

# MBHASHE LOCAL MUNICIPALITY



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## Draft

### Reviewed Integrated Development Plan 2015 – 2016

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# CHAPTER 1: INTRODUCTION AND PLANNING PROCESS

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## 1.1 INTRODUCTION

Following the election of the new council in 2011 the municipality embarked on a process of formulating its five year integrated development plan (IDP) 2012 -2017. This document outlines the programmes and development commitments that will be delivered during the term of the current council. The IDP supersedes all other plans of a municipality. The municipality is embarking on the reviewal of the IDP for the 2015/16 financial year. The following Process Plan for IDP/Budget was adopted by the Council in its ordinary meeting of 27 August 2014.

## 1.2 METHODOLOGY

The formulation of this IDP as well as its report structure follows a strategic planning methodology which involved 4 distinctive parts, namely

- a) Part-A: dealing with the process plan and gap analysis
- b) Part-B: dealing with the determination of the development challenge and key priorities for addressing that challenge. This part takes the reader through the detail analysis of the issues in terms of the 5 key performance areas of our municipality viz, service delivery, LED, Financial Viability, Good governance and Public Participation, Municipal Institutional Development + Transformation and lastly touches on the SDF. It concludes by identifying key priority focus areas for 2014/2015.
- c) Part-C: dealing with future planning addresses how we see the future unfolding. It begins by outlining our agreed vision, mission and values. Thereafter, it outlines strategic development objectives, supporting strategies and projects to be implemented.
- d) Part-D: deals with how we plan to ensure integration in the roll-out of IDP implementation and outlines mechanisms that will be in place to ensure the do-ability of the task. This is done through a series of chapters addressing important sector plans, PMS (policy & SDBIP framework).

## 1.3 THE PROCESS PLAN

The following section outlines the process plan for the formulation of Mbhashe IDP. It outlines the mechanisms and procedures that will be followed in the formulation of this IDP. In terms of the process plan the following institutional arrangements were adopted.

### **1.3.1 Organisational arrangements**

There will be two main institutional structures viz IDP/Budget/PMS Representative Forum and the IDP/Budget/PMS Steering Committee.

### **1.3.2 IDP/Budget/PMS Steering Committee**

The IDP/Budget/PMS steering will be constituted of mainly the Head of Departments and Project Managers. Its main task will be to:

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

Meetings shall be held as per the action plan and mainly held in Idutywa unless otherwise specified in the invitation letters.

### **1.3.3 IDP/Budget/PMS Representative Forum**

The IDP/Budget/PMS Representative Forum will be the main platform for discussion and broad consultation of key decisions and recommendation for council adoption. It will be comprised mainly of various representatives from the following institutions or interest groups:

- Secretariat of IDP/Budget/Steering Committee
- Executive Committee members
- Ward Committees & CDWs
- Traditional leaders
- Business community
- Civic bodies & known NGOs / CBOs
- Rate payers
- Sector Departments & State Owned Enterprises

The task of the representative forum shall be to:

- Represent the interest of various constituencies in the IDP planning process
- Provide an organizational platform and mechanism for discussion, negotiation and decision making between stakeholders

- Provide a communication mechanism for the exchange of ideas and opinions among the various stakeholder interest groups
- Participate in the setting up of key performance indicators including the monitoring thereof in line with the performance Management Manual of the Local Municipality
- Monitor the performance of the planning and implementation process

#### 1.3.4 Roles & Responsibilities

Person/structure	Roles and responsibilities
<b>Executive Committee-Mayor</b>	<ul style="list-style-type: none"> <li>• Manage the drafting of the IDP;</li> <li>• Assign responsibilities in this regard to the Municipal Manager;</li> <li>• Submit the draft Framework Plan and Process Plan to the Council for adoption;</li> <li>• Submit the draft IDP to the Council for adoption and approval;</li> <li>• The responsibility for managing the drafting of the IDP has been assigned to the Municipal Manager/IDP Manager.</li> </ul>
<b>Municipal Manager/IDP Manager</b>	<p>The IDP Manager will have the following responsibilities:</p> <ul style="list-style-type: none"> <li>• Preparation of the Process Plan;</li> <li>• Day-to-day management and coordination of the <b>IDP</b> process in terms of time, resources and people, and ensuring; <ul style="list-style-type: none"> <li>○ The involvement of all relevant role-players, especially officials;</li> <li>○ That the timeframes are being adhered to;</li> <li>○ That the planning process is horizontally and vertically aligned and complies with national and provincial requirements;</li> <li>○ That conditions for participation are provided; and</li> <li>○ Those outcomes are being documented.</li> <li>○ Chairing the IDP Steering Committee;</li> <li>○ Management of consultants.</li> </ul> </li> </ul>
<b>IDP/Budget/PMS Steering Committee</b>	<p>The Steering committee is a technical working team of dedicated officials who support the IDP Manager to ensure a smooth planning process. The Municipal Manager is responsible for the process but will often delegate functions to the officials that form part of the Steering Committee.</p> <p><b>Chairperson:</b> Municipal Manager/IDP Manager</p> <p><b>Secretariat:</b> Council Support Staff – Administration</p> <p><b>Members:</b></p>

Person/structure	Roles and responsibilities
	<ul style="list-style-type: none"> <li>❖ Heads of Departments – Corporate Services Finance Infrastructure Community Services Developmental Planning</li> <li>❖ The IDP Steering Committee will be responsible for the following: <ul style="list-style-type: none"> <li>• Commission research studies;</li> <li>• Consider and comment on: <ul style="list-style-type: none"> <li>○ Inputs from subcommittee(s), study teams and consultants; and</li> <li>○ Inputs from provincial sector departments and support providers.</li> </ul> </li> <li>• Process, summarize and draft outputs;</li> <li>• Make recommendations to the Rep Forum;</li> <li>• Prepare, facilitate and minute meetings. Prepare and submit reports to the IDP Representative Forum.</li> </ul> </li> </ul>
<p><b>IDP/Budget/PMS Representative Forum</b></p>	<p>The <b>IDP/Budget/PMS Representative Forum</b>, which was used in the first IDP review process, will be resuscitated.</p> <p><b>Chairperson:</b> The Mayor</p> <p><b>Secretariat:</b> The secretariat for this function will be provided for in meetings of the IDP Steering Committee by the Administration function.</p> <p><b>Membership:</b> It will comprise the same members as the previous year and additional relevant representatives.</p>
<p><b>Support providers and planning professionals</b></p>	<p>Service providers will be used for the following:</p> <ul style="list-style-type: none"> <li>• Providing methodological/technical support on the sector plans, budget reform, mainstreaming and other ad hoc support as required;</li> <li>• Facilitation of planning workshops as required.</li> </ul>

### 1.3.5 Action Plan

The following table below gives a list of scheduled meetings and workshops for the IDP formulation process.

### 1.3.6 Mechanisms for public participation

One of the main features of the Integrated Development planning process is the involvement of community and stakeholder organizations in the process. Participation of affected and interested parties is obligatory in the IDP drafting process and is set down in Sections 16-18 of the Municipal Systems Act. This is to ensure that the IDP addresses the real issues that are experienced by the citizens of a municipality.

The Mbhashe Local Municipality comprises a large geographical area with many people. To ensure that there is representation of various organized and groups our Municipality will be using following approach:

- ❖ The Amathole District Municipality will place a blanket notice on the Local newspaper (Daily Dispatch) inviting interested parties to participate in the Representative Forums (Mbhashe Local Municipality being one).
- ❖ Languages being used as medium of communication will be English and Xhosa.
- ❖ National and Community radios will be used including Umhlobo Wenene, University of Transkei Community Radio, Khanya Community Radio.
- ❖ Use of Local Circulating Newspapers
- ❖ Announcements in churches, schools, community activities like Imbizo's, weddings

The Representative Forum will meet throughout the IDP Process. The frequency of meetings is highlighted in the Schedule of Meeting.

JULY-PRE-PLANNING PHASE				
ITEM. NO.	ACTIVITIES	NATURE OF THE MEETING	DATE	RESPONSIBLE PERSON
1.	Provincial IDP Assessment	Assessments	07/07-11/07/2014	KPA Champs
AUGUST-PLANNING PHASE				
ITEM. NO.	ACTIVITIES	NATURE OF THE MEETING	DATE	RESPONSIBLE PERSON
1.	Process Plan	IDP/Budget/PMS Steering Committee	14/08/2014	Steering Committee
2.	ADM	IGR Forum	18/08/2014	Strategic
3.	ADM	District Planning Coordinating Forum	19/08/2014	IDP Practitioners
4.	Adoption of the IDP/Budget Process Plan	Council Meeting	27/08/2014	Mayor
5.	Preparation for Ward Base Plans	IDP/Budget/PMS Steering Committee	28/08/2014	MM
SEPTEMBER-PLANNING PHASE				
ITEM. NO.	ACTIVITIES	NATURE OF THE MEETING	DATE	RESPONSIBLE PERSON
1.	Process Plan to be Advertised and submitted to ADM/MEC & relevant offices	None	02/09/2014	Strategic

2.	Ward Base Plans	Consultations, Imbizo's	01/09 – 30/09/2014	Steering Committee, Mayor
3.	Presentation of the process plan and to get status quo of projects implemented by sector departments	IGR	09/09/14	MM
4.	ADM	IDP Budget Rep Forum	18/09/2014	Mayor, IDP Practitioners
5.	Presentation of the process plan and Performance reporting	IDP/Budget Rep Forum	23/09/2014	Mayor
OCTOBER-ANALYSIS PHASE				
ITEM. NO.	ACTIVITIES	NATURE OF THE MEETING	DATE	
1.	Presentation Ward Base Plan, Situational Analysis	IDP/Budget/PMS Steering Committee	08/10/2014	MM
2.	PMS Quarterly Reports	Cluster Meetings	13 - 14/10/2014	MM
3.	<ul style="list-style-type: none"> <li>• Presentation of budget statement-quarterly report.</li> <li>• Conclude first draft budget to confirm priorities and identify other financial &amp; non - financial budget parameters including government allocations.</li> </ul>	Budget Steering Committee	20/10/2014	Mayor
5.	ADM	District Planning Coordinating Forum IGR	30/10/2014	IDP Practitioners
NOVEMBER-ANALYSIS PHASE				
ITEM. NO.	ACTIVITIES	NATURE OF THE MEETING	DATE	
1.	Presentation of the Situational Analysis to the steering committee, Presentation of Municipal Priorities from Ward level	IDP Steering Committee meeting	06/11/2014	MM
2.	ADM	IDP/ Budget Rep Forum	20/11/2014	Mayor, IDP Practitioners
3.	Presentation of situational analysis and Ward priorities to IGR Forum	IGR Forum	21/11/2014	MM
4.	Presentation of the situational analysis and ward priorities	IDP/Budget Rep Forum	25/11/2014	Mayor



<b>DECEMBER-STRATEGIES PHASE</b>				
<b>ITEM. NO.</b>	<b>ACTIVITIES</b>	<b>NATURE OF THE MEETING</b>	<b>DATE</b>	
1.	Presentation of draft objectives, strategies and programs	IDP/Budget Steering Committee	08/12/2014	MM
<b>JANUARY-STRATEGIES PHASE</b>				
<b>ITEM. NO.</b>	<b>ACTIVITIES</b>	<b>NATURE OF THE MEETING</b>	<b>DATE</b>	
1.	PMS Quarterly Reports	Meetings	12-13/01/2015	MM
3.	Refinement of Strategies, Objectives and Programs	IDP Steering Committee	15/01/2015	MM
4.	<ul style="list-style-type: none"> <li>• Consider audit report on financial statements &amp; prepare action and identify areas that need to be funded.</li> <li>• Presentation of SALGA upper limits.</li> </ul>	Budget steering Committee	26/01/2015	Mayor
<b>FEBRUARY-STRATEGIES PHASE</b>				
<b>ITEM. NO.</b>	<b>ACTIVITIES</b>	<b>NATURE OF THE MEETING</b>	<b>DATE</b>	
1.	Final presentations for Strategic Planning	IDP/Budget/PMS Steering Committee	09/02/2015	MM
2.	Reviewal of the strategies and objectives, setting up new objectives and strategies based on new priorities	Strategic Sessions	10/02 – 12/02/2015	MM
3.	ADM	District Planning Coordinating Forum	26/02/2015	IDP Practitioners
<b>MARCH-PROJECTS PHASE</b>				
<b>ITEM. NO.</b>	<b>ACTIVITIES</b>	<b>NATURE OF THE MEETING</b>	<b>DATE</b>	
1.	Alignment of Strategies, Objectives to project priorities	IDP/Budget/PMS Steering Committee	03/03/2015	MM
	ADM	IGR Forum	09/03/2015	Strategic
2.	Presentation of project plans from Sector Departments	Clusters	12/03/2015	KPA Champs
3.	Presentation of project plans from Sector Departments	IGR Forum	13/03/2015	MM
4.	Presentation of draft revised IDP with broad budget per cluster, draft project lists and revised sector plan	IDP/Budget/PMS Rep Forum	17/03/2015	MM
5.	ADM	IDP/ Budget Rep Forum	18/03/2015	Mayor, IDP Practitioners

7.	Presentation and approval of the draft Budget/ IDP/SDBIP, Annual and Oversight Reports to and by Council	Council Meeting	25/03/2015	Mayor
8.	Advertising of the Draft IDP and Budget, calling for public comments	None	26 /03/2015	Strategic
9.	Public Comments Phase Presentations of the IDP and Budget to the communities	IDP/Budget Roadshows	30/03/2015 -	Mayor
10.	Submit draft IDP/SDBIP & Budget to MEC /Treasury/ ADM and any other relevant office	None	31/03/2015	Strategic
<b>APRIL-APPROVAL PHASE</b>				
ITEM. NO.	ACTIVITIES	NATURE OF THE MEETING	DATE	
1.	Public Comments Phase presentation of the IDP to the communities	IDP/Budget Roadshows	30/03 – 15/04/2015	Mayor
2.	PMS Quarterly Reports	Cluster Meetings	16 -17/04/2015	Cluster Champs
3.	Consider inputs from Roadshows for IDP	IDP/Budget/PMS Steering Committee	20/04/2015	MM
4.	ADM	District Planning Coordination Forum	28/04/2015	IDP Practitioners
<b>MAY-APPROVAL PHASE</b>				
ITEM. NO.	ACTIVITIES	NATURE OF THE MEETING	DATE	
1.	Presentation of final Draft IDP and Budget	IDP Steering Committee Meeting	05/05/2015	MM
2.	Presentation of final Draft IDP and Budget	IGR Forum	06/05/2015	MM
3.	Presentation of inputs and action plan from Roadshows & IGR	Clusters	07/05/2015	KPA Champs
5.	ADM	IGR Forum	08/05/2015	Strategic
6.	Presentation of the final draft IDP/Budget to rep forum	IDP/Budget/PMS Rep Forum	13/05/2015	MM
7.	ADM	IDP/ Budget Rep Forum	21/05/2015	Mayor, IDP Practitioners
8.	Approval of Final Draft IDP and Budget and SDBIP	Council Meeting	27/05/2015	Mayor
<b>JUNE-APPROVAL PHASE</b>				
ITEM. NO.	ACTIVITIES	NATURE OF THE	DATE	

		<b>MEETING</b>		
1.	Submission of the Final IDP/SDBIP to MEC and other relevant departments	None	01/06/2015	MM
2.	Public notice on the adoption of the IDP/Budget/SDBIP	None	09/06/2015	MM
3.	Signing of MM and Section 56 Managers Performance Agreements no later than 14 days after approval	None	15/06/2015	MM, Mayor
4.	ADM	District Coordination Planning Forum	25/06/2015	IDP Practitioners
5.	SDBIP submitted to Provincial Treasury & MEC for COGTA, AG & ADM	None	30/06/2015	MM

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## **CHAPTER 2: THE SITUATIONAL ANALYSIS**

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### **2.1 LOCALITY CONTEXT**

Mbhashe Municipality (EC 121) a category B municipality which falls within the Amathole District Municipality (ADM) and consists of 31 wards and 61 Councillors. The municipality is strategically located in the South Eastern part of the Eastern Cape Province, and is bound by the Qhora River in the south to Mncwasa River in the north along the Indian Ocean.

Mbhashe occupies a strategic geographic position within the Amathole District municipality and covers approximately 3200 km<sup>2</sup> in extent (after the last national elections). It is estimated that the new additions of few villages from Intsika Yethu and Mnquma could be estimated to about 200 square kilometres of land.

There are three main urban centres, namely Idutywa, Willowvale (Gatyana) and Elliotdale (Xhora). Idutywa is the administrative head centre of the municipality.

Mbhashe has earned the name from the beautiful river called Mbhashe which flows from the banks of Ngcobobo flowing through Dutywa, Gatyana (Willowvale) and Xhora (Elliotdale). Mbhashe is comprised of the three towns of Dutywa, Gatyana and Xhora and numerous rural settlements. The area also boasts the head offices of the AmaXhosa Kingdom at Nqadu Great Place.

### **2.2 DEMOGRAPHIC PROFILE**

Understanding demographics is essential for future planning as it allows for grasping of issues of scale and supply-demand relationships. Without a consideration of demographic profiles, it becomes difficult to plan or forecast future development scenarios.

The various sources of statistics used in this document have their own limitations as does all statistical sources and therefore must be understood in context. Largely, statistics in this document is used to provide or analyse trends and inform likely outcome interventions that are suggested in Chapter 2 dealing with development objectives, strategies and possible interventions.

## 2 DEMOGRAPHIC PROFILE

### 2.2.1 Population Size and Distribution

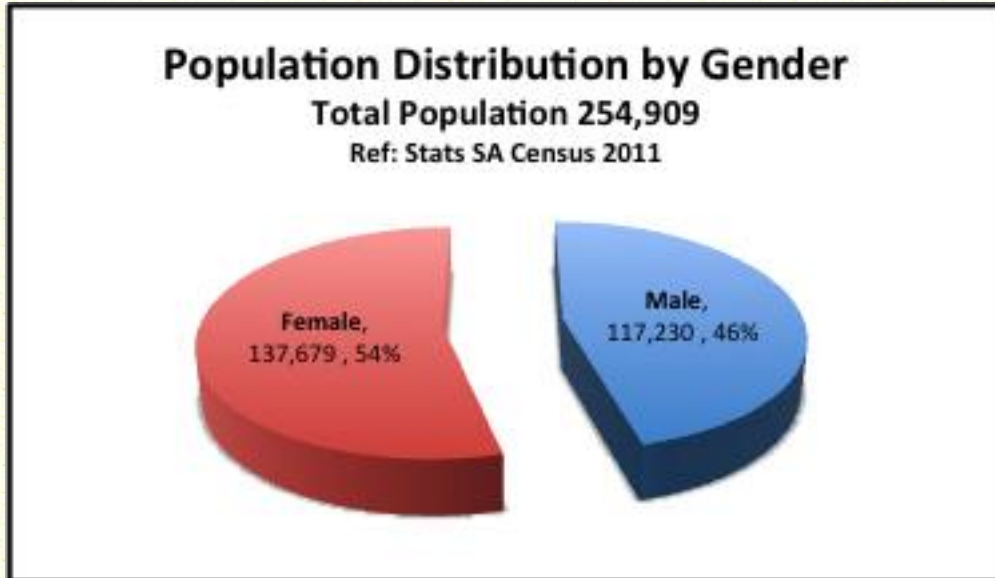
Mbhashe Local Municipality (EC 121) has total population of 254 909 with a household of 60 124 resulting a household size of 4.24 according to the 2011 Stats SA Census. This indicates that Mbhashe has an increase of population and household by 1 537 (1%) and 6 925 (13%) compared to 2001 Stats SA Census resulting a reduction in household size from 4.76 to 4.24.

Table 2.1: Population size

	2001	2011
<b>Total Population</b>	253,372	254,909
<b>Total Households</b>	53,199	60,124
<b>Household Size</b>	4.76	4.24

The statistics also reveals that the population is female dominating with a Male to Female ratio of 54:46, which is graphically presented in below figure.

Figure 2.1: Population distribution by Gender



### 2.2.2 Population Projection

For sake of planning purposes, a projection of population till 2026 at a five-year interval is calculated and presented hereunder. An average annual growth rate is considered based on increase of population in 2011 from 2001. This is worth noting that the change of population is very much insignificant over the year.

Table 2.2: Population projection till 2026

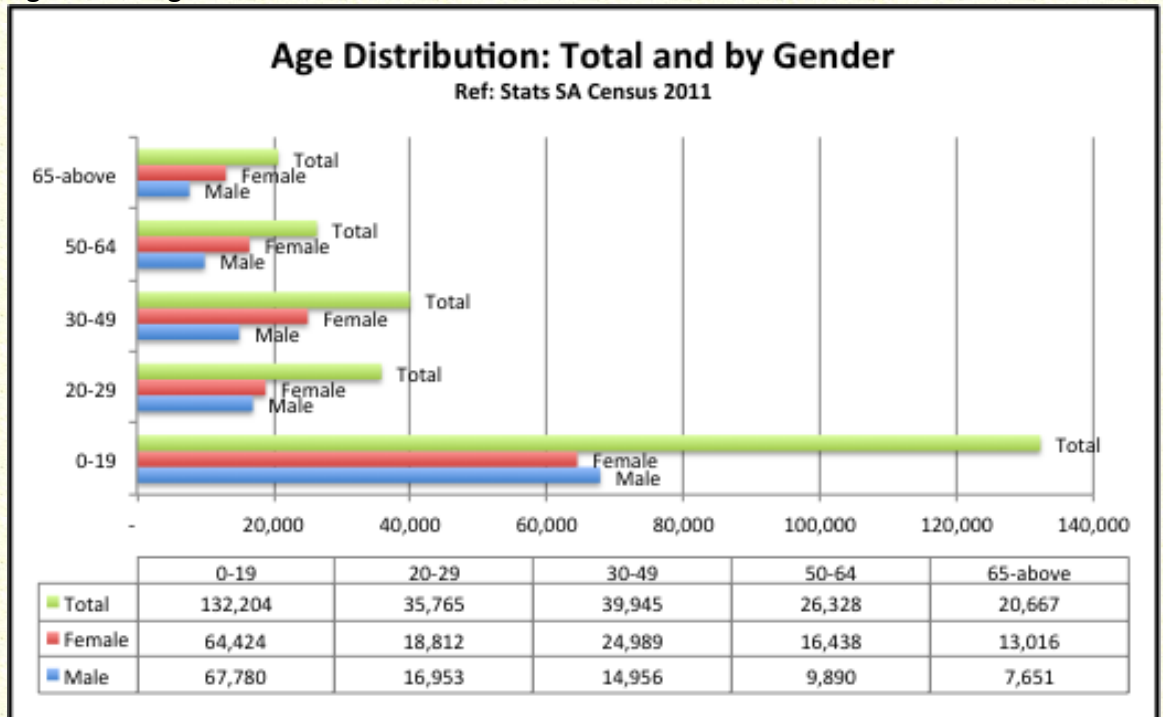
Census 2001	Census 2011	Average Growth Rate	Projection at average growth rate		
			2016	2021	2026
253,372	254,909	0.0605%	255,700	256,500	257,200

### 2.2.3 Age Distribution

An analysis on 2011 Stats SA Census shows that a bulk of 52% of population is children (age 0-19). About 8% falls in pension group (age 65 +), whilst 40% is at economically active ((age 20-64). This clearly indicates that 60% population is dependent on 40% of youth, which highly demands further consideration of capacity and skill development of the youth population.

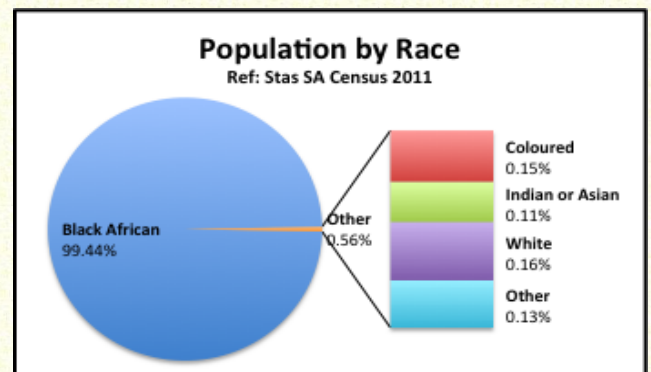
It is important for researcher and planner to note that age distribution further indicates that the male population decreases compared to female population with increase of age. The following figure, drawn from Stats SA Census 2011, shows that at child level (0-19) male population is higher than female (51:49) compared to male to female ratio of 54: 46 for total population, which decreases at youth (20-29) to 47:53 that further decreases to 37:63 at age 65 and above. This clearly indicates that male population is more prone to death with increase of age in comparison to female. This indicates that the planner has to find a way out of improvement of health and safety of males and capacity improvement of females.

Figure 2.3: Age distribution



### 2.2.4 Population Distribution by Race

Stats SA Census 2011 reveals that 99.44% (Figure 2.4: Race distribution) of the population is Black African. The distribution according to race is shown in the figure at right.



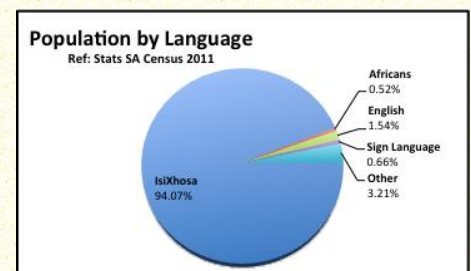
### 2.2.5 Language of the Population

94% of Mbashe population is IsiXhosa speaking following by other (3.21%), other than English (1.54%) and Africans (0.52%). Another 0.66% is using sign language (dumb). The table and figure below give an overall view of the situation.

Table 2.3: Language by population

Language	Population	Percentage
IsiXhosa	239,795	94.07%
Africans	1,334	0.52%
English	3,931	1.54%
Sign Language	1,674	0.66%
Other	8,175	3.21%
<b>Total</b>	<b>254,909</b>	<b>100%</b>

Figure 2.5: Language by population



## 2.2.6 Education Level

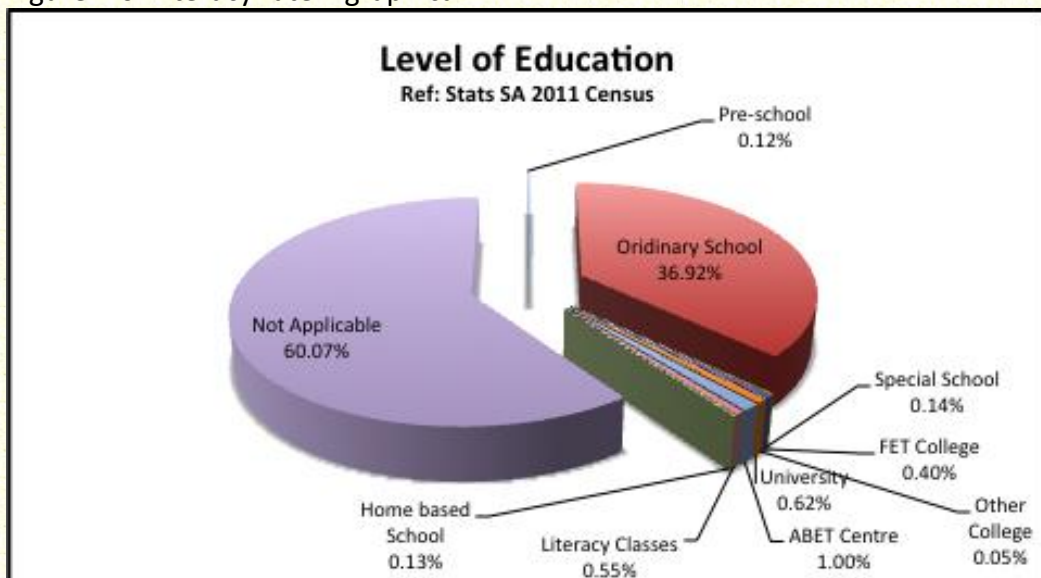
Mbhashe owns one of the highest numbers of illiterate populations in the province of the Eastern Cape. 60% of its population is illiterate followed by ordinary schooling (Grade R who attended a formal school; Grade 1-12 learners and learners in special classes) of 37%. Only 0.62% has University degrees. The details are given in the table at right, which is further elaborated in the following figure.

Table 2.4: Literacy rate

School Type	Population	Percentage
Pre-school	305	0.12%
Ordinary School	94,122	36.92%
Special School	346	0.14%
FET College	1,019	0.40%
Other College	129	0.05%
University	1,591	0.62%
ABET Centre	2,545	1.00%
Literacy Classes	1,403	0.55%
Home based School	332	0.13%
Not Applicable	153,117	60.07%
<b>Total</b>	<b>254,909</b>	<b>100.00%</b>

This causes a high-pressure to government as well as the population to engage this population in any formal economic activities.

Figure 2.6: Literacy rate – graphical



## 2.2.6 Employment Level

Mbhashe is earmarked as populated with the highest number of poor population in the province of Eastern Cape, which is again revealed by the 2011 Stats SA Census that identifies that the unemployment rate as 93%. This is the result of high illiteracy rate (ref: article 2.6). Only 5% of population engaged in the formal sector and at 1% in each of informal and private households. The table at the above shows the number of population

Table 2.5: Employment per sector by Gender

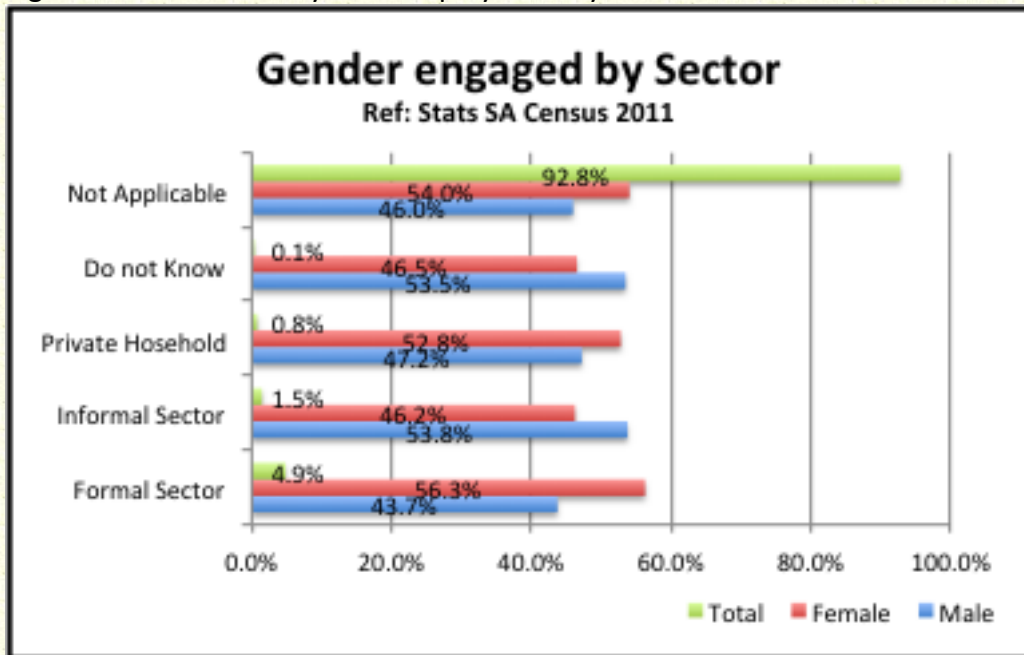
Employment Sector	Male	Female	Total
Formal Sector	5,411	6,963	12,374
Informal Sector	2,007	1,726	3,733
Private Household	943	1,054	1,997
Do not Know	123	107	230
Not Applicable	108,746	127,829	236,575
<b>Total</b>	<b>117,230</b>	<b>137,679</b>	<b>254,909</b>



engaged in various available sector of employment opportunity in the Mbhashe Municipality.

Gender analysis of employment (the below figure) shows that unemployment rate for male and female goes hand in hand with the composition of population as 46:54. This is also very close to all sector of employment as well. It means that equity of male-female employment is well maintained.

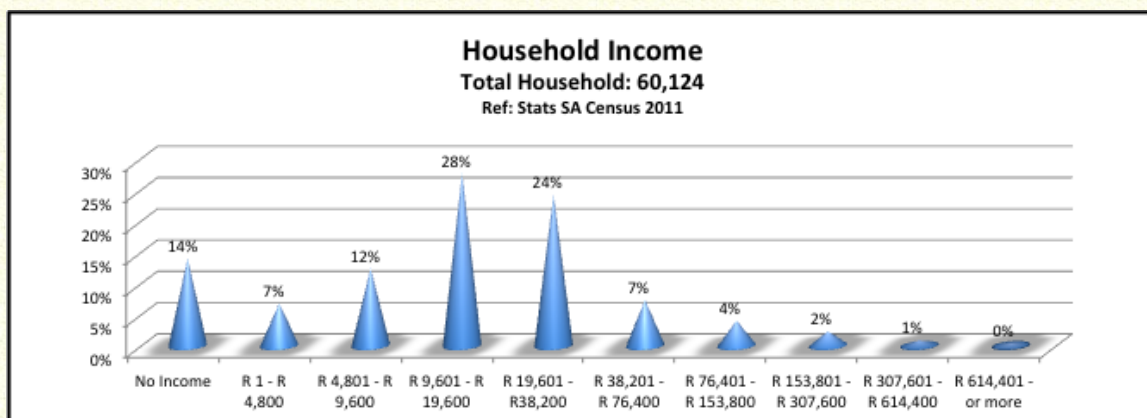
Figure 2.7: Gender analysis of employment by sector



### 2.2.7 Level of Household Income

The level of household income further explains poverty level of Mbhashe. Only 39% of household has monthly income equal to or higher than R 3 000.00, whereas 47% living with equal to or less than R 8 000.00 per month and 14% has no income. It means about 61% households is living within poverty level. The situation is graphically presented in the following figure.

Figure 2.8: Level of household income



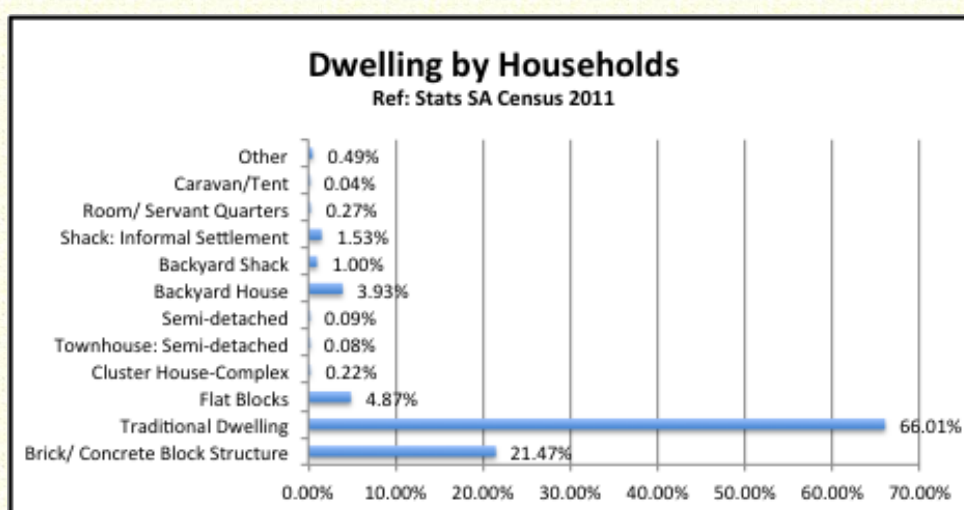
## 2.2.8 Level of Household Income

Table 2.6: Dwelling by house type

Traditional Dwellings, which is 66% according to the last Census followed by 21.47% in Brick or Concrete Block structures and 4.87% in Flat Blocks. The details of dwelling status are given in the table at the right and below figure.

House Type	Households	Percent
Brick/ Concrete Block Structure	12,908	21.47%
Traditional Dwelling	39,687	66.01%
Flat Blocks	2,928	4.87%
Cluster House-Complex	135	0.22%
Townhouse: Semi-detached	46	0.08%
Semi-detached	56	0.09%
Backyard House	2,364	3.93%
Backyard Shack	600	1.00%
Shack: Informal Settlement	918	1.53%
Room/ Servant Quarters	161	0.27%
Caravan/Tent	24	0.04%
Other	297	0.49%
<b>Total</b>	<b>60,124</b>	<b>100.00%</b>

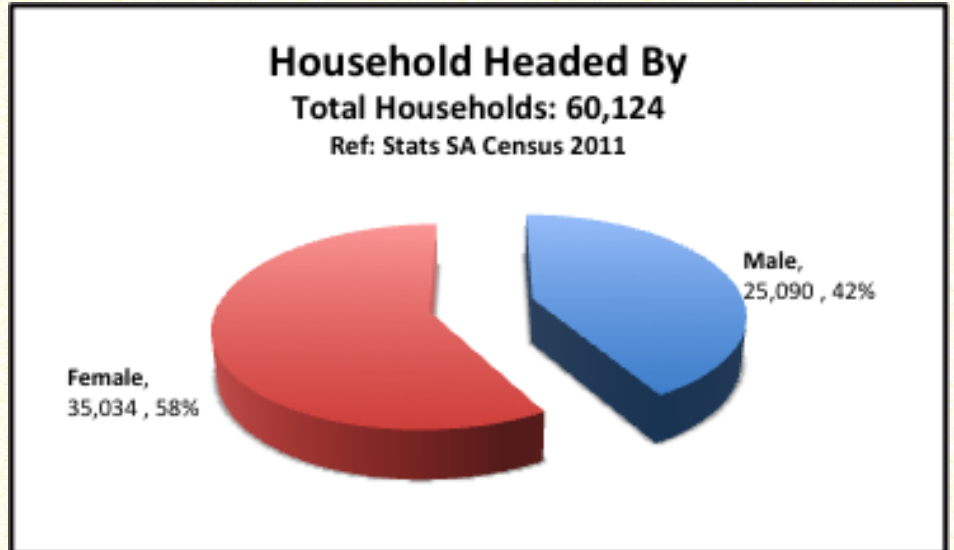
Figure 2.9: Dwellings by house type



### 2.2.9 Household Heads

Household is dominated by females with a male to female ratio of 42:58 which is a little higher than population dis-tribution of 46:54. This is mainly because of single female parent-ship and under aged mother-ship, which causes also high level of illiteracy.

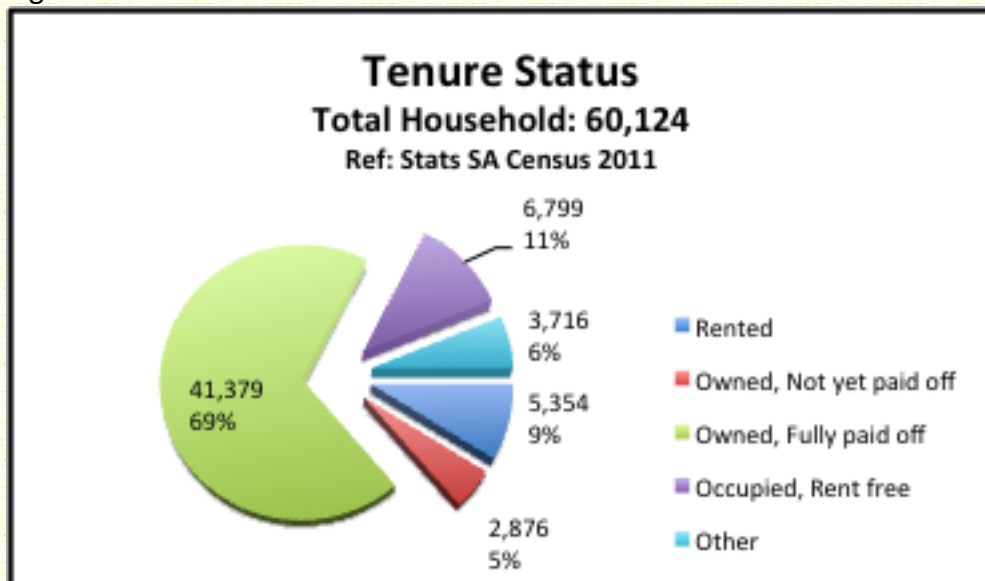
Figure 2.10: Household head



### 2.3 Tenure Status

An analysis of 2011 Stats SA Census reveals that 69% of population is living in houses owned but not yet fully paid off followed by 11% living in rent free houses. Only 9% is living in owned and fully paid off house and 6% in rented houses. The following figure demonstrates the whole situation.

Figure 2.11: Tenure status



### 2.2.10 Source of Energy

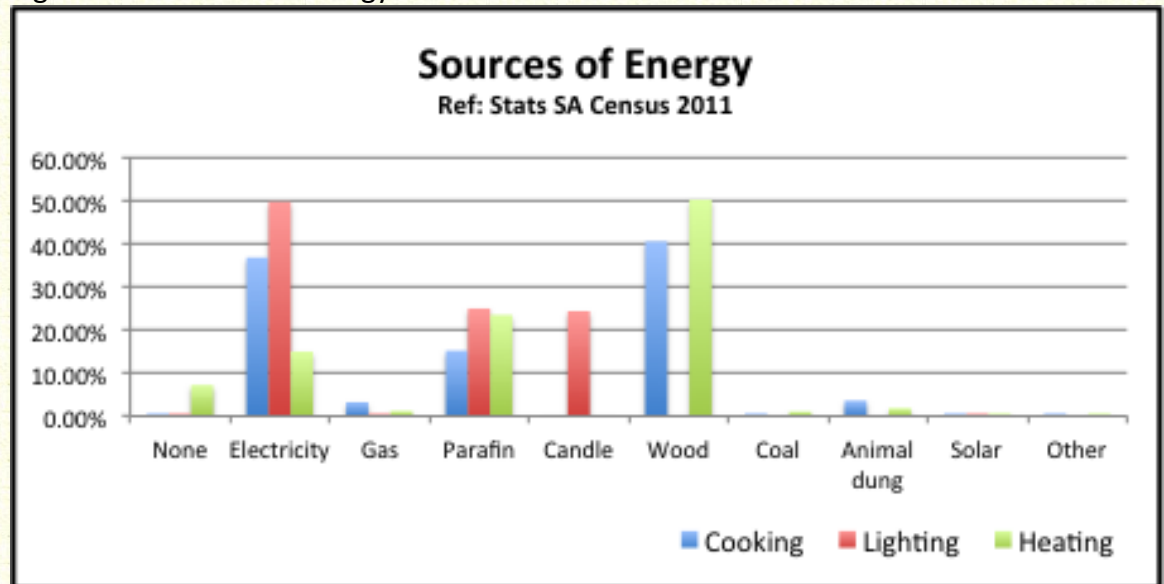
According to the Stats SA Census 2011, electricity is used by about 50% households for lighting, which says in other way that the electricity backlog is about 50% (30 262) households. Wood is used predominantly for cooking and heating purposes at 40% and 50% households respectively, causing a high pressure to environmental balance. For cooking next favourite is electricity 37% followed by paraffin at 15%. Paraffin and Candle are competing at 14% each for lighting next to electricity. Paraffin and electricity are the second and third sources of heating at 23% and 15% respectively. The overall situation

The overall situation of use of energy by households is presented in table and figure at the right and hereunder.

Table 2.7 Source of Energy

Source	Cooking	Lighting	Heating
None	131	288	4,331
Electricity	22,096	29,862	8,990
Gas	1,936	237	730
Parafin	9,119	14,988	14,100
Candle	-	14,621	-
Wood	24,348	-	30,148
Coal	125	-	646
Animal dung	2,170	-	1,112
Solar	84	128	58
Other	115	-	9
<b>Total</b>	<b>60,124</b>	<b>60,124</b>	<b>60,124</b>

Figure 2.12: Source of Energy



### 2.2.11 Household covered by basic services - WATER

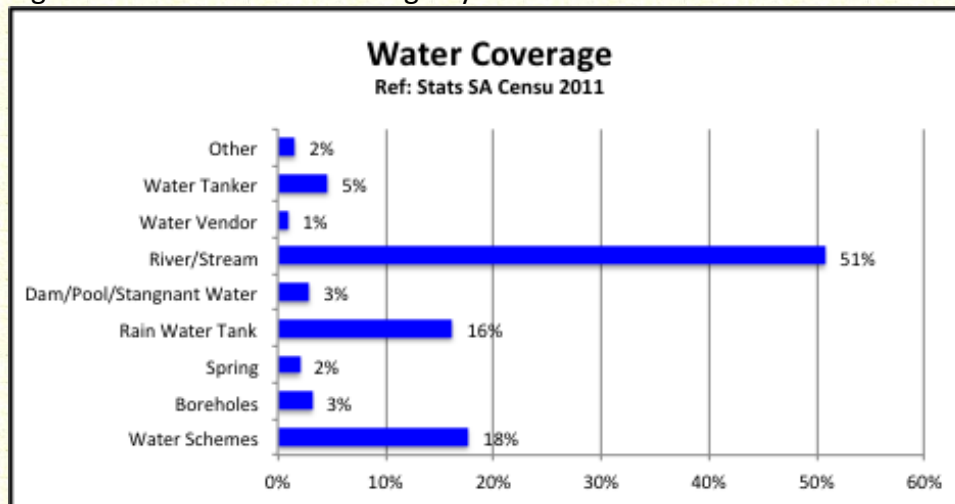
Only 21% household has access to piped water supply in the form of water schemes (18%) and boreholes (3%) resulting a backlog of 47 882 (79%) households. The main water sources as used by households are river/ or stream (51%) followed by rainwater (16%).

The use of sources by households is presented in the figure in next page.

Table 2.8: Household coverage by water source

Source	Household	Percentage
Water Schemes	10,610	18%
Boreholes	1,932	3%
Spring	1,228	2%
Rain Water Tank	9,720	16%
Dam/Pool/Stagnant Water	1,760	3%
River/Stream	30,518	51%
Water Vendor	593	1%
Water Tanker	2,797	5%
Other	966	2%
<b>Total</b>	<b>60,124</b>	<b>100%</b>

Figure 2.13: Household coverage by water source



### 2.2.11 Household covered by basic services – SANITATION

Households covered by waterborne sanitation are only 4% and only in core area of Dutywa town one of municipal 3 towns. Considering waterborne, Flush Tank (septic tank), Chemical Toilet, VIP and Pit Latrine as hygienic sanitation systems, due to vast rural areas of the municipality, the total

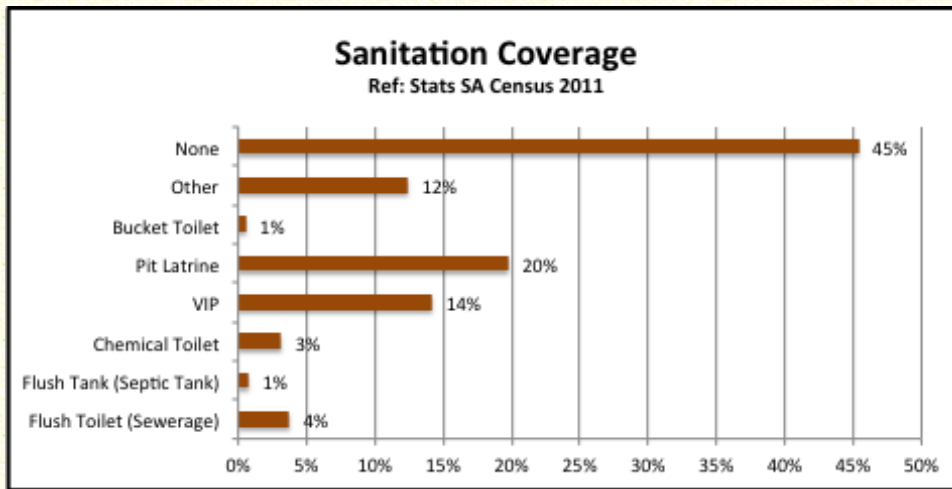
sanitation coverage is 42% resulting 58% (35 086 households) backlog. It is worth noting that 45% (27,288) households do not have any means of sanitation facility causing pollution to environment. The details of sanitation coverage are given in the table 2.9 and presented graphically in the next

Table 2.9: Sanitation coverage

Sanitation Category	Household	Percentage
Flush Toilet (Sewerage)	2,261	4%
Flush Tank (Septic Tank)	460	1%
Chemical Toilet	1,897	3%
VIP	8,533	14%
Pit Latrine	11,887	20%
Bucket Toilet	336	1%
Other	7,462	12%
None	27,288	45%
<b>Total</b>	<b>60,124</b>	<b>100%</b>

page. It has to be noted that though the Stats SA finds 336 Bucket Toilet but according to municipality there is no Bucket Toilet.

Figure 2.14: Sanitation coverage



**2.2.12 H**

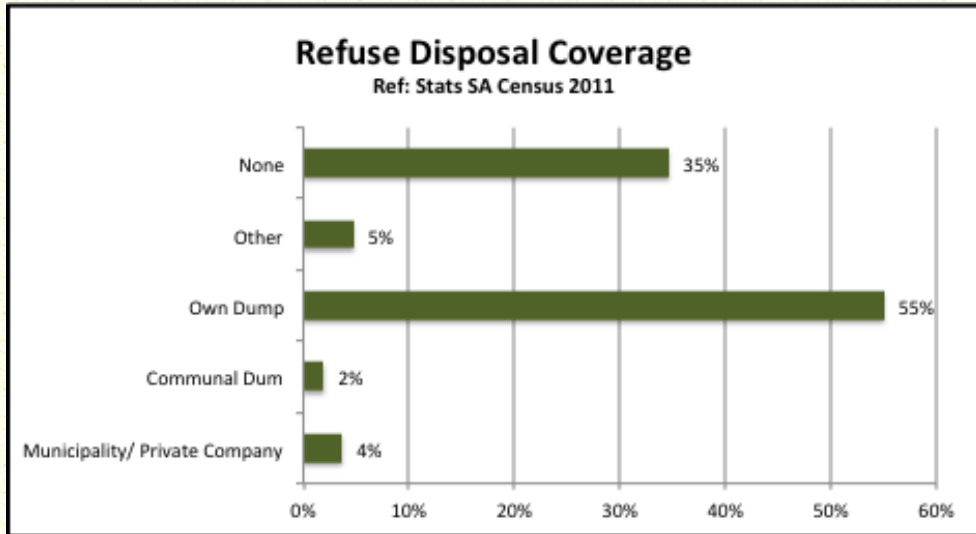
**Household covered by basic services – REFUSE DISPOSAL**

Municipal or private companies, according to the Stats SA Census 2011, cover only 4% households, resulting a backlog of 96% (57 925 households). This is worth noting that 35% (20 828) households do not have any means of refuse disposal.

Service Type	Household	Percentage
Municipality/ Private Company	2,199	4%
Communal Dum	1,160	2%
Own Dump	33,083	55%
Other	2,854	5%
None	20,828	35%
<b>Total</b>	<b>60,124</b>	<b>100%</b>

55% (33 083) households have own dumping arrangement, which are, according to municipality, burning and/ or burring in the ground. This situation of refuse disposal is also contributing to the environmental pollution to a great extent and need immediate attention. The details of refuse disposal situation is given in table 2.10 and presented graphically at the below.

Figure 2.15: Refuse disposal coverage

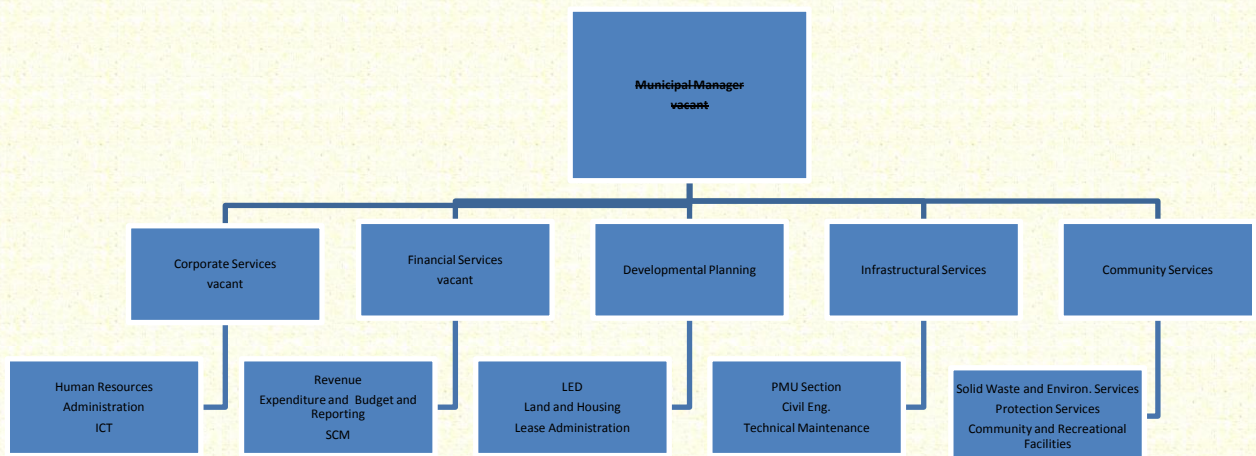


## **KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT**

The Mbashe Local Municipality incorporates the three units namely, Dutywa, Willowvale and Elliotdale with the former being the seat of the municipality.

### **ORGANIZATIONAL ARRANGEMENTS**

1. In order to respond to its powers and functions effectively, Mbashe Local Municipality initiated a comprehensive process of organisational review which culminated to the adoption of the revised organisational structure by the Council on 30 May 2014.
  - This was the third review which is done yearly.
  - The top structure of the municipality is demonstrated below as follows:



### **FUNCTIONS OF THE DIRECTORATE**

- The Corporate Services Directorate is made up of three divisions viz:
- Human Resources
- Administration and
- Information and Communication Technology (ICT)

The above will be briefly discussed below as follows:

### **HUMAN RESOURCES DIVISION**

#### **Functions**

- To provide and implement personnel related issues. These relate to but not limited to, leave management, attendance, etc.
- To provide the conditions of service and benefits administration. These include medical aid schemes, pension and provident funds
- Recruitment and selection: This relates to filling of vacancies identified.



- Training and development. This refers to capacity building programmes of all types.
- Labour relations which focus mainly on employer/employee relations in the workplace, general conduct of the staff, etc.
- Health and safety. This deals with employee wellness programmes, health and environmental regulations for workplaces generally.

## **RECRUITMENT AND SELECTION**

### **Staff establishment**

#### **Status**

- **Company 01:** permanent, section 56/7 managers and fixed contracted employees =159
- **Company 02:** Councillors and Traditional Leaders= 73
- **Company 03:** Ward Committee members, Finance Management Interns and student trainees = 338
- **Company 10:** EPWP beneficiaries = 138

## **CONTRACTED EMPLOYEES**

### **Status:**

There were 22 contract workers in the municipality (Trainees, Interns and Short Term contracted staff) from Finance, Infrastructural, Strategic Management, Developmental Planning and Corporate Services)

- Term for Finance Interns ( 3 years)
- Term for trainees varies from 3 to 12 months

### **Challenges:**

- Continuous extension of contract

### **Remedial Action**

- Speeding up of recruitment processes

## **FILLING OF VACANCIES**

### **Status**

- There are two phases: Phase 1 being filling of vacancies caused by terminations. For Phase 1 the vacancies have been filled except the Section 56/7 ones for senior managers and the recently created ones.
- Phase 2: Evaluation of newly created posts before filling them.

### **Challenges**

- Delays in internal processes before an external advert is inserted in the newspapers.

- Slow pace it takes to approve request forms.
- Limited office space
- Shortage of human capital to fast-track recruitment and selection processes
- Delays in the job evaluation processes

#### Proposed remedial solutions

- Processing of payments to the service providers as soon as invoices are submitted
- Exploration of acquiring alternative office space.
- Use of Final Outcomes Report from municipalities of the same grade

### **LEAVE AND ATTENDANCE MANAGEMENT**

#### Status

- Use manual system for attendance
- Use of leave books organised according to directorates.

### **LEAVE AND ATTENDANCE**

#### Proposed Remedial Solution

- Consideration of biometric system
- Management of leave and attendance
- Communicate procedure to be followed

### **BENEFIT ADMINISTRATION**

#### Status

- There are two funds in place for municipal employees, SAMWU National Provident Fund and Eastern Cape Group Municipal Pension Fund
- There is one fund for the councillors (Municipal Councillors Pension Fund)

#### Challenges

- Delays in processing or finalising claim due to failure to submit necessary documentation
- Late payment of contributions resulting to penalties
- Dependence on PayDay System for access and processing
- Employees do not complete nomination forms and no update when benefit statements are received by members (Provident Fund)
- Lack of understanding of the Fund Rules by officials
- Struggle to get the contact person for the Fund.

### Proposed remedial solutions

- Notification of relevant office about any changes
- Employer trustee member to be nominated from councillors for the pension fund
- Timeous payment of deductions to third parties
- Nomination of councillor to be an employer trustee member for the Fund
- Members must read benefit statements from time to time and inform relevant office about any errors picked.

### **MEDICAL AID SCHEME**

#### Status

- Currently have five (5) medical aid schemes accredited by the SALGBC, namely; Bonitas, LA Health, SAMWUMed, Hosmed and Key Health
- There is also Medichex savings and funeral plan attached to Hosmed members

#### Challenges

- During the audit 2013/14, it was noted that the Council is contributing towards the medical aid which is not in the list of the accredited medical schemes.
- Taking a decision is also a challenge

### Proposed remedial solutions

- Investigation was done and action should be taken with immediate effect.

### **TRAINING AND DEVELOPMENT**

#### Status

- There are capacity building programmes in place which have been budgeted for. These include Finance Internship programme, placement of tertiary students, formal/structured learning programmes, short courses, competency-based learning: Municipal Finance Management Programme
- There is a Training Committee
- LGSETA grant disbursement

#### Challenges

- Shortage of personnel, no dedicated Skills Development Facilitator to deal with this component

- Lack of interest to register Adult Education and Training (AET), drop-out rate after assessments.
- Continuous renewal of contracts
- 

#### Proposed remedial solutions

- Continuous motivation of staff below NQF Level1 to attend AET programme

### **SKILLS AUDIT QUESTIONNAIRE**

#### Status:

- Currently conducted by all employees

### **RETENTION STRATEGY**

#### Status:

- municipality does not have evidence that it has a training and retention strategy for scarce skills
- IDP does not reflect on the critical and scarce skills that are a challenge to your municipality

#### Proposed remedial action

- Develop retention strategy

### **HUMAN RESOURCE PLAN**

#### Status

- IDP does not reflect how the (Human Resource Plan (HRP) responds to the long-term development plans of the municipality

#### Propose Remedial Solution:

To present draft HR Plan to all relevant stakeholders

### **LABOUR RELATIONS**

#### Status

- There is a Local Labour Forum in place
- New IMATU membership from January 2015

### Challenges

- No sound labour relations as the municipality is characterised by labour action for two consecutive years
- No dedicated person to deal with labour relations.
- Attraction of people with the necessary skills is a challenge.

### Proposed remedial solution

- Review the current post

## **HEALTH AND SAFETY**

### Status

- There is a committee in place

### Challenges

- There is no dedicated person to attend to this component
- Compliance with the OHS Act (1993)

## **ADMINISTRATION DIVISION**

- This division deals with Council Support, Fleet Management, Registry and Auxiliary services which will be briefly discussed below:

### **Council, EXCO and Council Committees**

#### Status

- There are council committees, council and EXCO in place
- Currently using a pen and paper method and a voice recording device.

#### Challenges

- Standing committees do not always sit as scheduled due to late submission of items by the HODs. This results to the whole cycle being negatively affected (changes in dates) and bulk of supplementary report to the meetings.
- Limited time for councillors to prepare items (Matters arising).
- Quality of documents produced is compromised
- The current calendar of meetings does not have cut off dates for submission
- Pressure on the administration staff for preparation of documents and other logistical arrangements.
- Compilation of manual bulky documents
- Shortage of personnel

### Possible Remedial Actions

- To organise a session for all Chairpersons of the committees and Council as well as the HoDs to have common understanding.
- Submission of items at least 10 days before the meeting.
- Minimise supplementary reports
- Piloting of paperless programme (Phases) in Council Committees
- Filling of vacancies for Phase two.
- Calendar of meetings must have cut off dates

### **FLEET MANAGEMENT**

#### Status

- Fleet management is partially decentralised
- Control of fleet is done by the Fleet Management Unit
- Petrol cards are kept in the office of the Municipal Manager.

#### Challenges

- Many vehicles do not have service books, jacks, spare wheels, wheel spanners, batteries, etc.
- Theft
- Refusal of signing the trip authority by the vehicle users when going out.
- Misuse of municipal vehicles (non-branded)
- No dedicated personnel for the unit.
- Governing of the speed of the municipal vehicles

#### Possible Remedial Action

- Maintaining of fleet register.
- Checking of vehicle by security before leaving the premises.
- Accidents must be reported to the police station and have Accident Report (A/R) numbers
- All Municipal vehicles must have roadworthy certificates.
- All municipal vehicles must be governed.
- Installation of fully fledged tracker system
- Reserves parking for municipal vehicles
- Consideration of provision of carports
- Centralisation of fleet management with the exception of Executive cars and Traffic Services.

## **REGISTRY AND AUXILIARY SERVICES**

### Status

- Currently the above services include document management and cleaning services
- Use of manual system and recently introduced an electronic records management system known as Docushare.
- Launched paperless programme by Registry

### Proposed Remedial Solutions

- To train relevant staff on the system
- To sign SLA with the service provider
- Full access to internet and tools of trade (councillors and staff)
- Training in all computer applications

## **ICT**

### Status

- There is currently one dedicated person and two student trainees in the Division
- Inactive ICT Steering Committee
- There is ICT Master System Plan and Governance framework

### Server Room:-

The server room have the following equipment's installed: Air Conditioner; Server Room Raised Floor; Smoke detector, Access Security Pads & TRELIDO Door

### Servers:-

The municipality is having three servers which are running different Operating System namely: Microsoft Windows 2008 (Domain Controller) ; Microsoft Exchange 2010 (E-mail Server) & Unix Server (Venus).

### Back-up system:-

The municipality does not have backup system in place; we only use CDs for backups and Cassettes.

Internet Access & Telephone lines:-

### Willowvale & Elliotdale

- Both of the mentioned Municipal sites above are not connected to the main server.
- The municipality must employ more staff.

- ICT trainings (Contemporary IT Information)  
Acquisition of Strong 4hrs-6hrs)

#### Proposed Remedial Solutions:-

- All Municipal sites must be connected to the main server.
- All Mphashe Community must have access to outage coverage with good band width.
- Disaster Recovery Plan & Backup system must be in place.
- Revival of ICT Steering Committee
- Cabling of Municipal offices (Willowvale & Elliotdale)
- Procure strong UPS (4hrs-6hrs)

## **KPA 2: SERVICE DELIVERY AND INFRASTRUCTURE**

### **COMMUNITY SERVICES**

Community Services Directorate is made up of the sections:-

- Waste Management Services
- Traffic Services
- Security, Community Safety and Rescue Services
- Community facilities
- Libraries
- Job creation (EPWP & CWP)

The above sections shall be discussed in detail hereunder.

#### **a) Waste Management Services**

Mphashe municipality is responsible for providing refuse removal services to its areas of jurisdiction. Waste Management Services is the main municipal service rendered by Mphashe and as such should receive the requisite attention from the institution.

Since the establishment of Mphashe LM in 2000, this service has generally been provided to urban areas and surrounding townships of Dutywa, Willowvale and Elliotdale only. Rural areas are generally using a range of temporary mechanisms such as own dump within the yard, food for waste programme and illegal dump sites.

According to census 2011 report, Mphashe is providing the waste management services to only not more than 5% of its households. It also worth noting that the National Waste Management Strategy enjoins all the Municipalities to have achieved waste management coverage by 2016 as follows:-

- 95% of urban households
- 75% of rural households
- 80% of waste disposal sites have permits



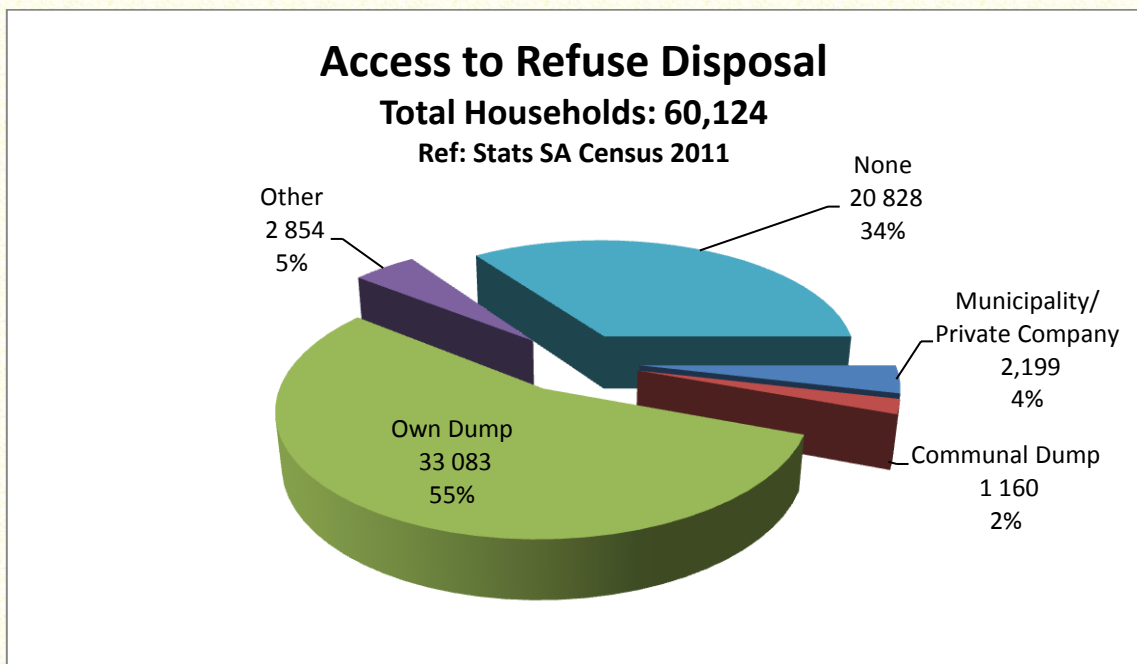
- 80% of Municipalities running local waste awareness campaigns
- 80% of schools implementing waste awareness programmes

Using the above figures as a measure of success, Mbhashe LM would not have difficulties achieving the above targets by 2016, except for the provision of waste management services to the rural areas.

A number of initiatives by various sector departments and other sector partners have been put in place in our area, key among them being the following:-

- ADM's EPWP (alien vegetation eradication, waste management)
- DPW's integrated EPWP incentive grant
- Department of Environmental Affairs (DEA)'s Environmental Protection and Infrastructure Programmes (EPIP) programme

The figure below gives a distribution of households by level of service for refuse removal.



Municipal or private companies, according to the Stats SA Census 2011, cover only 4% of households, resulting in a backlog of 96% (57 925 households). This is worth noting that 34% (20 828) households do not have any means of refuse disposal. 55% (33 083) households have own dumping arrangement, which are, according to the municipality, burning and/ or burying in the ground.

There is inherent health and environmental risk in not attending to the needs of these latter categories of households. Public education coupled with improved coverage of the waste management and refuse collection services is essential to address this potential risk.

**Landfill Management:-** There are three landfill/dumpsites located in each unit of Mbashe. These sites were created during the times of the TRC/ TLC, where each unit was administered by separate authorities. Willowvale and Dutywa dumpsites are not permitted and as such operating illegally. Elliotdale landfill site permit has expired, and is currently not operated in accordance with the permit conditions. The contractor is on site at Dutywa, building the waste transfer station. The Dutywa waste transfer station is wholly funded by ADM at a tune of not less than R4m. ADM has further committed in funding the Willowvale waste transfer station, and the challenge is the availability of land within the urban area. Rehabilitation and closure of these two dumpsites can only commence once the transfer stations have been completed.

**Personnel matters:-** This is the greatest area of need as the last intake was done in 2010, through the absorption of the casual workers. The section is heavily dependent on DEA funded projects and EPWP for its personnel needs. This is most glaring in Willowvale and Elliotdale, where we do not have personnel at all. Despite all the hardships, we are encouraged by the dedication shown by our limited workforce in achieving the objectives of the institution. Some of the glaring example is the general worker who undertook to drive the refuse tractor without any compensation, instead loosing income by not getting the night allowance.

**Vehicles, Equipment and tools:-** New acquisition of fleet include three refuse trucks, TLB, weighbridge, bakkie and other small tools are on cards in the 2014/15 financial year. The current fleet (trucks and vehicle) is old and beyond their economic life.

**Policy framework:-** As provided for in the relevant legislation, the Integrated Waste Management Plan (IWMP) is undergoing review. By-laws on waste and related subjects have been approved by the Council and promulgated in the government gazette, in 2012. There are still problems of enforcement of the by-laws as a result of the lack of a dedicated unit/ personnel to perform the function. The following by-laws have been promulgated:-

- By-law on the control of landfill sites
- By-law on the refuse removal and littering

**Waste Management forum:-** These structures exist at both the District and local levels. ADM coordinates the district forum, whilst Mbashe LM convenes the local one on a quarterly basis,

## **Challenges:-**

The service provided thus far is far from being satisfactory for the following reasons:-

- Poor coverage of the area (mainly focussed on the towns, and leaving out the rural areas)
- Fewer personnel
- Illegal dump sites in Willowvale and Dutywa
- Expired permitted landfill site in Elliotdale
- No accurate data available on Municipal waste information

## **Suggested remedial actions:-**

Based on the above challenges, the following are some of the proposals on the remedial actions:-

- Appoint required personnel to the perform the service
- Speed up the process of rehabilitation and building of transfer stations for Dutywa and Willowvale
- Ensure coverage of the whole municipal area in terms of the provision of the service.
- Consider disestablishing the Elliotdale landfill site in favour of establishing the transfer station and dispose of in Mqanduli

## **Traffic Services**

This section includes the law enforcement and licensing units.

It has a complement of fifteen (15) personnel, and they are allocated to the licensing and law enforcement. The services currently offered are limited to learners' licensing, renewal of drivers' licenses, and law enforcement. Recently, there has been a noticeable trend of decreasing revenue collection from this section and this may be attributed to a number of factors and key among them is the low staff morale.

The 2013 festive season has introduced a new trend where there was congestion in Willowvale and Elliotdale, and as such we received a number of enquiries on our plan to rescue the situation. Unfortunately, we had no plans for the two units and this can be attributed to the limited personnel available. With some economic developments taking place in both these towns

(Elliotdale and Willowvale), it is abundantly clear that the services of the traffic officials need to be extended to these areas as a matter of urgency. This can be achieved through additional personnel.

There is still a challenge of the Registering Authority (RA) and Drivers License Testing Center (DLTC) that are not operational. As part of their intervention to resolve the situation, the Department of Transport (DoT) has committed a sum of R253 000.00 towards the upgrade of the DLTC. Some plans are afoot for the DoT inspectors to identify weaknesses with the current RA offices, so as to upgrade this office to the required level. A sum of R211 000.00 is set aside for this purpose.

**Policy framework:-** On top of the provincial and national legislation, the following traffic related by-laws do exist:-

- By-laws for traffic
- By-law on parking ground
- By-law on taxis and taxi ranks

The above by-laws have been adopted in 2012 and have not been reviewed since.

### **Rescue, Community Safety & Security services**

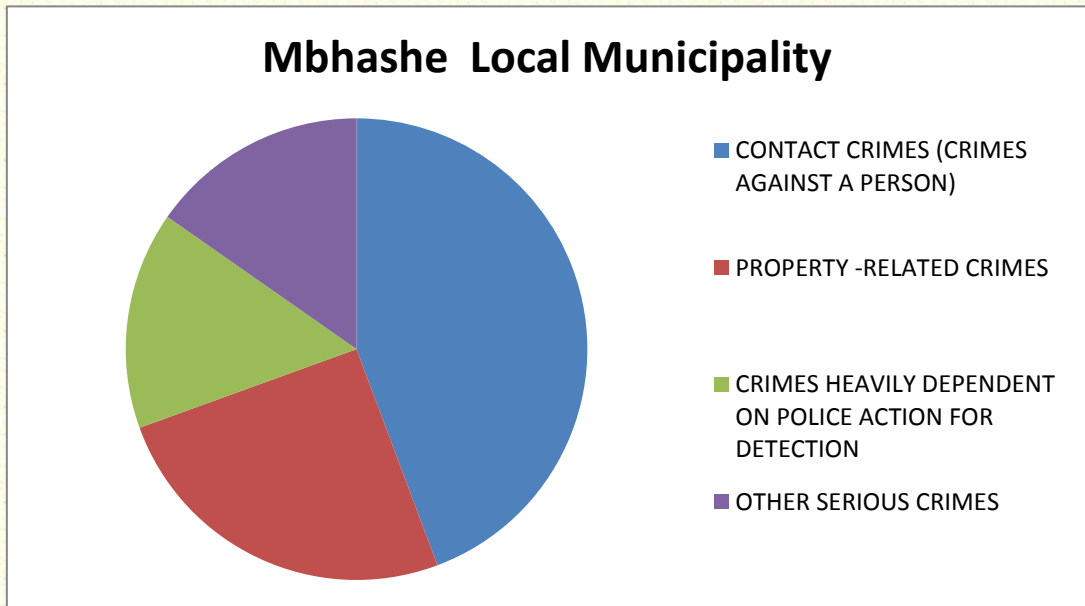
Currently, both rescue and security services are outsourced as there are no personnel dedicated to these functions. This poses a challenge of poor monitoring of the performance of the private service providers. Recently, we have had incidents where some of our staff members were threatened and some valuables missing.

Rescue services are limited along the coast in certain identified beaches, during the festive season and Easter holidays. A process of engaging the coastal youth as lifeguards has been initiated by training and appointing the trained youth as lifeguards during the holiday seasons.

There are still challenges in the enforcement of the by-laws in general and such may be attributed to the lack of dedicated personnel to deal with the enforcement.

The Community Safety forum (CSF) has been established in 2013 and has been operating fairly well since. The Community Safety Plan has been adopted by the Council in 2014. The participation of the sector departments and other stakeholders in the CSF is encouraging.

The following chart presents the most recent crime levels (grouped according to major crime categories<sup>1</sup>), within the municipal area for period 2011-2012.



### Challenges associated with this section:-

- The need for plans to be clear and well-coordinated with relevant stake holders e.g. SAPS, Amathole District Municipality and others
- Data and crime statistics are not made available timeously which affects the on-going assessment of the impact of various programmes
- Lack of commitment by many of the stakeholders
- Lack of necessary resources and insufficient institutional capacity.
- Shortage of staff, as a result, the areas of Elliotdale and Willowvale are not fully covered (traffic services) – especially during the peak seasons.
- No plan to provide the services over the weekends and overnight (traffic services)
- No designated Traffic Officers, despite their qualifications
- Challenges relating to the management of the fleet within the institution
- Poor monitoring of the service providers in the case of security services
- No one stop shop center for traffic services (limited space in the town hall)
- Poor town planning and zone plans (allowing hardware's in N2)
- Practitioners and the public may not be familiar with the by-laws

### **Suggested remedial actions:-**

- Appoint sufficient personnel to provide the services
- Consider establishing one stop shop for the traffic services, near the licensing testing ground
- Consider incentivising the performance of the traffic personnel
- Dedicated personnel for security and rescue services
- Consider the options of car schemes for the Traffic Officers/ Wardens to deal with the challenges of managing a growing fleet.
- Popularise the by-laws to both internal and affected stakeholders

### **Community Facilities**

Mbhashe has a competence for amenities and community facilities like halls, pounds, cemeteries, sports fields, ablution facilities, beaches, child care facilities, parks & public places and workers' facilities. The Management and Maintenance Plan of the community services has been developed. Such a plan is meant to serve as a guide on the management and maintenance of these facilities.

**Halls:** - The municipality has been constructing multi-purpose community halls in many of its wards to aid communities with proper spaces for their meetings and functions. These facilities are constructed through the use of MIG and once finished, they are owned, operated and maintained by the municipality. The key challenge so far has been the lack of adequate funds to constantly maintain and offer security services to our facilities. Another challenge is the role of the Mbhashe as against the community in the management of these facilities. In all our units, there are halls (town, TRC halls and MPCs). These halls are not properly maintained and taken care of in terms of their upkeep. An assessment report of all the community halls in Mbhashe has been developed and estimated costs of repairing the community halls is around R21m. An amount R5m has been set aside for the refurbishment of the community halls in the 2014/15 financial year.

**Sports fields:-** As is the case with the halls, these facilities are scattered throughout the Municipality, with some located in urban centers, whilst others are placed at ward centers. These facilities are poorly managed with no personnel attached to them. On this front, it is worth noting that one sports field located in Ngxakaxa (Ward 2) was constructed by the local private business person.

**Ablution facilities:-** These communal facilities are generally placed in the urban centers of Dutywa, Willowvale and Elliotdale. They are characterised by poor management and a state of disrepair. A nominal fee is charged to the members of the public who uses these facilities, and such a charge should form part of the broader tariff structure of the institution.

**Pounds:-** We also own, operate and manage municipal pounds in all the three units. In recent times, the Dutywa Pound has seen a lot of improvement with increased revenue through the conducting of the pound sales. By the end of 2013/14, the pound section was way above 100% in terms of the revenue collection. We are currently operating the Dutywa Pound, with Elliotdale and Willowvale temporarily closed due to their state of disrepair.

The idea is to have the Dutywa Pound operated fully and with requisite infrastructure first and then incrementally improve other Pounds.

**Cemeteries:-** Cemeteries are a core competence of Mphashe municipality and our role is largely to plan and ensure provision of land for burial as well as support with such services as registrations and mobilization of resources for fencing of facilities. Lack of funds is often cited as a reason why there is poor maintenance of cemeteries across all wards. Cemeteries are currently categorized into urban and rural (communal and private). Historically, the Municipality is largely responsible for the management and operation of the urban cemeteries, whilst the rural communal cemeteries are the responsibility of the communities concerned. Obviously, the private cemeteries in the homesteads become the responsibility of the family concerned.

**Workers' facilities:-** These are facilities that are meant for our staff like change-rooms, sitting places as well as recreational spaces. The construction of these facilities is at an advanced stage and is managed by Land & Housing section of the Development Planning Department.

**Beaches:-** Mphashe is well endowed with a beautiful and wild coastline that covers certain parts of Willowvale and Elliotdale. Certain parts of the coastline are used by the public for leisure, especially during Easter and summer holidays. As a result of that, there are some leisure facilities in the form of public toilets, showers, signage, braai areas and others that needs to be managed and maintained from time to time. The Department of Environment (DEA) is doing well in terms of its Working for the Coast (WfC) programme that includes cleaning of the coastal line, provision of necessary infrastructure and development of the Coastal Management Plan for Mphashe Local Municipality.

**Child care facilities:-** This is a fairly new field that has not be performed in the past. Through the review of the functions and powers, it has been established that something needs to be done on this front.

**Policy development:-** It is worth noting that in the 2013/14, a detailed assessment of the Community halls was undertaken to ascertain their conditions. Such an assessment revealed that a sum of R22m is needed to upgrade these facilities to acceptable levels. With the discussion with the Budget and Treasury Office (BTO), it became clear that some of these halls would have to be recapitalize, especially those that costs more than a R1m to repair. Further, the Management and Maintenance plan for the Community facilities has been developed.

**Challenges associated with this service:-**

- Poor maintenance and lack of upkeep services
- Poorly resourced section
- Shortage of chairs and tables in the halls
- Public toilets in all the units (non-existent or in a sorry situation)
- No tanks for emergency and when there is no water for toilets
- Poor management of the community facilities
- Pounds are currently not managed well

### **Remedial actions:-**

- Appoint personnel
- Provide the basic requirements for the community amenities
- Strengthen security in the pounds

### **Job Creation**

There are two main job creation initiatives within Mbhashe, namely Extended Public Works Programme (EPWP) and Community Works Programme (CWP)

**EPWP:-** Since its inception, this programme has been with the Technical Services department, but lately a decision was taken to relocate the programme to Community Services department. Currently there are no dedicated personnel to manage this important section, except for the temporal staff appointed through the incentive grant.

The activities of the section are only limited to the utilisation of the incentive grant allocated annually the division of revenue act (DORA). As part of the job creation initiative, such a programme needs to be prioritised and more resources allocated to it in order to create jobs throughout Mbhashe municipal area.

Some of the projects that are implemented through this programme includes, but not limited to the following:-

- Alien vegetation eradication in Willowvale and Elliotdale
- Waste Management Services
- Infrastructure related projects (road patching and street lighting)

In the 2014/15 financial year a total of more than 300 work opportunities has been created through this programme.

Mbhashe LM has developed the Expanded Public Works Programme Policy (EPWP).

**CWP:-** This programme is wholly funded and managed by Department of Cooperative Governance and Traditional Affairs (Cogta). The programme is piloted to ten (10) wards of Mbhashe LM (all 9 Elliotdale wards and ward 11 of Willowvale). A total of 1 100 job opportunities have been created through this programme. The following are some of the useful work performed by the beneficiaries of the programme:-

- Food gardens
- Repairs to public facilities
- Home based care
- Early Child Development education

### **Challenges associated with the programme:-**

- Poorly resourced section
- Internal funding (job creation) allocated as a casuals
- No dedicated personnel for the section
- Job creation initiatives of other internal departments not properly coordinated
- The programme dependent on the incentive grant (no internal funding dedicated to this programme)



### **Remedial actions:-**

- Create a separate section for EPWP
- Appoint personnel
- Provide tools of trade
- Budget for job creation from internal sources (own contribution to EPWP)
- Develop a programme to create jobs in all the wards of Mbhashe.

### **LIBRARIES**

This is the concurrent function of the national and provincial governments. The Department of Sports, Recreation, Arts and Culture (DSRAC) has since entered into a memorandum of agreement with local municipalities, including Mbhashe to manage and administer these facilities. Despite the MOA, we have numerous challenges of unfunded mandates, resulting in some libraries either being dilapidated or closed altogether.

## **2.3 INFRASTRUCTURE SERVICES**

### **1. KEY PRIORITY AREAS**

- Roads and Stormwater
- Energy
- Community Street Lighting
- Economic Infrastructure

Infrastructure directorate consist of two sub-units namely;

- Project Management Unit (PMU)
- Infrastructure Maintenance Unit

Project Management Unit PMU is responsible for implementation, management and monitoring of all capital infrastructure projects mainly using Municipal Infrastructure Grant (MIG) programme, National Electrification Programme (NEP) and other capital municipal infrastructure projects and economic infrastructure.

Infrastructure Maintenance Unit is responsible for roads maintenance, storm-water maintenance for all access and minor roads, electrical maintenance e.g. community street lights, and mechanical section for the repairing vehicles and machinery

### **2. ROADS AND STORM-WATER**

The provision and maintenance of roads cuts across the functional areas of the Department of Roads and Public Works, the Amathole District Municipality and the Local Municipality. The total length of road network in the entire municipal area is 1,390.5 km. The total length of gravel roads is 1,280 km of which 711.89 km are proclaimed roads/provincial roads and 568.11 km are access roads or municipal roads and 70 km of surfaced roads and 40.5 km of

national route of which annually about 960 km of gravel road and 50km surfaced road need routine maintenance.

Mbhashe Municipality is facing huge challenges in eradicating roads backlogs due to limited funding. The municipality is only relying on grants for the development of infrastructure. Mbhashe Municipality has limited funding for operations and maintenance of developed infrastructure, especially the maintenance of municipal roads, which are mainly, constructed under Municipal Infrastructure Grant (MIG) funding and other infrastructure conditional grants. The constructed roads are deteriorating due to failure in routine maintenance and thereby shortening the life span, demanding new construction and or major rehabilitation which deter further development of municipal infrastructure.

The exact amount/ volume of work would only be possible to figure out after completing the Infrastructure Master Plan. However, the municipality committed R500 000.00 to develop Infrastructure Master Plan in the financial year of 2014/2015.

The scope of work involved in the development of the master plan will include the evaluation of the followings;

- Municipal Roads and Storm-water
- Municipal Buildings
- Electricity Infrastructure
- Municipal Public Facilities

The purpose of developing the infrastructure master plan is to analyse the existing infrastructure; to identify the current capacity of the infrastructure, as well as to identify improvements. In addition, this master plan includes a study of engineering design factors to be used in the maintenance of the infrastructure and estimated cost analysis.

The objectives are:

- To identifies and analyses the existing infrastructure for Mbhashe Municipality.
- To set direction for the Mbhashe Local Municipality day-to-day infrastructure maintenance programs that is consistent with the growth of the LM.
- To assist the Mbhashe Municipal Council in prioritizing their projects
- To ensure that adequate infrastructure is available to meet current and future demands, in order to plan.

Roads Maintenance Plan has been developed and approved by the Council for 2014/2015 financial year. Municipality is in the process of purchasing roads machinery for all units at least one set per unit to address roads backlogs (maintenance and construction). Key matters in the Road Maintenance Plan are as follows,

Purpose of roads maintenance plan

Functions of roads unit and overview on roads infrastructure.

Implementation Plan for the maintenance of road network

Procurement Plan

Financial Implications

### 3. ENERGY

#### Grid Electrification

Mbhashe Municipality is not a licensed distributor of electricity; ESKOM is the licensed distributor of electricity in the whole area of Mbhashe LM.

Mbhashe LM is receiving Integrated National Electrification Programme (INEP) grant under Schedule 5 of Division of Revenue Act for household electrification.

There are two electrification projects that are being implemented by Mbhashe Municipality (Shixini and Ntsimbakazi Electrification Programme) and they are both funded by INEP.

The allocation for 2014/2015, 2015/2016 & 2016/2017 financial years is R2,000,000.00, R21,000,000.00 & R25,000,000.00 respectively. Initial allocation for 2014/2015 for the Mbhashe Municipality was R2,000,000.00 inclusive of VAT, which amounts to approximately 110 new connections which will go to Camshe Village which is under Shixini Electrification Project, during budget adjustment an INEP allocation has been adjusted to R3,000,000.00 and three villages (Mafusini, Hlakoti and Lower Mhangcolo) were then added under Ntsimbakazi Electrification Project.

As at 2014/2015 financial year, there were about 1354 households remaining at Shixini and 2060 households remaining in Ntsimbakazi.

With the completion of the 57km of new feeder lines from the Mbhashe Substation to Shixini and the installation of a Voltage regulator, there is now sufficient network capacity to complete the remaining customers in Shixini and Ntsimbakazi thus completing the Projects.

About 150 households are targeted for electrification under INEP

There are huge electrification backlogs of about 20023 households without electricity as per the updated list per village per ward as of July 2014 (Ntsimbakazi and Shixini included).

Summary of electricity backlogs as quantified per village per ward

Town	Number of households
DUTYWA	2982
WILLOWVALE	4724
ELLIOTDALE	12317
<b>TOTALS</b>	<b>20023</b>

The most electrification backlog in our municipality is in Elliotdale and Eskom electrification plan indicates that some villages in Elliotdale will not be electrified in the next three years.

#### Non Grid Electrification

Due to electricity infrastructure capacity problems in the municipality especial in Elliotdale, the non-grid programme has been introduced by DOE to address

the need, as it will take some time to build or construct the required infrastructure to electrify the outstanding villages.

Mbhashe Local Municipality became one of the municipalities in the Eastern Cape to provide the communities with the Solar System (non-grid electrification). Department of Energy (DOE) and Mbhashe Municipality signed a memorandum of understanding.

The agreement commenced from 1st July 2014 to 30 June 2016. The purpose of the MOU is to supply alternative energy by installing solar to households that will not be electrified in the next three years. DOE appointed three contractors to install solar system for about ± 3079 households in 2014/2015 financial year. There are two wards that are benefiting in the first batch namely ward 8 & 19 which were prioritised by the Council.

Mbhashe Municipality with assistance of Department of Energy and Department of Small Business and Enterprise had established six Non Grid Cooperatives. There are five people per cooperative and 1 coop per 500 households.

#### **4. COMMUNITY STREET LIGHTING**

Mbhashe Municipality is responsible for community street lighting to ensure safety to communities. Municipality is maintaining the existing street lighting and install additional where necessary. In the 2014/2015 financial year municipality committed budget to install High Mast to all the beaches and townships with Mbhashe Municipal Area. The purpose to install High Mast to all of beaches is to improve safety and attract tourist. The project for the installation of High Mast will be completed before end of 2014/2015 financial year.

The major problem is the limited personnel under Electricity Sub-directorate, only one contract worker, who is responsible to undertake all the works under electricity for all three units, this result to delays on responding to emergencies however there is an annual contract with Electrical Contractor to supply material and labour to municipality when needed.

#### **PROJECT MANAGEMENT UNIT**

Mbhashe municipality is MIG receiving municipality, PMU is the unit that is responsible for implementing infrastructure capital projects, construction of roads and stormwater, public community facilities, sport facilities, LED facilities (economic infrastructure) etc.

Mbhashe Municipality is working under a three year capital plan that is indicated on the IDP of which budget also reflects on the IDP (See project list of the three year Capital Plan). Allocation for 2014/2015 financial year is R54,053,000.00 and the indicative figure for the next financial years 2015/2016 and 2016/2017 is R54,591,360.00 and R56,993,280.00 respectively. In 2013/14 FY there was a rollover of R20 Million which added to 2014/2015 financial year.

The Municipality currently does not have Infrastructure Master Plan (IMP), CIP and ITP though within 2014/15 financial year, budget has been committed from equitable to develop these plans. As DORA requirements PMU section will implement sport field facilities on the financial year of 2016/17 in these wards 13,25 & 1. Also to be implemented on 2016/17 are Infrastructure

offices. PSP for these proposals have already employed, outstanding is to assign the projects.

### **PMU Highlight the challenges experienced by Infrastructure Services and suggestions to improve**

During 2013/2014 Infrastructure Services Director post was vacant, PMU Manager was acting which left with no body to monitor and advise on the implementation of the projects that resulted in funding being underspent.

#### **Remedial**

- Director Infrastructure and Planning and Development have been appointed.
- The Council has appointed Municipal Manager
- PMU Manager has been appointed
- 2PMU Technicians has been appointed though one Technician has rejected his appointment, one has already resumed duties.
- 2 ISD Officers and 1 Quantity Surveyor have been also been appointed and have already resumed duties.
- 2014-15 projects are committed.
- 2015-16 projects have been identified and the Municipality already committed R26 Million.
- Bid committees have been established and capacitated. MM is monitoring these committees.
- Consultants to implement 2015/16 projects to 2016/17 appointed
- MIG expenditure currently sits at R21Million with the Month of December and January not reported (only reporting salaries) due to institutional instability and due date for reporting respectively.

#### **Water and Sanitation**

- Mbhashe Local Municipality is not a WSA nor a WSP
- ADM is a WSA and a WSP there are WSP satellite offices within Municipal Towns operated by ADM
- Through Engineering Forum that is facilitated by ADM there is an integration and information sharing.
- Following is an extract from ADM's situation analysis about MLM projects.

## 2.5.14 DISASTER MANAGEMENT

The Mbashe Local Municipality shall be responsible for executing some obligations of the Disaster Management Act in terms of:

- Preparing a local disaster management plan that is consistent with the District Municipality and the provisions of the Disaster Management Act.
- Engaging its communities through appropriate mechanism, processes and procedures as provided by Chapter 4 of the Local Government Systems Act Number 32 of 2000.

The Disaster Management Plan of the Local Municipality shall reflect:

- Compliance with the provisions of the Disaster Management Act.
- Alignment and integration with the current Integrated Development Plan (IDP).
- Assessment of risk and vulnerability of its communities and anticipate and prioritise disasters that are likely to occur in the municipality.
- Place emphasis on measures that reduce risk and vulnerability of disaster-prone areas, communities and households.
- Identify areas, communities and households that are vulnerable and at risk.
- Respect and use the indigenous knowledge relating to disaster management.
- Promote disaster management research.
- Identify and address the weakness in capacity of the municipality to deal with possible disasters.
- Facilitate maximum emergency preparedness

**Currently**, the responsibility to champion and facilitate the development and the implementation of the Disaster Management Plan lies with the Developmental Planning Department.

### POTENTIAL HAZARDS

- Forest fires
- Floods, hail storms and wind storms
- Dangerous goods e.g. contamination of water

### CHALLENGES

- There's no disaster unit within the municipality
- No proper co-ordination of disasters at the municipal level integrating other departments
- Currently no policy nor plan for disaster
- No funding for disaster mitigation and/or response

- The current SCM policy does not make allowance for emergency disaster response
- Non implementation by the DHS on emergency housing for destitute

## **REMEDIAL ACTION**

- Review organogram and establish disaster unit in the Mayor's office
- Review the SCM policy to allow for emergency procurement for disaster relief
- Explore possibility of setting up co-operatives and entrepreneurs in the field of brickmaking, sheet metal works and brickmaking for use in emergency housing.

## **2.4 LAND & HOUSING**

### **OVERVIEW**

#### **FOCUS AREAS:**

- Land and town planning
- Township Developments
- General valuations
- Spatial development framework
- Human settlements development
- Housing assistance in Emergency Housing
- Facilities management
- Administration of contracts of sales and leases in respect of municipality's immovable properties.
- Land use management
- Lease agreements
- Building control
- Human Settlements Development
  - Housing development (Housing plan summary and waiting list numbers, blocked projects and ways to deal with)

### **DUTYWA EXTENSION 8 LOW COST HOUSING PROJECT WITH 753 UNITS**

This project is meant to alleviate shortage of accommodation to low income category and to clean up the shacks in Dutywa. Initially Mbhashe Local Municipality was a Developer and the project was handed over to PDoHS in 2008 to take over as a developer.

#### **PROGRESS**

- Registering of township is complete
- Engineering designs has been completed.
- Installation of services was completed
- Beneficiary list with 753 names was tested and 748 came through, 5 beneficiaries are being scrutinized by the Provincial Department of Human Settlements
- The construction of Top structure commenced on the 23<sup>rd</sup> September 2013.

## CHALLENGES

- Beneficiaries are not showing up to collect their keys for their finished houses.
- Mangati Community has stopped the contractor to continue with construction claiming that they are building on the land that has an unsettled land claim.
- The Department of Human Settlements is too slow to process the application forms of applicants who are replacing the deceased beneficiaries.
- Theft on site
- Encroachment by households in the old township
- Eskom is phasing out electrification of the project starting with 267 units and thus will cause divisions among the beneficiaries.

## REMEDIAL ACTION

- Beneficiaries should be advised by the Project Steering Committee members to collect and occupy their houses so as to avoid theft and vandalism.
- The matter of encroachers should be referred to Legal Section of the Municipality
- The Department of Human Settlements should speed up the processing of application forms for those applicants who are replacing the deceased beneficiaries.

- Dutywa extension 7 for middle income housing  
Dutywa Extension 7 is a Middle Income development located in the north of Dutywa on the left of the road to Ngcobo. This planned development caters for 300 number of erven altogether with some few institutional and business sites within.

Currently the municipality is finalising the Environmental Impact Assessment (EIA) for the area.

- Dutywa extension 2 for middle income housing  
The area is generally known as Sakwe Park. After the initial sites were occupied through subsidy scheme, there was a remainder of 48 residential sites yet to be occupied. Despite lack of road infrastructure in the area; the council took a decision to sell those to the needy. The sites were all then sold to qualifying residents.



## CHALLENGES

- Lack of funding to complete the infrastructure
- Encroachment of one resident to other sites which led to reverse to the sale of two sites in the area.

### REMEDIAL ACTION

- Budget for infrastructure in the area through MIG
  - Legal intervention is required to solve the encroachment issues
- Dutywa extension 3 for high income housing

Dutywa Extension 3 is a middle income housing development located at the north-east of Dutywa on the left en route to Mthatha (N2). This is a middle income type of houses of approximately 103 number of erven as per the township layout.

The municipality is in the process of re-engineering the township establishment and has awarded a contract for the doing of the Environmental Impact Assessment (EIA).

## CHALLENGES

- 1) The area is under the claim by the Mputhi Community
- 2) There's no funding for infrastructure and internal reticulation
- 3) The Dutywa is generally under severe strain with regard to bulk water and sanitation

▪ **WILLOWVALE EXTENSION 5 – MIDDLE INCOME HOUSING**

Willowvale Extension 5 is a Middle Income residential which is in the South of Willowvale and has 241 residential sites according the township layout. The municipality sold the sites to qualifying individuals payable in 12 months period from August 2014.

## CHALLENGES

- 1) There's no ready infrastructure like roads, sanitation, water nor electricity in the area
- 2) The area is under land invasion led by Headmen Makuleni
- 3) There could be more serious legal battles between the invaders, legal owners, the municipality and the headman.

### REMEDIAL ACTION

- 1) Engage ADM for water and sanitation
- 2) Budget for internal roads from MIG

- 3) Development of a comprehensive strategy and policy in place in dealing with land invasion

## **N2 MIDDLE INCOME HOUSING**

On a green field, the municipality earmarked the land for middle income housing development. The area is in the South West of Dutywa between the N2 and DR 08044 - Willowvale Road).

The municipality appointed a private developer for the development of the Middle Income Housing including the bachelor flats. All processes to the creation of township were done of which there were 1050 residential plots according to the township layout plan. There's currently a legal battle involving the municipality and the developer hence there's no progress on site.

## **CHALLENGES**

- 1) There's no bulk Infrastructure (not necessarily for the place alone but for Dutywa as a whole)
- 2) The legal battle is the key challenge

## **REMEDIAL ACTION**

- 1) Engagement of ADM for the bulk infrastructure services
- 2) Fast track and finalise the legal process so that the development could be handed over to another willing developer.

## **ELLIOTDALE EXTENSION 2**

This is a low cost housing development involving 292 housing units in Elliotdale North-West. These units were not completed and some were built with defects. The plan for rectification came to fruition by the appointment of a service provider for the following:-

- Demolition and rebuilding of 78 units
- Construction of 112 new units on vacant sites
- Rectification of 97 defective units

## **CHALLENGES**

There's currently no recorded challenge in the rectification process.

## WILLOWVALE EXTENSION 1

This is a low cost housing development involving 97 housing units at Willowvale South-East. The housing units were built in 1995 with a lot of defects and the rectification of these has been on the line since then.

Currently, the contractor has been appointed for the following:-

- Demolition and rebuilding of 20 units
- Construction of 45 new units on vacant sites
- Rectification of 33 defective units

### CHALLENGES

- There's resistance among the locals whose houses will be demolished
- The land invaders have encroached to the space where the houses will be built

### REMEDIAL ACTION

- Engagement, consultation and facilitation are needed with the community.
- A robust approach in dealing with land invasion followed by a comprehensive strategy is needed.

## ELLIOTDALE RURAL SUSTAINABLE HUMAN SETTLEMENT PILOT PROJECT WITH 7000 UNITS

### STATUS QUO

- DBSA was appointed as an Implementing Agent for 1000 subsidies in this project
- DBSA appointed Teba Development for 200 houses (120 at Manzi and 80 at Ngqatyana) and they were completed and handed over by the MEC on the 20<sup>th</sup> October 2013.
- In November 2012 DBSA appointed two contractors for 800 houses, Stedone (400 houses) and Motheo construction (400 houses)
- The Department of Human Settlements (DoHS) appointed 4 contractors for 4000 units and each contractor was appointed for 1000 units.
- Total no of houses handed over as at 13 December 2014 is **660**

### ELLIOTDALE 4000 UNITS SUMMARY OF OVERALL PROGRESS AS AT 26 JANUARY 2015

ACTIVITIES	NUMBER
Slabs/Foundations	2915
Superstructure/wall plate	2670
Roof	2567
Practical Completions	2010

### **Challenges which may cause delays in Elliotdale 4000 units**

- Departmental finalisation of the old specification vs new specification for SC 600 units which may cause delay of the project, and progress to date it has been submitted to DOHS Technical Evaluation Team on 10<sup>th</sup> December 2014.
- Resolution on the 3 beneficiaries land dispute for SC 1000 units, which means closing the project at 997 units.
- CHS 1000 units is behind the programme as per the signed PIP on the 12 September 2014 and may have to go to penalties if cannot recover and Aurecon to do Performance Analysis.
- DBSA has finalised the procurement process for the replacement of CHS on the 400 units and the Department has written an internal Memorandum on 12 December 2014 for DBSA to takeover fully the 400 units.

### **REMEDIAL ACTION**

- Mbashe Local Municipality should be engaged in the process of giving assistance in the Mngazana Area because the Feasibility Study that will be conducted by the Dept. of Human Settlements will not only focus on the building of houses.
- Mbashe LM should also be involved in the case of Maqomeni A/A

### **OTHER RELATED PROGRAMMES ENVISAGED**

- Bachelor flats ( rental housing)  
The Department of Human Settlement has commissioned a study on the Community Rental Units (CRU) for the Mbashe area.
- A student village (rental housing)

### **Current status**

- Dutywa town in particular is unbearably over populated. This has burdened the infrastructural planning in town more especially sewerage, roads and electricity. This is a result of an unexpected increase of schools around town.
- Residents responded by converting their residential houses into boarding hostels. A scenario is a four roomed house we visited which was converted to house 40 students and each paying R400-00 per month, 10 sharing a room and ranging in ages from 10 years to 20 years, and of different genders.
- Crime has since escalated, employees have been left stranded and without accommodation and having to resort to staying in surrounding rural areas. Original shack dwellers have left their shacks to let them to students up to as much as R300-00 per month

## **Challenges**

- Urban sprawl coupled with shack mushrooming
- Resultant urgent need for infrastructural improvement.

## **REMEDIAL ACTION**

- Encourage schools to have hostels
- Partner with private sector for hostel building and construction
- General valuations  
General Property valuation for the year 2012 to 2017 is complete and has been approved by the council on the September 2014.

Currently, the supplementary valuation has been completed and is ready to be approved by council.

## **HOUSING ASSISTANCE IN EMERGENCY HOUSING**

### **Brief Background**

Provincial Department of Human Settlement is providing temporary housing relief to households in stress following natural or man-made disasters (e.g. Where settlements have been destroyed by fire or houses have been rendered inhabitable by storms and need to be repaired) The Emergency Housing Assistance Programme may then be used for temporal housing for disaster victims until such time as they can be provided with permanent houses.

## **PROCESS TO BE FOLLOWED WHEN IDENTIFYING THE BENEFICIARIES FOR HOUSING ASSISTANCE IN EMERGENCY HOUSING**

- A Ward Councillor identifies the deserving beneficiary and forwards the name to the Disaster Official from Amathole District Municipality.
- The Disaster Officer (ADM) makes the assessment and forward the assessment form to the Housing Officer (Local Municipality)
- The Housing Officer process the application form and forward it to the Department of Human Settlements for approval

## **PROGRESS TO DATE**

- The application for Housing Assistance in Emergency Housing was made in year 2013 for 132 beneficiaries in Mbashe different Wards.
- The Service Provider was appointed by the Department of Human Settlements and they are waiting for the prioritised list from Mbashe Local Municipality (Ward Councillors) and that is due on the 24<sup>th</sup> of January 2014.
- Prioritisation of beneficiaries was done by the Municipality together with the Ward Councillors.

## **100D 40 SUBSIDIES – DESTITUTES**

### **PROGRESS TO DATE**

Waiting for procurement processes of the Provincial Department of Human Settlements appoint the Contractor.

### **CHALLENGES**

Provincial Department of Human Settlements is dragging the process of appointing the Service Provider

### **REMEDIAL ACTION**

Provincial Departments of Human Settlement's Supply Chain should speed up processes to award the tender to the Successful Bidder.

## **LAND USE MANAGEMENT**

### **REZONING**

The department of land and housing has embarked on a process of finalizing the land use regulation document by means of a proper land use zones. This project will help minimizing the illegal use zones as per individual erven. Zoning Plans were adopted by Mbhashe Council.

### **SUBDIVISIONS**

The department is currently busy with the surveying of all land that has not been surveyed. The objective is to allocate the erf number to all municipal owned land and to regulate illegal demarcation of municipal commonage.

However, negotiations about the date for relocation are still in place with the affected parties, in this case, the shack owners.

## **SPATIAL PLANNING**

Currently the municipality is undertaking the following programs.

- SDF
- Zoning plans

## **LAND DEBT**

- The municipality owes the district municipality millions of Rands. This is due to the sites that are still registered in the name of the municipality. In some cases these erven have been sold to private individuals but the transfers have not taken place.

## REMEDIAL ACTION

- A negotiated settlement is required between the ADM and Mbhashe Municipality.
- Transfers should be done as urgently as possible

### Administration, maintenance and renovations to municipal properties

- The municipality has a dedicated section that deals with the maintenance of municipal properties.
- Acquisition of unused buildings from other departments or parastatals for use in the municipality development initiatives.
- Administration of contracts of sales and leases in respect of municipality's immovable properties.
- Cleansing of the municipality's urban and surrounding areas of illegal structures and shacks

## 2.5 LEASES AND LEASE AGREEMENTS

### Current status

- Municipal leasing contracts are not properly drafted.
- There's policy on rental or lease of municipal property by municipal employees
- Current there are 12 employees who benefit from this programme

### Challenges

- There's still a shortage in the provision of accommodation for municipal employees
- There are absolutely no buildings for rental of municipal employees in Willowvale and Elliotdale.
- Choking showers, muddy yard, and electricity failure in the new flats
- Without a dedicated personnel dealing with leases it is difficult to do daily reconciliations and visits to the leased land hence lessees do not comply on their signed contracts i.e. they are not paying lease rentals and some have built unauthorised structures

### Remedial Action

- ✓ An implementation plan will have to be drafted following the approved policy; this will help guide and enforce the policy conditions and by-laws
- ✓ Monthly reconciliations should be done to verify the receipt of funds for leases
- ✓ Appointment of the manager who will manage/administer all municipal leases
- ✓ Additional personnel in the lease section

## **2.6 LAND AUDIT**

The municipality will conduct the land audit in order to determine all land that is leased to private individuals. Previous land audit was only focusing on town planning related matters. The proposed land audit will go into details as to who occupies what, from when. It will also assist in determining the area in sqm/hectares.

## **2.7 Policies and By-laws related to land use (Invasion policy, migration policy or plan of people from informal settlements etc)**

The municipality is currently developing the Land Invasion Strategy and Policy and the Migration policy of people from informal settlements.

## **2.8 Land claims**

### **2.8.1 Mputhi Land Claim**

The Mputhi Community lodged a land claim through the Land Claims Commission for the part of the Dutywa commonage described as Erf 1 – Dutywa which now belongs to the Mbhashe Municipality.

### **2.8.2 Mangati Land Claim**

The Mangati Community lodged a land claim through the Land Claims Commission for the part of the Dutywa commonage described as Erf 1 – Dutywa which now belongs to the Mbhashe Municipality.

## **2.9 Land Invasions**

### **2.9.1 Willowvale commonage**

In the past few years the residents of rural areas surrounding Willowvale commonage illegally demarcated sites from the municipal commonage for themselves. The municipality then appointed Messrs. Majeke, Mjali & Co who obtained a court order evicting the transgressors.

The council should however take note of the fact that some of these people have decided to fight this court interdict.

New names have been obtained and handed over to the sheriff of Willowvale to demolish the Illegal structures.

### **2.9.2 Elliotdale commonage**

Current status

- There are some few reported cases of the invasion in the Elliotdale commonage
- 80% of land parcels within Elliotdale commonage belong to Public works.
- Negotiations have started with all relevant government departments for the transfer of the affected land parcels.



### Challenge

- The municipality has no policy dealing with land invasions as a result such invasions catch the municipality unawares
- Slow process in transferring the affected land parcels onto the name of the municipality.

### Remedial Action

- ✓ A comprehensive strategy/policy that deals with invasions should be done to help prevent such cases
- ✓ Appointment of the land surveyor to clearly demarcate the Elliotdale commonage.
- ✓ Create awareness through engagement of local chiefs with the aim to sharing the land information.

### 2.9.3 Dutywa commonage

The Dutywa commonage was invaded by a settlement called ‘Doti’ and has been the case for more than 10 years now.

We are currently looking at the formalisation of the Doti area, pending settlement of the land claim by Mangati claimants.

### 2.10 GIS

The municipality does not have the GIS unit and has been assisted by the ADM for GIS. Whilst the municipality does not have the GIS unit; municipal employees have been trained in GIS use and have the system uploaded on their hardware.

### 2.11 Spatial Development Framework

- 2.11.1.1 A need of an SDF plan is to provide the municipality with a tool to assist in arriving at informed developmental decisions to ensure sustainable development decisions and management of its future land development
- A detailed SDF is provided for, in chapter 5 of this IDP.

### 2.12 LAND REFORM AND SETTLEMENT PLANS

#### **GWENTSHE AND CUNTSULA (WARD 13) ELLIOTDALE**

The project involves formalization of rural areas by means of proper planning and surveying. The project is monitored by the Amathole District Municipality.

#### **MAXELEGWINI AND MBOYA (WARD 25 &11) WILLOWVALE)**

The project involves formalization of rural areas by means of proper planning and surveying. The project is monitored by the Amathole District Municipality.

## **BOLOTWA AND LENCANE**

The project involves formalization of rural areas by means of proper planning and surveying.

### **REMOVAL OF ILLEGAL STRUCTURES:**

- All illegal structures in Mbhashe Local Municipality will be removed.
- The shacks in Ezifama were relocated next to Govan Mbeki location
- We are in the process of relocating shacks at GPO next to Govan Mbeki Township (Zone 14)

#### **Challenges**

- There's no enough funding for relocation of GPO shack dwellers

#### **Remedial Action**

- Apply for Emergency housing assistance from the Department of Human Settlement

### **ACQUISITION OF HOUSES FROM OTHER DEPARTMENTS**

#### **Current status**

- The department has begun a process of identifying houses belonging to other departments or parastatals that are unused or less productive. These departments mostly owe the municipality monies for rates and services running to millions of rands.
- Public Works have several buildings within our three Municipal Units. The majority of these buildings are in a state of decay. The departments have promised to dispose some of these buildings to the Municipality; however the negotiations are still in place.

#### **Challenges**

- These houses and buildings are mostly in a state of decay and will be expensive to renovate or reconstruct.
- They are all illegally occupied by people who are neither paying rent nor rates to either the municipality or their landlords.
- We may meet resistance in evicting them which may lead to costly litigation.
- The municipality is faced with a challenge of dilapidated privately owned structures along N2 and CBD

#### **Remedial Action**

- ✓ Communication has started with the department of Public Works (both nationally and provincially) for the possible transfer of the houses to the municipality.

## **ILLEGAL MINING (sabhunga)**

It has come to the attention of the municipality that an illegal mining activity is taking place within the boundaries of Mbhashe Local Municipality.

### **CHALLENGE**

It is difficult to monitor the site during the night as some of the miners enter the site during this time.

### **REMEDIAL ACTION**

Land and Housing Department has decided to rehabilitate all the illegal mining such as digging of sabunga within the boundaries of the municipality and clearly mark the site

The Spatial Planning and Land Use Management Act, 2013 (SPLUMA)

The Spatial Planning and Land Use Management Act, 2013 (SPLUMA) was assented to by the President of the Republic of South Africa on 5 August 2013. It will come into operation on a date fixed by the President by proclamation in the Government Gazette. SPLUMA is a framework act for all spatial planning and land use management legislation in South Africa. It seeks to promote consistency and uniformity in procedures and decision-making in this field. The other objects include addressing historical spatial imbalances and the integration of the principles of sustainable development into land use and planning regulatory tools and legislative instruments.

### **WHY THE NEED FOR THE SPLUMA?**

To address racially based pre 1994 planning legislation and deal with new political realities

To repeal multiple laws and systems created by old order legislation (fragmentation across 4 provincial administrations, homelands etc)

Address the unsustainable development patterns fuelled by inefficient, unsustainable and incoherent planning system.

The 1999 green paper and 2001 white paper made a case for replacing the 1995 DFA (interim legislation).

The process gained traction after the 2010 DFA ruling that provided clarity on the meaning of municipal planning and the roles of each sphere on land development.

### **WHAT ARE THE OBJECTIVES OF THE SPLUMA?**

- Provide a uniform and coherent framework for spatial planning and land use management.
- Specify the relationship between the spatial planning and the land use management system.
- Provide for the inclusive, developmental, equitable and efficient spatial planning at different spheres of government.
- Address the legacy of past spatial planning and regulatory imbalances.
- Promote greater efficiency, consistency and uniformity in the decision-making by authorities responsible for land development decisions.

## **KEY INDICATORS TOWARDS READINESS**

- CATEGORISATION OF APPLICATIONS (category 1 &2)
- ESTABLISHMENT OF MUNICIPAL PLANNING TRIBUNALS S35(1)
- Briefing to councils to enable informed decision making on tribunal options.
- Identify officials to act as the Authorised Official.
- Assess capacity of municipality to provide support to the MPT
- FORMATION OF A JOINT MUNICIPAL STRUCTURE S34(1)
- DMs after the commencement of the Regs must initiate the process
- LMs and DMs to identify non-municipal members (T&Cs, remuneration)
- Draft and sign Legal Agreements for Municipalities forming joint MPT'S
- ESTABLISHMENT OF APPEAL TRIBUNALS FOR JMPTs
- Identify 4 persons for consideration for appointment as member of Appeal Tribunal
- Participating municipalities must appoint a chief presiding officer.
- Designation of registrar of Appeal Tribunal
- Provide admin support & office space for Appeal Tribunal
- Determine T&Cs and remuneration structure
- Gazette notices as required

## **MUNICIPAL ADMINISTRATIVE CAPACITY AND CHANGE MANAGEMENT STRATEGY**

- Designation or appointment of inspector and/or a land development officer
- Mandating Designated Official to consider Category 2 applications
- Setting up alternative structures for municipalities with different capacity levels

### **FINANCIAL**

- Funding for MPT members, additional staff to support MPT
- Funding for institutional, technical and administrative staff

### **COST IMPLICATIONS**

- The proposed decision making architecture has cost implications for municipalities ☐ Non Municipal members of Tribunal, Registrar, support staff, gazette.
- DMs are expected to bear most costs associated with JMPTs
- Categorizations of applications will increase the workload of tribunals and costs to municipalities
- A more sensible approach would be to categorize applications mainly on the outcome of public consultation and departure from Council policy.

### **SPLUMA COMMENCEMENT DATE**

- Municipalities will need to enter into negotiations and make decisions regarding institutional models
- The SPLUMA has financial and HR implications which must be provided for in the IDPs and budgets

- Municipalities require adequate time to make budgetary provision and to receive the necessary training ☐ SPLUMA should become operational no earlier than 1<sup>st</sup> JULY 2015

## BUILDING INSPECTION

### Challenge

- Non-compliance with building regulations
- Lack of information regarding building regulations
- By laws not enforced

### Remedial action

- Awareness
- Not enough personnel

## KPA 3: LOCAL ECONOMIC DEVELOPMENT

### 1. Overview of economic development in Mbashe

Mbashe's economic size is estimated to be R684 million. The Mbashe Local economy has a competitive advantage in Agriculture, Tourism, Community Services, Construction and Trade

However, the existing potential in these comparative and competitive advantages has yet to be realized. More needs to be invested in unleashing this potential for LED benefits. While more jobs were realized in the community services, this sector is not a sustainable sector for job creation

The strategic framework for economic development in the Eastern Cape identifies four key areas:-

- N2 corridor
- Umzimvubu catchments dam
- Kei rail
- Agro-processing

Mbashe Municipality will benefit most from the Wild Coast IDZ as it will promote and connect fresh produce to international markets. ***The Wild Coast IDZ currently forms part of a broader, multi-sectoral approach to boosting economic growth in the whole former "Transkei" corridor. This includes the formulation of a sustainable socio-economic development strategy; an integrated development plan and an implementation action plan.***

Mbashe's economic potential if harnessed can also be used in addressing poverty and meeting the government's target of halving unemployment and poverty by 2030. Maize milling is one of the projects that Mbashe is presently working on and is one of the major projects identified by Mbashe LM and the Department of Agriculture. Large areas of land were left underutilized by farmers who claim that, there's a lot of machinery needed for them to continue with maize production, and

their option is in the bio-fuels industry. The bio-fuels initiative is also a project where Mbhashe could succeed on in creation of employment and fighting poverty.

### **Participatory Needs Analysis**

Key issues identified regarding employment and unemployment needs analysis from the communities.

- Inadequate access of subsistence farmers to commercial farmers
- Lack of knowledge of sources of financing of Small Micro Medium Enterprise
- Large increase on poverty and consequences thereof, including increased crime levels
- Non recognition and value of tourists attraction in the identified areas of tourism
- Poor access to tourists sites
- Insufficient training and skills development opportunities
- Limited market facilities for communities to market local produce and goods

There is a critical need to develop poverty alleviation strategies and mechanisms to engage current communal farmers in productive economic activities. It is important that all efforts be undertaken to facilitate local economic development in the municipal area.

Mbhashe Municipality has a reviewed LED strategy adopted by its council in 2015. The strategy is valid until the end of 2019 and is currently being implemented. This strategy will be revised again in 2019/20 financial year. LED is not a clearly funded competence of local government. 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, viz:

- **National Development Plan – Vision 2030**
- **Reconstruction and Development Programme (1996)**
- **South African Constitution’s** section 153 states that,

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

- **1996 Local Government Transition Act**
- **1998 Local Government White paper** which introduces the concept of developmental local government:
  - “Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of lives.”
- **Municipal Systems Act (2000)**

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

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

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

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

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

## 2.1 Absolute advantage

There are various areas which the municipality feels it have the absolute advantages on; these range from the following:-

- ✓ Crop production
- ✓ Sheep farming
- ✓ Eco-tourism

However these advantages have not been tapped to the fullest.

## 2.2 Comparative advantage / Competitive advantage

There are three areas for investment in the Mbhashe area which have a major economic potential, and those are:-

- Agriculture
- Enterprise Development
- Tourism

## Other LED Potentials

There are other targeted areas for investment which may have considerable economic potentials in the future, and those are:-

### Mariculture

There's a great potential for fish farming programme in the area. Currently there are two communities under development trusts that showed interest in the project. They are Nqabara Development Trust and Mahasana Development Trust. The pre-feasibility study is being conducted for the Mahasana area.

### Mining and quarrying

Mbhashe has a potential for stone mining, sand mining and granite is found in some parts of Mbhashe. However, there's little done in this sector to help change the economic situation of the people in the area.

What is common is the illegal mining of sand by some business people. Their actions lead to degradation of land in various parts of the region and there's no policing of the area which is usually in the coast so as to safeguard land degradation. Granite can be found in Luvundu, Bojini and Weza areas.

### Fishing

The municipality once conducted a study on fishing; the study showed there's major potential in this industry as there's little done on this sector. All wards that form the coastal belt in the Mbhashe area will be noted for fishing projects and the communities will be encouraged to acquire fishing permits from the relevant Department.

Mbhashe boasts with the wild coast full of large river mouths and seas. These are all the areas where different forms of fishing can take place.

The area covers the area between the Qhora River and Zithulele River. There are different types of fish available in the area but the control on use is still in the hands of the Department of Fisheries – Marine and Coastal Management.

The study showed that the following projects can be undertaken in the areas mentioned:-

AREA	POSSIBLE PROJECT
Shixini	Suitable estuary for recreational fishery
Xhora	Suitable for community based canoe hire and ghillies
Nqabara Mouth	Conservation area/protected zone
Jujura Mouth	Angling destination
Qora Mouth	There's a boat house and sea launching is possible
Jotela	Recreational fishery



Further recommendations included the formation of the Focus Group which will be mad of technical people i.e. government departments, NGO's and Government agencies, Further Education and Training institutions and Institutions of higher learning,

## **2. Agricultural**

The subsistence agricultural sector is the biggest contributing sector in the economy of Mbashe. Many households use agriculture for subsistence and they heavily rely on it for food. The areas of the municipality are mostly under communal land tenure.

### **2.1 Sheep farming**

Mbashe contains arguably the richest land for livestock in the Amathole district. Public private partnerships and improved farming methods can expand commercial livestock farming in the Mbashe areas.

#### **CHALLENGES**

- The study conducted showed there's no enough grazing land.
- The absence of a clear and known legislation on the issue of land redistribution.
- The absence of the Spatial Development Framework for the rural areas makes the chiefs and headmen to relinquish the grazing land to the high demand for land for households. This is hitting negatively to the plans for the improvement of wool in the area and the fight to push back the frontiers of poverty.
- Animal diseases.
- There's a visible amount of skills shortage in the animal farming industry
- Lack of water dams
- Silted water dams.

#### **REMEDIAL ACTIONS**

- Introduce spatial planning in rural areas
- Build partnerships with institutions that deal with animal diseases

### **2.2 Cattle farming**

Cattle are spread all over the Mbashe area whilst main focus is on improvement on quality of cattle for meat and skin for leather production.

- Every year, the Department of Agriculture and the municipality plan for the known and the unknown outbreaks of diseases in animals. A scheme was developed where the municipality pays for vaccine, the farmer pays for each animal vaccinated and the money is collected by farmers in dipping tank formations then banked, and the Department of Agriculture co-ordinates and manages the programme.
- A number of workshops named "information days" are conducted for the farmers, Chiefs and the councilors on the current farming methods and animal health.
- To ensure market access, the municipality is planning the wool shed where all the wool grower associations will put their wool and made ready for transportation to the formal industry. The farmers in this case will gain benefits associated with the economies of scale. This shed has already been built by MIG in Dutywa but needs equipment.

- Construct new water dams- Request assistance from the technical Department.
- Clear siltage from the old dams- Request assistance from the technical Department
- Request will be made to the technical Department for maintenance assistance.

### **2.3 Goat**

Goat is largely in the Willowvale area (about 32 000) and small projects that are aimed at improving quality for milk production are started there. 20 old shearing sheds have been renovated across Mbhashe and 6 new sheds have been built.

### **2.4 Piggery**

There are few piggery projects and some registered co-operatives from across the municipality. There's a potential and an opportunity to develop a piggery abattoir in the area.

### **2.5 Poultry**

- For the past 9 years the municipality has assisted small poultry farmers to grow chicken and sell for profit. That was done as a poverty relief programme.
- In year 2006, the municipality commissioned the services of the Agricultural Research Council to investigate why the poultry projects fail and do not graduate to a business model. The major cause for concern was the readiness of the market immediately when the product is ready for sale.
- The department of Social Development has funded a lot of projects in the poultry industry but there were challenges in growing the industry.

### **CHALLENGES**

- Market for the products
- Training for the projects
- Failure of the projects to sustain

### **REMEDIAL ACTIONS**

An agreement was reached with the local retailers that they are going to buy the produce from the local projects, but the suppliers could not meet the required quantity at the required time.

The municipality is now in the process of establishing the chicken abattoir so that the chicken is taken to the abattoir once the chicken is ready for sale, thus providing enough market for those projects.

A number of institutions have been consulted and agreed on the training of the projects. These institutions are, King Hintsa FET College, Tsolo Agricultural College, Agricultural Research Council, Fort Kox, Department of Labour and the independent service providers.

## **Citrus Fruit**

The Willowvale area is also an area where there's potential for citrus fruit production. The area is dominated by deep, well drained and aerated soils. The climate is characterized by warm summer and cold winter with the mean annual temperature of 27°C. This area receives a summer rainfall of 780mm per annum.

The municipality together with the communities in the Willowvale and Xhora area has started the citrus fruit production in households. 3000 trees were distributed in all wards of Mbashe in year 2010/11/12.

### **CHALLENGES**

- Agreement with communities on land use management.

### **REMEDIAL ACTIONS**

- A series of workshops is being organized and facilitated on the land use and CLARA.
- The municipality has been providing citrus trees to Willowvale and Elliotdale communities.

#### **2.5.1 Crop production**

Two major crops that possess an opportunity to bring food and employment in the area are maize and vegetable.

##### **3.1.2.1 MAIZE PRODUCTION**

- Size of the land available for maize production is 12 thousand hectares.
- The used size for maize production is less than 4 000 hectares.
- Maize is the mostly used crop/grain in the Mbashe area mainly because many of the households use it as their staple food.
- About 31 wards of Mbashe have been provided with fencing materials in financial years starting 2011/12 up to today. This is done to avoid intruding animals. Whilst there's no scientific study conducted; this assistance has encouraged more farmers to go back to the ploughing fields again.

### **CHALLENGES**

- Along the Mbashe and Nqabara rivers there are valleys which are suitable for maize production but the limitation is extreme bad conditions of road; making it difficult to reach the ploughing fields by an auto-mobile.
- Inability to create sustainable markets for the produce.
- Low amount of rain in other areas.
- There's still lack of assistance on funding for the inputs like fertilizer.

### **ACTION DESIRED/REMEDIAL ACTION**

- ✓ The development of clear marketing plan would help the farmers to cope with market problems
- ✓ Development of an investment strategy
- ✓ Encourage partnerships and other joint venture initiatives leading to value chain
- ✓ The MLM should use its resources to maintain the rural roads.
- ✓ More dams should be constructed along the producing ploughing fields.
- ✓ More budgets should be allocated in order to assist to purchase the fertilizer.

### **3.1.2.2 VEGETABLE PRODUCTION**

- Vegetable production is another area where households source food from, in the form of community gardens and own gardens. Several projects and co-operatives are now irrigated and are producing enough for selling in the local market.
- These projects have created jobs for some who were jobless and are now earning ±R600 a month from income generated through vegetable production.
- To ensure access to the market, an Agri-park has been established where the Siyazondla groupings, the vegetable co-operatives will be able to sell their produce. The Agri-park is located at Duff Location (ward 09).
- To encourage vegetable production at households, the municipality is providing seeds and seedlings to Siyazondla groups and to some households.

### **CHALLENGES**

- Poor road conditions make it difficult to access the market for the produce leading to a total closure of some of the projects
- The increased price of fuel makes the production cost of vegetable to rise as some of the projects still use fuel for irrigation pumps, and this has also increased the transport costs of delivery.
- The unavailability of the electricity contributes to the ever increasing costs of production making it difficult for the local project to compete with the well-established ones.
- Transportation of produce to the market is a major challenge for our farmers.

### **REMEDIAL ACTION**

- ✓ The municipality must re-structure its road infrastructure programme to include community projects that are viewed to unleash economic potential of the area and create jobs
- ✓ A fresh produce market can assist address the market issues wrt to fresh vegetables coupled with the marketing strategy.

## **2.5.2 High Value Products (HVP)**

### **2.5.2.1 Macademia**

The macademia nuts have been researched and found suitable for some areas of ward 22 through the assistance of chief Dumalisile. This project may expand to all the areas surrounding Amajingqi like Bhojeni, Jujura and others where the snow does not fall.

### **2.5.2.2 Sorghum**

Sorghum is another HVP which is regarded as one of the products which can help grow the economy of the region. The initiative came from a youth co-operative called, "Nondobo Youth Co-operative".

This pilot program of the sorghum won the support from several government departments and parastatals and the private sector like Anglo American. The municipality has funded the general tree removal in the area.

## **3. LED Available infrastructure**

### **3.1 Shearing sheds**

There are approximately 40 shearing sheds mostly in the Dutywa area where there are plenty of sheep.

Whilst the function to construct shearing sheds rests with the Department of Rural Development, Land and Agrarian Reform (DRLAR); the municipality through the Community Based Plans becomes inundated with requests and demands for shearing sheds hence a resolution was taken by council to construct and renovate shearing sheds.

Backlog for the shearing sheds is ..... out of sheep farming communities.

### **3.2 Dipping tanks**

There are almost 400 cattle dipping tanks which were all built by the then Transkei homeland government and some by the provincial department of Agriculture.

These dipping tanks become old and could not be used optimally; the municipality then budgets through a programme called "Livestock production" to renovate the dipping tanks. In the year 2014/15 five dipping tanks are being renovated.

### **3.3 Fencing of arable land**

The municipality has managed to rollout this programme for the five years in a row now. The objective is to have every arable land fenced so that farmers can farm peacefully not in fear of the animals. This programme is linked to Maize Production programme of Mbashe Municipality and ADM where different assistance programs can be seen.

Of 31 wards; all wards have received fencing for more than two times and the farmers are urged to fence for themselves as part of showing commitment to the course.

#### **4. High Impact Programmes**

##### **4.1 Agri-park**

The Agri-Park is considered as High Impact programme because of the scale of involvement and the income to be generated by Mbhashe crop farmers, Siyazondla groups and co-operatives.

##### **4.2 AmaJingqi macademia**

Earmarked for this project is the overseas market and once taken ground this will generate a lot of revenue for the area and will have long lasting impacts for social life in the area.

#### **5. Unfunded Priority programmes**

##### **5.1 Piggery abattoir**

SMMes specialising in piggery have come together to seek a grant funding for the piggery abattoir. Land has also been identified as the current problem for the development of the abattoir which is earmarked in the Dutywa commonage.

##### **5.2 Mariculture/Fish farming**

The programme is estimated to be implemented with less than R10m for both areas of Mahasana and Nqabara as envisaged.

#### **6. LED policies and by-laws**

##### **6.1 Rates policy**

The municipal rates policy takes into account that the rates income generated by the municipality will take into account relief measure to address the social and economic needs of the community;

The policy also notes the need to grant relief to certain ratepayers (including the poor) with a view to providing for appropriate measures to alleviate the impact of the rates burden on them;

##### **6.2 Policy on Incubation**

The municipality has seen the need to have the policy on incubation with the intention of:-

- (1) Promoting the local suppliers and contractors
- (2) Capacity building

##### **6.3 HUMANA PEOPLE TO PEOPLE IN SOUTH AFRICA**

Humana is a member – organization of the Federation of Association connected to the International People to people Movement. HPP in South Africa is a Section 21 Company and is also registered as a non- profit

organisation. The organisation established its operation in South Africa in 1995 and works with disadvantaged communities to secure improvements of their economic situation, education, health and social well-being. All programmes involve communities in contributing towards their own development, by establishing local structures and training and empowering these to be self-reliant and self-deciding bodies and is today operating in five provinces reaching more than 2 million people. The LED Department recommends therefore that this organisation be on the Mbhashe IDP.

## **7. Institutional Framework**

The coordination of LED programmes is done through a dedicated department in our organogram, called Development planning. Operationally the officials in this section work closely with our stakeholders through a series of forums including but not limited to LED forum, project steering committees, sector specific associations and monitoring and evaluation structures.

Through these institutional arrangements Mbhashe is implementing its constitutional mandate as stated the constitution of the republic of South Africa, section 152 (1) (c) reads “to promote social and economic environment”. This read together with the White paper on Local Government re-inforces this mandate. It defines developmental local government as, “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 their lives,”

### **7.1 LED Committee of council**

The council has four section 79 committees described as:-

- 1) Planning and Development Committee
- 2) Infrastructure
- 3) Institutional and Finance
- 4) Community Services

LED is part of the Developmental Planning Committee with the terms of reference as the following:-

#### **Terms of Reference**

To investigate and consider issues falling within the ambit of the following functional areas and to report and make recommendations thereon to the Executive Committee:

- Local Economic Development;
- Tourism;
- Agriculture;
- SMMEs
- Fisheries
- Film industry

- Facilitate the capacity building and accessing of resources, technology and other productive forces by SMME's in all spheres in particular agriculture.
- Initiative and monitor an investment code consistent with the national and provincial frameworks.
- Ensure the implementation of the urban renewal and rural development strategies informed by local needs and dynamics.

## Functions

- To give direction in the formulation of policy for commercial, tourism and agricultural development;
- To develop a comprehensive economic development programme with clearly defined parameters;
- To facilitate the assertion of local government as the center of coordination of economic development;
- To coordinate an inter-departmental economic development cluster for synergizing of governmental programme in economic development;
- To develop guidelines for public-private sector economic partnerships;
- To coordinate the evolution and activity of local "Investment Council";
- To consider applications for the amendment of certificates of registration to provide for changes in trading names and types of commodities sold;
- To make recommendations on proposed policy to be followed concerning matters falling within the ambit of the Standing Committee's functions.

### 7.2 LED Staff

The municipal LED unit in terms of the organogram entails the following:-

- 1) Reporting to Director is LED manager
- 2) Reporting to LED manager are three officers viz
  - a) LED Officer: Agricultural Development
  - b) LED officer: Tourism
  - c) LED officer: Enterprise Development
- 3) All assisted with a contracted LED Assistant



### **7.3 LED capacity building programmes**

#### **7.3.1 Learnerships**

In the financial year 2013/14 and the half of 2014/15 the municipality had three students under the learnership programme.

#### **7.3.2 Internships**

We have one student under the internship programme who is paid by the funding from the Co-operative Governance and Traditional Affairs Department (COGTA). The internship programme was extended for two years from June 2014 to June 2016.

#### **7.3.3 Capacity of the current staff**

All the current LED staff attended and qualified on different LED related capacity training programmes. The courses range from Project Management to Monitoring and Evaluation.

## **8. Stakeholder engagement**

### **8.1 LED Forum**

Mbhashe Municipality has assisted in the establishment of units which offer potential benefits for the management, implementation and monitoring of LED programmes and/or projects. These are:-

- Community Development Trusts
- Section 21 companies

#### **COMMUNITY DEVELOPMENT TRUSTS**

A number of Community Development Trusts have been established and registered on various areas for dealing with development in specific areas: They are:

- Dwesa/Cwebe Development Trust
- Nqabara Development Trust
- Qhora Development Trust
- Weza Development Trust
- Qatywa Development Trust
- Mpame Development Trust
- Jotela Development Trust
- Mahasana Development Trust

#### **SECTION 21 COMPANIES**

- ❖ Local Tourism Organisation
- ❖ Mbhashe Farmers Association

These two organizations were registered as section 21 companies and the municipality is working very closely with them. The only problem is that both have not entered into an agreement with the municipality yet in order for them to do their own fundraising for their operations. For operations they presently rely on the

municipality at the time the assistance is needed. The municipality therefore intends to make them separate entities and work independently and closely with the municipality.

Above all the institutions that work with and closely with the municipality in implementation of LED programmes and projects, there's a structure that involves many other stakeholders i.e. the LED forum.

All these organizations are required by council resolution to report their activities in the LED forum. The forum is composed of:-

- ❖ Mbhashe LED standing committee Councillors
- ❖ Mbhashe LED officials
- ❖ Local Tourism Organisations
- ❖ Community trusts
- ❖ Co-operative Forum
- ❖ Mbhashe Farmers Association
- ❖ Community Based Organisations dealing with LED
- ❖ Government institutions dealing with economic development
- ❖ Mbhashe business forum

#### 9. Supply Chain Management

The municipality has adopted the Supply Chain Management Policy. In the policy the municipality has put targets looking at the development and capacitation of the local entrepreneurs and Small and Medium Enterprises.

#### 10. Red Tape Reduction

The municipality is still trying to find ways of dealing with red tape through appropriate delegation powers at the same time not by-passing the role of the council as legislated. This is particularly related to sub-divisions, consolidation and rezoning permits.

#### 15. ENTERPRISE DEVELOPMENT

There are other several opportunities and initiatives undertaken by the people in every ward of Mbhashe. These initiatives are apart from the common agricultural initiatives which people engage themselves in for subsistence purposes. These initiatives range from:-

- Brickmakers are largely sole proprietorships and co-operatives. Whilst there are such initiatives there's a lot of brick that is imported from areas like East London. Having identified the challenge; the municipality took the initiative to have an accredited training programme for brickmaking co-operatives. The two main challenges however are:-
  - Not all have been trained due to distance from training centre
  - Machinery used is old
  - Bricks need to SABS approved

- Bakery (the school feeding scheme gave the opportunity for the establishment of co-operatives in the bakery industry, which is found in almost every ward).

### 15.1 SMMEs

This is the area where there were challenges such as:-

- Access to finance
- Training
- Difficulty in filling of tender documents

As a response to these challenges, the municipality is doing the following:-

- A range of financial institutions that issue finances are called to present to the SMME's.
- The department of Labour is offering training on the projects like Bakery and ECATU is assisting on brick making etc.
- More trainings need to be conducted in order for them to grow their businesses

### 15.2 SMME Database

Different databases of the SMME's have been developed seeing the different nature of SMME's the municipality have and the nature of assistance the SMMEs need from the municipality.

Different SMMEs the municipality identified are the following:-

- Service providers

Several workshops are planned to assist emergent SMME to fill in necessary documents that are required to tender

- Co-operatives (who are not providing services to the municipality)

Cooperatives have been trained in almost all the financial years on different aspects. The concentration has started to be on their ability to produce more in both quantity and quality and be able to market those products.

- Medium Enterprises in the second economy (largely in the retail sector)
- Manufacturers like brickmakers, bakeries etc
- Services sector industries like saloons
- Informal traders

The informal traders have been supplied with weather jackets. Also the municipality has planned hawker stalls for the three districts of Dutywa, Willowvale and Elliotdale. These have been budgeted for from the MIG in the 2014/15 and 2015/16 financial years.

The database of all the above different categories is being kept by the municipality for purposes of creating good relations and assisting where needed.

## **16 Agro-processing**

### **16.1 Wool**

There is an opportunity for those who want to process wool in the region as there are a lot of sheep. The Dutywa area is regarded as amongst the top areas with sheep in the Eastern Cape Province.

Programs such wool improvement have been one of the flagship municipal programs for the past ten years. This has been made in partnership with the DRDLAR and the farmers themselves. This programme has had a great impact in improving wool and inculcating the entrepreneurial spirit among the farmers with specific reference to wool growers.

### **16.2 Maize and Maize milling**

Ever since the municipality started the maize production programme in the early 2000; there has been an improvement in the quantity and quality of maize being produced.

This called for the different entrepreneurs to have interest in the milling of maize. Others went to the extent of getting the municipal land where the milling would take place but in the process lacked funds to proceed with the programme. Maize milling remains the viable project initiative for the region as there's plenty of arable land for maize production and further maize is also used for subsistence and household staple food.

## **17. TOURISM DEVELOPMENT**

Local economy has a competitive advantage in Tourism.

Tourism potential can be elicited in:

- ❖ Heritage Tourism
- ❖ Coastal Development
- ❖ Craft Development
- ❖ Tourism events and shows

However, the existing potential in these comparative and competitive advantages has yet to be realized. More needs to be invested in unleashing this potential for LED benefits. While more jobs were realized in the community services, this sector is not a sustainable sector for job creation

Tourism can provide a major boost to the district's economy, linking the many diverse attractions of Mbashe. Strong branding is needed to link the different features.

Activities include the following:-

- Heritage Tourism
- Coastal Development
- Craft Development
- Tourism events and shows

## 17.1 HERITAGE TOURISM

- Heritage forms part of socio-economic and cultural development. It contributes significantly to the gross domestic product through tourism, particularly cultural tourism. The development, marketing and packaging of heritage tourism routes will accelerate the contribution of tourism in the municipality.

There are sites which have been identified for development such as signage, access improvements, information displays and other anchor projects linked to the heritage and tourism development such as the Visitor Information Centre for Dutywa. Such sites are identified:-

- King Hintsas's grave
  - King Sarhili's grave
  - Singumeni caves
  - Fort Bowker
  - Fortmalan Memorial
- There are other places identified in the Liberation Heritage Route which is a National Project that seeks to establish a route based on the war against colonialism and national oppression.

### CHALLENGES

- Some local communities are not interested on heritage sites especially the affected communities
- Vandalising of heritage sign boards by local communities is also a challenge
- Limited budget for maintenance of Mbhashe Heritage sites

### REMEDIAL ACTION

- Developing a heritage strategy that will address the needs of communities
- Conduct heritage awareness campaign at schools and affected communities
- Increase budget

## 17.2 COASTAL/NODAL DEVELOPMENT

Areas earmarked for development in the coastal zone include the following:-

AREA	PROPOSED NODE	SUITABLE FOR	STATUS QUO
Qhora	1 <sup>st</sup> order	Arts & Cultural Village	Fencing of the site and in the process for construction of Rondavels
Jotela and Kufolokhwe	2 <sup>nd</sup> order	Dwaai Community Lodge	Still following planning processes
Beechamwood	2 <sup>nd</sup> order	Camping facilities	No development
Nqabarha	2 <sup>nd</sup> order	Lodge	Project has been completed and its operating
Dutywa Dam	Protected area	Conference & Recreational facilities	Feasibility study was done and completed, looking for a developer
Haven	2 <sup>nd</sup> order	Hotel	Renovations were done and completed in 2012

Nkanya	2 <sup>nd</sup> order	Estuary Lodge	Construction of six chalets has started.
Qatywa	2 <sup>nd</sup> order	Chalets Lodge	Construction is currently under way

## CHALLENGES

- Financial Constraints or difficult to source funds
- Not easy to get developers
- There's no easy access to the coastal resorts because of poor roads conditions

## REMEDIAL ACTION

- Develop a business plan in order to source external funding
- Must be advertised on papers in order to attract investors
- Conduct awareness to communities about the planned development
- Involve communities on the planning phase

## 17.3 CRAFT DEVELOPMENT

- Mbhashe Craft Development initiative was launched in 2004, and the structure of Mbhashe Crafters association was finally established in 2011.
- Individual craft projects are advised to register as co-operatives so that they are able to trade, and currently approximately 20 crafters that are official a co-operatives.
- Opportunity is given to crafters to showcase in areas like Grahamstown Arts Festival, MACUFE, Tourism Indaba, Tourism Imbizo and any other area where craft material is strongly marketed.

### CHALLENGES

- The issue of access to market for craft product is still a challenge
- The dependence of crafters to the municipality for product development and access to market is also a challenge.
- Political instability and interference has a bad influence on implementing the above programs
- Limited budget

### REMEDIAL ACTION

- The individual projects/co-operatives form clusters so that they are able of trade as cluster and access funds as one co-operative.
- Strengthening of craft development training will improve the quality of their product.
- Unity among Mbhashe Crafters Association

## 17.4 TOURISM EVENTS AND EXHIBITION SHOWS

As part of promoting, marketing and bringing tourists in the area, we had various events hosted internal and external that market Mbhashe to many as a tourist destination, namely:

- Mazizi Maqhekeza Memorial Heritage Festival (Internal)
- Umbono Wesizwe Heritage Festival (Internal)
- Macufe Heritage and Cultural Festival (External)

- Horse Racing Sport Tourism Event (Internal)
- Going to Tourism Indaba in Durban and Grahamstown Arts Festival to market Mbashe as a tourism destination area.

#### **CHALLENGES**

- Financial constraints
- Less budget

#### **REMEDIAL ACTION**

- All planned events must be in the IDP and government departments must inform us about their programs that affecting us.
- To add more budget in order to conduct these events successfully

### **18. INVESTMENT ATTRACTION, RETENTION AND EXPANSION**

The Economic Development Department has identified a number of gaps in the local economy and is planning to develop a policy or strategy on investment attraction, retention and expansion. The planned strategy will address strategic issues that enhance service delivery in terms of socio-economic infrastructure and recruiting investment into the area, promote Mbashe as a recognized business destination of choice; by promoting the areas value added goods and services as well as the strategies for commercial and / or economic infrastructure funding models.

It is envisaged that the strategy will translate tangible programmes into investments and possibly realise the rand value of tourism, export, infrastructure and investment. It is aimed at profiling and promoting Mbashe with the view to facilitate strategic partnerships that will bridge the divide between the first and second economy driven by competitiveness and job creation and narrowing the spatial disparities.

Key outcomes:

- To ensure successful implementation of the trade and investment conference and exhibition
- To develop a brochure of fully costed and bankable projects to be sold at the conference
- To have a business-to-business matchmaking breakfast sessions
- To expose SMME's to big business and investment partners
- To showcase value added goods and services with elasticity of demand
- To generate new investment incentives

#### **CURRENT INITIATIVES**

However, there are current initiatives which the municipality planned and hoped will attract investment and create jobs. These were:-

- 1) Construction of Shopping Mall (old tennis court)
- 2) Construction of Shopping Mall (N2 Shopping Mall)
- 3) Willowvale Shopping Mall

## 19. GREEN ECONOMY

The municipality has no Green Economic Strategy but seeks to derive one in the next financial year. The municipality seeks to mobilise resources from other departments such as DEA for the strategy development. Whilst there is no strategy in place; the municipality is encouraging programmes and projects on green economy. Currently; the municipality is installing solar for lighting in 2000 households in the Elliotdale area and Msikithi.

In partnership with World Vision; the municipality is also providing water tanks to the needy households.

Other initiatives are taken to curb the environmental degradation of the land; such as land rehabilitation, tree planting, removal of alien species.

## 20. SMALL TOWNS ECONOMIES

Small Town Economies is a concept that co-incided with the Department of Treasury's National Development Partnership Grant (NDPG). A business plan was earlier made for the Dutywa area and that found itself the pre-approval for NDPG.

Because of the magnitude of funding; the ADM Development Agency named "Aspire" was appointed to project manage the implementation of the grant. Several plans were done including the Local Spatial Development Framework (LSDF) for Dutywa.

The main challenges which led to non-implementation were:-

- Pending land claims
- Shortage of bulk infrastructure
- Reluctance of the private land owners to relinquish land for development

With the lapse of time; the NDPG changed focus and the development of rural and small towns remained with the Department of Rural Development. The department funded the studies in the three districts i.e. Dutywa, Gatyana and Xhora and the findings were as follows:-

### XHORA IMPLEMENTATION PLAN (HIGH PRIORITY PROJECTS)

RANKING	NAME OF THE PROJECT	POSSIBLE FUNDER
High	Urban greening in the new RDP housing area	DEA, EPWP
High	Alien eradication throughout the town	Working for water, EPWP, Own funding
High	Solar PV to town grid	DBSA, private investor
High	Botanical garden along water course	EPWP
High	Commonage and Erosion Management Plan	Aspire, IDC, DBSA
High	Mentorship (Beef, sheep, goats and poultry)	DRDAR
High	Input support (Med and licks) – Beef and sheep	DRDAR



## **KPA 4: FINANCIAL VIABILITY**

### **Overview**

The budget and treasury office serves as a key fundamental support function to the entire municipality, responsible for ensuring that the municipality's financial management is effective and efficient, thus ensuring that the municipality delivers on its mandate i.e. providing sustainable basic services to the community at large.

Financial Viability is responsible for the following key functions:-

- Revenue Management
- Expenditure Management
- Asset Management
- Supply Chain Management
- Budget Planning and Financial Reporting

The municipality has developed and operates under the guidance of the following policies that are reviewed on yearly basis:

- Supply Chain Management Policy
- Asset Management Policy
- Budget policy
- Virement Policy
- Tariff Policy
- Rates Policy;
- Credit Control and Debt Collection Policy
- Banking Policy
- Cash Management and Investment Policy
- Indigent Support Policy
- Customer Care Policy
- Creditors, Councilors and Staff Payment Policy

However currently the municipality does not have the following policies in place:

- Borrowing policy
- Funding and reserves;
- Long-term financial plan;
- Infrastructure investment and capital projects.

## **1. Revenue and Debt Management**

### **1.1 Revenue Management**

MFMA Section 64 (2) (a) states that, "the municipality must have an effective revenue collection systems consistent with the municipality's credit control and debt collection policy".

The Mbhashe Municipality's Credit Control and Debt Collection policy was adopted by Council. The municipality is currently using the Venus financial system for recording revenue related transactions and for the billing its consumer debtors.

The municipality does not have numerous revenue sources it relies primarily on government transfers. Another source of revenue that has proven to be lucrative is the investment option of our excess funds, but ensuring the safest option with regards to the investment option.

When looking at other revenue sources the municipality also receives quite a considerable amount from VAT refunds resulting from payments that we have made primarily.

From the table below it remains apparent that the municipality is more dependent on grants and subsidies as a source of revenue, with 90% of its total budgeted income coming from transfer grants and subsidies.

The municipality has reviewed its revenue and enhancement strategy for the current financial year drawing our attention to the alignment of our strategies to the socio economic factors of our communities.

*The following table shows sources of revenue for the municipality as presented in the adopted municipal budget for the 2014/2015 financial year.*

<b>Revenue Source</b>	<b>BUDGET 2014/15</b>
Property rates	5 843 820
Refuse	770 573
Rental of facilities	770 424
Interest on Investments	4 000 000
Fines	919 476
License & Permits	1 672 704
Transfers Grants and Subsidies	244 071 787
Other Revenue	10 721 471
Gains on disposal	100 000
<b>TOTAL</b>	<b>268 870 255</b>

From the table above it remains apparent that the municipality is more dependent on grants and subsidies as a source of revenue, with 90% of its total budgeted income coming from transfer grants and subsidies.

## **1.2 Debt Management**

Debt Management entails billing of consumers and collection of debt owed to the municipality. The municipality has undergone an extensive data cleansing exercise and a number of errors and discrepancies have been uncovered. As a process of rectifying these inaccuracies and discrepancies, the municipality council resolved to write-off irrecoverable debts together with take-on balances. The process of writing-off bad debts began with outstanding debts as at 30<sup>th</sup> June 2008 which were written-off in full.

The second write-off was for all outstanding debts as at 30<sup>th</sup> June 2013 provided that ratepayers would settle 50% of the outstanding debt over a period of six months. The implementation of the second write-off could not be implemented due to non-willingness of

ratepayers to settle the 50% outstanding debt. Therefore the municipality decided that all outstanding debts as at 1<sup>st</sup> July 2014 will be forwarded to a debt collector for collection. The municipality has appointed a debt collector to recovery its long outstanding debts. When this process is complete the system is anticipated to produce accurate and dependable billing information with regards to consumers and debtors. Efficiency and customer satisfaction in this regard would thus be achieved and the municipality will start charging interest on long outstanding debtors.

Due to the delays in approving the tariff policy of the municipality, billing was only done in October 2014 for the current financial year, but was done retrospectively starting from July 2014. Subsequent to that the municipality has been billing its consumers on a monthly basis. At mid-year the municipality's age analysis showed that the total outstanding debt was R 27 609 652.38. The major contributors are residents and business. The municipality is also being owed by government departments and councilors. Public Works and Education are some of the government departments that have improved in paying the municipality.

*Below is a summary table of the outstanding debt as at 31 December 2014*

<b>Debt by Type</b>	<b>Residents</b>	<b>Councillors</b>	<b>Other</b>	<b>Industries</b>	<b>Departments</b>	<b>Prov. Depts</b>	<b>Total</b>
Rates	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 126 708.92	R 126 708.92
Electricity	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Sewerage	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Refuse	R 572 114.99	R 6 511.00	R 2 814.82	R 343 320.09	R 0.00	R 0.00	R 924 760.90
Rates	R17 251 339.00	R 10 751.78	R 964 562.68	R 6 480 058.02	R 1 770 257.02	R 0.00	R 26 476 968.50
Other	R 0.00	R 0.00	R 0.00		R 0.00	R 81 214.06	R 81 214.06
<b>Grand Total</b>	<b>R17 823 453.99</b>	<b>R 17 262.78</b>	<b>R 967 377.50</b>	<b>R 6 823 378.11</b>	<b>R 1 770 257.02</b>	<b>R 207 922.98</b>	<b>R 27 609 652.38</b>
<b>%on Total De</b>	<b>64.56</b>	<b>0.06</b>	<b>3.50</b>	<b>24.71</b>	<b>6.41</b>	<b>0.75</b>	<b>100.00</b>

### 1.3 Indigent Section

The indigent section is responsible for the distribution of free basic services to the community. The municipality has and maintains an indigent register for all indigent households in line with the indigent policy which was adopted by the council in December 2012. Households who qualify for indigent support either receive free basic electricity or paraffin or any other alternative sources of energy. The municipality has also distributed sanitary towels to schools in different wards as part of the indigent support programme. The current indigent register is currently maintained on an Excel database with approximately 24 283 households meeting the qualification criteria (qualified indigents) as per the municipal indigent policy. The municipality is in the process of reviewing its indigent registration for current financial as a number of applicants were disqualified. An annual budget of R 8 173 735 has been set aside for indigent support during this financial period (2014/15).

## **Challenges**

- The revenue base for the municipality and recovery of debts is limited as a result high reliance on government grants;
- Credibility and quality of billing data impacting the willingness of consumers to pay for municipal services;
- Non-alignment of policies to socio economic factors of our communities;
- Interest not charged on long overdue debtors as a result received a qualification from Auditor-General as a result of that;
- Indigent register not reviewed adequately, which may result in increased debtors;
- ICT challenges in terms of connecting all our municipal sites.

## **Remedial Actions**

- The municipality has to align revenue related policies to the socio economic factors of the community;
- The municipality has appointed a debt collector to recover its long outstanding debts and in so doing must develop a programme to assist the municipality going forward;
- The ICT infrastructure needs to be upgraded to meet the system requirements for all the municipal revenue offices including the remote sites;
- The municipality must consider acquiring a new Venus server to serve as a backup server in case of emergencies;
- Municipality needs to have an updated lease register for all municipal property leases and develop a policy for guidance;
- Expanding our revenue base by implementing recommendations from the revenue enhancement strategy.

## **2. Expenditure and Supply Chain Management**

This division is responsible for the procurement of goods and services, processing of payments, payroll, asset management and contracts management.

### **2.1 Expenditure Management**

The municipality is currently using the Electronic Funds Transfer payment method to make payments either to creditors or 3<sup>rd</sup> party payments. Payments are made weekly on Thursdays in order to meet the demands of the SMMEs. The municipality is currently experiencing problems with the Venus financial system and the server has been taken for repairs.

Expenditure is authorized by the authorized signatories appointed by the Council. Creditors are not always paid within 30 days due to the fact that there is no central place where all invoices are received and end user departments sometimes delay submission of invoices.

*The following tables show budgeted expenditure and grants for the municipality as presented in the adopted municipal budget for the 2014/15 financial year.*

<b>Expenditure Items</b>	<b>BUDGET 2014/15</b>	<b>YTD ACTUAL</b>	<b>% SPENT</b>
Employee related costs	70 484 649	16 938 862	24%
Remuneration of Councilors	20 132 760	8 550 407	43%
Repairs & Maintenance	32 359 719	1 001 280	3%
General Expenditure	66 916 415	15 317 468	25%
Capital Contribution	21 174 183	1 276 505	6%
<b>TOTAL</b>	<b>245 545 084</b>	<b>43 084 522</b>	<b>18%</b>

<b>Grants</b>	<b>BUDGET 2014/15</b>	<b>YTD ACTUAL</b>	<b>% SPENT</b>
EPWP	1 153 000	1 884 382	163%
Municipal Systems Infrastructure Grant	934 000	-	-
Finance Management Grant	1 100 000	418 704	38%
Electrification	2 000 000	-	-
Municipal Infrastructure Grant	71 919 456	18 981 268	27%
<b>TOTAL</b>	<b>77 106 456</b>	<b>21 284 354</b>	<b>28%</b>

The MIG allocation as shown in the table above includes rollovers from the 2013/14 financial period amounting to R 20 053 536. And 4% of the MIG allocation has been set aside for operating expenditure for the PMU unit.

#### **Challenges**

- Departments are not submitting invoices on time in order to be able to pay within 30 days;
- Lack of capacity due to high vacancies;
- Expenditure has not been updated for December 2014 and January 2015 due to the malfunctioning of the Venus financial system, thus resulting in creditors not being paid within 30 days of receipt of invoices;
- Lack of maintenance plans for proper asset maintenance;
- Low spending on the MIG allocation resulting in funds being withheld by National Treasury;
- The municipality is experiencing problems with electronic filing system due to technical problems with the software being used.

#### **Remedial Actions**

- Department has to be capacitated with relevant skills.

- The municipality needs to develop a maintenance plan for proper budgeting of repairs and maintenance;
- The municipality needs to improve on its spending with regards to MIG to avoid rollovers and funds being withheld;
- The Venus financial system has been taken for repairs and the municipality plans to acquire a new server so that there can be a backup server in case of emergencies and;
- A proper support agreement needs to be set up for the electronic filing system to ensure efficiency.

## **2.2 Asset Management**

The municipality has reported fully on its assets (both movable and immovable) in line with General Recognized Accounting Practices (GRAP). The municipality does have a current GRAP compliant asset register but it needs to be reviewed and updated for additions. The municipality needs to have a separate unit responsible for managing and safeguarding municipal assets. Currently the municipality has only got one asset related employee an Asset Clerk that has been recently appointed. The municipality was qualified on PPE during the 2013/14 financial year and therefore we are in the process of appointing a SP to maintain our asset register.

### **Challenges**

- Currently the municipality does not have a fully-fledged asset management unit;
- Municipality relies on consultants for the maintenance of its asset registers;
- Asset register not updated adequately;
- The municipality has received a lot of findings from AG with regards to its assets and;
- There are no maintenance plans for municipal assets.

### **Remedial Actions**

- Establishing a fully functional asset management unit.
- Attracting skilled asset management personnel.
- Develop a maintenance plan for municipal assets.
- The municipality is in the process of acquiring services of a service provider to undertake asset management functions since there is not established unit yet.

## **2.3 Supply Chain Management**

### **Overview**

The municipality has a dedicated unit that deals with the Supply Chain Management in line with Chapter 11 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) as well as the Supply Chain Management Regulations, 2005. The municipality has a fair, equitable and transparent supply chain management policy which is reviewed

yearly in order to comply with relevant legislations. There is a low turnover rate of procurement processes caused by the lack of staff and non-sitting of bid committees. In line with section 26 of Municipal Supply Chain Regulations has a committee system for competitive bids, which consists of:

- Bid specification
- Bid evaluation
- Bid adjudication

All these committees are appointed by the accounting officer and currently they are sitting as frequently as possible. The municipality has acquired supplier database software that will be responsible for registering suppliers and sourcing of quotations for goods and services. The implementation of the supplier database was planned to go live on the 5<sup>th</sup> of January 2015 but due to the strike that the employees embarked there had been delays. Therefore the revised date to go live will be the 1<sup>st</sup> of February 2015. Currently the data base is on maintained on an Excel spread sheet.

#### **Challenges**

- The unit needs more staff to enhance capacity;
- Bid committees not well capacitated;
- Departments not abiding with SCM laws and regulations;
- Lack of understanding of procurement plan;
- People who are in the service of the state doing business with the municipality and;
- The municipality does not have a contracts management unit;
- Delays in the turn-over rate of procurement processes;

#### **Remedial Actions**

- Implementation of the new supplier database software;
- Recruit skilled personnel according to the approved organogram;
- Arrange training for Bid committees;
- All service providers should sign the declaration forms;
- Establish a contracts management unit within unit Supply Chain Management unit and;
- All project managers need to be trained on the development and implementation of procurement plans.

### **3. Budget Planning and Financial Reporting**

#### **3.1 Budget Planning**

The budget planning unit is responsible for the development and monitoring of the municipal budget. Budgeting is done for a three multi-year period, with indicative figures being given by treasury for grant funding for a three year period. Internal revenue streams are forecast based on prior years and a growth percentage looking at the average consumer price index. The municipal budget is funded through rates and service charges (refuse removal, traffic income

and other revenues sources) and substantially grants (Equitable Share, MIG, MSIG, FMG, INEG and EPWP etc.).

The integrated development plan also include district, provincial and national priorities which subsequently inform our budget and service delivery and budget implementation plan (SDBIP).

The budget was adopted 30 days before the start of the financial year and submitted to the National and Provincial Treasury as per section 24 (1) of the MFMA. The budget for 2014/15 financial year was prepared and submitted in the format prescribed by National Treasury. The municipality is submitting section 71 reports to National Treasury and the Provincial Treasury in line with the Schedule C format.

The municipality is currently utilizing the Case Ware software to prepare its section 71 reports that are submitted to National Treasury.

### **3.2 Financial Reporting**

This section deals with financial reporting in terms of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and various circulars that are published to assist thereof. During the 2013/14 financial period the municipality was able to prepare interim financial statements as at 30 April 2014. These were of great assistance in preparation for the Annual Financial Statements that were submitted on the 31<sup>st</sup> of August 2014. The annual financial statements were submitted on time to the Auditor General for auditing and to the relevant bodies as prescribed by legislation. In preparing its Annual Financial Statements the municipality utilizes the CaseWare software. The Annual Financial Statements are prepared with the technical assistance of a service provider since the municipality lacks the necessary skills needed to prepare Annual Financial Statements that are free from material errors. The municipality will prepare interim financial statement as at end of April 2015 so as to prepare for the year-end AFS. The municipality is being supported by KPMG in terms of financial support and AFS preparation.

#### **Challenges**

- Budget processes adopted by the Council are not adhered to;
- Non-compliance with statutory reporting due to delays in compiling reports;
- The current Budget & Reporting section is still in shortage of personnel;
- Ample reliance is placed on external service providers in the preparation of AFS due to lack of skilled personnel internally;
- Inadequate personnel in contrast to the workload.

#### **Remedial Actions**

- Filling of a vacant post and the Budget Planning and Reporting section needs to be expanded to accommodate the workload related to the section;
- Trainings will be organized to capacitate employees on the regulations;



- Transfer of skills and training of personnel in terms of preparing AFS;
- Recommencing the process of AFS preparation prior to year-end and;

#### 4. Audit Outcomes

The municipality has received a qualified audit opinion for the financial year ended as at 30 June 2014. When looking at the findings from management letter the municipality has regressed when compared to the outcomes of the year-ended 30 June 2013. The municipality has been qualified on the following areas:

- Irregular Expenditure;
- Property, plant and equipment;
- Investment properties;
- Employee costs; and
- Consumer debtors

An action plan has been developed to address issues raised by auditors and a process plan for submission of the annual financial statements.

The action plan assist in resolving all matters that were identified by auditor general and lead to qualified audit reports, as well as to fast track efforts in addressing identified risk areas.

This will lead to improved internal controls and compliance with relevant legislations.

#### AUDIT OPINION COMPARISON FOR THE THREE PREVIOUS YEARS

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Audit Outcome	<b>Qualification</b>	<b>Qualification</b>	<b>Qualification</b>

#### Challenges

- Insufficient personnel within the municipality;
- Information not provided to the auditors timeously;
- Audit is still viewed by other departments as the responsibility of Budget and Treasury only;
- Performance management system not implemented for the entire municipality;
- Lack of leadership within the BTO section due to the CFO working offsite and subsequently resigning;

#### Remedial Actions

- Development and monitoring actions plans;
- Municipality needs to plan ahead for the audit;
- The municipality needs to fill all vacant positions;

- The accounting officer must chair all audit steering committee meetings and encourage all departments to play their roles during the audit;
- The municipality must implement a performance management system;
- The municipality needs to appoint a full-time CFO;
- The municipality must review and monitor its internal controls in order to strengthen its control environment itself.

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

### **1 INTRODUCTION**

The following functional areas are dealt with in this KPA:

- Public Participation
- Communications and customer relations
- Special Programmes
- Intergovernmental Relations
- Council Support
- Internal Auditing
- Corporate Governance
- Moral Regeneration Movement
- Strategic planning
- By Laws

### **2 INTERGOVERNMENTAL RELATIONS**

Mbhashe municipality participates and coordinates the local Intergovernmental Relations forum (IGR) of that municipality. The IGR forum provides for the seating of various sector departments to plan and address issues of mutual concern in service delivery in that municipal jurisdiction.

### **CHALLENGE**

The main challenge observed by interviews with stakeholders was that the majority of sector departments did not respect nor take seriously the processes of IDP as they tended to participate in municipal representative forums through their non-delegated staff that are often unable to address pertinent questions relating to their budgets. Another noticeable trend was that of the sector departments participating in the IGR forums selectively. This was viewed as a serious breach of co-operative governance and tended to undermine integrated development planning objectives. Forum not being able to sit due to time frames of IDP Process Plan which have not been adhered to. The municipality does not have dedicated IGR practitioners and there is lack of joint implementation of projects by government structures.

## **Remedial Action**

- The municipality to convene the IGR meeting with the assistance of the district municipality.
- To also request the district coordinators of the department of local government to assist in this matter

## **3. PUBLIC PARTICIPATION**

Public participation is institutionalised through a unit linked to the office of the municipal manager. This is coupled with other interventions including but not limited to IDP representative forum and mayoral consultation

The Public Participation & Petition Strategy has been developed and will be reviewed on annual basis. The communities participate in the IDP process through the Representative Forum that is generally attended by all Councillors, Traditional Leaders participating in the Council, IDP Steering Committee members, organised groupings and interest groups, sector departments operating with Mbhashe Municipal area, Secretaries of the Ward Committees and Community Development Workers. After the tabling of the draft IDP/Budget to the Council, road shows to all the wards are undertaken, where members of the community are assisted in the form of transport and catering, to attend these meetings.

### **3.1 TRADITIONAL LEADERS**

The municipality has 12 Traditional leaders participating in the activities of the council and their contribution in the affairs of the council is easily noticeable. Currently the traditional leaders are receiving a stipend of 1000 per month.

### **3.2 COMMUNITY DEVELOPMENT WORKERS**

Community Development Workers are appointed as government agents to assist Councilors and Ward Committees for change in Mbhashe. The municipality and the province have developed and signed a Memorandum of Understanding (MOU) for effectiveness and efficiency of CDWs as a result they allowed access to our facilities and take part in all our programs.

## **Challenges**

- CDW's work may be unnoticed because of lack of coordination on the part of the municipality and.
- Posts of CDWs are still left unfilled by the department and this result to some wards living without CDWs for a long time.

## **Remedial Action**

- Where it is not feasible to include and respond to some suggestions made through the road shows, the Mayor, when delivering the budget speech on

the adoption of the final IDP/Budget, has to comment and provide way forward on those issues raised by communities during roadshows.

- To continue profiling the municipality by launching and handing over all major projects
- To coordinate all public participation activities in the institution and sector departments.
- Convene regular meeting with all project managers to discuss their programmes and projects monthly

### **3.3 WARD PARTICIPATION**

Ward committees had been elected in all wards during the beginning of the term in 2011. The secretaries of the ward committees have been trained in basic computer skills in 2012 and report writing and minute taking in 2013. All the ward committees had been inducted to ensure that they are able to do their job. The municipality had developed a reporting template whereby all ward committees will use for reporting.

#### **Challenges**

- The By elections which are being conducted to some wards due to the resignation of ward committees that are seeking for a decent job and deceased.
- The ward committees that are unable to read and write

#### **Remedial Action**

- To provide training on ward committees who are able to write on report writing
- To provide computers per each unit and accessible to the ward committees
- Training workshops to be continuously held with all the members of the ward committees for deepening and familiarization on Local Government
- To develop the schedule of ward committees

The municipality adopts a schedule of council meetings and other committees. This ensures accountability and improves participation in council affairs. Ward committees had been trained on computer usage which will allow them ease to do their work.

## **4. COMMUNICATION**

The communication has been established and is placed under strategic planning but no capacity in terms of human resource. It is therefore critical that the municipality provide communication structures and to communicate proactively with both the media and with all stakeholders. The municipality has developed the communication and marketing strategy in 2013/2014 financial year. The current status of communication is in a way decreasing the levels of trust initially put on the newly elected councillors by communities which caused by the absence of feedback to

them. The municipality has appointed the Communication and Customer Care Manager

### **Challenges**

- Sometimes communities report their own challenges to the media instead of communicating to the municipality.
- No communication feedback to the communities
- Communication channels are not always followed and bureaucracy can hinder the process of effective and timeous communication
- Website not always updated with the required information.
- Shortage of personnel
- Non-functioning of Customer Care Unit
- Non branding of municipal offices

### **Remedial Action**

- To provide human and financial capacity in the unit
- To get and provide information to the citizens
- To produce and publicize quarterly reports for the public
- Strengthening of community support groups
- Stake holder engagement (Local communicator forum)
- Web site will be updated timeously.
- Co-ordination of council events or project hand overs.
- Able to respond to media queries and customer queries.
- Secure of community radio slots on a monthly basis.
- Facilitation of notices and advertisements both electronic and print media
- Capacitation of councillors on media management.
- Providing support to mayoral outreaches and IDP roadshows
- Petition management

## **5 SPECIAL PROGRAMMES**

The Special Programmes Unit (SPU) is located in the office of the Municipal Manager and has a dedicated official assigned to manage this function. The focal priority area for SPU is:

- Youth
- Women
- HIV/AIDS
- People Living With Disability
- Older Persons
- Children

The SPU facilitates the integration and mainstreaming of the designated groups into the development of the Municipality by;

- Creating the necessary / conducive environment both internal and external through establishment of structures that will promote participation of youth, Woman, Disabled, Children, Elderly and HIV/AIDS infected individuals in our local Municipality.

#### Structures that have been established

- Women's Forum had been established and launched in the month of August 2014
- People Living with Disability Forum- these have been launched at Unit level i.e. Dutywa, Willowvale and Elliotdale. Also In the month of October 2014 Mbhashe People with Disabilities forum as the mother body has since been launched
- Older persons structure has been established by Department of Social Development although there are some challenges in terms of the recognition at Ward level.

#### Some of the structures that still needs to be established:

- Youth Development Forum – these have been launched at both ward and Unit levels i.e Dutywa, Willowvale and Elliotdale however there is still a need to establish Mbhashe Youth Council which its function will be to coordinate Youth programmes in the municipality.
- Mbhashe Local AIDS Council is in the plan of being established in the year 2014/15 which its objective will be to coordinate programmes and develop plans for reduction of HIV/AIDS infections and on how to care for those affected and infected.
- Childrens Advisory Council is budgeted for and is will be established in the 2014/15 and its objective will be to coordinate programmes and strategies for children between the ages of 0-14 years.

#### Youth Learners Licensing Programme:

- Mbhashe Local Municipality signed a memorandum of understanding with King Hintsa VET College and COEGA and NYDA and the objective of the programme is to assist the students of the college to acquire Drivers Learners Licence.

#### Social Cohesion

The Mayoral Tournament has been allocated budget for 2014/15 and will be an annual event. The tournament focuses on the development of youth through various sport activities. This project has culminated from the areas where the youth of this locality have been seen participating in wrong activities causing detrimental effects in their lives.

It further regenerates positive moral values of young people both in school and out of school; promotes healthy and positive lifestyle; elevates the profile of sports, recreation, arts & culture in the area; Mbhashe municipality; focuses on mass participation in sporting activities at provincial level; enables youth expose exclusive talents and gifts and last but not least minimizes crime rate, teenage pregnancy, substance abuse and HIV/AIDS pandemic.

## Challenges

- Structures although established lack understanding of roles.
- Although SPU Strategy was developed for 2013/14 it lacked an implementation plan to enable it to be mainstreamed internally so that other department's plans would respond to the strategy.
- There are gaps also with the strategy as it should incorporate plans of sector departments.
- Lack of Proper coordination for Provision of Early Childhood Development Centers
- Lack of mainstreaming of HIV/AIDS to both internal and external
- Sport programmes are also directed to this Unit.
- There is only one official who is a dedicated official for the Unit
- Involvement of various sector departments and other relevant stakeholders
- There are still challenges in as far as the drivers learners programme is concerned as there is still no proper follow ups to assist the participants to acquire driver licences.

## Remedial Action

- In the organogram there are 2 vacant post for SPU coordinators to beef up the unit and these should be included in the 2015/16 budget
- Establishment, and capacitation of structures
- Development of HIV/AIDS Policy
- To review SPU strategy and inclusion of implementation plan as part of mainstreaming the strategy
- Roping in of various sector departments and other relevant stakeholders as they play an important role such as technical support in socially driven activities
- Facilitation of incorporation of drivers learners programme with the department of Community Services.
- Facilitate for Provision of Early Childhood Development Centres

## 6. CORPORATE GOVERNANCE

### 6.1 Risk Management and Fraud Mitigation

Risk Management within the Municipality is considered to be in a developmental stage. A Risk Management Framework has been approved and a risk identification process conducted. Code of conduct is signed by all staff members. This assists to inculcate ethos of adherence to a set of Ethics and good conduct. Fraud and corruption which is a challenge to all government institutions and this institution is not spared either. Measure to fight this must be introduced to promote good corporate governance.

## 6.2 Internal Audit

The Municipality has established an Internal Audit Unit which operates in accordance with an approved Internal Audit Charter. The Units mandate is spelled out in the Local Government Municipal Finance Management Act. The Internal Audit is mandated or governed by the Institute of Professional Practice for Internal Auditors (IPPIA). This includes providing advice to the accounting officer and audit committee on matters relating to internal audits, internal controls, accounting procedures and practices, risk and risk management, performance management, loss control, and compliance with applicable legislation. The Internal Auditor reports directly on operation issues to the Accounting Officer on functionally to the Audit Committee. Currently the unit comprises of one permanent official and one Intern and a student trainee.

The municipality had appointed a service provider that will be working with the office of the Internal Audit for the period of three years.

**The municipality obtained Qualified opinions from the office of the Auditor General.**

**The table below illustrates that.**

COMPARISON OF AUDIT OUTCOMES		
Qualified opinion 2011/12	Qualified opinion 2012/13	Qualified opinion 2013/14

**During the process of the situational analysis the Auditor General was still busy auditing and as a results the Audit Action Plan was not yet developed and for the previous year.**

**The table below illustrates the above statement**



EXCEPTION REF	FINDING	ROOT CAUSE	MANAGEMENT COMMENT	RESPONSIBLE PERSON	TIME FRAME	STATUS
2. EX.64	<b>COAF 11: Employee Costs: Overtime not authorised in advance (Ex.64)</b> During the audit of employee costs, it was noted that overtime was worked without getting prior authorisation.		Overtime form must be correctly filled	30/03/2015	Checking inputs on time	
3. EX.67 -	<b>COAF 18: Employee Costs: Amounts per GL do not agree to payroll system (Ex.67)</b> 1 During the audit of employee costs, the following differences were identified between the municipality's third party payments as reflected in the general ledger/AFS and the payroll reports: UIF, SDL, and MEDICAL AID.	Lack of review of monthly reconciliations	Reconciliation between PayDay and Venus (GL) was only done at year-end	Expenditure Accountant/CFO	Monthly	Not yet implemented
	During the audit of Councillors remuneration, it has been noted that councillor with the employee number 4159 who is amongst the 16 councillors who were expelled in the previous year, received salary and allowance payments for 3 months, i.e. December 2013, January and February 2014 amounting to R48 186.69.		Under investigation		MM/IAU & ARMS	To be confirmed
5. EX.76	Employee Costs: Difference between the TB and AFS (Ex.76) During the audit of employee costs, it was noted that the following amounts per the TB do not agree to the amount per the AFS:	Lack of review of AFS and the Venus TB	Vote number beginning with 1200- is a receiving vote thus not used for posting transactions. The two votes could be mapped together on CaseWare	CFO	30-Jun-15	
6. EX.85	<b>Employee Costs: Municipal contribution towards a medical aid which is not approved</b> During the audit of employee costs, it was noted that the municipality is contributing towards the medical aid, Medichex, which is not in the list of the accredited medical schemes. The total company contribution for the year amounted to R724 305.60.		The then MM promised to finalise this matter	MM	To be confirmed	
7. EX.86	<b>Employee Costs: Leave gratuity</b>		<b>No comments</b>			

	<p><b>payments incorrectly calculated</b>  2. Furthermore, no documentation was submitted on the employee file for employee no 1105 confirming that the processing of the leave pay-out was authorised by the relevant official.</p>		provided			
9. EX.137	<p><b>Consequence management: Non-compliance with S170 of MFMA</b>  During the audit of consequence management, it was noted the municipality had not complied with s170 of MFMA that requires that it is only National Treasury that can condone irregular expenditure. Instead Council incorrectly condoned R75 079 472 in the current financial year stated under note 28 of the AFS. This has resulted into understatement of irregular expenditure by R75 079 472</p>					
10. EX.189	<p><b>Investment Property: Assets not included on FAR</b>  During the audit of Investment property, it was noted that some even that were obtained from the Mbhashe Municipality deeds search were not included in the investment property and land and building fixed asset register</p>	Fixed Asset Register for land & buildings not adequately maintained	Inspect the valuation roll and deeds information to determine the ownership of those properties	Land & Housing/CFO	31-Mar-15	Not yet implemented
11. EX.206	<p><b>PPE: Completeness of infrastructure assets could not be performed</b>  During the audit of Property, plant and equipment, the completeness of access roads could not be determined. A sample was randomly selected from the floor (Access Roads) on three different areas (Elliotdale, Willowvale and Idutywa) to trace them to the FAR so as to ensure completeness of the register. Through physical verification performed, we were unable to determine the location of the roads as all the access roads verified did not have boards</p>	Lack of completeness on the asset register	The municipality must ensure that access roads are easily identifiable and can be traced to the FAR	Technical Servcies		

	<p>showing the name of the access road. An alternative procedure was performed where the access roads were identified through third parties (people living in that area). Listed below are the names of the access roads that were selected and confirmed through by these third parties, where they have named the access road by the name of the rural area / location where the access road is. We then attempted to trace the access roads identified to the asset register, however we were unable to trace some roads to the FAR</p>					
13. EX.212	<p><b>PPE: Land and buildings are not separately disclosed in the AFS</b> During the audit of Property, plant and equipment, it was noted that the municipality has not separately disclosed land and buildings in note 7 of the AFS.</p>	Lack of review of AFS	Ensure that land and building are separately disclosed on the AFS	CFO	30-Jun-15	Not yet implemented
14. EX.220	<p><b>PPE: Assets could not be physically verified</b> During the audit of property, plant and equipment, some assets could not be physically verified.</p>	Incomplete asset register	The municipality must ensure that asset on its register are able to be verified	CFO	30-Jun-15	Not yet implemented
15. EX.115	<p><b>Investment Property:</b> Land and buildings not separately disclosed in the AFS</p>	Incorrect Application of GRAP 17	Municipality must ensure that it applies the correct GRAP standards in disclosing its assets on the AFS	CFO	30-Jun-15	Ongoing

### 6.3 Audit Committee

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

Committee was established in 2008 and has since adopted its Charter. The brief of the AC has been extended to include the auditing of the performance based on PMS framework.

The mandate of the Committee covers matters such as advising the council, political office-bearers, accounting officer and management of the municipality, on matters relating to internal financial control and internal audits, risk management, accounting policies, adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with applicable legislation, etc. In addition, the Committee reviews the annual financial statements and responds to the council on issues raised by the Auditor-General in the audit report.

### **Challenges**

- No dedicated employee to monitor and give direction on issues of Risk Management.
- Non-sitting of risk committee
- No follow ups on resolutions of the Risk workshops.
- Non-adherence to the implementation of action plans from the management letter and implementation of Internal Audit Recommendations
- The unit is under capacitated it operates with one permanently employed internal auditor and two trainees.
- No Performance Specialist in Audit Committee
- The municipality still does not have a dedicated unit that deals with legal and compliance issues.
- Non-existing of Hotline number to deal with corruption/misuse of municipal assets.

### **Remedial Action**

- To build capacity in the unit
- The key risks identified still require to be assessed and mitigating strategies defined.
- There is a need still to identify dedicated resources for this activity and resource capacity constraints hinder implementation of this strategy. While risk assessments within specific activities are conducted, there is no overall co-ordination of the activity. This compromises the ranking and prioritization of risks.
- Filling of vacant post of Internal Audit Unit Manager as according to organizational structure.
- Risk strategy must be developed, adopted and workshoped.
- Audit Committee needs to be strengthened
- Employment of a dedicated person to legal and compliance issues as according to organizational structure
- Re-establishing of Risk Committee with an independent person.

- In the new audit committee which will be appointed soon there will be someone who will serve as Performance specialist.
- Monthly reports from the Internal Audit Unit on the implementation of the audit plans.
- The Management Audit Action Plan has been developed to address AG findings.

#### **6.4 Legal Services**

- The municipality had appointed manager that is responsible for legal services and assisting the municipality on the matters of compliance. The legal unit has to advise the municipality on reviewing and drafting of contractual documents and also providing both informal formal legal advices. There was an employee who was appointed in the establishment of the unit and the employee only stayed for one month. Therefore since the departure of that employee the position was not filled.
- The municipal has appointed a manager that is going to assist management in all legal matters and issues of compliance.

### **7. INTEGRATED PLANNING**

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

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

The act further defines an integrated plan as a “principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality”. It also binds the municipality in the exercise of its executive authority. An IDP is developed for a 5 year period which coincides with a term of Council. Such a plan has to be reviewed on an annual basis.

Performance Management fulfills the implementation of the Integrated Development Plan and is measured and reported on a monthly, quarterly and annual basis. The targets of the Municipality as reflected in the IDP find expression in Institutional Scorecard and Service Delivery and Budget Implementation Plan (SDBIP). SDBIP forms the basis for Directorate Scorecard, Performance Plans of section 57 managers and hold them accountable. The performance of an organization is integrally linked to that of its staff. It is critical and important for any organization to periodically review its own performance as well as that of its employees to flag areas that need attention and to understand how well or bad the organization or individuals are doing.

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

### **Challenges**

- The clusters that are aligned to the local government key performance areas of local government are not yet functional in the municipality.
- The cascading of the performance management system to all levels below section 56 managers remains a challenge.
- The lack of the institutionalization of the PMS
- Capacity to conduct performance assessment and evaluations
- Minimal meaningful contribution by sector departments in the IDP processes
- Limited capacity in the established IDP/PMS unit
- Collection and filing of performance evidence still poses a challenge.
- Lack of integration between formal reporting and reporting to communities, e.g. performance is reported quarterly in addition to that political leadership should also report to communities regularly on municipal performance

### **Remedial Action**

- Build capacity in the unit
- Proper monitoring of the procurement plans in order to adhere to the targets set
- Strengthen the community participation structures in the municipality
- Appointment of service provider over a 3year contract through tender processes which will enable to train management on performance management processes and cascading of this to all staff in the municipality.

## **8. MORAL REGENERATION MOVEMENT**

The Moral Regeneration Movement (MRM) has been established in 2012 made of religious leaders. The MRM held a conference in September 2014 where new leaders were elected and new challenges of moral values were identified. The new structure held its first champagne and awareness against child abuse and women at Gusi Location Elliotdale on the 28 November 2014. A just, tolerant and moral society for the common good is a vision of the Moral regeneration movement. Its mission is to initiate, facilitate and coordinate societal networks and programmes to regenerate and preserve our nation's moral fibre.

### **Challenges**

- There is no official dedicated for moral regeneration

### **Remedial Action**

- To appoint the public participation officer and allocate this function as part of the responsibilities

## **9. COUNCIL SUPPORT**

To ensure optimum functionality of the council and its structures Mbhashe municipality has a unit that is dedicated to support the work of the council. The unit takes minutes in all minutes of the council and its committees. It ensures proper filing of minutes. A register of resolutions of the council is compiled and maintained. The unit is responsible to coordinate effective functioning of the Council and its committees. A schedule of activities of the council is developed and implemented.

### **Challenges**

- Monitoring of implementation of resolutions of the council.
- Non adherence to the calendar dates

### **Remedial Action**

- To develop the resolution register
- Adherence to the dates in the calendar to avoid expenditure and non – compliance

## **10. By Laws**

The Mbhashe municipality has developed the twenty seven by-laws and the public participation meetings were conducted during the development process. The municipality also managed to gazette 09 in 2012. In 2013 Amathole District Municipality assisted the municipality by gazetting the remaining by-laws. The only challenge is the enforcement of by-laws due capacity.

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## CHAPTER 3: VISION, MISSION, HIGH LEVEL DEVELOPMENT OBJECTIVES

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### **Vision**

“By 2025, Mbhashe Local Municipality will excel in service delivery to earn a reputation of being a place of choice for living, business and pleasure”.

### **Mission**

We will strive to become an effective and efficient municipality able to manage her resources and stimulate economic growth sustainably, promote a safe and healthy environment for the betterment of all with a bias towards the poor.

### **Values**

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

- Commitment
- Accountability
- Teamwork
- People Centred Development
- Discipline and respect



### 3 KPA 1: OBJECTIVES AND STRATEGIES FOR MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

PRIORITY AREA	OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGET			CUSTODIAN
					2015/16	2016/17	2017/18	
Human Resource	To capacitate employees and Councillors in order to enhance service delivery by 2017	To build capacity and maximise utilization of MLM human capital by 2017. To ensure MLM performs optimally in all its assigned powers and functions by 2017	No. of critical skilled personnel trained	30 officials	40 officials	40	40	Director: Corporate Services
			Number of councillors capacitated in terms of skills	31 councillors	50 councillors	61	61	Director: Corporate Services
			Number of filled budgeted posts requested	161	200	220	220	Director: Corporate Services

	years							
		Develop, review, and implement all relevant municipal policies, by-laws, strategies and plans	Number of developed and reviewed Municipal policies, by-laws, strategies and plans	13 HR. Policies, 1 Plan, 1 Strategy, 26 By-laws	20 HR. Policies, 2 Plans, 2 Strategies, 26 By-Laws	20	20	Director: Corporate Services and other relevant directors
	To ensure a health oriented behaviour in the workplace	Promote wellness campaigns and programmes for municipal employees	Number of wellness campaigns or programmes organised	Contract with service provider to provide professional wellness programme	1	1	1	Director: Corporate Services
	Initiating developing, promoting, maintaining and reviewing measures to ensure the health and safety of employees at work by 2017.	conduct health and safety assessments	Number of assessment reports presented	1 Report submitted	1	1	1	Director: Corporate Services

	To ensure the good working relations between the Employer and the Employee	Improve workplace relations through partnership with unions and Management	Number of Local Labour Forum meetings held	4	10	10	10	Director: Corporate Services
<b>Administration</b>	To ensure provision of secretarial support to council and its committees	Organising council and committee meetings arranged	Number of council and committee meetings sat	9	9	9	9	Director: Corporate Services
		Update Resolutions Register	Updated Resolutions Register	1	1	1	1	Director: Corporate Services
<b>Fleet management</b>	To ensure utilization of available fleet efficiently and effectively	Development and or improving monitoring controls in managing fleet.	Number of incidence reports	1	12	12	12	Director: Corporate Services
		Review Vehicle Usage policy	Reviewed Vehicle Usage policy	Existing Vehicle Usage policy	Reviewed Vehicle Usage policy	Reviewed Vehicle Usage policy	Reviewed Vehicle Usage policy	Director: Corporate Services
<b>Document management</b>	To ensure maximum	To promote use of registry in	Number of awareness	NIL	1	1	1	Director: Corporate

	use of Registry in document management	document retrieval, filing and disposal	sessions organised for users					Services
<b>ICT</b>	To ensure effective and efficient ICT by 2017	Review of ICT master systems plan	Reviewed IT Master systems plan	Existing ICT Master Systems Plan	Reviewed ICT Master system plan	Reviewed ICT Master system	Reviewed ICT Master system	Director: Corporate Services
		Development of IT disaster recovery plan	Developed IT Disaster recovery plan	Nil	Developed IT Disaster recovery plan	Developed IT Disaster recovery plan	Developed IT Disaster recovery plan	Director: Corporate Services
<b>PMS</b>	To ensure the implementation of PMS by 2017 and improve institutional performance through skills development and change management	Reviewal of the PMS framework	Reviewed and submitted PMS framework to council	Existing PMS framework	Reviewed PMS Framework	Reviewed PMS	Reviewed PMS	MM
		Develop clear performance monitoring and reporting	PMS template developed	1	1	1	1	All

		Comply with the relevant PMS legislations and the Municipal PMS framework	No of awareness organised	0	2	2	2	All
	To ensure effective service delivery through implementation of performance management system	To monitor, correct and reward good performance in order to unleash human potential	% Implementation of PMS	0	50%	75%	100%	All

**KPA 2: SERVICE DELIVERY**

FOCUS AREA	OBJECTIVE	STRATEGY	INDICATOR	BASE LINE	TARGET			CUSTODIAN
					2015/16	2016/17	2017/18	

<b>Environment</b>	Ensure sustainable and environmental friendly development throughout Mbashe by 2017	By providing the basic and sustainable Waste Management Services throughout Mbashe	No of households receiving waste service	2199	20000	20000	17925	Community Services Director
		By protecting and preserving the natural heritage and biodiversity	No of wards covered	11	9	6	6	Community Services Director
		By developing and implementing the Climate Change mitigation strategy	No of wards covered	0	15	14	3	Community Services Director

		By creating conducive environment for a sustainable and environmental friendly	No of wards covered	3	14	10	5	Community Services Director
<b>Community Safety</b>	Ensure the safety and security of the Mbhashe community by 2017	By providing law enforcement and licensing services throughout Mbhashe	No of programmes implemented	2	2	2	2	Community Services Director
		By creating a conducive environment for the community safety and security	No of programmes implemented	2	2	2	2	Community Services Director
		Implement Disaster Management Plan (DMP)						
		To maintain street lights in three towns	No. of streets with adequate street lights	600	300	200	100	Infrastructure Services Director

		To install high masts in all priority areas	No of high mast lights installed	5	3	2	0	Infrastructure Services Director
<b>Community facilities</b>	Ensure improved access to the well managed community facilities by 2020	By constructing new community facilities that will be user friendly to the communities	No of community facilities constructed	18	10	4	4	Infrastructure Services Director
		By maintaining the existing facilities to acceptable standards	No of facilities maintained	25	10	15	10	Community Services Director
		By working with our social partners to broaden access to community	No of SLAs/Agreements entered with our social partners	0	3	3	3	Community Services Director
<b>Roads and stormwater</b>	To provide quality, safe trafficable Municipal roads as per applicable	Construct 250km km of new gravel roads in	No. of kms of roads constructed	569km	100km	100km	50km	Infrastructure Services Director
		Maintenance of 545km of	No. of kms of roads	569km	300km	140km	105km	Infrastructure Services



	standards by 2017	existing gravel road network	maintained					Director
		By paving internal streets sidewalks in all three towns	No. of kms paved side walks	0km	20km	20km	10km	Infrastructure Services Director
		By upgrading stormwater channel in urban areas	No.km upgraded	10km	5km	3km	2km	Infrastructure Services Director
		Develop minimum Roads Standards for construction and maintenance.	Roads Standard manual submitted to Council	Nil	Developed plan	Reviewed plan	Reviewed plan	Infrastructure Services Director
		By doing skills audit and enhance operators with limited skills by providing accredited trainings.	Number of accredited plant operators.	18	10	8	Nil	Cooperate Services Director
<b>Energy</b>	Ensure that all households have access	By providing grid energy to qualifying	Number of household with electricity	3414	1400	2000	400	Infrastructure Services Director

	to electricity by 2025.	households.						
		Provide alternative energy to household in the next three years	Number of Household with Solar	2000	1000	500	500	Infrastructure Services Director
<b>Human settlements</b>	To facilitate provision of adequate housing and expanding access to housing by 2030	Reduce the number of people living in squatter settlements	Number of households removed from informal settlements	100	100	200	100	Director: Developmental Planning
		Establish new townships for housing accommodation	Number of townships established	2	3	3	3	Director: Developmental Planning
		By providing suitable and secure housing whilst controlling and ensuring compliance with building regulations.	Number of building plans approved	100%	100%	100%	100%	Director: Developmental Planning
<b>Land use</b>	Ensure maximum and	Develop SDF	Number of LSDFs approved	Quarter	1	2	1	Director:

management	adequate land use management practices within municipal land by 2017	for the rural in line with SPLUMA		quarterly reports				Developmental Planning
		By surveying and rezoning	Number of erven surveyed and rezoned	Quarterly reports	09	10	10	Director: Developmental Planning
		By conducting municipal Land audit	Land audit report with recommendations.	Quarterly reports	1	1	1	Director: Developmental Planning
		By enforcing land use management of the municipality	Number of the land use applications approved.	100%	100%	100%	100%	Director: Developmental Planning
		By ensuring equitable disposal of land	Number of land sale agreements issued	349	100	200	200	Director: Developmental Planning

### KPA3: LOCAL ECONOMIC DEVELOPMENT

FOCUS AREA	OBJECTIVE	STRATEGY	INDICATOR	BASELINE	TARGET			CUSTODIAN
					2015/16	2016/17	2017/18	
Enterprise support	To reduce poverty and	By facilitating multiplier	Number of people	1540	2000	5000	10000	Director: Community

<b>SMME and development</b>	unemployment through viable and sustainable job creation strategies	effects from EPWP projects	employed through EPWP					Services
		By formulating strategies that promote investment and economic growth	Approval of business retention and attraction strategy	None	Approved strategy	1	1	Director: Developmental Planning
		By promoting entrepreneurial access to markets	Number of SMME's linked to formal markets	0	5	5	5	Director: Developmental Planning
		By capacitating and assisting informal traders	Number of informal traders assisted	600	300	300	300	Director: Developmental Planning
		SMME skills development; Co-operatives development and training	Number of co-operatives / SMMEs trained and established	40	50	50	50	Director: Developmental Planning
<b>Agricultural development and food security</b>	To promote agrarian reform and reduce food insecurity to	Assisting crop production farmers with materials and inputs	Number of commodity groups assisted	2	2	2	2	Director: Developmental Planning

	those confronted by hunger by 50% by end of 2025	By providing support for people interested in farming through small scale agricultural activities and linking small farm produce to markets / communities	Number of farming projects assisted with equipment and/or inputs	5	10	10	10	Director: Developmental Planning
		By improving quality of the livestock through various mechanisms	Number of dipping tanks renovated	Not known	5	5	5	Director: Developmental Planning
			Number of shearing sheds built or renovated	45	5	5	5	Director: Developmental Planning
			Number of village farming associations assisted with stock remedy	20	20	30	40	Director: Developmental Planning

Agro-processing	To take advantage of the agricultural value chain to stimulate local economic development in deprived areas by 2017	By setting up sustainable local supply network through small farmers in local areas;	Number of packaged commodities	None	1	2	3	Director: Developmental Planning
		By facilitating entry into formal markets through the removal of barriers to entry for small farmers	Number of programs aimed at removal of barriers e.g. (storage, processing, cold storage facilities and transportation)	None	1	2	3	Director: Developmental Planning
		By capacitating farmers to meet quality and safety requirements	Number of information days held	16	16	16	16	Director: Developmental Planning
		By consolidating and enhancing partnerships	Number of partnerships entered into between	0	1	3	4	Director: Developmental Planning

		with retailers which provide opportunities for small farmers	farmers and retailers					
Tourism Development	To position and promote Mbashe as a tourist destination of choice	Train and develop product owners and expand product owner base	Number of training programs held	3	4	4	4	Director: Developmental Planning
		Promote and link product owners to markets	Number of internal and external programs the product owners participated on	3	3	3	3	Director: Developmental Planning
		Use different marketing tools to market Mbashe tourism	Number of tools used	4	4	4	4	Director: Developmental Planning
Heritage management	Develop, preserve, maintain and market	By maintaining heritage sites using EPWP programme	Number of sites maintained	4	5	5	5	Director: Developmental Planning

	heritage sites/resources to attract a sizeable number of tourists							
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#### KPA 4: FINANCIAL VIABILITY

Priority Area	Objectives	Strategy	Indicator	Baseline	15/16	16/17	17/18	Accountable Official
Indigent Support	To ensure that all indigent households are identified and supported	Reviewal of the indigent register	Reviewed updated indigent register	Existing Indigent Register	Updated Indigent Register	1	1	CFO
		Alignment of indigent register with billing system	Number of indigent households on the billing system	None	1	1	1	CFO
		Supply & delivery of free basic energy and services	Number of households provided with free basic services	4108	5000			CFO



<b>Revenue Management</b>	To improve revenue by 50% in June 2017	Implementation of credit control and debt collection policy	Percentage collected on all outstanding debts	11%	10%	15%	20%	CFO
	To ensure 40% recovery of costs incurred to provide refuse removal	Implement Costing Model	Percentage of costs recovered from collecting refuse	0				CFO
		Expansion of refuse removal to billable consumers	Number of consumers billed for refuse removal	0				CFO
<b>SCM</b>	To establish a fully-fledged and effective supply chain management by 2016	Development and operationalization of SCM Plans	Development of institutional Procurement plan	0	1	1	1	CFO
		Promotion and maintenance	Amount in irregular	1	1	1	1	CFO

		of SCM systems through compliance with laws and regulations	expenditure					
		Establish a functional contract management unit	An updated contracts register	None	Updated contracts register			
<b>Financial Management</b>	To ensure sound financial management, compliance and regular reporting at all times	Implementing effective internal controls and monitoring compliance	Timely submission of compliance reports to Council, Treasury and Auditor General.	Section 71, 52, 72 and AFS	4	4	4	CFO
	To ensure that municipal assets are adequately managed and monitored	Establishment of a fully-fledged asset management unit	Updated GRAP compliant immovable and movable asset register	Updated GRAP Compliant Asset Register	1	1	1	CFO

<b>Budget planning</b>	To ensure that the budget is aligned to the IDP	Develop budget that is aligned to IDP & SDBIP	Submitted 14/15 budget aligned to the IDP & SDBIP	1	1	1	1	CFO
	To ensure that our budget is transparent and properly monitored	Abiding to the IDP & Budget process plan and effective publishing of our budget	Alignment of the budget to the needs of the community	1	1	1	1	CFO

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

PRIORITY AREA	OBJECTIVES	STRATEGY	INDICATOR	BASELINE	TARGET			CUSTODIAN
					2015/2016	2016/2017	2017/2018	
<b>Governance</b>	To ensure clean and accountable governance in the municipality by 2017	Co-ordinate functioning of council oversight structures	No of council and its structures meeting organised	24	24	24	24	All
		Development of risk management strategy	Developed risk strategy	Nil	Developed risk strategy	Reviewed strategy	Reviewed strategy	Municipal Manager

		Implementation of departmental risk register	No of addressed risks	Existing risk register	Updated risk register	Updated risk register	Updated risk register	All
		Conduct audits as per Internal Audit Strategic Plan	No of Audits conducted	Existing Internal Audit strategic plan	4	4	4	Municipal Manager
<b>Inter-Governmental Relations</b>	To ensure coordination, cooperation and joint planning between spheres of government by 2017	Revive and strengthen IGR structures within the municipality.	No of IGR meetings held	1	4	4	4	Strategic Manager
		To promote learning and sharing with other spheres of government	No of programmes or plans shared with other institutions	Nil	1	2	2	Strategic Manager
<b>Special Programs</b>	To ensure mainstreaming of special	Implementation of special programs as per approved	Reviewed strategy and departmental workshop on	Existing strategy	Reviewed strategy	Reviewed strategy	Reviewed strategy	Strategic Manager

	programs into the municipality	SPU strategy	strategy					
		Reviewal and mainstreaming of SPU strategy in all the departments internally	No of mainstreamed programmes	None	4	4	4	All
<b>Integrated planning reporting</b>	<b>&amp;</b> To ensure strategic development, coordinated, integrated planning, budgeting, reporting and legislative compliance on governance matters	Coordinate development and alignment of the IDP, SDBIP and Budget integration	Developed IDP, SDBIP and Budget	Existing IDP, SDBIP and Budget for 2014/2015	Reviewed IDP	Reviewed IDP	Develop Five year IDP	Strategic Manager
		Development	Developed	Existing	Developed	Developed	Developed	Strategic

		of the annual report	annual report	annual report	annual report	annual report	annual report	Manager
<b>Council support</b>	To ensure optimum functionality of council and its structures	Support the sitting of council and its committees.	No of council and committee meetings supported	24	24	24	24	Corporate Services
		Provision of necessary tools of trade for councillors and ward committees	No of tools of trade provided to councillors and ward committees	493	493	509	509	Corporate Services
		Develop a system of monitoring and implementation of resolutions.	Developed resolution register	Nil	Developed resolution register	Updated resolution register	Updated resolution register	Corporate services
<b>Communication</b>	To enhance and promote communication in all municipal	Reviewal and implementation of communication strategy.	Reviewed communication strategy	Existing communication strategy	Reviewed communication strategy	Reviewed communication strategy	Reviewed communication strategy	Strategic Manager

	activities							
		Implementation and management of customer queries	No of customer queries registered	Nil	Developed customer queries register	Updated register	Updated register	Strategic Manager
		To improve branding and signage of municipal properties assets.	No of assets and municipal properties branded	13	5	5	5	Strategic Manager
		To inform and share developmental programs within the municipality	No of newsletters produced	4	4	4	4	Strategic Manager
		To facilitate adverts and notices in electronic and print media to promote transparency	No of published adverts and Notices	Nil	10	10	10	Strategic Manager
<b>Public participation</b>	To ensure that all stakeholders	Review and implement public	Reviewed public participation	Existing public participation	Reviewed public participatio	Reviewed public participation	Reviewed public participation	Strategic Manager

	rs participate in the affairs of the municipality	participation and petition strategy	strategy	strategy	n strategy	strategy	strategy	
		Improve the functioning and reporting of ward committees	No of reports submitted	34	124	128	128	Strategic Manager
		Strengthening of community based projects steering committee meetings.	No of steering committees established	Nil	20	20	20	All
		Strengthen the relations between CDW's, ward committees and ward councillors	No of meetings held	Nil	4	4	4	Strategic Manager
		Regular	No of	31	31	32	32	Strategic



		communication on communities on the achievements of targets set out in IDP	community imbizo's held					Manager
	To regenerate and preserve our nation's moral fibre	Encourage responsibility, accountability, UBUNTU to restore hope through conversations that inspire public to take a practical action to do good	No of programmes conducted	Established MRM structure	2	2	2	Strategic Manager

## CHAPTER 4: CLUSTER PRIORITIES, PROJECTS AND PROGRAMMES

### 4.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

PROJECT NAME	WARD	2015/16		2016/17		2017/18	
		Amount	Source of funds	Amount	Source of funds	Amount	Source of funds
Training of 40 officials	All units	R300 000	Mbhashe LM	0	Mbhashe LM	R0	Mbhashe LM
Training of 31 councillors	All units	R200 000	Mbhashe LM	0	Mbhashe LM	R0	Mbhashe LM
Filling of vacancies	All units	R000.00	Mbhashe LM	0	Mbhashe LM	0	Mbhashe LM
Develop policies, strategies and plans	All units	R200 000	Mbhashe LM	R0	Mbhashe LM	R0	Mbhashe LM
1 wellness programme	All units	R200 000	Mbhashe LM	R0	Mbhashe LM	R0	Mbhashe LM
Conduct assessment report	All units	R 0	Mbhashe LM MSIG	0 -	Mbhashe LM -	0 -	Mbhashe LM
LLF meetings and Trainings	All units	R 100 000	Mbhashe LM	R0	Mbhashe LM	R0	Mbhashe LM
Two awareness sessions		R 1 000 000.00					

#### 4.2 BASIC SERVICES AND INFRASTRUCTURE

	Ward			2014/15 FINANCIAL YEAR	2015/16 FINANCIAL YEAR	2016/17 FINANCIAL YEAR	2017/18 FINANCIAL YEAR
Makhamiso to Mbelu Access Road		MIG	5 242 552.70	2 359 148.72	1 392 422.00	745 490.99	745 490.99
Road Surfacing - Willowvale	25	MIG	2 341 777.65	351 266.65	621 976.14	684 267.43	684 267.43
Road Surfacing - Elloitdale	13	MIG	9 445 489.40	755 639.15	2 508 721.98	1 000 000.00	5 181 128.26
Road Surfacing - Dutywa	1	MIG	15 958 746.11	1 276 699.69	4 238 642.97	2 443 403.45	8 000 000.00
Qhinqala Bridge	24	MIG	1 600 000.00	1 120 000.00	480 000.00		
Market/ Hawker Centre, Willowvale	25	MIG	1 200 000.00	240 000.00	960 000.00		
Hawker Stalls, Dutywa	1	MIG	18 149 134.16	1 451 930.73	4 820 410.03	11 876 793.39	

Elliotdale hawker stalls	13	MIG	3 770 908.76	301 672.70	1 001 553.37	2 467 682.69	
Fencing of Cemeteries Dutywa	1	MIG	1 778 133.65	622 346.78	472 272.30	683 514.58	
Fencing of Cemeteries Willowvale	25	MIG	1 778 133.65	622 346.78	472 272.30	683 514.58	
Fencing of Cemeteries Elliotdale	13	MIG	1 778 133.65	622 346.78	472 272.30	683 514.58	
Building of Pound Dutywa	1	MIG	4 539 989.08	680 998.36	1 205 821.10	2 653 169.62	
Building of Pound Willowvale	25	MIG	4 539 989.08		1 205 821.10	3 334 167.98	
Magqosinini access road	1	MIG	3 917 619.27		1 057 757.20	1 429 931.04	1 429 931.04
Xeni Community Hall	2	MIG	3 070 000.00		815 392.00	1 127 304.00	1 127 304.00
Qelane Community Hall	3	MIG	3 070 000.00		815 392.00	1 127 304.00	1 127 304.00

Ntsingeni Community Hall	4	MIG	3 070 000.00		815 392.00	1 127 304.00	1 127 304.00
Sihlabeni access road	5	MIG	3 471 534.12		1 622 039.46	924 747.33	924 747.33
Nombulelo access road	6	MIG	4 415 956.77		1 172 878.12	1 621 539.33	1 621 539.33
Dutywa river Community Hall	7	MIG	3 070 000.00		815 392.00	1 127 304.00	1 127 304.00
Ndesi Access road	8	MIG	4 052 206.53		1 076 266.05	1 487 970.22	1 487 970.22
Nonkqubela access road	9	MIG	0.00		0.00	0.00	
Futheni to Beyaphi access road	11	MIG	2 062 196.75		1 547 719.46	514 477.29	
Nqabara Community Hall	12	MIG	3 070 000.00		2 215 392.00	854 608.00	
Mbhangcolo Commuinity Hall	14	MIG	3 070 000.00		1 815 392.00	1 254 608.00	
Pewula access road	15	MIG	5 039 946.74		1 338 609.85	1 354 799.00	2 346 537.89

Makhamisa to Mbelu access road	16	MIG	5 242 552.70		4 392 422.00	850 130.70	
Talimofu access road	17	MIG	7 172 356.48		3 904 977.88	1 089 126.20	
Mkathazo to Gqubuzeni access road	18	MIG	3 658 461.07		1 971 687.26	1 686 773.81	
Xhora Mouth to Ndalatha access road	19	MIG	9 076 135.60		2 410 621.62	1 254 892.26	5 410 621.62
Mampondweni access road	21	MIG	2 976 047.47		790 438.21	1 092 804.63	1 092 804.63
Beechamwood Community Hall	22	MIG	3 070 000.00		851 262.50	1 127 304.00	1 127 304.00
Tojeni to Jujura access road	23	MIG	3 169 340.90		841 776.94	1 163 781.98	1 163 781.98
Mhlohlozi Community hall	27	MIG	3 070 000.00		815 392.00	1 127 304.00	1 127 304.00
Nqayiya Community hall	28	MIG	3 070 000.00		851 262.50	1 127 304.00	1 127 304.00
Nondobo to eblorhweni access road	29	MIG	2 657 798.42		705 911.26	975 943.58	975 943.58

Ntlabane Community hall	30	MIG	3 070 000.00		1 215 392.00	927 304.00	927 304.00
Mbewuleni access road	31	MIG	3 641 853.26		967 276.23	674 577.03	2 000 000.00
Qinqana Bridge	17	MIG	0.00		1 000 000.00	500 000.00	2 500 000.00
Land Fill site Elliotdale	13	MIG	0.00		0.00	250 000.00	250 000.00
Offices for Infrastructure Services		MIG	0.00		0.00	500 000.00	1 000 000.00
Sport Facilities Ward 1		MIG	0.00		0.00	300 000.00	1 000 000.00
Sport Facilities Ward 13		MIG	0.00		0.00	300 000.00	1 000 000.00
Sport Facilities Ward 25		MIG	0.00		0.00	300 000.00	1 000 000.00
			<b>163 376 993.97</b>	<b>10 404 396.33</b>	<b>55 678 228.12</b>	<b>56 454 661.69</b>	<b>48 633 196.30</b>
<b>TREASURY INTERVENTION ACCESS ROAD</b>					<b>2015/16</b>		

<b>CONSTRUCTION</b>							
<b>Moermoer to New Rest</b>	<b>1</b>	<b>Treasury</b>			<b>R 70 M</b>		
<b>Munyu to Gxarha</b>	<b>4</b>						
<b>Singeni to Ngqokweni</b>	<b>5</b>						
<b>Collywabbles to Msikithi</b>	<b>8</b>						
<b>Bam to Zenzele</b>	<b>11</b>						
<b>Fameni to Velele</b>	<b>13</b>						
<b>Drayini to Bikane</b>	<b>14</b>						
<b>Tubeni to Qwili</b>	<b>15</b>						
<b>Manganyela to Nobangile</b>	<b>16</b>						
<b>Mhlahlane to Chilini</b>	<b>19</b>						
<b>Khangelani Café to Bula Gum Plantation</b>	<b>20</b>						
<b>Fumbatha to Groxo</b>	<b>22</b>						
<b>Qwaninga to Mantlaneni</b>	<b>23</b>						
<b>Xonyeni to</b>	<b>24</b>						



Mbityani							
Gosani to Ncalukeni	25						
Mhemfu to Aldderly	26						
Lusini to Zimpuku	2						
Gwadana to Ndenga	3						
Ntabeni to Makinana	6						
Xholo to Gungululu	7						
Govan Mbeki via Doti to Bhongweni	9						
Auckland to Siwendu	10						
Mzomtsha Access	12						
Hesha to Mathyameni	17						
Mkhathazo to Gqubhuzeni	18						
Dluthu to Nqumla	21						
Lazamakhakha Access Road	27						

Sisonke Supermarket to Mdizeni Project	28						
Venge to Nkatha	29						
Mboya to Nobangile Great Place	30						
Skhobeni to Chaba	31						

PROJECT NAME	WARD	2015/16		2016/17		2017/18	
Willowvale squatter settlement	Mbh	R 600 000	Mbhashe	-	-	-	-
Surveying of communal land	Mbh	R 700 000	Mbhashe	-	-	-	-
Approval of building plans	Mbh	R 0	Mbhashe	-	-	-	-
Municipal Buildings	Mbh	R 1 000 000	Mbhashe	-	-	-	-
Land use management - Ntshatshongo	Mbh	R 300 000	Mbhashe	-	-	-	-
Surveying	Mbh	R 600 000	Mbhashe	-	-	-	-
Land Audit ( Leases)	Mbh	R 400 000	Mbhashe	-	-	-	-
Implementation of Integrated Waste Management Plan	Mbh	R 5 000 000	Mbhashe	-	-	-	-
Awareness campaigns, database of environmental sensitive sites and management plan	Mbh	R 350 000	Mbhashe	-	-	-	-

PROJECT NAME	WARD	2015/16		2016/17		2017/18	
Climate change strategy, rehabilitation of damaged land and tree planting	Mbh	R 500 000	Mbhashe		-	-	-
Community safety	Mbh	R 500 000	Mbhashe	-	-	-	-
Maintenance of community facilities	Mbh	R 10 000 000	Mbhashe		-	-	-
Sign SLAs with DSRAC, DOH, DOE	Mbh	R 0	Mbhashe		-	-	-
Mbhashe North Regional Scheme		1 000 000.00	ADM MIG	-	-	-	-
<b>TOTAL</b>							

Kumbaca and Cwebe Sanitation		2 000 000.00	ADM MIG	-	-	-	-
Sundwane Water Supply Scheme		5 000 000.00	ADM MIG	-	-	-	-
Xhorha Water Supply Project		3 000 000.00	ADM MIG	-	-	-	-
Mgwali North Water Supply Project		5 000 000.00	ADM MIG	-	-	-	-
Mgwali South Water Supply Project		5 000 000.00	ADM MIG	-	-	-	-
Idutywa East Water Supply		1 000 000.00	ADM MIG	-	-	-	-
Mbhashe Area Wide Sanitation Projects(ASAP)(Mbhashe Phase 1A) (Region 1)		1 200 000.00	ADM MIG	-	-	-	-
Mbhashe Area Wide Sanitation (Region 3B)	M B H A S H E	1 000 000.00	ADM MIG	-	-	-	-
Mbhashe Area Wide Sanitation (Region 2C)		1 000 000.00	ADM MIG	-	-	-	-
Mbhashe Area Wide Sanitation (Region 1B)		1 000 000.00	ADM MIG				
Mbhashe Area Wide Sanitation (Region 2B)		1 000 000.00	ADM MIG				
Mbhashe Area Wide Sanitation (Region 2D)		1 000 000.00	ADM MIG				
Mbhashe Ward 31 Water Supply		2 000 000.00	ADM MIG	-	-	-	-
Mbhashe Ward 31 Sanitation		500 000.00	ADM MIG	-	-	-	-
Bende Water Supply Scheme		3 000 000.00	ADM MIG	-	-	-	-
Bende Sanitation		500 000.00	ADM MIG	-	-	-	-
Shixini Water Supply Scheme		3 000 000.00	ADM MIG	-	-	-	-
Shixini Sanitation	100 000.00	ADM MIG	-	-	-	-	

<b>TOTAL ADM MIG</b>		<b>45 777 327.00</b>		-	-	-	-
<b>Idutywa East Interim Water Supply</b>		<b>6 200 000.00</b>	<b>MWIG</b>	-	-	-	-
<b>Seymour Ext 6 and Surroundings Interim Water Supply</b>		<b>2 250 000.00</b>	<b>MWIG</b>				
<b>TOTAL - MWIG</b>		<b>8 450 000.00</b>					
<b>Mncwasa Bulk Water Supply</b>		<b>41 000 000.00</b>	<b>RBIG</b>				
<b>Xhorha East Water Supply</b>		<b>45 000 000.00</b>	<b>RBIG</b>				
<b>TOTAL - RBIG</b>		<b>86 000 000.00</b>					

### KPA 3: LOCAL ECONOMIC DEVELOPMENT

PROJECT NAME	WARD	2015/16		2016/17		202017/18	
		Amount	Source	Amount	Source	Amount	Source
EPWP Projects	Mbhashe	1 000 000	Mbhashe		Mbhashe		Mbhashe
Economic Summit	Mbhashe	500 000	Mbhashe		Mbhashe		Mbhashe
Hawkers training & Support with material		600 000	Mbhashe		Mbhashe		Mbhashe
Co-operatives/SMME assistance	All	1 800 000	Mbhashe		Mbhashe		Mbhashe
Fencing material	5 Mbanga 6 Matolweni 9 Sizini 10 Thalen 20 Hobeni 22 Ngadla 23 Mbozi	1 300 000	Mbhashe	-	Mbhashe	-	Mbhashe

PROJECT NAME	WARD	2015/16		2016/17		202017/18	
		Amount	Source	Amount	Source	Amount	Source
	28 Madwaleni						
Seedlings	All	1 000 000	Mbhashe	5 000 000	Mbhashe	5 000 000	Mbhashe

Agricultural inputs (Maize)		5 500 000	Mbhashe		Mbhashe		Mbhashe
Shearing sheds		500 000	Mbhashe		Mbhashe		Mbhashe
Stock remedy	Mbhashe	500 000	Mbhashe	-	Mbhashe	-	Mbhashe
HVP-Sorghum support		500 000	Mbhashe		Mbhashe		Mbhashe
Information Days		500 000	Mbhashe		Mbhashe		Mbhashe
Community trust		200 000	Mbhashe		Mbhashe		Mbhashe
Homestays		200 000					
Craft development & training		250 000					
Tourism Indaba, Grahamstown Arts Festival, MACUFE		400 000					
Craft festival, beach festival, horse racing and boxing tournament		500 000					
Development of tourism promotional material for VIC		200 000					
Heritage sites renovations		500 000					
<b>TOTAL</b>		<b>10 350 000</b>					

#### 4.4 FINANCIAL VIABILITY

PROJECT NAME	WARD	2015/2016		2016/2017		2017/2018	
		Amount	Source	Amount	Source	Amount	Source
Review of Indigent Register	Mbh	R 300 000	Mbhashe		Mbhashe		Mbhashe
Data cleansing	Mbh	R 400 000	Mbhashe		Mbhashe		Mbhashe

PROJECT NAME	WARD	2015/2016		2016/2017		2017/2018	
		Amount	Source	Amount	Source	Amount	Source
Supply & delivery of Free Basic Energy	Mbh	R 8 615 117	Mbhashe	-	Mbhashe	-	Mbhashe
Debt Collection	Mbh	R1 200 000	Mbhashe		Mbhashe		Mbhashe
Development Procurement Plan	Mbh	R 200 000	Mbhashe	-	-	-	-
Financial Support/SCOA	Mbh	R1 500000	Mbhashe		Mbhashe		Mbhashe
GRAP compliant asset register	Mbh	R1 500 000	Mbhashe		Mbhashe		Mbhashe
<b>TOTAL</b>		<b>R13 715 117</b>					



#### 4.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

PROJECT	WARD	2015/16		2016/17		2017/18	
		Amount	Source	Amount	Source	Amount	Source
Risk strategy	M	R 0.00	Mbhashe	-	Mbhashe		Mbhashe
Risk assessment	B	R 200 000	Mbhashe	-	Mbhashe		Mbhashe
Core sourcing	A	R600 000	Mbhashe		Mbhashe		Mbhashe
IGR meetings	S	R100 000	MSIG		Mbhashe		Mbhashe
Information sharing meetings	H	R 50 000	Mbhashe		Mbhashe		Mbhashe
Implementation of Special programs as per SPU strategy plan	E	R1 000 000	Mbhashe		Mbhashe		Mbhashe
Mainstreaming		R1 000 000	Mbhashe		Mbhashe		Mbhashe
IDP Review		R 250 000	Mbhashe		Mbhashe		Mbhashe
Branding of municipal offices		R 100 000	Mbhashe		Mbhashe		Mbhashe
Publication of newsletters		R 450 000	Mbhashe	-	-	-	-
Issue Adverts & notices in electronic & print media		R 300 000	Mbhashe	-	-	-	-
Review of Public Participation and Petition Strategy		0					
Engagement meetings		R 1 000 000					
Imbizos		R 300 000					
Awareness Campaigns		R 200 000					

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## CHAPTER 5: STRATEGIC ALIGNMENT AND SECTOR PLANS

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### 5.1 Sector Plans alignment & integration with National, Province and District plans

The table below outlines the approach and responses adopted to ensure alignment with national, provincial and district programmes & plans.

<b>INTEGRATION AND ALIGNMENT STRATEGY FOR THIS IDP</b>		
	<b>PROGRAMMES &amp; GUIDELINES</b>	<b>MBHASHE RESPONSES</b>
National	Legislation & Policies	Process Plan recognizes the list that informs our IDP approach
	National Spatial Development Perspective	Resolved to revise its SDF to incorporate objectives of NSDP
	Millennium Development Goals	Have set target for water & sanitation backlogs - which must be facilitated with Amathole DM
	National LED Framework	Will utilize the framework as guide in its current process of formulating LED Strategy
Province	EC- Growth & Development Strategy	Have identified key strategic localized projects in response to the EC Provincial 24 PRIORITIES
	Spatial Development Framework	Have adopted the hierarchy principle in determination of nodal areas
		Formal letters of confirmation of commitments to be issued by Mayor as part of ;lobbying departments to act on their commitments – 2014/15
District	IDP Framework	Informs our Process Plan activity schedule
	Water services Development Plan	Informed by our target priorities for meeting millennium goals - lobby DM to implement
	Disaster Management Plan	Informs our localized firefighting responses - work closely at operational level
	Waste Management Plan	Informs our localized refuse collection strategies - work closely at operational level
	LED Strategy	Key district commitments relating to the DM Economic summit to be reinforced

### 1.1.1 Gap assessment of required sector plans

ASSESSMENT MATRIX FOR SECTOR PLANS / POLICIES 2015/16							
CLUSTER	DEPARTMENT	SECTOR PLAN / POLICY	STATUS OF SECTOR PLAN / POLICY			BUDGETED 2015/16	
			Being formulated	Exist / Considered for review	Does not exist. Must be formulated	Yes	No
Finance & Institutional	Finance	Credit control & debt collection		X		X	
		Indigent policy		X		X	
		Budget 2015/16	X				
	Corporate services	HR Procedures Manual		X			
		Organogram		X			
		Employment equity plan	X				
		Workplace skills plan		X		X	
	Strategic Manager	Performance Management plan		X		X	
		Service Delivery Budget Implementation Plans		X		X	
	Economic development	Strategic Manager	LED Strategy		X		X
Environmental sector plan					X		X
Tourism sector plan					X	X	
Spatial Dev Framework				X		X	
Developmental planning		Housing sector plan		X		X	
Community services & social needs	Community services	HIV/ Aids workplace strategy			X		X
		Waste management sector plan			X		X
		Disaster management plan			X		X
Infrastructure	Technical services	Capital Investment plan			X		X

## 1.2 FINANCIAL PLAN 2015/16

### 5.2.1 INTRODUCTION AND BACKGROUND

Section 26 of the Local Government: Municipal Systems Act (Act No 32 of 2000) as amended lists the core components of and Integrated Development Plan for all municipalities and section 26(h) requires the IDP to include a Financial Management Plan which, “must include a budget projection for at least the next three years”. Mbhashe Municipality has prepared this Financial Plan for 2014/2015 in compliance with Section 26(h) of the Municipal Systems Act, as amended.

The IDP is a guiding document for the Municipality’s 2014/2015 budget planning process. The IDP’s outcome is the alignment of all departmental planning processes to the mission and vision of the Municipality in achieving its long-term strategic goals. Therefore, the Financial Plan ensures that the objectives of the IDP are achieved over its implementation period, and also strives to ensure that scarce resources are obtained timeously and allocated to the relevant projects in line with the key targets of the IDP. The fundamental goal of the Municipality in all its processes is to enhance service delivery to its community and contribute to improved socio-economic activities for its citizens.

The financial plan includes an Operating Budget and Capital Budget for the 2014/2015 MTERF period which is informed by the Integrated Development Plan priorities and strategic direction of the Municipality.

### 5.2.2 OVERVIEW OF THE MEDIUM TERM REVENUE AND EXPENDITURE BUDGET

Each department in the Municipality had to review the business planning process, setting of priorities and targets to compile the 2014/15 MRTEF operational and capital budgets. The application of sound financial management principles for the compilation of Mbhashe Municipality’s Budget is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The table below shows a summary of Mbhashe Municipality’s 2014/2015 MTREF budget.

<b>DETAILS</b>	<b>REVISED BUDGET CURRENT YEAR 2014/15</b>	<b>PROJECTED FORECAST OUTER YEAR 2015/16</b>	<b>PROJECTED FORECAST OUTER YEAR 2016/17</b>	<b>PROJECTED FORECAST OUTER YEAR 2017/1</b>
TOTAL INCOME	R 247 989 467	R 367 747 893	R 376 297 491	R 380 959 045
TOTAL OPERATING EXPENDITURE	R 214 592 705	R 232 289 127	R 269 777 903	R 285 159 509
<b>SURPLUS/(DEFICIT) for the year</b>	<b>R 34 477 358</b>	<b>R 14 486 355</b>	<b>R 16 976 561</b>	<b>R 35 973 127</b>
<b>CONTRIBUTIONS FROM OPERATING (TO) CAPITAL</b>	<b>R 67 874 120</b>	<b>R 120 972 411</b>	<b>R 123 496 049</b>	<b>R 131 772 663</b>

Total operating revenue has increased by 4 per cent or R119.7 million for the 2015/2016 financial year when compared to the 2014/2015 Revised Budget. For the two outer years, operating revenue will increase by 2 per cent and 1 per cent for both outer years respectively, equating to a total revenue growth of R132.9 million over the MTREF when compared to the 2013/2014 financial year.

Total operating expenditure for the 2015/2016 financial year has been appropriated at R232.2 million and translates into a budgeted surplus of R17.7 million. When compared to the 2014/2015 Revised Budget, operational expenditure has increased by 0.08 per cent in the 2014/2015 budget year and grown by 16 per cent and 0.05 per cent each on the respective outer years of the MTREF. The operating surplus for the two outer years increases to R37.4 million and then stabilises at R15.8 million.

### 5.2.3 Operational Budget

The following table represents the 2014/15 MTREF Operational Budget.

DETAILS	REVISED BUDGET	PROJECTED FORECA	PROJECTED FORECA	PROJECTED FORECAST
	CURRENT YEAR 2014/15	OUTER YEAR 2015/16	OUTER YEAR 2016/17	OUTER YEAR 2017/18
<b>INCOME</b>				
PROPERTY RATES	5 843 820	R 5 957 028	R 6 308 492	R 6 661 768
REFUSE REMOVAL	R 770 573	R 807 560	R 816 036	R 896 287
RENT OF FACILITIES AND EQUIPMENT	R 770 424	R 807 404	R 848 756	R 896 287
INTEREST EARNED	R 4 000 000	R 6 000 000	R 6 324 000	R 6 665 496
FINES	R 919 476	R 482 945	R 511 439	R 540 079
LICENCE AND PERMITS	R 1 672 704	R 1 752 994	R 1 856 420	R 1 960 380
OPERATING GRANTS & SUBSIDIES	R 169 325 080	R 267 874 981	R 268 345 236	R 263 334 533
GAINS ON DISPOSAL OF PPE	R 100 000			
OTHER INCOME	R 10 721 471	R 10 942 962	R 11 076 247	R 11 696 301
<b>TOTAL INCOME</b>	<b>R 247 989 467</b>	<b>R 367 747 893</b>	<b>R 376 297 391</b>	<b>R 380 959 045</b>
<b>EXPENDITURE</b>				
EMPLOYEE RELATED COSTS - WAGES & SALARIES	55 182 764	59 045 558	69 633 328	73 520 681
EMPLOYEE RELATED COSTS - SOCIAL CONTRIBUTION	15 301 889	16 373 021	35 813 202	38 083 479
RENUMERATION OF COUNCILLORS	20 132 759	21 542 052	21 421 256	22 792 216
REPAIRS AND MAINTANANCE - MUNICIPAL ASSETS	25 359 721	26 839 623	28 168 161	29 745 453
PROVISION FOR DOUBTFUL DEBTS	1 010 344	1 010 344	1 345 690	1 418 357
DEPRECIATION	33 467 015	38 199 957	40 376 652	42 636 650
GENERAL EXPENSES	64 138 214	69 278 571	73 019 614	76 962 673
<b>TOTAL OPERATING EXPENDITURE</b>	<b>214 592 706</b>	<b>232 289 126</b>	<b>269 777 903</b>	<b>285 159 509</b>

From the above table it can be seen that the total revenue equates to R247.9 million for the 2014/2015 financial year (inclusive of operating grants and subsidies). The total operating expenditure is in the excess of R214.5 million (including non-cash items) for the same financial year, resulting in an operating deficit of around R20 million. This is excluding capital grants and subsidies amount to an estimated R53.9 million during the 2014/2015 financial year. The current revenue and expenditure trends have informed the following assumptions:

- Average increase of 13 per cent on both total income and total expenditure over the MTREF period.
- Revenue generated from Property Rates is R5.8 million in the 2014/2015 financial year and increases to R6.1 million by 2015/2016 which represents 2 per cent of the total operating revenue base of the Municipality and therefore remains significantly short of funding source for the Municipality. It remains

relatively constant over the medium-term and tariff increases have been factored in at 5 per cent for both the respective financial years of the MTREF.

- Employee related costs will increase at an average of 18 per cent per annum over the outer years.
- Interest on investments will increase by approximately 93% in the 2014/2015 financial year compared to the 2013/2014 financial in will stabilise at an average of 5 per cent in the outer years.
- The municipality remains grant dependent with its revenue base comprised of 89 per cent of operating grant and subsidies income and 11 per cent own revenue in the outer years.

#### **5.2.4 Budget and treasury office policies**

The Municipality's budget process is guided and governed by the relevant legislative frameworks, strategies and related policies. The Budget and Treasury Office has reviewed the following policies for adoption by Council before the end of the 2013/2014 financial year. The policies are set to provide a sound financial base and assist in the achievement of Budget and Treasury Office's respective IDP priorities.

- SCM policy
- Asset Management
- Credit Control and Debt Collection Policy
- Banking Policy
- Tariff Policy
- Rates Policy
- Budget Policy
- Virement Policy
- Payment Policy
- Petty cash policy

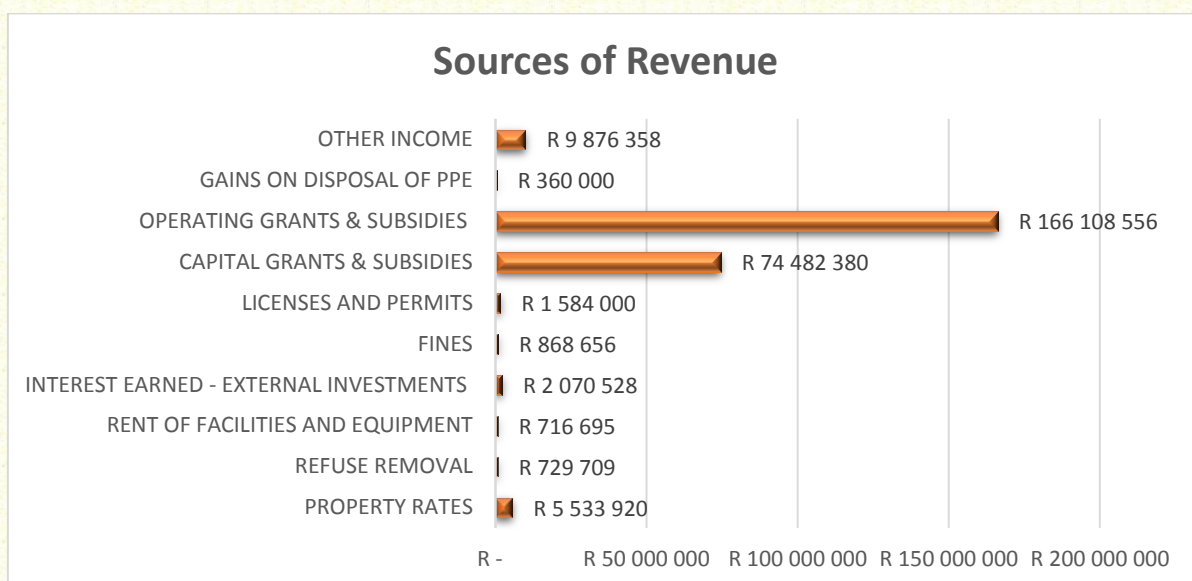
Budget and Treasury Office is reviewing its policies annually due to changes in the municipal environment and to ensure that changes in legislation, IDP priorities and administrative processes are aligned to its policies.

#### **5.2.5 Revenue Strategies**

For Mbashe Municipality to continue improving the quality of services provided to its community it needs to generate the required levels of revenue. Due to the rural nature of the Municipality, it becomes difficult to raise own revenue therefore, strong revenue management is fundamental to the financial sustainability of the municipality. The Municipality is currently faced with development backlogs, low household income levels with only 39% of household earning a monthly income equal to or higher than R3 000 and lack of human resource capacity. This has made it difficult for the Municipality calculating tariff increases and balancing expenditures against realistically anticipated revenues.

Mbashe Municipality's main sources of revenue that are substantial are from the levying of assessment rates and service charges for refuse removal. The figure below

indicates the Municipality's main sources of revenue that are funding the 2014/2015 operation budget year.



The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 100% annual collection rate for property rates after the implementation of the Council resolution on debt write-off and on refuse removal charges overtime;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing the revenue requirement of each service;
- The Municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services.

Due to the current constraints and challenges facing the Municipality, the Municipality has decided to embark on a review of its revenue enhancement strategies which resulted in an allocation of a budgeted R300 000 in the 2014/2015 financial year. A process of data cleansing the municipality's customer and billing databases started during the 2012/2013 financial year. Guided by the outcomes of the data cleansing exercise, the Municipal Council took a resolution to write-off all outstanding debts with take-on balances (i.e. from 30 June 2008 and older), and write-off 50% of the debt on the remainder of the debt for all customers. This resulted in a total debt-write off of more than R 6 million on take-on balances.

During the current financial year of 2013/2014, the Municipality developed revenue enhancement strategies which focused mainly on the following factors:

- a) Accuracy of billing information which included the implementation and continuous monitoring of the data cleaning exercise's recommendations and day-to-day operations of revenue generating departments;
- b) Implementation of an Indigent Register with focus on the development of memorandums of understanding with the following stakeholders:
  - Eskom
  - The South African Social Security Agency
  - House of Traditional Leaders Association
  - Eastern Cape Provincial Government
- c) Pay point management with emphasis on the accessibility of customer billing information from Municipality's satellite offices in Willowvale and Elliotdale towns;
- d) Customer Care Management with focus on an integrated customer care centre
- e) Tariff structure review with emphasis on cost reflective tariffs to be applied on Municipal revenue generating services;
- f) Municipal property leases focusing on the registration of Municipal property occupants as debtors to the billing database to ensure application of debt collection processes once rental is overdue;
- g) Appointment of a debt collector to assist the Municipality collect outstanding debt;
- h) Upgrading of the Municipality's traffic services
- i) Improvement in the impounding of livestock with a development of policy and by-laws on auctioning of livestock;
- j) Review of asset management policy and strategy; and
- k) Alignment of the Revenue Enhancement Strategy with the LED Strategy

In implementing the revenue enhancement strategy, the following activities have been earmarked over the 2014/2015 MTREF period:

- Improvement in the administration of contracts of sales and leases in respect of municipality's immovable properties by implementing the recommendations of the data cleansing exercise to assist the Municipality in verifying all municipal property leases to ensure compliance and enforcement and noting of common problems.
- The Municipality is currently in a process of appointing debt collectors to improve revenue collections and implementation of the Municipality's debt collection policy. This will also include the implementation of the Council resolution on outstanding debt write-off.
- Some of the findings of the data cleansing exercise included illegal use of zones by individual erven, with sub-divisions and consolidations of properties not properly managed. The Municipality as a result was losing revenue on the application of incorrect tariffs based on illegal land use. The Planning Department is in a process of finalizing the land use regulations to minimise illegal land and surveying of all land that has not been surveyed.
- The Municipality has generated revenue during the 2013/2014 financial year on pound fees through auctions and is in a process of developing a pounding



policy. The Municipality is considering opening pound centres in the Elliotdale and Willowvale town areas to enhance revenue.

- Currently, Eskom is the distributor of electricity within the Mbhashe area of jurisdiction. The Municipality is current exploring an application of an electricity distribution license to the National Energy Regulation of South Africa. Electricity distribution by the Municipality can generate additional revenue and can also act as a debt collection mechanism.

### 5.2.6 Equitable Share

The local government equitable share allocation is based on achieving the Constitutional requirements as provided for in sections 214 and 227 of the Constitution. In terms of these provisions, local government is entitled to an equitable share of nationally raised revenue to enable municipalities to provide basic services to low-income households and to assist municipalities in maintaining functioning administrations.

Equitable share takes account of the fiscal capacity, fiscal efficiency, developmental needs, extent of poverty and backlogs in municipalities. According to the Division of Revenue Act (DoRA), the equitable share allocation comprise of the following components:

- a) Basic services component
- b) Development component
- c) Institutional support component
- d) Revenue Raising Capacity
- e) Correction and stability factor

It should be noted that the basic services component support poor households earning less than R2 300 per month based on the Census 2011 data. This is an income threshold that is less than the qualification threshold as stipulated in the Municipality's Indigent Policy. It also distinguishes between poor households currently receiving municipal services and those provided with lesser municipal services or no services. The municipality should prioritise its budget towards poor households and national priorities such as free basic services and the expanded public works programme.

The equitable share allocation analysis is shown in the table below:

DETAILS	PROJECTED FORECAST BUDGET YEAR 2014/15	PROJECTED FORECAST OUTER YEAR 2015/16	PROJECTED FORECAST OUTER YEAR 2016/17	PROJECTED FORECAST OUTER YEAR 2017/18
EQUITABLE SHARE	R 152 172 000	R 209 735 000	R 210 574 000	R 204 695 000
FREE BASIC SERVICES	R 8 173 735	R 8 566 074	R 9 071 473	R 9 579 475
<b>Free Basic Services as a percentage of Equitable Share Allocation</b>	11%	5%	4%	5%

From the table above, the equitable share is showing a growth of 19 per cent in the 2014/2015 financial year compared to the allocation of R127.8 million in the 2013/2014 Revised Budget period. The equitable share will increase by 30 per cent in the 2015/2016 financial year and stabilises in the 2016/2017 financial year with only one per cent increase.

The municipality is currently providing alternative energy sources (paraffin, fire gel) for non-electrified areas in the rural areas as per the indigent policy. The municipality also provides a subsidy for prepaid electricity in rural areas for registered indigents through an agreement with Eskom.

The table above shows that an average of 5 per cent of the total equitable share is allocated to subsidise for the provision of free basic services including the pre-paid electricity and provision of alternative sources of energy to qualified indigent households. With more than 60 per cent of the total household population within the Municipality earning less than R 3000, it is anticipated that the indigent subsidy currently provided might not be sufficient to cover all indigent households once the registration process is complete.

#### 5.2.7 Operating Grants and Subsidies

With the promulgation of the Division of Revenue Act, 2013, cognisance needs to be taken of the following operating grant and subsidies allocations:

DETAILS	REVISED BUDGET	PROJECTED FORECAST	PROJECTED FORECAST	PROJECTED FORECAST
	CURRENT YEAR	BUDGET YEAR	OUTER YEAR	OUTER YEAR
	2013/14	2014/15	2015/16	2016/17
SUBSIDIES:EQUITABLE SHARE	152 172 000	209 735 000	210 574 000	204 695 000
MUNICIPAL SYSTEMS IMPROVMENT GRANT (MSIG)	934 000	930 000	957 000	1 033 000
SUBSIDIES:LOCAL GOV FINANCE MGT GRANT (FMG)	1 600 000	1 600 000	1 625 000	1 700 000
MUNICIPAL INFRASTRUCTURAL GRANT (MIG)	2 161 080	3 210 981	3 337 236	3 526 533
SPECIAL SUPPORT FOR COUNCILLOR REMUNERATION & WARD COMMITTEES	10 534 000	11 047 000	11 552 000	12 065 000
EPWP	1 153 000	1 052 000	-	-
Local government grant :LED	112 000	-	-	-
Local Government Grant :SMALL TOWNS REVITALISATION	350 000	-	-	-
<b>TOTAL GRANTS AND SUBSIDIES</b>	<b>169 016 080</b>	<b>227 574 981</b>	<b>242 670 236</b>	<b>223 019 533</b>

From the table above, it is evident that Equitable Share still remains a significant operating grant funding source for the implementation of free basic services amongst others. The equitable share expected to increase by R72 million over the MTREF period ending in the 2016/2017 financial year based on the 2013/2014 revised budget.

## 5.2.8 Expenditure Management

A major strategy related to the outcome of this financial plan was aligned to generating further operational gains and efficiencies to ensure the Municipality undertakes detail financial planning aligned to budgeting for improved service delivery. The operating expenditure budget is a direct product of this initiative, of which operational capacity created has been directed to the capital affordability limitations.

Total operating expenditure is estimated to increase by an average of 13 per cent over the 2014/2015 MTERF budget period with total income expected to increase by an average of 15 per cent over the same period. The operating surplus margins are very low and may affect the sustainability of the Municipality. The Municipality has reviewed its Supply Chain Management Policy to ensure that procurement processes are implemented in compliance to SCM regulations and therefore minimize the level of unauthorized expenditure.

## 5.2.9 CAPITAL BUDGET

The following table is a breakdown of the total capital expenditure for the 2014/2015 medium-term period:

DETAILS	PROJECTED FORECAST BUDGET YEAR 2014/15	PROJECTED FORECAST OUTER YEAR 2015/16	PROJECTED FORECAST OUTER YEAR 2016/17	PROJECTED FORECAST OUTER YEAR 2017/18
COMPUTERS & PRINTERS	R 412 800	R 615 280	R 177 733	R 152 415
INFRASTRUCTURE (MIG)	R 51 865 920	R 53 122 019	R 55 210 764	R 58 342 467
OFFICE FURNITURE & EQUIPMENT	R 740 000	R 371 920	R 44 393	R 46 879
TOOL AND EQUIPMENT	R 350 000	R 357 200	R 166 475	R 175 797
PLANT & EQUIPMENT	R 5 000 000	R 40 000 000	R 40 000 000	R 40 000 000
PROJECTORS	R -	R -	R -	R -
VEHICLES	R 2 550 000	R -	R -	R -
REFUSE TRUCK	R 1 500 000	R -	R -	R -
INSTALLATION OF STREET LIGHTS/HIGH MAST LIGHT	R 1 800 000	R 2 500 000	R 1 897 200	R 1 999 649
SAKWE PARK EXT.2	-	R 2 417 592	R -	R -
SOFTWARE	R 500 000	R 524 000	R 554 916	R 585 991
ELECTRIFICATION PROGRAM	R 2 000 000	R 20 000 000	R 25 000 000	R 30 000 000
CABLES	R 100 000	R 104 800	R 110 983	R 117 198
SERVERS				
UV LITE MACHINE		R -	R -	R -
IT INFRASTRUCTURE		R -	R -	R -

<b>DETAILS</b>	<b>PROJECTED FORECAST BUDGET YEAR 2014/15</b>	<b>PROJECTED FORECAST OUTER YEAR 2015/16</b>	<b>PROJECTED FORECAST OUTER YEAR 2016/17</b>	<b>PROJECTED FORECAST OUTER YEAR 2017/18</b>
PREFABS AIR CONDITIONERS		R -	R -	R -
ECDC SUPPLIER DATABASE		R -	R -	R -
CCTV CAMERAS		R -	R -	R -
SOLAR PANEL SORT & FOLD MACHINE	R 105 400	R -	R 111 619	R 117 869
TRACTOR	R -	R -	R -	R -
MOBILE TOILETS CHAIRS FOR COMMUNITY HALLS	R 450 000	R 450 000	R -	R -
	R 300 000	R 300 000	R -	R -
	R 200 000	R 209 600	R 221 966	R 234 397
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>R 67 874 120</b>	<b>R 120 972 411</b>	<b>R 123 496 049</b>	<b>R 131 772 663</b>

It is evident from the table above that the largest infrastructure transfer for the 2014/2015 financial year remains the Municipal Infrastructure Grant with a total budget of over R51.8 million.

### 5.2.10 Municipal Infrastructure Grant

The MIG supports the broader objectives of the Municipality in the delivery of basic services to poor households and the alleviation of poverty. With the maintenance of access roads and construction of community halls, the economic development of Mbhashe Municipality is stimulated and also contributes to job creation.

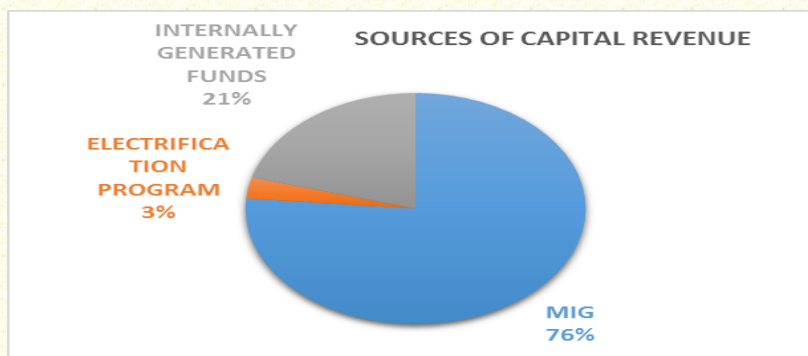
The table below shows a detail list of capital projects per ward to be undertaken by the Municipality over the 2014/2015 MTREF budget period.

<b>WARD</b>	<b>PROJECT NAME</b>	<b>2014/2015 FY</b>	<b>2015/2016 FY</b>
13	Hawkers Stalls Elliotdale	R 1 885 622,37	R 1 885 622,37
13	Road Surfacing Elliotdale	R 3 378 333,72	R 5 067 500,59
25	Hawkers Stalls Willowvale	R 1 200 000,00	
25	Road Surfacing Willowvale	R 702 533,30	R 1 639 244,35
1	Road Surfacing: Dutywa	R 6 702 926,08	R 9 335 820,03

1	Hawkers Stalls: Dutywa	R 151,98	2 495		
20	Makhamiso to Mbelu Access road	R	3 145 531,62	R	2 097 021,08
7	Tshwati Access Road	R	3 385 280,99		
30	Tswelilitye Access Road	R	3 358 547,99		
2	Sheshegu Access Road	R	3 074 376,87		
27	Nokatana Access road	R	2 954 641,42		
4	Maxhama to Esinqumeni Access Road		3.490,706.01		
28	Madwaleni Access road	R	3 371 068,78		
3	Gwadana to Roma Access Road	R 559,68	3 499		
12	Cungcwini to Upper Falakahla Access Road	R 423,20	3 396		
9	Colosa Mission Access road		3.385,281.04		
1,13 & 25	Fencing of Cemeteries Dutywa, Willowvale & Elliotdale	R 000,00	3 750	R 000,00	3 750
25	Building of Pound Willowvale& Dutywa	R 000,00	5 000	R 000,00	5 000
	PMU 5%	R 000,00	2 700		
<b>TOTAL</b>		<b>R 998,00</b>	<b>53 999</b>	<b>R 208,42</b>	<b>28 775</b>

### 5.2.11 Sources of Capital Expenditure

The figure below is graphic illustration of the sources of funding for the capital expenditure for the 2014/2015 financial year



The figure above shows that the Municipality is funding its capital expenditure to the equivalence of 21 per cent of the total capital budget of R67.8 million during the 2014/2015 financial year. The municipality is investing on assets to ensure that basic service delivery to its community is achieved.

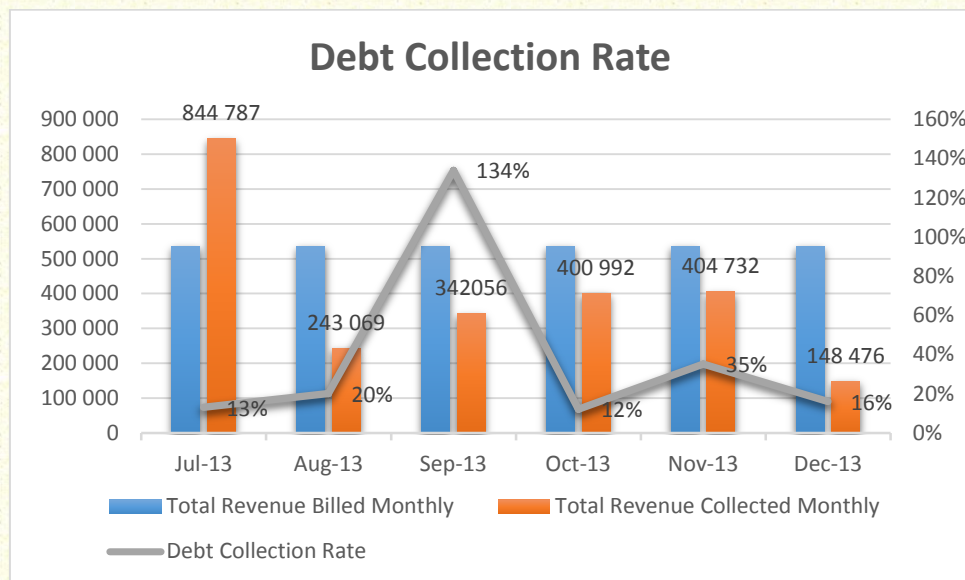
## 5.2.12 SUSTAINABILITY OF THE MUNICIPALITY

One of the Key Performance Areas of the Municipality in the IDP process is on Financial Viability which also contributes in assessing municipality's long-term sustainability. In assessing the Municipality's liquidity position, the Municipality has applied the following mechanism to assess the cash position of the Municipality to support the implementation of the 2014/2015 MTREF budget.

- Debt collection rate
- Liquidity ratio

## 5.2.13 Debt Collection Rate

The graph below illustrates the relationship between billing and receipts for Municipal rates and refuse services monthly between July 2013 and December 2013. The Municipality bills a constant revenue of R 536 134 per month for both rates and refuse services.



The municipality has a combination of customers who pay their rates annually and those that pay monthly. This is evident in the graph above where the debt collection rate is 134 per cent during the month of September 2013 where the Department of Public Works paid its annual rates. The average debt collection rate for municipal rates and refuse based on the graph above is around 38 per cent between the month of July 2013 and December 2013.

The data cleansing exercise has identified who the customers of Mbashe Municipality are and all administrative errors including irrecoverable debts are being corrected. The appointment of a debt collector is aiming at improving the debt collection rate during the 2014/2015 medium term.

## 5.2.14 Liquidity Ratio

The liquidity ratio provides an indication of the municipality's ability to pay its short term debts in the short- term (viability of an entity). The ratio indicates how many times the

current assets, if liquidated, pay the current liabilities. The norm (considered acceptable) is 2:1 i.e. the current assets are double the current liabilities. The ratio focuses on the following:

<b>Current Assets:</b>	<ul style="list-style-type: none"> <li>- Receivables from non-exchange transactions</li> <li>- VAT Receivable</li> <li>- Consumer Debtors</li> <li>- Cash and Cash Equivalent</li> </ul>	<b>Current Liabilities:</b>	<ul style="list-style-type: none"> <li>- Operating Leases</li> <li>- Payables from exchange transactions</li> <li>- Unspent conditional grants and receipts</li> <li>- Provisions</li> <li>- Bank Overdraft</li> </ul>
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The following table shows the liquidity ratio for the Municipality based on the 2012/2013 audited annual financial statements.

2011/2012		2012/2013	
Current Assets	R 37 740 575,00	Current Assets	R 74 090 152,00
Current Liabilities	R 16 175 824,00	Current Liabilities	R 22 643 882,00
<b>Liquidity Ratio - 2,3 : 1</b>		<b>Liquidity Ratio - 3,2 : 1</b>	

The table above shows that the liquidity ratio for both the 2011/2012 and 2012/2013 financial years currently exceeds the norm of 2:1 as the current assets exceed the current liabilities. The liquidity ratio increased in 2012/2013 financial year despite the Municipality a level of unspent conditional grants and receipts.

#### 5.2.15 SUMMARY OF AUDIT OUTCOMES

Despite the instability in the Municipality's leadership with the position of the Municipality remaining vacant and other section 56 employees for more than three, the Municipality is improving on its audit outcomes with an qualified audit opinion for the last two financial years (i.e. 2011/2012 and 2012/2013) after a disclaimer opinion in the 2010/2011 financial year and the previous years. The table below shows a summary of the audit outcomes of the municipality.

Audit Year	Audit Opinion	Basis for Opinion	Emphasis of Matters
2011/2012	Qualified Opinion	Property Plant and Equipment	Restatement of corresponding figures
		Irregular Expenditure	
		Commitments	
2012/2013	Qualified Opinion	Accumulation of immaterial uncorrected misstatements	Restatement of corresponding figures
		Property Plant and Equipment	
		Irregular Expenditure	
		Prior year cash flow statement	Material underspending of conditional grants

As part of the budgeting process, the Municipality budgeted more than R9 million over the MTREF period on projects earmarked to improve the audit opinion especially around property plant and equipment and preparation of annual financial statements.

### 5.2.16 CONCLUSION

Operational efficiencies, including revenue enhancement, improved debt collection, effective and efficient Supply Chain Management processes as well as capital infrastructure-expansion and various planned construction and property development programmes will lead to long-term sustainability of the municipality and sustainable service delivery for the municipal community as a whole.

Improvement in the Municipality's human resources capacity by filling in all critical service delivery and administrative driven positions will contribute positively to the sustainability of the Municipality. This should be done hand-in-hand with the refinement of processes and procedures followed by municipal staff in performing their day-to-day operations. In order for the Municipality to improve its overall performance, it is important to implement Performance Management System with clearly defined processes (roles and responsibilities) and measurable outputs (targets, monitoring and review performance), amongst other to ensure compliance to the requirements of the Municipal Systems Act.

### 1.3 Local Economic Development Strategy

Mbhashe Municipality had its last reviewed LED strategy adopted on the 30<sup>th</sup> of March 2011. However, the municipality has in her plans the reviewal of the LED strategy in the 2014/15 financial year. In the present strategy, the Municipality has identified Tourism and Agriculture as the main resources that are imperative for the economic development of the region. The resources include a 22000 hectare arable land that is attractive to many kinds of plants including maize, sorghum and other high value crops. Tourism boasts with the beauty of the natural attractions such as the landscape, the wild forests, and the estuaries in the wild coast. The development of the LED Development Strategy is aimed at unlocking the growth potential of the greater Mbhashe Municipality that could be of benefit to the larger Mbhashe populace.

This 2011 review had among other issues focused on:

- **Identification of sources for funding LED programmes:** due to underdeveloped funding model for the realization of the current strategic priorities and programmes, the strategy failed to attract resources for its implementation even from our own council. This reviewed strategy suggests various sources and resource combinations to be mobilized for the realization of the pronounced strategic intent (i.e. LED programme)
- **Institutional Mechanisms for LED implementation:** in order to foster high level buy-in and funding support by critical stakeholders e.g. Sector departments, Private Sector etc, this review also suggest mechanisms for distribution of roles and responsibilities among expected implementing agencies for the successful delivery of the reviewed LED strategy.
- **Focused intervention:** this review proposes that Mbhashe Local Municipality takes strategic decision on the key driving sectors of our local economy that the council must



invest heavily on and also identifies other sectors where the municipality's role will be to facilitate participation by other role players.

#### **5.4 HOUSING SECTOR PLAN**

The HSP was last reviewed in 2011 and there was no review thereafter; however the municipality has plans to review the HSP in the 2014/15 financial year.

The vision of this Mbashe HSP is to create integrated and sustainable communities. To make this vision a reality, the Municipality has to support the notion of productivity, inclusivity, good governance and sustainability. Given the demand profile, the provision of a suitable Rural Housing programme is core to this plan and project on Rural Housing is progressing well in Elliotdale.

The strategic priorities are:

- 1) To determine expressed demand and to declare such demand
  - (1) To undertake housing consumer education / awareness and the housing voice
  - (2) To implement the housing needs register and to ensure on-going management thereof
  - (3) To engage the social welfare department and Special Programs Unit (SPU) in order to cater for the child headed households and orphans.
- 2) Scale up of the delivery of subsidised housing to meet the demand
  - (1) Strategic planning for housing delivery
    - (a) Conduct an annual environment analysis in order to review and revise annual housing sector plan
    - (b) To develop localised policies to create a more enabling environment and to manage the mushrooming of inadequate housing
  - (2) Project pipeline
    - (a) To integrate the existing information on delivered, planned, in implementation and blocked projects into a single project pipeline database with system for regular updating.
    - (b) To plan projects that are aligned with the provincial housing sustainability criteria
    - (c) To submit new projects to the Province for funding approval and technical support
  - (3) Land and land packaging
    - (a) To undertake a land identification and land packaging programme
    - (b) To understand the land reform programme and to create a linkage with such a programme

- (c) To undertake feasibility studies on the identified state land on offer from the Department of Public Works, to prepare a business plan for each parcel of land required in order to affect the transfer of such land.
- (4) Infrastructure
  - (a) To engage with the infrastructure officials and plans to seek prioritisation and alignment with housing programme
- (5) Integrated Sustainable Rural Housing Delivery Programme
  - (a) Define a specific ISRHDP strategy that contains an analysis of the rural demand (including farm worker housing demand) and status quo and links it to a strategy that defines the needs and demands in terms of basic infrastructure, top structure and tenure and further links these to the mechanisms available to tackle the priority needs.
- (6) Project development and management
  - (a) To package projects in terms of top structure, undertake procurement of contractors and to initiate project construction
  - (b) To undertake project management of all current running projects in order to ensure good quality and timely completion
  - (c) Continue to roll out existing projects and ensure that financing and systems are in place to initiate new priority projects including those within the ISRHDP strategy.
  - (d) To have a dedicated programme to close out blocked projects.
  - (e) To programme the rectification needs of the current projects
- 3) To build a suitably structured housing unit in order to meet the housing mandate
  - (1) To undertake a capacity assessment with the view of preparing a business plan to source funding from the Department's Capacitation Grant for improving staff and skills capacity within the Municipality. To also ensure that those officials within the Municipality that have received training through the Department's Capacity Building programme are committed to / engaged in the municipality's housing section.
  - (2) To develop the internal organisation to meet the municipal housing mandate and level 1 accreditation. The proposed structure has to include a housing manager to undertake strategic planning and performance management and a technical resource to ensure the projects are managed and administrative staff to undertake beneficiary administration.
  - (3) To develop operational systems, i.e. policies, procedures and documents and forms

- (4) Procurement of required office infrastructure and resources to fulfil housing mandate, this must include the installation and implementation of the project tracking tool.
- 4) To formalise the required institutional structures to support the Municipality in meeting its housing delivery targets.

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## CHAPTER 6: PERFORMANCE MANAGEMENT SYSTEM

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The systems act requires municipalities to develop a performance management system.

- The municipality should also set targets, monitor and review performance based on indicators linked to their IDP
- Publish an annual report on performance for the councillors, 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
- Involve the community in setting indicators and targets and reviewing municipal performance

The Mbashe Municipality in responding to the above requirements developed tools aimed at operationalizing its PMS.

- Performance management framework
- Performance contracts and agreements
- SDBIP
- Annual performance report

The Mbashe Local Municipality reviewed and adopted by 2010 and this document represents a revised performance management framework for Mbashe local municipality. The municipality on this exercise was financial assisted by Amathole district municipality. The outlines the objectives, principles, process, procedures and the model that guides how the municipality implements its performance planning, monitoring, review, reporting, auditing and evaluation.

It further, identifies the key stakeholders and their respective roles in the managing of municipal performance management. Once adopted by council it will be binding on all in the municipality as a policy framework for implementing performance management.

In August 2001 regulations on municipal planning and performance management were published by Department of Provincial and Local Government (**dplg**) to further explain the requirements of the LG Municipal Systems Act 32 of 2000.

According to the regulations a municipal PMS must ensure that it:

- complies with all the requirements set out in the Municipal Systems Act;
- demonstrates how it is to operate and be managed from the planning stage up to the stages of performance and reporting;
- clarifies the roles and responsibilities of each role-player, including the local community, in the functioning of the system;

- clarifies the processes of implementing the system within the framework of the integrated development planning process;
- determines the frequency of reporting and the lines of accountability for performance;
- relates to the municipality's employee performance management processes;
- provides for the procedure by which the system is linked to the municipality's integrated development planning processes;

The regulations also prescribe that municipalities must monitor their performance and report on these national indicators (in addition to their local level indicators):

- a) the percentage of households with access to basic level of water, sanitation, electricity and solid waste removal;
- b) the percentage of households earning less than R1100 per month with access to free basic services;
- c) 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;
- d) the number of jobs created through municipality's local economic development initiatives including capital projects
- e) 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;
- f) the percentage of a municipality's budget actually spent on implementing its workplace skills plan; and

### **Auditing of performance reports**

At least twice annually the council will be required to receive and endorse municipal performance reports for submission to the audit committee. These reports must be prepared by the management team and received by council by the same deadlines for review mentioned earlier.

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

### **Audit Committee**

The Municipal Council must ensure that the mandate of the audit committee includes the responsibility to audit performance reports at least twice annually. It is suggested that before the municipal performance report is tabled to the audit committee, it must be seen by the internal auditor for his/her advice. This will minimise possibilities for adverse outcome opinions on the report.

In composing the municipal audit committee Council must ensure that:

- Majority of members of the Audit Committee are not councillors or employees of the municipality;
- Chairperson of the Audit Committee is neither a councillor nor an employee of the municipality;
- Members of the Audit Committee have credibility within the communities and organs of civil society; and the

The operation of the audit committee must 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 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 should also be tasked with assessing the reliability of information reported. In order to fulfil its function, a performance audit committee may in accordance with the regulations:

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

## **6.1 IDP APPROVAL**

The process of approval for this IDP involved a series of consultative meetings with all stakeholders including: all wards, representative forum members, sector departments, internal departments, the district and MEC for Local Government. A draft IDP was tabled in council of 30 March 2015 and thereafter used to solicit comments from various municipal stakeholders.

Following comments received from these various interests groups, the drafting team considered the inputs and amended the document accordingly. This final IDP document reflects inputs from all our stakeholders and has also been amended to ensure full compliance with the MECs template for credible IDPs as was dictated to Mbhashe in the feedback received from MEC.

This being the final IDP document is produced, tabled to council and marketed to all relevant audiences to ensure continuous buy-in and support for IDP implementation.

Copies will also be forwarded to relevant authorities such as MEC for local government in the province, the District and other development agencies that will be lobbied to contribute to the development agenda of municipality.