



# DRAFT IDP 2014/2015

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## **GLOSSARY OF TERMS**

ABET	Adult Based Education and Training
ABSA	Amalgamated Banks of South Africa
AIDS	Acquired Immune Deficiency Syndrome
ASGISA	Accelerated and Shared Growth Initiative for South Africa
CASP	Comprehensive Agriculture Support Programme
CBO	Community Based Organizations
CPF	Community Policing Forum
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of South Africa
DEAT	Department of Environment and Tourism (Also known as DEA)
DFA	Development Facilitation Act No 67 of 1995
DLA	Department of Land Affairs
DLG	Department of Local Government
DM	District Municipality
DME	Department of Mineral and Energy
<b>DRDLR</b>	<b>Department of Rural Development and Land Reform</b>
DoE	Department of Education
DoH	Department of Health
DoHS	Department of Human Settlements
DoSD	Department of Social Development
DoRT	Department of Roads and Transport
CoGTA	Department of Cooperative Governance and Traditional Affairs
DPW	Department of Public Works
DSRAC	Department of Sport, Recreation, Arts & Culture
DWA	Department of Water Affairs



ECA	Environmental Conservation Act
EIA	Environmental Impact Assessment
ES	Equitable Share (grant)
FBS	Faith Basic Services
ECDC	Eastern Cape Development Corporation
ECPGDS	Eastern Cape Provincial Growth & Development Strategy
EXCO	Executive Committee
GP	Gross Geographic Product
GIS	Geographical Information System
GVA	Gross Value Added
HDI	Human Development Index
HIV	Human Immune Deficiency Virus
HR	Human Resources
IDC	Independent Development Corporation
IDP	Integrated Development Plan
IDT	Independent Development Trust
IT	Information Technology
ITP	Integrated Transportation Plan
IWMP	Integrated Waste Management Plan
LDO	Land Development Objectives
LED	Local Economic Development
MEC	Member of the Executive Committee
MIG	Municipal Infrastructure Grant
MFMA	Municipal Finance Management Act
MSIG	Municipal Support & Institutional Grant
MSA	Municipal Systems Act, 2000

MSA	Municipal Structures Act, 1998
NDC	National Development Corporation
NEMA	National Environmental Management Act
NER	National Electrification Regulator
NGO	Non-Governmental Organizations
NSS	National Sanitation Strategy
PATA	Promotion of Administrative Justice Act
PMS	Performance Management System
PPP	Public Private Partnership
RDP	Reconstruction and Development Programme
REDs	Regional Electricity Distributors
RTP	Responsible Tourism Planning
SMME	Small Medium and Micron Enterprises
SOE	State Owned Enterprises
SoR	State of Environment Report
SADC	Southern African Development Community
SALGA	South African Local Government Association
SANDF	South African National Defense Force
SAPS	South African Police Service
SGB	School Governing Body
SMME	Small, Medium and Micro Enterprises
STDs	Sexual Transmitted Diseases
TB	Tuberculosis
TLC	Transitional Local Council
TRC	Transitional Rural Council
USAID	United States Agency for International Development

NYDA	National Youth Development Agency
VAT	Value Added Tax
VIP	Ventilated Improved Pit (dry sanitation facility)
WSDP	Water Services Development Plan
ASGISA	Accelerated and Shared Growth Initiative of South Africa
BDS	Business Development Services
CASP	Comprehensive Agriculture Support Programme
CHARTO	Chris Hani Regional Tourism Organisation
CHDM	Chris Hani District Municipality
RTP	Responsible Tourism Planning
SMME	Small Medium and Micron Enterprises
SOE	State Owned Enterprises
SoR	State of Environment Report

## **MAYORS FOREWORD**

The purpose of this foreword, is to present the Draft Reviewed Integrated Development Plan, and as such our plans for the coming financial year of the council. The constitution of the Republic of South Africa is quite categorist in its prescription of the developmental roles of local government. To this effect; sections 152 and 153 of the constitution puts local government in charge of the development process in municipality, and notably in charge of planning for the municipal area. The constitutional mandate is to relate management, budgeting and planning functions to its objectives and gives a clear indication of the intended purposes of municipal integrated development planning

I am quite happy that our planning and consultation processes have, over the last few months evolved to become among the best in terms of actual consultation and the processes of inputs received. We have always held that ours is not merely compliance but a genuine belief in the need for development to be people centred and driven. The responses we have received during our IDP consultation processes have been very encouraging. We can only hope that this cooperation would continue for the rest of our turner of office.

M.N. QAMNwana

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MAYOR/SPEAKER

**OVERVIEW BY THE MUNICIPAL MANAGER: MR. G. SGOJO**

I join His Worship, the Mayor in submitting the Draft Reviewed Integrated Development Plan for 2014- 2015. This document, as the mayor said, will form the basis of our planning within the municipality for the next financial year. It will inform all operational plans to be developed within the municipality and will have to be integrated into our Performance Management System (PMS) so that all actions by the municipal administration are geared towards the same goals and objectives.

The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) defines integrated development planning as one of the core functions of a municipality in the context of its developmental orientation and mandate. It should be framed in such a way that it integrates all available resources; human, financial, political and other resources. Its other function is that of coordinating other plans.

To the extent possible, the inclusive, consultative approach that attended the development of the IDP means that it accommodates every diverse viewpoint that came forward to present during the IDP community participation processes. The future budgets will therefore be based on a document that enjoys the support of many of our stakeholders

His Worship; the Mayor, this document does not merely exist to fulfil a legal requirement, it represents the aspirations of the community, on whose behest, we occupy the positions that we occupy. With resources permitting, we will not rest until all the objectives herein spelt out are fulfilled.

G. SGOJO

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MUNICIPAL MANAGER

## **EXECUTIVE SUMMARY**

The Integrated Development Plan represents a five year strategic plan and document that details the community needs as reflected in the ward based plans. The municipality should review its IDP according to legal requirement and monitor and evaluate its performance with regard to IDP implementation.

In order to facilitate the delivery within these year a more realistic one year reviewed IDP is created annually or modified. Based on identified IDP objectives every effort is made to ensure that these plans are able to be implemented each objective is linked to a project plan and related budget. Linkage to the budget ensures that identified projects have been considered to be viable and practicable and these projects are then translated into SDBIP for the current year.

The Inkwanca Municipality has developed five year IDP in May 2012, this is a review for the 2014 / 2015 financial year as set out on the Section 25 of the Municipal Systems act which states that:

Each municipality should adopt a single, inclusive strategic plan for the development of the municipality that would be reviewed annually.

- 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 plan;
- Forms the policy framework and general basis on which the annual budget must be based.

Inkwanca Municipality is proud to report on sustainable progress on developing our IDP. The municipality had convened a two day Strategic Session at Carnarvon Estate on the 04-05 March 2014 reviewing its strategies. Stakeholder engagements have been enhanced through IDP Representative Forums.

## **VISION**

A municipality that provides an equal opportunity for economic development and social upliftment for all residents.

## **MISSION**

To create an environment that will ensure equal opportunity for economic development and social upliftment through integrated stakeholder involvement, multi-skilling of communities, sustainable economic growth , good governance and provision of efficient and quality service

## **ACKNOWLEDGEMENT**

The compilation of an IDP was a team effort. The following persons need to be thanked for their contribution to this process and this specific document:

- The Mayor of Inkwanca Local Municipality.
- The members of the Mayoral Committee for their continued support.
- All Ward Councillors for their inputs.
- The Municipal Manager for his inputs.
- All HOD's for their inputs in the process.
- Inkwanca LM's IDP Office

The Inkwanca Local Municipality IDP process forms the basis of all decision-making processes as well as the budgeting process of the Municipality. It acts as a strategic management tool integrating the activities of Departments at horizontal and vertical level.

Phase 0	Preparation phase / Pre-planning	
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	<b>Preparation involves the production of an IDP process plan to ensure proper management of the planning process:</b> <ul style="list-style-type: none"> <li>• <i>Establish institutional structures for management of the process</i></li> <li>• <i>Establish structures for public participation</i></li> <li>• <i>Prepare time schedule for planning process</i></li> <li>• <i>Identify roles and responsibilities</i></li> <li>• <i>Discuss how the process will be monitored</i></li> </ul>			
	o Receive and consider CHDM Framework Plan and prepare process plan accordingly	August 2013		
	o Present Draft IDP Review Process Plan to the steering committee	20 August 2013		
	o Review of previous year's budget process and complete Budget evaluation checklist.	15 August 2013		
	o Undertake ward meetings on process plan and ward based briefing	21 - 22 August 2013	IDP	
	o Presentation of draft process plan to the IDP and Budget Steering Committee.	20 August 2013	IDP/Budget	
	o Draft Schedule of key deadlines	24 August 2013	IDP/Budget	
	o Present IDP/Budget Process Plan to council	23 August 2013	IDP/Budget	
	o IDP process plan with schedule of key deadlines to be advertised to public. IDP and Budget steering Committee meet to plan public participation. IDP and District IDP Rep Forum meet. IDP and Budget Steering Committee consolidate information gathered from public and district rep forums	01 September 2013 – 28 October 2013	IDP/Budget	
	o Submission of IDP Review Process Plan to CHDM & DLGTA	05 September 2013		
	o Advertise on adopted process schedule and solicit inputs	12 September 2013		
	<b>Analysis Phase / Monitoring and evaluation</b>			
Phase 1	<b>This phase deals with existing situations:</b> <ul style="list-style-type: none"> <li>• <i>Assessment of existing level of development</i></li> <li>• <i>Priority issues or problems</i></li> <li>• <i>Information on causes of priority issues/problems</i></li> <li>• <i>Information on available resources</i></li> </ul>			
	o IDP & Budget Steering Committee	18 September 2013		
	o IDP Rep Forum	19 September 2013		
	o Ward Based Planning programme	26 <sup>th</sup> September 2013 - 8 <sup>th</sup> October 2013		
	o Induction of council, ward committee, section 56 managers on IDP and Ward Based Planning (Tools)	05 September 2013		
	o Conducting Situational Analysis with the communities per ward	18 – 19 September 2013		

	o Feedback to communities on Situational Analysis and deciding on priority outcomes	08 - 09 October 2013		
	o IDP & Budget Steering Committee to consolidate information gathered (Sector Engagement) and review service delivery plan	14 <sup>th</sup> – 18 <sup>th</sup> October 2013		
	o IDP Rep Forum	24 <sup>th</sup> October 2013		
	o CHDM IDP Rep Forum	31 October 2013		
<b>Phase 2</b>	<b>Strategies Phase / Refined objectives, strategies, programmes</b>			
	<p><b>This phase includes the formulation of:</b></p> <ul style="list-style-type: none"> <li>• <i>The vision</i></li> <li>• <i>The development objectives</i></li> <li>• <i>The development strategies</i></li> <li>• <i>Project identification</i></li> </ul>			
	o Revenue projections and proposed rates, taxes, tariffs and service charges by BTO		<b>BTO</b>	
	o Departments (external & internal) to meet to discuss adjustment budget, projects and strategies for next year	4 <sup>th</sup> – 8 <sup>th</sup> November 2013		
	o Budget Steering Committee to discuss adjustment budget	13 November 2013		
	o IDP Rep Forum	20 <sup>th</sup> November 2013		
	o CHDM IDP Rep Forum	28 November 2013		
	o District IDP Rep Forum	4 December 2013		
	o IDP/Budget/PMS technical steering committee to discuss monthly performance progress on IDP process plan	10 December 2013		
	o Review of the financial strategy and key economic and financial planning assumptions at the Budget Steering Committee. This included financial forecasting and review of tariffs. HoD's meet to discuss draft budget, projects strategies for the coming year and effect changes.	19 December 2013		
	o HoD's and the Municipal Manager review the organ gram. Municipal strategic session IDP steering Committee to discuss projects. Budget Committee prepare draft budget. Ward Committee meetings 17-28/02/2014. Meetings with sector departments and other recognized stakeholders.	10 January – 20 March 2014		
<b>Phase</b>	<b>Activities</b>	<b>Timeframe</b>	<b>Responsible Department</b>	
<b>Phase 3</b>	<b>Projects Phase</b>			
	<b>Ensure link of identified projects to priority issues and objectives with clear intended beneficiaries, the location of the project, commencement and end date, responsible person and budget (SDBIP and Strategic Scorecard). Furthermore formulation of targets and indicators to measure</b>			

	<b>performance and impact of the project.</b>			
	o Strategic Planning Session	22 - 23 January 2014	IDP	04.05 March
	o Mid term performance report	28 January 2014	MM	Done
	o CFO, CS Manager and TS Manager review national and provincial policies and budget plans, potential price increases of bulk resources (ESKOM & DWA) and potential salary increases	30 January 2014	BTO	In Progress
	o Budget & Treasury to draft operational expenditure per function/ department on personnel expenditure, general expenditure, repairs and maintenance and contributions to capital and IDP projects	04 February 2014	BTO	In Progress
	<b>Integration Phase</b>			
<b>Phase 4</b>	<p><b>Ensure identified projects are in line with the municipality's objectives and strategies, and also with the resource framework and comply with the legal requirements. Harmonise the projects in terms of contents, location and timing in order to arrive at consolidated and integrated programme, e.g. LED programme.</b></p> <p><b>An operation strategy should include:</b></p> <ul style="list-style-type: none"> <li>• <i>Financial Plan</i></li> <li>• <i>Capital Investment Plan</i></li> <li>• <i>Integrated Spatial Development Framework</i></li> <li>• <i>Integrated sector programmes (LED, HIV, poverty alleviation, gender equity etc)</i></li> <li>• <i>Consolidated performance Management System</i></li> <li>• <i>Disaster Management Plan</i></li> <li>• <i>Institutional plan</i></li> <li>• <i>Reference to sector plans</i></li> </ul>			
	o IDP, Budget and PMS Technical committee – finalization of draft budget			
	o IDP, Budget and PMS Steering committee			
	o IDP, PMS and Budget Representative forum			

## **CURRENT PLANNING INFORMATION - UPDATE**

IDP Representative Forum were held which resulted in a revised list of community needs being generated which informed the current situation analysis. Sector departments were engaged through the representative forum to identify and establish their commitments and plans for local development within the Municipality.

The information garnered necessitated adjustments and changes in our current planning information with the concomitant adjustments to the situation analysis and project sections of the IDP document.

The planning information has also been updated to accommodate and influenced by Inkwanca Municipality Council.

## **COMMENTS OFFICE OF MEC – ASSESSMENT & RESPONSE**

Some short comings or gaps in some key performance areas we identified during assessment. It has been noted that Inkwanca consistently retained an overall medium rating score for the past three in succession however improvement is required in other four KPA'S namely Service Delivery, Financial Viability, Good Governance & Public Participation and Institutional Arrangements. Powers and functions should be

## **AUDITOR GENERAL ISSUES – IDP & PMS: RESPONSE**

The Auditor General noted concerns over identified shortfalls in certain aspects of the planning process. In particular key concerns were raised relating to the alignment of the PMS and IDP. This new IDP cycle must ensure clear alignment between the IDP KPA's, development objectives and Targets used in our performance scorecards and SDBIP. The document also provides an overview strategy to improve our audit outcome from the current disclaimer to a clean audit outcome. (Audit Action Plan attached)

## **AUDIT OUTCOMES FOR THE PAST THREE YEARS**

<b>2011/2012</b>	<b>20011/2012</b>	<b>2012/2013</b>
Disclaimer	Disclaimer	Qualified opinion

# **INKWANCA LOCAL MUNICIPALITY INTERGRATED DEVELOPMENT PLAN: 2014-2015**

## **1. CHAPTER 1: IDP OVERVIEW.**

Since the first democratic elections in South Africa in 1994, the nature and functions of municipalities changed drastically, with more emphasis being placed on the developmental role of local authorities. Developmental local government means a commitment to working with citizens to find sustainable ways to meet their social, economic and material needs to improve the quality of their lives. A duty is also placed on local authorities to ensure that development policies and legislation are implemented.

Preference must therefore be given to this duty when managing the administrative and budgetary processes of the municipality.

The Constitution of the Republic of South Africa (1996) commits government to take reasonable measures, within its available resources, to ensure that all South Africans have access to adequate housing, health care, education, food, water and social security. The current goal of municipalities is to establish a planning process which is aimed at the disposal of the imbalances created by the apartheid era. Developmental local government can only be realized through integrated development planning and specifically the compilation of an Integrated Development Plan (IDP).

The IDP preparation and review processes are predominantly guided by various legislations, policies and guides as alluded above. These policy guides have to be carefully considered when the IDP is being developed and reviewed. These policies, guides and legislative frameworks include but not limited to the following;

- The Constitution of the Republic of South Africa.
- Municipal Structures Act No 117 of 1998.
- Municipal Systems Act No. 32 of 2000.
- Municipal Finance Management Act No. 56 of 2003.
- National Spatial Development Perspective.
- Accelerated Shared Growth Initiative for South Africa (ASGISA).
- Provincial Growth Development Strategy.
- Joint Initiative on Priority Skills Acquisition (JIPSA).
- Millennium Development Goals-2015.

- IDP Guides and Spatial Development Framework (SDF).

The compilation of Integrated Development Plans by municipalities is regulated in terms of the Municipal Systems Act (Act 32 of 2000).

Section 25 of the Municipal Systems Act (Act 32 of 2000) stipulates that:

*“Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which:*

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

As far as the status of an integrated development plan is concerned, Section 35 states that an integrated development plan adopted by the council of a municipality:

- a) “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;*
- b) 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; and*
- c) Binds all other persons to the extent that those parts of the integrated development plan that impose duties or affect the rights of those persons have been passed as a by-law”.*

Section 36 furthermore stipulates that:

*“A municipality must give effect to its integrated development plan and conduct its affairs in a manner which is consistent with its integrated development plan”.*

However, in terms of section 34 of the Municipal Systems Act, a municipal council “must review its integrated development plan annually”, and based on the outcome of the review process it “may amend its integrated development plan in accordance with a prescribed process”.

The MSA thus places a legislative duty on municipalities to adopt a single, inclusive and strategic plan (Integrated Development) 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; and forms the policy framework and general basis on which annual budgets must be based.

## **1.2. The Report Structure.**

**CHAPTER 1** of the Inkwanca Local Municipality IDP provides some background information pertaining to the concept of Integrated Development Planning, the legal context thereof, and the institutional structures and methodology followed in the Inkwanca Local Municipality Integrated Planning Process during the review process.

**CHAPTER 2** describes the Inkwanca Local Municipality in national, provincial and local context and represents a multi-sectoral situational analysis highlighting some of the most salient features and key challenges of the municipality and progress made in addressing the key challenges.

It also provides a brief summary of the priority issues reported by communities in the various parts of the municipality.

**CHAPTER 3** reflects on the Strategic Agenda of the Inkwanca Local Municipality. It comprises a brief summary of national and provincial development policy guidelines which direct the Municipal Strategic Agenda, as well as the Inkwanca Local Municipality Vision and Mission, and then the Key Priorities which were adopted by Council. It also includes the Municipal Spatial Development Framework.

**CHAPTER 4** reflects a synopsis of the various Sectoral Objectives, Strategies and Projects aimed at addressing the priority issues identified in the municipal area.

**CHAPTER 5** of the document summarizes the Financial Plan and **CHAPTER 6** contains an executive summary of the Performance Management System (PMS) of

the Municipality.

**CHAPTER 7** of the document is a project register for Inkwanca Municipality and Sector departments' projects.

### **1.2.1. Information.**

It is necessary to briefly summarize the process followed for the 2013/2014 IDP process as prescribed in the IDP Process Plan. The components of the Process Plan are as follows:

- a) Institutional Arrangements and Public Participation;
- b) Progress Reporting;
- c) Year Planner;
- d) Needs Collection;
- e) Updating of Projects;
- f) Final Document Compilation;

### **1.2.2. Institutional Arrangement and Public Participation.**

The roles and responsibilities of the various parties involved in the IDP Revision are listed below:

<b>Role-player</b>	<b>Responsibility</b>
IDP Co-ordinators and municipal official	Lead the facilitation of the ward planning process and wrap up of the plan.
Section 56 Managers	Support and act as technical resource for input in Ward Based Planning and be contact points in the different departments of the municipality.
Traditional Leaders(where applicable)	Participate and support the ward committees in mobilising people and make sure that the plan is implemented
CBO	Participate in Ward Based Planning
Sector Departments	Respond in sector specific issues during WBP



CDW	Support ward based planning process.
Ward councillor	Co-ordinate and manage ward planning and monitor implementation; Chair key public planning meetings (ward planning, prioritisation and feedback meetings). Participate in the planning as much as possible. Represent the ward on WBP issues in the municipality's IDP structures and processes; Chair ward committee meetings where implementation is monitored.
Ward committees	With the Ward Cllr, co-ordinate ward planning and monitor implementation. Chair key public planning meetings (ward planning, prioritisation and feedback meetings) and implementation monitoring. Represent the ward on WBP issues in the municipality's IDP structures and processes;
Community	Participate in the ward planning and monitor the implementation of the plan

### ***Inkwanca LM's Council.***

The Municipal Council is chaired by the Mayor and has the following role in the IDP review process;

- Oversee the development and adoption of the IDP review;
- Adopt final Integrated Development Plan and Budget;

### ***1.2.2.2.IDP Coordinator.***

The IDP Officer role resides with the Municipal Manager who has in turn delegated it to the IDP Coordinator. In terms of the process the IDP Officer is tasked to:

- Ensure that the Process Plan is drafted and adopted by the Municipal Council;
- Manage the local municipal IDP by ensuring that all daily planning activities are performed within an efficient and effective consideration of available time, financial and human resources;
- Encourage an inclusive participatory planning process and compliance with action programme;

- Facilitate the horizontal and vertical alignment of the various internal and external departmental programmes;
- Ensure that the planning process outcomes are properly documented;
- Manage service providers engaged in the municipal IDP process;
- Chair the IDP Steering Committee;
- Nominate persons in charge of different roles.
- Responds to comments on the draft reviewed IDP from the public.
- Adjusts the IDP in accordance with the comments of the MEC for local Government.
- The Municipal IDP Officer will coordinate with various government departments and other HODs to ensure that all the projects, strategies and objectives of the local municipality are shared and distributed amongst government departments so that they might incorporate them in their planning process and vice versa.

### ***1.2.2.3. IDP Steering Committee.***

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

- Provide technical and advisory support to the IDP Officer;
- Perform daily planning activities including the preparation and facilitation of events; documentation of outputs and making recommendation to the IDP Officer and the Municipal Council;
- Commission feasibility studies and business plans for projects;
- Commission in depth studies;
- Interact with the Local steering committee local members regarding local projects;
- Prepare, facilitate and document meetings;
- Act as the secretariat for the IDP Representative Forum;
- Meetings shall be held as per the action programme or when considered

necessary by the chairperson.

#### **1.2.2.4. IDP Representatives Forum.**

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

- Secretariat of IDP steering committee.
- Ward Committees.
- Youth groups.
- Rate payers.
- Civic bodies & Entities.
- NGO's and CBOs.
- Sector Departments and the District Municipality.
- IDP Steering Committee.
- Community development workers.

The task of the representative forum shall be to:

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

#### **Roles and Responsibility of Stakeholders.**

The IDP planning process includes a wide range of role-players with certain key responsibilities. To enable smooth implementation of the IDP Review action plan the following roles and responsibilities have been allocated in the following manner.

#### **1.2.2.6. Needs Identification and Project Prioritisation.**

After all the needs were collected, the projects/programmes were updated and

finalized by the end of February 2012. The prioritization of projects will be included in the Budget process.

### **1.2.2.7. Community Participation.**

All stakeholder and public participation engagements were undertaken through the guidance provided by the Public Participation Policy which was adopted by Council. Communication and public relations exercises emanated from the Communication Strategy which has been adopted by Council.

PHASE	PARTICIPATION MECHANISM & PLANNING EVENTS
Analysis	<ul style="list-style-type: none"> <li>▪ Use of workshops to verify data on community priorities</li> <li>▪ Use of ward Committees to verify data</li> </ul>
Projects	<ul style="list-style-type: none"> <li>▪ Use of workshops to verify data on community priorities</li> <li>▪ Use of ward Committees to verify data</li> </ul>
Approval	<ul style="list-style-type: none"> <li>▪ Use of workshops to verify data on community priorities</li> <li>▪ Use of ward Committees to verify data</li> </ul>

### **1. Mechanisms for Public Participation.**

While the planning process was initiated and co-ordinated by the municipality and the Department of Local Government and Traditional Affairs, the **plan is owned by the Ward (represented by the Ward Committee)**. The Department of Local Government & Traditional Affairs **empowered the Ward Councillors and Committees** to co-ordinate the planning process that will enable each Committee to generate a mandate for its term of office.

Various tools were utilised to gather information from the respective communities. The primary objective of the information gathering tools was to encourage communities to broadly relate to planning issues within their respective community with particular emphasis on:

- Analysing all sectors within their community, i.e. economic, social, natural resource based (agriculture, etc.), health, and infrastructure.
- Analysing cross cutting issues which influence peoples capacity to develop, e.g. HIV & AIDS, gender, etc.
- Analysing “soft issues” in terms of how people are organised and the

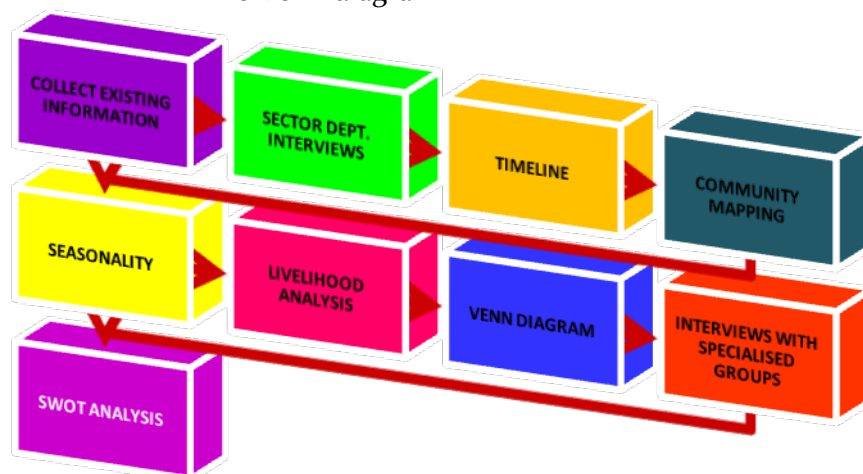
sustainability of land management within community based organisations.

- Avoiding the solution as being an item of infrastructure – e.g. often underlying problems may not be solved just by building a clinic, but by a community health worker, improved hygiene, etc.

The information gathering exercises included:

- Collect existing data (desktop study)
- One-on-one sessions with sector departments (Queenstown Regional Offices)
- The timeline exercise.
- The community mapping exercise;
- The seasonality exercise
- The livelihoods analysis exercise.
- The Venn diagram exercise.

- The Venn diagram



***Appropriate Language Usage.***

Formal documentation and communication will be

done in English but in meetings, participants would be encouraged to use their own language where this would enhance communication and participation. In some instances, interpreters may be used to facilitate smooth communication. Facilitators of meetings would be encouraged to make use of simple language in explaining concepts so that people can understand the process and become empowered to participate in the IDP process.

***Logistics Arrangements.***

Meetings will be held in Inkwanca and transport will be provided for those councilors coming from outlying villages in line with council policy for rebates and stipends. The municipality will be responsible for organizing workshop logistics and venue equipment.

#### **1.2.2.8. *Public Participation Process.***

Public Participation forms an integral part of the Inkwanca Local Municipality IDP process. The IDP process is a continuous process and therefore the process of public participation. During the 2013/2014 Inkwanca Local Municipality IDP process, public meetings were conducted with each ward, chaired by the Mayor and facilitated by Ward Councilors. The People's Assembly, comprising of, *inter alia*, 4 Ward Committees, Government Structures, parastatals and service providers, were held during 2013, where the projects and programmes, SDF and Ward IDP's were presented and inputs were received.

#### **1.2.3. *Projects Identified During Ward Meetings for 2013/2014.***

In addition to the existing ongoing projects and projects identified during the 2011/2012 IDP process, a large number of additional projects were identified during the respective ward meetings and were included in the 2013/2014 IDP.

#### **1.2.4. *Communication Plan.***

Inkwanca Local Municipality utilizes several communication channels to convey information to the internal staff and to the community in general.

##### **1) *Communication to internal staff.***

The staff is being informed of any important information by way of notices to individual desks [offices] or through the Council's notice boards. The notice boards serve both the internal staff and the public.

Memorandums are distributed to the Heads of Departments to inform their departmental staff regarding certain information.

##### **2) *Communication with unions.***

There is continuously contact between the Local Authority and the local unions [SAMWU] in order to disseminate information to their members. This dissemination may take different forms ranging from meetings with union shop stewards to circulars to members. The Local Labour Forum is also functional.

### **3) *Communication to the community.***

The general public or the community is usually given information through their monthly bills. Notice boards are used to notify the public regarding vacancies available. The local newspaper is another media tool used to advertise vacancies, Council resolutions or any other important notice.

The Council Website is operational, which is a major information source to the members of the public.

### **4) *Ward Committees.***

Ward Committees are operational and Ward Committee meetings are being held every month.

### **5) *The IDP Representatives Forum.***

This forum is a combination of all major stakeholders in the Municipal area and includes the general public through representatives from Ward Committees, Service providers and other interested parties.

### **6) *Audit Committee.***

This committee is chaired by local residents with public involvement. This committee has as its function by the monitoring of the PMS and tender management.

## **1.3.5 *Timelines***

The rationale for such an exercise is to ascertain, from a local community's perspective, an understanding of the community's history thereby illustrating trends that may have occurred within a particular area thereby possibly contributing to better informed plans. Events within the community, as recalled by community members, are reflected in the table below.

TIME	EVENT	IMPACT	IMPLICATION FOR PLANNING
------	-------	--------	--------------------------

1963	Forced Removal of communities from Molteno to Ilinge Township.	Families were separated, no proper housing was provided, kids were not accepted to other schools resulting in them dropping out of school, skilled people left the area	Land claims, housing backlog
1973	Pest infestation	Crops were destroyed resulting in increase in unemployment and high poverty rates	High unemployment and dependency on grants
1974	Floods	Houses destroyed, crops destroyed, roads destroyed	Housing backlog, bad conditions of roads
1976	School uprising at Nomonde	Increase in school drop-outs, school children were beaten, school was burnt	New school was built in 1985
1984/5	Youth uprising	People were arrested, some killed, some fled, skilled people left and never came back	Unskilled community and high unemployment rate
2004	Floods	Farmers lost sheep, roads were damaged	Condition of roads bad, high poverty rate
2008	Pest infestation	Crops were destroyed by locust resulting in increase in unemployment and high poverty rates	High unemployment and dependency on grants



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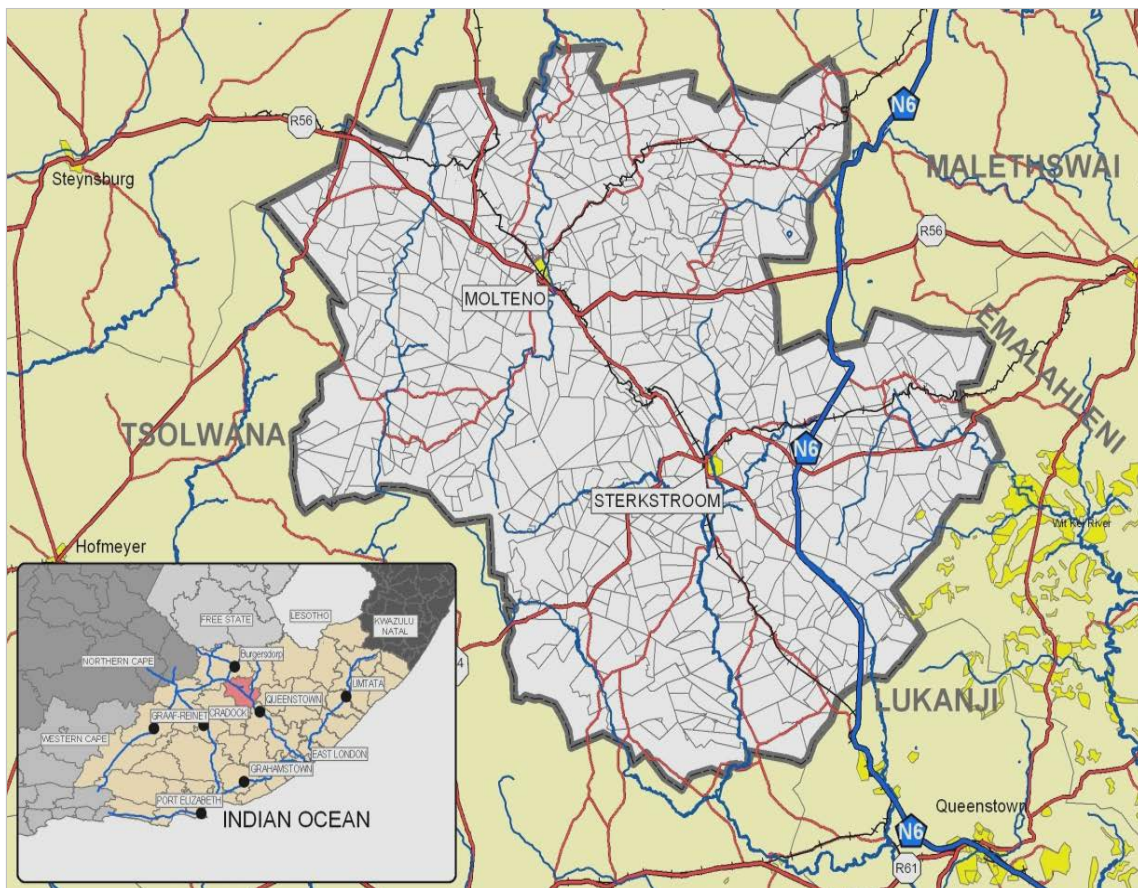
## **2. CHAPTER 2: SITUATIONAL ANALYSIS: MAJOR ISSUES AND PRIORITY DEVELOPMENT NEEDS/CHALLENGES.**

### **2.1. BACKGROUND.**

The Inkwanca Local Municipal is a category B municipality established in terms of Section 12 of the Municipal Structures Act 117 of 1998. The municipality is approximately 3583 KM<sup>2</sup>, situated 60km north-west of Queenstown. It comprises of the towns of Molteno and Sterkstroom and the surrounding farming (rural) areas, with Molteno being the administrative seat of the municipality. The residential component of the municipality is mainly concentrated in the two urban nodes:

- a) **Molteno, including Nomonde, Molteno Town, Nkululeko and Dennekrui.**
- b) **Sterkstroom, including Masakhe, Sterkstroom Town, Sonwabile & Hoffmansville.**

The rural surroundings (farm areas) comprise a small portion of the total population in the municipality.



The municipality falls within the Chris Hani District Municipality and is bounded by the Tsolwana, Gariep, Maletswai, Emalahleni and Lukhanji Municipalities. The N6 national road between Bloemfontein and East London play an important link through the municipality. In addition, the R56 route from Pietermaritzburg runs through Molteno towards Middelburg is a further important road-link. The area has a rich historical background dating back to the 18<sup>th</sup> century with a number of monuments and key places of interest. Commercial agriculture is the main economic activity in the municipality.

Inkwanca consists of 4 wards, extends over 3583 KM<sup>2</sup> and has 4 councillors. The leadership of Inkwanca Municipality is acutely aware of the challenges confronting the municipality and has identified the provision of basic services and facilitation of socio-economic development of the area as key priorities supported by capable and modern infrastructure for social, economic and institutional development.

Inkwanca faces high levels of poverty, unemployment, illiteracy and infrastructure backlogs, including roads, water, sanitation, electricity and housing. Other challenges are identified as crime, HIV and TB prevalence, poor integration and cooperation across civic, private and public bodies. The local financial sector has been on the decline over the last few years.

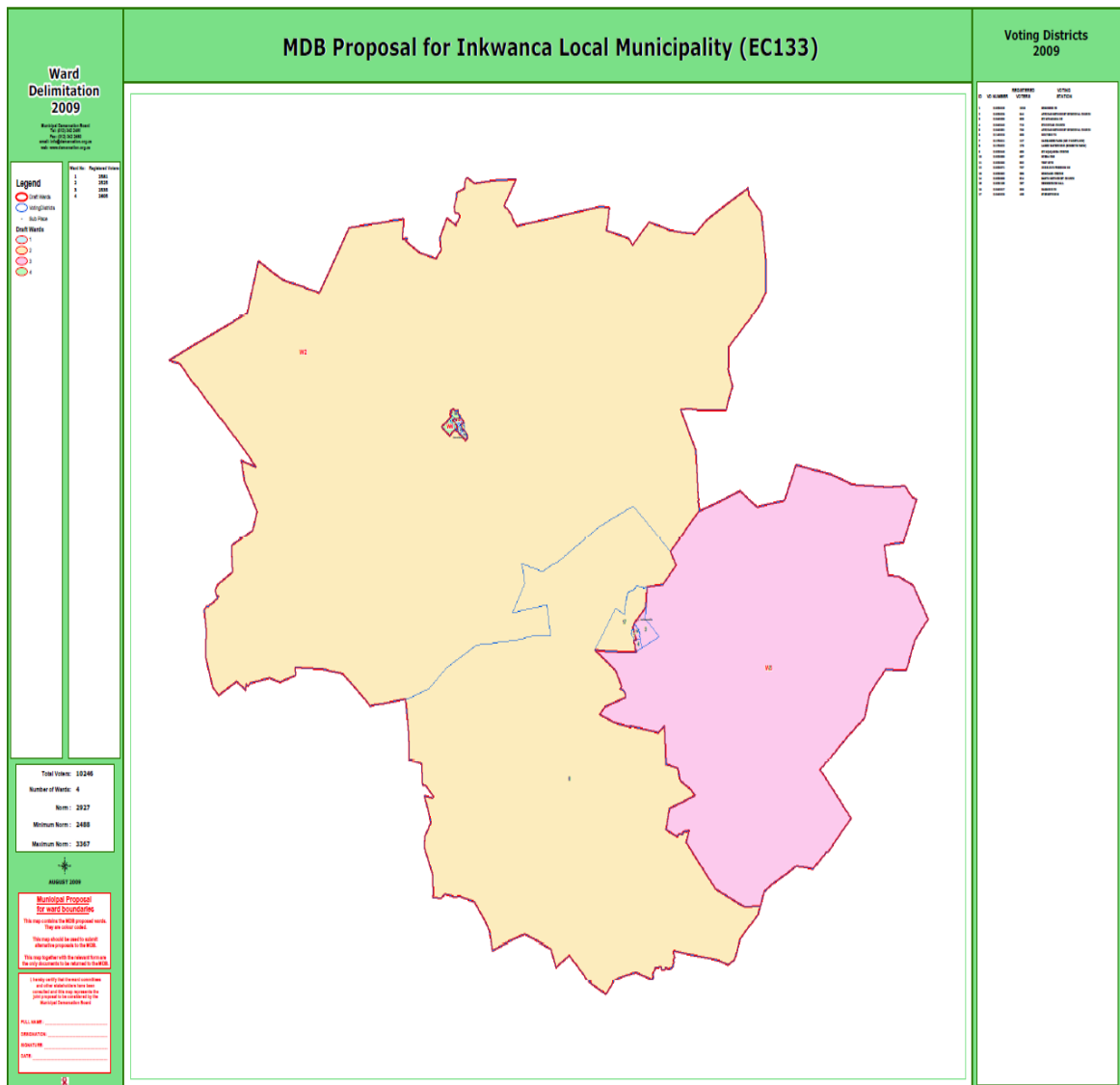
The population is overwhelmingly rural and most land is communally owned and fertile, yet only a small portion is fully utilised. Forestry (especially pine), agriculture and tourism (agri-tourism and cultural tourism, including arts and crafts) are said to be key for the area's economic stimulation.

Other identified strengths and opportunities include:

- Local resources (natural, human and information);
- Potential for new businesses and community private-public partnership;
- Availability of local technical expertise;
- Non-political and resourced NGOs and CBOs that provide aftercare;

For the first time in 2011, Inkwanca LM was delimited into four wards as depicted in Map 1.0 below:

1) **Ward 1 – Ward 4.**



### 2.1.1 Seasonality

The seasonality exercise sought to analyse elements within the community that are largely seasonal such as labour use and agricultural cycles. The table below reflects such seasonality as identified by the community.

MONTH	CLIMATE	SICKNESSES	EMPLOYMENT	CRIME	INFRASTRUCTURE
January & February	Very Hot	Chronic diseases	Low – crops die because of heat	High	Electricity blackouts because of thunder, condition of roads bad
March	Cool	Less sicknesses	Slight improvement – dependent on construction work	High	-
April May June July August September October	Very Cold	Chronic diseases	Low – farmers can't plough because of very little rainfalls and very cold weather	Very high – rape, theft	-
November December	Very hot, rainy	Chronic sicknesses	Slight improvement – farmers depend on rain for planting crops	Very high – stock theft	Conditions of roads bad

### 2.1.2 LIVELIHOOD ANALYSIS

The livelihoods analysis exercise was undertaken in order to ascertain the livelihoods of different social groups within the community. The table below reflects the perceived livelihoods of different social groups within the community as reflected from the community's perspective.

ASSETS	CHALLENGES	POSSIBLE INTERVENTIONS
<b>Women</b>	<ul style="list-style-type: none"> <li>▪ Job opportunities very limited</li> <li>▪ Limited knowledge of doors to knock to they can get assistance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Skills development and assistance on projects</li> </ul>
<b>Youth</b>	<ul style="list-style-type: none"> <li>▪ No projects for youth to keep them busy</li> <li>▪ Skills development very limited</li> <li>▪ Education</li> </ul>	<ul style="list-style-type: none"> <li>▪ Skills development</li> <li>▪ Workshop on available opportunities</li> </ul>
<b>Farmers</b>	<ul style="list-style-type: none"> <li>▪ Unskilled farmers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Skills development</li> <li>▪ Training of farmers on managing their farms</li> </ul>
<b>Men</b>	<ul style="list-style-type: none"> <li>▪ Job opportunities</li> <li>▪ Abuse</li> </ul>	<ul style="list-style-type: none"> <li>▪ Skills development</li> </ul>

### 2.1.3 VENN DIAGRAM

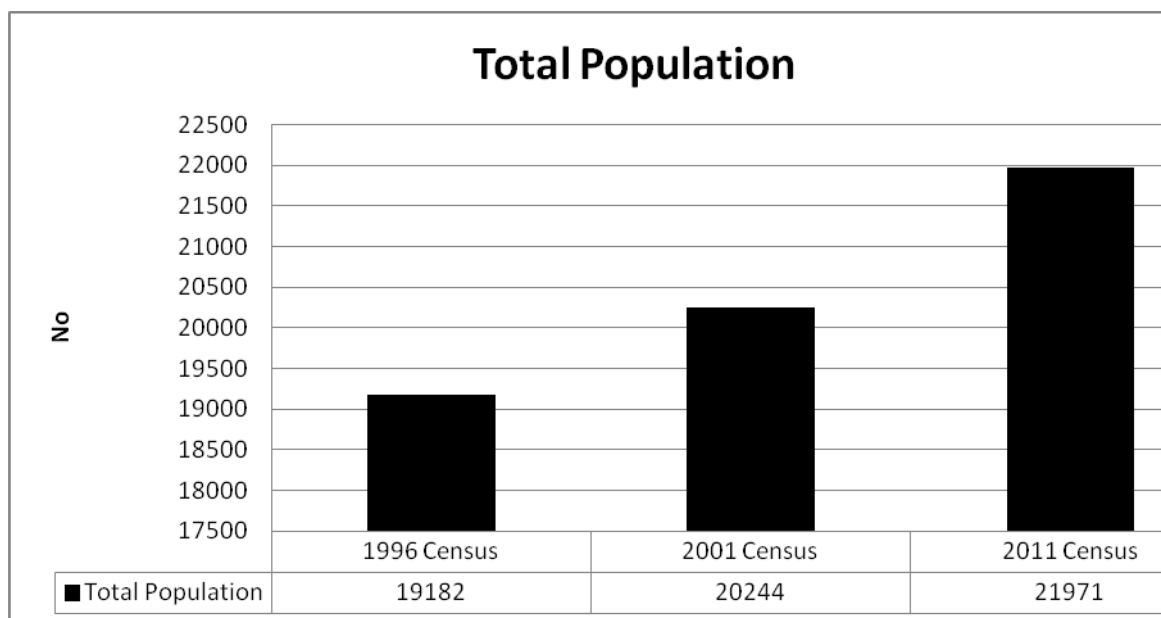
Broader mixed community group identified different organisations active in the community and how important and accessible their services are. The community first brainstormed & listed the **importance** of the service providers to the community, rating them from 1 to 5, **1 being never needed and 5 being very dependant on the service**. They later determined **accessibility** of those services, rating them from 1 to 5, **1 being weak and 5 being excellent**.

DEPARTMENTS/SER VICE PROVIDER	WARD 1 and WARD 4		WARD 2 & 3	
	IMPORANT	ACCESSIBILI	IMPORANT	ACCESSIBILI

	CE	TY	CE	TY
<b>Health</b>	5	3	5	3
<b>SAPS</b>	5	1	5	2
<b>Human Settlement</b>	5	4	5	3
<b>SASSA</b>	5	3	5	2
<b>Social Development</b>	5	4	5	2
<b>Public works</b>	5	3	5	2
<b>Education</b>	5	3	5	3
<b>Agriculture</b>	5	4	5	2
<b>DEDEAT</b>	5	2	5	1
<b>Home Affairs</b>	5	3	5	4
<b>Municipality</b>	5	3	5	4
<b>Dpt. Justice</b>	5	1	5	1
<b>Correctional Services</b>	5	3	5	1
<b>Land Reform</b>	5	2	5	1
<b>DSRAC</b>	5	1	5	1

## **2.2. Population Demographics.**

### **2.2.1. Municipal Population.**

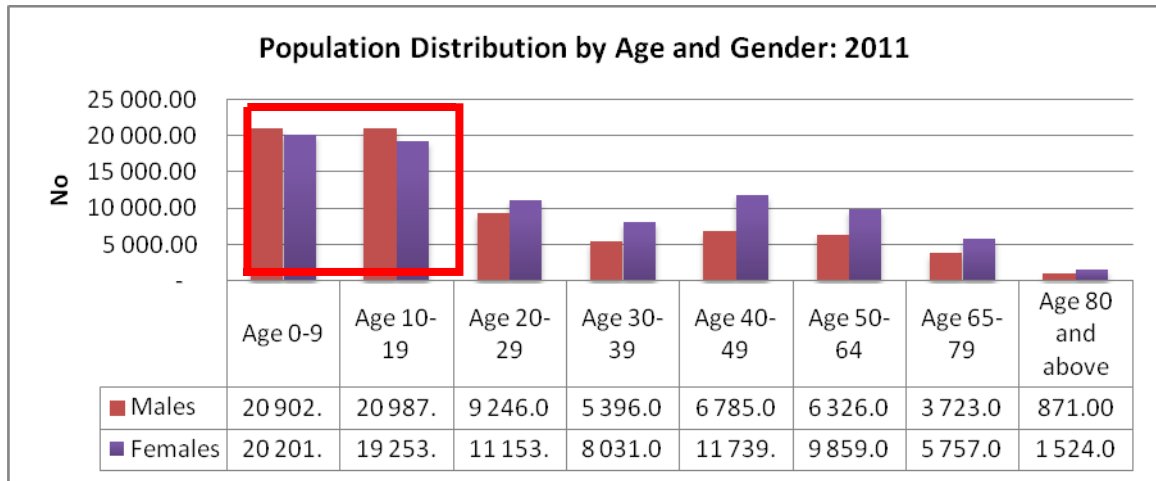


According to information supplied by Statistics SA from 2011 Population Census, Inkwanca LM had a population of about 21,971 in 2011. Whilst the population has increased by an average of 0,82% from 1996 to 2011, it is currently the smallest population in CHDM following Tsolwana LM.

The slow pace of population growth can be attributed to either a high death rate or low birth rate due effective family planning and other related variable for both variables. The other reason could be economic emigration to more affluent and developing economies in the province and country.

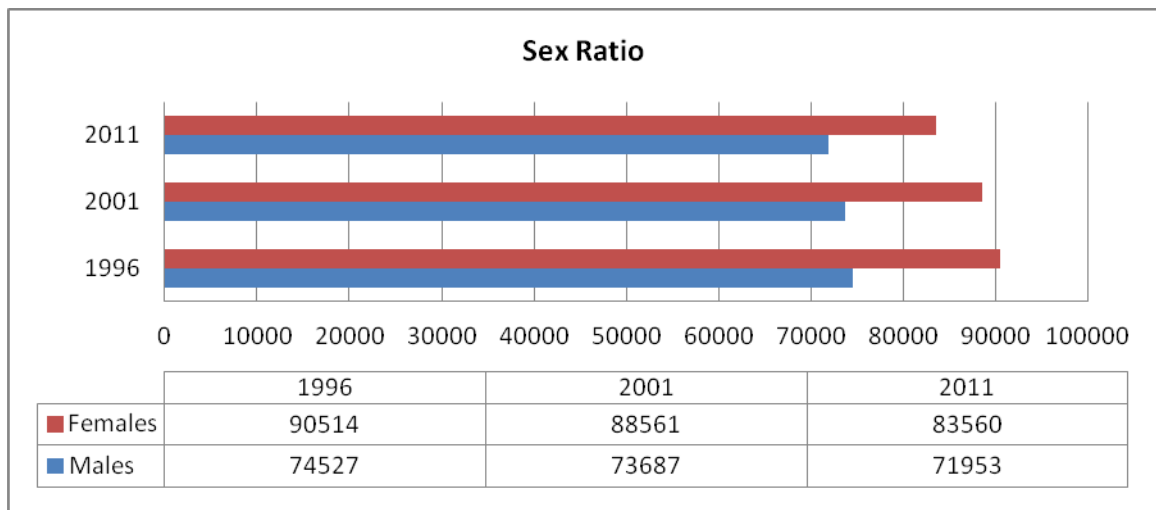
### **2.2.1. Population by Age and Gender.**





The CHDM's population is predominantly children and teenagers from the age of 10 to 19 years old. The distribution between males and females is almost even with a marginal difference of less than 1% between both genders.

### 2.2.3. Population by Gender.



The population is predominantly female dominated at 56% with males constituting 46% of the population. There is a universal consensus that women have a longer life expectancy than males, therefore given the current male to female ratio, various programmes and campaigns need to be put in place by Inkwanca LM in order to empower women in the short to medium term. The other fact is in society at large.

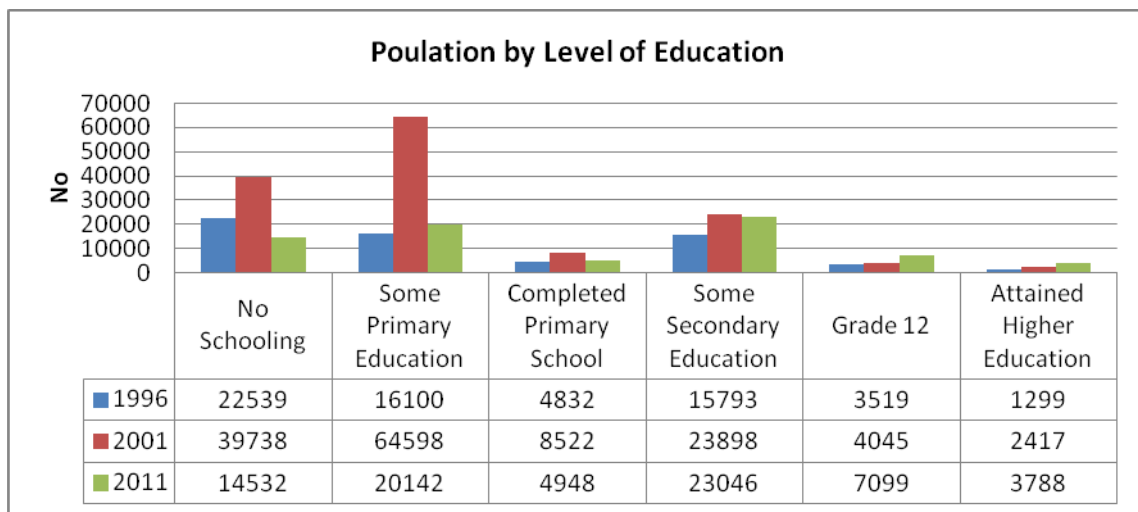
The situation as it stands suggests that there are more women-headed-households than the contrary owing to various human circumstances, thus the argument of women empowerment need to be started and intensified. Such empowerment, when properly

conceived and implemented will further curb population growth, which is perceived as an outcome of women’s lack of economic opportunities.

If women’s health, education and economic well-being are improved along with their role and status in the community, the empowerment of women will inevitably lead to smaller families and lower or manageable population growth.

#### **2.2.4. Population by Level of Education.**

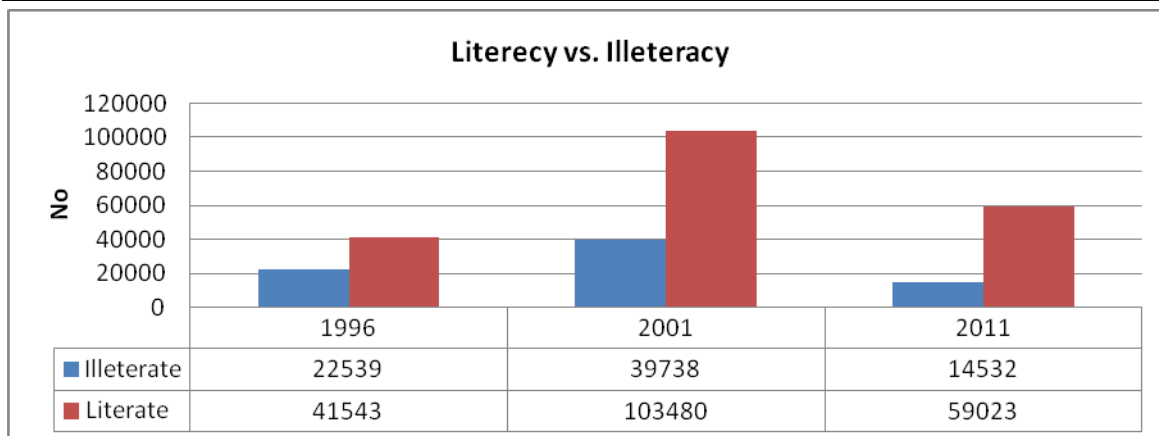
The number of people with less than Grade 12 has decreased by considerable margin from 1996 to 2011.



The decrease in people with no schooling can be attributed to various factors, such as urbanization, free basic education as well as adult basic education programmes that have been introduced by government whilst the increase in school leavers with tertiary education can be attributed to poor grades and lack of means to finance tertiary education.

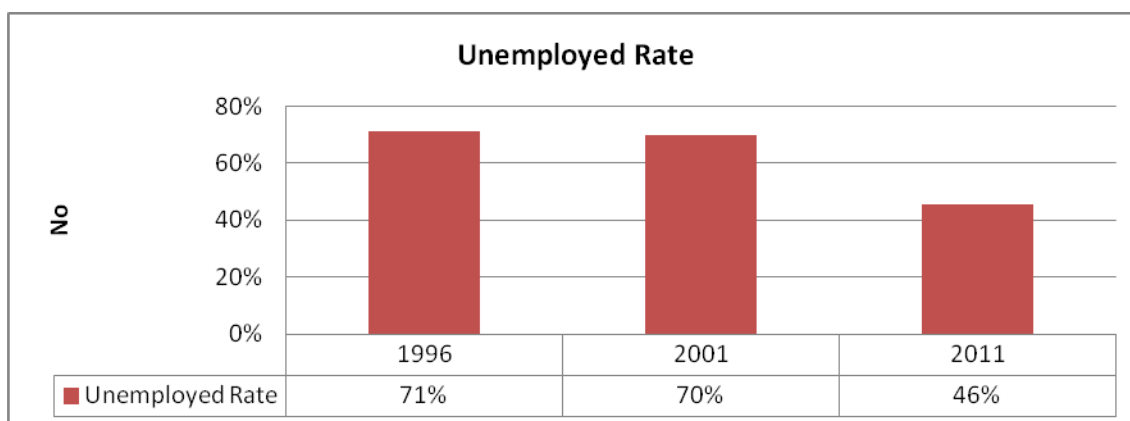
Grade 12 pass rates have seen a gradual increase Year-on-Year from 1996 to 2011 by a very small margin and this is far from the acceptable levels.

### 2.2.5. Literacy vs. Illiteracy.



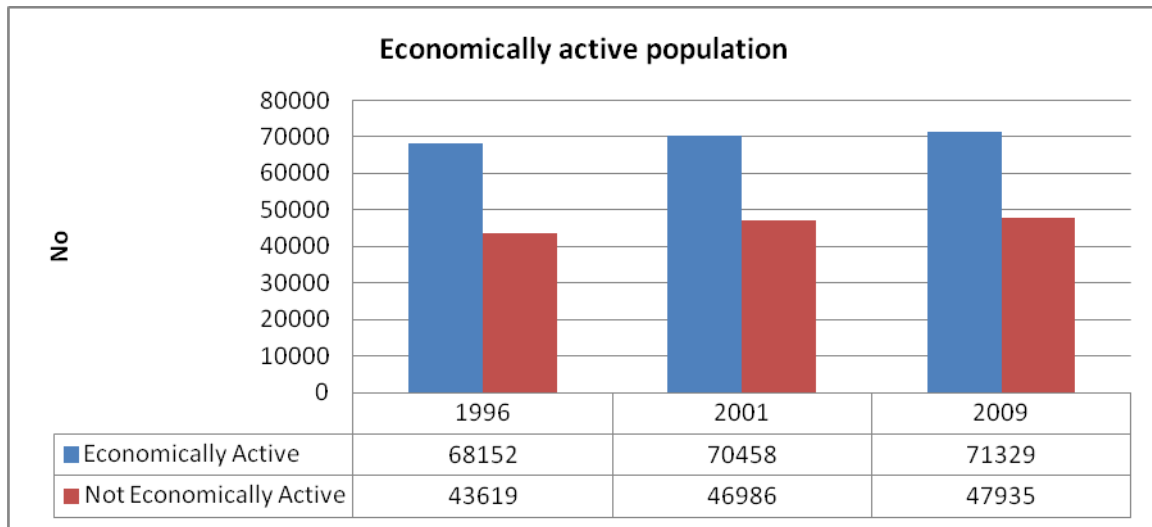
Literacy rate is fairly high amongst citizens whilst it has experienced decline between 2001 and 2011. The decrease in literacy rate will lead to lack of or poor comprehension of socio-economic variables.

### 2.2.6. Unemployment Rate



The ILM's economy felt the full impact of a negative economic growth on general employment, which is evident from the above graph. About 70% of the Inkwanca population was unemployed in 2001 and that has decreased by 24% to 46% in 2011.

### 2.2.7. Economically Active Population.



40% of the ILM population is not economically active and therefore depends on the 60% of the economically active population. Thus every working person at Inkwanca supports a minimum of 4 people per household.

## 2.2.8. Employment by Sector

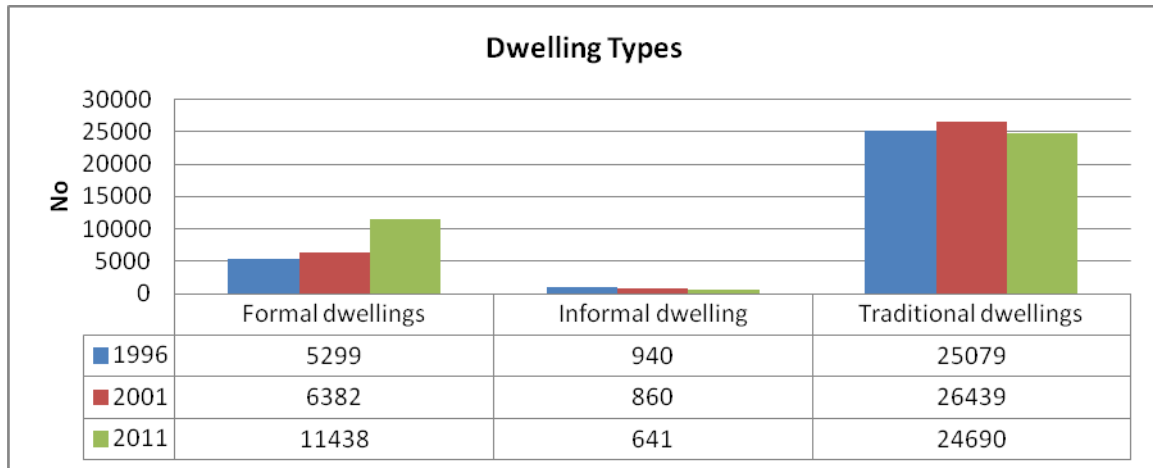


Despite it being generally a low wage sector, the trade sector shows a high labour absorption compared to the transport, business services and finance sector. This sector was followed by community, social and personal services as well as the general government sectors which accounted for more than 60% of the available jobs.

The agricultural sector has created just over 1000 jobs in 2010 followed by manufacturing, with just over 500 jobs. The mining and quarrying has performed poorly over the years and has an insignificant contribution to ILM's economy. The situation suggests that Inkwanca produces very little or no commodities to support its retail sector and imports its goods from outside. The economic structure is not sustainable and depends on government to create jobs.

### 2.2.9. Dwelling Types.

As the municipality is rural in nature, it stands to reason that almost 80% of dwellings are traditional dwellings which are found in the most rural parts of the municipality.

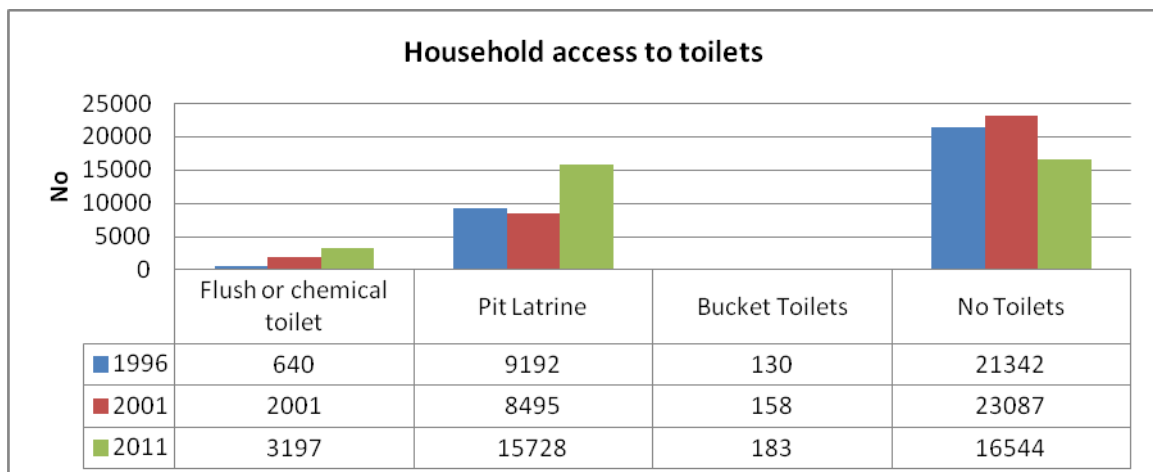


These traditional dwellings are characterized by the predominance of single-detached dwelling units.

## 2.3. Access to Services.

### 2.3.1. Household access to toilets.

The municipality provides a supply of waterborne sanitation services through sewers provided that there are sufficient water resources and infrastructure to sustain such a service.



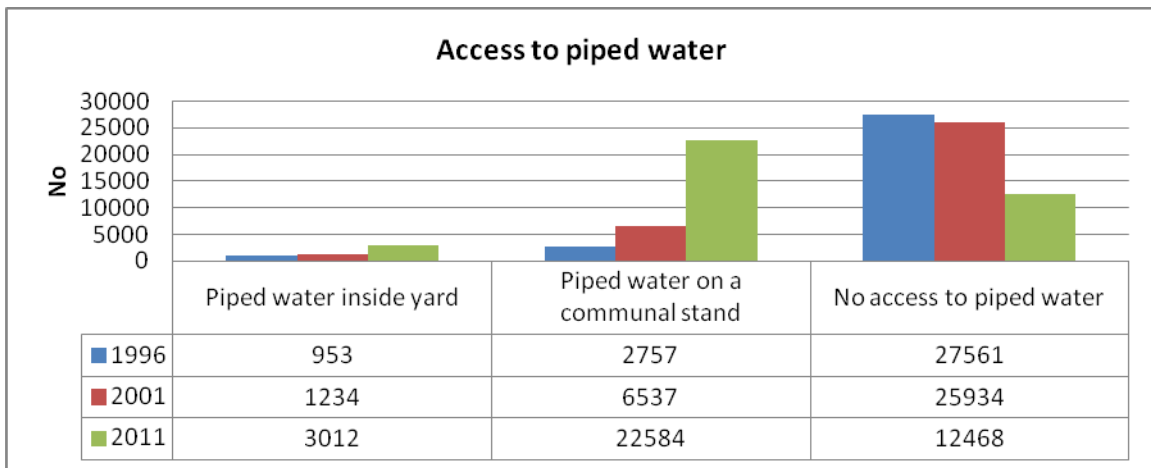
About 45% of the ILM population does not have access to either sanitation infrastructure or services. The consequence of lack of proper sanitation infrastructure and services will result in raw sewerage running on the streets,

mixing with litter and garbage and contributing to environmental damage and spread of diseases.

### 2.3.2. Sanitation Services Backlog.

According to the CHDM WSDP 2012 (*Sanitation Services Backlog, Page 9 of 143*) the biggest proportion of the CHDM population with a high share of sanitation services backlog resides at Inkwanca LM followed by Emalahleni and Intsika Yethu LM respectively. This could be attributed to spatial size of these municipalities and the fact that they are highly rural in nature. This trend is similar to the water services backlog, which is highest in the same municipalities.

### 2.3.3. Household access to water.



There is a considerable decrease in the number of people who do not have access to water. However about 5% of the ILM population still fetches water from dams and streams.

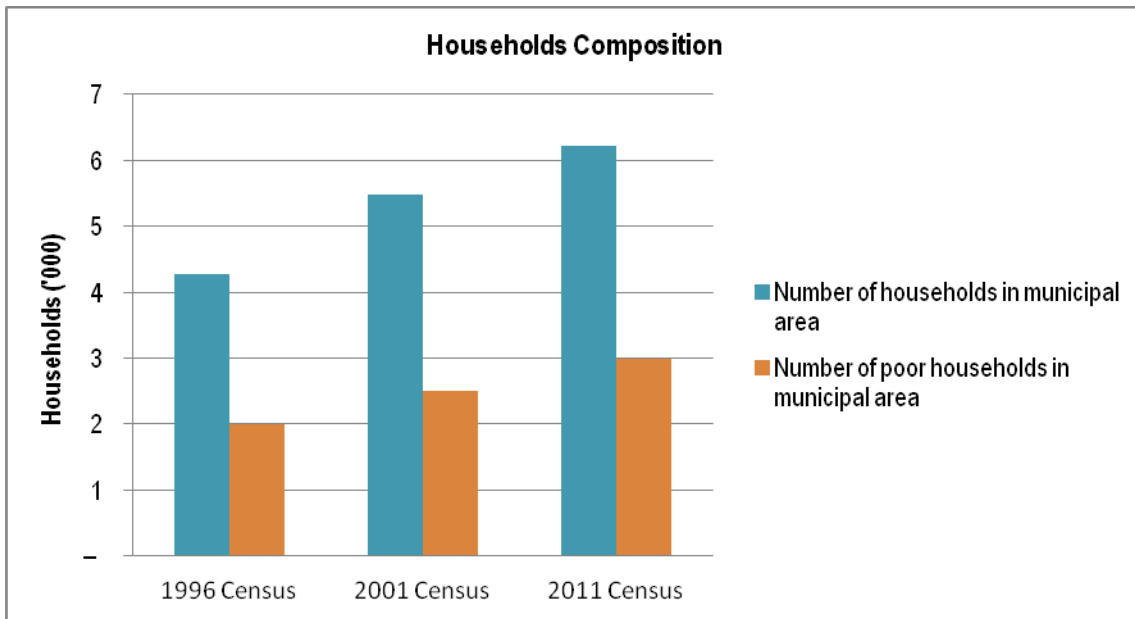
### ***2.3.3. Population by Age & Location.***

Inkwanca LM currently has a population of children from age 0-9 constituting 20% while it has a teen and early adult-hood population of age group between 10 – 19 constituting 25% of the total population in all its demographic forms. The working population of age group between 25-64 constitutes 47% whilst the older population of 65 and above constitutes 7% of the population.

The current age profile implies that the active labourforce (20-64) which constitutes 47% of the population has to work and support 52% of the population as the age group of 0-14, age group 15-25 and age group of 65 and above are an economically dependent burden in the sense that they are non-productive members of the society and must be supported by the economically active labour force and the state in the case of old age grant earners.



## 2.6. Household Distribution.



Almost 50% of the Inkwanca households were poor in 2011. This was the same trend during both the 1996 and 2001 Census.

## 2.4. Access to Services.

### 2.4.1. Electricity Service Connections.

About 92% of the total population had access to electricity. Therefore only 8% of the population uses candles, paraffin etc, for lighting and heating. Access to electricity also indicates an improvement in the quality of life.

#### ***2.4.2. Access to Water.***

About 98% of the total population had access to piped water. Therefore only 2% of the population still fetch water from the rivers or dams. Access to water also indicates an improvement in the quality of life.

### ***2.4.3. Access to Sanitation Services.***

Sanitation backlog at Inkwanca was at 9% in 2011 and considered to be very low in comparison to other municipalities in the region. This could be attributed to spatial size of these municipalities and the fact that they are highly rural in nature. This trend is similar to the water services backlog, which is highest in the same municipalities.

### ***2.4.4. Access to Solid Waste Collection.***

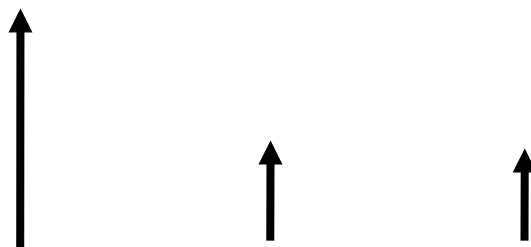
About 7% of the population that still didn't have access to refuse removal in 2011. This could be the portion of the population who resides in the rural nodes of the municipality and thus do not pay for refuse removal services.

## **2.5. Poverty Indicators.**

### **2.5.1. People Living in Poverty.**

About 55% of the Inkwanca population was both poor and ultra-poor. This implies that these people either earn no income or they leave below poverty line and can only afford the minimum necessities.

### **2.5.2. GINI Coefficient Index.**



Gini Coefficient Index is used to measure the degree of inequality in terms of income distribution in a particular economy. The index varies between 0 and 1. If incomes are distributed equally, the Gini coefficient is zero.

In 2008, the Inkwanca LM's Gini Coefficient Index was 0.62, which implies that income distribution was highly uneven and benefited a small portion of the society. In 2009 and 2010, the index was even at 0.61. Whilst this was still high, it means that income distribution was gradually moving towards 1.0 meaning that there was a reasonable distribution of income whilst it remained moderately uneven.

## **2.6. Education and Literacy Indicators.**

### **2.6.1. People with No Schooling.**

Literacy rate is fairly high across the population congruent to the demographic composition of the municipality.

### ***2.6.2. Illiteracy Rate.***

Illiteracy rate is fairly low across the population congruent to the demographic composition of the municipality.

## **2.7. Economic Indicators.**

### ***2.7.1. Economically Active Population.***

The economically active population are those people who are willing and able to work. According to Stats SA only 7029 people at Inkwanca were economically

active. This implies that just over 19% of the Inkwanca population supports about 81% of the total population.

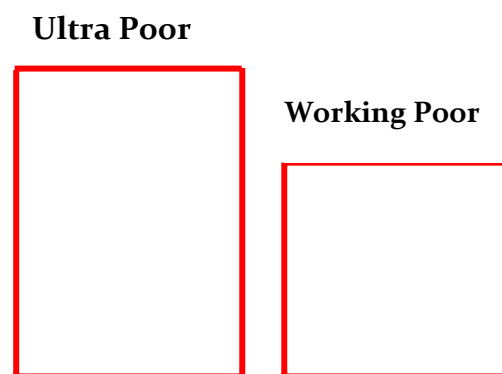
### ***2.7.2. Population Unemployment.***

About 2639 people at Inkwanca were looking for work but could not find it and were therefore unemployed. These people exclude those under the age of 20 and over the age of 65 years. These people then become dependent to the 4073 employed people and depend directly or indirectly on government social grants.

### ***2.7.3. Formal and Informal Employment.***

The number of people who were full-time employed at Inkwanca in 2011 was about 4073, which also represents about 19% of the working population. The permutations are the same as with the economically active population.

### ***2.7.4. Population Income Distribution.***



The household distribution per income group indicates that the income levels of most households have been predominately between **R400** and **R1 600**. Whilst this earning



category has largely been concentrated, 43% of the workers in this income category cannot afford most of the basic services and are thus referred to as the “**Working Poor**”.

About 2500 people which represents 11% of the population was “**Ultra Poor**” in 2011, earning below R400 a month.

## 1

### 3.1.1. Spatial Planning.

In terms of Section 26 (e) of the Municipal Systems Act (Act no. 32 of 2000), the Spatial Development Framework is a legally required component of the IDP. It therefore has the status of a statutory plan, and serves to guide and inform all decisions made by the Municipal Council on spatial development and land use management in the Inkwanca Municipality.

The Spatial Development Framework for Inkwanca Local Municipality aims to provide guidelines for settlement growth and development needs in Inkwanca as well as providing guidance on where best to direct resources in upgrading the rural settlements. The Spatial Development framework also aims to highlights areas where strategic development intervention is required (areas of particular development potential and/or areas where current development activities represent a development opportunity).

The **Inkwanca Spatial Development Framework** will apply to the whole area of jurisdiction of the Inkwanca Local Municipality. This area is characterized by a composite settlement and land use pattern, incorporating urban, peri-urban and rural components, some of which were previously administered as separate local government entities.

The area covered by the Inkwanca Municipality is approximately 3387 ha in extent. Political representation is based on 4 Wards within this area.

The Chris Hani REDS strategy identified the following sectors as having the greatest comparative advantage in the Municipality

- 1) Mining
- 2) Livestock Production and Processing.

The following table contains perceived economic opportunities (Chris Hani REDS strategy - Corridors);

Town	Agricultural, agro-processing and forestry	Manufacturing, construction and mining	Tourism and hospitality	Service, retail and logistics
<b>Molteno</b>	Forestry plantations, partridge hunting,	clay brick making, manufacture of good quality clay bricks, coal mining high quality clay for arts and crafts and crockery	Tourist attraction battle fields, develop Molteno dam (picnic sites), spa-paradise (tourism)	
<b>Sterkstroom</b>	tannery for hides, wind farming, sheep , cattle, poultry and pigs, organic agricultural product meat , wool processing plant, fresh market	recycling waste red ochre mining	Hunting tourism catering rock art tourism	filling station

## **A. The Agricultural Potential.**

### **Livestock**

Inkwanca has approximately 1.67% of the Chris Hani District's cattle, 0.08% of its goats and 3.69% of its sheep. The two commodities identified as having potential in Inkwanca are

- 1) Beef Cattle
- 2) Dohne-Merino

The production of livestock is mainly because of the good grazing potential in the area, with over 60% of the Municipality having a carrying capacity of 9 hectares or less per livestock.

### **Field Crop Production**

The climatic conditions are not favorable for Field Crop Production

### **Limitations**

#### **1) Water**

Water is probably the most limiting factor for agriculture in the region, especially for vegetable and crop production, but also successful livestock farming is dependent on a reliable, constant and sustainable water access.

#### **2) Market Access**

Before any production is started, a sustainable long-term market access has to be secured

#### **3) Transport and Infrastructure**

Linked to the problem of market access is the problem of lack of transport. Transport is a major problem in the area. This includes of course market access, but also the access to get inputs into the project, like seeds and fertilizer

## **B. The Mining Potential.**

For the past decade the municipality has been struggling to extract value out of the coal deposits discovered in its jurisdictional area. Coal mining remains an untapped potential in the area and can contribute immensely to employment creation if it can be properly mined and beneficiated. These coal deposits are located in the central area of the Municipality.

### **1) Coal Mining**

The Elitheni Coal Company has mining prospecting rights to a large area of Inkwanca (See map below). The company estimates that there is over 1 billion tonnes of coal available in its mining and prospecting areas. Unlocking of the Mining Industry will create spinoffs in subsidiary industries

### **2) Methane Gas**

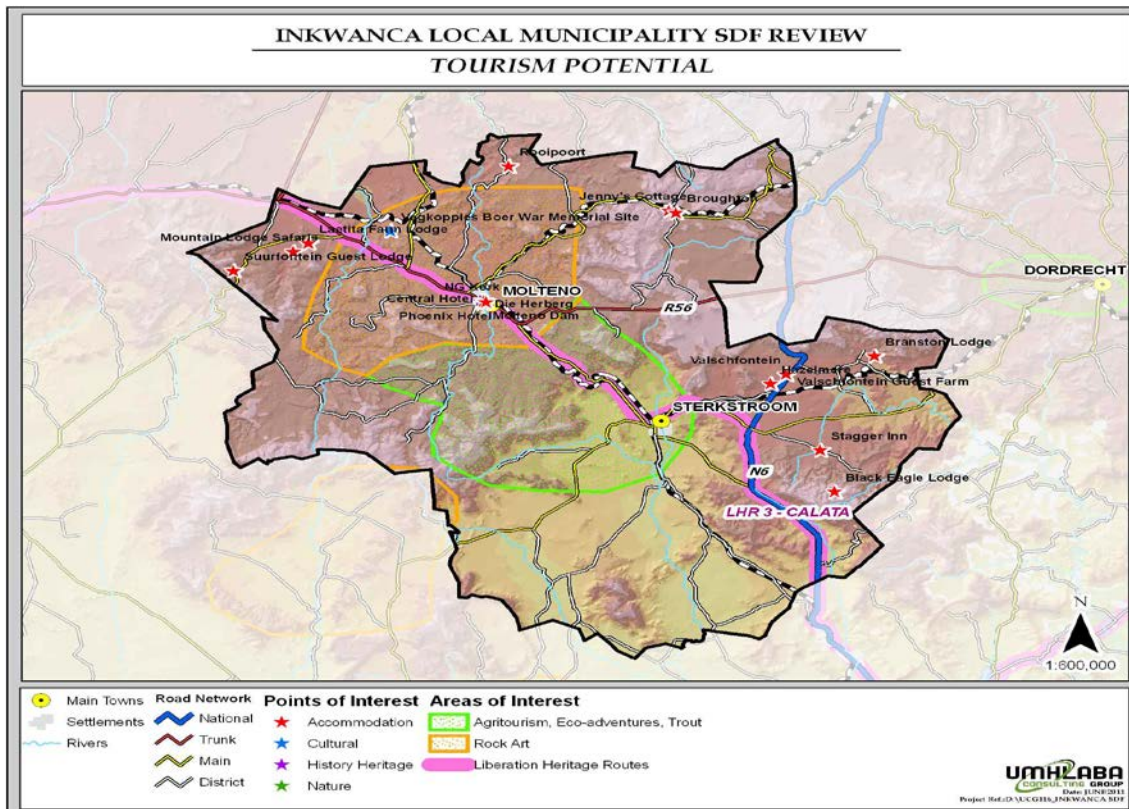
Badimo Gas (Pty) Ltd has made an application for an exploration right for coal bed methane near Molteno.

## **C. The Tourism Potential.**

Inkwanca's tourism vision is: - "To make Inkwanca area a sustainable eco-tourism, cultural (including rock art) and adventure tourism destination."

### **1) Tourism Attractions and Facilities**

Tourism facilities and attractions in the area are limited as this is not a traditional tourism area. The biggest draw card to the area is hunting; fly fishing and the rock art. The potential of adventure and eco-tourism has not been fully exploited. There are current only 9 accommodation facilities (see Table 7.1). The potential tourism attractions are listed in Table 7.2 and illustrated on the map.



**Table 7.1: Accommodation Facilities in Inkwanca LM**

Type	No.	Beds
Bed&Breakfast	5	45
Hotels	2	21
Self-Catering	2	8
<b>Total</b>	<b>9</b>	<b>74</b>

Source: Chris Hani DM Tourism Plan, 2009

**Table 7.2 Potential Tourism Attractions in Inkwanca LM**

Heritage/ History Tourism	
Molteno Museum	Vegkoppies
Sterkstroom Museum	Clock Tower - Molteno
Molteno Watermill	Johannes Meintjies Art Gallery
Archaeological Sites	Stormberg Certified Organic Farms
Nature-Based Tourism	
KoosRas Nature Reserve	Carnavon Estate - Hunting
Black Eagle Nature Reserve	Rooipoort -Hunting
Nature Heritage Site on the farm Carnavon	Branston Lodge - Hunting
Brosterlea Farm -Hunting	John Broster Farm - Hunting
Laetitia Mountain Lodge Safaris - Hunting	

Source: Chris Hani DM Tourism Plan, 2009

## 2) Tourism Routes

The Calata Liberation Heritage Route transverses the Municipality. The town of Molteno lies on the route between Johannesburg and the coastal locations of Port Elizabeth and East London and could capture overnight accommodation.

### 2.1.1. Land Use Management.

The formulation of land use management guidelines is a legally required component of a Spatial Development Framework. In complying with this requirement, it is important to be clear on what is understood by the term “*land use management*”, and therefore, how this is translated into a set of usable guidelines, relevant to the Municipality and its assigned roles and functions.

The following excerpt from the White Paper on Spatial Planning and Land Use Management (Dept Land Affairs, 2001) provides a broad definition of what, *in essence*, a **Land Use Management System** is expected to achieve in the new spatial planning system in South Africa, and how this **differs from the development control approach** that was central to the old planning system in this country: -

“The term land use management includes the following activities:

- ✓ The regulation of land-use changes such as, for example, the rezoning of a property from residential to commercial use;
- ✓ The regulation of ‘green fields’ land development, i.e. the development of previously undeveloped land;
- ✓ The regulation of the subdivision and consolidation of land parcels;
- ✓ The regulation of the regularization and upgrading process of informal settlements, neglected city centres and other areas requiring such processes;
- ✓ The facilitation of land development through the more active participation of the municipality in the land development process, especially through public-private partnerships.

Land-use management has two main underlying rationales. The first is the widely felt resistance to the idea of uncontrolled land development and the second is the commonly expressed wish by particular sectors in society to promote various types of desirable land development.

The resistance to uncontrolled development is motivated by:

- ❖ **Environmental concerns:** uncontrolled development of land can have adverse effects on natural habitats, cultural landscapes and air and water quality.
- ❖ **Health and safety concerns:** uncontrolled development can lead to overcrowding and unsafe building construction. Certain land uses can also be detrimental to the health and safety of neighbors.

- ❖ **Efficiency of infrastructure provision and traffic management:** increasingly it has become clear that where the granting of development permissions is not coupled with the provision of adequate infrastructure and traffic management the consequences can be severe. Similarly, where infrastructure is provided, generally at high financial cost, without taking into account likely and relevant land-use and settlement patterns the opportunity costs to society are very high.
- ❖ **Determination of property values for purposes of rating:** the market value of land is the basis on which property valuation is determined and the extent and nature of the development permitted on the land is a key factor in that determination.
- ❖ **Aesthetic concerns:** the control of land development enables government to prescribe certain design parameters for buildings.
- ❖ The wish to promote desirable development is also driven by a number of different concerns:
- ❖ **The land development needs of the market seldom match precisely the social and political needs of government:** government may well want to promote a type of land development in an area that the market neglects. It then has to take certain steps to facilitate that development or provide incentives.

**Investment promotion:** changing the applicable land-use management instruments is often seen as a prerequisite for attracting certain types of investment to certain areas. This can take the form of both relaxing controls in those areas and increasing controls in other areas which might be more favoured by the market. These strategies are likely to be linked to local economic development initiatives”.

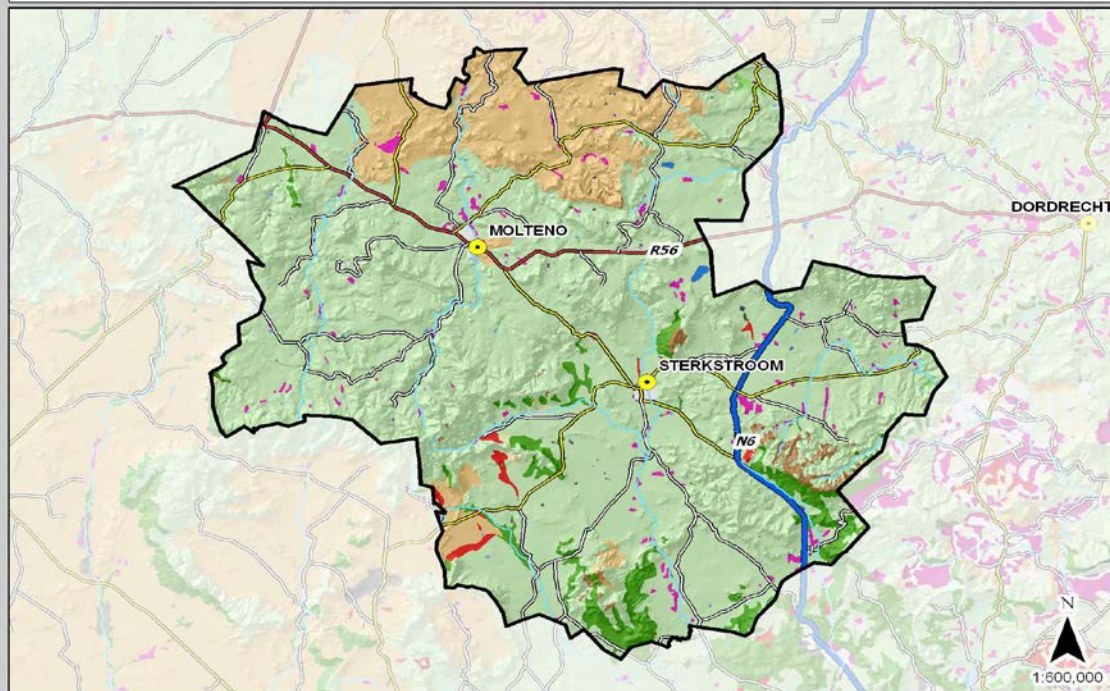
#### **2.1.1.1. Land Use Management and Inkwanca Local Municipality.**

Inkwanca LM is characterized by two distinct settlement forms. These are:

- ❑ The two urban centres of Molteno and Sterkstroom. These towns act as service centres to the resident population and surrounding commercial farms
- ❑ Commercial farming area (extensive land holdings)

# INKWANCA LOCAL MUNICIPALITY SDF REVIEW

## LAND COVER



Main Towns		Road Network		LAND COVER	
	Main Towns		National		Barren rock
	Settlements		Trunk		Cultivated: temp - comm. dryland
	Rivers		Main		Cultivated: temp - comm. irrigated
			District		Cultivated: temp - subsistence dryland
					Degraded: unimproved grassland
					Forest and Woodland
					Improved grassland
					Shrubland and low Fynbos
					Thicket & bushland (etc)
					Unimproved grassland
					Urban: residential
					Urban: res (small holdings)
					Waterbodies
					Wetlands

**UMHLABA**  
 CONSULTING GROUP  
 Date: JUNE 2011  
 Project Ref: D/UCG115, INKWANCA SDF



1) Land Use: Molteno

Land Use	No. of Erven	%	Area (HA)	Land Use	No. of Erven	%	Area (HA)
Agriculture Union	2	0.04	0.73	Magistrate Court	1	0.02	0.05
Bed and Breakfast	5	0.11	0.27	Municipal Office	2	0.04	0.11
Bowling Club	1	0.02	1.23	Office	1	0.02	0.05
Brick Making	1	0.02	1.66	Old Age Home	2	0.04	1.02
Business	66	1.42	6.93	Open Space	13	0.28	39.85
Cemetery	4	0.09	7.54	Petrol filling station	4	0.09	0.22
Church	26	0.56	4.80	Police Station	2	0.04	0.11
Clinic	3	0.06	1.24	Post Office	1	0.02	0.05
Commonage	8	0.17	669.60	Railway	5	0.11	12.34
Country Lodge	3	0.06	0.16	Res/Bus	1	0.02	0.05
Crèche	4	0.09	0.44	Residential/ Guesthouse	1	0.02	0.05
Doctor Surgery	1	0.02	0.05	Restaurant	1	0.02	0.58
Eskom Office	2	0.04	0.11	Roads Department Depot	4	0.09	0.22
Flats	1	0.02	0.05	Roadway	10	0.22	91.33
Frail care Centre	2	0.04	0.11	School	12	0.26	20.19
Funeral Services	1	0.02	4.64	School Hostel	1	0.02	1.56
Golf Course And Sports Club	1	0.02	40.78	Single Residential	3159	68.17	140.23
Government Offices	2	0.04	0.05	Sportsfield	1	0.02	2.97
Hospital	1	0.02	2.37	Telkom	2	0.04	0.14
Hostel	1	0.02	0.05	Town Hall	2	0.04	0.53
Hotel	5	0.11	0.27	Under Development	1	0.02	5.60
Industrial	1	0.02	0.90	Vacant	1260	27.19	100.32

Library	1	0.02	0.05	Workshop	5	0.11	0.27
Live Stock Loading Area	1	0.02	0.19	TOTAL	4634	100	1162.07

## 2) Land Use: Sterkstoom

Land use	No. of Erven	%	Area (HA)	Land use	No. of Erven	%	Area (HA)
Agricultural	5	0.15	1795.81	Museum	2	0.06	0.19
Authority	1	0.03	0.04	Old Council	6	0.17	0.21
Auto Repair	2	0.06	0.13	Open Space	10	0.29	77.16
Bed & breakfast	2	0.06	0.14	Park	1	0.03	0.56
Business	51	1.49	2.71	Petrol Filling Station	2	0.06	0.08
Cemetery	2	0.06	4.94	Police Station	2	0.06	0.97
Church	27	0.79	4.21	Post Office	1	0.03	0.04
Clinic	1	0.03	0.10	Railway	5	0.15	43.56
Community Facilities	2	0.06	0.07	Res/Bus	1	0.03	0.02
Community Hall	1	0.03	0.13	Res/Spaza	1	0.03	0.10
Crèche	1	0.03	0.25	Residential	3041	88.63	133.36
Flats	1	0.03	0.14	School	16	0.47	15.27
Funeral Service	1	0.03	0.02	Sports Field	1	0.03	7.01
Government Office	2	0.06	0.11	Sportsfield/ Open space	1	0.03	14.93
Hospital	6	0.17	0.57	Street	6	0.17	70.14
Hostel	13	0.38	0.83	Telephone Tower	2	0.06	0.05
Library	1	0.03	0.04	Telkom	1	0.03	0.07

Lodge	1	0.03	0.14	Under Construction	2	0.06	1.38
Magistrates Office	3	0.09	0.14	Vacant	199	5.80	39.68
Moth hall	1	0.03	0.04	Vegetable Garden	6	0.17	0.57
Municipal Office	1	0.03	0.07	<b>TOTAL</b>	<b>3431</b>	<b>100</b>	<b>2216</b>

### 2.1.2. Land Ownership.

Inkwanca Municipal Area is defined by its two towns, Sterkstroom and Molteno, which are surrounded by low-density rural farmlands. Private land ownership for rural land accounts for 90.96 % of land ownership in the municipal area, totaling 3.49 million hectares.

**Table 8.1: Summary of Ownership Details of Farm Parcels - Inkwanca LM**

OWNERSHIP	NO.	AREA (HA)	%
UNDEFINED	64	27,991.72	7.27
MUNICIPAL DISTRICT	2	40.27	0.01
MUNICIPAL LOCAL	9	1,858.04	0.48
PARASTATAL	69	1,042.42	0.27
PRIVATE	789	349,265.80	90.69
STATE NATIONAL	15	4,902.04	1.27

### 2.1.3. Land Restitution.

There are 9 redistribution projects in Inkwanca LM. To date the Department of Land Affairs has transferred land for 5 LRAD projects, totaling 12,928 hectares.

**Table 8.2: Summary of Redistribution Projects (Inkwanca LM)**

Type	Total No. of Projects	Ave. No. of Indiv.	Total Area (HA)	Ave. Size (HA)	Ave. Purchase Cost
LRAD	4	9	12928	485	R 377,188
PLAS	1	N/A		10988.6	R 30,400,000
COM	1	20		741.0	R 260,000
SLAG	3	77		1499.3	R 650,000

There are 9 Restitution Claims in the Inkwanca LM. Table 8.4 below gives the breakdown of these claims.

**Table 8.4 Restitution Claims - Inkwanca LM**

Area	No. of Claims	No. Rural	No. Urban	No. People Benefited
Molteno	6		6	20
Sterkstroom	3	2	1	312
Inkwanca LM	9	2	7	332

#### 2.1.4. Housing.

Housing is a national competence. It is a priority for our communities who have identified it during the broad consultation workshops as a critical need in short supply. Housing is also a basic need. The municipality has identified as part of this IDP's project list, a need to develop a sector plan for guiding our role in facilitating the implementation of sustainable housing and settlement development.

The municipality is not a developer, but a facilitator with current role encompassing facilitating and processing of applications for low cost housing, planning for new settlements and implementing RDP housing delivery programme on behalf of the provincial housing and development board or the department of human settlements.

#### Current Housing Projects

The table below indicates the current housing projects in Inkwanca Municipality.

Project Type	Project Name	No. of Sites
Project Linked	Molteno Airstrip 1127 Housing Project (Note 1)	1127
Project Linked	Nomonde 136 Housing Project (Note 2)	70
	STERKSTROOM MASAKHE (Inkwanca)	164

Source: Housing Sector Plan Review, 2011

#### Planned Housing Projects

The questionnaire administered to the Community Services Department indicates that there are no housing projects planned for the near future. However from the 2008/2011 Housing Sector Plans there are three (3) projects that were still at pre-planning stage and are presumed to be part of the projects that the Municipality would be interested in completing.

PROJECT	NO. UNITS	VALUE
Masakhe	435	R13 920 000

Molteno (mid-income, rental)	50	R2 800 000
Sterkstroom (mid-income, rental)	50	R2 800 000

**2.1.5. Key Spatial Implications on the IDP.**

In considering the Key Performance Areas and related activities set out in the DM’s IDP, the SDF has sought to identify a number of themes that would guide the formulation of the basic Spatial Development Objectives and Strategies that form the foundation of the SDF Review. The following applies: -

<b>IDP Key Priority Areas (KPAs)</b>	<b>Key Spatial Development Themes/Issues</b>
<b>SPATIAL DEVELOPMENT FRAMEWORK &amp; ENVIRONMENTAL MANAGEMENT</b>	<p><b>Within this KPA, the SDF is obviously a central instrument of governance.</b></p> <p><b>It is critical that the Inkwanca Municipality (administrative arm and Council) ensure that land development decisions are taken in a wise manner to attempt to address the fragmented settlement pattern prevailing in Molteno and Sterkstroom.</b></p> <p><b>A strategic approach should be adopted in regard to major development projects such as public-funded housing; industrial development and future extractive industries (mining) so as to ensure that the public good is advantaged</b></p>
<b>BASIC SERVICES + INFRASTRUCTURE</b>	<p><b>Spatial patterns of development in the towns of Molteno and Sterkstroom are not optimal and are complicated by historical development processes as well as landform.</b></p> <p><b>It is important to ensure that future land development processes take into account the viability of service delivery from a cost perspective (affordability of level of service) as</b></p>

<b>IDP Key Priority Areas (KPAs)</b>	<b>Key Spatial Development Themes/Issues</b>
	<p>well as the efficiency of the service. This necessarily should bring about a more critical focus on the spatial pattern of development and encourage infill and densification of the overall spatial pattern of development in the towns.</p> <p>A special focus also is required over time to improve linkages (accessibility) between all different suburbs of the towns.</p>
<b>LOCAL ECONOMIC DEVELOPMENT</b>	<p>The opportunities offered by Inkwanca's natural resource base appear to largely be in the primary sectors of agriculture and mining, with some potential to be exploited in terms of tourism (predominantly local market oriented) and, obviously, trade and enterprise at a local level.</p> <p>When pursuing land reform projects, it is vital that the Municipality ensure that appropriate arrangements for the project are in place – this means that project beneficiaries must be adequately skilled to sustainably farm the land transferred to them or that specific arrangement for logistical and technical support are put in place through the project by all interested or responsible agencies.</p>
<b>INSTITUTIONAL DEVELOPMENT + TRANSFORMATION</b>	<p>These 3 KPAs essentially point the way to the Inkwanca Municipality needing to train its officials who are assigned</p>



<b>IDP Key Priority Areas (KPAs)</b>	<b>Key Spatial Development Themes/Issues</b>
<b>GOOD GOVERNANCE</b>	<p>the responsibility of managing spatial planning and land use management (land development). It is also important in this regard for the officials to be encouraged to seek support from the Provincial Departments of Local Government &amp; Traditional Affairs, Economic Development.</p> <p>From the perspective of Land Use Management, it is important to note the current legal applicability of different land-legal legislation in the towns of Molteno &amp; Sterkstroom.</p> <p>Future land use management arrangements should be facilitated by the promulgation of Provincial Spatial Planning &amp; Land Use Management legislation.</p>
<b>FINANCIAL VIABILITY</b>	

### **2.1.6. Transportation.**

Transport plays a critical role in economic development. Transport service has two levels. It includes public and physical transportation systems. The ILM's role in transport is largely focused on planning for movement of goods and people across our landscape. We are not a transport authority and currently do not have a transport plan.

However, it the ILM's intention to develop and adopt such a sector plan in order to guide how it intervene and play a role in facilitating public transport, mobilization of transportation infrastructure support and coordination of movement patterns in support of our economic development objectives.

The physical transportation systems are poorly linked and overly rely on road based network. The lack of established rail systems linked to the municipality's road based networks is a huge obstacle to realizing the existing potential in underperforming yet promising economic sectors like forestry, manufacturing and agriculture production.

The lack of established rail transport network coupled with poorly maintained road infrastructure contributes negatively to our competitive advantage. It makes it difficult for industries to have effective distribution networks necessary to link out local produce to markets.

### **3.1.2. Road Infrastructure.**

The road network is one of the key components of the transportation system. The road network has a huge backlog and construction of access road does not meet the demand. At the same time the maintenance of road infrastructure is a challenge. The road network has not yet been classified as require by the legislation. The department of roads and public works has been request the assist as well as MISA.

#### **The Challenges.**

**The municipal has the following challenges with regards to its roads;**

- **Lack of road classification as required by legislation.**
- **No Infrastructure Capital Plan, roads only registered with MIG.**
- **Backlog not quantified and costed.**

### **3.1.3. Water Services.**

Provision and governance of water and sanitation services in all our areas is a competence of the district municipality. The Chris Hani District Municipality is a Water Services Authority, (“WSA”), whilst Inkwanca Local Municipality is a Water Service Provider, (“WSP”).

The relation is governed through a medium of a service level agreement (“SLA”) between the two parties. Our role, on an agency basis is that of a service provider.

The figures below give a comparison of household access to different levels of service for water and sanitation:

Access to Water by household can be illustrated as follows:

The Inkwanca LM uses the CHDM WSDP and has developed its own Water Services Development Plan which was developed by WSA.

#### **2.1.7. Water Supply.**

The municipality currently sources its raw water from Molteno Dam and purifies it at its Water Treatment Works which also contains a storage back-up.

The CHDM has done a water provision plans and came up with the Cluster programme which will see different Water Augmentation Schemes being integrated. There is also a planned upgrade of Molteno Dam to increase its capacity.

#### **2.1.8. Water Demand Management.**

The municipality has had a relatively large incidence of 'water loss' or non-revenue water. This occurs either through physical losses (leaks etc.), billing inaccuracies, and mainly faulty water meters. The result is an unnecessary demand on water resources, wastage of water and loss of income.

#### **2.1.9. Sewerage System.**

The municipality uses Oxidation ponds and they are near capacity. There are plans upgrading all sewer substations and provide them with retention dam for managing spillages.

Deferred maintenance on the sewer system and minimum maintenance is estimated around **R650, 000.00**.

### **2.2. Public Safety and Security Services.**

Public Safety and Security services are not the competency of the Municipality but rather the Provincial competency. The Municipality has two police stations. The police station in Molteno falls under Aliwal North Cluster whilst the Sterkstroom Police Station is under Queenstown Cluster. This creates a problem for the Municipality because the Municipality is falling under Queenstown District. It would be ideal if both stations can fall under one cluster, preferably Queenstown because then there would be better coordination of operations to reduce crime in our Municipality.

#### **2.2.1. Fire and Rescue Services**

The Municipality doesn't have Fire and Rescue Services and we rely on the assistance provided by the Chris Hani Disaster Centre. We experience a lot of veld fires towards the end of winter season. This hits heavily on Farmers as they lose a lot of stock. They have grouped themselves to try and fight the fires but this is not

enough. They lack equipment to deal with this challenge. With funds permitting the Municipality should consider purchasing Fire Fighter Vehicles.

### **2.2.2. Traffic and Law Enforcement**

The Municipality has Traffic and Law Enforcement. We have one Senior Traffic Officer and Two Traffic Officers. We also provide learner driver tests and we have constructed a testing station with a view to conduct driver license tests. W

### **2.2.3. Disaster Management.**

Disaster management is provided by Chris Hani District Municipality.

### 3.2. Local Amenities.

## Inkwanca Local Municipality

### Municipal Amenities

Strategic Pillar	Type of Amenity	Number, Condition and Required Action
Infrastructure	Sports fields	The Municipality has 5 sport fields and three are not in good condition and they require upgrading and renovations. One Sporting Complex is under construction and this is done by CHDM.
Infrastructure	Swimming pools	We do not have swimming pools in the Municipal Area.
Infrastructure	Cemeteries	The Municipality has 5 operating Cemeteries and two which are closed. Two Cemeteries are nearly full and the Municipality through its IPASS should look for alternative land.
Infrastructure	Halls	We have five community halls and all need renovations. There is one hall under construction in Sterkstroom.
Infrastructure	Pounds	We have two pounds. One in Molteno and one in Sterkstroom.
Infrastructure	Other ( specify)	
Infrastructure	Other specify)	
Infrastructure	Other ( specify)	

Infrastructure	Other specify)	
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### 3.3. Solid Waste.

The South African Constitution (Act 108 of 1996) states that the people of South Africa have the right to an environment that is not detrimental to human health, and imposes a duty on the state to promulgate and to implement policies to ensure that this right is upheld. All departments of state or administration in national, provincial or local levels of government have similar obligations.

It is against this background that Inkwanca Municipality put waste management amongst its top priorities. The Municipality has an Integrated Waste Management Plan that was adopted by the council in 2006 and is reviewed annually in order to meet the new challenges. The Municipality renders this service in the Towns of Molteno and Sterkstroom. The domestic waste is collected on a weekly basis while business waste collection frequency depends on the nature of waste. Organic decomposable waste is collected more frequently, up to five times a week. We have two landfill sites that are permitted. The Molteno and Sterkstroom CBD's are swept and cleansed on a daily basis by the use of our permanently employed workers. The road reserves and open areas within the residential areas are cleaned weekly. The Municipality provides plastic bags to all indigents for waste collection. We have a staff of 24 permanent general workers. The role players are the Municipality employees and the members of the community. We also get assistance from the EPWP employees who assist in cutting the grass along our streets twice a week. Chris Hani District Municipality plays a major role in awareness campaigns. We have received 1500 wheelie and a compactor truck through the funding provided by the Chris Hani District Municipality.

We have an easy to follow schedule of refuse removal for both towns, for instance in Molteno:

- ☺ Mondays: Town & Dennekruin
- ☺ Tuesdays: Nomonde and Khayelitsha
- ☺ Wednesdays: Phumlani and Nceduluntu
- ☺ Thursdays: Zwelitsha and Z section
- ☺ Fridays: Old location



There are members of the community who have taken an initiative to assist in keeping our towns clean by adopting portions of the land and created mini parks.

**b. Level and standards in waste management services**

The waste generated at Molteno and Sterkstroom is disposed off at the local landfill sites situated in close proximity to the two towns. There was no apparent waste generated by our rural areas. We unfortunately missed participation in the Greenest Town Competition because we were not informed, in fact the whole district did not participate. As we have earlier alluded to the fact that waste is collected at least once a week we can safely say the standard of waste management service is high.

**c. Annual performance as per key performance indicators in waste management services**

	<b>Indicator name</b>	<b>Total number of household/customer expected to benefit</b>	<b>Estimated backlog s (actual numbers)</b>	<b>Target set for the f. year under review</b>	<b>Number of HH/customer reached</b>	<b>Percentage of achievement during the year</b>
1	Percentage of households with access to refuse removal services	6748	0	6748	6748	100%

#### d. Major challenges in waste management services and remedial actions

There are quite a number of challenges that we are faced with as the Municipality. The first one is the issue of financial constraints and this can be attributed to the size of the Municipality and the high level of unemployment. Staff shortage is another challenge is we sometimes fall short of our targets because of this. We lack in landfill equipment and we use trench method. We do not have a way bridge and therefore unable to have the exact tons of waste collected. We have therefore engaged with the Chris Hani District Municipality where we agreed that they assist us with the purchasing of a Compactor Truck and the Wheely Bins. We anticipate having these in the next financial year and we believe that this will help a great deal in addressing the challenges mentioned above.

#### 2.9 Overall service delivery backlogs

Basic service delivery area	30 June 2012			30 June 2013		
	Required	Budgeted	Actual	Required	Budgeted	Actual
<b>Refuse removal</b>						
Backlogs to be eliminated (no. HH not receiving the minimum standard service)	0	0	0	0	0	0
Backlogs to be eliminated (%: total HH identified as backlog/total numb of HH in the municipality)	0	0	0	0	0	0

Spending on new infrastructure to eliminate backlogs (R000)						
Spending on renewal of existing infrastructure to eliminate backlog (R000)						
Total spending to eliminate backlogs (R000)						
Spending on maintenance to ensure no new backlogs (R000)						

**2**

**3.4. Key Performance Area Four: Municipal Financial Viability and Management .**

This section deals with financial related issues such as:

- a) Analysis of financial statements
- b) Revenue Management
- c) Financial Structure/Liquidity
- d) Supply Chain Management.

**3.4.1. Summarized Financial Statements.**

The Financial Statements listed below relate to the last 3 years of audited financial information viz. 2010/11 and 2011/12.

### 3.4.1.1. Financial Performance for the years 2010/11 and 2011/12.

<b>STATEMENT OF FINANCIAL PERFORMANCE</b>			
	Note	2013 R	Restated 2012 R
<b>Revenue</b>			
<b>Revenue from Non-exchange Transactions</b>			
Property rates	14	4,881,197	2,819,427
Fines		51,308	55,637
Government grants and subsidies	19	40,119,327	32,094,602
<b>Revenue from Exchange Transactions</b>			
Service charges	15	13,698,211	15,897,649
Rental of facilities and equipment	16	121,217	105,524
Interest earned - external investments	17	46,271	51
Interest earned - outstanding receivables	18	2,343,665	3,884,081
Other income	20	3,398,213	2,778,490
<b>Total revenue</b>		<b>64,659,410</b>	<b>57,635,462</b>
<b>Expenses</b>			
Employee related costs	21	19,008,505	17,929,830
Remuneration of councilors	22	1,872,447	1,858,550
Bad debts impairment		7,612,196	12,552,413
Depreciation and amortisation expense	23	9,977,809	10,298,868
Repairs and maintenance		3,311,157	(121,272)
Finance costs	24	245,283	169,206
Bulk purchases	25	4,403,299	5,927,207
Contracted services	26	51,171	
General expenses	28	10,391,770	17,219,680
<b>Total expenses</b>		<b>57,254,181</b>	<b>65,834,481</b>
<b>Surplus / (deficit) for the period</b>		<b>7,405,229</b>	<b>(8,199,019)</b>

### 3.4.1.2. Financial Position for the years 2010/11 and 2011/12.

<b>STATEMENT OF FINANCIAL POSITION</b>			
	Note	2013 R	Restated 2012 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1.5	226,775	63,327
Trade and other receivables from exchange transactions	2	668,049	2,163,800
Trade and other receivables from non-exchange transactions	3.1	2,364,724	1,453,900
Other receivables from non-exchange transactions	3.2	8,808	112,597
Inventories	4	165,778	731,673
VAT receivable	5	613,184	3,308,218
<b>Non-current assets</b>			
Property, plant and equipment	6	163,197,880	160,368,106
Investment property carried at cost	7	314,500	314,500
<b>Total assets</b>		<b><u>167,559,698</u></b>	<b><u>168,516,122</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	8	17,943,470	18,830,109
Consumer deposits	9	192,216	161,852
Current provisions	10	462,426	461,049
Current portion of unspent conditional grants and receipts	11	147,512	5,803,801
Current portion of finance lease liability	13	70,797	70,569
<b>Non-current liabilities</b>			
Non-current finance lease liability	13	232,660	318,616
<b>Total liabilities</b>		<b><u>19,049,081</u></b>	<b><u>25,645,997</u></b>
<b>Net assets</b>		<b><u>148,510,617</u></b>	<b><u>142,870,125</u></b>
<b>NET ASSETS</b>			
Accumulated surplus / (deficit)		148,510,617	142,870,125
<b>Total net assets</b>		<b><u>148,510,617</u></b>	<b><u>142,870,125</u></b>

4.

#### 4.1.1.1. Financial Analysis: Selected Financial Indicators.

The selected trends and financial ratios relating to ILM for the period under review are listed below. These provide a platform to analyze the current financial situation of the ILM. The trends and ratios have been divided into the following categories:

- a) Income and Expenditure
- b) Revenue management / liquidity
- c) Assets (PPE)

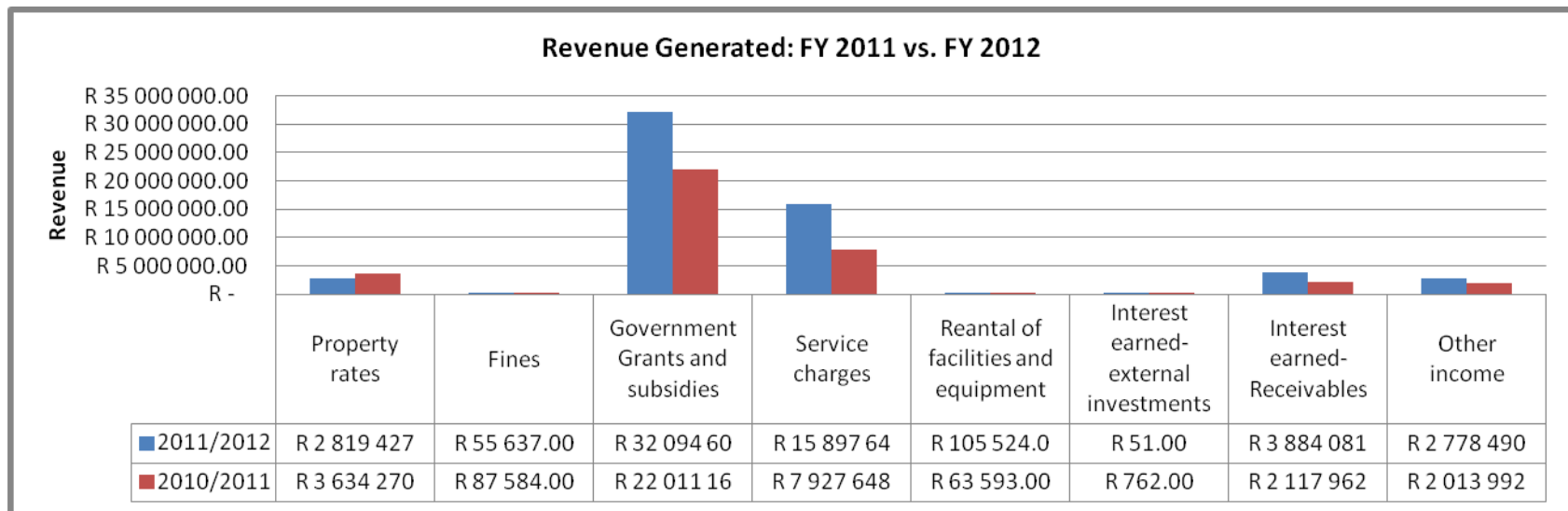
Income and Expenditure Analysis		
Item	2012/2013	2011/2012
Total Income	R 64,659,410	R 57,635,462
% Increase over previous year	9%	0%
Total expenditure	R 57,254,181	R 65,834,481
% Increase over previous year	-13%	
Surplus/(Deficit)	R 7,405,229	R (8,199,019)
Budgeted expenditure	R 42,133,000	R 49,877,000
% Increase/Decrease over previous year	-15.52%	
Salaries	R 21,008,000	R 20,415,000
% of Expenditure	2,82%	0%
% Increase over previous year	6.15%	0%
Number of employees	0.00	0.00
% Increase/Decrease over previous year	0%	0%
Repairs and maintenance	R 3,710,000	R 2,860,000
% of Expenditure	22,9%	0%
% Increase over previous year	7.5%	0%
General expenses	R 12 270 000	R 9 949 263.00
% of Expenditure	18,9%	
% Increase over previous year	106%	0%
Grant Income	R 31 124 000	R27 145 040.00

% of Income	12,78%	
% Increase over previous year	5%	0%

#### **4.1.1.2. Income Analysis Using The Pareto**

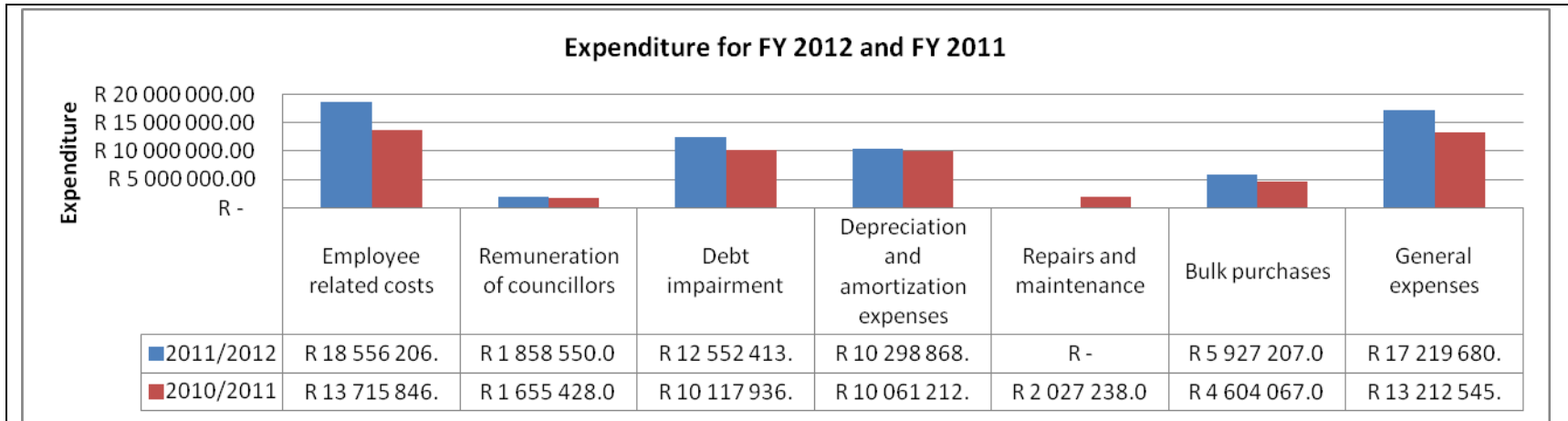
The deficit for the period under review amounted to -R7 405 229.

### 4.1.1.3. Revenue.





#### 4.1.1.4. Expenditure.



#### 4.1.2. Supply Chain Management.

The core focal areas of the Supply Chain Management unit are as follows:

- a) Contracts management
- b) Acquisition management
- c) Supplier development
- d) Logistics management

##### 4.1.2.1. Contracts Management.

- a) **Value for money:** is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract.
- b) **Performance Management:** It also involves building a good working relationship between customer and provider; it continues throughout the life of a contract and involves managing proactively to anticipate future needs as well as reacting to situations that arise.
- c) **Risk Management:** This means optimizing the efficiency, effectiveness and economy of the service or relationship described by the contract, balancing costs against risks.

##### 4.1.2.2. Acquisitions Management.

**Sourcing Strategies:** Buying function for different items as per the requirements of the departments through the rotation of suppliers from our accredited database

**Demand planning process:** the institutionalizing of the planning process to ensure balancing of the budget vs. activities for the institution.

##### 4.1.2.3. Supplier Development.

**Stakeholder's relations:** training and capacitating of the SMMEs, Cooperatives with regards to the procurement processes of Inkwanca Municipality.

**Improving on-time delivery:** Suppliers to understand the criticalness goods and services can

provide major competitive benefits, in the form of lower costs, improved quality, on-time deliveryman customer service, hence the introduction of the supplier development unit to develop and train our suppliers to be competitive and able to deliver the required services on time

**Reducing order fulfillment cycle time:** Supplier development can result in significant improvements in supplier performance

#### **4.1.2.4. Logistics Management.**

**Warehousing and storage of inventory:** The coordination of services of the institution and storage.

**Inventory and Management:** the inventory is kept and managed in this section for the use by the line directorates.

The following are some of the factors that affect the performance of supply chain management unit;

- a) Flouting of SCM processes,
- b) Conflict of interest from staff members.
- c) Lack of cost control,
- d) No effective price benchmarking.
- e) No commodity calendar.
- f) Outdated SCM Policy & processes.

**3**

#### **4.2. Key Performance Area Three: Local Economic Development .**

The Economic Development cluster mandate is to create an enabling environment for economy, derived from the following legislations:

- a) Constitution of the Republic of South Africa, 1996;
- b) Municipal Systems Act, 32 of 2000;
- c) National Local Economic Development Framework;

Various interventions have been implemented in support of the Inkwanca LM's economy; however the economic recession, macro and micro environmental challenges had a negative impact on economic growth in Inkwanca Local Municipality.

Some of the undesirable consequences include, but not limited to the following:

- a) Job losses through retrenchments.
- b) Limited investment attraction.
- c) Declining economy.
- d) Business closures.
- e) Increasing numbers of unemployment.

In fulfilling the Local Economic Development Key Performance Area, Inkwanca Local Municipality has developed a five year Local Economic Development Strategy (“**LED**”). The LED Strategy was reviewed in November 2012.

It (“LED Strategy”) incorporates the following cross-cutting programmes;

- a) Small and Medium Enterprise Development including cooperatives.
- b) Agricultural Development.

Tourism development is driven through a “**Tourism Sector Plan**” which is outdated and requires review.

#### **2.2.4. Agricultural Development.**

There are various agricultural projects undertaken and supported by the municipality in a number of areas. Such projects were derived from programmes proposed on the LED Strategy.

A list of agricultural projects is attached to this report.

#### **2.2.5. Tourism Development.**

The only notable tourism project undertaken through the Tourism Sector Plan is the establishment of the Local Tourism Organisation in Sterkstroom.

#### **The Challenges.**

The municipal has the following challenges with regards to its LED;

- LED Unit seriously under-staffed with its management in acting positions.
- Unit not fully established.
- Lack of funding for LED programmes.

4

#### **4.3. Key Performance Area Five: Good Governance and Public Participation.**

This section deals with public participation and governance issues and these are:

- a) Corporate Governance (internal Audit, Risk and Fraud Mitigation Management, Legal Services and Compliance);
- b) Public Participation;
- c) Cross cutting issues (Special Programmes);
- d) Integrated Development Plan; and
- e) Performance Management System

#### **4.3.1. Corporate Governance.**

Corporate governance is comprised of Risk Management and Fraud Mitigation, Internal Audit/ Audit Committee, Compliance Services, Legal Services, Communication and Development Cooperation, Public Participation and Special Programmes, Knowledge Management, Research and Policy.

The preamble to the Local Government: Municipal Systems Act provides inter alia for the “core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities; ... to define the legal nature of a municipality as including the local community ... working in partnership with the municipality’s political and administrative structures; to provide for the manner in which municipal powers and functions are exercised and performed; to provide for community participation; to establish a[n] ... enabling framework for the core processes of planning, performance management, resource mobilisation and organisational change which underpin the notion of developmental local government; to provide a framework for local public administration and human resource development; .. to ... put in place service tariffs and credit control policies ... by providing a framework for the provision of services, service delivery agreements ... ; to provide for credit control and debt collection; ... and to provide for matters incidental thereto”.

The importance of good governance is widely recognized. Good corporate governance generates the goodwill necessary to enable sustainable value creation. Other pieces of the legislative framework impact on the activities of the Municipality and for the purpose of this cluster the King III Report is considered important. The introduction of the King III Report on Corporate Governance necessitates increased attention being paid to compliance issues. This covers activities such as Internal Audit, Fraud and Risk Management as well as Information Technology. In addition the implications of the introduction of a Municipal Public Accounts Committee should also be considered.

Within this overall framework fall activities such as risk and fraud management, internal audit, legal and compliance, knowledge management as well as public participation.

The sections set out hereunder all exhibit similar constraints. As a result, material backlogs in dealing with core governance issues develop, resulting in adverse findings by regulatory and oversight bodies. In all instances, backlogs cannot be quantified as the outcomes from this sector relate more to qualitative than quantitative issues.

#### **4.3.2. Risk and Fraud Mitigation.**

Risk Management within the Municipality is considered to be in a developmental stage. It has not reached the level of being embedded within the Municipality. A Risk Management Framework is in place and risk identification process are conducted. There is a need to identify dedicated resources for this activity and resource capacity constraints hinder implementation of this strategy.

While risk assessments within specific activities are conducted, there is no overall co-ordination of the activity. This compromises the ranking and prioritization of risks.

A similar situation exists with Fraud Mitigation. There is a need to identify dedicated resources for this activity and resource capacity constraints hinder implementation of this strategy. The number of detected cases of fraud and related irregularities within the Municipality is cause for concern. The resources required for implementation will require to be considered during future budgetary cycles.

#### **4.3.3. Internal Audit Committee.**

Inkwanca LM Municipality has an established Internal Audit Unit which operates in accordance with an approved Internal Audit Charter. The Unit's mandate is spelled out in the Local Government Municipal Finance Management Act. This includes providing advice to the accounting officer and audit committee on matters relating to internal audits, internal controls, accounting procedures and practices, risk and risk management, performance management, loss control, and compliance with applicable legislation.

The unit is under capacitated, with two full-time employee. Consequently, not all activities can be subjected to audit, eg. Fraud and Information Technical. This compromises the overall control environment within the Municipality. The Unit does not undertake investigations of fraud which is the responsibility of line management.

The Unit reports to the Audit Committee on its operations and administratively to the Accounting Officer.

The Municipality has a functioning Audit Committee in place. This Committee operates in accordance with an approved Audit Committee Charter and meets on a regular basis. The Committee reports quarterly in writing to the Audit Committee.

The mandate of the Committee covers matters such as advising the council, political office-bearers, accounting officer and management of the municipality, on matters relating to internal financial control and internal audits, risk management, accounting policies, adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with applicable legislation, etc.

In addition, the Committee reviews the annual financial statements and responds to the Council on issues raised by the Auditor-General in the audit report through its Chairperson.

#### **4.3.4. Compliance.**

Compliance is audited internally by the Audit Unit and there is no specific committee set-up to deal with this matter.

#### **4.3.5. Legal.**

The municipality does have an internal unit dealing with legal issues. This unit is placed within Corporate Services

#### **4.3.6. Public Participation.**

The goal of the Inkwanca LM on Good Governance and Public Participation is to realize a viable and caring institution that will promote and support a consultative and participatory local government. Good governance is in the main a participatory, transparent, democratic and accountable system of governance.

Developmental local government legislation put in place mechanisms for community interface so as to create enablers to realize good governance within a municipality. The key focal area within good governance is that good governance is a responsibility of all service delivery directorates/units and as such must find a

concrete expression in their operational plans. The strategic intent of good governance and public participation is to ensure that Inkwanca LM is accessible to its citizens.

#### **4.3.7. Special Programmes.**

Inkwanca LM must ensure that the MGDs are integrated/mainstreamed both internally as an employer and externally as a provider of service, so as to address the needs of the vulnerable and marginalized groups.

Within this IDP the following are termed cross-cutting issues;

- a) HIV and AIDS
- b) Local Agenda 21
- c) Poverty
- d) Gender
- e) Disability
- f) Older Persons
- g) Youth and Children
- h) Public Participation

Each of the Special Programmes Focal Areas namely HIV and AIDS, Youth and Children, Gender, Disability and Older Persons does not have dedicated Inkwanca LM Strategies and they need to be mainstreamed.

#### **4.3.8. Integrated Development Planning and Performance Management System.**

Section 25 (1) of the Municipal Systems Act 32 of 2000 stipulates that “each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which:

- a) Links, integrates and co-ordinates plans and take into account proposals for the development of the municipality;
- b) Aligns the resources and capacity of the municipality with the implementation of the plan;
- c) Forms the policy framework and general basis on which annual budgets must be based.

The act further defines an integrated plan as a “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 also binds the municipality in the exercise of its executive authority.

An IDP is developed for a 5 year period which coincides with a term of Council. Such a plan has to be reviewed on an annual basis.

Performance Management fulfils the implementation of the Integrated Development Plan. The performance of an organisation is integrally linked to that of its staff. It is critical and important for any organisation to periodically review its own performance as well as that of its employees. In order to comply with legislation and to improve on good governance and service delivery it is essential for municipality to adopt a policy on Institutional and individual performance management.

Council approved a Framework for Institutional Performance Management. The Framework contains an annual work plan with processes to be followed in developing and implementing Performance Management.

Performance Management is a strategic approach through which the performance objectives of the Municipality are identified, defined, translated into business plans and cascaded into individual scorecards allowing for regular planning, monitoring, evaluating and reviewing of performance at both organisational and individual levels, effectively responding to inadequate performance and recognizing outstanding performance.

#### **4.3.8.1. Institutional Challenges Facing Integrated Development Planning and Performance Management System.**

- a) No up-to-date performance management system.
- b) Performance is not measured.
- c) Performance management not cascaded to levels lower than Section 56/57 Managers.
- d) The municipality’s performance management system was not in line with the priorities, objectives, indicators and targets contained in the integrated development plan, does not relate to the municipality’s performance management processes and does not provide for procedures by which the system is linked to the municipality’s integrated development planning

processes, as required by section 38(a) of the MSA and the Municipal Planning and Performance Management Regulations 7(2)(g).

- e) The municipality does not appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan;
- f) There are no set measurable performance targets with regard to each development priority and objective;
- g) The municipality does not monitor performance, with regard to each of those development priorities and objectives and against the key performance indicators and targets set;
- h) The municipality does not take steps to improve performance with regards to those development priorities and objectives where performance targets are not met as required by section 41 of the Municipal Systems Act.

### **4.3.9. Communication and Development Cooperation.**

Communications and Development Cooperation plays a pivotal role in harnessing and maintaining strategic relationships locally and globally. This positions the organization as a strategic tool for the facilitation of effective and efficient service delivery.

#### **4.3.9.1. Communication.**

The municipality has a communication strategy in place and uses it in its process of stakeholder communication and engagement.

#### **4.3.9.2. Inter-governmental Relations.**

Inkwanca LM has a responsibility of forging relations with other spheres of government. The aim is to integrate planning, resource utilization and mobilization to maximize service delivery. Our multi-sphere engagements strive to comply with Act No 13. of 2005 of IGR Framework Act .

The concerns of the national and provincial government are also concerns of the municipality. Therefore going forward as metro concerted and co-ordinated efforts will be required so that Inkwanca LM works with and leverages of all of government, parastatals, the private sector and civil society partners. It would also

align the organisation, strategy, budget and implementation programmes so that resources are used optimally and to enhancing service delivery.

#### **4.3.9.3. Customer Relationship.**

Successful customer relationship management (CRM) starts with a business strategy, which drives change in the organization and work processes, enabled by technology. It needs to be recognized as a cross cutting function whose main purpose is to see to the implementation of CRM initiatives in a consistent way across the political, corporate and functional dimensions of the organisation.

Matters for consideration by Inkwanca LM would include capacity, skills and resource constraints which remain a problem in the municipal environment. Internal streamlining will also need to be aligned as it provides a major stumbling block in providing adequate service delivery. Furthermore, blockages need to be removed, processes need to be streamlined and systems need to be put in place to avoid bottlenecks and misinformation. Customer relationship management can provide immense opportunity for turning negative perceptions into a positive image of the municipality.

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#### **5. Summary of the Key Issues From The Situational Analysis.**

- a) Declining revenue base thus negatively impacting on financial viability and sustainability;
- b) Institutional inefficiencies that limit ILM's responsiveness to community issues;
- c) Disintegrated management and compliance systems;
- d) Low economic growth, high rate of unemployment and widespread poverty;
- e) Capacity to assume new powers and functions in relation to healthcare and other service delivery mandates; and
- f) (Service delivery backlogs hampering economic growth, tourism development and quality of life.

#### **6. Key Institutional Issues.**

Emanating from the situation analysis exercise and a SWOT analysis of the institutional environment which was undertaken to ensure that ILM acknowledges its existing challenges, the following critical areas were identified:

### 6.1. SWOT Analysis: Corporate Services.

Strengths	Weaknesses
Approved Organogram which has been recently adopted by the Council	Due to budgetary constraints we can't fill all positions
Number of policies, finance related and HR policies and by-laws adopted by the council	Lack of procedure manuals on some policies.
New registry and archiving system established	No budget to attend training and workshops.
There is a Workplace Skills Plan in place.	Inability to realize and meet the deadlines
There is a functioning ICT Unit albeit is challenges	One person running the unity and lack of funds
Employment Equity plan was adopted by Council	Inability to attract designated groups.
EAP support given to employees in the form counseling sending the m to rehabs and wellness programs	Lack of funds to ensure we champion wellness programs quarterly
There is a Staff Retention Strategy in place.	Lack of funds and pay performance based targets
All new appointees have been registered for capacity building program in various field	
Established legal unit	

### 6.2. SWOT Analysis: IPED Unit.

Strengths	Weaknesses	Opportunities	Threats
Have a reviewed LED Strategy	No LED Coordinator, only an assistant	Expansion of OUMA Rusk Factory will additional opportunities	Low skills base thus limited employment opportunities.
Office equipment and office available	LED is in an acting capacity	Wind Farm setting up and will create employment opportunities	Limited employment opportunities from the basic sector
Knowledge capacity to conduct own research	No spending LED Budget.	Coal Mining Licence issued for coal mining and methane gas.	Increasing rate of HIV and AIDs infection
Enjoys political support through the	LED allocation not	Other projects on the process of being profiled	High death rates, lot of orphans and

outreach programmes and has a portfolio head.	sufficient	by CHDM	Child-Headed Households
Available human resources	Lack of transport	Opportunities in the agricultural sector	High of stock theft.
Good relationship with clients	Lack of adequate infrastructure in terms of roads and access to electricity.	Potential for tourism presented by the Tourism Route	Political stability
	Limited LED Funding due to internal dependency		

### 6.3. SWOT Analysis: Corporate Services Division.

Strengths	Weaknesses	Opportunities	Threats
The Departments work as team	PMU UNIT is not fully staffed thus we make use of the Service Providers for project designing and monitoring.	Economic Development Potential	High unemployment
	Few training is organized by municipality	Agricultural-industrial development potential	High illiteracy rate
The Municipality has a stable Political Environment	The Road and Stormwater is dilapidated	Tourism Potential	High Public expectations
	Electricity Infrastructures is dilapidated	High Composite development and resource potential	
	General workers not reporting after attending to complaints	Availability of public and private land for development	
	Not all vacant posts	Expansion possibilities of	

	are filled	own revenue base	
	Infrastructure backlogs		
	DWA Complaint in the produced Drinking Water.		

#### 6.4. SWOT Analysis: Community Services

NO	STRENGTHS (Please list all your key departmental Strengths below:)	WEAKNESSES (Please list all your key departmental Weaknesses below:)	OPPORTUNITIES (Please list all your perceived external Opportunities below:)	THREATS (Please list all your perceived external Threats below:)
Please consider issues relating to:	Human resource processes & systems, Organisational Capital, Knowledge Capital, Financial Resources, Physical Resources, Intangible Resources, Operational Processes, Technology Related issues, Customer Relations and Customer Relationship Management)	Human resource processes & systems, Organisational Capital, Knowledge Capital, Financial Resources, Physical Resources, Intangible Resources, Operational Processes, Technology Related issues, Customer Relations and Customer Relationship Management)	Please list opportunities that can be derived from your Strengths.	Political issues, Environmental issues, Social issues, Technical issues, Institutional environmental issues, Legal environmental issues)
1	The Municipality have a strong and capable workforce.	Financial Management System is lacking in the Department.	A municipality that is financially viable	Proper management of the Departments finances
2	Disciplined and loyal workers who put the interest of the Institution.	Shortage of fully qualified employment in some areas within the Department. E.g. Environmental Management Officer.	A municipality that will manage its finances in order for us to receive clean Audit	
3	Customers are fairly happy with the services that the Department renders.	The institution lacks resources to better perform its mandate. E.g. Weigh Bridge and TLBs		High Staff turn over.

4	Support from Political Leadership.			
5	Rated amongst the Cleanest Municipality in the Province.	Environmental Management Plan	Job opportunities for the people of Inkwanca through various projects taking place.	Officials who ignore their jobs and focus more on political matters
6		Maintanance Plan of All Municipal Buildings		Absenteeism in the workplace.
7				Skills shortage.



## **6 Powers and functions of municipalities**

According to the Constitution of the Republic of South Africa:

(1) A municipality has executive authority in respect of, and has the right to administer-

(a) the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and

(b) any other matter assigned to it by national or provincial legislation.

(2) A municipality may make and administer by-laws for the effective administration of the matters which it has the right to administer.

(5) A municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.”

### **SCHEDULE 4**

#### **PART B**

The following local government matters to the extent set out in section 155(6)(a) and (7):

Air pollution

Building regulations

Child care facilities

Electricity and gas reticulation

Fire-fighting services

Local tourism

Municipal airports

Municipal planning

Municipal health services

Municipal public transport

Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law

Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto Storm water management systems in built-up areas

Trading regulations

Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems

### **SCHEDULE 5**

#### **PART B**

The following local government matters to the extent set out for provinces in section 155(6)(a) and (7):

Beaches and amusement facilities

Billboards and the display of advertisements in public places

Cemeteries, funeral parlours and crematoria

Cleansing

Control of public nuisance

## CHAPTER 3. STRATEGIES

### **KEY PERFORMANCE PRIORITIES**

The following is a summary of the Key Development Priorities identified for the Inkwanca area from the Situational Analysis process:

- Enhance local economic development by adopting a coordinated & sustainable approach to agriculture, tourism and small business development.
- Enhance skills development in line with the Skills Development Act No. 97 of 1998.
- Correct the mismatch between the Organogram & the prevailing workplace environment.
- Align the workplace practices paying particular attention on compliance with employment equity provisions as prescribed by the EEA No. 5 of 1998.
- Improve basic working conditions for employees, such as provision of adequate office and workspace as well as furniture.
- Enhance information management & operational efficiency through provision of IT support (hard-ware & software and internet connectivity).
- Improve labour relations by democratizing the workplace in line with the LRA.
- Create an enabling environment for the introduction & engagement with workplace forums & collective bargaining in line with the LRA.
- Address service backlogs (water & sanitation, roads & bridges, storm-water & solid waste, electricity) needs to be addressed.
- Upgrading and maintenance of roads & stormwater, sewer networks.
- Small town development and urban renewal.
- Improve revenue collection & broaden revenue base.
- Enhance indigent provision.
- Introduce better financial management practices for a better & improved audit outcome.
- Comply with the purpose & scope of the Occupational Health and Safety Act No. 85 of 1993.
- Mainstream all the SPU programmes.
- Improve all public participation practices and mechanisms.

### **OBJECTIVES, STRATEGIES AND PROJECTS**

Objectives are the specific goals that have to be achieved, in order to bring the current situation including identified community needs closer to the Vision. The Strategies are

the actions and interventions required to implement the Objectives and eventually culminate in a list of Projects.

There are nine Strategic Objectives to be achieved in the Inkwanca Local Municipality, and as part of the Strategy to achieve these, several Programmes have been formulated per each of the Strategic Objectives.

The table below provides a summary of the various Strategic Objectives and Programmes as discussed in Chapter 4 of the IDP.

The projects are prioritized and included in a Financial Plan for the municipality. Refer to the IDP document and specifically the Financial Plan (Chapter 5) for more information.

The IDP then concludes with a broad overview of the Performance Management System (Chapter 6) for the Inkwanca Local Municipality which aims to measure progress with regards to the implementation of projects and programmes identified.

**STRATEGIC OBJECTIVES AND RELATED PROGRAMMES**

<b>IDP Strategic Objectives</b>			
#	Strategic Objective	#	Programmes
1	<b>Spatial Development and Integration</b>	1.1.	Promotion of Spatial Integration
		1.2.	Formalize and Upgrade Informal Settlements
		1.3.	Provision of Housing
		1.4.	Provision of New Social Facilities
		1.5.	Enable Access to Land and Security of Tenure
		1.6.	Uniform Land Use Management
2	<b>Poverty Alleviation and Gender Equity</b>	2.1.	Improve access to social facilities and infrastructure for rural communities and disadvantaged groups, particularly women, children and the elderly by way of Multi Purpose Community Centres (Thusong Centres)

		2.2.	Provide Basic Engineering Services to existing Social Facilities; upgrade and maintain Existing Social Facilities
		2.3.	Raise Development Levels of Disadvantaged and Vulnerable Groups in Society
3	<b>Economic Development</b>	3.1.	Enhance the Tourism Potential of the Inkwanca Area
		3.2.	Promote Local Economic Development Initiatives
		3.3.	Create an Entry Level into the Market System for Emerging Business, the Informal Sector and SMMEs
		3.4.	Promote a Diversity of Economic Activities throughout Inkwanca
		3.5.	Maintenance and Improvement of Development Standards
		3.6.	Employment creation and income generation (Early Warning Report)
4	<b>Environmental Management</b>	4.1.	Implement Proactive Measures to Protect the Environment
		4.2.	Ensure that Mitigation Measures are considered in Development Proposals
5	<b>Institutional Development</b>	5.1.	Augment the Institutional Capacity of the Inkwanca Municipality
		5.2.	Ensure that Mitigation Measures are considered in Development Proposals
		5.3.	Implement Performance Management System
6	<b>Financial Viability</b>	6.1.	Improvement of Revenue Base (Income stream)
		6.2.	Feasible tariff policy
		6.3.	Planned expenditure of Grants
		6.4.	Clear defined ratios between capital and operational budgets
		6.5.	Asset Management
		6.6.	Reduction and management of outstanding debts
		6.7.	Management of budget linked to PMS

		6.8.	Submission of financial statements
7	<b>Community Development</b>	7.1.	Improved Aids planning and implementation of Inkwanca HIV/Aids Policy
		7.2.	Provision of Education facilities
		7.3.	Provision of Sports and Recreation facilities
		7.4.	Provision of Social and Community facilities
8	<b>Safety and Security</b>	8.1.	Ensure integration of safety and security agencies
		8.2.	Ensure proper implementation of Disaster Management Plan
		8.3.	Provision of safety to all residents
9	<b>Engineering Services and Service Delivery</b>	9.1.	Ensure integration of safety and security agencies
		9.2.	Provision and Upgrading of Basic Infrastructure to address Backlogs
		9.3.	Maintenance of assets and infrastructure to maintain and enhance service levels
		9.4.	Provision of New Engineering Infrastructure

## Strategies for Institutional Development and Transformation.

Summarised as follows;

Key Performance Area	Institutional Arrangements and Transformation		
Measurable Objectives	Programme	Proposed Strategy	Key Performance Indicator
To annually review the organisational structure	Implementation of the organisational structure across all levels	Conduct an institutional re-alignment exercise in order to align HR to critical areas of service delivery and within budget constraints.	Revised Organogram with critical posts only

To assess, review and address human capital and skills	Revision of the Workplace Skills Plan	Conduct employee skills audit and engage in skills development projects aimed at enhancing the efficiency & effectiveness of personnel	Revised Workplace Skills Plan with critical skills
To assess, review and address human capital and skills	Revision of the Workplace Skills Plan	Ensure that skills development & training interventions enhances the required staff minimum competency levels.	Evidence of staff having undergone relevant training programmes
To assess, review and address human capital and skills	Revision of the Workplace Skills Plan	Facilitate the prescribed and skills development initiatives for Councillors.	Evidence of Councillors having undergone relevant training programmes
To assess, review and address human capital and skills	Revision of the Workplace Skills Plan	Development and implementation of staff retention strategy	Council adopted Staff Retention Policy
To implement and support government employment policies	Expanded Public Works Programme	Align projects with EPWP guidelines in order to enhance job creation	Number of jobs created through EPWP projects
To implement and support government employment policies	Develop EPWP Policy	Develop an EPWP implementation plan in line with the EPWP Policy.	Project based EPWP implementation Plan
To implement and support government employment policies	Reporting on Expanded Public Works Programme	Prepare and submit reports for EPWP projects in a prescribed manner	EPWP reports submitted to EXCO & DPW
To develop and implement an effective and efficient performance management framework	Continuous review of the Performance Management Framework and System	Develop and implement a Performance Management System in line with the Performance Management	Performance Management System developed and implemented

		Framework.	
To develop and implement an effective and efficient performance management framework	Continuous review of the Performance Management Framework and System	Implement performance management system at S56 level as well as levels below S56.	Performance Management System developed and implemented
To develop and implement an effective and efficient performance management framework	Development of a framework document for cascading of PMS to levels below Section 56	Cascading of PMS to levels below Section 56 Managers	Performance Agreements for Managers below Section 56
To develop and implement an effective and efficient performance management framework	Departmental SDBIP's	Ensure that departmental SDBIP's are developed with resources (budget), clear targets and indicators.	SMART departmental SDBIP's
To assess and review effective systems and technology	Provide ICT Services	Procurement and licencing of Microsoft Operating System for the entire institution	Licences for operating systems
To assess and review effective systems and technology	Provide ICT Services	Procurement and licencing of Microsoft Office Suites for the entire institution	Licences for office systems
To assess and review effective systems and technology	Ensure ICT Security & Integrity	Procurement of a back-up generator/s to back-up systems in cases of power interruptions	Backup generator procured
	Ensure ICT Security & Integrity	Procurement of an uninterrupted power supply ("UPS")	UPS systems procured
To assess and review effective systems and technology	Maintenance of IT infrastructure	Establish and fully resource an IT Unit within the municipality	IT Unit with staff and systems
To assess and review effective systems and	Provide ICT Services	Procurement of internet service provider	Contract with internet service provider



technology			
To assess and review effective systems and technology	Provide ICT Services	Set-up and configuration of emails on the exchange server	Functional emails configured with the exchange server
To assess and review effective systems and technology	Provide ICT Services	Procurement of a firewall and renewal of antivirus licence	Licence for IT firewall
To review processes and procedures to ensure effective service delivery	Departmental policies & processes	Review Comprehensive Human Resource Policy	Adopted HR Policy
To review processes and procedures to ensure effective service delivery	Departmental policies & processes	Develop and implement Leave Management Policy	Adopted Leave Management Policy
To review processes and procedures to ensure effective service delivery	Departmental policies & processes	Review and implement Employment Equity Plan	Adopted EEP
To review processes and procedures to ensure effective service delivery	Departmental policies & processes	Implementing an effective disciplinary and grievance management programme	Adopted Grievance Management System
To review processes and procedures to ensure effective service delivery	Departmental policies & processes	Promulgate and gazette financial policies into by-laws	Gazetted by-laws
To review and provide the required municipal facilities	Development of Building Maintenance Plan	Develop maintenance plan for municipal buildings	Adopted Infrastructure Maintenance Plan
To review and provide the required municipal facilities	Equip all workshops	Ensure that there is proper stock control and stock management processes and procedures	Inventory register reconciled with Venus.

## Strategies for Local Economic Development.

Summarised as follows;

<b>Key Performance Area</b>	<b>Local Economic Development</b>		
<b>Measurable Objectives</b>	<b>Programme</b>	<b>Proposed Strategy</b>	<b>Key Performance Indicator</b>
To facilitate and promote local economic development services	Local Economic Development	Review LED Strategy with clear programmes, projects and implementation plan	Council adopted Revised LED Strategy with implementation plan
To facilitate and promote local economic development services	SMME & Cooperative Development Strategy	Develop SMME & Cooperative Development Strategy with clear programmes, projects and implementation plan	Council adopted Revised SMME & Cooperative Strategy with implementation plan
To facilitate and promote local economic development services	SMME & Cooperative Development Strategy	Facilitate the development of SMME's through mentorship and incubation	Municipal Business Plan for SMME mentorship & incubation
To facilitate and promote local economic development services	SMME & Cooperative Development Strategy	Facilitate collaborations with state institutions such as SEDA for provision of business development services for small enterprises	SLA and agency agreement with SEDA for facilitation of business development services
To develop skills for local businesses	Skills Development	Organise and facilitate the provision of accredited and non-accredited sector specific business skills development programmes	Training programmes identified and offered to local businesses
To plan and execute rural and agricultural development	Agricultural Development	Develop Agricultural Development Plan focusing on competitive advantages on the area.	Adopted Agricultural Development Plan with implementation plan

To plan and execute rural and agricultural development	Livestock Development	Improving condition Livestock through capacity building medication and value addition	Livestock Improvement & Marketing Programme adopted by EXCO
To plan and execute rural and agricultural development	Crop Production	Facilitate the plant of high value cash crops for consumption and sale, using community gardens.	Number of community gardens capacitated and producing cash crops.
To develop and promote tourism.	Tourism Development	Develop Tourism Sector Plan	Tourism Sector Plan with Implementation Plan
To develop and promote tourism.		Facilitate identification and mapping of tourism products	Information Brochure on tourism products
To develop and promote tourism.	Heritage Preservation and Development	Facilitate identification and mapping of heritage products	Information Brochure on heritage sites
To develop and promote tourism.	Creation of Jobs through EPWP	Facilitate creation of jobs in line with EPWP Guidelines	Number of jobs created.

## Strategies for Good Governance and Public Participation.

Summarised as follows;

<b>Key Performance Area # 5</b>	<b>Good Governance and Public Participation</b>		
<b>Measurable Objectives</b>	<b>Programme</b>	<b>Proposed Strategy</b>	<b>KPI</b>
To promote sound and sustainable governance	Oversee the implementation of the SDBIP & reporting	Develop Service Delivery and Budget Implementation Plan (SDBIP) aligned with IDP objectives and budget	Departmental SDBIP's developed and signed with the Municipal Manager and Mayor
To increase active stakeholder participation	Stakeholder Participation	Establishment of the Public Participation Unit	Public Participation Unit established and attached to the Office of the Municipal Manager.
To increase active stakeholder participation	Stakeholder Participation	Develop of Public Participation Strategy and implementation plan	Council adopted Public Participation Strategy & Implementation Plan
To increase active stakeholder participation	Stakeholder Participation	Review of the functioning of Ward Committees	Fully functioning ward committees with meeting schedules

To increase active stakeholder participation	Stakeholder Participation	Ward Committee Operational Plan	Council adopted Ward Committee Operational Plan
To proactively manage and mitigate risk	Risk Management & Fraud Prevention	Develop Fraud Prevention Strategy and implementation plan	Council adopted Fraud Prevention Strategy
To improve intergovernmental relations	Coordinate and manage Intergovernmental Relations	Development of IGR Strategy and implementation plan	Council adopted IGR Strategy & Implementation Plan
To improve internal and external communication	Facilitate Stakeholder Communication	Establishment of Local Communicators Forum	Functional Local Communicator's Forum with operational plan
To promote programmes for Gender, Elderly, Youth and disables groups.	Facilitate programmes for the designated groups	Develop of Inkwanca Local Municipality SPU Strategy and implementation plan	Council adopted SPU Strategy and implementation plan
To promote programmes for Gender, Elderly, Youth and disables groups.	Facilitate programmes for the designated groups	Develop Plan on 16 Days of Activism	Municipal Programme with activities for the 16 Day of Activism
To promote programmes for Gender, Elderly, Youth and disables groups.	Facilitate programmes against HIV/AIDS	Review HIV/ AIDS Strategy and implementation plan	Council adopted HIV/AIDS Strategy
To promote programmes for Gender, Elderly, Youth and disables groups.	Facilitate programmes against HIV/AIDS	Conducting quarterly awareness campaigns	Number of campaigns held on HIV/AIDS
To promote programmes for Gender, Elderly, Youth and disables groups.	Facilitate programmes against HIV/AIDS	Conducting Candle-light Memorial	Programme & resources for Candle Light Memorial
To promote programmes for Gender, Elderly, Youth and disables groups.	Facilitate Wellness Programmes	Employee wellness programme and workshops (Finances, Marriages, Relationships & Stress Management)	Council adopted Employee Wellness Programme with activities

## ***THE WAY FOWARD***

Government has a key challenge with the facilitation of transformation and improving service delivery, culminating into accountability and responsiveness. In an attempt to meet this challenge, National Government introduced performance management at local government through legislation in terms of Chapter 6 of the Municipal Systems Act, 2000 (Act 32 of 2000) in August 2001.

The PMS system allows for the management of accountability within the Local Authority in order to improve performance. The system will assist in efficient and informed decision-making regarding the allocation of resources and improve the realisation of the objectives of the IDP.

The Inkwanca Local Municipality will carry the IDP forward through the finalisation of a 2014/2015 Budget and the implementation of strategies and interventions forthcoming from the IDP.

Due to the limited internal financial capacity of the Municipality, it is reliant on funding from external sources, particularly the Chris Hani District Municipality, National Government and Provincial Government to ensure the implementation of capital projects.

The Representative Forum which was established as part of the IDP process must continue to be involved in the implementation and monitoring of the IDP. Meetings of the Representative Forum should therefore take place on a regular basis. Efforts will also be made to augment the Representative Forum to include a broader stakeholder base, particularly Provincial Departments and other service providers.

## Projects in Support of Objectives and Strategies

The projects listed in the next tables represent the priority initiatives to be implemented in the Inkwanca LM during the next three years:

### Projects in Support of Infrastructure Development and Service Delivery

Strategic Area of Focus	Current Challenges	Proposed Strategy To Resolve	Implementation Timeframe	Required Municipal Support	Required Human Resources or System	Required Budget
Raw/Bulk Water Sources	Sterkstroom Water Treatment Works	Construction of Conventional Water Treatment Works(Coagulation: Colour removal), (Oxidation of Colour Causing Components Process),(Sedimentation :Settlement of colour), (Filtration: Final polishing of colour)	Current Financial Year	Identification of site and Facilitation	Monitoring and Employment of local labour	R 5,800,000.00
Sewage Challenges	Sewage Spillage into the Environment	Upgrade all Sewage pump stations	Current Financial Year	Project in Progress	Local Labour	R 3,800,000.00
Current water challenges (from MM's report)	Shortage of water supply to areas such as, Upper Zwelitsha, Sonwabile,	Upgrading of the Carnarvon Estate Pump Station	End of the Current Financial Year	Identification of site and Facilitation	Monitoring and Employment of local labour	
	Khayilitsha and Mdantsane	Construction of Nola Water Treatment Works	End of the Current Financial Year	Identification of site and Facilitation	Monitoring and Employment of local labour	R 1,800,000.00
Current electricity challenges	Old electricity infrastructure	A new project to upgrade the Electricity Infrastructure: Transformers, Conversion overhead lines to underground cables	2013/2014 and 2014/2015 Financial Year	Application for funding	The registration of the project (MIG and Other Sources)	R 20,000,000.00
	Electricity outages	Upgrading of transformers	Four Weeks	Provide Finances	Municipal Human resource	R 158,000.00
Current roads & stormwater	Unavailability of the Storm Water	Construct storm water channels on all	2013/2014 and 2014/2015	Application for funding	The registration	R 2,000,000.00

challenges	Channels on Internal Streets	internal street	Financial Year		of the project (MIG and Other Sources)	
Linking urban renewal & Small Town Revitalization	All Infrastructure services of the Municipality should be upgraded to accommodate future socio and economic development and seasonal influx	Develop a concept document	2013/2014 Financial Year	Provision of Data Collection System	Municipal Systems	R 50,000.00
Municipal Infrastructure Planning	Infrastructure planning	Develop a concept document	2013/2014 Financial Year	Provision of Data Collection System	Municipal Systems	R 50,000.00
	Infrastructure maintenance	Develop a concept document	2013/2014 Financial Year	Provision of Data Collection System	Municipal Systems	R 50,000.00

### Projects in Support of Budget and Treasury Office

### Projects in Support of the Community Services Unit

Strategic Area of Focus	Current Challenges	Proposed Strategy To Resolve	Implementation Timeframe	Required Municipal Support	Required Human Resources or System	Required Budget
Beneficiary selection	Housing needs analysis	To submit remaining applications. Verification of potential beneficiaries after pre-screening.	30 June 2013	Political Support	HSS online	R83000-00
	Housing needs database	Engage the DHS to speed up the training of officials on HSS	30 June 2013	Administrative support from DHS	Trainers of Officials	
	Construction of approved housing	Appointment of Service Providers by DHS	30 April 2013	Political Support	Building Inspectors and Project Steering Committee	R41,5 million

encroachments	Encroachments Illegal / report before approval	Review of Building Control regulations and the application must be accompanied by plan Preventative Measures in Place	31 July 2013	Political Support	Building Control Officers	R160 000.00
Disaster management	SLA with CHDM	Engage the CHDM	30 April 2013	Political Support. Mobile fire fighters	Trained Volunteers	Funding from CHDM
Testing station						
Revenue.	Targets to 75%					
	Defaulters in Traffic Fines	Engage Lukhanji on the System used to trace defaulters. Easy Pay	30 June 2013	Easy Pay System	Administrative Support	R0
Disposal site	No initiatives for recycling projects	Facilitate recycling projects by engaging DEDEA	30 June 2013	Budget Allocation	Community Support	R50 000-00
Fencing of commonages	The function is cutting across two Departments	It must entirely fall under Community Services	30 June 2013	SCM Unit	Administrative Support	R100 000.00
Renovations of buildings	Financial Constraints	Buildings Maintenance Plan and allocate funding	1 July 2012	Council Resolution	Administrative Support	Depending
Cemeteries & pounds	Cost implications for Feed for cattle	Review the fines to be in line with the costs incurred	1 July 2013	Tarrifs Approval	Political Support	



Strategic Area of Focus	Current Challenges	Proposed Strategy To Resolve	Implementation Timeframe	Required Municipal Support	Required Human Resources or System	Required Budget
Cemeteries & pounds	Shelters in both the cemeteries and Pounds	Procure material and appoint labour	30 May 2013	SCM	EPWP workers	R150 000.00
	Grave Numbering and access control	Procurement of Cemetery and the use of EPWP workers to number the grave. Engage Community Members	1 July 2013	Political and Administrative Support	EPWP workers and Community Members	R450 000-00

### Projects in Support Administration and Corporate Services

Strategic Area of Focus	Current Challenges	Proposed Strategy To Resolve	Implementation Timeframe	Required Municipal Support	Required Human Resources or System	Required Budget
ICT Infrastructure	Licensing requirements	License Strategic Plan Appointment of a service provider Conduct a software audit Identify all the licensed and not licensed software purchase software licenses	2014/2015	Institutional support MM CFO Corporate Services	Operating systems: Windows version Microsoft Office suite: office versions	R500.000
	security of IT architecture.	Firewall Upgrading of Anti-Virus	June 2013	Institutional support MM CFO Corporate Services	Fortigate Firewall	R100.000
	Enhancing of IT capabilities	Upgrading of technology in line with IT strategy, Trainings, Backup Generator	2014.2015	Institutional support MM CFO Corporate Services	Internet E-emails Network	R200.000
	Current Challenges	Proposed Strategy To Resolve	Implementation Timeframe	Required Municipal Support	Required Human Resources or	Required Budget

					System	
	Development of policies & processes	Development of policies & Bylaws	June 2013	Institutional support	N/A	R100.000
	Staff engagement on policies & processes	Training plan for staff and engage stake holders	June 2013	Institutional support, CHDM ,DEPT OF LABOUR & SALGA	N/A	R50.000
	Office space	Develop office plan Construct or buy buildings	2014.2015	Institutional support	N/A	Yes
	Cascading of performance management below S56	PMS Strategy PMS	2014.2015	Institutional support & SALGA	N/A	R100.000
	Performance management framework, system, agreement, M&E	PMS Strategy	2014.2015	Institutional support & SALGA	N/A	R100.000
	Implications for all departments	Institutionalised PMS	2014.2015	Institutional support	N/A	Financial implications
	Office equipment plan	Conduct office equipment audit, Develop office equipment plan	June 2013	Institutional support	N/A	R300.000

## Projects in Support of Institutional Development

KPA	Focus Area	Proposed Strategy to Rectify	Activities	Time Frame	Required Resources	Required Institutional Support
Institutional Development	<b>EPWP</b>	Creation of Employment Opportunities	Development of EPWP Strategy	2016	Financial Resources	Establishment of Strategic Unit
		Enhancement of Skills Development	Development of training plan	2016	Financial Resources	FET College engagement
	<b>OHS</b>	Appointment of EHW Officer		2013/14	Human and Financial Resources	Appointment of EHW Officer
			Provide Employee Assistance Programme & HIV/ AIDS in the workplace	2013/14		
			Establishment and Training of Occupational Health & Safety Committee	2013/14		
			Development of OHS and EAP Policies	2013/14		
			Establish Sport Management Committee	2013/14		
		Conduct Employee Satisfaction Survey	Procurement of Service Provider	2013/14	Financial Resources	Participation by employees
	<b>PMS</b>	Cascading of PMS to level below S56	Development of PMS Process Plan	Jul-13	Financial and Human Resources	
			Development of Performance Plans	Jul-13		
			Performance Assessment	Quarterly		
	<b>Organisational Design</b>	Reviewal of the Organogram	Training of Council	End May Annually		DLGTA Engagement
		Implementation of HR Plan	Workshop all stakeholders	2013/14		Attendance of workshop
		Implementation of Job Evaluation	Workshop all stakeholders			

		Results				
	<b>HRD</b>	Development of HRD Strategy	Skills Analysis			DLGTA engagement
		Implementation of WSP	All Trainings to be conducted through training committee		Financial Resources	Attendance of Trainings
	<b>Staff Provisioning</b>	Appointment of key HR Personnel	Appointment of Assistant Manager HR		Financial and Human Resources	
		Development of Retention Strategy				DLGTA engagement/ Stakeholder participation
		Reduce Vacancy rate to 2%			Financial Resources	
		Reviewal of Human Resource Plan			Human Resource	Participation by All Stakeholders
		Develop Succession Plan			Financial and Human Resources	DLGTA engagement/ Stakeholder participation
	<b>Conditions of Service</b>	Regular Induction of all Councillors & employees, on benefits and collective agreements		Annually		Attendance of workshop
		Leave Administration	Leave Reconciliation	Monthly		
		Proper implementation of SALGBC Collective Agreements		Daily		
	<b>Labour Relations</b>	Monthly sitting of the LLF		Monthly		Attendance of Meetings by members
		Implementation of all labour related legislation	Appointment of Labour Relations Practitioner	2013/14	Financial and Human Resources	
	<b>Records Management</b>	Compliance with Records Management Act	Appointment of Records Manager	2013/14	Financial and Human Resources	
		Implementation of Records Management Policy	Workshop all employees on File plan and document control system			

	<b>Council Support</b>	Timely issuing of packages for all Council Meetings and its committees		Quarterly		Managers to issue packages 7 days before the meeting
	<b>Administration</b>	Provision of Office Space	Construction of Municipal Offices	2014/15		Council to assist in lobbying of funds
		Maintenance of Grounds and buildings		Daily		
		Procurement of Office Furniture and Working tools		2013/14	Financial Resources	Fastracking of procurement processes
	<b>ICT</b>	Implementation of System Audit Recommendations		2013/14	Financial Resources	DLGTA Engagement
		Capacitate IT Personnel according to Skills needs analysis		2013-16	Financial Resources	
		Procurement of Disaster Recovery Tools		2013/14	Financial Resources	SCM to assist
	<b>Employment Equity</b>	Implement Employment Equity Plan	Sitting of EE Committee	Quarterly		Attendance of meetings
		Submission of EE Report to DoL	Presentation of EE Report to EE Committee	By 15 January Annually		
	<b>Customer Care</b>	Implementation of Batho Pele Principles	Workshop stakeholders on Batho Pele Principles	2013/14	Financial Resources	Office of the Premier/ DLGTA
			Develop Service Standards	2013/14		Office of the Premier/ Stakeholder participation
		Separate Reception from Registry	Relocation of Reception	2013/14	Office Space	Provision of office space for reception
	<b>Policy Reviewal and Development</b>	Reviewal of existing policies	Stakeholder consultation	2013/14	Financial Resources	Stakeholder participation
		Develop New Policies	Stakeholder consultation	2013/14	Financial Resources	Stakeholder participation

# CHAPTER 5 MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

## 1 INTRODUCTION AND PRIORITY AREAS

Financial viability is a key priority for 2012/17 and our main focus is on:

- Achieving a clean audit outcome
- Complying with all LG legislations
- Building capacity in the finance departments
- Improving our audit outcome
- Improving efficiency in our Supply Chain Management processes
- Implementing internal audit
- Implementing sound financial reporting and control mechanisms

## 2 GENERAL FINANCIAL PHILOSOPHY

The financial policy of the Local Municipality is to provide sound, secure and fraud free management of financial services.

The Budget and Finance Office has the following objectives:

- Implementation of LG MFMA
- Implementation of the LG Municipal Property Rates Act
- Management of the Budget Process
- Performance of the Treasury Function
- Management of Municipal Revenue
- Establishment of a Supply Chain Management Unit
- Establishment of a FBS/Indigent Support Unit
- Maintenance of Internal Financial Control
- Production of Financial Performance Reports
- To Retain the Financial Viability of the Municipality
- To have an Unqualified Audit Report

## 3 BUDGET-RELATED POLICIES AND BY-LAWS

### 1) Budget Policy

The aim of the policy is to set out the budgeting principles which the municipality will follow in preparing each annual budget, as well as the responsibilities of the chief financial officer in compiling such budget.

## 2) **Tariff Policy**

A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government: Municipal Systems Act 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

## 3) **Rates Policy**

In developing and adopting this rates policy, the council has sought to give effect to the sentiments expressed in the preamble of the LG Municipal Property Rates Act, namely that:

- the Constitution enjoins local government to be developmental in nature, in addressing the service delivery priorities of our country and promoting the economic and financial viability of our municipalities;
- there is a need to provide local government with access to a sufficient and buoyant source of revenue necessary to fulfill its developmental responsibilities;
- revenues derived from property rates represent a critical source of income for municipalities to achieve their constitutional objectives, especially in areas neglected in the past because of racially discriminatory legislation and practices; and
- it is essential that municipalities exercise their power to impose rates within a statutory framework which enhances certainty, uniformity and simplicity across the nation, and which takes account of historical imbalances and the burden of rates on the poor.

In applying its rates policy, the council shall adhere to all the requirements of the Property Rates Act no. 6 of 2004 including any regulations promulgated in terms of that Act.

## 4) **Indigent Support Policy**

The objective of Indigent Support Policy is to ensure the following:

- The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council; and
- To provide procedure and guidelines for subsidization of basic provisions received from Central Government, according to prescribed Policy guidelines.

## 5) **Credit Control & Debt Collection Policy**

The purpose is to ensure that credit control forms an integral part of the financial system of the local authority, and to ensure that the same procedure be followed for each individual case.

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## 6) **Supply Chain Management Policy**

The objective of this policy is to provide a policy framework within which the municipal manager and chief financial officer can institute and maintain a supply chain management system which is transparent, efficient, equitable, competitive, which ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development.

By adopting this policy the council further pledges itself and the municipal administration, to the full support of the Proudly SA campaign and to the observance of all applicable national legislation, including specifically the:

- Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
- Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act; and
- LG Municipal Finance Management Act No. 56 of 2003, including the regulations relating to the prescribed framework for supply chain management.

A paraphrase of the relevant provisions of the foregoing statutes is annexed to this policy.

Where applicable, the council also pledges itself to observe the requirements of the Construction Industry Development Board Act No. 38 of 2000 and its regulations.

The Municipality has a supply chain unit. The unit is functional but there is room for improvement. The municipality is also busy training all staff in the supply chain unit so that they can meet the competency levels as required by supply chain and national treasury's competency requirements by 2013.

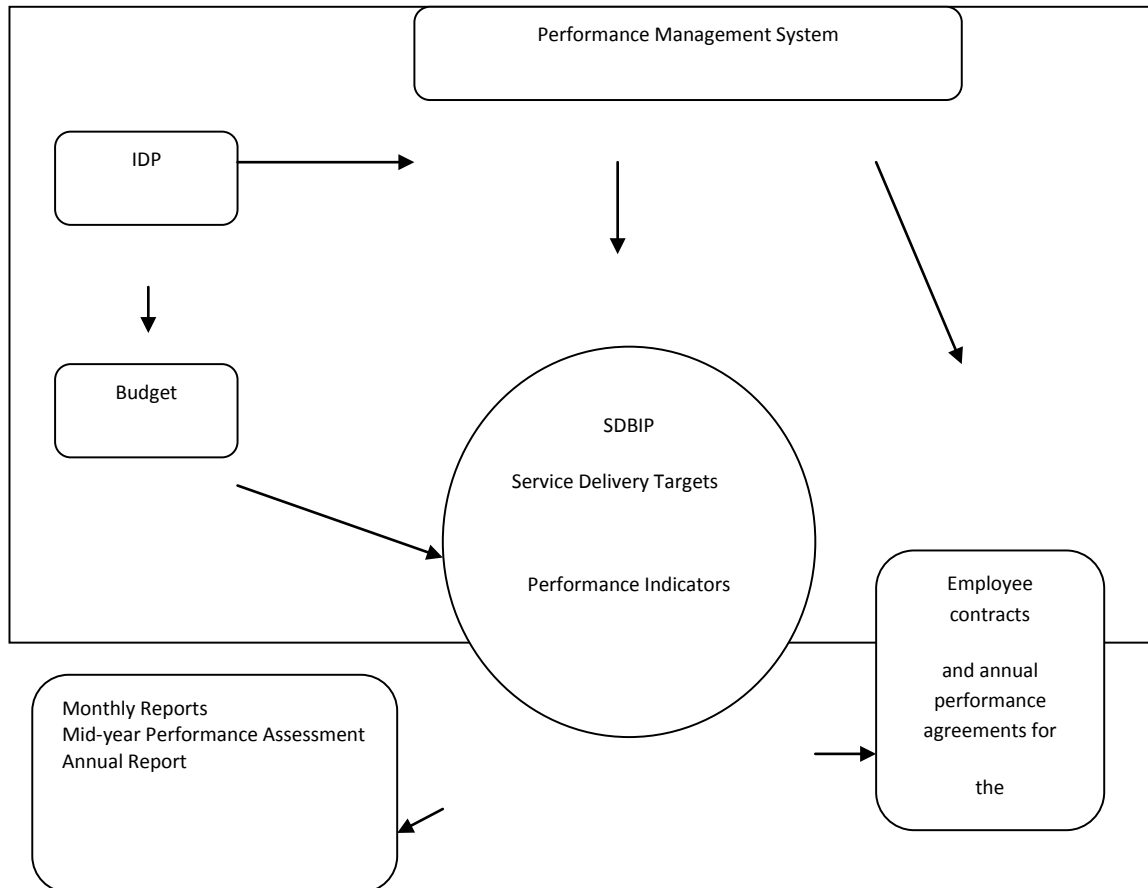
- The municipality have the following Bid Committees:
  - Bid Specifications
  - Bid Evaluation
  - Bid Adjudication
-



## 4 THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP)

### INTRODUCTION

The SDBIP marries the Performance Management System (as required under the Municipal Systems Act) with the budget and the IDP. Thus the strategic direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS. The requirement for a SDBIP is stated in the MFMA, Section 69.3 (a) and is the responsibility of the Municipal Manager.



The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through links with the IDP.
- The Financial Imperative – Through links with the budget.
- The Performance Imperative – Through links to the PMS.

The National Treasury Circular 13 describes in detail the approach to SDBIP's. Basically there is a high level SDBIP for the purpose of high level monitoring by stakeholders, backed by full detail all the way to the individual employee. Starting from the top (the Municipal Manager), all staff operate under KPI's within the identified KPA's. In effect the SDBIP becomes the implementation tool for the budget and the basis for non-financial monitoring.

At the highest level every vote could be aligned to an IDP strategy and some KPI's. These then form the basis of future monthly and in year reporting.

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# **CHAPTER 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

This section deals with public participation and governance issues and these are:

- f) Corporate Governance (internal Audit, Risk and Fraud Mitigation Management, Legal Services and Compliance);
- g) Public Participation;
- h) Cross cutting issues (Special Programmes);
- i) Integrated Development Plan; and
- j) Performance Management System

## **1 CORPORATE GOVERNANCE**

Corporate governance is comprised of Risk Management and Fraud Mitigation, Internal Audit/ Audit Committee, Compliance Services, Legal Services, Communication and Development Cooperation, Public Participation and Special Programmes, Knowledge Management, Research and Policy.

The preamble to the Local Government: Municipal Systems Act provides inter alia for the “core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities; ... to define the legal nature of a municipality as including the local community ... working in partnership with the municipality’s political and administrative structures; to provide for the manner in which municipal powers and functions are exercised and performed; to provide for community participation; to establish a[n] ... enabling framework for the core processes of planning, performance management, resource mobilisation and organisational change which underpin the notion of developmental local government; to provide a framework for local public administration and human resource development; .. to ... put in place service tariffs and credit control policies ... by providing a framework for the provision of services, service delivery agreements ... ; to provide for credit control and debt collection; ... and to provide for matters incidental thereto”.

The importance of good governance is widely recognized. Good corporate governance generates the goodwill necessary to enable sustainable value creation.

Other pieces of the legislative framework impact on the activities of the Municipality and for the purpose of this cluster the King III Report is considered important. The introduction of the King III Report on Corporate Governance necessitates increased attention being paid to compliance issues. This covers activities such as Internal Audit, Fraud and Risk Management as well as Information Technology. In addition the implications of the introduction of a Municipal Public Accounts Committee should also be considered.

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Within this overall framework fall activities such as risk and fraud management, internal audit, legal and compliance, knowledge management as well as public participation. The sections set out hereunder all exhibit similar constraints. As a result, material backlogs in dealing with core governance issues develop, resulting in adverse findings by regulatory and oversight bodies. In all instances, backlogs cannot be quantified as the outcomes from this sector relate more to qualitative than quantitative issues.

## **2 RISK AND FRAUD MITIGATION**

Risk Management within the Municipality is considered to be in a developmental stage. It has not reached the level of being embedded within the Municipality. A Risk Management Framework is in place and risk identification process is conducted. There is a need to identify dedicated resources for this activity and resource capacity constraints hinder implementation of this strategy.

While risk assessments within specific activities are conducted, there is no overall co-ordination of the activity. This compromises the ranking and prioritization of risks. A similar situation exists with Fraud Mitigation. There is a need to identify dedicated resources for this activity and resource capacity constraints hinder implementation of this strategy. The number of detected cases of fraud and related irregularities within the Municipality is cause for concern. The resources required for implementation will require to be considered during future budgetary cycles.

## **3 INTERNAL AUDIT COMMITTEE**

Inkwanca LM Municipality has an established Internal Audit Unit which operates in accordance with an approved Internal Audit Charter. The Unit's mandate is spelled out in the Local Government Municipal Finance Management Act. This includes providing advice to the accounting officer and audit committee on matters relating to internal audits, internal controls, accounting procedures and practices, risk and risk management, performance management, loss control, and compliance with applicable legislation.

The unit is under capacitated, with two full-time employees. Consequently, not all activities can be subjected to audit, e.g. Fraud, Information, Technical. This compromises the overall control environment within the Municipality. The Unit does not undertake investigations of fraud which is the responsibility of line management.

The Unit reports to the Audit Committee on its operations and administratively to the Accounting Officer.

The Municipality has a functioning Audit Committee in place. This Committee operates in accordance with an approved Audit Committee Charter and meets on a regular basis. The Committee reports quarterly in writing to the Audit Committee.

The mandate of the Committee covers matters such as advising the council, political office-bearers, accounting officer and management of the municipality, on matters relating to internal financial control and internal audits, risk management, accounting policies,

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adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with applicable legislation, etc.

In addition, the Committee reviews the annual financial statements and responds to the Council on issues raised by the Auditor-General in the audit report through its Chairperson.

## **Compliance**

Compliance is audited internally by the Audit Unit and there is no specific committee set-up to deal with this matter.

## **Legal**

The municipality does have an internal unit dealing with legal issues. This unit is placed within Corporate Services

## **1 PUBLIC PARTICIPATION**

The goal of the Inkwanca LM on Good Governance and Public Participation is to realize a viable and caring institution that will promote and support a consultative and participatory local government. Good governance is in the main a participatory, transparent, democratic and accountable system of governance.

Developmental local government legislation put in place mechanisms for community interface so as to create enablers to realize good governance within a municipality. The key focal area within good governance is that good governance is a responsibility of all service delivery directorates/units and as such must find a concrete expression in their operational plans. The strategic intent of good governance and public participation is to ensure that Inkwanca LM is accessible to its citizens.

## **2 SPECIAL PROGRAMMES**

Inkwanca LM must ensure that the MGDs are integrated or mainstreamed, both internally as an employer and externally as a provider of service, so as to address the needs of the vulnerable and marginalized groups.

Within this IDP the following are termed cross-cutting issues;

- i) HIV and AIDS
  - j) Local Agenda 21
  - k) Poverty
  - l) Gender
  - m) Disability
  - n) Older Persons
  - o) Youth and Children
  - p) Public Participation
-

Each of the Special Programmes Focal Areas namely HIV and AIDS, Youth and Children, Gender, Disability and Older Persons does not have dedicated Inkwanca LM Strategies and they need to be mainstreamed.

### **3 INTEGRATED DEVELOPMENT PLANNING AND PERFORMANCE MANAGEMENT SYSTEM**

Section 25 (1) of the Municipal Systems Act 32 Of 2000 stipulates that “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:

- d) Links, integrates and co-ordinates plans and take into account proposals for the development of the municipality;
- e) Aligns the resources and capacity of the municipality with the implementation of the plan;
- f) Forms the policy framework and general basis on which annual budgets must be based.

The act further defines an integrated plan as a “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 also binds the municipality in the exercise of its executive authority.

An IDP is developed for a 5 year period which coincides with a term of Council. Such a plan has to be reviewed on an annual basis.

Performance Management fulfils the implementation of the Integrated Development Plan. The performance of an organisation is integrally linked to that of its staff. It is critical and important for any organisation to periodically review its own performance as well as that of its employees. In order to comply with legislation and to improve on good governance and service delivery it is essential for municipality to adopt a policy on Institutional and individual performance management.

Council approved a Framework for Institutional Performance Management. The Framework contains an annual work plan with processes to be followed in developing and implementing Performance Management.

Performance Management is a strategic approach through which the performance objectives of the Municipality are identified, defined, translated into business plans and cascaded into individual scorecards allowing for regular planning, monitoring, evaluating and reviewing of performance at both organisational and individual levels, effectively responding to inadequate performance and recognizing outstanding performance.

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## **Institutional Challenges Facing Integrated Development Planning and Performance Management System.**

- i) No up-to-date performance management system.
- j) Performance is not measured.
- k) Performance management not cascaded to levels lower than Section 56/57 Managers.
- l) The municipality's performance management system was not in line with the priorities, objectives, indicators and targets contained in the integrated development plan, does not relate to the municipality's performance management processes and does not provide for procedures by which the system is linked to the municipality's integrated development planning processes, as required by section 38(a) of the MSA and the Municipal Planning and Performance Management Regulations 7(2)(g).
- m) The municipality does not appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan;
- n) There are no set measurable performance targets with regard to each development priority and objective;
- o) The municipality does not monitor performance, with regard to each of those development priorities and objectives and against the key performance indicators and targets set;
- P) The municipality does not take steps to improve performance with regards to those development priorities and objectives where performance targets are not met as required by section 41 of the Municipal Systems Act.

## **1 COMMUNICATION AND DEVELOPMENT COOPERATION**

Communications and Development Cooperation plays a pivotal role in harnessing and maintaining strategic relationships locally and globally. This positions the organization as a strategic tool for the facilitation of effective and efficient service delivery.

### **Communication.**

The municipality has a communication strategy in place and uses it in its process of stakeholder communication and engagement.

### **Inter-governmental Relations.**

Inkwanca LM has a responsibility of forging relations with other spheres of government. The aim is to integrate planning, resource utilization and mobilization to maximize service delivery. Our multi-sphere engagements strive to comply with Act No 13. of 2005 of IGR Framework Act .

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The concerns of the national and provincial government are also concerns of the municipality. Therefore going forward as metro concerted and co-ordinated efforts will be required so that Inkwanca LM works with and leverages of all of government, parastatals, the private sector and civil society partners. It would also align the organisation, strategy, budget and implementation programmes so that resources are used optimally and to enhancing service delivery.

### **Customer Relationship.**

Successful customer relationship management (CRM) starts with a business strategy, which drives change in the organization and work processes, enabled by technology. It needs to be recognized as a cross cutting function whose main purpose is to see to the implementation of CRM initiatives in a consistent way across the political, corporate and functional dimensions of the organisation.

Matters for consideration by Inkwanca LM would include capacity, skills and resource constraints which remain a problem in the municipal environment. Internal streamlining will also need to be aligned as it provides a major stumbling block in providing adequate service delivery. Furthermore, blockages need to be removed, processes need to be streamlined and systems need to be put in place to avoid bottlenecks and misinformation. Customer relationship management can provide immense opportunity for turning negative perceptions into a positive image of the municipality.

## **1 SUMMARY OF THE KEY ISSUES FROM THE SITUATIONAL ANALYSIS**

- g) Declining revenue base thus negatively impacting on financial viability and sustainability;
  - h) Institutional inefficiencies that limit ILM's responsiveness to community issues;
  - i) Disintegrated management and compliance systems;
  - j) Low economic growth, high rate of unemployment and widespread poverty;
  - k) Capacity to assume new powers and functions in relation to healthcare and other service delivery mandates; and
  - l) (Service delivery backlogs hampering economic growth, tourism development and quality of life.
-

### 3. CHAPTER 5: FINANCIAL PLAN.

The Financial Plan forms the cornerstone of any planning and financial strategy of Council. The principle within such a financial plan is depending on the resources available to the Council.

## 6.1. Income Expenditure

EC133 Inkwanca - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue - Standard</b>	1									
<i>Governance and administration</i>		24 624	24 758	-	11 404	13 806	13 806	17 044	20 662	20 655
Executive and council		-	-	-	4 695	4 523	4 523	6 121	6 489	6 878
Budget and treasury office		24 624	24 758	-	6 709	9 282	9 282	10 922	14 174	13 777
Corporate services		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 330	523	-	3 816	6 594	6 594	8 374	8 876	9 409
Community and social services		1 297	465	-	2 870	2 715	2 715	4 228	4 481	4 750
Sport and recreation		-	-	-	15	3 015	3 015	3 196	3 388	3 591
Public safety		-	-	-	-	-	-	-	-	-
Housing		33	58	-	931	864	864	950	1 007	1 067
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3 990	7 866	-	5 220	11 235	11 235	7 537	5 896	6 192
Planning and development		-	-	-	1 418	1 333	1 333	1 437	1 523	1 614
Road transport		3 990	7 866	-	3 802	9 902	9 902	6 100	4 374	4 578
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		8 918	24 489	-	19 274	29 852	29 852	28 581	30 974	32 944
Electricity		5 641	5 102	-	9 865	13 297	13 297	8 947	9 484	10 053
Water		-	9 044	-	5 131	5 818	5 818	8 590	9 783	10 482
Waste water management		-	6 794	-	880	4 766	4 766	5 052	5 356	5 677
Waste management		3 277	3 548	-	3 399	5 971	5 971	5 992	6 351	6 732
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	38 862	57 635	-	39 715	61 487	61 487	61 535	66 409	69 200
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		25 575	18 810	-	16 593	19 950	19 950	21 921	23 213	24 677
Executive and council		3 833	5 869	-	4 695	4 523	4 523	5 936	6 292	6 670
Budget and treasury office		18 606	8 697	-	6 709	9 282	9 282	8 803	9 308	9 937
Corporate services		3 135	4 243	-	5 189	6 144	6 144	7 182	7 613	8 070
<i>Community and public safety</i>		3 000	3 234	-	4 323	6 645	6 645	8 838	8 596	9 177
Community and social services		2 442	2 650	-	3 377	5 699	5 699	6 182	6 553	6 946
Sport and recreation		4	1	-	15	15	15	1 706	1 036	1 163
Public safety		-	-	-	-	-	-	-	-	-
Housing		554	583	-	931	931	931	950	1 007	1 067
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		4 735	2 776	-	3 211	3 080	3 080	10 957	10 257	10 872
Planning and development		191	370	-	1 418	1 333	1 333	1 437	1 523	1 614
Road transport		4 544	2 405	-	1 793	1 747	1 747	9 521	8 734	9 258
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		12 149	41 641	-	19 555	25 315	25 315	30 482	32 311	34 250
Electricity		7 333	9 141	-	8 226	10 060	10 060	12 055	12 779	13 545
Water		-	8 783	-	9 830	11 088	11 088	11 048	11 711	12 414
Waste water management		-	13 870	-	1 137	1 137	1 137	1 387	1 470	1 559
Waste management		4 816	9 848	-	363	3 031	3 031	5 992	6 351	6 732
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	45 459	66 461	-	43 682	54 991	54 991	72 199	74 378	78 976
<b>Surplus/(Deficit) for the year</b>	1	(6 597)	(8 825)	-	(3 967)	6 497	6 497	(10 664)	(7 968)	(9 775)



EC133 Inkwanca - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Accounting Officer		-	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 4 - Technical Office		-	-	-	-	-	-	-	-	-	-
Vote 5 - Water and Sanitation Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Accounting Officer		-	-	-	-	-	-	-	185	196	208
Vote 3 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 4 - Technical Office		3 018	6 233	-	1 600	11 600	11 600	-	6 658	7 019	7 122
Vote 5 - Water and Sanitation Services		-	-	-	-	-	-	-	600	-	-
Vote 6 - Community Services		2 348	1 114	-	675	3 675	3 675	-	3 916	4 150	4 399
Vote 7 - Corporate Services		-	166	-	350	350	350	-	400	424	449
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		5 366	7 513	-	2 625	15 625	15 625	-	11 759	11 790	12 178
<b>Total Capital Expenditure - Vote</b>		5 366	7 513	-	2 625	15 625	15 625	-	11 759	11 790	12 178
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		-	166	-	350	350	350	-	585	620	657
Executive and council		-	-	-	-	-	-	-	185	196	208
Budget and treasury office		-	-	-	-	-	-	-	-	-	-
Corporate services		-	166	-	350	350	350	-	400	424	449
<b>Community and public safety</b>		-	1 114	-	175	3 175	3 175	-	3 366	3 567	3 781
Community and social services		-	1 114	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	3 000	3 000	-	3 180	3 371	3 573
Public safety		-	-	-	175	175	175	-	186	197	208
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	4 750	-	-	6 000	6 000	-	5 658	5 959	5 998
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	4 750	-	-	6 000	6 000	-	5 658	5 959	5 998
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	1 482	-	2 100	6 100	6 100	-	2 150	1 643	1 742
Electricity		-	1 482	-	1 600	5 600	5 600	-	1 000	1 060	1 124
Water		-	-	-	-	-	-	-	600	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	500	500	500	-	550	583	618
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	-	7 513	-	2 625	15 625	15 625	-	11 759	11 790	12 178
<b>Funded by:</b>											
National Government		5 366	7 346	-	-	-	-	-	8 695	8 892	9 092
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	5 366	7 346	-	-	-	-	-	8 695	8 892	9 092
Public contributions & donations	5	-	166	-	-	-	-	-	3 064	2 898	3 086
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	7	5 366	7 513	-	-	-	-	-	11 759	11 790	12 178

## CHAPTER 6: PERFORMANCE MANAGEMENT SYSTEM (PMS)

### 6.1 Introduction

This document is the policy framework for Inkwanca local municipality to develop a Performance Management System (PMS), which is ultimately aligned to the Integrated Development Plan (IDP) and best suited to the circumstances of the municipality. The Municipal Planning and Performance Management Regulations (2001) stipulate that a municipality's Performance Management System (PMS) must entail a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role-players.

In line with the said legal requirements, this framework is a policy document that sets out the following:

- the requirements that Inkwanca local municipality's PMS will need to fulfill;
- the principles that informed its development and subsequent implementation;
- the preferred performance model;
- the process by which the system will work;
- the delegation of responsibilities for different roles in the process; and
- a plan for the implementation of the system.

The main goal of this document is to provide Inkwanca Municipality with a written guide that will assist in the implementation of the PMS at organizational and individual levels.

### 6.2 The Legislative Framework for Performance Management

Various government prescripts stipulate provisions pertaining to performance management in the context of local government. Of note, are the following references:

#### 6.2.1 White Paper on Local Government

The major PMS policy instruments is in the 1998 White Paper on Local Government supported by the Batho Pele principles, which were given legal stature through the adoption of the Local Government: Municipal Systems Act in 2000 (Act 32 of 2000). The said Act requires all municipalities to:

- Develop a performance management system.
  - Set targets, monitor and review the performance of the Municipality based on indicators linked to their IDP.
  - Publish an annual performance report on the performance of the Municipality.
  - Incorporate and report on a set of general (sometimes also referred to as national) indicators prescribed by the Minister responsible for local government.
  - On a continuous basis, conduct an internal audit of all performance measures.
  - Have the annual performance report audited by the Auditor-General.
  - Involve the community in setting indicators and targets; and also reviewing municipal performance
-

### **6.2.2 The Municipal Systems Act (MSA)**

Chapter 6 of the Municipal Systems Act of 2000 sets out requirements in terms of the establishment, development, monitoring and review of performance management systems for municipalities. The Act specifies the core components of the system as well as community involvement requirements. It further requires the setting of appropriate key performance indicators and targets, performance measurement audits and performance reporting. In terms of the MSA, the Municipal Planning and Performance Management Regulations (2001) were published, setting out the requirements for a municipal PMS. The Regulations also contain the general indicators prescribed by the Minister responsible for local government. A further set of Regulations were published in 2006 and they deal with Performance Management for municipal managers and managers that are directly accountable to municipal managers.

### **6.2.3 The Municipal Finance Management Act (MFMA)**

The MFMA requires municipalities to annually adopt a Service Delivery and Budget Implementation Plan (SDBIP), stating the service delivery targets and performance indicators. Whilst approving the annual budget, the Municipality should also set measurable performance targets for each revenue source and vote. They should also compile an annual report, which entails a performance report that is compiled in terms of the MSA.

### **6.2.4 Performance Management Regulations (2001)**

The Municipal Performance Management Regulations (2001) defines a municipality's performance management as "...a framework that describes and represents how the municipality's cycle processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role-players."

The Regulations describes the nature of performance management systems required in municipalities as follows:

- complies with all the requirements set out in the MSA;
  - demonstrates how it is to operate and be managed from the planning stage up to the stages of performance review and reporting;
  - defines the roles and responsibilities of each role-player, including the local community, in the functioning of the system;
  - clarifies the processes of implementing the system within the framework of the integrated development planning process;
  - determines the frequency of reporting and the lines of accountability for performance;
  - links organizational performance to employee performance;
  - provides for the procedure by which the system is linked with the municipality's integrated development planning processes; and
  - shows how any general key performance indicators envisaged in section 43 of the MSA will be incorporated into the municipality's planning and monitoring processes.
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#### 6.2.4 Performance Management Regulations (2006)

The Performance Management Regulations (2006) is applicable to section 57 managers. It sets out how the performance of municipal managers will be uniformly directed and monitored. It addresses the job description, employment contract, as well as the performance agreement that is entered into between a municipality, its MM and the managers directly accountable to the MM. The job description sets out the main accountabilities and inherent job requirements; the employment contract provides the terms of employment including regulating the performance bonuses; whereas the performance agreement provides assurance to the municipal Council of what can and should be expected from the senior managers.

#### 6.3 The Concept of Performance Management

The DPLG defines performance management as a strategic approach to management that equips all stakeholders with tools to:

- plan,
- monitor,
- measure and
- Review performance in terms of set indicators & targets for efficiency, effectiveness and impact.

Performance management is essentially a mechanism to measure the implementation of the IDP. As such, it can be applied to any level within the municipality. Through ensuring accountability at all levels, the following results should be attained:

- Meeting of strategic objectives
- Improvement of the overall municipal performance
- Improved service delivery
- Getting value for money
- Meeting the needs of people
- Creating a performance culture
- Achieving organizational transformation

It is important to take note of PM concepts that are persistently used in the development and implementation of the PMS.

#### 6.4 Objectives of the Performance Management System

PMS is the primary mechanism to monitor, review, improve the implementation of the IDP and gauge the progress made in achieving the objectives set out in the IDP. The PMS process plan outlines the following objectives of the PMS:

- **Facilitate increased accountability**

The PMS should provide a mechanism for ensuring increased accountability between the local community, politicians, the Municipal Council and the municipal management team.

- **Facilitate learning and improvement**
-

The PMS should facilitate learning in order to enable the Municipality to improve delivery.

- **Provide early warning signals**

The PMS should ensure that decision-makers are timorously informed of performance related risks, so that they can facilitate intervention, as appropriate.

- **Facilitate decision-making**

The PMS should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

The fore listed functions are not exhaustive but also provide a summary of the intended benefits of the PMS. They should also be used for evaluating and reviewing the PMS.

## 6.5 Principles Governing the PMS

The following principles inform and guide the development and implementation of the ILM PMS:

- **administratively managed** in terms of its day-to-day implementation;
- **implementable** within any current resource constraints;
- **integration** of the PMS with the other management processes within the Municipality;
- **politically acceptable** to the political role players of the municipality and allow political office bearers & their structures to execute their responsibilities within their defined roles;
- **provision of clarity to all employees** in terms of their role in the achievement of municipal and departmental targets;
- **fostering of cooperation** between the administrative and political wings;
- **provision of early warning signals** in terms of inherent risks for the full implementation of the IDP;
- **public participation** in terms of granting community members their constitutional right to participate in the process;
- **Reliability** of the information provided on the progress in achieving the objectives as set out in its IDP.
- **simplicity** in order to facilitate implementation within any current capacity constraints;
- **transparency and accountability** both in terms of developing and implementing the system;
- **Empowerment of Council with information** to exercise its powers and authority within reason.

## 6.6 The Preferred Performance Management Model

A performance management model can be defined as the grouping of performance indicators into logical categories often called perspectives. The grouping can be based on the type of

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indicator<sup>1</sup> but is used as a means to enhance the ability of the municipality to manage and analyze its performance. A model therefore provides a common framework for understanding the aspects of performance that will be measured and managed. It further ensures that a balanced set of measures are employed and are not relying on only one facet of performance.

A number of performance models are available and any of them could be applied by the Municipality. The Municipality has chosen the Key Performance Area model. In the said model all indicators are grouped together under the national key performance areas as per the MSA and the local key performance areas as per the Inkwanca IDP. The said model therefore enables the Municipality to assess performance based on the national and local KPA's. The legislative framework provides for municipal performance management at various levels, including **organizational** (sometimes also referred to as municipal, corporate or strategic level), **departmental** (also referred to as services, operational or section/team level) and lastly, **individual** level.

At **organizational** level, the IDP forms the basis for performance management, whereas at operational level the annual SDBIP forms that basis. The performance measures associated with the IDP have a long-term focus, whereas those associated with the SDBIP are short-term and focus on reviewing the progress made in implementing the current budget and achieving the annual service delivery targets. The measures that are set for the Municipality are captured in the organisational scorecard.

At **departmental** level, the measures are captured in the SDBIPs of the various departments that operate within the Municipality. Performance management should occur at the various levels and relate to one another, as required by the Municipal Planning and Performance Regulations. By cascading performance measures from organisational to departmental level, both the IDP and the SDBIP eventually link with individual performance management. Regarding performance management at **individual** level, the MFMA specifically requires that the annual performance agreements of managers must be linked to the SDBIP and the measurable performance objectives approved with the budget.

## 6.7 The Process of Managing Performance

The PM process at organizational level in the Municipality is characterized by the steps that are set out in Figure 2. Although the steps and what follows relate mainly to performance management at organizational level, the principles and approaches as espoused could also be applied to performance management at departmental level.

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<sup>1</sup>

The **dplg** Performance Management Guidelines (2001) suggests different types of indicators for local government, e.g. *Input, Output, Composite and Baseline* Indicators.

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**Figure 1: Steps for Managing Performance at Organisational / Departmental Level**

- **Performance Planning**

Performance will be managed in terms of the IDP and the process of compiling the IDP. Therefore, the annual review of the IDP constitutes the process of planning for performance. From Figure 2 it should be noted that the last step of the cycle is “*performance review*” and the outcome thereof should inform the next cycle of IDP compilation/review by focusing the planning processes on the areas in which the Municipality has under-performed.

- **Performance Monitoring**

Performance monitoring is an ongoing process by which a manager accountable for a specific indicator as set out in the organizational scorecard (and a service delivery target contained in a SDBIP) continuously monitors current performance against the set targets. The aim of the monitoring process is to take appropriate and immediate action where it appears that a target will not be timorously met. The same will apply to the various SDBIPs. Performance monitoring requires appropriate action to be taken should it become evident that a specific performance target is not going to be met. In undertaking performance monitoring processes, the following aspects need to be determined and provided for:

- The data that must be collected in order to assess performance.
- The methods that must be employed in the collection, storage, verification and analysis of that data.
- The processes and formats that must be used in compiling reports on that data.
- Corrective measures that will be employed when poor performance has been detected.

- Mechanisms to compare current performance with baseline indicators and performance during the previous financial year.

Monitoring reports should be submitted as follows:

Submitted to	Frequency
Executive Committee	at least quarterly
Municipal Manager	at least monthly

Managers should track performance trends against targets for those indicators that lie within their area of accountability at least once per month. That will allow them to identify performance related problems and take appropriate remedial action in time. In addition, each senior manager should delegate to the direct line manager the responsibility to monitor the performance for his/her sector.

- **Performance Measurement**

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each KPI and against the target set for such indicator. A manual process will be used to measure performance at Inkwanca municipality. The municipal and SDBIP scorecards should spell out the name of an official who will be reporting on each indicator. The said official will, when performance measurement is due, have to collect and collate the necessary performance data or information and capture the result against the target for the period concerned. As such, they need not be accountable for performance on the said performance indicator.

- **Performance Analysis**

Performance analysis involves the process of making sense of measurements. It requires interpretation of the performance measurements to determine whether targets have been met / exceeded and to project whether future targets will be met or not. Where targets have not been met, the reasons thereof should be examined and corrective action recommended. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organizational learning.

The manager responsible for each indicator should, therefore, do the following:

- (i) Capture the performance data against targets on the scorecard.
- (ii) Analyze reasons for meeting or not meeting a target.
- (iii) Capture a summary of findings on the scorecard.
- (iv) Recommend remedial actions, as appropriate.

The completed organizational and SDBIP scorecards should be submitted to a formal meeting of the senior management team for further analysis and consideration of draft recommendations from the relevant managers. This level of analysis should examine performance across the municipality in terms of all its priorities with the aim to reveal and

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capture whether there are any broader organizational factors that are limiting the ability to meet any performance targets.

Such analysis should also ensure that quality performance reports are submitted to the Executive Committee and that adequate response strategies are proposed in cases of poor performance. After reaching agreement on the analyses, the management team can take the scorecards to the Executive Committee for consideration and review.

- **Performance reporting and review**

The next two steps in the process of performance management (i.e. *Performance Reporting and Performance Review*) will be dealt with at the same time. This section is further divided into three sections dealing with the requirements for *in-year* versus *annual* reporting and reviews respectively and lastly a summary is provided of the various reporting requirements.

- **In-year Performance Reporting and Review**

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

Performance review is the process where the leadership of an organization reviews the results and decides on appropriate action, after the performance of the organization has been measured and reported. In reviewing the organisational and departmental scorecards, the Executive Committee will have to ensure that the committed targets have been met; and where they have not, that satisfactory and sufficient reasons have been provided and that the proposed corrective action is adequate. If satisfied with the proposed corrective action, those should be adopted as formal resolutions of Council, minuted and actioned accordingly.

As indicated earlier, the organizational and SDBIP scorecards should be submitted to the Executive Committee for consideration and review on a quarterly basis. The reporting should therefore take place as follows within a financial year:

Quarter	Period Under Review	Month of Reporting
1 <sup>st</sup>	July to end of September	October
2 <sup>nd</sup>	October to the end of December	January
3 <sup>rd</sup>	January to the end of March	April
4 <sup>th</sup>	April to the end of June	July

The review in January will coincide with the mid-year performance assessment as per section 72 of the MFMA. The said section determines that the Accounting Officer must, by 25 January of each year, assess the performance of the municipality and report to the Council on, *inter alia*, its service delivery performance during the first half of the financial year and the service delivery targets and performance indicators as set out in the SDBIP.

## **6.8 Annual Performance Reporting and Review**

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

- All municipalities for each financial year compile an annual report.
- The annual report should be tabled within seven months after the end of the financial year.
- Soon after the annual report has been tabled, it should be made public and the local community should be invited to submit representations thereon.
- The municipal Council should consider the annual report within nine months after the end of the financial year and adopt an oversight report containing the Council's comments on the annual report.
- The adopted oversight report should be made public.
- The annual report as tabled and the Council's oversight report should be forwarded to the Auditor-General, the Provincial Treasury and the department responsible for local government in the Province.
- The annual report as tabled and the Council's oversight report should be submitted to the Provincial legislature.

The oversight report to be adopted provides the opportunity for full Council to review the performance of the Municipality. The requirement that the annual report once tabled and the oversight report be made public similarly provides the mechanism for the general public to review the performance of the Municipality. However, the Municipality will budget for the compilation of a user-friendly citizens' report. The citizens' report should be a simple, easily readable and attractive document that translates the annual report for public consumption.

Over and above the legal requirements of the MSA and the MFMA, there should be an annual public campaign that involves the community in the review of municipal performance. Such a campaign could involve all or any combination of the following methodologies:

- Various forms of media should be used to convey the annual report e.g. radio, newspapers, notice boards (in shops and community halls) and billboards.
  - The public should be invited to submit comments on the annual report via physical visits to the municipality offices, telephone, fax and email.
  - Public hearings could be held in a variety of locations to obtain input of the annual report.
  - Making use of existing structures such as ward committees to disseminate the annual report and invite comments.
  - Hosting a number of public meetings and roadshows at which the annual report could be discussed and input invited.
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- Producing a special issue of the municipal newsletter in which the annual report is highlighted and the public invited to comment.

The public review process should be concluded by a formal review of the annual report by the IDP Representative Forum of the Municipality.

The annual performance report should be compiled and completed no later than two months after financial-year end. That will ensure that its outcomes can timeously inform the next cycle of performance planning.

## 6.8 Summary of Various Performance Reporting Requirements

The following table, derived from both the legislative framework for performance management and this PMS framework, summarizes the various performance reporting deadlines as they apply to Inkwanca Municipality.

Report	Frequency	Submitted for Consideration and / or Review to	Remarks
1. SDBIPs	Quarterly	Exco	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)	See sections 71 and 54 of the MFMA
3. Organizational Scorecard	Quarterly	Exco	This PMS framework (see section 8.5.1 above)
4. SDBIP mid-year budget and performance assessment	Annually during January of each year	<ul style="list-style-type: none"> <li>• Mayor (in consultation with Exco)</li> <li>• Council</li> </ul>	See sections 72 and 54 of the MFMA
5. Performance report	Annually	Council	See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report
6. Annual report	Annually	Council	See chapter 12 of the MFMA

## 6.9 The Auditing of Performance Measures

### The Role of Internal Audit in Terms of Performance Management

The MFMA requires that the Municipality must establish an internal audit section which could be outsourced (depending on municipal resources and specific requirements). Section 45 of the MSA stipulates that the results of the municipality's performance measures should be audited by the said internal audit section as part of the internal auditing process and annually by the Auditor-General. For, Inkwanca the internal audit function will be outsourced in liaison with the Chris Hani District Municipality.

The Municipal Planning and Performance management Regulations stipulates that the internal audit section must, on a continuous basis, audit all performance and the auditing must include an assessment of the following:

- (i) The **functionality** of the municipality's performance management system. The internal audit section must therefore on a regular basis audit whether the PMS of the Municipality is functioning as developed and described in this framework.
- (ii) Whether the municipality's performance management system **complies** with the Act. This compliance check would require that the Municipality's internal audit unit, at least on an annual basis, verify that the Municipality's PMS complies with the said legal requirements.
- (iii) The extent to which the municipality's performance measurements are **reliable** in measuring the performance of municipalities by making use of indicators. The Municipality should have a proper information management system (electronically or otherwise) so that the internal audit function is able to access information regularly and to verify its correctness.

The Municipality's internal auditors must submit quarterly reports on the audits undertaken to the Municipal Manager and the Audit Committee.

## 6.10 Audit Committee

The MFMA and the Municipal Planning and Performance Management Regulations require that the municipal Council should establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. No Councillor may be a member of an audit committee. Council should also appoint a chairperson who is not an employee of Inkwanca municipality.

The Regulations give municipalities the option to establish a separate performance audit committee whereas the MFMA provides only for a single audit committee. Inkwanca

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municipality will share the audit committee with Tsolwana local municipality and Inxuba-Yethemba local municipality within the district. The operation of this audit committee when dealing with performance management is governed by section 14 (2-3) of the Regulations which require the audit committee to do the following:

- Review the quarterly reports submitted to it by the internal audit unit.
- Review the municipality's PMS and make recommendations in this regard to the Council of the Municipality.
- At least twice during a financial year submit an audit report to the municipal Council.

In order to fulfill their function, a performance audit committee may, according to the MFMA and the Regulations:

- communicate directly with the Council, municipal manager or the internal; and external auditors of the municipality concerned;
- access any municipal records containing information that is needed to perform its duties or exercise its powers;
- request any relevant person to attend any of its meetings and, if necessary, to provide information requested by the committee; and
- Investigate any matter it deems necessary for the performance of its duties and the exercise of its powers.

### 6.12 Performance Investigations

The Audit Committee should also be able to commission in-depth performance investigations where there is either continued poor performance or a lack of reliability in the information being provided. Those performance investigations should assess the following:

- The reliability of reported information.
- The extent of performance gaps from targets.
- The reasons for performance gaps.
- Corrective action and improvement strategies.

The outsourced internal audit section will be used to conduct these investigations and should ensure the involvement of people who are experts in this area. For each investigation, clear terms of reference will need to be adopted by Council.

### 6.13 Stakeholder Roles and Responsibilities

Figure 3 outlines the key roles and responsibilities to be discharged by the various role players in the process.

STAKEHOLDER	ROLE
<b>Council / Exco</b>	<ul style="list-style-type: none"> <li>▾ Adopt the PMS Framework &amp; PMS</li> <li>▾ Adopt the Municipal Scorecard</li> <li>▾ Conduct Annual Review</li> <li>▾ Commission Performance Audits</li> </ul>

	<ul style="list-style-type: none"> <li>▾ Report to the public and Province</li> </ul>
<b>Management Team</b>	<ul style="list-style-type: none"> <li>▾ Plan for PM</li> <li>▾ Adopt the PMS Framework &amp; PMS</li> <li>▾ Draft Scorecards</li> <li>▾ Approve Departmental Scorecards</li> <li>▾ Conduct Performance Measurements</li> <li>▾ Commission Performance Reviews</li> <li>▾ Produce PM Reports</li> <li>▾ Commission Performance Audits</li> </ul>
<b>Audit Committee</b>	Audit PM Reports & make recommendations
<b>Internal Audit</b>	Audit the results of Performance Measurements
<b>IDP Steering Committee</b>	Participate in PM Planning, Monitoring & Review
<b>IDP Rep. Forum</b>	
<b>Ward Committees</b>	

**Figure 2: Stakeholder Roles & Responsibilities**

#### **6.14 Performance Management at Individual Level**

The reality is that the municipality is an institution that employs people, thus its performance is highly dependent on employees. It therefore follows that performance needs to be managed at individual employee level. The individual performance management system is a vehicle for implementing the operational plans emanating from the municipal / SDBIP targets. At individual level, PM is meant to improve linkages between individuals, functions and the broader Municipal objectives. The PMS is aimed at providing specific standards to assist the employer, management and municipal staff to perform to the required standards. Inkwanca will use the individual PMS to:

- Manage and measure behaviours that contribute to organizational and individual success.
- Recognize levels of actual performance in relation to agreed targets.
- Encourage continuous improvement and efficiency.
- Identify and act on areas for individual development.
- Provide a platform for communication on performance between superiors and employees.

This section discusses the structured process for managing performance of the municipal manager and the employees that directly report to him; and separately discusses the process of managing performance for the rest of municipal staff.

#### **6.15 Performance Management for Section 57 Managers**

Performance management for the municipal manager and the employees that directly report to him will strictly adhere to the provisions of the Municipal Performance Regulations (2006) shown in Annexure 3. The key phases are, namely, Performance Contracting; Performance Review; and Performance Assessment. This section will also discuss disputes relating to PM.

**(i) Performance Contracting**

Performance contracting is characterized by the consultation between the employer<sup>2</sup> and the employee<sup>3</sup> regarding specific performance standards that should be adhered to during the given financial year. Being the first of the three key phases, Performance Contracting entails the signing of the Performance Agreement within one month after commencement of each financial year, with the purpose to:

- comply with the contract of employment;
- comply with section 57 of the MSA;
- specify the agreed objectives and targets; and communicate the municipality's performance expectations in line with the IDP, the SDBIP and the budget;
- specify accountabilities that are drawn in the Performance Plan<sup>4</sup>;
- serve as a basis of the municipality's commitment to a performance orientated relationship;
- Provide a platform for monitoring, evaluating and measuring performance against targeted outputs and subsequently rewarding good performance.

At this phase, the employee will commit to focusing on implementing the key objectives [i.e. KPA's, including any relevant special projects and the Core Competency Requirements (CCRs)]. The KPAs and CCRs are assigned a weight, respectively. Such weighting (as it is known) denotes the relative importance of the key objectives to each other. The KPAs would cover the main areas of work and would account for 80% whereas the CCRs would account for 20% of the final performance assessment (which is discussed in Phase 3 of this section). For the MM, the KPAs are as follows:

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

For managers that directly account to the MM, the KPAs that are related to the functional areas of that manager's position, should be negotiated between that manager and the municipal manager. The CCRs that are critical for the employee's job should be selected from the following list and must also note the compulsory Core Managerial Competencies.

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<sup>2</sup> In this context, **employer** refers to "the municipality employing a person as a MM or as a manager directly accountable to a MM and as represented by the Mayor, Executive Mayor or MM as the case may be."

<sup>3</sup> In this context, **employee** refers to "a person employed by a municipality as a MM or as a manager directly accountable to a MM"

<sup>4</sup> The Performance Plan sets out the performance objectives and targets; and timeframe within which the employee should meet them.

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### ***Core Managerial Competencies***

- Strategic Capability and Leadership
- Programme and Project Management
- Financial Management (*compulsory*)
- Change Management
- Knowledge Management
- Service Delivery Innovation
- Problem Solving and Analysis
- People Management and Empowerment (*compulsory*)
- Client Orientation and Customer Focus (*compulsory*)
- Communication
- Honesty and Integrity

### ***Core Occupational Competencies***

- Competence in Self-Management
- Interpretation of and implementation within the legislative and national policy frameworks
- Knowledge of developmental local government
- Knowledge of Performance Management and Reporting
- Knowledge of global and South African specific political, social and economic contexts
- Competence in policy conceptualization, analysis and implementation
- Knowledge of more than one functional municipal field / discipline
- Skills in Mediation
- Skills in Governance
- Competence as required by other national line sector departments
- Exceptional and dynamic creativity to improve the functioning of the municipality

In order to address the development gaps that support the achievement of set performance targets, a Personal Development Plan (PDP) will be developed and form part of the Performance Agreement. A sample PDP is shown in Annexure 5. In line with the MFMA, the Performance Agreements will be made available to the public.

#### **(ii) Performance Review**

Performance review is aimed at checking and monitoring progress of the employee in satisfying the key objectives and their targets. Performance reviews will happen at the end of the first, second and third quarters of the year, as noted below.

<b>Quarter</b>	<b>Period Under Review</b>	<b>Month of Conducting Review</b>
<b>1<sup>st</sup></b>	July to end of September	October
<b>2<sup>nd</sup></b>	October to the end of December	January



Inkwanca may elect to conduct verbal reviews for the first and third quarters, particularly if performance is deemed satisfactory. During any of the reviews, the municipality will, however, make use of the assessment tools that will be ultimately used in the Performance Assessment phase (4<sup>th</sup> Quarter). Despite the fore stated performance review intervals, the employer reserves a choice to review performance at any stage (for as long as the employment contract is still valid). For operational reasons and also based on agreement with the employee, the employer will be entitled to making changes to the provisions of the Performance Plan. In addition, performance feedback will be based on the employer's assessment of the employee's performance.

The performance review will entail the "stock taking" of the achievements on KPAs and CCRs. Each of the two will be reviewed as follows:

- **Key Performance Areas**

- a) Using the performance plan, each KPA will be reviewed in terms of the extent of meeting the KPIs and *ad hoc* tasks associated with that KPA.
- b) The following five-point scale will be used to rate performance on each KPA:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the employee has achieved above the fully effective results against all performance criteria and indicators as specified in the PA and Performance Plan and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the employee has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.					
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the employee has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.					
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review / assessment indicate that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.					

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- c) The rating calculator will be developed and used for adding the scores for each KPA thus giving a final KPA score.

**Critical Competency Requirements**

- α) Each CCR will be reviewed in terms of the extent to which the specified standards have been met.
- β) The fore going five-point scale will be used for each CCR.
- χ) The rating will be multiplied by the weighting for each CCR and result in a score.
- δ) The rating calculator will be used to add the scores and calculate the final CCR score.

*It should be noted that for the mid-year review (i.e. October – December) it is important for the employer to keep records.*

**(iii) Performance Assessment**

Performance assessment is aimed at concluding the employee’s performance measurement and development against set objectives. It will happen during the fourth quarter of the financial year. For purposes of practicality, performance assessment will be executed similar to the Performance Review (explained above), save the following important variations:

- a) It will not be “stock take” but a “final evaluation” exercise for the financial year.
- b) The minimum composition requirements of the evaluation panels will be as follows:

EVALUATION OF THE MM	EVALUATION OF MANAGERS ACCOUNTABLE TO THE MM
Mayor	MM
Chairperson of the audit committee	Chairperson of the audit committee
Executive Committee member	Executive Committee member
Mayor or MM from another municipality	MM from another municipality
Ward committee member nominated by Mayor	HR. Manager
HR. Manager	

- c) Performance assessment will form the basis of rewarding outstanding performance and correcting unacceptable performance.
- d) Using the rating calculator, the range of performance bonus will be allocated as follows, as a percentage of the all-inclusive remuneration package:

Performance Score	Performance Bonus
150% +	10% – 14%
130% to 149%	5% – 9%

- e) Unacceptable performance will be handled through providing remedial support to improve the employee’s performance for an agreed timeframe (with the
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employer). If such structured attempts prove to be unsuccessful, the employer should take steps to terminate the contract on grounds of unfitness or incapacity. In that case, there should be adherence to the provisions of the Labour Relations Act.

- f) Within 14 days of concluding the assessment of the MM's performance, the results thereof will be submitted to the MEC for Eastern Cape local government and the national Minister for local government.

**(iv) Dispute Resolution**

Disputes will be distinguished and handled as follows:

a) Disputes Pertaining to Performance Agreement

Where a dispute involves the MM, as an employee, such a dispute should be formally lodged by the MM to the Provincial MEC for local government. The MEC or his / her designate will mediate within 30 days of receipt of a formal dispute. The decision therefore will be final and binding on both the MM and the municipality. Where a dispute involves a manager who directly accounts to the MM, such dispute should be formally lodged to the Mayor who will mediate within 30 days of receipt of a formal dispute. The Mayor's decision will be final and binding on both the manager and the MM.

b) Disputes Pertaining to the Outcome of Performance Evaluation

Where a dispute involves the MM, as an employee, such a dispute should be formally lodged by the MM to the Provincial MEC for local government. The MEC or his / her designate will mediate within 30 days of receipt of a formal dispute. The decision therefore will be final and binding on both the MM and the municipality.

Where a dispute involves a manager who directly accounts to the MM, such dispute should be formally lodged to a member of the municipal Council who was not part of the evaluation panel. Such member will mediate within 30 days of receipt of a formal dispute and his / her decision will be final and binding on both the manager and the MM.

## **6.15 Performance Management for all Other Municipal Staff Members**

**(i) Contracting**

Contracting will entail the conclusion of a new performance agreement in a new financial year. That will take place within one month after the commencement of the new financial year. Specific objectives are, namely:

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- To provide details of expected performance for the particular financial year in line with the Departmental objectives.
- To set the scene for developing a Personal Development Plan (PDP) for the employee in order to ensure performance improvement.
- To give clear and detailed targets for the employee with regard to Key Performance Areas, Key Performance Indicators, target dates and weightings.

### (ii) Performance Review

The aim of the performance review is to check and monitor progress of the employee on each KPA, by checking the difference between the actual and expected performance. The performance reviews are scheduled as follows:

Quarter	Period Under Review	Month of Conducting Review
1 <sup>st</sup>	July to end of September	October
2 <sup>nd</sup>	October to the end of December	January
3 <sup>rd</sup>	January to the end of March	April

In addition, the performance review is aimed at the following:

- To discuss corrective action where it is necessary.
- To check and monitor the progress of the employee on their PDP.
- To update and customize the PDP, where necessary.

### (iii) Performance Assessment

Performance assessment will be based on the individual's performance in terms of the outputs / outcomes (KPI's) that are linked to KPA's which were agreed during the performance contracting phase. It will take place during the last quarter of the financial year. Specific objectives are as follows:

- To conclude an employee's performance measurement and development for each semester in that particular financial year.
  - To assign KPA and final ratings/scores for the performance cycle.
  - To determine the impact of the employee's development on his/her performance.
  - To rate the employee's performance, using the rating scale that the municipality will develop.
  - To recognize employee performance by assigning non-financial rewards which are guided by scores from the performance rating scale.
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In support of the developmental nature of PMS, the municipality will ensure application of developmental support throughout all phases of the PM cycle. That will be in the form of PDP's whose primary focus will be on ensuring that the employee is well capacitated to deliver on the set performance targets. Albeit, performance feedback will be based on the employer's assessment of the employee's performance. All phases of the PM cycle will leave room for addressing disputes that may arise. Disputes will be handled in line with the provisions of the municipal Disciplinary Code and / or the Collective Agreement, as applicable.

## **6.16 General Issues Relating to Performance Management**

This section highlights some general issues related to performance management that need to be taken into account in implementing the PMS in the Municipality.

- **Annual Review of the Performance Management System**

After the full cycle of the annual review and reporting is complete and the audit committee has met as required, the internal audit function will compile a comprehensive assessment / review report. The report will be on whether the Municipality's PMS meets the system objectives and principles as set out in this framework and whether it complies with the MSA, PMS Regulations and the MFMA. The report will need to be considered by the audit committee who will then submit any recommendations to the Executive Committee.

The review undertaken and recommendations made by the audit committee could serve as input into the wider municipal review of the PMS. After the full cycle of the annual review, the Municipal Manager should initiate an evaluation report that includes inputs from departments. The report will then be discussed by the management team and finally submitted to the Council for discussion and approval. All those steps will also fulfill the MSA's requirement that the Municipality should annually evaluate its PMS.

- **Amendments to KPI's and Targets**

The Municipality will need to adopt a policy on amendments to performance indicators and targets. As a policy area, such amendments may be proposed but will be subject to the approval of the Executive Committee in consultation with the Municipal Manager.

- **Integrating PMS with the Council's Existing Management Cycle**

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International best practice indicates that PMS stands the best chance to succeed if it is integrated with the current management cycle of the Municipality. The purpose of such a cycle would be to guide the integration of important processes e.g. the strategic planning or development process in terms of the IDP methodology, the annual budget process and the formal process of evaluating and assessing Council's performance in terms of the approved PMS and this framework. Inkwanca municipality will develop and adopt a similar cycle that is suitable to its own circumstances and requirements.

- **Institutional Arrangements**

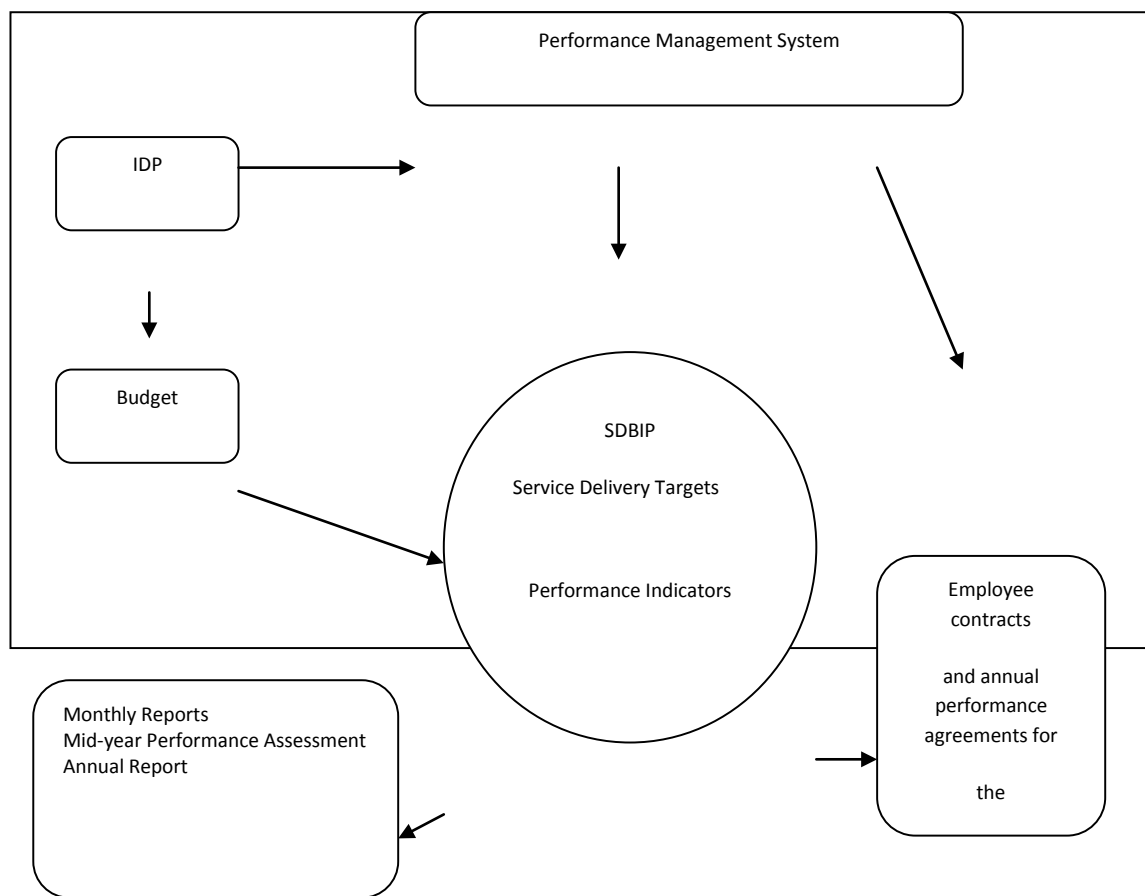
The implementation of the PMS in terms of this framework would require coordination at organizational level and that will be the task of the IPED Manager's position, which will be acting on behalf of the municipal manager. Those duties will therefore form part of the IPED Manager's Performance Agreement. For PMS at an individual level, the responsibility for co-ordination, administration and record keeping will be the responsibility of the position that is responsible for human resource management. Likewise, such duties will form part of the Corporate Service Manager's Performance Agreement.

The Municipality will ensure that its outsourced internal audit section has expertise in dealing with performance management responsibilities which are practically over and above the traditional financial audit responsibilities.

## **6.17 THE SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP)**

The SDBIP marries the Performance Management System (as required under the Municipal Systems Act) with the budget and the IDP. Thus the strategic direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS. The requirement for a SDBIP is stated in the MFMA, Section 69.3 (a) and is the responsibility of the Municipal Manager.

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The SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through links with the IDP.
- The Financial Imperative – Through links with the budget.
- The Performance Imperative – Through links to the PMS.

The National Treasury Circular 13 describes I detail the approach to SDBIP's. Basically there is a high level SDBIP for the purpose of high level monitoring by stakeholders, backed by full detail all the way to the individual employee. Starting from the top (the Municipal Manager), all staff operate under KPI's within the identified KPA's. In effect the SDBIP becomes the implementation tool for the budget and the basis for non-financial monitoring. At the highest level every vote could be aligned to an IDP strategy and some KPI's. These then form the basis of future monthly and in year reporting.





# CHAPTER 7: PROJECTS

## 1. INTRODUCTION

The projects present the implementation component of the strategic plan and were formulated on the basis of the agreed strategies. The figure below offers a schematic overview of the process in the completion of the project register. Taking into consideration that the previous IDP included projects both funded and unfunded, the work of the project teams involved checking which of the existing projects are relevant for the newly formulated strategies. Based on this analysis, the missing building blocks towards achievement of the strategy were formulated.

The identification of the projects was followed by the completion of project templates for each listed project. No project is included in the project register without a project template that clarifies:

- ❖ Performance Indicators
- ❖ Risks
- ❖ Location
- ❖ Project outputs and main activities
- ❖ Investment required for each output
- ❖ Scheduling of the investment in the next five years

The project template supports the completion of the Service Delivery Budget and Implementation Plan (SDBIP) required by the Municipal Finance Management Act (MFMA): Section 53. The requirement refers to budget reporting that is linked to IDP indicators, including Ward-based objectives.

The project register, prior to the budget alignment discussion, represented what the Municipality should be doing in terms of backlogs, community needs and institutional requirements. The budget alignment discussion intends to adjust the project register to what the Municipality is able to do in terms of resource available and the distribution of these resources per Key Performance Area.

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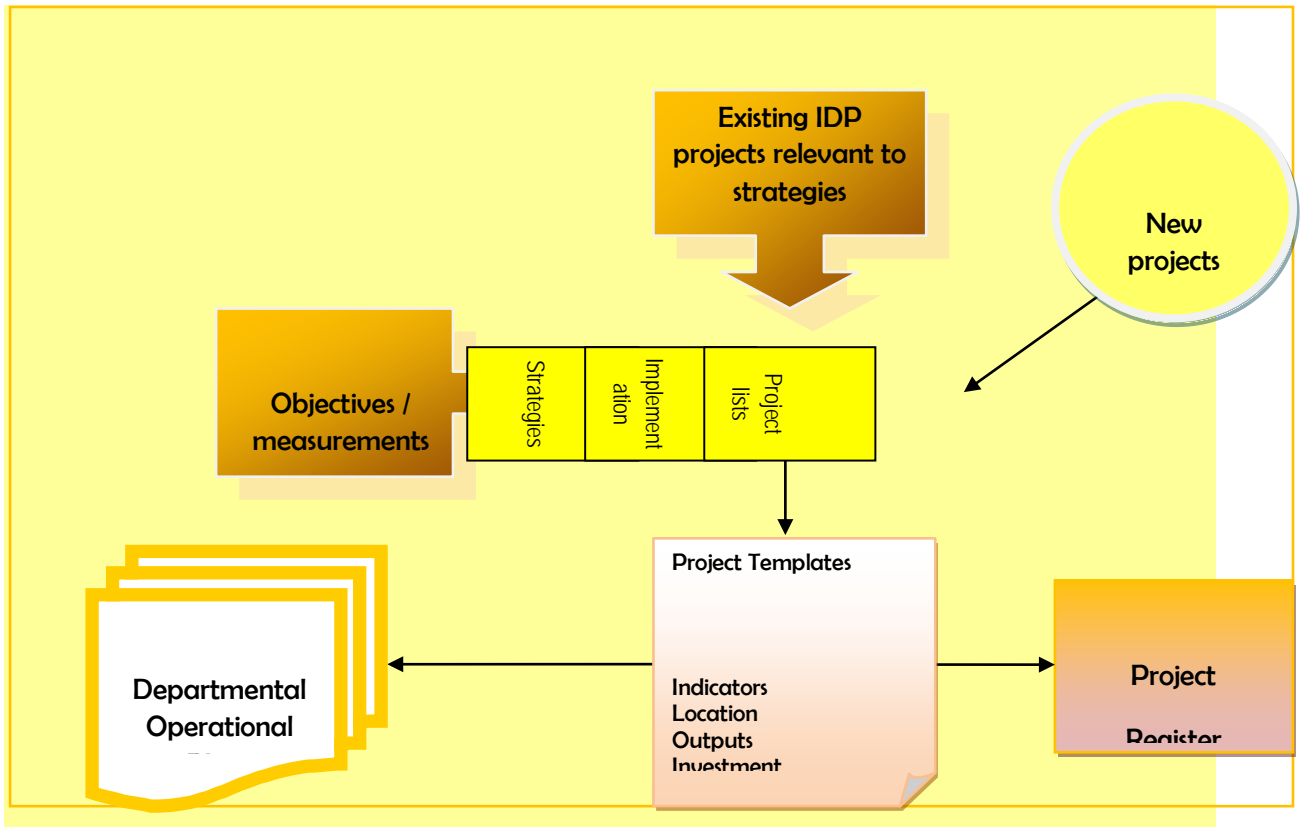
The alignment process consisted of three elements, namely:

- 1) Revenue required by the Municipality to perform in terms of all strategic issues:
  - ❖ The costing on the project templates – consolidated on register
  - ❖ The tables on the financial implications of the projects for departments
  - ❖ The external funding table from other service agencies (not going through the municipal budget)
- 2) Revenue available in the Municipality for the following five years in terms of:
  - ❖ Operational budget allocations for each department
  - ❖ Capacity budget allocations for each department
  - ❖ Improve revenue collection targets
  - ❖ Fundraising strategies
- 3) Direction from Council:
  - ❖ The political intention/framework with regard to the preliminary percentage allocation to each KPA (what percentage of the budget should be given to each KPA)
  - ❖ The political intention/framework regarding the allocation to any specific priority within the KPAs

Direction from the Council becomes a critical part of the prioritization process as these allocations set the boundaries within which each department re-organises their work. The current project register shows adjustments in terms of the available operational and capital budget allocations.

These allocations were not done in line with the suggested process due to time constraints. The budget alignment process should receive urgent attention during the following review cycles:

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**FIVE YEAR FINANCIAL PROJECTS PLAN (2012 – 2017) FUNDED PROJECTS**

**INTERNAL PROJECTS - FUNDED**

Project Description	Project Outputs	Ward	Dept	GFS	Five Year Financial Plan				
					2012/13	2013/14	2014/15	2015/16	2016/17
Office of Accounting Office	Operational		Capital				R185 000		
2 Vehicle (Water)			Technical				R600 000		
1 Vehicle( Electricity)			Technical				R300 000		
Transformers			Technical Service				R700 000		
Big Refuse Truck			Community Service				R550 000		
Office furniture			Corporate Service				R400 000		
Internship & Leadership Programme			Corporate Service				R450 000?		
			MIG			R9 474,250	R8 851 874	R9 360 000	R9 571 000
Interns Stipends			FMG				R500 000		

Support & Preparation AFS			FMG				R400 000		
Training of Staff			FMG				R500 000		
IT Infrastructure			FMG				R400 000		
Development of Bylaws & Policies			MSIG				R100 00		
Training Ward Committees			MSIG				R500 000		
IDP Participation			MSIG				R100 000		
Training IT Staff			MSIG				R234 000		

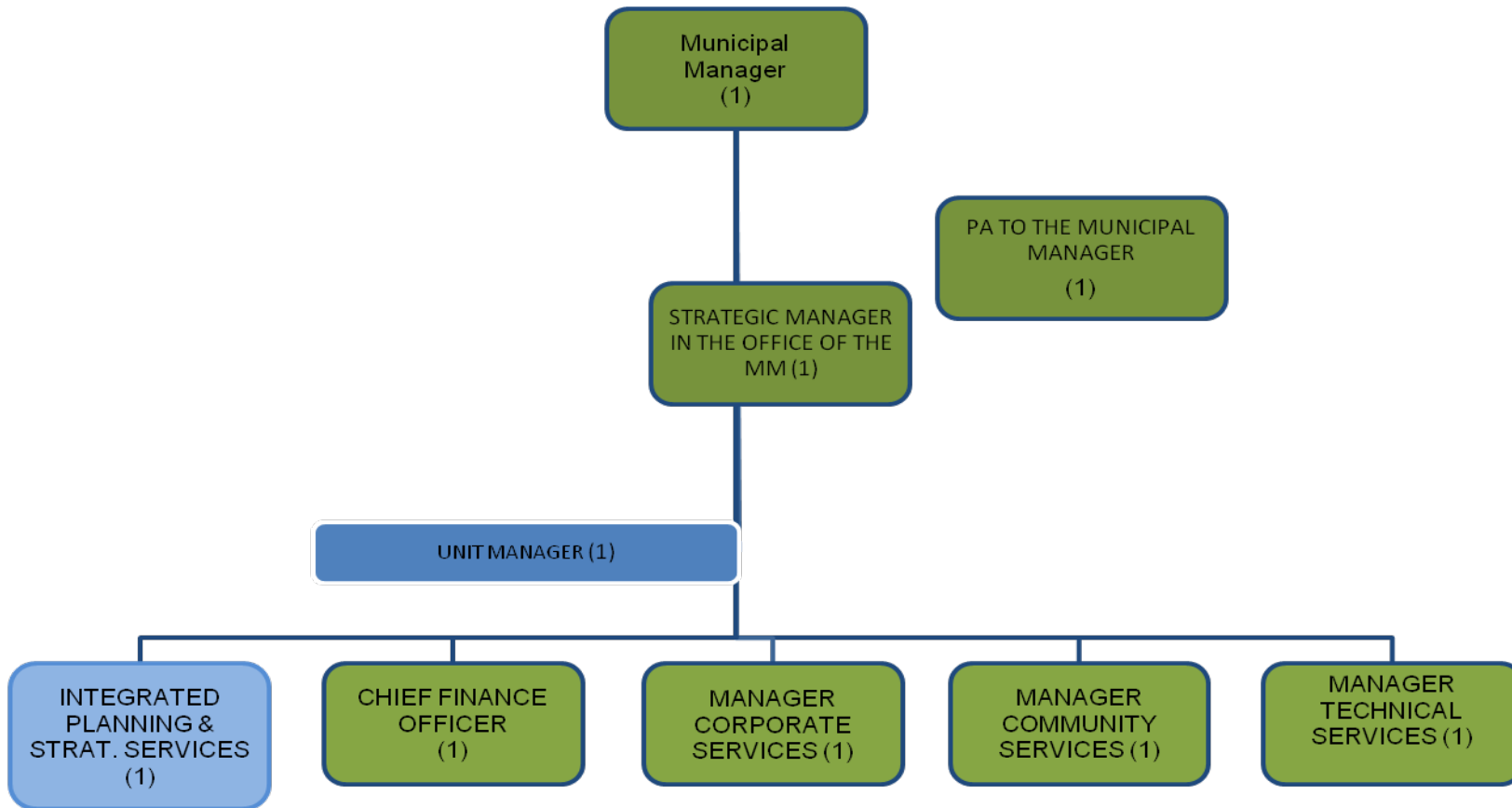
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ANNEXURES: ORGANOGRAM 2013/ 14

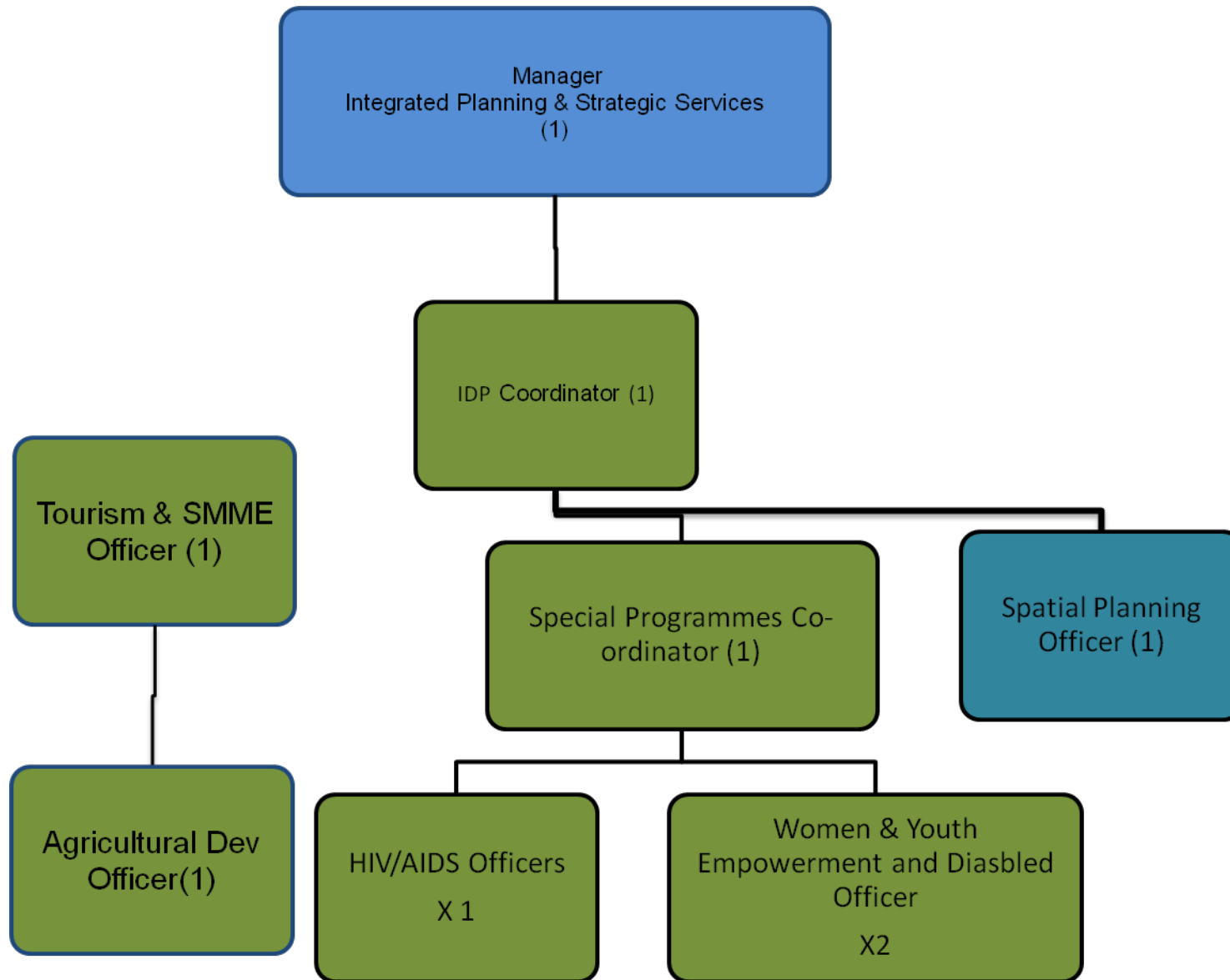






# **ECONOMIC AND INTEGRATED PLANNING AND DEVELOPMENT**





# **BUDGET AND TREASURY**

