

LUKHANJI LOCAL MUNICIPALITY



INTEGRATED DEVELOPMENT PLAN 2nd REVIEW - 2014 / 2015

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1. Mayor's Foreword

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

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

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

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

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

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

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

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

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

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

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

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

**CLLR N. MAKANDA
EXECUTIVE MAYOR**

2. Executive Summary

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

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

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

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

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

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

MR G. JUDEEL

ACTING MUNICIPAL MANAGER

Section A – Pre- Planning

CHAPTER 1 - PREPLANNING

1. Introduction

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

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

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

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

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

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

2. LEGAL FRAMEWORK

- 1) ***The Local Government: Municipal System Act, 2000 (Act 32 of 2000) as amended*** compels municipalities to draw up the IDP's as a singular inclusive and strategic development plan. In terms of this Act, a municipality produces an IDP every five years comprising of the following components:
 - (i) A vision of the long-term development of the area.
 - (ii) An assessment of the existing level of development which must include an identification of the need for basic municipal service.
 - (iii) Municipality's development priorities and objectives for its elected term.
 - (iv) Municipality's development strategies which must be aligned with any national, provincial sectoral plans and planning requirements.
 - (v) Spatial development framework which must include the provision of basic guidelines for a land use management system.
 - (vi) Municipality's operational strategies.

- (vii) A Disaster Management Plan.
 - (viii) Financial Plan.
 - (ix) The key performance indicators and performance targets.
- 2) **The Municipal Planning and Performance Management Regulations (2001)** set out the following further requirements for the IDP:
- (i) An Institutional Framework for implementation of the IDP and to address the Municipality's internal transformation.
 - (ii) Investment initiatives that should be clarified.
 - (iii) Development initiatives including infrastructure, physical, social and institutional development.
 - (iv) All known projects, plans and programmes to be implemented within the Municipality by any organ of state.
- 3) **The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)** provides for closer alignment between the annual budget and the compilation of the IDP. This can be understood as a response to the critique that IDP's took place in isolation from financial planning and were rarely implemented in full as a result. Specifically, section 21 (1) of the Act requires that a municipality co-ordinates the process of preparing the Annual Budget and the IDP to ensure that both the budget and IDP are mutually consistent.

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

3. PRE-PLANNING

1) Organisational Arrangements in the IDP Development and Review Processes

- **Role players**

The following role players will be involved in the development and/or review process of the Integrated Development Plan (IDP):

- (a) Council
- (b) Executive Mayor
- (c) Mayoral Committee
- (d) Municipal Manager
- (e) IDP, PMS and Budget Steering Committee
- (f) IDP, PMS and Budget Technical Steering Committee
- (g) IDP, PMS and Budget Clusters
- (h) Ward Councillors and ward committees
- (i) Community Development Workers
- (j) IDP, PMS and Budget Representative Forum (residents, communities and other stakeholders)
- (k) Chris Hani District Municipality
- (l) Provincial Government Departments in terms of their sector programmes

2) Roles and Responsibilities of Each Role Player

No	Role Player	Roles and Responsibilities	Composition
1	Municipal Council	(1) The Municipal Council will consider and adopt the process plan and the IDP and/or Reviewed IDP.	The Municipal Council shall be composed of: (1) All PR and Ward Councillors of Lukhanji Municipality
2	The Executive Mayor	(1) Must ensure that the IDP is developed (2) Must ensure that the IDP is reviewed annually (3) Chairs the IDP/PMS and Budget Representative Forum (4) Chairs the IDP/PMS and Budget Steering Committee	
3	The Mayoral Committee	(1) The Mayoral Committee assists the Executive Mayor to develop and review the IDP in line with the targets set in the IDP Process Plan of each financial year.	
4	The Municipal Manager	(1) The Municipal Manager provides technical support to the IDP/PMS and Budget Steering Committee. He / She co-ordinates the IDP development and review processes through relevant technical structures and performs the following activities: (a) Preparing the process plan (b) Undertaking the overall management and co-ordination of the planning process by ensuring: <ul style="list-style-type: none"> • Participation and involvement of all different role players • That time frames are adhered to • That the planning process is aligned to the Provincial Growth and Development Strategy • Conditions for community participation are provided • That the results of the planning and IDP review process are documented. (c) Responding to comments on the draft IDP from the public and other spheres of Government to the satisfaction of the Municipal Council (d) Accommodates and considers IDP comments and proposals from the office of the MEC for Local Government and Traditional Affairs	
5	IDP/PMS and Budget Technical Steering	(1) IDP/PMS and Budget Technical Steering Committee does the technical ground work and provides information to the IDP/PMS and Budget Steering Committee	The committee shall be composed of the following members of the municipal administration: <ul style="list-style-type: none"> • Municipal Manager

No	Role Player	Roles and Responsibilities	Composition
	Committee	<p>(2) Terms of Reference The committee shall be responsible:</p> <ul style="list-style-type: none"> • Collect and collate information for IDP, PMS and Budget Steering Committee • Conduct research and <p>Advise the IDP, PMS and Budget Steering Committee</p>	<ul style="list-style-type: none"> • All Directors and Strategic Managers • All Divisional Managers
6	IDP / PMS and Budget Steering Committee	<p>(1) The IDP / PMS and Budget Steering Committee assists the Executive Mayor in guiding the development and review process of the IDP.</p> <p>(2) Terms of reference The terms of reference for the IDP / PMS and Budget Steering Committee shall be the following:</p> <ul style="list-style-type: none"> • Establish sub-committees • Commission research studies • Consider and comment on: <ul style="list-style-type: none"> • Inputs from sub-committees, study teams and consultants • Inputs from provincial sector departments and support providers • Processes, summarize and document inputs • Make content recommendations • Define the terms of reference for the IDP / PMS and Budget Representative Forum • Inform the public about the establishment of the IDP / PMS and Budget Representative Forum • Identify stakeholders to be part of the Forum in such a way that the public is well represented • Providing relevant technical, sector and financial information for analysis and for determining priority issues • Provide political guidance in the consideration of financial strategies and identification of projects • The IDP / PMS and Budget Steering Committee may delegate some or all its responsibility to the IDP / PMS and Budget Technical Steering Committee. 	<p>It comprises of the following members:</p> <ul style="list-style-type: none"> • Executive Mayor (Chairing) • Council Speaker • All Members of the Mayoral Committee • Chief Whips of political parties represented in Council • Municipal Manager • All Directors and Strategic Managers • Manager: IDP and PMS • Manager: Budget and Financial Reporting
7	IDP, PMS and Budget Representative Forum	<p>(1) The IDP / PMS and Budget Representative Forum of Lukhanji Local Municipality is the organizational mechanism for discussions, negotiations and decision-making between stakeholders within our municipal area.</p>	<p>It is envisaged that the following organizations and/or stakeholders may be involved:</p> <ul style="list-style-type: none"> • Councillors • Ward Committees • Community Development

No	Role Player	Roles and Responsibilities	Composition
		<p>(2) Terms of Reference The terms of reference for the IDP / PMS and Budget Representative Forum shall be as follows:</p> <ul style="list-style-type: none"> • Represent the interests of their constituents in the IDP process • Provide an organizational mechanism for discussion, negotiation and decision-making between stakeholders including municipal government • Ensure communication between all stakeholders including municipal government • Monitor the performance of the planning and implementation process. • Provide a platform for engagement, input and feedback to stakeholders on the IDP and PMS. 	<p>Workers</p> <ul style="list-style-type: none"> • Inter-Governmental Forum • Traditional Leaders • Faith-based Organisations • Stakeholder Representatives of Organized Groups • Government department • Representatives of Political Organisations • Community Representatives • Resource Persons
8	<p>IDP / PMS and Budget Clusters</p>	<p>(1) The performance management system framework of the municipality provides for the establishment of Clusters in line with the five key performance areas [local government strategic agenda] to perform oversight responsibility over the implementation of the IDP.</p>	<p>The IDP Clusters are as follows:</p> <p>1. Basic Infrastructural Development and Service Delivery:</p> <ul style="list-style-type: none"> • Water and Sanitation • Roads and public works • Telecommunication • Electricity • Land and Housing • Public Transport • Public amenities • Building Control • Project management <p>2. Socio-Economic Development Cluster</p> <ul style="list-style-type: none"> • Local Economic Development • Solid Waste & Environmental Management • Libraries and Public amenities • Law enforcement • Primary health • Education <p>3. Municipal Transformation and Institutional Development:</p> <ul style="list-style-type: none"> • Special Programmes • Municipal Administration • Human Resources • Information and Communication

No	Role Player	Roles and Responsibilities	Composition
			Technology Services <ul style="list-style-type: none"> • Supply Chain Management
			4. Financial Viability <ul style="list-style-type: none"> • Revenue and debt management • Budget planning and financial reporting • Expenditure Management • Asset Management 5. Good Governance and Public Participation <ul style="list-style-type: none"> • Marketing, Communications and Branding • IDP Co-ordination • Performance Management System • Research and policy development • Public / Community Participation • Internal Audit • Legal Services • Risk Management

3) **Approved schedule for the IDP / PMS and Budget REVIEW PROCESS PLAN – 2013 / 2014**

The below schedule was approved by Council on the 30th August 2012, for purposes of ensuring compliance with the municipal legislation and alignment between integrated development planning activities and those of budget review process

Activity	Date	Custodian
July 2013		
Review of the IDP for 2013/14 and compilation of the IDP/PMS and Budget Process Plans	1-31 July 2013	Chief Financial Officer; and Integrated Planning and Economic Development
August 2013		
Preparation of the draft annual performance report 2012 / 2013	20-21 August 2013	Integrated Planning and Economic Development
Establishment of IDP/PMS AND Budget Committees.	26 August 2013	Executive Mayor
IDP/PMS and Budget Technical Steering committee to discuss draft IDP/PMS and Budget Review Process Plan 2014 / 2015.	27 August 2013	Executive Mayor
IDP Representative Forum-Consultation on the	28 August 2013	Executive Mayor

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Activity	Date	Custodian
draft IDP/PMS AND Budget Review Process Plan 2014/2015.		
Special Council Meeting – Presentation of the IDP/PMS and Budget Review Process Plan 2013/2014 for adoption	30 August 2013	Executive Mayor
2012/2013 Financial Statements and Draft Annual Performance Report submitted to Auditor-General.	30 August 2013	Municipal Manager; Chief Financial Officer
September 2013		
Advertisement and/or publication of the IDP/PMS and Budget Review Process Plan 2014 / 2015	06 September 2013	Integrated Planning & Economic Development
Submission of IDP/ PMS and Budget Review Process Plan to the district municipality and other spheres of government	06 September 2013	Integrated Planning & Economic Development
IDP/PMS and Budget Framework Workshop for all Councillors; Traditional Leaders and Officials	17 September 2013	Integrated Planning & Economic Development
October 2013		
Preparations for the sittings of cluster meetings; circulation of information on the situational analysis review processes	01 – 04 October 2013	Integrated Planning & Economic Development Cluster Chairpersons
Submission of Performance reports and performance information of the first quarter	04 October 2013	All Directors
IDP/PMS and Budget Technical Steering Committee: presentation of the situational analysis under review, performance report (1 st quarter).	09 October 2013	Municipal Manager
IDP/PMS and Budget steering committee: presentation of the situational analysis under review performance report (1 st quarter)	16 October 2013	Executive Mayor
Cluster meetings to review performance of the first quarter and presentation of the draft review situational analysis.	21-25 October 2013	Cluster Chairperson
Submission of the Performance Report of the institution to the Office of the Executive Mayor	30 October 2013	Integrated Planning & Economic Development
Public Meetings / Mayoral Imbizo's – Presentation on the 1 st quarter performance report to local community	31 October 2013	Executive Mayor
November 2013		
Review of the Situational analysis continue, review of objectives and strategies.	01-29 November 2013	All Directors
IDP/PMS and Budget Technical Steering Committee – presentation and discussion of the	20 November 2013	Integrated Planning & Economic Development

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Activity	Date	Custodian
situational analysis. Launch of the second phase of the IDP (Development of the objectives and strategies commences)		Municipal Manager
December 2013		
Logistical arrangements on the review of the mid-year performance reports, assessment and performance and review of the service delivery and budget implementation plans	02 – 06 December 2013	Integrated Planning & Economic Development
IDP/PMS and Budget Technical Steering Committee to discuss draft objectives and strategies.	11 December 2013	Municipal Manager; Integrated Planning and Economic Development
January 2014		
Submission of Performance reports and performance information – mid-year performance	03 January 2014	All Directors
Cluster meetings to discuss mid-year performance reports and draft objectives and strategies	07-11 January 2014	Cluster Chairperson
IDP/PMS and Budget Technical Steering committee to present and discuss draft objectives and strategies. Launch of the third phase of the IDP (Discussions on the projects commences, preparation of the IDP Core components for submission no later than the end of February 2013)	15 January 2014 15 January 2014	All Directorates Integrated Planning and Economic Development
Strategic planning session to present updated situation analysis, refined objectives and strategies and draft projects. Review Strategic Scorecard and prepare draft SDBIP 2013 / 2014	20 – 22 January 2014	Municipal Manager; Integrated Planning and Economic Development
Presentation of reviewed SDBIP to the Executive Mayor for approval.	23 January 2014	Municipal Manager; Integrated Development and Economic Development.
Table in Council the draft annual report 2012 / 2012, Mid-year Performance Report 2012 / 2013, annual report, mid-year assessment report, financial statements and audit report	24 January 2014	Executive Mayor
Publication of the draft annual report, mid-year performance report and the reviewed SDBIP 2012 / 2013	31 January 2014	Integrated Development and Economic Development
February 2014		
Submission of mid-term performance reports to	07 February 2014	Integrated Planning and

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Activity	Date	Custodian
the Sector Departments (National / Provincial Treasury and the department of Local Government and Traditional Affairs)		Economic Development
IDP/PMS and Budget Technical Steering Committee to discuss and finalise draft projects and submission of reviewed sector plans.	19 February 2014	Municipal Manager
Public Meetings / Mayoral Imbizo's – Presentation of the mid-year performance report, draft annual report 2012 /2013	28 February 2014	Executive Mayor
March 2014		
Presentation of draft Reviewed IDP 2014 / 2015 to IDP/PMS and Budget Technical committee and alignment of budget	12 March 2014	Integrated Planning and Economic Development
IDP/PMS and Budget Steering Meeting: Final draft operating and capital budget presented to Mayoral Committee review	19 March 2014	Executive Mayor
Special Council Meeting – Presentation of the 1 st draft IDP 2014/2015 (2 nd Review)	31 March 2014	Executive Mayor
April 2014		
Submission of Draft IDP document to the Office of the Premiers, Provincial and National Treasury and the MEC for Local Government ad Traditional Affairs	04 April 2014	Municipal Manager
Submission of Performance reports and performance information of the third quarter	04 April 2014	All Directors
IDP advertised for public comments, public meetings and consultation	04 – 06 April 2014	Executive Mayor
IDP, Budget and PMS Road shows	07 – 25 April 2014	Executive Mayor
IDP/PMS and Budget Technical Steering Committee to consider public comments and those from sector departments; presentation of performance reports for the 3 rd quarter.	30 April 2014	Municipal Manager
May 2014		
IDP/PMS and Budget Steering Committee – Consider final IDP 2014/2015 (2 nd Review)	14 May 2014	Integrated Development and Economic Development. Municipal Manager
IDP/PMS and Budget Technical Steering Committee: Presentation of Final Draft IDP and Budget (Operating and Capital Budget) for presentation to the full Council	21 May 2014	Executive Mayor

Activity	Date	Custodian
State of the Municipal Address: Council to consider final adoption of the IDP & Budget	30 May 2014	Executive Mayor
June 2014		
IDP/ PMS and Budget Technical Steering Committee to finalize the service delivery and budget implementation plans for 2014 / 2015	11 June 2014	Integrated Planning and Economic Development
Submission of the approved Reviewed IDP 2014 / 2015 to the National, Provincial Treasury department, MEC for Local Government and Traditional Affairs and the district municipality	13 June 2014	Municipal Manager
Presentation of the final draft service delivery and budget implementation plan to the Executive Mayor for approval.	18 June 2014	Municipal Manager
Assessment of annual performance of the institution.	24-27 June 2014	Integrated Planning and Economic Development. Municipal Manager
Ordinary Council Meeting	30 June 2014	Executive Mayor

4) Comments from the MEC on the IDP 2012 – 2017

On an annual basis and in line with the legislative requirements, on approval of draft IDP documents by municipal councils, they are forwarded to the MEC for department of Local Government and Traditional Affairs for assessment.

The following comments on the draft IDP 2012 – 2017 were received from the department, and were taken into consideration during the review of the IDP 2013/2014:

No	MEC Comment	Action to date
1	<u>Spatial Development Framework</u> (i) The municipality must develop an integrated environmental management plan	(i) The process of reviewing the Spatial Development Framework of the municipality has commenced, with the district municipality assisting with financial resources
2	<u>Service Delivery and Infrastructure Planning</u> (i) The municipality must develop its own holistic and comprehensive infrastructure delivery plan (Master Plan) (ii) The municipality must establish a unit or employ an ISD Officer	(i) The municipality has commenced with the processes of developing a Master Plan (ii) The ISD Officer has been employed
3	<u>Access to Land and Human Settlements</u>	(i) Invasion policy has not yet been

No	MEC Comment	Action to date
	<p><u>Development</u></p> <p>(i) The municipality needs support to develop a land invasion policy</p> <p>(ii) The municipality must include housing sector plan in the IDP</p> <p>(iii) The municipality needs support to develop a migration plan, aligned to the housing sector plan</p> <p>(iv) The municipality needs to reflect on the outcome of the assessment of the community viability</p>	<p>developed</p> <p>(i) Housing sector plan has been included in the IDP</p> <p>(ii) Migration plan has not yet been developed and aligned with the housing sector plan</p>
4	<p><u>Roads, Transport and Storm Water</u></p> <p>(i) The municipality must develop a Road Master Plan</p> <p>(ii) The municipality must indicate whether the Chris Hani District Integrated Transport plan is being used</p> <p>(iii) The municipality must develop and include a storm water management plan</p>	<p>(i) The municipality is in the process of developing a holistic infrastructure master plan</p> <p>(ii) The storm water management plan will be included in the second review of the municipal IDP</p>
5	<p><u>Waste Management Services</u></p> <p>(i) The IDP should be supported by an Integrated Waste Management Plan</p> <p>(ii) Evidence of implementation of sustainable environmental practices for re-cycling should be included</p> <p>(iii) Proof of controls for illegal dumping</p>	
6	<p><u>Disaster Management and Fire Services</u></p> <p>(i) A functional disaster management unit</p> <p>(ii) Has the municipality adopted a disaster management plan?</p> <p>(iii) Is the municipality operating a fulltime fire service?</p> <p>(iv) Is there a chief fire officer appointed?</p> <p>(v) Are fire services tariffs developed, adopted, implemented and periodically reviewed?</p> <p>(vi) Is there a plan to address veld and forest fires?</p>	<p>(i) The municipality has no designated disaster management unit and disaster management plan</p> <p>(ii) The municipality does not operate a full time fire service and has no chief fire officer appointed</p> <p>(iii) Fire services tariffs are periodically reviewed</p>
7	<p><u>Environment Management Plan</u></p> <p>(i) Does the environment management plan address all environmental issues that affect the municipality?</p> <p>(ii) Is there a functional environmental unit in place to implement environmental plans?</p>	<p>(i) The municipality has no environmental management plan, this function is with the district office and has no functional environmental unit in place</p>
8	<p><u>Public Amenities and community facilities</u></p> <p>(i) Has the municipality determined the extent of need for public amenities</p> <p>(ii) Has the municipality done an audit on the community facilities and public amenities?</p>	<p>(i) The municipality has determined the extent of need for public and community facilities, the municipality is establishing new cemeteries and extending others</p>
9	<p><u>Safe and Secure Environment</u></p> <p>(i) Does the municipality have an integrated community safety forum</p> <p>(ii) Does the municipality have an integrated community safety plan?</p>	<p>(i) The municipality has no integrated community safety forum in place and no plan in place</p>
10	<p><u>Financial Planning and Budgets</u></p> <p>(i) Are there by-laws and are they gazetted?</p>	<p>(i) The municipality has by laws in place and some of them have been</p>

No	MEC Comment	Action to date
	(ii) In view of the global economic crisis, are there alternative mechanisms being sought to (a) Finance investment in infrastructure (b) Maintenance of old infrastructure and (c) Acquiring of new infrastructure? (iii) Does the municipality have a GRAP compliant infrastructure register?	gazetted (ii) The municipality has a GRAP compliant register in place
11	<u>Expenditure</u> (i) Does the IDP reflect on the percentage of Municipality's last year's capital budget actually spent? (a) What percentage was spent in the past two financial years? (b) Included a table showing audited results each year? (ii) What is the extent of the own revenue and grant usage for infrastructure investment? (iii) What are some of the major observations that can be made in relation to operating and capital expenditure analysis for 2010 / 11? As per section 18 of the MFMA?	(i) The financial plan chapter reflects on the budget trends in the last financial years (ii) The financial plan does indicate the percentage of own revenue in the capital expenditure
12	<u>SDBIP</u> (i) Is the draft SDBIP included in the IDP?	(i) Draft operational plans are included in each section in the IDP
13	<u>Supply Chain</u> (i) Does the municipality have a functional supply chain unit in compliance with the National standards in terms of BID Committees?	(i) The municipality does have a functional supply chain unit
14	<u>Local Economic Development</u> (i) Does the municipality have mechanisms to retain existing businesses and attract further investment?	(i) A draft Lukhanji Investment policy has been developed and is still to undergo all Council structures and ultimately adopted by Council
15	<u>Good Governance and Public Participation, Labour</u> (i) Is there a compliant management system? (ii) Does the audit committee have a framework to regularly audit the implementation of the IDP?	(i) The institution has not yet developed a compliant management system (ii) The audit committee does have a framework, but it is not specific to the auditing of implementation of the municipal IDP
16	<u>Special Groups</u> (i) Is there evidence indicating that gender issues are mainstreamed in key plans of the municipality and in sector plans? (ii) Is gender equity promoted for access to economic opportunity? (iii) Is there evidence of sectoral plans addressing population concerns? (iv) Are there tools to assess the social impact of development interventions at community level?	(i) Currently, the institution has no evidence to show relating to the mainstreaming of gender issues as well as access to economic opportunities (ii) Sectoral plans addressing population concerns are embedded on activities reflected in the SDBIP
17	<u>Institutional Arrangements</u> (i) Is there a council approved HR Plan / Strategy that	(i) Council currently has no HR Plan / Strategy in place; this will be

No	MEC Comment	Action to date
	<p>responds to the long-term development plans of the municipality as reflected in the IDP</p> <p>(ii) Is there an approved organisational organogram that is aligned to the core business of the municipality?</p> <p>(a) Is the structure affordable and sustainable?</p> <p>(b) Are the vacancies funded or unfunded?</p> <p>(c) Are the plans with deadlines to fill the vacancies?</p> <p>(iii) Does the workplace skill plan respond to the capacity challenges of the municipality?</p> <p>(iv) Does the municipality show evidence that it has a recruitment, training and retention strategy for scarce skills?</p> <p>(v) Is there evidence of a succession plan especially for key positions?</p> <p>(vi) Is there an organisational performance management systems (OPMS) and is it aligned with IDP as well as key performance indicators and targets in line with the MSA?</p>	<p>reflected in the second reviewed IDP. Plans to develop the HR Strategy are reflected on in the SDBIP</p> <p>(ii) The institution last approved its organogram in 2002, a draft organogram that is still to be tabled to Council is attached to this document as appendix 2</p> <p>(iii) The Workplace skills plan is prepared annually and is not responding fully to the capacity challenges owing to lack of funds</p> <p>(iv) The municipality has developed policies relating to recruitment and are reflected on the Municipal Transformation section in the document</p> <p>(v) The PMS framework is aligned to the IDP</p>

Section B- Situational Analysis

LOCALITY CONTEXT

Lukhanji is a category B municipality situated within the Chris Hani District of the Eastern Cape Province. It is made up of the combination of the greater Queenstown and surrounding farms and villages: Ilinge, Hewu / Whittlesea, Lukhanji, Gwatyu Farms, Lesseyton and Zingquthu.

It is landlocked by the municipalities of Tsolwana and Inkwanca to the west and Emalahleni and Intsika Yethu to the north and Amahlathi to the east.

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



Figure 1: Lukhanji locality Plan

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

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

Areas that constitute Lukhanji Local Municipality

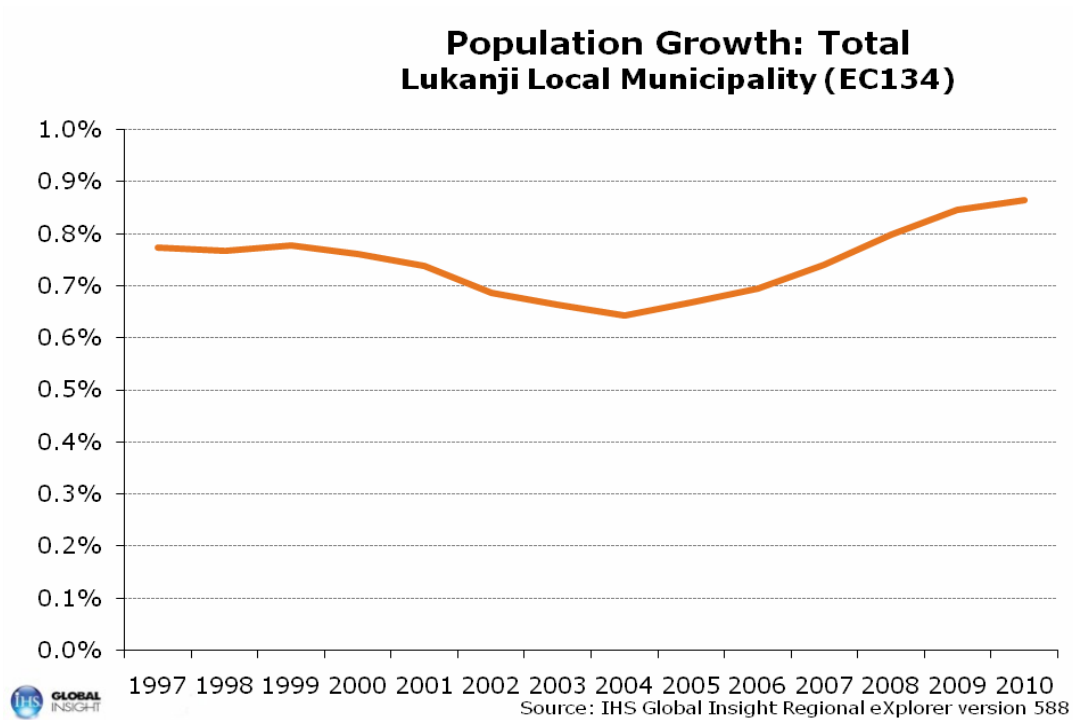
1. Queenstown - It is the largest urban centre in the district and attracts many people on a daily basis from the bordering municipalities.
2. Whittlesea - It is a small rural town situated about thirty – five kilometres west of Queenstown in the former Ciskei area. The town is surrounded by rural villages and agricultural land. Shiloh irrigation scheme which specialises on milk production is located in the area and consists of dams like Waterdown and Oukraal . The town also inherited factories owned by Chinese during Ciskei reign mainly used for weaving and knitting purposes. Those factories are mainly vandalised and few are used for economic activities. The small business centre in Sada and Ekuphumleni need renovation and financial injection. More than thirty villages are linked to Whittlesea through a network of gravel roads that need to be maintained on consistent basis. Whittlesea in turn is linked to Queenstown through a dangerous narrow road known as R63 and N6.
3. Lessyton - Consists of villages and surrounded by small holding farms. Activities revolve around rearing of cattle, sheep and goats. The local white farmers buy wool and skins from the villagers and sold them to Port Elizabeth. There are mining activities in the area like quarries and sand mining. Lessyton is linked to Queenstown through N6.
4. Ilinge and Machibini - Ilinge is a small township which is a home to many ex- Robben Island prisoners. It has a potential of craft business. The rate of unemployment is high in the area. Though the municipality has tried to build new RDP houses the houses build by the homeland leaders need to be replaced.
5. Ezibeleni area where most factories that were previously owned by ECDC are located. A portion of the area in Queendustria is earmarked for the Special Economic Zone. This will be included in the municipal SDF that is currently under review.

DEMOGRAPHIC PROFILE

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

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

Population size

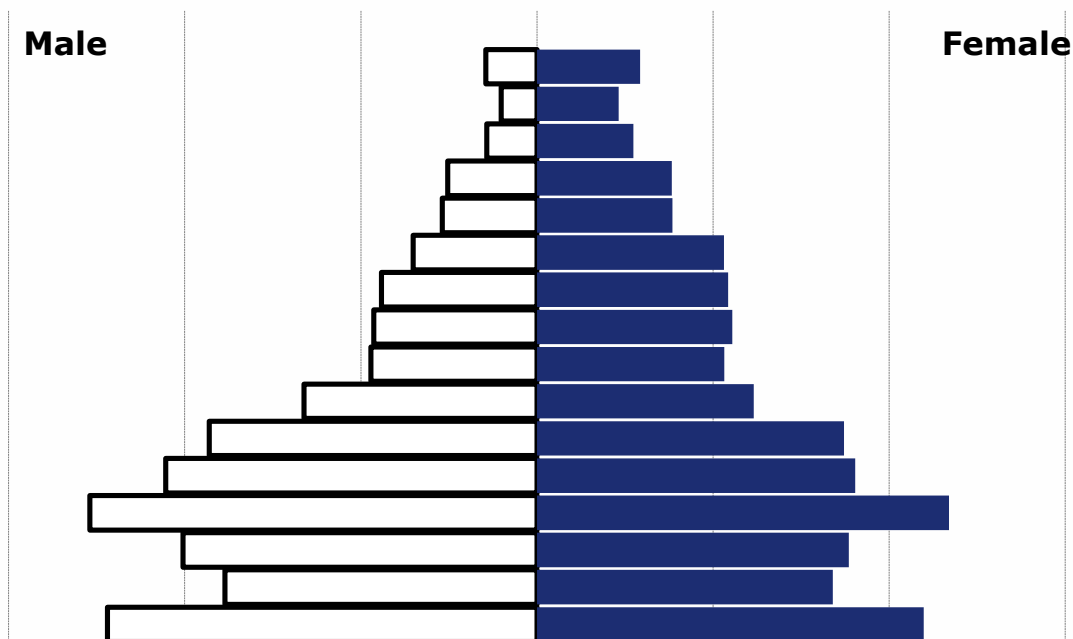


Global Insight 2010 estimates the population of Lukhanji to about **197 000** people living in **51 054** households. On average there are 4 persons per household. The majority (91%) of the population remains Black even though there is a relatively high level of mix when compared to other eastern municipalities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

Population gender & age distribution

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

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



Source: IHS Global Insight Regional eXplorer version 588

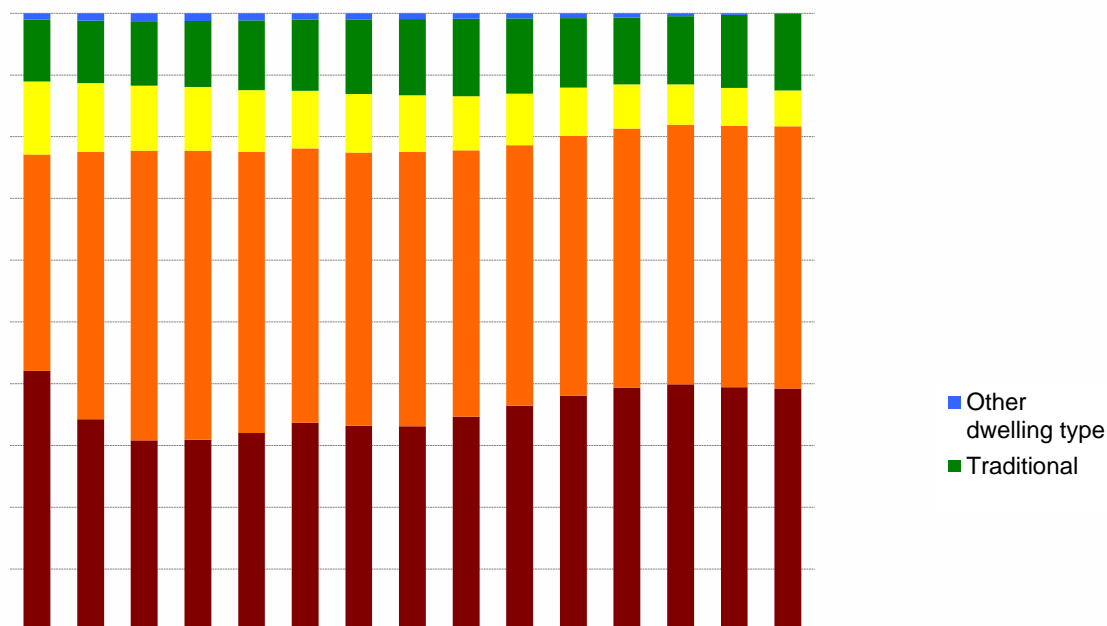
While there are more males in the age groups 0-25 years of age, the Age-Gender the structure of the population shifts materially with females showing larger numbers than males.

Household dynamics

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

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

Households by dwelling type
Lukanji Local Municipality (EC134)



Source: IHS Global Insight Regional eExplorer version 588

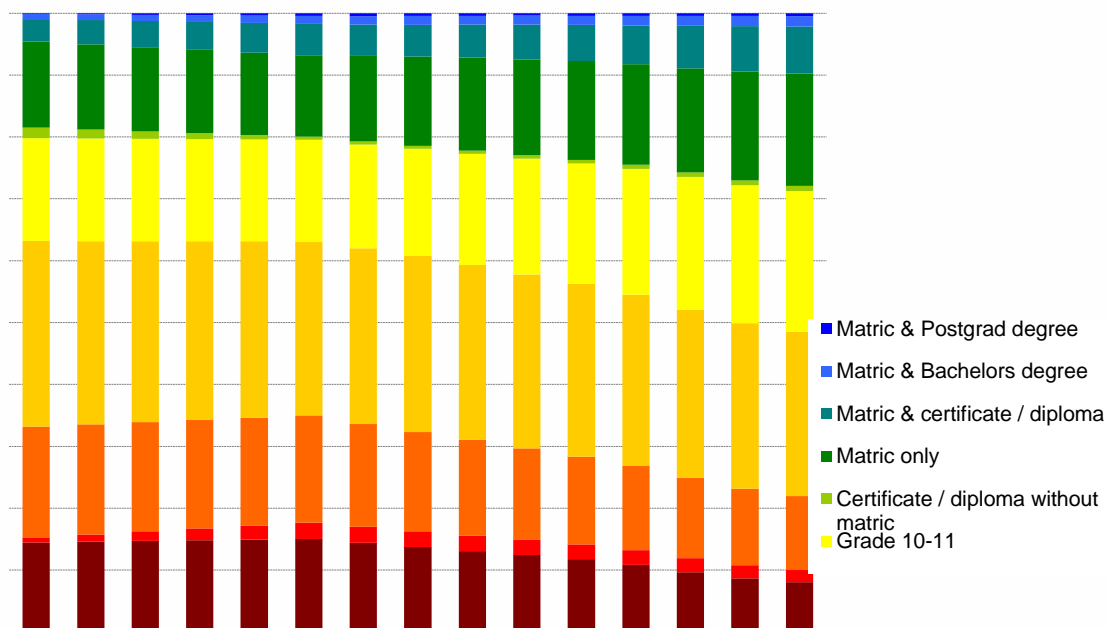
The existence of 21% households in rural villages and 16% in peri-urban settlements poses a challenge for service infrastructure expansions and delivery of essential services. The majority of underserved households with regards to water, sanitation, refuse; electricity and road network comes from these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

Education

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

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

Progress in Education
Lukhanji Local Municipality (EC134), Total



Source: IHS Global Insight Regional eXplorer version 588

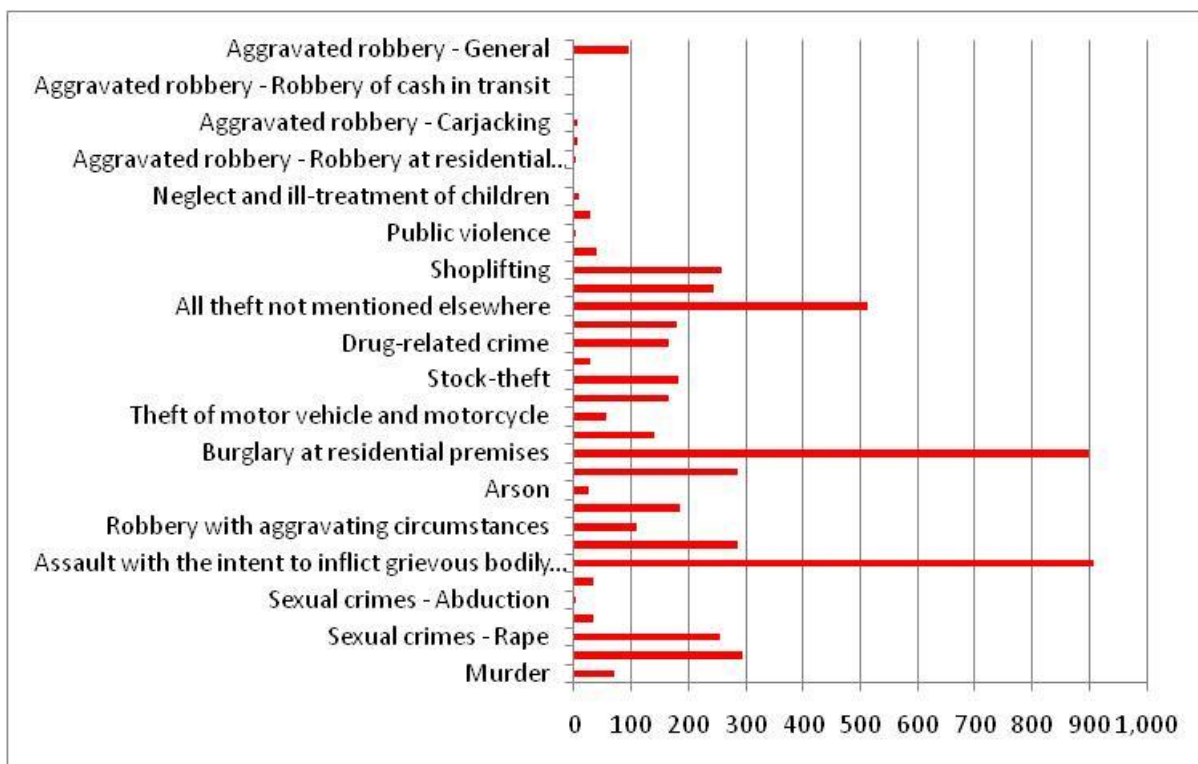
Source: Global Insight 2010

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

Safety and Security

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

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



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

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

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

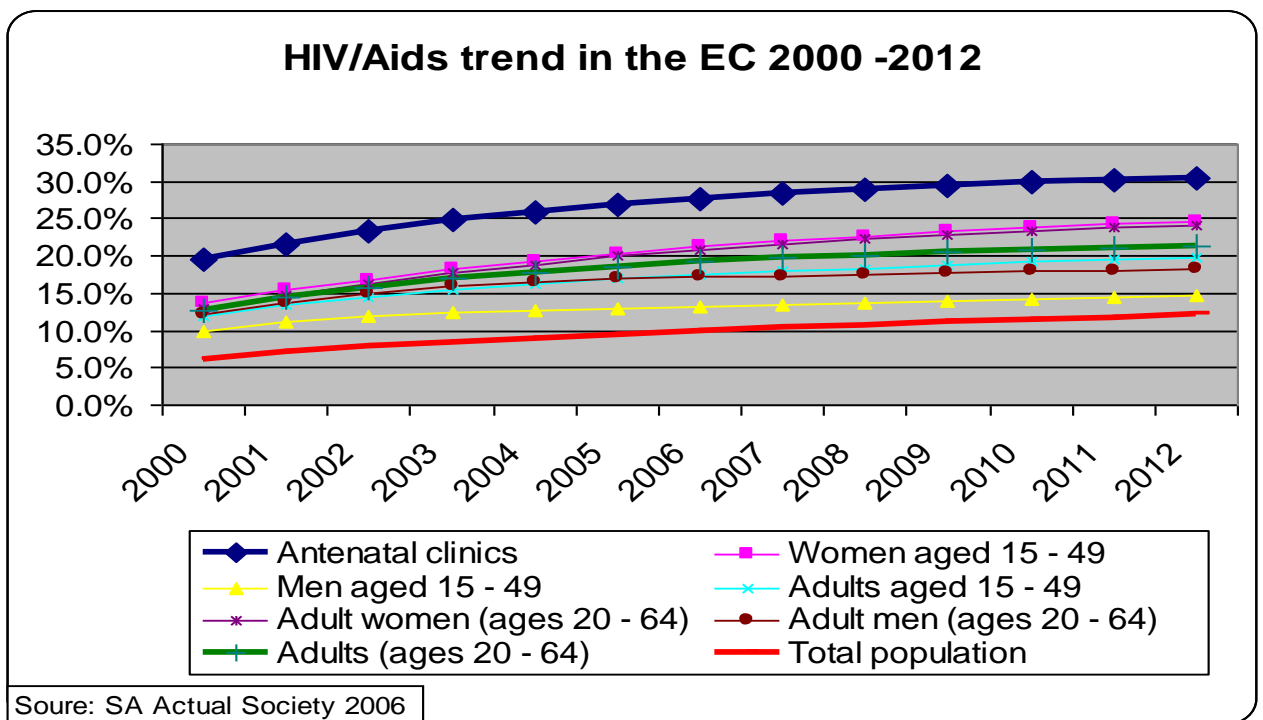
Klein Bulhoek	
Mlungisi	

Health

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

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

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



6.ECONOMIC DEVELOPMENT PROFILE

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

Reconstruction and Development Programme (1996)

South African Constitution's section 153 states that,

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

1996 Local Government Transition Act

1998 Local Government White paper which introduces the concept of developmental local government:

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

Municipal Systems Act (2000)

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

EC Provincial Growth and Development Plan (PGDP)

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

There are many targets that were set by the province through the PGDP, most of which were supposed to be achieved by the 2014.

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

Overview of economic development in Lukhanji

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

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

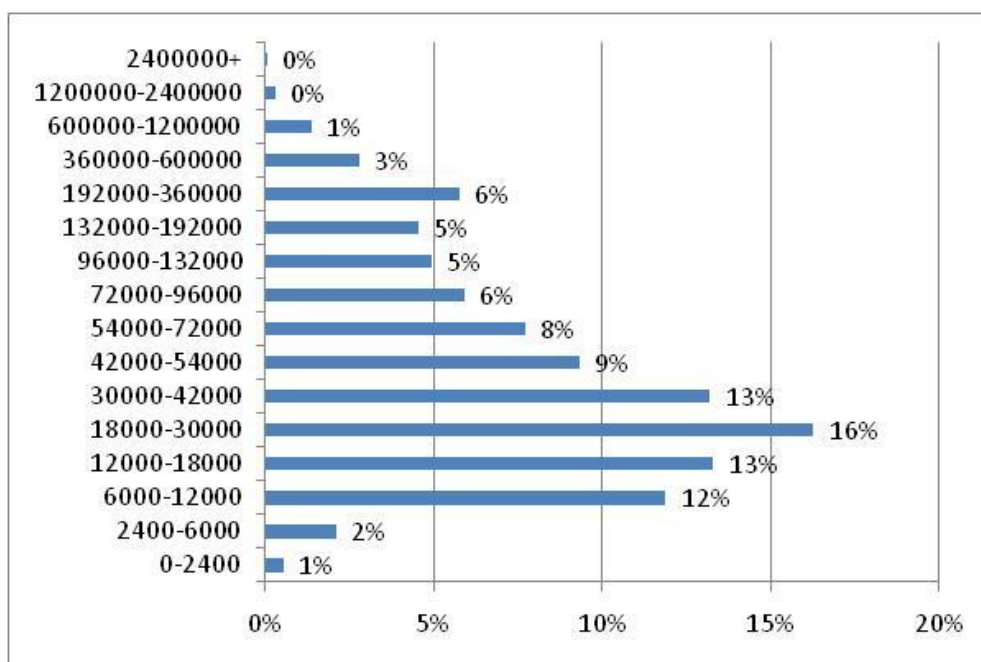
While the economy of Lukhanji has recorded some positive growth between the years 2001 and 2008, the growth has not happened at the same pace that backlogs and poverty has grown.

This tended to reverse the gains and further pointed to the need for increased implementation of the existing municipal strategy for LED.

Economic Development Indicators

5.5.1 Household Income Distribution

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



Source: Global Insight 2008

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

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

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

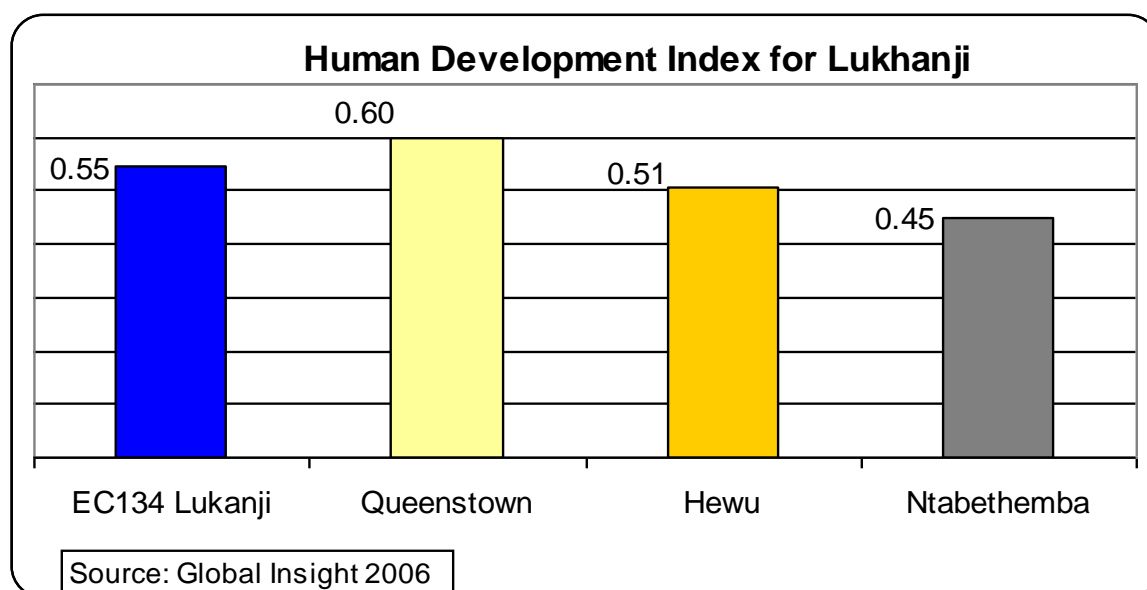
The need for the municipality to invest in building its local economy so as to create income generating opportunities and livelihood security nests for its communities is still necessary.

Human Development Index

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

The human development index (HDI) is a useful mechanism to gauge the level of development of a local economy. The HDI is a composite, relative index that attempts to quantify the extent of human development of a municipality (area). It is based on measures of life expectancy, literacy and income.

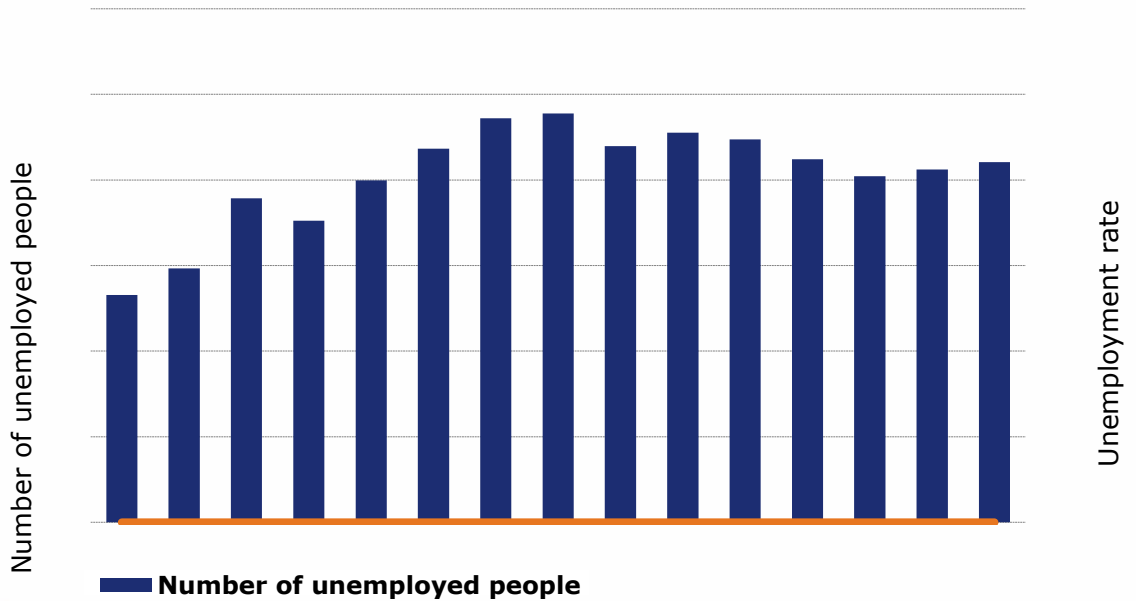
The HDI is calculated as the average of indices of life expectancy at birth, adult literacy and per capita income. For a municipality to be well developed, it must achieve a HDI closer to 1. The closer the figure is to 1 the better the lifestyle. The following figure indicates HDI levels among Lukhanji areas.



Unemployment

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

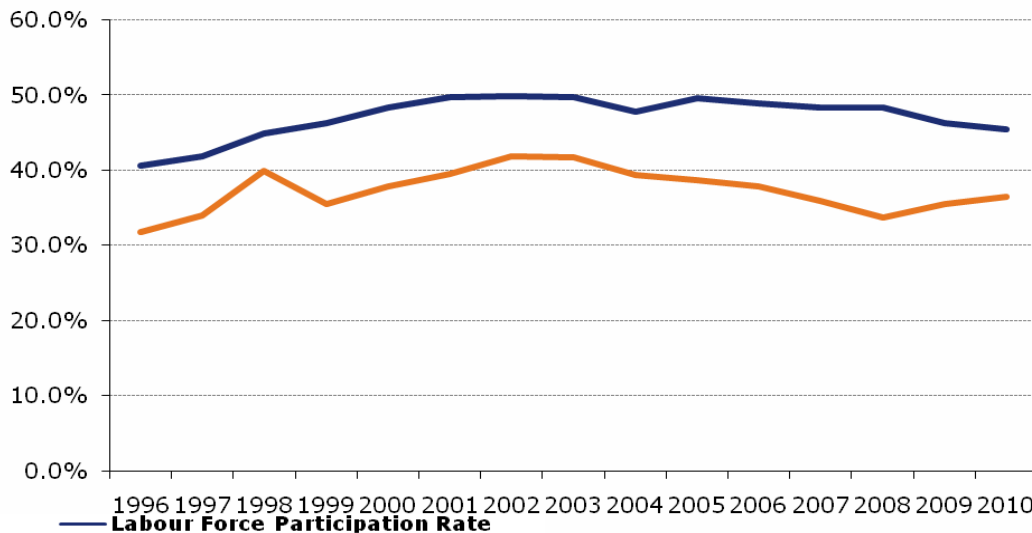
Unemployment rate, official definition (%) Lukanji Local Municipality (EC134), Total - Total



Source: IHS Global Insight Regional eXplorer version 588

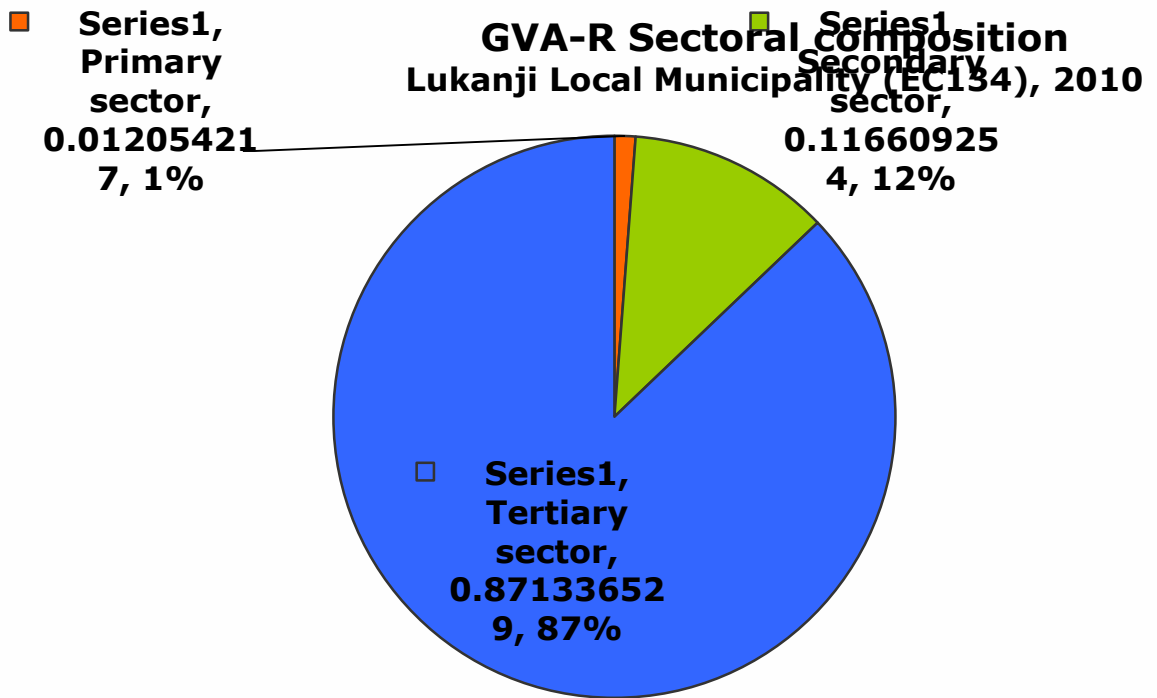
About 29% of the total population is economically active. Off this number an estimated 32% were unemployed by end 2008.

Labour Overview, Total Lukanji Local Municipality (EC134)



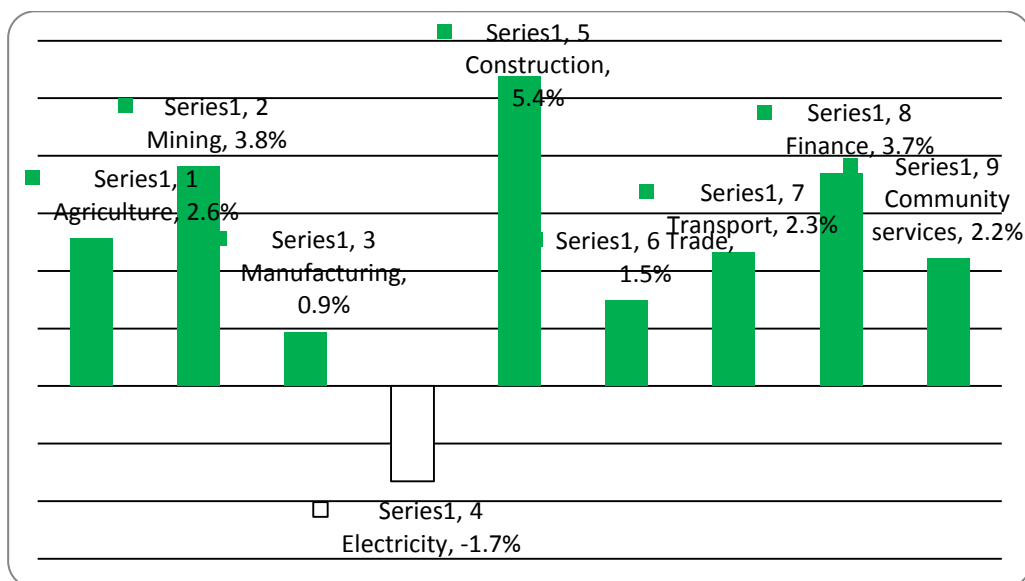
Source: IHS Global Insight Regional eXplorer version 588

Gross Value Add by sectors



Source: IHS Global Insight Regional eXplorer version 588

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

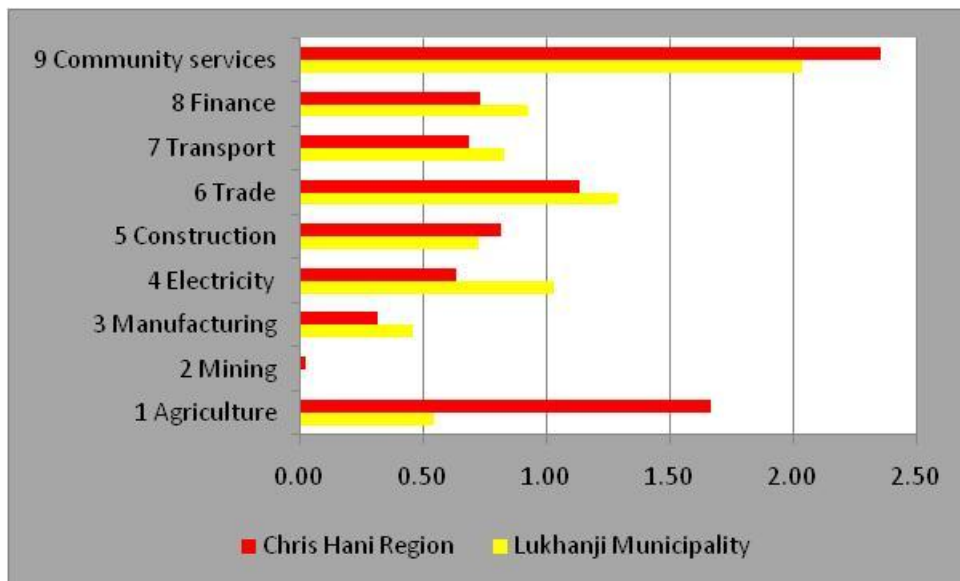


Even though we have a competitive advantage when compared to the regional economy on the electricity sector, its contributions to gross value add in the economy has declined over the last decade (1996 -2008) by about 1.7%.

Comparative advantage

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

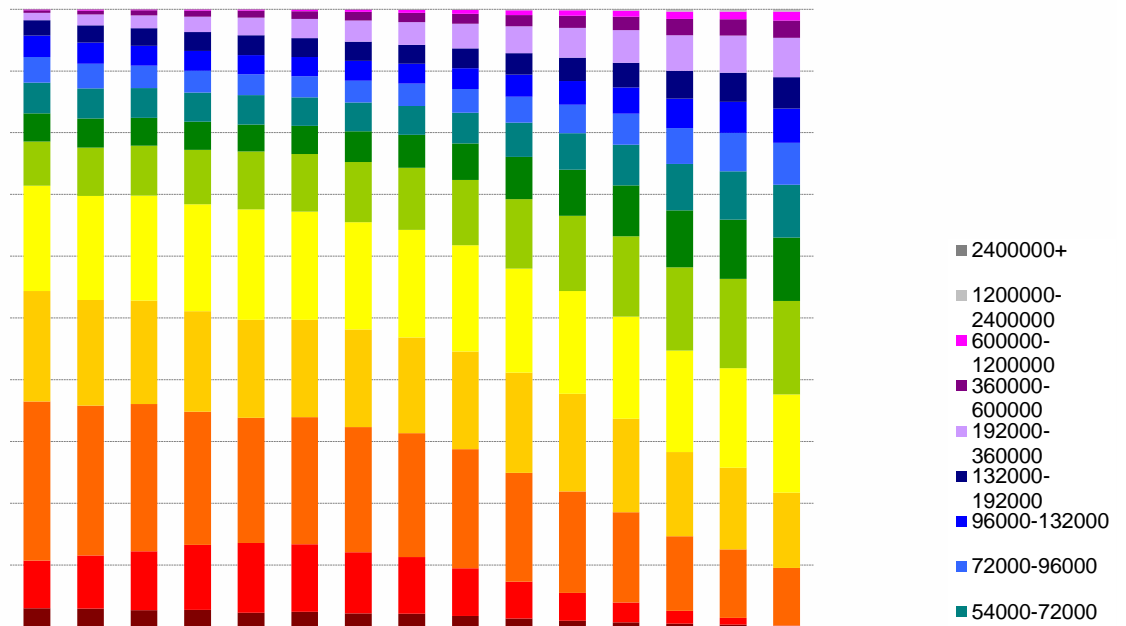
The figure below compares Lukhanji economic competitiveness to that of the Chris Hani region by nine broad economic sectors. It shows that Lukhanji economy compares better in the sectors of Trade (retail), Electricity, Finance, Transport and Manufacturing while Chris Hani compares better in Community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



Household Expenditure

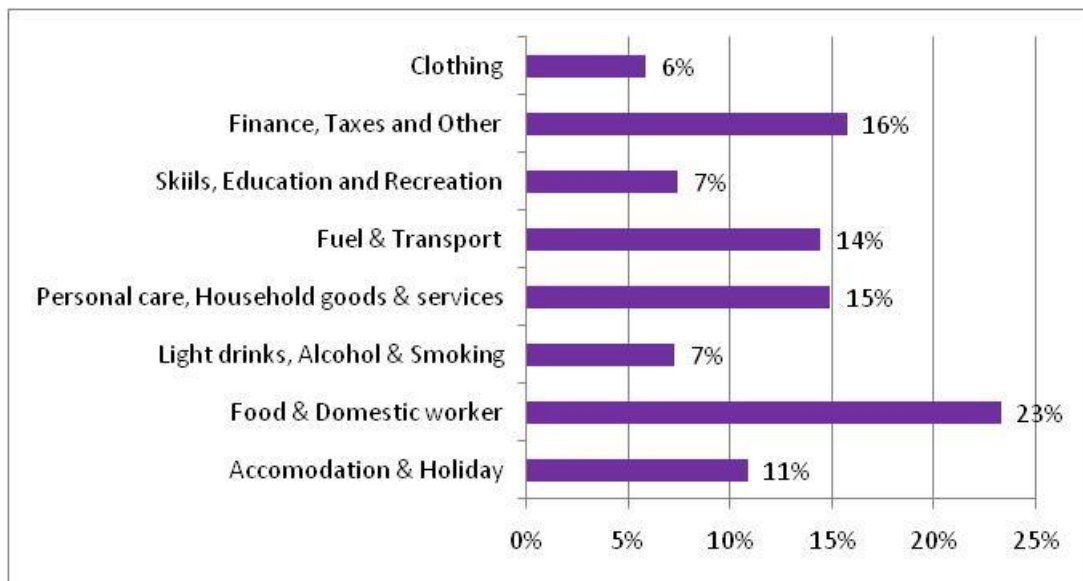
The majority of household expenditure goes to food and domestic workers (23%) followed by finances at 16% (ie. Payment for policies) and transport at 14%.

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



Source: IHS Global Insight Regional eXplorer version 588

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



ENVIRONMENTAL CHALLENGES & CONTEXT FOR ENVIRONMENTAL RESPONSIBILITIES

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

Lukhanji subscribes to international and national environmental treaties which give it additional secondary responsibilities for environmental planning and management. The latter role is often interpreted to include tasks such as: local agenda 21 initiatives, environmental impact assessment facilitation into NEMA, bio-diversity and nature conservation management initiatives, participation in the state of environment reporting initiatives either by district municipality or by DEAT

ENVIRONMENTAL MANAGEMENT AND GREENING REVOLUTION

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

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

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

More specifically, like all municipalities, Lukhanji has a responsibility for environmental management and governance. Our IDP provides a platform through which this commitment can be clearly illustrated in a

binding municipal development document. Critically therefore it addresses environmental issues through the Integrated Development Plan. The municipality thus understands that IDPs are the master plan for local development, and thus the manner in which the environment is addressed in such a plan is a measure of the role and responsibility the municipality accepts for environmental management.

CLIMATE

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

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

VEGETATION AND SOIL TYPES

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

HYDROLOGY

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

- Klippart River
- Bongolo River
- Oxkraal River
- Shiloh River
- Black Kei River

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

SUMMARY OF THE KEY ENVIRONMENTAL CHALLENGES

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

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

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

Speculative game farming and illegal hunting – uncontrolled growth of game farming activities or initiatives and illegal hunting is a growing concern in Lukhanji for many reasons including among others:

Perceived loss of valuable and productive fertile agricultural land perceived threat of extinction of protected species

Declining aesthetic quality in our cities and towns – lack of respect for hygienic practices and cleanliness by many of our citizens (i.e. – tossing litter on street and illegal dumping)

Section B – Macro - Overarching Strategy

Chapter 2 – Macro-Overarching Strategy

1. THE MACRO STRATEGY

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

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

2. MUNICIPAL VISION

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

3. MISSION

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

4. VALUES

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

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

5. VISION 2030

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

3.1 OFFICE PRECINCT

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

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

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

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

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

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

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

Lukhanji office precinct is currently in Queenstown, Cathcart Road, No 70, Town Hall.

3.1.1 PROCESS UNDERTAKEN

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

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

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

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

After careful consideration, however, the Municipality decided to further explore the alternative scenario of obtaining private funding, especially if such funding can be obtained from another government organisation, in this instance the ECPIF, which is a subsidiary company of the Eastern Cape Development Corporation. The advantages to the Municipality would be that:

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

- Council approved concept in principle – negotiations with four of the bidders are in progress.

3.2 REGIONAL INDUSTRIAL HUB

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

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

4. LOCAL GOVERNMENT TURN AROUND STRATEGY

The Department of Cooperative Government and Traditional Affairs: Eastern Cape Local Government Turn-Around Strategy (LGTAS) Steering Committee is a structure established in line with Outcome 9 of the Delivery Agreement “A responsive, accountable, effective and efficient local government system”

The objectives of the Local Government Turn-Around Strategy are:

- To restore the confidence of the majority of the communities, as the primary delivery machine of the developmental state at a local level.
- To re-build and improve the basic requirements for a functional, accountable, responsive, effective and efficient developmental local government.

4.1 Background

The National Department of Co-operative Governance and Traditional Affairs identified 19 municipalities in the Eastern Cape Province to provide support to, both with the development and implementation of the LGTAS Action Plans; which the Lukhanji Municipality is part.

National department has also established a component within CoGTA called MISA (Municipal Infrastructure Support Agency) which is an integral part of government’s programme for improving infrastructure and service delivery in line with the objectives of LGTAS approved by Cabinet in 2009. The mandate of this component is to manage and coordinate the provision of technical support and building capacity in municipalities for improved and sustainable infrastructure provision.

On the 14 – 15 August 2012, the 19 municipalities were invited to attend a meeting with CoGTA, where each municipality was required to present the focus areas to be included in the LGTAS action plans

Of the 19 municipalities, each was required to prepare a detailed action plan that will respond to the key areas of focus regarding LGTAS, furthermore submit to the Provincial LGTA for

consolidation and submission to CoGTA national office. The municipality was further required to submit an application to MISA for support with the infrastructure programmes

On the 12th September 2012, a meeting of the Provincial LGTAS Steering Committee was held, wherein all municipalities were required to submit populated templates to the provincial department of LGTA for consolidation and submission to the national office by the 14th September 2012 in accordance with the LGTAS Priority areas. The institution also prepared an application to MISA for technical support and capacitation in relation to the implementation of the capital projects

Development and implementation of LGTAS action plans are further required to be included in the municipal IDP's, monitored and reported on, on a quarterly basis in each financial year. Below is the action plan for the 2013/2014 financial year, as per the LGTAS action plan guidelines provided by the Provincial department of Local Government and Traditional Affairs.

Section C – Basic Services and Infrastructure Development

Chapter 3 - Basic Service Delivery and Infrastructure Development

1. INTRODUCTION AND BACKGROUND

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

- Infrastructure development
- PMU
- Electricity provision
- Water
- Sanitation
- Mechanical Workshop (internal)
- Cleansing and waste management
- Integrated Waste Management Plan
- Cemeteries
- Sports and Recreation
- Libraries
- Pound management
- Lukhanji Parks
- Environmental management

1. SITUATION ANALYSIS

1.1 Infrastructure Development

1) Neighbourhood Development Partnership Grant (NDPG)

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

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

1.2 Basic Services

1) Electricity

The following are the functions of the municipality with regards to provision of electricity in the area:

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

1.1 Electricity Master Plan

The electricity master plan was approved by the Council in around October 2013. During the 2013/14 budget adjustment Council approved an amount of R5 million for the implementation of the electricity master plan of the municipal electricity master plan.

The master plan intends addressing the following points:

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

The electricity network was planned and constructed between 1975 and 1990 and has never been upgraded or refurbished. Many of the major elements of the electricity infrastructure are more than 35 years old and are reaching end of life span. Five year forecasts taken from a median point of view show that our NMD will rise to 68 MVA.

The existing 11kVA underground cabling is not capable of handling existing demand and fault currents. There are serious overload conditions in Ezibeleni, Mlungisi and Queenstown CBD.

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

The Ezibeleni electrical transformer was damaged in February 2014. The community was left with no electricity for about a week. As a temporary solution one of the transformers from the Queens Casino was taken to Ezibeleni to counteract the challenge.

In the electricity master plan, the intention is to have 2 transformers in each area to address the electricity outages and this also cater for the new development

Ninety-seven percent of households in the Municipal Area are electrified.

1.1.2 Fleet for the revenue enhancement section

Personnel

The unit is comprised by one manager and 8 inspectors that have been contracted by the municipality. They are responsible for disconnection, reconnections and temper checks. This is one of the strategies embarked upon by the municipality to enhance revenue.

4 bakkies are available for the revenue section. This was purchased by the municipality in the last financial year. There is still a shortfall of 4 more bakkies.

1.1.3 Distribution Section

Personnel

The unit is comprised of 8 personnel of whom one is the supervisor.

It is comprised of 9 vehicles, 4 of them are very old, which need to be replaced. 1 street light vehicle (cherry picker) and a three ton truck are needed for the maintenance of street lights

To address this, 4 officials are being trained by the municipality as electricians. The unit still needs a technician, an admin clerk and two linesmen: one for the town area and

1.2 Infrastructure Skills Development Grant

The municipality applied for the funding from the National Treasury and the recruitment of staff was done in January 2013. The purpose of the grant is to capacitate the municipality to be able to erect and maintain the infrastructure. It focuses on unemployed graduates. This is an intern ship programme. At the end of the programme the interns must be registered with their professional bodies. Relevant training must be conducted to ensure the realisation of this goal.

8 people are benefitting from the grant; 1 civil and 1 electrical engineer, three artisan electricians, health and safety intern, 1 plumber and 1 millwright.

On the electrical side three electricians and one technician are currently benefitting from the programme. The municipality appointed two mentors, one looks at the electrical and the other on the civil section. Each has four interns. The mentors were appointed in September 2013.

The unit also consists of the programme administrator that reports to the programme manager who is based in Port Elizabeth, and is employed directly by National Treasury is responsible for all the Eastern Cape municipalities. One administration clerk is also part of the personnel that benefit from the programme.

1.2.1 Programme monitoring

The municipality submits reports on the progress of the programme and the expenditure incurred for the programme. ISDG task team meets monthly. It is the one that approves procurement plans of the unit.

2) Water

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

Lukhanji LM entered into 25 year contract with Water and Sanitation Services of South Africa. The contract is coming in May 2017. Chris Hani District Municipality intends to take over the function from all local municipalities. This includes the provision of infrastructure and maintenance thereof.

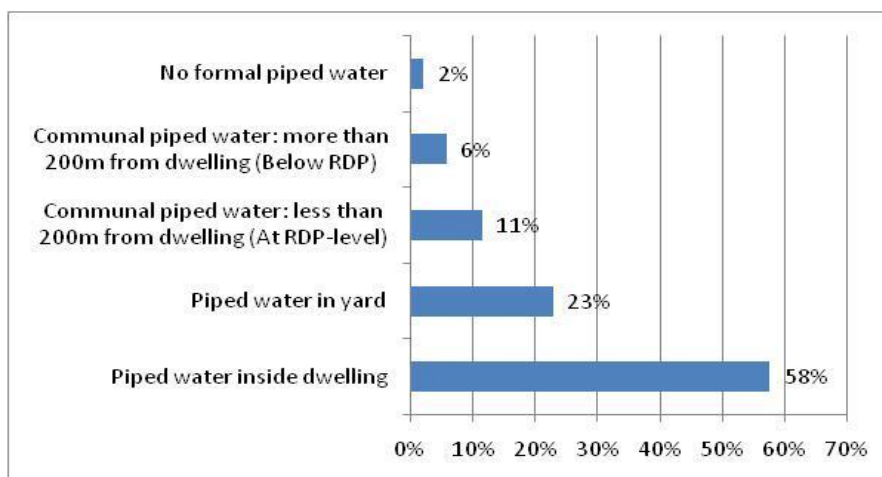
The institution has its own personnel responsible (Community Service Providers – 40; Borehole operators – 85; Casuals responsible treatment works and others on networks – 34; Interns – 17; Contract workers – 8; Water Quality Technician – 1) for water and sanitation the district also has personnel allocated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

Community service providers – 39; borehole operators – 86; casuals responsible for treatment works and others on network – 36; Learnership interns – 9; contract workers – 8; water quality technician – 1; financial controller – 1; Operating and Maintenance technician - 1

(i) **Source of supply & provision**

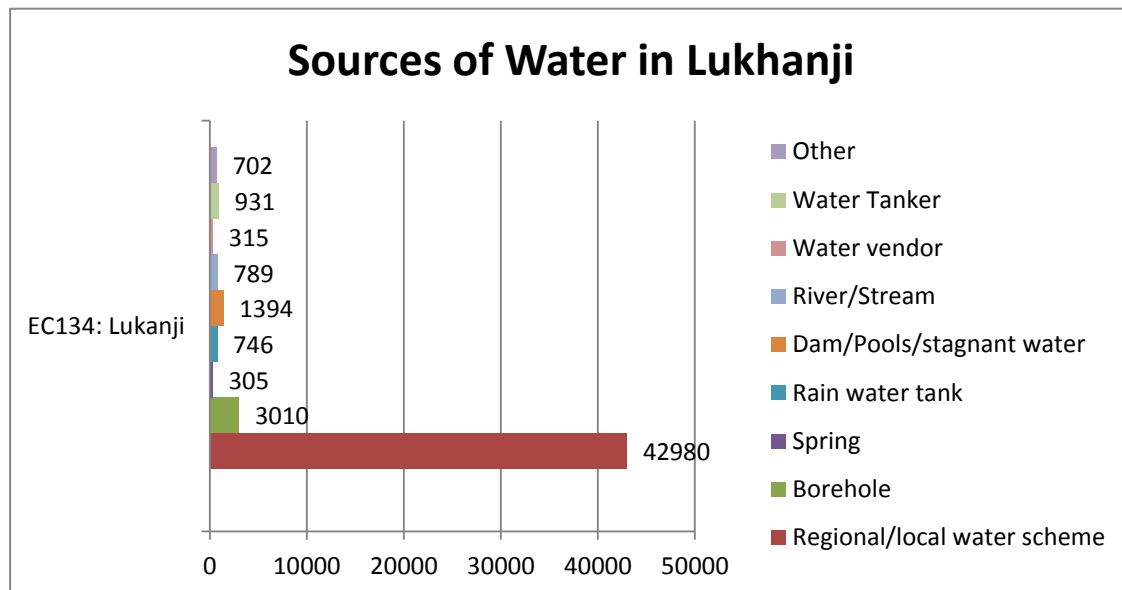
Bulk potable water is supplied from Waterdown and Bongolo dams. While irrigation water is supplied from the Waterdown, Oxkraal and Bushmanskraans dams (0.52mm³). As potable water demand has reached available supply a new water scheme to bring water from the Xonxa dam to Queenstown will be designed and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

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



According to Global Insight 2008 at least 92% of households have access to water supply at RDP level. About 23% have yard connections while another 11% are served through

communal level connections (either borehole or linked to a rural water scheme).



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The above table seeks to illustrate that, out of 51 172 households in Lukhanji as per Stats SA 2011, 84% has access to regional or local water scheme, with 6% using borehole with the very least (0.6%) using spring water

3) Sanitation

Sanitation is not the competence of the municipality; it is the function of the Chirs Hani District Municipality. Sanitation backlogs remain higher than that of water in especially the rural areas. The falling behind of basic sanitation is attributable to slow processes of VIP implementation in the last five years compared to water. The figure below compares a distribution of households by levels of access to sanitation services.

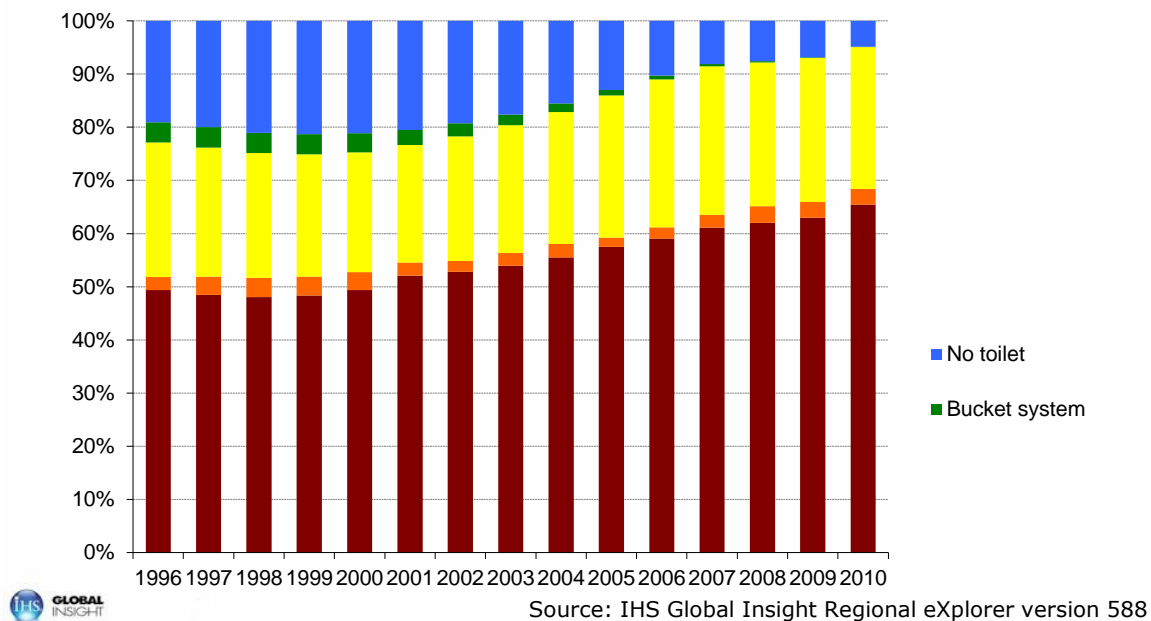
Chris Hani District Municipality (CHDM) is the Water Services Authority (WSA) whilst Lukhanji LM is a Water Services Provider (WSP). The primary responsibility of ensuring that, local people have access to water and sanitation rests with CHDM. Lukhanji Municipality is responsible for operation and maintenance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

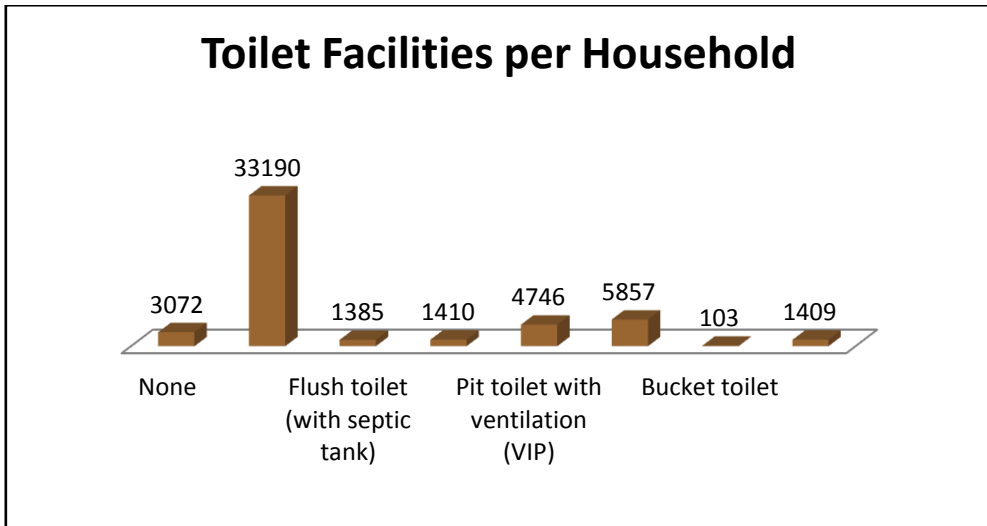
Water and Solutions Southern Africa (WSSA) is a service provider operating and maintaining the network on behalf of the Municipality in a long term contract. The contract expires in 2017 and covers suburbs of Queenstown, Ezibeleni and Mlungisi townships. As part of the contract WSSA

replaces 2, 5km of the ageing water pipes annually. The district intends to take over the function from all its local municipalities.

Water for Queenstown is imported from Waterdown Dam and blended with water from Bonkolo Dam. Boreholes augment the water supply. The importing of water to Queenstown from Waterdown Dam starves Whittlesea of adequate water supply. To address this problem and service the poorly serviced Ilinge Township, a project to supply Queenstown with water from Xonxa Dam is being undertaken by the CHDM. The implementation of the project is slow as it requires well over R350 million capital funding. A further R223 million is required to supply bulk water supply to the proposed settlement of New Rathwick. The new settlement will be composed of 3 000 housing units, with an estimated population of 12 000.

Households by toilet facilities
Lukanji Local Municipality (EC134)





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The above diagram illustrates the number of households with access to the toilet facilities in the municipal area, with 65% having access to flush toilets (with septic tank) with 0.2% still using bucket toilets.

This is the information from STATSSA. However there is no more bucket system in Lukhanji.

4) Mechanical workshop

The mechanical workshop in the municipality is responsible for the repairs and maintenance of municipal fleet which include refuse trucks, tractors, grass cutters, sedans, bakkies and plant. Total staff compliment is currently sitting at 11 responsible for the maintenance of 134 fleet of which 56 new vehicles its new and was purchased in the last financial year.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • 56 new vehicles purchased • 	<p>Weaknesses</p> <ul style="list-style-type: none"> • lack of qualified mechanics, • lack of proper mechanical infrastructure and equipment •
<p>Opportunities</p> <ul style="list-style-type: none"> • a number of automobile service providers locally; • institution of higher learning producing mechanical engineering artisans that can be used to enhance capacity of mechanical workshop 	<p>Threats</p> <ul style="list-style-type: none"> • forever evolving technology

5) Project Management Unit (PMU)

The PMU is comprised of the following personnel: PMU manager, four project coordinators in the civil engineering field, ISD officer and one roads technician.

The unit is understaffed. A request has been made to MISA for support.

The PMU needs the following personnel: the administration manager and 2x clerks and 2 more ISD officers, HSOx3 for the staff to complement the unit as per MIG guidelines.

The unit is responsible for the registration of projects. It deals with the development and the rehabilitation of the existing infrastructure.

The unit is funded by the MIG for both capital project and the operational costs of the unit.

The unit is responsible for all the infrastructure projects in the municipality. It further supports other municipal departments that have infrastructure projects.

For the unit to be full functional it needs design and drawing unit that consists of personnel and software. This will enable the municipality to minimise the use of consultants. The personnel must be professionally registered so that they can be able to approve and sign off the designs.

6) Roads and Storm Water

The Department of Roads and Transport contracted a service provider to assess all the provincial roads. The same service provider is also contracted by the district municipality to assist all local municipalities to assess the municipal roads.

To assist municipalities have a predetermination of the allocation of the MIG funding. This will be applicable from 15/16 F/Y. From then onwards no municipalities will be allocated MIG funding for roads if the system is not in place.

District municipalities receive the RRAMS grant to undertake the programme

Roads audit done to all municipalities, an inventory has been compiled to make LM GRAP compliant. Progress report on the work done thus far was presented to CHDM local municipalities on 12 March 2014

Personnel

The section has 10 newly contracted truck drivers, 2 supervisors, 1 roads technician, 3 grader operators, 3 excavator operators and 3 grade roller operators.

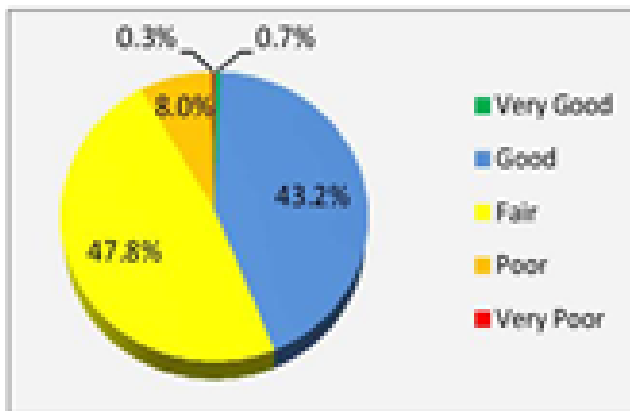
6.1 Road Condition – Surfaced Roads

The Department of Roads and Transport has contracted a company called Enginnering Advice Services to assess the conditions in the Province. The same company was contracted by Chris Hani District Municipality to zoom into all roads of the local municipality of the district.

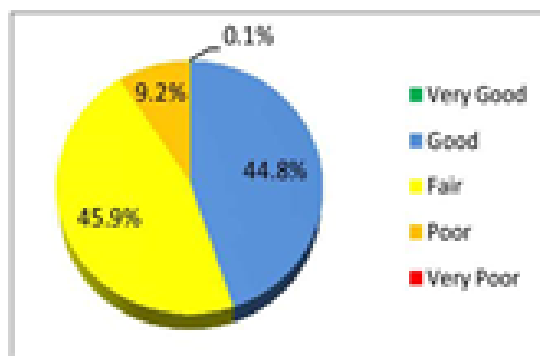
Below is the pie chart below depicts the picture of roads in both the district and Lukhanji

Visual Assessment Condition (surfaced Roads)

Chris Hani District Municipality

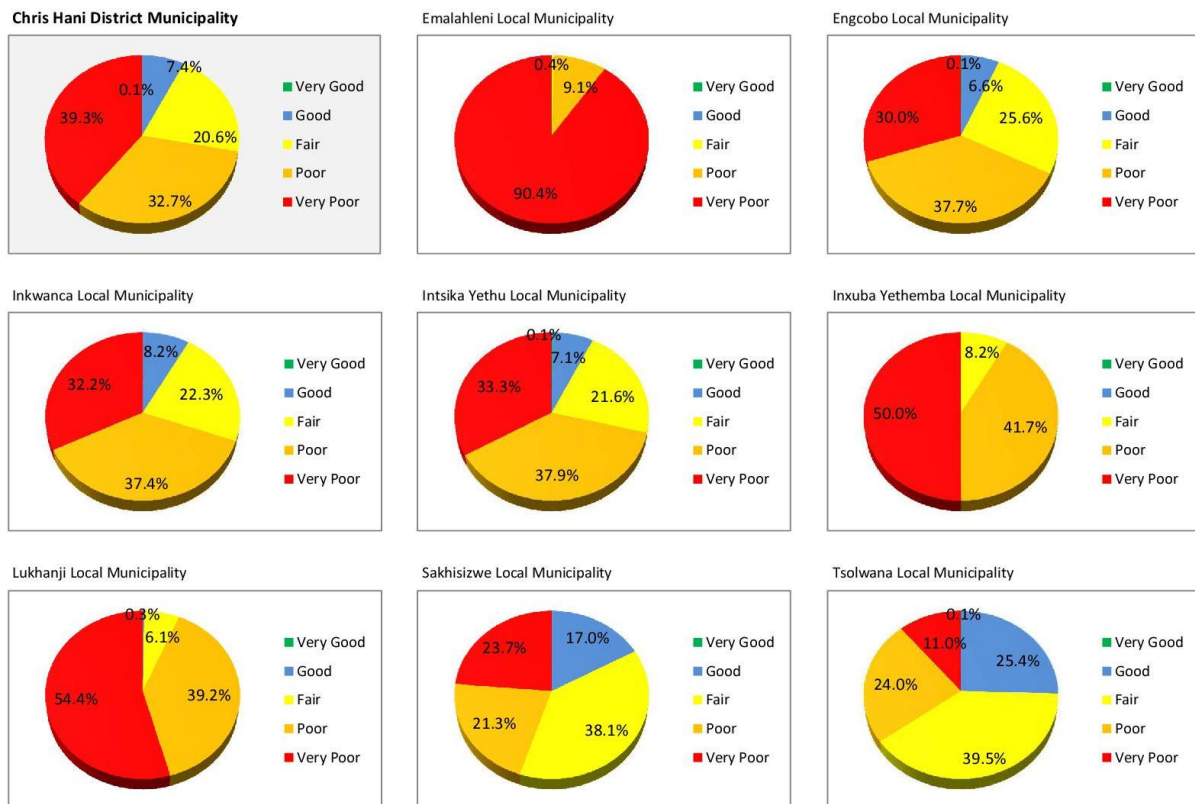


Lukhanji Local Municipality



6.2 Road Condition – Gravel Roads

Visual Condition Assessment (Municipal Unsurfaced Roads)



6.3 Roads Maintenance Plan

The municipality approved a roads maintenance plan that focuses on both surfaced roads and gravel roads.

As part of the roads maintenance plan the purchase the municipality purchased 56 vehicles which were divided into all the municipal departments, the majority of which are for road maintenance and repair.

The report and recommendations that will be made available by RRAMS will also the municipality to enhance the plan.

6.3.1 Personnel

10 drivers were employed to operate the new plant. However, this plant does not cover all the wards. As a result the plant is divided amongst the 27 wards and 3 clusters have been formed to address the shortfall. A designated set rotates per cluster. The challenge is that due to the conditions of the roads as stated above, the plant takes longer periods in one ward per cluster and the others become impatient.

6.3.2 Servicing of the new plant

The challenge is that with the newly purchased plant, the service provider refuses to maintain the fleet as per the tender document or contract. This has caused delays in the maintenance of

roads. The municipality has taken the company to court so that it can comply with the contract agreement. In the meantime, the municipality intends to look for a service provider that will service the fleet for a period of 2 years while the matter is still in court.

7) **Cleansing and waste management**

Executive summary

Waste management is one of the critical areas of environmental management that pose challenges for all tiers of government i.e. from national to local level. These challenges become apparent at local government level; as local authorities are responsible for waste collection; Transportation and final Disposal [Landfill Sites].

The majority of local Municipalities are unable to face these kinds of challenges due to usual obstacles of lack of adequate funding and equipment.

Due to those challenges and obstacles the Lukhanji Local Municipality in conjunction with Chris Hani District Municipality decided to submit a business plan to secure funding for the following Solid Waste Management programmes:

A) Waste Collection [collection vehicles and waste receptacles].

B) Recycling [Waste Multi-Recycling buy-back Centres].

C) Renewable energy [conversion of waste into energy].

The business plan covers each component in detail and also highlights what is needed to be done in order to overcome the current situation faced by Lukhanji Local Municipality.

SERVICE DELIVERY VEHICLES

The Lukhanji Local Municipality is legally responsible for rendering refuse removal service within its area of jurisdiction and this includes residential areas; industrial areas; business areas and streets within the CBD.

At present this service is being rendered with nine [9] refuse compactor trucks; two [2] refuse cage trucks and one [01] old roll on/off container truck. In order for the Municipality to render an effective quality service to the community; twelve [12] reliable refuse compactor trucks are required.

The municipality is presently experiencing serious problems with service delivery due to mechanical problems with collection vehicles. The majority nine out of twelve [9out12] collection vehicles are in a relatively poor condition and regular trucks breakdowns contribute to a less effective collection services and enforces the Municipality to work after hours.

The current fleet for refuse removal is in old and in poor condition. The fleet is being maintained by the Municipality and there is a big problem when there is a breakdown of fleet due to lack of back –up vehicles. This is evident in many cases where there is a breakdown of

trucks and the drivers had to share what is available at that moment; This also shortens the wear and tear of other two [1995] Isuzu trucks and double diff Isuzu truck [2009] which has to do double or triple rounds a day.

During the mechanical breakdown of the trucks the cleansing section had to resort in using the tipper truck and Isuzu bakkies which are not convenient for refuse collection.

WASTE COLLECTION INFRASTRUCTURE

The second problem which Municipality experience is the condition of refuse containers which are being used by businesses. The Municipality is currently using the 1.75m³ blue refuse bins [lifted by compactor trucks]; the 4.6m³ yellow skips [lifted by tractor-trailer combination] and 18m³ refuse containers [lifted by old Isuzu roll on/off truck] which were inherited from Queenstown Municipality. The problem with all the Municipal refuse removal receptacles is that they are:

- Old rusted and falling apart.
- Without doors and wheels.
- Without bottom and leaking.

These containers are also a health and safety hazard to the employees that handles them. The majority of businesses had already complained about the condition of those containers.

The municipality is not in a possession to service informal settlement with the limited number of the 4.5m³ skips. The Municipality urgently need more skips in order to render refuse collection service within those informal settlements.

The condition of 1.75m³ refuse bins is also a problem as the containers falling apart and a health hazard to the businesses. These containers need to be replaced with the 1100L wheel bins in order to render this service to the businesses within CBD. The plan is to lease out old 1.75m³ bins to the businesses in the industrial area.

The street litter bins are damaged and without bottom. The bins need to be replaced and protected from misuse by businesses. The bins are meant to be used by the public to dispose litter but bins are without bottoms and old.

WASTE RECYCLING: MULT RECYCLING BUY BACK CENTRES

The Lukhanji Local Municipality is also facing a problem of illegal dumping in public open spaces and pavements. The Lukhanji Landfill site is receiving high volume of waste [estimated to be +-135 tons per day] of which 70% of that waste can be recycled. The opening of Multi recycling buy back centres in Lukhanji will reduce waste collected by the Municipality in businesses and households and also reduce the volume of waste

RENEWABLE ENERGY [CONVERSION OF WASTE INTO ENERGY

The Lukhanji Local Municipality has one permitted landfill site and one unlicensed site in Whittlesea. The Queenstown site is the licensed site which receives high volumes

of domestic waste; garden waste and building rubble. The fact that there is only one formal recycling company in town and 80% of its recyclables is collected from the landfill site shows that high volumes of waste end up being land filled.

The intention of the Municipality is to move away from land-filling but to convert it into renewable energy. This will ensure that there is zero waste going to the landfill. Waste that land up in the site will not be landfilled but converted into renewable energy.

The Municipal landfill site has cells that already filled with waste with new cells being dug-up for disposal of waste. The proposal will be to construct a plant within the landfill site that will be able to covert waste into renewable energy. The possibility of mining the already land filled waste can also be explored. The Municipal refuse collection vehicles will dispose the waste directly into the plant where the waste that cannot be recycled will be thrown into the plant and converted into renewable energy.

The Municipality has received proposals from various service providers regarding this but funding seems to be stumbling block in implementing this project. The estimated costs of this project are based on the proposed estimates by the service providers.

The municipality sourced funding from the Department of Environmental Affairs on the environmental protection and infrastructure programme (EPIP). The project was approved and it shall be phased in for implementation in the 2014\15-18\19MTEF cycle.

As an Owning Entity of project; the municipality is required to enter into the pre-implementation Owning Entity MoA with the Department ; as no implementation shall commence without a signed MoA.

(i) **Current waste categories and characteristics in LUKHANJI LM**

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

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

(ii) **Medical waste**

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

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

(iii) **Multi Recycling Buy back centres**

The construction of multi recycling buy back centres will reduce waste collected by the municipality in businesses and households. This will reduce the number of illegal dumping sites and communities will generate some income for they will collect the waste and sell the recyclable material. Recycling cooperatives and projects will also benefit.

8) Integrated Waste Management Plan

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

(i) **Municipal Land Fill sites**

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

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

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

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

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

(ii) Equipment

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

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

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

Figure 8: The existing equipment is listed below:

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

(iii) Eradication of alien plants

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

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> Integrated waste Management Plan in place 	<ul style="list-style-type: none"> Areas that do not receive the refuse removal service

Opportunities	Threats
<ul style="list-style-type: none"> • Conversion of waste into renewable energy • Waste recycling as an economic activity 	<ul style="list-style-type: none"> • Illegal dumping • Alien plants

9) Cemeteries

Through the community services department, the municipality is responsible for the provision of grave sites; furthermore the municipality is responsible for the digging and maintenance of the cemeteries.

The municipality has the following formal cemeteries:

- ✓ Lukhanji,
- ✓ Ezibeleni,
- ✓ Whittlesea,
- ✓ Mlungisi,

The following cemeteries are informal:

- ✓ Ilinge and Lesseyton cemetery are not formal and are not under municipal control
- Abudget of R250 000,00 has been allocated for the Ilinge and lesseyton. Whittle Sea area. A service provider has been appointed to the conduct EIA. A
- ✓ Ilinge and Lesseyton: cemeteries are full, Ekupumleni and
 - ✓ Sada.
 - ✓

An EIA study was done in Whittlesea, but there is a land claim on the identified site. Budget has been made available in the 2013/2014 financial year for the construction of a new cemetery in Ilinge and Lesseyton. The issue of the land claim is causing delays in the implementation of the project.

After the construction, the municipality will be required to employ caretakers and general workers for the maintenance of the cemeteries and the day to day operations of the cemeteries

The municipality is in the process of building a stone/brick wall around the Mlungisi Cemetery, with the help of Dept of Public Works The cemetery is closed. It has been identified as a heritage . This is a poverty alleviation project (EPWP Project). Funding for this project was received from Chris Hani District Municipality.

It was established by Chris Hani District Municipality. The Lukhanji cemetery is nearing its full capacity very soon. There is only burial space left for another 1 year of burials. Provision was made for the cemetery to be extended when it was constructed in 2004/2005. Chris Hani Municipality has to provide funding to develop the extension of the Lukhanji Cemetery .

In the Queenstown cemetery some people have purchased /reserved plots from the municipality, so they still make use of the cemetery.

Provision will have to be made to install an electronic system to map and index all the grave sites and graves that are in the jurisdiction of the Lukhanji Municipality. With the construction of new cemeteries, this system will be introduced. At the moment the graves in the Mlungisi, Ezibeleni, Sada, Epukumleni, Illinge and Lesseyton cemeteries are not marked and indexed. There is no record of the graves. The only thing that is available is the register.

10) Community Facilities (Halls)

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

- **Number of halls in the Lukhanji area**

Name of the Hall	Ward	Area
Town Hall	6 and 26	Queenstown
Skweyiya	22	Mlungisi
Lesseyton	27	Lesseyton
Ekuphumleni Community Hall	16	Whittlesea
		Unathi Mkefa: Ezibeleni
Ezibeleni Community Hall	15	Ezibeleni
Illinge Community Hall	2	Illinge
Machibini Community Hall	3	Mtebele
Machibini Community Hall	3	
Thambo Community Hall	18	Thambo
Hackney Community Hall	12	Hackney
Ashley Wyngaart Community Hall	19	Parkville
Sada Community Hall	10	Sada

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

The following areas **do not have halls**

Area	Ward	Comments	Progress
Shiloh	Ward 5		MIG Registered
	Ward 4		MIG Registered

11) Sports and Recreation

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

(i) Sport Stadiums

The municipality has the following sports and recreational facilities:

- ✓ TOBI KHULA SPORT CENTRE – Maintenance of the grounds, fields and the halls and ablution facility.
- ✓ MLUNGISI SPORT STADIUM – Maintenance of the grounds, fields and the ablution facility. The tennis court at Mlungisi needs upgrading – nets to be constructed around the courts and to be resurfaced. The palisade fence surrounding the stadium needs to be extended to cover the whole area. There is an athletics track but it needs to be upgraded.
- ✓ DUMPY ADAMS STADIUM – Maintenance of the grounds, fields and the ablution facilities. An artificial soccer field was built by SAFA at Dumpy Adams. The upgrading of the Cricket pitch is nearly completed and the athletic track needs to be properly demarcated with a curbing on the outside of the track.
- ✓ Three tennis courts need to be upgraded with nets and a new surface. The netball court also needs upgrading and we need stands to be constructed around the new soccer field.
- ✓ EZIBELENI SPORT STADIUM – Maintenance of the grounds, fields and the ablution facility. The ablution facility is under construction and the anticipated completion date is June 2014
- ✓ SADA SPORT STADIUM – Maintenance of the grounds, fields and the ablution facility. The ablution facility is in the process of being upgraded.
- ✓ QUEENSTOWN PUBLIC SWIMMING POOL – Maintenance of the grounds, pool floor and water, cleaning the ablutions and selling tickets. Lifeguard to be on duty. The buildings at the pool still need to be repaired and painted. The roof is leaking very badly.
- ✓ ILINGE SPORT STADIUM – There is no sports stadium in Ilinge. An allocation of R2million has been made in the 2013/14 for the construction of the sports stadium in Ilinge. A dual purpose field for soccer and rugby and a netball court with fencing and an ablution block is going to be constructed in the new year – 2013/2014.

- ✓ LESSEYTON SPORT STADIUM – Maintenance of the fields. (**FUTURE**). A dual purpose field for soccer and rugby and a netball court with fencing and an ablution block is going to be constructed. A budget needs to be allocated for that.
- ✓ MACBRIDE SPORT STADIUM – Maintenance of the fields. (**FUTURE**).
- ✓ TRACTOR WITH MOWER AND TRAILER – Grass cutting of the fields and clearing and carting away rubbish. Equipment to maintain the field has been procured, as with the increase in the number of stadiums, more equipment, in the form of tractors and other resources will be required. The mower has been purchased. A new tractor is needed to cater for new sports facilities as well.
- ✓ BONKOLO DAM DAY VISITOR FACILITY – Maintenance of the facility. The Department of Tourism provided funding for the upgrade of the facility. An amount of R 14 million has been allocated for the project. The project completion date is September 2014.
- ✓ BERRY DAM PICNIC FACILITY – Maintenance of the grounds – grass cutting and clear rubbish. The braai facilities and seating facilities need to be upgraded.

(ii) PLAYGROUNDS

We have various playgrounds in the Queenstown suburbs, Ezibeleni and Mlungisi which are in a desperate need of upgrading and repair. They are used by the small children who live in the nearby suburb or vicinity.

12) **Libraries**

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

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

There are five libraries viz:

- Mlungisi library;
- Ashley Wyngaard Library in Parkvale;

- Queenstown Library;
- Barrington Mndi Library in Ezibeleni and;
- Whittlesea Library within Lukhanji Municipality.

There are some wards where there are no public libraries. There is currently no provision of library services (Mobile Library) to communities from outlying areas e.g. Ilinge, Lesseyton, Tylden

The Department of Sports, Recreation, Arts and Culture has indicated that the Ashley Wyngaard Library will be extended in the near future as no funding is currently available.

Some of the buildings have already been renovated by DSRAC and others have been earmarked for upgrading

Funded projects are:

- Extension of the Whittlesea Library
- New library at Ilinge
- New library at Lesseyton
- Mobile library services
- New library in Mlungisi

(a) Personnel in the libraries section

The total number of staff in the Libraries section is 19. There are 2 vacancies

(b) Challenges

Lack of space and library materials

13) Pound management

The municipality provides the service of impounding the animals that are straying onto the roads on behalf of the Department of Roads. The impounding of stray animals on private land and in the townships is managed by the municipality. The municipality provides budget for the pound and commonages. The Department makes available budget for the two trucks for the picking up of stray animals on the public roads.

The operating expenditure budget that is made available for the pounds is R2 55468 .00

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

There is also a Pound in Whittlesea that needs to be upgraded. Water laid on for the animals and 2 x different camps to be fenced. A verandah to be build in the camps for shelter of the animals, a loading ramp to be built and a storeroom or container to store the lucern for the animals.

Toilet facilities should be provided for the staff at the Pound In Queenstown. At the moment there are no toilets available for the staff. The vehicle which the Pound Master is using at the moment needs to be replaced with a 4X4 vehicle, because of the terrain he often needs to travel.

(i) Commonages (Commonages are now under the management of the Integrated Planning and Economic Development Directorate)

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

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

(ii) The condition of the commonages:

- Camp 6: 37.2 hectares: fencing needs to be repaired
- Camp 8: 197.2 hectares: no gates and fence needs to be repaired
- Camp 9: 127.1 hectares: no gates and fence
- Camp16: 20.7 hectares: no fence at the back as well as no water
- Camp 18: 15.8 hectares: no gates and water
- SPCA camp: 172.2 hectares: fence needs to be repaired

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

14) Lukhanji Parks

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

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

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

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

The project is completed. There are still challenges with regards to the project deliverables. The Department of Environmental Affairs is handling these with the implementer.

Parks still has a number of challenges relating to equipment in the form of vehicles to be able to perform and provide an effective service delivery. The municipality has old vehicles which are required to be replaced

15) Environmental management

The focus is on land care, pasture management, eradication of alien plants, indigenous afore station, and waste management. The municipality sourced funds from the Department of Environmental Affairs for the environmental management programme. An amount of R20 million was allocated by the Department for the Komani River clean up and beautification project. The project is not yet handed over to the municipality. There are still some deliverables that are still outstanding as per the business plan.

The project focuses on the following:

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

Game Reserves

The Lawrence de Lange Game Reserve must be mentioned under this section. Important work is being done on education regarding the animals, birds and the environment in the Game Reserve. Schools are taken out on guided tours through the Game Reserve. Hunting and selling of animals is an important income for the game reserve and for the management of the game on the reserve. The Birding Club and the Environmental Club of one of the schools do important work on the Game Reserve. We also have Honorary Game Rangers that help to patrol the Game Reserve and other tasks that are necessary. We have 6 Rhino and 9 Giraffe

and other buck species on the reserve. There is tight security to avoid rhino poaching. It would be nice if we could have chalets build in the Game Reserve, as we get a lot of tourists visiting the Game Reserve. A business plan was submitted to the Department of Tourism to support with the construction of the chalets. A new 4x4 vehicle is needed for the game reserve.

In the game reserve, we have fossil site. This is another tourist attraction site.

Under this section we need to bring under the attention that we have a plant that grows on the mountains surrounding Queenstown. It is unique and it is the only place in the world where it is found. It is called the ERYTHRINA ACANTHOCARPA or Tambookie thorn.

The eradication of alien invaders, eg Lapesi will have to be addressed, especially in Ezibeleni, Lesseyton and other areas.

2. OBJECTIVES AND STRATEGIES

KEY PRIORITY AREA: BASIC SERVICE AND INFRASTRUCTURE DEVELOPMENT					
Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
Improving access to basic services	Water and Sanitation	To provide water and sanitation services to the urban and rural communities within the municipal area in line with the RDP requirements by June 2017	Implementation of water operations and maintenance plan (WSP Business Plan)		Customer Satisfaction Surveys Reduction in statistics from the district municipality
	Roads Maintenance	To maintain and or upgrade at least 25km of road surface (Tarr + Gravel)	Effective utilization of the 3 roads unit teams to maintain all gravel roads		
	Electricity	To facilitate supply of electricity to 2%of households by June 2014			
	Infrastructure Development	To maintain 540km of gravel road network in the rural areas by June 2017	Development and implementation of a 5 year plan		

KEY PRIORITY AREA: BASIC SERVICE AND INFRASTRUCTURE DEVELOPMENT					
Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
	Mechanical Workshop	To provide a full maintenance repair and service function to the entire municipal fleet through the mechanical workshop by June 2017	Develop a mechanical workshop capacitation plan		Full implementation of the mechanical workshop maintenance plan
	Environmental waste management	To ensure that 90% of our households have safe places to dispose of their refuse and waste by end 2012			
Actions supportive of the human settlement outcome	Human Settlement and Land Development	To eradicate informal settlements and create sustainable human settlement in the municipal area by June 2017	Facilitate review of the SDF		Reviewed and approved of the SDF
		To manage land use and create environmentally friendly spaces in each zone in the municipal area by June 2017	Facilitate recruitment of the building inspectors to improve land use management		Increase in the number of the land use applications
			Continuous engagement with the service provider appointed for the supplementary valuation roll		Approved Property Valuation Roll
			Facilitate development, approval and implementation of the housing sector plan		Approved Housing Sector Plan

3. OPERARIONAL PLAN – SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (TECHNICAL SERVICES)

Chapter 4 – Sector Plans: Basic Services and Infrastructure Development

1. Human Settlement and land development

The Department consists of the following divisions

- Housing
- Land and planning
- Property Valuation
- Entertainment facilities
- Property rentals

Personnel

The following officials: The Director,

- 1.1 Housing
- 1.2 Land and planning
- 1.3 Property Valuation
- 1.4 Entertainment facilities
- 1.5 Property rentals

Housing

In the past the municipality used to have a developer status. The department used to allocate funds to the department after the municipality has identified the housing needs. The municipality has since lost the developer status.

This poses a challenge in terms of the implementation of projects. The municipality only appeal for the application and the approval thereof depends on the discretion of the Department of Human Settlement.

A number of applications have been submitted to the Department of Human Settlement.

Most of them are due for the feasibility study and on others the feasibility study is being undertaken.

The municipality is running out of the serviced land. This means that the municipality needs to secure funds for the services so that the implementation of housing projects can be made easier.

This includes land for middle and high income houses.

The housing sector plan was reviewed in 2013/14.

1. Land

The municipality deals with the land use management and land sales.

The challenge is the transgressions. People do not always apply for the land use. Sometimes people operate without submitting application. No building plans are submitted.

Community awareness on transgressions, and publish in the local newspapers. Ward meetings

The municipality makes use of the policy on transgressions the policy was reviewed in the last 2 years.

The municipality is still using zoning schemes which is applicable to the former Queenstown area only. For the former Republic, Transkei and Ciskei, the municipality is still using the relevant ordinances.

SPLUMA was approved in 2013. The intention is to replace all the apartheid planning legislation.

A consultative workshop was held in January 2014 with all councillors and officials. The readiness template has been submitted. The champion has been identified.

Valuation

The municipality has completed the first cycle of the valuation. A new service provider has been appointed. They are on site and are collecting information. They are working with one of senior clerks as the manager has not yet been

Entertainment Facilities

They deal with all municipal halls.

Property Rentals

All municipal properties are managed by this section, halls, leasing of land and municipal buildings

Planning

2. HOUSING SECTOR PLAN

1) Pre-ambble

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

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

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

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

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

2) LEGISLATIVE AND POLICY BACKGROUND TO HOUSING CHAPTER

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

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

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

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

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

(1) Housing demand profile of the municipality

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

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

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

DEMAND BY CURRENT ACCOMMODATION	% OF TOTAL	ESTIMATED NO. OF UNITS
Backyard Shacks	5%	200
Renting	13%	5200
Stay in Family House	34%	13600
Informal Settlement	46%	18400
Desire to Own Property	2%	800

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

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

(2) Land and Housing

The area is characterized by diverse land use and ownership pattern. Ownership of land in the urban areas is generally held by free-hold Title Deeds but in the rural areas the most common form of tenure is the communal land tenure system. A number of rural land claims have been lodged viz. 25 rural claims and 4 urban claims in Queenstown with a total of 1 157 claimants. A total of 35 land reform projects (including 17 LRAD; 8 Redistribution; 2 commonage) are currently underway.

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

(3) Summary Infrastructure Challenges

(i) Access to water

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

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

(ii) Level of sanitation

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

(iii) Access to electricity

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

(iv) Related Civil and Social Infrastructure Projects

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

(v) Municipal capacity and housing delivery

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

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

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

(vi) Housing Delivery

COMMENTS BOX

Developing a Municipal Project Pipeline

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

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

- Local Municipality personnel, contractors and other stakeholders are under capacitated,
- Poor Project Management,
- Lack of compliance with contractual agreements.
- Lack of municipal representation/consistent monitoring on construction site(s),
- Lack of civil and social infrastructure (Roads, Water and Sewerage reticulation) to address housing demand both in urban and rural areas,
- Lack of potable water which has been the main hindrance for the past 3 years, and
- Inefficient project data capture

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

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

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

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

a. Current and Proposed Housing Projects

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

PROJECT NAME	PROJECT TYPE	NUMBER OF SITES
Ezibeleni 251	Project Linked	251
Nomzamo 337	IRDP	337
Sabata Dalidyabo 2 - 450	PHP	450
Thambo Village 2 – 490	PHP	290
Brakkloof	IRDP (Rural)	281

PROJECT NAME	PROJECT TYPE	NUMBER OF SITES
Zola	IRDP (Rural)	225
Toisekraal 364	IRDP (Insitu)	121
Quality Coffins 18	IRDP (Insitu)	18
Ilinge 1156	IRDP (Insitu)	1156
Nomzamo 337	IRDP (Insitu)	337
Xuma	IRDP (Insitu)	126
Queenstown	PHP	200
New Rathwick	IRDP	3000
Lukhanji	IRDP	200
Queenstown	Rectification	1421
Whittlesea	Rectification	754
Queenstown	Rectification	405
Ilinge 1012	Rectification	20
Ilinge 405	Rectification	33
Ezibeleni 1421	Rectification	190
Imvani 145	Rectification	145
Thambo Village	PHP	990
Mcbride Village 678	Rural Project	687
Who-Can-Tell 708	Rural Project	708
Poplar Groove 308	Rural Project	308
Merino Walk 274	Rural Project	274
Ensam 247	Rural Project	247
Toisekraal	LM to provide data	364
Zola	LM to provide data	225
Xuma	LM to provide data	126
Imvani Rural	Rural Project	160
Total		14 049

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

b. Rectification housing projects:

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

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

Whittlesea - Madakeni	300	R8 400 000
Total	7 065	R50 085 000

c. Blocked housing projects:

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

PROJECT NAME	TYPE	NUMBER OF UNITS
Queenstown	PHP	990
Queenstown	PHP	337
Ilinge	PHP	1 156
Merino Walk	PHP	274
Botha's Hoek	PHP	93
Ensam	PHP	247
Porplar Groove	PHP	308
Who can tell	PHP	708
Mc Bride Village	PHP	678

3) STRATEGIC FRAMEWORK REVIEW

(1) Strategies and Proposed Projects

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

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

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

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

Given the very limited capacity in the municipality for planning and implementation of housing projects it is crucial that the municipality engages in partnerships with other relevant agents who can assist it in its planning and delivery. Priority should be on the strengthening of the relationship between the internal sections within the municipality and with the provincial DoHS, the Regional Department of Land Affairs as well as agencies and NGOs working in the rural parts of the municipality.

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

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

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

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

(i) Strategic programme

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

Deliverable	Key activity	Timeframe	Responsibility	Cost
Designed data base system that can hold an integrated project pipeline	Preparation of a user friendly computer based system that is easily usable by relevant municipal staff.	April '12	Province could decide to design one for use by all municipalities or municipality could do its own.	
Trained staff able to use and update.	Training of relevant staff in the municipality to use and update the system.	July '12	Province or municipality depending upon who does the preparation of the system	
Populated pipeline with all information up to date and verified.	Collect and input all the information from the relevant sources including importantly sections in the municipality, the district and the PDoHS	August '12	Either province or municipality.	
Quarterly updates and annual review report	All the additional projects or changes in status and information of existing entered and quarterly report for management and council. Informed annual review reports.	Sept '12 and quarterly thereafter. Review report January 2013 for integration into IDP.	Municipality	

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

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

Deliverable	Key activity	Timeframe	Responsibility	Cost
	analysis of information gathered through desktop or informant interviews.			
Stakeholder Input into Strategy	Workshop to present and discuss the info, analysis and draft strategy.	October 2012	Stakeholders and Selected Team	
Strategy and linkage to municipal and provincial budget and MTEF.	From the workshop contributions finalise the strategy but link with available resource streams.	Jan 2013	Selected team.	
Strategy inputted into IDP and reviewed annually.	The strategy integrated into the Housing chapter and linkage back to municipal budget and MTEF.	Jan 2013 and annually	Municipal Housing Section	

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

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

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

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

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

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

(ii) **Financing of Housing**

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

4) PROJECT PIPELINE AND CAPITAL BUDGET

(1) INTEGRATION

(i) **Cross-sector alignment issues**

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

FOCUS AREA	COMMENT
Implementation of first generation Integrated Zoning Scheme for Greater Queenstown area	This project is needed to put in place a more functional Zoning Scheme to enhance the Municipality's performance of its land use regulation role.
Conversion of Township Establishment Status of: - a. Ezibeleni b. Sada c. Ekuphumleni	This project will facilitate the conversion of these townships from R293 townships. The process will lead to a number of positive outcomes, including the potential to incorporate these areas into an operational Zoning Scheme as well as bringing them within the ambit of the Upgrade of Land Tenure Act (Act No. 112 of 1991), which will enable the conversion of lesser forms of title to freehold ownership.

FOCUS AREA	COMMENT
Formulation of a PILOT Rural Land Use Management System in RA 60	This project is needed to address the ongoing pressure on land (i.e. land invasion) in the RA 60 area. It is intended that the Municipality engage with the RA 60 communities in establishing an acceptable Land Use Management Scheme for the RA 60 area, which applies to issues such as land use and land allocation.
Zweledinga Zone Plan and Local Planning Process	Communities to be engaged for general agreement on configuration of the settlements. The project is deemed a priority because of reported dynamism in settlement formation in the area, as well as historical tensions concerning land issues.
Greater Whittlesea LSDF	Detailed Local Spatial Development Framework to enable the management of land developments in Whittlesea, Sada, Ekuphumleni and surrounding areas. To promote linkages between Urban and Rural areas.
RA60 Pilot Land Use Management Scheme	Land Use Management Scheme that will enable the Municipality and the community to manage and protect land uses. RA60 was previously planned but is not experiencing an influx of land invasions.

(ii) **Housing planning and delivery risk management matters**

RISK	RISK MITIGATION
Poor information and analyze on need and demand for proper planning	
Poor capacity within the municipality	
Lack of properly structured co-operation between the municipality and the province	
Difficulty of resolving the secure tenure issues in the communal areas.	
Lack of proper control and management of the 12 started projects	

(iii) **Approval**

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

(2) APPENDIX 1: GAP ANALYSIS

(i) **GAPS REQUIRING FILLING**

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

GAPS TO ADDRESS	MODE
Establishment of the real nature of need and demand including better analysis of the interaction and separation of tenure security, basic infrastructure and top structure.	Research on the baseline documents including Provincial MTEF, land reform stats and basic infrastructure information + discussion with municipalities on summarised information
Development of rural housing strategy that does not	Using the information from above and then linking

GAPS TO ADDRESS	MODE
just use global guesstimates.	this to specific priority geographical areas that can have more intensive information gathering. Closer planning linkage with ECDHS and Dept of Land Affairs to develop responses.
Proper listing of completed, existing and future projects with necessary baseline and tracking information	Use of supplied template to co-ordinate information from different sources and then updating and completing this in contact with key local and provincial stakeholders. Possibly a provincial project.
Analysis of proposed infrastructure expenditure including water, sanitation, roads and storm-water drainage and linkage of this to housing priority areas.	Source from provincial government documents and use local municipality to link with existing priority areas of housing need. Important to link this back to the housing project pipeline to identify where there are direct linkages.
Financing available for housing and infrastructure in the area. Analysis of the existing financing allocated to the area for infrastructure, land reform and housing and the linkage to established priorities	From the provincial MTEF and land reform MTEF + linkage back to defined housing priorities in the area.

a. Spatial Form

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

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

b. Physical Features

i. Settlement Structure

SETTLEMENT HIERARCHY

NODE TYPE	AREA/LOCALITY	DESCRIPTION
Level 3: Primary Node	Greater Queenstown	The higher order urban settlement in Lukhanji, this area should be targeted for the following: - - Investment in infrastructure; - Development of new public-funded housing areas; - Development of regional social goods and facilities, including educational institutions, and sports and recreational facilities - Land use management that focuses on establishing the CBD as an attractive area to do business in. - Land use management that facilitates the orderly development of office and retail accommodation
Level 2 : Secondary Node	Greater Whittlesea	The secondary urban settlement in Lukhanji, this area should be targeted for the following: - Land use management that promotes urban infill in the development of new public-funded housing areas; - Feasibility study on establishing intensive irrigation-fed agricultural enterprises at Shiloh and below the Oxkraal Dam.

MAIN NODES

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

CORRIDORS

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

ii. Special Development Areas

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

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

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

iii. Demography

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

(a) Number of households

NUMBER OF HOUSEHOLDS

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

According to the HSP (p. 33, section 4.5.1) the population size of Lukhanji has grown by an average of 1% per annum, and the population is estimated at 193917 people (in 2007). This is slightly lower than the figures derived from the Community Survey, which puts the population at 208081. The number of households is estimated at 47000, which is also lower than the figure presented by CS2007.

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

(b) Population group

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

POPULATION COMPOSITION

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

(c) Age Distribution by Gender (2007 Community Survey)

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

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

AGE DISTRIBUTION

MUNICIPALITY EC134							
		P_04 SEX					
		MALE		FEMALE		TOTAL	
		COUNT	COL N %	COUNT	COL N %	COUNT	COL N %
Age group	0-9	20615	21.1%	22806	20.7%	43421	20.9%
	10-19	26851	27.4%	24492	22.2%	51343	24.7%
	20-29	16207	16.6%	17616	16.0%	33823	16.3%
	30-39	12265	12.5%	13079	11.9%	25344	12.2%
	40-49	8927	9.1%	12340	11.2%	21267	10.2%
	50-59	5683	5.8%	7804	7.1%	13486	6.5%
	60-69	3865	3.9%	5202	4.7%	9066	4.4%
	70-79	2155	2.2%	4439	4.0%	6594	3.2%
	80-89	1238	1.3%	2190	2.0%	3428	1.6%
	90+	50	.1%	258	.2%	308	.1%
	Total	97856	100.0%	110225	100.0%	208081	100.0%

(d) Orphans under 18 and both father and Mother not Alive

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

ORPHANS

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

Using the CS2007 and by taking the age of the oldest household member, it is possible to derive which households are headed by persons under the age of 18. Below is a table showing us that 368 households in Lukhanji are headed by children (0.7% of the households). This data needs to be treated with caution, as some households in the CS2007 are consisting of 1 person and the oldest person is a baby of 0 years old. These children may be cared for in institutions, and seen as separate households. Therefore, the table probably slightly overestimates the number of child headed households, but is a good indication.

CHILD HEADED HOUSEHOLD

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

(e) Migration

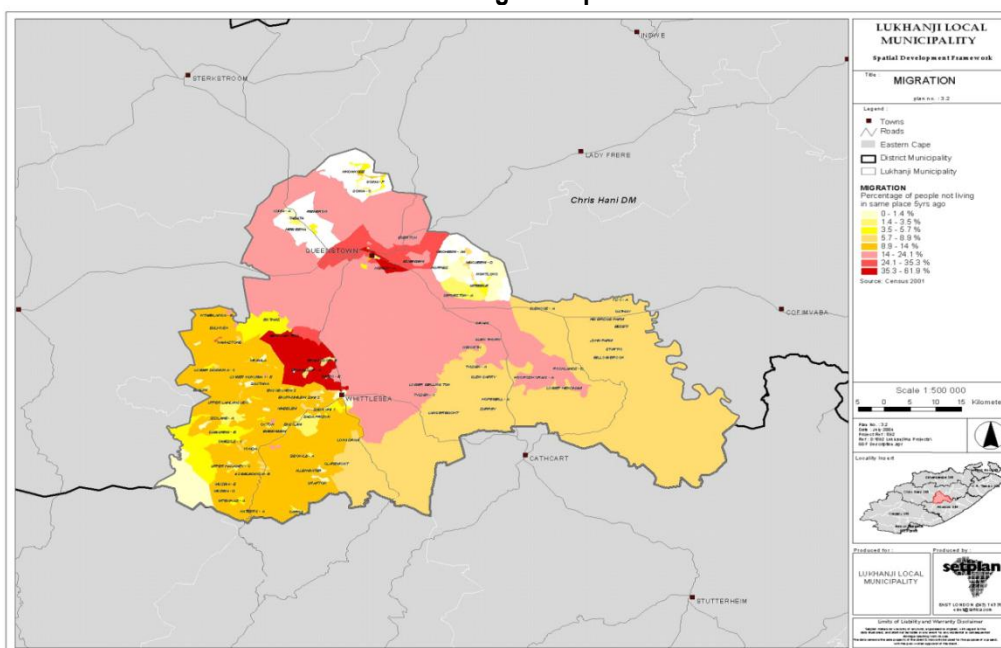
About two thirds of the people living in Lukhanji stayed in the same dwelling for at least 5 years prior to the 2007 Community Survey. About 22% (or 45261 people) had moved to their dwelling in the past five years. This figure indicates high movement, but it is unclear from this if people are moving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

SAME DWELLING IN THE PAST 5 YEARS

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

The following figure shows the migration patterns in the municipality.

Migration patterns



MIGRATION TRENDS

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

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

REGIONAL TO OTHER PROVINCES

MUNICIPALITY EC134			
		COUNT	COLUMN N %
P_18 Previous province	Western Cape	1392	3.1%
	Eastern Cape	39555	88.3%
	Northern Cape	278	.6%
	Free State	852	1.9%
	KwaZulu-Natal	758	1.7%
	North West	0	.0%
	Gauteng	1411	3.1%
	Mpumalanga	0	.0%
	Limpopo	246	.5%
	Outside RSA	330	.7%
	Don't know	0	.0%
	Total	44821	100.0%

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

1.1.5 Settlement Area Type

1.1.5.1 Settlement Type (from Census 2001)

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

SETTLEMENT TYPE

MUNICIPALITY EC134			
		COUNT	COLUMN N %
Area type	Sparse (10 or fewer households)	1062	2.4%
	Tribal settlement	8983	20.0%

	Farm	2235	5.0%
	Small holding	255	0.6%
	Urban settlement	24710	55.0%
	Informal settlement	7389	16.5%
	Recreational	0	0.0%
	Industrial area	16	0.0%
	Institution	239	0.5%
	Hostel	25	0.1%
	Total	44915	100.0%

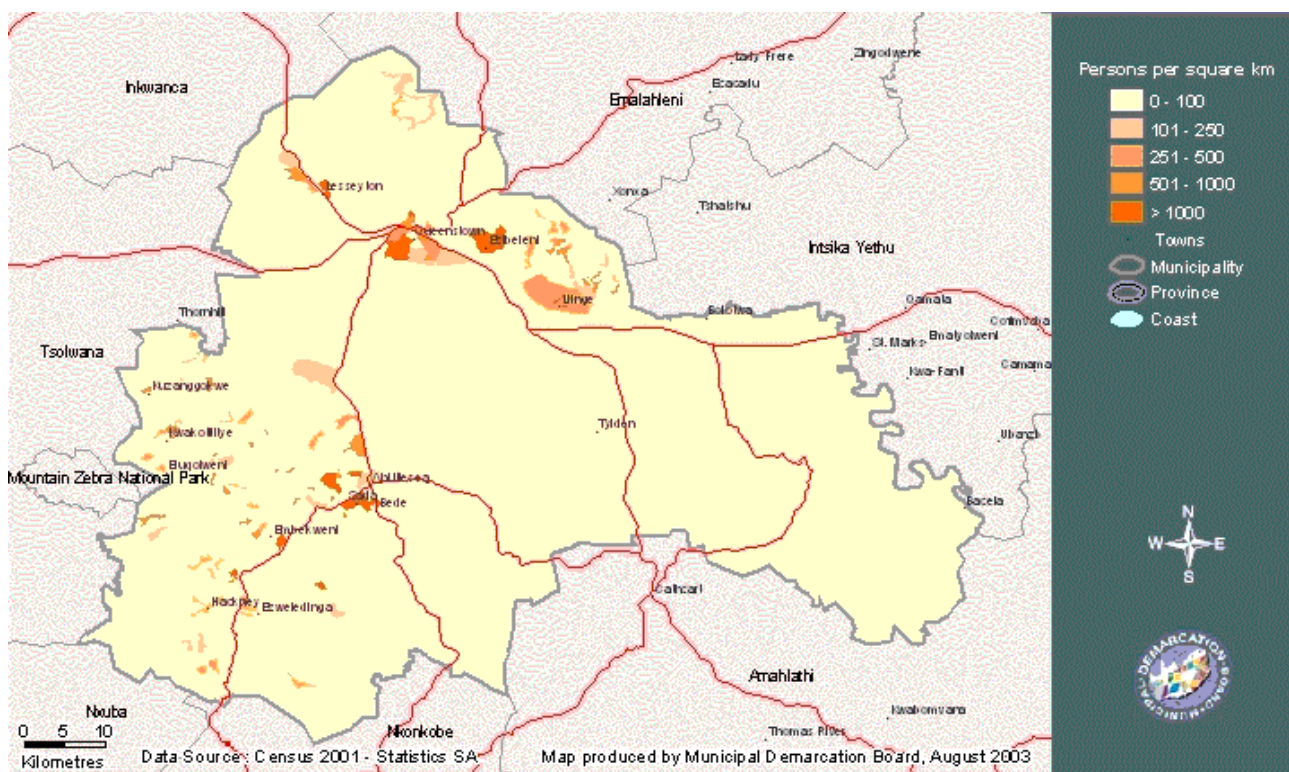
**Please note that 2001 municipal boundaries were used in the above table*

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

AREA TYPE C (FROM CENSUS 2001)

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

Population composition per area type



1.1.5.2 Settlement Type (from Census 2001, new demarcation)

1.1.5.3 Settlement Type (from 2006 Basic Services study)

1.1.6 Dwelling Types

The percentage of people living in formal housing on a separate stand is quite high, as 79.6% of the households (39542 households) live in such a dwelling. Only about 10% live in traditional dwellings (5166 households). Informal dwellings are occupied by about 3000 households. These informal dwellings are mainly freestanding informal dwellings, but about 671 households live in an informal dwelling in a backyard.

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

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

DWELLING TYPE

MUNICIPALITY EC134			
	DWELLING TYPE	AVERAGE NUMBER	AVERAGE NUMBER

		COUNT	COL N %	OF ROOMS MEAN	OF PEOPLE MEAN
Dwelling	House or brick structure on a separate stand or yard	39542	79.6%	3,8	4,0
	Traditional dwelling/hut/structure made of traditional material	5166	10.4%	2,9	3,9
	Flat in block of flats	1063	2.1%	2,1	2,2
	Town/cluster/semi-detached house (simplex)	0	.0%	.	.
	House/flat/room in backyard	343	.7%	2,3	2,3
	Informal dwelling/shack in backyard	671	1.4%	1,5	3,1
	Informal dwelling/shack NOT in backyard	2338	4.7%	1,8	2,6
	Room/flatlet NOT in backyard but on a shared property	274	.6%	1,4	2,4
	Caravan or tent	0	.0%	.	.
	Private ship/boat	0	.0%	.	.
	Workers' hostel (bed/room)	0	.0%	.	.
	Other	279	.6%	3,6	4,2
	Total	49675	100.0%	3,5	3,8

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

INCOME GROUP BY TYPE DWELLING TYPE

MUNICIPALITY EC134						
		INCOME GROUP BY DWELLING TYPE				
		R0- R1600	R1601- R3200	R3201- R6400	R6401- R12800	R12801 OR HIGHER
Type of main dwelling	House or brick structure on a separate stand or yard	20463	9225	3251	2098	4505
	Traditional dwelling/hut/structure made of traditional material	3814	1018	303	0	31
	Flat in block of flats	323	220	110	55	355
	Town/cluster/semi-detached	0	0	0	0	0

house (simplex, duplex, triplex)					
House/flat/room in backyard	176	56	55	0	56
Informal dwelling/shack in backyard	493	115	63	0	0
Informal dwelling/shack NOT in backyard e.g. informal/squatter settlement	1527	439	99	55	219
Room/flatlet NOT in backyard but on a shared property	219	55	0	0	0
Caravan or tent	0	0	0	0	0
Private ship/boat	0	0	0	0	0
Workers' hostel (bed/room)	0	0	0	0	0
Other	224	55	0	0	0
Total	27238	11182	3882	2207	5165

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

1.1.7 Informal housing

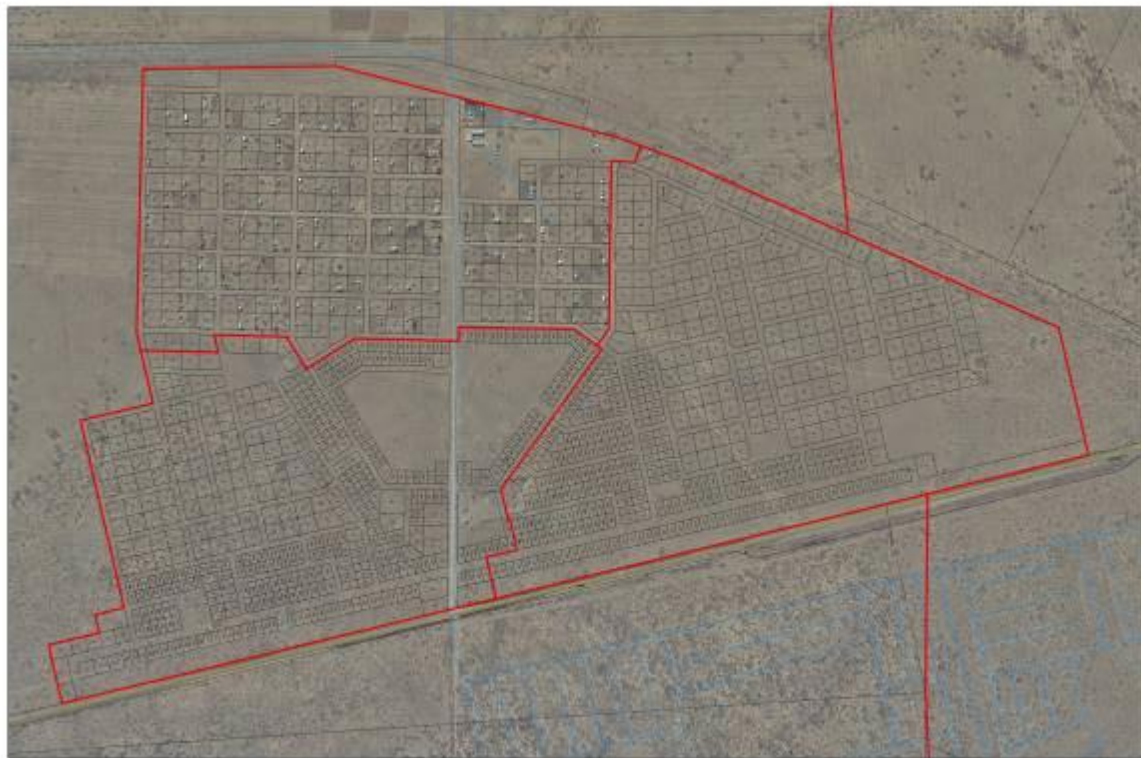
It is estimated that 3.2% of existing housing in Lukhanji are informal. These are largely concentrated in areas of Ilinge, Hewu, Mlungisi and Ezibeleni. The informal dwellings may refer to traditional.

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

MLUNGISI



THEMBANI: EXISTING AND PLANNED SETTLEMENT



1.1.8.3 Social grants

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

SOCIAL GRANTS

MUNICIPALITY EC134									
		P_24 ANY GRANT							
		YES		NO		DON'T KNOW		TOTAL	
		COUNT	ROW N %	COUNT	ROW N %	COUNT	ROW N %	COUNT	ROW N %
Age group	0-9	32537	75.3%	10321	23.9%	324	.8%	43182	100.0%
	10-19	14178	28.0%	35695	70.6%	718	1.4%	50591	100.0%
	20-29	1062	3.2%	31019	93.0%	1271	3.8%	33352	100.0%
	30-39	1173	4.7%	23006	92.4%	717	2.9%	24896	100.0%
	40-49	2374	11.3%	18167	86.5%	453	2.2%	20994	100.0%
	50-59	2967	22.3%	10094	75.8%	263	2.0%	13323	100.0%
	60-69	6702	74.7%	2204	24.6%	61	.7%	8967	100.0%
	70-79	6130	94.0%	395	6.0%	0	.0%	6524	100.0%
	80-89	3024	90.2%	327	9.8%	0	.0%	3351	100.0%
	90+	291	100.0%	0	.0%	0	.0%	291	100.0%
Total		70437	34.3%	131228	63.9%	3806	1.9%	205472	100.0%

1.1.8.4 Employment status (15-65 year olds)

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

EMPLOYMENT STATUS

MUNICIPALITY EC134

		P_04 SEX					
		MALE		FEMALE		TOTAL	
		COUNT	COLUMN N %	COUNT	COLUMN N %	COUNT	COLUMN N %
DERO 1 Empl yment status	Employed	16250	28.5%	13172	20.6%	29422	24.4%
	Unemploye d	15903	27.9%	19947	31.3%	35850	29.7%
	NEA	24845	43.6%	30688	48.1%	55533	46.0%
	Total	56998	100.0%	63807	100.0%	120805	100.0%

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

LOCAL EMPLOYMENT BY SECTOR IS AS FOLLOWS

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

Source: HSP 2009

1.1.8.5 Local Economy - GVA

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

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

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

o 2. HOUSING DEMAND PROFILE OF THE MUNICIPALITY

2.1 Analysis of Housing need

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

HOUSING NEED ANALYSIS

CATEGORY	ANALYSIS
Settlement Patterns:	<ul style="list-style-type: none"> The estimated population is 193 917 and consists of 47 000 households of whom 21% reside in rural villages and 16% in peri-urban settlements with 54% in urban settlements and 9% in farms. (LED 2008)The majority of underserved households with regards to water, sanitation, refuse; electricity and road network comes from these settlement areas and this poses a challenge for service infrastructure expansion and delivery of essential services.
Migration Patterns:	<ul style="list-style-type: none"> There is increasing migration from rural to urban areas and this phenomenon impacts housing demand in the municipality and needs to be factored into development plans of the municipality
High Dependency Ratio	<ul style="list-style-type: none"> Over 45% of the population is under 20 years of age and 9.3% over 60 years of age and this increases pressure on bread winners. Housing projects need to provide facilities for the youth and also ensure that the needs of elderly citizens are provided for). The high dependency level coupled with low levels of employment and low incomes is likely to worsen poor service payments thus contributing to a shrinking revenue base for the municipality.
Gender Distribution	<ul style="list-style-type: none"> There are over 12 000 more females than males which suggests high levels of out-migration of males to find employment in major cities(Cape Town, Durban and Johannesburg) with all the associated problems of single headed households, low levels of affordability, breakdown in social fabric and lack of labour skills for construction projects locally.
Orphaned Children:	<ul style="list-style-type: none"> Orphaned households amount to 3.7% of total households. Points to the need for special housing needs and the development of resource centres to support these children as part of housing projects
Affordability	<ul style="list-style-type: none"> Over 54.4% of the population rely on income of less than R1600.00 per month with another 22.5% earning between R1600- R3200 per month. A third depends on social grants. Housing projects need to be affordable, located close to or incorporate the development of social facilities to improve access to social grants for the recipients, provide employment opportunities and promote the sourcing of materials locally to improve local income and strengthen local income streams.
Employment:	<ul style="list-style-type: none"> Over 46% of the people are not economically active and 24.4% are classified as

CATEGORY	ANALYSIS
	<p>unemployed. Unemployment is higher amongst males than females. Housing projects need to make provision for local employment, source materials locally and provide training for women to participate in housing delivery.</p> <ul style="list-style-type: none"> • There are generally low levels of disposable income; therefore, low levels of affordability amongst the potential beneficiaries.
Infrastructure	<ul style="list-style-type: none"> • Poor road infrastructure and linkages between the rural settlement areas and the main economic centre of Queenstown. Road access is critical for the efficient delivery of materials and it will be necessary to apply for additional funds for improvement of road networks before the housing development can take place rapidly in • Poor sanitation with about 41.0% of household reported to have no form of sanitation. It is estimated that it was estimated in 2008 that approximately R 6 485 496 was required to address the sanitation backlogs • Housing / Residential infrastructure backlog – the identified housing and infrastructure backlog is a major challenge to the Municipality’s ability to develop the required supportive infrastructure in a sustainable manner. The backlog for electricity household connections is estimated by RSS survey of 2006 and that approximately R 28 million was required to address urban backlogs.
Other	<ul style="list-style-type: none"> • Local Municipality personnel, contractors and other stakeholders are under capacitated. • Poor Project Management. • Lack of compliance with contractual agreements. • Lack of municipal representation/consistent monitoring on construction site(s). • Lack of civil and social infrastructure (Roads, Water and Sewerage reticulation) to address housing demand both in urban and rural areas. • Lack of potable water which has been the main hindrance for the past 3 years. • Inefficient project data capture

2.2 Expressed Housing Needs/ Backlog

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

2.3.1 Housing Demand Lukhanji IDP and SDF Context

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

HOUSING DEMAND IDP CONTEXT

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

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

HOUSING WAITING LIST: CONTEXT 2009

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

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

HOUSING NEED ANALYSIS

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

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

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

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

2.3.2 Housing Demand Provincial Context

OUTCOME AIM HOUSING DEMAND TARGETS

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

2.3.3 Military Veterans

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

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

Military veterans

2.4 Land Requirement for Future Development

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

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

- Portions of the land set aside for housing is still owned by the State and there is long land acquisition processes involved through the Department of Land Affairs (DLA).
- There is a small portion of privately owned land at Ilinge set aside for housing development needs to be purchased for that purpose and this will have financial implications.

- Some parcels of land within the municipality (e.g. Emadakeni near Sada), is subject to Restitution Claims and these processes retard housing delivery process if they are not managed to a successful conclusion.
- There are portions of rural land where authorization in terms of Subdivision of Agricultural Land Act (Act 70 of 1970) as well as EIA exemptions are required. The processes involved are time consuming and lead to duplication in activities and increase in costs.

3. SUPPLY

3.1 Land Ownership and Supply

3.1.1 General

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

3.1.2 Strategic Land Parcels

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

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

PUBLIC FUNDED HOUSING DEVELOPMENT AREAS: GREATER WHITTLESEA

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

ERVEN FOR ALIENATION OF LEASE FOR RESIDENTIAL DEVELOPMENT

AREA	ERVEN	COMMENT
Molteno Road	5761-57	<ul style="list-style-type: none"> • That the erven be sold to one person/ developer/ legal entity • That the erven be sold to one per person to first time land/ home owners
Queenstown	5764-63	
Sussex Road	5767-56	
Queenstown	5768-58	
	5771-64	
	5773-68	

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

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

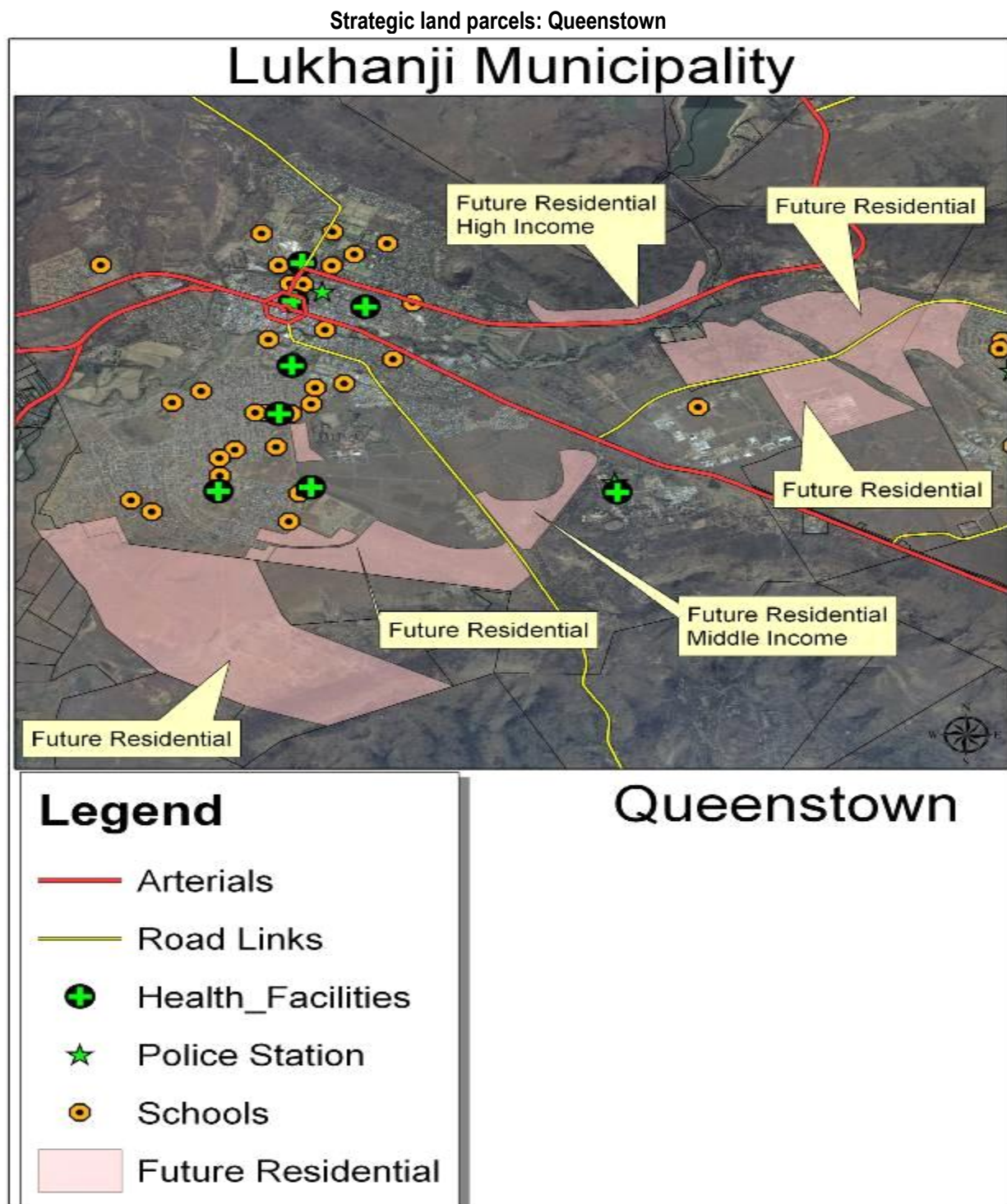
PUBLIC FUNDED HOUSING DEVELOPMENT AREAS: GREATER QUEENSTOWN

AREA	SURFACE AREA HECTARES	POTENTIAL NUMBER OF DWELLING UNITS (16 Units/ Ha)	TOTAL (CUMULATIVE)
NEW RATHWICK			
LU1	628.1	10 050	10 050
MLUNGISI INFILL AREAS			
LU2	13.1	210	210
LU3	20.6	330	540
LU4	10.8	173	713
LU5	90.5	1448	2161
EZIBELENI WEST INFILL AREAS			
LU6	81.41	1303	1303
LU7	24.02	384	1687
LU8	121.59	1945	3632
LU9	50.5	808	4440
LU10	27.57	441	4881
LU11	82.54	1321	4881
Total	1060 .02 Ha		
TOTAL NR. OF RESIDENTIAL UNITS @ 16 UNITS/ HA			18 413

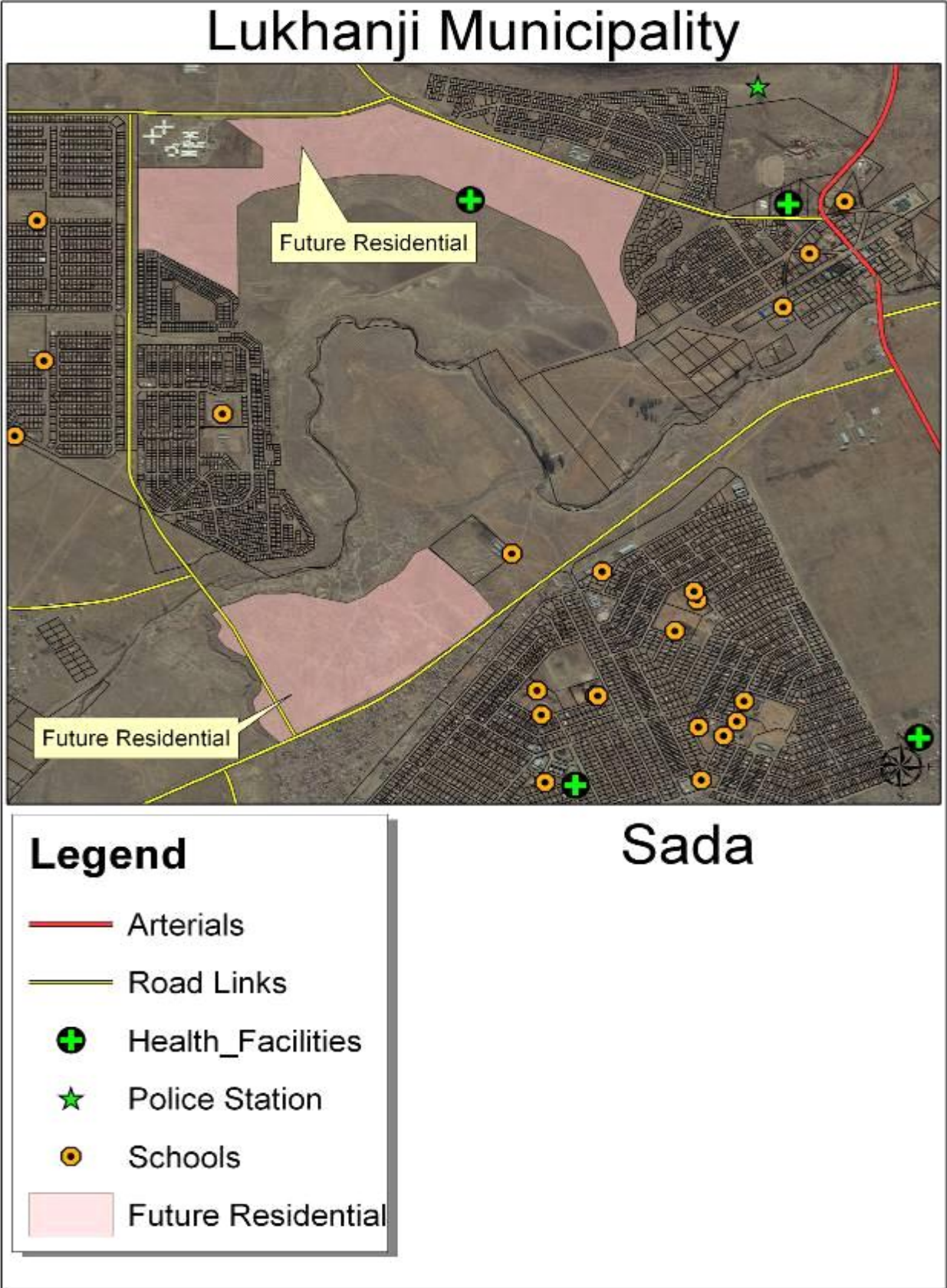
In addition the Municipality has also identified land where infill and increased densification will be pursued. The two areas identified for public-funded residential development are indicated below:

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

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



Strategic land parcels: Sada



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

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

3.1.4 Land Ownership in Urban Centres

3.1.5 Land Reform

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

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

3.1.6 Land Potential and Constraints

Land issues identified in the HSP 2008 include the following:

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

3.1.7 Land Availability Summary

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

3.2 Municipal Infrastructure

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

- 88.7% of households in the area has access to electricity

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

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

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

3.2.1 Access to Piped Water

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

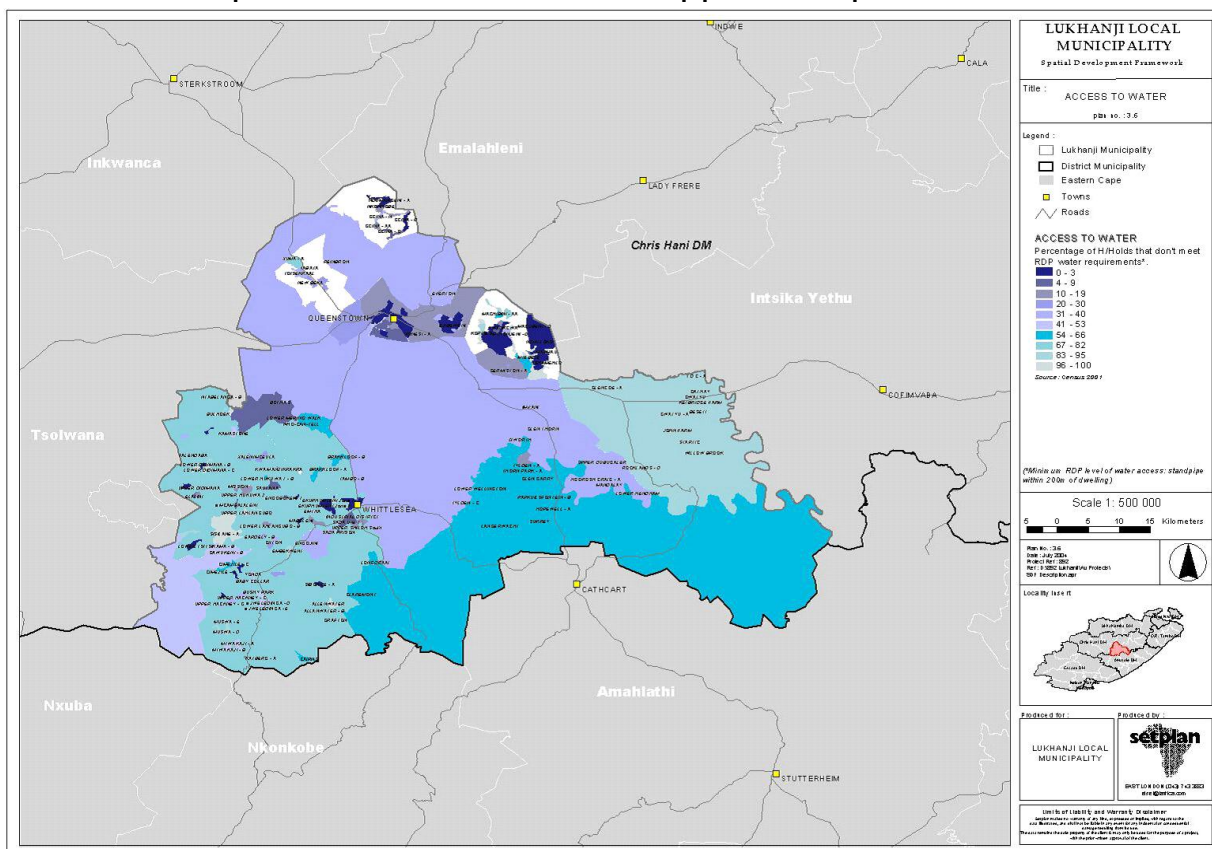
ACCESS TO PIPED WATER

		MUNICIPALITY EC134					
		ACCESS TO PIPED WATER					
		YES		NO		TOTAL	
		COUNT	ROW N %	COUNT	ROW N %	COU NT	ROW N %
Type of main dwelling	House or brick structure on a separate stand or yard	39170	99.1%	372	.9%	39542	100.0%
	Traditional dwelling/hut/structure made of traditional material	4943	95.7%	223	4.3%	5166	100.0%
	Flat in block of flats	1063	100.0%	0	.0%	1063	100.0%
	Town/cluster/semi-detached house (simplex, duplex, triplex)	0	.0%	0	.0%	0	.0%
	House/flat/room in backyard	343	100.0%	0	.0%	343	100.0%
	Informal dwelling/shack in backyard	671	100.0%	0	.0%	671	100.0%
	Informal dwelling/shack NOT in backyard e.g. informal/squatter settlement	1839	78.7%	499	21.3%	2338	100.0%
	Room/flatlet NOT in backyard but on a	274	100.0%	0	.0%	274	100.0%

MUNICIPALITY EC134						
	ACCESS TO PIPED WATER					
	YES		NO		TOTAL	
	COUNT	ROW N %	COUNT	ROW N %	COU NT	ROW N %
shared property						
Caravan or tent	0	.0%	0	.0%	0	.0%
Private ship/boat	0	.0%	0	.0%	0	.0%
Workers' hostel (bed/room)	0	.0%	0	.0%	0	.0%
Other	279	100.0%	0	.0%	279	100.0%
Total	48581	97.8%	1094	2.2%	49675	100.0%

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

Proportion of Household who do not meet piped water requirement



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

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

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

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

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

HOUSEHOLD ACCESS TO WATER SUPPLY

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

Source: ECSECC, 2007 & SSA Community Survey, 2007

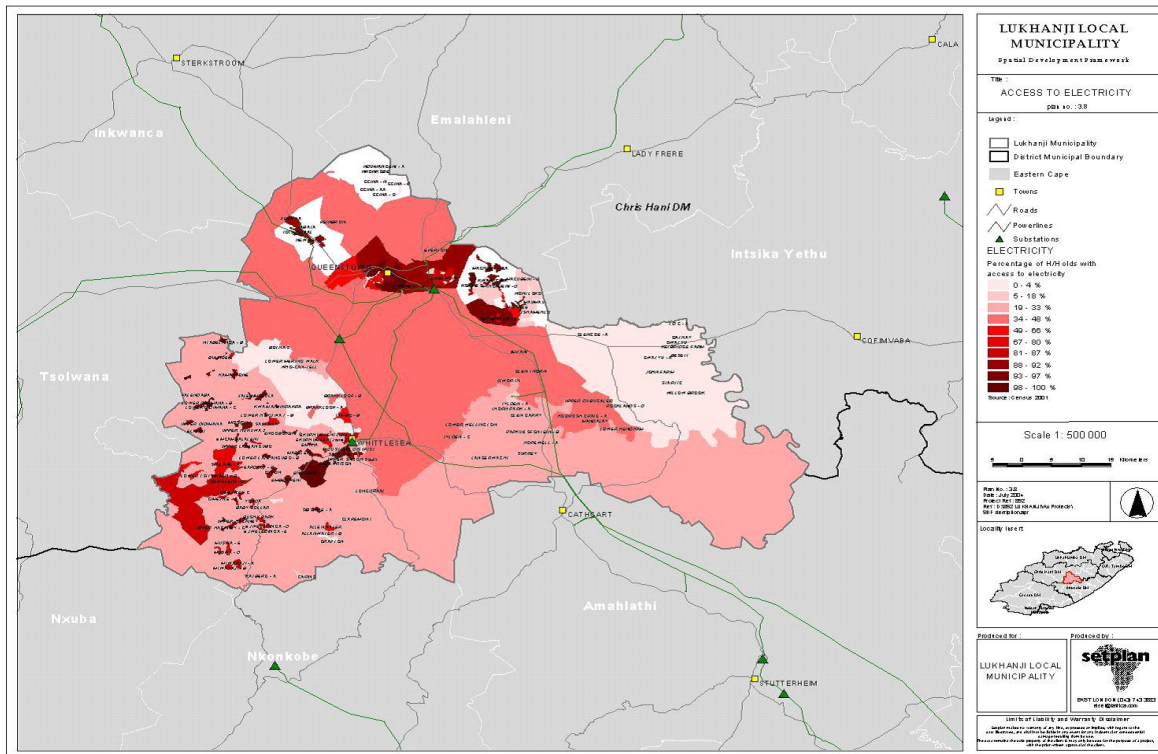
According to the CHDM WSDP (2006), a substantial backlog in water infrastructure exists to the tune of R66 569 326. This is the third highest backlog in the CHDM

3.2.2 Access to Electricity

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

The figure below shows electricity reticulation in the municipality.

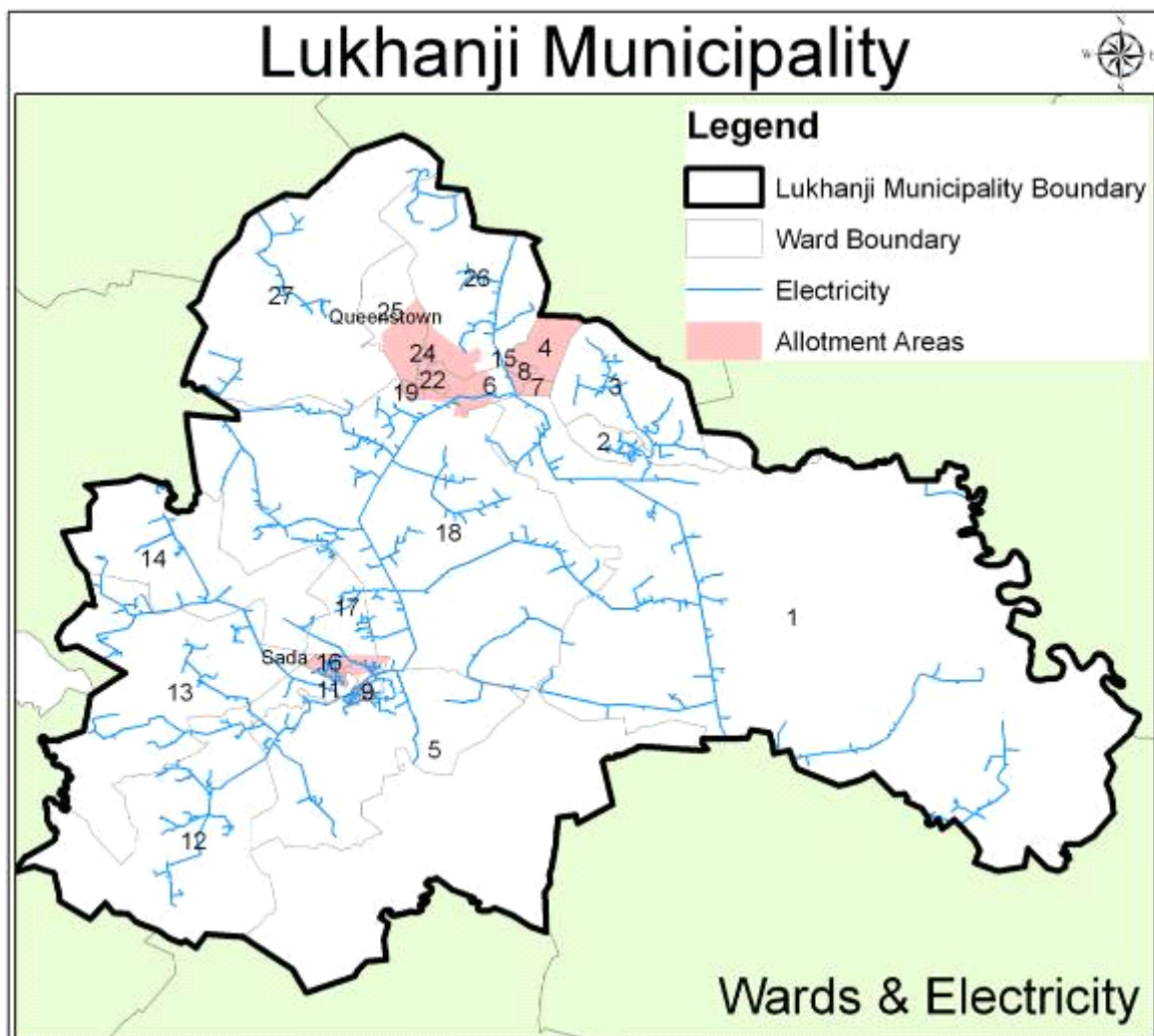
Electricity Distribution



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

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

Electricity distribution network



3.2.3 Level of Sanitation

The primary sanitation infrastructure in the Municipality is located in

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

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

HOUSEHOLD ACCESS TO SANITATION

Type	Census 2001 (%)	RSS (2006)	Community Survey
------	-----------------	------------	------------------

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

Source: ECSECC, 2007

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

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

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

3.2.4 Refuse Collection

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

According to recent statistics about 70% of households have access to weekly refuse removal service. These are households in the township and town areas who have access to door-to-door refuse collection services. The solid waste is taken to a licensed disposal site in the North West of Queenstown. Approximately 21% of the households receive regular but ad-hoc collections from the municipality. About 9% of the households are underserved most of which are citizens that live in peri-urban informal and rural areas.

3.2.5 Roads and Storm water

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

- Queenstown: 95% of the roads are surfaced and in poor to fair condition. The rest are gravel roads in a fair to poor condition.
- Mlungisi: 20% of the roads are surfaced and in a fair condition. 55% is gravel from fair to poor quality. The rest are graded roads

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

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

3.2.6 Rail

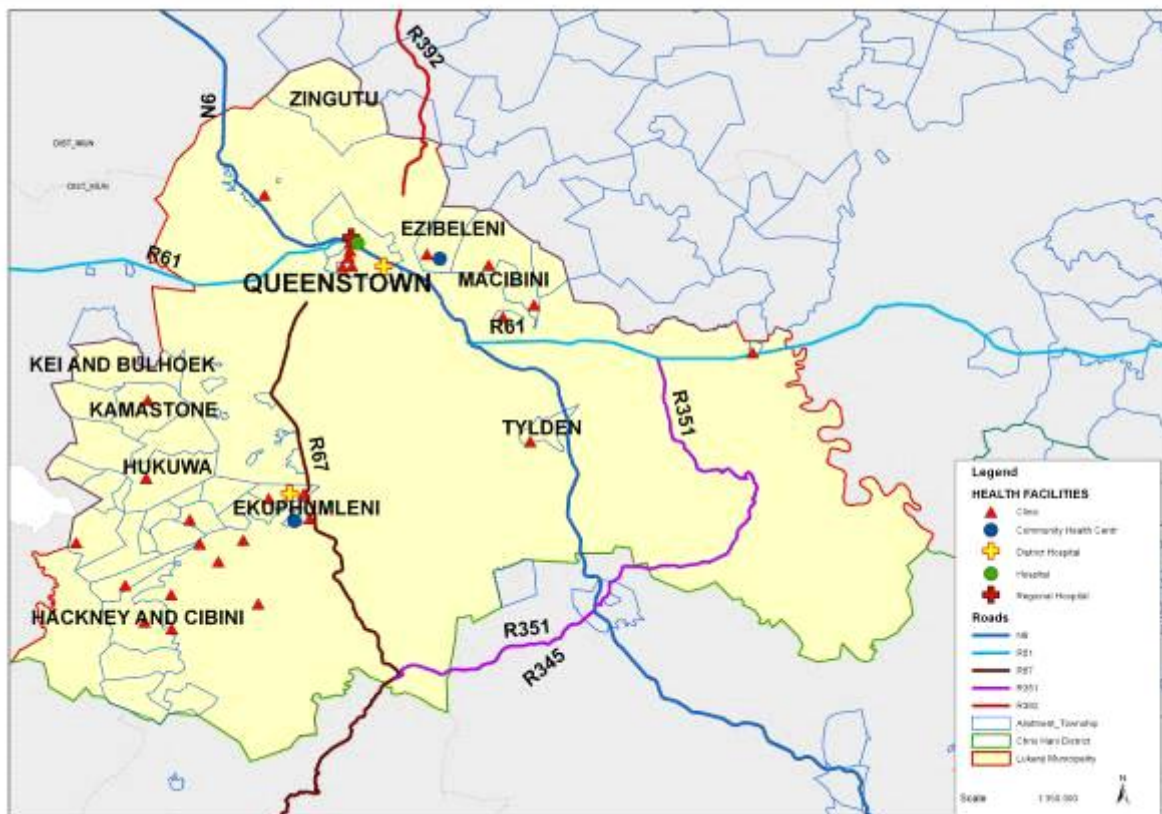
The following railway line exists within the Lukhanji Municipal area:

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

3.2.7 Social Infrastructure

3.2.7.1 Health Facilities

Health Facilities

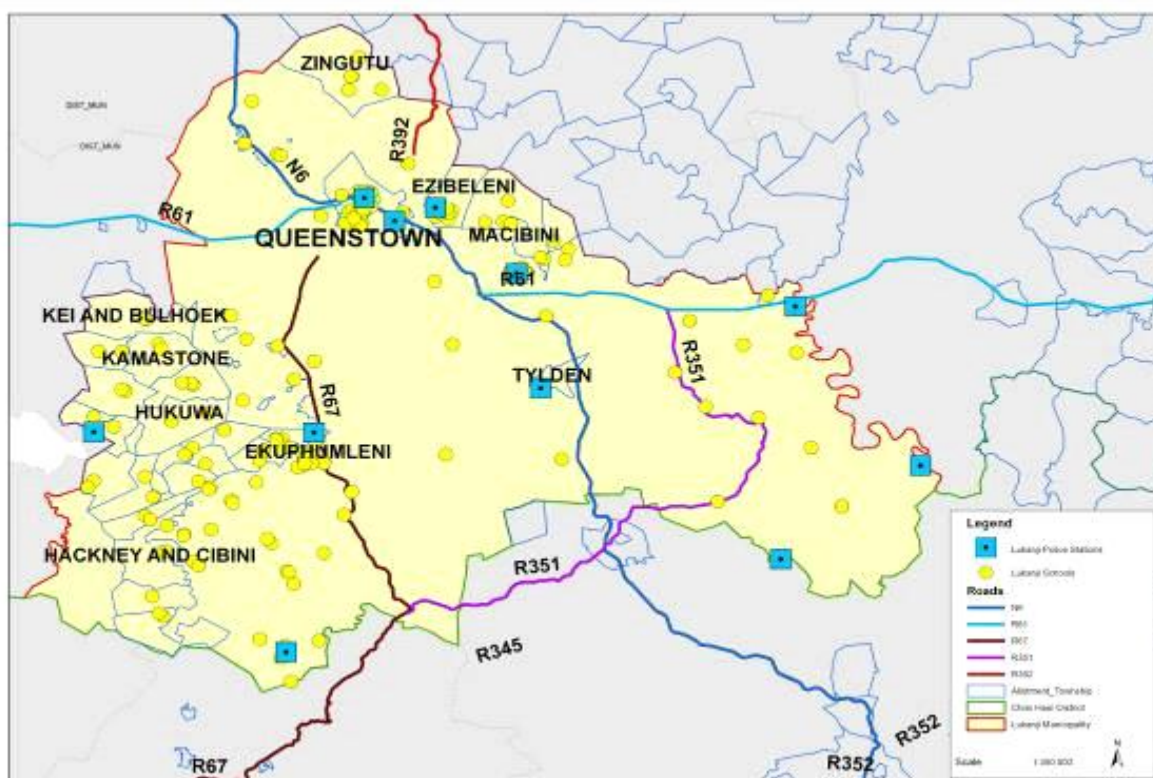


Primary health is a competence of the Provincial Department of Health. Chris Hani DM is responsible for municipal health. There are four main parties that provide health facilities in the study area namely, Department of Health, Chris Hani District Municipality, Lukhanji Municipality and Private institutions.

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

3.2.7.2 Education and Security Facilities

Police and Schools



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

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

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

4. HOUSING SUPPLY ANALYSIS

4.1 General

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

4.2 Housing Mandate

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

4.3 Organisational Structure and Institutional Capacity

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

HOUSING TASK TEAM

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

Source: HSP 2008

4.4 Capacity to Manage Housing Delivery

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

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

4.5 Stakeholder Analysis

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

STAKEHOLDERS

STAKEHOLDER	MUNICIPAL NEED	CURRENT RELATIONSHIP	HOW TO INFLUENCE STAKEHOLDER	PRIORITY LEVEL
Province - Housing	Land MIG Strategic Planning Subsidies Project packaging Project Management Capacity building	Project Management Subsidy administration	MOU to map out support and funding commitment	High
DBSA	Project Management Support	None		
SALGA – Housing unit	Project Management Support/PRT's	None		
HDA	Land identification and feasibility studies	None	Formalise request for a partnership	Medium
Municipality-	Town planning: Land	Provides land,	Formalised institutional	High

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

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

4.6 Institutional Arrangements

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

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

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

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

4.7 Challenges facing Housing delivery

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

- There is no dedicated Housing Unit
- Incompetent contractors leading to housing having to be rectified.
- Use of RDP houses for business shops/renting
- The demand for houses in the area is increasing on a monthly basis. The backlog needs to be addressed vigorously, and additional funding for additional houses should be allocated to the Municipality.
- Slow disbursement of funds by the PDoH creates a rift between the contractors/service providers and the local authorities.
- Delays in completing geo-technical investigations, surveys and EIA's
- The SDF to be reviewed.
- The municipality does not stream-line special needs in housing allocation as required by Outcomes 8.

4.8 Strategic Development Priorities

- The municipality to establish a Housing Unit.
- A need to review the Spatial Development Framework Plan.
- The Rectification Program in the municipality needs to be speeded up. Houses build before 1994 and after 1994 and dilapidated/fallen houses needs to be assessed urgently in order to submit an application for funding to the Department of Human Settlements.

- Strategic approach in dealing with other applicable application processes such as EIA's, geotechnical studies.
- The municipality to facilitate the registration of Emerging Building Contractors with the NHBRC and provide necessary training to prevent poor workmanship.
- Awareness campaigns to be conducted in the communities regarding Land Use Management to avoid illegal occupation of land, illegal dumping, illegal construction of properties;

4 Previous Housing Delivery Performance

5. PROJECTS

5.1 Completed Projects

PROJECT NAME	PROJECT TYPE	NO. UNITS
Ezibeleni 251	Project Linked	251
Nomzamo 337	IRDP	337
Sabata Dalidyabo 2 - 450	PHP	450
Thambo Village 2 – 490	PHP	490
Total		1528

5.2 Completed and Current Projects

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

The municipality has recorded the following projects as completed projects:

COMPLETED PROJECTS

PROJECT NAME	PROJECT TYPE	NO. UNITS
Ezibeleni 251	Project Linked	251
Nomzamo 337	IRDP	337
Sabata Dalidyabo 2 - 450	PHP	450
Thambo Village 2 – 490	PHP	490
Total		1528

The following projects were presented as planned and current housing projects in the Lukhanji Housing Sector Plan 2007

HOUSING PROJECTS SCHEDULE-2007 HSP

Project Name	Project Type	No of Sites	Comment
Brakkloof	Project Linked	400	
Lesseyton	Project Linked	400	

Project Name	Project Type	No of Sites	Comment
Toitsekraal	Project Linked	360	
Zola	Project Linked	380	
Xuma	Project Linked	110	
Quality Coffins	PHP	18	
Sada Wooden / Zink Structures	In Situ Upgrade	300	
Ilinge Wooden / Zink Structures	In Situ Upgrade	300	
Sabata Dalindyabo Ph II	Project Linked	500	
New Rathwick Ph I	Project Linked	500	
New Rathwick Ph II	Project Linked	500	
White City	Project Linked	200	
Whittlesea Ext 2 Ph I	Project Linked	500	
Whittlesea Ext 2 Ph II	Project Linked	500	
Whittlesea Ext. 3	Project Linked	300	
Tylden Ph II	Project Linked	200	
Ezibeleni Ph III	Project Linked	2000	
All current projects (See Table 4.15)		1050	
Total		7468	

OVERALL PROJECT SCHEDULE (PLANNED AND CURRENT PROJECTS)

PROJECT NAME	PROJECT NUMBER(IF AVAILABLE)	PROJECT TYPE	NUMBER OF SITES
Ezibeleni 251		Project Linked	251
Nomzamo 337		IRDP(Completed)	337
Brakkloof	C09030004/1	IRDP (Rural Construction -)	281
Zola	C09060005/1	IRDP (Rural- Construction)	225
Toisekraal	C09060009/1	IRDP (In situ Construction -)	364
Quality Coffins 18	C06010016/1	IRDP (In situ- Planning)	18
Ilinge 1156	C09090005/1	IRDP (In situ-Construction)	-
Nomzamo 337	C06010016/1	IRDP (In situ)	337
Xuma	C09060010/1	IRDP (In situ Construction -)	126
Queenstown		PHP	200
New Rathwick		IRDP	3000
Lukhanji Military Veterans	C06010016/1	Military Veterans-IRDP	200
Queenstown		Rectification	1421

PROJECT NAME	PROJECT NUMBER(IF AVAILABLE)	PROJECT TYPE	NUMBER OF SITES
Whittlesea	C09090007/1	Rectification	754
Queenstown		Rectification	405
Ilinge 1012		Rectification	20
Ilinge 405	C09090005/1	Rectification	33
Ezibeleni 1421		Rectification	190
Imvani 145		Rectification	145
Thambo Village	C01100004/1	PHP (New Project- Construction (Transfers)	990
Mcbride Village 678	C03040005/1	Rural Project- Construction (Transfers)	678
Who-Can-Tell 708	C03040007/1	Rural Project -Construction (Transfers)	708
Poplar Groove 308	C03060002/1	Rural Project- Construction (Transfers)	308
Merino Walk 274	C03040006/1	Rural Project- Construction (Transfers)	274
Ensam 247	C03040004/1	Rural Project- Construction (Transfers)	247
Imvani Rural	C03020001/1	Rural Project- Planning	160
Sada wooden/Zinc 1000		In-Situ Upgrading-Planning	1000
Zwartwater 1000 rural		Rural Project	0
Lubisi 1000 rural		Rural Project	300
Bothas Hoek 93	C03040003/1	Construction (Transfers)	93

The table above illustrates the department's overall project list (planned and current projects) for the Lukhanji municipality: In addition to the above, the Lukhanji Municipality also has a number of rectification and blocked housing projects currently underway. The following sections provide a status update on the status quo of these.

5.3 Rectification Projects

The DoHS has made a commitment of more than R50 million towards the following projects within the Municipality. The municipality has the following projects lined up for rectification.

RECTIFICATION PROJECTS

PROJECT NAME	NO OF SITES	BUDGET
Toisekraal	364	R5 900 000
Zola	225	R 7 100 000
Xuma	126	R3 100 000
Queenstown		
• COMDEV	• 3021	• R630 000
• Consolidated PHP	• 521	• R0
• Ezibeleni P1	• 251	• R5 460 000
• Imvani Rural	• 160	• R4 550 000
• Ilinge	• 1156	• R10 500 000
• Enkululekweni – R/I 1	• 541	• R105 000
• Ezibeleni Ext: Ph 2 –R/L 1	• 700	• R12 740 000
Whittlesea - Madakeni	300	R8 400 000
Total	7065	R50 085 000

It is not clear which projects fall under the Pre/Post 1994 rectification programme. The Municipality needs to provide detailed information in order to ascertain the project programme as well as the status quo of these projects.

5.4 Challenges on Projects

The reasons given for blocked projects in the HSP 2008 include price escalation which is exacerbated by further delays, poor workmanship, shortage of funds, lack of skilled labour, theft of material and labour disputes.

5.5 Blocked Housing Projects

The following projects are recorded as blocked projects within the municipality. However there is no detailed information provided with regard to the reasons for the projects being blocked. The total number of units (sites) at 4454 is very high and as the reasons for the projects being blocked have not been provided it is not possible to recommend appropriate strategies at this stage to address the blockages.

PROJECT NAME: QUEENSTOWN TYPE: PHP NO. OF UNITS: 990

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	

Reasons for Blocked Project:

PROJECT NAME: QUEENSTOWN TYPE: PHP NO. OF UNITS: 337

	Y/ N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	

Reasons for Blocked Project: (To be obtained from Lukhanji)

PROJECT NAME: ILINGE TYPE: PHP NO. OF UNITS: 1156

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	

Reasons for Blocked Project: (To be obtained from Lukhanji)

PROJECT NAME: MERINO WALK TYPE: PHP NO. OF UNITS: 274

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	

Draft 1: (2nd) IDP Review 2014- 2015

• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: BOTHA'S HOEK TYPE: PHP NO. OF UNITS: 93

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: ENSAM TYPE: PHP NO. OF UNITS: 247

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: PORPLAR GROOVE TYPE: PHP NO. OF UNITS: 308

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	

• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: WHO CAN TELL TYPE: PHP NO. OF UNITS: 708

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (To be obtained from Lukhanji)					

PROJECT NAME: MC BRIDE VILLAGE TYPE: PHP NO. OF UNITS: 678

	Y/N	COMMENT	ADEQUATE		IF NO - AMOUNT REQUIRED
• Agreement Signed			YES	NO	
• Township Established / Valid			YES	NO	
• ROD Available / Valid			YES	NO	
• GP Registered			YES	NO	
• Engineering Design in place			YES	YES	
• Top Structures			YES	NO	
• Conveyancing / Hand Over			YES	NO	
Reasons for Blocked Project: (990 outstanding transfers)					

5.6 Cash Flow Projections: Current Housing Projects

PROJECT TYPE	PROJECT NAME	NO. OF SITES	BUDGET R '000	TOWNSHIP ESTABLISH	COMMENTS
IRDP (Rural)	Brakkloof	281	-	Yes	
IRDP (Rural)	Zola	225	-	Yes	
IRDP (In situ)	Toisekraal 364	121	R32 644	-	
IRDP (In situ)	Quality Coffins 18	-	R 1 662		
IRDP (In situ)	Ilinge 1156	-	-	-	
IRDP (In situ)	Nomzamo 337	337	R19 828	Construction	Project affected by non cooperation of Municipality to submit beneficiary list on 51 outstanding approvals. Poor performance by contractor on site and letter of default already issued.
IRDP (In situ)	Xuma	126	-	Yes	
PHP	Queenstown	200	-	Yes	
IRDP	New Rathwick	3000	-	No	
IRDP	Lukhanji	200	-	No - Planning (ROD)	Awaiting ROD approval by DEDEAT
Rectification	Queenstown	1421	-	Yes	
Rectification	Whittlesea	754	-	Yes	
Rectification	Queenstown	405	-	Yes	
Rectification	Ilinge 1012	20	-	GF/In-situ	
Rectification	Ilinge 405	33	R30 771		
Rectification	Ezibeleni 1421	190	R107 964		
Rectification	Imvani 145	145	R3 944		
PHP	Thambo Village	990	R31 835	Houses Completed	990 outstanding transfers
Rural Project	Mcbride Village 678	687	R20 075	Houses Completed	678 outstanding transfers
Rural Project	Who-Can-Tell 708	708	R21 317		
Rural Project	Poplar Groove 308	308	R8 993		
Rural Project	Merino Walk 274	274	R8 072	Houses Completed	274 outstanding transfers
Rural Project	Ensam 247	247	R 7 224		
Rural Project	Bothashoek 93	93	R 2 848		

DOHS PROJECT LIST

Project Number	Project Name/Description	Status	Status			Number of Sites Planned	Number of Houses Planned	Rectification or repairs	Appropr amount tot R'
			GF /In situ	Bl ocked	W I P				
tck - Pre-1994			1	0	0	0	0	20	
	Ilinge - 1012	Planning	X			0	0	20	
tck 1994-2002			1	0	3	0	0	333	1
C09090007/1	Whittlesea Ext 4 - 754	Construction			X	0	0	110	
	Whittlesea Ext 4 - 754	Duplicate				0	0	0	
C09090005/1	Ilinge 405	Construction			X	0	0	33	
C09090004/1	Ezibeleni 1421	Construction			X	0	0	190	1
C03020001/1	Imvani 145	Planning	X			0	0	0	
idies serviced (housing units)			0	0	1	0	0	0	
C97040002/1	Ezibeleni 251	Completed			X	0	0	0	
roach planning & services			6	0	0	0	0	0	
C09060005/1	Zola 225	Only budgeted under 2.2c	X			0	0	0	
C09030004/1	Braakloof 281	Only budgeted under 2.2c	X			0	0	0	
C09060010/1	Xuma 126	Only budgeted under 2.2c	X			0	0	0	
C09060009/1	Toisekraal 364	Only budgeted under 2.2c	X			0	0	0	
C09060009/1	Quality Coffins 18	Only budgeted under 2.2c	X			0	0	0	
C09060009/1	Lukhanji 200 - Military Veterans	Only budgeted under 2.2c	X			0	0	0	
roach top structure(informal settlements)			3	0	6	833	427	0	1
C09030004/1	Braakloof 281	Construction			X	161	84	0	
C09060009/1	Toisekraal 364	Construction			X	121	40	0	
C09060005/1	Zola 225	Construction			X	225	55	0	
C09060010/1	Xuma 126	Construction			X	126	30	0	
C06010016/1	Nomzamo 337	Completed			X	0	0	0	
C06010016/1	Nomzamo 337	Planning	X			0	178	0	
C06010016/1	Quality Coffins 18	Planning	X			0	0	0	
C09090005/1	Ilinge 1156	Construction			X	0	0	0	
C06010016/1	Lukhanji 200 - Military Veterans	Planning	X			200	40	0	
mitments(excluding blocked projects)			0	0	3	0	0	0	
C01100004/1	Thambo Village 990	Construction (Transfers)			X	0	0	0	
rammes			0	0	6	0	0	0	
C03040005/1	Mcbride Village 678	Construction (Transfers)			X	0	0	0	
C03040007/1	Who-Can-Tel 708	Construction			X	0	0	0	

Project Number	Project Name/Description	Status	Status			Number of Sites Planned	Number of Houses Planned	Rectification or repairs	Appro pro amou tot R'
			GF /In situ	Bl oc ked	W I P				
		(Transfers)							
C03060002/1	Poplar Grove 308	Construction (Transfers)			X	0	0	0	
C03040006/1	Merino Walk 274	Construction (Transfers)			X	0	0	0	
C03040004/1	Ensam 247	Construction (Transfers)			X	0	0	0	
C03040003/1	Bothas Hoek 93	Construction (Transfers)			X	0	0	0	
Total for Lukhanji Municipality			11	0	19	833	427	353	4

5.7 INTEGRATION

3.1 Cross-sector/other sector project dependencies and alignment issues

3.2 Spatial Development Framework

The following Spatial Development Priorities are gleaned from the Lukhanji IDP 2011/16;

- Focus in the **rural settlement** and on setting a programme of **local planning** that should inform the establishment of **appropriate institutional arrangements** to oversee and manage land use decisions in these areas. The object being to minimise settlement sprawl and ensure wise land use practises to prevent further land degradation in these areas.
- **Consolidate and integrate spatial development** by developing land in proximity to public transport and existing services.
- **Develop infill areas** within fragmented settlements.
- Institute a **program of monitoring** settlement formation in urban areas.
- Support **Land Reform and Settlement Development** programme by identifying zones of opportunity for land development.

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

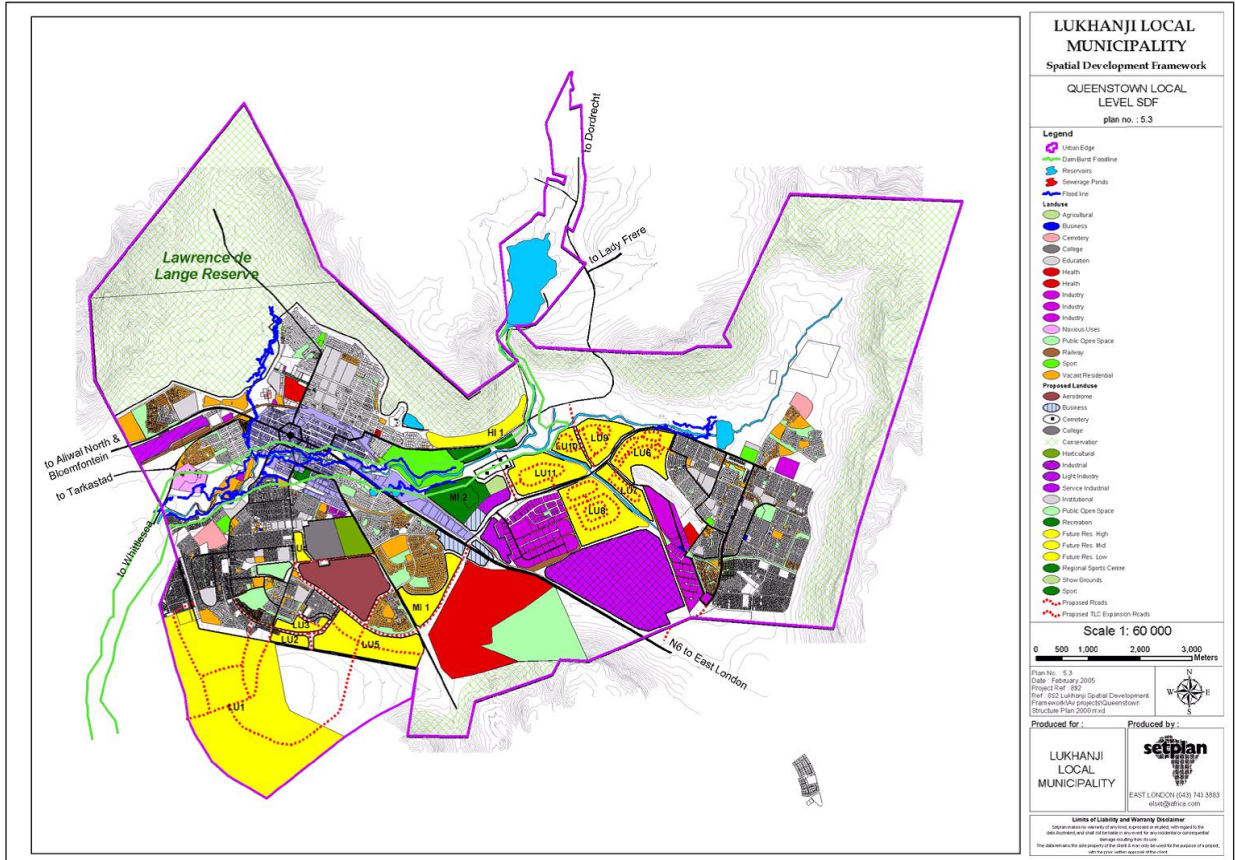
The following projects are highlighted in the Lukhanji SDF and IDP as Land Use related projects that are believed to have an influence on housing delivery within the municipality.

LAND USE PROJECTS: SDF

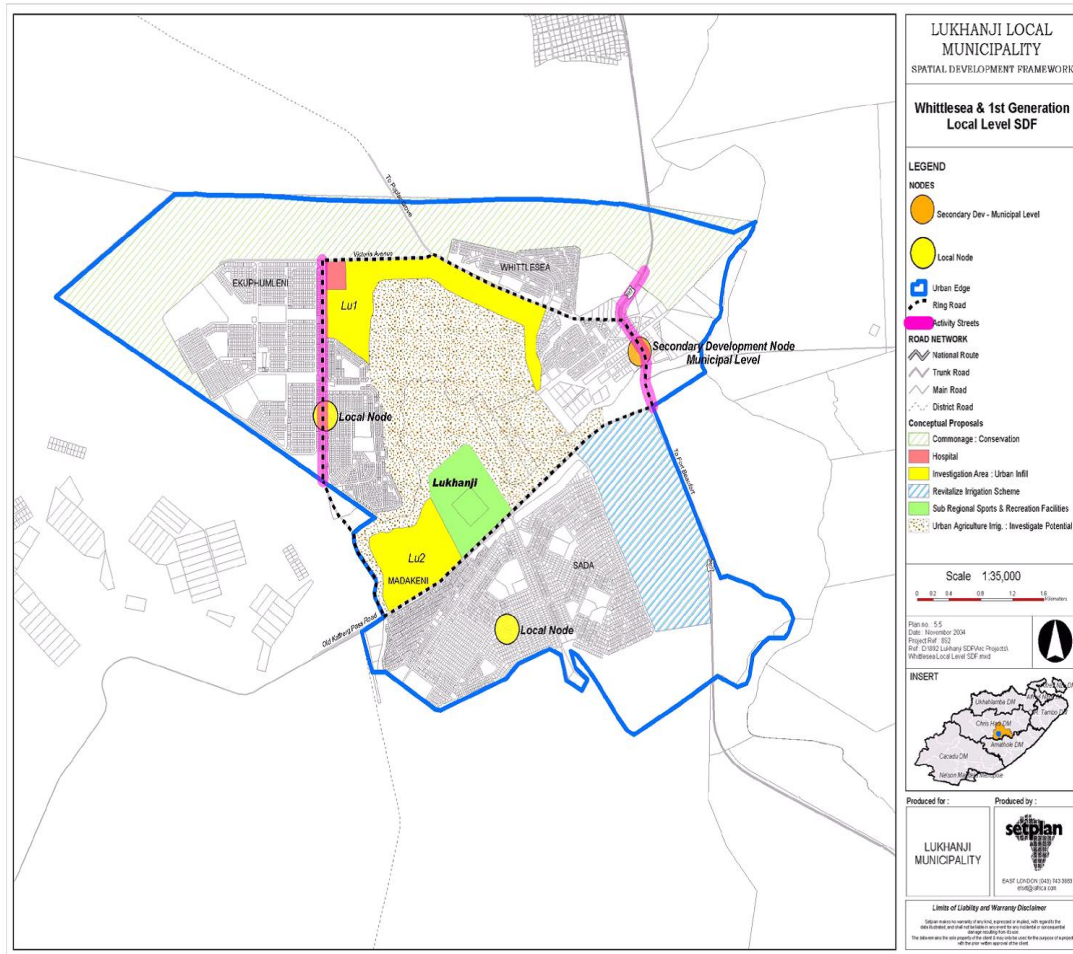
FOCUS AREA	COMMENT
Implementation of first generation Integrated Zoning Scheme for Greater Queenstown area	This project is needed to put in place a more functional Zoning Scheme to enhance the Municipality's performance of its land use regulation role.
Conversion of Township Establishment Status of: - a. Ezibeleni b. Sada c. Ekuphumleni	<ul style="list-style-type: none"> This project will facilitate the conversion of these townships from R293 townships. The process will lead to a number of positive outcomes, including the potential to incorporate these areas into an operational Zoning Scheme as well as bringing them within the ambit of the Upgrade of Land Tenure Act (Act No. 112 of 1991), which will enable the conversion of lesser forms of title to freehold ownership.
Formulation of a PILOT Rural Land Use Management System in RA 60	This project is needed to address the ongoing pressure on land (i.e. land invasion) in the RA 60 area. It is intended that the Municipality engage with the RA 60 communities in establishing an acceptable Land Use Management Scheme for the RA 60 area, which applies to issues such as land use and land allocation.
Zweledinga Zone Plan and Local Planning Process	Communities to be engaged to obtain general agreement on configuration of the settlements. The project is deemed a priority because of reported dynamism in settlement formation in the area, as well as historical tensions concerning land issues.
Greater Whittlesea LSDF	Detailed Local Spatial Development Framework to enable the management of land developments in Whittlesea, Sada, Ekuphumleni and surrounding areas. To promote linkages between Urban and Rural areas.
RA60 Pilot Land Use Management Scheme	Land Use Management Scheme that will enable the Municipality and the community to manage and protect land uses. RA60 was previously planned but is not experiencing an influx of land invasions.

The SDF makes the following proposals.

Lukhanji SDF proposals: Queenstown



Lukhanji sdf proposals: whittlesea & 1 generation



6.1.2 Physical Infrastructure

The following bulk infrastructure project has been approved by the Chris Hani District Municipality.

FUNDED BULK INFRASTRUCTURE PROJECTS: DOHS

PROJECT NAME	NO OF UNITS	TOWN	LOCAL MUNICIPALITY	PROJECT STATUS	DEVELOPER	RISK/CHALLENGE	TOTAL BUDGET
New Rathwick	3000	Queenstown	Lukhanji	Planning	Department of Human Settlements Eastern Cape	This is a new project planned for installation of internal services and construction of houses. There is no bulk infrastructure to support the Development and this is budgeted for multi years until 2014 by Chris Hani District Municipality however the budget is still not enough for the project size .Funding for pre-planning activities has been approved. EIA outstanding.(Supplementary Water Supply from Xonxa – R 446 m)(Internal Bulk Infrastructure upgrade to accommodate New Rathwick and future development – R 230 m)	R676,000,000.00

FUNDED BULK INFRASTRUCTURE PROJECTS: IDP

KPA	OBJ. NO	OBJECTIVE	STRATEGY	STRATEGY CODE
Water	40	To facilitate 2% reduction in current backlogs by June 2009.	By lobbying the district to accelerate delivery of basic water service and infrastructure in all our areas to reduce backlog by 2% in June 2009.	1 TS 40
	41	To facilitate management of water demand.	By implementing water demand management strategies and public education in line with Chris Hani WSDP.	1 TS 41
Sanitation	42	To facilitate 3% reduction in current backlogs by June 2009.	By lobbying the district to accelerate delivery of basic sanitation service and infrastructure and to reduce backlog by 3% in June 2009.	1 TS 42
	43	To eradicate bucket system in line with National policy by December 2008.	To lobby funds from Chris Hani for the eradication of bucket system and conversion into either VIP or full water borne in the case of urban areas.	1 TS 43
Electricity	44	To facilitate 3% reduction in current backlogs by June 2011.	By lobbying Eskom to accelerate delivery of basic electricity service and infrastructure in all our areas.	1 TS 44
			By providing street lighting and high mast lights in peri-urban and rural areas.	2 TS 44
	45	To facilitate supply of reliable electricity service to residents and business.	By providing and maintaining household connections while influencing Eskom to supply local businesses with reliable service via IGF.	1 TS 45
			By promoting investments in alternative supply sources like solar and windmill based power energy.	2 TS 45
			By promoting and supporting initiatives to curb cable theft via education campaigns.	3 TS 45
	Roads & Storm	46	To ensure provision of effective and sustainable	By constructing access roads leading to community facilities and major

KPA	OBJ. NO	OBJECTIVE	STRATEGY	STRATEGY CODE
water		roads and storm water service construction and maintenance.	settlements via our MIG allocations.	
			By constructing and maintaining storm water channels.	2 TS 46
			By lobbying other agencies like Public Works, Roads and Transport to construct, maintain and upgrade local access roads in line with their 2007/8 – 2008/9 budget commitments	3 TS 46
Telecommunications	47	To facilitate and ensure construction & maintenance reliable telecommunication network systems.	By lobbying telecommunication service providers like Telkom, Cell C, MTN and Vodacom to provide necessary infrastructure for network coverage in all Lukhanji areas.	2 TS 47
			By installing functional ICT infrastructure within the municipality.	2 TS 47
Municipal Public Works	48	To ensure construction and maintenance of municipal buildings.	By budgeting, planning and executing building construction projects (buildings, bridges and maintenance) using internal funds, skills and machinery.	1 TS 48
Building control & Regulations	49	To regulate and control erection of building structures in line with local by-laws and planning schemes.	By developing and enforcing compliance with building control by laws and town planning schemes.	1 TS 49

CHAPTER 5 – SERVICE DELIVERY PROJECTS: SECTOR DEPARTMENTS

The purpose of an integrated planning is amongst others, to encourage that all that is implemented by the municipality and other sector departments within a municipal space is implemented in consultation with all relevant stakeholders.

Below is a list of projects to be implemented by the Chris Hani District Municipality

CHDM CAPITAL PROGRAMMES 2014/15

up to 2016/17

3 YEAR PLAN

MIG PROJECTS

Project Number (1)	Project No	Project Name			
		EMALAHLENI MUNICIPALITY	2014/2015	2015/16	2016/17
		-			
	S/EC/6331/07/09	Mackay's Nek Sanitation	R 0.00	R 0.00	
	28/2011/MD(LM)	Emalahleni Rural Sanitation Project: Mackay's Nek Phase 2B	R 984 594.48		
		Cluster 1 Water backlog (Wards 7,8 ,10,13,14)	R 0.00	R 15 000 000.00	R 4 000 000.00

	51/2010/MD(LM)	<i>Water Supply backlog in CHDM: Cluster 1 Buffelsdoring water supply - Upper Bankisi</i>	R 1 200 000.00		
	46/2010/MD(LM)	<i>Water Supply backlog in CHDM: Cluster 1 Buffelsdoring water supply - Mcwangele</i>	R 250 000.00		
	45/2010/MD(LM)	<i>Water Supply backlog in CHDM: Cluster 1 Buffelsdoring water supply - Mayeye and Sqikini</i>	R 500 000.00		
	42/2011/MD(LM)	<i>Water Supply backlog in CHDM: Cluster 1 Buffelsdoring water supply - Ngcina</i>	R 660 000.00		
	52/2010/MD(LM)	<i>Water Supply backlog in CHDM: Cluster 1 Buffelsdoring water supply - Lower Bankisi</i>	R 450 000.00		
		<i>Water Supply backlog in CHDM: Cluster 1 Buffelsdoring water supply - Mhlanga</i>	R 500 000.00		
	EC20110037	Cluster 2 Water Backlog (Wards 1,2,4&6)	R 0.00		R 1 756 449.69
	18/2011/MD(LM)	<i>Cluster 2 Water backlog Project - Regional Scheme 3: Phase 1A</i>	R 1 800 000.00		
	50/2011/MD(LM)	<i>Cluster 2 Water backlog Project</i>	R 2 000 000.00	R 15 500	

		- Regional Scheme 3: Phase 1B		000.00	
	03/2013/MD(BL)	Cluster 2 Water backlog: Regional Scheme 6 - Xonxa	R 3 800 000.00		
		Cluster 2 Water backlog Project - Regional Scheme 3: Luthuthu Water Supply	R 500 000.00		
		Cluster 2 Water backlog Project - RS1 Phase 1: Nkolonga, Sikhwanqeni Water Supply	R 500 000.00		
	30/2010/MD(TS)	Region 3 Sanitation Backlog	R 0.00		R 8 000 000.00
		Cluster 4 sanitation (Wards 2,3,4,5,15,16,Vukani Guba,& Percy Villages)	R 0.00		
		Cluster 3 Sanitation(Wards 7,8,9,10,11,12,13& 14)	R 0.00		
	MIG/EC1085/5/05/1 0	Dodrecht Bucket Eradication	R 0.00		R 42 000 000.00
	17/2013/MD(BL)	Upgrading of Wastewater Treatment Works - Phase 2A	R 12 640 000.00		
		<i>Dodrecht Bucket Eradication</i>	R 0.00	R10 234 520.44	

		Indwe Bucket Eradication	R 0.00	R12 500 000.00	
		Indwe Bucket Eradication of 64 site			
TOTAL: EMALAHLENI LM			R25 784 594.48	R53 234 520.44	R 55 756 449.69
INKWANCA MUNICIPALITY			2014/2015	2015/16	
		Molteno Oxidation Ponds	R 0.00	R 1 000 000.00	R 3 000 000
	25/2011/MD(AM)	<i>Upgrading of Molteno Oxidation Ponds : Rehabilitation of Existing Ponds Walls</i>	R 1 000 000.00		
TOTAL: INKWANCA LM			R 1 000 000.00	R 1 000 000.00	R 3 000 000.00
INTSIKA YETHU MUNICIPALITY			2014/2015	2015/16	
		Cofimvaba Sewer (Bulk line	R 0.00		R 2 000

		and treatmworks)			000.00
		<i>Cofimvaba Ward 15 - Water Reticulation Phase 2</i>	R 5 000 000.00	R 4 500 000.00	
		<i>Cofimvaba - Roads in Wards 7, 9, 12, 14(528)</i>	R 5 000 000.00	R 5 000 000.00	
		Tsomo RDP 2 Water supply	R 0.00		
		<i>RDP Phases</i>	R 0.00		
		Tsomo RDP 3	R 500 000.00		
		Luthuli water supply	R 0.00		
		Ward 8 Sanitation	R 0.00	R 2 000 000.00	R 5 000 000.00
		Ward 3 Sanitation	R 0.00	R 3 500 000.00	R 7 000 000.00
		<i>Phase 3 - Ward 7</i>	-	R 3 500 000.00	R 7 000 000.00
		<i>Phase 3 - Ward 1</i>	-	R 2 000 000.00	R 5 000 000.00
		<i>Phase 3 - Ward 2</i>	-	R 2 000 000.00	R 2 000 000.00
		Qamata water Project(877)	R 30 000 000.00	R 1 000 000.00	

	Intsika Yethu Ward (6,9,12,21 old phase 2) Water Supply	R 0.00	R 1 000 000.00	R 1 590 117.33
	Kuluqolo Access Roads	R 0.00		
	Intsika Yethu Sanitation - Amanzabantu	-	R 4 000 000.00	R 2 000 000.00
	Cofimvaba water reticulation	R10 000 000.00	R 2 000 000.00	
	Cluster 2 Water backlog(Ward1,4,5,6,7)		R 5 000 000.00	R 3 000 000.00
	<i>Glen Grey TRC 6 villages</i>	R 0.00		
	<i>Regional Scheme 4 Phase 1B</i>	R 3 000 000.00		
	<i>Regional Scheme 5 Phase 1</i>	R 1 500 000.00		
	Cluster 6 Sanitation (Wards 1,2,3,4,6,7,8,9,22 & 23)	R 0.00	R 6 897 244.00	R 12 000 000.00
	Cluster 7 Sanitation (Wards 10,11,12,14 & 20)	R 0.00	R 8 000 000.00	R 12 000 000.00
	Cluster 8 Sanitation (Wards 15,16,17,18,19)	R 0.00	R 7 000 000.00	R 12 000 000.00
	Upgrading of Tsojana	R 0.00	R 3 000	

		Treatment Works and Bulkline		000.00	
		Upgrading of Tsomo Water Treatment Works	R 0.00	R 2 000 000.00	
		Tsomo Bulk Services(New Housing Development In Tsomo)	R 0.00	R 5 000 000.00	
TOTAL: INTSIKA YETHU LM			R55 000 000.00	R67 397 244.00	R 70 590 117.33
		-			
INXUBA YETHEMBA MUNICIPALITY			2014/2015	2015/16	
		Rosmead Rural Water	R 0.00	R 1 300 000.00	
		<i>Rosmead Rural Water Supply - Midros</i>	R 1 200 000.00		
		<i>Rosmead Rural Water Supply - Rosmead</i>	R 1 200 000.00		
		Cradock Bulk Services(Water and Sanitation)	R 300 000.00	R 3 463 210.00	R 3 106 621.00

TOTAL: INXUBA YETHEMBA LM			R 2 700 000.00	R 4 763 210.00	R 3 106 621.00
LUKHANJI MUNICIPALITY				2015/16	
	05/2012/MD(AM)	<i>RA 60 Hewu Bulk Water Supply (Reticulation)</i>	R 500 000.00	R 5 000 000.00	
		<i>RA 60 Hewu Bulk Water Supply (phase 2)</i>	R 2 000 000.00	R 5 000 000.00	R 5 786 002.00
		Rathwick Water and Sanitation	R 0.00	R 5 000 000.00	R 6 000 000.00
		<i>New Rathwick bulk services Phase 1 wwtw</i>	R 4 500 000.00		
		<i>New Rathwick bulk services Phase 2 pumpstation</i>	R 2 200 000.00		
		<i>New Rathwick bulk services Phase 3 water treatment works</i>	R 1 000 000.00		
		<i>Ilinge Bulk Services</i>	R 2 000 000.00	R 2 000 000.00	R 4 500 000.00
		<i>Cluster 1 Water backlog (ward 27)</i>	R 0.00	R 1 500 000.00	R 4 500 000.00

		<i>Cluster 1 Water supply backlog - lesseyton</i>	R 2 000 000.00		
		<i>Cluster 1 Water supply backlog - Zingquthu</i>	R 1 977 000.00		
		<i>Cluster 3 water backlog (Ward 1)</i>	R 1 000 000.00	R 2 000 000.00	
		<i>Cluster 1 Sanitation (Wards 5,11,12,13,14,18,27</i>	R 0.00	R 4 120 352.77	R 5 000 000.00
		<i>Cluster 2 Sanitation (Wards 1,2,3,4,6,23,19,20,23,24,25, 26,</i>	R 0.00	R 4 773 162.87	R 5 000 000.00
TOTAL: LUKHANJI LM			R17 177 000.00	R29 393 515.64	R 30 786 002.00
NGCOBO MUNICIPALITY			2014/2015	2015/16	
		Bojane Skobeni Water Supply	R 0.00	R 5 000 000.00	
		Engcobo treatment works	R 8 000 000.00	R 2 000 000.00	R 4 000 000.00
		Extension 11 Bulk Services	R 2 000 000.00	R 8 500 000.00	
		Cluster 5 Water Backlog	R 5 000 000.00	R 4 051	R 3 500

				432.28	000.00
		Cluster 6 Water Backlog(Ward 9,13,15,16))	R 0.00	R 4 500 000.00	R 2 000 000.00
	04/2011/MD(TN)	<i>Manzimdaka Villages internal water supply</i>	R 300 000.00		
	05/2011/MD(TN) 0	<i>Manzimdaka Villages bulk water supply</i>	R 300 000.00	R 3 500 000.00	R 2 000 000.00
	MD(TN)	<i>Dulati Villages Water Supply</i>	R 3 000 000.00	R 3 000 000.00	R 2 400 000.00
	MD(TN)	<i>Lokshini Villages Water Supply</i>	R 3 000 000.00	R 3 500 000.00	R 2 958 511.00
	MD(TN)	<i>Ntsinga Villages Water Supply</i>	R 3 000 000.00	R 2 000 000.00	R 5 000 000.00
		Cluster 7 Water Backlog(Ward 7,8,9,10,11,15)			
		<i>Msintsana Phase 2 Project</i>	R 3 400 000.00		
		<i>Construction of Dam</i>	R 6 450 000.00	R 4 500 000.00	R 4 500 000.00
		<i>Bulk Pipeline & Bulk Reservoirs</i>	R 1 750 000.00	R 2 000 000.00	R 5 000 000.00
		<i>Abstraction Works</i>	R 775 000.00	R 3 000	R 5 500

				000.00	000.00
		<i>Water Treatment Works</i>	R 1 500 000.00	R 3 000 000.00	R 2 100 000.00
		Cluster 8 Water backlog(Ward 16,17,18)	0		
		<i>Tora Water Treatment Works</i>	R 1 500 000.00	R 4 500 000.00	R 5 000 000.00
		<i>Lunda Village Reticulation Project</i>	R 1 528 673.52	R 6 200 000.00	R 5 000 000.00
		Cluster 9 Sanitation (Wards 1,2,3,4 & 6)	R 0.00	R 8 000 000.00	R 11 000 000.00
		Cluster 10 Sanitation (Wards 7,8,,10,11 &12)	R 0.00	R 7 000 000.00	R 11 000 000.00
		Cluster 11 Sanitation (Wards 13,15 & 16)	R 0.00	R 4 000 000.00	R 11 000 000.00
TOTAL: NGCOBO LM			R41 503 673.52	R78 251 432.28	R 81 958 511.00
SAKHISIZWE MUNICIPALITY			2014/2015	2015/16	
		Elliot Waste Water Treatment Works	R 0.00		

	11/2008/MD(ND)	Elliot Waste Water Treatment Works	R13 012 882.00	R 1 137 236.06	R 2 000 000.00
	30/2010/MD(TS)	Region 3 Sanitation Backlog	R 0.00		
		Cluster 5 Sanitation (Wards 2,3,4,7 and Taleni)		R 5 000 000.00	R 6 929 615.98
		Cluster 4 waterbacklog(Wards 6,7,& 4)	R 0.00	R 10 000 000.00	R 3 138 590.00
	37/2011/MD(LM)	Cluster 4 Water Supply Scheme: Alpha Farm Rising & Gravity Bulk Pipeline	R 360 000.00		
	39/2011/MD(LM)	Cluster 4 Water Supply Scheme: Clunny Farm Rising & Gravity Bulk Pipeline	R 270 000.00		
	12/2012/MD(MT)	Cluster 4 Water Supply Scheme: North Eastern Scheme Rectification	R 700 000.00		
	12/2013/MD(BL)	Cluster 4 Water Supply Scheme: North Eastern Scheme Reservoirs	R 3 670 000.00		
		Cala Bulk Water and Sanitation Services	R 0.00	R 5 000 000.00	R 10 000 000.00

		upgrading of Cala Wastewater Treatment Works	R 1 000 000.00		
TOTAL: SAKHISIZWE LM			R 19 012 882.00	R 21 137 236.06	R 22 068 205.98
		-	R 0.00		
TSOLWANA MUNICIPALITY			2014/2015	2015/16	
		Cluster 1 Sanitation (Ward 2 & 3	R 0.00	R 2 500 000.00	R 2 500 000.00
	13A/2013/MD(A M)	Tarkastad Bucket Eradication	R 400 000.00	R 0.00	
		Rehabilitation of Sewer Ponds-Hofmeyer	R 500 000.00	R 2 322 863.00	R 3 000 000.00
		Tarkastad Bulk Services	R 500 000.00	R 1 000 000.00	R 3 000 000.00
		Rocklands Water Project	R 0.00	R 0.00	
		Hofmeyer Pump station	R 500 000.00	R 3 301 378.78	R 1 056 493.00
	TOTAL TSOLWANA LM		R 1 900 000.00	R 9 124 241.78	R 9 556 493.00

TOTAL: TSOLWANA LM		CHRIS HANI DISTRICT MUNICIPALITY			
		PMU Operational Budget	R13 898 50.00	R13 910 600.00	R 14 569 600.00
GRAND TOTAL: MIG PROJECTS		GRAND TOTAL	R177977000.00	R278 212 00.20	R291 392000.0 0

2014/15 Allocation R277977000.00

Less council bridging R100000000.00

Balance R177977000.00

REGIONAL BULK INFRASTRUCTURE GRANT

Project Number (1)	Project Name		
		Funder	2014/15
	-	-	

INTSIKA YETHU MUNICIPALITY		Funder	2014/15	2015/16	2016/17
ECR023	Cluster 9 Water backlog (Ward 13)	RBIG	R 65 600 000.00	R 88 000 000.00	R 90 000 000.00
	<i>Tsomo WTW and abstraction works</i>	Draft tender			
	<i>Tsojana Southern bulk</i>	Construction			
	Cluster 4 Water Backlog	RBIG	R 54 300 000	R 50 000 000	R 58 000 000
	<i>Ncora Water Treatment Works</i>	<i>Construction</i>			
	<i>Ncora Material Supply</i>	<i>Supply of Material</i>			
	<i>Construction of bulk rising main to cluster 5</i>	<i>Construction</i>			
	<i>Primary pipeline to Zone B Reservoir at Ngxabangu</i>	<i>Construction</i>			
TOTAL: INTSIKA YETHU LM			R 119 900 000	R 138 000 000	R 148 000 000
	-	-			
LUKHANJI MUNICIPALITY		Funder	2014/15	2015/16	2016/17
	Augment Queenstown water supply(Xonxa)	BIG	R 58 672 000	R 95 235 000	R 0
	<i>Phase 2 Material Supply</i>				
	<i>Phase 3 Pumping Main</i>	Construction			
	<i>Phase 4 Gravity Main</i>	Specification			

		<i>Phase 5</i>	Planning			
		<i>Phase 6</i>	Planning			
TOTAL: LUKHANJI LM				R 58 672 000	R 95 235 000	R 0
NGCOBO MUNICIPALITY			Funder	2014/15	2015/16	2016/17
ECR025b	Cluster 6 Water Backlog(Ward 9,13,15,16))		BIG	35 000 000.00	10 268 000.00	53 000 000.00
		<i>Gqaga water treatment works</i>	construction			
		<i>Gqaga rising main East</i>	construction			
		<i>Gqaga rising main West</i>	Draft Tender Stage			
		<i>Sitholeni Bulk</i>	Design			
		<i>Siqumeni bulk water supply</i>	Draft Tender Stage			
TOTAL: NGCOBO LM				R 35 000 000	R 10 268 000	R 53 000 000
		-	-			
TSOLWANA MUNICIPALITY			Funder	2014/15	2015/16	2016/17

ECRO05b	Hofmeyer Water Supply	BIG	R 4 666 000	R 0
<i>Phase 1 Material Supply</i>		Tender		

RURAL DEVELOPMENT AND AGRARIAN REFORM

LUKHANJI SIYAZONDLA IMPLEMENTATION PLAN FOR 2014-2015

Project name	Locality	No. of beneficiaries	Items required	Responsible Officer
1. Ringo Vegetable Garden	Oxton Village	5	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, ,1kg onion seed,1x25kg; BP 1 potato seed,1 x 50kg 2:3:4(30),	T.T Femele
2. Sihlabeni Back yard Garden	Esihlabeni	6	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, ,1kg onion seed,1 x25kg; BP 1 potato seed, 1 x 50kg	T.T Femele

			2:3:4(30),	
3. Yonda School	Yonda	12	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, ,1kg onion seed,1x25kg; BP 1 potato seed,1 x 50kg 2:3:4(30),	Mr Femele
4. Sinoluntu Agric Youth Co-op	McBride	5	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, ,1kg onion seed,1 x25kg; BP 1 potato seed,1 x 50kg 2:3:4(30), 2x Wheelbarrow; 4x forkspades; 4x spades; 4x rakes; 4x watering cans	Ms Libala
5. Sondlisizwe Co-op	Dyamala	9	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, ,1kg onion seed,4 x25kg; BP 1 potato seed	Mr Femele
6. Lukhanyiso Womens Project	Dongwe	9	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, ,1kg onion seed,2 x25kg; BP 1 potato seed,1 x 50kg 2:3:4(30),	Mr Femele
7. Extension Homestead	Extension	12	1kg spinach seed,1kg	Mr Femele

			beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, ,1kg onion seed,1 x 50kg 2:3:4(30),	
8. Lessyton Homebased	Lessyton	8	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, ,1kg onion seed,2 x25kg; BP 1 potato seed,1 x 50kg 2:3:4(30),	Mr Sabhongo
9. Isibindi Creating Circlesof Care	ILinge	5	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, ,1kg onion seed,10 x25kg; BP 1 potato seed, 2 x 2:3:4(30)	Stemele
10. Velilanga Senior Secondary School	Zingquthu Village	11	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, ,1kg onion seed,2 x25kg; BP 1 potato seed,1 x 50kg 2:3:4(30) and garden equipment	Stemele
11. Riverdale farm Project	Tylden	7	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, 1kg onion seed,5 x25kg; BP 1 potato seed,1 x 50kg	Maseti

			2:3:4(30),	
12. Oathey Homestead Vegetable Project	Gwatyu	6	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, 1kg onion seed,	Mr Maseti
13. Manuneni Youth Project	Machibini	5	1kg spinach seed,1kg beetroot seed,1kg green pepper seed,1kg carrot seed,1kg butternut seed, 1kg onion seed,1 x 50kg 2:3:4(30),	Mr Maseti

LUKHANJI LETSIMA IMPLEMENTATION PLAN FOR 2014/15

Municipality	Location	WARD	VILLAGE	PROJECT NAME	HA	TYPE OF CROP	No of Beneficiaries	RESPONSIBLE OFFICER
Lukhanji	Queenstown	1	Gwatyu	Strateric Farm	10	Maize	3	Mr Maseti
Lukhanji	Queenstown	1	Gwatyu	Canon Farm	30	Maize	26	Mr Maseti
Lukhanji	Whittlesea	13	Lower Lahlangubo	Masiphile	10	Maize	16	Ms Libala
Lukhanji	Whittlesea	18	Braackloof	Sivumelene Coop	10	Maize	20	Mr Sabhongo
Lukhanji	Queenstown	2	Machibini	Machibini project	10	Maize	6	Mr Maseti

Lukhanji	Queenstown	1	Bolotwa	Bolotwa farm	26	Maize	26	Mr Maseti
Lukhanji	Whittlesea	12	Yonda	Yonda	10	Maize		Mr Femele
Lukhanji	Whittlesea	12	Oxton	Oxton	10	Maize	No of Beneficiaries	Mr Femele

TOTAL HECTORAGE = 116
TOTAL AMOUNT = R1 102 000.00

LETSIMA BUDGET R8 601 000

Municipality	Budget	Ha	Fertiliser	Seeds	Insecticides	Farm Supp (mech)
Lukhanji	619 700	58	200 000	145 000	63 000	211 700

CASP R9 490 000

Municipality	Budget	Ha	Fertiliser	Seed	Insecticides	Farm Supp(mech)
Lukhanji	587 700	58	174 000	145 000	57 000	211 700

NB: Farmers Contribution = R 1 800/ha

Total target hectorage will depend on farmers contribution

Financial assistance - Available from ECRDA (Whittlesea, Queenstown)

DEPARTMENT OF HUMAN SETTLEMENTS

PROJECTS IN 14/15 DRAFT BUSINESS PLAN: CATEGORY 1-CONSTRUCTORS ON SITE

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	START DATE	STATUS
TSOLWANA	4	Tarkastad Middle Income 61 (FLISP)	0	0	0	R 90 000.00	2013/11/01	Under Construction-Services
TSOLWANA	2	ROCKLANS/BACCLES FRAM 688	0	0	0	R 500 000.00	2012/08/08	Under Construction -95% complete
INKWANCA	4	MOLTENO AIRSTRIP 1127-500 units	82	0	0	R 17 000 000.00	2013/07/01	Underconstruction-16 Emerging Contractors
LUKHANJI	27	TOISEKRAAL 364	32	0	0	R 6 212 874.00	2010/10/01	Underconstruction-SMME
LUKHANJI	1	ZOLA 225	0	0	0	R 972 818.00	2010/10/01	Underconstruction_SMME
INTSIKA YETHU	3,5,8,10,11,13	Cofimvaba Rural Voucher 170	83	80	0	R 22 000 000.00	2013/10/01	Underconstruction-NURCHA
INXUBA YETHEMBA	8	MIDDLEBURG LUSAKA 595	150	100	0	R 24 983 834.00	2013/05/01	Underconstruction-Contracting for additional scope of 320 units
SAKHISIZWE	1	CALA-EXT 13&14 (1545) R/L2	0	0	0	R 815 000.00	2010/10/01	Underconstruction-Emerging Contractors
SAKHISIZWE	4	CALA EXT 15 (1070 PHASE 2 - R/L2)	0	0	0	R 760 000.00	2010/10/01	Underconstruction-Emerging Contractors
SAKHISIZWE	1	ELLIOT 800	0	0	0	R 2 351 094.00	2010/10/01	Underconstruction-Emerging Contractors
TSOLWANA	2,3	Khayaletu/Tendergate 1101	0	0	0	R 1 668 015.00	2009/07/01	Complete-Release retention
TSOLWANA	2	Mitford 700	0	0	0	R 500 000.00	2012/08/08	Complete-Release retention
TSOLWANA	3	Khwezi 512	0	0	0	R 500 000.00	2012/08/08	Complete-Release retention

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TSOLWANA	3	Springgrove	0	0	0	R 500 000.00	2012/08/08	Complete-Release retention
ALL		Other (Transfers)	0	0	0	R 636 499.00		
TOTALS			347	180	-	R 79 490 134.00		
	14	Projects						

PROJECTS IN 14/15 DRAFT B.PLAN : CATEGORY 2-CONTRACTOR APPOINTED

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	START DATE	STATUS
SAKHISIZWE	1,4	Cala 514 (Ext 13,14,15 & Elliot)-372	207	0	0	R 7 684 538.00	2014/05/01	15 Contractors appointed in October 2013 and currently busy with contracts recently appointed
ENGCOBO	17	Nkondlo 500	0	0	0	R 1 100 000.00	2014/04/01	Contractor appointed in Dec 2013 and busy with contracting
ENGCOBO	9	Goboti 300	0	0	0	R 1 462 263.00	2014/04/01	Contractor appointed in Dec 2013 and busy with contracting
LUKHANJI	21	Q/TOWN:NOMZAMO 337	0	0	0	R 21 991 631.00	2014/03/03	Contractor appointed in Dec 2013 and busy with contracting
LUKHANJI	1	Lesseyton 752	0	0	0	R 2 482 252.00	2014/07/01	Contractor appointed in Dec 2013 and busy with contracting
INTSIKA YETHU	8	Ntsongeni 130	0	0	0	R 1 650 000.00	2014/07/01	Contractor appointed in Dec 2013 and busy

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								with contracting
ALL	0	Chris Hani Destitute 800 (717 units)	100	100	0	R 26 000 000.00	2014/04/01	Contractor appointed in Dec 2013 and busy with contracting
ALL	0	CHRIS HANI EMERGENCY UNITS 300	80	0	0	R 1 802 943.00	2013/11/01	Contractors for 03 Municipalities appointed in April 2013 and established on site. Chris Hani D.M is the Developer.
			387	100	-	R 64 173 627.00		
	8	Projects						

PROJECTS IN 14/15 DRAFT B.PLAN: PROCUREMENT

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	ESTIMATED START DATE	STATUS
EMALAHLENI	11&13	Sinakho Zwelethemba 289 (new)	0	0	0	R 384 683.00	2014/06/01	This is an ePHP Project and CRO in process to appoint contractor as tender process concluded.
ENGCOBO	12	Inkwenkwezi 300	0	0	0	R 100 000.00	2014/06/01	Procurement of Turnkey Contractor and at BAC
ENGCOBO	10	All Saints 700	0	0	0	R 100 000.00	2014/06/01	Procurement of Turnkey Contractor and at BAC
INKWANCA	4	MOLTENO NOMONDE - 136 (70 units)	0	0	0	R 50 000.00	2014/09/01	Tender for Turnkey Contractors closed in 21 Jan 2014 and at BEC
LUKHANJI	21	Lukhanji 200	0	0	0	R 1 100 000.00	2014/06/01	Procurement of contractor for both Services and Top Structures and at SCM

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TSOLWANA	1	Zola Village	0	0	0	R 100 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
TSOLWANA	3	Thornhill Village	0	0	0	R 100 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
TSOLWANA	1	Phakamisa Village 300	0	0	0	R 100 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
TSOLWANA	2	Mitford Village 350	0	0	0	R 100 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
TSOLWANA	2	Rocklands Village 200	0	0	0	R 100 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
TSOLWANA	3	Baccles's Farm Village 300	0	0	0	R 100 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
TSOLWANA	3	Tendergate Village 1000	0	0	0	R 100 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
TSOLWANA	2	Khayaletu Village 100	0	0	0	R 150 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
TSOLWANA	3	Thembaletu Village 100	0	0	0	R 100 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
TSOLWANA	3	Springroove Village 200	0	0	0	R 100 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
TSOLWANA	3	Kwezi Village 200	0	0	0	R 100 000.00	2015/06/01	Procurement of Turnkey Contractors and at BAC
INTSIKA YETHU	1	Chris Hani Heritage 1000 (511 units) rural	0	0	0	R 273 345.00	2014/08/01	Procurement of Turnkey Contractors and at BAC
INTSIKA YETHU	10	Vuyisile Mini 1000(500) rural	0	0	0	R 196 610.00	2014/08/01	Procurement of Turnkey Contractors and at BAC
SAKHISIZWE	1,3,6	Cala Ward 4 - 2662(1393 units) rural	0	0	0	R 274 077.00	2014/07/01	Procurement of Turnkey Contractors and at BEC
SAKHISIZWE	8,9	Cala Ward 2 - 2693 (1409) rural	0	0	0	R 482 167.00	2014/07/01	Procurement of Turnkey Contractors and at BEC

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ENGCOBO	11	ENGCOBO EXT 11 1854	0	0	0	R 500 000.00	2014/12/01	Procurement (bulk challenge)-Tender At BSC
INKWANCA	4	MOLTENO AIRSTRIP 1127 (627 units)	0	0	0	R 0.00	2013/07/01	Tender for Turnkey Contractors closed in 21 Jan 2014 and at BAC
LUKHANJI	27	XUMA 126	30	0	0	R 2 085 496.00	2010/10/01	Submission for replacement of Contractor underway
			30	-	-	R 6 696 378.00		
	23	Projects						

PROJECTS IN 14/15 DRAFT B.PLAN :CATEGORY 4-PLANNING WITH PRE-PLANNING FUNDS APPROVED

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	START DATE	STATUS
ENGCOBO	12	Mntuntloni 1500	0	0	0	R 100 000.00	2015/11/01	Feasibility (difficult access and terrain)
ENGCOBO	11	Cefane Hook 350	0	0	0	R 100 000.00	2015/11/01	Feasibility (difficult access and terrain)
INXUBA YETHEMBA	9	Rosemead 220	0	0	0	R 150 000.00	2016/09/01	Feasibility (Land Challenge)
TSOLWANA	2	Barcelona 1000	0	0	0	R 0.00	2015/09/02	Feasibility(Bulk Challenge)
EMALAHLENI	15	MAVUYA PHASE 1&2 462	0	0	0	R 0.00	2014/08/01	Planning

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EMALAHLENI	15	INDWE WESTGATE 160 (Flisp)	0	0	0	R 0.00	2015/11/01	Feasibility completed (Application Process)
INKWANCA	3	Sterkstroom Masakhane 164	0	0	0	R 350 000.00	2015/09/01	Planning
LUKHANJI	24	New Rathwick 3000	0	0	0	R 400 000.00	2015/09/01	Planning
LUKHANJI	5	Sada wooden/Zinc 1000	0	0	0	R 250 000.00	2015/12/01	Planning
LUKHANJI	21	Polar Park 143	0	0	0	R 0.00	2014/11/01	Planning

PROJECTS FOR MID TERM REVIEW AND NOT IN 14/15 DRAFT B.PLAN :PRE-PLANNING WITHOUT FUNDING AND FEASIBILITY STUDIES STILL TO BE UNDERTAKEN (WITHOUT COUNCIL RESOLUTIONS & BENEFICIARY LISTS)

MUNICIPALITY	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	DATE OF APPLICATION BY MUNICIPALITY	START DATE	STATUS
Emalahleni	Cacadu Extension 3&4 Mixed dev.	800	0	0	R 0.00	2013/11/01	01 April 2016	Awaiting formal application with Beneficiary lists and council resolutions.Procurement for PSP's on Feasibility Studies still need to be done.
Emalahleni	Dodrecht (Mixed Development)	800	0	0	R 0.00	2013/11/01	01 April 2016	
Emalahleni	Indwe 800	800	0	0	R 0.00	2013/11/01	01 April 2016	

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Engcobo	Moshi 1500 rural ePHP	1500	0	0	R 0.00	2013/10/01	01 April 2016	Busy with Community engagements for appointment of Community Resource Organisation
Lukhanji	Whittle Sea 1000	1000	0	0	R 0.00	2013/09/13	01 April 2016	Awaiting formal application with Beneficiary lists and council resolutions. Procurement for PSP's on Feasibility Studies still need to be done.
Lukhanji	Ekuphumleni	100	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Tilden 300	300	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Ezibeleni 500	500	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Ezibeleni ISUP 200	200	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Unifound Rectification	750	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Ilinge ISUP 300	300	0	0	R 0.00	2013/09/13	01 April 2016	
		7 050	-	-	R 0.00			
		11	Projects					

PROJECTS IN 14/15 DRAFT B.PLAN :RECTIFICATION PROJECTS.

MUNICIPALITY	WARD	PROJECT NAME	UNITS	SERVICES	BUDGET	START/ ESTIMATED START DATE	STATUS
EMALAHLENI	4	LADY FRERE 715 RECTIFICATION	0	0	R 789 000	2014/06/03	Procurement-SCM
EMALAHLENI	11	DODRECHT 2000 RECTIFICATION	0	0	192 292	2014/04/02	Contracting of two contractors
SAKHISIZWE	5	CALA 420 RECTIFICATION	150	0	R 2 474 731.00	2013/01/01	Underconstruction

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SAKHISIZWE	2	ELLIOT 302 RECTIFICATION	0	0	R	100 000.00	2014/06/01	Procurement-NHBRC
ENGCOBO	11	ENGCOBO 666 RECTIFICATION	160	0	R	5 319 328.00	2014/01/01	Underconstruction
INKWANCA	4	MOLTENO 907 RECTIFICATION	0	0	R	197 191.00	2014/06/03	Procurement-SCM
INKWANCA	3	STERKSTROOM 1214 RECTIFICATION	0	0	R	405 043.00	2014/06/03	Procurement-IBAC
INTSIKA YETHU	14	INTSIKA YETHU 117 RECTIFICATION	0	0	R	113 112.00	2014/10/01	Procurement-BEC
INXUBA YETHEMBA	7,8,9	MIDDLEBURG 1628 RECTIFICATION	0	0	R	150 000.00	2014/11/03	Procurement-BEC
INXUBA YETHEMBA	1,2,3&6	CRADOCK 2700 RECTIFICATION	0	0	R	150 000.00	2014/11/03	Procurement-BEC
LUKHANJI	8	EZIBELENI 1421 RECTIFICATION	0	0	R	750 000.00	2013/01/01	Underconstruction
LUKHANJI	17	WHITTLESEA 754 RECTIFICATION	0	0	R	1 547 493.00	2013/01/01	Underconstruction
LUKHANJI	1	IMVANI 145 RECTIFICATION	50	0	R	3 600 000.00	2014/01/01	Contracting
LUKHANJI	2	ILINGE 1012 PRE 94 RECTIFICATION	40	0	R	1 017 160.00	2014/06/03	Contracting of two contractor in 300 units.910 units under Procurement-BEC
TSOLWANA	4	TARKASTAD 1671 RECTIFICATION	0	0	R	50 000.00	2015/03/01	Under Assessment-NHBRC
TSOLWANA	5	HOFMEYER 301 RECTIFICATION	0	0	R	150 000.00	2015/03/01	Under Assessment-NHBRC
EMALAHLENI	15	INDWE 500 RECTIFICATION	0	0	R	100 000.00	2015/03/01	Under Assessment-NHBRC
			400		-	R 17 205 350.00		
	18	Projects						

DEPARTMENT OF ROADS & PUBLIC WORKS

BUDGET OVERVIEW 2014/2015

TOTAL BUDGET **R17 095 916**

- 1. Outsourced R 3 313 406
 - Roads not yet identified due to non sitting of the Roads Forum

- 2. In-house
 - Blading R 4 482 510
 - Regravelling R 9 300 000

REGRAVELLING PROJECTS

- In-house re-gravelling team set to continue with prioritization list:
 - DR07420 (Sisilana to Tsitsikama)
 - DR07422 (Oxton to Zulumema)
 - DR07419 (Tsitsikama)
 - DR07425 (Wukuwa)
 - DR07459 (Lower Didimana to Kamastone)

– DR12732 (DR12730 to Lifantein)

BLADING PROJECTS

Glencairn	DR07404	1.44	GWG919EC	2	2.9	R 8 640.00
Upper Hackney	DR07406	0.92	GWG919EC	2	1.8	R 5 520.00
Bushy Park - Upper Hackney	DR07407	4.08	GWG919EC			R 0.00
Zweledinga	DR07408	1.93	GWG919EC			R 0.00
Cimezile	DR07412	7.68	GWG919EC	3	23.0	R 69 120.00
Qawukeni	DR07413	1.27	GWG919EC	2	2.5	R 7 620.00
Qawukeni - Manqondane	DR07414	4.60	GWG919EC	2	9.2	R 27 600.00
Cimezile	DR07416	1.36	GWG919EC	1	1.4	R 4 080.00
Upper Tsitsikama	DR07419	2.01	GWG919EC	1	2.0	R 6 030.00
Lower Tsitsikama	DR07420	9.54	GWG919EC	1	9.5	R 28 620.00
Sisilane	DR07421	0.86	GWG919EC	1	0.9	R 2 580.00
Eardely	DR07422	5.19	GWG919EC	1	5.2	R 15 570.00
Eardely	DR07424	1.89	GWG919EC	1	1.9	R 5 670.00
Sisilane	DR07425	1.10	GWG919EC	1	1.1	R 3 300.00
Lower Lahlangubo	DR07428	3.83	GWG413EC	1	3.83	R 11 490.00

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Mabeleni	DR07429	6.37	GWG413EC	1	6.4	R 19 110.00
Sawutiya	DR07431	4.45	GWG413EC	1	4.5	R 13 350.00
Upper Hukuwa 2	DR07433	3.75	GWG413EC	1	3.8	R 11 250.00
Upper Hukuwa 2	DR07435	2.59	GWG413EC	2	5.2	R 15 540.00
Enqobokeni 2	DR07439	8.28	GWG413EC	1	8.3	R 24 840.00

Section D – Local Economic Development

Chapter 5 – Situation Analysis

1. Introduction

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

- Lukhanji has an estimate GDP of R2, 7 billion by 2008 (Global Insight). This accounts for over 48% of the district GDP of R5, 7 billion (Global Insight 2008). These figures are based on constant 2000 prices.
- While the economy of Lukhanji has recorded some positive growth between the years 2001 and 2008, the growth has not happened at the same pace that backlogs and poverty has grown. This tended to reverse the gains and further pointed to the need for increased implementation of the existing municipal strategy for LED.

2. LEGISLATIVE FRAMEWORK

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

- ✓ Reconstruction and Development Programme (1996)
- ✓ Section 153 of the Constitution of the Republic of South Africa **states that,**

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

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

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

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

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

- To maintain an economic growth rate of between 5% and 8% per annum.
- To halve the unemployment rate by 2014
- To reduce by between 60% and 80% the number of households living below the poverty line by 2014.
- To reduce by between 60% and 80% the proportion of people suffering from hunger by 2014.
- To establish food self-sufficiency in the Province by 2014.

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

3. Local Economic Development Strategy

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

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

Various interventions have been implemented in support of local economic development. In fulfilling the Local Economic Development responsibility, Lukhanji Local Municipality developed an LED Strategy in 2009.

3.1 KEY ECONOMIC SECTORS IN THE 2009 LED STRATEGY

(i) Agriculture and Rural Development

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

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

(ii) Creation of an Agricultural Market

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

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

(iii) Livestock Improvement Programme

- ✓ A Memorandum of Understanding was entered into between the municipality and Zulukama Investment Management Trust.
- ✓ An allocation of R1, 3 million was allocated for LED related Capital Projects during the 2011/12 financial year. For 2013/2014 financial year R 1, 6 million was allocated for the programme. For the 2014/2015 financial year an amount of R 1,879550 has been allocated for LED related capital projects.

- ✓ For the 2015/2016 an amount of R 1,966200 has been allocated from MIG funding for LED related capital projects.
- ✓ For the 2016/2017 financial year an amount of R 2,048950 has been allocated for the LED related capital projects.
- ✓ This is 5% of the total MIG allocated to Lukhanji as per the MIG regulations for the MTEF

(iv) Tourism Development and Heritage

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

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

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

(v) SMME Development

The municipality received grant funding from Thina Sinako for the development of the hawkers stalls and capacity building. The project deliverables included the development of the SME strategy. A draft SME strategy has been developed. As part of informal sector development which includes street trading and hawkers, 23 hawker stalls were constructed and distributed to hawkers during the 2013/ 2014 financial year.

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

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

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

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

4. LOCAL ECONOMIC DEVELOPMENT – OBJECTIVES AND STRATEGIES

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
Local Economic Development						
Tourism Development		Tourism Development	To ensure the promotion and development of Tourism within the municipality	Provision of Tourism support to Tourism SMMEs Development of tourism calendar		Type of support provided Calendar
		Heritage Development and promotion	To ensure preservation of heritage resources	Annual Heritage calendar Maintenance and registration of historical sites		
Local Economic Development		Tourism and Heritage	To enhance development of tourism and heritage in the municipal area by June 2017	Develop and Implement Tourism and Heritage Sector Plan		Approval of Tourism Sector Plan
				Develop annual programme on tourism and heritage activities		Implementation of the Annual Programme on rural and heritage activities
						Local Tourism Organization Established and Terms of Reference approved
				Heritage Publication or booklet developed and issued		
		SMME Development	To ensure participation of SMME's in the economic activities of the region by June 2017	Capacitation of the SMME's		
		To provide support to Hawkers in-line with the approved				

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
				informal trading policy		
		Agriculture	To ensure agricultural development of the municipal area by June 2017	To develop infrastructure for livestock improvement		
				To identify and allocate agro-processing space for agricultural products		
				To provide technical support services to the agricultural community		
				Facilitate awareness campaigns on fishing activities		
				Facilitate research and awareness on high value products in the municipal area		

5. LOCAL ECONOMIC DEVELOPMENT – OPERATIONAL PLAN

CHAPTER 7 – LOCAL ECONOMIC DEVELOPMENT SECTOR PLANS

1. LED Strategy

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

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

The municipality has identified the need to review its LED strategy so that it can be aligned to the National Development Plan, New Growth Path, IPAP2 and Chris Hani District Development agenda and the proposed Chris Hani Special Economic Zone.

2. The LED Steering Committee

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

The purpose of the committee is to

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

3. Strategic Objectives of the LED

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

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

4. Strategic Priorities

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

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

5. Institutional Arrangements in the LED Department

The Department is responsible for the following functions:

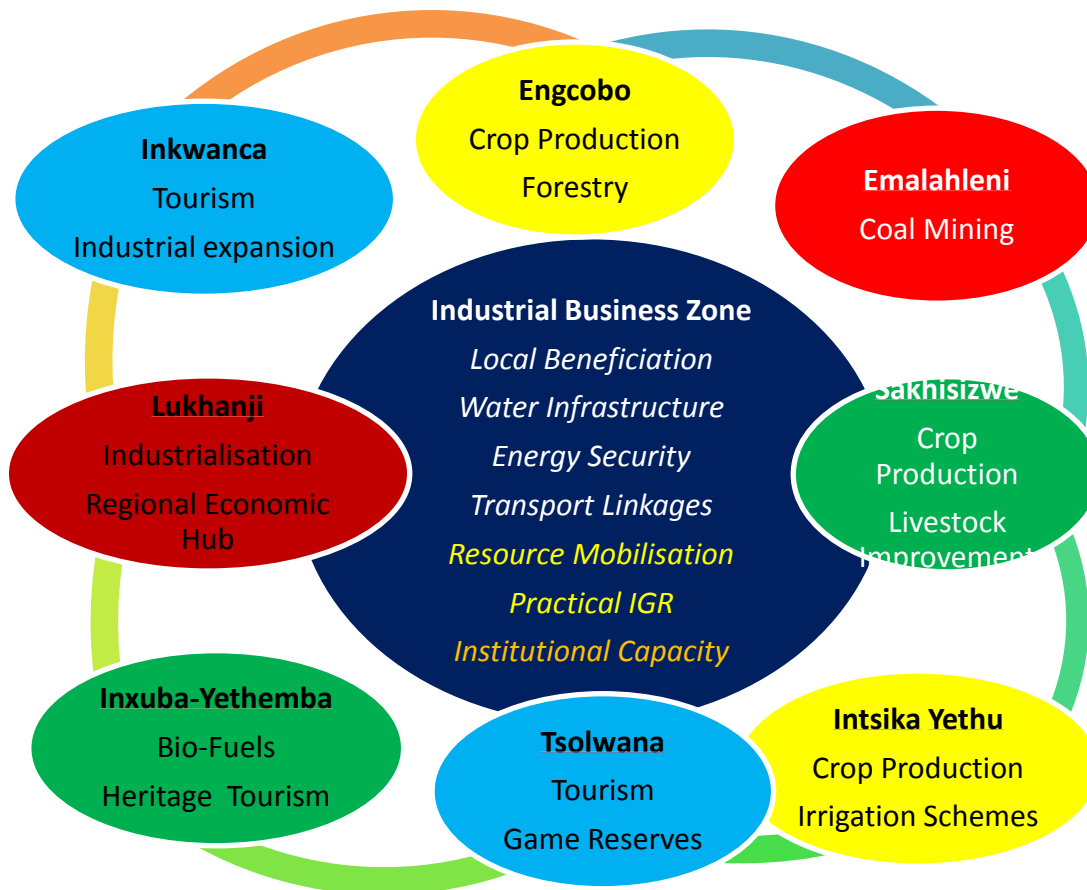
- Local Economic Development;
- Integrated Development Planning and;
- Performance Management System

Personnel

- Director
- The IDP/LED Strategic Manager
- The LED Manager
- IDP/PMS Manager (vacant)
- 1 LED Clerk
- LED Assistant

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

Regional Industrial and Logistics Hub



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

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

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

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

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

- Phase 1: Consolidate the Queenindustria and Ezibeleni Industrial Areas

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

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

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

7. Special Economic Zone

1. Background and Introduction

Chris Hani Special Economic Zone

The Special Economic Zone Bill was published in the Government Gazette of 01 March 2013. The aim of the Bill is :

- To provide for the designation, promotion, development, operation and management of Special Economic Zones;
- To provide for the establishment, appointment of members and functioning of the Special Economic Zones Advisory Board;
- To empower the Minister to establish the Special Economic Zones Fund;
- To regulate the application, issuing, suspension, withdrawal and transfer of Special Economic Zones operator permits;
- To provide for functions of the Special Economic Zones operator;
- To provide for transitional arrangements; and to provide for matters connected therewith.

Chris Hani District Municipality developed and adopted a District Developmental Agenda that focuses on the development of all its 8 local municipalities through the identification of competitive advantages of each local municipality. This was translated into an agro industrial plan that is being used as a spring board to the proposed Special Economic Zone (SEZ). CHDM contracted Coega to do the feasibility plan on proposed CHDM SEZ.

A Special Economic Zones (SEZs) is defined as a geographically limited area administered by a single body offering certain incentives and benefits to businesses physically located within the zone.

SEZs tend to be government owned, developed and operated as isolated enclaves with tight requirements such as 80-100% export requirements.

SEZs have a broad strategy of offsetting a general adverse investment climate by offering:

- Serviced quality infrastructure and services;

- Streamlined business regulations; and
- Incentives in order to attract investors and businesses
- Intended economic benefits:
- Increase foreign and domestic private sector investment;
- Direct (within the zone) and indirect employment and income, through backwards and forwards linkages with businesses outside the zone;
- Export growth and diversification
- Skills upgrade and technological transfer

During the State of the Province Address in February 2014 , it was declared that the SEZs in the province involves massive commercialization of agriculture in the King Sabatha Dalindyebo municipality in Mthatha and Lukhanji municipality in Queenstown. The Premier said that the SEZs were key to the development of the province's agro industry and related logistics capacity. The province wants to leverage on existing infrastructure linking Queenstown to East London and the province to Johannesburg.

Location of the SEZ

The area that has been earmarked for the SEZ is Queenstown and 60km outside Queenstown- the area that includes Ncora, Bilatye, Qhumanco irrigation Scheme. The irrigation schemes form part of the regional hub

Focus of the CHDM SEZ

The proposed Chris Hani SEZ will be the AGRO – INDUSTRIAL ECONOMIC ZONE. The proposed model is the systemic model with clusters that will feed into the SEZ.

It is proposed that processing will be done in Ncora while packaging and ware housing will be in Queenstown.

It is imperative that the LED strategy of the municipality is reviewed to include the envisaged SEZ.

Special Economic Zones are aimed to promote economic growth and job creation, by setting up enabling environments for developing targeted industrial activities and attracting both domestic and foreign direct investment in manufacturing and tradeable services.

CHDM contracted Coega to conduct a feasibility study into the proposed special economic zone concept.

The approved model is the hub and spoke. Spokes are primary nodes of production; and Products will be consolidated and moved towards the Hub. The model emphasises regional integration with a core capacity (Hub) while building capacity through spokes; a core capacity (Hub) while building capacity through spokes;

Spokes will retain higher employment and production footprint;

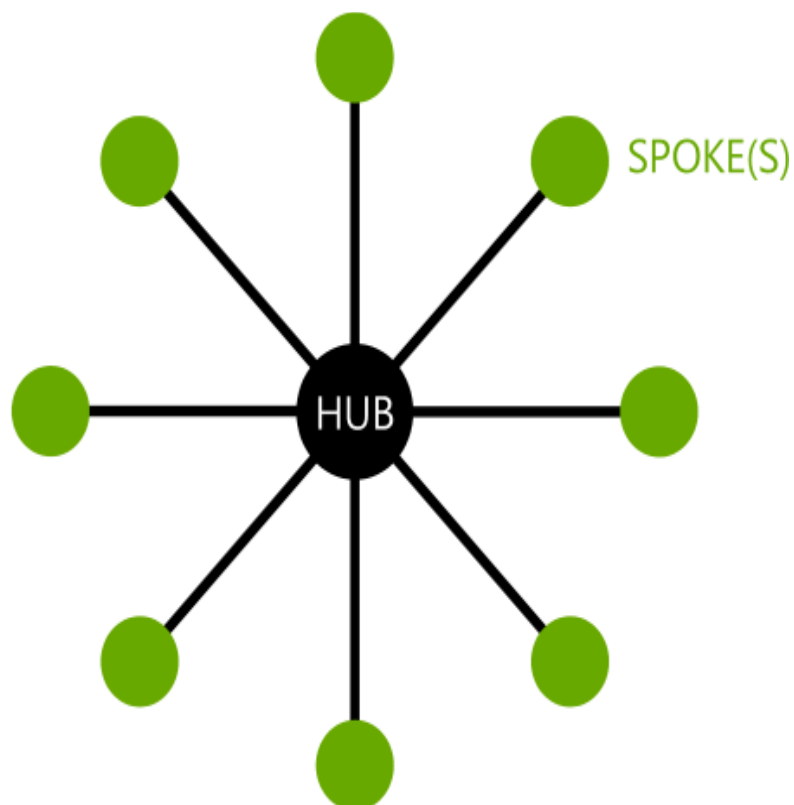
The Hub will provide higher skills required for agro-processing, investment promotion and SEZ bulk infrastructure.

Lukhanji : Economic Hub

In terms of the spokes and hub model, Lukhanji as the economic hub will focus on value addition while other 7 municipalities will serve as spokes in promoting development.

The other municipalities will serve as primary producers while Lukhanji: Queenstown (in particular) will focus on processing, packaging, warehousing and distribution.

Further consultation with the stakeholders is needed to assist with planning for the realization of the SEZ concept.



8. Key Sectors

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

8.1 Agriculture and Agro-processing

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

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

8.2 Manufacturing

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

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

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

8.3 Tourism

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

(1) *Historical:-*

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

(2) *Other attractions:-*

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

8.4 Retail

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

- Major retail stores all represented so existing critical mass reinforces regional role
- The local sector offers opportunities for increased black participation through BEEE and franchise opportunities

- Challenges in this sector include the lack of parking in the Queenstown CBD, lack of appropriate trading infrastructure for informal businesses, access to retail floor space, and lack of financial and non-financial support measures for retail traders.

8.5 Rural development

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

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

8.6 Chris Hani District municipality's Water and Rural Development Summit

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

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

8.7 Livestock Improvement Programme

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

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

8.8 Agricultural Water Use and Value Adding

The summit resolved to:

- Use rainwater harvesting methods to the district linked to the Comprehensive Rural development Plan)
- Obtain funding and operationalise feasibility to revitalize irrigation schemes focusing on smaller schemes and social facilitation
- Revisit water allocation for agriculture use

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

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

8.9 Sustainable development Initiatives and the Green Economy

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

- Environmental management
- Renewable Energy

9 Economic Activity

9.1 Tourism

(i) Motivation Initiatives

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

The presence of Local and Provincial Government departments in Lukhanji, and the link between these and other centres in the Province suggests increased traffic by Government and related officials. The catalytic effect of tourism on the economy is well documented. A focus on tourism would support other activities proposed for the Business Hub. The following are tourist reception facilities in the area:

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

- Upgrade of the airport

(ii) Partnership with Local Tourism Organisation

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

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

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

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

(iii) Monuments and Historical events

- Liberation Heritage Route
- Bullhoek Massacre Heritage Site

Lukhanji Local Municipality sourced funding from the Department of Tourism for the establishment of a museum, a monument and cultural village. Phase1 of the project is completed and phase 2 of the project will be completed at the end of March 2014.

The site is located in the Whittlesea area. There is still a lot infrastructure development that is needed in the area for the site to serve as one of the municipality’s tourist centres, this include the road infrastructure.

(iv) Key Economic Challenges

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

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

(v) The Development of Key Economic Clusters and Sectors

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

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

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

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

10 SWOT

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

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong partnership between private and public sector in the Lukhanji Business Forum • Good rail and road infrastructure, including the road network, railway network, and airport • Distance from the main competitors • Existing industrial and economic base 	<ul style="list-style-type: none"> • Lack of municipal resources for economic development • Limited capacity within the local municipality to facilitate LED • Lack of business support services and incentives • Access to affordable serviced land • Lack of appropriate infrastructure • Low investments in infrastructure and poor service level standards and reliability • Underutilization of assets such as warehouses • Telecommunications network coverage incomplete and access to cost-effective broad-band network • Lack of appropriate skills • Lack of support to promote and further innovation and technological developments • Poor coordination between the various spheres of government

Opportunities	Threats
<ul style="list-style-type: none"> • Design of local incentives policy, both financial and nonfinancial to fast track development procedures • Establishment of Development Agency to package projects and secure funding and private sector investment • Establishment of effective local tourism structure • Partnership between private and public sector 	<ul style="list-style-type: none"> • Under-utilised airport • Availability of industrial area in Queenstown with warehouses and infrastructure • Relatively cheaper labour pool • Increased attractiveness of rail network links to manufacturing exports • Upgrading of national routes linking QT to Durban and Cape Town • Poor skills levels in the Labour force • High poverty levels • High HIV infection rates • Crime increasing • Housing – it is estimated that the current backlog for housing in Lukhanji seats at about 40 000 houses (IDP). • Future available of infrastructure, energy, water and other services • Lack of organised economic development agency, including tourism bureau • Red tape to start business • Town planning not promoting business climate and poor quality of physical environment • Condition of the roads

11 Possible investment and Economic Growth

(i) *Lukhanji Aerodrome Industrial Business Hub*

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

In August 2008 ECDC appointed PD Naidoo and Associates (Pty) Ltd (PDNA) to conduct the Pre-feasibility Study. This was aimed understand the current status of the airport and surrounding infrastructure and the

economic potential of an industrial business hub, and to compare these against a set of critical factors for success.

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

(ii) *Airport Location*

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

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

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

12 SUSTAINABLE LIVELIHOODS

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

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

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

13 INTENSIFYING ENTERPRISE SUPPORT AND BUSINESS DEVELOPMENT

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

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

2. Integrated Development Planning

Background

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

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

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

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

The unit currently has one official in the unit The IDP/ PMS Manager resigned in February 2014. The recruitment process has already started to fill in the vacancy. The institution is still required to ensure that proper budgeting is done to ensure that proper personnel is increased in the next financial years to capacitate the unit.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none">● Establishment of IPED as a stand-alone directorate	<ul style="list-style-type: none">● Insufficient personnel● Limited budget● Projects budgeted for not in line with the IDP resulting to misalignment

<p>Opportunities</p> <ul style="list-style-type: none"> • Support from the provincial department of local government and traditional affairs • Directorate has a potential to grow and assist to shape the municipality 	<p>Threats</p> <ul style="list-style-type: none"> • Non-cooperation of sector departments
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2.1.1 Performance Management System

Background

The municipality adopted a performance management system framework on the 22nd June 2012. It is still in the process of engaging all other stakeholder and ensuring that all role players fully understand their roles so as to ensure that the framework is fully implemented and effective

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Development of the Performance Management Framework • Setting up of the PMS committees 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Performance scorecard not used to assess, monitor and correct or improve performance • Employees activities not aligned to the municipal objective to realize municipal vision • Municipal scorecard not cascaded to the levels below Section 56 and 57 Managers
<p>Opportunities</p> <ul style="list-style-type: none"> • District Performance Management Forum in place • Support from the District 	<p>Threats</p> <ul style="list-style-type: none"> • Reluctance from the Unions to have the PMS card cascaded to the levels below section 56/57 managers

13.1 Constitutionally Allocated Functions

- Powers and functions that Lukhanji Local Municipality is authorised to perform

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

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

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

Functions of Lukhanji Municipality	<u>Authorization / (Power)</u>	Definition
		speed of vehicles on municipal roads.
Water (Potable)	No	The establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution; bulk supply to local supply points, metering, tariffs setting and debt collection so as to ensure reliable supply of a sufficient quantity and quality of water to households, including informal households, to support life and personal hygiene and establishment, provision, operation, management, maintenance and regulation of a system, including infrastructure, for the collection, removal, disposal and/or purification of human excreta and domestic waste-water to ensure minimum standard of services necessary for safe and hygienic households
Housing	No	The Provincial Department of Housing and Local Government & Traditional Affairs is authorized with this function. The mandate is given to the Province while the Municipality is appointed by service (and performance) contract as Implementing agent, facilitator and promoter. The client is DHLGTA and the beneficiaries are the citizens of Lukhanji.
Primary Health Care	No	The Provincial Department of Health is authorized with this function and it is delegated mainly to the DM. Lukhanji Municipality is appointed by service (and performance) contract. The client is the Province and the beneficiaries are the citizens of Lukhanji. The DM is the main Implementing agent in Lukhanji, facilitator and promoter of Health Services. The role of Lukhanji Municipality is to allow and promote all Health Services and to attend to related health functions and issues, e.g. related to refuse removal; no. 31 and Municipal Health Functions as listed under numbers; 1, 6, 8, 9, 11, 14, 15, 19, 20, 22, 27 and 29.

SECTION E – GOOD GOVERNANCE & PUBLIC PARTICIPATION

CHAPTER 8 – SITUATION ANALYSIS

1. Introduction

Lukhanji Local Municipality is an Executive Mayoral type and a Category B municipality, located in the Chris Hani District Municipality.

Its Council precinct is located in Queenstown, with its satellite offices in Whittlesea, Ilinge and Ezibeleni

2. Political Governance

Lukhanji Local Municipality has 54 councillors: 27 ward councillors, 27 PR councillors and 10 Traditional Leaders.

Lukhanji Council has an Executive Mayor, Council Speaker and Chief Whip.

The council has the following standing committees:

- ✓ Finance
- ✓ Integrated Planning and Economic Development
- ✓ Human Resources and Administration
- ✓ Community Services
- ✓ Human Settlement and Land Development ; and
- ✓ Community Safety

2.1 COMMITTEES

(1) Mayoral Committee

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

(2) Municipal Public Accounts Committee

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

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

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

- To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report.

- To examine the financial statements and audit reports etc.

3. Community and Public Participation

2.2 Ward Committee System

The municipality had 27 Ward Committees with 270 Ward Committee Members that are functional and participate actively in the municipal affairs.

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

- R 1000 stipend paid monthly to 270 ward committee members
- Provides training to Ward Committee Members

2.3 Community Development Workers

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

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

3. Traditional Leaders

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

Ten traditional leaders were sworn in as members of the Council in December 2011.

SWOT Analysis

<p>Strength</p> <ul style="list-style-type: none"> • Structures in place (Ward Councillors, Committees and CDW, Traditional Leaders) • Participation of Traditional leaders in Council 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of personnel designated to deal with public participation
<p>Opportunities</p> <ul style="list-style-type: none"> • 	<p>Threats</p> <ul style="list-style-type: none"> • Political instability • Public unrest

4. Audit Committee

Each municipality must have an independent advisory body which must advise the municipality on matters relating to a range of financial issues, performance management and performance evaluation.

The Audit Committee must consist of at least 3 persons with appropriate experience, of who the majority may not be in the employ of the municipality. An audit committee may be established for a district municipality and the local municipalities within that district municipality.

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

4.1.1 Internal Audit

Background

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

An internal audit unit has been established in Lukhanji Municipality. This unit advises the accounting officer and reports to the audit committee on matters relating to service delivery, financial related and performance management issues.

(i) AUDIT OPINIONS FOR THE PAST 5 YEARS

Financial Year	Audit Opinion
2007/ 2008	Qualified
2008/2009	Unqualified
2009/2010	Disclaimer
2010/2011	Disclaimer
2011/2012	Disclaimer
2012/ 2013	Disclaimer

(ii) AUDIT ACTION PLAN

The audit action plan has been developed by the municipality to address all issues raised in the Auditor-General's report and was adopted by Council. It is reflected as part of the financial plan in the document

4.1.2 Communications, Marketing and Municipal Branding

Background

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

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

The information is communicated to the community through:

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

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

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Personnel in place • Viable communication network 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Operationalization of the Communication Strategy • Functionality of the municipal website • Standardization of the municipal emblem • Inadequate budget • Limited office space • Non-availability of email addresses of Councillors and staff • Non-existence protocol and etiquette framework • Non-compliance to legislation; • Non-preservation of institutional memory • External hosting of the information server
<p>Opportunities</p> <ul style="list-style-type: none"> • Optimization of IT for effectiveness and efficiency in communications 	<p>Threats</p> <ul style="list-style-type: none"> • Change of legislation • •

4.1.3 Inter-Governmental Relations

Background

Inter-Governmental relations is a strategic platform which assists to achieve co-operative governance amongst the spheres of government and municipal stakeholders. It facilitates co-ordination of integrated planning for improved service delivery

It is currently located in the office of the Municipal Manager and in the main, focussing on public participation.

SWOT

<p>Strengths</p> <ul style="list-style-type: none"> • 	<p>Weaknesses</p> <ul style="list-style-type: none"> • No policy in place
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<ul style="list-style-type: none">• Draft Communication strategy in place• Personnel in place	<ul style="list-style-type: none">• Lack of co-ordination and monitoring• Inadequate personnel• Limited budget
Opportunities <ul style="list-style-type: none">• Location of government departments and parastatals within the municipal area	Threats <ul style="list-style-type: none">• Cooperation from sector departments• Political instability• Change in political leadership

6. OBJECTIVES AND STRATEGIES – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
Good Governance and Public Participation	Single window of coordination	Municipal Planning	To improve municipal planning processes with the aim of developing credible IDP and Budget by adhering to legislative prescripts and policies by June 2017	Implement and review IDP and Budget in line with the legislative requirements by June 2017		An approved integrated IDP and Budget Process Plan
						Approval Reviewed IDP
				Development of IDP Committees		IDP development processes in line with the legislation
						Full Implementation of the PMS Framework
				Establishment of PMS Committees		Quarterly Performance Reports developed and Assessed
	Deepen democracy through a refined ward community model	Public Participation	To improve participation of target groups in the activities of the Municipality by June 2017	To develop and implement annual public participation programme		
		Internal Audit	To ensure that the municipality adheres and complies with all municipal laws and regulation by June 2017	Facilitate development, monitor and implement internal controls		Adherence to municipal laws and regulations
				Develop internal controls and compliance checklist		Compliance reports developed and submitted to various departments

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
		Risk Management	To ensure that the institution manages its risks to ensure effective service delivery by June 2017	Establishment of risk management structures		
				Development and implementation of risk management plan		
		Communications, Marketing and Branding	To maximize participation of citizens in municipal affairs by 2017	Intensify municipal branding, public relations through innovative communication & marketing initiative		
		Legal Services	To provide the municipality with reliable legal service on continuous basis by June 2017	Establishment and capacitation of an internal legal services unit		

OPERATIONAL PLAN – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

CHAPTER 9 - PUBLIC PARTICIPATION PROCESS AND NEEDS ANALYSIS

1. Background

Section 152 of the Constitution of the Republic of South Africa, 1996 requires the local sphere of government to encourage the involvement of communities and community organisations in the matters of local government

2. Community participation

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

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

Council, through its needs identification process, designed forms to be completed and submitted by each Ward Councillor for the purposes of IDP Development. The ward councillors submitted their ward priorities for the 2012/16 term when IDP was developed for the term of Council. In line with the MSA which states the IDP has to be reviewed annually, the priorities where deemed necessary by Councilors have to be reviewed. There are not many changes since the last review. Below is the list of priorities as submitted by councillors. For the councillors that did not submit for this review, it was assumed that the priorities submitted in the last review are still relevant and that there are no changes for the 2014/ 2015 IDP review.

1. Needs identified per ward

Wards	Key Priority and Priority Needs	Specific area
1	1. High Mast Lights	
	2. Gravel each roads / main	
	3. Roads / Fence	
	4. Xonxa project of Water	
	5. Primary health Care	
	6. Houses and Electricity	
	7. Land for agricultural purposes	
	8. Sanitation	
	9. Safety / Police Station	
	10. School	
	11. New site for cemetery	
	12. Rebuilding of old Transkei houses	
	13. New water pipes	
	14. Storm water drainage	
	15. Upgrading of External and Internal road	
	16. Shearing shed and dipping tank	

Wards	Key Priority and Priority Needs	Specific area
	17. Fencing of sewerage	
	18. Refuse tank	
2.	1. Housing	
	2. Water and Sanitation	
	3. High mast lights	
	4. Cemetery	
	5. Internal Road	
	6. Stadium / Sports field	
	7. Library	
	8. Mini hospital	
	9. Phase 3 of Storm water	
	10. Taxi rank	
	11. Surfacing of road	
	12. New Septic tanks Nomzamo	
	13. Toilet in the hall	
3	1. Completion of the hallsx2 & telecentre[toilets&fencing]	
	2. Bridges-nomentyu;mfenyane;koppies7mamfeneni	
	3. Access roads&stormwater	
	4. Water &sanitation	
	5. High mast lights	
	6. Fencing of mielie fields;grazing land&ranger	
	7. Sport fields	
	8. Irrigation scheme&revitalisation of qonobeni dam	
	9. Shearing shed[under construction]	
	10. Sign boards &direction boards	
	11. Pre-schools	
	12. RDP houses	
	13. Clinic	
	14. Revitalisation of the dam in Qunubeni	
4	1. Multi-purpose Recreation Grounds	All areas in the ward
	2. Tar roads	All areas in the ward
	3. High Mast lights	
	4. RDP Houses	
	5. Storm water drainage	In all areas in the ward
	6. Youth hub	Rent office
	7. Clinic	Next to Faltenju
	8. Surfacing of gravel roads to the Municipal Offices	
	9. Upgrading/increasing of dams for water as the people have increased	
	10. Refuse tank	
	11. Request that the street cleaners be supervised	
	12. Request to inform the community when the water will be disconnected.	
	13. Issue of the control of taxi rank	
	14. Issue of the control of taverns	
	15. Request for a town hall	Ext.4
	16. Issue of municipal employees selling RDP houses	
	17. Request the town be developed so that they can pay municipal services	
	18. Cutting of grass at ext. 2 because of criminal activities	

Wards	Key Priority and Priority Needs	Specific area
	that are taking place	
	19. Request primary school at ext.4	
	20. Fencing of tip site.	
	21.Fencing of dam	
	22. Grazing camp	
	23. upgrading of gravel roads and storm water drainage	Ezibeleni
	24. New transformers with high capacity be bought	Ezibeleni
	25. Refuse collection be done	Ezibeleni
	26. Policy be reviewed for the collection of rates/rate be paid in 12 months	Ezibeleni
	27. Why does the community in Ezibeleni pay rates whereas they are not properly serviced?	Ezibeleni
	28. Rangers be employed to collect the cows on the streets.	Ezibeleni
5	1. Basic water	All the ward
	2. Shearing shed	
	3. Fencing of camps& fields	Mbekweni, Ngojini, Shilo, Dyamali
	4. RDP Houses	All the ward
	5. Speed humps	All the ward
	6. Roads and access road	Shilo, All the ward
	7. Irrigation Scheme	Ngojini, Diphala, Mbekweni
	8. Renovation irrigation dam	Sibonile
	9. High mast lights	Sibonile, Diphala, Ngojini, Mbekweni, Dyamali
	10. Fencing of cemeteries and toilets	All the ward
	11. Electrification – clinics / schools	Clermont and Galla Water, Gallawater Ngojini, Clemont
6	1. Storm water	OR Tambo ezibeleni
	2. Water drainage	Minah T Soga, OR Tambo, Zenzo
	3. Street lights	Queensview Park;komani Park;Laurie dashwood
	4. Playing grounds	Queensview Park
	5. High must lights	OR;Queensview;Zenzo & Minah
	6. Speed humps	Hoho str Minah area
	7. Roads\gravel seal	OR;Zenzo;&Minah
	8. Grass cutting	Komani Park;
	9. Grass cutting	Queensview park area
	10. Grass cutting	Sandringam, Laurie Dasi Wood area
	11. Community hall	Olivier Tambo
	12. Fencing of fields	Komani Park&Queensview
7	1.High must lights	
	2.Gravel roads &storm water	
	3.Tarring &humps in the main road	
	4.Clinic &police station	
	5.Maintain &put a new bridge	
	6.Recreation centre	
	7.200 chairs for Unathi support centre	
	8.Remove big stones close electricity boxes or dangers	
	9.Put water main pipe for 60 houses	
	10.Houses	
8	1. Roads / Tarred	All Ward
	2. High Mast Lights	All Ward
	3. Recreational ground	All ward
	4. Toilets / Taps	Pakamisa Park Zone 1

Wards	Key Priority and Priority Needs	Specific area	
	5. Storm water	All ward	
	6. Youth hub	Zone 1, Zone 2	
	7. Speed humps	Zone 1, Zone 2	
	8. Street lights	All ward	
	9. Information centre	Zone 2	
	10. Sport field	Ward 8 / Zone 2	
	11. upgrading of gravel roads and storm water drainage	Ezibeleni	
	12. New transformers with high capacity be bought	Ezibeleni	
	13. Refuse collection be done	Ezibeleni	
	14. Policy be reviewed for the collection of rates/rate be paid in 12 months	Ezibeleni	
	15. Why does the community in Ezibeleni pay rates whereas they are not properly serviced?	Ezibeleni	
	16. Rangers be employed to collect the cows on the streets.	Ezibeleni	
	9	1. Job creation	All the ward
		2. Chronic Site (Clinic)	Gugulethu Clinic
		3. Road signs	All the ward
		4. Sport fields	Mhlotshana and Luvuyo
10	1. Roads		
	2. High Mast		
	3. Houses		
	4. Storm water		
	5. Rectification of wooden / zink houses		
	6. Street lights		
	7. Stadium		
	8. Youth centre		
11	1. RDP Houses	Madakeni	
	2. Access roads	All the ward	
	3. Sport grounds	All the ward	
	4. High mast lights	Madakeni, New Zone, Zola	
	5. Fencing of camps	3 villages	
	6. Clinic	One of the villages	
	7. Rectification	Zola	
	8. Water	2 villages	
	9. Remove rubbish dumps	New Zone / Zola	
	10. Public toilets ingrave	3 villages	
12	1. Access roads	All the ward	
	2. Clinic infrastructure		
	3. Culverts / Box Culvert	All the ward	
	4. Water electric engines	All the ward	
	5. Tarred road	From Dyamala to Kalberg	
	6. Fencing/new water pipes – ploughing fields	All the ward	
	7. Tractors – ploughing fields	All the ward	
	8. Revive wind mills	All the ward	
	9. RDP Houses	All the ward	
	10. Chairs and electricity in the hall		
	11. Toilets	Mtwakazi	
	12. Drinking water and irrigation scheme		
	13. Deeping tank for cows		
	14. High mast lights		
	15. Network pole		

Wards	Key Priority and Priority Needs	Specific area
	16. Jojo tanks	Qaqeni village
	17. Additional classes – school	Cibini P and Mzamomhle H
13	1. Water	13
	2. Roads	13
	3. Sanitation	13
	4. School (foundation phase)	Hensam
	5. Hall	13
	6. Electricity	Tsitsikama
	7. RDP Houses	13
	8. Clinics	13
	9. Fencing , agricultural project, dam, grazing land	13
	10. Dipping tank	13
	11. High mast lights	
	12. Revitalisation of storm water drains	Ntabelanga and Bullhoek
	13. Library	
	14. Furrow	
14	1. Water	All
	2. Roads	All
	3. Houses	Kamastone Bullhoek, Mceula Zanggokhwe
	4. Agriculture Programme	All
	5. Clinics	Mceula
	6. Schools	Enzam
	7. High Masts	Enzam&poplar grove
	8. Storm water	All villages
	9. Bridges	Bullhoek&Mcbride
	10. Community Hall	Enzam Poplar Grove, Zanggokhwe;mcbride
15	1. High Mast lights	Whole ward
	2. Tarred roads	Whole ward
	3. Proper drainage	Whole ward
	4. Youth hub	Rent office
	5. Fencing – grazing land	Rail to cemetery
	6. Sport fields	Ezibeleni
	7. Children play grounds	Open spaces
	8. Ekuphumleni Housing	Ekuphumleni
	9. Information Centre	Library
	10. Shopping Mall	Ezibeleni
	11. New transformers with high capacity be bought	
	12. Refuse collection be done	
	13. Policy be reviewed for the collection of rates/rate be paid in 12 months	
	14. Why does the community in Ezibeleni pay rates whereas they are not properly serviced?	
	15. Rangers be employed to collect the cows on the streets.	
16	1. Roads and Speed Humps	Ekuphumleni, Zone 1, 2 and 3
	2. Houses	Ekuphumleni, Zone 1, 2 and 3
	3. Remove rubbish dumps	Ekuphumleni, Zone 1, 2 and 3
	4. Sports ground	Ekuphumleni, Zone 1, 2 and 3
	5. Learnship Skills training	Ekuphumleni, Zone 1, 2 and 3
	6. Fix street light	Ekuphumleni, Zone 1, 2 and 3
	7. Raise and Strengthen graveyard fence	Ekuphumleni, Zone 1, 2 and 3
	8. Small business needed by people in Ward 16	Ekuphumleni, Zone 1, 2 and 3

Wards	Key Priority and Priority Needs	Specific area
	9. High Mast lights	Ekuphumleni, Zone 1, 2 and 3
	10. Public toilets for shack area	Ekuphumleni, Zone 1, 2 and 3
17		
18	1. Roads	
	2. Houses	
	3. Water	
	4. Building of dams	
	5. Clinic	
	6. School	Merino walk
	7. Fencing of camps	
	9. Pre-schools	
	10. Sports fields	
	11. Community hall	
	12. Monitoring of employment	
	13. Storm water drainage	
	14. Cemetery	
	15. High mast lights	
16. Unfinished toilets	Merino walk	
17. Bridge	Merino walk	
19	1. Rectification – rebuilding of RDP Houses	New vale Area
	2. Upgrading and Construction of new roads	Newvale Area
	3. Changing of electricity – preferable underground cables	Newvale Area
	4. Storm water – install drainage system	All the ward
	5. Shortage of RDP houses	All the ward
	6. Police station or satellite because of high crime rate	
	7. Park or Playing fields	All the ward
	8. Creche	
	9. Community members from ward 19 were not employed in the project of upgrading the cemetery but the stones were taken from their ward	
	10. Increase in the municipal account	
20	1. RDP Houses and toilets	
	2. Upgrade of Streets	
	3. Crèche	
	4. Community Hall	
	5. Playing grounds and Parks	
	6. Storm water drainage	
	7. Valley and Dust bin	
	8. Electric theft rate	
	9. Crime rate	
	10. Refuse collection on holidays	
21	1. Tar roads	
	2. Sewerage and storm water drains	
	3. Housing	
	4. Fencing – Mlungisi cemetery	
	5. Addressing unemployment through LED	
	6. Address crime rate	
	7. New electricity meter boxes	
	8. Maintenance of high mast lights	

Wards	Key Priority and Priority Needs	Specific area
22	1. Rehabilitation of sanitation	White city
	2. House for back yard	White city
	3. Roads gravel seal	White city, New Vale Aloe
	4. Bridge	Between Aloe and Aloe Vale
	5. Sport facility	White city
	6. Rehabilitation of houses	New Vale
	7. Humps	Ngoma street, White city
	8. Toilets	Aloe T
	9. Rehabilitation of Old Houses	White City
	10. Repair of High Mast lights	White city
23	1. Building of old houses Old location	Thulandivile / Bede / Bulawayo / Bongweni
	2. Building of RDP Houses	
	3. Tar roads	All streets at Mlungisi
		Mlungisi
	4. Storm water drains	All street
	5. Pot holes	Public roads
	6. High mast	All areas
	7. 24 hours – Philani clinic	Philani New Bright
24	1. Housing	All ward
	2. High mast lights	
	3. Street lights	Bede Location
	4. Humps	Dolamba Street
	5. Old Age clinic	Bede Location
	6. Storm water drainage	All ward
	7. Improvement of Boxing centre	New Bright
	8. Tarred road and streets maintenance	All ward
	9. Lights	Calderhood street and Pelem road
	11. Municipal accounts have increased	
	12. Employment for the youth	
8. Creation of job opportunities for the disabled people		
25	1. Reconstruction of Nkululekweni	Komani heights
	2. Housing all areas	All areas
	3. Tarred roads&surfacing all areas	
	4. Pre-school[zwelitsha]	Nkululekweni
	5. Storm water[all areas]	Zwelitsha
	6. Servicing of high must lights all areas	All areas
	7. Pot holes & humps	Westbourne, Kings Park, Madeira
	8. Fixing of electricity problems	Madeira, Kings Park, Westbourne
	9. Stone pitch in the farrow behind Mlungisi cemetery	
	10. Housing	
	11.	
26	1. Roads and bridges fix	Zingquthu

Wards	Key Priority and Priority Needs	Specific area
	2. Water supply fix	Zingquthu
	3. Portholes fix	All
	4. Street lights and traffic signs fix	All
	5. Roads – Cleaning of Storm water drains	All
	6. Fix curbing	All
	7. Cutting, cleaning of sidewalks and public spaces	All
	8. Clean litter	All
	9. Painting of curbing's and street signs etc	All
	10. Fix pavements, replace old water pipes	All
27	1. Water	Lesseyton, Zola, Engojini, Xuma, Tabata, Toiskraal
	2. Surfacing of Roads	Lesseyton Area, Toiskraal
	3. RDP Houses	Lesseyton, Zola, Toiskraal
	4. High Mast lights	Lesseyton, Zola, Toiskraal
	5. Crèche, Pre-School	Lesseyton area, Toiskraal (7 Total)
	6. Poultry Project	Toiskraal
	7. Sport field stadium	Lesseyton
	8. Small business Centre	Lesseyton
	9. Fencing	Lesseyton ploughing field
	10. Cemeteries	
	11. Toilets and Sanitation	
	12. Job creation	
	13. Transfer station that is not working	

SECTION F – SPATIAL DEVELOPMENT FRAMEWORK

CHAPTER 10 – SPATIAL DEVELOPMENT FRAMEWORK

1. Executive Summary

In accordance with the requirements of the Municipal Systems Act (Act No. 32 of 2000), the Lukhanji Municipality has completed a Spatial Development Framework (SDF) in respect of its area of jurisdiction. The Lukhanji SDF is currently under review. Umhlaba Consulting Group has been contracted to assist the municipality with the review of the SDF. An inception report was presented to the Lukhanji council and officials together with SPLUMA in a workshop in January 2014.

The Local SDF is to review the functioning of the entire area of the former Queenstown TLC (i.e. the urban areas of Queenstown, Mlungisi and Ezibeleni) with a specific focus being placed on the central town of Queenstown.



Due to its locality on the National route N6 as well as major Regional routes R67, R61 and R392, Queenstown has very strong linkages to a hinterland that has a mix of traditional rural settlements with a relatively high population as well as commercial farmland and associated activities.

Because of this strong link to a hinterland population and the town's status as a central place for accessing goods and services (including health and education services) Queenstown is experiencing growth in trade and pressure from business operators for service orientated and commercial sites.

This pressure for growth and development is further enhanced by the fact that the town is the administrative seat not only of the Lukhanji Municipality but also the Chris Hani District Municipality and there is a consequent strong demand for accommodation, which has found expression in land use change trends for Bed and Breakfast establishments as well as townhouse developments etc. in the residential suburbs of the town. Therefore, as with any growing urban settlement, the land use trends and related spatial growth of Queenstown need to be investigated in some detail when assessing the limitations that topography and the character of the existing natural and built environment place on land use transformation. Moreover, the impact on the rendering of infrastructure services of such land use changes and future extensions must also be taken into account. The preparation of a spatial plan will therefore have to address a range of environmental, land use and engineering restrictions and sensitivities

Draft 1: (2nd) IDP Review 2014- 2015

The reviewed SDF will also take into account the planned new development like the Special Economic Zone.
The first draft of the reviewed Spatial Development Framework will be tabled in Council on 31 March 2014.

SECTION G – FINANCIAL VIABILITY AND MANAGEMENT

CHAPTER 10 – FINANCIAL PLAN

-
- BTO 2014/15 FINANCIAL ANALYSIS

1. Overview

The role of the Budget and Treasury department within Lukhanji Municipality is to assist the Accounting with the financial management of the institution

Payment levels is decreasing over the past few years, probably to a large degree as a result of the economic meltdown, and strict credit control, together with an understanding of the economic situation, is still paramount.

The department is comprised of the following departments

1. Expenditure
2. Supply Chain
3. Budget
4. Revenue collection
5. IT
6. Administration

Information and Communication Technology

The section is responsible for making sure that the municipal network infrastructure is accessible. It provides an ICT architecture which supports financial, administrative and human resources systems of the municipality. It is also supposed to be responsible for security of the information, however the municipality sub-contracted a service provider to host and maintain the server on its behalf

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • information technology systems • Personnel 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of information and communication technology strategy • Lack of governance framework • decentralization of IT infrastructure, • aging IT equipment; • out-dated computer software; • inadequate IT equipment; • capacity challenges; • unlimited user rights and permissions • back-up and data recovery plan • internet and email hosted externally by a service provider; • Uninterrupted power supply
<p>Opportunities</p> <ul style="list-style-type: none"> • Wi-Fi network ... 	<p>Threats</p> <ul style="list-style-type: none"> • limited number of IT Equipment Service Providers •

Personnel

It is comprised of a manager and two interns.

The department is responsible for the entire municipality.

The Department plans to refurbish the network infrastructure for all the departments in the municipality. This project will be funded from the MSIG. However only an amount of R750,000,00 is available. Additional funding is needed to refurbish the entire network infrastructure.

A server room built to the international standards. The current server room is not secure and

The issue that is under discussion in the municipality is the location of the IT section. The question is whether it should be located in the MM's office or Corporate Services or Budget and Treasury Office where it is currently located.

Strengths <ul style="list-style-type: none">• Skilled interns	Weaknesses <ul style="list-style-type: none">• Lack of staff
Opportunities <ul style="list-style-type: none">• Establish the a fully fledged IT section	Threats <ul style="list-style-type: none">• Server room located can be easily accessible as it is within the Budget and Treasury offices

2. Revenue section

Personnel

Challenges

- Debt collection policy
- Tempering: The losses is around 32%.

In order to reduce or minimize tempering the municipality employed people that do temper checks. These are located in the Technical services department and they assist with revenue enhancement. They do random checks for tempers, and check if there are no illegal reconnections of the houses that were disconnected. There is a penalty that people pay for tempering and reconnection

Indigent :

The municipality has developed an indigent policy which is reviewed annually. The reviewed policy will be tabled with the draft IDP on 31 March 2014.

Only one person deals with the registration of indigents in the entire municipality.

The municipality should also consider employing a plumber instead of making use of service providers. The municipality can save a lot money as the employed plumber will be able to attend to leaks on time.

Credit control

More Control measures are needed to ensure that the arrangements that are made for repayments who have arrears in their rates accounts are adhered to. Constant supervision and monitoring of the arrangements is needed.

Office space is a challenge in the Budget and Treasury department

Cashiers

Office space, minimal security,

Billing section

Personnel

The physical working environment is not conducive, office space is needed.

3. EXPENDITURE SECTION

The unit is comprised of creditors and payroll

Salaries/Payroll

There are two people in this section. There is no segregation of duties as there are no other personnel. The municipality needs to employ two more people. The two employees cannot cope with the current work load.

The % budget used on salaries is almost 30.8% of the total operational budget

Creditors

The unit is comprised with one permanent employee and two interns and the accountant that is supposed to be supervising salaries and creditors sections.

Age analysis of creditors

The regulated time frame for the payment of creditors is not always adhered to (creditors to be paid within 30 days) because the departments do not submit the invoices on time or they do not purchase the items on the order form .

Departments sometimes by pass supply chain processes (MFMA 61 (e)). This causes late payment of suppliers.

Supply Chain Management

Personnel

The unit is comprised of a manager and two SCM officers and Order's clerk and one intern.

Challenge is shortage of staff

In an ideal environment, the unit has 3 units. In all these sections we need an officer and a clerk.

The office space is another challenge as all the personnel including the manager stay in one small office, where contracts are also kept.

Supply Chain Committees

All supply chain committees are established. There is a challenge with the seating of committees; the evaluation committee is short of members.

The bid adjudication committee is comprised of directors who are most of the time in meetings. This causes delays in the seating of committees and further affects the implementation of projects.

The unit has developed a procurement plan. This is distributed at the beginning of the financial year. Some departments do not submit the plans and still expect to make requisitions and those who do, do not adhere to them.

Assets Management

Personnel

There is only one official in the department based in the department; the asset management officer.

There is a lack of systems.

Challenge

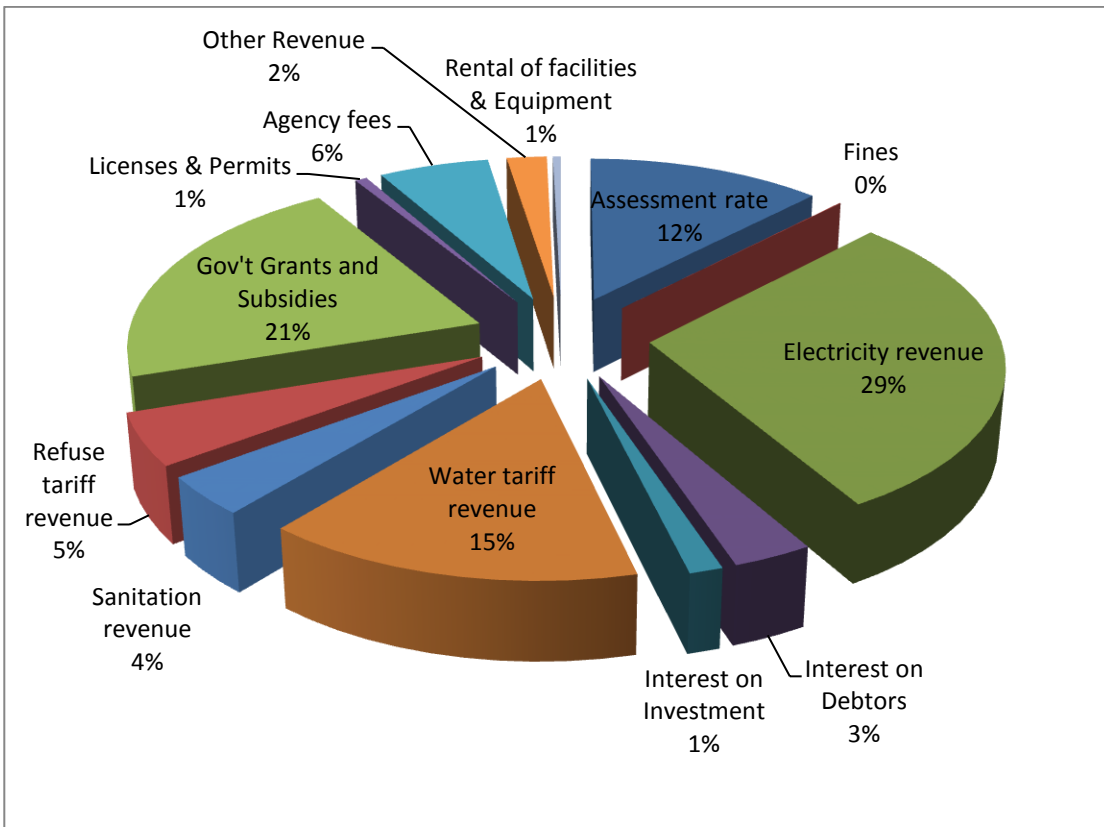
There is a draft asset management policy that will be adopted in March 2014 with the IDP. However, for the effective implementation of the policy, the municipality needs to know all the assets owned by the municipality. Fleet management is located in the Technical services; the unit has to go to that department to obtain information on the assets

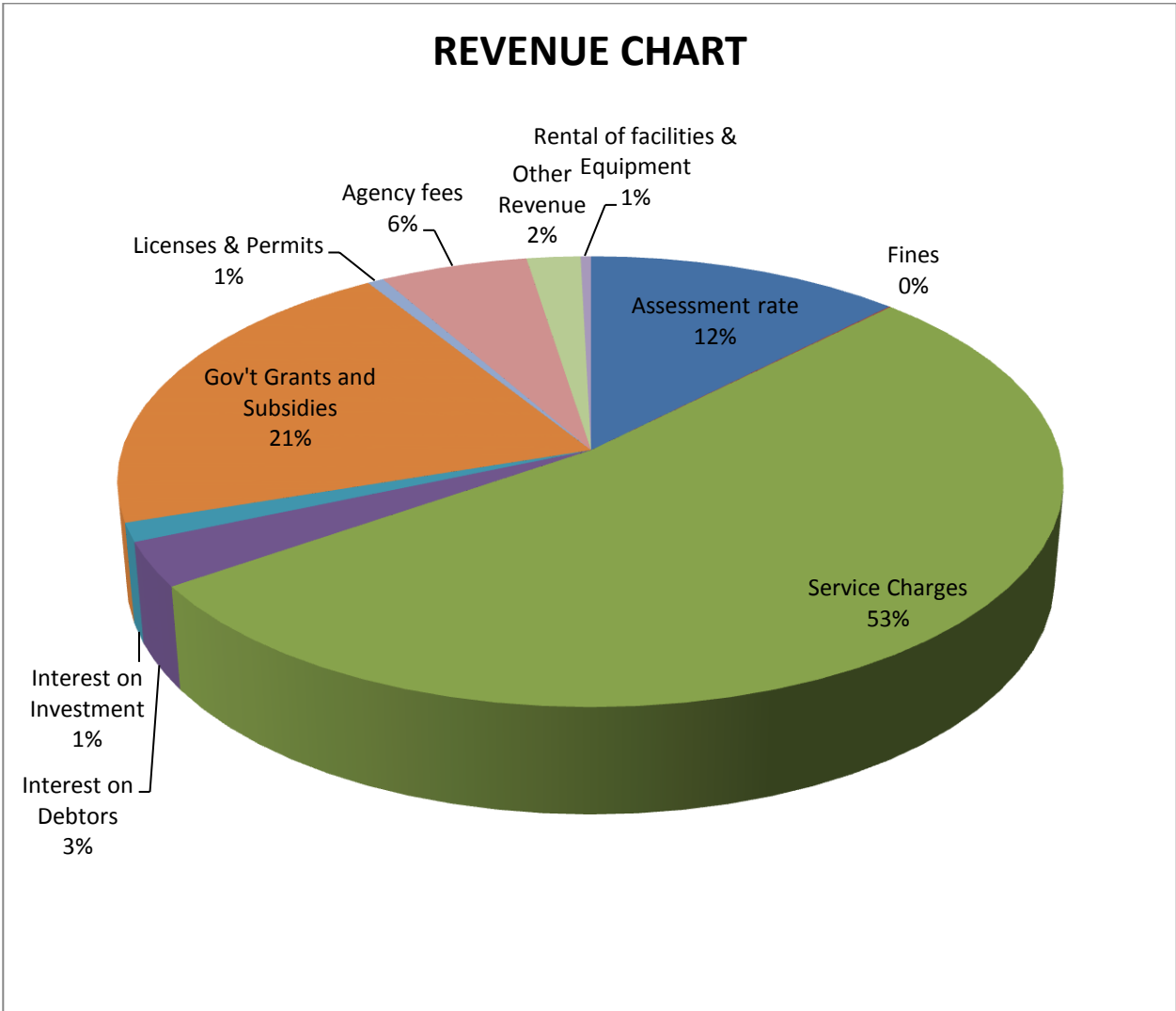
2. Budget Summary

REVENUE			
Operating Budget Revenues (R'000)		Capital Budget Revenues (R'000)	
Assessment Rates	75 162	Municipal Infrastructure Grant (MIG)	37 591
Fines	348	Integrated National Electrification Programme (INEP)	3 000
Electricity tariff	178 197	Own Internal generated fund	12 500
Interest on Investments	8 200		
Interest on Debtors	19 438		
Water rariff	91 529		
Sanitation tariff	22 850		
Refuse tariff	30 507		
Grants & Subsidies	129 070		
Licenses & Permit	3 889		
Agency fees & subsidies	35 242		
Rental of facilities	2 476		
Other Revenue	12 828		
Total Operating Revenue	609 802	Total Capital Revenue	53 091

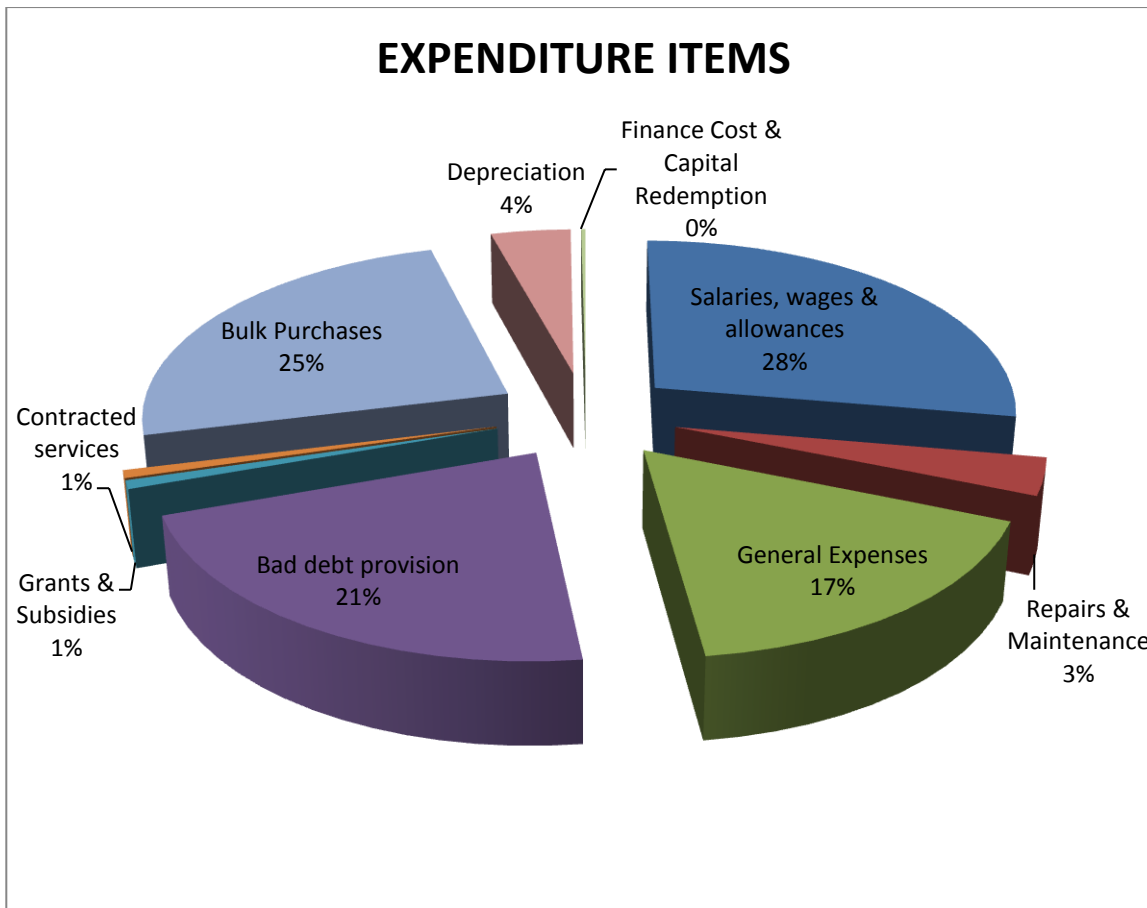
EXPENDITURES			
Operating Budget Expenditure (R'000)		Capital Budget Expenditure (R'000)	
Salaries, wages & Council allowance	168 999	Inter modal	8 300
Repairs and Maintenance	20 840	Surfacing of Lukhanji Roads	12 500
General Expenses	60 536	Community Hall Ward 1	4 100
Bad Debt provision	131 811	Community Hall Ward 7	4 760
Grant and Subsidies	4 734	Community Lightining	2 000
Contracted Services	52 766	Ilinge Cemetery	1 000
Bulk Purchases	150 240	Integrated National Electrification Programme	3 000
Depreciation	24 615	Lesseyton Cemetery	1 000
Finance cost and Capital Redemption	1 286	Upgrade of Lukhanji Gravel Roads & Bridges	5 751
		Ilinge Sport field	8 800
		PMU Fees	1 880
Total	609 802	Total	53 091

HOW THE REVENUE BUDGET OF R609.8 MILLION IS MADE UP OF





HOW THE TOTAL OPERATING EXPENDITURE BUDGET OF R609.8 MILLION IS ALLOCATED



As presented, the draft Budget for 2014/15 balances expenditures with revenues and available cash balances as required by the MFMA. In addition, we anticipate moving toward our goal of maintaining an operating cash reserve of 30 days.

Operational Revenues are anticipated to reach **R609.9Million** (including currently known grants received for operational expenditures); **operational expenditures** funded from cash carry forwards and operating revenues are proposed at **R609.9 Million**.

The Capital Budget is funded from a blend of conditional grants, and internally generated fund. Capital expenditures for 2014/15 are estimated to total **R53 Million** for a variety of projects and purchases.

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and forecasts. In addition, many policy decisions were incorporated into this budget document. The following list attempts to give the most significant of these.

Operating Revenues

- Revenues are shown on a 'billed' (or accrual) basis where applicable. In many cases revenue billed is much higher than cash actually collected on that billing. An offsetting bad debt expense is also included for each billed revenue vote. This expense must be considered in any revenue discussion. **Allocations for bad debt** include the following amounts.
 - Electricity 29.4 million
 - Rates 1.4 million
 - Refuse Collection 13.8 million
 - Water 61.3 million
 - Sanitation 9.9 million
 - Interest on Debtors 15.9 million

- **Rates and tariffs** in most cases contain proposed increases. A detailed listing and explanation of these is included in this document (see appendix A). To summarize these recommended increases:
 - Electricity 7.39% increase
 - Rates 10.0% increase
 - Refuse Collection 8.0% increase
 - Sanitation 6.0% increase
 - Water 312% increase

- The **Equitable Share** Allocation from the National Treasury is **R118,301,000** which is up from the current budget of R112,655,000.

- The operating budget anticipates an agency **payment from the Chris Hani District Municipality** for providing the water and sanitation service of **R31,6 in the Lukhanji Municipal Area**. This amount is based on the model we have used for the past two years but which does not cover adequately the cost of providing this agency function on behalf of the district municipality.

- On the issue of water subsidy from the district municipality, MFMA circular 72, stipulates that if a district municipality has devolved the water function to the local municipalities within its area of jurisdiction it needs to ensure it provides for the transfer of a portion of the equitable share to the local municipalities actually performing the function through the district's budget process. Going forward this is one area that the local municipality will have to engage the district municipality in order to cover the full cost of the water and sanitation function.

Operating Expenditures

- **Employee salaries** and related expenses are increased by the level indicated by correspondence from the national treasury. MFMA circular 72 recommended that the projected inflation forecast plus one percent be applied to the employee salaries. **Salaries will therefore be increased by 6.79%**. Municipalities must take into consideration the multi - year Salary and Wage Collective

Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increases based on the average CPI for the period 1 February 2013 until 31 January 2014, plus 1 percent for 2014/15 financial year (with effect from 1 July 2014).

- The average CPI for the period February 2013 to 31 January 2014 is 5.79 per cent. Municipalities are therefore advised to provide for increases related to salaries and wages as follows:

2014/15 Financial Year – 6.79 percent (5.79 percent plus 1 percent)

2015/16 Financial Year – 6.40 percent (5.40 percent plus 1 percent)

2016/17 Financial Year – 6.40 percent (5.40 percent plus 1 percent)

MFMA circular 72 recommends that the projected inflation forecast plus one per cent be applied to the 2015/16 and 2016/17 financial years in the absence of a collective Salary and Wage agreement.

- All new personnel requests by departments are not included in this budget due to budget shortfalls. Employee salaries and wages have increased from R138.7 million (2013/14 adjustment budget) to R148.8 million in the 2014/15 draft budget showing an increase of 7.3%.
- Municipalities have been advised by National Treasury to budget for remuneration of councilors based on the actual costs approved in line with the latest Public Office Bearers Act issued in December 2013 and revised in January 2014. Councillor remuneration has increased from R18.8 million in 2013/14 to R20.2 million in the 2014/15 draft budget.
- **Electricity bulk purchases** are anticipated to **increase by 8.06%** in the 2014/15 financial year. Electricity bulk purchases will increase to R150.0 million in the 2014/15 financial year. Electricity losses which stand at the moment at 31.0% is expected to decrease further in the 2014/15 MTERF with the intervention of the Revenue enhancement team launched in 2013.
- All costs related to the repayment for **past fleet purchases** are fully funded in this budget. Interest payment and capital redemption payments for the municipality's finance leases will be fully paid up by 2015/16 financial year. Repayment in 2014/15 will amount to R1.3 million with the final amount of R675 000 to be paid in the 2015/16 financial year.
- An amount of **R4,04 million** has been allocated in the operating budget for normal street maintenance and repairs. This is in addition to what has been allocated in the Capital budget.
- **No amount** is included in the operating budget for the purchase of small equipment and machinery.
- Bad debt provision in the budget has increased from R80.0 million (2013/14 original budget) and R67.0 million (2013/14 adjustment budget) to R131.0 million in the 2014/15 budget. The steep increase is mainly due to the R61.0 million increases in the bad debt provision in the water tariff. The 312% increase in the water tariff has taken us into unknown territory in terms of our bad debt provision and it will be prudent on the part of the municipality to provide adequate provision for bad debt. The intention is to minimize any effect on the municipality's Cash flows due to possible non - payment of billed tariffs,
- MFMA Circular No. 66 has also highlighted the following examples of non- priority expenditures that should be eliminated:
- The circular aims at providing guidelines within which expenditure should be incurred in broad terms.
- i. excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;

- ii. public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);
- iii. LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
- iv. excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
- v. arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
- vi. excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);
- vii. excessive luxurious office accommodation and office furnishings;
- viii. foreign travel by mayors, councillors and officials, particularly 'study tours';
- ix. Excessive councillor and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances. Municipalities are reminded that in terms of section 7 (1) of the Remuneration of Public Office-bearers Act, 1998 (Act No.20 of 1998) the Minister for Cooperative Governance and Traditional Affairs must determine the limit of salaries and allowances of the different members of municipal councils and any budget provision may not be outside this framework;
- x. excessive staff in the office of the mayor – particularly the appointment of political 'advisors' and 'spokespersons';
- xi. all donations to individuals that are not made in terms of the municipality's indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
- xii. costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or 'golden handshakes'; and
- xiii. the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants.
- National Treasury is also informing Councilors, municipal employees and rate and tax payers that municipalities must concentrate their spending effort on services that are meaningful and not indulgent. In other words there should be a direct service budget aimed at the people who live in municipalities and not the municipalities themselves.

Capital Budget

The capital budget reflected in this document utilizes actually anticipated revenues, cash forward and to fund the budgeted expenditures of **R53.0 million**. Major items include the allocation of **R40.6 million** in conditional capital grants allocated to the municipality and **R12.5 Million** to be funded from surplus cash reserves. No External loan is included in this budget. Included in the conditional grant amount is R3.0 million in respect of Integrated National Electrification Programme (INEP) allocated to the municipality in the Division of Revenue Bill.

Capital projects to be undertaken in the 2014/15 MTREF.

- Completion of the Intermodal taxi rank has been allocated R8.3 million in the 2014/15 financial year with a further R25.0 million to be allocated in the two outer years of the MTREF.
- The Lukhanji Community Lightining programme will receive a R10.0 million budget allocations in the MTREF with a R2.0 million allocation in 2014/15 financial year.
- Sport fields will receive R8.8 million funding in the 2014/15 with a further funding of R2.3 million in the 2015/16 budget.
- Construction of new cemeteries in Ilinge, whittlesea and Lesseyton will receive R9.9 million in the MTREF starting with a R2.0 million allocation in the 2014/15 budget.
- Construction of community halls will continue to receive R8.9 million further allocations for construction of halls in wards 1 and 7 in the 2014/15 budget with additional funding of R10.7 allocation in the MTREF for the construction of halls in wards 3 and 17.
- Upgrade of rural gravel roads will receive R5.8 million in the 2014/15 budget with a further R19.0 million allocation for the two outer years of the MTREF. Included in this amount will be allocation for the re – work on Qwabi bridge over Kuzintigu River.
- 5% of the total MIG is allocated to LED for LED related capital projects in the medium term budget whilst in the MTREF. Details of these projects can be obtained from the LED section in the IPED Directorate.
- Surfacing of Lukhanji Roads will continue to receive funding with R12.5 million allocated in the 2014/15 budget with a further R12.0 million to be allocated in the MTREF.
- In addition to the above projects, a further R8.0 million will be allocated to the R13.0 million 5 – year electricity infrastructure master plan initiated in the 2013/14 adjustment budget.

3. Budget Related Policies

The following policies will be tabled with the IDP and the Budget on 31 March 2014.

Policy	Existence	
	Yes(□)	No(□)
Funding and Reserve		□
Indigent	□	
Virement	□	
Management of electricity & water losses		□
Overtime	□	
Recruitment	□	
Cash Management and investment	□	
Debt and Credit control	□	
Write Off	□	
Arrangements	□	
Tariff	□	
Rates	□	
Leave	□	
Borrowing Policy		□

4. SWOT Analysis of the Budget and Treasury Office

<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Low collection rate • Lack of internal controls • Capacity • Incorrect billing data • Inadequate service provision • Inadequate customer care 	<p style="text-align: center;">Strength</p> <ul style="list-style-type: none"> • Human capital • Infrastructure • Financial accounting system
<p style="text-align: center;">Threat</p> <ul style="list-style-type: none"> • Unemployment • Legislation changes • Community unrest • HIV/AIDS 	<p style="text-align: center;">Opportunity</p> <ul style="list-style-type: none"> • Declaration as economic hub • Improved debtor repayment levels

5. FINANCIAL PLAN

6 FINANCIAL STRATEGY

It must be noted that not all municipalities are the same and this should be kept in mind when assessing the financial health of, and the setting of benchmarks for a municipality. A municipality can be categorised into either:

- Developed – maintenance
- Developing – growing

Lukhanji Municipality (LM) can be categorised as a developing – growing municipality. Such municipalities require significant additional resources and funding to conduct the growth that is expected of them. In contrast, already developed – maintenance municipalities are mainly concerned with the need to maintain existing infrastructure.

With the demands for growth come risks that need to be managed. Wherever possible, the LM will set benchmarks appropriate for a developing – growing municipality and strive to achieve these benchmarks within the medium-term

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

6. THE FINANCIAL FRAMEWORK

8.1 Revenue Adequacy and Certainty

It is essential that the LM has access to adequate sources of revenue, from both its own operations and intergovernmental transfers, to enable it to carry out its functions. It is furthermore necessary that there is a reasonable degree of certainty with regard to source, amount and timing of revenue. The Division of Revenue Act has laid out the level of funding from National Government that will be received for the 2013 – 2015 financial years.

It is important to track the respective sources of revenue received by the LM as they can be quite different and can vary substantially depending upon the phase that the municipality is in. Knowledge of the sources of funds will illustrate position more accurately, its ability to secure loans relative to its income streams and its borrowing capacity.

8.2 Cash / Liquidity Position

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

The current ratio, which expresses the current assets as a proportion to current liabilities. "Current" refers to those assets which could be converted into cash within 12 months and those liabilities which will be settled within 12 months. A current ratio in excess of 2:1 is considered to be healthy. The LM will aim to maintain this ratio from the existing 5:1 to the desired level in the medium term.

Debtors' collection measurements, which have a great impact on the liquidity of the LM. Currently the LM takes on average 254 days to recover its debtors, while the annual debtors collection rate is 43%. The City will attempt to reduce the days debtors outstanding to less than 60 days in the medium term and will strive to increase the annual debtors collection rate by 10% per annum, until it exceeds the desired level of at least 90%.

8.3 Sustainability

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

8.4 Effective and Efficient Use of Resources

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

8.5 Accountability, Transparency and Good Governance

The LM is accountable to the people who provide the resources, for what they do with the resources. The budgeting process and other financial decisions should be open to public scrutiny and participation. In addition the accounting and financial reporting procedures must minimise opportunities for corruption. It is also essential that accurate financial information is produced within acceptable time-frames.

8.6 Equity and Redistribution

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

8.7 Development and Investment

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

8.8 Macro-economic Investment

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

8.9 Borrowing

The strong capital market in South Africa (banks and other lending institutions like DBSA etc.) provides an additional instrument to access financial resources. However, it is clear that the LM cannot borrow to balance its budget and pay for overspending.

Safeguards need to be put in place to ensure that the LM borrows in a responsible way. In order to have access to this market, the LM will need to have accurate and appropriate financial accounting and reporting systems. The manner in which the LM manages debt or takes on new debt to finance activities will have a significant impact on the solvency and long-term viability of the council. The current "capital charges" as a percentage of income is 2%. The LM may increase to the desired level of 5% over the medium term to fund the capital expenditure.

7. STRATEGIES AND PROGRAMMES

With the above framework as a background, strategies and programmes have been identified and form part of the financial plan to achieve the desired objective - the financial viability and sustainability of the LM. Time-frames have been set for each of the projects that have been identified.

9.1 Revenue Raising Strategies and Programmes

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

- The implementation of a credit control policy.
This policy and the relevant procedures details all areas of credit control, collection of amounts billed to customers, procedures for non-payment etc.
- The implementation of an indigent policy.
This policy defines the qualification criteria for an indigent, the level of free basic services that will be enjoyed by indigent households, penalties for abuse etc.
- The development and implementation of a uniform tariff policy.
This policy will ensure that fair tariffs are charged in a uniform manner throughout the Lukhanji Municipality area.
- The implementation of a property rates and valuation policy.
This will ensure that a fair rates policy is applied to the entire Lukhanji Municipality area and will aim to ensure that all properties are included in the LM's records. Furthermore the policy will ensure that valuations are systematically carried out on a regular basis for all properties.
- The establishment of Customer Service Centres.
This project aims to establish 4 'one stop' customer service centres to improve customer service and accessibility. It is envisaged that these 4 centres will be established over a period of 3 years.
- The development and implementation of a customer incentive policy.
This policy will detail the incentives and prizes that will be made available to encourage customers to pay their accounts promptly.
- Customer education projects.
These projects will educate the customer on the advantages to the community and the moral obligation that he/she has to promptly settle amounts due. The projects will also communicate incentives for prompt settlement and penalties for non-payment.

9.2 Asset Management Strategies and Programmes

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

- The implementation of a fixed asset register and asset control system as well as the maintenance thereof. This programme will involve the formulation of policies regarding fixed assets, the purchase of a suitable system, capturing all assets onto this system and the maintenance of this system in terms of GRAP requirements.
- The development and implementation of a disaster recovery plan. This plan will detail the procedures to be followed with regard to the operations and administration of the LM in the event of a disaster, to ensure that there is the least possible disruption and loss. The plan will detail alternative locations, IT arrangements, back-up/start-up procedures etc.
- The development and implementation of a repairs and maintenance policy. Such a policy will set out the details with regard to repairs and maintenance of all asset categories eg roads, buildings, motor vehicles etc.
- The development and implementation of a fleet management system. This system will ensure that the LM's fleet is managed in the most effective manner and that up-to-date and comprehensive information required for the fleet is readily available.

9.3 Financial Management Strategies and Programmes

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

- The development and implementation of an integrated information technology plan. Such a plan will ensure that the LM's IT needs are met in the most effective manner and that the IT resources are well-managed and secure and that users are well-trained.

Integration of all computerised systems and acquisition of hardware and software required. The integration of computerised systems and acquisition of the required hardware and software within the Lukhanji Municipality area to ensure that information is accurate, relevant and prompt, which in turn will facilitate the smooth running and effective management of the LM.

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

9.4 Capital Financing Strategies and Programmes

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

- The development and implementation of a debt capacity policy. This policy will ensure that any borrowings taken by the LM will be done in a responsible manner and that the repayment and servicing of such debt will be affordable.
- The development and implementation of a large scale economic policy.

This policy will set out ways in which the City can become more effective in attracting large-scale economic investment. It will be the framework to provide an environment that is investor-friendly, efficient (with quick decision-making ability) and will detail any incentives which may be given to attract large business.

- The development and implementation of a policy for accessing donor finance.
This policy will create a framework for the accessing of funds from local and overseas donors. It will detail the type of projects for which funding will be sought, the procedures to be used and donor conditions which are acceptable or unacceptable.

9.5 Operational Financing Strategies and Programmes

The following programme has been identified:

- Investigation of service delivery options and public/private partnerships.
This refers to the ongoing investigation into how the LM can service the community in the most efficient and effective manner, including an investigation of public/private partnerships for service delivery.

9.6 Strategies to Enhance Cost-effectiveness

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

- Establishment of benchmarks and performance indicators.

This will involve an investigation of suitable benchmarks and performance indicators that will enable the LM to assess its efficiency and effectiveness when compared to similar organisations in different areas.

- Training and development of financial (and other) staff.
The aim of this project will be to constantly ensure that Financial (and other) staff has the training they require to ensure a cost-effective and efficient service to the LM.
- Enhanced budgetary controls and timeliness of financial data.

The improvement of the Budget Office with respect to producing financial information and monitoring/reporting on budget variances.

Some of the more significant measures of acceptable performance in this area will be:

- financial bottom line matched to forecasts to a 10% variance level
- receipt of unqualified audit reports
- monthly financial statements produced within 5 days of month end etc.

SECTION H - MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

CHAPTER 11 – SITUATION ANALYSIS

1. Introduction

This section focuses on the following priority areas:

- Human Resources Management
- Administration and Council support
- Special Programmes

2. Human Resources Management

The human resources management has the following components:

3.1 Skills Development

Background

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

It currently has only 1 Skills Development Facilitator.

In 2009, the institution identified and allocated funds for 5 students to further their education in Engineering and Agriculture. This was done to assist ensure that identified pupils further their education. The institution has further identified skills gap on entrepreneurs in the municipal area

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

SWOT Analysis

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

3.2 Recruitment and Selection

Background

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

Challenges

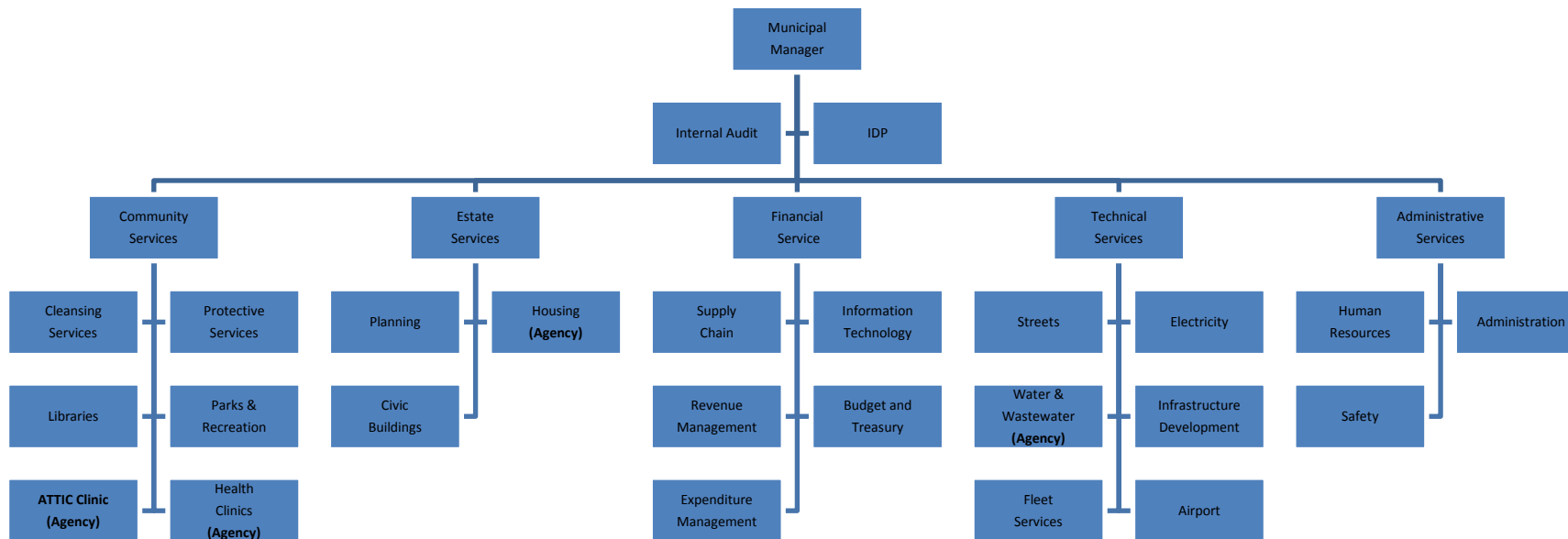
There has been a high staff turnover in this financial year. Two section 56/57 managers have resigned. The Director: Admin and Human Resources resigned in January 2014.

This was followed by the resignation of the Chief Financial Officer in February 2014.

These are the other resignations:

- IDP\PMS Manager
- Projects co-ordinator [PMU]
- Admin officer [administration]
- Municipal manager's office personal assistant
- Creditor's clerk [finance]
- Cashier [finance]

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



Attached to this document as Appendix B is a copy of the draft organogram that is due to be approved by Council

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> the institution is able to recruit eligible candidates for the right positions; Recruitment and Selection Policy in place; 	<p>Weaknesses</p> <ul style="list-style-type: none"> Poor planning resulting to delayed provision of tools of trade which may demoralize personnel; Full implementation of the recruitment and selection policy No staff retention strategy
<p>Opportunity</p> <ul style="list-style-type: none"> the ability to attract skills from smaller municipalities 	<p>Threats</p> <ul style="list-style-type: none"> High staff turnover due to very limited packages owing to the grade of the municipality; the municipal environment is rural in nature

3.3 Occupational Health and Safety within the municipality

Background

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

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

SWOT Analysis

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

3.3 Leave management

Background

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

There have been audit queries with regards to leave management as it was manual which resulted in a number of human errors. The institution has since engaged in endeavours of ensuring that leaves are recorded and captured electronically to eliminate human errors. The institution is in the process of ensuring that the payroll system is integrated with the financial information system. The section has at least two officials which is an intern.

SWOT Analysis

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

3.4 Employee Relations

Background

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

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

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

SWOT Analysis

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

3.5 Payroll

Background

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

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

SWOT Analysis

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

2.Administration

Administration is another section in the department. There is an administration manager that supervises the unit.

Records Management

1. Registry and Archives

The unit is included registry clerk and the registry administrative officer.

Filing system that is used is manual. Challenge can get missing and it is not always easy to retrieve documents. No backup system.

Filing space also a challenge. The municipal filing system is decentralised. It needs to be centralised for proper record management

Staffing is also a challenge. The unit needs to be beefed up for it to equal to the task. With the review of the organogram, more staff needs to be added in the department.

2. Council support

There is only one senior committee clerk that has to provide to all the standing committees. The municipality has 9 council committees. In an ideal situation one committee clerk is supposed to provide support to one committee. There are two vacancies, one committee clerk and administrative officer posts have been advertised.

Challenge

Registry for minutes not yet developed. Automated system for minute taking, keeping tracking is not yet developed.

3. Cleaning services and messengers

In an ideal situation, all cleaning services are supposed to be dispatched from one office in the Corporate Services.

3. Special Programmes

Background

Special programmes unit carries cross-cutting issues relating to transformation, socio-economic. It is established to respond to transformation issues relating to the previously disadvantaged and designated groups.

The unit is responsible for the coordination of programmes relating to the HIV and AIDS, and the development of Youth, Women, children, older persons and people with disabilities. Even though there are no statistics to confirm the unemployment rate of young people, the municipality is also faced with a high number of unemployed youth. The municipality is faced with an increasing number of orphans and vulnerable children and child headed households.

The municipality is in the process of establishing youth forums in each ward, this process will feed to the establishment of youth council.

The municipality has a functional disability structure in place which mainly assists with the coordination of disabled communities within the municipal area. There are 5 disability centres which are mainly supported by the department of social development. The challenge with the centre currently is that there are no linkages between them and the department of education as the centres are also providing educational facilities to the disabled. The municipal area has no special schools to cater for pupils that have disabilities, currently physical disabled pupils are combined with the intellectual disabled pupils.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • functional disability council; • functional local AIDS Council; • good relations with relevant stakeholders; 	<p>Weaknesses</p> <ul style="list-style-type: none"> • insufficient personnel; • limited budget; • lack of policies
<p>Opportunities</p> <ul style="list-style-type: none"> • funding and economic opportunities focussing on the previously disadvantaged groups; • political support; • library equipped with disability equipment 	<p>Threats</p> <ul style="list-style-type: none"> • Recession • Change in political leadership

4. ADMINISTRATION AND POLICY DEVELOPMENT

The institution has the following policies in place

Name of Policy	Date
Acting Allowance Policy	Directors: 20 June 07
Alienation, Management and Administration of Council Immovable Property: Goods and Services Policy: DRAFT	Mayoral: 03 February 2012
Anti-Fraud & Corruption Strategy & Policy: DRAFT	Council: 31 August 2009
Appointment of Consultants Policy	Council: 20 September 2002
Arrangements Policy	Council: 22 June 2012
Asset Disposal Policy	Council: 22 June 2012
Bed & Breakfast Policy	Mayoral: 26 November 2004
Budget Adjustment Policy	Council: 10 June 2010

Cash Management & Investment Policy	Council: 28 October 2005
Cash Management, Investment and Banking Policy: DRAFT	Council: 28 March 2012
Corporate Social Responsibility Policy	Council: 29 April 2005
Credit Card Policy: DRAFT	Directors: 06 September 2011
Credit Control and Debt Collection Policy	Council: 22 June 2012
Demotion, Promotion and Transfer Policy: DRAFT	Council: 09 October 2012
Employees Study Aid and Leave Policy: DRAFT	Directors: 05 October 2010
EPWP Policy	Council: 16 August 2012
External Communication Strategy	Mayoral: 11 November 2011
Fixed Asset Policy and Procedures for Lukhanji Municipality: DRAFT	Council: 09 October 2012
Fleet Management Policy: DRAFT	Mayoral: 29 August 2012
Funeral Policy: DRAFT	Awaiting Council Meeting for Approval
Occupational Health & Safety Policy	Mayoral: 29 November 2005
Health and Safety Policy: REVIEW DRAFT	Council: 09 October 2012
HIV Policy: DRAFT	Awaiting Council Meeting for Approval
Indigent Policy: DRAFT	Council: 22 June 2012 Council: 28 February 2013 (Draft Budget)
Induction Policy: DRAFT	Awaiting Council Meeting for Approval
Informal Trading Policy: DRAFT	Directors: 25 June 2012
IT Data and Systems Security Policy: DRAFT	Council: 09 October 2012
Language Policy: DRAFT	Directors: 15 March 2011
Leave of Full Time Councillors Policy	Council: 20 September 2002
Leave Policy: DRAFT	Council: 09 October 2012
Management of Suspensions Policy: DRAFT	Directors: 29 June 2010
Mayoral Vehicle Policy: DRAFT	Council : 09 October 2012
Office Etiquette	Mayoral: 10 November 2006
Operation of Car Guards and Taxi By-Laws Policy	Mayoral: 23 August 2002
Overtime Policy	Council: 26 August 2011
Overtime Policy: REVIEW DRAFT	Council: 09 October 2012
Payment of Expenses & Provision of Facilities to the Executive Mayor, Mayoral Committee Members & Councillors Policy	Council: 26 September 2001
Payment of Housing Allowance on House Rentals for Officials	Mayoral: 26 October 2001
Policy Framework on Naming & Renaming of Streets & Public Places	Council: 26 February 2010
Procurement Policy	Council: 11 November 2003
Policy for the evaluation of applications to operate a Bed & Breakfast as well as Guest House facilities	Mayoral: 03 September 2004
Public Participation Policy	Council: 20 September 2002
Rates Policy	Council: 12 May 2011
Rates Policy: DRAFT	Mayoral: 26 March 2013
Recruitment and Selection Policy	Council: 26 August 2011
Recruitment and Selection Policy: REVIEW DRAFT	Council: 09 October 2012
Special Programmes Unit Policy	Mayoral: 12 October 2012
Subsistence and Travelling Policy (S&T): DRAFT	Council: 09 October 2012
Subsistence and Travelling Outside South Africa	Mayoral: 07 April 2006
Smoking Policy	Council: 05 April 2002
Staff Retention Policy: DRAFT	Directors: 19 October 2010
Supply Chain Management Users Manuel: Acquisitions Management	Council: 22 June 2012
Supply Chain Management Users Manuel Policy: Demand Management	Council: 22 June 2012
Tariffs Policy: DRAFT	Council: 09 October 2012

Telephone Allowance Policy	Mayoral: 09 November 2007
Training and Development Policy: DRAFT	Awaiting Council Meeting for Approval
Tree Felling Policy	Directors: 03 March 2010
Unforeseen & Unavoidable Expenditure Policy	Council: 28 October 2005
Workplace HIV/AIDS Policy & HIV/AIDS Mainstreaming Strategy	Council: 08 December 2006
Write off Policy	Council: 22 June 2012

5. OBJECTIVES AND STRATEGIES – MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

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

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

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

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
				Partnerships with traditional leaders		Reduction in behavioural problems and violence pre and post initiation
		Information and Communication Technology	To ensure that the institution has policies and regulatory framework relating to IT management by June 2017	Verification of IT Equipment		Database on IT Equipment
				Development of IT internal controls		Approved disaster recovery management plan
				To ensure that the municipality has proper IT infrastructure and equipment by June 2017	Centre of coordination for the development of specification on all IT equipment	
		Municipal Administration				
Good Governance and Public Participation	Single window of coordination	Municipal Planning	To improve municipal planning processes with the aim of developing credible IDP and Budget by adhering to legislative prescripts and policies by June 2017	Implement and review IDP and Budget in line with the legislative requirements by June 2017		An approved integrated IDP and Budget Process Plan
						Approval Reviewed IDP
				Development of IDP Committees		IDP development processes in line with the legislation
		Performance Management System	To manage institutional performance by developing and implementing an approved PMS Framework and Policy by June 2017	Monitor, evaluate and review municipal performance by adhering to legislative prescripts and policies for full implementation of performance management system by June 2017		Approved PMS Framework
						Full Implementation of the PMS Framework

Key Priority Area	Output / Outcomes 9	Priority Area	Developmental Objectives	Strategies	Strategy Number	Key Priority Indicators
				Establishment of PMS Committees		Quarterly Performance Reports developed and Assessed

OPERATIONAL PLAN – MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

CHAPTER 12 – PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK

1. Introduction

This document constitutes a framework for Lukhanji Local Municipality's Performance Management System. In other words the framework is a documented record of the municipality's performance management system as it will be implemented.

2. Legal and Policy Context of the Framework

2.1 Section 152 of the Constitution of the Republic of South Africa in Objects of Local Government states that:

- (a) To provide a democratic and accountable government for local communities
- (b) To ensure the provision of services to communities in a sustainable manner

2.2 White Paper on Local Government 1998 stipulates that :

Performance management is critical to ensure that plans are being implemented, that they are having the desired development impact, and that resources are being used efficiently. Municipalities currently set their own measures of performance, or key performance indicators. Key performance indicators vary greatly from municipality to municipality, and cover both efficiency measures and human development indices.

These development indices can assist municipalities to assess the impact and effectiveness of the development strategies which they adopt, and make adjustments to their plans as required.

Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system is enhanced.

Performance monitoring indicators need to be carefully designed in order to accurately reflect the efficiency, quality and value for money for municipal services.

2.3 Section 56 (3) of the Local Government: Municipal Structures Act of 1998 (Act 117 of 1998 as amended), stipulates that

The Executive Mayor in performing the duties of office, must –

- (a) Identify and develop criteria in terms of which progress in the implementation of the strategies, programmes and service referred to in subsection 2 (c) can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general;
- (b) Evaluate progress against key performance indicators;
- (c) Review performance of the municipality in order to improve –
 - (i) The economy, efficiency and effectiveness of the municipality
 - (ii) The effectiveness of credit control and revenue and debt collection services; and
 - (iii) The implementation of the municipality's by-laws

2.4 Chapter 6 of the Local Government: Municipal Systems Act of 2000 (Act 32 of 2000 as amended) requires all municipalities to:

- 1) Sec 38 – Establishment of performance management system
- 2) Sec 39 – Development of performance management system
- 3) Sec 40 – Monitoring and review of performance management system
- 4) Sec 41 – Core components

- 5) Sec 42 – Community involvement
- 6) Sec 43 – General key performance indicators
- 7) Sec 44 – Notification of key performance indicators and performance targets
- 8) Sec 45 – Auditing of performance measurements
- 9) Sec 46 – Annual performance reporting

2.5 Local Government: Municipal Finance Management Act of 2003 (Act no 56 of 2003) states the requirements for a municipality to include its annual municipal performance report with its financial statements and other requirements in constituting its annual report. This must be dealt with by the municipal council within 9 months of the end of the municipal financial year.

2.6 Circular 13 issued on 31 January 2005 provides guidance and assistance to municipalities in the preparation of service delivery and budget implementation plans

2.7 The Municipal Planning and Performance Management Regulations (2001) stipulate that “a municipality's performance management-system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the roles of the different role-players”. This document is in line with this requirement

The framework acts as a municipal policy document that defines its performance management system. It constitutes council policy with regards to:

- The requirements that a Performance Management System Framework will need to fulfill,
- The principles that will inform its development and application,
- A model that describes what areas of performance will be managed
- What processes will be followed in managing performance
- What institutional arrangements are necessary for this
- Who will take responsibility for parts of the system
- How this links to S57 Performance agreements
- How S57 Managers will have their performance managed

○

2.8 Municipal Performance Management Regulations (2006)

- The Local Government Municipal Performance Regulations for municipal managers and managers directly accountable to municipal managers (Government Gazette No.29089, 1 August 2006), sets out how the performance of Section 57 staff will be uniformly directed, monitored and improved. The regulations address both the employment contract and performance agreement of municipal managers and managers directly accountable to municipal managers. It further provides a methodology for the performance management system as well as criteria for performance bonus payments. The regulations also provide an approach for addressing under-performance, should this occur. The regulations will be discussed in greater detail in a later section of this framework document.

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2.9 Batho Pele Principles

- The White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service. Our municipality is duty bound to uphold these principles:

(1) Consultation:

- Communities should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services which are provided.

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(2) Service standards:

- Communities should know what standard of service to expect.

○

(3) Access:

- All communities should have equal access to the services to which they are entitled.

○

(4) Courtesy:

- Communities should be treated with courtesy and consideration.

(5) Information:

Communities should be given full and accurate information about the public services they are entitled to receive.

(6) Openness and transparency:

Communities should know how departments are run, how resources are spent, and who is in charge of particular services

(7) Redress:

- If the promised standard of service is not delivered, communities should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made communities should receive a sympathetic, positive response.
-
- (8) Value-for-money:
 - Public services should be provided economically and efficiently in order to give communities the best possible value-for-money.
 -
 - Importantly, the Batho Pele White Paper notes that the development of a service-oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilized to assist in building a service culture. "For example, local businesses or non-governmental organisations may assist with funding a helpline, providing information about specific services, identifying service gaps or conducting a customer survey" - The White Paper on Local Government (1998).
 -
- (9) Encouraging innovation and Rewarding Excellence
 - Encourage partnerships with different sectors in order to improve service delivery. This is also about rewarding the staff who "go extra mile" in making it all happen.
 -
- (10) Customer impact
 - If we put all the Batho Pele principles into practice, we then increase the chances of improvement in our service delivery. This in turn will have a positive impact on our customers. It is about how the nine principles link together to show how we have improved our overall service delivery. Here we look at the benefits we have given to our customers both internally and externally.
 -
- (11) Leadership and Strategic Direction
 - Our leaders must create an atmosphere which allows for creativity. Management must ensure that goals are set and that planning is done.

3. Performance Management Objectives

Beyond the fulfilling of legislative requirements, Lukhanji Municipality requires a performance management system that will be constituted as the primary mechanism to plan for performance management, monitor, review and improve the implementation of the municipality's IDP. This will have to be fulfilled by ensuring that we:

3.1 Facilitate increased accountability

The performance management system should provide a mechanism for ensuring increased accountability between

- The communities of Lukhanji and the municipal council,
- The political and administrative components of the municipality,
- Each department and the office of the municipal manager.

○

3.2 Facilitate learning and improvement

- While ensuring that accountability is maximised, the performance management system must also provide a mechanism for learning and improvement. It should allow for the municipality to know which approaches are having the desired impact, and enable the municipality to improve delivery. It should form the basis for monitoring, evaluation and improving IDP implementation.

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3.3 Provide early warning signals

- The performance management system should provide managers, the Municipal Manager, Portfolio Committees and the Executive Committee with diagnostic signal of the potential risks that are likely to affect the realisation of full IDP implementation. It is important that the system ensure decision-makers are timeously informed of risks, so that they can facilitate intervention, where it is necessary and possible to do so.

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3.4 Facilitate decision-making

- The performance management system should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly in so far as indicating where the allocation of limited resources should be prioritised.
- The functions listed above are not exhaustive, but summarise the intended benefits of the performance management system to be developed and implemented. These intended functions should be used to evaluate the performance management system, periodically.

4. Principles Governing Performance Management

The following principles inform and guide the development and implementation of the Lukhanji Performance Management System:

(1) Simplicity

The system must be a simple user-friendly system that enables the municipality to operate it within its existing capacity of its financial, human resources and information management system.

(2) Politically driven

Legislation clearly tasks the municipal council and Executive Mayor as the owner of the performance management system. The Executive MUST drive both the implementation and improvement of the system.

Legislation allows for the delegation of this responsibility or aspects of it to the Municipal Manager or other appropriate structure as the Executive may deem fit.

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(3) Incremental implementation

- It is important that while a holistic performance management system is being developed, the municipality should adopt a phased approach to implementation, dependent on the existing capacity and resources within the municipality.
- It is also important to note that municipal performance management is a new approach to local government functioning and therefore requires adequate time to be given to the organization's process of change. The performance management system will not be perfect from the start it should be constantly improved based on its workability.

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(4) Transparency and accountability

- Members of the organisation whose performance will be monitored and measured must ensure that the process of managing performance is inclusive open and transparent. This can only be achieved by taking effective participation in the design and implementation of the system within the municipality.
- Again, the process must involve and empower communities so that they are able to understand how the municipality and its departments are run, how resources are spent, and who is in charge of particular services. Similarly, all information on the performance of departments should be available for other managers, employees, the public and specific interest groups.

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(5) Integration

○

- The performance management system should be integrated into other management processes in the municipality, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. It should be seen as a central tool to the ongoing management functions.

○

(6) Objectivity

- Performance management must be founded on objectivity and credibility. Both the processes of managing performance and the information on which it relies need to be objective and credible. Sources of data for measuring indicators should be scrutinized to enhance credibility of information and therefore objective decision-making.

5. What do we Monitor and Review?

International experience in both the private and public sectors has shown that traditional approaches to measuring performance, which have been heavily reliant on only financial measures, are severely lacking.

It has become well accepted that in order to assess an organisation's performance, a balanced view is required, incorporating a multi-perspective assessment of how the organisation is performing as seen by differing categories of stakeholders. To ensure this balanced multi-perspective examination of Lukhanji's performance, a model has been adopted to guide performance management in the entire municipal organisation.

5.1 What is a model?

A model for performance management is a conceptual framework that provides guidance as to what aspects of the municipality's performance should be measured and managed.

5.2 Why do we need a model?

Models have proved useful in performance management for the following reasons. They provide:

(1) Balance

A good model will prompt the organisation to take a balanced view in terms of how it measures and manages its performance. It should prevent bias by ensuring that performance measurement does not rely heavily on one facet of performance (i.e. financial viability), but rather encapsulates a multi-perspective holistic assessment of the municipality's performance.

(2) Simplicity

- A good model should organize simply, what would otherwise be a long list of indicators attempting to comprehensively cover performance, into a set of categories sufficiently covering all key areas of performance. Models differ most significantly in what they assert are the key aspects of performance.

(3) Mapping of Inter-relationships

- A good model will map out the inter-relationships between different areas of performance. These inter-relationships relate to the extent to which poor performance in one category would lead to poor performance in other related areas and the converse. These inter-relationships help in both the planning stage and the review stage, particularly in the diagnosis of causes of poor performance.

(4) Alignment to the Integrated Development Planning (IDP) methodology

- A good performance management model for a municipality in South Africa will align the processes of performance management to the IDP processes of the municipality. It will ensure that the IDP is translated into performance plans that will be monitored and reviewed. The categories of key performance areas provided by a model should relate directly to the identified priority areas of the IDP.

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5.3 The Revised Municipal Scorecard Model

- The Lukhanji local municipal council will make use of the Municipal Scorecard Model (as revised in 2006) as its model for performance management. This model is useful for the following reasons. It is:
 - Tightly aligned to the strategic planning and IDP processes of the municipality
 - Directly relevant to the notion of developmental local government
 - A balanced view of performance based on municipal inputs, outputs, outcomes and process
 - A simple portrayal of municipal performance, where inter-relationships can be mapped (municipal-wide, sectoral / departmental and unit / programme levels)
 - Compliant with the requirements of the Municipal Systems Act (2002) and its subsequent Regulations (2001)
 - It aligns to 5 Key Performance Areas for Local Government used in the:
 - Regulations
 - Five Year Local Government Strategic Agenda

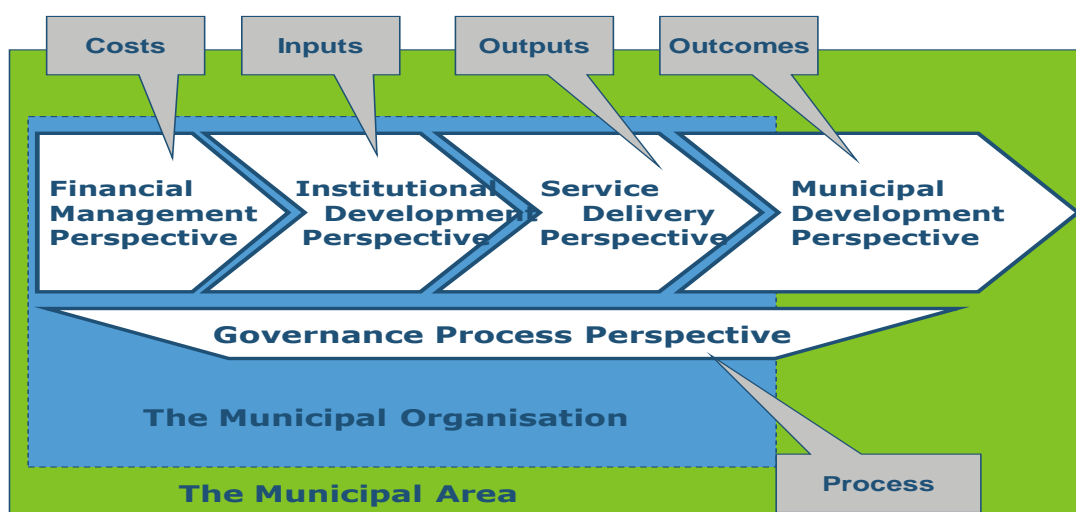
- Vuna Awards for Performance Excellence
- Outcomes Based Approach

The 5 Key Performance Areas from the Five Year local Government Strategic Agenda are

1. Municipal Transformation & Organisational Development
2. Infrastructure development and Service Delivery
3. Local Economic Development
4. Municipal Financial Viability & Management
5. Good Governance & Public Participation

The Municipal Scorecard Model is based on five key perspectives, outlined in figure-1 below.

Figure 1: Structure of the Municipal Scorecard



Source : Palmer Development Group (2006)



-
- (1) The Municipal Development Perspective
 - In this perspective, the municipality will assess whether the desired development impact in the municipal area is being achieved. It incorporates social, environmental and economic development aspects. This perspective will constitute the development priorities for the municipal area and indicators that tell us whether the desired development outcomes are being achieved. It will be difficult to isolate development outcomes for which the municipality is solely accountable. It is expected that the development priorities and indicators, will often lie within the shared accountability of the municipality, other spheres of government and civil society. The measurement of developmental outcomes in the municipal area will be useful in telling us whether our policies and strategies are having the desired development impact.

(2) The Service Delivery Perspective

- This perspective should tell us how a municipality is performing with respect to the delivery of services and products. This relates to the output of the municipality as a whole.

▪

(3) The Institutional Development Perspective

- This perspective should tell us how a municipality is performing with respect to the management of its resources:
 - Human Resources
 - Information
 - Organizational Infrastructure
 - Asset management

This relates to the inputs of the municipality as a whole.

▪

(4) The Financial Management Perspective

- This perspective tells us how a municipality is performing with respect to its financial management
 - Operating income
 - Operating expenditure
 - Financing infrastructure investment
 - Capital expenditure

(5) Governance Process Perspective:

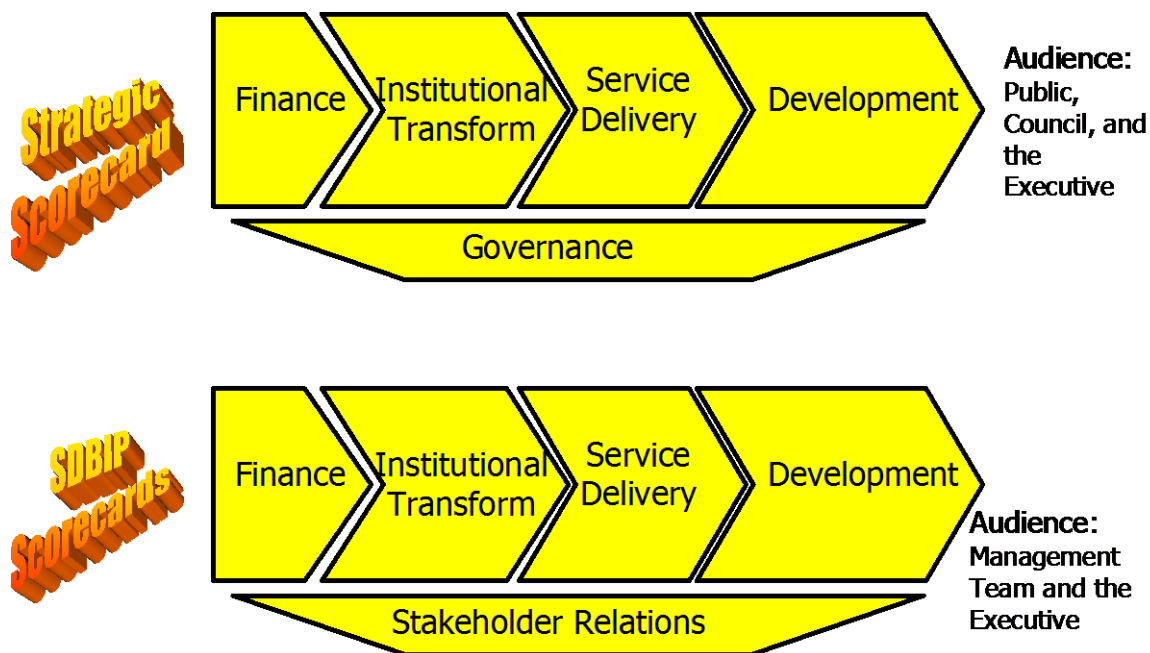
- This perspective should tell us how a municipality is performing with respect to its engagement and relationship with its stakeholders in the process of governance. This perspective should include, amongst others:
 - Public participation, including the functionality and impact of ward committees
 - Functionality and impact of municipal governance structures (council structures including the offices of the speaker, and portfolio committees and executive)
 - Access to information
 - Intergovernmental relations

This relates to the governance processes of the municipality as a whole.

5.4 Organisational Scorecards at different levels

- **There will be two levels of scorecards for Lukhanji as depicted in figure-2 that follows.**

Figure 2: Two levels of scorecards



(1) The Strategic Scorecard

The strategic scorecard will provide an overall picture of performance for the municipality as a whole, reflecting performance on the strategic priorities set in the IDP.

The development perspective of this scorecard will therefore necessitate that information be collected from other development role players in the municipal area for reporting purposes. These include other spheres of government, business formations and civil society organisations.

The Municipal Manager and HODs will use it, after review, as a basis for reporting to the Executive Committee, Council and the public. It is proposed that it be reported to the Executive Committee quarterly, to Council bi-annually and the Public annually for review.

It must be noted that the Municipal Manager is primarily responsible for performance on the Strategic Scorecard. As such, the strategic scorecard is closely linked and forms the largest component of how the municipal manager's performance will be appraised.

(2) Service Delivery and Budget Implementation Plans (SDBIP)

- The SDBIP will capture the performance of each municipal department. Unlike the strategic scorecard, which reflects on the strategic priorities of the municipality, a service scorecard will provide a comprehensive picture of the performance of that department. It will consist of objectives, indicators and targets derived from the service plan and service strategies.
- It is crucial to ensure that the SDBIP scorecards do not duplicate current reporting, but rather be integrated as a core component of the municipality's vertical reporting system. It should simplify all regular reporting from departments to the municipal manager and portfolio committees.
-
- **SDBIP Scorecards will be comprised of the following components:**
 - A development perspective for departmental outcomes, which set out the developmental outcomes that the service is to impact on - the development perspective of this scorecard will seek to assess the extent to which the strategies that are driven by the department are contributing towards the intended developments in the municipal area
 - Service Deliverables, which set out the products and services that the department will deliver. This perspective will include service delivery targets and performance indicators for each quarter.
 - Institutional Transformation perspective, which sets out how the department will manage and develop its Human resources, Information and Organisational Infrastructure
 - Financial Management Perspective will include
 - projections of revenue to be collected by source
 - projections of operational and capital expenditure by vote

Performance reporting on this section of the scorecard will be in terms of actual against projections

- Stakeholder Relations, which sets out how the department will improve its relationship with its key stakeholders

Therefore in addition to the requirements of the MFMA and the National Treasury Guidelines for SDBIPs, the SDBIP scorecard approach thus provides an additional opportunity to set objectives, indicators, and targets for, as well as report against:

- Service Outcomes
- Institutional Transformation Issues
- Stakeholder Relations

Performance in the form of a SDBIP scorecard will be reported to the Municipal Manager and relevant portfolio committee for review. It is suggested that this happen quarterly.

It must be noted that the relevant S57 Manager is primarily responsible for performance on the SDBIP Scorecard. As such, the SDBIP scorecard is closely linked and forms the largest component of how the S57 manager's performance will be appraised. This is dealt with in more detail in the section on employee performance.

(3) Scorecard concepts

- The strategic and SDBIP scorecards should be presented in a consistent format so that they are easy to use and understand. Proposed formats are attached as appendix I and II. Several concepts that are commonly used in the scorecard concept are defined below:

Objectives: are statements (often drawn from the IDP) about what a service wants to achieve.

Indicators: are variables (qualitative or quantitative) that tell us whether we are making progress towards achieving our objectives.

A baseline measure: is the value (or status quo) of the indicator before the start of the programme or prior to the period over which performance is to be monitored and reviewed. For the purpose of standardising the setting of baselines and for the Sake of clarity, the following descriptions will be used:

- If the indicator is measurable on an annual basis, the baseline will be its measure in the last financial year.
- The baseline for annual targets that are incrementally measurable per quarter or per month will be the measure at the end of the last financial year but the targets can be set incrementally
- The baseline for quarterly targets that are not incrementally contributing to an annual target will be the indicator's measure in the last quarter it was measured unless by its nature it is Seasonally variable in which case it will be an average of the last four quarterly measures
- The baseline for monthly targets, that are not incrementally contributing to a quarterly or annual target, will be its measure in the last month it was measured unless by its nature it varies monthly in which case it will be an average of the last three monthly measurements

A target: is the value (or desired state of progress) of the indicator that is intended to be achieved by a specified time period.

The measurement source and frequency: should indicate where the data for measuring will emanate from, and how frequently the indicator will be measured and reported. This information is crucial for the auditing process.

Indicator custodian: refers to the person that takes responsibility for the monitoring of change in the indicator and report on it.

The performance management plan for Lukhanji will have various indicators for the goals that are set in the IDP. These indicators including those that will be further developed for SDBIP scorecards should be assessed against the following criteria.

Criteria for Setting Good Indicators - **In developing indicators, the municipality will ensure that adheres to the following principles:**

Focused and Specific

- **Indicators should be clearly focused and stated unambiguously.**

- **Measurable**

An indicator should by definition contain a unit of measurement.

- **Valid and Relevant**

Validity is the degree to which an indicator measures what is intended to be measured. This correlates strongly to the relevance of the indicator to the objective being measured. It is also important that the whole set of indicators chosen should be contextually relevant to the Lukhanji municipal and South African contexts.

-

- **Reliable**

Reliability is the degree to which repeated measures, under exactly the Same set of conditions will produce the Same result. This is particularly relevant to those indicators that use ratios (formulas) and figures.

-

- **Simple**

Good indicators will be simple, easy to communicate such that their relevance is apparent.

- **Minimise perverse consequences**

Poorly chosen indicators, while nobly intended can have perverse consequences in the behaviors it incentives. Chosen indicators should ensure that the performance behaviors likely to emerge from its pursuance are those that are intended to contribute to the objectives.

- **Data Availability**

Good indicators will also rely on data that is, or intended to be, available on a regular basis.

(4) Core Local Government Indicators

- **National Indicators**

- The municipality's performance management indicators will incorporate the following indicators prescribed by the Minister of Provisional and Local Government as per the Municipal Planning and Performance Management Regulations of 2001:

1. The percentage of households with access to basic level of water, Sanitation, electricity and solid waste removal;
2. The percentage of households earning less than R1100 per month with access to free basic services;
3. The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's Integrated Development Plan;
4. The number of jobs created through municipality's local economic development initiatives including capital projects;

5. The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan;
6. The percentage of a municipality's budget actually spent on implementing its workplace skills plan; and
7. Financial viability as expressed by the following ratios:

(i)

$$A = \frac{B - C}{D}$$

Where -

"A" represents debt coverage

"B" represents total operating revenue received

"C" represents operating grants

"D" represents debt service payments (i.e. interest + redemption) due within the financial year;

(ii)

$$A = \frac{B}{C}$$

Where -

"A" represents outstanding service debtors to revenue

"B" represents total outstanding service debtors

"C" represents annual revenue actually received for services;

(ii)

$$A = \frac{B + C}{D}$$

Where -

"A" represents cost coverage

"B" represents all available cash at a particular time

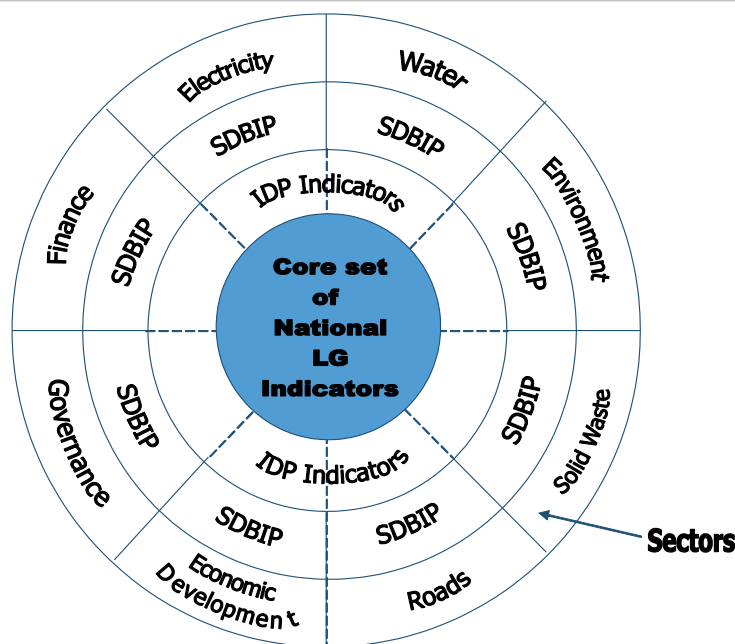
"C" represents investments "D" represents monthly fixed operating expenditure.

While there is no legal requirement to incorporate any other local government performance monitoring indicators used by other spheres of government other than those prescribed by the Minister, Lukhanji municipality will, in addition to indicators prescribed by the Minister, as practically feasible as possible incorporate a core set of local government indicators used by other spheres of government into its performance management system. Among these will be the indicators for the Vuna Awards for Municipal Performance Excellence for the following reasons:

- It will ensure that the municipality is tracking its performance in line with national priorities, at least the indicators that are valued nationally
- It will ensure that the municipality has the performance information on hand to enter the Vuna Awards

It will allow benchmarking and comparison with other municipalities who are also using the Same set of indicators.

A core set of Local Government indicators



12

Figure 2: Local Government Indicators

The schematic above suggest an approach to incorporating a core set of LG indicators such as those used in the Vuna Awards into a municipal set of indicators. It notes that they need to be complemented for local use with IDP indicators and SDBIP indicators. Other sets of indicators deemed to be important, in each sector, such as the water sector benchmarking indicators can be included.

There is also a national initiative aimed at establishing a local government M&E system, which intends to include a core set of local government indicators. If these differ from the Vuna indicators, and are available in time, they may be included as part of the municipality's scorecard.

- **District Indicators**

-

In order to align with a district PMS system, the municipality will also include a set of indicators required by the district PMS.

The Process of Managing Performance

The process of performance management is central to modern notions of management i.e. it is inseparable from the things that a manager must do. It is important that performance management is mainstreamed in municipalities as an approach to daily management.

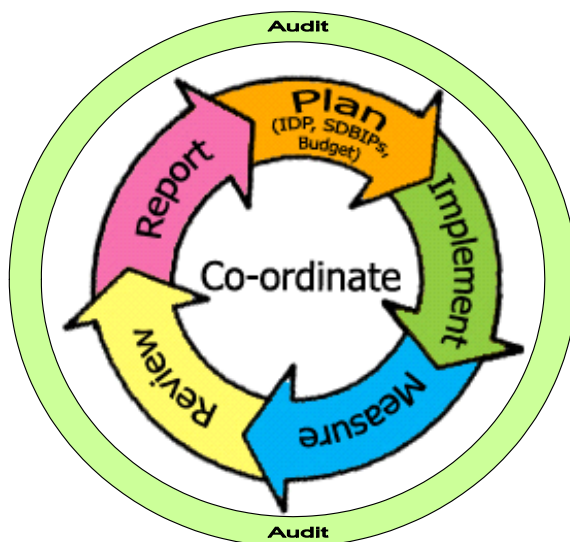


Figure 3: Performance Management as an Approach to Management

The annual process of managing the performance of the Lukhanji Municipality will involve the following components:

- Co-ordination
- Performance Planning
- Performance Measurement, Analysis
- Performance Reviews & Reporting
- Performance Auditing

For each of these components, this chapter sets out the role stakeholders in the performance management system will play and how these components are to happen.

○

○ **Co-ordination**

Oversight over co-ordination of the implementation of the planning, measurement, reporting and review process is delegated to a Performance Management Team made up of:

- Municipal Manager
- IPED Director
- Internal Audit
- The CFO
- Director HR and Administration
- The Executive Mayor and two other councilors.

The Executive Mayor, as the chairperson of this team, will be accountable to the Council with regard to the work of the team.

The responsibility for performance management and the IDP are to be located together, in an IDP/PM Office. Furthermore, these functions are to be located in the Integrated Planning and Economic Development and not in any specific line department.

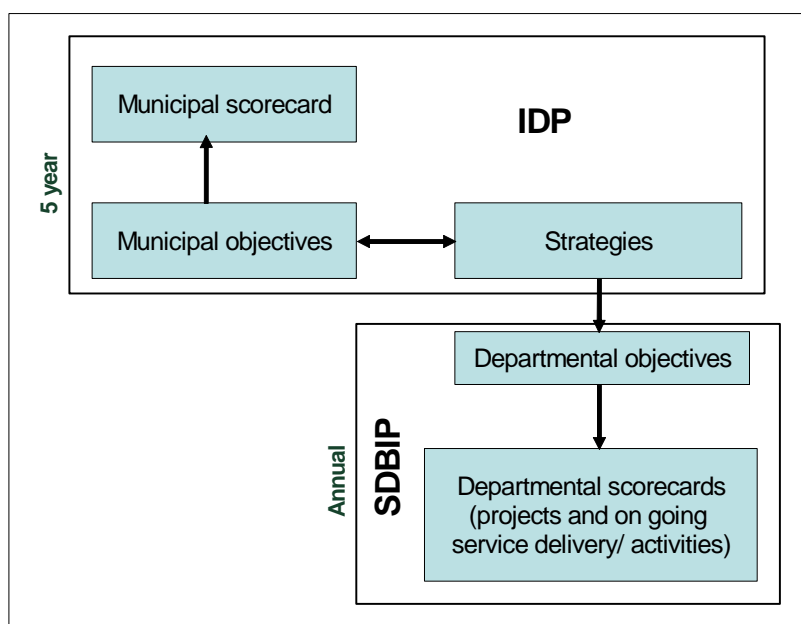
○

○ **Performance Planning**

The IDP and the Municipal Service Delivery and Budget Implementation Plans constitute the planning components for performance management. Through the IDP review process the strategic objectives, strategies and the strategic scorecard will be finalised. The next step is to develop Departmental scorecards that should support the realisation of the objectives and targets set in the strategic scorecard. These Departmental Scorecards are also known as Service Delivery and Budget Implementation Plans. With these in place, the Municipality is now on track to implement and monitor the implementation of the IDP.

The following diagram shows the link between the IDP objectives and strategies and the SDBIP scorecard

Figure 4: Municipal planning



○

○ **Measurement and Analysis**

Measurement is the act of collecting data on identified performance indicators while analysis is the act of interpreting the meaning of such data in terms of performance.

For each Municipal Scorecard indicator, a relevant custodian has to be designated. The custodian will not necessarily be accountable for performance he/she will be responsible for conducting measurements of the applicable indicators, analysing and reporting these for reviews.

Analysis requires that current performance be compared with targets, past performance and possibly the performance of other municipalities, where data is available, to determine whether or not performance is poor. It should provide reasons for performance levels and suggest corrective action where necessary.

There may be indicators that would require data gathering on municipal-wide outcome indicators and Satisfaction surveys. This may need to be coordinated centrally instead of each department doing its own. The Office of the Municipal Manager will be responsible for this.

The Office of the Municipal Manager may also undertake the following annual surveys to provide data for indicators organizationally:

- An annual citizen Satisfaction survey conducted for households and business in the Lukhanji Municipality area.
- An employee Satisfaction survey that is conducted internally.

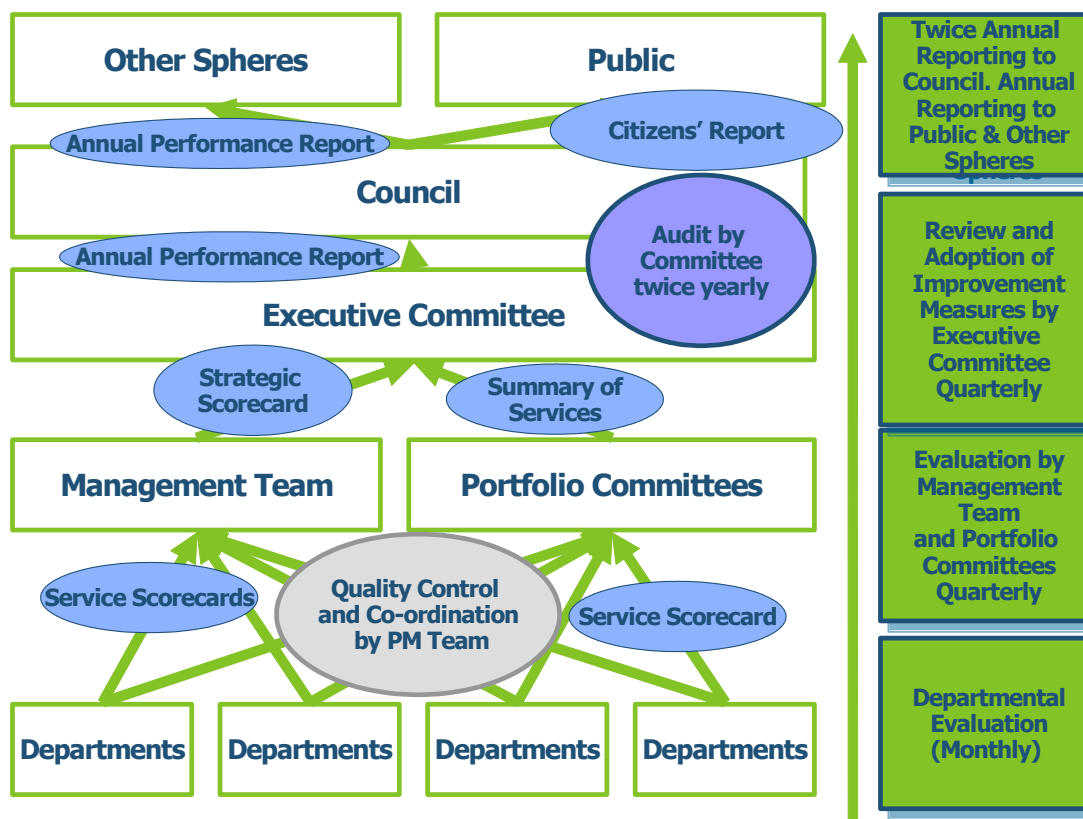
Reviews will be undertaken by the Municipal Manager, a committee of Councilors delegated a responsibility for performance management, and Council. Prior to reviews taking place, performance reporting will need to be tracked and co-ordinated. The Municipal Manager’s Office will be responsible for this process.

The Municipal Manager’s Office will provide an overall analysis of municipal performance, for quarterly and annual reviews. Such an analysis will aim to pick up trends in performance over time and over all departments.

- **Performance Reporting & Reviews**

The figure below aims to provide a picture of the annual process of reporting and reviews.

Figure 5: The annual process of reporting and review



Once the system is embedded, a web-based reporting system will be considered in order to enhance the reporting process and simplify it. It must however be noted that a computer based automating system will only enhance the reporting processes within the municipality and potentially improve review processes. Most aspects of performance management still need human beings.

- **Departmental Reviews**

It is intended that departments review their performance at least monthly, using their SDBIP scorecards. Decision-makers should be immediately warned of any emerging failures to service delivery such that they can intervene if necessary.

Departments should use these reviews as an opportunity for reflection on their goals and programmes and whether these are being achieved. Minutes of these reviews should be forwarded to the performance management team. Changes in indicators and targets may be proposed at this meeting but can only be approved by the relevant portfolio committee, in consultation with the IDP/PM co-coordinator. The head of the department will report to the management and to the portfolio committee head who will table the report to the portfolio committee

-

- **Management Team Reviews**

Departments will then need to report on their performance in the service scorecard format to the municipal manager and the heads of departments. Additional indicators that occur in the strategic scorecard will also be reviewed. The formulation of the strategic scorecard and the process of review will be co-ordinated by the performance management team.

The management team will need to reflect on whether targets are being achieved, what are the reasons for targets not being achieved where applicable and corrective action that may be necessary. Where targets need to be changed, the management team can endorse these, for approval by the portfolio committee. The management team can delegate tasks to the performance management team in developing an analysis of performance prior to management team reviews. These reviews should at least take place quarterly.

▪

▪ **Portfolio Committee Reviews**

Each portfolio committee will be required to review the performance of their respective departments against their service scorecard, at least quarterly. The portfolio committee should appraise the performance of the service against committed targets. Where targets are not being met, portfolio committees should ensure that the reasons for poor performance are Satisfactory and sufficient, and the corrective strategies proposed are sufficient to address the reasons for poor performance. Changes in indicators and targets that do not appear in the strategic scorecard may be proposed to and can only be approved by the relevant portfolio committee, in consultation with the IDP/PM coordinator. Changes in indicators and targets that fall within the strategic scorecard will need to be approved by the Executive Committee.

▪

▪ **Executive Committee Reviews**

On a quarterly basis, the Executive Committee should engage in an intensive review of municipal performance against both the SDBIP scorecards and the strategic scorecard, as reported by the municipal manager.

Many of the indicators in the strategic scorecard will only be measurable on an annual basis. The quarterly reviews should thus culminate in a comprehensive annual review of performance in terms of both scorecards.

The review should reflect on the performance of services and the strategic scorecard. The Executive Committee will need to ensure that targets committed to in the strategic scorecard are being met, where they are not, that Satisfactory and sufficient reasons are provided and that the corrective action being proposed is sufficient to address the reasons for poor performance.

The review should also focus on reviewing the systematic compliance to the performance management system, by departments, portfolio committees and the Municipal Manager.

▪

▪ **Council Reviews**

At least twice annually, the council will be required to review municipal performance. It is proposed that this reporting take place using the strategic scorecard in an annual report. The Municipal Systems Act requires that the annual report should at least constitute a performance report (the strategic scorecard), financial statements and an audit report.

▪

▪ **Public Reviews**

The Municipal Systems Act requires the public to be given the opportunity to review municipal performance.

It is proposed that in addition to the annual report mentioned above, a user-friendly community's report should be produced for public consumption. The communities' report should be a simple, easily readable and attractive document that translates the strategic scorecard for public consumption.

It is also proposed that a public campaign be annually embarked on to involve communities in the review of municipal performance. Such a campaign could involve the following methodologies:

- Ward committees be reported to and submit their review of the municipality to council. The performance management team should be used to summarize this input.
- Various forms of media including radio, newspapers and billboards can be used to convey the communities' report. The public should be invited to submit comment via telephone, fax, email and public hearings to be held in a variety of locations.
- The public reviews should be concluded by a review by the IDP Representative Forum.

▪ **Reporting to other spheres and agencies of government**

- **Auditor General and MEC**

The Systems Act requires the municipal manager to give written notice of meetings, in which the municipality's the annual report, is tabled or discussed by the Council, to the Auditor-General and the MEC for local government. The Municipal Manager must also submit copies of the minutes of these meetings to the Auditor-General and the MEC for local government in the province. Representatives of the Auditor-General and the MEC for local government in the province are entitled to attend and to speak at such meetings. A copy of the report must be submitted to the MEC for local government in the province and the Auditor-General.

Table 1: Reporting and Reviews

Reporting Structure	Reviewing structure	Report	When
Departments	Management Team	SDBIP Scorecard	Quarterly
Departments	Portfolio Committee	SDBIP Scorecard	Quarterly
Portfolio Committee	Executive Committee	High Level Summary	Quarterly
Management Team	Executive Committee	Strategic Scorecard	Quarterly
Executive Committee	Council	Strategic Scorecard	Twice-yearly
Council	Public (IDP Forum)	Citizen's report	Annually
Council	Province	Annual Report	Annually

• **Lukhanji and Chris Hani performance management processes**

The Chris Hani District Municipality is in the process of institutionalizing a district wide strategic scorecard that will report on local government performance in the district as whole. The District Strategic Scorecard will be based on the following perspectives:

1. Socio-economic development
2. Infrastructure development and service delivery
3. Municipal transformation & organisational development
4. Municipal financial viability & management
5. Good governance & public participation

Lukhanji municipality will participate in the District Strategic Scorecard processes. These processes include planning (i.e. developing district wide objectives and strategies, identifying indicators and setting targets) reporting and reviews. The planning process will inform Lukhanji's plan in terms of the municipal scorecard. Therefore there must be coordination between Chris Hani's processes of developing a District Strategic Scorecard. Similarly there must be coordination between Chris Hani and Lukhanji's reporting and review processes.

○

○ **Critical dates and timelines**

The municipality commits to influencing its partners and other spheres of government to work towards an annual cycle of municipal performance management with agreed critical dates and timelines for the following activities:

1. Development of District Strategic Scorecard (as part District IDP process)
2. Development of Lukhanji municipal scorecard (as part of the IDP process)
3. Finalisation of SDBPIs
4. Completion of the first quarter review
5. Completion of the midyear/ second quarter review
6. Completion of the third quarter review
7. Completion of the annual review
8. Submission of inputs to the ADM District Strategic scorecard
9. Participation in the District Strategic scorecard review as part of the IDP process

○ **Auditing and Quality Control**

All auditing will comply with Section 14 of the Municipal Planning and Performance Management Regulations (2001). Auditing of performance reports will be conducted by the internal audit structure prior to submission to the municipality's external audit committee and auditor-general.

▪ **Quality Control and Co-ordination**

The Office of the Municipal Manager, overseen by and reporting regularly to the PMS Management Team, will be required on an ongoing basis to co-ordinate and ensure good quality of reporting and reviews. It will be its role to ensure conformity to reporting formats and check the reliability of reported information, where possible.

▪ **Performance Investigations**

The Executive Committee or Audit Committee will be able to commission in-depth performance investigations where there is either continued poor performance, a lack of reliability in the information being provided or on a random ad-hoc basis. Performance investigations should assess

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

While the internal audit function may be used to conduct these investigations, it is preferable that external service providers, preferably academic institutions, who are experts in the area to be audited, should be used. Clear terms of reference will need to be adopted by the respective committee.

▪ **Internal Audit**

The municipality's internal audit function will be continuously involved in auditing the performance reports of SDBIPs and the strategic scorecard. As required by the regulations, they will be required to produce an audit report on a quarterly basis, to be submitted to the Municipal Manager and Audit Committee. The capacity of the internal audit unit will need to be improved beyond the auditing of financial information.

Auditing is necessary to prevent:

- Inconsistencies in performance management definition or methodology of data collection;
- Incorrect processing and poor documentation of performance management;
- Biased information collection and reporting by those whose image is at stake in the performance management process.

The Regulations specify that any auditing must include assessment of:

- The functionality of the municipality's performance management system;
- The compliance of the system with the legislation; and
- The extent to which performance measurements are reliable in measuring performance of the municipality

▪ **Audit Committee**

The municipal council will restructure the existing audit committee and extend its mandate to include performance auditing. In restructuring the Audit Committee the Council will ensure that the

- majority of members are not councilors or employees of the municipality;
- chairperson of the committee is neither a councilor nor an employee of the municipality;
- members of the committee have credibility within all Lukhanji's communities and organs of civil society; and the
- composition of the audit committee sufficiently caters for the following competencies:
 - an understanding of performance management
 - an understanding of municipal finances
 - an understanding of development, including rural development
 - an insight into the municipality's IDP objectives

The operation of this audit committee will be governed by section 14 (2-3) of the regulations. As per the regulations, the performance audit committee will

- review the quarterly reports submitted to it by the internal audit unit
- review the municipality's performance management system and make recommendations in this regard to the council of that municipality
- assess whether the performance indicators are sufficient
- at least twice during a financial year submit an audit report to the municipal council

The audit committee be also be tasked with assessing the reliability of information reported.

In order to fulfill its function a performance audit committee may, according to the regulations,

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

○ **Role of Stakeholders**

Stakeholders	Performance Planning	Measurement and Analysis	Performance Reporting & Reviews
Community Structures and IDP Forum	<ul style="list-style-type: none"> • Be consulted on needs • Develop the long term vision for the area • Influence the identification of priorities • Influence the choice of indicators and setting of targets 		<ul style="list-style-type: none"> • Be given the opportunity to review municipal performance and suggest new indicators and targets
Council	<ul style="list-style-type: none"> • Facilitate the development of a long-term vision. • Develop strategies to achieve vision • Identify priorities • Adopt indicators and set targets 		<ul style="list-style-type: none"> • Review municipal performance bi-annually
Portfolio (S79) Committees	<ul style="list-style-type: none"> • Influence the preparation of SDBIP scorecards • Adopt SDBIP scorecards • Ensure involvement of communities in the setting of municipal targets (IDP) 	<ul style="list-style-type: none"> • Monitor performance of relevant services 	<ul style="list-style-type: none"> • Receive reports from service managers • Review monthly SDBIP scorecards • Report to Mayco • Adopt corrective actions where necessary and recommend to Mayco

Stakeholders	Performance Planning	Measurement and Analysis	Performance Reporting & Reviews
Executive Committee	<ul style="list-style-type: none"> • Play the leading role in giving strategic direction and developing strategies and policies for the organisation • Manage the development of an IDP • Approve and adopt indicators and set targets • Communicate the plan to other stakeholders 		<ul style="list-style-type: none"> • Conduct the major reviews of municipal performance, determining where goals had or had not been met, what the cauSAI reasons were and to adopt response strategies
Management Team	Assist the Executive Committee in <ul style="list-style-type: none"> • providing strategic direction and developing strategies and policies for the organisation • Manage the development of the IDP • Ensure that the plan is integrated • Identify and propose indicators and targets • Communicate the plan to other stakeholders • Develop SDBIPs & Budget 	<ul style="list-style-type: none"> • Regularly monitor the implementation of the IDP, identifying risks early • Ensure that regular monitoring (measurement, analysis and reporting) is happening in the organisation • Intervene in performance problems on a daily operational basis 	<ul style="list-style-type: none"> • Conduct quarterly reviews of performance • Ensure that performance reviews at the political level are organised • Ensure the availability of information • Propose response strategies to the Executive Committee • Report to Exco
HODs or Departmental Managers	<ul style="list-style-type: none"> • Develop service plans for integration with other sectors within the strategy of the organisation 	<ul style="list-style-type: none"> • Measure performance according to agreed indicators, analyse and report regularly • Manage implementation and intervene where necessary • Inform decision-makers of risks to service delivery timeously 	<ul style="list-style-type: none"> • Conduct reviews of service performance against plan before other reviews
Internal Audit			<ul style="list-style-type: none"> • Produce quarterly audit reports for MM and Audit committee
Audit Committee			<ul style="list-style-type: none"> • Review internal audit reports • Assess system and indicators • Provide audit report twice annually to council

○ **Responding to Organisational Performance**

This outlines how the municipality may reward good organisational performance and address poor organisational performance.

▪ **Good or Exceptional Organisational Performance**

There will be a Executive Mayoral Award for excellent performance that can take the form of rotating trophies or plaques for the best four departments / units annually. These can be designated:

- Platinum
- Gold
- Silver
- Bronze

An annual entertainment fund can be used to provide funds for at least the Platinum winners to entertain themselves as determined by the Executive on an annual basis.

▪ **Poor Performance**

Poorly performing departments will be asked to provide an explanation and analysis of poor performance. If this is insufficient, an investigation will be conducted to deepen the understanding of the underlying problems, whether they be policy-related, systemic, structural or attributed to the poor performance of individuals.

This section does not deal with employee performance and rewarding good performance and addressing poor employee performance. These are dealt with at the end of the next section.

Employee Performance

This section focuses on the performance management arrangements for employees of the municipality. The following framework can be used for all employees. However the legal framework that underpins it requires that it be enforced for all Section 57 Managers. The municipality will incrementally roll-out this system for all employees.

The legislation upon which this is based includes:

- *The Local Government Municipal Systems Act, No. 32 of 2000.*
- *The Local Government Municipal Systems Amendment Act, No. 44 of 2003.*
- *Local Government Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006. Regulation Gazette No. 29089.*
- *Draft competency guidelines for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.*

○ **Issues related to the implementation of regulations**

The performance regulations, as published in Government Gazette No 29089 on 1 August 2006, seek to set out how the performance of section 57 managers will be uniformly directed, monitored and improved.

In the implementation of the regulations, a number of issues may arise that may have an effect on whether an employment contract or a performance agreement has been validly entered into.

This section deals with who bears the responsibility to implement the performance management system, the *ipso facto* (automatic) applicability of national legislation on an employment contract, the effect of a non-existing performance agreement on an employment contract, the legality of a “retrospective” performance agreement, and the legal effect of missing the 90 day deadline.

▪ **Responsibilities for implementing system**

The Municipal Manager, as head of the administration (see section 55 Municipal Systems Act or MSA) or as accounting officer (see section 60 Municipal Finance Management Act or MFMA) is responsible and accountable for the formation and development of an accountable administration operating in accordance with the municipality's performance management system. She or he is also responsible for the management of the administration in accordance with legislation.

The final responsibility for ensuring that employment contracts for all staff are in place rests with the municipal manager.

The final responsibility for ensuring that performance agreements with the relevant managers, including his or her own, are in place, rests with the municipal manager.

▪ **Employment contract**

The Systems Act (see section 57) provides that there must be a written employment contract between the municipality the municipal manager and managers directly accountable to municipal managers (hence the reference, to managers employed in terms of these contracts, as Section 57 Managers).

• **Applicable legislation**

The regulations (see sub-regulation 4(1)) provide that the employment contract must be subject to the terms and conditions of the Systems Act, the MFMA, and other applicable legislation. In the event that the employment contract does not refer to the applicability of other legislation, that omission will not affect the legal validity of the employment contract. The employment contract will, in any event, be subordinate to any legislation even in the case where the parties themselves are unaware of such legislation.

• **Validity of employment contract**

The regulations (see sub-regulation 4(4)(a)) further provide that employment in terms of an employment contract must be subject to the signing of a separate performance agreement within 90 calendar days after assumption of duty and annually within one month after the commencement of the financial year. The question arises whether the validity of the employment contract will be affected in the absence of a performance agreement as per the dictates of the regulation. It is important to bear in mind that both the employment contract and the performance agreement are entered into separately by the parties. In the event that the performance agreement has not been entered into after the expiration of the time limit, it amounts to a breach of the employment conditions and the party responsible for such breach must be put on terms. It is important to emphasise that the failure to enter into a performance agreement does not automatically render the employment contract invalid. The party responsible for this breach must be given an opportunity to remedy the breach. Failure by the party responsible for the breach to remedy the breach may result in the other party initiating a contract termination process if it so feels.

▪ **Performance agreement**

The performance agreement (see sub regulation 8(2) read with sub-regulation 23) provides the basis upon which the municipality will reward good performance on the part of the employee. Performance Agreements form the basis upon which the performance of Section 57 staff are measured and monitored against targets. The performance agreement is put in place to comply with the provisions of Section 57 (1)(b), (4A),(4B) and (5) of the Municipal Systems Act as well as the employment contract entered into between the parties. This agreement must be entered into for each financial year and be reviewed annually in June.

According to the Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006), the performance agreements fulfill the following key purposes:

- specify objectives and targets defined and agreed with the employee and to communicate to the employee the employer's expectations of the employee's performance and accountabilities in alignment with the Integrated Development Plan, Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the municipality;
- specify accountabilities as set out in a performance plan, which forms an annexure to the performance agreement;
- monitor and measure performance against set targeted outputs;
- use the performance agreement as the basis for assessing whether the employee has met the performance expectations applicable to his or her job;
- and in the event of outstanding performance, to appropriately reward the employee;
- give effect to the employer's commitment to a performance-orientated relationship with its employee in attaining equitable and improved service delivery.

• **Retrospectively**

The question arises whether it would be possible to enter into a performance agreement retrospectively, even after the end of the financial year for that financial year. The language of the MSA (see section 57(2)) is peremptory in this regard. It provides that a "performance agreement **must** be concluded with a reasonable time after a person has been appointed" (own emphasis). The regulation provides that the performance agreement must be signed within 90 calendar days after

assumption of duty. The municipal council does not have the authority to change these prescripts. The absence of a performance agreement at the end of a financial year will fatally affect the ability of the municipality to pay a performance bonus to the affected employee.

• **Legal validity after 90 days**

A further issue which may arise is the legal validity of a performance agreement that is concluded after the period of 90 days has lapsed. In this regard, it is instructive to consider that the regulation provides that **employment** is subject to the compliance with sub-regulation 4(4)(a). It would appear that one would still be able to enter into a valid performance agreement after the 90 day period provided that there is consensus between the parties that the employment contract is still in force. Thus, where the performance agreement is entered into after the expiry of the 90 day limit, the agreement can still be entered into for part of that financial year (see sub-regulation 24(1)).

It is understood that a performance agreement comprises a performance plan and a personal development plan.

▪ **Performance Plan**

The performance plan establishes:

- a detailed set of objectives and targets to be met by the Section 57 employee as well as;
- the time frames within which these should be met.

The specifics of the performance plan will be determined by the Executive Committee, in consultation with the employee, and will be based on the IDP, SDBIP and the Budget. It shall include the following elements:

- Key Objectives
- Key Performance Indicators
- Targets
- Weightings

In addition, the employee will be measured in terms of their contribution to the goals and strategic planning as set out in the Municipality's IDP.

Section 57 staff will be assessed against **two components**, weighted as follows:

• **Key Performance Area (KPA) which is weighted at 80%**

The employees assessment will in part be based on his/her performance in terms of outcomes/outputs (performance indicators) identified in the performance plan which are linked to the KPAs. This contributes to 80% of the overall assessment result. The weightings per KPA will be agreed upon between the Executive Committee and the employee. For Managers directly responsible to the Municipal Manager, the KPAs are those related to their key functional areas.

For the municipal manager this will be the organizational scorecard, not dealing with outcomes, representing the IDP. For managers reporting to the municipal manager, this component will be their SDBIP scorecards, without outcomes.

For all other staff that this system will be rolled out to, this component will need to be drawn up for them and align with their job description.

• **Core Competency Requirement (CCR) which is weighted at 20%**

The CCRs which are deemed most critical to the employee's specific function will be selected from a list and agreed upon with the employer, with consideration for proficiency levels as agreed between the two parties. Weights will further be assigned to the CCRs selected.

This refers to a separate component dealing with competency and expected behavior.

Table 2: Core Competency Requirements from Regulations (2006)

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES (CCR)		
Core Managerial and Occupational Competencies	□ (Indicate choice)	Weight
Core Managerial Competencies		
Strategic Capability and Leadership		
Programme and Project Management		
Financial Management	compulsory	
Change Management		

CORE COMPETENCY REQUIREMENTS FOR EMPLOYEES (CCR)		
Core Managerial and Occupational Competencies	☐ (Indicate choice)	Weight
Core Managerial Competencies		
Knowledge Management		
Service Delivery Innovation		
Problem Solving and Analysis		
People Management and Empowerment	compulsory	
Client Orientation and Customer Focus	compulsory	
Communication		
Honesty and Integrity ²		
Core Occupational Competencies		
Competence in Self Management		
Interpretation of and implementation within the legislative and national policy frameworks		
Knowledge of developmental local government		
Knowledge of Performance Management and Reporting		
Knowledge of global and South African specific political, social and economic contexts		
Competence in policy conceptualization, analysis and implementation		
Knowledge of more than one functional municipal field discipline		
Skills in Mediation		
Skills in Governance		
Competence as required by other national line sector departments		
Exceptional and dynamic creativity to improve the functioning of the municipality		
Total percentage	-	100%

▪ **Personal Development Plan**

As part of the performance agreement, a personal development plan will be included. This section should state the activities, including training, that the employee wishes to undertake to improve themselves or is required to take to better fulfill the needs of the job.

○ **Evaluating performance**

The Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers (2006), stipulates in detail how the evaluation process should be undertaken.

▪ **Evaluators**

For purposes of evaluating the annual performance of the municipal manager, The Executive Mayor must establish an evaluation panel constituted of the following persons:

- Executive Mayor or Executive Mayor;

² While the regulations leave this requirement as optional, in Lukhanji it will be regarded as compulsory.

- Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- Member of the executive committee
- Executive Mayor and/or municipal manager from another municipality; and
- Member of a ward committee as nominated by the Executive Mayor.

For purposes of evaluating the annual performance of managers directly accountable to the municipal managers, the Municipal Manager must establish an evaluation panel constituted of the following persons:

- Municipal Manager;
- Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;
- Member of the executive committee
- Municipal manager from another municipality.

▪ **Process & Scoring**

Performance will be reviewed on a quarterly basis within two weeks after completion of the evaluation of a unit (department or section) to which the employee belongs of managing. The employer will keep a record of the mid-year review and annual assessment meetings. The performance plan will include a Personal Development Plan, in order to address any weaknesses or skills gaps which may have been identified.

In summary, the annual performance appraisal will involve an assessment of results as outlined in the performance plan, discussed below:

• **KPA assessment**

1. Each KPA will be assessed according to whether performance indicators have been met
2. An indicative rating on a 5-point scale will be provided for each KPA
3. The applicable assessment rating calculator will be used to add to the scores and calculate the final KPA score based on a weighted average score.

• **CCR assessment**

1. Each CCR will be assessed according to performance indicators have been met
2. An indicative rating on a 5-point scale will be provided for each CCR
3. The rating is multiplied by the weighting given to each CCR, to provide a score
4. The applicable assessment rating calculator will be used to add to the scores and calculate the final CCR score, based on a weighted average score.

Table 3: Scoring suggested by the Regulations (2006)

Level	Terminology	Description
5	Outstanding performance	Performance far exceeds the standard expected of an employee at this level. The appraisal indicates that the Employee has achieved above fully effective results against all performance criteria and indicators as specified in the PA 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

Level	Terminology	Description
		Plan.
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the employee has achieved below fully effective results against almost all of the performance criteria and indicators as specified in the PA and Performance Plan. The employee has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.

The combined KPA and CCR assessment scores, weighted 80% and 20% respectively, will make up the overall assessment score.

The individual managers' scorecards will have three components. The first two components will be scores that are based on performance of the municipality. These will constitute the 80% KPA score. The third component is about the manager competency. The following table shows a weighting that will make up the score of a manager reporting directly to a municipal manager's score.

Table 4 HOD's performance measurement

Component	Weighting	Source
Collective score for municipal performance	20%	Overall municipal scorecard score equally owned by all directors and MM
Score for departmental performance	60%	Overall departmental score scorecard score
CCR score of a manager	20%	CCR appraisal result

Similarly in the case of the municipal manager there will also be three components as shown in the table below.

Table 5 Municipal Manager's performance measurement

Component	Weighting	Source
Collective score for municipal performance	60%	Overall municipal scorecard score
Average of departmental scores	20%	Sum of departmental scores divided by the no. of Depts.
CCR score of a manager	20%	CCR appraisal result

The following table shows a worked example of how a HOD's performance score will be calculated. In this table it is assumed that the weightings given to municipal performance, departmental performance and individual contribution are 35%, 50% and 15% respectively. If the Municipality and the Department headed by the HoD concerned achieved 60% and 70% of their targets respectively and the HOD got a 55% in his/ her 360 degrees assessment (by his/ her immediate supervisor (municipal manager), immediate subordinates and Portfolio Councilor) then the score will be calculated as shown in the right hand column of the table.

Table 6 Worked example HOD performance score calculation

Component	Weighting	Performance Score	Weighted score
Collective score for municipal performance	20%	60%	20% x 60% = 12%
Score for departmental performance	60%	70%	60% x 70% = 42.5%
CCR score of a manager	20%	55%	20% x 55% = 11%
Final score (sum of weighted scores)			65%

The regulations do not deal with the detail of how to convert the points from the 5-point scale into percentage of performance even though the bonus calculation, as per regulations, will be based on the percentage level of performance achieved.

In Lukhanji the scoring will take the score obtained and divide it by 3 to reach a % score. In this way a score of from the scale, which means that performance fully meets the standards expected in all areas of the job, will then result to 3/3 which will be 100%; 4/3 will be 133% and 5/3 will be 166%.

○ **Dispute resolution**

Any disputes about the nature of the employee's performance agreement, whether it relates to key responsibilities, priorities, methods of assessment and/ or Salary increment in the agreement, must be mediated by –

- (a) In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and
- (b) In the case of managers directly accountable to the municipal manager, the executive Mayor or Executive Mayor within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on both parties.

Any disputes about the outcome of the employee's performance evaluation, must be mediated by –

- (c) In the case of the municipal manager, the MEC for local government in the province within thirty (30) days of receipt of a formal dispute from the employee, or any other person designated by the MEC; and
- (d) In the case of managers directly accountable to the municipal manager, a member of the municipal council, provided that such member was not part of the evaluation panel provided for in sub-regulation 27(4)(e), within thirty (30) days of receipt of a formal dispute from the employee; whose decision shall be final and binding on both parties.

○

○ **Responding to Good Employee Performance**

i. Bonuses

A performance bonus, based on affordability may be paid to the employees, after:

1. the annual report for the financial year under review has been tabled and adopted by the municipal council
2. an evaluation of performance in accordance with the provisions of the Regulation
3. approval of such evaluation by the municipal council as a reward for a level of performance deserving of a performance bonus in terms of the bonus criteria

In addition to the annual cost-of-living increase, the employee shall be eligible to be considered for a performance related increase (pay progression) on an annual basis.

● **Performance Bonus criteria**

The regulations provide that a performance bonus between 5% and 14% of the inclusive annual remuneration package may be paid to the employee after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the Municipal Council, as a reward for a level of performance deserving of a bonus in terms of the bonus criteria. In determining the bonus payment, the regulations specify that the relevant percentage depends on the overall rating, calculated by using the applicable assessment rating calculator:

1. A score of 130% - 149% is awarded a performance bonus ranging between 5%-9%.
2. A score of 150% and above is awarded a performance bonus ranging 10% - 15%.

3. In addition to what is suggested in the regulations in Lukhanji a score of 100%-120% should result in a bonus of 0% to 5%.

▪ **Salary Adjustment**

The respective employee's Salary can be adjusted if it is understood that the high levels of performance can be sustained and are not once-off. This Salary adjustment is over and above any inflationary adjustment.

▪ **Executive Mayor's Merit Award**

A Executive Mayor's merit award will be introduced for all employees who are not on fixed term performance related contracts that perform excellently based on the following awards:

Score obtained on Performance Scorecard	The Employee may be eligible to choose ONE of the options listed below
Platinum (>100%)	Medal plus: a) Employee is granted 6 "free" leave days. or b) The Employee is able to attend a conference/seminar relevant to his/her work that costs a maximum of 6 leave days for that employee or c) The Employee may select a work tool that will enhance his/her ability to perform better in his/her job that costs a maximum of 6 leave days for that employee
Gold (90% – 100%)	Medal plus: a) Employee is granted 4 "free" leave days or b) The Employee is able to attend a conference/seminar relevant to his/her work that costs a maximum of 4 leave days for that employee or c) The Employee may select a work tool that will enhance his/her ability to perform better in his/her job that costs a maximum of 4 leave days for that employee
Silver (80% - 89.9%)	Medal plus: a) Employee is granted 2 leave days or b) The Employee is able to attend a conference/seminar relevant to his/her work that costs a maximum of 2 leave days for that employee or c) The Employee may select a work tool that will enhance his/her ability to perform better in his/her job that costs a maximum of 2 leave days for that employee
60 % - 79.9%	No specific reward
< 60	Compulsory performance counselling

Should an employee who has received a non financial reward in the form of a work tool, leave the employment of Lukhanji Municipality and wishes to take the work tool, the employee will be required to pay tax on the value of the tool.

▪ **Special Opportunities**

Special opportunities will be created such as special study opportunities and exchange programmes that could benefit high performing employees.

▪ **Promotion**

Employees who consistently perform well will be given more responsibility and promoted where opportunities arise.

o **Addressing Poor Employee Performance**

ii. **Section 57 managers**

The municipality will base its actions against a poorly performing Section 57 manager on the midyear and annual performance review processes. Having set performance targets in the form of a performance agreement at the beginning of the year and reviewed progress in September as per the Regulations, during the midyear review if a manager achieves a score of less than 60%, an appropriately designated person within the municipality will, together with the managers concerned, develop a Remedial and Developmental Support plan within 30 days of the midyear performance review to assist the employee to improve his/her performance. The design of the plan will be such that there should be performance improvement within 6 months of its implementation. The plan will clearly specify the responsibilities of the employer as well as the responsibilities of the employee with regard to its implementation. If after 6 months, during the end-year performance review, the manager concerned still achieves a score of less than 60% and the municipality has evidence or proof that it met its responsibilities in terms of implementing the remedial and developmental support plan, the municipality will consider steps to terminate the contract of the employee on the grounds of poor performance or operational incapacity.

iii. **Non-section 57 employees**

In the case of unacceptable performance by a non-section 57 employee, the municipality shall, together with the employee concerned, develop a Remedial and Developmental Support plan within 30 days of a review in which the employee achieves a score of less than 60%.

The plan will clearly specify the responsibilities of the employer as well as the responsibilities of the employee with regard to its implementation.

The timeframes of the plan shall be determined by the support and remedial needs identified in the plan.

After the timeframe determined in the plan has lapsed and based on the targets set in the plan, the performance of the employee will be assessed. If the employee concerned still achieves a score of less than 60% and the municipality has evidence or proof that it met its responsibilities in terms of implementing the remedial and developmental support plan, the municipality will consider steps to terminate the contract of the employee on the grounds of poor performance or operational incapacity.

Evaluation and Improvement of the Performance Management System

The Municipal Systems Act requires the municipality to annually evaluate its performance management system. It is proposed that after the full cycle of the annual review is complete, the performance management team will initiate an evaluation report annually, taking into account the input provided by departments. This report will then be discussed by the Management Team and finally submitted to the Executive Committee for discussion and approval. The evaluation should assess:

- The adherence of the performance management system to the Municipal Systems Act.
- The fulfillment of the objectives for a performance management system captured in section 3 of this document.
- The adherence of the performance management system to the objectives and principles captured in section 4 of this document.
- Opportunities for improvement and a proposed action plan.

It must once again be emphasised that there are no definitive solutions to managing municipal performance. The process of implementing a performance management system must be seen as a learning process, where there is a conscious buy-in to incremental improvement of the way the system works in order to fulfill the objectives of the system and address the emerging challenges from a constantly changing environment.

Appendices

b. **Appendix I: Extracts of relevant policies and legislation**

i. **The White Paper on Local Government (1998)**

The White Paper on Local Government (1998)ⁱ nationally introduced performance management systems to local government, as a tool to ensure Developmental Local Government. It concludes that

"Integrated Development Planning, budgeting and performance management are powerful tools which can assist municipalities to develop an integrated perspective on development in their area. It will enable them to focus on priorities within an increasingly complex and diverse set of demands. It will enable them to direct resource allocations and institutional systems to a new set of development objectives".

The White Paper adds that

"Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query; others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system enhanced".

- **Batho Pele (1998)**

Similarly, the White Paper on Transforming Public Service Delivery (Batho Pele) puts forward eight principles for good public service:

- **Consultation:**

Citizens should be consulted about the level and quality of public service they receive, and, where possible, should be given a choice about the services that are provided.

- **Service standards:**

Citizens should know what standard of service to expect.

- **Access:**

All citizens should have equal access to the services to which they are entitled.

- **Courtesy:**

Citizens should be treated with courtesy and consideration.

- **Information:**

Citizens should be given full and accurate information about the public services they are entitled to receive.

- **Openness and transparency:**

Citizens should know how departments are run, how resources are spent, and who is in charge of particular services.

- **Redress:**

If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made citizens should receive a sympathetic, positive response.

- **Value-for-money:**

Public services should be provided economically and efficiently in order to give citizens the best possible value-for-money.

"Importantly, the Batho Pele White Paper notes that the development of a service-oriented culture requires the active participation of the wider community. Municipalities need constant feedback from service-users if they are to improve their operations. Local partners can be mobilised to assist in building a service culture. For example, local businesses or non-governmental organisations may assist with funding a help line, providing information about specific services, identifying service gaps or conducting a customer survey" - The White Paper on Local Government (1998).

- **The Municipal Systems Act (2000)**

The Municipal Systems Act, enacted in November 2000, requires all municipalities to:

- Develop a performance management system
- Set targets, monitor and review performance based on indicators linked to their IDP
- Publish an annual report on performance for the councilors, staff, the public and other spheres of government
- Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government
- Conduct an internal audit on performance before tabling the report.
- Have their annual performance report audited by the Auditor-General
- Involve the community in setting indicators and targets and reviewing municipal performance

- **Municipal Planning and Performance Management Regulations (2001)**

The Municipal Planning and Performance Management Regulations set out in detail requirements for municipal PM systems. However, the regulations do not sufficiently constitute a framework that fully proposes how the system will work. Each component of the proposed framework in this document is strongly informed by the regulations.

- **Municipal Finance Management Act (2003)**

Chapter 12: Financial Reporting and Auditing

Preparation and adoption of annual reports

121. (1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

2. The purpose of an annual report is –
 - (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
 - (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
 - (c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.
3. the annual report of a municipality must include –
 - (a) the annual financial statements of the municipality, and in addition, if section 122(2) applies, consolidated annual financial statements, as submitted to the Auditor-General for audit in terms of section 126(1);
 - (b) the Auditor-General's audit report in terms of section 126(3) on those financial statements;
 - (c) the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;
 - (d) the Auditor-General's audit report in terms of section 45(b) of the Municipal Systems Act;
 - (e) an assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
 - (f) an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 12(3)(b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year;
 - (g) particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d);
 - (h) any explanations that may be necessary to clarify issues in connection with the financial statements;
 - (i) any information as determined by the municipality;

- (j) any recommendations of the municipality's audit committee; and
 - (k) any other information as may be prescribed.
4. The annual report of a municipal entity must include-
- (a) the annual financial statements of the entity, as submitted to the Auditor-General for audit in terms of section 126(2);
 - (b) the Auditor-General's audit report in terms of section 126(3) on those financial statements;
 - (c) an assessment by the entity's accounting officer of any arrears on municipal taxes and service charges;
 - (d) an assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives set in terms the service delivery agreement or other agreement between the entity and its parent municipality;
 - (e) particulars of any corrective action taken or to be taken in response to issues raised in the audit report referred to in paragraph (b);
 - (f) any information as determined by the entity or its parent municipality;
 - (g) any recommendations of the audit committee of the entity or of its parent municipality; and
 - (h) any other information as may be prescribed.

o

o **Appendix II: Pro forma documents (as separate documents)**

- ii. Performa Employment Contract
- iii. Personal Development Plan (PDP)
- iv. Performance Agreement

c. **Appendix III: Scorecard templates with Performance Assessment Calculators (as separate documents)\l**

Section I – Approval

APPROVAL PHASE

1. In line with the legislative requirements contained in the Local Government: Municipal Finance Management Act 56 of 2003:
 - The first draft reviewed IDP 2014/ 2015 will be tabled to Council on the 31st March 2014
 - The final IDP and budget will be presented to Council for approval before the end of May 2014.

2. Declaration of adoption for the first draft of the 2014/2015

COUNCIL RESOLUTION & DATE OF ADOPTION:.....

SIGNATURE

.....

MR G. JUDEEL

ACTING MUNICIPAL MANANGER

.....

CLLR N. MAKANDA

EXECUTIVE MAYOR

.....

DATE

.....

DATE