721	3 496		3 496		3 575	3 757	3 941
Dividends received		609	-							-	-
Fines			73		1		1		54	56	59
Licences and permits			2 001	1 703	1 009		1 009		2 133	2 242	2 352
Agency services			9 326	9 903	11 811		11 811		1 397	1 468	1 540
Transfers recognised - operational		64 065	52 021	72 499	76 766		76 766		88 464	104 615	135 974
Other revenue	2	9 116	18 557	11 901	30 043		30 043	-	16 099	8 757	9 038
Gains on disposal of PPE									280	294	309
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>116 956</b>	<b>120 616</b>	<b>149 602</b>	<b>176 438</b>		<b>176 438</b>	<b>-</b>	<b>160 202</b>	<b>172 038</b>	<b>206 979</b>
<b>Expenditure By Type</b>											
Employee related costs	2	36 379	44 086	39 926	55 076		55 076	-	54 269	57 796	61 553
Remuneration of councillors		7 461	7 427	7 738	8 711		8 711		9 221	9 821	10 459
Debt impairment	3	23 920	12 945	10 613	9 583		9 583		6 208	6 525	6 845
Depreciation & asset impairment	2	-	5 011	4 280	3 171		3 171	-	8 220	8 639	9 062
Finance charges		2 098	159	616	179		179		188	198	208
Bulk purchases	2	7 374	9 065	13 378	16 362		16 362	-	17 156	18 031	18 914
Other materials	8		6 709		11 850		11 850		8 653	9 094	9 540
Contracted services		-	2 852	-	7 035		7 035	-	2 246	2 361	2 476
Transfers and grants		-	-	-	-		-	-	-	-	-
Other expenditure	4, 5	21 364	28 276	37 246	53 519		53 519	-	52 647	59 000	86 295
Loss on disposal of PPE		25		55					-	-	-
<b>Total Expenditure</b>		<b>98 619</b>	<b>116 530</b>	<b>113 852</b>	<b>165 486</b>		<b>165 486</b>	<b>-</b>	<b>158 808</b>	<b>171 464</b>	<b>205 352</b>
<b>Surplus/(Deficit)</b>		<b>18 337</b>	<b>4 086</b>	<b>35 750</b>	<b>10 953</b>		<b>10 953</b>	<b>-</b>	<b>1 394</b>	<b>574</b>	<b>1 627</b>
Transfers recognised - capital			18 680	32 798	29 616		29 616		36 246	44 645	38 718
Contributions recognised - capital	6	-	-	-	-		-	-	-	-	-
Contributed assets		-									
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>18 337</b>	<b>22 766</b>	<b>68 548</b>	<b>40 569</b>		<b>40 569</b>	<b>-</b>	<b>37 640</b>	<b>45 219</b>	<b>40 345</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>18 337</b>	<b>22 766</b>	<b>68 548</b>	<b>40 569</b>		<b>40 569</b>	<b>-</b>	<b>37 640</b>	<b>45 219</b>	<b>40 345</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>18 337</b>	<b>22 766</b>	<b>68 548</b>	<b>40 569</b>		<b>40 569</b>	<b>-</b>	<b>37 640</b>	<b>45 219</b>	<b>40 345</b>
Share of surplus/(deficit) of associate	7										
<b>Surplus/(Deficit)</b>		<b>18 337</b>	<b>22 766</b>	<b>68 548</b>	<b>40 569</b>		<b>40 569</b>	<b>-</b>	<b>37 640</b>	<b>45 219</b>	<b>40 345</b>



<b>2013/14Budget</b>						
Capital Expenditure	1 100	31 746	1 700	100	490	35 136
Operating Expenditure	23 119	71 290	6 064	34 521	23 815	158 809
<b>Total</b>	<b>24 219</b>	<b>103 036</b>	<b>7 764</b>	<b>34 621</b>	<b>24 305</b>	<b>193 945</b>
<b>2014/15Budget</b>						
Capital Expenditure	1 156	39 066	1 787	105	515	42 629
Operating Expenditure	24 024	80 560	6 413	35 224	25 243	171 464
<b>Total</b>	<b>25 180</b>	<b>119 626</b>	<b>8 200</b>	<b>35 329</b>	<b>25 758</b>	<b>214 093</b>
<b>2015/16 Budget</b>						
Capital Expenditure	1 213	33 847	1 874	110	540	37 584
Operating Expenditure	25 393	109 389	6 775	37 054	26 740	205 352
<b>Total</b>	<b>26 606</b>	<b>143 236</b>	<b>8 649</b>	<b>37 164</b>	<b>27 280</b>	<b>242 936</b>
	<b>76 005</b>	<b>365 898</b>	<b>24 613</b>	<b>107 114</b>	<b>77 343</b>	<b>650 974</b>

### 2013/2014 Expenditure by IDP Priority

#### KEY AMENDMENTS TO IDP

The review of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act has been guided and informed by the following principles:

- It must support the achievement of the five strategic priorities of the Elundini LM.
- Focus on service delivery and the maintenance of infrastructure.
- Address community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the SDBIP.

#### ALIGNMENT WITH NATIONAL AND PROVINCIAL PRIORITIES

The Municipality's priorities are aligned to those of the National and Provincial Governments.

The matrix below shows the alignment with National and Provincial Government priorities:



Infrastructure and services	Economic Transformation	Social Transformation	Financial Management	Institutional Transformation
Roads and Storm water	Economic Development	Safety and Security	Budget and Treasury	Executive and Council
Electricity		Housing and Land		Corporate Services
Water Services		Public Health		
Waste Water Management		Recreational Services		
Solid Waste				
Strategic Programmes Directorate				

The above is an indication of Elundini Local Municipality alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. In order to monitor and evaluate service delivery and financial performance, key performance indicators are included in all Directors' performance agreements.

- **AMENDMENTS TO BUDGET RELATED POLICIES**

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

The Municipality has formally approved 22 budget related policies as denoted below, importantly in line with the requirements of the Municipal Systems Act Municipal bylaws have been promulgated to give effect to policy considerations.

The following budget related policies are in existence and inform the presentation of the financial plan

- Rates Policy
- Tariff Policy
- Credit Control and Debt Management Policy
- Indigent Support Policy
- Supply Chain Management Policy
- Cash and Investment Policy
- Fleet Management Policy
- Borrowing Policy
- Funding and Reserves Policy
- Policy related to long term financial plan
- Policy relating to infrastructural investment and capital projects
- Budget Implementation Plan

- Policies related to Management of losses
- Policy on Pauper Burials
- Policy on Lease of Property
- Policy on Unauthorised/irregular and wasteful expenditure
- Policy on Contingent Liabilities
- Policy on Related Party Disclosures
- Policy on VAT
- Policy on GRAP Disclosures
- Policy on journal Entries
- Policy on Capital Commitments

All budget related policies have been reviewed and amended where necessary to address service delivery imperatives.

- **BUDGET ASSUMPTIONS**

The following key assumptions underpinned the preparation of the multi-year budget:

	2013/14	2014/2015	2015/2016
<b>INCOME</b>	%	%	%
Refuse Tariff Increase	8.0	5.1	4.9
Property Rates Increase	8.0	5.1	4.9
Electricity Tariff Increase	12.0	5.1	4.9
Revenue collection rates	80	85	90
<b>EXPENDITURE</b>			
Total Expenditure Increase allowed (excluding repairs and maintenance)	5.9	5.1	4.9
Salary increase	6.95	5.1	4.9
Increase in repairs and maintenance	5.9	5.1	4.9
Increase in bulk purchase of power costs	8	8	8

The above-mentioned tariff increases have been curtailed to the maximum extent possible whilst maintaining a level of affordability to the consumer base, whilst providing a sound financial base from which service deliver can be effected, as per the benchmark indicator applied 12% of net disposable income is used as a means test for affordability; based on the current analysis it would be evident that whilst the poor are significantly protected, affordability of tariffs particularly for the lower to middle income bracket earning between R 3500 R 10 000 per month would be placed under severe strain to service municipal obligations imposed through the rates policy.

Council through the indigent support policy provides a comprehensive basket of free services to the poor; likewise in terms of the Rates policy a rebate is provided to pensioners based on an inclining block tariff; similarly the tariff policy provides a lifeline to communities through the use of inclining block tariff which places rewards reduced consumption through a tariff that is below cost and penalises higher consumption through a cross subsidy framework.

- **ANNUAL BUDGET TABLES**



Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	16 964	12 008	5 549	10 041	16 920	16 920	-	3 865	4 062	4 261
<b>Total sources of capital funds</b>	<b>34 529</b>	<b>46 641</b>	<b>38 347</b>	<b>40 568</b>	<b>47 447</b>	<b>47 447</b>	<b>-</b>	<b>35 136</b>	<b>42 629</b>	<b>37 584</b>
<b>Financial position</b>										
Total current assets	54 850	47 904	73 651	57 291	21 146	21 146	-	66 355	69 739	73 156
Total non current assets	52 239	97 673	348 414	167 624	28 056	28 056	-	348 334	366 099	384 038
Total current liabilities	44 860	36 163	43 988	20 354	2 382	2 382	-	49 980	52 529	55 103
Total non current liabilities	12 958	9 260	9 315	8 301	-	-	-	8 001	8 409	8 821
Community wealth/Equity	49 270	100 154	368 762	196 260	384 536	384 536	-	356 708	374 900	393 270
<b>Cash flows</b>										
Net cash from (used) operating	20 561	37 167	51 486	40 468	-	-	-	36 432	50 737	70 532
Net cash from (used) investing	(34 006)	(49 520)	(38 235)	(43 981)	-	-	-	(35 136)	(42 629)	(37 584)
Net cash from (used) financing	(65)	(67)	(128)	(65)	-	-	-	(69)	(73)	(76)
<b>Cash/cash equivalents at the year end</b>	<b>40 315</b>	<b>27 896</b>	<b>41 019</b>	<b>21 332</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39 499</b>	<b>47 535</b>	<b>80 407</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	40 316	27 897	41 020	24 845	1 000	1 000	-	39 500	41 514	43 548
Application of cash and investments	28 550	17 781	20 214	(14 046)	-	-	-	13 660	12 189	16 598
<b>Balance - surplus (shortfall)</b>	<b>11 766</b>	<b>10 115</b>	<b>20 806</b>	<b>38 891</b>	<b>1 000</b>	<b>1 000</b>	<b>-</b>	<b>25 840</b>	<b>29 325</b>	<b>26 950</b>
<b>Asset management</b>										
Asset register summary (WDV)	52 202	94 410	28 221	164 360	28 056	28 056	348 334	348 334	366 099	384 038
Depreciation & asset impairment	-	5 011	4 280	3 171	-	-	8 220	8 220	8 639	9 062
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	4 421	2 974	-	11 850	-	-	8 653	8 653	9 094	9 539
<b>Free services</b>										
Cost of Free Basic Services provided	-	5 239	5 930	5 930	5 930	1 500	6 156	6 156	6 571	7 011
Revenue cost of free services provided	-	9 063	9 233	9 233	9 233	10 967	8 863	8 863	9 417	9 996
<b>Households below minimum service level</b>										
Energy:	29	29	30	30	30	30	30	30	29	29
Refuse:	-	22	22	27	27	27	26	26	26	26

• **CONSOLIDATED FINANCIAL PERFORMANCE 2013/14 TO 2015/16**

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

EC141 Elundini - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)										
Standard Classification Description	Ref	2009/10	2010/11		Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue - Standard</b>										
<b>Governance and administration</b>		73 529	79 707		116 146	136 139	136 139	122 209	133 400	166 357
Executive and council		98	250		281	281	281	296	311	326
Budget and treasury office		56 746	72 370		115 768	135 858	135 858	121 913	133 089	166 030
Corporate services		16 685	87		98	-	-	-	-	-
<b>Community and public safety</b>		3 046	932		1 168	1 063	1 063	3 227	3 392	3 558
Community and social services		3 024	930		1 166	985	985	1 040	1 093	1 147
Sport and recreation		4	2		2	78	78	-	-	-
Public safety		-	-		-	-	-	2 187	2 298	2 411
Housing		18	-		-	-	-	-	-	-
Health		-	-		-	-	-	-	-	-
<b>Economic and environmental services</b>		11 514	32 423		50 107	43 516	43 516	43 802	47 354	50 594
Planning and development		25	667		3 637	3 637	3 637	-	-	-
Road transport		11 489	30 756		46 469	39 879	39 879	43 802	47 354	50 594
Environmental protection		-	-		-	-	-	-	-	-
<b>Trading services</b>		26 710	33 252		38 633	18 013	18 013	27 211	32 537	25 188
Electricity		10 416	10 927		14 300	14 300	14 300	23 201	28 287	20 683
Water		11 023	11 969		11 708	-	-	-	-	-
Waste water management		-	777		6 362	-	-	-	-	-
Waste management		5 271	5 580		6 264	3 713	3 713	4 010	4 250	4 505
<b>Other</b>	4	-	120		-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	114 799	146 434		206 054	198 731	198 731	196 449	216 683	245 697
<b>Expenditure - Standard</b>	-									
<b>Governance and administration</b>		74 451	53 650		77 839	80 364	80 364	81 455	84 491	89 188
Executive and council		11 749	15 800		23 373	25 046	25 046	23 815	25 243	26 740
Budget and treasury office		44 760	22 343		30 833	30 943	30 943	34 521	35 224	37 054
Corporate services		17 942	15 507		23 634	24 375	24 375	23 119	24 024	25 393
<b>Community and public safety</b>		8 021	6 584		8 652	11 537	11 537	13 328	14 129	15 029
Community and social services		4 756	2 630		3 160	3 478	3 478	3 315	3 473	3 690
Sport and recreation		2 687	3 423		4 966	2 922	2 922	4 833	5 147	5 480

Public safety					4	4	4	4	5
Housing		578	531	526	539	539	575	611	648
Health									
<b>Economic and environmental services</b>		<b>3</b>	<b>19</b>	<b>31</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>33</b>	<b>59</b>
Planning and development		124	072	988	639	639	484	294	531
Road transport		2	16	26	23	23	20	26	52
Environmental protection									
<b>Trading services</b>		<b>13</b>	<b>37</b>	<b>47</b>	<b>32</b>	<b>32</b>	<b>34</b>	<b>36</b>	<b>38</b>
Electricity		12	13	25	24	24	27	28	30
Water		(2	11	8					
Waste water management		004)	961	054					
Waste management		2	8	10	8	8	7	7	8
<b>Other</b>	4						<b>2</b>	<b>2</b>	<b>3</b>
<b>Total Expenditure - Standard</b>	3	<b>98</b>	<b>116</b>	<b>165</b>	<b>151</b>	<b>151</b>	<b>158</b>	<b>171</b>	<b>205</b>
<b>Surplus/(Deficit) for the year</b>		<b>16</b>	<b>29</b>	<b>40</b>	<b>47</b>	<b>47</b>	<b>37</b>	<b>45</b>	<b>40</b>
		<b>178</b>	<b>904</b>	<b>568</b>	<b>448</b>	<b>448</b>	<b>641</b>	<b>219</b>	<b>345</b>

The purpose of the format in which the budget is presented below, is to enable the Council to enforce a vote in accordance with the municipality's Organizational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Below is a classification of operating revenue and expenditure by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

EC141 Elundini - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)									
Vote Description	Ref	2009/10	2010/11	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue by Vote</b>	1								
Vote 1 - EXECUTIVE & COUNCIL		98	7 250	281	281	281	296	311	326
Vote 2 - BUDGET & TREASURY OFFICE		56 746	72 370	115 768	135 858	135 858	121 913	133 089	166 030
Vote 3 - CORPORATE SERVICES		16 684	87	98	-	-	-	-	-
Vote 4 - COMMUNITY SERVICES		8 317	8 587	9 310	6 461	6 461	7 237	7 642	8 063
Vote 5 - STRATEGIC DEVELOPMENT & PLANNING		25	1 667	3 637	3 714	3 714	-	-	-
Vote 6 - INFRASTRUCTURE DEVELOPMENT & PLANNING		32 928	56 473	76 960	52 414	52 414	67 003	75 641	71 277
<b>Total Revenue by Vote</b>	2	<b>114 799</b>	<b>146 434</b>	<b>206 054</b>	<b>198 728</b>	<b>198 728</b>	<b>196 449</b>	<b>216 683</b>	<b>245 697</b>

<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		11 749	15 800		23 373	25 046	25 046	23 815	25 243	26 740
Vote 2 - BUDGET & TREASURY OFFICE		44 760	22 343		30 833	30 943	30 943	34 521	35 224	37 054
Vote 3 - CORPORATE SERVICES		17 942	15 507		23 634	24 375	24 375	23 119	24 024	25 393
Vote 4 - COMMUNITY SERVICES		10 850	18 276		22 931	21 519	21 519	20 808	22 083	23 424
Vote 5 - STRATEGIC DEVELOPMENT & PLANNING		491	2 560		5 002	6 286	6 286	8 779	9 285	9 811
Vote 6 - INFRASTRUCTURE DEVELOPMENT & PLANNING		12 829	42 045		59 713	43 113	43 113	47 767	55 606	82 929
<b>Total Expenditure by Vote</b>	2	<b>98 620</b>	<b>116 531</b>		<b>165 486</b>	<b>151 282</b>	<b>151 282</b>	<b>158 808</b>	<b>171 464</b>	<b>205 352</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>16 179</b>	<b>29 903</b>		<b>40 568</b>	<b>47 446</b>	<b>47 446</b>	<b>37 641</b>	<b>45 219</b>	<b>40 345</b>

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.

The following table reflects the budgeted financial performance by expenditure and income categories:

<b>EC141 Elundini - Table A4 Budgeted Financial Performance (revenue and expenditure)</b>											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>											
Property rates	2	10 890	4 915	12 050	13 548		13 548	-	13 670	14 521	15 611
Property rates - penalties & collection charges								-			
Service charges - electricity revenue	2	10 890	9 503	11 735	13 300		13 300	-	17 400	18 287	19 183
Service charges - water revenue	2	6 180	6 968	5 736	6 110		6 110	-	-	-	-
Service charges - sanitation revenue	2	-	353	958	1 380		1 380	-	-	-	-
Service charges - refuse revenue	2	5 135	5 580	6 641	6 264		6 264	-	4 010	4 250	4 505
Service charges - other								-		-	-
Rental of facilities and equipment		735	8 671	9 678	9 899		9 899		11 274	11 849	12 429
Interest earned - external investments		3 420	2 500	2 077	2 812		2 812		1 848	1 942	2 038
Interest earned - outstanding		5 916	150	4 721	3 496		3 496		3 575	3 757	3 941

debtors										
Dividends received		609	-						-	-
Fines			73		1		1		54	56
Licences and permits			2 001	1 703	1 009		1 009		2 133	2 242
Agency services			9 326	9 903	11 811		11 811		1 397	1 468
Transfers recognised - operational		64 065	52 021	72 499	76 766		76 766		88 464	104 615
Other revenue	2	9 116	18 557	11 901	30 043		30 043	-	16 099	8 757
Gains on disposal of PPE									280	294
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>116 956</b>	<b>120 616</b>	<b>149 602</b>	<b>176 438</b>		<b>176 438</b>	<b>-</b>	<b>160 202</b>	<b>172 038</b>
										<b>206 979</b>

<b>Expenditure By Type</b>		-								
Employee related costs	2	36 379	44 086	39 926	55 076		55 076	-	54 269	57 796
Remuneration of councillors		7 461	7 427	7 738	8 711		8 711		9 221	9 821
Debt impairment	3	23 920	12 945	10 613	9 583		9 583		6 208	6 525
Depreciation & asset impairment	2	-	5 011	4 280	3 171		3 171	-	8 220	8 639
Finance charges		2 098	159	616	179		179		188	198
Bulk purchases	2	7 374	9 065	13 378	16 362		16 362	-	17 156	18 031
Other materials	8		6 709		11 850		11 850		8 653	9 094
Contracted services		-	2 852	-	7 035		7 035	-	2 246	2 361
Transfers and grants		-	-	-	-		-	-	-	-
Other expenditure	4, 5	21 364	28 276	37 246	53 519		53 519	-	52 647	59 000
Loss on disposal of PPE		25		55					-	-
<b>Total Expenditure</b>		<b>98 619</b>	<b>116 530</b>	<b>113 852</b>	<b>165 486</b>		<b>165 486</b>	<b>-</b>	<b>158 808</b>	<b>171 464</b>
										<b>205 352</b>
<b>Surplus/(Deficit)</b>		<b>18 337</b>	<b>4 086</b>	<b>35 750</b>	<b>10 953</b>		<b>10 953</b>	<b>-</b>	<b>1 394</b>	<b>574</b>
Transfers recognised - capital			18 680	32 798	29 616		29 616		36 246	44 645
Contributions recognised - capital	6	-	-	-	-		-	-	-	-
Contributed assets		-								
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>18 337</b>	<b>22 766</b>	<b>68 548</b>	<b>40 569</b>		<b>40 569</b>	<b>-</b>	<b>37 640</b>	<b>45 219</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>		<b>18 337</b>	<b>22 766</b>	<b>68 548</b>	<b>40 569</b>		<b>40 569</b>	<b>-</b>	<b>37 640</b>	<b>45 219</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>18 337</b>	<b>22 766</b>	<b>68 548</b>	<b>40 569</b>		<b>40 569</b>	<b>-</b>	<b>37 640</b>	<b>45 219</b>
Share of surplus/ (deficit) of associate	7									
<b>Surplus/(Deficit) for the year</b>		<b>18 337</b>	<b>22 766</b>	<b>68 548</b>	<b>40 569</b>		<b>40 569</b>	<b>-</b>	<b>37 640</b>	<b>45 219</b>
										<b>40 345</b>

- CAPITAL BUDGET SUMMARY**



The three year capital budget presented below has been prepared to give effect to the service delivery objectives as contained within the Integrated Development Plan.

Importantly, R 115.4 million will be invested over the 2013/2014-2015/16 MTREF in capital expansion programmes, with R 34.4Million of Opex being invested into repairs and maintenance initiatives aimed at maintaining all assets in good operational order to maximize ROI .(See Asset Management commentary elsewhere in this report for detailed analysis around % benchmark indicators)

Importantly in terms of the audited outcome for 2011/2012, the capital budget was 75% spent; the projected level of Capital spend for 2012/2013 is anticipated to be 100%, based on indicative levels of spend contained within the section 71 in year reporting conducted to Council and Treasury.

### Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Table A5 seeks to meet three requirements, namely it shows:

- capital expenditure by municipal vote;
- capital expenditure by standard classification; and
- the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial governments that fund the capital budget.

EC141 Elundini - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		2 365	6 977	692	-		-	-	490	515	540
Vote 2 - BUDGET & TREASURY OFFICE		958	80	1 417	1 200		1 200	-	100	105	110
Vote 3 - CORPORATE SERVICES		914	1 050	131	-		-	-	1 100	1 156	1 213
Vote 4 - COMMUNITY SERVICES		14 837	1 061	282	690		690	-	475	499	524
Vote 5 - STRATEGIC DEVELOPMENT & PLANNING		-	717	-	3 637		3 637	-	1 700	1 787	1 874
Vote 6 - INFRASTRUCTURE		15 455	36 756	35 823	35 041		35 041	-	31 271	38 567	33 323

DEVELOPMENT & PLANNING											
<b>Capital single-year expenditure sub-total</b>		34 529	46 641	38 345	40 568		40 568	–	35 136	42 629	37 584
<b>Total Capital Expenditure - Vote</b>		34 529	46 641	38 345	40 568		40 568	–	35 136	42 629	37 584
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		4 237	8 107	2 240	1 200		1 200	–	1 690	1 776	1 863
Executive and council		2 365	6 977	692	–		–		490	515	540
Budget and treasury office		958	80	1 417	1 200		1 200		100	105	110
Corporate services		914	1 050	131	–		–		1 100	1 156	1 213
<b>Community and public safety</b>		5 102	1 061	282	540		540	–	375	394	413
Community and social services		3 825	1 040	174	480		480		150	158	165
Sport and recreation		475	21	108	60		60		50	53	55
<b>Economic and environmental services</b>		11 727	18 179	30 962	36 528		36 528	–	1 700	1 787	1 874
Planning and development			717	420	3 637		3 637		1 700	1 787	1 874
Road transport		11 727	17 462	30 542	32 890		32 890				
Environmental protection											
<b>Trading services</b>		13 463	19 294	4 862	2 300		2 300	–	100	105	110
Electricity		3 687	19 294	4 862	2 150		2 150				
Waste management		9 735			150		150		100	105	110
<b>Other</b>											
<b>Total Capital Expenditure - Standard</b>	3	34 529	46 641	38 346	40 568		40 568	–	3 865	4 062	4 261
<b>Funded by:</b>											
National Government		17 565	17 746	19 711	26 890		26 890		31 271	38 567	33 323
Other transfers and grants				13 087	3 637		3 637				
<b>Transfers recognised - capital</b>	4	17 565	17 746	32 798	30 527		30 527	–	31 271	38 567	33 323
Public contributions & donations	5		16 887								
Internally generated funds		16 964	12 008	5 549	10 041		10 041		3 865	4 062	4 261
<b>Total Capital Funding</b>	7	34 529	46 641	38 347	40 568		40 568	–	35 136	42 629	37 584

- BUDGETED FINANCIAL STATEMENTS**

The financial statements below identify the financial viability of the Municipality. It is evident from this statement that value of the Municipality is increasing and liquidity although appropriate at this point of time, will require monitoring.

• **TABLE A6 BUDGETED FINANCIAL POSITION**

The table below presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity i.e. Assets readily converted to cash or liabilities immediately required to be met from cash appears first.

The financial viability of the Organisation is deemed sound as evidenced by the Statement of Financial Performance, although the cost cover within the short term remains a relative challenge, it would be evident that the planned performance has been structured to ensure a progressive alignment of liquidity to international norms; please see further commentary on ratio's under section Financial Ratio's and benchmarking.

EC141 Elundini - Table A6 Budgeted Financial Position											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre- audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		804	455	435	000		000	–	713	749	786
Call investment deposits	1	406	442	585	845		845	–	787	765	763
Consumer debtors	1	215	064	552	300		300	–	306	036	772
Other debtors		280	–	926	779		779	–	166	787	413
Inventory	2	145	943	153	367		367	–	383	402	422
<b>Total current assets</b>		<b>850</b>	<b>904</b>	<b>651</b>	<b>291</b>		<b>291</b>	<b>–</b>	<b>355</b>	<b>739</b>	<b>156</b>
<b>Non current assets</b>											
Investment property		–	227	094	227		227		094	527	974
Investment in Associate		–	–	–	–		–		–	–	–
Property, plant and equipment	3	203	410	193	360		360	–	320 113	336 439	352 924
Intangible		36	36	127	37		37		127	134	140
<b>Total non current assets</b>		<b>239</b>	<b>673</b>	<b>414</b>	<b>624</b>		<b>624</b>	<b>–</b>	<b>348 334</b>	<b>366 099</b>	<b>384 038</b>



Budgeted Cash Flows											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		31 673	34 199	42 793	99 573		99 573		77 172	77 345	72 499
Government - operating	1	50 197	54 606	67 145	76 766		76 766		88 464	104 615	135 974
Government - capital	1	17 565	38 435	22 687	29 616		29 616		26 183	29 795	32 007
Interest		9 336	8 274	6 799					1 848	1 942	2 038
Dividends											
<b>Payments</b>											
Suppliers and employees		(88 100)	(98 053)	(87 322)	(165 374)		(165 374)		(157 047)	(162 762)	(171 778)
Finance charges		(110)	(293)	(616)	(113)		(113)		(188)	(198)	(208)
Transfers and Grants	1	-	-		-	-	-				
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>20 561</b>	<b>37 167</b>	<b>51 486</b>	<b>40 468</b>	<b>-</b>	<b>40 468</b>	<b>-</b>	<b>36 432</b>	<b>50 737</b>	<b>70 532</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	347		100	-	100				
Decrease (increase) in non-current investments		-	(3 226)		-	-	-				
<b>Payments</b>											
Capital assets		(34 006)	(46 641)	(38 235)	(44 081)		(44 081)		(35 136)	(42 629)	(37 584)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(34 006)</b>	<b>(49 520)</b>	<b>(38 235)</b>	<b>(43 981)</b>	<b>-</b>	<b>(43 981)</b>	<b>-</b>	<b>(35 136)</b>	<b>(42 629)</b>	<b>(37 584)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Borrowing long term/refinancing		-	(121)		-	-	-		-	-	-
Increase (decrease) in consumer deposits		-	54	(1)	-	-	-		-	-	-
<b>Payments</b>											
Repayment of borrowing		(65)	-	(127)	(65)		(65)		(69)	(73)	(76)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(65)</b>	<b>(67)</b>	<b>(128)</b>	<b>(65)</b>	<b>-</b>	<b>(65)</b>	<b>-</b>	<b>(69)</b>	<b>(73)</b>	<b>(76)</b>

<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		(13 511)	(12 419)	13 123	(3 578)	-	(3 578)	-	1 227	8 036	32 872
Cash/cash equivalents at the year begin:	2	53 826	40 315	27 896	24 910		24 910	-	38 272	39 499	47 535
Cash/cash equivalents at the year end:	2	40 315	27 896	41 019	21 332	-	21 332	-	39 499	47 535	80 407

• **TABLE A8 CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION**

The underlying purpose of the table is to reflect the predicted cash and investments that are available at the end of a particular budget year and how those funds were used. A surplus would indicate that sufficient cash and investments is available to meet commitments, whilst a shortfall would indicate inadequate cash and investments was available to meet commitments.

<b>EC141 Elundini - Table A8 Cash backed reserves/accumulated surplus reconciliation</b>											
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	40 315	27 896	41 019	21 332	-	21 332	-	39 499	47 535	80 407
Other current investments > 90 days		1	1	1	3 513		3 513	-	1	(6 021)	(36 858)
Non current assets - Investments	1	-	-	-	-		-	-	-	-	-
<b>Cash and investments available:</b>		<b>40 316</b>	<b>27 897</b>	<b>41 020</b>	<b>24 845</b>		<b>24 845</b>	<b>-</b>	<b>39 500</b>	<b>41 514</b>	<b>43 548</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		21 358	15 333	-	4 713		4 713	-	20 947	22 015	23 094
Unspent borrowing		-	-	-	-		-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	7 192	2 448	20 214	(18 759)		(18 759)	-	(7 287)	(9 826)	(6 496)
Other provisions											
Long term investments committed	4	-	-	-	-		-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>28 550</b>	<b>17 781</b>	<b>20 214</b>	<b>(14 046)</b>		<b>(14 046)</b>	<b>-</b>	<b>13 660</b>	<b>12 189</b>	<b>16 598</b>

Surplus(shortfall)		11 766	10 115	20 806	38 891		38 891	-	25 840	29 325	26 950
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- TABLE A9 ASSET MANAGEMENT**

The below mentioned table is design to provide a clear guidance to the Organization of the extent to which the investment choice effected/planned, address backlog eradication, versus the replacement of existing assets within the organization, and the extent to which the organization is investing in maintenance programmes aimed at maximizing the useful of the asset.

Notably, the Organization has successfully rehabilitated/ and or replaced the entire Maclear and Ugie Electricity distribution networks over the last three financial years; the focus for the 2013/2014 MTREF is on Roads and Storm water Infrastructure to create the enabling environment to promote economic development within the region.

The Water Service Authority, Joe Gqabi DM is responsible for direct infrastructural investment within the water services infrastructure within the region, the Local Municipalities investment is critically linked to the Spatial Development Plan, that includes all sector investment nodals.

<b>EC141 Elundini - Table A9 Consolidated Asset Management</b>				
Description	Ref	2013/14 Medium Term Revenue & Expenditure Framework		
		Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
thousand				
<b>CAPITAL EXPENDITURE</b>				
<b>Total New Assets</b>	1	136	42 629	37 584
<i>Infrastructure - Road transport</i>		26	29 795	32 007
<i>Infrastructure - Electricity</i>		5	8 772	1 316
<i>Infrastructure - Other</i>		100	105	110
Infrastructure		31	38 672	33 434
Community		100	105	110
Other assets	6	3	3 852	4 041
<b>Total Capital Expenditure</b>	4			
<i>Infrastructure - Road transport</i>		26	29 795	32 007

		183		
<i>Infrastructure - Electricity</i>		5 088	8 772	1 316
<i>Infrastructure - Other</i>		100	105	110
Infrastructure		31 371	38 672	33 434
Community		100	105	110
Heritage assets		-	-	-
Investment properties		-	-	-
Other assets		3 665	3 852	4 041
Agricultural Assets		-	-	-
Biological assets		-	-	-
Intangibles		-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>2</b>	<b>35</b> <b>136</b>	<b>42 629</b>	<b>37 584</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>			
<i>Infrastructure - Road transport</i>		320 113	336 439	352 924
<i>Infrastructure - Electricity</i>				
<i>Infrastructure - Water</i>				
<i>Infrastructure - Sanitation</i>				
<i>Infrastructure - Other</i>				
Infrastructure		320 113	336 439	352 924
Community				
Heritage assets				
Investment properties		28 019	27 943	27 868
Other assets				
Agricultural Assets		-	-	-
Biological assets		-	-	-
Intangibles		127	134	140
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>348</b> <b>259</b>	<b>364 516</b>	<b>380 933</b>
<b>EXPENDITURE OTHER ITEMS</b>				
<b>Depreciation &amp; asset impairment</b>		8 220	8 639	9 062
<b>Repairs and Maintenance by Asset Class</b>	<b>3</b>	8 653	9 094	9 539
<i>Infrastructure - Road transport</i>		5 820	6 117	6 417
<i>Infrastructure - Electricity</i>		1 161	1 220	1 280
<i>Infrastructure - Other</i>		563	592	621
Infrastructure		7 544	7 929	8 317
Community		51	54	57
Other assets	6, 7	1 057	1 112	1 165
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>16</b> <b>872</b>	<b>17 733</b>	<b>18 601</b>
<b>Renewal of Existing Assets as % of total Capex</b>		0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>		0.0%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>		2.7%	2.7%	2.7%
<b>Renewal and R&amp;M as a % of PPE</b>		2.0%	2.0%	3.0%



• **TABLE A10 BASIC SERVICE DELIVERY MEASUREMENT**

The table below denotes the Service delivery measurement as adopted by Council, the importance of this table signifies the impact that the Budget has on Service Delivery, considering the Organization's vested interest in gauging the effectiveness of the investment choices and the extent to which the investment choices have promote access to basic services, the migration of households on a progressive approach to enhanced service level offerings, as well as providing an understanding on what investments are being effected in the provision of alternative service delivery options e.g. Solar Systems.

Similarly, the table also provides Council with an understanding as to how the policy choices made translate into the commitment of resources as part of the overall poverty alleviation programme of Council, from the analysis it would be evident that the Organization has committed R 19.73 Million over the 2013/2014- 2015/2016 towards this initiative to an estimated 7000 qualifying households within the Serviced Region.

The Elundini Local Municipality provides a basket of services to households based on the following thresholds:

- Rates R 15 000.00 rebate on ratable valuation imposed per households( all Households);
  - 100% Rebate on Rates to all Registered Indigent households;
- Electricity- a 50kwh allocation to all households earning less than R 2360.00 per month;
  - Eskom rebate structure to all indigents registered within Eskom supplied areas within region- 50 kwh;
  - Provision of a R 34 per month subsidy per household earning less than R 2360 per month (Non-Grid);
- Refuse 100% rebate to all Indigents registered as per the Indigent Support policy;

EC141 Elundini - Table A10 Consolidated basic service delivery measurement										
Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<u>Household service targets</u>	1									
<u>Energy:</u>										
Electricity (at least		0	0	1	1	1	1	1	1 308	1 334



Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)			50	50	50	50	50	50	50	50
Refuse (average litres per week)			40	40	40	40	40	40	40	40
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)			1 307	1 390	1 390	1 390	1 922	2 147	2 257	2 367
Property rates (other exemptions, reductions and rebates)			4 935	3 940	3 940	3 940	1 845	561	589	618
Water			2 021	1 800	1 800	1 800	2 800			
Sanitation			-	-	-	-	2 800			
Electricity/other energy			779	695	695	695	1 500	3 535	3 817	4 122
Refuse			21	1 407	1 407	1 407	100	2 621	2 754	2 889
Municipal Housing - rental rebates			-							
Housing - top structure subsidies	6		-							
Other			-							
<b>Total revenue cost of free services provided (total social package)</b>		-	<b>9 063</b>	<b>9 233</b>	<b>9 233</b>	<b>9 233</b>	<b>10 967</b>	<b>8 863</b>	<b>9 417</b>	<b>9 996</b>

- ### ANNUAL FINANCIAL STATEMENT PROCESS PLAN

The Elundini Local has developed a comprehensive process plan that tabularises all activities required to be undertaken in the development of Annual Financial Statements in full compliance with Generally Recognised Accounting Practise.

The activities as detailed within the process plan culminate in the development of a comprehensive municipal audit file that is presented annually to the Office of the Auditor General that provides clear and unambiguous workings of all municipal financial information that is disclosed within the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Cashflow Statement, Notes to the Annual Financial Statements.

Critical to the successful compilation of Annual Financial Statements, the Municipality has developed a comprehensive system of internal control that governs all operations within the Municipality, the detailed control framework is clearly articulated within the organisations policies, systems and process manuals.

Management exercises strict control to ensure that designed control frameworks employed are fully effective; a comprehensive control efficacy framework exists that is fully operationalised to ensure the effectiveness of the control framework employed.

The Municipality likewise has an adequate filing system in place, where sensitive and accounting related documentation are store in compliance with the archiving legislative guidelines, that facilitates easy access to source documentation

- AUDIT REPORTS**

**HISTORY OF AUDIT REPORTS IS AS FOLLOWS:**

- Disclaimer 2007/2008
- Qualification 2008/2009- three qualification items
- Qualification 2009/2010- one qualification item
- Unqualified 2010/2011
- Unqualified 2011/2012

As can be seen from the above-mentioned history of audits, Elundini LM has significantly improved in the areas of Asset Management; Revenue Management and Unaccounted for losses with no material findings reported for the financial year under review, Elundini LM's focus as per the IDP is the attainment of a clean audit for 2013/2014.

It is to be noted that all matters contained in action plan presented have been adequately addressed

- AUDIT RESPONSE PLAN 2011/2012**

<b>AUDIT OUTCOME 2011/2012: RESPONSE PLAN</b>					
<b>FINDING</b>	<b>DEPT.</b>	<b>RESPONSIBLE OFFICIAL</b>	<b>RECTIFIED YES OR NO</b>	<b>ACTION PLAN</b>	<b>IMPLEMENTATION DATE</b>
Unauthorized expenditure incurred during the financial year, due to restatement of corresponding figures relating to PPE - provisions of directive 4 depreciation charges not budgeted	BTO	C.F.O.	No	Item to be presented to Council for condonment pursuant of section 32 of the MFMA- Non cashflow related item; Adoption of directive 4 and restatement of PPE in full compliance with GRAP 17 -depreciation charges could not be determined at time of adjustments budget; matter to be addressed within the 2012/2013 adjustments budget	Mar-13
Material under spending on capital Budget- R 11.6 Million	ALL	MM	No	Demand Management plan to be formulated and adopted by Council, introduction of a monthly/quarterly Projects report to	Jan-13

				supplement section 71 report	
Predetermined objectives- the Annual performance report did not contain measures taken to improve under performance	MM	Municipal Manager	No	Annual performance report to contain a performance improvement plan in line with documented performance outcomes	Jun-13
Predetermined objectives- Performance targets not specific	MM	Municipal Manager	No	Alignment of the IDP and Balanced scorecard and SDBIP must be established in line with the MSA and MFMA circular 13; Comprehensive review to be undertaken on SMART criteria with the view of amending IBSC, SDBIP and PA to ensure appropriateness of targets	Feb-13
Predetermined objectives- Performance targets not measurable	MM	Municipal Manager	No	Alignment of the IDP and Balanced scorecard and SDBIP must be established in line with the MSA and MFMA circular 13; Comprehensive review to be undertaken on SMART criteria with the view of amending IBSC, SDBIP and PA to ensure measurability of targets	Feb-13
Predetermined objectives- Performance targets not well defined	MM	Municipal Manager	No	Alignment of the IDP and Balanced scorecard and SDBIP must be established in line with the MSA and MFMA circular 13; Comprehensive review to be undertaken on SMART criteria with the view of amending IBSC,	Feb-13

				SDBIP and PA to ensure proper definition of targets	
Predetermined objectives- Performance targets not verifiable	MM	Municipal Manager	No	Alignment of the IDP and Balanced scorecard and SDBIP must be established in line with the MSA and MFMA circular 13; Comprehensive review to be undertaken on SMART criteria with the view of amending IBSC, SDBIP and PA to ensure verifiability of targets	Feb-13
Predetermined objectives- Reported performance not valid	SPED	Strategic Planning and Economic Development	No	Revised reporting template to be introduced; submitted information to be validated against reported information quarterly, prior to formalisation of performance report for the quarter( Introduction of qualitative and quantitative report to supplement and contextualise reported information	Jan-13
Predetermined objectives- Reported performance not accurate	SPED	Strategic Planning and Economic Development	No	Revised reporting template to be introduced; submitted information to be validated against reported information quarterly, prior to formalisation of performance report for the quarter( Introduction of qualitative and quantitative report to supplement and contextualise reported information	Jan-13
Predetermined	SPED	Strategic	No	Revised reporting	Jan-13

objectives- Reported performance not complete		Planning and Economic Development		template to be introduced; submitted information to be validated against reported information quarterly, prior to formalisation of performance report for the quarter( Introduction of qualitative and quantitative report to supplement and contextualise reported information	
Predetermined objectives- 54% of planned performance targets were not achieved during the year	SPED	Strategic Planning and Economic Development	No	Revised reporting template to be introduced; submitted information to be validated against reported information quarterly, prior to formalisation of performance report for the quarter (Introduction of qualitative and quantitative report to supplement and contextualise reported information.	Jan-13
Construction projects were not always advertised with the construction industry Development Board (CIDB) as required by section 22 of the CIDB Act and DIB Regulation 18	FIN	C.F.O.	Yes	SCM procedural manual to be amended to include uploading of adverts on CIDB website	Jan-13





