

LUKHANJI LOCAL MUNICIPALITY



INTEGRATED DEVELOPMENT PLAN REVIEW - 2015 / 2016

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1. Mayor's Foreword

**CLLR N. MAKANDA
EXECUTIVE MAYOR**

2. Executive Summary

Acting Municipal Manager

Section A – Pre-Planning

CHAPTER 1 - PREPLANNING

1. Introduction

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

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

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

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

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

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

2. LEGAL FRAMEWORK

1) ***The Local Government: Municipal System Act, 2000 (Act 32 of 2000) as amended*** compels municipalities to draw up the IDP's as a singular inclusive and strategic development plan. In terms of this Act, a municipality produces an IDP every five years comprising of the following components:

- (i) A vision of the long-term development of the area.
- (ii) An assessment of the existing level of development which must include an identification of the need for basic municipal service.
- (iii) Municipality's development priorities and objectives for its elected term.
- (iv) Municipality's development strategies which must be aligned with any national, provincial sectoral plans and planning requirements.
- (v) Spatial development framework which must include the provision of basic guidelines for a land use management system.
- (vi) Municipality's operational strategies.
- (vii) A Disaster Management Plan.

- (viii) Financial Plan.
- (ix) The key performance indicators and performance targets.

2) ***The Municipal Planning and Performance Management Regulations (2001)*** set out the following further requirements for the IDP:

- (i) An Institutional Framework for implementation of the IDP and to address the Municipality's internal transformation.
- (ii) Investment initiatives that should be clarified.
- (iii) Development initiatives including infrastructure, physical, social and institutional development.
- (iv) All known projects, plans and programmes to be implemented within the Municipality by any organ of state.

3) ***The Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)*** provides for closer alignment between the annual budget and the compilation of the IDP. This can be understood as a response to the critique that IDP's took place in isolation from financial planning and were rarely implemented in full as a result. Specifically, section 21 (1) of the Act requires that a municipality co-ordinates the process of preparing the Annual Budget and the IDP to ensure that both the budget and IDP are mutually consistent.

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

3. PRE-PLANNING

1) Organisational Arrangements in the IDP Development and Review Processes

- **Role players**

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

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

2) Roles and Responsibilities of Each Role Player

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

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

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

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

3) Approved schedule for the IDP / PMS and Budget REVIEW PROCESS PLAN – 2014 / 2015

The below schedule was approved by Council on 29 August 2014, for purposes of ensuring compliance with the municipal legislation and alignment between integrated development planning activities and those of budget review process.

7. ACTION PLAN

A	1. PREPLANNING PHASE	01 JULY – 04 SEPTEMBER 2014	
	ACTIVITY	DATE	RESPONSIBLE PERSON/ DEPARTMENT
	Develop IDP/Budget and PMS process plan	01 – 31 July 2014	IPED& BTO
	Presentation of the IDP/Budget and PMS process to the senior management	28 July 2014	IPED
	Advertise invitation of registration of IDP REP Forum Stakeholders	28 July 2014	CHDM will advertise on behalf of all the local municipalities in the District
	Signing of performance agreements by Directors	31 July 2014	MM

	Performance Management Workshop	06 August 2014	IPED
	Annual Performance Report for 2013/2014 financial year	07 August 2014	IPED/MM
	Submit the IDP/ Budget and PMS process plan to the Standing Committee	07 August 2014	IPED
	IDP/PMS and Budget Technical Steering Committee to discuss draft IDP/Budget and PMS process plan	18 August 2014	IPED
	Submit the IDP/ Budget and PMS process plan to the Mayoral Committee	21 August 2014	IPED
	Good Governance Workshop to be facilitated by SALGA	25-27 August 2014	MM
	Special Council Meeting for the Approval of the IDP/Budget and PMS process plan And the Annual Financial Statements for 2013/2014	29 August 2014	IPED/ BTO
	CHDM IDP REP Forum meeting	29 August 2014	CHDM
	Submission of the AFS to Auditor General & Provincial Treasury	29 August 2014	CFO/MM
	Advertise IDP/Budget/ PMS process plan	05 September 2014	IPED
	Submission of the IDP/Budget and PMS process to the District and other spheres of government	05 September 2014	IPED
	IGR Meeting	09 September 2014	MM
	IDP REP Forum meeting	12 September 2014	IPED/MM
	Workshop on IDP and Budget to be facilitated by SALGA	15-17 September 2014	IPED/MM
	Ordinary Council Meeting	26 September 2014	MM
B. ANALYSIS PHASE- 01 JULY – OCTOBER 2014			
	HODs to start with the review of each directorate	01 July 2014 – 31 August 2014	All HODs
	Conduct ward based profiling	01 July – 30 September 2014	IPED
	Assessment and review of community needs in each ward	August – 30 September 2014	Ward Councillors & IPED
	IDP/Budget/ PMS Steering Committee meeting: Presentation of the situational analysis	18 September 2014	IPED
	PMS Workshop to discuss and finalise quarter 1 performance reports	03 October 2014	IPED
	Table reviewed situational analysis report to IPED Standing Committee	08 October 2014	
	1 st Quarter Performance Report to the Executive Mayor	10 October 2014	IPED
	IDP REP Forum meeting	22 October 2014	IPED
	Table reviewed situational analysis to the Mayoral Committee with identified community priorities	October 2014	IPED
	Performance Audit Committee for Quarter 1	27 October 2014	MM
	MPAC: Audit Committee & Performance Audit Committee	30 October 2014	MM
	Review current tariffs, receive requested changes from directorates and prepare options for consideration	30 October 2014	CFO
	Submission of baseline budgets and	30 October 2014	All Directors

	supplemental requests from directorates: Final date for submission of all baseline operating budgets, capital budgets, and operational plans by directorates to the budget office		
	Draft report on proposed tariff changes for review to Budget Steering Committee to CFO	05 November 2014	CFO
	Budget Steering Committee meeting	06 November 2014	MM/CFO
	IGR MEETING	11 October 2014	MM
	IDP/Budget/ PMS Technical Steering committee: presentation and discussion of the situational analysis: Develop objectives, and strategies commences	11 November 2014	
	IDP/PMS Managers' Feedback	13 November 2014	CHDM
	Performance Management Workshop	27 November 2014	IPED
	Annual Report Road Shows	02 – 10 December 2014	CHDM & LUKHANJI LM
	Review of the mid-year performance report	01- 05 December 2014	MM
	Council Meeting	11 December 2014	MM
	2 nd Quarter Performance Report	07 January 2015	All HODs
STRATEGIES PHASE: REFINED OBJECTIVES, STRATEGIES, PROGRAMMES & PROJECTS: JANUARY – FEBRUARY 2015			
	Cluster meetings to discuss mid-year performance report	08 – 12 January 2015	IPED
	Mid-Year Performance Report to the Executive Mayor	07 January 2015	MM
	Draft Annual Report	09 January 2015	MM
	IDP/Budget/ PMS Steering Committee to discuss draft budget allocations and review of the objectives if necessary	12 January 2015	IPED
	Budget Steering Committee Chaired by the Executive Mayor to consider Adjustment Budget	15 January 2015	MM
	Municipal Strategic Session: to present updated situational analysis, refined objectives and strategies and draft projects: Review strategic scorecard and prepare draft SDBSIP	19-21 January 2015	MM
	Submission of budget capital requests to Finance	27 January 2015	All Directors
	Council Meeting (2013/2014 Annual Report, Mid-year report for 2014/2015 & Adjustment Budget	23 January 2015	MM
	Publication of the draft annual report	06 February 2015	MM
	Mid-Year Performance Assessments	09- 13 February 2015	MM
	IDP/Budget/ PMS Technical Steering Committee: review progress on the draft projects and Budget	09 February 2015	MM
	IDP/PMS Managers' Session	17 February 2015	MM
	IDP REP Forum meeting	19 February 2015	IPED
	Budget Steering Committee Meeting Chaired by the Executive Mayor	24 February 2015	MM
	MPAC Hearings on the mid-year performance report and draft Annual Report	February 2015	MM
	IDP/PMS and Budget Technical Steering Committee to review objectives, strategies and projects as per the identified priorities	02 March 2015	IPED
	Table refined objectives, strategies and projects to the IPED Standing Committee	03 March 2015	IPED

	Table refined objectives, strategies and projects and the budget to the Mayoral Committee	10 March 2015	IPED
	Identify projects and programmes and allocate budget	02 -20 March 2015	All HODs
	Table progress on the IDP to the IPED Standing Committee	04 March 2015	IPED
	CHDM REP Forum Meeting	12 March 2015	CHDM
	IDP/Budget &PMS Steering Committee Meeting to include the inputs of the Mayoral Committee and finalize the 1 st drafts of the IDP and Budget for 2015/2016	16 March 2015	IPED/BTO
	IGR MEETING	19 March 2015	MM
	Budget Steering Committee Meeting	20 March 2015	MM/BTO
	CHDM Council Approval of the draft IDP		
	Special Council Approval of the 1 st draft of the IDP and the Budget for 2015/ 2016	27 March 2015	MM
	Advertise draft documents of the IDP and the Budget for 21 days comments period	31 March 2015	IPED/BTO
	Submit draft IDP and budget to relevant departments	31 March 2015	IPED/BTO
	Performance Management Workshop	02 April 2015	IPED
	Submit 3 rd Quarter Performance report to the Executive Mayor (Jan- March 2015)	08 April 2015	MM
	IDP/Budget Road shows	06 – 17 April 2015	IPED/MM & CHDM
	IDP/ Budget/PMS Steering Committee to consider comments from the public	23 April 2015	IPED
	Budget Steering Committee	30 April 2015	MM
	Incorporate relevant inputs and comments to the draft IDP and Budget documents	04 -08 May 2015	MM
	IDP/PMS Managers' Session	08 May 2015	CHDM
	IPED Standing Committee to report progress on the IDP	10 May 2015	IPED
	IGR Meeting	06 May 2015	MM
	CHDM IDP REP Forum	19 May 2015	CHDM
	Council Workshop on draft IDP and Budget	22 May 2015	IPED
	CHDM Council Meeting for the Approval of the IDP and Budget	27 May 2015	CHDM
	Council Meeting for the Approval of the IDP and Budget	28 May 2015	MM
	IDP/ Budget and PMS Steering Committee for the finalization of the SDBIP	10 June 2015	All HODs
	CHDM IDP REP Forum Meeting	19 May 2015	CHDM
	Submission of the SDBIP for 2015/2016 financial year to the Executive Mayor & Signing of performance agreements	26 June 2015	MM
	Publicize SDBIP and Performance Agreements within 14 days after approval		

Strategic planning session to present updated situation analysis, refined objectives and strategies and draft projects. Review Strategic Scorecard and prepare draft SDBIP 2013 / 2014	20 – 22 January 2014	Municipal Manager; Integrated Planning and Economic Development
Presentation of reviewed SDBIP to the Executive Mayor for approval.	23 January 2014	Municipal Manager; Integrated Development and Economic Development.
Table in Council the draft annual report 2012 / 2012, Mid-year Performance Report 2012 / 2013, annual report, mid-year assessment report, financial statements and audit report	24 January 2014	Executive Mayor
Publication of the draft annual report, mid-year performance report and the reviewed SDBIP 2012 / 2013	31 January 2014	Integrated Development and Economic Development
February 2014		
Submission of mid-term performance reports to the Sector Departments (National / Provincial Treasury and the department of Local Government and Traditional Affairs)	07 February 2014	Integrated Planning and Economic Development
IDP/PMS and Budget Technical Steering Committee to discuss and finalise draft projects and submission of reviewed sector plans.	19 February 2014	Municipal Manager
Public Meetings / Mayoral Imbizo's – Presentation of the mid-year performance report, draft annual report 2012 /2013	28 February 2014	Executive Mayor
March 2014		
Presentation of draft Reviewed IDP 2014 / 2015 to IDP/PMS and Budget Technical committee and alignment of budget	12 March 2014	Integrated Planning and Economic Development
IDP/PMS and Budget Steering Meeting: Final draft operating and capital budget presented to Mayoral Committee review	19 March 2014	Executive Mayor
Special Council Meeting – Presentation of the 1 st draft IDP 2014/2015 (2 nd Review)	31 March 2014	Executive Mayor
April 2014		
Submission of Draft IDP document to the Office of the Premiers, Provincial and National Treasury and the MEC for Local Government ad Traditional Affairs	04 April 2014	Municipal Manager

Submission of Performance reports and performance information of the third quarter	04 April 2014	All Directors
IDP advertised for public comments, public meetings and consultation	04 – 06 April 2014	Executive Mayor
IDP, Budget and PMS Road shows	07 – 25 April 2014	Executive Mayor
IDP/PMS and Budget Technical Steering Committee to consider public comments and those from sector departments; presentation of performance reports for the 3 rd quarter.	30 April 2014	Municipal Manager
May 2014		
IDP/PMS and Budget Steering Committee – Consider final IDP 2014/2015 (2 nd Review)	14 May 2014	Integrated Development and Economic Development. Municipal Manager

4. Comments from the MEC on the IDP 2014/15

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

The following comments on the IDP of 2013/14 were received from the department, as the assessment was done on the 2013/2014 IDP and not on the 2014/2015 IDP that was approved by Council in May 2014.

In one of the Chris Hani District Municipality' s IDP/PMS and Budget sessions it was indicated that support will be provided to all the local municipalities in the CHDM. Local Municipalities had to submit a list of sector plans and strategies that they needed to be supported with. Lukhanji Local Municipality submitted its list as resolved and is awaiting a response from the District Municipality.

Below are the comments that were made during the IDP assessment of municipalities.

No	MEC Comment	Action to date
1	<u>Spatial Development Framework</u> (i) The municipality must develop an integrated environmental management plan (ii) The SDF should have an Implementation plan to unlock land for future land uses	(i) The process of reviewing the Spatial Development Framework of the municipality has commenced, with Rural Development assisting with financial resource
2	<u>Service Delivery and Infrastructure Planning</u> (i) The municipality must develop its own holistic and comprehensive infrastructure delivery plan (Master Plan) (ii) The municipality must establish a unit or employ an ISD Officer	(i) The municipality has commenced with the processes of developing a Master Plan (ii) The ISD Officer has been employed
3	<u>Access to Land and Human Settlements Development</u> (i) The municipality needs support to develop a land	(i) Invasion policy has not yet been developed (i) Housing sector plan has been

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

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

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

Lukhanji Summary of assessment for the past five years

KPA	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Basic Services and Infrastructure				Medium	Medium
Institutional Arrangements			Low	Low	Low
Local Economic Development			High	High	High
Financial Viability	High	Low	Low	Low	Low
Good Governance and Public Participation			High	High	High
Overall Scoring		High	Medium	Medium	Medium

Chapter 2

- Situational Analysis

LOCALITY CONTEXT

Lukhanji is a category B municipality situated within the Chris Hani District of the Eastern Cape. It is made up of a combination of the greater Queenstown and surrounding farms and villages, Ilinge, Hewu/Whittlesea, Gwatyu Farms, Lesseyton and Zingquthu. Lukhanji is landlocked by the municipalities of Tsolwana and Inkwanca to the west, Emalahleni and Intsika Yethu to the north, and Amahlathi to the east. Lukhanji occupies a strategic geographic position within the Chris Hani District Municipality and covers approximately 4 231 km². According to Census 2011, the Lukhanji has a total population estimated at 190 723 (24% of the district population) in the Chris Hani district and comprises of 27 wards.

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



Figure 1: Lukhanji locality Plan

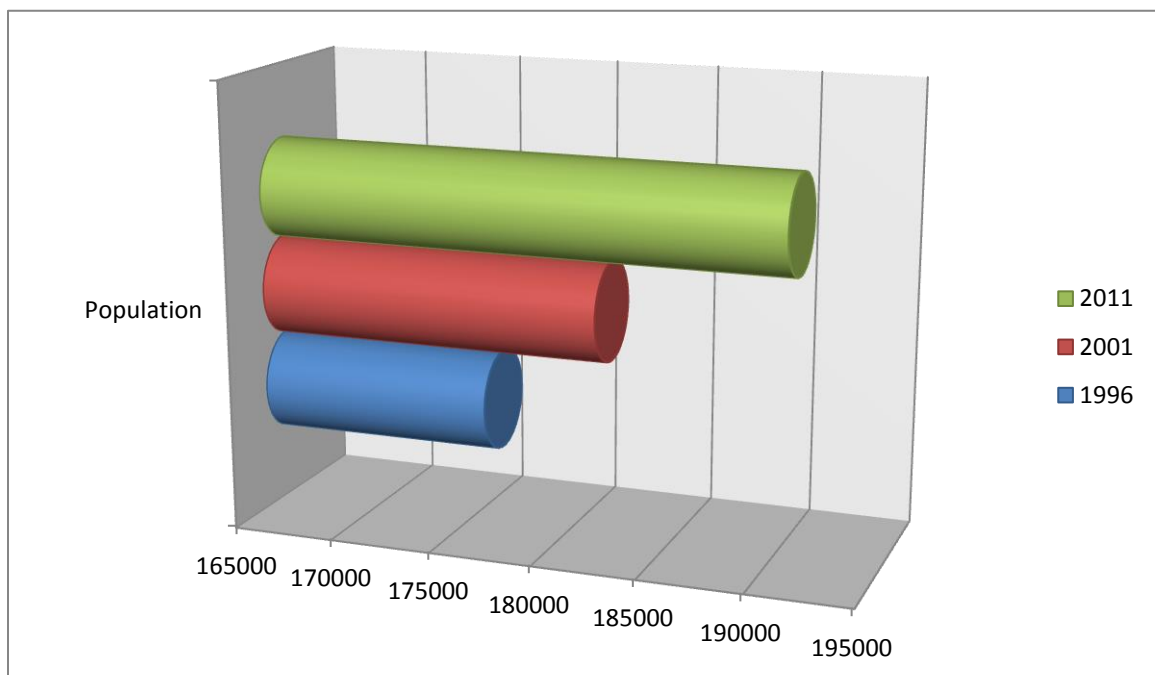
Lukhanji was declared as the economic hub of the District because of its strategic location within the district. Its central location with arguably the largest urban centre (Queenstown) in the district attracts many people on a daily basis from surrounding municipalities of Tsohwana and Inkwanca to the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

Areas that constitute Lukhanji Local Municipality are:

1. Queenstown - It is the largest urban centre in the district and attracts many people on a daily basis from the bordering municipalities.
2. Whittlesea - It is a small rural town situated about thirty – five kilometres west of Queenstown in the former Ciskei area. The town is surrounded by rural villages and agricultural land. Shiloh irrigation scheme which specialises on milk production is located in the area and consists of dams like Waterdown and Oxkraal. The town also inherited factories owned by Chinese during Ciskei reign mainly used for weaving and knitting purposes. Those factories are mainly vandalised and few are used for economic activities. The small business centre in Sada and Ekuphumleni need renovation and financial injection. More than thirty villages are linked to Whittlesea through a network of gravel roads that need to be maintained on consistent basis. Whittlesea in turn is linked to Queenstown through a dangerous narrow road known as R63 and N6.

3. Lesseyton - Consists of villages and surrounded by small holding farms. Activities revolve around rearing of cattle, sheep and goats. The local white farmers buy wool and skins from the villagers and sold them to Port Elizabeth. There are mining activities in the area like quarries and sand mining. Lessyton is linked to Queenstown through N6.
4. Ilinge and Machibini - Ilinge is a small township which is a home to many ex- Robben Island prisoners. It has a potential of craft business. The rate of unemployment is high in the area. Though the municipality has tried to build new RDP houses the houses build by the homeland leaders need to be replaced.
5. Ezibeleni area where most factories that were previously owned by ECDC are located. A portion of the area in Queendustria is earmarked for the Special Economic Zone. This will be included in the municipal SDF that is currently under review.

Population Size



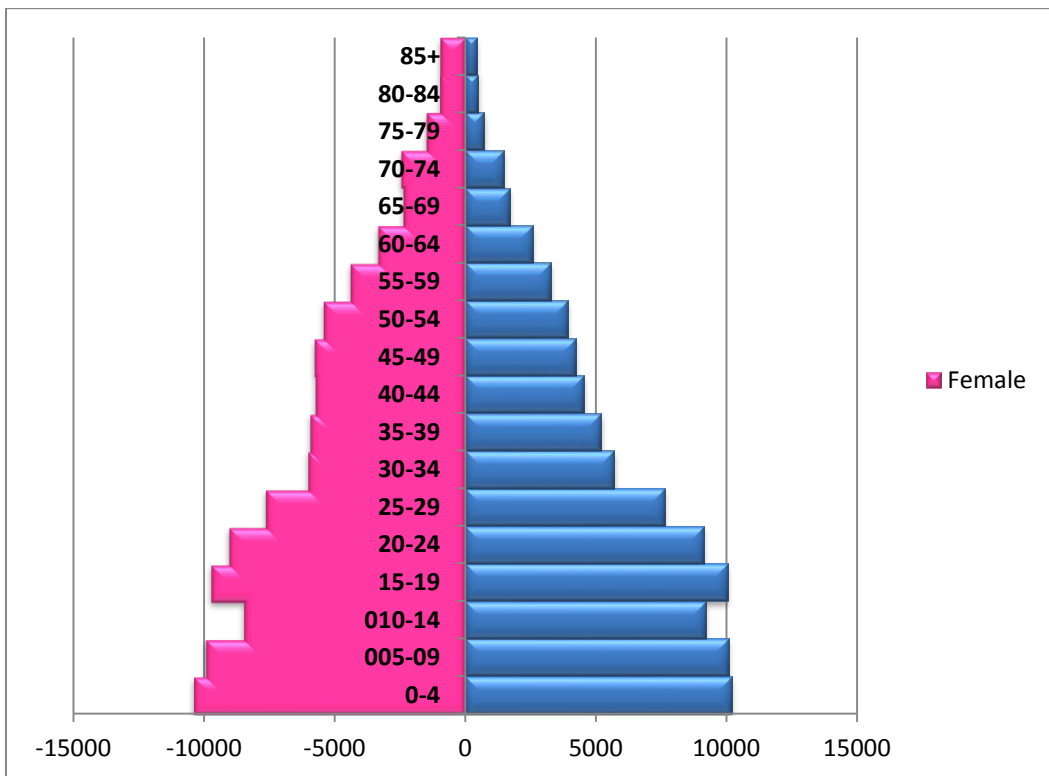
Census 2011

According to Census 2011 Lukhanji has a total population estimated at 190 723 and 51 173 households. Growth trend analysis shows that Lukhanji population had a marginal growth of 0.6% when comparing 2001 Census to 1996 Census results, and 0.5% when 2011 Census results are compared to 2001 Census. The marginal growth could be attributed to a variety of factors such as death, poverty, HIV/AIDS and/or family

planning. On average there are about 3.5 persons per household. Of the population, 92,6% are black African, 3,8% are coloured, 2,7% are white, with other population groups making up the remaining 0,9%.

Population Gender & Age Distribution

Lukhanji population make-up is similar to that experienced by the country. The majority of the population of Lukhanji are female at 52,5% and males at 47.5%. The Fact that females constitute the majority of population suggests that targeted strategies should be implemented to ensure effective participation of women in the processes of municipal planning and implementation. While there are more males in the age group 5-14 years of age, the population shifts materially with females showing larger numbers from age 15 upwards.



The above pupation pyramid reflects a perfect planning informant for the municipality. From this age distribution above, the following observations can be eluded:

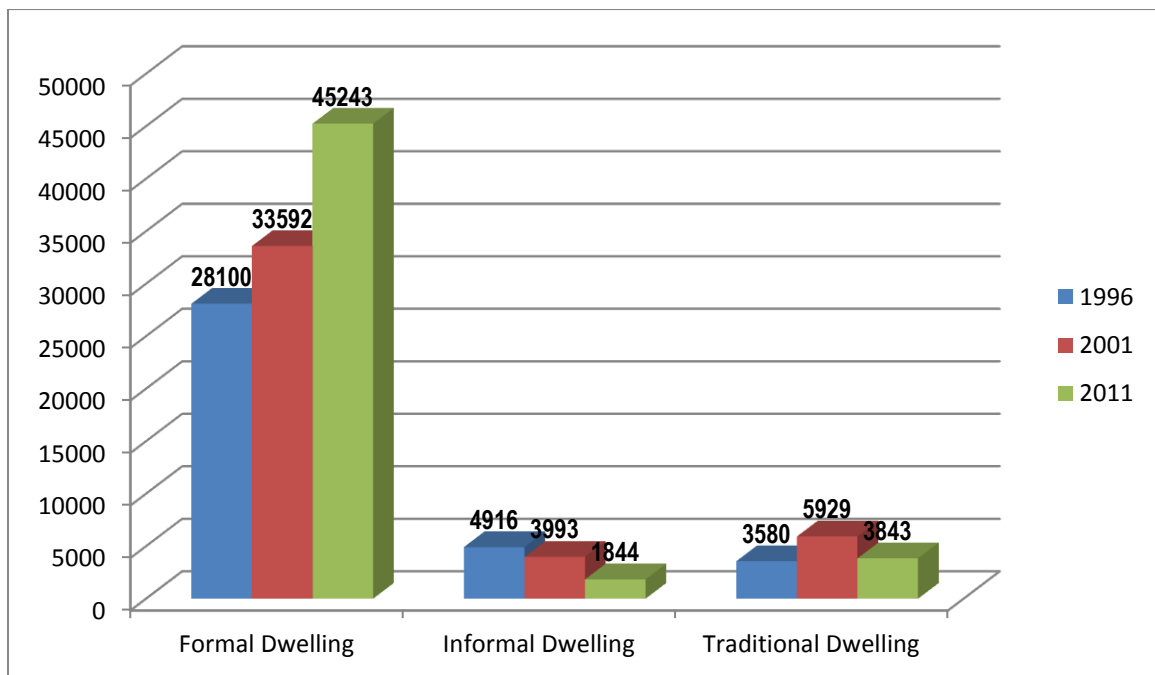
- the 0-14yrs comprised of 30.5%% of the total population
- ages 15-64yrs of the economically active population, show a fairly distributive population of 62.6%
- ages 64 upwards represent 6.9% of the population

Lukhanji Municipality population has a large representation of the youth (comprising of more than 34%) of the total population and the retired age group of age 64 and above represents 6.9% of the population. These two above

point also pose a great challenge for the Lukhanji municipality because more than 50% of the population is both under 15 years and above 65 years and thus most likely economically inactive and reliant on social grants. The resultant of this compels the municipality to increase its commitment to Special Programmes.

Household dynamics

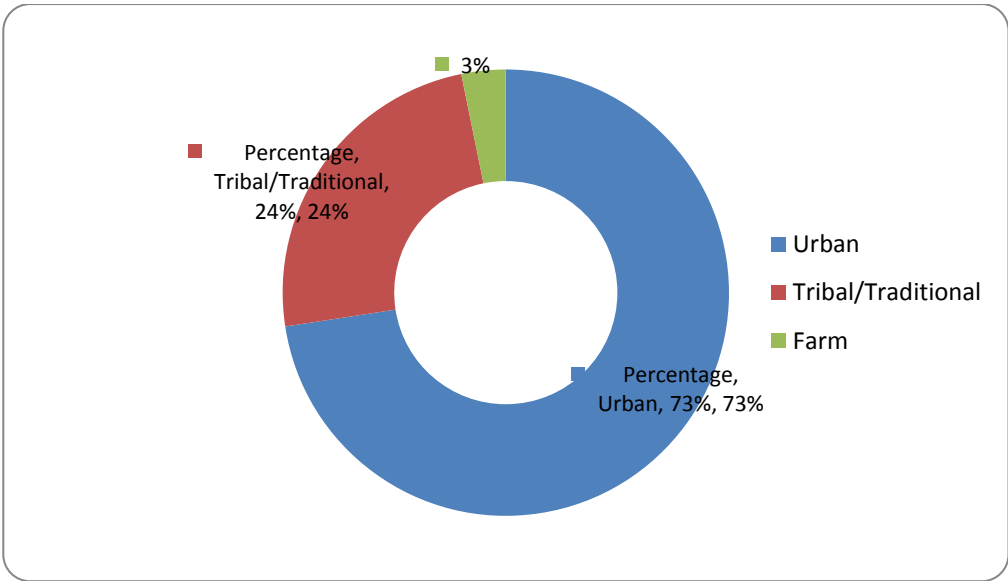
There are 51 173 households in the municipality, with an average household size of 3,5 persons per household. The majority of households in Lukhanji reside in urban formal dwellings and a small minority lives in rural and farm areas.



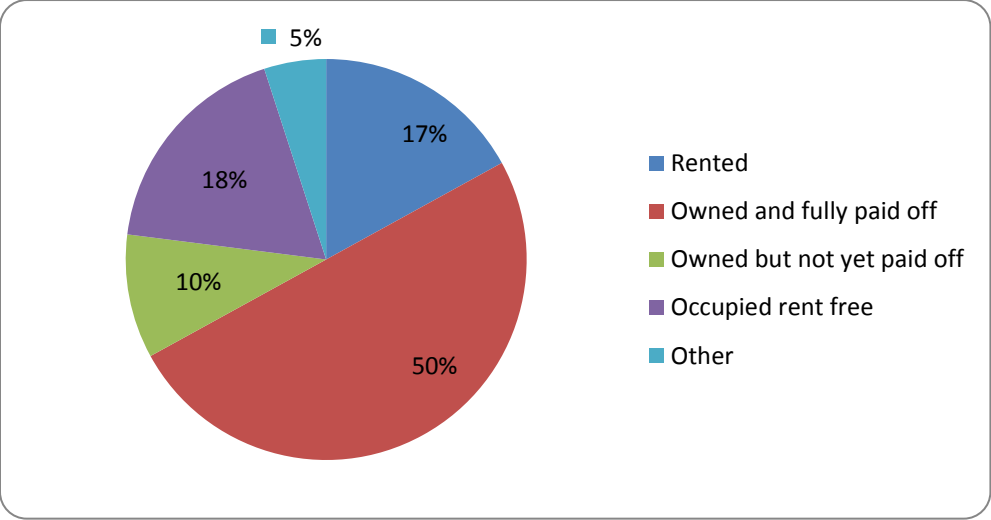
(Source: STATSSA 2011)

Of the total households in Lukhanji, 85% constitutes formal dwelling, 7.5% traditional dwelling and 3.6% informal dwelling. The existence of 21% households in rural villages and 16% in peri-urban settlements poses a challenge for service infrastructure expansions and delivery of essential services. The majority of underserved households with regards to water, sanitation, refuse; electricity and road network comes from these settlement areas. It is therefore necessary to design targeted programmes for infrastructure delivery to these areas as part of implementing the new priority of Rural Development.

Figure: Settlement Type

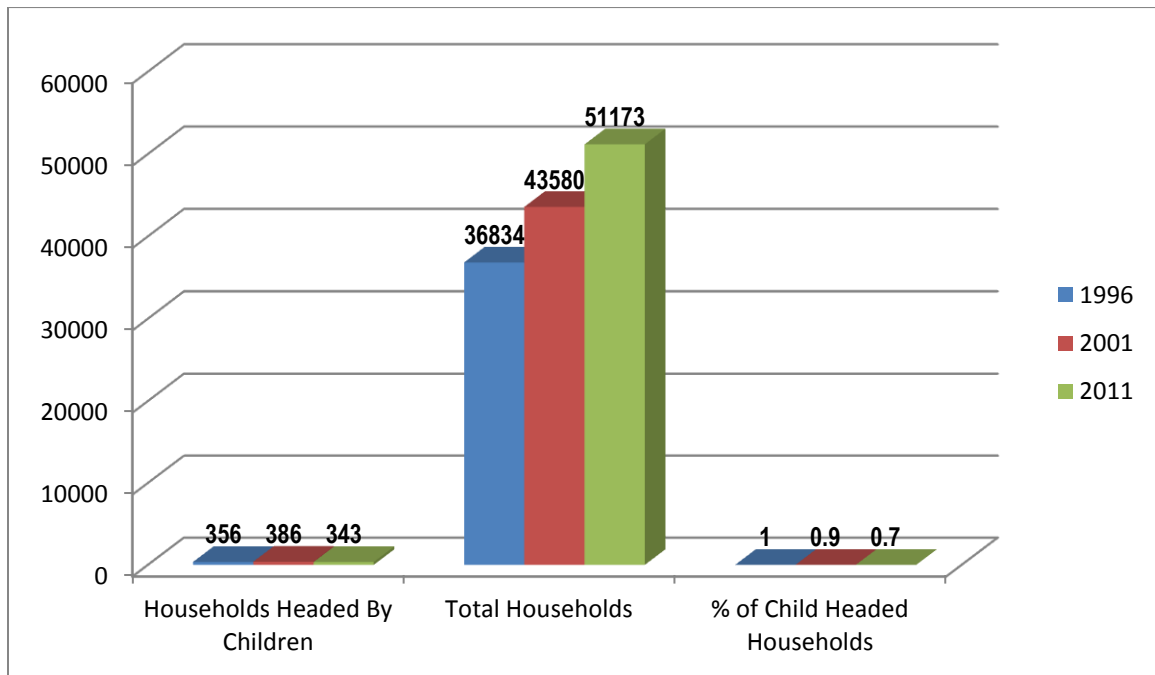


Stats SA, 2011



Stats SA, 2011

Child Headed Households

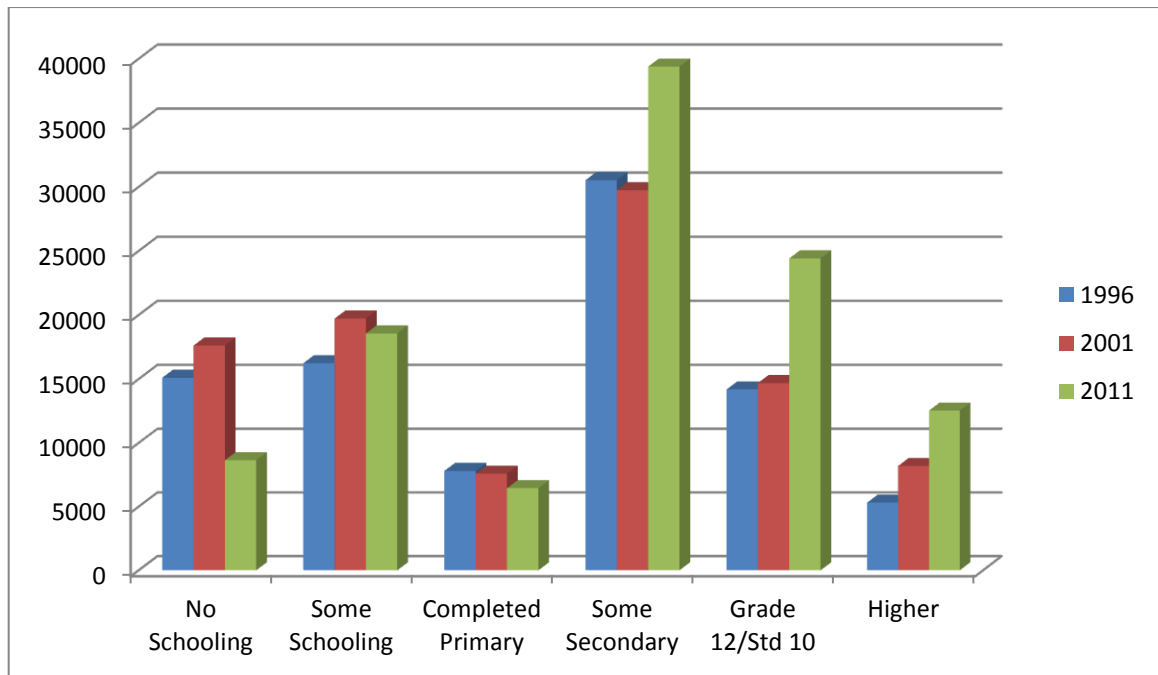


According to Census 2011 there are about 343 child headed household within Lukhanji which translates to 0.7% of the total households. The above figure shows that child headed households have reduced by 0.3% since 1996.

Education

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

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

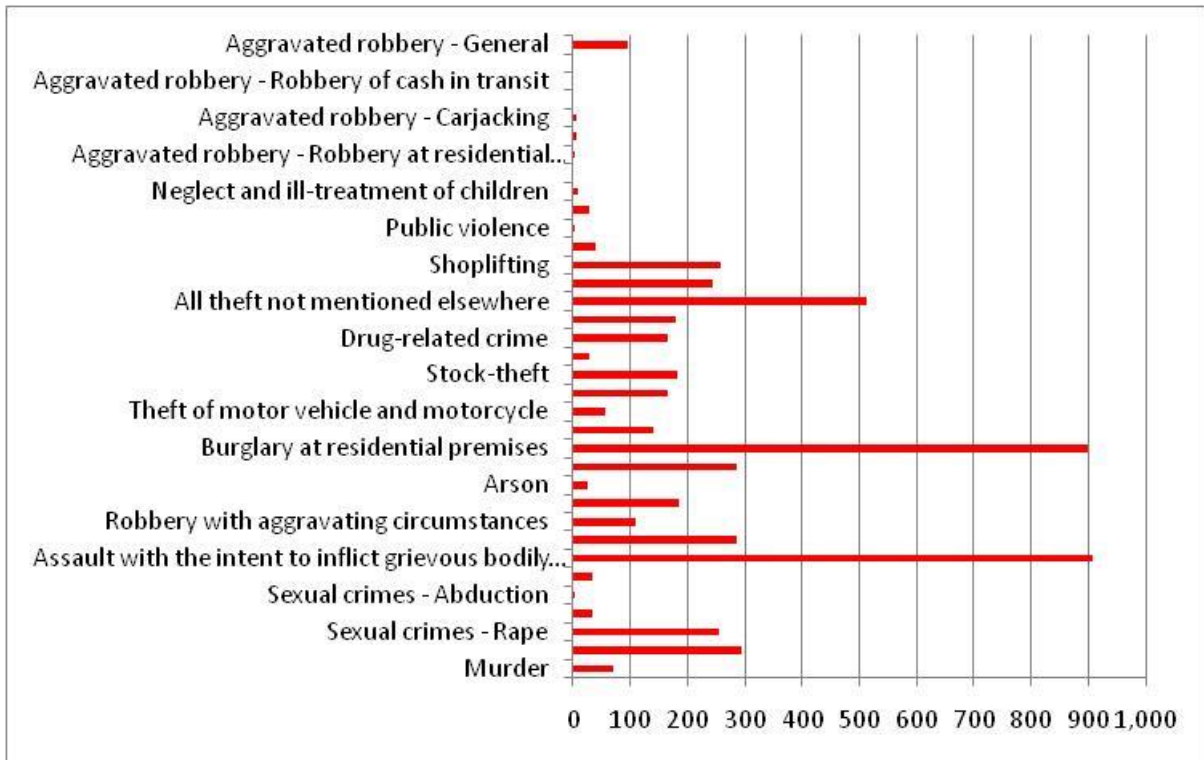


There has been a 49% decrease on illiteracy rate. At least 86% of adult population (20 years and older) are functionally literate (meaning that they have completed education level grade 07 and higher). About 4.5% of the same population has no schooling at all. Another 13% has only completed matric while an estimated 7% has matric and further education attainment.

Safety and Security

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

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



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

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

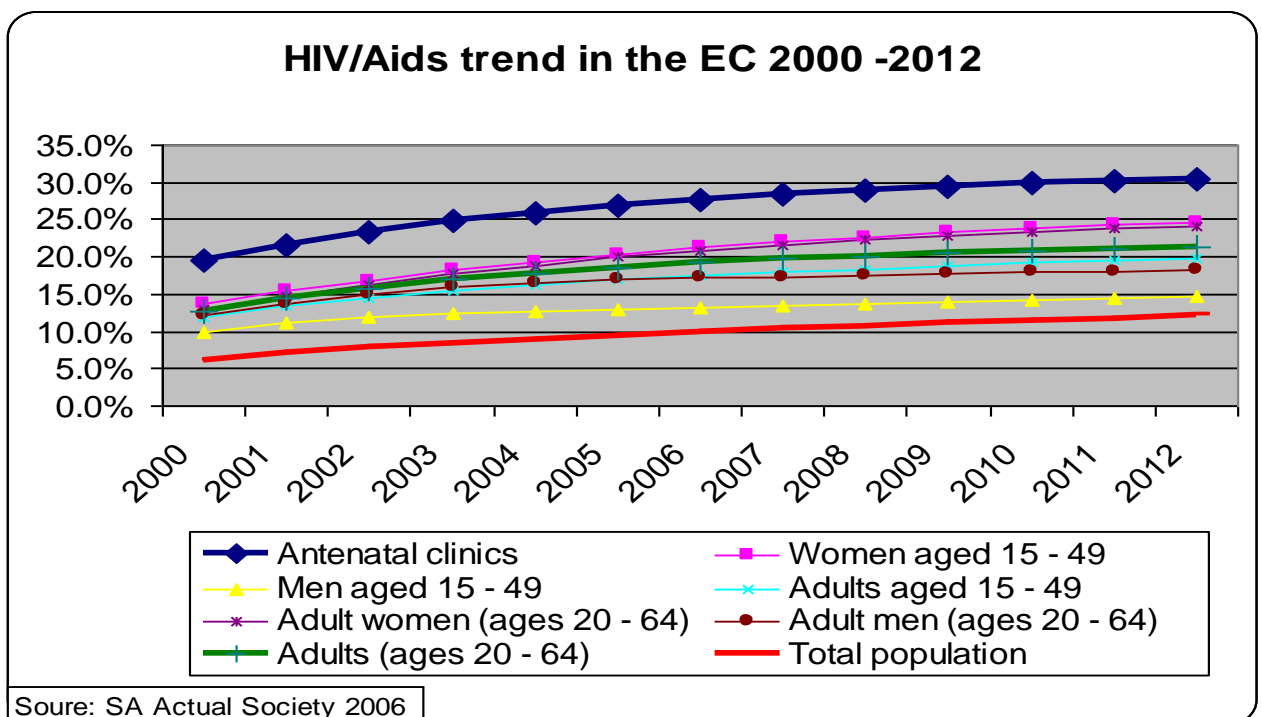
Police stations	Courts of law
Bridge Camp	Queenstown
Ezibeleni	Whittlesea
Ilinge	Ezibeleni
Kolomane	
Queenstown	
Tylden	
Whittlesea	

Klein Bulhoek	
Mlungisi	

Health

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

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



6. ECONOMIC DEVELOPMENT PROFILE

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

Reconstruction and Development Programme (1996)

South African Constitution's section 153 states that,

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

1996 Local Government Transition Act

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

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

Municipal Systems Act (2000)

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

EC Provincial Growth and Development Plan (PGDP)

The PGDP commits government to achieving the following listed development targets and goals. There are many targets that were set by the province through the PGDP, most of which were supposed to be achieved by the 2014. The attainment of these targets and goals rely on implementation of decisive economic development programmes which essentially calls for municipalities to develop and implement successful economic growth plans. The critical issue for the Lukhanji Municipality economic strategy will be to position the municipality favourably in relation to this and other similar programmes so as to optimally benefit from and align with PGDS

Overview of economic development in Lukhanji

Lukhanji is a strategic and important economic sub-region in the Chris Hani district. It has the highest concentration of urban settlements, industrial activity, commerce, transport infrastructure services;

regional service centres (offices of government and NGOs), social development services (tertiary schools, specialist health facilities, and other amenities).

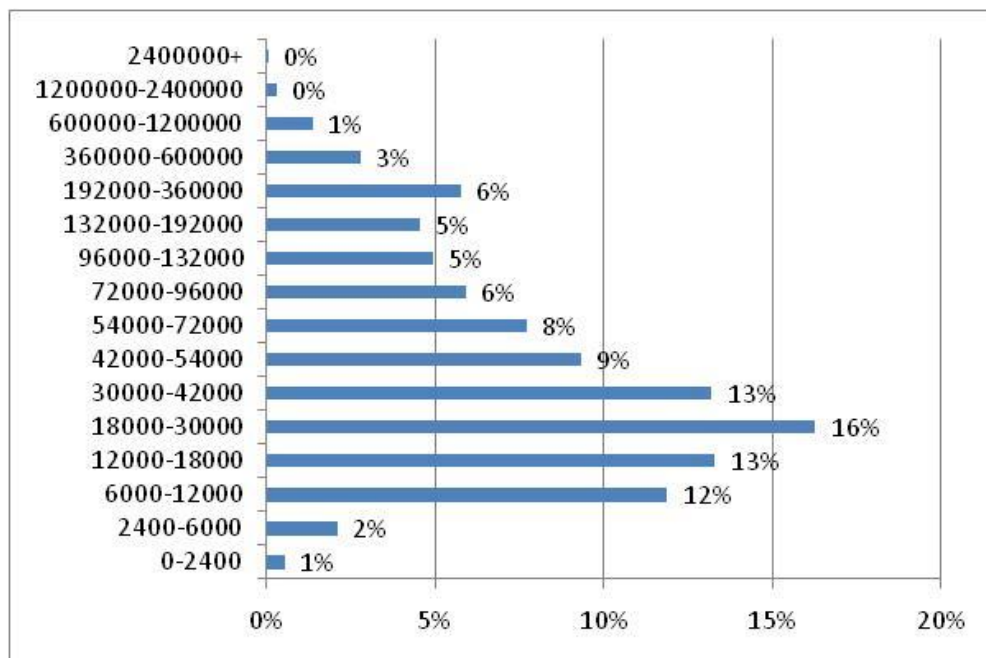
Lukhanji has an estimate GDP of R2,7 billion by 2008 (Global Insight). This accounts for over 48% of the district GDP of R5,7 billion (Global Insight 2008). These figures are based on constant 2000 prices.

While the economy of Lukhanji has recorded some positive growth between the years 2001 and 2008, the growth has not happened at the same pace that backlogs and poverty has grown. This tended to reverse the gains and further pointed to the need for increased implementation of the existing municipal strategy for LED.

Economic Development Indicators

5.5.1. Household Income Distribution

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



Source: Global Insight 2008

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

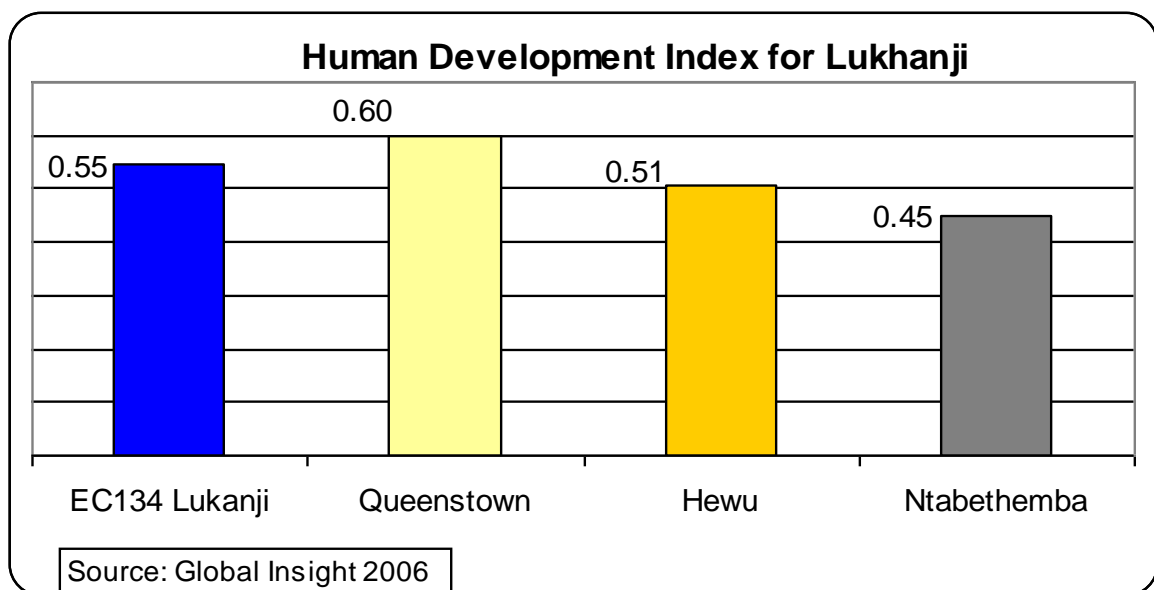
This is welcome news considering that households earning gross incomes of less than R1500 per month are regarded in the indigent policy¹ of the municipality as poor. Therefore, they will require subsidy assistance to access basic services. With reduced pressure on subsidy requirements the municipality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

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

Human Development Index

Lukhanji has a human development index of 0,55 with Queenstown showing an index of 0.60 (highest in the district) and Hewu and Ntabethemba achieving indices of 0.51 and 0.45 respectively. The human development index (HDI) is a useful mechanism to gauge the level of development of a local economy. The HDI is a composite, relative index that attempts to quantify the extent of human development of a municipality (area). It is based on measures of life expectancy, literacy and income.

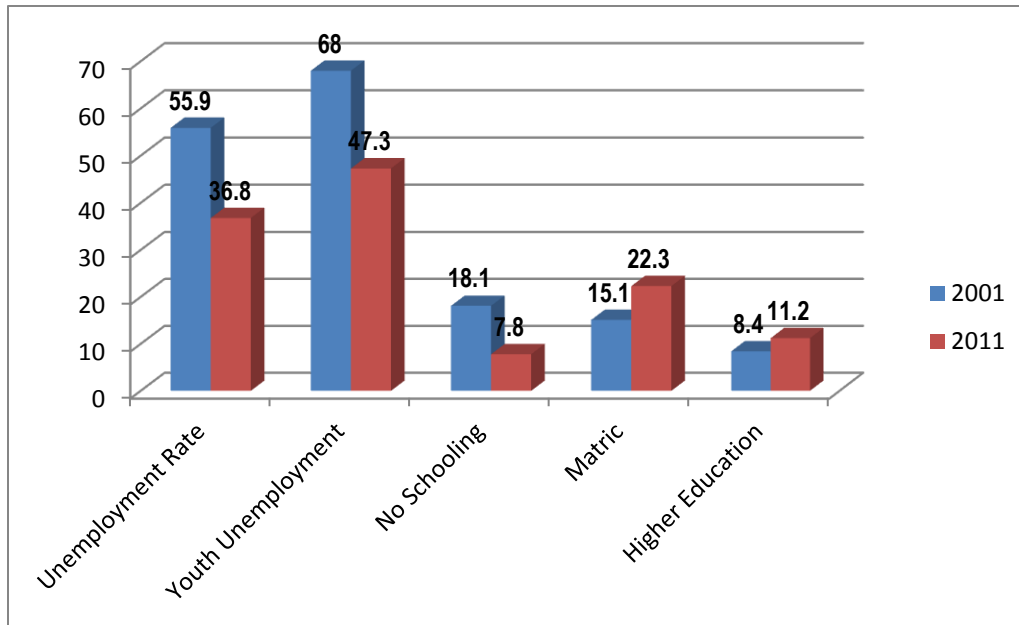
The HDI is calculated as the average of indices of life expectancy at birth, adult literacy and per capita income. For a municipality to be well developed, it must achieve a HDI closer to 1. The closer the figure is to 1 the better the lifestyle. The following figure indicates HDI levels among Lukhanji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



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

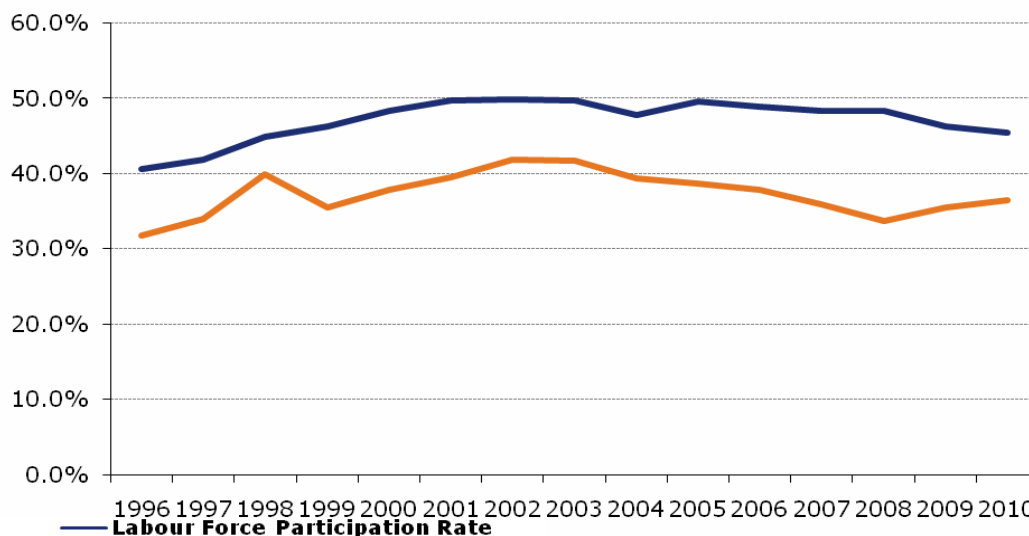
Unemployment

Unemployment is a major development challenge in Lukhanji. According to Census 2011 there are 33 651 employed persons in the municipality; the unemployment rate is estimated at 36,8%, which does not include the 10 066 discouraged work-seekers who have given up looking for work.

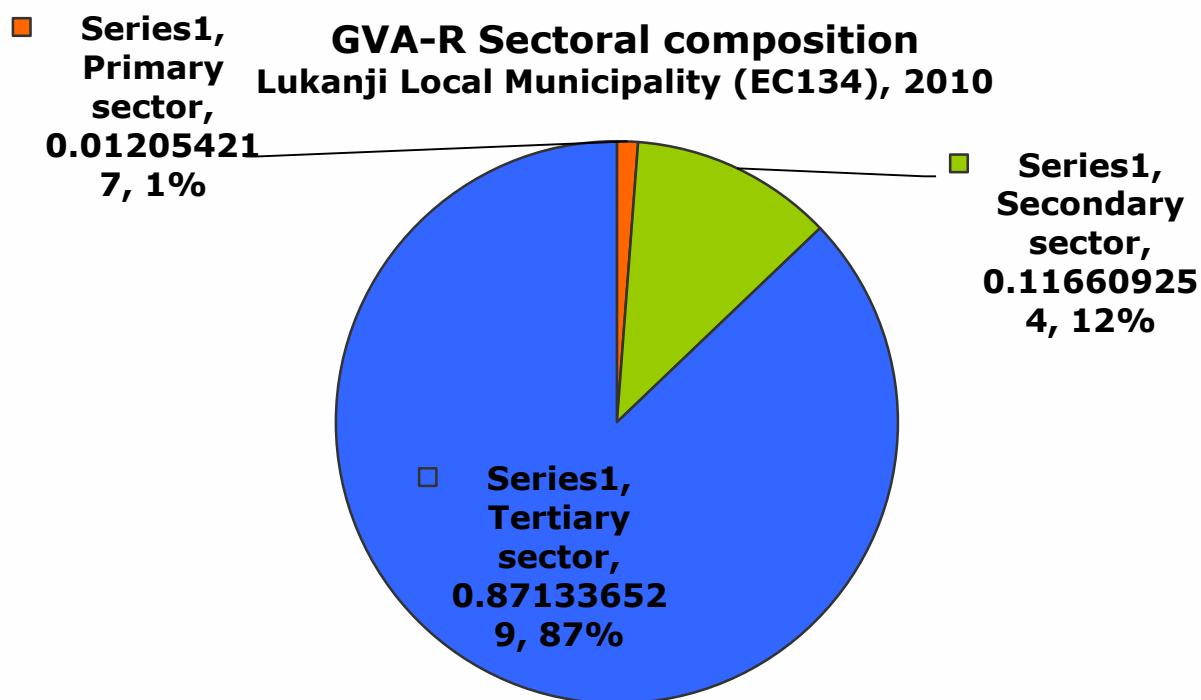


Amongst the youth (15–35 years) in the area, 13 342 are employed. The youth unemployment rate is estimated at 47,3%, which does not include 5 861 persons who fall within the discouraged work-seeker group.

Labour Overview, Total Lukanji Local Municipality (EC134)

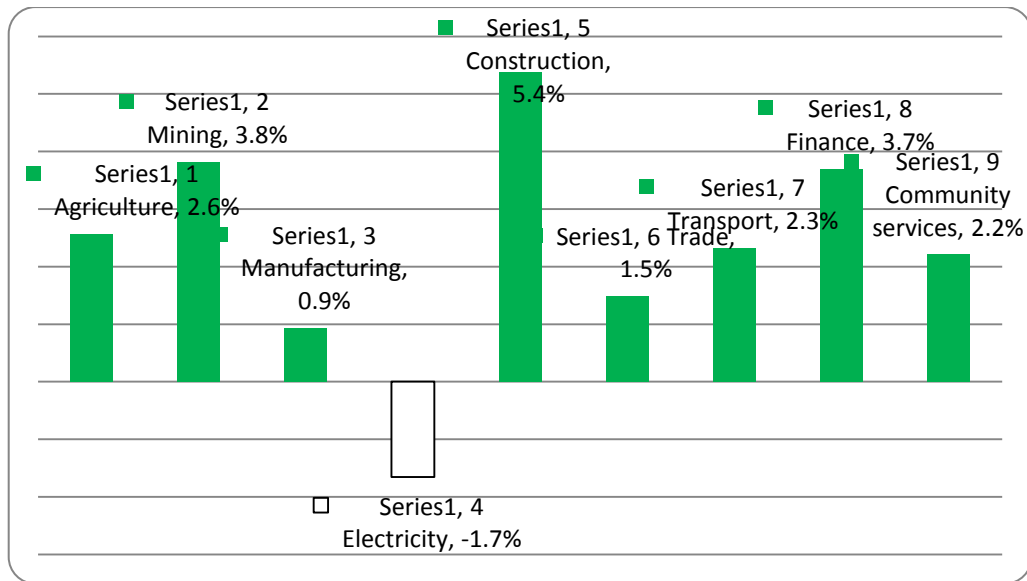


Gross Value Add by sectors



Source: IHS Global Insight Regional eXplorer version 588

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

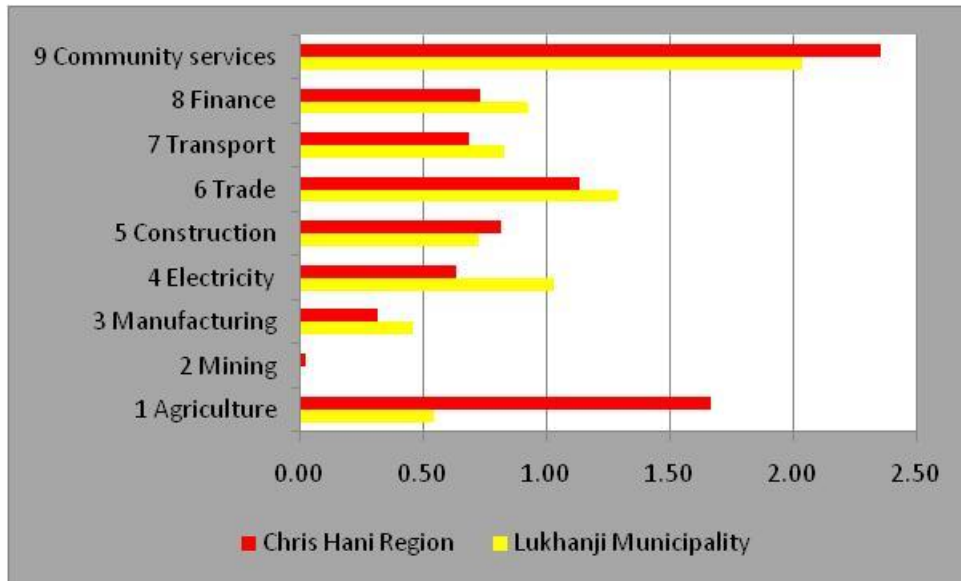


Even though we have a competitive advantage when compared to the regional economy on the electricity sector, its contributions to gross value add in the economy has declined over the last decade (1996 -2008) by about 1.7%.

Comparative advantage

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

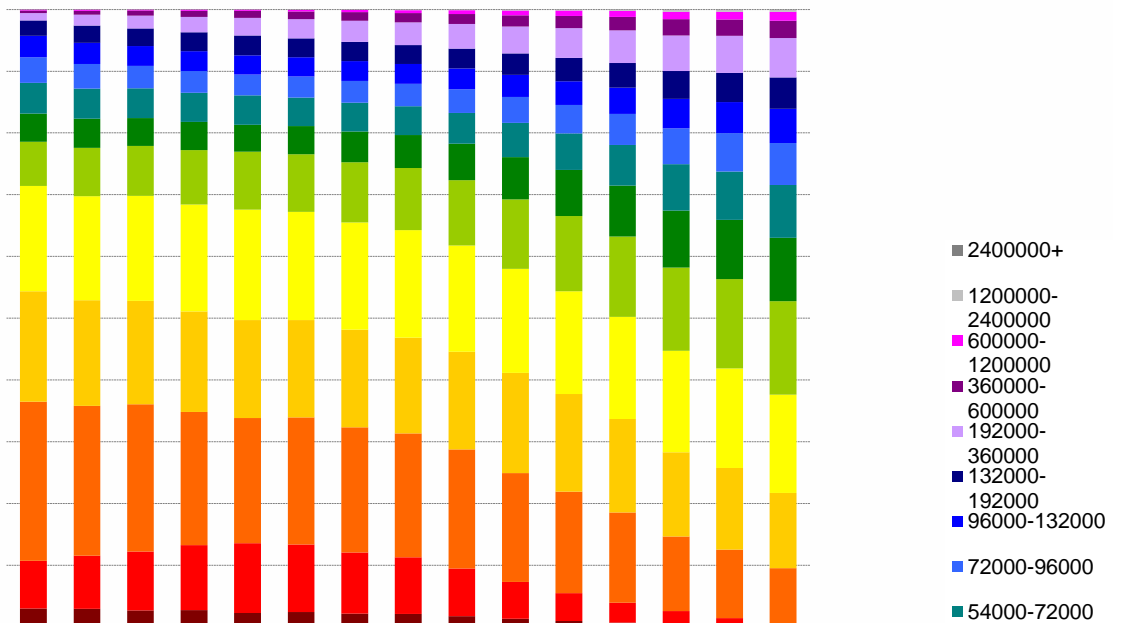
The figure below compares Lukhanji economic competitiveness to that of the Chris Hani region by nine broad economic sectors. It shows that Lukhanji economy compares better in the sectors of Trade (retail), Electricity, Finance, Transport and Manufacturing while Chris Hani compares better in Community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



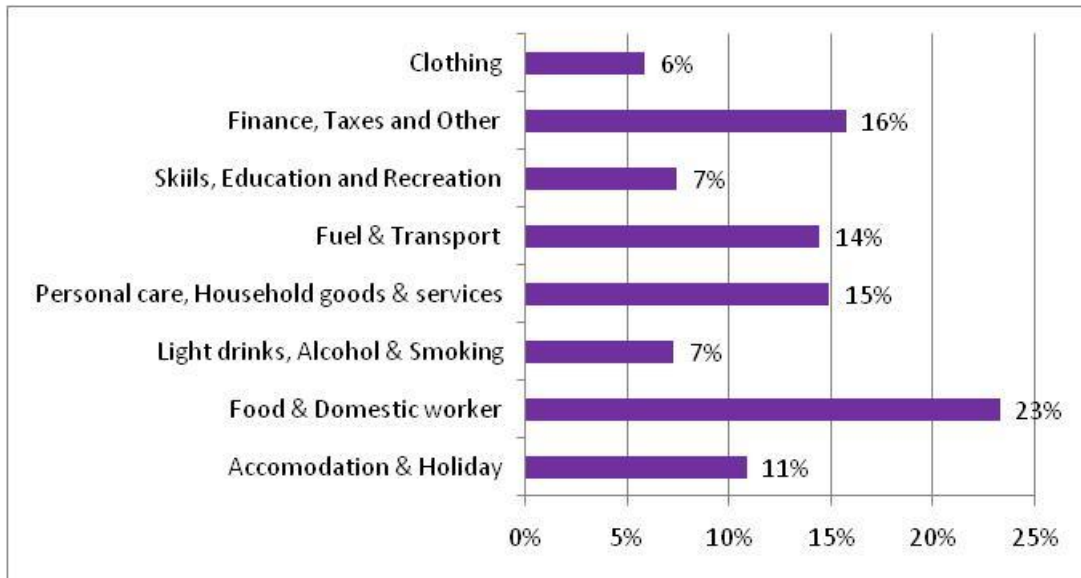
Household Expenditure

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

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



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



ENVIRONMENTAL CHALLENGES & CONTEXT FOR ENVIRONMENTAL RESPONSIBILITIES

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

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

ENVIRONMENTAL MANAGEMENT AND GREENING REVOLUTION

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

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

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

More specifically, like all municipalities, Lukhanji has a responsibility for environmental management and governance. Our IDP provides a platform through which this commitment can be clearly illustrated in a binding municipal development document. Critically therefore it addresses environmental issues through the Integrated Development Plan. The municipality thus understands that IDPs are the master plan for local development, and thus the manner in which the environment is addressed in such a plan is a measure of the role and responsibility the municipality accepts for environmental management.

CLIMATE

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

The municipality is prone to heavy rainfalls which compromise our road infrastructure and cause disasters.

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

VEGETATION AND SOIL TYPES

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

HYDROLOGY

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

- Klippart River

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

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

SUMMARY OF THE KEY ENVIRONMENTAL CHALLENGES

Soil Erosion – Over grazing, dispersive soils and hilly terrain has led to major erosion problems in most areas.

The predominately gravel road network in the rural areas and in much of the poorer urban residential areas is also negatively affected by storm water erosion

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

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

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

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

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

OVERVIEW OF THE KEY PERFORMANCE AREAS

1. Basic Services and Infrastructure Development

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

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

1.1 Infrastructure Development

1) Neighbourhood Development Partnership Grant (NDPG)

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

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

1.2 Basic Services

1) Electricity

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

- Repairs and maintenance of all existing electrical networks within the Ezibeleni, Mlungisi and Queenstown;
- Provision of new networks required in the same areas;
- Daily provision of electrical connections to new customers

- Provision of a support service to the BTO in terms of disconnections and reconnections of defaulted customers.

1.1.2 Electricity Master Plan

The electricity master plan was approved by the Council in around October 2013.

During the 2013/14 budget adjustment Council approved an amount of R5 million for the implementation of the electricity master plan of the municipal electricity master plan.

The master plan intends addressing the following points:

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

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

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

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

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

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

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

1.1.3 Fleet for the revenue enhancement section

Personnel

The unit is comprised by one manager and 8 inspectors that have been contracted by the municipality. They are responsible for disconnection, reconnections and temper checks.

This is one of the strategies embarked upon by the municipality to enhance revenue.

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

1.1.4 Distribution Section

Personnel

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

It is comprised of 9 vehicles, 4 of them are very old, which need to be replaced. 1 street light vehicle (cherry picker) and a three ton truck are needed for the maintenance of street lights
To address this, 4 officials are being trained by the municipality as electricians. The unit still needs a technician, an admin clerk and two linesmen: one for the town area and

1.2 Infrastructure Skills Development Grant

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

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

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

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

1.2.1 Programme monitoring

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

2) Water and Sanitation

In terms of the powers and functions, water and sanitation is a district municipality's function. Lukhanji used to be the water services provider and the district remained the authority. However, in 2014/2015 financial year the whole function was taken over by Chris Hani District Municipality.

At first there was a challenge with the payment of two accounts to the local municipality for property rates and the district municipality for the provision of water and sanitation. Numerous consultative engagements were conducted on the matter to address the challenges.

2.1 Source of supply & provision

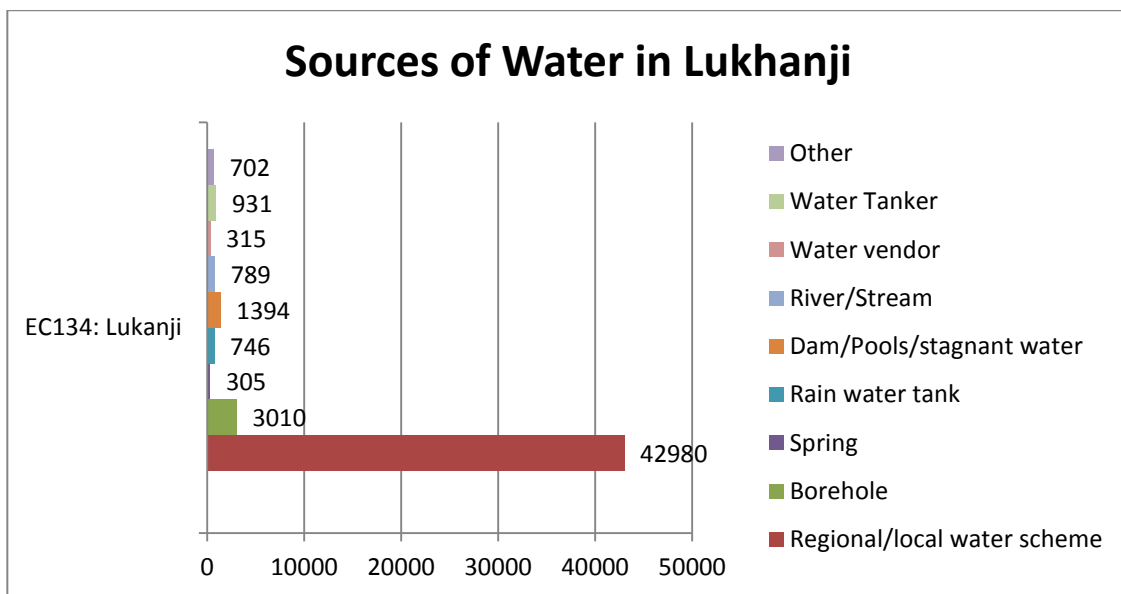
Bulk potable water is supplied from Waterdown and Bongolo dams. While irrigation water is supplied from the Waterdown, Oxkraal and Bushmanskraans dams (0.52mm³). As potable water demand has reached available supply a new water scheme to bring water from the Xonxa dam to Queenstown will be designed and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

Water for Queenstown is imported from Waterdown Dam and blended with water from Bonkolo Dam.

Boreholes augment the water supply. The importing of water to Queenstown from Waterdown Dam

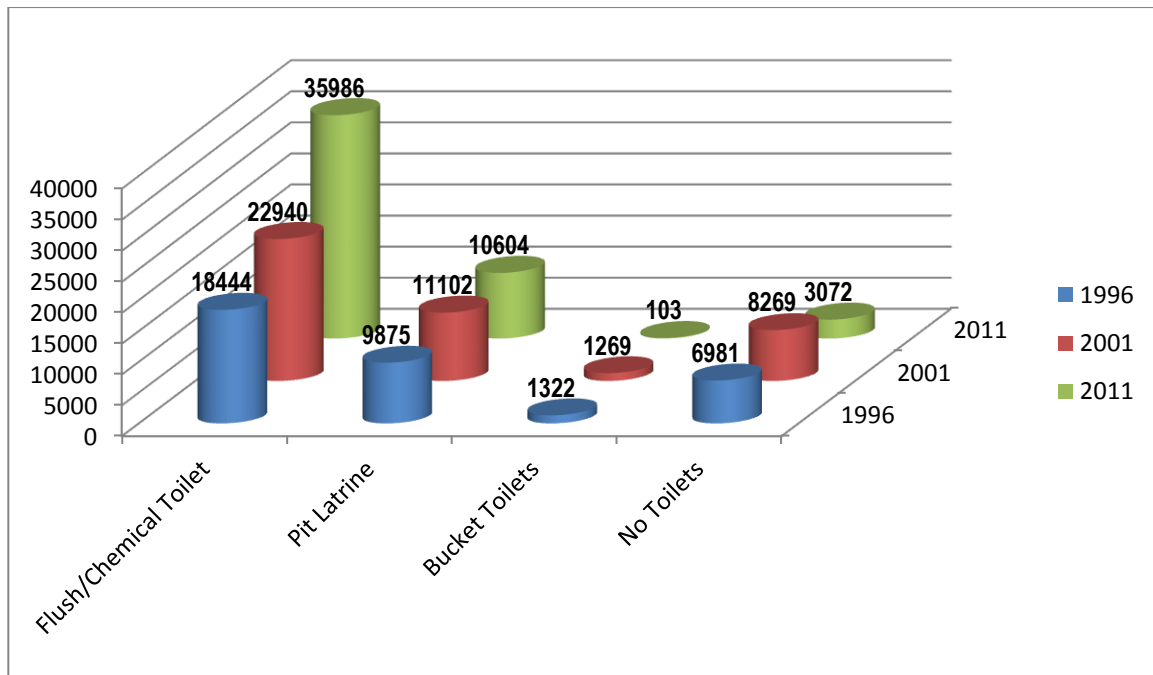
starves Whittlesea of adequate water supply. To address this problem and service the poorly serviced Ilinge Township, a project to supply Queenstown with water from Xonxa Dam is being undertaken by the CHDM. The implementation of the project is slow as it requires well over R350 million capital funding.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

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



Created on 15 April 2013
 Statistics South Africa: Web page: www.statssa.gov.za
 Support: info@statssa.gov.za
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Sanitation backlogs remain higher than that of water in especially the rural areas. The falling behind of basic sanitation is attributable to slow processes of VIP implementation in the last five years compared to water. The figure below compares a distribution of households by levels of access to sanitation services.



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

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

3) Mechanical workshop

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

The municipal fleet has increased. The workshop does not have the capacity to deal with the increasing number of fleet and the fact that the majority of the municipal fleet is obsolete. The municipality needs to take advantage of the institutions of higher learning located in the municipal space and enter into partnerships. The municipality has identified the need to request these institutions to allow the students in mechanical engineering to conduct their practical training in the municipality. This is one of the initiatives to ensure that the workshop is upgraded. The other possibility that the municipality needs to explore is to make use of the local service providers for the servicing of the municipal fleet as one of the initiatives to compliment the available capacity in the workshop.

SWOT Analysis

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

4) Project Management Unit (PMU)

The PMU is comprised of the following personnel: PMU Manager, four project coordinators in the civil engineering field, ISD officer and one Roads Technician.

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

The PMU needs the following personnel: the Administration Manager and 2 x Clerks and 2 more ISD Officers, HSO x 3 for the staff to complement the unit as per MIG guidelines.

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

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

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

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

5) Roads and Storm Water

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

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

District municipalities receive the RRAMS grant to undertake the programme

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

Personnel

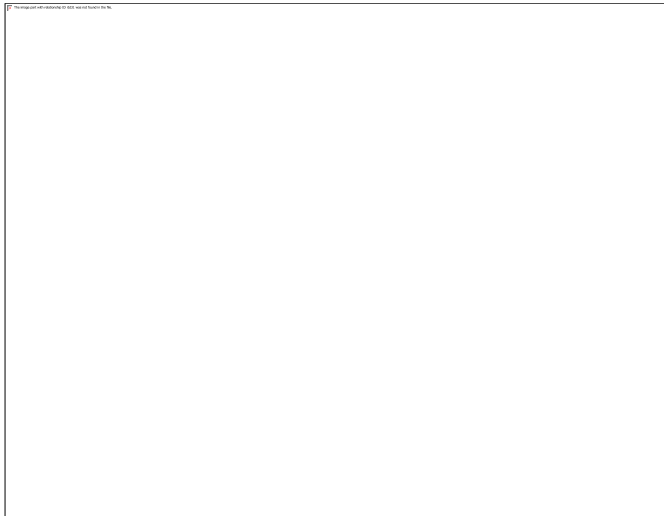
The section has 10 newly contracted Truck Drivers, 2 Supervisors, 1 Roads Technician, 3 Grader Operators, 3 Excavator Operators and 3 Grade Roller Operators.

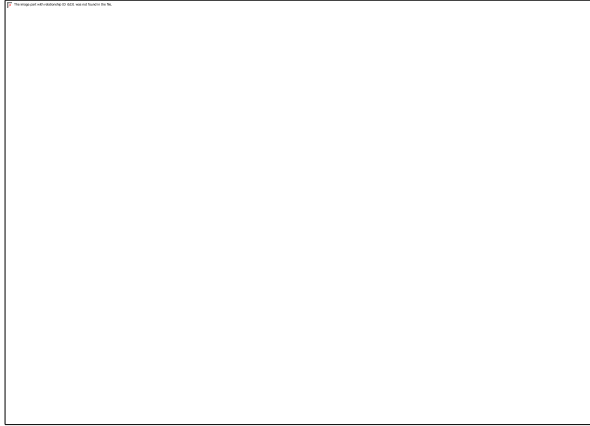
6.1 Road Condition – Surfaced Roads

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

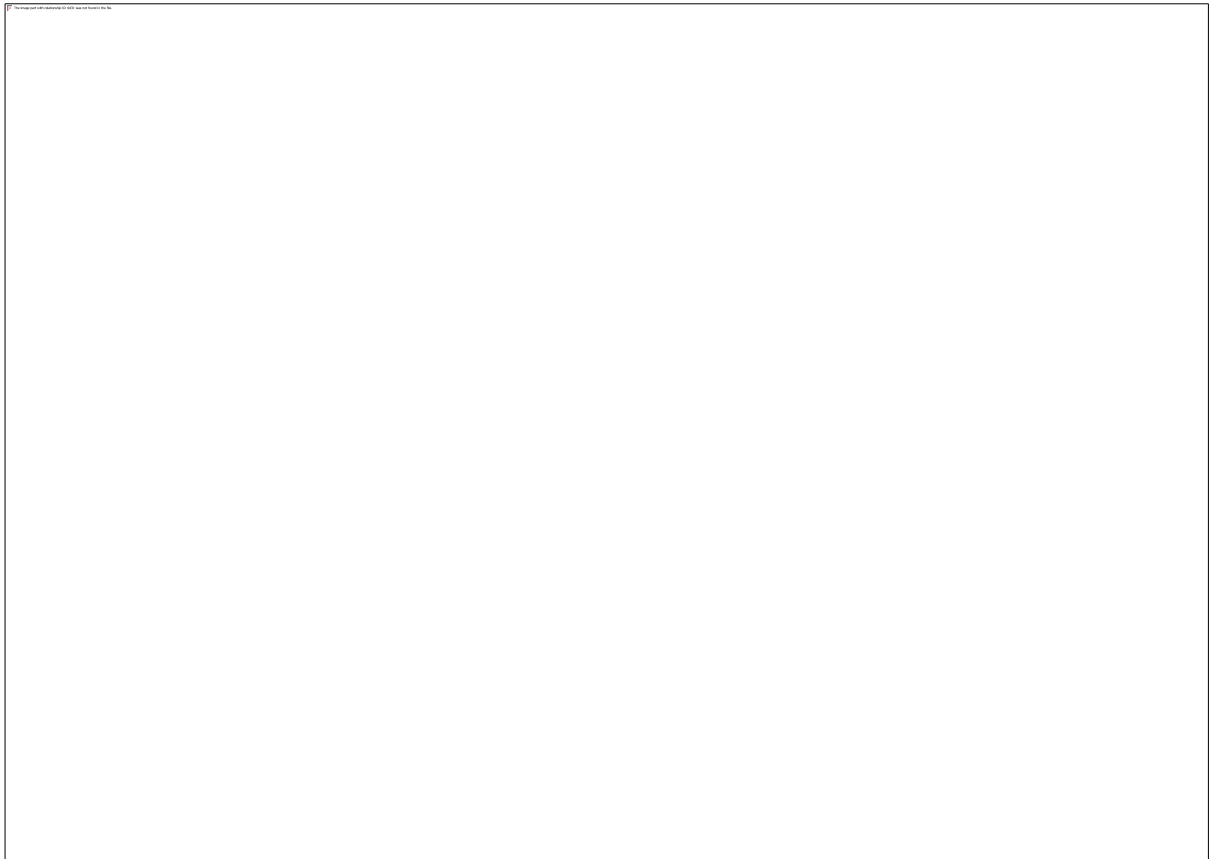
Below is the pie chart below depicts the picture of roads in both the district and Lukhanji

Visual Assessment Condition (surfaced Roads)





6.2 Road Condition – Gravel Roads



6.3 Roads Maintenance Plan

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

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

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

6.3.1 Personnel

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

6.3.2 Servicing of the new plant

The challenge is that with the newly purchased plant, the service provider refuses to maintain the fleet as per the tender document or contract. This has caused delays in the maintenance of roads. The municipality has taken the company to court so that it can comply with the contract agreement. In the meantime, the municipality intends to look for a service provider that will service the fleet for a period of 2 years while the matter is still in court.

2. Cleansing and waste management/Community Services

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

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

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

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

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

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

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

2.1 SERVICE DELIVERY VEHICLES

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

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

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

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

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

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

2.2 WASTE COLLECTION INFRASTRUCTURE

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

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

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

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

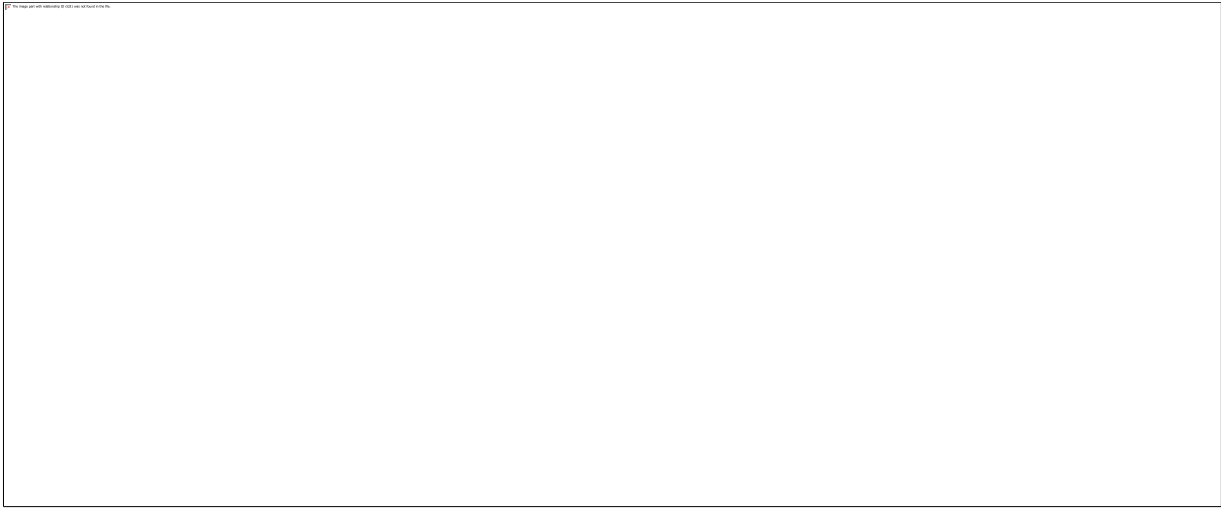
The condition of 1.75m³ refuse bins is also a problem as the containers falling apart and a health hazard to the businesses. These containers need to be replaced with the 1100L wheel bins in order to render this service to the businesses within CBD. The plan is to lease out old 1.75m³ bins to the businesses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

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

2.3 WASTE RECYCLING: MULT RECYCLING BUY BACK CENTRES

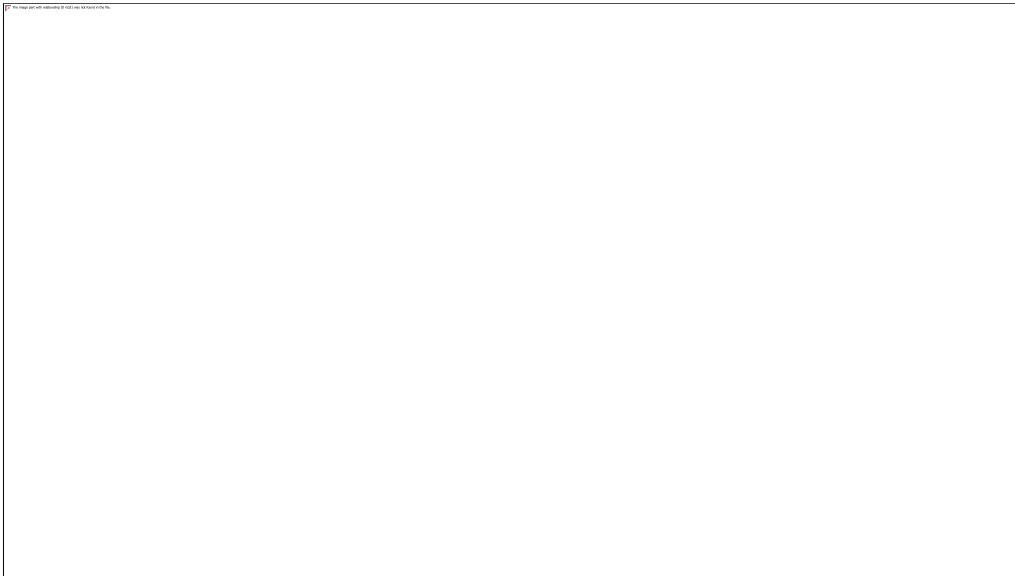
The Lukhanji Local Municipality is also facing a problem of illegal dumping in public open spaces and pavements. The Lukhanji Landfill site is receiving high volume of waste [estimated to be +-135 tons per day] of which 70% of that waste can be recycled. The opening of Multi recycling buy back centres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

BEFORE CLEANING & BEUTIFICATION



The municipality embarked on a programme to beautify all sites targeted for illegal dumping. The picture below shows the work that has been done after beautification. This is one of the municipality's strategies to curb illegal dumping.

AFTER CLEANING & BEUTIFICATION WITH A "NO" DUMPING SIGN



2.4 RENEWABLE ENERGY [CONVERSION OF WASTE INTO ENERGY]

The Lukhanji Local Municipality has one permitted landfill site and one unlicensed site in Whittlesea. The Queenstown site is the licensed site which receives high volumes of domestic waste; garden waste and building rubble. The fact that there is only one formal recycling company in town and 80% of its recyclables is collected from the landfill site shows that high volumes of waste end up being land filled.

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

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

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

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

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

A number of cooperatives on waste recycling have received training as part of the project deliverables.

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

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

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

(ii) **Medical waste**

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

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

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

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

3. Integrated Waste Management Plan

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

(i) **Municipal Land Fill sites**

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

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

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

Lukhanji solicited support from the District municipality for the land fill site and the

(ii) **Equipment**

The Lukhanji LM waste collection fleet consists of several vehicles that are responsible for waste collection in the two main towns of Queenstown and Whittlesea.

At the present moment the service is being rendered with three (3) refuse compactor trucks out of sixteen (16) vehicles. Two (2) trucks are servicing Queenstown and one (1) truck is servicing Whittlesea.

TRACTOR & TRAILOR COMBINATION SERVICING SKIPS IN BUSINESSES



The above picture shows some of the old fleet used by the municipality that needs to be replaced as they are expensive to maintain.

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

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

There are plans to procure more fleet in the 2015/2016 financial year.

The municipality needs to budget for; at the least two new Refuse Compactor Truck per financial year to gradually replace the current old fleet. A budget has to be made available for the purchase of a new roll on/off container truck to service transfer stations in Whittlesea, Illing and Lesseyton.

Current projects

1. Youth Jobs in Waste funded by Department of Environmental Affairs – the project focuses on raising environmental awareness and cleaning. Twelve (12) awareness campaigners and fifteen (15) general workers were employed for a period of two (2) years and contract extended until August 2015.

2. Lukhanji Recycling Project (Multi Recycling Buy Back Centers) also funded by Department of Environmental Affairs (EPWP). The Department appointed the Chris Hani Development Agency as the implementer for the project. The project budget is R30 million and the CHDA is busy with the Business Plan (first draft available and will be presented to Mayoral Committee for inputs).
3. Adopt a river programme funded by Department of Water Affairs (cleaning of river). The project focusses on cleaning the river. Fifteen (15) beneficiaries were recruited and are busy cleaning the river.

4. Eradication of alien plants

A programme was developed by CHDM to eradicate the Lapesi plant in the District, Lukhanji municipality is also a beneficiary to that programme. The Department of Rural Development and Agrarian Reform also support the municipality with the eradication of alien plants

5. Cemeteries

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

The municipality has the following formal cemeteries:

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

The following cemeteries are informal:

- ✓ Ilinge and Lesseyton cemetery are not formal and are not under municipal control

A budget of R250 000,00 has been allocated for the Ilinge and Lesseyton.

Whittle Sea area. A service provider has been appointed to conduct EIA.

- ✓ Ilinge and Lesseyton: cemeteries are full, Ekupumleni and
- ✓ Sada.

An EIA study was done in Whittlesea, but there is a land claim on the identified site. This causes delays in the implementation of the project. There is nothing the municipality can do at the moment until the land claim issue is resolved.

Budget was allocated in the 2013/2014 financial year for the construction of a new cemetery in Ilinge and Lesseyton.

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

The municipality in partnership with the Department of Public Works and Chris Hani District Municipality has renovated the Mlungisi cemetery by building a stone/brick wall around the Cemetery.

The Lukhanji cemetery is approaching its full capacity very soon. There is only burial space left for another 1 year of burials. Provision was made for the cemetery to be extended when it was constructed in 2004/2005. Funds are needed for the extension of the Lukhanji cemetery.

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

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

6. Community Facilities (Halls)

- Lukhanji has a competence for amenities and community facilities like halls. It currently owns and operates a few.
- **Number of halls in the Lukhanji area**

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

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

The following areas **do not have halls**

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

7. Sports and Recreation

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

(i) Sport Stadiums

The municipality has the following sports and recreational facilities:

- ✓ TOBI KHULA SPORT CENTRE – Maintenance of the grounds, fields and the halls and ablution facility.
- ✓ MLUNGISI SPORT STADIUM – Maintenance of the grounds, fields and the ablution facility. The tennis court at Mlungisi needs upgrading – nets to be constructed around the courts and to be resurfaced. The palisade fence surrounding the stadium needs to be extended to cover the whole area. There is an athletics track but it needs to be upgraded.
- ✓ DUMPY ADAMS STADIUM – Maintenance of the grounds, fields and the ablution facilities. An artificial soccer field was built by SAFA at Dumpy Adams. The construction of the cricket pitch was completed. The curbing around the soccer field was completed. We now need curbing on the outside of the athletic track so to clearly demarcate the athletic track. The netball courts needs resurfacing. There are no spectator stands around the Soccer field. We need to have it constructed.
- ✓ Thee tennis courts need to be upgraded with nets and a new surface. The netball court also needs upgrading and we need stands to be constructed around the new soccer field.
- ✓ Ezibeleni Sport Stadium: the ablution facility was upgraded during the 2014/2015 financial year. This soccer field needs a good topdressing and drainage of the field to be rectified. Proper netball courts at this stadium still need to be constructed.
- ✓ Sada Sport stadium: The ablution facility was upgraded during the 2014/2015 financial year. The challenge is that the concrete fence around the facility is vandalised and needs repairs.
- ✓ Queenstown Public Swimming Pool: The pool needs major repair work to be done to it. The pool building is being vandalised during the winter months when it is not in use.
- ✓ ILINGE SPORT STADIUM – There is no sports stadium in Ilinge. An allocation of R2million has been made in the 2013/14 for the construction of the sports stadium in Ilinge. A dual purpose

field for soccer and rugby and a netball court with fencing and an ablution block has been identified as one of the projects to be implemented.

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

(ii) **PLAYGROUNDS**

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

8. Library Services

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

Libraries are a Provincial function, under the Department of Sport, Recreation, Arts & Culture. The service is implemented by the Municipality and is only partially funded by the Province. The Municipality receives a subsidy from DSRAC annually; however, this subsidy does not cover the total costs of running the libraries. The Municipality covers the shortfall. The shortfall for the past year was approximately R1 million.

The Lukhanji Library Services is required to serve the total population of the Lukhanji Municipal area, which is 190 723 over an area of 4 231 km² - 30 % of the population are 14 years and younger (Stats SA).

There are five libraries within Lukhanji Municipality viz:

- 1) Mlungisi Library
- 2) Ashley Wyngaard Library (in Parkvale)
- 3) Queenstown Library
- 4) Barrington Mndi Library (in Ezibeleni)
- 5) Whittlesea Library.

Institutions of Higher Learning

The libraries support formal education in the area, i.e. all levels of education.

The municipality is currently engaging with Institutions of Higher Learning to provide access to tertiary educational information. A positive response was received from the UNISA library in East London and they have decided to approach DSRAC at a provincial level so that such a partnership between UNISA and DSRAC will result in all libraries in the Province being able to share resources with UNISA electronically.

Mobile Library Services

Enquiries and research are underway to establish the possibility of a Mobile Library Service to the rural areas of Lukhanji. A business plan will be drawn up and applications for funding will be made to various spheres of government and also to the private sector.

Mzansi Libraries on - line

Queenstown Library is one of the beneficiaries of the pilot project of the Mzansi Libraries On-line Project (funded by the Bill & Melinda Gates Foundation). This project aims to strengthen and enhance public libraries in South Africa through the provision of IT equipment and training of library staff. Queenstown Library will receive R475 000 worth of electronic equipment. This equipment will be used through various sub projects to benefit the community. Should the pilot projects at the selected libraries (three per province) prove to be a success, the Bill and Melinda Gates Foundation intend investing a substantial amount of funds in the public libraries in South Africa.

Library for the Blind

SA Library for the Blind services are available at our libraries. These services are for blind and sight impaired members of the community. Specialised equipment is currently available at Ezibeleni Library. All equipment and materials are supplied by the Library for the Blind SA, their head office being in Grahamstown.

Short Story Writing Competition

A competition is underway to encourage people of all ages from our area to become authors. The competition closed on 28 February and winners will be announced in July 2015. The competition will be run every three years.

New Library

DSRAC have indicated that a modular library will be built at Mceula, near Whittlesea, in the next year. This will be of great benefit to all as there is currently no library in the area.

Requests have been submitted to DSRAC for new libraries at Ilinge, Lesseyton and Mlungisi. Requests have also been made for the refurbishment of Ashley Wyngaard Library and Whittlesea Library.

Challenges

- The library services are underfunded by DSRAC
- Staff shortage
- Shortage of library space, especially during peak hours
- Rural areas within the municipality do not have access to library services. A mobile library is therefore recommended
- Automated Library Management System is not implemented. Lukhanji is one of the few municipalities where libraries do not function by means of an automated system. The system is hosted by SITA and DSRAC are responsible for providing barcodes and special stationery for books and patron library cards. The provided internet service is not reliable and is often offline
- Some of the library buildings require maintenance and upgrading. Ashley Wyngaard and Whittesea require extension, Queenstwon library needs painting, shelving and furniture need to be replaced.

9. Pound management

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

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

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

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

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

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

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

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

(ii) **The condition of the commonages:**

- Camp 6: 37.2 hectares: fencing needs to be repaired
- Camp 8: 197.2 hectares: no gates and fence needs to be repaired
- Camp 9: 127.1 hectares: no gates and fence
- Camp 16: 20.7 hectares: no fence at the back as well as no water
- Camp 18: 15.8 hectares: no gates and water
- SPCA camp: 172.2 hectares: fence needs to be repaired

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

10. Lukhanji Parks

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

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

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

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

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

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

11. Environmental management

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

The project focuses on the following:

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

Game Reserves

The Lawrence de Lange Game Reserve

The Lawrence de Lange Game Reserve must be mentioned under this section. Important work is being done on education regarding the animals, birds and the environment in the Game Reserve. Schools are taken out on guided tours through the Game Reserve. Hunting and selling of animals is an important income for the game reserve and for the management of the game on the reserve. The Birding Club and the Environmental Club of one of the schools do important work on the Game Reserve. We also have Honorary Game Rangers that help to patrol the Game Reserve and other tasks that are necessary. We have 6 Rhino and 9 Giraffe and other buck species on the reserve. There is tight security to avoid rhino poaching. It would be nice if we could have chalets build in the Game Reserve, as we get a lot of tourists visiting the Game Reserve. A business plan was submitted to the Department of Tourism to support with the construction of the chalets. A new 4x4 vehicle is needed for the game reserve.

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

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

Bonkolo Dam and Berry Dam

The Bonkolo dam picnic area was upgraded to a Day Visitor Facility by the Department of Tourism. Processes to secure a private partner were undertaken. A public/private partnership agreement will be signed to manage and maintain and secure this facility. This facility is extensively used by the public for braais, fishing and other events.

The Berry dam is another picnic area that is used by the public for fishing, braai's and picnics. This dam area is also used by the public for jogging and taking their dogs for walks. The braai places needs to be upgraded and shade trees planted along the water edge where a lot of trees has died because of the draught we had 2 years ago.

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

1.3 Community Safety

The municipality decided to establish a community safety department which previously formed part of community services department.

This was due to the volume of work undertaken in this department. The department is comprised of the following sections: fire fighting, disaster management, traffic control and municipal police.

For this directorate to be fully functional, the municipality has to appoint a director.

1.4 Human Settlement and Land Development

The Department consists of the following divisions

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

13.1 Housing

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

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

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

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

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

This includes land for middle and high income houses.

The housing sector plan was reviewed in 2013/14.

Currently the municipality is acting as a facilitator in housing development. The function is performed by the Department of Human Settlement provincially. Due to the massive development that is currently taking place in the municipality and the envisaged integration of former homelands into the mainstream, the municipality intends to apply for a housing developer status.

The Department of Rural Development and Land Reform has made an undertaking to transfer Erf 178 (located in Whittlesea) to the municipality. The department has requested the municipality to separate state domestic facilities from the said land. Therefore, the municipality needs to subdivide the erf so that the department's request can be accommodated.

The municipality should commission a land surveyor to sub divide the land. A budget needs to be allocated for this exercise.

1.3.2 Land

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

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

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

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

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

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

A consultative workshop was held in January 2014 with all councillors and officials. The readiness template has been submitted. The champion has been identified. The Department of Rural Development and Land Reform engaged a service provider to develop generic by laws on SPLUMA for all municipalities. The generic by laws are now available. The municipality still needs to customise these before conducting public consultations on the by laws

1.3.4 Valuation

The municipality is currently implementing the Supplementary Valuation Roll which responded to the issues raised in the General Valuation developed. All objections with regards to valuations have been addressed. The challenge that was experienced by the municipality was the alignment of the valuation with the municipal billing system. This challenge has since been addressed

1.3.5 Entertainment Facilities

The section deals with the maintenance and hiring of municipal entertainment facilities. The municipality resolved that for each new settlement, a site has to be identified for the construction of a community hall. .

1.3.6 Property Rentals

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

1.3.7 Planning

This section deals with municipal zoning schemes and the Spatial Development Framework. The municipality has to implement the Spatial Planning and Land Use Management Act of 2014. The Act requires the establishment of municipal tribunals. The Council agreed a Joint Municipal Tribunal should be formed with Chris Hani District Municipality as the municipality does not have the capacity to establish its own tribunal.

An organisational structure was proposed to assist municipalities with the successful implementation of SPLUMA. The proposed posts have been included in the municipal wide organisational structure that was approved by Council in January 2015. The challenge is the funding of the posts. The other challenge with regards to the effective implementation of SPLUMA is the absence of the municipal town planner. The town planner resigned in December 2014. The municipality is in the process of recruiting for the town planner.

1.4 Local Economic Development

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

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

✓ EC Provincial Growth and Development Plan (PGDP)

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

- To maintain an economic growth rate of between 5% and 8% per annum.
- To halve the unemployment rate by 2014
- To reduce by between 60% and 80% the number of households living below the poverty line by 2014.

- To reduce by between 60% and 80% the proportion of people suffering from hunger by 2014.
- To establish food self-sufficiency in the Province by 2014.

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

In response to the National Development Plan the Province of the Eastern Cape developed its Provincial Development Plan

2. Local Economic Development Strategy

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

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

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

2.1 KEY ECONOMIC SECTORS Lukhanji Municipality

(i) Agriculture and Rural Development

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

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

(ii) Creation of an Agricultural Market

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

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

(iii) AGRICULTURAL INFRASTRUCTURAL Development.

Through the MIG 5% funding Lukhanji Municipality is able to develop the agricultural infrastructure in its area. These funds are mainly used for the building of shearing sheds and fencing of the grazing land. The building of shearing sheds is inline with the goals of setting a firm foundation for the wool processing in the area. According to the Lukhanji Municipal Spatial Development Framework 2013/2014:55 "The Western half of the municipality is generally considered to be better suited to sheep farming. Shearing sheds and fencing have been built for Machibini villages, Zingquthu and Gwatyu villages. Other areas that are to be targeted for the same services include the following: Lessyton, Hewu villages, Mlungisi area and Zweledinga area.

AGRO-PROCESSING AND THE SPECIAL ECONOMIC ZONE

The Lukhanji Local Economic Development Strategy view the area as having potential for agro-processing. "Value-adding or agro-processing is also a possibility, examples are: livestock products e.g. skins, hides, horns, hooves and bones, dairy processing and milk products ... (2008:9)". Furthermore the Chris Hani District Municipality District Agenda view the LUKHANJI as a Special Economic Zone for the District Municipality with the particular focus on the agro –processing. A feasibility study was done on the matter by Coega and concluded in 2013. The findings were positive and the project to be successful it need a financial injection in billions of rands. The Lukhanji Municipality has allocated land for the project in line with the recommendations of the feasibility study and the project has a provincial government support. Be that as it may the Lukhanji Municipality had to strengthen relations with the Chris Hani District Municipality, build partnerships with business and communities of Lukhanji , Develop a master plan to address the infrastructural related backlogs, carry forward the issue of the aerodrome and generally collaborating efforts to improve agriculture in the area. Other pertinent issues that Lukhanji Municipality must urgently attend are the development of the investment policy in order to attract business into the area, consider to promote inter-municipal relations both inside and outside the country. The external municipal relations will be used by the municipality for the purposes of soliciting funding for the projects that it cannot fund and marketing of the Special Economic Zone project and the internal municipal relations will be mainly used for experience sharing.

(iv) Livestock Improvement Programme

A Memorandum of Understanding was entered into between the municipality and Zulukama Investment Management Trust. The Chris Hani District Municipality constructed two feedlots in Lukhanji Local Municipality. This is part of the district and Lukhanji Municipality's programme of livestock improvement. One of the feedlots is located in Lower Hukuwa in ward 13 and the other one is located in Kamastone in ward 14. 36 villages in the Whittlesea area benefit from the feedlots. The feedlots were handed over to the municipality in 2013/2014 financial year during the Chris Hani month. The aims for the construction of the feedlots, include but are not limited:

- To fatten the livestock
- To improve animal welfare and meat quality
- To support local farmers to graduate from subsistence farming to commercial farming practices.

For the smooth operation of the feedlots, the villages are supported by the Agricultural Research Council

An allocation of R1, 3 million was allocated for LED related Capital Projects during the 2011/12 financial year. For 2013/2014 financial year R 1, 6 million was allocated for the programme. For the 2014/2015 financial year an amount of R 1,879550 has been allocated for LED related capital projects.

For the 2015/2016 an amount of R 1,966200 has been allocated from MIG funding for LED related capital projects.

For the 2016/2017 financial year an amount of R 2,048950 has been allocated for the LED related capital projects.

This is 5% of the total MIG allocated to Lukhanji as per the MIG regulations for the MTEF

(v) Tourism Development and Heritage

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

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

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

The municipality in partnership with the Department of Tourism and the South African Heritage Resource Council is in the process of having the site declared to be of national significance due to the history and the events that took place on the site in 1921.

The overall plan is to establish a community trust where the spin offs made on site should be used to develop the area. There are some challenges that need to be resolved within the stakeholders, some of which delay further developments on the site.

Chris Hani Memorial Hexagon

This is a hexagon located in the centre of the CBD in Queenstown which was used as military base and the memorial site of heroes of the frontier wars. It was declared and officially launched as Chris Hani Memorial Hexagon. The municipality in partnership with Chris Hani District have plans to erect monument of selfless cadre Chris Hani and beautify the area in honour in the liberation struggle.

(vi) SMME and Cooperative Development

In recognition of the contribution made by the informal sector the municipality constructed hawker stalls as part of the SMME development programme. 23 hawker stalls were constructed in Whittlesea during the 2013/ 2014 financial year. This programme had to be extended to other areas. Nonesi Mall Developers in their social responsibility programme constructed hawker stalls and a taxi industry office around the mall. Due to the economic activities around the area as it is the district's regional hub, the municipality identified a need for the construction of more hawker stalls. This is further to ensure that the trading by lwas are adhered to as no

hawking is supposed to take place on national roads, which is currently the challenge the municipality is faced with. A draft SME strategy has been developed.

More funding is needed for the extension of the hawker stalls programme.

Cooperatives Development support

The cooperatives are assisted with registration and business advice. A partnership exists between the Chris Hani Cooperative Centre and all the municipalities. The cooperatives are also assisted to access funding from the Cooperatives Fund.

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

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

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

The mainstreaming of the programmes that deal with the designated groups in the municipality in all municipal departments was identified as a priority. This includes developing programmes economic development programmes for each designated group.

Small Town Revitalisation

There are plans to revitalise all the small towns within the municipality. These include Whittlesea, Ezibeleni and Ilinge- which was used as a dumping place for all ex Robben Island prisoners. The municipality reckons that the area has to be further developed as one of the historical landmarks.

Manufacturing

Despite its slowing-down over the last few years, manufacturing and value adding remains a strategic sector to growing the economic base of the Lukhanji.

Major manufacturing activities include furniture making, food processing and pressed metal.

The three biggest employers in Queenstown are manufacturers' viz. Seating, Twizza and Crickley Dairy and Stateline Pressed Metal. Seating is threatening to close its factory and if that happens the socio-economic implications are very serious for Lukhanji community. Lukhanji Municipality must be at the forefront of every effort to ensure that Seating remains open and functional as a business at Lukhanji. Above all the Lukhanji Municipality must develop a clear plan to make the current factories at Ezibeleni and Sada at Whittlesea as functional as possible. The purpose should be loud and clear that those factories should be maximally used for job creation and the fighting of poverty. Currently the state of those factories is not the same. Some are in good condition and others are completely vandalised. With the development plan that Lukhanji Municipality must develop those factories could contribute positively to the growth of the economy.

The other manufacturing activities conducted in the municipality include brick making and wool production. SMMEs that manufacture bricks should be supported to ensure that they produce quality

bricks making. The strategic session further identified a need to conduct a study on the processing of wool locally before it is being exported with the possibility of establishing a wool processing plant locally due to the quality and the volume of wool produced in the municipality.

During the municipal strategic session held on 18 – 20 March 2015 the following programmes were identified

Agro processing was identified as a flagship programme. This was seen as one of the means towards the realisation of the economic hub concept. This included the tunnels programme implemented by the District Municipality through the Cooperative Centre. 5 co-operatives were identified in the Lukhanji area. The programme is located at Zweledinga.

The outstanding issue in the programme is infrastructure development. One of the programmes is the fencing of the facility.

Other programmes identified include the identification of a space for packaging and a storage centre for all the products that come from other local municipalities.

Integrated Development Planning

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

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

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

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

The unit currently has one official. The official is responsible for IDP and PMS coordination. With the review of the organogram, the municipality intends to fill in one more post in the next financial year. A need has been identified to boost the unit with interns to serve as support structure of the unit. The institution is still required to ensure that proper budgeting is done to ensure that proper personnel is increased in the next financial years to capacitate the unit.

SWOT Analysis

Strengths <ul style="list-style-type: none">● Establishment of IPED as a stand-alone directorate	Weaknesses <ul style="list-style-type: none">● Insufficient personnel● Limited budget● Projects budgeted for not in line with the IDP resulting to misalignment
Opportunities <ul style="list-style-type: none">● Support from the provincial department of local government and traditional affairs● Directorate has a potential to grow and assist to shape the municipality	Threats <ul style="list-style-type: none">● Non-cooperation of sector departments

Performance Management System

The municipality adopted a performance management system framework on the 22nd June 2012. The framework was not fully implemented. This was partly because there was no clarity on the roles that each stakeholder is expected to play in the implementation of the PMS. Several workshops were held with the support provided by the Department of Local Government and Traditional Affairs. There is a slight improvement in the manner in which things are done and coordinated in the municipality. In the past there was no culture of reporting and activities that were implemented were not in accordance with the service delivery and budget implementation plan. To address this challenge an SDBIP with much SMART objectives was developed in the 2014/2015

financial year. This SDBIP is annexure to the performance agreements of managers that are accounting directly to the Municipal Manager. In the 2014/2015 financial year all directors have signed performance agreements. The municipality is in the process of conducting performance reviews for the mid-year performance. Before the municipality can even consider cascading the PMS down to levers lower than managers that are directly accountable to the municipal manager, the concept must be fully mastered at senior management level.

1.5 Municipal Transformation and Institutional Development

This section focuses on the following priority areas:

- **Human Resources Management**
- **Administration and Council support**

1. Human Resources Management

The human resources management has the following components:

3.1 Skills Development

Background

The institution has a designated section that was established in 2005 to deal with the skills development of each employee in the municipality as well as general members of the community of Lukhanji. The process involves the skills identification (skills gap analysis), developing a plan to the implementation of the plan. It is also responsible for ensuring that the service providers contracted to provide trainings in the municipality are accredited. It currently has only 1 Skills Development Facilitator.

The Workplace Skills Plan is developed by the municipality on an annual basis. The last review was in 2014/2015. The municipality is currently engaged in reviewing the plan for the next financial year.

The plan responds to the skills gap identified during the skills audit. However, the skills audit is not conducted on a regular basis. A capacity building programme is developed for both councillors.

The institution has further identified that there are quite a number of general workers in the employ of the municipality are also illiterate and further encouraged them to register in the ABET programme.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • The Skills Development Facilitator is qualified. • The office is fully equipped. • Good relations with the Provincial LGSETA, District Municipality and other municipalities within the district 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Inadequate personnel, • Limited office space, • limited in-house budget for training
<p>Opportunities</p> <ul style="list-style-type: none"> • Service providers to provide the required training in abundance 	<p>Threats</p> <ul style="list-style-type: none"> • Budget allocations by LGSETA delayed.

3.2 Recruitment and Selection

The municipality developed and approved its recruitment and selection policy. Recruitment was done on an ad hoc basis as the organogram was last reviewed in 2002, and most of the vacancies filled did not appear in the organogram. However, this challenge has since been addressed with the review of the organogram in January 2015. The institution has been able to recruit and select with the exception of specialists due to the packages the institution is offering owing to the grade.

Challenges

There has been a high staff turnover the municipality. in this financial year. The position of the Municipal manager is still vacant and that of the Technical Services director. The position of the Chief Financial Officer was filled in March 2015 after the municipality operated for almost a year without the CFO.

3.3 Review of the Organogram

The municipality has managed to review its organogram . The last review was in 2002. The 2002 organogram did not take into consideration the ever-changing legislation and the current trends that have been taking place.

The review process started in 2011 and was eventually concluded with the organogram approved by Council in January 2015. The municipality was supported by CoGTA Eastern Cape in the review process.

The municipality has decided to fill a certain number of posts on an annual basis whenever the budget permits and staff budget does not exceed the regulated percentage by National Treasury.

APPROVED MUNICIPAL ORGANOGRAM: JANUARY 2015 – Refer to Appendix

3.4 Occupational Health and Safety within the municipality

The section is responsible for ensuring that the municipality complies with the occupational health and safety regulations. The department of labour conducts inspections annually the health and safety regulations and working conditions. Previously findings that were identified in the technical services directorate were improved.

The institution has employed an officer that is doing its own inspections on a daily basis.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • A qualified occupational health and safety officer; • Draft reviewed policy on Occupational Health and Safety as it was last reviewed in 2009 / 2010 financial year. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • inadequate personnel; • limited office space; • safety issues not adhered to; • limited funding to maintain the entire municipal area
<p>Opportunities</p>	<p>Threats</p> <ul style="list-style-type: none"> • workman compensation commissioner not cooperating, • injury on duty cases not being processed resulting to the institution having to incur injury on duty costs

3.3 Leave management

The unit is responsible for ensuring that all employees leave is managed and monitored, all types of leave, people must take the correct leave at the correct time and in the correct way.

There have been audit queries with regards to leave management as it was manual which resulted in a number of human errors. The institution has since engaged in endeavours of ensuring that leaves are recorded and captured electronically to eliminate human errors. The institution is in the process of ensuring that the payroll system is integrated with the financial information system. The section has at least two officials which is an intern.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Leave policy reviewed in the 2011 / 2012 financial; electronic systems; • sufficient personnel 	<p>Weaknesses</p> <ul style="list-style-type: none"> • incorrect capturing of information; • information management – information accessible owing to the open plan arrangement; • full implementation of leave policy
<p>Opportunities</p> <ul style="list-style-type: none"> • 	<p>Threats</p> <ul style="list-style-type: none"> • HIV and AIDS

3.4 Employee Relations

The section is responsible for ensuring that all regulated employee relations activities to be performed are performed in line with the regulations. This may be in the form of implementation of the case law, facilitation of grievance processes, implementation of collective agreements and labour relations Act as well as resolutions of the local labour forum.

The section has an employee relations officer and administrative support officer.

Owing to the working arrangement in the service delivery directorates, there are quite a number of cases submitted to the employee relations section resulting to the section handling on average a minimum of about 20 cases a month which a bulk of them are disciplinary cases

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Capacitated employee relations personnel; • all managers trained to handle their own disciplinary processes; • Capacitated trade union representatives. • Involvement of trade unions in employee relations 	<p>Weaknesses</p> <ul style="list-style-type: none"> • limited office space; • monitoring and/or supervision of unskilled personnel leading to an increasing number of disciplinary cases; • decentralisation of recruitment of casuals in unskilled labour
<p>Opportunities</p> <ul style="list-style-type: none"> • HR Working group in SALGA; • Information sources – Lexis Nexis and Juta publications 	<p>Threats</p> <ul style="list-style-type: none"> • instability in trade unions

3.5 Payroll

The section is responsible for ensuring that the necessary documentation required for payment of employees is verified and forwarded to the budget and treasury office for processing.

There is 1 payroll officer that has been tasked to facilitate the entire process

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • sufficient personnel; • HR policies and procedures in place 	<p>Weaknesses</p> <ul style="list-style-type: none"> • manual handling of the processes; • payroll activities scattered between two different directorates
<p>Opportunities</p>	<p>Threats</p> <ul style="list-style-type: none"> • separate office buildings

3.6 Equity Plan

The municipality has an approved equity plan. The challenge is that the targets set in the plan are not achieved. The majority of the senior management is black and male. A lot needs to be done to ensure that the municipality improves on this one.

2. Administration

Administration is another section in the department. There is an administration manager that supervises the unit.

2.1 Records Management

1. Registry and Archives

The unit is included registry clerk and the registry administrative officer.

Filing system that is used is manual. Challenge can get missing and it is not always easy to retrieve documents. No backup system.

Filing space also a challenge. The municipal filing system is decentralised. It needs to be centralised for proper record management

Staffing is also a challenge. The unit needs to be beefed up for it to equal to the task. With the review of the organogram, more staff needs to be added in the department.

It was discovered that the municipality is in possession of very old documents that date back to 1921. A records disposal strategy needs to be developed for all such documents as per the records management legislation.

2. Council support

There is only one senior committee clerk that has to provide to all the standing committees. The municipality has 9 council committees. In an ideal situation one committee clerk is supposed to provide support to one committee.

There are two vacancies, one committee clerk and administrative officer posts have been advertised.

Challenge

Registry for minutes not yet developed. Automated system for minute taking, keeping tracking is not yet developed.

3. Cleaning services and messengers

In an ideal situation, all cleaning services are supposed to be dispatched from one office in the Corporate Services.

4. Information and Communications Technology

This function used to be base in the Budget and Treasury Department. The municipality has identified this as a gap as the section is supposed to be located in the in the Corporate Services department as a supporting department to all other departments.

With the review of the organogram, the Council resolved to relocate the unit under Corporate Services.

The section is responsible for making sure that the municipal network infrastructure is accessible. It provides an ICT architecture which supports financial, administrative and human resources systems of the municipality. It is also supposed to be responsible for security of the information, however the municipality sub-contracted a service provider to host and maintain the server on its behalf

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Information technology systems • Personnel 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of information and communication technology strategy • Lack of governance framework • Decentralization of IT infrastructure, • Aging IT equipment; • Out-dated computer software; • Inadequate IT equipment; • Capacity challenges; • Unlimited user rights and permissions • Back-up and data recovery plan • Internet and email hosted externally by a service provider; • Uninterrupted power supply
<p>Opportunities</p> <ul style="list-style-type: none"> • Wi-Fi network ... 	<p>Threats</p> <ul style="list-style-type: none"> • limited number of IT Equipment Service Providers •

The Department plans to refurbish the network infrastructure for all the departments in the municipality. This project will be funded from the MSIG. However only an amount of R750,000,00 is available. Additional funding is needed to refurbish the entire network infrastructure.

A server room built to the international standards. The current server room is not secure and

<p>Strengths</p> <ul style="list-style-type: none"> • Skilled interns 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Lack of staff
<p>Opportunities</p> <ul style="list-style-type: none"> • Establish the a fully fledged IT section 	<p>Threats</p> <ul style="list-style-type: none"> • Server room located can be easily accessible as it is within the Budget and Treasury offices

5. Fleet Management

This function used to be base in the Budget and Treasury Department. The municipality decided that this function as well should be relocated to the Corporate Services department.

Fleet management policy was developed and it is due for review. The challenges that have been identified include the misuse of municipal vehicles and over expenditure on the fuel vote. Non adherence with the provisions of the fleet management policy is common. This warrants for more stringent procedures to be imposed on the use of municipal vehicles.

6. POLICY DEVELOPMENT

The institution has the following policies in place

Name of Policy	Date
Acting Allowance Policy	Directors: 20 June 07
Alienation, Management and Administration of Council Immovable Property: Goods and Services Policy: DRAFT	Mayoral: 03 February 2012
Anti-Fraud & Corruption Strategy & Policy: DRAFT	Council: 31 August 2009
Appointment of Consultants Policy	Council: 20 September 2002

Draft 1: IDP Review 2015- 2016

Arrangements Policy	Council: 22 June 2012
Asset Disposal Policy	Council: 22 June 2012
Bed & Breakfast Policy	Mayoral: 26 November 2004
Budget Adjustment Policy	Council: 10 June 2010
Cash Management & Investment Policy	Council: 28 October 2005
Cash Management, Investment and Banking Policy: DRAFT	Council: 28 March 2012
Corporate Social Responsibility Policy	Council: 29 April 2005
Credit Card Policy: DRAFT	Directors: 06 September 2011
Credit Control and Debt Collection Policy	Council: 22 June 2012
Demotion, Promotion and Transfer Policy: DRAFT	Council: 09 October 2012
Employees Study Aid and Leave Policy: DRAFT	Directors: 05 October 2010
EPWP Policy	Council: 16 August 2012
External Communication Strategy	Mayoral: 11 November 2011
Fixed Asset Policy and Procedures for Lukhanji Municipality: DRAFT	Council: 09 October 2012
Fleet Management Policy: DRAFT	Mayoral: 29 August 2012
Funeral Policy: DRAFT	Awaiting Council Meeting for Approval
Occupational Health & Safety Policy	Mayoral: 29 November 2005
Health and Safety Policy: REVIEW DRAFT	Council: 09 October 2012
HIV Policy: DRAFT	Awaiting Council Meeting for Approval
Indigent Policy: DRAFT	Council: 22 June 2012 Council: 28 February 2013 (Draft Budget)
Induction Policy: DRAFT	Awaiting Council Meeting for Approval
Informal Trading Policy: DRAFT	Directors: 25 June 2012
IT Data and Systems Security Policy: DRAFT	Council: 09 October 2012
Language Policy: DRAFT	Directors: 15 March 2011
Leave of Full Time Councillors Policy	Council: 20 September 2002
Leave Policy: DRAFT	Council: 09 October 2012
Management of Suspensions Policy: DRAFT	Directors: 29 June 2010
Mayoral Vehicle Policy: DRAFT	Council : 09 October 2012
Office Etiquette	Mayoral: 10 November 2006
Operation of Car Guards and Taxi By-Laws Policy	Mayoral: 23 August 2002
Overtime Policy	Council: 26 August 2011
Overtime Policy: REVIEW DRAFT	Council: 09 October 2012
Payment of Expenses & Provision of Facilities to the Executive Mayor, Mayoral Committee Members & Councillors Policy	Council: 26 September 2001
Payment of Housing Allowance on House Rentals for Officials	Mayoral: 26 October 2001
Policy Framework on Naming & Renaming of Streets & Public Places	Council: 26 February 2010
Procurement Policy	Council: 11 November 2003
Policy for the evaluation of applications to operate a Bed & Breakfast as well as Guest House facilities	Mayoral: 03 September 2004
Public Participation Policy	Council: 20 September 2002
Rates Policy	Council: 12 May 2011
Rates Policy: DRAFT	Mayoral: 26 March 2013
Recruitment and Selection Policy	Council: 26 August 2011
Recruitment and Selection Policy: REVIEW DRAFT	Council: 09 October 2012
Special Programmes Unit Policy	Mayoral: 12 October 2012
Subsistence and Travelling Policy (S&T): DRAFT	Council: 09 October 2012
Subsistence and Travelling Outside South Africa	Mayoral: 07 April 2006
Smoking Policy	Council: 05 April 2002
Staff Retention Policy: DRAFT	Directors: 19 October 2010

Supply Chain Management Users Manuel: Acquisitions Management	Council: 22 June 2012
Supply Chain Management Users Manuel Policy: Demand Management	Council: 22 June 2012
Tariffs Policy: DRAFT	Council: 09 October 2012
Telephone Allowance Policy	Mayoral: 09 November 2007
Training and Development Policy: DRAFT	Awaiting Council Meeting for Approval
Tree Felling Policy	Directors: 03 March 2010
Unforeseen & Unavoidable Expenditure Policy	Council: 28 October 2005
Workplace HIV/AIDS Policy & HIV/AIDS Mainstreaming Strategy	Council: 08 December 2006
Write off Policy	Council: 22 June 2012

7. Financial Viability and Management

Budget and Treasury section provides support services to service delivery directorates. It is regarded as the engine of the municipality as its core mandate includes the following:

- To ensure that the municipality runs clean administration by putting systems and internal controls;
- To ensure that revenue owed is collected so as to increase base;
- To ensure that supply chain processes run smoothly so as to improve service delivery and spending;

The department is comprised of the following departments

1. Budget and Treasury
2. Expenditure Management
3. Supply Chain Management
4. Revenue Management

3. Budget and Treasury Department

The current structure does not address the needs of the municipality. The department is supposed to be the division responsible for the following activities:

- Budget compilation and monitoring;
- Financial reporting starting from section 71, 52 and 72 reports and the preparation of management accounts and preparation and submission of Annual Financial Statements;
- Managing and advising on grants expenditure
- Bank reconciliations for all bank accounts

The challenges experienced by the division are as follows: the division is grossly understaffed with only one incumbent at a level of a manager. Monthly reports generated focus on the figures and not on other activities of the division and challenges. Bank reconciliations are performed by another unit, yet it is supposed to be the function of the budget and treasury unit.

Another challenge is that key dates are not followed during the budget process because of non- payment of key budget committee members. In some instances, scheduled meetings meeting dates have to be rescheduled.

4. Expenditure Management

The unit is responsible for payment of all suppliers and salaries. Over and above its core functions it deals with additional tasks such as insurance portfolio and VAT and financial reporting. The challenges include but are not limited:

- Not all modules in the financial system are currently used by Expenditure
- Training of Municipal officials in the financial system was last done in 2005
- Financial reports are not providing the accurate information due to system challenges that emanates from the lack of training
- eVenus and Payday are not integrated when paying salaries
- eVenus and FNB are not integrated when making payments
- Overtime expenditure in excess of the legislated 40 hours.
- Employment of casual / workers without first checking for budget availability

5. Supply Chain Management

The unit is supposed to operate with a fully-fledged structure and currently there are only two incumbents. The procurement is supposed to be centralised so as to ensure all compliance legislative requirements are met.

The Supply Chain Management Policy was reviewed in May 2014 with all other budget related policies. This policy talks to how to prevent irregular, fruitless and wasteful expenditure.

The unit has developed a procurement plan. This is distributed at the beginning of the financial year. Some departments do not submit the plans and still expect to make requisitions and those who do, do not adhere to them.

CHALLENGES

There is no segregation of duties due to the shortage of staff, one official performs a number of activities, which is not supposed to be the case.

Supply Chain bid committees

The municipality has established all the necessary bid committees. Training was provided to all members of bid committees. The challenges that have been identified in this unit include:

Contracts management is still a challenge in the municipality. Terms of reference agreed upon in the contract entered into between the municipality and the its service providers are sometimes not adhered to. As a result the terms may be changed between the service provider and the end user department and no proper procedures are adhered to.

There is no accountability from management on the operations of the bid committees. Two bid committees do not have senior managers. All senior managers serve in the bid adjudication committee.

The supply chain management process was decentralised. This has now been changed as proper controls are introduced.

6. Revenue section

The unit is for the billing and collection of revenue. It is somehow 50% populated in terms of staffing

There is general under collection at the townships due to the fact that the Municipality does not have yard stick of electricity. The electricity is generated by Eskom. The source document used by the Municipality in budgeting in this current financial year was based on the old valuation roll due to the delays by the appointed valuer.

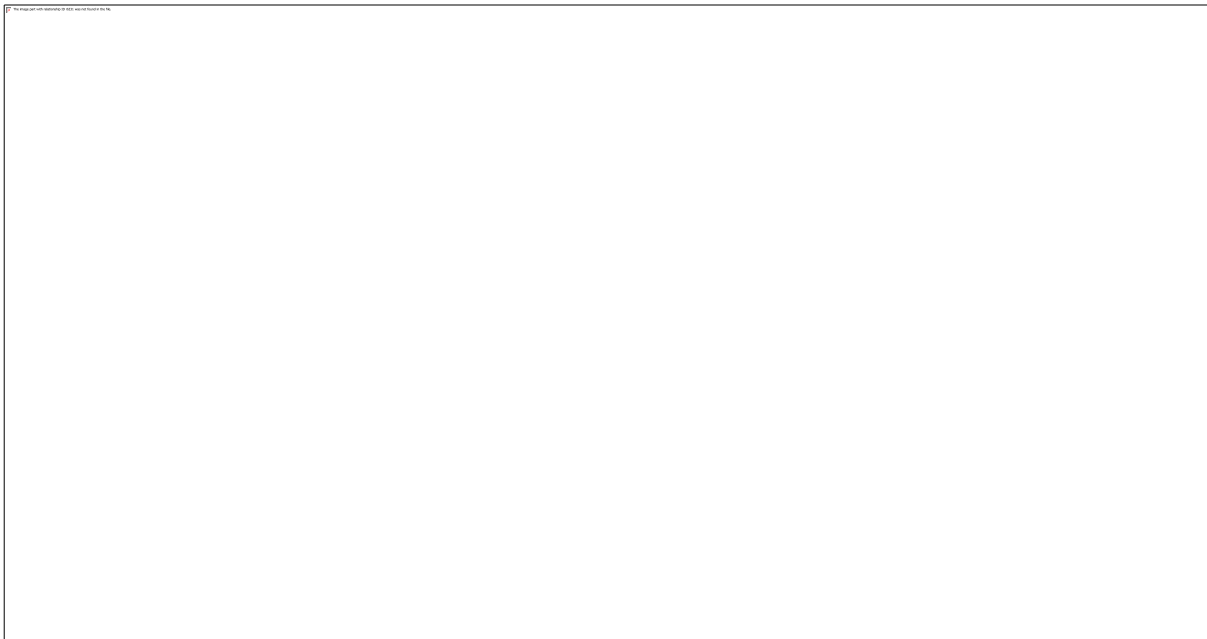
CHALLENGES

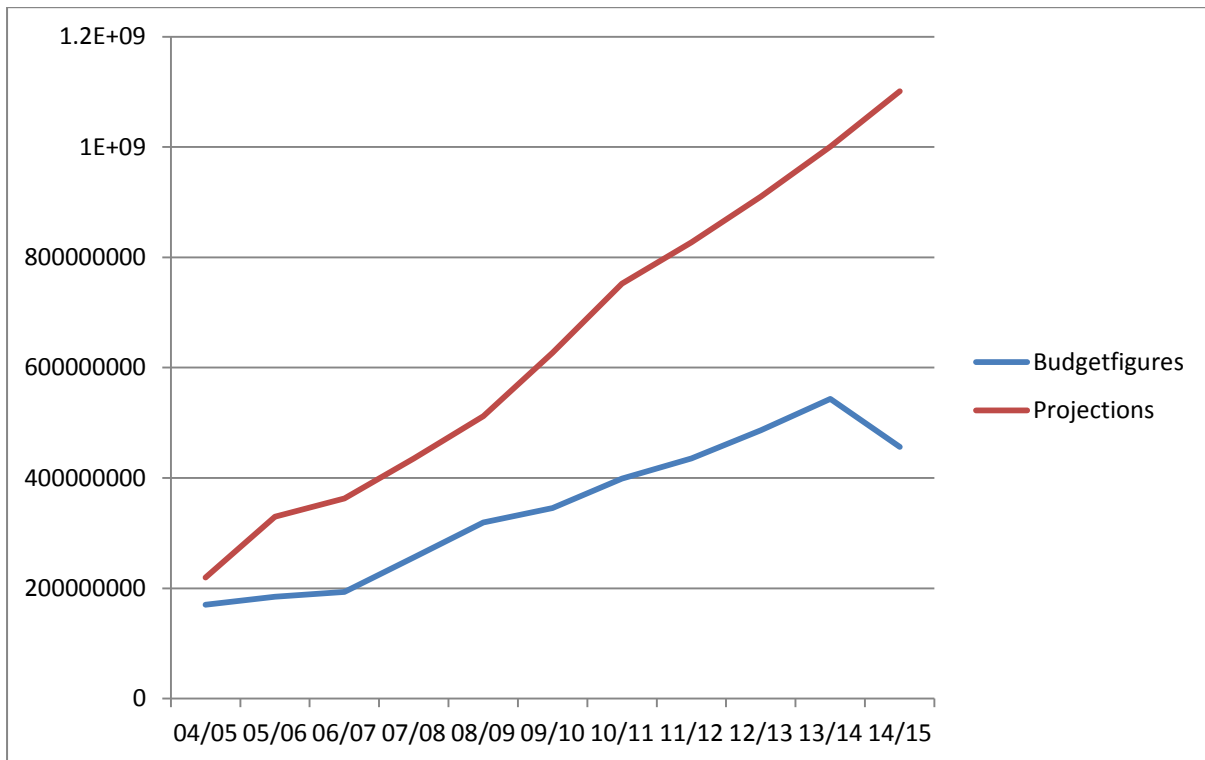
One of the biggest challenges facing the municipality since 2004 is there is inability of the municipality to generate sufficient revenue to fund the budget over the past few years.

A series of depressed revenue collections over the past 10 years have led to difficulties in having a budget that is fully reflective of the demands and service delivery requirements of the municipality.

Valuation unit currently not allocated in the Budget and Treasury yet it is the major source that needs to be closely managed at BTO.

The table and graph below show council approved budget vs projections of what the municipal budget should have been over the past ten years.





The latest debtors' analysis shows that the municipality is owed R373.7 million. This is not the correct picture as some of these debts are owed by indigents. The municipality is thus faced with a challenge to vigorously intensify its registration of indigents so as to bill only non – indigent residents and subsidize those that are indigent.

The municipality has developed an indigent policy which is reviewed annually. The reviewed policy will be tabled with the draft IDP on 31 March 2015 with all other budget related policies as prescribed in the legislation.

In order to address this, the municipality has established a unit that deals with indigent people. It includes the identification and registration of the indigents around the municipality. The municipality relies on ward councilors to inform its constituencies that those who are eligible should apply for registration, in the ward committee meetings. This is over and above the awareness campaigns conducted by the municipality. The unit has only one official who visits wards and ensure that people register as indigents.

The indigents also qualify for free basic services: 6kl of water and 50 units of electricity over and above exemption for payment of municipal services.

7. Financial Viability

As at end January 2015 municipal bank balances were positive. Creditors are paid within 30 days as legislated. Data cleansing is a crucial exercise to be started to cleanse the whole debt book.

The Municipality received a disclaimer of opinion for the 4th year

Coordinated effort in crafting the corrective measures were done in January and tabled before council

PWC has already been appointed to compile annual financial statements and Asset Register with a clear mandate to transfer skills

Monthly reports (s71) are generated in time and submitted to the Mayor and Provincial Treasury

Quarterly reports are also generated in time and submitted to council and Provincial Treasury

Mid year financial report was tabled to council and subsequent to that an adjustment budgeted was suggested which was tabled before council on the 27th February 2015

Rates revenue will be kept at the adopted tariffs any excess to that figure will be recommended for write off before council at year end

8. Asset Management

Asset Management division is not playing its role of managing and safeguarding the Municipal Assets

Only two officials serve in the unit and there is no manager. There were no clear procedures for procuring the assets. Procedures have since been developed for the acquisition of assets and are clearly indicated in the supply chain processes.

Training in the financial system was never done to the asset management employees

The asset register is not GRAP compliant as it is in the excel spread sheet format. The services of PwC have since been engaged to assist the municipality with the GRAP compliant asset register

- Tempering: Electricity losses are around 32%.

In order to reduce or minimize tempering the municipality employed people that do temper checks. These are located in the Technical services department and they assist with revenue enhancement. They do random checks for tempers, and check if there are no illegal reconnections of the houses that were disconnected. There is a penalty that people pay for tempering and reconnection

Credit control

More Control measures are needed to ensure that the arrangements that are made for repayments who have arrears in their rates accounts are adhered to. Constant supervision and monitoring of the arrangements is needed.

Office space is a challenge in the Budget and Treasury department

Salaries/Payroll

There are two people in this section. There is no segregation of duties as there are no other personnel. The municipality needs to employ two more people. The two employees cannot cope with the current work load.

The % budget used on salaries is almost 30.8% of the total operational budget

Creditors

The unit is comprised with one permanent employee and two interns and the accountant that is supposed to be supervising salaries and creditors sections.

8. Budget Related Policies

The following policies will be tabled with the IDP and the Budget on 31 March 2014.

Policy	Existence	
	Yes(!)	No(!)

Funding and Reserve		□
Indigent	□	
Virement	□	
Management of electricity & water losses		□
Overtime	□	
Recruitment	□	
Cash Management and investment	□	
Debt and Credit control	□	
Write Off	□	
Arrangements	□	
Tariff	□	
Rates	□	
Leave	□	
Borrowing Policy		□

9. FINANCIAL PLAN

6 FINANCIAL STRATEGY

It must be noted that not all municipalities are the same and this should be kept in mind when assessing the financial health of, and the setting of benchmarks for a municipality. A municipality can be categorised into either:

- Developed – maintenance
- Developing – growing

Lukhanji Municipality (LM) can be categorised as a developing – growing municipality. Such municipalities require significant additional resources and funding to conduct the growth that is expected of them. In contrast, already developed – maintenance municipalities are mainly concerned with the need to maintain existing infrastructure.

With the demands for growth come risks that need to be managed. Wherever possible, the LM will set benchmarks appropriate for a developing – growing municipality and strive to achieve these benchmarks within the medium-term

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

10. THE FINANCIAL FRAMEWORK

8.1 Revenue Adequacy and Certainty

It is essential that the LM has access to adequate sources of revenue, from both its own operations and intergovernmental transfers, to enable it to carry out its functions. It is furthermore necessary that there is a reasonable degree of certainty with regard to source, amount and timing of revenue. The Division of Revenue Act has laid out the level of funding from National Government that will be received for the 2013 – 2015 financial years.

It is important to track the respective sources of revenue received by the LM as they can be quite different and can vary substantially depending upon the phase that the municipality is in. Knowledge of the sources of funds will illustrate position more accurately, its ability to secure loans relative to its income streams and its borrowing capacity.

8.2 Cash / Liquidity Position

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

The current ratio, which expresses the current assets as a proportion to current liabilities. "Current" refers to those assets which could be converted into cash within 12 months and those liabilities which will be settled within 12 months. A current ratio in excess of 2:1 is considered to be healthy. The LM will aim to maintain this ratio from the existing 5:1 to the desired level in the medium term.

Debtors' collection measurements, which have a great impact on the liquidity of the LM. Currently the LM takes on average 254 days to recover its debtors, while the annual debtors collection rate is 43%. The City will attempt to reduce the days debtors outstanding to less than 60 days in the medium term and will strive to increase the annual debtors collection rate by 10% per annum, until it exceeds the desired level of at least 90%.

8.3 Sustainability

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

8.4 Effective and Efficient Use of Resources

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

8.5 Accountability, Transparency and Good Governance

The LM is accountable to the people who provide the resources, for what they do with the resources. The budgeting process and other financial decisions should be open to public scrutiny and participation. In addition the accounting and financial reporting procedures must minimise opportunities for corruption. It is also essential that accurate financial information is produced within acceptable time-frames.

8.6 Equity and Redistribution

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

8.7 Development and Investment

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

8.8 Macro-economic Investment

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

8.9 Borrowing

The strong capital market in South Africa (banks and other lending institutions like DBSA etc.) provides an additional instrument to access financial resources. However, it is clear that the LM cannot borrow to balance its budget and pay for overspending.

Safeguards need to be put in place to ensure that the LM borrows in a responsible way. In order to have access to this market, the LM will need to have accurate and appropriate financial accounting and reporting systems. The manner in which the LM manages debt or takes on new debt to finance activities will have a significant impact on the solvency and long-term viability of the council. The current "capital charges" as a percentage of income is 2%. The LM may increase to the desired level of 5% over the medium term to fund the capital expenditure.

11. STRATEGIES AND PROGRAMMES

With the above framework as a background, strategies and programmes have been identified and form part of the financial plan to achieve the desired objective - the financial viability and sustainability of the LM. Time-frames have been set for each of the projects that have been identified.

9.1 Revenue Raising Strategies and Programmes

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

- The implementation of a credit control policy.
This policy and the relevant procedures details all areas of credit control, collection of amounts billed to customers, procedures for non-payment etc.
- The implementation of an indigent policy.
This policy defines the qualification criteria for an indigent, the level of free basic services that will be enjoyed by indigent households, penalties for abuse etc.
- The development and implementation of a uniform tariff policy.
This policy will ensure that fair tariffs are charged in a uniform manner throughout the Lukhanji Municipality area.
- The implementation of a property rates and valuation policy.
This will ensure that a fair rates policy is applied to the entire Lukhanji Municipality area and will aim to ensure that all properties are included in the LM's records. Furthermore the policy will ensure that valuations are systematically carried out on a regular basis for all properties.
- The establishment of Customer Service Centres.
This project aims to establish 4 'one stop' customer service centres to improve customer service and accessibility. It is envisaged that these 4 centres will be established over a period of 3 years.
- The development and implementation of a customer incentive policy.
This policy will detail the incentives and prizes that will be made available to encourage customers to pay their accounts promptly.
- Customer education projects.

These projects will educate the customer on the advantages to the community and the moral obligation that he/she has to promptly settle amounts due. The projects will also communicate incentives for prompt settlement and penalties for non-payment.

9.2 Asset Management Strategies and Programmes

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

- The implementation of a fixed asset register and asset control system as well as the maintenance thereof. This programme will involve the formulation of policies regarding fixed assets, the purchase of a suitable system, capturing all assets onto this system and the maintenance of this system in terms of GRAP requirements.
- The development and implementation of a disaster recovery plan.
This plan will detail the procedures to be followed with regard to the operations and administration of the LM in the event of a disaster, to ensure that there is the least possible disruption and loss. The plan will detail alternative locations, IT arrangements, back-up/start-up procedures etc.
- The development and implementation of a repairs and maintenance policy.
Such a policy will set out the details with regard to repairs and maintenance of all asset categories eg roads, buildings, motor vehicles etc.
- The development and implementation of a fleet management system.
This system will ensure that the LM's fleet is managed in the most effective manner and that up-to-date and comprehensive information required for the fleet is readily available.

9.3 Financial Management Strategies and Programmes

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

- The development and implementation of an integrated information technology plan.
Such a plan will ensure that the LM's IT needs are met in the most effective manner and that the IT resources are well-managed and secure and that users are well-trained.

Integration of all computerised systems and acquisition of hardware and software required. The integration of computerised systems and acquisition of the required hardware and software within the Lukhanji Municipality area to ensure that information is accurate, relevant and prompt, which in turn will facilitate the smooth running and effective management of the LM.

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

9.4 Capital Financing Strategies and Programmes

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

- The development and implementation of a debt capacity policy.
This policy will ensure that any borrowings taken by the LM will be done in a responsible manner and that the repayment and servicing of such debt will be affordable.
- The development and implementation of a large scale economic policy.

This policy will set out ways in which the City can become more effective in attracting large-scale economic investment. It will be the framework to provide an environment that is investor-friendly, efficient (with quick decision-making ability) and will detail any incentives which may be given to attract large business.

- The development and implementation of a policy for accessing donor finance.
This policy will create a framework for the accessing of funds from local and overseas donors. It will detail the type of projects for which funding will be sought, the procedures to be used and donor conditions which are acceptable or unacceptable.

9.5 Operational Financing Strategies and Programmes

The following programme has been identified:

- Investigation of service delivery options and public/private partnerships.
This refers to the ongoing investigation into how the LM can service the community in the most efficient and effective manner, including an investigation of public/private partnerships for service delivery.

9.6 Strategies to Enhance Cost-effectiveness

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

- Establishment of benchmarks and performance indicators.

This will involve an investigation of suitable benchmarks and performance indicators that will enable the LM to assess its efficiency and effectiveness when compared to similar organisations in different areas.

- Training and development of financial (and other) staff.
The aim of this project will be to constantly ensure that Financial (and other) staff has the training they require to ensure a cost-effective and efficient service to the LM.
- Enhanced budgetary controls and timeliness of financial data.

The improvement of the Budget Office with respect to producing financial information and monitoring/reporting on budget variances.

Some of the more significant measures of acceptable performance in this area will be:

- financial bottom line matched to forecasts to a 10% variance level
- receipt of unqualified audit reports
- monthly financial statements produced within 5 days of month end etc.

12. Good Governance and Public Participation

Background and Introduction of Good Governance

The Good Governance Cluster encompasses:

- Municipal Governance for which the Executive Mayor, Speaker, Chief Whip + MM (Troika +1) are responsible.
- The MPAC who is responsible for general oversight of all Council Activities
- Municipal Communications and Special Programmes and IGR which are located in the office of the Executive Mayor.

The Concept of “good governance” was originally invented as an answer to the lack of sustainable economic growth in some areas of the world and therefore had a strong economic and technical aspect. Further debate on good governance started in reaction to the inefficient and corrupt administrative structures of developing countries eligible for financial loans from IMF and World Bank.

The Economic crisis in Africa was considered as a “crisis of governance” - governance than took on meaning of “the manner in which power is exercised in the management of a country’s economy and social resources.”

This became apparent in the following practices:

- officials serving their own interests without being held accountable;
- reliance on personal networks for survival rather than on holding the state accountable;
- personalised politics and patronage;
- illegitimate leadership;
- excessive control of information and of associations.

Today, in the application of the concept it seems that at least the principles of transparency, accountability and participation must be upheld before one can speak of “good governance”.

This encapsulate the crucial and vital role the offices of the Executive Mayor, Speaker, Chief Whip MPAC and Municipal Manager has to play.

The actions of Public Office Bearers needs to be TRANSPARENT which means they need comprehensive and clear policies regarding access to information held by the local authority, a clear mandate of national and provincial administrative units for their actions and clear division of responsibilities between the executive and administrative arms of Council. Decisions must be clear and well-reasoned, and must be made public.

In so far as the principle of PARTICIPATION is concerned, Councils have a Constitutional obligation to involve communities in the affairs of Council. This is what is called representative democracy. In this regard, the Executive Mayor and Speaker have a crucial role to play. Over the last year, public outreach programmes have improved significantly compared to previous years. It can only be improve more.

The Mayoral Committee resolved on 3 February 2015 to strengthen capacity in office of Speaker and in the interim appointed a public participation unit to give meaningful expression to the concept of public participation

The last principle of good governance is the principle of ACCOUNTABILITY. It includes stakeholder accountability by explaining policy-decisions, evaluating the impact of resolutions and decisions and accounting

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for the results. Here, the Speaker and Ward Councillors will be central. On 4 February 2015 the Mayoral Committee formally met with one Stakeholder grouping to account on a number of issues. The Mayoral Committee resolved again to strengthen this area by centralizing the coordination and responses to petitions from our various stakeholders.

2. POLITICAL GOVERNANCE

The Lukhanji Council uses the Mayoral Executive System where the Executive authority is vested in Mayor. The Mayor appointed a Mayoral Committee with each appointed member heading the following portfolios:

- Finance
- Integrated Planning and Economic Development
- Human Resources and Administration
- Community Services
- Human Settlement and Land Development
- Community Safety
- Technical Services.

Council appointed an additional Portfolio Head for the Municipal Public Accounts Committee. This Portfolio Head reports directly to Council and not to the Executive Mayor.

The Council is made up of 54 Councillors representing the following political parties:

POLITICAL PARTY	NO OF COUNCILLORS	GENDER DISTRIBUTION	
		MALE	FEMALE
ANC	45	23	22
DA	5	4	1
UDM	1	1	0
COPE	2	1	1
PAC	1	1	0

3. COMMUNITY AND PUBLIC PARTICIPATION

The Public Participation Strategy was developed and adopted by Council in August 2014. It outlines the process the municipality has to undertake to consult with community and stakeholders and mainly seeks to create an avenue for Council to:

- Report back and account to residents about council decisions, plans and budgets
- Inform people of new services, tariffs, developments and policies
- Involve people in partnerships for delivery.

The recently adopted Organogram makes provision for the appointment of Public Participation Officer – The establishment of a fully-fledged unit needs to be considered.

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In the interim, Mayoral Committee appointed a unit consisting of SEO, Communications Manager and IGR Officer to beef up the function.

The Council has 27 Ward Councillors of which 26 are represented by African National Congress and 1 by the Democratic Alliance.

Ward Committees have been established in all Wards and are functional with the exception of ward 26. The Ward Committee of Ward 26 was disbanded due its establishment not having been done according to legal prescripts. The Ward 26 Committee is not meeting regularly and is of concern. This concern was referred to the Office of the Chief and the council speaker. The ward committees are the extension of council and help communicate council programmes and programmes from the wards are referred to the municipality through this committee and their ward councilor.

A weakness that has been identified in the Ward Committee system is that no Ward profiling and community-based planning has been done.

To further enhance public participation, Community Development Workers have been appointed in some wards. CDWs need to be capacitated in order for them to fulfill their role more meaningful and productive.

The challenge identified is that CDWs operate in the municipal space but are accountable and reports to the province.

4. TRADITIONAL LEADERS

Lukhanji recognizes the significance of involving the Traditional leadership as a stakeholder in the affairs of the Municipality and provides necessary support. Ten traditional leaders were sworn in as members of the Council in December 2011.

Communities need to be educated about the role and value of Traditional Leaders on Council. Plans need to be devised to make the participation of Traditional Leaders in Council more meaningful and effective.

5. AUDIT COMMITTEE

It is a Legislative requirement (S 165 & 166 of MFMA) that municipality must have an audit committee. An Audit Committee is an independent advisory body and its function/role should not be confused with that of MPAC.

Audit Committee not fully functional and it was a shared service with Sakhisizwe and Emalahleni municipalities. Council resolved to have its own committee and a result, nominations from qualified members of the public have been invited to serve as members on the new Audit Committee.

Provision has been made on the new organogram for the appointment of an Audit Manager. With saving realised on salary budget, the post of Manger (on Task Grade 14) has been advertised and will be filled in due course.

AUDIT OPINIONS FOR THE PAST 6 YEARS

Financial Year	Audit Opinion
2007/ 2008	Qualified
2008/2009	Unqualified
2009/2010	Disclaimer
2010/2011	Disclaimer
2011/2012	Disclaimer
2012/ 2013	Disclaimer
2013/2014	Disclaimer

A comprehensive Audit Action Plan was presented to Council in January 2015 but needs to be refined in order for focused attention on most pressing issues raised.

Lukhanji Municipality had a shared audit service with two other local municipalities within the District. This arrangement has proved not to be effective and the Council resolved to establish its own audit committee.

6. RISK MANAGEMENT

The Risk Management Unit is located in the Office of the Municipal Manager. A Risk Management Policy was adopted by Council and Risk management committee appointed in August 2014. The committee convenes on a quarterly basis. CoGTA (EC) provides backup support to the unit and the committee. The municipality developed its risk asset register with the support from Chris Hani District Municipality.

7 COMMUNICATIONS, MARKETING & MUNICIPAL BRANDING

The Communications function resides in the office of the Executive Mayor. A Communication Strategy has been developed and extensive consultation was done whereafter it was adopted by Council in August 2014. The following are covered in the strategy:

- Mechanisms for communication channels
- Communications Action Plan.
- Roles & Responsibilities of various communicators.

Unit is manned by the Communications Manager, Communications Officer, and two Communication Interns.

The main functions of the unit are internal and external communications, media environmental analysis, branding and marketing, community participation and support to the Executive Mayor's office.

Main challenge facing the unit is the lack of a proper budget allocation. Guideline – 1% of municipal budget should be the allocation to the communications unit.

8 INTER-GOVERNMENTAL RELATIONS

The IGR function is located in the office of the Municipal Manager and in the main, focuses on relations between municipality and government departments as well as public participation.

The IGR Core Group has been established and the Terms of reference adopted by Council.

Anti-poverty war rooms workshop for Ward Councillors and IGR Core Group were conducted by Chris Hani District Municipality. Two IGR District Coordinators from CoGTA provide support to the municipal IGR.

9. Special Programmes Unit

- Facilitate the setting up of community structures for designated groups
- Co-ordinate the implementation of development programs for designated groups including HIV and AIDS programs
- Interpret legislation and influence government programs to highlight the element of inclusive development and advise on compliance timely
- Advocate for the interests of designated groups and adherence to relevant legislative and policy framework

The following structures are in place:

- Lukhanji Disability Council – this structure is due for review
- Lukhanji Women's Council
- Lukhanji Junior Council
- Older Persons Forum – need to be reviewed
- Local AIDS Council (LAC)
- 3 War Rooms established thus far.
- The following need to be re-established:
 - Child Care Forum
 - Youth Council

Challenges

- The unit is not always available to clients and does not always respond to enquiries on time because there is no manager and only an admin support person who stands in to fulfill both roles.
 - Post has been advertised with 43 applications having been received.
 - Shortlisting will commence shortly and it is anticipated that Manager will commence duties by no later than 1 April 2015.
- No SPU Strategy in place
- HIV/AIDS Strategy needs to be reviewed as well as workplace HIV/AIDS policy.
- Mainstreaming of programs of Designated groups – policy needs to be developed
- Lack of proper coordination in the Local AIDS Council due to vacancy of HIV/AIDS Coordinator whose post became vacant due to an unresolved labour dispute.
- Attracting participation of very few people from other racial groups (especially the coloured community)
- Ever limited resources to carry out programs.

10. MUNICIPAL PUBLICS ACCOUNTS COMMITTEE

According to Stapenhurst, et al. (*Scrutinising public expenditures: Assessing the performance of Public Accounts Committees, 2005*), the 'ideal' MPAC should have the following characteristics:

- The Committee is small; committees seem to work well with 5-11 members,
- The Chair is a senior Councillor, who is fair-minded and respected by Council

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- The Committee is appointed for the full term of the parliament;
- The Committee is adequately resourced, with an experienced clerical staff and a competent researcher(s);
- There is clarity on the Committee's role and responsibilities;
- The Committee meets frequently and regularly;
- Meetings are open to the public; a full verbatim transcript and summary minutes are quickly available for public distribution;
- The typical witness is a senior public servant (the 'accounting officer') accompanied by the officials who have a detailed understanding of the issues under examination;
- The Auditor's Report is automatically referred to the Committee and the Auditor meets with the Committee to go over the highlights of the report;
- In addition to issues raised by the Auditor, the Committee occasionally decides to investigate other matters;
- The Committee strives for consensus in its reports;
- The Committee issues formal substantive reports to Council at least annually;
- The Committee has an established procedure with Council for following up recommendations and is informed about what, if any, action has been taken;

RECOMMENDATIONS TO REACH 'IDEAL'

11. GOVERNANCE CHALLENGES: OTHER MUNICIPALITIES VS LUKHANJI

11.1 Instability in Council

Lukhanji Municipality has had a fair share of instability in the current term. The municipality has had three Executive Mayors within this term. This has resulted in the reshuffling of the mayoral committee each time there is a new executive Mayor.

This affected the administration operation. The Municipality does not have a Municipal Manager after the resignation of the Municipal Manager early in 2014. Four Acting Municipal Managers have been appointed from then up to date. However, the municipality is in the process of recruiting the municipal manager.

There has been a number of service delivery protests in the municipality. The municipality has established an interim petitions management structure chaired by the Speaker to deal with the petitions. The process to establish a petitions committee is underway.

Section B – Macro - Overarching Strategy

1. THE MACRO STRATEGY

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

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

2. MUNICIPAL VISION

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

3. MISSION

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

4. VALUES

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

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

5. VISION 2030

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

4.1 OFFICE PRECINCT

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

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

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

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

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

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

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

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

4.1.1 PROCESS UNDERTAKEN

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

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

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

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

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

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

- The Leases can exceed the normal prescribed period of 10 years.
- Council approved concept in principle – negotiations with four of the bidders are in progress.

In the strategic session held on 18- 20 March 2015, the challenge of office accommodation was raised as a concern that needs urgent attention. This is due to the fact that the offices are not of the expected quality standards. Some department have to share one office amongst many officials.

The strategic session resolved that the process of the office precinct should be expedited and the resolutions taken by the Council on the issue should be implemented.

4.2 REGIONAL INDUSTRIAL HUB

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

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

5. LOCAL GOVERNMENT TURN AROUND STRATEGY

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

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

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

5.1 Background

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

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

support and building capacity in municipalities for improved and sustainable infrastructure provision.

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

Of the 19 municipalities, each was required to prepare a detailed action plan that will respond to the key areas of focus regarding LGTAS, furthermore submit to the Provincial LGTA for consolidation and submission to CoGTA national office. The municipality was further required to submit an application to MISA for support with the infrastructure programmes

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

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

Strategic Focus Area	Baseline	5 Year Objectives	Municipal Strategy	Outcome indicator	2014/15	2015/16	2016/17	2017/18
Local Economic Development	2008 LED Strategy	To enhance economic development						
Promotion of Tourism	Draft Tourism Sector Plan	To promote Lukhanji as a tourism destination	To review a tourism sector plan that will ensure the development and promotion of tourism in Lukhanji	Reviewed Tourism Sector Plan	Draft Tourism sector plan	Identify programmes to be implemented from the tourism sector plan Forge partnerships with key stakeholders for tourism promotion	Identify programmes to be implemented from the tourism sector plan	Identify programmes to be implemented from the tourism sector plan
Preservation and maintenance of heritage sites	Uncoordinated heritage activities	To ensure the preservation of all heritage sites	To develop a heritage plan	Heritage plan	Draft Heritage Plan	1. Conduct research on Ilinge and Sada as heritage sites 2. In partnership with DSRAC & CHDM construct a jazz museum in Queenstown 3. Identify other historic events to be commemorated like the Queenstown Massacre	Identify heritage sites to be developed and declared	Identify heritage sites to be developed and declared

SMME and Cooperatives Development	Draft SMME strategy	To provide support to the SMMEs	To develop a SMME strategy	Draft SMME Strategy		<ol style="list-style-type: none"> 1. Development of the SMME strategy 2. Identification of areas for area for Hawker Stalls and provision thereof 3. Refurbishing of SMME centres (Ezibeleni & Whittle sea) 4. Support of SMME who are interested in recycling of waste.(buy back initiative) 5. Awareness of Enterpeurship in primary education in partnership with Banking institutions, relevant stakeholders. 6. Financial support to SMMEs as per identified needs to ensure growth and sustainability. 	<p>Construction of hawker stalls,</p> <p>Training programme for the SMMEs and Cooperatives. Revitalization of small business centres</p>	<p>Construction of hawker stalls,</p> <p>Training programme for the SMMEs and Cooperatives. Revitalization of small business centres</p>
Manufacturing	Feasibility Study of Lukhanji as Economic Zone. Council Resolution to avail land	Stimulation of local economy in accordance with the NDP, PDP and CHDM Developmental Agenda	Creation of jobs and fighting poverty			Implementation of the Special Economic Zone project	Implementation of the Special Economic Zone project	Implementation of the Special Economic Zone project Implementation of the Special Economic Zone project

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Job creation	Partnership with CoGTA and Dept of Public Works	To ensure that more jobs are created through CWP	Develop and implement the CWP site plan	CWP site plan implementation		Implement programmes identified in the site plan	Implement programmes identified in the site plan	Implement programmes identified in the site plan
Performance Management	PMS Framework approved in 2014	To ensure that the municipality monitors and assesses its performance in line with key legislations	Review PMS Framework	Implementation of the Reviewed PMS Framework	Approved PMS Framework	Review and implement the PMS Framework	Review and implement the PMS Framework	Review and implement the PMS Framework
Integrated Development Planning	2012- 2017 IDP	To ensure that the municipality develops a credible IDP			2014/ 2015 approved IDP	Review 2014/2015 IDP	Review 2016/2017 IDP	
Agriculture Development	Uncoordinated agricultural activities	To develop agriculture in the area and support emerging farmers	To develop an agricultural sector plan	Agricultural Sector Plan	Draft Agricultural Sector Plan	<ol style="list-style-type: none"> 1. Partnership with Zulukama in the Whittle Sea be expanded to other areas like Machibini, Zingquthu and Gwatyu. Zulukama be used as a model in other areas 2. Integration of programmes done by the DRDAR, DRDLR and the municipality 3. Ward based plans and all development be done in accordance with that the GIZ partnership 4. Revitalisation of irrigation scheme (Heita) 	and construct agricultural related infrastructure	

Special Economic Zone	Data base of commercial sites and factories	Utilization of factories for maximum economic benefits	Implementation of Spatial Development Framework	Reviewed SDF		Revitalization and development of factories	Revitalization and development of factories	Revitalization and development of factories
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Strategic Focus Area	Baseline	5 Year Objectives	Municipal Strategy	Outcome indicator	2014/15	2015/16	2016/17	2017/18
Skills Development	Skills Development Act, Skills Development Policy, Skills Development Levies Act. Training Committee and Skills Audit.	To develop an institutional capacity that promotes sound and efficient workforce.	To develop an institutional capacity that promotes sound and efficient workforce.	Well capacitated staff	Implement the WSP Lobby for increase of Capacity Building Budget	Implement the WSP Lobby for increase of Capacity Building Budget	Implement the WSP Lobby for increase of Capacity Building Budget	Implement the WSP Lobby for increase of Capacity Building Budget
Recruitment and Selection	Recruitment and Selection Policy, Funded Organogramme Posts	Recruitment of Competent and Skilled Workforce	Develop and implement an HR Plan		Review Recruitment and Selection Policy to make provision for reimbursement of S&T of outside candidates	Review Recruitment and Selection Policy to make provision for reimbursement of S&T of outside candidates	Review Recruitment and Selection Policy to make provision for reimbursement of S&T of outside candidates	Review Recruitment and Selection Policy to make provision for reimbursement of S&T of outside candidates
Organisational Development	HR Policies and Procedures	Establishment of an Effective HR Function	Implementation of an Approved Structure		Develop and implement an HR Plan	Develop and implement an HR Plan	Develop and implement an HR Plan	Develop and implement an HR Plan
Organisational Structure	Organogram	Approval and Review of Organisational Structure Every Year	Implementation of Leave Procedure Manual		Advertise and Fill all funded vacancies	Advertise and Fill all funded vacancies	Advertise and Fill all funded vacancies	Advertise and Fill all funded vacancies

Leave management	Leave Policy and Audit Action Plan	Compliance with Leave Policy and Audit Action Plan	Effective Management of Employee Relations		Aligning the leave system with the Electronic payroll system	Aligning the leave system with the Electronic payroll system	Aligning the leave system with the Electronic payroll system	Aligning the leave system with the Electronic payroll system
Employee Relations management	Collective Agreements and Other Relevant Legislation	Sound Human Relations in the Workplace	Safe Working Environment		Ensuring regular sittings and functioning of Local Labour Forum	Ensuring regular sittings and functioning of Local Labour Forum	Ensuring regular sittings and functioning of Local Labour Forum	Ensuring regular sittings and functioning of Local Labour Forum
Occupational Health & Safety	Government Regulations and Health and Safety Policy	Achieve Compliance with Government Regulations and Health and Safety Policy	Compliance with Payroll Policy and Other HR Policies		To develop an occupational health and safety plan for each Directorate	To develop an occupational health and safety plan for each Directorate	To develop an occupational health and safety plan for each Directorate	To develop an occupational health and safety plan for each Directorate
Payroll	Payroll Reports and Policy	Effective Payroll Management			Aligning the leave system with the Electronic payroll system	Aligning the leave system with the Electronic payroll system	Aligning the leave system with the Electronic payroll system	Aligning the leave system with the Electronic payroll system
Rules of Order	Rules of Order	Upholding of Professionalism by Councillors at all times	Consistence in the application and Upholding of Rules of Order by the Speaker		Conduct W/Shop for Councillors on Rules of Order	Conduct W/Shop for Councillors on Rules of Order	Conduct W/Shop for Councillors on Rules of Order	Conduct W/Shop for Councillors on Rules of Order

Registry and Archives	Relevant legislations and Policies	To ensure proper information and document management, archiving and security	To develop proper, effective filing system and a filing plan		Commence with the implementation of an Electronic Document Management System	Commence with the implementation of an Electronic Document Management System	Commence with the implementation of an Electronic Document Management System	Commence with the implementation of an Electronic Document Management System
Strengthen functioning of Section 79 and 80 Council Committees by providing administrative support systems	Committees are not sitting at scheduled dates and times	Council committees function in line with Dairy of Engagement	Functional Committees of Council		Develop attendance statistics of Councillors and advising Chief Whip and Speaker of delinquent behaviour of Cllrs.	Develop attendance statistics of Councillors and advising Chief Whip and Speaker of delinquent behaviour of Cllrs.	Develop attendance statistics of Councillors and advising Chief Whip and Speaker of delinquent behaviour of Cllrs.	Develop attendance statistics of Councillors and advising Chief Whip and Speaker of delinquent behaviour of Cllrs.
Compliance with submissions on matters of Council as regulated by municipal legislations	All documents required to be published are not always published for public consumption	Compliance	To be Compliant		Develop a Matrix of all matters that requires legal compliance and distribute same to all Directorates	Develop a Matrix of all matters that requires legal compliance and distribute same to all Directorates	Develop a Matrix of all matters that requires legal compliance and distribute same to all Directorates	Develop a Matrix of all matters that requires legal compliance and distribute same to all Directorates

Information management(copyright)	To protect municipal and avail municipal information Procedural flow of information, to assist decision making process	To install copyright protection in all municipal information.	Develop and implement Protocol policies to control flow information		Commence with the implementation of an Electronic Document Management System	Commence with the implementation of an Electronic Document Management System	Commence with the implementation of an Electronic Document Management System	Commence with the implementation of an Electronic Document Management System
Information and Communication Technology	ICT Framework	Ensure Municipal ICT Network is continuously secured from internal and external intruders and hackers	Implement approved ICT framework		Develop an Action Plan for adoption by Council to Implement ICT framework Installation and Configuration of Firewall	Develop an Action Plan for adoption by Council to Implement ICT framework Installation and Configuration of Firewall	Develop an Action Plan for adoption by Council to Implement ICT framework Installation and Configuration of Firewall	Develop an Action Plan for adoption by Council to Implement ICT framework Installation and Configuration of Firewall

FINANCIAL VIABILITY AND MANAGEMENT

	FINANCIAL VIABILITY							
Strategic Focus Area	Baseline	5 year Objectives	Municipal Strategy	Outcome Indicator				
Financial Management and Controls	Annual Financial Statements Back 2 Basics documents AG Report	To ensure realisation of clean governance and qualified audit opinion by the end of 2017	Provide support to the Office of the Municipal Manager to ensure compliance with the provisions of the applicable legislation and submit all reports promptly	Clean audit outcome		Development and implementation of Audit Remedial Action Plan by January 2017 Monthly Reporting on implementation of audit action plan and Back 2 Basic document. Operation Clean Audit Outcome	Development and implementation of Audit Remedial Action Plan by January 2018 Monthly Reporting on implementation of audit action plan and Back 2 Basic document. Operation Clean Audit Outcome	Development and implementation of Audit Remedial Action Plan by January 2019 Monthly Reporting on implementation of audit action plan and Back 2 Basic document. Operation Clean Audit Outcome
Revenue Enhancement	Municipal Revenue Budget	To increase institutions revenue by 20% by ensuring full implementation of revenue strategy by June 2017	Develop and Implement Revenue Enhancement Strategy by June 2016			Develop and implement short to medium term Revenue Enhancement Strategy (inter alia Reduction of electricity losses) Update and implement Free Basic Services	Develop and implement short to medium term Revenue Enhancement Strategy (inter alia Reduction of electricity losses) Update and implement Free Basic Services	Develop and implement short to medium term Revenue Enhancement Strategy (inter alia Reduction of electricity losses) Update and implement Free Basic Services
	Debtors Age Analysis –Arrear Debt		To decrease the municipality's arrear debt by 9 % by June 2016			Develop and implement an Initiatives Action Plan	Develop and implement an Initiatives Action Plan	Develop and implement an Initiatives Action Plan
	Nil		Lobby funds for service delivery and			Lobbying of funds for service delivery	Lobbying of funds for service delivery	Lobbying of funds for service delivery

			other support programmes by June 2016			and other support programmes by all Directorates. (Inter alia CHDM funding for development of long term or 30year Infrastructure Master Plans, DoE etc) Appointment of qualifying and credible SP through sourcing of expression of interest proposals.	and other support programmes by all Directorates. (Inter alia CHDM funding for development of long term or 30year Infrastructure Master Plans, DoE etc) Appointment of qualifying and credible SP through sourcing of expression of interest proposals.	and other support programmes by all Directorates. (Inter alia CHDM funding for development of long term or 30year Infrastructure Master Plans, DoE etc) Appointment of qualifying and credible SP through sourcing of expression of interest proposals.
Supply Chain management	SCM Policy	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2017	Ensure adherence to the supply chain management policy as required in terms of applicable legislation and as adopted by Council To promote economic development by supporting local SMMEs	Clean audit outcome	Develop SCM policy and procurement plan. Training of bid committees	Review SCM structures Turn around time on seating of bid committees Turn around time on the procurement of goods and services to ne in line with developed procedure manual Reporting in line with legislative framework Ensure opening of stores at a small scale and put security measures Enforcement of subcontracting at	Review SCM structure into an operationally effective and efficient unit that complies with law and recommendations of internal audit unit	Review SCM structure into an operationally effective and efficient unit that complies with law and recommendations of internal audit unit

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						the specification of each project above R3million		
Financial Reporting	MFMA Reporting guidelines	Ensure timeous and accurate financial reporting as per MFMA	Preparation of financial reports and a credible AFS	Financially viable municipality		Development of quarterly Annual Financial Statements	Development of quarterly Annual Financial Statements	Development of quarterly Annual Financial Statements
Asset Management	Draft Asset management policy	Ensure appropriate acquisition, management, maintenance and safe guarding of municipal assets	Implementation of the Council approved Asset Management Policy			Review of Asset Register Completeness verification of Infrastructure Assets.	Review of Asset Register Completeness verification of Infrastructure Assets.	Review of Asset Register Completeness verification of Infrastructure Assets.
Expenditure management		Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2017	Develop internal controls		Develop internal controls	Develop and Implement vat checklist and ensure compliance	Develop and Implement vat checklist and ensure compliance	Develop and Implement vat checklist and ensure compliance
						Ensure internal controls designed are adhered to	Ensure internal controls designed are adhered to	Ensure internal controls designed are adhered to

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Focus Area	Baseline	5 Year Objectives	Municipal Strategy	Outcome indicator	2014/15	2015/16	2016/17	2017/18
Communications	Approved Communication Strategy	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2017	Intensify municipal branding, public relations through innovative communication and marketing initiatives by June 2016	Informed municipal stakeholders with all Council programmes and plans	Newsletter Radio Slots Emblem Automation Promotional Material	<ol style="list-style-type: none"> 1. Newsletter 2. Radio Slots 3. Emblem Automation 4. Promotional Material 	<ol style="list-style-type: none"> 1. Newsletter 2. Radio Slots 3. Emblem Automation 4. Promotional Material 	<ol style="list-style-type: none"> 1. Newsletter 2. Radio Slots 3. Emblem Automation 4. Promotional Material
Public Participation	Public Participation policy	To ensure that the public is involved in all council programmes	Review public participation policy	Informed communities	Develop public participation policy	Review and implement public participation policy	Review and implement public participation policy	Review and implement public participation policy
Traditional Leaders								

Special Programs Unit	SPU Strategy	To ensure the mainstreaming of designated groups into municipal programmes	Establishment of all structures of the designated groupings by June 2016		Development of programmes recognising and developing designated groups through municipal programmes (Create a data base of designated groups)	Development of programmes recognising and developing designated groups through municipal programmes (Create a data base of designated groups)	Development of programmes recognising and developing designated groups through municipal programmes (Create a data base of designated groups)	Development of programmes recognising and developing designated groups through municipal programmes (Create a data base of designated groups)
Risk Management	Approved Risk Management Policy	To create a responsive environment that detects, mitigate and eliminate risks by June 2017	Establishment of risk management unit and committees by June 2016		1. Development of a Institutional Risk Register. 2. Cascading and reporting on implementation risk management actions at Departmental level	1. Development of a Institutional Risk Register. 2. Cascading and reporting on implementation on risk management actions at Departmental level	1. Development of a Institutional Risk Register. 2. Cascading and reporting on implementation risk management actions at Departmental level	1. Development of a Institutional Risk Register. 2. Cascading and reporting on implementation on risk management actions at Departmental level

Internal Audit	Approved Audit Charter	To create a responsive environment that detects, mitigate and eliminate risks by June 2017	Establishment and capacitation of Internal Audit Unit by June 2016		Budgeting and establishment of own Audit Committee.	Functional audit committee	Functional audit committee	Functional audit committee
Strategic Partnerships	Memorandum of understanding GIZ, Nkonkobe, CWP and Business	To create strategic linkages with relevant partners and improve inter-governmental relations for improved service delivery by June 2017						
Inter- Governmental Relations	IGR Framework		Establishment of functional Intergovernmental Forum within the municipality by June 2016		Implementation of the IGR framework	Implementati on of the IGR framework	Implementation of the IGR framework	Implementatio n of the IGR framework Implementatio n of the IGR framework

MPAC Oversight	Established MPAC committee and guidelines	To ensure realisation of clean governance and qualified audit opinion by the end of 2017	Enhance the capacity of the MPACs and monitoring tools within the municipality by June 2016.		Appointment of MPAC Coordinator by June 2015 Develop and implement programme of action	Establish a fully functional MPAC admin support	Establish a fully functional MPAC admin support	Establish a fully functional MPAC admin support
Effective control management	Existing Municipal Policies		Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2017		Monitor and evaluate the implementation of internal controls for validity, accuracy and completeness of information and system by adhering to the regulatory framework by June 2017	Monitor and evaluate the implementation of internal controls for validity, accuracy and completeness of information and system by adhering to the regulatory framework by June 2017	Monitor and evaluate the implementation of internal controls for validity, accuracy and completeness of information and system by adhering to the regulatory framework by June 2017	Monitor and evaluate the implementation of internal controls for validity, accuracy and completeness of information and system by adhering to the regulatory framework by June 2017

BASIC SERVICES AND INFRASTRUCTURE DEVELOPMENT

Strategic Focus Area	Baseline	5 Year Objectives	Municipal Strategy	Outcome indicator	2014/15	2015/16	2016/17	2017/18
Building Control	Building regulations	To ensure enforcement of all By- Laws and relevant legislative requirements by June 2017	Enforcement of building regulations, By-Laws and other applicable legislation	Buildings that are built according to the regulations	Review of all Bylaws Conduct regular inspections to ensure compliance with building regulations	Review of all Bylaws Conduct regular inspections to ensure compliance with building regulations	Review of all Bylaws Conduct regular inspections to ensure compliance with building regulations	Review of all Bylaws Conduct regular inspections to ensure compliance with building regulations

<p>Review of all Bylaws Conduct regular inspections to ensure compliance with building regulations</p>	<p>Roads Maintenance Plan</p>	<p>To maintain a safe and acceptable condition of roads and electricity infrastructure network by 2017</p>	<p>Implementation of the road maintenance plan for the maintenance of all roads (surface and un-surfaced) that are assets of Lukhanji Municipality</p>		<p>Maintenance of Km of gravel roads in all wards. Maintenance of Km of surface roads Construction of Km new surface roads</p>	<p>Maintenance of Km of gravel roads in all wards. Maintenance of Km of surface roads Construction of Km new surface roads</p>	<p>Maintenance of Km of gravel roads in all wards. Maintenance of Km of surface roads Construction of Km new surface roads</p>	<p>Maintenance of Km of gravel roads in all wards. Maintenance of Km of surface roads Construction of Km new surface roads</p>
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Electricity	Electricity Master Plan		Implementation of the electricity master plan and reduction of losses	P	<p>Installation of No. high-mast lights Conduct door to door surveys and campaigns in all wards or no. for the inspection of illegal connections Refurbishment of the switch gear at . Refurbishment of Mlungisi KV and LV network Supply and commissioning of 20 MVA transformer for Upgrading of 22/11KV cable feed in Unathi Mkefa</p>	<p>Installation of No. high-mast lights Conduct door to door surveys and campaigns in all wards or no. for the inspection of illegal connections Refurbishment of the switch gear at . Refurbishment of Mlungisi KV and LV network Supply and commissioning of 20 MVA transformer for Upgrading of 22/11KV cable feed in Unathi Mkefa</p>	<p>Installation of No. high-mast lights Conduct door to door surveys and campaigns in all wards or no. for the inspection of illegal connections Refurbishment of the switch gear at . Refurbishment of Mlungisi KV and LV network Supply and commissioning of 20 MVA transformer for Upgrading of 22/11KV cable feed</p>	<p>Installation of No. high-mast lights Conduct door to door surveys and campaigns in all wards or no. for the inspection of illegal connections Refurbishment of the switch gear at . Refurbishment of Mlungisi KV and LV network Supply and commissioning of 20 MVA transformer for Upgrading of 22/11KV cable feed in Unathi Mkefa</p>
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Waste Management	Integrated Waste Management Plan	Ensure that all peri -urban areas have solid waste collection services by 2023	Formulate and implement an operations management plan for extended solid waste collection services Replacement of old fleet	Clean municipality	Implement the Integrated waste management plan	Develop a Action Plan for adoption by Council and implement Integrated Waste management plan, Purchase 3x trucks and a roll on/off truck, Purchase a land fill compactor	Implement the Integrated waste management plan	Implement the Integrated waste management plan
Libraries	Nil	To promote a culture of reading	Undertake a municipal - wide campaign to participate in the annual Library Week			Conduct competitions and campaigns in all wards or no. (Library week competitions and story telling etc.)	Conduct competitions and campaigns in all wards or no. (Library week competitions and story telling etc.)	Conduct competitions and campaigns in all wards or no. (Library week competitions and story telling etc.)

Parks and public amenities	Maintenance Plan	To maintain all public parks and swimming pools	Ensure effective implementation of maintenance plan			Develop a Action Plan for adoption by Council and implement maintenance plan.	Review a Action Plan for adoption by Council and implement maintenance plan.	Review a Action Plan for adoption by Council and implement maintenance plan.
Spatial Planning	SDF	To create sustainable Human Settlements through the provision of affordable housing units in rural and urban areas in accordance with the housing sector plan and SDF by June 2017	Review the SDF by June 2016			Develop an Action Plan for adoption by Council and implement the Lukhanji and Local SDF Develop Whittlesea SDF Establishment of tribunals	Implementation of the SDF	Implementation of the SDF

Housing	Approved Housing Sector Plan		Implement approved Housing Sector Plan			Develop an Action Plan for adoption by Council and implement projects as identified in the Housing Sector Plan	Develop an Action Plan for adoption by Council and implement projects as identified in the Housing Sector Plan	Develop an Action Plan for adoption by Council and implement projects as identified in the Housing Sector Plan
Municipal Land Management Disposal	Nil	Facilitate recognition and ensure effective utilization of municipal owned land and transfers thereof.	Conduct Land audit Ensure sourcing of all outstanding title deeds in Whittlesea and RA60 projects by June 2016		Conduct land audit	Develop land asset register Listing and acquiring of all outstanding title deeds in Whittlesea and RA60 projects by June 2016	Review land asset register	Review land asset register

Valuations	General Valuation Roll		To develop a credible and user friendly General Valuation Roll		Develop a supplementary valuation roll	Implement supplementary valuation roll	Implement supplementary valuation roll	Implement supplementary valuation roll
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Public Amenities	Maintenance Plan	To ensure effective use and accessibility of entertainment facilities to local communities	Develop policies and lease agreements to ensure effective use of public amenities.	Well maintained offices	Develop a maintenance plan for public amenities	To develop a policy on hiring and rentals of entertainment facilities. Development and workshop lease agreements for adoption by Council and implement thereof. Identification of sites for the construction of community halls per new settlement	To develop a policy on hiring and rentals of entertainment facilities. Development and workshop lease agreements for adoption by Council and implement thereof. Identification of sites for the construction of community halls per new settlement	To develop a policy on hiring and rentals of entertainment facilities. Development and workshop lease agreements for adoption by Council and implement thereof. Identification of sites for the construction of community halls per new settlement
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Chapter 4 – Sector Plans: Basic Services and Infrastructure Development

1. HOUSING SECTOR PLAN

1) Pre-amble

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

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

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

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

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

2) LEGISLATIVE AND POLICY BACKGROUND TO HOUSING CHAPTER

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

It also highlights the importance of social, economic and racial integration in the settlements linked to the objectives of densification and integrated mixed land use in South African urban areas. It is given more detailed focus and forms of delivery through a range of housing and planning legislation, policy and mechanisms. The important housing legislation and policy includes the Housing Act; the Social Housing Act 2009, the Rental Housing Act and the National Housing Code. From a planning perspective the following legislation and policy initiative are important including The Local Government: Municipal Systems Act 2000, Municipal Structures Act 1998; the Municipal Finance Management Act, the Provincial Financial Management Act, the National Spatial Development Initiative, the government's Urban and Rural strategies, the Development Facilitation Act, the land reform and land restitution legislation and the Land Use Management Act 2007.

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

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

(1) Housing demand profile of the municipality

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

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

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

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

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

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

(2) Land and Housing

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

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

(3) Summary Infrastructure Challenges

(i) Access to water

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

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

(ii) Level of sanitation

According to 2006 statistics by RSS, 59% of households have waterborne systems, 27.9% have RDP level service and the remaining 13.1% are underserved. 0.8% of the

total backlog is served with bucket systems. It is assumed that the provision of services has improved over the years.

(iii) Access to electricity

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

(iv) Related Civil and Social Infrastructure Projects

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

(v) Municipal capacity and housing delivery

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

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

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

(vi) Housing Delivery

COMMENTS BOX

Developing a Municipal Project Pipeline

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

development of the template and in ensuring that all the relevant information is placed in the 'pipeline'.

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

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

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

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

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

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

a. Current and Proposed Housing Projects

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

PROJECT NAME	PROJECT TYPE	NUMBER OF SITES
Ezibeleni 251	Project Linked	251

PROJECT NAME	PROJECT TYPE	NUMBER OF SITES
Nomzamo 337	IRDP	337
Sabata Dalidyabo 2 - 450	PHP	450
Thambo Village 2 – 490	PHP	290
Brakkloof	IRDP (Rural)	281
Zola	IRDP (Rural)	225
Toisekraal 364	IRDP (Insitu)	121
Quality Coffins 18	IRDP (Insitu)	18
Ilinge 1156	IRDP (Insitu)	1156
Nomzamo 337	IRDP (Insitu)	337
Xuma	IRDP (Insitu)	126
Queenstown	PHP	200
New Rathwick	IRDP	3000
Lukhanji	IRDP	200
Queenstown	Rectification	1421
Whittlesea	Rectification	754
Queenstown	Rectification	405
Ilinge 1012	Rectification	20
Ilinge 405	Rectification	33
Ezibeleni 1421	Rectification	190
Imvani 145	Rectification	145
Thambo Village	PHP	990
Mcbride Village 678	Rural Project	687
Who-Can-Tell 708	Rural Project	708
Poplar Groove 308	Rural Project	308
Merino Walk 274	Rural Project	274
Ensam 247	Rural Project	247
Toisekraal	LM to provide data	364
Zola	LM to provide data	225
Xuma	LM to provide data	126
Imvani Rural	Rural Project	160
Total		14 049

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

b. Rectification housing projects:

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

PROJECT NAME	NO OF SITES	BUDGET
Toisekraal	364	R5 900 000
Zola	225	R 7 100 000
Xuma	126	R3 100 000
Queenstown		
COMDEV	3021	R630 000
Consolidated PHP	521	R0
Ezibeleni P1	251	R5 460 000

Imvani Rural	160	R4 550 000
Ilinge	1156	R10 500 000
Enkululekweni – R/I 1	541	R105 000
Ezibeleni Ext: Ph 2 –R/L 1	700	R12 740 000
Whittlesea - Madakeni	300	R8 400 000
Total	7 065	R50 085 000

c. Blocked housing projects:

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

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

3) STRATEGIC FRAMEWORK REVIEW

(1) Strategies and Proposed Projects

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

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

The Lukhanji Municipality has not indicated if they have been delegated any functions under the accreditation of municipalities guidelines and whether or not they enjoy Developer status in respect of current and future projects. The 2009 IDP states that the municipality acknowledges that housing is not a primary competence of a local municipality. It therefore primarily relies on

the Province to carry out a significant part of the responsibilities related to housing development. It is important that there is clarity on the respective roles and responsibilities between the province and the municipality to ensure for accountability.

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

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

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

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

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

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

(i) Strategic programme

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

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

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

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

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

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

Deliverable	Key activity	Timeframe	Responsibility	Cost
Properly managed implementation of financed projects.	Management of the technical service providers in ensuring that projects are delivered on time, to quality and within cost. Carry out effective community liaison and consultation.	Continuous	Housing officer with PDoHS	

Deliverable	Key activity	Timeframe	Responsibility	Cost
Preparation of identified priority projects for financing and implementation.	Co-ordination of the preparation of the projects: <ul style="list-style-type: none"> • Land • Land preparation and packaging • Initial design • Beneficiary identification • Finance packaging • Preparation of tendering etc 	Continuous	Housing officer with PDoHS	

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

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

Deliverable	Key activity	Timeframe	Responsibility	Cost
	plan around municipal priorities.		partner officials	

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

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

(ii) Financing of Housing

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

4) PROJECT PIPELINE AND CAPITAL BUDGET

(1) INTEGRATION

(i) Cross-sector alignment issues

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

FOCUS AREA	COMMENT
Implementation of first generation Integrated Zoning Scheme for Greater Queenstown area	This project is needed to put in place a more functional Zoning Scheme to enhance the Municipality's performance of its land use regulation role.
Conversion of Township Establishment Status of: - a. Ezibeleni b. Sada c. Ekuphumleni	This project will facilitate the conversion of these townships from R293 townships. The process will lead to a number of positive outcomes, including the potential to incorporate these areas into an operational Zoning Scheme as well as bringing them within the ambit of the Upgrade of Land Tenure Act (Act No. 112 of 1991), which will enable the conversion of lesser forms of title to freehold ownership.
Formulation of a PILOT Rural Land Use Management System in RA 60	This project is needed to address the ongoing pressure on land (i.e. land invasion) in the RA 60 area. It is intended that the Municipality engage with the RA 60 communities in establishing an acceptable Land Use Management Scheme for the RA 60 area, which applies to issues such as land use and land allocation.
Zweledinga Zone Plan and Local Planning Process	Communities to be engaged for general agreement on configuration of the settlements. The project is deemed a priority because of reported dynamism in settlement formation in the area, as well as historical tensions concerning land issues.
Greater Whittlesea LSDF	Detailed Local Spatial Development Framework to enable the management of land developments in Whittlesea, Sada, Ekuphumleni and surrounding areas. To promote linkages between Urban and Rural areas.
RA60 Pilot Land Use Management Scheme	Land Use Management Scheme that will enable the Municipality and the community to manage and protect land uses. RA60 was previously planned but is not experiencing an influx of land invasions.

(ii) Housing planning and delivery risk management matters

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

RISK	RISK MITIGATION
Lack of proper control and management of the 12 started projects	

(iii) Approval

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

(2) APPENDIX 1: GAP ANALYSIS

(i) GAPS REQUIRING FILLING

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

GAPS TO ADDRESS	MODE
Establishment of the real nature of need and demand including better analysis of the interaction and separation of tenure security, basic infrastructure and top structure.	Research on the baseline documents including Provincial MTEF, land reform stats and basic infrastructure information + discussion with municipalities on summarised information
Development of rural housing strategy that does not just use global guesstimates.	Using the information from above and then linking this to specific priority geographical areas that can have more intensive information gathering. Closer planning linkage with ECDoHS and Dept of Land Affairs to develop responses.
Proper listing of completed, existing and future projects with necessary baseline and tracking information	Use of supplied template to co-ordinate information from different sources and then updating and completing this in contact with key local and provincial stakeholders. Possibly a provincial project.
Analysis of proposed infrastructure expenditure including water, sanitation, roads and storm-water drainage and linkage of this to housing priority areas.	Source from provincial government documents and use local municipality to link with existing priority areas of housing need. Important to link this back to the housing project pipeline to identify where there are direct linkages.
Financing available for housing and infrastructure in the area. Analysis of the existing financing allocated to the area for infrastructure, land reform and housing and the linkage to established priorities	From the provincial MTEF and land reform MTEF + linkage back to defined housing priorities in the area.

a. Spatial Form

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

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

b. Physical Features

i. Settlement Structure

SETTLEMENT HIERARCHY

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

MAIN NODES

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

	<ul style="list-style-type: none"> role as a sub-regional transport interchange and minor service centre. Appropriate land use management interventions to ensure a more effective land use pattern
--	---

CORRIDORS

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

ii. **Special Development Areas**

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

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

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

iii. **Demography**

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

(a) **Number of households**

NUMBER OF HOUSEHOLDS

MUNICIPALITY EC134	
	COUNT

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

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

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

(b) Population group

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

POPULATION COMPOSITION

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

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

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

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

AGE DISTRIBUTION

MUNICIPALITY EC134	
P_04 SEX	

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

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

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

ORPHANS

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

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

CHILD HEADED HOUSEHOLD

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

(e) Migration

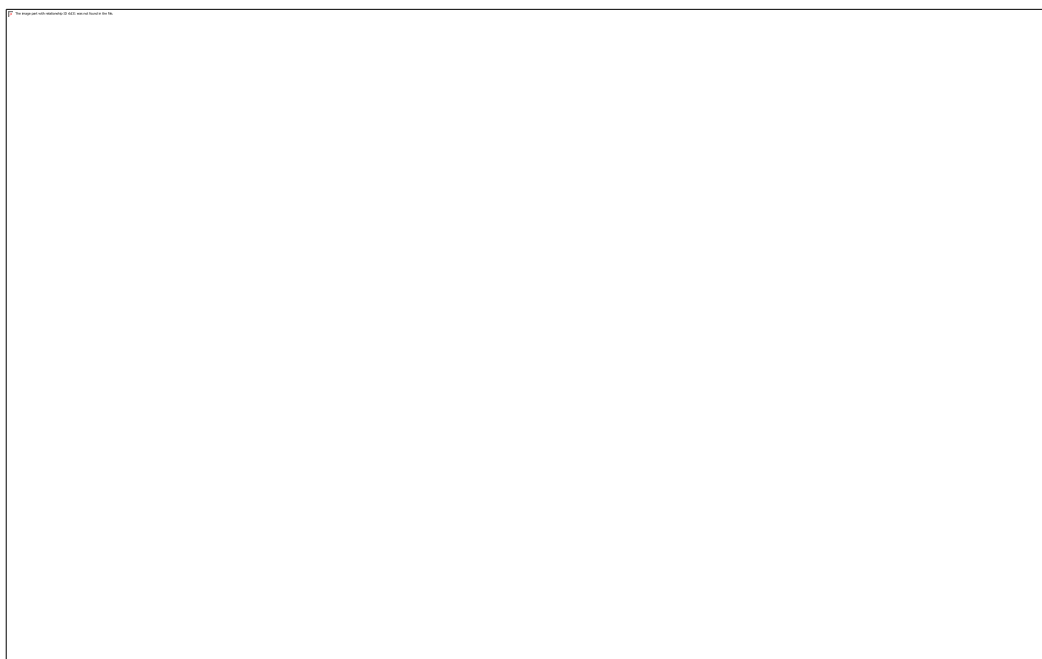
About two thirds of the people living in Lukhanji stayed in the same dwelling for at least 5 years prior to the 2007 Community Survey. About 22% (or 45261 people) had moved to their dwelling in the past five years. This figure indicates high movement, but it is unclear from this if people are moving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

SAME DWELLING IN THE PAST 5 YEARS

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

The following figure shows the migration patterns in the municipality.

Migration patterns



MIGRATION TRENDS

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

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

REGIONAL TO OTHER PROVINCES

MUNICIPALITY EC134			
		COUNT	COLUMN N %
P_18 Previous province	Western Cape	1392	3.1%
	Eastern Cape	39555	88.3%
	Northern Cape	278	.6%
	Free State	852	1.9%

	KwaZulu-Natal	758	1.7%
	North West	0	.0%
	Gauteng	1411	3.1%
	Mpumalanga	0	.0%
	Limpopo	246	.5%
	Outside RSA	330	.7%
	Don't know	0	.0%
	Total	44821	100.0%

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

1.1.5 Settlement Area Type

1.1.5.1 Settlement Type (from Census 2001)

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

SETTLEMENT TYPE

MUNICIPALITY EC134			
		COUNT	COLUMN N %
Area type	Sparse (10 or fewer households)	1062	2.4%
	Tribal settlement	8983	20.0%
	Farm	2235	5.0%
	Small holding	255	0.6%
	Urban settlement	24710	55.0%
	Informal settlement	7389	16.5%
	Recreational	0	0.0%
	Industrial area	16	0.0%
	Institution	239	0.5%
	Hostel	25	0.1%
	Total	44915	100.0%

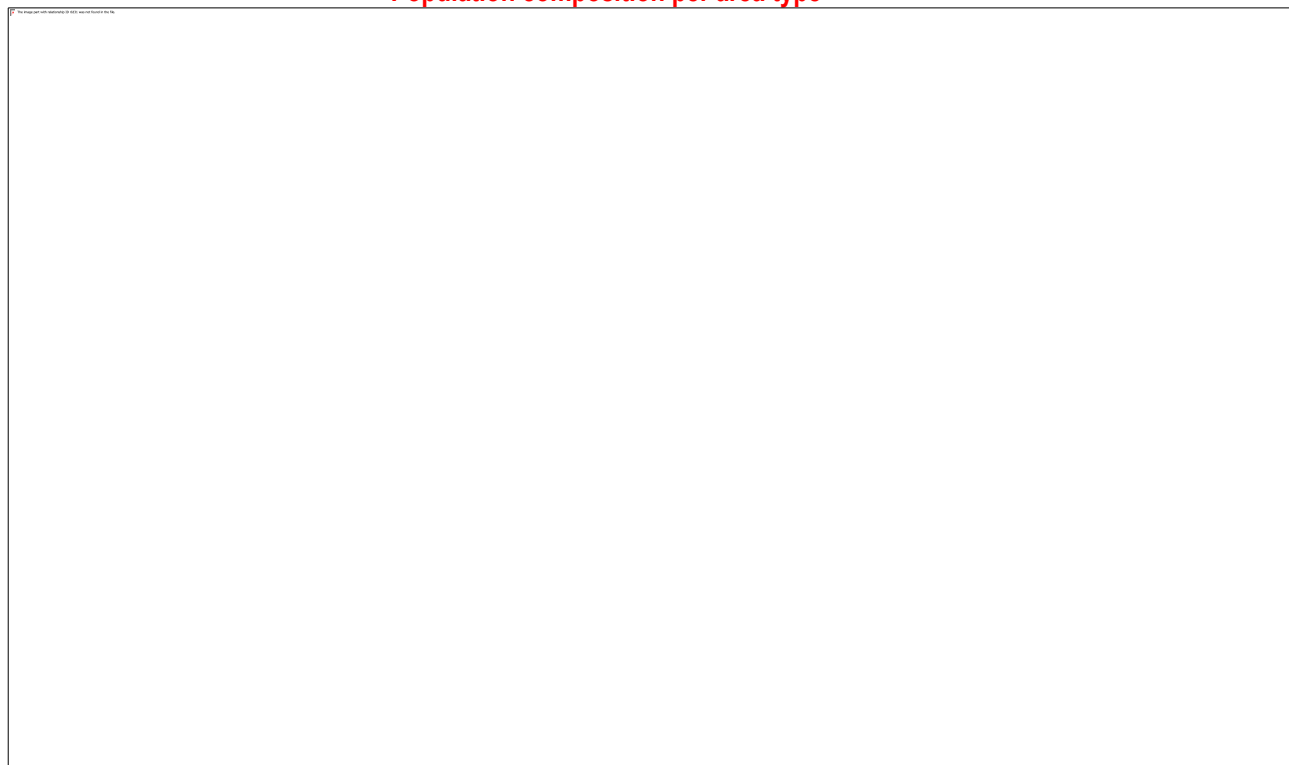
**Please note that 2001 municipal boundaries were used in the above table*

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

AREA TYPE C (FROM CENSUS 2001)

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

Population composition per area type



1.1.5.2 Settlement Type (from Census 2001, new demarcation)

1.1.5.3 Settlement Type (from 2006 Basic Services study)

1.1.6 Dwelling Types

The percentage of people living in formal housing on a separate stand is quite high, as 79.6% of the households (39542 households) live in such a dwelling. Only about 10% live in traditional dwellings (5166 households).

Informal dwellings are occupied by about 3000 households. These informal dwellings are mainly freestanding informal dwellings, but about 671 households live in an informal dwelling in a backyard.

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

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

DWELLING TYPE

MUNICIPALITY EC134					
		DWELLING TYPE		AVERAGE NUMBER OF ROOMS	AVERAGE NUMBER OF PEOPLE
		COUNT	COL N %	MEAN	MEAN
Dwelling	House or brick structure on a separate stand or yard	39542	79.6%	3,8	4,0
	Traditional dwelling/hut/structure made of traditional material	5166	10.4%	2,9	3,9
	Flat in block of flats	1063	2.1%	2,1	2,2
	Town/cluster/semi-detached house (simplex)	0	.0%	.	.
	House/flat/room in backyard	343	.7%	2,3	2,3
	Informal dwelling/shack in backyard	671	1.4%	1,5	3,1
	Informal dwelling/shack NOT in backyard	2338	4.7%	1,8	2,6
	Room/flatlet NOT in backyard but on a shared property	274	.6%	1,4	2,4
	Caravan or tent	0	.0%	.	.
	Private ship/boat	0	.0%	.	.
	Workers' hostel (bed/room)	0	.0%	.	.
	Other	279	.6%	3,6	4,2
	Total	49675	100.0%	3,5	3,8

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

INCOME GROUP BY TYPE DWELLING TYPE

MUNICIPALITY EC134						
		INCOME GROUP BY DWELLING TYPE				
		R0- R1600	R1601- R3200	R3201- R6400	R6401- R12800	R12801 OR HIGHER
Type of main dwelling	House or brick structure on a separate stand or yard	20463	9225	3251	2098	4505
	Traditional dwelling/hut/structure made of traditional material	3814	1018	303	0	31
	Flat in block of flats	323	220	110	55	355
	Town/cluster/semi-detached house (simplex, duplex, triplex)	0	0	0	0	0
	House/flat/room in backyard	176	56	55	0	56
	Informal dwelling/shack in backyard	493	115	63	0	0
	Informal dwelling/shack NOT in backyard e.g. informal/squatter settlement	1527	439	99	55	219
	Room/flatlet NOT in backyard but on a shared property	219	55	0	0	0
	Caravan or tent	0	0	0	0	0
	Private ship/boat	0	0	0	0	0
	Workers' hostel (bed/room)	0	0	0	0	0
	Other	224	55	0	0	0
	Total	27238	11182	3882	2207	5165

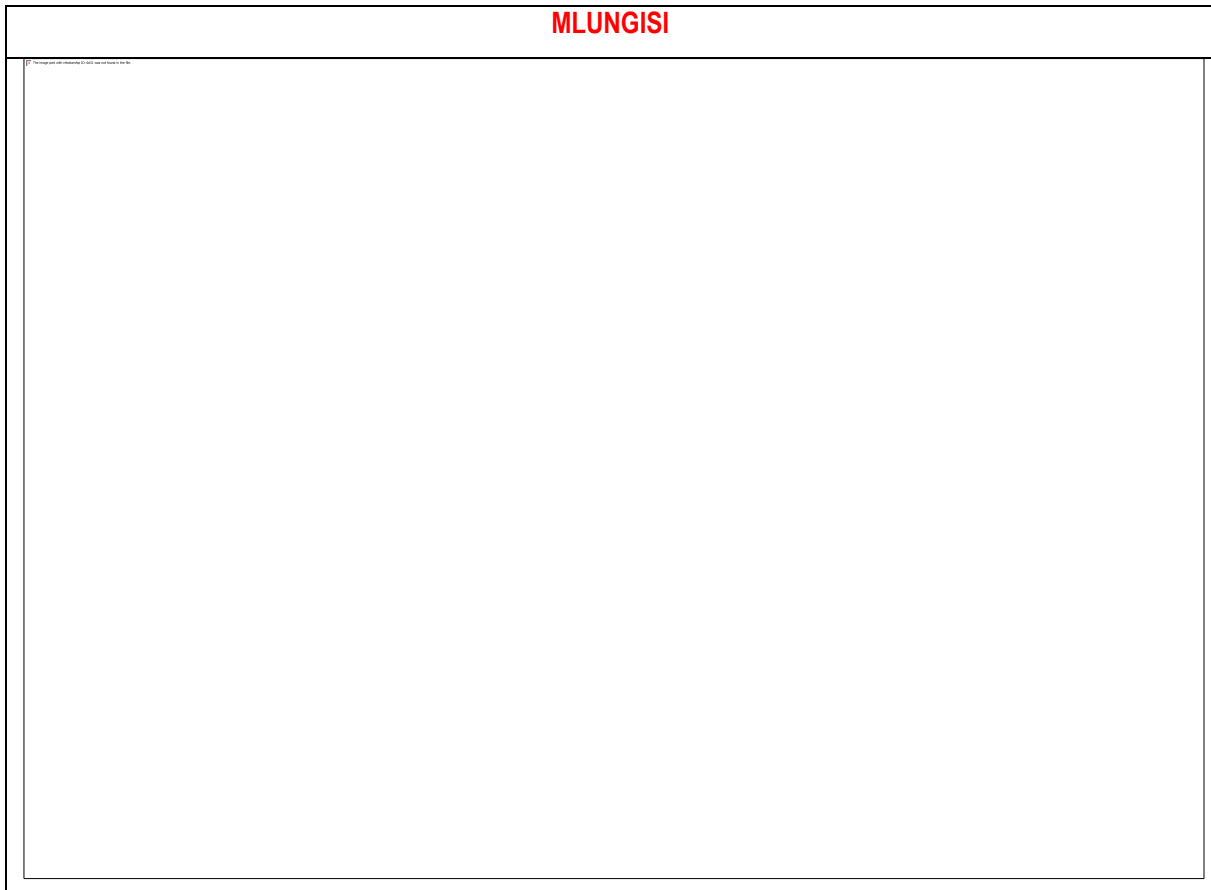
The HSP estimates that 3.2% of the housing in Lukhanji is informal housing (p49, section 4.10.2). This percentage is lower than the data obtained from the Community Survey in 2007, where 6.1% of the households live in informal dwellings. This difference could be attributed to the meanings attached to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

1.1.7 Informal housing

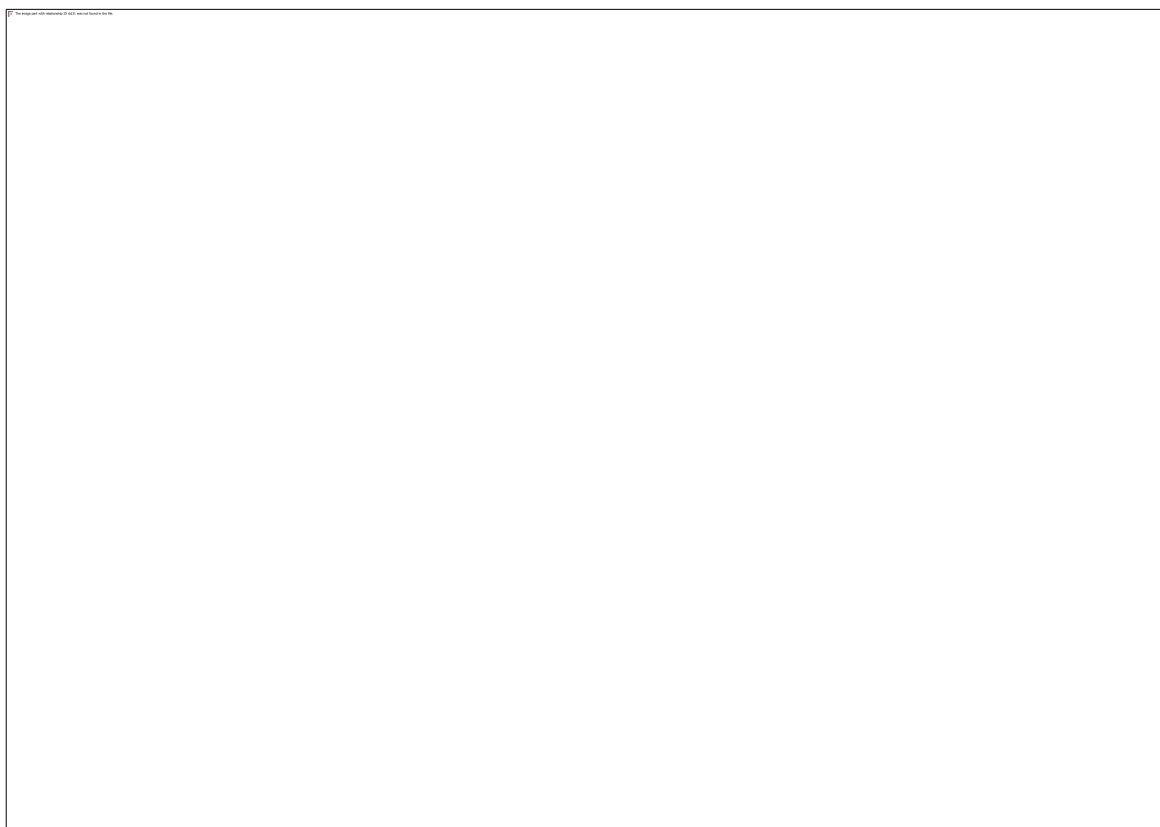
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It is estimated that 3.2% of existing housing in Lukhanji are informal. These are largely concentrated in areas of Ilinge, Hewu, Mlungisi and Ezibeleni. The informal dwellings may refer to traditional.

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



THEMBANI: EXISTING AND PLANNED SETTLEMENT



1.1.8.3 Social grants

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

SOCIAL GRANTS

MUNICIPALITY EC134									
		P_24 ANY GRANT							
		YES		NO		DON'T KNOW		TOTAL	
		COUNT	ROW N %	COUNT	ROW N %	COUNT	ROW N %	COUNT	ROW N %
Age group	0-9	32537	75.3%	10321	23.9%	324	.8%	43182	100.0%
	10-19	14178	28.0%	35695	70.6%	718	1.4%	50591	100.0%
	20-29	1062	3.2%	31019	93.0%	1271	3.8%	33352	100.0%
	30-39	1173	4.7%	23006	92.4%	717	2.9%	24896	100.0%
	40-49	2374	11.3%	18167	86.5%	453	2.2%	20994	100.0%
	50-59	2967	22.3%	10094	75.8%	263	2.0%	13323	100.0%
	60-69	2967	22.3%	10094	75.8%	263	2.0%	13323	100.0%

59									
60-69	6702	74.7%	2204	24.6%	61	.7%	8967	100.0%	
70-79	6130	94.0%	395	6.0%	0	.0%	6524	100.0%	
80-89	3024	90.2%	327	9.8%	0	.0%	3351	100.0%	
90+	291	100.0%	0	.0%	0	.0%	291	100.0%	
Total	70437	34.3%	131228	63.9%	3806	1.9%	205472	100.0%	

1.1.8.4 Employment status (15-65 year olds)

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

EMPLOYMENT STATUS

MUNICIPALITY EC134							
		P_04 SEX					
		MALE		FEMALE		TOTAL	
		COUNT	COLUMN N %	COUNT	COLUMN N %	COUNT	COLUMN N %
DERO 1 Employment status	Employed	16250	28.5%	13172	20.6%	29422	24.4%
	Unemployed	15903	27.9%	19947	31.3%	35850	29.7%
	NEA	24845	43.6%	30688	48.1%	55533	46.0%
	Total	56998	100.0%	63807	100.0%	120805	100.0%

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

LOCAL EMPLOYMENT BY SECTOR IS AS FOLLOWS

Major Sectors	Employment Type	%	%
Primary	Agriculture	6.0	6.0
	Mining	0.0	
Secondary	Manufacturing	6.0	11.0
	Electricity/Water/Gas	1.0	
	Construction	4.0	
Tertiary	Commerce and Trade	19.0	83.0

	Transport	4.0	
	Financial	6.0	
	Community Services / Government	40.4	
	Households / Domestic	14.0	
Total		100.0	100.0

Source: HSP 2009

1.1.8.5 Local Economy - GVA

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

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

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

2. HOUSING DEMAND PROFILE OF THE MUNICIPALITY

2.1 Analysis of Housing need

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

HOUSING NEED ANALYSIS

CATEGORY	ANALYSIS
Settlement Patterns:	<ul style="list-style-type: none"> • The estimated population is 193 917 and consists of 47 000 households of whom 21% reside in rural villages and 16% in peri-urban settlements with 54% in urban settlements and 9% in farms. (LED 2008)The majority of underserved households with regards to water, sanitation, refuse; electricity and road network comes from these settlement areas and this poses a challenge for service infrastructure expansion and delivery of essential services.
Migration Patterns:	<ul style="list-style-type: none"> • There is increasing migration from rural to urban areas and this phenomenon impacts housing demand in the municipality and needs to be factored into development plans of the municipality
High Dependency	<ul style="list-style-type: none"> • Over 45% of the population is under 20 years of age and 9.3% over 60 years of age and this increases pressure on bread winners. Housing projects need to provide facilities for

CATEGORY	ANALYSIS
Ratio	the youth and also ensure that the needs of elderly citizens are provided for). The high dependency level coupled with low levels of employment and low incomes is likely to worsen poor service payments thus contributing to a shrinking revenue base for the municipality.
Gender Distribution	<ul style="list-style-type: none"> There are over 12 000 more females than males which suggests high levels of out-migration of males to find employment in major cities(Cape Town, Durban and Johannesburg) with all the associated problems of single headed households, low levels of affordability, breakdown in social fabric and lack of labour skills for construction projects locally.
Orphaned Children:	<ul style="list-style-type: none"> Orphaned households amount to 3.7% of total households. Points to the need for special housing needs and the development of resource centres to support these children as part of housing projects
Affordability	<ul style="list-style-type: none"> Over 54.4% of the population rely on income of less than R1600.00 per month with another 22.5% earning between R1600- R3200 per month. A third depends on social grants. Housing projects need to be affordable, located close to or incorporate the development of social facilities to improve access to social grants for the recipients, provide employment opportunities and promote the sourcing of materials locally to improve local income and strengthen local income streams.
Employment:	<ul style="list-style-type: none"> Over 46% of the people are not economically active and 24.4% are classified as unemployed. Unemployment is higher amongst males than females. Housing projects need to make provision for local employment, source materials locally and provide training for women to participate in housing delivery. There are generally low levels of disposable income; therefore, low levels of affordability amongst the potential beneficiaries.
Infrastructure	<ul style="list-style-type: none"> Poor road infrastructure and linkages between the rural settlement areas and the main economic centre of Queenstown. Road access is critical for the efficient delivery of materials and it will be necessary to apply for additional funds for improvement of road networks before the housing development can take place rapidly in Poor sanitation with about 41.0% of household reported to have no form of sanitation. It is estimated that it was estimated in 2008 that approximately R 6 485 496 was required to address the sanitation backlogs Housing / Residential infrastructure backlog – the identified housing and infrastructure backlog is a major challenge to the Municipality's ability to develop the required supportive infrastructure in a sustainable manner. The backlog for electricity household connections is estimated by RSS survey of 2006 and that approximately R 28 million was required to address urban backlogs.

CATEGORY	ANALYSIS
Other	<ul style="list-style-type: none"> Local Municipality personnel, contractors and other stakeholders are under capacitated. Poor Project Management. Lack of compliance with contractual agreements. Lack of municipal representation/consistent monitoring on construction site(s). Lack of civil and social infrastructure (Roads, Water and Sewerage reticulation) to address housing demand both in urban and rural areas. Lack of potable water which has been the main hindrance for the past 3 years. Inefficient project data capture

2.2 Expressed Housing Needs/ Backlog

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

2.3.1 Housing Demand Lukhanji IDP and SDF Context

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

HOUSING DEMAND IDP CONTEXT

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

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

HOUSING WAITING LIST: CONTEXT 2009

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

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

HOUSING NEED ANALYSIS

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

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

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

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

2.3.2 Housing Demand Provincial Context

OUTCOME AIM HOUSING DEMAND TARGETS

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

2.3.3 Military Veterans

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

the district. The 60 Military veterans in the Municipality only constitute 2% of the total number in the Province.

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

Military veterans

2.4 Land Requirement for Future Development

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

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

- Portions of the land set aside for housing is still owned by the State and there is long land acquisition processes involved through the Department of Land Affairs (DLA).
- There is a small portion of privately owned land at Ilinge set aside for housing development needs to be purchased for that purpose and this will have financial implications.
- Some parcels of land within the municipality (e.g. Emadakeni near Sada), is subject to Restitution Claims and these processes retard housing delivery process if they are not managed to a successful conclusion.
- There are portions of rural land where authorization in terms of Subdivision of Agricultural Land Act (Act 70 of 1970) as well as EIA exemptions are required. The processes involved are time consuming and lead to duplication in activities and increase in costs.

3. SUPPLY

3.1 Land Ownership and Supply

3.1.1 General

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

3.1.2 Strategic Land Parcels

The Municipality has identified land for residential development in Greater Whittlesea. The policy suggests that the land will be made available on leasehold basis but does not stipulate the reasons

thereof. Unless the erven are aimed at developing CRU Housing or similar, the implications of the lease option need to be investigated further as funders are often unwilling to invest on leased land and this may impact the attractiveness of the proposed residential development to a number of investors.

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

PUBLIC FUNDED HOUSING DEVELOPMENT AREAS: GREATER WHITTLESEA

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

ERVEN FOR ALIENATION OF LEASE FOR RESIDENTIAL DEVELOPMENT

AREA	ERVEN	COMMENT
Molteno Road	5761-57	<ul style="list-style-type: none"> That the erven be sold to one person/ developer/ legal entity That the erven be sold to one per person to first time land/ home owners
Queenstown	5764-63	
Sussex Road	5767-56	
Queenstown	5768-58	
	5771-64	
	5773-68	
Howick Street	5766-16	
Queenstown	5668-14	<ul style="list-style-type: none"> General Plan approved that area should be divided into 7 erven for residential development.
Western Road	2907	
Victoria Park		<ul style="list-style-type: none"> 504 erven
Kamani Park	Not Specified	
Laurre Dashwood	4823 - 4847	<ul style="list-style-type: none"> For Residential 1 purposes (Group Housing) Not Serviced Proposed that erven be placed on tender for a development proposal for a group housing scheme where the Council remains the owner of the land

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

PUBLIC FUNDED HOUSING DEVELOPMENT AREAS: GREATER QUEENSTOWN

AREA	SURFACE AREA HECTARES	POTENTIAL NUMBER OF DWELLING UNITS (16 Units/ Ha)	TOTAL (CUMULATIVE)
NEW RATHWICK			
LU1	628.1	10 050	10 050

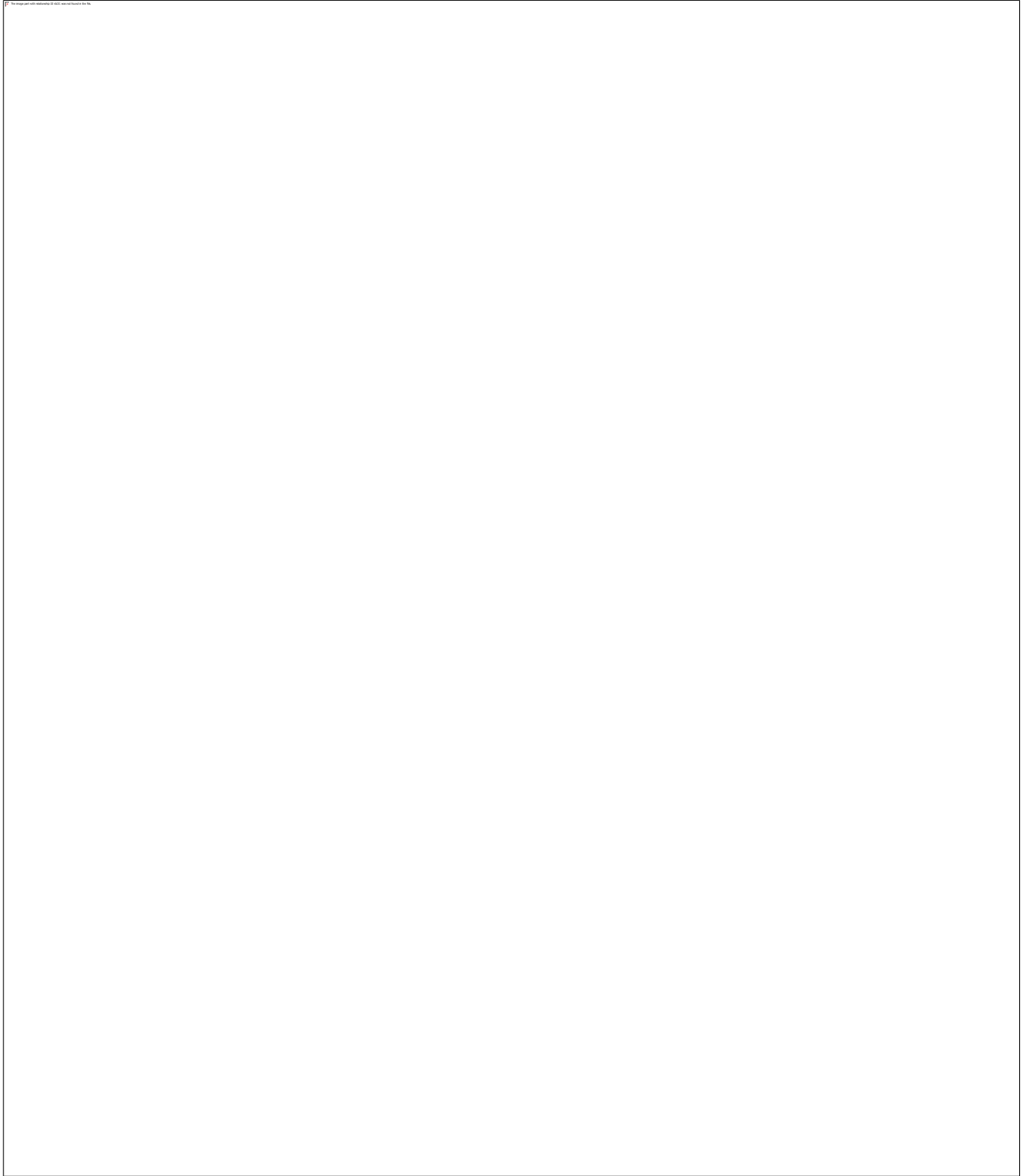
AREA	SURFACE AREA HECTARES	POTENTIAL NUMBER OF DWELLING UNITS (16 Units/ Ha)	TOTAL (CUMULATIVE)
MLUNGISI INFILL AREAS			
LU2	13.1	210	210
LU3	20.6	330	540
LU4	10.8	173	713
LU5	90.5	1448	2161
EZIBELANI WEST INFILL AREAS			
LU6	81.41	1303	1303
LU7	24.02	384	1687
LU8	121.59	1945	3632
LU9	50.5	808	4440
LU10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

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

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

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

Strategic land parcels: Queenstown



Strategic land parcels: Sada



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

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

3.1.4 Land Ownership in Urban Centres

3.1.5 Land Reform

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

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

3.1.6 Land Potential and Constraints

Land issues identified in the HSP 2008 include the following:

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

3.1.7 Land Availability Summary

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

3.2 Municipal Infrastructure

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

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

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

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

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

3.2.1 Access to Piped Water

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

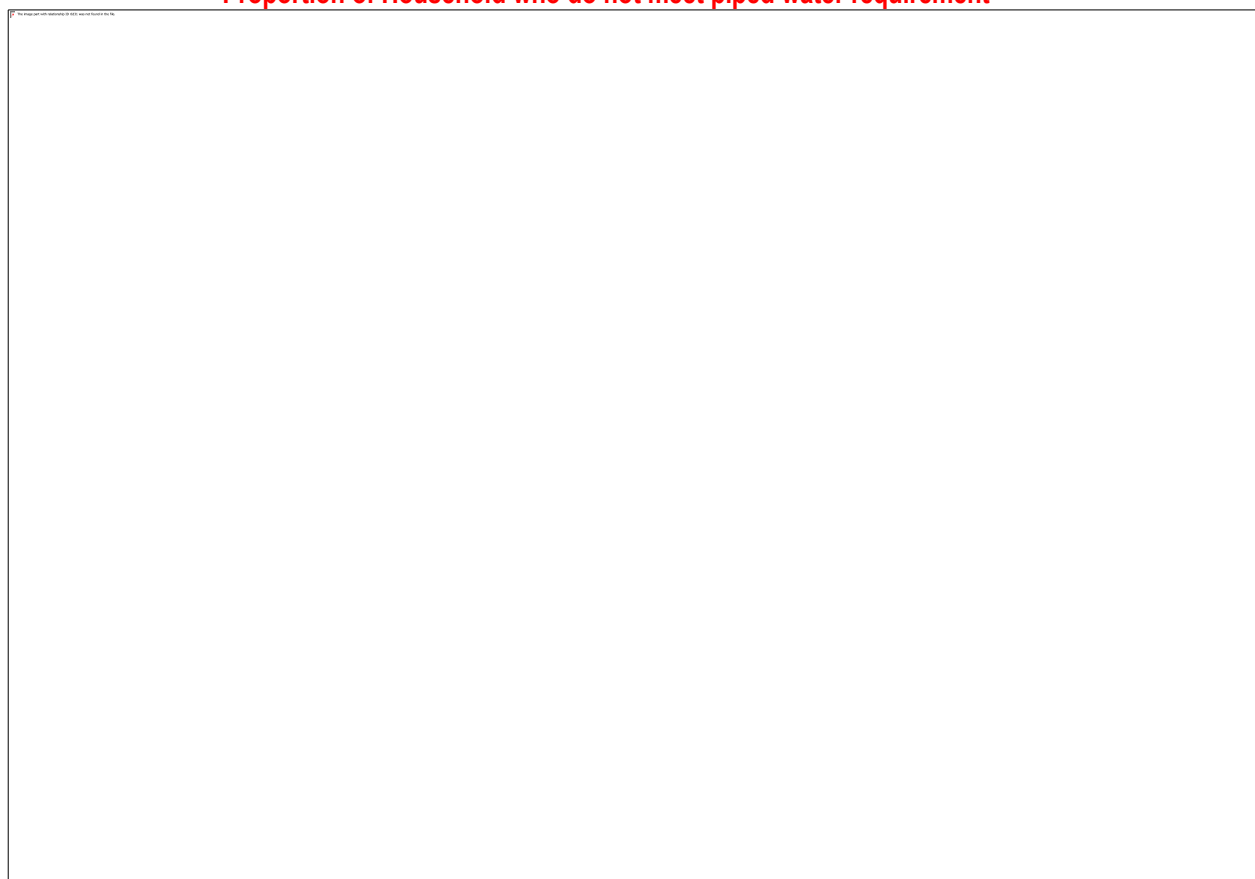
ACCESS TO PIPED WATER

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

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

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

Proportion of Household who do not meet piped water requirement



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

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

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

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

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

HOUSEHOLD ACCESS TO WATER SUPPLY

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

Source: ECSECC, 2007 & SSA Community Survey, 2007

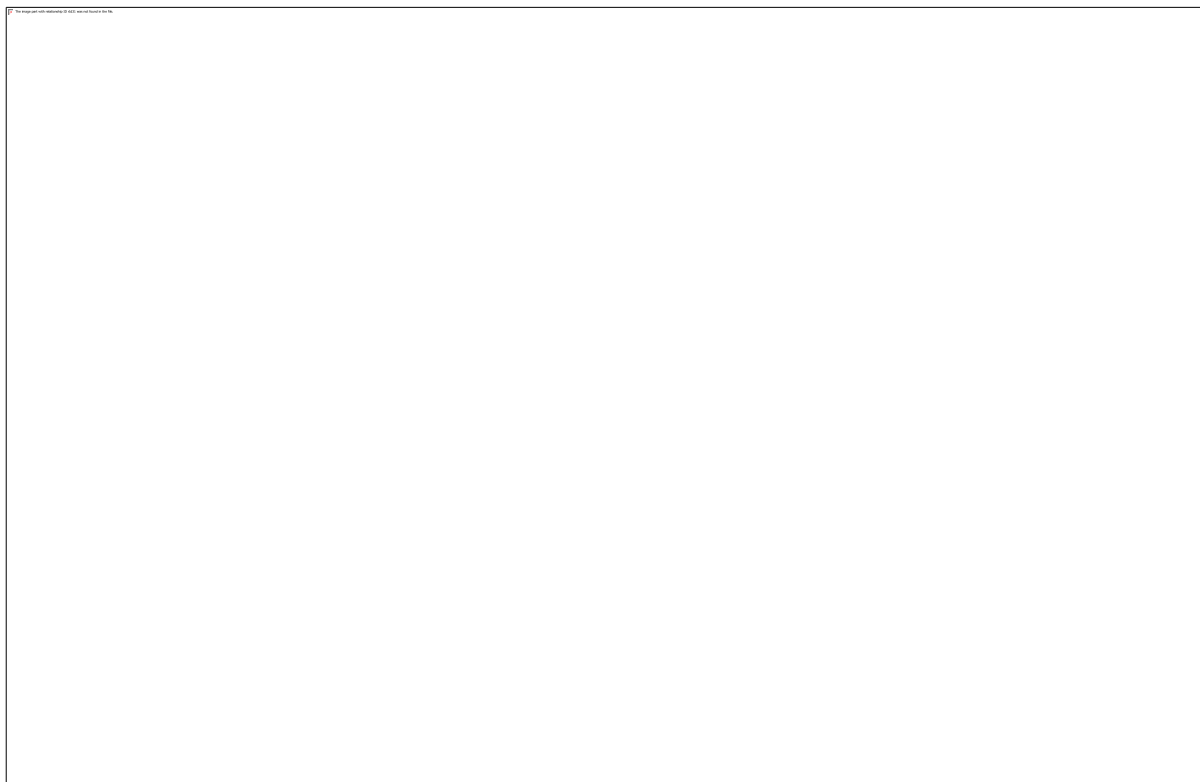
According to the CHDM WSDP (2006), a substantial backlog in water infrastructure exists to the tune of R66 569 326. This is the third highest backlog in the CHDM

3.2.2 Access to Electricity

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

The figure below shows electricity reticulation in the municipality.

Electricity Distribution



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

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

Electricity distribution network



3.2.3 Level of Sanitation

The primary sanitation infrastructure in the Municipality is located in

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

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

HOUSEHOLD ACCESS TO SANITATION

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

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

Source: ECSECC, 2007

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

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

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

3.2.4 Refuse Collection

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

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

3.2.5 Roads and Storm water

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

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

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

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

3.2.6 Rail

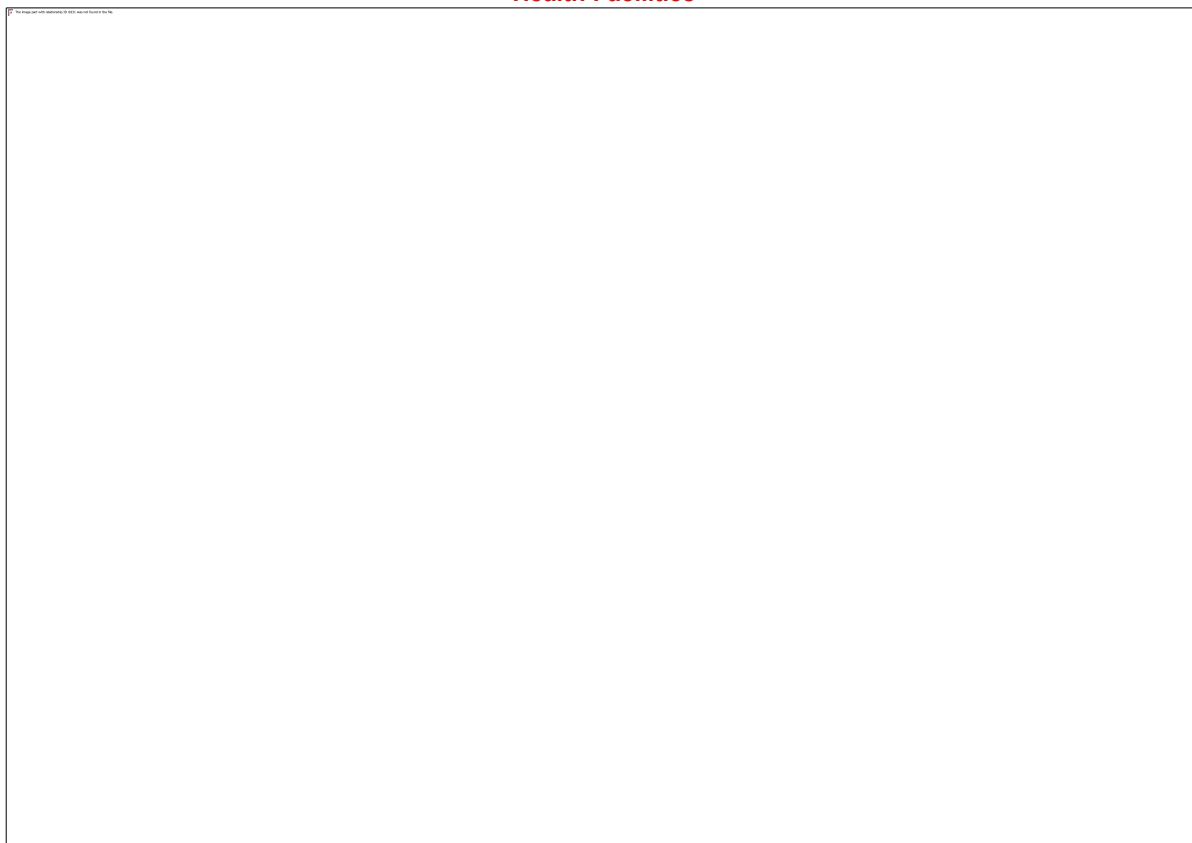
The following railway line exists within the Lukhanji Municipal area:

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

3.2.7 Social Infrastructure

3.2.7.1 Health Facilities

Health Facilities

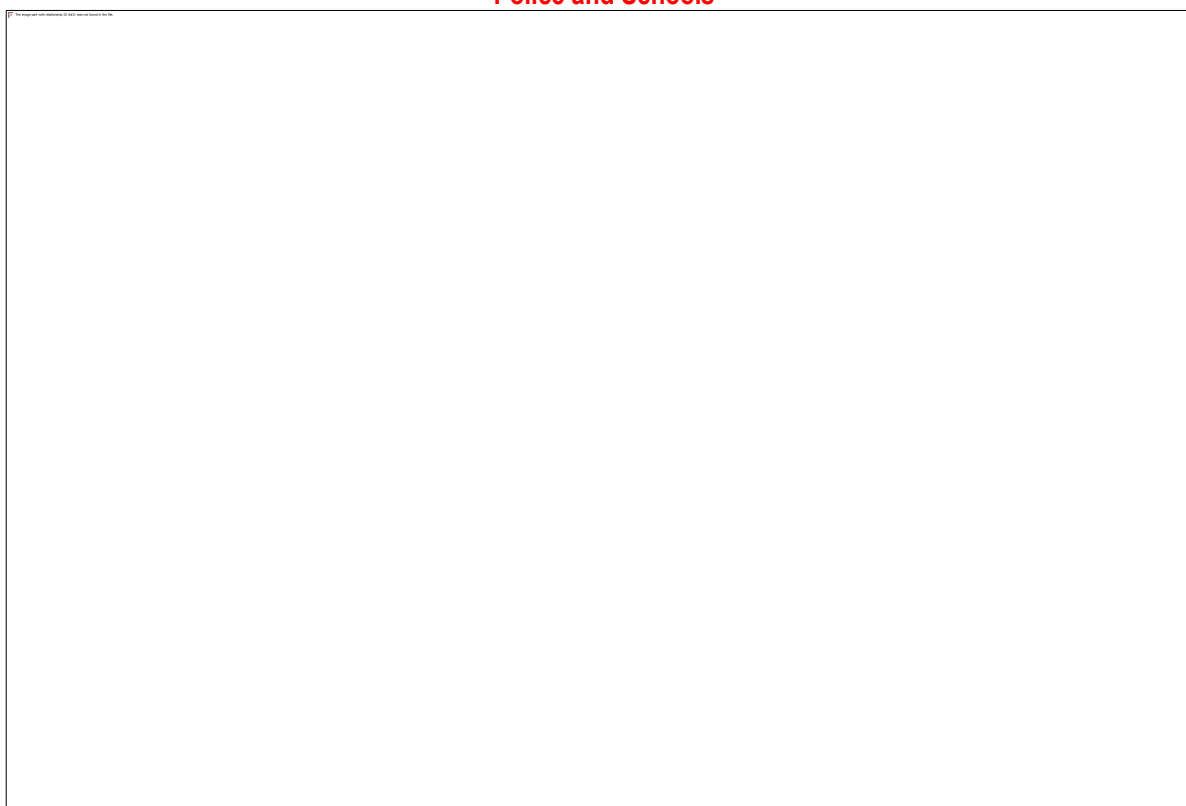


Primary health is a competence of the Provincial Department of Health. Chris Hani DM is responsible for municipal health. There are four main parties that provide health facilities in the study area namely, Department of Health, Chris Hani District Municipality, Lukhanji Municipality and Private institutions.

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

3.2.7.2 Education and Security Facilities

Police and Schools



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

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

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

4. HOUSING SUPPLY ANALYSIS

4.1 General

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

4.2 Housing Mandate

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

4.3 Organisational Structure and Institutional Capacity

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

HOUSING TASK TEAM

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

Source: HSP 2008

4.4 Capacity to Manage Housing Delivery

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

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

4.5 Stakeholder Analysis

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

STAKEHOLDERS

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

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

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

4.6 Institutional Arrangements

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

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

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

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

4.7 Challenges facing Housing delivery

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

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

4.8 Strategic Development Priorities

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

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

4 Previous Housing Delivery Performance

5. PROJECTS

5.1 Completed Projects

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

5.2 Completed and Current Projects

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

The municipality has recorded the following projects as completed projects:

COMPLETED PROJECTS

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

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

HOUSING PROJECTS SCHEDULE-2007 HSP

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

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

OVERALL PROJECT SCHEDULE (PLANNED AND CURRENT PROJECTS)

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

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

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

5.3 Rectification Projects

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

RECTIFICATION PROJECTS

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

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

5.4 Challenges on Projects

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

5.5 Blocked Housing Projects

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

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

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

Reasons for Blocked Project:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5.6 Cash Flow Projections: Current Housing Projects

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

DOHS PROJECT LIST

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

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

5.7 INTEGRATION

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

2.3 Spatial Development Framework

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

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

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

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

LAND USE PROJECTS: SDF

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

The SDF makes the following proposals.

Lukhanji SDF proposals: Queenstown



Lukhanji sdf proposals: whittlesea & 1 generation



6.1.2 Physical Infrastructure

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

FUNDED BULK INFRASTRUCTURE PROJECTS: DOHS

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

FUNDED BULK INFRASTRUCTURE PROJECTS: IDP

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

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

LIST OF LUKHANJI PROJECTS

LUKHANJI LOCAL MUNICIPALITY							
MTREF OPERATING BUDGET FOR 2015-2018							
DIRECTORATE	KPA	OBJECTIVE	PROJECT	FUNDING SOURCE	2015/16	2016/17	2017/18
Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2017	1.Newsletter and Other Communication Programmes		1 000 000	1 000 000	1 000 000
Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2018	3.Emblem Automation	MSP Fund	181 955	0	0
Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2019	4.Promotional Material	Unknown Grant	151 722	0	0

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Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2020	Development of programmes recognising and developing designated groups through municipal programmes (Create a data base of designated groups)	OWN	261 820	261 820	261 820
Office of the MM	Good Governance and Public Participation	To create a responsive environment that detects, mitigate and eliminate risks by June 2017	Budgeting and establishment of own Audit Committee	OWN	87 980	87 980	87 980
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2017	Compilation Of Annual Financial Statements and Asset Register	OWN	3 194 200	3 353 910	3 521 606
Budget and Treasury	Good Governance and Public Participation		Improve ICT Systems (Microsoft Licenses/DRC/Intranet)	Various Projects	584 762	0	0
IPED	Good Governance and Public Participation		Implementation of Performance Management System	OWN	1 000 000	1 000 000	1 000 000
Corporate Services	Institutional Arrangement and Organisational Transformation	To develop an institutional capacity for the benefit of Municipal Councillors and Employees of Lukhanji that promote sound efficient workforce by June 2017	Training Programme for Councillors and officials as per the WSP	OWN	1 436 000	1 436 000	1 436 000
		To develop an institutional capacity for the benefit of Municipal Councillors and Employees of Lukhanji that promote sound efficient workforce by June 2017	Development of Job Descriptions	OWN	250 000	250 000	250 000
		To develop an institutional capacity for the benefit of Municipal Councillors and Employees of Lukhanji that promote sound efficient workforce by June 2017	Development and implementation of an HR Plan	OWN	11 368 979	11 368 979	11 368 979
IPED	Local Economic Development	To promote and develop tourism	Implementation of tourism sector	OWN	200 500	200 500	200 500

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IPED	Local Economic Development	To promote economic development in the area for the benefit of SMME of Lukhanji so as to alleviate unemployment by June 2017	Training programme for the SMMEs and Cooperatives.	LED Strategy & Hawker Support	150 000	150 000	150 000
Community Services	Good Governance and Public Participation	To promote a culture of reading	Conduct competitions and campaigns in all wards or no. (Library week competitions and story telling etc.)	OWN	4 635 993	4 965 070	5 300 169
Human Settlement	Basic Services and Infrastructure Development	To create sustainable Human Settlements through the provision of affordable housing units in rural and urban areas in accordance with the housing sector plan and SDF by June 2017	Develop Whittlesea SDF	OWN	500 000	0	0
Human Settlement	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2017	Implement supplementary valuation roll	Valuation Roll & OWN	1 617 475	1 590 000	1 590 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2017	Improve indigent system	Unknown Grants	178 441	0	0
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2018	Verification of Free Basic Services	Free Basic Services	63 512		
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2017	FMG	Salaries and Allowances	562 130	600 000	650 000.00
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2018	FMG	Training	457 870	500 000	750 000.00
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2019	FMG	SCOA	500 000	530 000	550 000.00
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2020	FMG	Operation Clean Administration	175 000	180 000	195 000.00

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Executive Offices	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2019	MSIG	Public Participation	250 000	277 000	353 000
Executive Offices	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2020	MSIG	SCOA	250 000	250 000	250 000
Corporate Services	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2021	MSIG	ICT Services	250 000	250 000	250 000
Executive Offices	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2019	MSIG	Ward Committee Programmes	180 000	180 000	180 000
Technical Services		No Objective	PMU Admin Fees – Lukhanji 2013/14		1 948 550	2 021 850	2 131 750
TOTAL					31 436 891	30 453 109	31 476 804

CAPITAL PROJECTS

MTREF CAPITAL BUDGET FOR 2015-2018								
DIRECTORATE	KPA	OBJECTIVE	PROJECT	FUNDING SOURCE	WARD	2015/16	2016/17	2017/18
Community Services	Basic Services and Infrastructure Development	Support community services to provide adequate and appropriate sporting and recreation facilities	McBride sportfield	MIG	14	0.00	0.00	11 000 000.00
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads and electricity infrastructure network by 2017	Maintanance of Stormwater	Whittlesea Ext 4 Roads and Stormwater(Old Grant)		383 408	0	0
Technical Services	Basic Services and Infrastructure Development	To maintain a safe and acceptable condition of roads and electricity infrastructure network by 2018	Electricity Projects	OWN		15 000 000	15 000 000	15 000 000
Community Services	Basic Services and Infrastructure Development		Purchase of Refuse Skips	MIG Counter Funding		612 309	0	0
IPED	LED	More organised and viable agricultural activities	Fencing of Grazing Camps in Tylden : ward 1	MIG	Varous Wards	1 000 000.00	1 215 150.00	0.00
IPED	LED	More organised and viable agricultural activities	The Construction of a Shearing Shed in ward ?	MIG	3	0.00	800 000.00	0.00
		Create an enabling environment for the SMMEs and Cooperatives	Revitalization of small business centres			350 000.00	0.00	0.00
IPED	LED	Create an enabling environment for the SMMEs and Cooperatives	Construction of hawker stalls,	Led Strategy(Old Grant)		466 175	0	0
ALL			Small Capital and Equipment(Hall Chairs)			1 500 000	1 500 000.00	1 500 000.00
TOTAL						67 834 341.67	54 915 150.00	57 003 250.00

OWN FUNDED PROJECTS

WARD(s) EFFECTED	Function	Sub Function	Directorate	Department	DESCRIPTION OF PROJECT	New - N Existing - E	ESTIMATED BEGINNING CASH 2015/16	Original Revenue Budget 2015/16	Original BUDGET EXPEND. 2015/2016
					FUNDING FROM SOURCES:				
					Own Funds				
All	0	1	TS	1130-06	5 - Year Electricity Master Plan	N		15 000 000	15 000 000
All	12	1	TS	1130-20	Upgrade Lukhanji Roads	N		12 000 000	12 000 000
All	12	1	TS	1115-00	Small Capital and Equipment			1 500 000	1 500 000
					Grand Total Own Funds		0	28 500 000	28 500 000

SERVICE DELIVERY PROJECTS: SECTOR DEPARTMENTS

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

Below is a list of projects to be implemented by the Chris Hani District Municipality and other sector departments

CHRIS HANI DISTRICT MUNICIPALITY CAPITAL PROGRAMMES 2014/15 UP TO 2016/17

3 YEAR PLAN

LUKHANJI LM MIG PROJECTS

1. WATER PROJECTS

PROJECT NUMBER [1]	PROJECT NO	PROJECT NAME	2014\15	2015\16	2016\17
	05\2012\MD\AM	RA 60Hewu Bulk Water Supply[Reticulation]	R500 000.00	R500 000.00	
		RA 60 Hewu Bulk Water Supply [Phase 2]	R2000.000.00	R5 000 000.00	R 5 786 002.00
		Rathwick Water and Sanitation	R0.00	R5 000 000.00	R6 000 000.00
		New Rathwick bulk services Phase 1wwtw	R 4 500 000.00		
		New Rathwick bulk services Phase 2[pump station]	R2 200 000.00		
		New Rathwick bulk services Phase3 Water treatment works	R 1000 000.00		
		Ilinge Bulk services	R 2000 000.00	R 2 000 000.00	R4 500 000.00
		Cluster 1 Water backlog [ward 27]	R0.00	R1 500 000.00	R4 500 000.00
		Cluster 1 Water supply backlog-Lesseyton	R 2000 000.00		
		Cluster 1 Water supply backlog-Zingquthu	R 1 977 000.00		
		Cluster 3 Water backlog [ward 1]	R 1000 000.00	R 2000 000.00	
		Cluster 2 Sanitation [Wards 1;2;3;4;6;23;19;20;24;25;26]	R0.00	R4 773 162.87	R 5000 000.00
		Cluster 1 Sanitation [wards 5;11;12;13;14;18;27]	R0.00	R4 120 352.77	R5 000 000.00
TOTAL:	LUKHANJI LM		R 17 177 000.00	R29 393 515.64	R30 786 002.00

REGIONAL BULK INFRASTRUCTURE GRANT

PROJECT NUMBER[2]	PROJECT NAME	PROJECT STATUS	2014\15	2015\16	2016\17
	Augment Queenstown water supply [Xonxa]		R 58 672 000	R 95 235 000	R0.00
	Phase 2 Material supply				
	Phase 3 Pumping Main	Constraction phase			
	Phase 4 Gravity Main	Specification			
	Phase 5	Planning phase			
	Phase 6	Planning phase			
Total: LUKHANJI LM			R 58 672 000	R 95 235 000	R0.00

RURAL DEVELOPMENT AND AGRARIAN REFORM

LUKHANJI SIYAZONDLA AND LETSIMA IMPLEMENTATION PLAN 2014-15

PROJECT NAME	LOCALITY	NO OF BENEFICIARIES	ITEMS REQUIRED	RESPONSIBLE OFFICER
1. Ringo Vegetable Garden	Oxton Village	5	1 kg spinach seed;1kg beetroot seed;1 kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;1x25kg BP potato seed;1x50kg 2:3:4[30]	T.T Femele
2.Sihlabeni Back yard Garden	Esihlabeni	6	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;1x25kg:BP 1potato seed;1x50kg 2:3:4[30]	T.T Femele
3.Yonda school	Yonda	12	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;1x25kg:BP 1 potato seed;1x50 kg 2:3:4[30]	T.T Femele
4.Sinoluntu Agric Youth Co-op	McBride	5	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;1x25kg:BP 1 potato seed;1x50 kg 2:3:4[30] 2xWheelbarrow;4xforkspades ; 4xspades; 4x rakes;4xwatering cans.	Ms Libala
5.Sondlisizwe Co-op	Dyamala	9	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg butternut seed;1kg carrot seed;1kg onion seed;4x25kg:BP 1potato seed;	Mr Femele
6.Lukhanyo women's Project	Dongwe	9	Kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed1x50kg 2:3:4[30]. 2x25kg:BP 1potato seed.	Mr Femele
7.Extension Homestead	Extension	12	1kg spinach seed;1kg beetroot seed;1kg green pepper seed; 1kg carrot seed;1kg onion seed1x50kg 2:3:4[30]	Mr Femele
8.Lesseyton Home based	Lesseyton	8	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg butternut seed;1kg carrot seed;1kg onion seed; 2x25kg:BP 1 potato seed;2x50kg 2:3:4[30]	Mr Sabhongo
9.Isibindi Creating Circlesof Care	Ilinge	5	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion	Stemele

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			seed;10x25kg:BP 1potato seed;2x 2:3:4[30]	
10.Velilanga Senior Secondary School	Zingquthu	11	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;2x25kg:BP 1potato seed;1x50kg 2:3:4[30] and garden equipment.	Stemele
11.Riverdale farm Project	Tylden	7	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;5x25kg:BP 1potato seed;1x50kg 2:3:4[30]	Mr Maseti
12.Oathey Homestead Vegetable Project	Gwatyu	6	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed; 1kg onion seed.	Mr Maseti
13.Manuneni Youth Project	Machibini	5	1kg spinach seed;1kg beetroot seed;1kg green pepper seed;1kg carrot seed;1kg butternut seed;1kg onion seed;1potato seed.	Mr Maseti
LUKHANJI LETSIMA PROGRAMME 2014\15				

MUNICIPALITY	LOCATI N	WARD	VILLAGE	Project Name	HA	TYPE OF CROP	No OF BENEFICIARIE S	RESPONSIBL E OFFICER
LUKHANJI	Queensto wn	1	Gwatyu	Strateric farm	10	Maize	3	Mr Maseti
LUKHANJI	Queensto wn	1	Gwatyu	Canon farm	30	Maize	26	Mr Maseti
LUKHANJI	Queensto wn	13	Lower Lahlangub o	Masiphile	10	Maize	16	Ms Libala
LUKHANJI	Whittlesea	18	Brackloof	Sivumelen e Co-op	10	Maize	20	Mr Sabhongo
LUKHANJI	Queensto wn	2	Machibini	Machibini	10	Maize	6	MR Maseti
LUKHANJI	Queensto wn	1	Bolotwa	Bolotwa farm	26	Maize	26	Mr Maseti
LUKHANJI	Whittlesea	12	Yonda	Yonda	10	Maize	A/A	Mr Femele
LUKHANJI	Whittlesea	12	Oxton	Oxton	10	Maize	N/A	Mr Femele

TOTAL HECTORAGE = 116

TOTAL AMOUNT = R1 102 000.00

CASP BUDGET R 9 490 000

N.B Farmer Contribution =R1 800\ha

Total target hectorage will depend on farmers' contribution.

Financial assistance-Available from ECRDA (Whittlesea; Queenstown)

DEPARTMENT OF ROADS AND PUBLIC WORKS

PROJECT	AREA	AMOUNT	FUNDING SOURCE
Regravelling	DR07420 (Sisilana to Tsitsikama		
	DR07422 (Oxton to Zulukama		
	DR07419 (Tsitsikama)		
	DR07425 (Hukuwa)		
	DR07459 (Lower Didimana to Kamastone		
	DR12732 (DR12730 to Lifantein)		
Blading		R 4 482 510	
Regravelling		R 9 300 000	
Blading	Glencairn(DR07404)	R 8 640.00	

LETSIMA BUDGET R8 601 000

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

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NB: Farmers Contribution = R 1 800/ha

Total target hectorage will depend on farmers contribution

Financial assistance - Available from ECRDA (Whittlesea, Queenstown)

DEPARTMENT OF HUMAN SETTLEMENTS

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

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	START DATE	STATUS
LUKHANJI	27	TOISEKRAAL 364	32	0	0	R 6 212 874.00	2010/10/01	Under construction-SMME
LUKHANJI	1	ZOLA 225	0	0	0	R 972 818.00	2010/10/01	Under construction_SMME
ALL		Other (Transfers)	0	0	0	R 636 499.00		
TOTALS			347	180	-	R 79 490 134.00		
	14	Projects						

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

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	START DATE	STATUS
LUKHANJI	21	Q/TOWN:NOMZAMO 337	0	0	0	R 21 991 631.00	2014/03/03	Contractor appointed in Dec 2013 and busy with contracting
LUKHANJI	1	Lesseyton 752	0	0	0	R 2 482 252.00	2014/07/01	Contractor appointed in Dec 2013 and busy with contracting
ALL	0	Chris Hani Destitute 800 (717 units)	100	100	0	R 26 000 000.00	2014/04/01	Contractor appointed in Dec 2013 and busy

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								with contracting
ALL	0	CHRIS HANI EMERGENCY UNITS 300	80	0	0	R 1 802 943.00	2013/11/01	Contractors for 03 Municipalities appointed in April 2013 and established on site. Chris Hani D.M is the Developer.
			387	100	-	R 64 173 627.00		
	8	Projects						

PROJECTS IN 14/15 DRAFT B.PLAN: PROCUREMENT

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	ESTIMATED START DATE	STATUS
LUKHANJI	21	Lukhanji 200	0	0	0	R 1 100 000.00	2014/06/01	Procurement of contractor for both Services and Top Structures and at SCM
LUKHANJI	27	XUMA 126	30	0	0	R 2 085 496.00	2010/10/01	Submission for replacement of Contractor underway
			30	-	-	R 6 696 378.00		
	23	Projects						

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

MUNICIPALITY	WARD	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	START DATE	STATUS
LUKHANJI	24	New Rathwick 3000	0	0	0	R 400 000.00	2015/09/01	Planning

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LUKHANJI	5	Sada wooden/Zinc 1000	0	0	0	R 250 000.00	2015/12/01	Planning
LUKHANJI	21	Polar Park 143	0	0	0	R 0.00	2014/11/01	Planning

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

MUNICIPALITY	PROGRAMME/ PROJECT NAME	UNITS	SERVICES FULL	SERVICES PARTIAL	BUDGET	DATE OF APPLICATION BY MUNICIPALITY	START DATE	STATUS
Lukhanji	Whittle Sea 1000	1000	0	0	R 0.00	2013/09/13	01 April 2016	Awaiting formal application with Beneficiary lists and council resolutions. Procurement for PSP's on Feasibility Studies still need to be done.
Lukhanji	Ekuphumleni	100	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Tilden 300	300	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Ezibeleni 500	500	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Ezibeleni ISUP 200	200	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Unifound Rectification	750	0	0	R 0.00	2013/09/13	01 April 2016	
Lukhanji	Ilinge ISUP 300	300	0	0	R 0.00	2013/09/13	01 April 2016	

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

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MUNICIPALITY	WARD	PROJECT NAME	UNITS	SERVICES	BUDGET	START/ ESTIMATED START DATE	STATUS
LUKHANJI	8	EZIBELENI 1421 RECTIFICATION	0	0	R 750 000.00	2013/01/01	Under construction
LUKHANJI	17	WHITTLESEA 754 RECTIFICATION	0	0	R 1 547 493.00	2013/01/01	Under construction
LUKHANJI	1	IMVANI 145 RECTIFICATION	50	0	R 3 600 000.00	2014/01/01	Contracting
LUKHANJI	2	ILINGE 1012 PRE 94 RECTIFICATION	40	0	R 1 017 160.00	2014/06/03	Contracting of two contractor in 300 units.910 units under Procurement- BEC
			400	-	R 17 205 350.00		

DEPARTMENT OF ROADS & PUBLIC WORKS

BUDGET OVERVIEW 2014/2015

TOTAL BUDGET **R17 095 916**

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

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

REGRAVELLING PROJECTS

- In-house re-gravelling team set to continue with prioritization list:
 - DR07420 (Sisilana to Tsitsikama)
 - DR07422 (Oxton to Zulumema)
 - DR07419 (Tsitsikama)
 - DR07425 (Wukuwa)
 - DR07459 (Lower Didimana to Kamastone)
 - DR12732 (DR12730 to Lifantein)

BLADING PROJECTS

Glencairn	DR07404	1.44	GWG919EC	2	2.9	R 8 640.00
Upper Hackney	DR07406	0.92	GWG919EC	2	1.8	R 5 520.00
Bushy Park - Upper Hackney	DR07407	4.08	GWG919EC			R 0.00
Zweledinga	DR07408	1.93	GWG919EC			R 0.00
Cimezile	DR07412	7.68	GWG919EC	3	23.0	R 69 120.00
Qawukeni	DR07413	1.27	GWG919EC	2	2.5	R 7 620.00
Qawukeni - Manqondane	DR07414	4.60	GWG919EC	2	9.2	R 27 600.00
Cimezile	DR07416	1.36	GWG919EC	1	1.4	R 4 080.00
Upper Tsitsikama	DR07419	2.01	GWG919EC	1	2.0	R 6 030.00
Lower Tsitsikama	DR07420	9.54	GWG919EC	1	9.5	R 28 620.00
Sisilane	DR07421	0.86	GWG919EC	1	0.9	R 2 580.00
Eardely	DR07422	5.19	GWG919EC	1	5.2	R 15 570.00
Eardely	DR07424	1.89	GWG919EC	1	1.9	R 5 670.00
Sisilane	DR07425	1.10	GWG919EC	1	1.1	R 3 300.00
Lower Lahlangubo	DR07428	3.83	GWG413EC	1	3.83	R 11 490.00
Mabeleni	DR07429	6.37	GWG413EC	1	6.4	R 19 110.00
Sawutiya	DR07431	4.45	GWG413EC	1	4.5	R 13 350.00

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Upper Hukuwa 2	DR07433	3.75	GWG413EC	1	3.8	R 11 250.00
Upper Hukuwa 2	DR07435	2.59	GWG413EC	2	5.2	R 15 540.00
Enqobokeni 2	DR07439	8.28	GWG413EC	1	8.3	R 24 840.00

LOCAL ECONOMIC DEVELOPMENT SECTOR PLANS

1. LED Strategy

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

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

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

2. The LED Steering Committee

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

The purpose of the committee is to

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

3. Strategic Objectives of the LED

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

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

4. Strategic Priorities

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

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

5. Institutional Arrangements in the LED Department

The Department is responsible for the following functions:

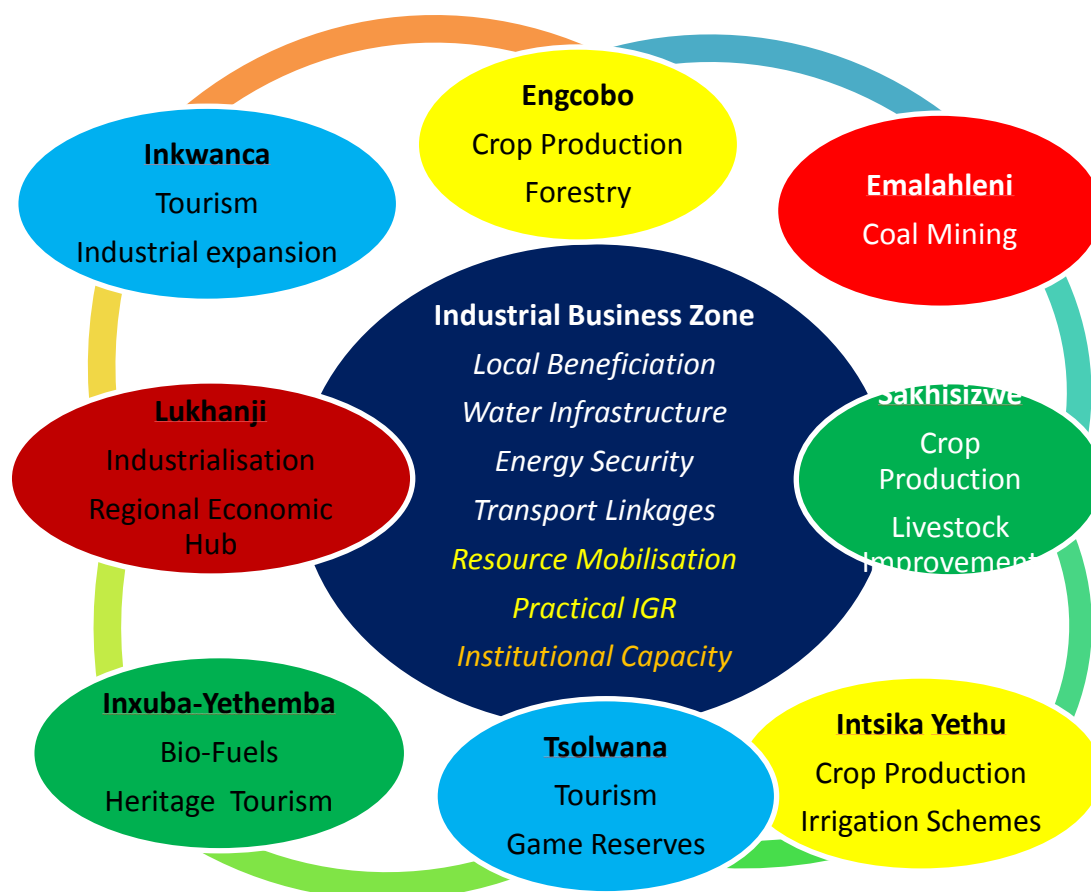
- Local Economic Development;
- Integrated Development Planning and;
- Performance Management System

Personnel

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

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

Regional Industrial and Logistics Hub



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

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

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

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

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

- Phase 1: Consolidate the Queenindustria and Ezibeleni Industrial Areas

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

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

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

7. Special Economic Zone

1. Background and Introduction

Chris Hani Special Economic Zone

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

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

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

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

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

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

- Serviced quality infrastructure and services;
- Streamlined business regulations; and

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

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

Location of the SEZ

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

Focus of the CHDM SEZ

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

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

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

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

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

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

Spokes will retain higher employment and production footprint;

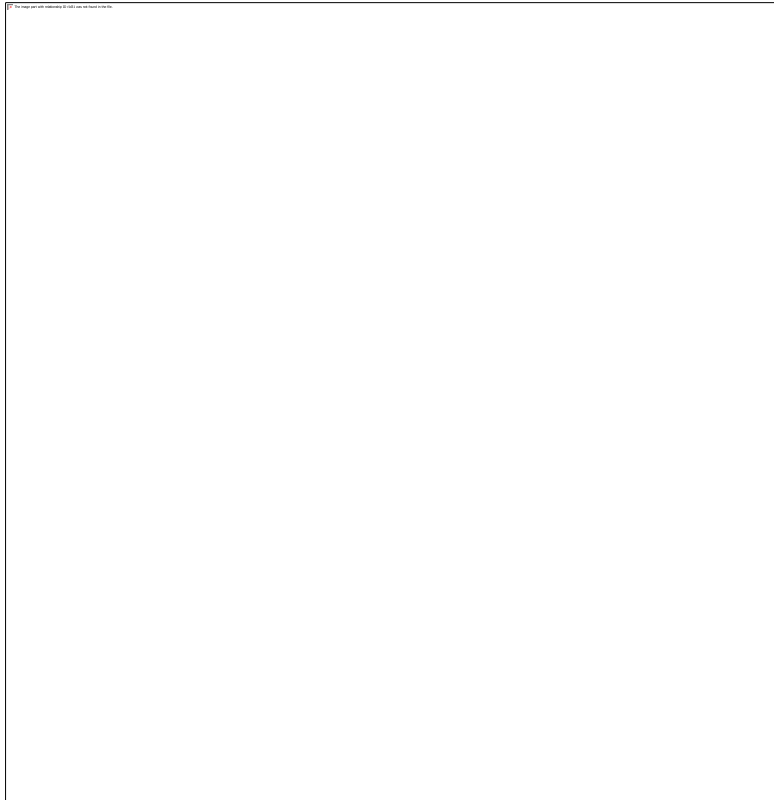
The Hub will provide higher skills required for agro-processing, investment promotion and SEZ bulk infrastructure.

Lukhanji : Economic Hub

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

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

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



8. Key Sectors

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

8.1 Agriculture and Agro-processing

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

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

8.2 Manufacturing

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

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

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

8.3 Tourism

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

(1) *Historical:-*

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

(2) *Other attractions:-*

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

8.4 Retail

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

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

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

8.5 Rural development

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

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

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

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

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

8.7 Livestock Improvement Programme

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

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

8.8 Agricultural Water Use and Value Adding

The summit resolved to:

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

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

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

8.9 Sustainable development Initiatives and the Green Economy

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

- Environmental management
- Renewable Energy

9 Economic Activity

9.1 Tourism

(i) Motivation Initiatives

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

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

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

- Upgrade of the airport

(ii) Partnership with Local Tourism Organisation

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

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

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

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

(iii) Monuments and Historical events

- Liberation Heritage Route
- Bullhoek Massacre Heritage Site

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

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

(iv) Key Economic Challenges

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

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

(v) The Development of Key Economic Clusters and Sectors

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

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

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

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

10 SWOT

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

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

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

11 Possible investment and Economic Growth

(i) *Lukhanji Aerodrome Industrial Business Hub*

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

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

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

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

(ii) Airport Location

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

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

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

12 SUSTAINABLE LIVELIHOODS

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

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

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

13 INTENSIFYING ENTERPRISE SUPPORT AND BUSINESS DEVELOPMENT

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

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

13.1 Constitutionally Allocated Functions

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

Functions of Lukhanji Municipality	Authorization / (Power)	Definition
Air pollution	Yes	Any change in the quality of the air that adversely affects human health or well-being or the ecosystems useful to mankind, now or in the future.
Beaches and Amusement facilities	Yes	The area for recreational opportunities and facilities along the sea shore available for public use and any other aspect in this regard which falls outside the competence of the national and provincial government.
Billboards and the display of advertisements in public places	Yes	The display of written or visual descriptive material, any sign or symbol or light that is not intended solely for illumination or as a warning against danger which: promotes the sale and / or encourages the use of goods and services found in:–streets–roads–thoroughfares–sanitary passages–squares or open spaces and or –private property
Building regulations	Yes	The regulation, through by-laws, of any temporary or permanent structure attached to, or to be attached to, the soil within the area of jurisdiction of a municipality, which must at least provide for: Approval of building plans, Building inspections, and Control of operations and enforcement of contraventions of building regulations if not already provided for in national and provincial legislation.
Cemeteries, funeral parlours and crematoria	Yes, including DM function	The establishment conduct and control of facilities for the purpose of disposing of human and animal remains.
Child care facilities	Yes	Facilities for early childhood care and development which fall outside the competence of national and provincial government
Cleansing	Yes	The cleaning of public streets, roads and other public spaces either manually or mechanically
Control of public nuisance	Yes	The regulation, control and monitoring of any activity, condition or thing that may adversely affect a person or a community
Control of undertakings that sell liquor to the public	Yes	The control of undertakings that sell liquor to the public that is permitted to do so in terms of provincial legislation, regulation and licenses , and includes an inspection service to monitor liquor outlets for compliance to license requirements in as far as such control and regulation are not covered by provincial legislation
Electricity reticulation	Yes	Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the

Functions of Lukhanji Municipality	<u>Authorization / (Power)</u>	Definition
		generation of electricity, and also the regulation, control and maintenance of the electricity reticulation network, tariff policies, monitoring of the operation of the facilities for adherence to standards and registration requirements, and any other matter pertaining to the provision of electricity in the municipal areas.
Facilities for the accommodation, care and burial of animals	Yes	The provision of and/or the regulation, control and monitoring of facilities which provide accommodation and care for well or sick animals and the burial or cremation of animals, including monitoring of adherence to any standards and registration requirements and/or compliance with any environmental health standards and regulations
Fencing and fences	Yes	The provision and maintenance and/or regulation of any boundary or deterrents to animals and pedestrians along streets or roads
Fire Fighting	Yes	In relation to District Municipality "Fire fighting" means: Planning, co-ordination and regulation of fire services; specialized fire fighting services such as mountain, veld and chemical fire services; co-ordination of the standardisation of infrastructure, vehicles, equipment and procedures; training of fire officers. In relation to Local Municipality "Fire fighting" means: Any function not included in the definition applicable to a district municipality, including fighting and extinguishing of all fires; the rescue and protection of any person, animal or property in emergency situations not covered by other legislation or powers and functions
Licensing and control of undertakings that sell food to the public	Yes	Ensuring the quality and the maintenance of environmental health standards through regulation, a licensing mechanism and monitoring of any place that renders in the course of any commercial transaction, the supply of refreshments or meals for consumption on or to be taken away from the premise at which such refreshments or meals are supplied. Implement policy and regulations;
Licensing of dogs	Yes	The control over the number and health status of dogs through a licensing mechanism.
Local amenities	Yes	The provision, manage, preserve and maintenance of any municipal place, land, and building reserved for the protection of places or objects of scenic, natural, historical and cultural value or interest and the provision and control of any such or other facility for public use but excludes such places, land or buildings falling within competencies of national and provincial governments.
Local sport facilities	Yes	The provision, management and/or control of any sport facility within the municipal area.
Local tourism	Yes	The promotion, marketing and, if applicable, the development, of any tourist attraction within the area of the municipality with a view to attract tourists; to ensure access, and municipal services to such attractions, and to regulate, structure and control the tourism industry in the municipal area subject to any provincial and national legislation, and without affecting the competencies of national/provincial government pertaining to "nature conservation", "museums", "libraries" and "provincial cultural matters".
Markets	Yes	The establishment, operation, management, conduct, regulation and/or control of markets other than fresh produce markets including market permits, location, times, conduct etc.
Municipal abattoirs	Yes	The establishment conduct and/or control of facilities for the slaughtering of livestock.
Municipal airport	Yes, including	A demarcated area on land or water or a building which is used or

Functions of Lukhanji Municipality	<u>Authorization / (Power)</u>	Definition
	DM function	intended to be used, either wholly or in part, for the arrival or departure of aircraft which includes the establishment and maintenance of such facility including all infrastructure and services associated with an airport, and the regulation and control of the facility, but excludes airports falling within the competence of national and provincial governments
Municipal Health Services	No	Subject to an arrangement with MECs to do the necessary authorizations, or alternatively, subject to amendments to the Structures Act, Municipal Health Service means environmental health services performed by a district municipality and includes: Air pollution, Child care facilities, Control of public nuisances •Control of undertakings that sell liquor to the public, Facilities for the accommodation, care and burial of animals •Licensing and control of undertakings that sell food to the public •Licensing of dogs •Markets •Municipal abattoirs, Noise pollution, Pounds •Care for the Aged
Municipal parks and recreation	Yes	The provision, management, control and maintenance of any land, gardens or facility set aside for recreation, sightseeing and/or tourism and include playgrounds but exclude sport facilities.
Municipal Planning	Yes	The compilation and implementation of an integrated development plan in terms of the Systems Act.
Municipal public transport	Yes	The regulation and control, and where applicable, the provision of: Services for the carriage of passengers, whether scheduled or unscheduled, operated on demand along a specific route or routes or, where applicable, within a particular area, Scheduled services for the carriage of passengers, owned and operated by the municipality, on specific routes
Municipal roads	Yes	The construction, maintenance, and control of a road which the public has the right to and includes, in addition to the roadway the land of which the road consists or over which the road extends and anything on that land forming part of, connected with, or belonging to the road, and also, for purposes of a local municipality, includes a street in build-up areas.
Noise pollution	Yes	The control and monitoring of any noise that adversely affects human health or well-being or the ecosystems useful to mankind, now or in future.
Pontoons and ferries	Yes	Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matter related thereto, and matters falling within the competence of national and provincial governments
Pounds	Yes	The provision, management, maintenance and control of any area or facility set aside by the municipality for the securing of any animal or object confiscated by the municipality in terms of its by-laws.
Public places	Yes	The management, maintenance and control of any land or facility owned by the municipality for public use
Refuse removal, refuse dumps and solid waste disposal	Yes, including DM function	the removal of any household or other waste and the disposal of such waste in an area, space or facility established for such purpose, and includes the provision, maintenance and control of any infrastructure or facility to ensure a clean and healthy environment for the inhabitants of a municipality
Sanitation	No	The establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and

Functions of Lukhanji Municipality	<u>Authorization / (Power)</u>	Definition
		distribution; bulk supply to local supply points, metering, tariffs setting and debt collection so as to ensure reliable supply of a sufficient quantity and quality of water to households, including informal households, to support life and personal hygiene and establishment, provision, operation, management, maintenance and regulation of a system, including infrastructure, for the collection, removal, disposal and/or purification of human excreta and domestic waste-water to ensure minimum standard of services necessary for safe and hygienic households
Storm water	Yes	The management of systems to deal with storm water in built-up areas
Street lighting	Yes	The provision and maintenance of lighting for the illuminating of streets
Street trading	Yes	The control, regulation and monitoring of the selling of goods and services along a public pavement or road reserve
Trading regulations	Yes	The regulation of any area facility and/or activity related to the trading of goods and services within the municipal area not already being regulated by national and provincial legislation
Traffic and parking	Yes	The management and regulation of traffic and parking within the area of the municipality including but not limited to, the control over operating speed of vehicles on municipal roads.
Water (Potable)	No	The establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required for the regulation of water conservation, purification, reticulation and distribution; bulk supply to local supply points, metering, tariffs setting and debt collection so as to ensure reliable supply of a sufficient quantity and quality of water to households, including informal households, to support life and personal hygiene and establishment, provision, operation, management, maintenance and regulation of a system, including infrastructure, for the collection, removal, disposal and/or purification of human excreta and domestic waste-water to ensure minimum standard of services necessary for safe and hygienic households
Housing	No	The Provincial Department of Housing and Local Government & Traditional Affairs is authorized with this function. The mandate is given to the Province while the Municipality is appointed by service (and performance) contract as Implementing agent, facilitator and promoter. The client is DHLGTA and the beneficiaries are the citizens of Lukhanji.
Primary Health Care	No	The Provincial Department of Health is authorized with this function and it is delegated mainly to the DM. Lukhanji Municipality is appointed by service (and performance) contract. The client is the Province and the beneficiaries are the citizens of Lukhanji. The DM is the main Implementing agent in Lukhanji, facilitator and promoter of Health Services. The role of Lukhanji Municipality is to allow and promote all Health Services and to attend to related health functions and issues, e.g. related to refuse removal; no. 31 and Municipal Health Functions as listed under numbers; 1, 6, 8, 9, 11, 14, 15, 19, 20, 22, 27 and 29.

PUBLIC PARTICIPATION PROCESS AND NEEDS ANALYSIS

1. Background

Section 152 of the Constitution of the Republic of South Africa, 1996 requires the local sphere of government to encourage the involvement of communities and community organisations in the matters of local government

2. Community participation

Community participation is pivotal to the sustainability of the entire IDP review and implementation process and will occur in the following manner as outlined in the table below:

PARTICIPATION MECHANISMS	
▪	Use of IDP Representative Forum to verify data & add additional data
▪	Use of IDP representative forum to ensure that community priorities are adequately reflected in the IDP.
▪	Use of Councillors to call meetings to keep communities informed on the IDP progress
▪	Publish Annual reports on municipal progress
▪	Newspaper advertisements to inform communities of the process
▪	Pamphlets/summaries on IDP's
▪	Making the IDP available for public comment
▪	Making the IDP document accessible to all members of the public

Council, through its needs identification process, designed forms to be completed and submitted by each Ward Councillor for the purposes of IDP Development. The ward councillors submitted their ward priorities for the 2012/16 term when IDP was developed for the term of Council. In line with the MSA which states the IDP has to be reviewed annually, the priorities where deemed necessary by Councilors have to be reviewed. There are not many changes since the last review. Below is the list of priorities as submitted by councillors. For the councillors that did not submit for this review, it was assumed that the priorities submitted in the last review are still relevant and that there are no changes for the 2014/ 2015 IDP review.

3. Needs identified per ward

Wards	Key Priority and Priority Needs	Specific area
1	1. High Mast Lights	
	2. Gravel each roads / main	
	3. Roads / Fence	
	4. Xonxa project of Water	
	5. Primary health Care	
	6. Houses and Electricity	
	7. Land for agricultural purposes	
	8. Sanitation	
	9. Safety / Police Station	
	10. School	
	11. New site for cemetery	
	12. Rebuilding of old Transkei houses	
	13. New water pipes	
	14. Storm water drainage	
	15. Upgrading of External and Internal road	

Wards	Key Priority and Priority Needs	Specific area
	16. Shearing shed and dipping tank	
	17. Fencing of sewerage	
	18. Refuse tank	
2.	1. Housing	
	2. Water and Sanitation	
	3. High mast lights	
	4. Cemetery	
	5. Internal Road	
	6. Stadium / Sports field	
	7. Library	
	8. Mini hospital	
	9. Phase 3 of Storm water	
	10. Taxi rank	
	11. Surfacing of road	
	12. New Septic tanks Nomzamo	
	13. Toilet in the hall	
3	1. Completion of the hallsx2 & telecentre[toilets&fencing]	
	2. Bridges-nomentyu;mfenyane;koppies7mamfeneni	
	3. Access roads&stormwater	
	4. Water &sanitation	
	5. High mast lights	
	6. Fencing of mielie fields;grazing land&ranger	
	7. Sport fields	
	8. Irrigation scheme&revitalisation of qonobeni dam	
	9. Shearing shed[under construction]	
	10. Sign boards &direction boards	
	11. Pre-schools	
	12. RDP houses	
	13. Clinic	
	14. Revitalisation of the dam in Qunubeni	
4	1. Multi-purpose Recreation Grounds	All areas in the ward
	2. Tar roads	All areas in the ward
	3. High Mast lights	
	4. RDP Houses	
	5. Storm water drainage	In all areas in the ward
	6. Youth hub	Rent office
	7. Clinic	Next to Faltenju
	8. Surfacing of gravel roads to the Municipal Offices	
	9. Upgrading/increasing of dams for water as the people have increased	
	10. Refuse tank	
	11. Request that the street cleaners be supervised	
	12. Request to inform the community when the water will be disconnected.	
	13. Issue of the control of taxi rank	
	14. Issue of the control of taverns	
	15. Request for a town hall	Ext.4
	16. Issue of municipal employees selling RDP houses	
	17. Request the town be developed so that they can pay municipal services	

Wards	Key Priority and Priority Needs	Specific area
	18. Cutting of grass at ext. 2 because of criminal activities that are taking place	
	19. Request primary school at ext.4	
	20. Fencing of tip site.	
	21.Fencing of dam	
	22. Grazing camp	
	23. upgrading of gravel roads and storm water drainage	Ezibeleni
	24. New transformers with high capacity be bought	Ezibeleni
	25. Refuse collection be done	Ezibeleni
	26. Policy be reviewed for the collection of rates/rate be paid in 12 months	Ezibeleni
	27. Why does the community in Ezibeleni pay rates whereas they are not properly serviced?	Ezibeleni
	28. Rangers be employed to collect the cows on the streets.	Ezibeleni
5	1. Basic water	All the ward
	2. Shearing shed	
	3. Fencing of camps& fields	Mbekweni, Ngojini, Shilo, Dyamali
	4. RDP Houses	All the ward
	5. Speed humps	All the ward
	6. Roads and access road	Shilo, All the ward
	7. Irrigation Scheme	Ngojini, Diphala, Mbekweni
	8. Renovation irrigation dam	Sibonile
	9. High mast lights	Sibonile, Diphala, Ngojini, Mbekweni, Dyamali
	10. Fencing of cemeteries and toilets	All the ward
	11. Electrification – clinics / schools	Clermont and Galla Water, Gallawater Ngojini, Clermont
6	1. Storm water	OR Tambo ezibeleni
	2. Water drainage	Minah T Soga, OR Tambo, Zenzo
	3. Street lights	Queensview Park;komani Park;Laurie dashwood
	4. Playing grounds	Queensview Park
	5. High must lights	OR;Queensview;Zenzo & Minah
	6. Speed humps	Hoho str Minah area
	7. Roads\gravel seal	OR;Zenzo;&Minah
	8. Grass cutting	Komani Park;
	9. Grass cutting	Queensview park area
	10. Grass cutting	Sandringam, Laurie Dasi Wood area
	11. Community hall	Olivier Tambo
	12. Fencing of fields	Komani Park&Queensview
7	1.High must lights	
	2.Gravel roads &storm water	
	3.Tarring &humps in the main road	
	4.Clinic &police station	
	5.Maintain &put a new bridge	
	6.Recreation centre	
	7.200 chairs for Unathi support centre	
	8.Remove big stones close electricity boxes or dangers	
	9.Put water main pipe for 60 houses	
	10.Houses	
8	1. Roads / Tarred	All Ward
	2. High Mast Lights	All Ward
	3. Recreational ground	All ward

Wards	Key Priority and Priority Needs	Specific area	
	4. Toilets / Taps	Pakamisa Park Zone 1	
	5. Storm water	All ward	
	6. Youth hub	Zone 1, Zone 2	
	7. Speed humps	Zone 1, Zone 2	
	8. Street lights	All ward	
	9. Information centre	Zone 2	
	10. Sport field	Ward 8 / Zone 2	
	11. upgrading of gravel roads and storm water drainage	Ezibeleni	
	12. New transformers with high capacity be bought	Ezibeleni	
	13. Refuse collection be done	Ezibeleni	
	14. Policy be reviewed for the collection of rates/rate be paid in 12 months	Ezibeleni	
	15. Why does the community in Ezibeleni pay rates whereas they are not properly serviced?	Ezibeleni	
	16. Rangers be employed to collect the cows on the streets.	Ezibeleni	
	9	1. Job creation	All the ward
		2. Chronic Site (Clinic)	Gugulethu Clinic
		3. Road signs	All the ward
4. Sport fields		Mhlotshana and Luvuyo	
10	1. Roads		
	2. High Mast		
	3. Houses		
	4. Storm water		
	5. Rectification of wooden / zink houses		
	6. Street lights		
	7. Stadium		
	8. Youth centre		
11	1. RDP Houses	Madakeni	
	2. Access roads	All the ward	
	3. Sport grounds	All the ward	
	4. High mast lights	Madakeni, New Zone, Zola	
	5. Fencing of camps	3 villages	
	6. Clinic	One of the villages	
	7. Rectification	Zola	
	8. Water	2 villages	
	9. Remove rubbish dumps	New Zone / Zola	
	10. Public toilets ingrave	3 villages	
12	1. Access roads	Tarred from Dyamala katberg	
	2. Brigdes	Mtwakazi;Hackney;Zweledinga;Chibini	
	3. D.R Roads	Whole ward	
	4. Lapesi	Chibini;Hackney;Chibini;Cimezile;Zweledinga;Yonda and Bold point	
	5. Clinic	Mousa and Mtwakazi	
	6. Network poles	Chibini;Hackney and Mtwakazi	
	7. Fencing of grazing camps	All the ward	
	8. Tractors for ploughing	All the ward	
	9. Electrical water pump	Whole ward	
	10. Jojo tanks	Qaqeni and Yonda	
	11. High mast lights	Whole ward	
	12. R>DP houses	Whole ward	
	13. Toilets	5 villages	

Wards	Key Priority and Priority Needs	Specific area
	14. Irrigation schemes	
	15. Wind mills	
13	1. Water	13
	2. Roads	13
	3. Sanitation	13
	4. School (foundation phase)	Hensam
	5. Hall	13
	6. Electricity	Tsitsikama
	7. RDP Houses	13
	8. Clinics	13
	9. Fencing , agricultural project, dam, grazing land	13
	10. Dipping tank	13
	11. High mast lights	
	12. Revitalisation of storm water drains	Ntabelanga and Bullhoek
	13. Library	
	14. Furrow	
14	1. Water	All
	2. Roads	All
	3. Houses	Kamastone Bullhoek, Mceula Zanggokhwe
	4. Agriculture Programme	All
	5. Clinics	Mceula
	6. Schools	Enzam
	7. High Masts	Enzam&poplar grove
	8. Storm water	All villages
	9. Bridges	Bullhoek&Mcbride
	10. Community Hall	Enzam Poplar Grove, Zanggokhwe;mcbride
15	1. High Mast lights	Whole ward
	2. Tarred roads	Whole ward
	3. Proper drainage	Whole ward
	4. Youth hub	Rent office
	5. Fencing – grazing land	Rail to cemetery
	6. Sport fields	Ezibeleni
	7. Children play grounds	Open spaces
	8. Ekuphumleni Housing	Ekuphumleni
	9. Information Centre	Library
	10. Shopping Mall	Ezibeleni
	11. New transformers with high capacity be bought	
	12. Refuse collection be done	
	13. Policy be reviewed for the collection of rates/rate be paid in 12 months	
	14. Why does the community in Ezibeleni pay rates whereas they are not properly serviced?	
	15. Rangers be employed to collect the cows on the streets.	
16	1. Roads and Speed Humps	Ekuphumleni, Zone 1, 2 and 3
	2. Houses	Ekuphumleni, Zone 1, 2 and 3
	3. Remove rubbish dumps	Ekuphumleni, Zone 1, 2 and 3
	4. Sports ground	Ekuphumleni, Zone 1, 2 and 3
	5. Learnship Skills training	Ekuphumleni, Zone 1, 2 and 3
	6. Fix street light	Ekuphumleni, Zone 1, 2 and 3

Wards	Key Priority and Priority Needs	Specific area
	7. Raise and Strengthen graveyard fence	Ekuphumleni, Zone 1, 2 and 3
	8. Small business needed by people in Ward 16	Ekuphumleni, Zone 1, 2 and 3
	9. High Mast lights	Ekuphumleni, Zone 1, 2 and 3
	10. Public toilets for shack area	Ekuphumleni, Zone 1, 2 and 3
17	1. Shearing shed	Braakloof
	2. Electrification and street lights	Braakloof ext 2
	3. water	Braakloof;Tambo;Ext2
	4. Fencing	Braakloof;Tambo
	5. Roads	Tambo;Ext 4
	6. Clinic	Tambo Ext 2
	7. Storm water	Ext 4
	8. Houses	Ext 4;Ext 2
	9. Community hall	Ext 4;Ext 2
	10. Deeping tank	Ext 4
	11. Park	Ext 2
	12. Connection of sewer	Ext 2
18	1. Roads	
	2. Houses	
	3. Water	
	4. Building of dams	
	5. Clinic	
	6. School	Merino walk
	7. Fencing of camps	
	9. Pre-schools	
	10. Sports fields	
	11. Community hall	
	12. Monitoring of employment	
	13. Storm water drainage	
	14. Cemetery	
	15. High mast lights	
	16. Unfinished toilets	Merino walk
	17. Bridge	Merino walk
	19	1. Rectification – rebuilding of RDP Houses
2. Upgrading and Construction of new roads		Newvale Area
3. Changing of electricity – preferable underground cables		Newvale Area
4. Storm water – install drainage system		All the ward
5. Shortage of RDP houses		All the ward
6. Police station or satellite because of high crime rate		
7. Park or Playing fields		All the ward
8. Creche		
9. Community members from ward 19 were not employed in the project of upgrading the cemetery but the stones were taken from their ward		
10. Increase in the municipal account		
20	1. RDP Houses and toilets	
	2. Upgrade of Streets	
	3. Crèche	
	4. Community Hall	
	5. Playing grounds and Parks	
	6. Storm water drainage	

Wards	Key Priority and Priority Needs	Specific area
	7. Valley and Dust bin	
	8. Electric theft rate	
	9. Crime rate	
	10. Refuse collection on holidays	
21	1. Tar roads	
	2. Sewerage and storm water drains	
	3. Housing	
	4. Fencing – Mlungisi cemetery	
	5. Addressing unemployment through LED	
	6. Address crime rate	
	7. New electricity meter boxes	
	8. Maintenance of high mast lights	
22	1. Rehabilitation of sanitation	White city
	2. House for back yard	White city
	3. Roads gravel seal	White city, New Vale Aloe
	4. Bridge	Between Aloe and Aloe Vale
	5. Sport facility	White city
	6. Rehabilitation of houses	New Vale
	7. Humps	Ngoma street, White city
	8. Toilets	Aloe T
	9. Rehabilitation of Old Houses	White City
	10. Repair of High Mast lights	White city
23	1. Building of old houses Old location	Thulandivile / Bede / Bulawayo / Bongweni
	2. Building of RDP Houses	
	3. Tar roads	All streets at Mlungisi
		Mlungisi
	4. Storm water drains	All street
	5. Pot holes	Public roads
	6. High mast	All areas
	7. 24 hours – Philani clinic	Philani New Bright
24	1. Housing	All ward
	2. High mast lights	
	3. Street lights	Bede Location
	4. Humps	Dolamba Street
	5. Old Age clinic	Bede Location
	6. Storm water drainage	All ward
	7. Improvement of Boxing centre	New Bright
	8. Tarred road and streets maintenance	All ward
	9. Lights	Calderhood street and Pelem road
	11. Municipal accounts have increased	
	12. Employment for the youth	
	8. Creation of job opportunities for the disabled people	
25	1. Reconstruction of Nkululekweni	Komani heights
	2. Housing all areas	All areas
	3. Tarred roads&surfacing all areas	
	4. Pre-school[zwelitsha]	Nkululekweni
	5. Storm water[all areas]	Zwelitsha

Wards	Key Priority and Priority Needs	Specific area
	6. Servicing of high must lights all areas	All areas
	7. Pot holes & humps	Westbourne, Kings Park, Madeira
	8. Fixing of electricity problems	Madeira, Kings Park, Westbourne
	9. Stone pitch in the farrow behind Mlungisi cemetery	
	10. Housing	
	11.	
	9.	
	10.	
	11.	
	12.	
26	1. Roads and bridges fix	Zingquthu
	2. Water supply fix	Zingquthu
	3. Portholes fix	All
	4. Street lights and traffic signs fix	All
	5. Roads – Cleaning of Storm water drains	All
	6. Fix curbing	All
	7. Cutting, cleaning of sidewalks and public spaces	All
	8. Clean litter	All
	9. Painting of curbing's and street signs etc	All
	10. Fix pavements, replace old water pipes	All
27	1. Water	Lesseyton, Zola, Engojini, Xuma, Tabata, Toiskraal
	2. Surfacing of Roads	Lesseyton Area, Toiskraal
	3. RDP Houses	Lesseyton, Zola, Toiskraal
	4. High Mast lights	Lesseyton, Zola, Toiskraal
	5. Crèche, Pre-School	Lesseyton area, Toiskraal (7 Total)
	6. Poultry Project	Toiskraal
	7. Sport field stadium	Lesseyton
	8. Small business Centre	Lesseyton
	9. Fencing	Lesseyton ploughing field
	10. Cemeteries	
	11. Toilets and Sanitation	
	12. Job creation	
	13. Transfer station that is not working	

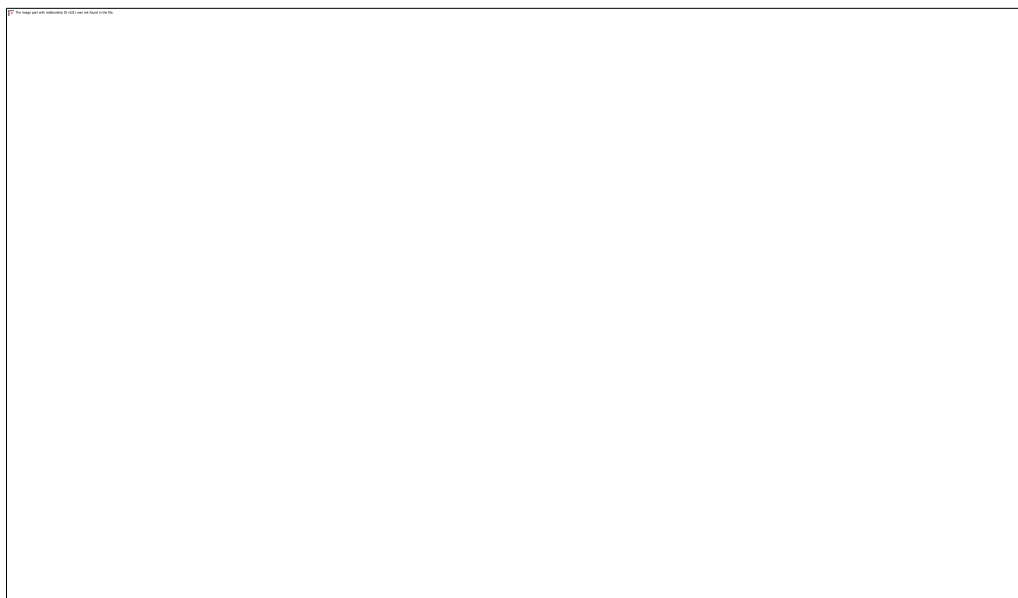
SPATIAL DEVELOPMENT FRAMEWORK

SPATIAL DEVELOPMENT FRAMEWORK

1. Executive Summary

In accordance with the requirements of the Municipal Systems Act (Act No. 32 of 2000), the Lukhanji Municipality has completed a Spatial Development Framework (SDF) in respect of its area of jurisdiction. The Lukhanji SDF is currently under review. Umhlaba Consulting Group has been contracted to assist the municipality with the review of the SDF. An inception report was presented to the Lukhanji council and officials together with SPLUMA in a workshop in January 2014.

The Local SDF is to review the functioning of the entire area of the former Queenstown TLC (i.e. the urban areas of Queenstown, Mlungisi and Ezibeleni) with a specific focus being placed on the central town of Queenstown.



Due to its locality on the National route N6 as well as major Regional routes R67, R61 and R392, Queenstown has very strong linkages to a hinterland that has a mix of traditional rural settlements with a relatively high population as well as commercial farmland and associated activities.

Because of this strong link to a hinterland population and the town's status as a central place for accessing goods and services (including health and education services) Queenstown is experiencing growth in trade and pressure from business operators for service orientated and commercial sites.

This pressure for growth and development is further enhanced by the fact that the town is the administrative seat not only of the Lukhanji Municipality but also the Chris Hani District Municipality and there is a consequent strong demand for accommodation, which has found expression in land use change trends for Bed and Breakfast establishments as well as townhouse developments etc. in the residential suburbs of the town. Therefore, as with any growing urban settlement, the land use trends and related spatial growth of Queenstown need to be investigated in some detail when assessing the limitations that topography and the character of the existing natural and built environment place on land use transformation. Moreover, the impact on the rendering of infrastructure services of such land use changes and future extensions must also

be taken into account. The preparation of a spatial plan will therefore have to address a range of environmental, land use and engineering restrictions and sensitivities
The reviewed SDF will also take into account the planned new development like the Special Economic Zone.

The reviewed Spatial Development Framework was approved by Council in the 2014/2015 IDP

Refer to the Appendix for the reviewed SDF.

The municipality is currently developing the Local SDF for the Queenstown are. There are plans to develop the local SDF for Whittle sea as well.

FINANCIAL VIABILITY AND MANAGEMENT

Executive Summary

The Municipal Budget and Reporting Regulations (MBRR), are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver services by facilitating improved financial sustainability and better medium term planning. The Municipal Finance Management Act (MFMA) and the related Circulars that have been distributed by the National Treasury require that the Mayor table a three year medium term budget strategy and expenditure framework to the Lukhanji Municipal Council by the end of March for the financial year beginning July 1,2014 and ending June 30,2015

The MFMA also requires that the municipal budget be tabled in council at least 90 days before the start of the new financial year..

The tabled budget is to be taken out to the public for consultation and then with all revisions be brought back to the entire municipal council for approval before the beginning of the new financial year as required in the MFMA. This final budget to be brought back to council will incorporate any of the submissions and changes that are deemed required by the Mayor.

Most of the requirements of the MFMA concerning the budget content and documentation are in place for this budget process and were incorporated into this budget document. Major requirements of the MFMA include: 1) the budget must set out 'realistically anticipated revenues' for the year by each revenue source; 2) the budget must be generally divided between capital and operating expenditures and each must be set out by 'vote'; 3) expenditures can only be funded by 'realistic' revenues, surplus cash carried forward and not committed to any other expenditure or borrowed funds (borrowed funds can only be used to fund capital projects). There are many other format requirements for the budget that are too numerous to mention here, however, a complete listing can be found in section 17 of the MFMA.

The preparation of this budget document evolved the making of critical policy decisions and key strategies and policy directions that were given by the Mayoral Committee over the past months. In August of 2013 the Mayoral committee approved a set of assumptions and forecasts that were then used to prepare 'baseline' budgets. These 'baseline' budgets formed the basis for operating budget discussions and these were given to the Directors to review and revise within given guidelines. These revised baseline budgets returned by the directors then formed the basis for the draft budget that was built upon the key assumptions and decisions (*see section 10 for a discussion of budget assumptions*).

The budget and financial policies used to develop this budget are focused on making Lukhanji financially sustainable in the long run. One of the biggest challenges facing the municipality in the near future is maintaining an operating year end cash balance to allow for positive operating cash flows and unexpected contingencies.

It is the intention of the municipality to build a cash backed reserve in support of the capital assets reserve fund from which future assets financing can be made. Lukhanji Municipality does not have any cash – backed reserve at the moment. Cash reserves are not only necessary to pay all the creditors that we owe as required by the MFMA but to cushion the municipality in times of shortfalls in times of our cash position during the operating year.

Where residents are formally registered as indigent and have completed the requisite Municipal forms, had affidavits signed and had their residential status inspected and confirmed by municipal staff, then this charge will be waived.

As presented, the draft Budget for 2014/15 balances expenditures with revenues and available cash balances as required by the MFMA. In addition, we anticipate moving toward our goal of maintaining an operating cash reserve of 30 days.

The draft budget will be tabled in the Council on 31 March 2015 with the draft IDP

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and forecasts. In addition, many policy decisions were incorporated into this budget document.

Budget Related Policies Overview and Amendments

The draft budget contains detailed policies which have direct bearing on the budget. Some of these policies are existing policies which have been **reviewed** whilst some are new policies to be considered by council for approval.

This section attempts to give a **broad overview** some of the budget policy framework and highlight the amended policies to be approved by council resolution.

Budget related policies include, but are not limited to:

- Revenue related policies (tariffs, credit control, revenue collection, indigents, etc)
- Free basic services including levels, households benefiting and cost
- Investment of funds, reserves, borrowing and cash management
- Supply chain management policy
- Adjustment budgets, and unforeseen and unavoidable expenditure

Revenue Related Policies

In 2007/08 the municipality approved several revised revenue related policies. These included a revised credit control and debt collection policy.

Policies submitted for revision in with the 2015/16 tabled budget include:

Lukhanji Municipality Virement (Adjustment Budget) Policy

Lukhanji Municipality Arrangement Policy

Lukhanji Municipality Credit Control and Debt Collection policy

Lukhanji Municipality Supply Chain Management Policy

Credit Control and Debt Collection Policy

This policy lays out the framework and the principles by which the municipality deals with those citizens that either want to connect to the municipal services or fall into arrears on the municipal services for which they are provided service.

This policy sets out the application process, the billing process and the mechanism to be used when performing the debt collection function.

Free Basic Services

No revisions to free basic services are planned for this financial year. The free basic services policy is written in line with national directives and recommendations and states that those households registered as indigent within the municipality will receive 50kw of electricity and 10kl of water each month free of charge for the provision of basic service.

Investment of Funds, borrowing and cash management

In accordance with the MFMA, this past financial year the council adopted a 'cash and investment policy' setting out various principles and reporting requirements for the municipality's investments.

During 2007/08 a debt management policy that sets out the debt policy of the municipality was also adopted. This policy sets a framework for the municipality to use when considering the use of debt for a project. This policy also sets self-imposed limits on both the total amount of debt that can be issued by the municipality and the amount required each year for annual debt servicing.

Supply Chain Management Policy

The MFMA required the municipality to adopt and implement a new supply chain policy by January 1st of 2006. The municipality met this deadline. We now have a detailed policy of council and a set of procedures to follow. The Supply Chain unit has been established within the Finance Directorate and is operating. The policy set limits for the various methods of procurement used within the municipality and delegated authority to implement the policy to the Accounting Officer as required in the MFMA.

Unforeseen and Unavoidable Expenditure Policy

In accordance with the MFMA the council passed a policy to be used in the municipality when unforeseen and unavoidable expenditures become needed. This policy delegates certain powers and responsibilities onto the Mayor and Municipal Manager and requires all such expenditures to be tabled before council in an adjustment budget as soon as possible.

Adjustment budget Policy

A policy relating to adjustment budgets was adopted by council in during the 2006/07 budget process. This policy sets out the method and authority for proposing adjustments budgets to council during the financial year.

Debt Management Policy

A Debt Management Policy was adopted by council in 2007/08. This policy is meant to establish guidelines for the issuance, use of or budgeting of debt instruments within the municipality.

Write Off Policy

The municipality has many old and uncollectible accounts still within its active billing system.

This write off policy (adopted in 2007/08) establishes guidelines and authorization levels and criteria to be used when writing off those debtor accounts that are deemed uncollectible.

Arrangements Policy

This policy (adopted in 2007/08) creates the framework to guide staff in entering into arrangements for payment with municipal customers that have problems paying their accounts.

The policy differentiates between indigent, domestic and business type customers. The policy also basis repayment schedules based upon the income levels of households and sets guidelines to use when dealing with indigents.

New Policies to be considered by Council

1. IT Policies
2. Virement Policy

3. Gift Policy

10 Budget Assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. Documentation of the assumptions used in preparing the budget assists understanding of the information. The section provides a comprehensive summary of all the assumptions used in preparing the budget.

Budget Assumptions Table 2014/15			
	Estimated 2014/15	Estimated 2015/16	Estimated 2016/17
1) General Inflation Factor	6.3%	5.8%	5.6%
2) Interest Rates:			
Borrowing	10.0%	10.0%	10.0%
Investing	6.0%	6.0%	6.0%
3) Increases - Rates and Tariffs:			
Growth Factor	1.0%	1.0%	1.0%
Rates	10.0%	8.0%	8.0%
Electricity	7.0%	8.0%	8.0%
Refuse	8.0%	10.0%	10.0%
Water	6.0%	6.0%	6.0%
Sanitation	6.0%	6.0%	6.0%
4) Tax Base Growth	0.0%	0.0%	0.0%
5) Billing Collection Rates:			
Rates	81.0%	81.0%	81.0%
Electricity	87.0%	87.0%	87.0%
Refuse	54.0%	54.0%	54.0%
Water	61.0%	61.0%	61.0%
Sanitation	71.0%	71.0%	71.0%

	Debtor Interest	14.6%	14.6%	14.6%
6)	Bulk Electricity Purchases			
	Growth Factor	0.0%	0.0%	0.0%
	Bulk Cost Increases	25.9%	15.0%	5.0%
7)	Salary Increases			
	Salaries	7.0%	6.0%	6.0%
	Overtime	6.5%	6.0%	6.0%
	Contract Workers	4.0%	4.0%	4.0%
8)	WSSA contract increase	5.0%	5.0%	5.0%
9)	Equitable Share Allocation	118 301 000	127 277 000	125 368 000
10)	Water/Sanitation Subsidy	46 935 370	49 282 138	51 746 245
	(from District)			
12)	Primary Health Clinics Allow.	-	-	-
13)	Primary Health Clinics Deficit	-	-	-
14)	ATIC Clinics Allow.			
15)	ATIC Clinic Deficit	-	-	-
16)	Property Sales	-	-	-
17)	Small Equipment Purchases	-	-	-
18)	Change in # of Staff	-	-	-
19)	New Capital Purchases	1 979 250	1 958 000	2 346 000
	(Fleet)			
20)	New Debt Payments	378 479	374 415	448 610
	(Fleet)			
21)	Library Allocation	4 150 000	4 150 000	4 150 000

The above assumptions were anticipated when the planning stage of the 2014/15 budget was conceived. It must be noted however that as the year progresses some of these guidelines had to change due to the dynamic nature of the economy.

Salaries were anticipated to increase by 7.0% but the new guideline in secular 72 stipulates that municipalities use the average CPI plus 1 percent which is the 6.79 %. Electricity tariff was expected to increase by 7.0% but by NERSA guidelines the rate will be hiked by 7.39%. Water tariff was supposed to increase by 6.0% but this will be increased by 312.0% .

Nevertheless these guidelines enable the municipality to work within set parameters.

General inflation outlook and its impact on the municipal activities

General inflationary pressure is expected to remain in the moderate range as per the National Treasury forecasts. We have used the guidelines as per circular 67, 70 and 72 from National Treasury for the next three years when preparing this medium term budget. The budget is also based on some of the earlier circulars which are still relevant such as circular 58.

Interest rates for borrowing and investment of funds

Based on historical trends and current market analysis we have used 10% as the base interest rate on all loans that we anticipate taking out over the medium term estimate. Investment income is calculated using a 6% rate for cash invested.

Rates, tariffs, charges and timing of revenue collection

The Municipality has completed property valuations over the past two years with supplementary valuations being done. The new valuations on property within the municipality have made it possible to be able to determine the correct property values under the Lukhanji municipal area. As a result of this, infrastructure improvement rate which used to be levied on properties which were not valued has been discontinued. Rates are set to increase by 10% representing the CPIX.

A costing study was conducted in 2005/06 to assist the municipality in determining the 'total' direct and indirect cost of delivering the various services to the community. As a result of this study a new costing model was developed to distribute the indirect or 'administrative' costs incurred by the municipality. This new costing model is reflected in the proposed tariffs for the municipality this year.

Refuse charges are set to remain at 8% this year. This is as a result of the service not breaking even or running at a loss. This will have to be increased over a number of years to ensure that the service is fully funded. It is anticipated that once consumers start to pay for these service and a full break-even is achieved, the municipality will start lowering this rate.

Electricity tariff is determined and controlled by the energy regulator NERSA. Electrical service is dependent on bulk electric purchases from ESKOM. As a result of the 8.06% increase in the cost of bulk electricity purchases, the tariffs charged to customers will increase this year by 7.39 margin. Indigent customers will be subsidized as follows:

0 – 50kw	free
51kw onwards	7.39% Increase

Provision of water is a district municipal function. As a result the municipality performs the water and sanitation services under an agency contract with the Chris Hani District Municipality. The district must approve all tariff increases relating to the water and sanitation function. The municipality was expected to implement a steep increase in water tariff last year, but due to the late decision on the matter the proposed tariff was not implemented last year.

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

This year, after much consultation and deliberations, the mayoral resolved to implement the new water tariff. Consequently, water tariff for the 2014/15 financial year will increase by 312%. An example of how an average consumer who consumes 38 kilo litres of water will be affected is shown below:



PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK

1. Introduction

This document constitutes a framework for Lukhanji Local Municipality's Performance Management System. In other words the framework is a documented record of the municipality's performance management system as it will be implemented.

2. Legal and Policy Context of the Framework

2.1 Section 152 of the Constitution of the Republic of South Africa in Objects of Local Government states that:

- (a) To provide a democratic and accountable government for local communities
- (b) To ensure the provision of services to communities in a sustainable manner

2.2 White Paper on Local Government 1998 stipulates that :

Performance management is critical to ensure that plans are being implemented, that they are having the desired development impact, and that resources are being used efficiently. Municipalities currently set their own measures of performance, or key performance indicators. Key performance indicators vary greatly from municipality to municipality, and cover both efficiency measures and human development indices.

These development indices can assist municipalities to assess the impact and effectiveness of the development strategies which they adopt, and make adjustments to their plans as required.

Involving communities in developing some municipal key performance indicators increases the accountability of the municipality. Some communities may prioritise the amount of time it takes a municipality to answer a query, others will prioritise the cleanliness of an area or the provision of water to a certain number of households. Whatever the priorities, by involving communities in setting key performance indicators and reporting back to communities on performance, accountability is increased, and public trust in the local government system is enhanced.

Performance monitoring indicators need to be carefully designed in order to accurately reflect the efficiency, quality and value for money for municipal services.

2.3 Section 56 (3) of the Local Government: Municipal Structures Act of 1998 (Act 117 of 1998 as amended), stipulates that

The Executive Mayor in performing the duties of office, must –

- (a) Identify and develop criteria in terms of which progress in the implementation of the strategies, programmes and service referred to in subsection 2 (c) can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general;
- (b) Evaluate progress against key performance indicators;
- (c) Review performance of the municipality in order to improve –
 - (i) The economy, efficiency and effectiveness of the municipality
 - (ii) The effectiveness of credit control and revenue and debt collection services; and
 - (iii) The implementation of the municipality's by-laws

2.4 Chapter 6 of the Local Government: Municipal Systems Act of 2000 (Act 32 of 2000 as amended) requires all municipalities to:

- 1) Sec 38 – Establishment of performance management system

Approval

APPROVAL PHASE

1. In line with the legislative requirements contained in the Local Government: Municipal Finance Management Act 56 of 2003:
 - The first draft reviewed IDP 2015/ 2016 will be tabled to Council on the 31st March 2015
 - The final IDP and budget will be presented to Council for approval before the end of May 2015.

2. Declaration of adoption for the first draft of the 2015/2016

COUNCIL RESOLUTION & DATE OF ADOPTION:

SIGNATURE

.....

MR M. NOFEMELA

ACTING MUNICIPAL MANAGER

.....

DATE

.....

CLLR N. MAKANDA

EXECUTIVE MAYOR

.....

DATE